

WORKED ANSWER XYZ SCHEME ACT => RET (NORMAL)

PETULA PETERS – CATEGORY B

Date of birth: 15/09/1959
 Date of joining scheme: 06/11/1997
 Date of retirement: 15/09/2024
 Age at date of retirement: 65yrs & 0mths
 Normal pension date: 15/09/2024
 Type of retirement: Normal retirement
 Pensionable service: 13yrs & 240dys (06/11/1997 – 03/07/2011)
 Transfer in (payable from NPD): £2,641.22 pa
 Remaining 'LS&DBA': £1,073,100.00
 Remaining 'LSA': £268,275.00
 Commutation factor: 21.00 (based on age 65yrs & 0mths)

Final pensionable salary is the greater of the following:

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

2020	=	£82,500.00
2021	=	£85,325.00
2022	=	£87,190.00
2023	=	£88,925.00
2024	=	£89,880.00 (highest in last 5 years)

- 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):

£64,444.00 x 1.487 (= 48.7%)	=	£95,828.23
Greater of £89,880.00 and £95,828.23	=	<u>£95,828.23</u>

Option 1 – Full Pension

Full Pension

Member (excluding TVin): £95,828.23 x [13yrs + (240dys/365dys)] / 60 = **£21,812.96 pa**
 +
 Member (TVin): = **£2,641.22 pa**
 Member (Total): = **£24,454.18 pa**
 Spouse (payable on death): £24,454.18 x 50% = **£12,227.09 pa**

OR

Option 2 – Cash Sum & Residual Pension

Cash Sum

Member: $\text{£}24,454.18 \times 20 / [3 + (20 / 21.00)] = \underline{\underline{\text{£}123,744.04}}$

'LS&DBA' Check: $\text{£}123,744.04 \text{ vs } \text{£}1,073,100.00 = \text{OK}$

'LSA' Check: $\text{£}123,744.04 \text{ vs } \text{£}268,275.00 = \text{OK}$

Residual Pension

Member: $\text{£}24,454.18 - (\text{£}123,744.04 / 21.00 = \text{£}5,892.57) = \underline{\underline{\text{£}18,561.61 \text{ pa}}}$

Spouse (payable on death): $\text{£}24,454.18 \times 50\% = \underline{\underline{\text{£}12,227.09 \text{ pa}}}$

Summary Answer

Option 1 – Pension Only

A full pension of **£24,454.18 per annum** (including a transferred-in pension of **£2,641.22 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 **£12,227.09 per annum**.

OR

Option 2 – Cash Sum & Residual Pension

A tax-free cash sum of **£123,744.04** plus a residual pension of **£18,561.61 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 **£123,744.04** 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 **£12,227.09 per annum**.