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

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| **MARK GOATER – CATEGORY B**  Date of birth: | 03/03/1964 |
| Date of joining scheme: | 06/11/1997 |
| Date of retirement: | 02/09/2020 |
| Age at date of retirement: | 56 years & 5 months |
| Normal pension age: | 65 |
| Type of retirement: | Early retirement |
| Commutation factor | 15.86 (age 56yrs & 5mths) |
|  | *15.96 – [5/12 x 0.24 = 0.10]* |
| Early retirement factor: | 79% (rounded to nearest integer) |
|  | *76% + [5/12 x 6 = 2.5%]* |

Pensionable service to 3 July 2011 (06/11/1997 to 03/07/2011): 13 years 240 days Final pensionable salary is the greater of the following:

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

2016 = £61,400.00

2017 = £64,250.00

2018 = £66,380.00

2019 = £67,800.00

2020 = **£70,000.00**

* Final pensionable salary at 3 July 2011 increased by the lower of 5%/RPI from 4 July 2011 to NPD or earlier date of retirement:

£49,500.00 @ 28.9% = **£63,805.50**

Greater of £70,000.00 and £63,805.00 = **£70,000.00**

# Option 1 – Full Pension

Member: 13 + (240/365) / 60 x £70,000.00 = £15,933.79 pa

£15,933.79 x 79% = **£12,587.69 pa**

Spouse: £12,587.69 x 50% = £6,293.85 pa

***Lifetime Allowance Check:*** £12,587.69 x 20 x 100 / £1,073,100.00 = **23.46%**

*23.46% is within the member’s LTA balance of 100.00%*

**OR**

# Option 2 – Pension Commencement Lump Sum and Residual Pension Lump Sum:

£12,587.69 x 20 / [3 + (20 / 15.86)] = **£59,082.79**

***Lifetime Allowance Check:*** £59,082.79 x 100 / £1,073,100.00 = **5.50%**

**Residual Pension:**

£12,587.69 – (£59,082.79 / 15.86 = £3,725.27) = **£8,862.42 pa**

Spouse: £12,587.69 x 50% = £6,293.85 pa

***Lifetime Allowance Check:*** £8,862.42 x 20 x 100 / £1,073,100.00 = **16.51%**

Total Lifetime Allowance for Option2 = 5.50 + 16.51 = **22.01%**

*22.01% is within the member’s LTA balance of 100.00%*

**Summary Answer**

*Option 1 – Pension Only*

A full pension of **£12,587.69** per annum, which increases at the lower of RPI and 5.0%. LTA used is **23.46%**, which is within the percentage LTA remaining of 100.00%.

A spouse’s pension of **£6,293.85** per annum, which increases at the lower of RPI and 5.0%.

OR

*Option 2 – Pension Commencement Lump Sum & Residual Pension*

A pension commencement lump sum of **£59,082.79** plus a residual pension of **£8,862.42** per annum, which increases at the lower of RPI and 5.0%. LTA used is **5.50%** for the pension commencement lump sum and **16.51%** for the residual pension [total LTA = **22.01%**], which is within the percentage LTA remaining of 100.00%.

A spouse’s pension of **£6,293.85** per annum, which increases at the lower of RPI and 5.0%.