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

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| **RUTH BIRCH – CATEGORY B**  Date of birth: | 18/05/1954 |
| Date of joining scheme: | 06/11/1997 |
| Date of retirement: | 04/09/2022 |
| Age at date of retirement: | 68 years & 3 months |
| Normal pension date: | 18/05/2019 |
| Type of retirement: | Late retirement |
| Commutation factor: | 13.02 (based on age 68 years & 3 months) |
|  | *13.08 – [3/12 x 0.24 = 0.06]* |
| Late retirement factor: | 126% (rounded to nearest integer) |
|  | *124% + [3/12 x 8 = 2.00%]* |

Pensionable service to 3 July 2011: (06/11/1997 to 03/07/2011): 13 years & 240 days

Pensionable service (full-time): (06/11/1997 to 17/05/2009): 11 years & 193 days Pensionable service (3-days): (18/05/2009 to 03/07/2011): 2 years & 47 days

Final pensionable salary is the greater of the following:

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

2015 = £61,500.00

2016 = £63,550.00

2017 = £66,000.00

2018 = £67,900.00

2019 = **£70,100.00 (*HIGHER*)**

* Final pensionable salary at 3 July 2011 increased by the lower of 5.0% / RPI from 4 July 2011 to NPD or earlier date of retirement:

£50,850.00 @ 19.7% = **£60,867.45 (*LOWER*)**

# Option 1 – Full Pension

Member: 11yrs & 193dys / 60 x £70,100.00 = £13,469.44 pa

+

2yrs & 47dys / 60 x £70,100.00 x 3/5 = £1,492.27 pa

= ***£14,961.71 pa***

£14,961.71 x 1.26 **= £18,851.75 pa**

Spouse: £18,851.75 x 50% = ***£9,425.88 pa***

***Lifetime Allowance Check:*** £18,851.75 x 20 x 100 / £1,073,100.00 = **35.13%**

*35.13% is within the member’s LTA balance of 84.61%*

**OR**

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

Member: £18,851.75 x 20 / [3 + (20 / 13.02)] = **£83,118.79**

***Lifetime Allowance Check:*** £83,118.79 x 100 / £1,073,100.00 = **7.74%**

**Residual Pension**

Member: £18,851.75

– (£83,118.79 / 13.02 = £6,383.93) = **£12,467.82 pa**

Spouse: £18,851.75 x 50% = ***£9,425.88 pa***

***Lifetime Allowance Check:*** £12,467.82 x 20 x 100 / £1,073,100 = **23.23%**

Total Lifetime Allowance for Option 2 = 7.74% + 23.23% = **30.97%**

*30.97% is within the member’s LTA balance of 84.61%*

**Summary Answer**

*Option 1 – Pension Only*

A full pension of **£18,851.75** per annum, which increases at the lower of RPI and 5.0%. LTA used is **35.13%**, which is within the percentage LTA remaining of 84.61%.

A spouse’s pension of **£9,425.88** per annum, which increases at the lower of RPI and 5.0%.

*OR*

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

A tax-free cash sum of **£83,118.79** plus a residual pension of **£12,467.82** per annum, which increases at the lower of RPI and 5.0%. LTA used is **7.74%** for the tax-free cash sum and **23.23%** for the residual pension [total LTA = **30.97%**], which is within the percentage LTA remaining of 84.61%.

A spouse’s pension of **£9,425.88** per annum, which increases at the lower of RPI and 5.0%.