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

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| **ARTHUR SIMMONS – CATEGORY B**  Date of birth: | 13/03/1954 |
| Date of joining scheme: | 06/11/1997 |
| Date of retirement: | 06/09/2020 |
| Age at date of retirement: | 66 years & 5 months |
| Normal pension age: | 65 |
| Type of retirement: | Late retirement |
| Pensionable service (part-time: 4 days): | 13years & 240 days [06/11/97-03/07/11] |
| Commutation factor | 13.46 (age 66yrs & 5mths) |
|  | *13.56 – [5/12 x 0.24 = 0.10]* |
| Late retirement factor: | 111% (rounded to nearest integer) |
|  | *108% + [5/12 x 8 = 3.33%]* |

Pensionable service to 3 July 2011 (06/11/1997 to 03/07/2011): 13 years 240 days Final pensionable salary is the greater of the following:

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

2014 = £50,250.00

2015 = £52,000.00

2016 = £55,700.00

2017 = £56,200.00

2018 = **£61,000.00**

* Final pensionable salary at 3 July 2011 increased by the lower of 5%/RPI from 4 July 2011 to NPD or earlier date of retirement:

£46,000.00 @ 21.2% = **£55,752.00**

Greater of £61,000.00 and £55,752.00 = **£61,000.00**

# Option 1 – Full Pension

Member: 13 + (240/365) / 60 x £61,000.00 x 4/5 = £11,108.13 pa

£11,108.13 x 1.11 = **£12,330.02 pa**

Spouse: £12,330.02 x 50% = £6,165.01 pa

***Lifetime Allowance Check:*** £12,330.02 x 20 x 100 / £1,073,100.00 = **22.98%**

*22.98% is within the member’s LTA balance of 100.00%*

**OR**

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

£12,330.02 x 20 / [3 + (20 / 13.46)] = **£54,972.53**

***Lifetime Allowance Check:*** £54,972.53 x 100 / £1,073,100.00 = **5.12%**

**Residual Pension:**

£12,330.02 – (£54,972.53 / 13.46 = £4,084.14) = **£8,245.88 pa**

Spouse: £12,330.02 x 50% = £6,165.01 pa

***Lifetime Allowance Check:*** £8,245.88 x 20 x 100 / £1,073,100 = **15.36%**

Total Lifetime Allowance for Option 2 = 5.12 + 15.36 = **20.48%**

*20.48% is within the member’s LTA balance of 100.00%*

**Summary Answer**

*Option 1 – Pension Only*

A full pension of **£12,330.02** per annum, which increases at the lower of RPI and 5.0%. LTA used is **22.98%**, which is within the percentage LTA remaining of 100.00%.

A spouse’s pension of **£6,165.01** per annum, which increases at the lower of RPI and 5.0%.

OR

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

A pension commencement lump sum of **£54,972.53** plus a residual pension of **£8,245.88** per annum, which increases at the lower of RPI and 5.0%. LTA used is **5.12%** for the pension commencement lump sum and **15.36%** for the residual pension [total LTA = **20.48%**], which is within the percentage LTA remaining of 100.00%.

A spouse’s pension of **£6,165.01** per annum, which increases at the lower of RPI and 5.0%.