



**Pensions  
Management  
Institute**

# **VOCATIONAL QUALIFICATIONS**

## **RETIREMENTS PART 2**

### **RETIREMENT BENEFITS WITH SPECIAL CIRCUMSTANCES**

**WEDNESDAY 15 SEPTEMBER 2021      9.30 AM – 1.00 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. **THOMASZ MOROZOV – (XYZ)**
2. **MARCELA DU PREEZ – (RST)**
3. **ARTHUR WILLIAMS – (XYZ)**
4. **ANGELINA CURRY – (RST)**
5. **NIGEL CUTHBERT – (OPQ)**

### Section B

6. Write a letter explaining the benefits payable and the options available to **ARTHUR WILLIAMS**.

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****XYZ SCHEME****RETIREMENTS PART 2  
QUESTION 1****Event history**

Date of first event    **02/04/2015**                      First event    **PRESERVED LEAVER**  
Date of second event    **12/10/2021**                      Second event    **RETIREMENT**

**Member details**

Surname                      **MOROZOV**                      Forename    **THOMASZ**  
Date of birth                      **12/10/1956**                      Gender    **MALE**  
Spouse's date of birth                      **14/02/1960**  
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**

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>

**Contribution history**

Total member's normal contributions                      **£**  
Total member's AVCs                      **£ 31,752.04**  
Current value of AVCs                      **£ 53,972.84**  
Single life AVC pension (per annum) payable immediately                      **£ 2,194.86**  
Joint life AVC pension (per annum) payable immediately                      **£ 1,819.66**

### **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 £ **11,869.60**

Lower of 5.0% / RPI increases from date of first event to date of second event is 20.4%.

When being provided with the tax-free cash sum option, Tomasz Morozov has specified that he would like to take £80,000.00 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 his tax-free cash sum, Tomasz Morozov has advised that the value of his AVCs should be taken as a cash sum first before commuting any other benefits.

Thomas Morozov's current available Lifetime Allowance is 74.32%.

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

Date of first event      **03/10/2021**                      First event      **ILL-HEALTH RETIREMENT**  
Date of second event    Second event

**Member details**

Surname                      **DU PREEZ**                      Forename      **MARCELA**  
Date of birth                      **06/03/1962**                      Gender              **FEMALE**  
Spouse's date of birth    **10/10/1960**  
Dependent child's date of birth  
Date of joining company    **08/04/1989**  
Date of joining scheme    **06/04/1990**

**Earnings history for the scheme year ending 5 April**

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>35,500</b>	<b>36,200</b>	<b>38,000</b>	<b>40,500</b>	<b>42,200</b>	<b>45,000</b>	<b>47,200</b>	<b>49,500</b>	<b>51,000</b>

**Contribution history**

Total member's normal contributions    **£ 41,739.68**  
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 2021**

CARE pension (per annum) £ 10,896.50

**Post 5 April 2006 pension accrued as at 5 April 2021**

CARE pension (per annum) £ 13,773.06

**Special circumstances / additional information**

Contractual Salary at date of first event £ 52,400.00

Pro-rata CPI from 6 April 2021 to date of first event is 0.80%.

The Trustees (at the request of the Company) agreed that the accrual rate for Marcela Du Preez's CARE Pension should be uplifted to 1/60th of her Pensionable Earnings for all Pensionable Service from 6 April 2006 onwards. It was also agreed that the same 1/60th uplift in accrual rate should apply to the calculation of the Final Salary Underpin Pension for all Pensionable Service from 6 April 2006 onwards.

Marcela Du Preez's current available Lifetime Allowance is 100.00%.

