

**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	=	<b>£69,700.00</b> (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%)	=	<b>£68,654.79</b>
Greater of <b>£69,700.00</b> and <b>£68,654.79</b>	=	<b><u>£69,700.00</u></b>

**Option 1 – Full Pension****Full Pension**

Member (total – <i>pre ERF</i> ):	£69,700.00 x [13yrs + (240dys/365dys)] / 60	=	<b>£15,865.50 pa</b>
Member (total – <i>post ERF</i> ):	£15,865.50 x 0.905	=	<b><u>£14,358.28 pa</u></b>
Spouse (payable on death):	£14,358.28 x 50%	=	<b><u>£7,179.14 pa</u></b>

**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**.