# WORKED ANSWER XYZ SCHEME ACT => RET (LATE)

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| **JEFFREY LEMON – CATEGORY A**Date of birth: | 24/12/1953 |
| Date of joining scheme: | 31/08/1992 |
| Date of retirement: | 06/09/2022 |
| Age at date of retirement: | 68 years & 8 months |
| Normal pension date: | 24/12/2018 |
| Type of retirement: | Late retirement |
| Pre-1997 pens’able serv. – (5 days):  | 4 years & 218 days [31/08/1992 - 05/04/1997] |
| Post-1997 pens’able serv. (1) – (5 days): | 9 years & 209 days [06/04/1997 - 31/10/2006] |
| Post-1997 pens’able serv. (2) – (4 days): | 9 years & 242 days [01/11/2006 - 30/06/2016] |
| Post-1997 pens’able serv. (3) – (3 days): | 2 years & 177 days [01/07/2016 - 24/12/2018] |
| Post-1988 GMP @ DOR: | £1,830.92 pa |
| Commutation factor | 12.92 (based on age 68 years & 8 months) |
|  | *13.08 – [8/12 x 0.24 = 0.16]* |
| Late retirement factor: | 129% (rounded to nearest integer) |
|  | *124% + [8/12 x 8 = 5.33%]* |

Final pensionable salary is the greater of the following:

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

2014 = £65,000.00

2015 = £67,300.00

2016 = £71,400.00

2017 = £73,500.00

2018 = **£76,250.00**

# Option 1 – Full Pension

Member: 4yrs & 218dys / 70 x £76,250.00 = £5,007.73 pa

9yrs & 209dys/ 70 x £76,250.00 = £10,427.30 pa

 9yrs & 242dys / 70 x £76,250.00 x 4/5 = £8,420.63 pa

 2yrs & 177dys / 70 x £76,250.00 x 3/5 = £1,624.08 pa

 ***£25,479.74 pa***

 £25,479.74 x 1.29 = **£32,868.86 pa**

Spouse: £32,868.86 x 50% = ***£16,434.43 pa***

**GMP Check:**

Pre-1997 pension v GMP: £5,007.73 x 1.29 = ***£6,459.97 v £1,830.92*** => **OK**

*OR*

Total v post-1997 pension + GMP: ***£32,868.86 v*** ([{£25,479.74 - £5,007.73 = £20,472.01}

 x 1.29 = £26,408.89] + £1,830.92 = ***£28,239.81***) => **OK**

***Lifetime Allowance Check:*** £32,868.86 x 20 x 100 / £1,073,100.00 = **61.25%**

*61.25% is within the member’s LTA balance of 89.99%*

**OR**

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

Member: £32,868.86 x 20 / [3 + (20 / 12.92)] = **£144,542.43**

***Lifetime Allowance Check:*** £144,542.43 x 100 / £1,073,100.00 = **13.46%**

**Residual Pension**

Member: £32,868.86

 – (£144,542.43 / 12.92 = £11,187.49) = **£21,681.37 pa**

Spouse: £32,868.86 x 50% = ***£16,434.43 pa***

**GMP Check:**

£21,681.37 pa is greater than GMP of £1,830.92 pa (therefore no lump sum restriction required)

***Lifetime Allowance Check:*** £21,681.37 x 20 x 100 / £1,073,100 = **40.40%**

Total Lifetime Allowance for Option 2 = 13.46% + 40.40% = **53.86%**

*53.86% is within the member’s LTA balance of 89.99%*

**Summary Answer**

*Option 1 – Pension Only*

A full pension of **£32,868.86** per annum, of which **£31,037.94** per annum increases at the lower of RPI and 5.0% and **£1,830.92** per annum increases at the lower of CPI and 3.0% (post-1988 GMP). LTA used is **61.25%**, which is within the percentage LTA remaining of 89.99%.

A spouse’s pension of **£16,434.43** per annum

OR

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

A tax-free cash sum of **£144,542.43** plus a residual pension of **£21,681.37** per annum, of which **£19,850.45** per annum increases at the lower of RPI and 5.0% and **£1,830.92** per annum increases at the lower of CPI and 3.0% (post-1988 GMP). LTA used is **13.46%** for the tax-free cash sum and **40.40%** for the residual pension [total LTA = **53.86%**], which is within the percentage LTA remaining of 89.99%.

A spouse’s pension of **£16,434.43** per annum