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

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| **JESSICA ROCK – CATEGORY A**Date of birth: | 19/01/1956 |
| Date of joining scheme: | 20/12/1986 |
| Date of retirement: | 11/09/2023 |
| Age at date of retirement: | 67yrs & 7mths |
| Normal pension date: | 19/01/2021 |
| Type of retirement: | Late retirement |
| Pre-1997 pensionable service:  | 10yrs & 107dys [20/12/1986 - 05/04/1997] |
| Post-1997 pensionable service: | 23yrs & 289dys [06/04/1997 - 19/01/2021] |
| Pre-1988 GMP @ DOR: | £579.80 pa |
| Post-1988 GMP @ DOR: | £3,252.08 pa |
| Commutation factor | 20.60 (based on age 67yrs & 7mths) |
|  | *21.02 – [7/12 x 0.72 = 0.42]* |
| Late retirement factor: | 1.089 (based on 2yrs & 7mths from NPD to DOR) |
|  | *1.067 + [7/12 x 0.037 = 0.022%]* |

Final pensionable salary is the greater of the following:

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

2016 = £41,350.00

2017 = £44,200.00

2018 = £46,100.00

2019 = £48,230.00

2020 = ***£50,255.00***

# Option 1 – Full Pension

Member (pre-1997): £50,255.00 x [10rs + (107dys/365dys)] / 70 = £7,389.75 pa + +

Member (post-1997): £50,255.00 x [23yrs + (289dys/365dys)] / 70 = £17,080.80 pa

Member (total – *pre LRF*): = ***£24,470.55 pa***

Member (total – *post LRF*): £24,470.55 x 1.089 = **£26,648.43 pa**

Spouse (payable on death): £26,648.43 x 50% = ***£13,324.22 pa***

**GMP Check:**

Pre-1997 pension v GMP: £7,389.75 x 1.089 = ***£8,047.44* v**

[£579.80 + £3,252.08 = ***£3,831.88***] => **OK**

*OR*

Total pension v

 post-1997 pension + GMP: ***£26,648.43* v** ([£17,080.80 x 1.089 = £18,600.99]

 + £3,831.88 = ***£22,432.87***) => **OK**

***Lifetime Allowance Check:*** £26,648.43 x 20 x 100 / £1,073,100.00 = **49.66%**

*49.66% is within the member’s LTA balance of 94.78%*

**OR**

# Option 2 – Cash Sum & Residual Pension

# Cash Sum

Member: £26,648.43 x 20 / [3 + (20 / 20.60)] = **£134,219.48**

***Lifetime Allowance Check:*** £134,219.48 x 100 / £1,073,100.00 = **12.50%**

**Residual Pension**

Member: £26,648.43 – (£134,219.48 / 20.60 = £6,515.51) = **£20,132.92 pa**

Spouse (payable on death): £26,648.43 x 50% = ***£13,324.22 pa***

**GMP Check:**

£20,132.92 pa is greater than GMP of £3,831.88 pa (therefore no lump sum restriction required)

***Lifetime Allowance Check:*** £20,132.92 x 20 x 100 / £1,073,100.00 = **37.52%**

Total Lifetime Allowance for Option 2 = 12.50% + 37.52% = **50.02%**

*50.02% is within the member’s LTA balance of 94.78%*

**Summary Answer**

*Option 1 – Pension Only*

A full pension of **£26,648.43** **per annum**, of which **£22,816.55 per annum** (*excess*)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*), **£579.80 per annum** (*pre-1988 GMP*) will not be increased and **£3,252.08** **per annum** (*post-1988 GMP*) will be increased each year on 1 April by the lower of the increase in the CPI and 3.0%. The LTA used is **49.66%**, which is within the percentage LTA remaining of 94.78%.

A spouse’s pension of **£13,324.22** **per annum**.

OR

*Option 2 – Cash Sum & Residual Pension*

A tax-free cash sum of **£134,219.48** plus a residual pension of **£20,132.92** **per annum**,of which **£16,301.04** **per annum** (*excess*)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*), **£579.80 per annum** (*pre-1988 GMP*) will not be increased and **£3,252.08** **per annum** (*post-1988 GMP*) will be increased each year on 1 April by the lower of the increase in the CPI and 3.0%. The LTA used is **12.50%** for the tax-free cash sum and **37.52%** for the residual pension [total LTA = **50.02%**], which is within the percentage LTA remaining of 94.78%.

A spouse’s pension of **£13,324.22 per annum**.