Practical Exercise 1 – Normal retirement

Mr Dunroamin leaves on 8 March 2015 – his 65th birthday eve.

He had exactly 20 years' membership on that day, having commenced on 9 March 1995 (he was always whole-time and continuous)

His employer supplies the following information:

Cumulative Pensionable Pay (main section) = £28,145

Final Pay (2008 scheme definition) = £23,500

Calculation of his pension and lump sum:

Pension:

13.0630 / 80 x	£23,500	=	£ 3,837.26
6.0000 / 60 x	£23,500	=	£ 2,350.00
£28,145 / 49		=	£ 574.39
	Total	=	**£ 6,761.65**

Lump Sum:

$\frac{3}{80}$ x 13.0630 x £23,500 = **£11,511.77**

Practical Exercise 2 – Ill-health retirement

Mrs Sciatica, born 5 November 1983, is certified permanently incapable on the grounds of ill-health and is leaving employment on 6 January 2015.

Her employer determines she falls into Tier 2.

A member, whole-time and continuous since 1 April 2012, she had been a member of the 50/50 Section since 1 April 2014.

The employer has notified you of:		
	CPP	£19,246.22
	APP	£25,800.00
	Final Pay	£24,528.66

Calculation of ill-health pension:

Final salary linked:

2.0000 / 60	x	£24,528.66	=	£ 817.62

CARE pension:

£19,246.22 / 98	=	£ 196.39

Enhancement:

7/1/2015 to 4/11/2051 = 36y 302d

36.8274 x £25,800 / 49 x 25%	=	£4,847.69

Total	=	**£5,862.00 p.a.**

Practical Exercise 3 – Early Retirement

Mrs Miffed, a Group 3 member, leaves on her 60th Birthday eve 30/4/2021
She elects to receive her benefits immediately (NPA 1 May 2028)
She has exactly 40 years membership (w/t continuous since 1/5/1981)
Her final pay on leaving is £24,000
Her CARE account shows a balance of £2,725.54 at the date of leaving

Calculation of her standard benefits (before commutation).

Pre-08 (CRA) Pension:

26y 335d / 80 * £24,000 = £ 8,075.34

Post-08 Pre-14 (NRA65) Pension:

6y 0d / 60 * £24,000 = £ 2,400.00

Post-14 (NPA) Pension:

CARE account at 30/4/21 = £ 2,725.54

Pre-08 Retirement Grant:

3 * 26y 335d / 80 * £24,000 = £24,226.03

Reduction Factors:

CRA	0%	*(both pension and lump sum)*
NRA65	24%	
NPA67	31%	

Pension:

£ 8,075.34 x (1- 0.00)	=	£ 8,075.34
£ 2,400.00 x (1- 0.24)	=	£ 1,824.00
£ 2,725.54 x (1- 0.31)	=	£ 1,880.62
		£11,779.96

Lump Sum:

£24,226.03 x (1- 0.00) = **£24,226.03**

Practical Exercise 4 – Pensions Increase

Mr Confused retired one year ago, aged 65.

He has been in receipt of a pension of £7,200 p.a.

His Guaranteed Minimum Pension is in total £2080 p.a.
(This is split £780 pre-88 and £1,300 post-88)

The pensions increase review order is made at 2.7%

Calculation of his revised LGPS pension payment:

Local Government Pension	=	£7,200.00	
Less total GMP	=	£2,080.00	
	=	£5,120.00	
plus 2.7% Pensions Increase	=	£ 138.24	
	=	£5,258.24	
plus 2.7% PI on post-88 GMP (£1,300)	=	£ 35.10	*(£35.36)*
	=	£5,293.34	*(£5293.60)*
plus total GMP	=	£2,080.00	
	=	**£7,373.34**	*(£7373.60)*

Notes:

The figures shown in italics/brackets above are for those authorities who calculate increase on post-88 GMP on a weekly, rather than an annual figure.

The balance of 2.7% due on his LG pension
i.e. (£7,200 x 2.7% = £7,394.40) – £7,373.34 being £21.06
will be paid by the State along with his State pension