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

# JANE PRIEST

Date of birth: 19/04/1953

Date joined scheme: 06/04/1998

Date of retirement: 04/09/2022

Age at date of retirement: 69 years & 4 months

Normal pension date: 19/04/2018

Type of retirement: Late retirement (*from active status*)

Spouse’s date of birth: 20/06/1945 (spouse < 10 years younger)

Pre-2006 CARE pension @ 5 April 2022: £6,173.42

Post-2006 CARE pension @ 5 April 2022: £11,451.99

Pro-rata CPI: 1.50%

Pensionable earnings: £61,380.00 [(£63,290 + £61,570 + £59,280) / 3]

Final scheme year pensionable service: 4mths (06/04/2022-04/09/2022)

Contractual salary (***FTE***): £64,050.00

Underpin: total service to DOR (***FTE***): 24yrs & 4mths (06/04/1998-04/09/2022)

Underpin: pre-2006 service (***FTE***): 08yrs & 0mths (06/04/1998-05/04/2006)

Underpin: post-2006 service to DOR (***FTE***): 16yrs & 4mths (06/04/2006-04/09/2022)

Commutation factor: 12.76 (based on age 69 years & 4 months)

*[12.84 – (0.24 x 4/12 = 0.02) = 12.76]*

# CARE Pension Member Spouse (40%)

Pre-2006 CARE pension: £ 6,173.42 pa

Pro-rata CPI increase: £6,173.42 x 1.50% = £ 92.60 pa

Total (pre-2006): £ 6,266.02 pa £ 2,506.41 pa

Post-2006 CARE pension: £ 11,451.99 pa

Pro-rata CPI increase: £11,451.99 x 1.50% = £ 171.78 pa

Year-to-date pension to DOR: £61,380.00 x 4/12 x 1/75 x 3/5 = £ 163.68 pa

Total (post-2006): £ 11,787.45 pa £ 4,714.98 pa

**Total CARE pension:** **£ 18,053.47 pa £ 7,221.39 pa**

# Final Salary Underpin Pension Member Spouse (40%)

Pre-2006 U/pin pension: £64,050.00 x 80/12  x 1/90 x 4/5 = £ 4,554.67 pa £ 1,821.87 pa

Post-2006 U/pin pension: £64,050.00 x 164/12 x 1/90 x 3/5 = £ 6,974.33 pa £ 2,789.73 pa

Total Underpin pension: ***£ 11,529.00 pa £ 4,611.60 pa***

# Total CARE Pension of £18,053.47 pa exceeds Total Underpin Pension of £11,529.00 pa!

# Option 1 – Full Pension Member Spouse (40%)

Pre-2006 pension: £ 6,266.02 pa £ 2,506.41 pa

Post-2006 pension: £ 11,787.45 pa £ 4,714.98 pa

Total pension: **£ 18,053.47 pa £ 7,221.39 pa**

***Lifetime Allowance Check*:** £18,053.47 x 20 x 100 / £1,073,100.00 = **33.64%**

*33.64% is within the member’s LTA balance of 100.00%*

# Option 2 – Pension Commencement Lump Sum & Residual Pension

**Cash Sum** £18,053.47 x 20 / [3 + (20 / 12.76)] = **£ 79,053.63**

***Lifetime Allowance Check*:** £79,053.63 x 100 / £1,073,100.00 = **7.36%**

**Residual Pension** £18,053.47 –

 (£79,053.63 / 12.76 = £6,195.43) = ***£ 11,858.04 pa***

Pre-2006 pension: £ 6,266.02 pa

Post-2006 pension: £ 5,592.02 pa

Total pension: **£ 11,858.04 pa**

Spouse’s pension unchanged @ £7,221.39 pa (pre-2006 = £2,506.41 pa & post-2006 = £4,714.98 pa)

***Lifetime Allowance Check*:** £11,858.04 x 20 x 100 / £1,073,100.00 = **22.10%**

Total Lifetime Allowance for Option 2 = 7.36% + 22.10% = **29.46%**

*29.46% is within the member’s LTA balance of 100.00%*

# Summary Answer

*Option 1 – Pension Only*

A full pension of **£18,053.47** per annum, of which **£6,266.02** per annum increases at the lower of RPI and 5.0% (pre-2006) and **£11,787.45** per annum increases at the lower of RPI and 2.5% (post-2006). LTA used is **33.64%**, which is within the percentage LTA remaining of 100.00%.

A spouse’s pension of **£7,221.39** per annum, of which **£2,506.41** per annum increases at the lower of RPI and 5.0% (pre-2006) and **£4,714.98** per annum increases at the lower of RPI and 2.5% (post-2006).

OR

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

A tax-free cash sum of **£79,053.63** plus a residual pension of **£11,858.04** per annum, of which **£6,266.02** per annum increases at the lower of RPI and 5.0% (pre-2006) and **£5,592.02** per annum increases at the lower of RPI and 2.5% (post-2006). LTA used is **7.36%** for the tax-free cash sum and **22.10%** for the residual pension [total LTA = **29.46%**], which is within the percentage LTA remaining of 100.00%.

A spouse’s pension of **£7,221.39** per annum, of which **£2,506.41** per annum increases at the lower of RPI and 5.0% (pre-2006) and **£4,714.98** per annum increases at the lower of RPI and 2.5% (post-2006).