

VQ EXAMINERS' REPORT SEPTEMBER 2021

Another series of CPC examinations has taken place and, once again, it is pleasing to report the high numbers in terms of both entries and those going on to sit the actual examinations. This is testament to the commitment of centres and learners across the pensions industry.

The total number of entries for September 2021 was slightly lower than March 2021 (**731 v 794**), with **642** scripts actually being received. From the original number of entries, there were **74** withdrawals prior to the examinations and **15** absentees on the actual day of the examinations.

Of the scripts received, the highest figures – as is normally the case – were for **Leavers** (**122** for **Leavers Part 1** and **110** for **Leavers Part 2**, respectively). This was followed by the two papers for **Retirements** (**85** and **105** for **Retirements Part 1** and **Retirements Part 2**, respectively). The lowest number of scripts received was for **Deaths** and **Transfers** (**78** and **67** for **Deaths Part 1** and **Deaths Part 2**, respectively, and **75** for **Transfers**).

For this series of examinations, the average pass rate across all seven units was higher than March 2021 (**69% v 65%**). Somewhat bizarrely, learners fared better on each of the Part 2 papers than the Part 1 papers. Generally, it is the reverse due to the special circumstances theoretically adding greater complexity to the Part 2 papers.

Based on the above, it was therefore not surprising that learners were more successful than March 2021 for each of the Part 2 papers (**68% v 32%** for **Retirements Part 2**, **82% v 77%** for **Deaths Part 2** and **85% v 80%** for **Leavers Part 2**, respectively). Conversely, learners performed less well in each of the Part 1 papers (**49% v 67%** for **Retirements Part 1**, **68% v 78%** for **Deaths Part 1** and **66% v 69%** for **Leavers Part 1**, respectively). Encouragingly, the average pass rate was higher than March 2021 for the single paper for **Transfers** (**68% v 56%**).

For **Leavers Part 1**, the standard of scripts was reasonably high. The *Case Study* that caused the greatest difficulty was the one for the *XYZ Pension and Life Assurance Scheme (Category A)*. Many learners did not clearly state that they had used the best one in five pensionable salaries when determining the final pensionable salary. In addition, arithmetical errors were often made when calculating the pre-1997 and post-1997 pensionable service splits. Most errors for this *Case Study* were made by learners not using the correct method for revaluing the GMP from the date of leaving to 'GMP due date'. The correct method – as clearly stipulated in the appendices to the Scheme Booklet – is to separately revalue the total GMP and the post-1988 GMP and then deduct one from the other to derive the revalued pre-1988 GMP. Further, several learners applied 3% / CPI increases to the pre-1988 GMP when revaluing from 'GMP due date' to normal pension date. This statutory increase only applies to the post-1988 GMP.

For the *Case Study* on the *XYZ Pension and Life Assurance Scheme (Category B)*, many learners again failed to clearly indicate that they had used the best pensionable salary in the previous five years prior to performing the salary comparison with the revalued final pensionable salary from 3 July 2011. In addition, a few learners calculated the pensionable service to the date of leaving rather than calculating the period to 3 July 2011.

For **Leavers Part 1**, there were two *Case Studies* for the *OPQ Retirement & Death Benefits Plan*. For the first *Case Study*, the member invested in the lifestyle fund and most learners successfully calculated the number of complete months to the member's target retirement date. However, some learners did not always state the breakdown of the individual fund units (i.e. global equity, index

linked bond and cash) after applying the relevant investment allocation percentages to the lifestyle units; or, if they did, they did not always round the units to four decimal places. In addition, a few learners made arithmetical errors when multiplying the breakdown of units by the relevant unit prices.

For the second *Case Study*, most learners recognised that the member had less than 30 days' qualifying service. This meant that the member was only entitled to a refund. However, a surprisingly high number of learners simply based the refund on the contributions paid by the member. These learners made no reference to the current value of the member's element of the Personal Retirement Account. They were therefore unable to determine the investment growth over and above the contributions paid by the member. The taxable element, being based on the contributions paid by the member, was generally correct.

The *Case Study* relating to the *RST Pension Scheme* was generally answered well, with most learners correctly calculating the CARE pension and the Underpin pension. Where errors were encountered, it tended to be due to the pensionable earnings being used in the calculation of the Underpin pension rather than the contractual salary. Some learners did not mention that the entire CARE pension was post-2006 (and therefore subject to increases in payment at the lower of RPI and 2.5%).

