

WORKED ANSWER**RST SCHEME****ACTIVE => RETIREMENT (EARLY)****LUCY WALTERS**

Date of birth:	12/01/1964
Date joined scheme:	06/04/2007
Date of retirement:	04/09/2024
Age at date of retirement:	60 years & 7 months
Normal pension age:	65
Normal pension date:	12/01/2029
Type of retirement:	Early retirement
Spouse's date of birth:	19/09/1975 (spouse > 10 years younger – potential reduction!)
Transferred-in pension (pre-2006):	£3,624.24 pa (payable from NPD)
Pre-2006 CARE pension @ 5 April 2024:	N/A
Post-2006 CARE pension @ 5 April 2024:	£9,400.04 pa
Pro-rata CPI:	2.1%
Pensionable earnings:	£57,246.00 [(£56,050+£57,233+£58,455) / 3]
Pensionable service (6 April 2024 to DOR):	0yrs & 4mths (06/04/2024 - 04/09/2024)
Contractual salary:	£59,985.00
Underpin (total pens. service to DOR):	17yrs & 4mths (06/04/2007 - 04/09/2024)
Underpin (pre-2006 pens. service):	N/A
Underpin (post-2006 pens. service to DOR):	17yrs & 4mths (06/04/2007 - 04/09/2024)
Remaining 'LS&DBA':	£1,073,100.00
Remaining 'LSA':	£268,275.00
Commutation factor:	20.62 (age 60yrs & 7mths) [20.90 – (0.48 x 7/12 = 0.28) = 20.62]
Early retirement factor:	0.823 (age 60yrs & 7mths) [0.800 + (0.040 x 7/12 = 0.023) = 0.823]

CARE Pension

Pension @ 5/4/24 (pre-2006)	=	N/A
Pension @ 5/4/24 (post-2006):	=	£9,400.04 pa
Pro-rata CPI increase:	£9,400.04 x 2.1%	= £197.40 pa
YTD pension:	£57,246.00 x ⁴ / ₁₂ x 1/75	= £254.43 pa
Member (post-2006):	£9,400.04 + £197.40 + £254.43	= £9,851.87 pa
Total CARE pension:	£9,851.87 x 0.823	= <u>£8,108.09 pa</u>

Spouse (pre-2006):	=	N/A
Spouse (post-2006):	£8,108.09 x 40%	= £3,243.24 pa
Spouse (total):	=	<u>£3,243.24 pa</u>

Final Salary Underpin

Pension (pre-2006):		=	<i>N/A</i>
Pension (post-2006):	$£59,985.00 \times 17^4/_{12} \times 1/90$	=	<i>£11,552.67 pa</i>
Total Underpin pension:	$£11,552.67 \times 0.823$	=	<u>£9,507.84 pa</u>

Total Underpin pension of £9,507.84 pa exceeds total CARE pension of £8,108.09 pa!

Option 1 – Full Pension (Underpin)

Full Pension

Member (pre-2006):		=	<i>N/A</i>
Member (post-2006):		=	<i>£9,507.84 pa</i>
Member (pre-2006 TVin):	$£3,624.24 \times 0.823$	=	<i>£2,982.75 pa</i>
Member (total):	$£9,507.84 + £2,982.75$	=	<u>£12,490.59 pa</u>

Spouse (pre-2006):		=	<i>N/A</i>
Spouse (post-2006):	$£9,507.84 \times 40\%$	=	<i>£3,803.14 pa</i>
Spouse (pre-2006 TVin):	$£2,982.75 \times 40\%$	=	<i>£1,193.10 pa</i>
Spouse (total):	$£3,803.14 + £1,193.10$	=	<u>£4,996.24 pa</u>

OR

Option 2 – Cash Sum & Residual Pension

Cash Sum

Member:	$£12,490.59 \times 20 / [3 + (20 / 20.62)]$	=	<u>£62,925.96</u>
'LS&DBA' Check:	$£62,925.96 \text{ vs } £1,073,100.00$	=	OK
'LSA' Check:	$£62,925.96 \text{ vs } £268,275.00$	=	OK

Residual Pension

Member (total):	$£12,490.59 - (£62,925.96 / 20.62 = £3,051.70)$	=	<u>£9,438.89 pa</u>
Member (post-2006):	$£9,507.84 - £3,051.70$	=	<i>£6,456.14 pa</i>
Member (pre-2006 TVin):		=	<i>£2,982.75 pa</i>

Spouse (pre-2006 TVin):	Unchanged	=	<i>£1,193.10 pa</i>
Spouse (post-2006):	Unchanged	=	<i>£3,803.14 pa</i>
Spouse (total):	Unchanged	=	<u>£4,996.24 pa</u>

Summary Answer

Option 1 – Pension Only

A full pension of **£12,490.59 per annum**, of which **£2,982.75 per annum** (transferred-in pension) increases at the lower of RPI and 5.0% (pre-2006) and **£9,507.84 per annum** increases at the lower of RPI and 2.5% (post-2006).

A spouse's pension of **£4,996.24 per annum**, of which **£1,193.10 per annum** (transferred-in pension) increases at the lower of RPI and 5.0% (pre-2006) and **£3,803.14 per annum** increases at the lower of RPI and 2.5% (post-2006).

OR

Option 2 – Cash Sum & Residual Pension

A tax-free cash sum of **£62,925.96** plus a residual pension of **£9,438.89 per annum**, of which **£2,982.75 per annum** (transferred-in pension) increases at the lower of RPI and 5.0% (pre-2006) and **£6,456.14 per annum** increases at the lower of RPI and 2.5% (post-2006). The tax-free cash sum of **£62,925.96** 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 **£4,996.24 per annum**, of which **£1,193.10 per annum** (transferred-in pension) increases at the lower of RPI and 5.0% (pre-2006) and **£3,803.14 per annum** increases at the lower of RPI and 2.5% (post-2006).