# WORKED ANSWER XYZ SCHEME ACTIVE TO EARLY RETIREMENT

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| **ROXY-JADE RODRIGUEZ – CATEGORY B**  Date of birth: | 21/03/1964 |
| Date of joining scheme: | 06/11/1997 |
| Date of retirement: | 11/09/2023 |
| Age at date of retirement: | 59yrs & 5mths |
| Normal pension age: | 65yrs & 0mths |
| TVin service: | 6yrs & 299dys |
| Commutation factor: | 25.02 (age 59yrs & 5mths) |
|  | *25.32 – [5/12 x 0.72 = 0.30]* |
| Early retirement factor: | 0.965 (based on age 59yrs & 5mths) |
|  | *0.940 + [5/12 x 0.060 = 0.025]* |

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 = £83,900.00

2020 = £86,170.00

2021 = £89,185.00

2022 = £92,110.00

2023 = ***£95,000.00***

* 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):

£68,496.57 @ 39.9% = ***£95,826.70***

Greater of £95,000.00 and £95,826.70 = **£95,826.70**

# Option 1 – Full Pension

**Full Pension**

Member (scheme): £95,826.70 x [13yrs + (240dys/365dys)] / 60 = £21,812.61 pa

+ +

Member (TVin): £95,826.70 x [6yrs + (299dys/365dys)] /60 = £10,890.99 pa

Member (total – *pre ERF*): = ***£32,703.60 pa***

Member (total – *post ERF*): £32,703.60 x 0.965 = **£31,558.97 pa**

Spouse (payable on death): £31,558.97 x 50% = ***£15,779.49 pa***

***Lifetime Allowance Check:*** £31,558.97 x 20 x 100 / £1,073,100.00 = **58.81%**

*58.81% is within the member’s LTA balance of 100.00%*

**OR**

# Option 2 – Cash Sum & Residual Pension

# Cash Sum

Member: £31,558.97 x 20 / [3 + (20 / 25.02)] = **£166,127.80**

***Lifetime Allowance Check:*** £166,127.80 x 100 / £1,073,100.00 = **15.48%**

**Residual Pension**

Member: £31,558.97 – (£166,127.80 / 25.02 = £6,639.80) = **£24,919.17 pa**

Spouse (payable on death): £31,558.97 x 50% = ***£15,779.49 pa***

***Lifetime Allowance Check:*** £24,919.17 x 20 x 100 / £1,073,100.00 = **46.44%**

Total Lifetime Allowance for Option 2 = 15.48% + 46.44% = **61.92%**

*61.92% is within the member’s LTA balance of 100.00%*

**Summary Answer**

*Option 1 – Pension Only*

A full pension of **£31,558.97** **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 **58.81%**, which is within the percentage LTA remaining of **100.00%**.

A spouse’s pension of **£15,779.49** **per annum**.

OR

*Option 2 – Cash Sum & Residual Pension*

A tax-free cash sum of **£166,127.80** plus a residual pension of **£24,919.17** **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 **15.48%** for the tax-free cash sum and **46.44%** for the residual pension [total LTA = **61.92%**], which is within the percentage LTA remaining of **100.00%**.

A spouse’s pension of **£15,779.49** **per annum**.