WORKED ANSWER XYZ SCHEME ACT => RET (EARLY)

ANTOINETTE WENIG – CATEGORY A

Date of birth:	10/10/1965
Date of joining scheme:	23/10/1985
Date of retirement:	11/09/2025
Age at date of retirement:	59yrs & 11mths
GMP due date:	10/10/2025
Normal pension date:	10/10/2030
Type of retirement:	Early retirement
Pre-1997 pensionable service [*70ths*]:	11yrs & 165dys [23/10/1985 - 05/04/1997]
Post-1997 pensionable service [*70ths*]:	28yrs & 159dys [06/04/1997 - 11/09/2025]
Pre-1988 GMP at DOR:	£1,062.36 pa
Post-1988 GMP at DOR:	£4,825.08 pa
Remaining 'LS&DBA':	£1,073,100.00
Remaining 'LSA':	£268,275.00
Commutation factor:	26.12 (based on age 59yrs & 11mths)
	[26.78 – (0.72 x 11/12 = 0.66) = 26.12]
Early retirement factor:	0.847 (based on age 59yrs & 11mths)
	[0.825 + (0.024 x 11/12 = 0.022) = 0.847]

Final pensionable salary is the greater of the following:

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

2021	=	£51,075.00
2022	=	£52,225.00
2023	=	£53,840.00
2024	=	£55,135.00
2025	=	***£56,675.00** (highest in last 5 years)*

Option 1 – Full Pension

Full Pension

Member (pre-1997):	£56,675.00 x [11yrs + (165dys/365dys)] / 70		=	*£9,272.07 pa*
				+
Member (post-1997):	£56,675.00 x [28yrs + (159dys/365dys)] / 70		=	*£23,022.69 pa*
Member (total – *pre-ERF*):			=	***£32,294.76 pa***
Member (total – *post-ERF*):	£32,294.76 x 0.847		=	**£27,353.66 pa**

***'GMP' Check*:**

Pre-1997 pension v GMP: £9,272.07 x 0.847 = ***£7,853.44* v**
                 [£1,062.36 + £4,825.08 = ***£5,887.44***] => **OK**

        OR

Total pension v
  post-1997 pension + GMP: ***£27,353.66* v** ([£23,022.69 x 0.847
                 = £19,500.22] + £5,887.44 = ***£25,387.66***) => **OK**

Spouse (payable on death):   £27,353.66 x 50%   =   **_£13,676.83 pa_**

           OR

Option 2 – Cash Sum & Residual Pension

Cash Sum

Member:	£27,353.66 x 20 / [3 + (20 / 26.12)]	=	**£145,278.08**
'LS&DBA' Check:	£145,278.08 vs £1,073,100.00	=	**OK**
'LSA' Check:	£145,278.08 vs £268,275.00	=	**OK**

Residual Pension

Member:	£27,353.66 – (£145,278.08 / 26.12 = £5,561.95)	=	**£21,791.71 pa**

'GMP' Check:

£21,791.71 pa is greater than GMP of £5,887.44 pa (therefore no cash sum restriction required)

Spouse (payable on death):   Unchanged   =   **_£13,676.83 pa_**

Summary Answer

Option 1 – Pension Only

A full pension of **£27,353.66 per annum** (including an excess pension of **£21,466.22 per annum**, a pre-1988 GMP of **£1,062.36 per annum** and a post-1988 GMP of **£4,825.08 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*) up to GMP due date (age 60). From that date, the pre-1988 GMP will not be increased, the post-1988 GMP will be increased each year by the lower of the increase in the CPI and 3.0% and the balance will be increased each year by the lower of the increase in the RPI and 5.0%.

A spouse's pension of **£13,676.83 per annum**.

           OR

Option 2 – Cash Sum & Residual Pension

A tax-free cash sum of **£145,278.08** plus a residual pension of **£21,791.71 per annum** (including an excess pension of **£15,904.27 per annum**, a pre-1988 GMP of **£1,062.36 per annum** and a post-1988 GMP of **£4,825.08 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*) up to GMP due date (age 60). From that date, the pre-1988 GMP will not be increased, the post-1988 GMP will be increased each year by the lower of the increase in the CPI and 3.0% and the balance will be increased each year by the lower of the increase in the RPI and 5.0%. The tax-free cash sum of **£145,278.08** 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 **£13,676.83 per annum**.