

**WORKED ANSWER                      XYZ SCHEME                      ACT => RET (NORMAL)**

**BRIAN HIGGINS – CATEGORY A**

Date of birth:	17/09/1961
Date of joining scheme:	19/06/1990
Date of retirement:	17/09/2026
Age at date of retirement:	65yrs & 0mths
GMP due date:	17/09/2026
Normal pension date:	17/09/2026
Type of retirement:	Normal retirement
Pre-1997 pensionable service [ <b>70ths</b> ]:	6yrs & 291dys [19/06/1990 - 05/04/1997]
Post-1997 pensionable service [ <b>70ths</b> ]:	29yrs & 165dys [06/04/1997 - 16/09/2026]
Pre-1988 GMP at DOR:	N/A
Post-1988 GMP at DOR:	£3,251.04 pa
Remaining 'LS&DBA':	£1,058,100.00
Remaining 'LSA':	£253,275.00
Commutation factor:	22.46 (based on age 65yrs & 0mths)

Final pensionable salary is the greater of the following:

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

2022 =	£84,815.00	
2023 =	£86,999.00	
2024 =	£89,990.00	
2025 =	£91,000.00	
2026 =	<b>£92,720.00</b>	<i>(highest in last 5 years)</i>

**Option 1 – Full Pension**

**Full Pension**

Member (pre-1997):	$£92,720.00 \times [6\text{yrs} + (291\text{dys}/365\text{dys})] / 70$	=	£9,003.46 pa
	+		+
Member (post-1997):	$£92,720.00 \times [29\text{yrs} + (165\text{dys}/365\text{dys})] / 70$	=	£39,011.35 pa
Member (total):		=	<b><u>£48,014.81 pa</u></b>
Spouse (payable on death):	$£48,014.81 \times 50\%$	=	<b><u>£24,007.41 pa</u></b>

**GMP Check:**

Pre-1997 pension v GMP: **£9,003.46 v £3,251.04 => OK**

OR

Total pension v post-1997 pension + GMP: **£48,014.81 v (£39,011.35 + £3,251.04 = £42,262.39) => OK**

OR

## Option 2 – Cash Sum & Residual Pension

### Cash Sum

Member: £48,014.81 x 20 / [3 + (20 / 22.46)] = **£246,832.83**

'LS&DBA' Check: £246,832.83 vs £1,058,100.00 = **OK**

'LSA' Check: £246,832.83 vs £253,275.00 = **OK**

### Residual Pension

Member: £48,014.81 – (£246,832.83 / 22.46 = £10,989.89) = **£37,024.92 pa**

Spouse (payable on death): £48,014.81 x 50% = **£24,007.41 pa**

### **GMP Check:**

£37,024.92 pa is greater than GMP of £3,251.04 pa (therefore no cash sum restriction required)

## Summary Answer

### *Option 1 – Pension Only*

A full pension of **£48,014.81 per annum** of which **£44,763.77 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 **£3,251.04 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 **£24,007.41 per annum**.

OR

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

A tax-free cash sum of **£246,832.83** plus a residual pension of **£37,024.92 per annum** of which **£33,773.88 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 **£3,251.04 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 **£246,832.83** is within both the member's available 'LS&DBA' of **£1,058,100.00** and 'LSA' of **£253,275.00**.

A spouse's pension of **£24,007.41 per annum**.