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

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| **LAWRENCE LANDY – CATEGORY A**  Date of birth: | 02/09/1955 |
| Date of joining scheme: | 11/03/1993 |
| Date of retirement: | 02/09/2020 |
| Age at date of retirement: | 65 years |
| Normal pension age: | 65 |
| Type of retirement: | Normal retirement |
| Pre-1997 pens’able service - [70ths]: | 4 years & 26 days [11/03/1993-05/04/1997] |
| Post-1997 pens’able service - [70ths]: | 23 years & 150 days [06/04/1997-02/09/2020] |
| Post-1988 GMP @ DOR: | £1,002.56 |
| Commutation factor: | 13.80 (age 65yrs & 0mths) |
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Final pensionable salary is the greater of the following:

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

2016 = £43,500.00

2017 = £47,000.00

2018 = £48,000.00

2019 = £49,600.00

2020 = **£51,250.00**

# Option 1 – Full Pension

Member: 4 + (26/365) / 70 x £51,250.00 = £2,980.72 pa

23 + (150/365) / 70 x £51,250.00 = £17,140.17 pa

**£20,120.89 pa**

Spouse: £20,120.89 x 50% = £10,060.45 pa

**GMP Check:**

Pre-1997 pension v GMP: *£2,980.72* v *£1,002.56* => ok

OR

Total v post-1997 pension + GMP: *£20,120.89* v (17,140.17 + £1,002.56 = *£18,142.73*) => ok

***Lifetime Allowance Check:*** £20,120.89 x 20 x 100 / £1,073,100.00 = **37.50%**

*37.50% is within the member’s LTA balance of 90.40%*

**OR**

# Option 2 – Pension Commencement Lump Sum and Residual Pension Lump Sum:

£20,120.89 x 20 / [3 + (20 / 13.80)] = **£90,445.69**

***Lifetime Allowance Check:*** £90,445.69 x 100 / £1,073,100.00 = **8.42%**

**Residual Pension:**

£20,120.89 – (£90,445.69 / 13.80 = £6,554.04) = **£13,566.85 pa**

Spouse: £20,120.89 x 50% = £10,060.45 pa

**GMP Check:**

£13,566.85 pa is greater than GMP of £1,002.56 pa (therefore no lump sum restriction required)

***Lifetime Allowance Check:*** £13,566.85 x 20 x 100 / £1,073,100 = **25.28%**

Total Lifetime Allowance for Option 2 = 8.42 + 25.28 = **33.70%**

*33.70% is within the member’s LTA balance of 90.40%*

**Summary Answer**

*Option 1 – Pension Only*

A full pension of **£20,120.89** per annum, of which **£19,118.33** per annum increases at the lower of RPI and 5.0% and **£1,002.56** per annum increases at the lower of CPI and 3.0% (post-1988 GMP). LTA used is **37.50%**, which is within the percentage LTA remaining of 90.40%.

A spouse’s pension of **£10,060.45** per annum

OR

*Option 2 – Pension Commencement Lump Sum & Residual Pension*

A pension commencement lump sum of **£90,445.69** plus a residual pension of **£13,566.85** per annum, of which **£12,564.29** per annum increases at the lower of RPI and 5.0% and **£1,002.56** per annum increases at the lower of CPI and 3.0% (post-1988 GMP). LTA used is **8.42%** for the pension commencement lump sum and **25.28%** for the residual pension [total LTA = **33.70%**], which is within the percentage LTA remaining of 90.40%.

A spouse’s pension of **£10,060.45** per annum