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

# PAULA MILLS

Date of birth: 06/09/1955

Date of retirement: 06/09/2020

Age at date of retirement: 65 years

Normal pension age: 65

Type of retirement: Normal retirement

Spouse’s date of birth: 13/02/1967 (spouse > 10 years younger!)

Pre 6 April 2006 CARE pension @ 5 April 2020: £13,068.91

Post 5 April 2006 CARE pension @ 5 April 2020: £18,335.02

Pro-rata CPI: 1.60%

Pensionable Earnings figure from 6 April 2020: £83,125.00 [(£84,375+£84,000+£81,000) / 3] Final Scheme Year Pensionable Service: 5mths (06/04/2020-06/09/2020)

Contractual Salary: £85,100.00

Underpin - Total Service to DOR: 22yrs & 5mths (06/04/1998-06/09/2020)

Underpin - Pre ’06 Service: 08yrs & 0mths (06/04/1998-05/04/2006)

Underpin - Post ’06 Service to DOR: 14yrs & 5mths (06/04/2006-06/09/2020)

Enhanced accrual from 6 April 2006: 1/70th

Enhanced spouse percentage from 6 April 2006: 50%

Commutation Factor: 13.80 (Age 65yrs)

# CARE Pension Member Spouse

Pre 6 April 2006 CARE pension: £ 13,068.91

Pro-rata CPI increase: £13,068.91 x 1.60% = £ 209.10

Total: £ 13,278.01 pa £5,311.20 pa

Post 5 April 2006 CARE pension: £ 18,335.02 Pro-rata CPI increase: £18,335.02 x 1.60% = £ 293.36

Final Scheme Year Pension to DOR: £83,125.00 x 5/12 x 1/70 = £ 494.79

Total: £ 19,123.17 pa £9,561.59 pa

# Total CARE Pension:

£13,278.01 + £19,123.17 = **£ 32,401.18 pa £14,872.79 pa**

# Final Salary Underpin

Underpin - Pre ’06: £85,100.00 x 8 x 1/100 = £ 6,808.00 pa

Underpin - Post ’06 £85,100.00 x 145/12 x 1/100 = £ 12,268.58 pa

# Total Underpin Pension:

£6,808.00 + £12,268.58 = **£ 19,076.58 pa**

# Total CARE Pension of £32,401.18 pa exceeds Total Underpin Pension of £19,076.58 pa!

|  |  |  |
| --- | --- | --- |
| **Option 1 – Full Pension** CARE pension: | **Member****£32,401.18 pa** | **Spouse** **£14,872.79 pa paa** |

***Lifetime Allowance Check*:** £32,401.18 x 20 x 100 / £1,073,100.00 = **60.38%**

|  |  |
| --- | --- |
| *60.38% is within the member’s LTA balance of 100.00%* |  |

# Option 2 – Pension Commencement Lump Sum & Residual Pension

20 x £32,401.18 / [3 + (20 / 13.80)] = **£ 145,647.00**

***Lifetime Allowance Check*:** £145,647.00 x 100 / £1,073,100.00 = **13.57%**

# Residual Pension:

£32,401.18 – (£145,647.00 / 13.80 = £10,554.13) = **£ 21,847.05 pa**

Pre 6 April 2006 = £ 13,278.01 pa

Post 5 April 2006 = £ 8,569.04 pa

Spouse’s Pension unchanged @ £14,872.79 pa (Pre ’06 = £5,311.20 pa & Post ’06 = £9,561.59 pa)

***Lifetime Allowance Check*:** £21,847.05 x 20 x 100 / £1,073,100.00 = **40.71%**

Total Lifetime Allowance for Option 2 = 13.57 + 40.71 = **54.28%**

# *54.28% is within the member’s LTA balance of 100.00%*

# Summary Answer

*Option 1 – Pension Only*

A full CARE pension of **£32,401.18** per annum, of which **£13,278.01** per annum increases at the lower of RPI and 5.0% (pre-2006) and **£19,123.17** per annum increases at the lower of RPI and 2.5% (post-2006). LTA used is **60.38%**, which is within the percentage LTA remaining of 100.00%.

A spouse’s CARE pension of **£14,872.79** per annum, of which **£5,311.20** per annum increases at the lower of RPI and 5.0% (pre-2006) and **£9,561.59** per annum increases at the lower of RPI and 2.5% (post-2006).

OR

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

A pension commencement lump sum of **£145,647.00** plus a residual CARE pension of **£21,847.05** per annum, of which **£13,278.01** per annum increases at the lower of RPI and 5.0% (pre-2006) and **£8,569.04** per annum increases at the lower of RPI and 2.5% (post-2006). LTA used is **13.57%** for the pension commencement lump sum and **40.71%** for the residual pension [total LTA = **54.28%**], which is within the percentage LTA remaining of 100.00%.

A spouse’s CARE pension of **£14,872.79** per annum, of which **£5,311.20** per annum increases at the lower of RPI and 5.0% (pre-2006) and **£9,561.59** per annum increases at the lower of RPI and 2.5% (post-2006).