WORKED ANSWER

# NORMAN KENNY – CATEGORY B

Date of birth:	29/11/1969
Date of joining scheme:	06/11/1997
Date of retirement:	16/09/2025
Age at date of retirement:	55yrs & 9mths
Normal pension date:	29/11/2034
Type of retirement:	Ill health early retirement
Augmented spouse percentage:	60%
Pensionable service #1 (50% spouse):	8yrs & 56dys (06/11/1997 – 31/12/2005)
Pensionable service #2 (60% spouse):	5yrs & 184dys (01/01/2006 – 03/07/2011)
Remaining 'LS&DBA':	£1,073,100.00
Remaining 'LSA':	£268,275.00
Commutation factor:	27.66 (based on age 55yrs & 9mths)
	[28.20 – (0.72 x 9/12 = 0.54) = 27.66]
Early retirement factor:	N/A ( <i>ill health</i> early retirement)

Early retirement factor:

Final pensionable salary is the greater of the following:

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

2021	=	£53,475.00
2022	=	£55,860.00
2023	=	£57,425.00
2024	=	£59,025.00
2025	=	<b>£60,340.00</b> (highest in last 5 years)

• 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):

£35,600.00 x 1.546 (= 54.6%)	=	£55,037.60
Greater of <b>£60,340.00</b> and <b>£55,037.60</b>	=	<u>£60,340.00</u>

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### **Option 1 – Full Pension**

#### **Full Pension**

Member #1:	£60,340.00 x [8yrs + (56dys/365dys)] / 60	=	£8,199.63 pa +
Member #2:	£60,340.00 x [5yrs + (184dys/365dys)] / 60	=	£5,535.30 pa
Member (total):		=	<u>£13,734.93 pa</u>
Spouse #1 (payable on death):	£8,199.63 x 50%	=	£4,099.82 pa +
Spouse #2 (payable on death):	£5,535.30 x <b>60%</b>	=	£3,321.18 pa
Spouse (total):		=	<u>£7,421.00 pa</u>

OR

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

### Cash Sum

Member:	£13,734.93 x 20 / [3 + (20 / 27.66)]	=	£73,782.90
'LS&DBA' Check:	£73,782.90 vs £1,073,100.00	=	ОК
'LSA' Check:	£73,782.90 vs £268,275.00	=	ОК
Residual Pension			
Member:	£13,734.93 – (£73,782.90 / 27.66 = £2,667.49)	=	<u>£11,067.44 pa</u>
Spouse (payable on death):	Unchanged	=	<u>£7,421.00 pa</u>

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### Summary Answer

### Option 1 – Pension Only

A full pension of **£13,734.93 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 £7,421.00 per annum.

OR

## Option 2 – Cash Sum & Residual Pension

A tax-free cash sum of **£73,782.90** plus a residual pension of **£11,067.44 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 **£73,782.90** 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 **£7,421.00 per annum**.