# WORKED ANSWER XYZ SCHEME ACTIVE TO LATE RETIREMENT

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| **MITCHELL HETA – CATEGORY A**Date of birth: | 30/07/1956 |
| Date of joining scheme: | 14/02/1994 |
| Date of retirement: | 08/09/2021 |
| Age at date of retirement: | 65 years & 1 month |
| Normal pension age: | 65 (= 30/07/2021) |
| Type of retirement: | Late retirement |
| Pre-1997 pensionable service: | 3 years & 51 days [14/02/1994-05/04/1997] |
| Post-1997 pensionable service: | 24 years & 116 days [06/04/1997-30/07/2021] |
| Post-1988 GMP @ DOR: | £574.08 |
| Commutation factor | 13.78 (age 65yrs & 1mth) |
|  | 13.80 – [1/12 x 0.24 = 0.02] |
| Late retirement factor: | 101% (rounded to nearest integer) |
|  | 100% + [1/12 x 8 = 0.67%] |

Final pensionable salary is the greater of the following:

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

2017 = £38,280.00

2018 = £39,840.00

2019 = £40,322.00

2020 = £42,246.00

2021 = ***£43,544.00***

# Option 1 – Full Pension

Member: 3 + (51/365) / 70 x £43,544.00 = £1,953.09 pa

24 + (116/365) / 70 x £43,544.00 = £15,127.07 pa

 ***£17,080.16 pa***

 £17,080.16 x 1.01 = **£17,250.96 pa**

Spouse (payable on death): £17,250.96 x 50% = **£8,625.48 pa**

**GMP Check:**

Pre-1997 pension v GMP: £1,953.09 x 1.01 = £1,972.62 v £574.08 => **ok**

OR

Total v post-1997 pension + GMP: £17,250.96 v ([15,127.07 x 1.01] + £574.08 = £15,852.42) => **ok**

***Lifetime Allowance Check:*** £17,250.96 x 20 x 100 / £1,073,100.00 = **32.15%**

*32.15% is within the member’s LTA balance of 100.00%*

**OR**

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

£17,250.96 x 20 / [3 + (20 / 13.78)] = **£77,508.39**

***Lifetime Allowance Check:*** £77,508.39 x 100 / £1,073,100.00 = **7.22%**

**Residual Pension:**

£17,250.96 – (£77,508.39 / 13.78 = £5,624.70) = **£11,626.26 pa**

Spouse (payable on death): £17,250.96 x 50% = **£8,625.48 pa**

**GMP Check:**

£11,626.26 pa is greater than GMP of £574.08 pa (therefore no lump sum restriction required)

***Lifetime Allowance Check:*** £11,626.26 x 20 x 100 / £1,073,100 = **21.66%**

Total Lifetime Allowance for Option 2 = 7.22 + 21.66 = **28.88%**

*28.88% is within the member’s LTA balance of 100.00%*

**Summary Answer**

*Option 1 – Pension Only*

A full pension of **£17,250.96** **per annum**, of which **£16,676.88** **per annum** increases at the lower of RPI and 5.0% and **£574.08** **per annum** increases at the lower of CPI and 3.0% (post-1988 GMP). LTA used is **32.15%**, which is within the percentage LTA remaining of **100.00%**.

A spouse’s pension of **£8,625.48** **per annum**

OR

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

A pension commencement lump sum of **£77,508.39** plus a residual pension of **£11,626.26** **per annum**, of which **£11,052.18** **per annum** increases at the lower of RPI and 5.0% and **£574.08** **per annum** increases at the lower of CPI and 3.0% (post-1988 GMP). LTA used is **7.22%** for the pension commencement lump sum and **21.66%** for the residual pension [total LTA = **28.88%**], which is within the percentage LTA remaining of **100.00%**.

A spouse’s pension of **£8,625.48** **per annum**