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

# BERT TURNER

Date of birth: 10/09/1958

Date of retirement: 10/09/2023

Age at date of retirement: 65 years & 0 months

Normal pension age: 65

Type of retirement: Normal retirement

Spouse’s date of birth: 29/06/1957 (< 10 years younger)

Pre-2006 CARE pension @ 5 April 2023: £16,480.56

Post-2006 CARE pension @ 5 April 2023: £21,333.34

Single life level pension (non-commutable): £2,250.00

Pro-rata CPI: 4.6%

Pensionable earnings: £58,223.33 [(£55,775+£58,120+£60,775) / 3]

YTD pensionable service: 5mths (06/04/2023-10/09/2023)

Contractual salary: £62,000.00

Underpin (total service to DOR): 32yrs & 5mths (06/04/1991-09/09/2023)

Underpin (pre-2006 service): 15yrs & 0mths (06/04/1991-05/04/2006)

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

Commutation factor: 18.50 (Age 65yrs & 0mths)

# CARE Pension

Pension @ 5/4/23 (pre-2006): = ***£16,480.56 pa***

Pro-rata CPI increase: £16,480.56 x 4.6% = ***£758.11 pa***

Member (pre-2006): = **£17,238.67 pa**

Pension @ 5/4/23 (post-2006): = ***£21,333.34 pa***

Pro-rata CPI increase: £21,333.34 x 4.6% = ***£981.33 pa***

YTD pension: £58,223.33 x 5/12 x 1/75 = ***£323.46 pa***

Member (post-2006): = **£22,638.13 pa**

Total CARE pension: £17,238.67 + £22,638.13 = **£39,876.80 pa**

Spouse (pre-2006): £17,238.67 x 40% = ***£6,895.47 pa***

Spouse (post-2006): £22,638.13 x 40% = ***£9,055.25 pa***

Spouse (total): £6,895.47 + £9,055.25 = ***£15,950.72 pa***

# Final Salary Underpin

Pension (pre-2006): £62,000.00 x 15 x 1/90 = ***£10,333.33 pa***

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

Total Underpin pension: £10,333.33 + £11,998.15 = **£22,331.48 pa**

# Total CARE pension of £39,876.80 pa exceeds total Underpin pension of £22,331.48 pa!

**Option 1 – Full Pension (CARE)**

**Full Pension**

Member (pre-2006): = **£17,238.67 pa**

Member (post-2006): = **£22,638.13 pa**

Member (single life augmentation): **= £2,250.00 pa**

Member (total): = **£42,126.80 pa**

Spouse (pre-2006): = ***£6,895.47 pa***

Spouse (post-2006): = ***£9,055.25 pa***

Spouse (total): = ***£15,950.72 pa***

***Lifetime Allowance Check:*** £42,126.80 x 20 x 100 / £1,073,100.00 = **78.51%**

*78.51% is within the member’s LTA balance of 89.99%*

**OR**

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

**Cash Sum**

Member: £39,876.80 x 20 / [3 + (20 / 18.50)] = **£195,422.73**

***Lifetime Allowance Check:*** £195,422.73 x 100 / £1,073,100.00 = **18.21%**

**Residual Pension**

Member (total): £39,876.80 + £2,250.00

– (£195,422.73 / 18.50 = £10,563.39) = **£31,563.41 pa**

Member (post-2006): £22,638.13 - £10,563.39 = **£12,074.74 pa**

Member (pre-2006): = **£17,238.67 pa**

Member (single life augmentation): **= £2,250.00 pa**

Spouse (pre-2006): Unchanged = ***£6,895.47 pa***

Spouse (post-2006): Unchanged = ***£9,055.25 pa***

Spouse (total): Unchanged = ***£15,950.72 pa***

***Lifetime Allowance Check:*** £31,563.41 x 20 x 100 / £1,073,100.00 = **58.82%**

Total Lifetime Allowance for Option 2 = 18.21% + 58.82% = **77.03%**

*77.03% is within the member’s LTA balance of 89.99%*

# Summary Answer

*Option 1 – Pension Only*

A full pension of **£42,126.80 per annum**, of which **£17,238.67** **per annum** increases at the lower of RPI and 5.0% (pre-2006), **£22,638.13** **per annum** increases at the lower of RPI and 2.5% (post-2006) and **£2,250.00 per annum** does not increase (single life, non-increasing augmentation). The LTA used is **78.51%**, which is within the percentage LTA remaining of **89.99%**.

A spouse’s pension of **£15,950.72** **per annum**, of which **£6,895.47** **per annum** increases at the lower of RPI and 5.0% (pre-2006) and **£9,055.25** **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 **£195,422.73** plus a residual pension of **£31,563.41** **per annum**, of which **£17,238.67** **per annum** increases at the lower of RPI and 5.0% (pre-2006), **£12,074.74** **per annum** increases at the lower of RPI and 2.5% (post-2006) and **£2,250.00 per annum** does not increase (single life, non-increasing augmentation). The LTA used is **18.21%** for the tax-free cash sum and **58.82%** for the residual pension [total LTA = **77.03%**], which is within the percentage LTA remaining of **89.99%**.

A spouse’s pension of **£15,950.72** **per annum**, of which **£6,895.47** **per annum** increases at the lower of RPI and 5.0% (pre-2006) and **£9,055.25** **per annum** increases at the lower of RPI and 2.5% (post-2006).