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

# JAMES BISHOP

Date of birth: 05/09/1957

Date joined scheme: 06/04/1997

Date of retirement: 05/09/2022

Age at date of retirement: 65 years & 0 months

Normal pension date: 05/09/2022

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

Spouse’s date of birth: 02/12/1966 (spouse < 10 years younger)

Pre-2006 pension @ DOL: £4,221.44

Post-2006 pension @ DOL: £3,098.21

Lower of 5.0% / CPI: 34.2%

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

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

Pre-2006 pension: £4,221.44 x 1.342 = £ 5,665.17 pa £ 2,266.07 pa

Post-2006 pension: £3,098.21 x 1.342 = £ 4,157.80 pa £ 1,663.12 pa

Total pension: **£ 9,822.97 pa £ 3,929.19 pa**

***Lifetime Allowance Check*:** £9,822.97 x 20 x 100 / £1,073,100.00 = **18.30%**

*18.30% is within the member’s LTA balance of 93.21%*

# Option 2 – Pension Commencement Lump Sum & Residual Pension

**Cash Sum** £9,822.97 x 20 / [3 + (20 / 13.80)] = **£ 44,155.37**

***Lifetime Allowance Check*:** £44,155.37 x 100 / £1,073,100.00 = **4.11%**

**Residual Pension** £9,822.97 –

(£44,155.37 / 13.80 = £3,199.66) = ***£ 6,623.31 pa***

Pre-2006 pension: £ 5,665.17 pa

Post-2006 pension: £ 958.14 pa

Total pension: **£ 6,623.31 pa**

Spouse’s pension unchanged @ £3,929.19 pa (pre-2006 = £2,266.07 pa & post-2006 = £1,663.12 pa)

***Lifetime Allowance Check*:** £6,623.31 x 20 x 100 / £1,073,100.00 = **12.34%**

Total Lifetime Allowance for Option 2 = 4.11% + 12.34% = **16.45%**

*16.45% is within the member’s LTA balance of 93.21%*

# Summary Answer

*Option 1 – Pension Only*

A full pension of **£9,822.97** per annum, of which **£5,665.17** per annum increases at the lower of RPI and 5.0% (pre-2006) and **£4,157.80** per annum increases at the lower of RPI and 2.5% (post-2006). LTA used is **18.30%**, which is within the percentage LTA remaining of 93.21%.

A spouse’s pension of **£3,929.19** per annum, of which **£2,266.07** per annum increases at the lower of RPI and 5.0% (pre-2006) and **£1,663.12** 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 **£44,155.37** plus a residual pension of **£6,623.31** per annum, of which **£5,665.17** per annum increases at the lower of RPI and 5.0% (pre-2006) and **£958.14** per annum increases at the lower of RPI and 2.5% (post-2006). LTA used is **4.11%** for the tax-free cash sum and **12.34%** for the residual pension [total LTA = **16.45%**], which is within the percentage LTA remaining of 93.21%.

A spouse’s pension of **£3,929.19** per annum, of which **£2,266.07** per annum increases at the lower of RPI and 5.0% (pre-2006) and **£1,663.12** per annum increases at the lower of RPI and 2.5% (post-2006).