The *Letter* for **Leavers Part 1** was associated with the *Case Study* for the *XYZ Pension and Life Assurance Scheme (Category B)*. On the whole, it presented few problems although some learners omitted to state actual values when referring to the spouse's pension.

The paper for **Leavers Part 2** was competently attempted by most learners, and this was reflected in the relatively high overall pass rate. As with **Leavers Part 1**, the *Case Study* that presented the most difficulties was the one relating to the *XYZ Pension and Life Assurance Scheme (Category A)*. Although the *Case Study* for this paper was for a male member rather than a female member (meaning that the GMP revaluation only had to be done in one stage from the date of leaving to normal pension date), a large number of learners again did not follow the correct methodology for revaluing the GMP elements (i.e. the pre-1988 GMP revalued to normal pension date should have been derived by deducting the post-1988 GMP revalued to normal pension date from the total GMP revalued to normal pension date). In addition, a few learners used complete years rather than complete tax years when determining the actual GMP revaluation factor. It was also noted that several learners used the latest pensionable salary rather than the best figure in the previous five years when deriving the final pensionable salary.

With the *Case Study* relating to the *XYZ Pension and Life Assurance Scheme (Category B)*, some learners (as with **Leavers Part 1**) failed to restrict the pensionable service to 3 July 2011. In addition, a few learners did not use the best pensionable salary in the previous five years prior to performing the salary comparison with the revalued final pensionable salary from 3 July 2011. It was noticeable that most learners dealt with the enhanced accruals for the different periods of pensionable service without issue. Where errors occurred, they were usually related to arithmetical mistakes in the calculation of the post-2002 pensionable service split rather than when applying the enhanced accrual rates.

The *Case Study* on the *RST Pension Scheme* produced a few common errors amongst the learners. Most errors occurred in relation to the pre-2006 element of the Underpin pension. There was a requirement to split out the pre-2006 pensionable service due to one element being based on the member working full-time hours and another element being based on the member working part-time hours. However, a number of learners either applied the part-time adjustment to the entire period of pre-2006 pensionable service or failed to apply the part-time adjustment to any period of pre-2006

pensionable service. With the year-to-date CARE pension, a few learners ignored the part-time adjustment altogether. Where learners correctly identified that the Underpin pension was higher than the CARE pension, they did not always split out the pre-2006 and post-2006 elements of the Underpin pension; neither when stating the pension at the date of leaving nor when stating the revalued pension at normal pension date.

For **Leavers Part 2**, there were two *Case Studies* for the *OPQ Retirement & Death Benefits Plan*. The first *Case Study* contained AVCs and was well answered by nearly all learners. Most errors tended to be transcription errors or basic arithmetical errors. For the second *Case Study*, most learners recognised that the member had less than 30 days' qualifying service. However, as the member had transferred-in benefits held within the Trustee account awaiting investment, the refund only option was not valid. Whilst the majority of learners correctly stated that preserving the benefits within the Plan or transferring them to an alternative arrangement were the two available options, several learners produced answers based on the refund only option.

The *Letter for Leavers Part 2* was associated with the first of the two *Case Studies* for the *OPQ Retirement & Death Benefits Plan* and was answered competently in most cases. Some learners did not mention that the benefits (if retained within the Plan) would remain invested or that annual benefit statements would be issued. There were a few learners who stated that benefits would not be able to be accessed until the member attained age 55 (other than if retiring due to ill health) without recognising that the member had already surpassed this age.

The overall pass rate for **Retirements Part 1** was the lowest across all papers. Two *Case Studies* caused particular difficulties. The first one related to the *OPQ Retirement & Death Benefits Plan*. For this particular *Case Study*, there were four key areas where mistakes were made. Firstly, the units (rounded to four decimal places) were often not displayed after applying the lifestyle allocation percentages. Secondly, the 'Lifetime Allowance' was often calculated after deduction of the 'Annuity Bureau Charge'. Thirdly, the open market option was frequently omitted and, fourthly, the statement relating to the tax treatment of the Uncrystallised Funds Pension Lump Sum (UFPLS) was often incomplete.

