# WORKED ANSWER XYZ SCHEME PRS => RET (NORMAL)

# WILLIAM CHARLTON – CATEGORY A

Date of birth: 13/09/1959

Date of joining scheme: 19/08/1990

Date of leaving scheme: 07/02/2015

Date of retirement: 13/09/2024

Age at date of retirement: 65yrs & 0mths

GMP due date: 13/09/2024

Normal pension date: 13/09/2024

Type of retirement: Preserved to normal retirement

Preserved pension at DOL: £7,922.99 pa

Pre-1988 GMP at DOL: N/A

Post-1988 GMP at DOL: £2,465.84 pa

Excess at DOL: £5,457.15 pa (*£7,922.99 – £2,465.84*)

Current AVCs: £51,621.18

AVC pension (single life): £2,731.28

AVC pension (joint life): N/A

Excess Pension revaluation (DOL to NPD): 38.2% (lower 5.0% and RPI)

GMP revaluation (DOL to GMP due date): 1.518 (06/04/15 - 05/04/24 = 9 tax years @ 4.75%)

Remaining ‘LS&DBA’: £1,073,100.00

Remaining ‘LSA’: £268,275.00

Commutation factor: 22.46 (based on age 65yrs & 0mths)

**Option 1 – Full Pension**

**Full Pension**

Revalued total GMP £2,465.84 / 52 = £47.42 pw

 (DOL to GMP due date): £47.42 x 1.518 = £71.98 pw

 £71.98 x 52 = *£3,742.96 pa*

Revalued post-1988 GMP £2,465.84 / 52 = £47.42 pw

 (DOL to GMP due date): £47.42 x 1.518 = £71.98 pw

 £71.98 x 52 = ***£3,742.96 pa***

Revalued pre-1988 GMP £3,742.96 - £3,742.96 = ***£0.00 pa***

 (DOL to GMP due date):

Revalued Excess £5,457.15 x 1.382 (= 38.2%) = ***£7,541.78 pa***

 (DOL to NPD):

Member (excluding AVCs): = ***£11,284.74 pa***

AVC Pension (single life) = ***£2,731.28 pa***

 (Payable from NPD):

Member (including AVCs): = **£14,016.02 pa**

Spouse (payable on death): £11,284.74 x 50% = ***£5,642.37 pa***

**OR**

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

**Cash Sum**

Member: £11,284.74 x 20 / [3 + (20 / 22.46)] = ***£58,012.19***

 + (£51,621.18 [AVCs] x 25%) = ***£12,905.30***

 **£70,917.49**

***‘LS&DBA’ Check:*** £70,917.49 vs £1,073,100.00 = **OK**

***‘LSA’ Check:*** £70,917.49 vs £268,275.00 = **OK**

**Residual Pension**

Member: £11,284.74 – ([£70,917.49 –

 £51,621.18] / 22.46 = £859.14) = **£10,425.60 pa**

Spouse (payable on death): £11,284.74 x 50% = ***£5,642.37 pa***

**GMP Check:**

£10,425.60 pa is greater than GMP of £3,742.96 pa (therefore no cash sum restriction required)

**Summary Answer**

*Option 1 – Pension Only (AVCs single life)*

A full pension of **£14,016.02** **per annum**, of which **£7,541.78 per annum** (*excess pension*)and **£2,731.28 per annum** (single life AVC 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*) and **£3,742.96 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 **£5,642.37** **per annum**.

OR

*Option 2 – Cash Sum & Residual Pension*

A tax-free cash sum of **£70,917.49** (including the current value of the member’s AVC fund of **£51,621.18**) plus a residual pension of **£10,425.60** **per annum**, of which **£6,682.64 per annum** (*excess 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*) and **£3,742.96** **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 **£70,917.49** 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 **£5,642.37 per annum**.

**Note**

If William Charlton wishes to take his AVCs flexibly outside of the XYZ Pension and Life Assurance Scheme, he can transfer them to a suitable alternative arrangement that is willing and able to accept them. In this scenario, the Trustees must offer to book a pensions guidance appointment with Pensions Wise on behalf of William Charlton. The Trustees must explain to William Charlton that the transfer of his AVCs cannot proceed until he has received appropriate pensions guidance from Pensions Wise, or that he can only opt out of the Pensions Wise guidance by providing the Trustees with an opt-out notification.