

WORKED ANSWER**XYZ SCHEME****ACT => RET (NORMAL)****SPENCER MOORE – CATEGORY A**

Date of birth:	14/09/1959
Date of joining scheme:	17/04/1992
Date of retirement:	14/09/2024
Age at date of retirement:	65yrs & 0mths
GMP due date:	14/09/2024
Normal pension date:	14/09/2024
Type of retirement:	Normal retirement
Pre-1997 pensionable service [70ths]:	4yrs & 354dys [17/04/1992 - 05/04/1997]
Post-1997 pensionable service [70ths]:	27yrs & 162dys [06/04/1997 - 14/09/2024]
Pre-1988 GMP at DOR:	N/A
Post-1988 GMP at DOR:	£1,901.12 pa
Remaining 'LS&DBA':	£1,073,100.00
Remaining 'LSA':	£268,275.00
Commutation factor:	22.46 (based on age 65yrs & 0mths)

Final pensionable salary is the greater of the following:

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

2020 =	£64,925.00
2021 =	£67,420.00
2022 =	£68,500.00
2023 =	£69,999.00 (<i>highest in last 5 years</i>)
2024 =	£68,250.00

Option 1 – Full Pension**Full Pension**

Member (pre-1997):	$£69,999.00 \times [4\text{yrs} + (354\text{dys}/365\text{dys})] / 70$	=	£4,969.79 pa
	+		+
Member (post-1997):	$£69,999.00 \times [27\text{yrs} + (162\text{dys}/365\text{dys})] / 70$	=	£27,443.44 pa
Member (total):		=	<u>£32,413.23 pa</u>
Spouse (payable on death):	$£32,413.23 \times 50\%$	=	<u>£16,206.62 pa</u>

GMP Check:

Pre-1997 pension v GMP: **£4,969.79 v £1,901.12 => OK**

OR

Total pension v
post-1997 pension + GMP: **£32,413.23 v (£27,443.44 + £1,901.12 = £29,344.56) => OK**

OR

Option 2 – Cash Sum & Residual Pension

Cash Sum

Member: $\text{£}32,413.23 \times 20 / [3 + (20 / 22.46)] = \text{£}166,628.78$

'LS&DBA' Check: $\text{£}166,628.78$ vs $\text{£}1,073,100.00 = \text{OK}$

'LSA' Check: $\text{£}166,628.78$ vs $\text{£}268,275.00 = \text{OK}$

Residual Pension

Member: $\text{£}32,413.23 - (\text{£}166,628.78 / 22.46 = \text{£}7,418.91) = \text{£}24,994.32 \text{ pa}$

Spouse (payable on death): $\text{£}32,413.23 \times 50\% = \text{£}16,206.62 \text{ pa}$

GMP Check:

$\text{£}24,994.32 \text{ pa}$ is greater than GMP of $\text{£}1,901.12 \text{ pa}$ (therefore no cash sum restriction required)

Summary Answer

Option 1 – Pension Only

A full pension of **£32,413.23 per annum** of which **£30,512.11 per annum** (*excess pension*) 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*) and **£1,901.12 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%.

A spouse's pension of **£16,206.62 per annum**.

OR

Option 2 – Cash Sum & Residual Pension

A tax-free cash sum of **£166,628.78** plus a residual pension of **£24,994.32 per annum** of which **£23,093.20 per annum** (*excess pension*) 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*) and **£1,901.12 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 tax-free cash sum of **£166,628.78** 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 **£16,206.62 per annum**.