

**WORKED ANSWER****XYZ SCHEME****ACT => RET (LATE)****NORMA ROELOFS – CATEGORY A**

Date of birth:	12/08/1958
Date of joining scheme:	25/08/1990
Date of retirement:	15/09/2025
Age at date of retirement:	67yrs & 1mth
GMP due date:	12/08/2018
Normal pension date:	12/08/2023
Type of retirement:	Late retirement
Pre-1997 pens. service #1 [ <b>80ths</b> ]:	6yrs & 224dys [25/08/1990 - 05/04/1997]
Post-1997 pens. service #2 [ <b>80ths</b> ]:	2yrs & 0dys [06/04/1997 - 05/04/1999]
Post-1997 pens. service #3 [ <b>70ths</b> ]:	13yrs & 0dys [06/04/1999 - 05/04/2012]
Post-1997 pens. service #4 [ <b>60ths</b> ]:	11yrs & 129dys [06/04/2012 - 12/08/2023]
Pre-1988 GMP at DOR:	N/A
Post-1988 GMP at DOR:	£3,820.96 pa
Remaining 'LS&DBA':	£1,003,100.00
Remaining 'LSA':	£198,275.00
Commutation factor:	20.96 (based on age 67yrs & 1mth) [21.02 – (0.72 x 1/12 = 0.06) = 20.96]
Late retirement factor:	1.070 (based on age 67yrs & 1mth) [1.067 + (0.037 x 1/12 = 0.003) = 1.070]

Final pensionable salary is the greater of the following:

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

2019 =	£64,560.00
2020 =	£66,100.00
2021 =	£67,480.00
2022 =	£68,999.00
2023 =	<b>£70,050.00</b> (highest in last 5 years prior to NPD)

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

Member #1 (pre-1997):	$£70,050.00 \times [6\text{yrs} + (224\text{dys}/365\text{dys})] / 80$	=	£5,791.12 pa +
Member #2 (post-1997):	$£70,050.00 \times [2\text{yrs} + (0\text{dys}/365\text{dys})] / 80$	=	£1,751.25 pa +
Member #3 (post-1997):	$£70,050.00 \times [13\text{yrs} + (0\text{dys}/365\text{dys})] / 70$	=	£13,009.29 pa +
Member #4 (post-1997):	$£70,050.00 \times [11\text{yrs} + (129\text{dys}/365\text{dys})] / 60$	=	£13,255.12 pa
Member (total – pre-LRF):		=	<b>£33,806.78 pa</b>
Member (total – post-LRF):	$£33,806.78 \times 1.070$	=	<b>£36,173.25 pa</b>

**'GMP' Check:**

Pre-1997 pension v GMP:  $£5,791.12 \times 1.070 = \mathbf{£6,196.50}$  v  $\mathbf{£3,820.96} \Rightarrow \mathbf{OK}$

OR

Total pension v

post-1997 pension + GMP:  $\mathbf{£36,173.25}$  v ( $[(£33,806.78 - £5,791.12 = £28,015.66) \times 1.070$   
 $= £29,976.76] + £3,820.96 = \mathbf{£33,797.72} \Rightarrow \mathbf{OK}$

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Spouse (payable on death):  $£36,173.25 \times 50\%$  =  $\mathbf{£18,086.63}$  pa

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OR

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

**Cash Sum**

Member:  $£36,173.25 \times 20 / [3 + (20 / 20.96)]$  =  $\mathbf{£182,961.23}$

**'LS&DBA' Check:**  $£182,961.23$  vs  $£1,003,100.00$  = **OK**

**'LSA' Check:**  $£182,961.23$  vs  $£198,275.00$  = **OK**

**Residual Pension**

Member:  $£36,173.25 - (£182,961.23 / 20.96 = £8,729.07)$  =  $\mathbf{£27,444.18}$  pa

**'GMP' Check:**

$£27,444.18$  pa is greater than GMP of  $£3,820.96$  pa (therefore no cash sum restriction required)

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Spouse (payable on death): Unchanged =  $\mathbf{£18,086.63}$  pa

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## **Summary Answer**

### *Option 1 – Pension Only*

A full pension of **£36,173.25 per annum**, of which **£32,352.29 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 **£3,820.96 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 **£18,086.63 per annum**.

OR

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

A tax-free cash sum of **£182,961.23** plus a residual pension of **£27,444.18 per annum**, of which **£23,623.22 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 **£3,820.96 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 **£182,961.23** is within both the member's available 'LS&DBA' of **£1,003,100.00** and 'LSA' of **£198,275.00**.

A spouse's pension of **£18,086.63 per annum**.