# WORKED ANSWER XYZ SCHEME ACTIVE TO ILL HEALTH EARLY RETIREMENT

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| **RUSTY-JOHN RODRIGUEZ – CATEGORY B**  Date of birth: | 09/10/1967 |
| Date of joining scheme: | 06/11/1997 |
| Date of retirement: | 13/09/2023 |
| Age at date of retirement: | 55yrs & 11mths |
| Normal pension age: | 65yrs & 0mths |
| Type of retirement: | Ill health early retirement |
| Commutation factor: | 27.54 (age 55yrs & 11mths) |
|  | *28.20 – [11/12 x 0.72 = 0.66]* |

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 = £46,700.00

2020 = £48,000.00

2021 = £49,520.00

2022 = ***£50,220.00***

2023 = £48,200.00

* 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):

£38,550.00 @ 39.9% = ***£53,931.45***

Greater of £50,220.00 and £53,931.45 = **£53,931.45**

# Option 1 – Full Pension

**Full Pension**

Member: £53,931.45 x [13yrs + (240dys/365dys)] / 60 = **£12,276.18 pa**

Spouse (payable on death): £12,276.18 x 50% = ***£6,138.09 pa***

***Lifetime Allowance Check:*** £12,276.18 x 20 x 100 / £1,073,100.00 = **22.87%**

*22.87% is within the member’s LTA balance of 100.00%*

**OR**

# Option 2 – Cash Sum & Residual Pension

# Cash Sum

Member £12,276.18 x 20 / [3 + (20 / 27.54)] = **£65,890.86**

***Lifetime Allowance Check:*** £65,890.86 x 100 / £1,073,100.00 = **6.14%**

**Residual Pension**

Member: £12,276.18 – (£65,890.86 / 27.54 = £2,392.55) = **£9,883.63 pa**

Spouse (payable on death): £12,276.18 x 50% = ***£6,138.09 pa***

***Lifetime Allowance Check:*** £9,883.63 x 20 x 100 / £1,073,100.00 = **18.42%**

Total Lifetime Allowance for Option 2 = 6.14% + 18.42% = **24.56%**

*24.56% is within the member’s LTA balance of 100.00%*

**Summary Answer**

*Option 1 – Pension Only*

A full pension of **£12,276.18** **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 **22.87%**, which is within the percentage LTA remaining of **100.00%**.

A spouse’s pension of **£6,138.09** **per annum**.

OR

*Option 2 – Cash Sum & Residual Pension*

A tax-free cash sum of **£65,890.86** plus a residual pension of **£9,883.63** **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 **6.14%** for the tax-free cash sum and **18.42%** for the residual pension [total LTA = **24.56%**], which is within the percentage LTA remaining of **100.00%**.

A spouse’s pension of **£6,138.09** **per annum**.