

**WORKED ANSWER****XYZ SCHEME****ACT => RET (LATE)****ROBIN HUNT – CATEGORY B**

Date of birth:	23/04/1957
Date of joining scheme:	06/11/1997
Date of retirement:	14/09/2024
Age at date of retirement:	67yrs & 4mths
Normal pension date:	23/04/2022
Type of retirement:	Late retirement
Pensionable service (5.0 days):	11yrs & 56dys (06/11/1997 – 31/12/2008)
Pensionable service (2.0 days):	2yrs & 184dys (01/01/2009 – 03/07/2011)
Remaining 'LS&DBA':	£1,025,220.00
Remaining 'LSA':	£220,395.00
Commutation factor:	19.32 (based on age 67yrs & 4mths) [19.56 – (0.72 x 4/12 = 0.24) = 19.32]
Late retirement factor:	1.072 (based on age 67yrs & 4mths) [1.061 + (0.034 x 4/12 = 0.011) = 1.072]

Final pensionable salary is the greater of the following:

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

2018	=	£57,750.00
2019	=	£59,999.00
2020	=	£61,400.00
2021	=	£62,720.00
2022	=	<b>£64,000.00</b> (highest in last 5 years prior to NPD)

- Final pensionable salary at 3 July 2011 (indexed by the lower of 5.0% or RPI annual increases from 4 July 2011 to NPD, or earlier date of retirement):

£43,210.00 x 1.322 (= 32.2%)	=	<b>£57,123.62</b>
Greater of <b>£64,000.00</b> and <b>£57,123.62</b>	=	<b><u>£64,000.00</u></b>

**Option 1 – Full Pension****Full Pension**

Member (split 1):	£64,000.00 x [11yrs + (56dys/365dys)] / 60	=	£11,896.99 pa
	+		+
Member (split 2):	£64,000.00 x [2yrs + (184dys/365dys)] / 60 x <b>2/5</b>	=	£1,068.42 pa
Member (total – pre LRF):		=	<b>£12,965.41 pa</b>
Member (total – post LRF):	£12,965.41 x 1.072	=	<b><u>£13,898.92 pa</u></b>
Spouse (payable on death):	£13,898.92 x 50%	=	<b><u>£6,949.46 pa</u></b>

**OR**

## Option 2 – Cash Sum & Residual Pension

### Cash Sum

Member:  $\pounds 13,898.92 \times 20 / [3 + (20 / 19.32)] = \underline{\underline{\pounds 68,888.44}}$

'LS&DBA' Check:  $\pounds 68,888.44$  vs  $\pounds 1,025,220.00 = \text{OK}$

'LSA' Check:  $\pounds 68,888.44$  vs  $\pounds 220,395.00 = \text{OK}$

### Residual Pension

Member:  $\pounds 13,898.92 - (\pounds 68,888.44 / 19.32 = \pounds 3,565.65) = \underline{\underline{\pounds 10,333.27 \text{ pa}}}$

Spouse (payable on death):  $\pounds 13,898.92 \times 50\% = \underline{\underline{\pounds 6,949.46 \text{ pa}}}$

### Summary Answer

#### *Option 1 – Pension Only*

A full pension of **£13,898.92 per annum**. The 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*).

A spouse's pension of **£6,949.46 per annum**.

OR

#### *Option 2 – Cash Sum & Residual Pension*

A tax-free cash sum of **£68,888.44** plus a residual pension of **£10,333.27 per annum**. The 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*). The tax-free cash sum of **£68,888.44** is within both the member's available 'LS&DBA' of **£1,025,220.00** and 'LSA' of **£220,395.00**.

A spouse's pension of **£6,949.46 per annum**.