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

# LUCY WALTERS

Date of birth: 12/01/1964

Date joined scheme: 06/04/2007

Date of retirement: 04/09/2024

Age at date of retirement: 60 years & 7 months

Normal pension age: 65

Normal pension date: 12/01/2029

Type of retirement: Early retirement

Spouse’s date of birth: 19/09/1975 (spouse > 10 years younger

– *potential reduction!*)

Transferred-in pension (***pre-2006***): £3,624.24 pa (payable from NPD)

Pre-2006 CARE pension @ 5 April 2024: N/A

Post-2006 CARE pension @ 5 April 2024: £9,400.04 pa

Pro-rata CPI: 2.1%

Pensionable earnings: £57,246.00 [(£56,050+£57,233+£58,455) / 3] Pensionable service (6 April 2024 to DOR): 0yrs & 4mths (06/04/2024 - 04/09/2024) Contractual salary: £59,985.00

Underpin (total pens. service to DOR): 17yrs & 4mths (06/04/2007 - 04/09/2024)

Underpin (pre-2006 pens. service): N/A

Underpin (post-2006 pens. service to DOR): 17yrs & 4mths (06/04/2007 - 04/09/2024)

Remaining ‘LS&DBA’: £1,073,100.00

Remaining ‘LSA’: £268,275.00

Commutation factor: 20.62 (age 60yrs & 7mths)

*[20.90 – (0.48 x 7/12 = 0.28) = 20.62]*

Early retirement factor: 0.823 (age 60yrs & 7mths)

*[0.800 + (0.040 x 7/12 = 0.023) = 0.823]*

# CARE Pension

Pension @ 5/4/24 (pre-2006) = ***N/A***

Pension @ 5/4/24 (post-2006): = ***£9,400.04 pa***

Pro-rata CPI increase: £9,400.04 x 2.1% = ***£197.40 pa***

YTD pension: £57,246.00 x 4/12 x 1/75 = ***£254.43 pa***

Member (post-2006): £9,400.04 + £197.40 + £254.43 = **£9,851.87 pa**

Total CARE pension: £9,851.87 x 0.823 = **£8,108.09 pa**

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Spouse (pre-2006): = ***N/A***

Spouse (post-2006): £8,108.09 x 40% = ***£3,243.24 pa***

Spouse (total): = ***£3,243.24 pa***

# Final Salary Underpin

Pension (pre-2006): = ***N/A***

Pension (post-2006): £59,985.00 x 174/12 x 1/90 = ***£11,552.67 pa***

Total Underpin pension: £11,552.67 x 0.823 = **£9,507.84 pa**

# Total Underpin pension of £9,507.84 pa exceeds total CARE pension of £8,108.09 pa!

**Option 1 – Full Pension (Underpin)**

**Full Pension**

Member (pre-2006): = **N/A**

Member (post-2006): = **£9,507.84 pa**

Member (pre-2006 TVin): £3,624.24 x 0.823 = **£2,982.75 pa**

Member (total): £9,507.84 + £2,982.75 = **£12,490.59 pa**

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Spouse (pre-2006): = ***N/A***

Spouse (post-2006): £9,507.84 x 40% = ***£3,803.14 pa***

Spouse (pre-2006 TVin): £2,982.75 x 40% = ***£1,193.10 pa***

Spouse (total): £3,803.14 + £1,193.10 = ***£4,996.24 pa***

**OR**

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

**Cash Sum**

Member: £12,490.59 x 20 / [3 + (20 / 20.62)] = **£62,925.96**

***‘LS&DBA’ Check:*** £62,925.96 vs £1,073,100.00 = **OK**

***‘LSA’ Check:*** £62,925.96 vs £268,275.00 = **OK**

**Residual Pension**

Member (total): £12,490.59 – (£62,925.96 / 20.62 = £3,051.70) = **£9,438.89 pa**

Member (post-2006): £9,507.84 - £3,051.70 = **£6,456.14 pa**

Member (pre-2006 TVin): = **£2,982.75 pa**

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Spouse (pre-2006 TVin): Unchanged = ***£1,193.10 pa***

Spouse (post-2006): Unchanged = ***£3,803.14 pa***

Spouse (total): Unchanged = ***£4,996.24 pa***

# Summary Answer

*Option 1 – Pension Only*

A full pension of **£12,490.59 per annum**, of which **£2,982.75** **per annum** (transferred-in pension) increases at the lower of RPI and 5.0% (pre-2006) and **£9,507.84** **per annum** increases at the lower of RPI and 2.5% (post-2006).

A spouse’s pension of **£4,996.24** **per annum**, of which **£1,193.10** **per annum** (transferred-in pension) increases at the lower of RPI and 5.0% (pre-2006) and **£3,803.14** **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 **£62,925.96** plus a residual pension of **£9,438.89** **per annum**, of which **£2,982.75** **per annum** (transferred-in pension) increases at the lower of RPI and 5.0% (pre-2006) and **£6,456.14** **per annum** increases at the lower of RPI and 2.5% (post-2006). The tax-free cash sum of **£62,925.96** is within both the member’s available ‘LS&DBA’ of **£1,073,100.00** and ‘LSA’ of **£268,275.00**.

A spouse’s pension of **£4,996.24** **per annum**, of which **£1,193.10** **per annum** (transferred-in pension) increases at the lower of RPI and 5.0% (pre-2006) and **£3,803.14** **per annum** increases at the lower of RPI and 2.5% (post-2006).