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

**LORNA HURST – CATEGORY B**

Date of birth: 19/03/1966

Date of joining scheme: 06/11/1997

Date of retirement: 12/09/2024

Age at date of retirement: 58yrs & 5mths

Normal pension date: 19/03/2031

Type of retirement: Early retirement

Pensionable service: 13yrs & 240dys (06/11/1997 – 03/07/2011)

Remaining ‘LS&DBA’: £1,073,100.00

Remaining ‘LSA’: £268,275.00

Commutation factor: 25.74 (based on age 58yrs & 5mths)

 *[26.04 – (0.72 x 5/12 = 0.30) = 25.74]*

Early retirement factor: 0.905 (based on age 58yrs & 5mths)

*[0.880 + (0.060 x 5/12 = 0.025) = 0.905]*

Final pensionable salary is the greater of the following:

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

2020 = £61,867.00

2021 = £64,250.00

2022 = £67,125.00

2023 = ***£69,700.00*** *(highest in last 5 years)*

2024 = £68,000.00

* Final pensionable salary at 3 July 2011 (indexed by the lower of 5.0% or RPI annual increases from 4 July 2011 to NPD, or earlier date of retirement):

£46,170.00 x 1.487 (= 48.7%) = ***£68,654.79***

Greater of ***£69,700.00*** and ***£68,654.79*** = **£69,700.00**

# Option 1 – Full Pension

**Full Pension**

Member (total – *pre ERF*): £69,700.00 x [13yrs + (240dys/365dys)] / 60 = ***£15,865.50 pa***

Member (total – *post ERF*): £15,865.50 x 0.905 = **£14,358.28 pa**

Spouse (payable on death): £14,358.28 x 50% = ***£7,179.14 pa***

**OR**

# Option 2 – Cash Sum & Residual Pension

# Cash Sum

Member: £14,358.28 x 20 / [3 + (20 / 25.74)] = **£76,030.06**

***‘LS&DBA’ Check:*** £76,030.06 vs £1,073,100.00 = **OK**

***‘LSA’ Check:*** £76,030.06 vs £268,275.00 = **OK**

**Residual Pension**

Member: £14,358.28 – (£76,030.06 / 25.74 = £2,953.77) = **£11,404.51 pa**

Spouse (payable on death): £14,358.28 x 50% = ***£7,179.14 pa***

**Summary Answer**

*Option 1 – Pension Only*

A full pension of **£14,358.28** **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*).

A spouse’s pension of **£7,179.14** **per annum**.

OR

*Option 2 – Cash Sum & Residual Pension*

A tax-free cash sum of **£76,030.06** plus a residual pension of **£11,404.51** **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*). The tax-free cash sum of **£76,030.06** 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 **£7,179.14 per annum**.