# WORKED ANSWER XYZ SCHEME ACT => RET (ILL-HEALTH)

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| **CHARLES MELON – CATEGORY A**  Date of birth: | 29/09/1966 |
| Date of joining scheme: | 04/03/1991 |
| Date of retirement: | 02/09/2022 |
| Age at date of retirement: | 55 years & 11 months |
| Normal pension date: | 29/09/2031 |
| Type of retirement: | Ill health early retirement |
| Pre-1997 pens’able service - [70ths]: | 6 years & 33 days [04/03/1991 - 05/04/1997] |
| Post-1997 pens’able service - [70ths]: | 25 years & 150 days [06/04/1997 - 02/09/2022] |
| Post-1988 GMP @ DOR: | £1,315.08 pa |
| Commutation factor: | 15.98 (based on age 55 years & 11 months) |
|  | *16.20 – [11/12 x 0.24 = 0.22]* |

Final pensionable salary is the greater of the following:

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

2018 = £44,100.00

2019 = £46,250.00

2020 = £49,100.00

2021 = **£52,125.00**

2022 = £51,950.00

# Option 1 – Full Pension

Member: 6yrs & 33dys / 70 x £52,125.00 = £4,535.18 pa

25yrs & 150dys / 70 x £52,125.00 = £18,922.09 pa

**£23,457.27 pa**

Spouse: £23,457.27 x 50% = ***£11,728.64 pa***

**GMP Check:**

Pre-1997 pension v GMP: ***£4,535.18 v £1,315.08*** => **OK**

*OR*

Total v post-1997 pension + GMP: ***£23,457.27 v*** (£18,922.09 + £1,315.08 = ***£20,237.17***) => **OK**

***Lifetime Allowance Check:*** £23,457.27 x 20 x 100 / £1,073,100.00 = **43.71%**

*43.71% is within the member’s LTA balance of 100.00%*

**OR**

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

Member: £23,457.27 x 20 / [3 + (20 / 15.98)] = **£110,346.53**

***Lifetime Allowance Check:*** £110,346.53 x 100 / £1,073,100.00 = **10.28%**

**Residual Pension**

Member: £23,457.27

– (£110,346.53 / 15.98 = £6,905.29) = **£16,551.98 pa**

Spouse: £23,457.27 x 50% = ***£11,728.64 pa***

**GMP Check:**

£16,551.98 pa is greater than GMP of £1,315.08 pa (therefore no lump sum restriction required)

***Lifetime Allowance Check:*** £16,551.98 x 20 x 100 / £1,073,100 = **30.84%**

Total Lifetime Allowance for Option 2 = 10.28% + 30.84% = **41.12%**

*41.12% is within the member’s LTA balance of 100.00%*

**Summary Answer**

*Option 1 – Pension Only*

A full pension of **£23,457.27** per annum (including an excess element of **£22,142.19** per annum and a post-1988 GMP of **£1,315.08** per annum) which increases at the lower of RPI and 5.0% up to GMP due date (age 65). From that date, the post-1988 GMP will increase by the lower of CPI and 3.0% and the balance will increase by the lower of RPI and 5.0%. LTA used is **43.71%**, which is within the percentage LTA remaining of 100.00%.

A spouse’s pension of **£11,728.64** per annum

OR

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

A tax-free cash sum of **£110,346.53** plus a residual pension of **£16,551.98** per annum (including an excess element of **£15,236.90** per annum and a post-1988 GMP of **£1,315.08** per annum) which increases at the lower of RPI and 5.0% up to GMP due date (age 65). From that date, the post-1988 GMP will increase by the lower of CPI and 3.0% and the balance will increase by the lower of RPI and 5.0%. LTA used is **10.28%** for the tax-free cash sum and **30.84%** for the residual pension [total LTA = **41.12%**], which is within the percentage LTA remaining of 100.00%.

A spouse’s pension of **£11,728.64** per annum