# WORKED ANSWER XYZ SCHEME ACTIVE TO NORMAL RETIREMENT

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| **GEORGINA DOLAN – CATEGORY A**Date of birth: | 05/09/1956 |
| Date of joining scheme: | 17/12/1994 |
| Date of retirement: | 05/09/2021 |
| Age at date of retirement: | 65 years |
| Normal pension age: | 65 |
| Type of retirement: | Normal retirement |
| Pre-1997 pensionable service: | 2 years & 110 days [17/12/1994-05/04/1997] |
| Post-1997 pensionable service: | 24 years & 153 days [06/04/1997-05/09/2021] |
| Post-1988 GMP @ DOR: | £664.56 |
| AVCs (value): | £37,810.98 |
| S/Life AVC pension (payable immediately): | £2,044.06 |
| J/Life AVC pension (payable immediately): | £1,712.40 |
| Commutation factor: | 13.80 (age 65yrs) |

Final pensionable salary is the greater of the following:

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

2017 = £46,750.00

2018 = £48,400.00

2019 = ***£50,100.00***

2020 = £49,000.00

2021 = £50,000.00

# Option 1a – Full Pension

Member: 2 + (110/365) / 70 x £50,100.00 = £1,647.12 pa

 24 + (153/365) / 70 x £50,100.00 = £17,477.15 pa

AVCs (S/Life) = ***£2,044.06 pa***

 **£21,168.33 pa**

Spouse (payable on death): [£1,647.12 + £17,477.15] x 50% = **£9,562.14 pa**

**GMP Check (*excluding AVC pension*):**

Pre-1997 pension v GMP: £1,647.12 v £664.56 => ***ok***

OR

Total v post-1997 pension + GMP: £19,124.27 v (17,477.15 + £664.56 = £18,141.71) => ***ok***

***Lifetime Allowance Check:*** £21,168.33 x 20 x 100 / £1,073,100.00 = **39.45%**

*39.45% is within the member’s LTA balance of 85.66%*

**OR**

# Option 1b – Full Pension

Member: 2 + (110/365) / 70 x £50,100.00 = £1,647.12 pa

 24 + (153/365) / 70 x £50,100.00 = £17,477.15 pa

AVCs (J/Life) = ***£1,712.40 pa***

 **£20,836.67 pa**

Spouse (payable on death): £20,836.67 x 50% = **£10,418.34 pa**

**GMP Check:**

Same check as option 1a (AVC pension must be excluded)

***Lifetime Allowance Check:*** £20,836.67 x 20 x 100 / £1,073,100.00 = **38.83%**

*38.83% is within the member’s LTA balance of 85.66%*

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

£19,124.27 x 20 / [3 + (20 / 13.80)] = ***£85,965.77***

Plus 25% of current value of AVC fund (£37,810.98) = ***£9,452.75***

Total = **£95,418.52**

***Lifetime Allowance Check:*** £95,418.52 x 100 / £1,073,100.00 = **8.89%**

**Residual Pension:**

£19,124.27 – ([£95,418.52 – £37,810.98] / 13.80 = £4,174.46) = **£14,949.81 pa**

Spouse (payable on death): £19,124.27 x 50% = **£9,562.14 pa**

**GMP Check:**

£14,949.81 pa is greater than GMP of £664.56 pa (therefore no lump sum restriction required)

***Lifetime Allowance Check:*** £14,949.81 x 20 x 100 / £1,073,100 = **27.86%**

Total Lifetime Allowance for Option 2 = 8.89 + 27.86 = **36.75%**

*36.75% is within the member’s LTA balance of 85.66%*

**Summary Answer**

*Option 1A – Pension Only (AVCs single life)*

A full pension of **£21,168.33** **per annum**, of which **£18,459.71** **per annum** increases at the lower of RPI and 5.0% (Scheme pension), **£664.56** **per annum** increases at the lower of CPI and 3.0% (post-1988 GMP) and **£2,040.06** **per annum** increases at the lower of RPI and 5.0% (single life AVC pension). LTA used is **39.45%**, which is within the percentage LTA remaining of **85.66%**.

A spouse’s pension of **£9,562.14** **per annum**

OR

*Option 1B – Pension Only (AVCs joint life)*

A full pension of **£20,836.67** **per annum**, of which **£18,459.71** **per annum** increases at the lower of RPI and 5.0% (Scheme pension), **£664.56** **per annum** increases at the lower of CPI and 3.0% (post-1988 GMP) and **£1,712.40** **per annum** increases at the lower of RPI and 5.0% (joint life AVC pension). LTA used is **38.83%**, which is within the percentage LTA remaining of **85.66%**.

A spouse’s pension of **£10,418.34** **per annum** (including joint life AVC pension of **£856.20** **per annum**)

 OR

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

A pension commencement lump sum of **£95,418.52** (inclusive of the current value of the member’s AVC fund of **£37,810.98**) plus a residual pension of **£14,949.81** **per annum**, of which **£14,285.25** **per annum** increases at the lower of RPI and 5.0% (Scheme pension) and **£664.56** **per annum** increases at the lower of CPI and 3.0% (post-1988 GMP). LTA used is **8.89%** for the pension commencement lump sum and **27.86%** for the residual pension [total LTA = **36.75%**], which is within the percentage LTA remaining of **85.66%**.

A spouse’s pension of **£9,562.14** **per annum**

**Note**

If Georgina Dolan wishes to take her AVCs flexibly outside of the XYZ Pension and Life Assurance Scheme, she can transfer them to a suitable alternative arrangement that is willing and able to accept them.