# WORKED ANSWER OPQ PLAN ACTIVE TO NORMAL RETIREMENT LISA ALDRIDGE

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

Lifestyle fund: Applies

Target retirement date (TRD): 06/09/2021

Last switch to TRD: (01/09/2021 to 06/09/2021) = 0 complete months Lifestyle matrix split: Index Linked Bond Fund 75%

Cash Fund 25%

Quotes required (1): 25% of fund as tax-free cash sum plus joint 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: Joint life annuity (age 66yrs, non-increasing) = 7.70

Joint life annuity (age 66yrs, increasing annually at the lower of RPI / 5.0%) = 5.64

# Member’s normal contributions unit holdings:

|  |  |  |
| --- | --- | --- |
| Index Linked Bond Fund | 39,744.0852 x 75% = 29,808.0639 x £1.502 = | £44,771.71 |
| Cash Fund | 39,744.0852 x 25% = 9,936.0213 x £1.016 = | £10,095.00 |
| Total |  | **£54,866.71** |
| **Member’s transferred in unit holdings:** |  |  |
| Index Linked Bond Fund | 2,456.1231 x 75% = 1,842.0923 x £1.502 = | £2,766.82 |
| Cash Fund | 2,456.1231 x 25% = 614.0308 x £1.016 = | £623.86 |
| Total |  | **£3,390.68** |

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

|  |  |  |
| --- | --- | --- |
| Index Linked Bond Fund | 63,590.5363 x 75% = 47,692.9022 x £1.502 = | £71,634.74 |
| Cash Fund | 63,590.5363 x 25% = 15,897.6341 x £1.016 = | £16,152.00 |
| Total |  | **£87,786.74** |

**Employer’s transferred in unit holdings:**

|  |  |  |
| --- | --- | --- |
| Index Linked Bond Fund | 6,101.2216 x 75% = 4,575.9162 x £1.502 = | £6,873.03 |
| Cash Fund | 6,101.2216 x 25% = 1,525.3054 x £1.016 = | £1,549.71 |
| Total |  | **£8,422.74** |

**Total Personal Retirement Account:**

£54,866.71 + £3,390.68 + £87,786.74 + £8,422.74 = **£154,466.87**

**Tax-free cash sum:** £154,466.87 x 25% = **£38,616.72**

**Balance of fund:** £154,466.87 - £38,616.72 = ***£115,850.15* Annuity Bureau charge:** £115,850.15 x 0.05% = £57.93

***£60.00*** minimum charge applies

**Amount left to purchase an annuity:** £115,850.15 - £60.00 = ***£115,790.15***

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

**Member:** £115,790.15 / 100 x 7.70 = **£8,915.84 pa**

# Spouse (payable on death): £8,915.84 x 50% = £4,457.92 pa Joint life annuity (increasing annually at the lower of RPI / 5.0%):

|  |  |  |
| --- | --- | --- |
| **Member:** | £115,790.15 / 100 x 5.64 = | **£6,530.56 pa** |
| **Spouse (payable on death):** | £6,530.56 x 50% = | **£3,265.28 pa** |
| ***Lifetime Allowance Check*:** |  |  |
| Tax-free lump sum | £38,616.72 x 100 / 1,073,100.00 = | **3.59%** |
| Annuity purchase | £115,850.15 x 100 / 1,073,100.00 = | **10.79%** |
| Total |  | **14.38%** |

**14.38% is within the member’s LTA balance of 100.00%**

**UFPLS:**

|  |  |  |
| --- | --- | --- |
| **Tax-free amount:** | £154,466.87 x 25% = | **£38,616.72** |
| **Taxable at marginal rate:** | £154,466.87 x 75% = | **£115,850.15** |
| ***Lifetime Allowance Check*:** |  |  |
| UFPLS | £154,466.87 x 100 / 1,073,100.00 = | **14.39%** |

**14.39% is within the member’s LTA balance of 100.00%**

**Summary Answer**

Value of Personal Retirement Fund = **£154,466.87** (inclusive of transfer in value of **£11,813.42**)

Options

1. Pension commencement lump sum of **£38,616.72** – [LTA used = **3.59%**]

# PLUS

Joint life annuity of **£8,915.84 pa** (non-increasing) with spouse’s annuity of **£4,457.92 pa** – [LTA used = **10.79%**] – Annuity Bureau Charge of **£60.00**

## OR

1. Pension commencement lump sum of **£38,616.72** – [LTA used = **3.59%**]

# PLUS

Joint life annuity of **£6,530.56 pa** (increasing at lower of 5.0% / RPI) with spouse’s annuity of **£3,265.28 pa** – [LTA used = **10.79%**] – Annuity Bureau Charge of **£60.00**

## OR

1. Uncrystallised Funds Pension Lump Sum (UFPLS) of **£154,466.87**, of which **£38,616.72** will be paid tax-free and **£115,850.15** (taxable element) will be paid assuming an emergency code on a month 1 basis (tax code 1257L for 2021/22 tax year) – [LTA used = **14.39%**]

***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