# WORKED ANSWER XYZ SCHEME ACT => RET (ILL HEALTH)

**ALISON BANKS – CATEGORY A**

Date of birth: 20/07/1968

Date of joining scheme: 08/02/1992

Date of retirement: 12/09/2024

Age at date of retirement: 56yrs & 1mth

GMP due date: 20/07/2028

Normal pension date: 20/07/2033

Type of retirement: Ill health early retirement

Pre-1997 pensionable service [***70ths***]: 5yrs & 57dys [08/02/1992 - 05/04/1997]

Post-1997 pensionable service [***70ths***]: 27yrs & 160dys [06/04/1997 - 12/09/2024]

Pre-1988 GMP at DOR: N/A

Post-1988 GMP at DOR: £1,699.88 pa

Remaining ‘LS&DBA’: £1,073,100.00

Remaining ‘LSA’: £268,275.00

Commutation factor: 28.88 (based on age 56yrs & 1mth)

*[28.94 – (0.72 x 1/12 = 0.06) = 28.88]*

Final pensionable salary is the greater of the following:

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

2020 = £47,250.00

2021 = £49,150.00

2022 = £51,700.00

2023 = £54,625.00

2024 = ***£56,200.00*** *(highest in last 5 years)*

# Option 1 – Full Pension

**Full Pension**

Member (pre-1997): £56,200.00 x [5yrs + (57dys/365dys)] / 70 = £4,139.66 pa + +

Member (post-1997): £56,200.00 x [27yrs + (160dys/365dys)] / 70 = £22,029.08 pa

Member (total): = **£26,168.74 pa**

Spouse (payable on death): £26,168.74 x 50% = ***£13,084.37 pa***

**GMP Check:**

Pre-1997 pension v GMP: ***£4,139.66 v £1,699.88*** => **OK**

*OR*

Total pension v

post-1997 pension + GMP: ***£26,168.74 v*** (£22,029.08 + £1,699.88 = ***£23,728.96***) => **OK**

**OR**

# Option 2 – Cash Sum & Residual Pension

# Cash Sum

Member: £26,168.74 x 20 / [3 + (20 / 28.88)] = **£141,739.16**

***‘LS&DBA’ Check:*** £141,739.16 vs £1,073,100.00 = **OK**

***‘LSA’ Check:*** £141,739.16 vs £268,275.00 = **OK**

**Residual Pension**

Member: £26,168.74 – (£141,739.16 / 28.88 = £4,907.87) = **£21,260.87 pa**

Spouse (payable on death): £26,168.74 x 50% = ***£13,084.37 pa***

**GMP Check:**

£21,260.87 pa is greater than GMP of £1,699.88 pa (therefore no cash sum restriction required)

**Summary Answer**

*Option 1 – Pension Only*

A full pension of **£26,168.74** **per annum** (including an excess pension of **£24,468.86** **per annum** and a post-1988 GMP of **£1,699.88** **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 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 **£13,084.37** **per annum**.

OR

*Option 2 – Cash Sum & Residual Pension*

A tax-free cash sum of **£141,739.16** plus a residual pension of **£21,260.87** **per annum** (including an excess pension of **£19,560.99** **per annum** and a post-1988 GMP of **£1,699.88** **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 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 **£141,739.16** 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 **£13,084.37 per annum**.