**WORKED ANSWER XYZ SCHEME PRESERVED TO NORMAL RETIREMENT**

**ROWBY-JAKE RODRIGUEZ – CATEGORY B**

Date of birth: 14/09/1958

Date of joining scheme: 06/11/1997

Date of leaving scheme: 31/08/2011

Date of retirement: 14/09/2023

Age at date of retirement: 65yrs & 0mths

Normal pension age: 65yrs & 0mths

Type of retirement: Preserved to normal retirement

Preserved pension at DOL: £9,201.31

AVCs (value): £40,221.28

S/Life AVC pension (payable now): £2,162.44

J/Life AVC pension (payable now): £1,733.68

Pension revaluation: 40.1% (lower of 5.0% and RPI)

Commutation factor: 21.00 (age 65yrs & 0mths)

# Option 1A – Full Pension

**Full Pension (Single Life AVCs)**

Member (scheme): £9,201.31 @ 40.10% = ***£12,891.04 pa***

Member (AVCs – single life): ***£2,162.44 pa***

Member (total): **£15,053.48 pa**

Spouse (payable on death): £12,891.04 x 50% = ***£6,445.52 pa***

***Lifetime Allowance Check*:** £15,053.48 x 20 x 100 / £1,073,100.00 = **28.05%**

*28.05% is within the member’s LTA balance of 86.01%*

**OR**

# Option 1B – Full Pension

**Full Pension (Joint Life AVCs)**

Member (scheme): £9,201.31 @ 40.10% = ***£12,891.04 pa***

Member (AVCs – joint life): ***£1,733.68 pa***

Member (total): **£14,624.72 pa**

Spouse (payable on death): £14,624.72 x 50% = ***£7,312.36 pa***

***Lifetime Allowance Check*:** £14,624.72 x 20 x 100 / £1,073,100.00 = **27.25%**

*27.25% is within the member’s LTA balance of 86.01%*

**OR**

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

**Cash Sum**

Member: £12,891.04 x 20 / [3 + (20 / 21.00)] = ***£65,231.77***

+ (£40,221.28 [AVCs] x 25%) = ***£10,055.32***

**£75,287.09**

***Lifetime Allowance Check:*** £75,287.09 x 100 / £1,073,100.00 = **7.01%**

# Residual Pension

Member: £12,891.04 – ([£75,287.09 –

£40,221.28] / 21.00 = £1,669.80) = **£11,221.24 pa**

Spouse (payable on death): £12,891.04 x 50% = ***£6,445.52 pa***

***Lifetime Allowance Check:*** £11,221.24 x 20 x 100 / £1,073,100.00 = **20.91%**

Total Lifetime Allowance for Option 2 = 7.01% + 20.91% = **27.92%**

# *27.92% is within the member’s LTA balance of 86.01%*

**Summary Answer**

*Option 1A – Pension Only (AVCs single life)*

A full pension of **£15,053.48** **per annum** (including a single life AVC pension of **£2,162.44 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 **28.05%**, which is within the percentage LTA remaining of **100.00%**.

A spouse’s pension of **£6,445.52** **per annum**.

OR

*Option 1B – Pension Only (AVCs joint life)*

A full pension of **£14,624.72 per annum** (including a joint life AVC pension of **£1,733.68 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 **27.25%**, which is within the percentage LTA remaining of **100.00%**.

A spouse’s pension of **£7,312.36** **per annum** (including a joint life AVC pension of **£866.84 per annum**).

OR

*Option 2 – Cash Sum & Residual Pension*

A tax-free cash sum of **£75,287.09** (including the current value of the member’s AVC fund of **£40,221.28**) plus a residual pension of **£11,221.24** **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 **7.01** for the tax-free cash sum and **20.91%** for the residual pension [total LTA = **27.92%**], which is within the percentage LTA remaining of **100.00%**.

A spouse’s pension of **£6,445.52** **per annum**.

**Note**

If Rowby-Jake Rodriguez wishes to take his AVCs flexibly outside of the XYZ Pension and Life Assurance Scheme, he can transfer them to a suitable alternative arrangement that is willing and able to accept them. In this scenario, the Trustees must offer to book a pensions guidance appointment with Pensions Wise on behalf of Rowby-Jake Rodriguez. The Trustees must explain to Rowby-Jake Rodriguez that the transfer of his AVCs cannot proceed until he has received appropriate pensions guidance from Pensions Wise, or that he can only opt out of the Pensions Wise guidance by providing the Trustees with an opt-out notification.