Case Study: Marci (U3)

Upper Pay Range – Tapered

Marci (DOB: 01/04/64)

In 2015 Marci was a Tapered member with a Normal Pension Age of 60 in the final salary scheme

Questions?

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

Born after 1 April 1962 and before October 1965 , Marci was a tapered member and moved to the career average later than April 2015.

When does Marci want to retire?

- Marci wants to retire on 1 April 2024 at the age of 60.
- Her average salary then will be £42,124.33* (the index linking of her previous salaries means this is slightly higher than her actual salary)

What has Marci's career looked like?

Marci is a good classroom teacher, starting in 1987 she progressed up the pay scales to finish at the top of the upper pay range.

Currently (2022) on a salary of £41,604*.

Choice 1

Remedy period from final salary scheme

Total Pension

£18,536.56

Total Automatic Lump Sum

£55,610.85

Under Choice 1, taking the final salary option for the remedy period at the age of 60 results in no actuarial reduction as that is the normal pension age for this scheme.

Choice 2

Remedy period from career average scheme

Total Pension

£18,698.77

Total Automatic Lump Sum

£44,488.68

Under Choice 2, taking the career average option for the remedy period at the age of 60 results in the career average part of the pension being actuarially reduced to 69.9% as it is being taken 7 years early.

Part A

Dates: 1/04/1985 - 31/03/2015
Final Salary scheme (NPA60)
28 years' service

Pension of	£14,829.56
Automatic lump sum	£44,488.68

+

Part B

Dates: 01/04/2015 - 31/03/2022
Remedy Period: 7 years' service

Choice 1 - Final Salary Scheme

Pension of	£3,707.39
Automatic lump	£11,122.17

OR

Choice 2 - Career Average Scheme

Pension of	£3,869.21

+

Part C

Dates: 01/04/2022* onwards
Career Average scheme (NPA67)
2 years' service

Pension of	£1,028.56

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Choice 1 - Final Salary Scheme

Pension of	£18,536.56
Lump Sum	£55,610.85

OR

Choice 2 - Career Average Scheme

Pension of	£18,698.77
Lump Sum	£44,488.68

*The salary figures used are based on the salaries in effect to August 2022. For ease of comparison salaries from September 2022 are considered to have the same value as they have now and due to the index-linked nature of salary revaluations and the pensions themselves this gives the value of future pensions using today's values. Below inflation pay rises in the future will erode the pension value, in particular that of Part C—the post-remedy period.