# WORKED ANSWER RST SCHEME PRS => RET (NORMAL)

# JESSICA MARINER

Date of birth: 04/09/1955

Date of retirement: 04/09/2020

Age at date of retirement: 65 years

Normal pension age: 65

Type of retirement: Normal retirement (from preserved status)

Spouse’s date of birth: 09/11/1964 (spouse < 10 years younger)

Pre 6 April 2006 CARE pension @ DOL: £4,621.08

Post 5 April 2006 CARE pension @ DOL: £1,017.09

Lower of 5%/CPI: 19.40%

Commutation Factor: 13.80 (Age 65yrs)

# Scheme Pension Member Spouse (40%)

Pre 6 April 2006 CARE pension: £4,621.08 x 1.194 £ 5,517.57 pa £ 2,207.03 pa

Post 5 April 2006 CARE pension: £1,017.09 x 1.194 £ 1,214.41 pa £ 485.76 pa

# Total Scheme Pension

£5,517.57 + £1,214.41 = **£ 6,731.98 pa £2,692.79 pa**

|  |  |  |
| --- | --- | --- |
| **Option 1 – Full Pension** Pension: | **Member****£6,731.98 pa** | **Spouse** (40%)**£2,692.79 pa** |

***Lifetime Allowance Check*:** £6,731.98 x 20 x 100 / £1,073,100.00 = **12.54%**

|  |  |
| --- | --- |
| *12.54% is within the member’s LTA balance of 84.81%* |  |

# Option 2 – Pension Commencement Lump Sum & Residual Pension

# Lump Sum

20 x £6,731.98 / [3 + (20 / 13.80)] = **£ 30,261.02**

***Lifetime Allowance Check*:** £30,261.02 x 100 / £1,073,100.00 = **2.81%**

# Residual Member Pension:

£6,731.98 – (£30,261.02 / 13.80 = £2,192.83) = **£ 4,539.15 pa**

Pre 6 April 2006 = £ 4,539.15 pa

Post 5 April 2006 = £ 0.00 pa

Spouse’s Pension unchanged @ £2,692.79 pa (Pre ’06 = £2,207.03 pa & Post ’06 = £485.76 pa)

***Lifetime Allowance Check*:** £4,539.15 x 20 x 100 / £1,073,100.00 = **8.45%**

Total Lifetime Allowance for Option 2 = 2.81 + 8.45 = **11.26%**

*11.26% is within the member’s LTA balance of 84.81%*

# Summary Answer

*Option 1 – Pension Only*

A full pension of **£6,731.98** per annum, of which **£5,517.57** per annum increases at the lower of RPI and 5.0% (pre-2006) and **£1,214.41** per annum increases at the lower of RPI and 2.5% (post-2006). LTA used is **12.54%**, which is within the percentage LTA remaining of 84.81%.

A spouse’s pension of **£2,692.79** per annum, of which **£2,207.03** per annum increases at the lower of RPI and 5.0% (pre-2006) and **£485.76** per annum increases at the lower of RPI and 2.5% (post-2006).

OR

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

A pension commencement lump sum of **£30,261.02** plus a residual pension of **£4,539.15** per annum, all of which increases at the lower of RPI and 5.0% (pre-2006). LTA used is **2.81%** for the pension commencement lump sum and **8.45%** for the residual pension [total LTA = **11.26%**], which is within the percentage LTA remaining of 84.81%.

A spouse’s pension of **£2,692.79** per annum, of which **£2,207.03** per annum increases at the lower of RPI and 5.0% (pre-2006) and **£485.76** per annum increases at the lower of RPI and 2.5% (post-2006).