# WORKED ANSWER OPQ PLAN ACTIVE TO LATE RETIREMENT JAMES O’LEARY

Date of birth: 02/10/1952

Date of retirement: 05/09/2021

Age at date of retirement: 68 years & 11 months

Normal retirement age: 65 (or SPA, if later)

Type of retirement: Late retirement

Lifestyle fund: N/A

Target retirement date (TRD): N/A

Quotes required (1): £30,000.00 of fund as tax-free lump sum (provided within maximum available) plus joint life annuity options for non-increasing and increasing annually at the lower of RPI / 3.0%

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

Annuity factors: Joint life annuity (age 68yrs & 11mths, non-increasing) = 8.40

 [8.16 + (11/12 x 0.26) = 8.40]

Joint life annuity (age 68yrs & 11mths, increasing annually at the lower of RPI / 3.0%) = 6.73

[6.48 + (11/12 x 0.27) = 6.73]

# Member’s normal contributions unit holdings:

|  |  |  |
| --- | --- | --- |
| Global Equity Fund | 7,121.9890 x £3.814 = | £27,163.27 |
| Index Linked Bond Fund | 4,227.3222 x £1.502 = | £6,349.44 |
| Balanced Fund | 5,872.0354 x £4.187 = | £24,586.21 |
| Cash Fund | 6,223.8131 x £1.016 = | £6,323.39 |
| Total |  | **£64,422.31** |

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

|  |  |  |
| --- | --- | --- |
| Global Equity Fund | 11,395.1824 x £3.814 = | £43,461.23 |
| Index Linked Bond Fund | 6,763.7155 x £1.502 = | £10,159.10 |
| Balanced Fund | 9,395.2566 x £4.187 = | £39,337.94 |
| Cash Fund | 9,958.1010 x £1.016 = | £10,117.43 |
| Total |  | **£103,075.70** |

**Total Personal Retirement Account:**

£64,422.31 + £103,075.70 = **£167,498.01**

**Tax-free cash sum:** Required amount = **£30,000.00**

£167,498.01 x 25% (MAX) = ***£41,874.50***

**Balance of fund:** £167,498.01 - £30,000.00 = ***£137,498.01* Annuity Bureau charge:** £137,498.01 x 0.05% = £68.75

 ***£68.75*** charge applies

**Amount left to purchase an annuity:** £137,498.01 - £68.75 = ***£137,429.26***

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

**Member:** £137,429.26 / 100 x 8.40 = **£11,544.06 pa**

# Spouse (payable on death): £11,544.06 x 50% = £5,772.03 pa Joint life annuity (increasing annually at the lower of RPI / 3.0%):

|  |  |  |
| --- | --- | --- |
| **Member:** | £137,429.26 / 100 x 6.73 = |  **£9,248.99 pa** |
| **Spouse (payable on death):** | £9,248.99 x 50% = |  **£4,624.50 pa** |
| ***Lifetime Allowance Check*:** |  |  |
| Tax-free cash sum | £30,000.00 x 100 / 1,073,100.00 = | **2.79%** |
| Annuity purchase | £137,498.01 x 100 / 1,073,100.00 = | **12.81%** |
| Total |  | **15.60%** |

**15.60% is within the member’s LTA balance of 79.66%**

**UFPLS:**

|  |  |  |
| --- | --- | --- |
| **Tax-free amount:** | £167,498.01 x 25% = | **£41,874.50** |
| **Taxable at marginal rate:** | £167,498.01 x 75% = |  **£125,623.51** |
| ***Lifetime Allowance Check*:** |  |  |
| UFPLS | £167,498.01 x 100 / 1,073,100.00 = |  **15.60%** |

**15.60% is within the member’s LTA balance of 79.66%**

**Summary Answer**

Value of Personal Retirement Fund = **£167,498.01**

Options

1. Pension commencement lump sum of **£30,000.00** – [LTA used = **2.79%**]

# PLUS

Joint life annuity of **£11,544.06 pa** (non-increasing) with spouse’s annuity of **£5,772.03 pa** – [LTA used = **12.81%**] – Annuity Bureau Charge of **£68.75**

## OR

1. Pension commencement lump sum of **£30,000.00** – [LTA used = **2.79%**]

# PLUS

Joint life annuity of **£9,248.99 pa** (increasing at lower of 3.0% / RPI) with spouse’s annuity of **£4,624.50 pa** – [LTA used = **12.81%**] – Annuity Bureau Charge of **£68.75**

## OR

1. Uncrystallised Funds Pension Lump Sum (UFPLS) of **£167,498.01**, of which **£41,874.50** will be paid tax-free and **£125,623.51** (taxable element) will be paid assuming an emergency code on a month 1 basis (tax code 1257L for 2021/22 tax year) – [LTA used = **15.60%**]

***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