# WORKED ANSWER OPQ PLAN PRESERVED TO NORMAL RETIREMENT ANNE LAWRENSON

Date of birth: 06/09/1955

Date of retirement: 06/09/2021

Age at date of retirement: 66 years

Normal retirement age: 66 years (i.e. 65, or SPA if later)

Type of retirement: Normal retirement (from preserved)

Lifestyle fund: N/A

Target retirement date (TRD): N/A

Quotes required (1): 25% of fund as tax-free cash sum plus single life annuity options for non-increasing and increasing annually at the lower of RPI / 5.0%

Quotes required (2): Uncrystallised Funds Pension Lump Sum (UFPLS)

Annuity factors: Single life annuity (age 66yrs, non-increasing) = 9.00

Single life annuity (age 66yrs, increasing annually at the lower of RPI / 5.0%) = 6.90

# Member’s normal contributions unit holdings:

|  |  |  |
| --- | --- | --- |
| Balanced Fund | 3,185.1207 x £4.187 = | £13,336.10 |
| Corporate Bond Fund | 5,328.3441 x £2.784 = | £14,834.11 |
| Cash Fund | 9,020.0098 x £1.016 = | £9,164.33 |
| Total |  | **£37,334.54** |

**Employer’s normal contributions unit holdings:**

|  |  |  |
| --- | --- | --- |
| Balanced Fund | 5,096.1931 x £4.187 = | £21,337.76 |
| Corporate Bond Fund | 8,525.3506 x £2.784 = | £23,734.58 |
| Cash Fund | 14,432.0157 x £1.016 = | £14,662.93 |
| Total |  | **£59,735.27** |

**Total Personal Retirement Account:**

£37,334.54 + £59,735.27 = **£97,069.81**

**Tax-free cash sum:** £97,069.81 x 25% = **£24,267.45**

**Balance of fund:** £97,069.81 - £24,267.45 = ***£72,802.36* Annuity Bureau charge:** £72,802.36 x 0.05% = £36.40

 ***£60.00*** minimum charge applies

**Amount left to purchase an annuity:** £72,802.36 - £60.00 = ***£72,742.36***

**Single life annuity (non-increasing):**

**Member:** £72,742.36 / 100 x 9.00 = **£6,546.81 pa**

# Spouse (payable on death): N/A

|  |  |  |
| --- | --- | --- |
| **Member:** | £72,742.36 / 100 x 6.90 = | **£5,019.22 pa** |
| **Spouse (payable on death):** | N/A |  |
| ***Lifetime Allowance Check*:** |  |  |
| Tax-free cash sum | £24,267.45 x 100 / 1,073,100.00 = | **2.26%** |
| Annuity purchase | £72,802.36 x 100 / 1,073,100.00 = | **6.78%** |
| Total |  | **9.04%** |

# Single life annuity (increasing annually at the lower of RPI / 5.0%):

**9.04% is within the member’s LTA balance of 84.86%**

**UFPLS:**

|  |  |  |
| --- | --- | --- |
| **Tax-free amount:** | £97,069.81 x 25% = | **£24,267.45** |
| **Taxable at marginal rate:** | £97,069.81 x 75% = | **£72,802.36** |
| ***Lifetime Allowance Check*:** |  |  |
| UFPLS | £97,069.81 x 100 / 1,073,100.00 = | **9.04%** |

**9.04% is within the member’s LTA balance of 84.86%**

**Summary Answer**

Value of Personal Retirement Fund = **£97,069.81**

Options

1. Pension commencement lump sum of **£24,267.45** – [LTA used = **2.26%**]

# PLUS

Single life annuity of **£6,546.81 pa** (non-increasing) – [LTA used = **6.78%**] – Annuity Bureau Charge of **£60.00**

## OR

1. Pension commencement lump sum of **£24,267.45** – [LTA used = **2.26%**]

# PLUS

Single life annuity of **£5,019.22 pa** (increasing at lower of 5.0% / RPI) – [LTA used = **6.78%**] – Annuity Bureau Charge of **£60.00**

## OR

1. Uncrystallised Funds Pension Lump Sum (UFPLS) of **£97,069.81**, of which **£24,267.45** will be paid tax-free and **£72,802.36** (taxable element) will be paid assuming an emergency code on a month 1 basis (tax code 1257L for 2021/22 tax year) – [LTA used = **9.04%**]

***OR***

1. Transfer entire Personal Retirement Account to a suitable alternative arrangement to take advantage of additional flexibilities (e.g. multiple UFPLS’s or Flexi-Access Drawdown)

***OR***

1. Open Market Option