# WORKED ANSWER XYZ SCHEME ACT => RET (EARLY)

**ANNABEL COHEN – CATEGORY A**

Date of birth: 17/03/1967

Date of joining scheme: 29/06/1986

Date of retirement: 16/09/2024

Age at date of retirement: 57yrs & 5mths

GMP due date: 17/03/2027

Normal pension date: 17/03/2032

Type of retirement: Early retirement

Pre-1997 pensionable service [***70ths***]: 10yrs & 281dys [29/06/1986 - 05/04/1997]

Post-1997 pensionable service [***70ths***]: 4yrs & 0dys [06/04/1997 - 05/04/2001]

Post-1997 pensionable service [***80ths***]: 8yrs & 0dys [06/04/2001 - 05/04/2009]

Post-1997 pensionable service [***60ths***]: 9yrs & 0dys [06/04/2009 - 05/04/2018]

Post-1997 pensionable service [***70ths***]: 6yrs & 164dys [06/04/2018 - 16/09/2024]

Pre-1988 GMP at DOR: £875.16 pa

Post-1988 GMP at DOR: £3,250.52 pa

Remaining ‘LS&DBA’: £1,073,100.00

Remaining ‘LSA’: £268,275.00

Commutation factor: 27.92 (based on age 57yrs & 5mths)

*[28.22 – (0.72 x 5/12 = 0.30) = 27.92]*

Early retirement factor: 0.791 (based on age 57yrs & 5mths)

*[0.783 + (0.020 x 5/12 = 0.008) = 0.791]*

Final pensionable salary is the greater of the following:

* Final pensionable salary calculated at NPD or earlier date of retirement:

2020 = £60,800.00

2021 = £62,100.00

2022 = £64,750.00

2023 = £66,230.00

2024 = ***£68,320.00*** *(highest in last 5 years)*

# Option 1 – Full Pension

**Full Pension**

Member (pre-1997): £68,320.00 x [10yrs + (281dys/365dys)] / **70** = £10,511.39 pa + +

Member (post-1997): £68,320.00 x [4yrs + (0dys/365dys)] / **70** = £3,904.00 pa

+ +

Member (post-1997): £68,320.00 x [8yrs + (0dys/365dys)] / **80** = £6,832.00 pa

+ +

Member (post-1997): £68,320.00 x [9yrs + (0dys/365dys)] / **60** = £10,248.00 pa

+ +

Member (post-1997): £68,320.00 x [6yrs + (164dys/365dys)] / **70** = £6,294.53 pa

Member (total – *pre ERF*): = ***£37,789.92 pa***

Member (total – *post ERF*): £37,789.92 x 0.791 = **£29,891.83 pa**

Spouse (payable on death): £29,891.83 x 50% = ***£14,945.92 pa***

**GMP Check:**

Pre-1997 pension v GMP: £10,511.39 x 0.791 = ***£8,314.51* v**

[£875.16 + £3,250.52 = ***£4,125.68***] => **OK**

*OR*

Total pension v

post-1997 pension + GMP: ***£29,891.83* v** ([{£37,789.92 - £10,511.39 = £27,278.53} x 0.791

= £21,577.32] + £4,125.68 = ***£25,703.00***) => **OK**

**OR**

# Option 2 – Cash Sum & Residual Pension

# Cash Sum

Member: £29,891.83 x 20 / [3 + (20 / 27.92)] = **£160,867.37**

***‘LS&DBA’ Check:*** £160,867.37 vs £1,073,100.00 = **OK**

***‘LSA’ Check:*** £160,867.37 vs £268,275.00 = **OK**

**Residual Pension**

Member: £29,891.83 – (£160,867.37 / 27.92 = £5,761.73) = **£24,130.10 pa**

Spouse (payable on death): £29,891.83 x 50% = ***£14,945.92 pa***

**GMP Check:**

£24,130.10 pa is greater than GMP of £4,125.68 pa (therefore no cash sum restriction required)

**Summary Answer**

*Option 1 – Pension Only*

A full pension of **£29,891.83** **per annum** (including an excess pension of **£25,766.15** **per annum**, a pre-1988 GMP of **£875.16 per annum** and a post-1988 GMP of **£3,250.52** **per annum**). The pension 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*) up to GMP due date (age 60). From that date, the pre-1988 GMP will not be increased, the post-1988 GMP will be increased each year by the lower of the increase in the CPI and 3.0% and the balance will be increased each year by the lower of the increase in the RPI and 5.0%.

A spouse’s pension of **£14,945.92** **per annum**.

OR

*Option 2 – Cash Sum & Residual Pension*

A tax-free cash sum of **£160,867.37** plus a residual pension of **£24,130.10 per annum** (including an excess pension of **£20,004.42** **per annum**, a pre-1988 GMP of **£875.16 per annum** and a post-1988 GMP of **£3,250.52** **per annum**). The pension 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*) up to GMP due date (age 60). From that date, the pre-1988 GMP will not be increased, the post-1988 GMP will be increased each year by the lower of the increase in the CPI and 3.0% and the balance will be increased each year by the lower of the increase in the RPI and 5.0%. The tax-free cash sum of **£160,867.37** 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 **£14,945.92 per annum**.