



Jaya

Jaya is 81 and has been drawing her APS pension since 1998. Whilst she reached age 60 in 1998, she paid reduced-rate NI contributions and therefore has no Guaranteed Minimum Pension (GMP). She also has an AVC annuity in payment that increases at 5% each year.

As Jaya's pension was in payment before December 2013, she is entitled to the full, one-off lump sum of 4.6% of her pension at 31 March 2019, the catch-up Discretionary Increase (DI) of 1.7% and the 2019 DI of 0.7% on the elements of her pension at 8 April 2019 that usually receive yearly increases in line with the Government's Pensions Increase (Review) Orders.

Jaya's 2019 Discretionary Increase payments are worked out as follows:

Pension adjustment:

| | Original pension at 8 April 2019 | 2019 DI | New pension from 8 April 2019 |
|-------------------------|----------------------------------|----------------|-------------------------------|
| AVC annuity: | £ 2,000.13 | 0% | £ 2,000.13 |
| APS increasing pension: | £17,500.00 | 1.7% then 0.7% | <u>£17,922.08</u> |
| Total pension: | £19,500.13 | | <u>£19,922.21</u> |

Pension payment arrears: £273.44

Arrears of pension due for the period 8 April 2019 to 30 November 2019: $(£19,922.21 - £19,500.13) \times 7$ months and 23 days.

Lump sum payment: £786.13

Jaya's increasing pension as at 31 March 2019 was £17,089.84 and therefore her lump sum payment is worked out as $£17,089.84 \times$ APS DI lump sum award (4.6%).

Jaya's total pension payment in December 2019 (before any tax deductions): £2,719.76

December pension payment: $(£19,922.21 / 12) = £1,660.18$ plus £273.44 plus £786.13.