

Case Study:  
Scenario two



Edward

In 2015 Edward was a protected member with an Normal Pension Age of 60 in the final salary scheme.

Questions

When did Edward start teaching?

Edward started full-time teaching at the age of 22 on 1 April 1982 and in 2012 he was 52.

What happened to Edward when the changes were introduced in 2015?

Edward received transitional protection and was therefore a protected member who remained in the final salary (legacy) scheme on 1 April 2015, with a Normal Pension Age of 60. His previous service up to 31 March 2015 remained in the final salary scheme.

Has Edward paid into his pension to increase his benefits?

No, he has not taken any of the flexibilities that were available to him.

When does Edward want to retire?

- Edward wants to retire on 1 April 2025 at the age of 65
- His average salary at the time of his retirement will be £48,759.77.

What does Edward's pension look like and what should he consider?

Edward's pension can be broken down into three parts (A,B and C), but only one of these is within the remedy period, which means he has a choice to make as to whether this will be in either the career average (reformed) or final salary (legacy) scheme.

- See breakdown opposite.

Remedies

Part A

Pre-remedy period

Dates:  
1 April 1982 – 31 March 2015  
Scheme:  
Final salary (legacy)

33 years' service =

Pension of £20,113.41

+ automatic lump sum of £60,340.22

Part B

Remedy period

Dates:  
1 April 2015 – 31 March 2022  
Scheme:  
Choice of two schemes

Choice 1: Take as 'final salary' (legacy) scheme

7 years' service =

Pension of £4,266.48

+ automatic lump sum of £12,799.44

Choice 2: Take as 'career average' (reformed) scheme

7 years' service =

Pension of £6,002.92

+ no automatic lump sum £0.00

Note:  
See full breakdown  
on the following page.

Part C

Post-remedy period

Dates:  
1 April 2022 – 31 March 2025  
Scheme:  
Career average (reformed)

3 years' career average =

Pension of £2,519.24

+ no automatic lump sum £0.00

Edward's choices

Part B

Remedy period

Dates:  
1 April 2015 – 31 March 2022  
Scheme:  
Choice of two schemes



Choice 1		Choice 2	
Remedy period from final salary (legacy) scheme		Remedy period from career average (reform) scheme	
Total Pension £26,899.13	Total Automatic Lump Sum £73,139.66	Total Pension £28,635.57	Total Automatic Lump Sum £60,340.22
How's it made up?		How's it made up?	
Final salary (legacy) up to 31/03/2015		Final salary (legacy) up to 31/03/2015	
£20,113.41	£60,340.22	£20,113.41	£60,340.22
Remedy period (01/04/2015 - 31/03/2022)		Remedy period (01/04/2015 - 31/03/2022)	
£4,266.48	£12,799.44	£6,002.92	n/a
Career average (01/04/2022 - 31/03/2025)		Career average (01/04/2022 - 31/03/2025)	
£2,519.24	n/a	£2,519.24	n/a

Note: Pension amounts include adjustments for Early Retirement, where appropriate.

Pre 2012  
Final salary

Remedy period  
Deferred Choice Underpin

Post 2022  
Career average

What to consider

When deciding what is the best option for himself and the lifestyle he wants, Edward should also consider what balance he wants between the pension he receives each year, and the amount of lump sum he would like to take. Under both options he can convert some of his pension to a lump sum (£1 x 12).



To help Edward work this out he could use our [Estimate your final pension calculator](#) or seek independent advice.

In Edward's case, if he were to convert only £1,736.44 of his pension, (which would still give him the same amount of pension each year as Choice 1), it would give a larger lump sum than Choice 1 or 2.

This would give Edward a reduced annual pension of £26,899.13, an automatic lump sum of £60,340.22 and a commuted lump sum of £20,837.28 giving him a total lump sum of £81,177.50.