

Option 1B – Full Pension

Full Pension (Joint Life AVCs)

Member (scheme):	$\pounds 87,669.10 \times [13\text{yrs} + (240\text{dys}/365\text{dys})] / 60$	=	<i><u>£19,955.73 pa</u></i>
			+
Member (AVCs – joint life):		=	<i><u>£2,415.60 pa</u></i>
Member (total):			<i><u>£22,371.33 pa</u></i>
Spouse (payable on death):	$\pounds 22,371.33 \times 50\%$	=	<i><u>£11,185.67 pa</u></i>

OR

Option 2 – Cash Sum & Residual Pension

Cash Sum

Member:	$\pounds 19,955.73 \times 20 / [3 + (20 / 27.18)]$	=	<i><u>£106,834.10</u></i>
	+ $(\pounds 59,679.72 \text{ [AVCs]} \times 25\%)$	=	<i><u>£14,919.93</u></i>
			<i><u>£121,754.03</u></i>

'LS&DBA' Check: $\pounds 121,754.03$ vs $\pounds 1,073,100.00$ = **OK**

'LSA' Check: $\pounds 121,754.03$ vs $\pounds 268,275.00$ = **OK**

Residual Pension

Member:	$\pounds 19,955.73 - ([\pounds 121,754.03 - \pounds 59,679.72] / 27.18 = \pounds 2,283.82)$	=	<i><u>£17,671.91 pa</u></i>
Spouse (payable on death):	$\pounds 19,955.73 \times 50\%$	=	<i><u>£9,977.87 pa</u></i>

Summary Answer

Option 1A – Pension Only (AVCs single life)

A full pension of **£22,797.62 per annum** (including a single life AVC pension of **£2,841.89 per annum**), which 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 **£9,977.87 per annum**.

OR

Option 1B – Pension Only (AVCs joint life)

A full pension of **£22,371.33 per annum** (including a joint life AVC pension of **£2,415.60 per annum**), which 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 **£11,185.67 per annum** (including a joint life AVC pension of **£1,207.80 per annum**).

OR

Option 2 – Cash Sum & Residual Pension

A tax-free cash sum of **£121,754.03** (including the current value of the member's AVC fund of **£59,679.72**) plus a residual pension of **£17,671.91 per annum**, which 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 **£121,754.03** 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 **£9,977.87 per annum**.

Note

If Norman Moorhouse 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 Norman Moorhouse. The Trustees must explain to Norman Moorhouse 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.