



VOCATIONAL QUALIFICATIONS

RETIREMENTS PART 2

RETIREMENT BENEFITS WITH SPECIAL CIRCUMSTANCES

WEDNESDAY 9 SEPTEMBER 2020 9.30 AM – 13.00 PM

TIME ALLOWED: 3 HOURS – 30 MINUTES

1. Answer **ALL** the questions.
2. Write all your answers in the answer book provided.
3. Begin each question on a new page.
4. Show all workings clearly.
5. Calculate the benefits using only the information given.
6. Where the benefits are likely to exceed the remaining Individual Lifetime Allowance, state in your answer book that you would refer the case to your manager.
7. Factors must be rounded in accordance with the instruction in the Table of Factors. Round all other figures to two decimal places (or whatever is the normal practice where you work).

Questions

Section A

Calculate the retirement benefits / options for:

1. **CALLAN YAMADA – (OPQ)**
2. **FRANCESCA CULLEN – (RST)**
3. **ANTON LERCHBACHER – (XYZ)**
4. **PETER WOODHOUSE – (XYZ)**
5. **MICHELLE PETERSON – (RST)**

Section B

6. Write a letter explaining the benefits payable and the options available to **PETER WOODHOUSE**.

The letter may be addressed either to the member or to the Trustees (whichever is the normal practice in the organisation for which you work).

Please note: Candidates must not sign letters with their own names. Letters should be signed “A N Other”.

CASE STUDY DETAILS**OPQ PLAN****RETIREMENTS PART 2
QUESTION 1****Event history**

Date of first event **30/03/2020** First event **RETIREMENT**
Date of second event Second event

Member details

Surname **YAMADA** Forename **CALLAN**
Date of birth **31/12/1953** Gender **MALE**
Spouse's date of birth **02/04/1955**
Dependent child's date of birth
Date of joining company **06/01/1990**
Date of joining plan **06/01/1990**
Target retirement date

Annual salary history for the plan year commencing 6 April

2011	2012	2013	2014	2015	2016	2017	2018	2019
81,200	83,500	86,850	89,300	92,600	96,000	99,200	101,100	104,400

Contribution history

Total member's normal contributions **£ 87,939.58**
Total employer's normal contributions **£ 142,765.30**
Total member's AVCs **£**

Personal Retirement Account details

Member's Current Unit Holdings

Fund	Member's normal contributions	Employer's normal contributions	Member's AVCs
	Unit Holdings	Unit Holdings	Unit Holdings
Global Equity Fund	9,008.0500	14,426.0520	
Index Linked Bond Fund	30,754.1620	49,206.8010	
Balanced Fund			
Corporate Bond Fund	29,428.0450	47,630.2510	
Cash Fund	50,995.8080	81,952.6040	
Lifestyle Fund			

Investment Fund Unit Prices

Fund	Current Unit Price (£)
Global Equity Fund	5.211
Index Linked Bond Fund	1.307
Balanced Fund	4.329
Corporate Bond Fund	1.523
Cash Fund	1.018

Special circumstances / additional information

Shortly before his retirement from the OPQ Retirement & Death Benefits Plan ("the Plan"), Callan Yamada transferred into the Plan his non-contracted out benefits from a registered pension scheme of one of his previous employers. The transferred-in funds, which are currently valued at £158,996.08, are currently held in the Trustees' bank account and are not included in the above Unit Holdings.

Callan Yamada has requested quotations assuming he uses the overall value of his fund to take either (a) the maximum tax-free cash sum available to him, with the balance being used to purchase a non-increasing single-life annuity, or (b) no tax-free cash sum, with the whole fund being used to purchase a joint-life annuity increasing annually at the lower of 2.5% / RPI. When providing quotations for the different annuity options, Callan Yamada has requested that the "Annuity Bureau" factors should be used.

Callan Yamada has additionally requested a quotation assuming he takes the entire proceeds of his Personal Retirement Account as a single Uncrystallised Funds Pension Lump Sum.

Callan Yamada's current available Lifetime Allowance is 75.35%.

CASE STUDY DETAILS**RST SCHEME****RETIREMENTS PART 2****QUESTION 2****Event history**

Date of first event **26/03/2020** First event **ILL-HEALTH RETIREMENT**

Date of second event Second event

Member details

Surname **CULLEN** Forename **FRANCESCA**

Date of birth **29/03/1963** Gender **FEMALE**

Spouse's date of birth **10/10/1960**

Dependent child's date of birth

Date of joining company **10/04/1989**

Date of joining scheme **06/04/1990**

Earnings history for the scheme year ending 5 April

2011	2012	2013	2014	2015	2016	2017	2018	2019
40,500	43,200	46,000	48,500	50,200	53,000	55,200	57,500	60,000

Contribution history

Total member's normal contributions **£ 42,750.35**

Total member's AVCs **£**

Current value of AVCs **£**

Single life AVC pension (per annum) payable immediately **£**

Joint life AVC pension (per annum) payable immediately **£**

Pre 6 April 2006 pension accrued as at 5 April 2019

CARE pension (per annum) £ 11,606.05

Post 5 April 2006 pension accrued as at 5 April 2019

CARE pension (per annum) £ 12,948.60

Special circumstances / additional information

Contractual Salary at date of first event £ 65,000.00

Pro-rata CPI from 6 April 2019 to date of first event is 3.10%.

