# WORKED ANSWER XYZ SCHEME PRS => RET (NORMAL) STEPHEN WALKER – CATEGORY A

Date of birth: 05/09/1955

Date of joining scheme: 15/04/1990

Date of leaving scheme: 23/04/2011

Date of retirement: 05/09/2020

Age at date of retirement: 65 years

Normal pension age: 65

Type of retirement: Preserved to normal retirement

Preserved pension at DOL: £8,312.46

Pre-1988 GMP at DOL:

Post-1988 GMP at DOL: £2,796.56

Excess at DOL: £5,515.90 (*£8,312.46 – £2,796.56*)

S/Life AVC pension (payable immediately): £1,611.64

J/Life AVC pension (payable immediately): £1,383.57

Pension revaluation: 23.9% (lower 5%/RPI)

GMP revaluation: 1.369 (06/04/12-05/04/20 = 8 tax years @ 4.0%)

Commutation factor: 13.80 (age 65 years)

# Option 1a – Full Pension

Total GMP at GMP Due Date: £2,796.56 / 52 = £53.78 pw

£53.78 x 1.369 = £73.62 pw

£73.62 x 52 = £3,828.24 pa

Post-1988 GMP at GMP Due Date: £2,796.56 / 52 = £53.78 pw

£53.78 x 1.369 = £73.62 pw

£73.62 x 52 = £3,828.24 pa

Pre-1988 GMP at GMP Due Date: £3,828.24 - £3,828.24 = £0.00 pa

Excess: £5,515.90 x 1.2390 = £6,834.20 pa

Total: = **£10,662.44 pa**

AVC Pension (S/Life): = £1,611.64 pa

Total: = **£12,274.08 pa**

Spouse: £10,662.44 x 50% = £5,331.22 pa

***Lifetime Allowance Check*:** £12,274.08 x 20 x 100 / £1,073,100.00 = **22.87%**

*22.87% is within the member’s LTA balance of 84.56%*

**OR**

# Option 1b – Full Pension

Total GMP at GMP Due Date: £2,796.56 / 52 = £53.78 pw

£53.78 x 1.369 = £73.62 pw

£73.62 x 52 = £3,828.24 pa

Post-1988 GMP at GMP Due Date: £2,796.56 / 52 = £53.78 pw

£53.78 x 1.369 = £73.62 pw

£73.62 x 52 = £3,828.24 pa

Pre-1988 GMP at GMP Due Date: £3,828.24 - £3.828.24 = £0.00 pa

Excess: £5,515.90 x 1.2390 = £6,834.20 pa

Total: = **£10,662.44 pa**

AVC Pension (J/Life): = £1,383.57 pa

Total: = **£12,046.01 pa**

Spouse: £12,046.01 x 50% = £6,023.01 pa

***Lifetime Allowance Check*:** £12,046.01 x 20 x 100 / £1,073,100.00 = **22.45%**

*22.45% is within the member’s LTA balance of 84.56%*

**OR**

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

£10,662.44 x 20 / [3 + (20 / 13.80)] = £47,928.88

Plus 25% of current value of AVC fund (£29,331.58 x 25%) = £7,332.90

= **£55,261.78**

***Lifetime Allowance Check*:** £55,261.78 x 100 / £1,073,100.00 = **5.14%**

# Residual Pension:

£10,662.44 – ([£55,261.78 - £29,331.58] / 13.80 = £1,879.00) = **£8,783.44 pa**

Spouse: £10,662.44 x 50% = £5,331.22 pa

**GMP Check:**

£8,783.44 pa is greater than GMP of £3,828.24 pa (therefore no lump sum restriction required)

***Lifetime Allowance Check*:** £8,783.44 x 20 x 100 / £1,073,100.00 = **16.37%**

Total Lifetime Allowance for Option 2 = 5.14 + 16.37 = **21.51%**

# *21.51% is within the member’s LTA balance of 84.56%*

**Summary Answer**

*Option 1a – Pension Only (AVCs single life)*

A full pension of **£12,274.08** per annum, of which **£8,445.84** per annum increases at the lower of RPI and 5.0% (including s/life AVC pension of **£1,611.64** per annum) and **£3,828.24** per annum increases at the lower of CPI and 3.0% (post-1988 GMP). LTA used is **22.87%**, which is within the percentage LTA remaining of 84.56%.

A spouse’s pension of **£5,331.22** per annum

OR

*Option 1b – Pension Only (AVCs joint life)*

A full pension of **£12,046.01** per annum, of which **£8,217.77** per annum increases at the lower of RPI and 5.0% (including j/life AVC pension of **£1,383.57** per annum) and **£3,828.24** per annum increases at the lower of CPI and 3.0% (post-1988 GMP). LTA used is **22.45%**, which is within the percentage LTA remaining of 84.56%.

A spouse’s pension of **£6,023.01** per annum (including j/life AVC pension of **£691.79** per annum)

OR

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

A pension commencement lump sum of **£55,261.78** plus a residual pension of **£8,783.44** per annum, of which **£4,955.20** per annum increases at the lower of RPI and 5.0% and **£3,828.24** per annum increases at the lower of CPI and 3.0% (post-1988 GMP). LTA used is **5.14%** for the pension commencement lump sum and **16.37%** for the residual pension [total LTA = **21.51%**], which is within the percentage LTA remaining of 84.56%.

A spouse’s pension of **£5,331.22** per annum

**Note**

If Stephen Walker wishes to take his AVCs flexibly outside of the XYZ Scheme, he can transfer them to a suitable alternative arrangement that is willing and able to accept them.