The other *Case Study* to cause difficulty was the one for the *XYZ Pension and Life Assurance Scheme (Category A)*, which was late retirement from active status. Numerous learners failed to restrict the overall pensionable service to the member's normal pension date and a similar number of learners incorrectly evaluated the final pensionable salary by looking at the best one in five pensionable salaries from the date of retirement rather than from the member's normal pension date. In some instances, learners correctly capped one of the parameters but not the other. For this *Case Study*, many learners made reference to a potential young spouse's pension reduction. Although the age differential between the member and the spouse was indeed greater than 10 years, a spouse reduction only ever applies to the *RST Pension Scheme*.

The other *Case Studies* for **Retirements Part 1** were generally well answered. For the first of the two *Case Studies* relating to the *RST Pension Scheme*, a few learners failed to apply the early retirement factor to the Underpin pension (albeit the factor was usually applied to the CARE pension). For the second *Case Study* on the *RST Pension Scheme*, some learners did not apply the pro-rata CPI increase correctly (i.e. often multiplying the accrued CARE pension by a factor of 0.08 rather than 0.008). In addition, the splits for the residual Underpin (pre-2006 and post-2006) after determining the tax-free cash sum were not always provided or, if they were, the splits were sometimes determined with reference to the original CARE pension rather than the original Underpin pension.

There were few difficulties for the *Case Study* relating to the *XYZ Pension and Life Assurance Scheme (Category B)*, other than where some learners miscalculated the member's age by one month when attempting to derive the commutation factor (the member was one day short of her 59th birthday).

The *Letter* for **Retirements Part 1** was associated with the first of the two *Case Studies* for the *RST Pension Scheme*. Other than a significant number of learners failing to mention the reduction in the pension due to early payment, very few problems were encountered.

The overall pass rate for **Retirements Part 2** was encouragingly high compared to more recent examinations. Indeed, there was no specific *Case Study* that caused major difficulties and, in general, the special circumstances were well understood and dealt with competently.

There were two *Case Studies* relating to the *RST Pension Scheme*. For both, learners sometimes omitted to specify that the spouse's pension would remain unchanged in the event of the member's pension being exchanged for the maximum tax-free cash sum. In addition, and as with **Retirements Part 1**, splits were not always provided for the member's residual pension. For the first *Case Study*, there were very few problems with the enhanced accrual rates for the CARE pension and the Underpin pension. However, the second *Case Study* was slightly more problematical in some instances. It contained a number of part-time adjustments and a few learners did not always apply these correctly or apply them to the correct periods of part-time service (specifically when calculating the Underpin pension).

For the *Case Study* relating to the *XYZ Pension and Life Assurance Scheme (Category A)*, a few learners made arithmetical errors when calculating the first and last tranches of pensionable service. However, the varied accrual rates were generally applied correctly. For this *Case Study*, a number of learners again stated – as with **Retirements Part 1** – that a potential young spouse's pension reduction might apply when this is not relevant for the *XYZ Pension and Life Assurance Scheme*.

The *Case Study* on the *XYZ Pension and Life Assurance Scheme (Category B)* was answered well, albeit the occasional learner stated that the post-commutation spouse's pension would be exactly the same as the pre-commutation spouse's pension. Such an assertion was accurate for the single-life AVC option but inaccurate for the joint-life AVC option (as all AVCs would have been taken as part of the overall tax-free cash sum). For this *Case Study*, some learners correctly calculated the maximum permitted tax-free cash sum but still quoted the requested figure of £80,000 rather than restricting it to the amount allowed.

For the final *Case Study* for this paper relating to the *OPQ Retirement & Death Benefits Plan*, a few learners did not always provide quotation figures based on the requested options (i.e. no tax-free cash and a joint life annuity [increasing at the lower of 2.5% / RPI], or tax-free cash and a single life annuity [non-escalating]). For this *Case Study*, and as with **Retirements Part 1**, many learners did not mention the possibility of the open market option. Similarly, a significant number of learners again failed to adequately explain the tax treatment for the 'UFPLS'.

The *Letter* for **Retirements Part 2** was associated with the *Case Study* for the *XYZ Pension and Life Assurance Scheme (Category A)*. It was generally well answered, albeit some learners omitted to mention either the special circumstance (i.e. the varied accrual rates) or the fact that the pension had been reduced for early payment (as with **Retirements Part 1**). In addition, several learners did not identify the different payment increase rates before / after 'GMP due date'.

