# WORKED ANSWER RST SCHEME ACTIVE => RETIREMENT (ILL HEALTH)

# MARTIN LILLEE

Date of birth: 02/07/1963

Date joined scheme: 06/04/2002

Date of retirement: 12/09/2024

Age at date of retirement: 61 years & 2 months

Normal pension age: 65

Normal pension date: 02/07/2028

Type of retirement: Ill health retirement

Spouse’s date of birth: 10/06/1974 (spouse > 10 years younger

– *potential reduction!*)

Pre-2006 CARE pension @ 5 April 2024: £1,581.66 pa

Post-2006 CARE pension @ 5 April 2024: £15,052.22 pa

Pro-rata CPI: 2.1%

Pensionable earnings: £75,480.00 [(£73,850+£75,460+£77,130) / 3] Pensionable service (6 April 2024 to NPD): 4yrs & 2mths (06/04/2024 - 02/07/2028) Contractual salary: £79,480.00

Underpin (total pens. service to NPD): 26yrs & 2mths (06/04/2002 - 02/07/2028)

Underpin (pre-2006 pens. service): 4yrs & 0mths (06/04/2002 - 05/04/2006)

Underpin (post-2006 pens. service to NPD): 22yrs & 2mths (06/04/2006 - 02/07/2028)

Remaining ‘LS&DBA’: £1,073,100.00

Remaining ‘LSA’: £268,275.00

Commutation factor: 20.34 (age 61yrs & 2mths)

*[20.42 – (0.48 x 2/12 = 0.08) = 20.34]*

Early retirement factor: N/A (*ill-health*)

# CARE Pension

Pension @ 5/4/24 (pre-2006): = ***£1,581.66 pa***

Pro-rata CPI increase: £1,581.66 x 2.1% = ***£33.21 pa***

Member (pre-2006): £1,581.66 + £33.21 = **£1,614.87 pa**

Pension @ 5/4/24 (post-2006): = ***£15,052.22 pa***

Pro-rata CPI increase: £15,052.22 x 2.1% = ***£316.10 pa***

YTD/prospective pension: £75,480.00 x 42/12 x 1/75 = ***£4,193.33 pa***

Member (post-2006): £15,052.22 + £316.10 + £4,193.33 = **£19,561.65 pa**

Total CARE pension: £1,614.87 + £19,561.65 = **£21,176.52 pa**

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Spouse (pre-2006): £1,614.87 x 40% = ***645.95 pa***

Spouse (post-2006): £19,561.65 x 40% = ***£7,824.66 pa***

Spouse (total): £645.95 + £7,824.66 = ***£8,470.61 pa***

# Final Salary Underpin

Pension (pre-2006): £79,480.00 x 40/12 x 1/90 = ***£3,532.44 pa***

Pension (post-2006): £79,480.00 x 222/12 x 1/90 = ***£19,575.63 pa***

Total Underpin pension: £3,532.44 + £19,575.63 = **£23,108.07 pa**

# Total Underpin pension of £23,108.07 pa exceeds total CARE pension of £21,176.52 pa!

**Option 1 – Full Pension (Underpin)**

**Full Pension**

Member (pre-2006): = **£3,532.44 pa**

Member (post-2006): = **£19,575.63 pa**

Member (total): = **£23,108.07 pa**

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Spouse (pre-2006): £3,532.44 x 40% = ***£1,412.98 pa***

Spouse (post-2006): £19,575.63 x 40% = ***£7,830.25 pa***

Spouse (total): £1,412.98 + £7,830.25 = ***£9,243.23 pa***

**OR**

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

**Cash Sum**

Member: £23,108.07 x 20 / [3 + (20 / 20.34)] = **£116,025.21**

***‘LS&DBA’ Check:*** £116,025.21 vs £1,073,100.00 = **OK**

***‘LSA’ Check:*** £116,025.21 vs £268,275.00 = **OK**

**Residual Pension**

Member (total): £23,108.07 – (£116,025.21 / 20.34 = £5,704.29) = **£17,403.78 pa**

Member (post-2006): £19,575.63 – £5,704.29 = **£13,871.34 pa**

Member (pre-2006): = **£3,532.44 pa**

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Spouse (pre-2006): Unchanged = ***£1,412.96 pa***

Spouse (post-2006): Unchanged = ***£7,830.25 pa***

Spouse (total): Unchanged = ***£9,243.23 pa***

# Summary Answer

*Option 1 – Pension Only*

A full pension of **£23,108.07 per annum**, of which **£3,532.44** **per annum** increases at the lower of RPI and 5.0% (pre-2006) and **£19,575.63** **per annum** increases at the lower of RPI and 2.5% (post-2006).

A spouse’s pension of **£9,243.23** **per annum**, of which **£1,412.98** **per annum** increases at the lower of RPI and 5.0% (pre-2006) and **£7,830.25** **per annum** increases at the lower of RPI and 2.5% (post-2006).

OR

*Option 2 – Cash Sum & Residual Pension*

A tax-free cash sum of **£116,025.21** plus a residual pension of **£17,403.78** **per annum**, of which **£3,532.44** **per annum** increases at the lower of RPI and 5.0% (pre-2006) and **£13,871.34** **per annum** increases at the lower of RPI and 2.5% (post-2006). The tax-free cash sum of **£116,025.21** 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 **£9,243.23** **per annum**, of which **£1,412.98** **per annum** increases at the lower of RPI and 5.0% (pre-2006) and **£7,830.25** **per annum** increases at the lower of RPI and 2.5% (post-2006).