# WORKED ANSWER XYZ SCHEME ACTIVE TO EARLY RETIREMENT

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| **ARTHUR BROWN – CATEGORY B**Date of birth: | 29/01/1964 |
| Date of joining scheme: | 06/11/1997 |
| Date of retirement: | 07/09/2021 |
| Age at date of retirement: | 57 years & 7 months |
| Normal pension age: | 65 |
| Type of retirement: | Early retirement |
| TV-in service: | 4 years & 150 days |
| Commutation factor | 15.58 (age 57yrs & 7mths) |
|  | 15.72 – [7/12 x 0.24 = 0.14] |
| Early retirement factor: | 86% (rounded to nearest integer) |
|  | 82% + [7/12 x 6 = 3.5%] |

Pensionable service to 3 July 2011 (06/11/1997 to 03/07/2011): 13 years 240 days Final pensionable salary is the greater of the following:

* Final pensionable salary calculated at NPD or earlier date of retirement:

2017 = £86,100.00

2018 = £87,750.00

2019 = £88,450.00

2020 = £90,250.00

2021 = ***£92,400.00***

* Final pensionable salary at 3 July 2011 increased by the lower of 5.0% / RPI from 4 July 2011 to NPD or earlier date of retirement:

£73,600.75 @ 33.6% = ***£98,330.60***

Greater of £92,400.00 and £98,330.60 = **£98,330.60**

# Option 1 – Full Pension

Member: 13 + (240/365) / 60 x £98,330.60 = £22,382.56 pa

4 + (150/365) / 60 x £98,330.60 = £7,228.87 pa

 ***£29,611.43 pa***

 £29,611.43 x 86% = **£25,465.83 pa**

Spouse (payable on death): £25,465.83 x 50% = **£12,732.92 pa**

***Lifetime Allowance Check:*** £25,465.83 x 20 x 100 / £1,073,100.00 = **47.46%**

*47.46% is within the member’s LTA balance of 100.00%*

**OR**

# Option 2 – Pension Commencement Lump Sum and Residual Pension Lump Sum:

£25,465.83 x 20 / [3 + (20 / 15.58)] = **£118,896.50**

***Lifetime Allowance Check:*** £118,896.50 x 100 / £1,073,100.00 = **11.07%**

**Residual Pension:**

£25,465.83 – (£118,896.50 / 15.58 = £7,631.35) = **£17,834.48 pa**

Spouse (payable on death): £25,465.83 x 50% = **£12,732.92 pa**

***Lifetime Allowance Check:*** £17,834.48 x 20 x 100 / £1,073,100 = **33.23%**

Total Lifetime Allowance for Option2 = 11.07 + 33.23 = **44.30%**

*44.30% is within the member’s LTA balance of 100.00%*

**Summary Answer**

*Option 1 – Pension Only*

A full pension of **£25,465.83** **per annum**, which increases at the lower of RPI and 5.0%. LTA used is **47.46%**, which is within the percentage LTA remaining of **100.00%**.

A spouse’s pension of **£12,732.92** **per annum**

OR

*Option 2 – Pension Commencement Lump Sum & Residual Pension*

A pension commencement lump sum of **£118,896.50** plus a residual pension of **£17,834.48** **per annum**, which increases at the lower of RPI and 5.0%. LTA used is **11.07%** for the pension commencement lump sum and **33.23%** for the residual pension [total LTA = **44.30%**], which is within the percentage LTA remaining of **100.00%**.

A spouse’s pension of **£12,732.92** **per annum**