Both **Deaths** papers were answered extremely well by the majority of learners and this was reflected in the impressive overall pass rates.

For **Deaths Part 1**, the *Case Study* which learners found most challenging was the one for the *XYZ Pension and Life Assurance Scheme (Category B)*. For this particular *Case Study*, which was death-in-service after normal pension date, a few learners struggled to derive the correct final pensionable salary figure at normal pension date prior to performing the comparison against the revalued final pensionable salary figure from 3 July 2011. Several learners either incorrectly used the latest pensionable salary figure at the date of death or correctly tried to ascertain the best one in five pensionable salary entries prior to normal pension date but from the wrong starting point. Another area to cause confusion on this *Case Study* was the requirement to derive and then apply a late retirement factor to the member's pension calculated to normal pension date. It was surprising how many learners correctly calculated the relevant factor but then forgot to actually apply it.

Most learners produced accurate answers for the *Case Study* relating to the *XYZ Pension and Life Assurance Scheme (Category A)*. This was encouraging as, historically, *Case Studies* relating to this Scheme have tended to present the greatest amount of difficulty. The most common error was where, for the spouse's pension, learners failed to split out the spouse's excess pension and the post-1988 WGMP. Where learners did attempt to split out these elements, the correct method for deriving the spouse's excess pension should have been to multiply the member's pension by 50% before deducting the post-1988 WGMP (to avoid potential rounding errors due to the member's and spouse's GMP elements always needing to be divisible by 52).

For the *Case Study* relating to the *OPQ Retirement & Death Benefits Plan*, the member was invested wholly in the lifestyle fund. Some learners did not use the correct method for determining the number of complete months from the date of the last switch to the member's target retirement date (sometimes using the date of the member's death – rather than the first day of the month in which death occurred – as the start date for calculating the number of complete months). In addition, some learners did not state the fund units for the individual funds (or round the units to four decimal places) after applying the relevant investment allocation percentages to the lifestyle units. For this *Case Study*, it was a little surprising that, whilst most learners correctly identified that the 'Lifetime Allowance' percentage used for the lump sum death benefit exceeded the amount remaining, not all learners then stated that they would refer the case to their manager; instead coming up with their own cause of action. On a final point, several learners were unclear in their explanation of the lump sum death benefit, with a few mistakenly stating that it was 'payable at the trustees' discretion to the legal personal representatives'.

Both of the *Case Studies* for the *RST Pension Scheme* were well answered. For the first *Case Study*, most errors occurred when learners either miscalculated the number of pension instalments which had been paid (usually by one month too few, even when the first and last payment dates were correct) or failed to cap the number of outstanding pension payments to the deceased member's 75th birthday.

With the second *Case Study* for the *RST Pension Scheme*, a few learners did not project pensionable service to the deceased member's normal pension date for the Underpin pension. Curiously, some of these learners did project pensionable service to normal pension date in the calculation of the CARE pension.

For **Deaths Part 2**, there was no single *Case Study* that stood out as producing more errors than any of the other *Case Studies*. In addition, the special circumstances for this paper tended to be dealt with competently in the majority of scripts received.

The *Case Study* for the *XYZ Pension and Life Assurance Scheme (Category A)* incorporated varied accrual rates. Whilst most learners dealt with this special circumstance correctly, a few errors were encountered when deriving the pensionable service splits associated with the relevant accrual rates; particularly for the first and last tranches where the pensionable service was not a whole number of years. Generally, where arithmetical errors occurred, it was usually by either one day too much or one day too little. With this *Case Study*, most learners correctly provided a split for the excess spouse's pension and the spouse's GMP. However, not all learners recognised that there should not have been a pre-1988 WGMP element as the deceased member was female.

For the *XYZ Pension and Life Assurance Scheme (Category B)*, the *Case Study* was death from retired status. It was noticeable that nearly all learners calculated the spouse's enhanced pension correctly. Where mistakes occurred, it was usually in relation to the number of outstanding pension instalments remaining to be paid, which was required for deriving the lump sum death benefit. In most cases, the stated dates for identifying when the first and last payments had been made were correct. Nevertheless, some learners miscalculated the number of outstanding instalments by a single month too much (usually because, when establishing the numbers of payments made, they worked out the number of complete months between the start and end dates rather than considering the actual day of the month on which each payment was made).

