

WORKED ANSWER**XYZ SCHEME****ACT => RET (NORMAL)****PETER ADLINGTON – CATEGORY B**

Date of birth:	14/09/1961
Date of joining scheme:	06/11/1997
Date of retirement:	14/09/2026
Age at date of retirement:	65yrs & 0mths
Normal pension date:	14/09/2026
Type of retirement:	Normal retirement
Pensionable service:	13yrs & 240dys (06/11/1997 – 03/07/2011)
Transfer in (payable from NPD):	£3,801.48 pa
Remaining 'LS&DBA':	£1,073,100.00
Remaining 'LSA':	£268,275.00
Commutation factor:	21.00 (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	=	£73,990.00	
2023	=	£76,475.00	
2024	=	£79,100.00	
2025	=	£80,225.00	
2026	=	£81,330.00	<i>(highest in last 5 years)</i>

- 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):

£49,900.00 x 1.622 (= 62.2%)	=	£80,937.80
Greater of £81,330.00 and £80,937.80	=	<u>£81,330.00</u>

Option 1 – Full Pension**Full Pension**

Member (<i>excluding TVin</i>):	£81,330.00 x [13yrs + (240dys/365dys)] / 60	=	£18,512.79 pa
			+
Member (<i>TVin</i>):		=	£3,801.48 pa
Member (<i>Total</i>):		=	<u>£22,314.27 pa</u>
Spouse (payable on death):	£22,314.27 x 50%	=	<u>£11,157.14 pa</u>

OR

Option 2 – Cash Sum & Residual Pension

Cash Sum

Member: $\text{£}22,314.27 \times 20 / [3 + (20 / 21.00)] = \text{£}112,915.58$

'LS&DBA' Check: $\text{£}112,915.58$ vs $\text{£}1,073,100.00 = \text{OK}$

'LSA' Check: $\text{£}112,915.58$ vs $\text{£}268,275.00 = \text{OK}$

Residual Pension

Member: $\text{£}22,314.27 - (\text{£}112,915.58 / 21.00 = \text{£}5,376.93) = \text{£}16,937.34 \text{ pa}$

Spouse (payable on death): $\text{£}22,314.27 \times 50\% = \text{£}11,157.14 \text{ pa}$

Summary Answer

Option 1 – Pension Only

A full pension of **£22,314.27 per annum** (including a transferred-in pension of **£3,801.48 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 **£11,157.14 per annum**.

OR

Option 2 – Cash Sum & Residual Pension

A tax-free cash sum of **£112,915.58** plus a residual pension of **£16,937.34 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*). The tax-free cash sum of **£112,915.58** 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 **£11,157.14 per annum**.