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

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| **CYNTHIA PLUM – CATEGORY A**Date of birth: | 04/09/1957 |
| Date of joining scheme: | 08/02/1994 |
| Date of retirement: | 04/09/2022 |
| Age at date of retirement: | 65 years & 0 months |
| Normal pension date: | 04/09/2022 |
| Type of retirement: | Normal retirement |
| Pre-1997 pens’able service - [70ths]: | 4 years & 57 days [08/02/1993 - 05/04/1997] |
| Post-1997 pens’able service - [70ths]: | 25 years & 152 days [06/04/1997 - 04/09/2022] |
| Post-1988 GMP @ DOR: | £720.72 pa |
| Commutation factor: | 13.80 (based on age 65 years & 0 months) |
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Final pensionable salary is the greater of the following:

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

2018 = £52,850.00

2019 = £57,320.00

2020 = £59,625.00

2021 = £61,555.00

2022 = **£63,475.00**

# Option 1 – Full Pension

Member: 4yrs & 57dys / 70 x £63,475.00 = £3,768.75 pa

 25yrs & 152dys / 70 x £63,475.00 = £23,047.26 pa

 **£26,816.01 pa**

Spouse: £26,816.01 x 50% = ***£13,408.01 pa***

**GMP Check:**

Pre-1997 pension v GMP: ***£3,768.75* v *£720.72*** => **OK**

*OR*

Total v post-1997 pension + GMP: ***£26,816.01* v** (£23,047.26 + £720.72 = ***£23,767.98***) => **OK**

***Lifetime Allowance Check:*** £26,816.01 x 20 x 100 / £1,073,100.00 = **49.97%**

*49.97% is within the member’s LTA balance of 94.32%*

**OR**

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

Member: £26,816.01 x 20 / [3 + (20 / 13.80)] = **£120,541.02**

***Lifetime Allowance Check:*** £120,541.02 x 100 / £1,073,100.00 = **11.23%**

**Residual Pension**

Member: £26,816.01

 – (£120,541.02 / 13.80 = £8,734.86) = **£18,081.15 pa**

Spouse: £26,816.01 x 50% = ***£13,408.01 pa***

**GMP Check:**

£18,081.15 pa is greater than GMP of £720.72 pa (therefore no lump sum restriction required)

***Lifetime Allowance Check:*** £18,081.15 x 20 x 100 / £1,073,100 = **33.69%**

Total Lifetime Allowance for Option 2 = 11.23% + 33.69% = **44.92%**

*44.92% is within the member’s LTA balance of 94.32%*

**Summary Answer**

*Option 1 – Pension Only*

A full pension of **£26,816.01** per annum, of which **£26,095.29** per annum increases at the lower of RPI and 5.0% and **£720.72** per annum increases at the lower of CPI and 3.0% (post-1988 GMP). LTA used is **49.97%**, which is within the percentage LTA remaining of 94.32%.

A spouse’s pension of **£13,408.01** per annum

OR

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

A tax-free cash sum of **£120,541.02** plus a residual pension of **£18,081.15** per annum, of which **£17,360.43** per annum increases at the lower of RPI and 5.0% and **£720.72** per annum increases at the lower of CPI and 3.0% (post-1988 GMP). LTA used is **11.23%** for the tax-free cash sum and **33.69%** for the residual pension [total LTA = **44.92%**], which is within the percentage LTA remaining of 94.32%.

A spouse’s pension of **£13,408.01** per annum