

WORKED ANSWER XYZ SCHEME ACT => RET (LATE)

PATRICIA WILSON – CATEGORY A

Date of birth:	18/09/1958
Date of joining scheme:	22/11/1988
Date of retirement:	15/09/2024
Age at date of retirement:	65yrs & 11mths
GMP due date:	18/09/2018
Normal pension date:	18/09/2023
Type of retirement:	Late retirement
Pre-1997 pens. service [70ths – 5.0 days]:	8yrs & 135dys [22/11/1988 - 05/04/1997]
Post-1997 pens. service [70ths – 5.0 days]:	8yrs & 48dys [06/04/1997 - 23/05/2005]
Post-1997 pens. service [70ths – 4.0 days]:	9yrs & 222dys [24/05/2005 - 31/12/2014]
Post-1997 pens. service [70ths – 2.0 days]:	8yrs & 261dys [01/01/2015 - 18/09/2023]
Pre-1988 GMP at DOR:	N/A
Post-1988 GMP at DOR:	£4,026.88 pa
Remaining 'LS&DBA':	£1,038,250.00
Remaining 'LSA':	£233,425.00
Commutation factor:	21.80 (based on age 65yrs & 11mths) [22.46 – (0.72 x 11/12 = 0.66) = 21.80]
Late retirement factor:	1.029 (based on age 65yrs & 11mths) [1.000 + (0.032 x 11/12 = 0.029) = 1.029]

Final pensionable salary is the greater of the following:

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

2019 =	£80,000.00
2020 =	£82,280.00
2021 =	£84,500.00
2022 =	£86,000.00
2023 =	£87,750.00 (highest in last 5 years prior to NPD)

Option 1 – Full Pension

Full Pension

Member (pre-1997):	£87,750.00 x [8yrs + (135dys/365dys)] / 70	=	£10,492.22 pa
	+		+
Member (post-1997):	£87,750.00 x [8yrs + (48dys/365dys)] / 70	=	£10,193.42 pa
	+		+
Member (post-1997):	£87,750.00 x [9yrs + (222dys/365dys)] / 70 x 4/5	=	£9,635.67 pa
	+		+
Member (post-1997):	£87,750.00 x [8yrs + (261dys/365dys)] / 70 x 2/5	=	£4,369.98 pa
Member (total – pre LRF):		=	£34,691.29 pa
Member (total – post LRF):	£34,691.29 x 1.029	=	£35,697.34 pa
Spouse (payable on death):	£35,697.34 x 50%	=	£17,848.67 pa

GMP Check:

Pre-1997 pension v GMP: $\pounds 10,492.22 \times 1.029 = \pounds 10,796.49$ v $\pounds 4,026.88 \Rightarrow$ OK

OR

Total pension v

post-1997 pension + GMP: $\pounds 35,697.34$ v ($\{[\pounds 34,691.29 - \pounds 10,492.22 = \pounds 24,199.07] \times 1.029$
 $= \pounds 24,900.84\} + \pounds 4,026.88 = \pounds 28,927.72$) \Rightarrow OK

OR

Option 2 – Cash Sum & Residual Pension

Cash Sum

Member: $\pounds 35,697.34 \times 20 / [3 + (20 / 21.80)] = \pounds 182,248.71$

'LS&DBA' Check: $\pounds 182,248.71$ vs $\pounds 1,038,250.00 =$ OK

'LSA' Check: $\pounds 182,248.71$ vs $\pounds 233,425.00 =$ OK

Residual Pension

Member: $\pounds 35,697.34 - (\pounds 182,248.71 / 21.80 = \pounds 8,360.03) = \pounds 27,337.31$ pa

Spouse (payable on death): $\pounds 35,697.34 \times 50\% = \pounds 17,848.67$ pa

GMP Check:

$\pounds 27,337.31$ pa is greater than GMP of $\pounds 4,026.88$ pa (therefore no cash sum restriction required)

Summary Answer

Option 1 – Pension Only

A full pension of **$\pounds 35,697.34$ per annum**, of which **$\pounds 31,670.46$ 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*) and **$\pounds 4,026.88$ 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 **$\pounds 17,848.67$ per annum**.

OR

Option 2 – Cash Sum & Residual Pension

A tax-free cash sum of **$\pounds 182,248.71$** plus a residual pension of **$\pounds 27,337.31$ per annum**, of which **$\pounds 23,310.43$ 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*) and **$\pounds 4,026.88$ 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 **$\pounds 182,248.71$** is within both the member's available 'LS&DBA' of **$\pounds 1,038,250.00$** and 'LSA' of **$\pounds 233,425.00$** .

A spouse's pension of **$\pounds 17,848.67$ per annum**.