

WORKED ANSWER XYZ SCHEME ACT => RET (LATE)

JANE GOODHEW – CATEGORY B

Date of birth:	18/07/1958
Date of joining scheme:	06/11/1997
Date of retirement:	17/09/2026
Age at date of retirement:	68yrs & 1mth
Normal pension date:	18/07/2023
Type of retirement:	Late retirement
Pensionable service (5.0 days):	8yrs & 254dys (06/11/1997 – 17/07/2006)
Pensionable service (3.0 days):	4yrs & 351dys (18/07/2006 – 03/07/2011)
Remaining 'LS&DBA':	£1,038,100.00
Remaining 'LSA':	£233,275.00
Commutation factor:	18.78 (based on age 68yrs & 1mth) [18.84 – (0.72 x 1/12 = 0.06) = 18.78]
Late retirement factor:	1.098 (based on age 68yrs & 1mth) [1.095 + (0.036 x 1/12 = 0.003) = 1.098]

Final pensionable salary is the greater of the following:

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

2019	=	£59,700.00	
2020	=	£60,850.00	
2021	=	£62,875.00	
2022	=	£65,100.00	
2023	=	£67,800.00	(highest in last 5 years prior to NPD)

- Final pensionable salary at 3 July 2011 (indexed by the lower of 5.0% or RPI annual increases from 4 July 2011 to NPD, or earlier date of retirement):

£46,667.00 x 1.459 (= 45.9%)	=	£68,087.15
Greater of £67,800.00 and £68,087.15	=	<u>£68,087.15</u>

Option 1 – Full Pension

Full Pension

Member (split 1):	£68,087.15 x [8yrs + (254dys/365dys)] / 60	=	£9,867.97 pa
	+		+
Member (split 2):	£68,087.15 x [4yrs + (351dys/365dys)] / 60 x 3/5	=	£3,378.24 pa
Member (total – pre LRF):		=	£13,246.21 pa
Member (total – post LRF):	£13,246.21 x 1.098	=	<u>£14,544.34 pa</u>
Spouse (payable on death):	£14,544.34 x 50%	=	<u>£7,272.17 pa</u>

OR

Option 2 – Cash Sum & Residual Pension

Cash Sum

Member: $\text{£}14,544.34 \times 20 / [3 + (20 / 18.78)] = \underline{\underline{\text{£}71,559.52}}$

'LS&DBA' Check: $\text{£}71,559.52 \text{ vs } \text{£}1,038,100.00 = \text{OK}$

'LSA' Check: $\text{£}71,559.52 \text{ vs } \text{£}233,275.00 = \text{OK}$

Residual Pension

Member: $\text{£}14,544.34 - (\text{£}71,559.52 / 18.78 = \text{£}3,810.41) = \underline{\underline{\text{£}10,733.93 \text{ pa}}}$

Spouse (payable on death): $\text{£}14,544.34 \times 50\% = \underline{\underline{\text{£}7,272.17 \text{ pa}}}$

Summary Answer

Option 1 – Pension Only

A full pension of **£14,544.34 per annum**. The 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*).

A spouse's pension of **£7,272.17 per annum**.

OR

Option 2 – Cash Sum & Residual Pension

A tax-free cash sum of **£71,559.52** plus a residual pension of **£10,733.93 per annum**. The 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*). The tax-free cash sum of **£71,559.52** is within both the member's available 'LS&DBA' of **£1,038,100.00** and 'LSA' of **£233,275.00**.

A spouse's pension of **£7,272.17 per annum**.