The Trustees (at the request of the Company) agreed that the accrual rate for Francesca Cullen's CARE Pension should be augmented to 60ths for all Pensionable Service from 6 April 2006 onwards. At the same time, it was agreed that an augmented accrual rate of 70ths should apply in the calculation of Francesca Cullen's Final Salary Underpin Pension for all Pensionable Service from 6 April 2006 onwards.

Francesca Cullen's current available Lifetime Allowance is 100.00%.

CASE STUDY DETAILS**XYZ SCHEME****RETIREMENTS PART 2
QUESTION 3****Event history**

Date of first event **02/04/2014** First event **PRESERVED LEAVER**
Date of second event **28/03/2020** Second event **RETIREMENT**

Member details

Surname **LERCHBACHER** Forename **ANTON**
Date of birth **28/03/1955** Gender **MALE**
Spouse's date of birth **11/05/1966**
Dependent child's date of birth
Date of joining company **06/11/1997**
Date of joining scheme **06/11/1997**
Category of membership **B**

Pensionable salary history for the scheme year commencing 6 April

2011	2012	2013	2014	2015	2016	2017	2018	2019

Contribution history

Total member's normal contributions **£**
Total member's AVCs **£ 20,044.52**
Current value of AVCs **£ 44,292.08**
Single life AVC pension (per annum) payable immediately **£ 1,798.36**
Joint life AVC pension (per annum) payable immediately **£ 1,486.92**

Contracting-out details at date of first event

Pre 06/04/1988

GMP (per annum) £

Post 05/04/1988

GMP (per annum) £

Special circumstances / additional information

Preserved pension (per annum) at date of first event £ **10,998.86**

Lower of 5.0% / RPI increases from date of first event to date of second event is 15.6%.

When being provided with the tax-free cash option, Anton Lerchbacher has specified that he would like to take £65,000.00 as a cash sum, subject to this being within the maximum permitted under the rules of the XYZ Pension and Life Assurance Scheme.

In the event of taking this tax-free cash sum, Anton Lerchbacher has advised that the value of his AVCs should be taken as a cash sum first before commuting any other benefits.

Anton Lerchbacher's current available Lifetime Allowance is 69.18%.

Event history

Date of first event	26/03/2020	First event	RETIREMENT
Date of second event		Second event	

Member details

Surname	WOODHOUSE	Forenames	PETER
Date of birth	30/07/1963	Gender	MALE
Spouse's date of birth	17/03/1975		
Dependent child's date of birth			
Date of joining company	04/06/1993		
Date of joining scheme	04/07/1993		
Category of membership	A		

Pensionable salary history for the scheme year commencing 6 April

2011	2012	2013	2014	2015	2016	2017	2018	2019
80,000	82,300	85,200	88,000	90,475	93,000	96,300	99,000	101,500

Contribution history

Total member's normal contributions	£ 92,846.10
Total member's AVCs	£
Current value of AVCs	£
Single life AVC pension (per annum) payable immediately	£
Joint life AVC pension (per annum) payable immediately	£

Contracting-out details at date of first event

Pre 06/04/1988

GMP (per annum) £

Post 05/04/1988

GMP (per annum) £ **797.68**

Special circumstances / additional information

Peter Woodhouse paid the default contribution rate (70ths accrual) from the date he joined the XYZ Pension and Life Assurance Scheme until 5 April 1998, inclusive. From 6 April 1998, Peter Woodhouse varied his contribution rate to build up the following rates of pension accrual:

- 6 April 1998 to 5 April 2005 = 60ths
- 6 April 2005 to 5 April 2011 = 80ths
- 6 April 2011 onwards = 70ths

Peter Woodhouse's current available Lifetime Allowance is 100.00%.

THIS QUESTION ALSO REQUIRES A LETTER (QUESTION 6)

Event history

Date of first event	29/03/2020	First event	RETIREMENT
Date of second event		Second event	

Member details

Surname	PETERSON	Forename	MICHELLE
Date of birth	29/03/1955	Gender	FEMALE
Spouse's date of birth	02/08/1948		
Dependent child's date of birth			
Date of joining company	10/06/2001		
Date of joining scheme	06/04/2002		

Earnings history for the scheme year ending 5 April

2011	2012	2013	2014	2015	2016	2017	2018	2019
60,500	63,000	66,000	68,500	71,200	73,500	75,600	77,500	79,000

Contribution history

Total member's normal contributions	£ 30,857.90
Total member's AVCs	£
Current value of AVCs	£
Single life AVC pension (per annum) payable immediately	£
Joint life AVC pension (per annum) payable immediately	£

Pre 6 April 2006 pension accrued as at 5 April 2019

CARE pension (per annum) £ 2,849.05

Post 5 April 2006 pension accrued as at 5 April 2019

CARE pension (per annum) £ 14,986.20

Special circumstances / additional information

Contractual Salary at date of first event (full-time equivalent) £ 83,000.00

Contractual Salary at date of first event (actual) £ 66,400.00

Pro-rata CPI from 6 April 2019 to date of first event is 3.10%.

Michelle Peterson reduced her working days from full time (five days a week) to four days a week for the period from 6 October 2007 to 5 December 2010, inclusive.

Michelle Peterson further reduced her working days to three days a week from 6 December 2010 to 5 October 2017, inclusive.

Michelle Peterson increased her working days to four days a week from 6 October 2017 onwards.

When being provided with the tax-free cash option, Michelle Peterson has specified that she would like to take £75,000.00 as a cash sum, subject to this being within the maximum permitted under the rules of the RST Pension Scheme.

Michelle Peterson's current available Lifetime Allowance is 69.18%.