**WORKED ANSWER XYZ SCHEME PRS => RET (NORMAL)**

**JAMES BEDFORD – CATEGORY B**

Date of birth: 04/09/1955

Date of joining scheme: 06/11/1997

Date of leaving scheme: 07/08/2010

Date of retirement: 04/09/2020

Age at date of retirement: 65 years

Normal pension age: 65

Type of retirement: Preserved to normal retirement

Preserved pension at DOL: £7,460.40

Pension revaluation: 35.50% (lower 5%/RPI)

Commutation factor: 13.80 (age 65 years)

# Option 1 – Full Pension

Pension at DOR: £7,460.40 @ 35.50% = **£10,108.84 pa**

Spouse: £10,108.84 x 50% = £5,054.42 pa

***Lifetime Allowance Check*:** £10,108.84 x 20 x 100 / £1,073,100.00 = **18.84%**

*18.84% is within the member’s LTA balance of 72.44%*

**OR**

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

£10,108.84 x 20 / [3 + (20 / 13.80) = = **£45,440.39**

***Lifetime Allowance Check*:** £45,440.39 x 100 / £1,073,100.00 = **4.23%**

# Residual Pension:

£10,108.84 – (£45,440.39 / 13.80) = **£6,816.06 pa**

Spouse: £10,108.84 x 50% = £5,054.42 pa

***Lifetime Allowance Check*:** £6,816.06 x 20 x 100 / £1,073,100.00 = **12.70%**

Total Lifetime Allowance for Option 2 = 4.23 + 12.70 = **16.93%**

*16.93% is within the member’s LTA balance of 72.44%*

**Summary Answer**

*Option 1 – Pension Only*

A full pension of **£10,108.84** per annum, which Increases at the lower of RPI and 5.0%. LTA used is **18.84%**, which is within the percentage LTA remaining of 72.44%.

A spouse’s pension of **£5,054.42** 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 **£45,440.39** plus a residual pension of **£6,816.06** per annum, which increases at the lower of RPI and 5.0%. LTA used is **4.23%** for the pension commencement lump sum and **12.70%** for the residual pension [total LTA = **16.93%**], which is within the percentage LTA remaining of 72.44%.

A spouse’s pension of **£5,054.42** per annum, which increases at the lower of RPI and 5.0%.