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

Date of first event      **30/09/2021**                      First event      **RETIREMENT**  
Date of second event    Second event

**Member details**

Surname                      **WILLIAMS**                      Forenames      **ARTHUR**  
Date of birth                      **10/06/1962**                      Gender              **MALE**  
Spouse's date of birth    **06/10/1973**  
Dependent child's date of birth  
Date of joining company    **06/05/1993**  
Date of joining scheme    **06/06/1993**  
Category of membership    **A**

**Pensionable salary history for the scheme year commencing 6 April**

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>80,000</b>	<b>82,300</b>	<b>85,200</b>	<b>88,000</b>	<b>90,475</b>	<b>93,000</b>	<b>96,300</b>	<b>102,500</b>	<b>99,000</b>

**Contribution history**

Total member's normal contributions    **£ 89,985.42**  
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) £ **837.20**

### **Special circumstances / additional information**

Arthur Williams paid the default contribution rate (70ths accrual) from the date he joined the XYZ Pension and Life Assurance Scheme until 5 April 1999. From 6 April 1999, Arthur Williams varied his contribution rate to build up the following rates of pension accrual:

- 6 April 1999 to 5 April 2004 = 60ths
- 6 April 2004 to 5 April 2010 = 70ths
- 6 April 2010 onwards = 60ths

Arthur Williams' current available Lifetime Allowance is 100.00%.

**THIS QUESTION ALSO REQUIRES A LETTER (QUESTION 6)**





**Pre 6 April 2006 pension accrued as at 5 April 2021**

CARE pension (per annum) £ 3,198.76

**Post 5 April 2006 pension accrued as at 5 April 2021**

CARE pension (per annum) £ 9,486.25

**Special circumstances / additional information**

Contractual Salary at date of first event (full-time equivalent) £ 68,000.00

Contractual Salary at date of first event (actual) £ 40,800.00

Pro-rata CPI from 6 April 2021 to date of first event is 0.80%.

Angelina Curry reduced her working days from full-time (five days a week) to four days a week for the period from 1 October 2008 to 30 November 2010, inclusive.

Angelina Curry further reduced her working days to two days a week from 1 December 2010 to 30 June 2016, inclusive.

Angelina Curry increased her working days to three days a week from 1 July 2016 onwards.

When being provided with the tax-free cash sum option, Angelina Curry has specified that she would like to take £50,000.00 as a cash sum, subject to this being within the maximum permitted under the rules of the RST Pension Scheme.

Angelina Curry's current available Lifetime Allowance is 91.86%.

**CASE STUDY DETAILS****OPQ PLAN****RETIREMENTS PART 2  
QUESTION 5****Event history**

Date of first event     **10/10/2021**                      First event     **RETIREMENT**  
Date of second event    Second event

**Member details**

Surname                      **CUTHBERT**                      Forename     **NIGEL**  
Date of birth                      **09/07/1954**                      Gender         **MALE**  
Spouse's date of birth    **04/02/1955**  
Dependent child's date of birth  
Date of joining company    **06/01/1992**  
Date of joining plan    **06/01/1992**  
Target retirement date

**Annual salary history for the plan year commencing 6 April**

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>47,200</b>	<b>49,500</b>	<b>50,850</b>	<b>52,300</b>	<b>54,600</b>	<b>56,000</b>	<b>59,200</b>	<b>62,100</b>	<b>64,400</b>

**Contribution history**

Total member's normal contributions    **£ 54,290.16**  
Total employer's normal contributions    **£ 88,090.90**  
Total member's AVCs    **£**

## Personal Retirement Account details

### Member's Current Unit Holdings

<b>Fund</b>	<b>Member's normal contributions Unit Holdings</b>	<b>Employer's normal contributions Unit Holdings</b>	<b>Member's AVCs Unit Holdings</b>
Global Equity Fund	7,008.0500	11,226.0520	
Index Linked Bond Fund	25,754.1620	41,206.8010	
Balanced Fund			
Corporate Bond Fund	22,428.0450	35,930.2510	
Cash Fund	40,995.8080	65,998.1080	
Lifestyle Fund			

### Investment Fund Unit Prices

<b>Fund</b>	<b>Current Unit Price (£)</b>
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"), Nigel Cuthbert 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 £146,258.90, are currently held in the Trustees' bank account and are not included in the above Unit Holdings.

Nigel Cuthbert has requested quotations assuming he uses the overall value of his Personal Retirement Account 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 of his Personal Retirement Account 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, Nigel Cuthbert has requested that the "Annuity Bureau" factors should be used.

Nigel Cuthbert has additionally requested a quotation assuming he takes the entire proceeds of his Personal Retirement Account as a single Uncrystallised Funds Pension Lump Sum (UFPLS).

Nigel Cuthbert's current available Lifetime Allowance is 79.38%.