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

# ADRIAN ARCHDEACON

Date of birth: 08/09/1957

Date joined scheme: 06/04/1999

Date of retirement: 08/09/2022

Age at date of retirement: 65 years & 0 months

Normal pension date: 08/09/2022

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

Spouse’s date of birth: 10/12/1968 (***spouse > 10 years younger!***)

Pre-2006 CARE pension @ 5 April 2022: £4,089.99

Post-2006 CARE pension @ 5 April 2022: £19,220.51

Pro-rata CPI: 1.50%

Pensionable earnings: £84,950.00 [(£86,000 + £85,100 + £83,750) / 3]

Final scheme year pensionable service (***65ths***): 5mths (06/04/2022-08/09/2022)

Contractual salary: £87,100.00

Underpin: total service to DOR: 23yrs & 5mths (06/04/1999-08/09/2022)

Underpin: pre-2006 service (***90ths***): 07yrs & 0mths (06/04/1999-05/04/2006)

Underpin: post-2006 service (***90ths***): 02yrs & 0mths (06/04/2006-05/04/2008)

Underpin: post-2006 service to DOR (***80ths***): 14yrs & 5mths (06/04/2008-08/09/2022)

Commutation factor: 13.80 (based on age 65 years & 0 months)

# CARE Pension Member Spouse (40%)

Pre-2006 CARE pension: £ 4,089.99 pa

Pro-rata CPI increase: £4,089.99 x 1.50% = £ 61.35 pa

Total (pre-2006): £ 4,151.34 pa £ 1,660.54 pa

Post-2006 CARE pension: £ 19,220.51 pa

Pro-rata CPI increase: £19,220.51 x 1.50% = £ 288.31 pa

Year-to-date pension to DOR: £84,950.00 x 5/12 x 1/65 = £ 544.55 pa

Total (post-2006): £ 20,053.37 pa £ 8,021.35 pa

**Total CARE pension:** ***£ 24,204.71 pa £ 9,681.89 pa***

# Final Salary Underpin Pension Member Spouse (40%)

Pre-2006 U/pin pension: £87,100.00 x 70/12  x 1/90 = £ 6,774.44 pa £ 2,709.78 pa

Post-2006 U/pin pension: £87,100.00 x 20/12  x 1/90 = £ 1,935.56 pa £ 774.22 pa

Post-2006 U/pin pension: £87,100.00 x 145/12 x 1/80 = £ 15,696.15 pa £ 6,278.46 pa

Total Underpin pension: **£ 24,406.15 pa £ 9,762.46 pa**

# Total Underpin Pension of £24,406.15 pa exceeds Total CARE Pension of £24,204.71 pa!

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

Pre-2006 pension: £ 6,774.44 pa £ 2,709.78 pa

Post-2006 pension: £ 17,631.71 pa £ 7,052.68 pa

Total pension: **£ 24,406.15 pa £ 9,762.46 pa**

***Lifetime Allowance Check*:** £24,406.15 x 20 x 100 / £1,073,100.00 = **45.48%**

*45.48% is within the member’s LTA balance of 95.82%*

# Option 2 – Pension Commencement Lump Sum & Residual Pension

**Cash Sum** £24,406.15 x 20 / [3 + (20 / 13.80)] = **£ 109,708.43**

***Lifetime Allowance Check*:** £109,708.43 x 100 / £1,073,100.00 = **10.22%**

**Residual Pension** £24,406.15 –

(£109,708.43 / 13.80 = £7,949.89) = ***£ 16,456.26 pa***

Pre-2006 pension: £ 6,774.44 pa

Post-2006 pension: £ 9,681.82 pa

Total pension: **£ 16,456.26 pa**

Spouse’s pension unchanged @ £9,762.46 pa (pre-2006 = £2,709.78 pa & post-2006 = £7,052.68 pa)

***Lifetime Allowance Check*:** £16,456.26 x 20 x 100 / £1,073,100.00 = **30.67%**

Total Lifetime Allowance for Option 2 = 10.22% + 30.67% = **40.89%**

*40.89% is within the member’s LTA balance of 95.82%*

# Summary Answer

*Option 1 – Pension Only*

A full pension of **£24,406.15** per annum, of which **£6,774.44** per annum increases at the lower of RPI and 5.0% (pre-2006) and **£17,631.74** per annum increases at the lower of RPI and 2.5% (post-2006). LTA used is **45.48%**, which is within the percentage LTA remaining of 95.82%.

A spouse’s pension of **£9,762.46** per annum, of which **£2,709.78** per annum increases at the lower of RPI and 5.0% (pre-2006) and **£7,052.68** 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 **£109,708.43** plus a residual pension of **£16,456.26** per annum, of which **£6,774.44** per annum increases at the lower of RPI and 5.0% (pre-2006) and **£9,681.82** per annum increases at the lower of RPI and 2.5% (post-2006). LTA used is **10.22%** for the tax-free cash sum and **30.67%** for the residual pension [total LTA = **40.89%**], which is within the percentage LTA remaining of 95.82%.

A spouse’s pension of **£9,762.46** per annum, of which **£2,709.78** per annum increases at the lower of RPI and 5.0% (pre-2006) and **£7,052.68** per annum increases at the lower of RPI and 2.5% (post-2006).