# WORKED ANSWER XYZ SCHEME PRS => RET (NORMAL)

# ADRIAN CHERRY – CATEGORY A

Date of birth: 03/09/1957

Date of joining scheme: 10/03/1989

Date of leaving scheme: 07/04/2012

Date of retirement: 03/09/2022

Age at date of retirement: 65 years & 0 months

Normal pension date: 03/09/2022

Type of retirement: Preserved to normal retirement

Preserved pension at DOL: £9,113.11 pa

Pre-1988 GMP at DOL:

Post-1988 GMP at DOL: £3,120.52 pa

Excess at DOL: £5,992.59 pa (*£9,113.11 – £3,120.52*)

S/Life AVC pension (payable immediately): £3,065.96 pa

Pension revaluation: 29.1% (lower 5.0% / RPI)

GMP revaluation: 1.518 (06/04/13-05/04/22 = 9 tax years @ 4.75%)

Commutation factor: 13.80 (based on age 65 years & 0 months)

# Option 1 – Full Pension

Total GMP at GMP Due Date: £3,120.52 / 52 = £60.01 pw

£60.01 x 1.518 = £91.10 pw

£91.10 x 52 = £4,737.20 pa

Post-1988 GMP at GMP Due Date: £3,120.52 / 52 = £60.01 pw

£60.01 x 1.518 = £91.10 pw

£91.10 x 52 = ***£4,737.20 pa***

Pre-1988 GMP at GMP Due Date: £4,737.20 - £4,737.20 = ***£0.00 pa***

Excess: £5,992.59 x 1.291 = ***£7,736.43 pa***

Total: = **£12,473.63 pa**

AVC Pension (S/Life): = ***£3,065.96 pa***

Total: = **£15,539.59 pa**

Spouse: £12,473.63 x 50% = ***£6,236.82 pa***

***Lifetime Allowance Check*:** £15,539.59 x 20 x 100 / £1,073,100.00 = **28.96%**

*28.96% is within the member’s LTA balance of 91.02%*

**OR**

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

**Cash Sum**

Member: £12,473.63 x 20 / [3 + (20 / 13.80)] = £56,070.39

+ 25% of AVC fund (£48,442.20 x 25%) = £12,110.55

= **£68,180.94**

***Lifetime Allowance Check*:** £68,180.94 x 100 / £1,073,100.00 = **6.35%**

# Residual Pension

Member: £12,473.63

– ([£68,180.94 - £48,442.20]

/ 13.80 = £1,430.34) = **£11,043.29 pa**

Spouse: £12,473.63 x 50% = ***£6,236.82 pa***

**GMP Check:**

£11,043.29 pa is greater than GMP of £4,737.20 pa (therefore no lump sum restriction required)

***Lifetime Allowance Check*:** £11,043.29 x 20 x 100 / £1,073,100.00 = **20.58%**

Total Lifetime Allowance for Option 2 = 6.35% + 20.58% = **26.93%**

# *26.93% is within the member’s LTA balance of 91.02%*

**Summary Answer**

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

A full pension of **£15,539.59** per annum, of which **£10,802.39** per annum increases at the lower of RPI and 5.0% (including s/life AVC pension of **£3,065.96** per annum) and **£4,737.20** per annum increases at the lower of CPI and 3.0% (post-1988 GMP). LTA used is **28.96%**, which is within the percentage LTA remaining of 91.02%.

A spouse’s pension of **£6,236.82** per annum

OR

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

A tax-free cash sum of **£68,180.94** plus a residual pension of **£11,043.29** per annum, of which **£6,306.09** per annum increases at the lower of RPI and 5.0% and **£4,737.20** per annum increases at the lower of CPI and 3.0% (post-1988 GMP). LTA used is **6.35%** for the tax-free cash sum and **20.58%** for the residual pension [total LTA = **26.93%**], which is within the percentage LTA remaining of 91.02%.

A spouse’s pension of **£6,236.82** per annum

**Note**

If Adrian Cherry wishes to take his AVCs flexibly outside of the XYZ Pension and Life Assurance Scheme, he can transfer them to a suitable alternative arrangement that is willing and able to accept them.