# WORKED ANSWER XYZ SCHEME ACTIVE TO NORMAL RETIREMENT

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| **JAMES WHITE – CATEGORY B**  Date of birth: | 06/09/1956 |
| Date of joining scheme: | 06/11/1997 |
| Date of retirement: | 06/09/2021 |
| Age at date of retirement: | 65 years |
| Normal pension age: | 65 |
| Type of retirement: | Normal retirement |
| Commutation factor | 13.80 (age 65yrs) |

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 = £30,275.00

2018 = £31,120.00

2019 = £32,667.00

2020 = ***£34,472.00***

2021 = £33,848.00

* 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:

£25,750.00 @ 33.6% = ***£34,402.00***

Greater of £34,472.00 and £34,402.00 = **£34,472.00**

# Option 1 – Full Pension

Member: 13 + (240/365) / 60 x £34,472.00 = **£7,846.71 pa**

Spouse (payable on death): £7,846.71 x 50% = **£3,923.36 pa**

***Lifetime Allowance Check:*** £7,846.71 x 20 x 100 / £1,073,100.00 = **14.62%**

*14.62% is within the member’s LTA balance of 84.47%*

**OR**

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

£7,846.71 x 20 / [3 + (20 / 13.80)] = **£35,271.86**

***Lifetime Allowance Check:*** £35,271.86 x 100 / £1,073,100.00 = **3.28%**

**Residual Pension:**

£7,846.71 – (£35,271.86 / 13.80 = £2,555.93) = **£5,290.78 pa**

Spouse (payable on death): £7,846.71 x 50% = **£3,923.36 pa**

***Lifetime Allowance Check:*** £5,290.78 x 20 x 100 / £1,073,100 = **9.86%**

Total Lifetime Allowance for Option 2 = 3.28 + 9.86 = **13.14%** *13.14% is within the member’s LTA balance of 84.47%*

**Summary Answer**

*Option 1 – Pension Only*

A full pension of **£7,846.71** **per annum**, which increases at the lower of RPI and 5.0%. LTA used is **14.62%**, which is within the percentage LTA remaining of **84.47%**.

A spouse’s pension of **£3,923.36** **per annum**

OR

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

A pension commencement lump sum of **£35,271.86** plus a residual pension of **£5,290.78** **per annum**, which increases at the lower of RPI and 5.0%. LTA used is **3.28%** for the pension commencement lump sum and **9.86%** for the residual pension [total LTA = **13.14%**], which is within the percentage LTA remaining of **84.47%**.

A spouse’s pension of **£3,923.36** per annum