# WORKED ANSWER OPQ PLAN ACTIVE TO ILL HEALTH RETIREMENT DANIEL BONNER

Date of birth: 09/11/1965

Date of retirement: 07/09/2021

Age at date of retirement: 55 years & 9 months

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

Type of retirement: Ill health retirement

Lifestyle fund: Applies

Target retirement date (TRD): 28/02/2026

Last switch to TRD: (01/09/2021 to 28/02/2026) = 54 complete months

Lifestyle matrix split: Global Equity Fund 90.00%

Index Linked Bond Fund 7.50%

Cash Fund 2.50%

Quotes required (1): 20% of fund as tax-free cash sum 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 55yrs & 9mths, non-increasing) = 6.06

[6.00 + (9/12 x 0.12) = 6.09]

Joint life annuity (age 55yrs & 9mths, increasing annually at the lower of RPI / 3.0%) = 4.33

[4.25 + (9/12 x 0.11) = 4.33]

# Member’s normal contributions unit holdings:

|  |  |  |
| --- | --- | --- |
| Global Equity Fund | 8,982.3400 x 90% = 8,084.1060 x £3.814 = | £30,832.78 |
| Index Linked Bond Fund | 8,982.3400 x 7.5% = 673.6755 x £1.502 = | £1,011.86 |
| Cash Fund | 8,982.3400 x 2.5% = 224.5585 x £1.016 = | £228.15 |
| Total |  | **£32,072.79** |

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

|  |  |  |
| --- | --- | --- |
| Global Equity Fund | 14,371.7440 x 90% = 12,934.5696 x £3.814 = | £49,332.45 |
| Index Linked Bond Fund | 14,371.7440 x 7.5% = 1,077.8808 x £1.502 = | £1,618.98 |
| Cash Fund | 14,371.7440 x 2.5% = 359.2936 x £1.016 = | £365.04 |
| Total |  | **£51,316.47** |
| A |  |  |
| **Augmentation:** |  | **£12,000.00** |

**Total Personal Retirement Account:**

£32,072.79 + £51,316.47 + £12,000.00 **£95,389.26**

**Tax-free cash sum:** £95,389.26 x 20% = **£19,077.85**

**Balance of fund:** £95,389.26 - £19,077.85 = ***£76,311.41* Annuity Bureau charge:** £76,311.41 x 0.05% = £38.16

***£60.00*** minimum charge applies

**Amount left to purchase an annuity:** £76,311.41 - £60.00 = ***£76,251.41***

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

**Member:** £76,251.41 / 100 x 6.09 = **£4,643.71 pa**

# Spouse (payable on death): £4,643.71 x 50% = £2,321.86 pa Joint life annuity (increasing annually at the lower of RPI / 3.0%):

|  |  |  |
| --- | --- | --- |
| **Member:** | £76,251.41 / 100 x 4.33 = | **£3,301.69 pa** |
| **Spouse (payable on death):** | £3,301.69 x 50% = | **£1,650.85 pa** |
| ***Lifetime Allowance Check*:** |  |  |
| Tax-free cash sum | £19,077.85 x 100 / 1,073,100.00 = | **1.77%** |
| Annuity purchase | £76,311.41 x 100 / 1,073,100.00 = | **7.11%** |
| Total |  | **8.88%** |

**8.88% is within the member’s LTA balance of 100.00%**

**UFPLS:**

|  |  |  |
| --- | --- | --- |
| **Tax-free amount:** | £95,389.26 x 25% = | **£23,847.32** |
| **Taxable at marginal rate:** | £95,389.26 x 75% = | **£71,541.94** |
| ***Lifetime Allowance Check*:** |  |  |
| UFPLS | £95,389.26 x 100 / 1,073,100.00 = | **8.88%** |

**8.88% is within the member’s LTA balance of 100.00%**

**Summary Answer**

Value of Personal Retirement Fund = **£95,389.26** (inclusive of Augmentation of **£12,000.00**)

Options

1. Pension commencement lump sum of **£19,077.85** – [LTA used = **1.77%**]

# PLUS

Joint life annuity of **£4,643.71 pa** (non-increasing) with spouse’s annuity of **£2,321.86 pa** – [LTA used = **7.11%**] – Annuity Bureau Charge of **£60.00**

## OR

1. Pension commencement lump sum of **£19,077.85** – [LTA used = **1.77%**]

# PLUS

Joint life annuity of **£3,301.69 pa** (increasing at lower of 3.0% / RPI) with spouse’s annuity of **£1,650.85 pa** – [LTA used = **7.11%**] – Annuity Bureau Charge of **£60.00**

## OR

1. Uncrystallised Funds Pension Lump Sum (UFPLS) of **£95,389.26**, of which **£23,847.32** will be paid tax-free and **£71,541.94** (taxable element) will be paid assuming an emergency code on a month 1 basis (tax code 1257L for 2021/22 tax year) – [LTA used = **8.88%**]

***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