# WORKED ANSWER XYZ SCHEME ACT => RET (ILL HEALTH)

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| **ANGELA ROSE – CATEGORY B**  Date of birth: | 10/01/1959 |
| Date of joining scheme: | 06/11/1997 |
| Date of retirement: | 03/09/2020 |
| Age at date of retirement: | 61 years & 7 months |
| Normal pension age: | 65 |
| Type of retirement: | Ill health retirement |
| Commutation factor | 14.62 (age 61yrs & 7mths) |
|  | *14.76 – [7/12 x 0.24 = 0.14]* |

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:

2016 = £67,300.00

2017 = £70,100.00

2018 = £74,000.00

2019 = **£77,050.00**

2020 = £75,850.00

* 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:

£52,500.00 @ 28.9% = **£67,672.50**

Greater of £77,050.00 and £67,672.50 = **£77,050.00**

# Option 1 – Full Pension

Member: 13 + (240/365) / 60 x £77,050.00 = **£17,538.55 pa**

AVCs (S/Life): £647.48 pa

Total pension: **£18,186.03 pa**

Spouse: £17,538.55 x 50% = £8,769.28 pa

***Lifetime Allowance Check:*** £18,186.03 x 20 x 100 / £1,073,100.00 = **33.89%**

*33.89% is within the member’s LTA balance of 90.42%*

**OR**

**Option 1B – Full Pension**

Member: 13 + (240/365) / 60 x £77,050.00 = **£17,538.55 pa**

AVCs (J/Life): £555.46 pa

Total pension: **£18,094.01 pa**

Spouse: £18,094.01 x 50% = £9,047.01 pa

***Lifetime Allowance Check:*** £18,094.01 x 20 x 100 / £1,073,100.00 = **33.72%**

*33.72% is within the member’s LTA balance of 90.42%*

**OR**

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

£17,538.55 x 20 / [3 + (20 / 14.62)] = £80,304.92

Plus 25% of current value of AVC fund (£10,220.45 x 25%) = £2,555.11

Total **£82,860.03**

***Lifetime Allowance Check*:** £82,860.03 x 100 / £1,073,100.00 = **7.72%**

**Residual Pension:**

£17,538.55 – ([£82,860.03 - £10,220.45] / 14.62 = £4,968.51) = **£12,570.04 pa**

Spouse: £17,538.55 x 50% = £8,769.28 pa

***Lifetime Allowance Check*:** £12,570.04 x 20 x 100 / £1,073,100.00 = **23.42%**

Total Lifetime Allowance for Option 2 = 7.72 + 23.42 = **31.14%**

*31.14% is within the member’s LTA balance of 90.42%*

**Summary Answer**

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

A full pension of **£18,186.03** per annum (including a single life AVC pension of **£647.48** per annum) which increases at the lower of RPI and 5.0%. LTA used is **33.89%**, which is within the percentage LTA remaining of 90.42%.

A spouse’s pension of **£8,769.28** per annum, which increases at the lower of RPI and 5.0%.

OR

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

A full pension of **£18,094.01** per annum (including a joint life AVC pension of **£555.46** per annum) which increases at the lower of RPI and 5.0%. LTA used is **33.72%**, which is within the percentage LTA remaining of 90.42%.

A spouse’s pension of **£9,047.01** per annum (including a joint life AVC pension of **£277.73** 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 **£82,860.03** (inclusive of the current value of the member’s AVC fund of **£10,220.45**) plus a residual pension of **£12,570.04** per annum, which increases at the lower of RPI and 5.0%. LTA used is **7.72%** for the pension commencement lump sum and **23.42%** for the residual pension [total LTA = **31.14%**], which is within the percentage LTA remaining of 90.42%.

A spouse’s pension of **£8,769.28** per annum, which increases at the lower of RPI and 5.0%.

**Note**

If Angela Rose wishes to take her AVCs flexibly outside of the XYZ Scheme, she can transfer them to a suitable alternative arrangement that is willing and able to accept them.