# WORKED ANSWER XYZ SCHEME ACTIVE TO ILL HEALTH RETIREMENT

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| **LAURA BLACK – CATEGORY B**  Date of birth: | 06/11/1964 |
| Date of joining scheme: | 06/11/1997 |
| Date of retirement: | 07/09/2021 |
| Age at date of retirement: | 56 years & 10 months |
| Normal pension age: | 65 |
| Type of retirement: | Ill health retirement |
| Commutation factor | 15.76 (age 56yrs & 10mths) |
|  | 15.96 – [10/12 x 0.24 = 0.20] |

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 = £28,076.00

2018 = £29,436.00

2019 = £30,230.00

2020 = £31,946.00

2021 = ***£32,478.00***

* 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:

£23,850.00 @ 33.6% = ***£31,863.60***

Greater of £32,478.00 and £31,863.60 = **£32,478.00**

# Option 1 – Full Pension

Member: 13 + (240/365) / 60 x £32,478.00 = **£7,392.82 pa**

Spouse (payable on death): £7,392.82 x 50% = **£3,696.41 pa**

***Lifetime Allowance Check:*** £7,392.82 x 20 x 100 / £1,073,100.00 = **13.77%**

*13.77% is within the member’s LTA balance of 100.00%*

**OR**

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

£7,392.82 x 20 / [3 + (20 / 15.76)] = **£34,634.61**

***Lifetime Allowance Check:*** £34,634.61 x 100 / £1,073,100.00 = **3.22%**

**Residual Pension:**

£7,392.82 – (£34,634.61 / 15.76 = £2,197.63) = **£5,195.19 pa**

Spouse (payable on death): £7,392.82 x 50% = **£3,696.41 pa**

***Lifetime Allowance Check:*** £5,195.19 x 20 x 100 / £1,073,100 = **9.68%**

Total Lifetime Allowance for Option 2 = 3.22 + 9.68 = **12.90%** *12.90% is within the member’s LTA balance of 100.00%*

**Summary Answer**

*Option 1 – Pension Only*

A full pension of **£7,392.82** **per annum**, which increases at the lower of RPI and 5.0%. LTA used is **13.77%**, which is within the percentage LTA remaining of **100.00%**.

A spouse’s pension of **£3,696.41** **per annum**

OR

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

A pension commencement lump sum of **£34,634.61** plus a residual pension of **£5,195.19** **per annum**, which increases at the lower of RPI and 5.0%. LTA used is **3.22%** for the pension commencement lump sum and **9.68%** for the residual pension [total LTA = **12.90%**], which is within the percentage LTA remaining of **100.00%**.

A spouse’s pension of **£3,696.41** **per annum**