

WORKED ANSWER XYZ SCHEME ACT => RET (ILL HEALTH)

ALISON BANKS – CATEGORY A

Date of birth:	20/07/1968
Date of joining scheme:	08/02/1992
Date of retirement:	12/09/2024
Age at date of retirement:	56yrs & 1mth
GMP due date:	20/07/2028
Normal pension date:	20/07/2033
Type of retirement:	Ill health early retirement
Pre-1997 pensionable service [70ths]:	5yrs & 57dys [08/02/1992 - 05/04/1997]
Post-1997 pensionable service [70ths]:	27yrs & 160dys [06/04/1997 - 12/09/2024]
Pre-1988 GMP at DOR:	N/A
Post-1988 GMP at DOR:	£1,699.88 pa
Remaining 'LS&DBA':	£1,073,100.00
Remaining 'LSA':	£268,275.00
Commutation factor:	28.88 (based on age 56yrs & 1mth) [28.94 – (0.72 x 1/12 = 0.06) = 28.88]

Final pensionable salary is the greater of the following:

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

2020	=	£47,250.00
2021	=	£49,150.00
2022	=	£51,700.00
2023	=	£54,625.00
2024	=	£56,200.00 (highest in last 5 years)

Option 1 – Full Pension

Full Pension

Member (pre-1997):	£56,200.00 x [5yrs + (57dys/365dys)] / 70	=	£4,139.66 pa
	+		+
Member (post-1997):	£56,200.00 x [27yrs + (160dys/365dys)] / 70	=	£22,029.08 pa
Member (total):		=	<u>£26,168.74 pa</u>
Spouse (payable on death):	£26,168.74 x 50%	=	<u>£13,084.37 pa</u>

GMP Check:

Pre-1997 pension v GMP: **£4,139.66 v £1,699.88 => OK**

OR

Total pension v
post-1997 pension + GMP: **£26,168.74 v (£22,029.08 + £1,699.88 = £23,728.96) => OK**

OR

Option 2 – Cash Sum & Residual Pension

Cash Sum

Member: £26,168.74 x 20 / [3 + (20 / 28.88)] = **£141,739.16**

'LS&DBA' Check: £141,739.16 vs £1,073,100.00 = **OK**

'LSA' Check: £141,739.16 vs £268,275.00 = **OK**

Residual Pension

Member: £26,168.74 – (£141,739.16 / 28.88 = £4,907.87) = **£21,260.87 pa**

Spouse (payable on death): £26,168.74 x 50% = **£13,084.37 pa**

GMP Check:

£21,260.87 pa is greater than GMP of £1,699.88 pa (therefore no cash sum restriction required)

Summary Answer

Option 1 – Pension Only

A full pension of **£26,168.74 per annum** (including an excess pension of **£24,468.86 per annum** and a post-1988 GMP of **£1,699.88 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 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 **£13,084.37 per annum**.

OR

Option 2 – Cash Sum & Residual Pension

A tax-free cash sum of **£141,739.16** plus a residual pension of **£21,260.87 per annum** (including an excess pension of **£19,560.99 per annum** and a post-1988 GMP of **£1,699.88 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 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 **£141,739.16** 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 **£13,084.37 per annum**.