As with **Deaths Part 1**, both of the *Case Studies* relating to the *RST Pension Scheme* for **Deaths Part 2** were completed, for the most part, with minimal errors. The majority of mistakes tended to be with the calculation of the Underpin pension. For the first *Case Study*, a few learners calculated the CARE pension to be slightly higher than the Underpin pension when it was actually the Underpin pension that was slightly higher than the CARE pension. With the second *Case Study*, several learners made one or more errors when applying the various part-time adjustments to the relevant periods of part-time pensionable service.

The comments that have been made already for the *Case Study* in **Deaths Part 1** for the *OPQ Retirement & Death Benefits Plan* are equally valid for the equivalent *Case Study* in **Deaths Part 2**. With the lifestyle element to this *Case Study* (based on the member and employer contributions, but not the AVCs), some learners did not use the correct start date for determining the number of complete months from the date of the last switch to the member's target retirement date (even though the ultimate answer was correct) and, in addition, a few learners did not state the fund units (or round the units to four decimal places) after applying the relevant investment allocation percentage to the lifestyle units. For this *Case Study*, several learners stated that the total lump sum death benefit would be payable to one or more persons at the Trustees' discretion. However, the benefit should have been stated as being payable to the deceased member's estate / legal personal representatives (as it was death-in-deferment).

The *Letters* for both **Death** papers were generally well answered, with all of the required information usually being provided. However, there was a common error in cases where learners chose to write directly to the spouse of the deceased member. Whilst correctly stating that the lump sum death benefit would be payable by the trustees under their discretionary powers, a number of learners incorrectly requested the spouse to provide details of the beneficiaries to whom the benefit should be paid, and in what proportions.

Transfers was generally well attempted. However, it was evident that significantly more learners struggled with their time management on this paper than on any of the other papers. Some learners produced some excellent answers but were still unable to achieve a pass as they did not complete (or attempt) all of the *Case Studies* and / or *Letters*.

With **Transfers**, and in common with previous examination series, a few learners dropped valuable marks when attempting the transfer out *Case Studies* for the *RST Pension Scheme* and the *XYZ Pension and Life Assurance Scheme (Category A)* by failing to state that independent financial advice needed to be provided by an authorised adviser regulated under the Financial Services and Markets Act 2000 (as the transfer values exceeded £30,000). Often, learners provided partial information by referring only to the requirement to take independent financial advice.

The transfer out *Case Study* for the *OPQ Retirement & Death Benefits Plan* caused some difficulties as the member was in a mixture of Lifestyle and non-Lifestyle Funds. It was noticeable that a number of transcription errors occurred for this particular *Case Study*, possibly as a result of the many different unit prices needing to be applied to the many different unit holdings. When dealing with the lifestyle fund, a few learners only stated the end answers without showing their full workings in accordance with the requirements set out in the scheme booklet. Where full workings were shown, the unit holdings after applying the relevant lifestyle investment allocation percentages (split by contribution type within fund) were not always rounded to four decimal places prior to multiplying by the appropriate unit prices.

The transfer in *Case Studies* relating to the *RST Pension Scheme* and the *XYZ Pension and Life Assurance Scheme (Category A)* were mostly answered with a minimal amount of errors. Occasionally, learners miscalculated the age next birthday by one year or made arithmetical errors. In addition, the full list of attaching benefits associated with the transfer in was not always provided.

Although the transfer in *Case Study* for the *OPQ Retirement & Death Benefits Plan* was usually well attempted, a few learners (as with the transfer out *Case Study* for the *OPQ Retirement & Death Benefits Plan*) only stated their end answers without showing their full workings in accordance with the requirements set out in the scheme booklet. It should be emphasised that, by not following the prescribed methodology, learners are penalised even when their final answers are correct.

On the whole, both of the required *Letters* for **Transfers** were answered without too much difficulty. With the first *Letter* relating to the transfer out of benefits from the *XYZ Pension and Life Assurance Scheme (Category A)*, a few learners failed to mention that the Trustees would need to check that the adviser had the correct permission to proceed before carrying out the transfer by verifying details on the Financial Services Register. With the second *Letter* for the transfer in of benefits to the *OPQ Retirement & Death Benefits Plan*, most learners correctly detailed the amount of units that had been purchased in each of the relevant funds comprising the lifestyle fund (i.e. global equity, index linked bond and cash). However, on a number of occasions learners made no actual reference to the transferred-in benefits being allocated to the lifestyle fund.

