# WORKED ANSWER XYZ SCHEME ACT => RET (LATE)

**PATRICIA WILSON – CATEGORY A**

Date of birth: 18/09/1958

Date of joining scheme: 22/11/1988

Date of retirement: 15/09/2024

Age at date of retirement: 65yrs & 11mths

GMP due date: 18/09/2018

Normal pension date: 18/09/2023

Type of retirement: Late retirement

Pre-1997 pens. service [***70ths – 5.0 days***]: 8yrs & 135dys [22/11/1988 - 05/04/1997]

Post-1997 pens. service [***70ths – 5.0 days***]: 8yrs & 48dys [06/04/1997 - 23/05/2005]

Post-1997 pens. service [***70ths – 4.0 days***]: 9yrs & 222dys [24/05/2005 - 31/12/2014]

Post-1997 pens. service [***70ths – 2.0 days***]: 8yrs & 261dys [01/01/2015 - 18/09/2023]

Pre-1988 GMP at DOR: N/A

Post-1988 GMP at DOR: £4,026.88 pa

Remaining ‘LS&DBA’: £1,038,250.00

Remaining ‘LSA’: £233,425.00

Commutation factor: 21.80 (based on age 65yrs & 11mths)

*[22.46 – (0.72 x 11/12 = 0.66) = 21.80]*

Late retirement factor: 1.029 (based on age 65yrs & 11mths)

*[1.000 + (0.032 x 11/12 = 0.029) = 1.029]*

Final pensionable salary is the greater of the following:

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

2019 = £80,000.00

2020 = £82,280.00

2021 = £84,500.00

2022 = £86,000.00

2023 = ***£87,750.00*** *(highest in last 5 years prior to NPD)*

# Option 1 – Full Pension

**Full Pension**

Member (pre-1997): £87,750.00 x [8yrs + (135dys/365dys)] / 70 = £10,492.22 pa + +

Member (post-1997): £87,750.00 x [8yrs + (48dys/365dys)] / 70 = £10,193.42 pa

+ +

Member (post-1997): £87,750.00 x [9yrs + (222dys/365dys)] / 70 x **4/5** = £9,635.67 pa

+ +

Member (post-1997): £87,750.00 x [8yrs + (261dys/365dys)] / 70 x **2/5** = £4,369.98 pa

Member (total – *pre LRF*): = ***£34,691.29 pa***

Member (total – *post LRF*): £34,691.29 x 1.029 = **£35,697.34 pa**

Spouse (payable on death): £35,697.34 x 50% = ***£17,848.67 pa***

**GMP Check:**

Pre-1997 pension v GMP: £10,492.22 x 1.029 = ***£10,796.49* v £4,026.88** => **OK**

*OR*

Total pension v

post-1997 pension + GMP: ***£35,697.34* v** ([{£34,691.29 - £10,492.22 = £24,199.07} x 1.029

= £24,900.84] + £4,026.88 = ***£28,927.72***) => **OK**

**OR**

# Option 2 – Cash Sum & Residual Pension

# Cash Sum

Member: £35,697.34 x 20 / [3 + (20 / 21.80)] = **£182,248.71**

***‘LS&DBA’ Check:*** £182,248.71 vs £1,038,250.00 = **OK**

***‘LSA’ Check:*** £182,248.71 vs £233,425.00 = **OK**

**Residual Pension**

Member: £35,697.34 – (£182,248.71 / 21.80 = £8,360.03) = **£27,337.31 pa**

Spouse (payable on death): £35,697.34 x 50% = ***£17,848.67 pa***

**GMP Check:**

£27,337.31 pa is greater than GMP of £4,026.88 pa (therefore no cash sum restriction required)

**Summary Answer**

*Option 1 – Pension Only*

A full pension of **£35,697.34** **per annum**, of which **£31,670.46 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 **£4,026.88** **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 **£17,848.67** **per annum**.

OR

*Option 2 – Cash Sum & Residual Pension*

A tax-free cash sum of **£182,248.71** plus a residual pension of **£27,337.31** **per annum**,of which **£23,310.43** **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 **£4,026.88** **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 **£182,248.71** is within both the member’s available ‘LS&DBA’ of **£1,038,250.00** and ‘LSA’ of **£233,425.00**.

A spouse’s pension of **£17,848.67 per annum**.