# WORKED ANSWER XYZ SCHEME PRESERVED TO RETIREMENT PAUL SEDLACEK – CATEGORY A

Date of birth: 07/09/1956

Date of joining scheme: 14/11/1987

Date of leaving scheme: 20/11/2006

Date of retirement: 07/09/2021

Age at date of retirement: 65 years

Normal pension age: 65

Type of retirement: Preserved to normal retirement

Preserved pension at DOL: £5,852.27

Pre-1988 GMP at DOL: £70.72

Post-1988 GMP at DOL: £2,299.96

Excess at DOL: £3,481.59 [£5,852.27 – (£70.72 + £2,299.96)]

TV-in pension (payable at NPD): £1,431.81

Pension revaluation: 57.40% (lower 5%/RPI)

GMP revaluation: 1.852 (06/04/07-05/04/21 = 14 tax years @ 4.5%)

Commutation factor: 13.80 (age 65 years)

# Option 1 – Full Pension

Total GMP at GMP Due Date: £2,370.68 / 52 = £45.59 pw

£45.59 x 1.852 = £84.43 pw

£84.43 x 52 = ***£4,390.36 pa***

Post-1988 GMP at GMP Due Date: £2,299.96 / 52 = £44.23 pw

£44.23 x 1.852 = £81.91 pw

£81.91 x 52 = ***£4,259.32 pa***

Pre-1988 GMP at GMP Due Date: £4,390.36 - £4,259.32 = ***£131.04 pa***

Excess: £3,481.59 x 1.574 = ***£5,480.02 pa***

TV-in Pension: = ***£1,431.81 pa***

Total: = **£11,302.19 pa**

Spouse (payable on death): £11,302.19 x 50% = **£5,651.10 pa**

***Lifetime Allowance Check*:** £11,302.19 x 20 x 100 / £1,073,100.00 = **21.06%**

*21.06% is within the member’s LTA balance of 96.21%*

**OR**

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

£11,302.19 x 20 / [3 + (20 / 13.80)] = **£50,804.63**

***Lifetime Allowance Check*:** £50,804.63 x 100 / £1,073,100.00 = **4.73%**

# Residual Pension:

£11,302.19 – (£50,804.63 / 13.80 = £3,681.49) = **£7,620.70 pa**

Spouse (payable on death): £11,302.19 x 50% = **£5,651.10 pa**

**GMP Check:**

£7,620.70 pa is greater than GMP of £4,390.36 pa (therefore no lump sum restriction required)

***Lifetime Allowance Check*:** £7,620.70 x 20 x 100 / £1,073,100.00 = **14.20%**

Total Lifetime Allowance for Option 2 = 4.73 + 14.20 = **18.93%**

# *18.93% is within the member’s LTA balance of 96.21%*

**Summary Answer**

*Option 1 – Pension Only*

A full pension of **£11,302.19** **per annum**, of which **£6,911.83** **per annum** increases at the lower of RPI and 5.0% (Scheme excess pension [including TV-in]), **£131.04** **per annum** does not increase (pre-1988 GMP) and **£4,259.32** **per annum** increases at the lower of CPI and 3.0% (post-1988 GMP). LTA used is **21.06%**, which is within the percentage LTA remaining of **96.21%**.

A spouse’s pension of **£5,651.10** **per annum**

OR

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

A pension commencement lump sum of **£50,804.63** plus a residual pension of **£7,620.70** **per annum**, of which **£3,230.34** **per annum** increases at the lower of RPI and 5.0% (Scheme excess pension [including TV-in pension]), **£131.04** **per annum** does not increase (pre-1988 GMP) and **£4,259.32 per annum** increases at the lower of CPI and 3.0% (post-1988 GMP). LTA used is **4.73%** for the pension commencement lump sum and **14.20%** for the residual pension [total LTA = **18.93%**], which is within the percentage LTA remaining of **96.21%**.

A spouse’s pension of **£5,651.10** **per annum**