

WORKED ANSWER**XYZ SCHEME****ACT => RET (LATE)****JOANNA GRIFFITHS – CATEGORY A**

Date of birth:	11/12/1959
Date of joining scheme:	20/08/1987
Date of retirement:	13/09/2026
Age at date of retirement:	66yrs & 9mths
GMP due date:	11/12/2019
Normal pension date:	11/12/2024
Type of retirement:	Late retirement
Pre-1997 pens. service [70ths – 5.0 days]:	9yrs & 229dys [20/08/1987 - 05/04/1997]
Post-1997 pens. service [70ths – 5.0 days]:	12yrs & 250dys [06/04/1997 - 11/12/2009]
Post-1997 pens. service [70ths – 4.0 days]:	10yrs & 20dys [12/12/2009 - 31/12/2019]
Post-1997 pens. service [70ths – 3.0 days]:	4yrs & 345dys [01/01/2020 - 11/12/2024]
Pre-1988 GMP at DOR:	£265.72 pa
Post-1988 GMP at DOR:	£3,886.48 pa
Remaining 'LS&DBA':	£1,033,100.00
Remaining 'LSA':	£228,275.00
Commutation factor:	21.20 (based on age 66yrs & 9mths) [21.74 – (0.72 x 9/12 = 0.54) = 21.20]
Late retirement factor:	1.058 (based on age 66yrs & 9mths) [1.032 + (0.035 x 9/12 = 0.026) = 1.058]

Final pensionable salary is the greater of the following:

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

2020 =	£68,900.00	
2021 =	£71,000.00	
2022 =	£72,470.00	
2023 =	£74,980.00	
2024 =	£77,300.00	(highest in last 5 years prior to NPD)

Option 1 – Full Pension**Full Pension**

Member (pre-1997):	$£77,300.00 \times [9\text{yrs} + (229\text{dys}/365\text{dys})] / 70$	=	£10,631.40 pa
	+		+
Member (post-1997):	$£77,300.00 \times [12\text{yrs} + (250\text{dys}/365\text{dys})] / 70$	=	£14,007.79 pa
	+		+
Member (post-1997):	$£77,300.00 \times [10\text{yrs} + (20\text{dys}/365\text{dys})] / 70 \times 4/5$	=	£8,882.69 pa
	+		+
Member (post-1997):	$£77,300.00 \times [4\text{yrs} + (345\text{dys}/365\text{dys})] / 70 \times 3/5$	=	£3,276.55 pa
Member (total – pre LRF):		=	£36,798.43 pa
Member (total – post LRF):	$£36,798.43 \times 1.058$	=	£38,932.74 pa
Spouse (payable on death):	$£38,932.74 \times 50\%$	=	£19,466.37 pa

GMP Check:

Pre-1997 pension v GMP: £10,631.40 x 1.058 = **£11,248.02 v £4,152.20** => OK

OR

Total pension v

post-1997 pension + GMP: **£38,932.74 v** [(£36,798.43 - £10,631.40 = £26,167.03} x 1.058
= £27,684.72] + £4,152.20 = **£31,836.92** => OK

OR

Option 2 – Cash Sum & Residual Pension

Cash Sum

Member: £38,932.74 x 20 / [3 + (20 / 21.20)] = **£197,457.92**

'LS&DBA' Check: £197,457.92 vs £1,033,100.00 = **OK**

'LSA' Check: £197,457.92 vs £228,275.00 = **OK**

Residual Pension

Member: £38,932.74 – (£197,457.92 / 21.20 = £9,314.05) = **£29,618.69 pa**

Spouse (payable on death): £38,932.74 x 50% = **£19,466.37 pa**

GMP Check:

£29,618.89 pa is greater than GMP of £4,152.20 pa (therefore no cash sum restriction required)

Summary Answer

Option 1 – Pension Only

A full pension of **£38,932.74 per annum**, of which **£34,780.54 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*), **£265.72 per annum** will not be increased and **£3,886.48 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 **£19,466.37 per annum**.

OR

Option 2 – Cash Sum & Residual Pension

A tax-free cash sum of **£197,457.92** plus a residual pension of **£29,618.69 per annum**, of which **£25,466.49 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*), **£265.72 per annum** will not be increased and **£3,886.48 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 **£197,457.92** is within both the member's available 'LS&DBA' of **£1,033,100.00** and 'LSA' of **£228,275.00**.

A spouse's pension of **£19,466.37 per annum**.