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

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| **PERCIVAL WILLOW – CATEGORY B**  Date of birth: | 11/07/1963 |
| Date of joining scheme: | 06/11/1997 |
| Date of retirement: | 01/09/2022 |
| Age at date of retirement: | 59 years & 1 month |
| Normal pension date: | 11/07/2028 |
| Type of retirement: | Early retirement |
| Commutation factor: | 15.22 (based on age 59 years & 1 month) |
|  | *15.24 – [1/12 x 0.24 = 0.02]* |
| Early retirement factor: | 95% (rounded to nearest integer) |
|  | *94% + [1/12 x 6 = 0.5%]* |

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:

2018 = £53,250.00

2019 = £55,750.00

2020 = £58,000.00

2021 = **£60,600.00** **(*HIGHER*)**

2022 = £59,900.00

* Final pensionable salary at 3 July 2011 increased by the lower of 5.0% / RPI from 4 July 2011 to NPD or earlier date of retirement:

£39,950.00 @ 33.9% = **£53,493.05 (*LOWER*)**

# Option 1 – Full Pension

Member: 13yrs & 240dys / 60 x £60,600.00

x 95% = **£13,104.40 pa**

Spouse: £13,104.40 x 50% = ***£6,552.20 pa***

***Lifetime Allowance Check:*** £13,104.40 x 20 x 100 / £1,073,100.00 = **24.42%**

*24.42% is within the member’s LTA balance of 100.00%*

**OR**

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

Member: £13,104.40 x 20 / [3 + (20 / 15.22)] = **£60,752.05**

***Lifetime Allowance Check:*** £60,752.05 x 100 / £1,073,100.00 = **5.66%**

**Residual Pension**

Member: £13,104.40

– (£60,752.05 / 15.22 = £3,991.59) = **£9,112.81 pa**

Spouse: £13,104.40 x 50% = ***£6,552.20 pa***

***Lifetime Allowance Check:*** £9,112.81 x 20 x 100 / £1,073,100.00 =  **16.98%**

Total Lifetime Allowance for Option2 = 5.66% + 16.98% = **22.64%**

*22.64% is within the member’s LTA balance of 100.00%*

**Summary Answer**

*Option 1 – Pension Only*

A full pension of **£13,104.40** per annum, which increases at the lower of RPI and 5.0%. LTA used is **24.42%**, which is within the percentage LTA remaining of 100.00%.

A spouse’s pension of **£6,552.20** per annum, which increases at the lower of RPI and 5.0%.

OR

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

A tax-free cash sum of **£60,752.05** plus a residual pension of **£9,112.81** per annum, which increases at the lower of RPI and 5.0%. LTA used is **5.66%** for the tax-free cash sum and **16.98%** for the residual pension [total LTA = **22.64%**], which is within the percentage LTA remaining of 100.00%.

A spouse’s pension of **£6,552.20** per annum, which increases at the lower of RPI and 5.0%.