# WORKED ANSWER XYZ SCHEME ACTIVE TO NORMAL RETIREMENT

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| **RUBY-JANE RODRIGUEZ – CATEGORY B**  Date of birth: | 12/09/1958 |
| Date of joining scheme: | 06/11/1997 |
| Date of retirement: | 12/09/2023 |
| Age at date of retirement: | 65yrs & 0mths |
| Normal pension age: | 65yrs & 0mths |
| Type of retirement: | Normal retirement |
| Commutation factor: | 21.00 (age 65yrs) |

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:

2019 = £51,000.00

2020 = £52,890.00

2021 = £55,120.00

2022 = £58,320.00

2023 = ***£60,125.00***

* Final pensionable salary at 3 July 2011 (indexed by the lower of 5.0% and RPI annual increases from 4 July 2011 to NPD, or earlier date of retirement):

£32,700.00 @ 39.9% = ***£45,747.30***

Greater of £60,125.00 and £45,747.30 = **£60,125.00**

# Option 1 – Full Pension

**Full Pension**

Member: £60,125.00 x [13yrs + (240dys/365dys)] / 60 = **£13,685.99 pa**

Spouse (payable on death): £13,685.99 x 50% = ***£6,843.00 pa***

***Lifetime Allowance Check:*** £13,685.99 x 20 x 100 / £1,073,100.00 = **25.50%**

*25.50% is within the member’s LTA balance of 87.99%*

**OR**

# Option 2 – Cash Sum & Residual Pension

# Cash Sum

Member: £13,685.99 x 20 / [3 + (20 / 21.00)] = **£69,254.41**

***Lifetime Allowance Check:*** £69,254.41 x 100 / £1,073,100.00 = **6.45%**

**Residual Pension**

Member: £13,685.99 – (£69,254.41 / 21.00 = £3,297.83) = **£10,388.16 pa**

Spouse (payable on death): £13,685.99 x 50% = ***£6,843.00 pa***

***Lifetime Allowance Check:*** £10,388.16 x 20 x 100 / £1,073,100.00 = **19.36%**

Total Lifetime Allowance for Option 2 = 6.45% + 19.36% = **25.81%**

*25.81% is within the member’s LTA balance of 87.99%*

**Summary Answer**

*Option 1 – Pension Only*

A full pension of **£13,685.99** **per annum**, which 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*). The LTA used is **25.50%**, which is within the percentage LTA remaining of **87.99%**.

A spouse’s pension of **£6,843.00** **per annum**.

OR

*Option 2 – Cash Sum & Residual Pension*

A tax-free cash sum of **£69,254.41** plus a residual pension of **£10,388.16** **per annum**, which 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*). The LTA used is **6.45%** for the tax-free cash sum and **19.36%** for the residual pension [total LTA = **25.81%**], which is within the percentage LTA remaining of **87.99%**.

A spouse’s pension of **£6,843.00** **per annum**.