# WORKED ANSWER RST SCHEME ACTIVE => RETIREMENT (LATE)

# SEAN GREAVES

Date of birth: 29/11/1952

Date of retirement: 11/09/2023

Age at date of retirement: 70 years & 9 months

Normal pension age: 65

Type of retirement: Late retirement

Spouse’s date of birth: 18/01/1957 (spouse < 10 years younger)

Pre-2006 CARE pension @ 5 April 2023: £12,222.42

Post-2006 CARE pension @ 5 April 2023: £17,446.88

Pro-rata CPI: 4.6%

Pensionable earnings: £58,393.33 [(£55,980+£59,200+£60,000) / 3] YTD pensionable service: 5mths (06/04/2023-11/09/2023)

Contractual salary: £62,000.00

Underpin (total service to DOR): 31yrs & 5mths (06/04/1992-11/09/2023)

Underpin (pre-2006 service): 14yrs & 0mths (06/04/1992-05/04/2006)

Underpin (post-2006 service to DOR): 17yrs & 5mths (06/04/2006-11/09/2023)

Commutation factor: 15.74 (Age 70yrs & 9mths)

[16.10 – (0.48 x 9/12 = 0.36) = 15.74]

# CARE Pension

Pension @ 5/4/23 (pre-2006): = ***£12,222.42 pa***

Pro-rata CPI increase: £12,222.42 x 4.6% = ***£562.23 pa***

Member (pre-2006): = **£12,784.65 pa**

Pension @ 5/4/23 (post-2006): = ***£17,446.88 pa***

Pro-rata CPI increase: £17,446.88 x 4.6% = ***£802.56 pa***

YTD pension: £58,393.33 x 5/12 x 1/75 = ***£324.41 pa***

Member (post-2006): = **£18,573.85 pa**

Total CARE pension: £12,784.65 + £18,573.85 = **£31,358.50 pa**

Spouse (pre-2006): £12,784.65 x 40% = ***£5,113.86 pa***

Spouse (post-2006): £18,573.85 x 40% = ***£7,429.54 pa***

Spouse (total): £5,113.86 + £7,429.54 = ***£12,543.40 pa***

# Final Salary Underpin

Pension (pre-2006): £62,000.00 x 14 x 1/90 = ***£9,644.44 pa***

Pension (post-2006): £62,000.00 x 175/12 x 1/90 = ***£11,998.15 pa***

Total Underpin pension: £9,644.44 + £11,998.15 = **£21,642.59 pa**

# Total CARE pension of £31,358.50 pa exceeds total Underpin pension of £21,642.59 pa!

**Option 1 – Full Pension (CARE)**

**Full Pension**

Member (pre-2006): = **£12,784.65 pa**

Member (post-2006): = **£18,573.85 pa**

Member (total): = **£31,358.50 pa**

Spouse (pre-2006): = ***£5,113.86 pa***

Spouse (post-2006): = ***£7,429.54 pa***

Spouse (total): = ***£12,543.40 pa***

***Lifetime Allowance Check:*** £31,358.50 x 20 x 100 / £1,073,100.00 = **58.44%**

*58.44% is within the member’s LTA balance of 94.31%*

 **OR**

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

**Cash Sum**

Member: £31,358.50 x 20 / [3 + (20 / 15.74)] = **£146,855.93**

***Lifetime Allowance Check:*** £146,855.93 x 100 / £1,073,100.00 = **13.68%**

**Residual Pension**

Member (total): £31,358.50 – (£146,855.93 / 15.74 = £9,330.11) = **£22,028.39 pa**

Member (post-2006): £18,573.85 – £9,330.11 = **£9,243.74 pa**

Member (pre-2006): = **£12,784.65 pa**

Spouse (pre-2006): Unchanged = ***£5,113.86 pa***

Spouse (post-2006): Unchanged = ***£7,429.54 pa***

Spouse (total): Unchanged = ***£12,543.40 pa***

***Lifetime Allowance Check:*** £22,028.39 x 20 x 100 / £1,073,100.00 = **41.05%**

Total Lifetime Allowance for Option 2 = 13.68% + 41.05% = **54.73%**

*54.73% is within the member’s LTA balance of 94.31%*

# Summary Answer

*Option 1 – Pension Only*

A full pension of **£31,358.50 per annum**, of which **£12,784.65** **per annum** increases at the lower of RPI and 5.0% (pre-2006) and **£18,573.85** **per annum** increases at the lower of RPI and 2.5% (post-2006). The LTA used is **58.44%**, which is within the percentage LTA remaining of **94.31%**.

A spouse’s pension of **£12,543.40** **per annum**, of which **£5,113.86** **per annum** increases at the lower of RPI and 5.0% (pre-2006) and **£7,429.54** **per annum** increases at the lower of RPI and 2.5% (post-2006).

OR

*Option 2 – Cash Sum & Residual Pension*

A tax-free cash sum of **£146,855.93** plus a residual pension of **£22,028.39** **per annum**, of which **£12,784.65** **per annum** increases at the lower of RPI and 5.0% (pre-2006) and **£9,243.74** **per annum** increases at the lower of RPI and 2.5% (post-2006). The LTA used is **13.68%** for the tax-free cash sum and **41.05%** for the residual pension [total LTA = **54.73%**], which is within the percentage LTA remaining of **94.31%**.

A spouse’s pension of **£12,543.40** **per annum**, of which **£5,113.86** **per annum** increases at the lower of RPI and 5.0% (pre-2006) and **£7,429.54** **per annum** increases at the lower of RPI and 2.5% (post-2006).