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

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| **BRIAN SPRUCE – CATEGORY B**  Date of birth: | 12/03/1962 |
| Date of joining scheme: | 06/11/1997 |
| Date of retirement: | 02/09/2022 |
| Age at date of retirement: | 60 years & 5 months |
| Normal pension date: | 12/03/2027 |
| Type of retirement: | Ill health retirement |
| Commutation factor: | 14.90 (based on age 60 years & 5 months) |
|  | *15.00 – [5/12 x 0.24 = 0.10]* |

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

Final pensionable salary is the greater of the following:

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

2018 = £69,250.00

2019 = £71,100.00

2020 = £72,750.00

2021 = £73,150.00

2022 = **£74,400.00 (*LOWER*)**

* 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:

£55,6250.00 @ 33.9% = **£74,481.88 (*HIGHER*)**

# Option 1A – Full Pension

Member: 13yrs & 240dys / 60 x £74,481.88 = **£16,953.98 pa**

AVCs (S/Life): ***£1,663.17 pa***

Total pension: **£18,617.15 pa**

Spouse: £16,953.98 x 50% = ***£8,476.99 pa***

***Lifetime Allowance Check:*** £18,617.15 x 20 x 100 / £1,073,100.00 = **34.69%**

*34.69% is within the member’s LTA balance of 94.88%*

**OR**

**Option 1B – Full Pension**

Member: 13yrs & 240dys / 60 x £74,481.88 = **£16,953.98 pa**

AVCs (J/Life): ***£1,293.57 pa***

Total pension: **£18,247.55 pa**

Spouse: £18,247.55 x 50% = ***£9,123.78 pa***

***Lifetime Allowance Check:*** £18,247.55 x 20 x 100 / £1,073,100.00 = **34.00%**

*34.00% is within the member’s LTA balance of 94.88%*

**OR**

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

Member: £16,953.98 x 20 / [3 + (20 / 14.90)] = £78,087.88

+ 25% x AVC fund (£30,269.64 x 25%) = £7,567.41

Total **£85,655.29**

***Lifetime Allowance Check*:** £85,655.29 x 100 / £1,073,100.00 = **7.98%**

**Residual Pension**

Member: £16,953.98

– ([£85,655.29 - £30,269.64]

/ 14.90 = £3,717.16) = **£13,236.82 pa**

Spouse: £16,953.98 x 50% = ***£8,476.99 pa***

***Lifetime Allowance Check*:** £13,236.82 x 20 x 100 / £1,073,100.00 = **24.67%**

Total Lifetime Allowance for Option 2 = 7.98% + 24.67% = **32.65%**

*32.65% is within the member’s LTA balance of 94.88%*

**Summary Answer**

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

A full pension of **£18,617.15** per annum (including a single life AVC pension of **£1,663.17** per annum) which increases at the lower of RPI and 5.0%. LTA used is **34.69%**, which is within the percentage LTA remaining of 94.88%.

A spouse’s pension of **£8,476.99** per annum, which increases at the lower of RPI and 5.0%.

OR

*Option 1B – Pension Only (AVCs joint life)*

A full pension of **£18,247.55** per annum (including a joint life AVC pension of **£1,293.57** per annum) which increases at the lower of RPI and 5.0%. LTA used is **34.00%**, which is within the percentage LTA remaining of 94.88%.

A spouse’s pension of **£9,123.78** per annum (including a joint life AVC pension of **£646.79** 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 **£85,655.29** (inclusive of the current value of the member’s AVC fund of **£30,269.64**) plus a residual pension of **£13,236.82** per annum, which increases at the lower of RPI and 5.0%. LTA used is **7.98%** for the tax-free cash sum and **24.67%** for the residual pension [total LTA = **32.65%**], which is within the percentage LTA remaining of 94.88%.

A spouse’s pension of **£8,476.99** per annum, which increases at the lower of RPI and 5.0%.

**Note**

If Brian Spruce 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.