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

# HENRY BEATON – CATEGORY A

Date of birth: 12/09/1958

Date of joining scheme: 08/10/1986

Date of leaving scheme: 22/06/2016

Date of retirement: 12/09/2023

Age at date of retirement: 65yrs & 0mths

GMP due date: 12/09/2023

Normal pension date: 12/09/2023

Type of retirement: Preserved to normal retirement

Preserved pension at DOL: £6,443.90 pa

Pre-1988 GMP at DOL: £420.16 pa

Post-1988 GMP at DOL: £2,873.52 pa

Excess at DOL: £3,150.22 pa (*£6,443.90 – [£420.16 + £2,873.52]*)

TV-in pension (payable at NPD): £1,007.42 pa

Excess Pension revaluation (DOL to NPD): 34.3% (lower 5.0% and RPI)

GMP revaluation (DOL to GMP due date): 1.321 (06/04/17 - 05/04/23 = 6 tax years @ 4.75%)

Commutation factor: 22.46 (based on age 65yrs & 0mths)

**Option 1 – Full Pension**

**Full Pension**

Revalued total GMP £3,293.68 / 52 = £63.34 pw

(DOL to GMP due date): £63.34 x 1.321 = £83.67 pw

£83.67 x 52 = *£4,350.84 pa*

Revalued post-1988 GMP £2,873.52 / 52 = £55.26 pw

(DOL to GMP due date): £55.26 x 1.321 = £73.00 pw

£73.00 x 52 = ***£3,796.00 pa***

Revalued pre-1988 GMP £4,350.84 - £3,796.00 = ***£554.84 pa***

(DOL to GMP due date):

Revalued Excess £3,150.22 x 1.343 = ***£4,230.75 pa***

(DOL to NPD):

Transfer In = ***£1,007.42 pa***

(Payable from NPD):

Member (total): = **£9,589.01 pa**

Spouse (payable on death): £9,589.01 x 50% = ***£4,794.51 pa***

***Lifetime Allowance Check*:** £9,589.01 x 20 x 100 / £1,073,100.00 = **17.87%**

*17.87% is within the member’s LTA balance of 100.00%*

**OR**

**Option 2 – Cash Sum & Residual Pension**

**Cash Sum**

Member: £9,589.01 x 20 / [3 + (20 / 22.46)] = **£49,294.84**

***Lifetime Allowance Check:*** £49,294.84 x 100 / £1,073,100.00 = **4.59%**

**Residual Pension**

Member: £9,589.01 – (£49,294.87 / 22.46 = £2,194.78) = **£7,394.23 pa**

Spouse (payable on death): £9,589.01 x 50% = ***£4,794.51 pa***

**GMP Check:**

£7,394.23 pa is greater than GMP of £4,350.84 pa (therefore no lump sum restriction required)

***Lifetime Allowance Check:*** £7,394.23 x 20 x 100 / £1,073,100.00 = **13.78%**

Total Lifetime Allowance for Option 2 = 4.59% + 13.78% = **18.37%**

*18.37% is within the member’s LTA balance of 100.00%*

**Summary Answer**

*Option 1 – Pension Only*

A full pension of **£9,589.01** **per annum**, of which **£5,238.17 per annum** (*excess and TVin pension*)will be increased each year on 1 April by the lower of the increase in the RPI and 5.0% (*pro-rated for the first year*), **£554.84 per annum** (*pre-1988 GMP*) will not be increased and **£3,796.00** **per annum** (*post-1988 GMP*) will be increased each year on 1 April by the lower of the increase in the CPI and 3.0%. The LTA used is **17.87%**, which is within the percentage LTA remaining of 100.00%.

A spouse’s pension of **£4,794.51** **per annum**.

OR

*Option 2 – Cash Sum & Residual Pension*

A tax-free cash sum of **£49,294.87** plus a residual pension of **£7,394.23** **per annum**,of which **£3,043.39** **per annum** (*excess and TVin pension*)will be increased each year on 1 April by the lower of the increase in the RPI and 5.0% (*pro-rated for the first year*), **£554.84 per annum** (*pre-1988 GMP*) will not be increased and **£3,796.00** **per annum** (*post-1988 GMP*) will be increased each year on 1 April by the lower of the increase in the CPI and 3.0%. The LTA used is **4.59%** for the tax-free cash sum and **13.78%** for the residual pension [total LTA = **18.37%**], which is within the percentage LTA remaining of 100.00%.

A spouse’s pension of **£4,794.51 per annum**.