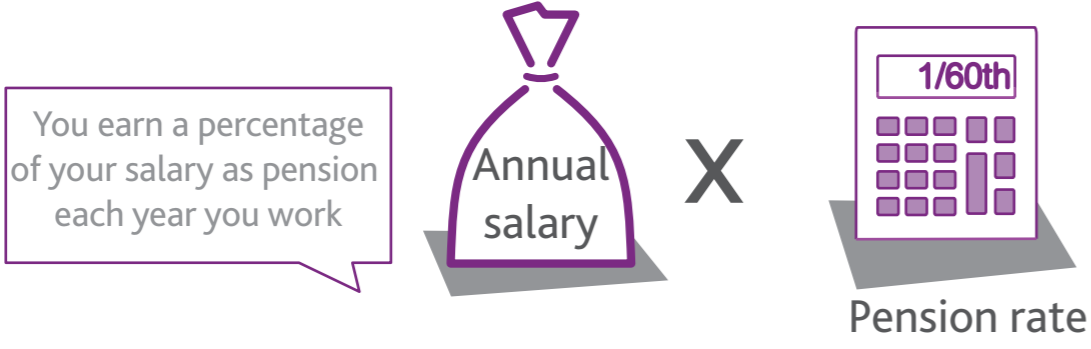


# CARE – how it works



The pot continues to be revalued until you retire



Year 1 retirement pot  
Tom's pot for year 1 is worth £584 after 20 years' service.

This is then revalued until you retire to maintain its value



For example, Tom earns £20,000, so his pension in year 1 is worked out as:  
 $£20,000 \times \frac{1}{60\text{th}} = £333$

Revalued by 3% each year



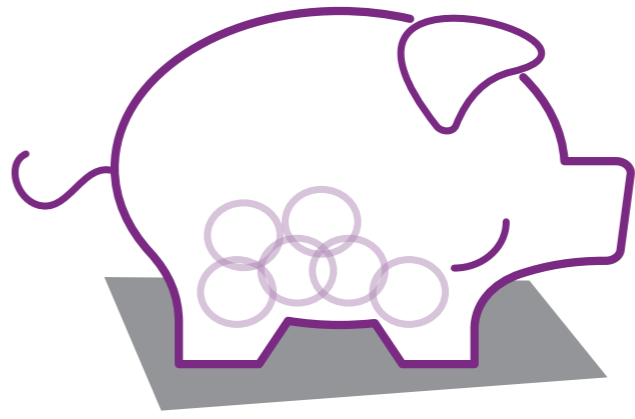
The £333 that Tom earns in year 1 is revalued at the end of the next year. So at the end of year 2, this part of Tom's pension is worth  $£333 \times 3\% = £343$ .

You receive a new retirement 'pot' for each year you are a member

Adding your other years' pots.



Add up the pension you earned each year (after it has been revalued) to find your total pension



Annual pension at retirement.  
If Tom has a 3% salary rise each year, by adding all of the other years' pension pots together, he could expect a pension of £11,690 a year after 20 years' service.

The parameters used here are purely illustrative and are not recommendations by the Commission. This diagram has been prepared for the Commission by Hymans Robertson LLP.