By highlighting the key areas where learners fell short of the required standard, it is hoped that similar failings will be avoided in the next series of examinations. The final paragraphs below remain unaltered from the previous Examiners' Report since the comments are still apt and yet still get ignored in many instances.

The Chief and Senior Examiners would advise learners:

- To clearly show their workings since arithmetical errors are penalised less harshly than errors where the cause cannot be easily identified.
- To summarise calculation results at the end of a question only when the various options available are not clear from the preceding calculations.

- To refrain from using a glossary either at the start of the paper or, especially, at the start of each question.
- To not leave the *Letters* until last as more errors are incurred for an incomplete *Letter* than an incomplete *Case Study*.

The Chief and Senior Examiners would remind centres and learners that **scripts will not be marked** in any of the following circumstances:

- Where a learner's personal 'learner number' is missing or incorrect.
- Where a learner's name appears anywhere on the answer script (e.g. letters signed with a name other than AN Other).
- Where a centre or learner has been proven to have followed incorrect formal procedures relating to the examinations.

The Chief and Senior Examiners believe that preparation and training are essential ingredients for success. Many learners are fortunate to receive training organised by their centres. However, the Committee would like to emphasise the necessity for all training materials to be checked on a regular basis to ensure they are fully up to date and accurate. The Committee would also advocate that centres and their learners should not wait until the final moments before raising any calculation queries with the PMI in relation to the forthcoming examinations, as there is no guarantee that such queries will be answered in time.

On a final point, centres should be aware that there will be NO changes to the Booklets and Tables of Factors for the next series of examinations in March 2022.

It should be stressed that learners must familiarise themselves with the Booklets and Tables of Factors. The sample Case Studies and Letters found on the Website, whilst providing a very useful guide, cannot cover each and every scenario that may be encountered across the various units comprising the CPC examinations.

THE STATISTICS

The table below provides a detailed breakdown and summary of the key statistics relating to the September 2021 CPC examinations.

Unit	Entries	Withdrawn	Absent	Scripts received	Pass	Fail	Success rate
Retirements Part 1	96	8	3	85	42	43	49%
Retirements Part 2	121	12	4	105	71	34	68%
Deaths Part 1	82	4	0	78	53	25	68%
Deaths Part 2	72	5	0	67	55	12	82%
Leavers Part 1	146	19	5	122	81	41	66%
Leavers Part 2	122	9	3	110	93	17	85%
Transfers	92	17	0	75	51	24	68%
TOTAL	731	74	15	642	446	196	69%

COMMON ERRORS WHERE LEARNERS FAILED TO MEET THE STANDARDS

LEAVERS: PART 1

Qu.1 – (XYZ: Category B)

- Pensionable service sometimes not capped to 3 July 2011
- Revaluation factor in respect of member's final pensionable salary at 3 July 2011 not always applied correctly when performing salary comparison (i.e. final pensionable salary at 3 July 2011 should have been multiplied by 1.307 [30.7%])

Qu.2 – (OPQ)

- Date of last switch (i.e. first day of the month) not always correct for determining lifestyle investment allocation percentages
- Number of complete months from date of last switch to target retirement date sometimes calculated incorrectly even when correct start and end dates stated (often by one additional month)
- Unit holdings after applying relevant lifestyle investment allocation percentages (split by contribution type within fund) not always rounded to 4 decimal places – or even shown – prior to multiplying by relevant unit prices

Qu.3 – (RST)

- Year-to-date pensionable service for CARE pension sometimes incorrect (usually by one month too little)
- Factor for revaluation from date of leaving to normal pension date not always based on correct number of complete years
- Statement not always provided to confirm CARE pension all post-2006 (i.e. whole of pension increases in payment at lower of 2.5% and RPI)

Qu.4 – (XYZ: Category A)

- Pre-1997 and post-1997 pensionable service splits occasionally calculated incorrectly (often by either one day too much or one day too little)
- GMP fixed revaluation percentage rate sometimes incorrect (i.e. rate other than 3.50% sometimes used)
- GMP revaluation period sometimes based on complete years rather than complete tax years
- Factor for GMP revaluation from date of leaving to 'GMP due date' occasionally not stated (or stated but not always rounded to 3 decimal places in accordance with the Tables of Factors)
- Pre-1998 GMP and post-1998 GMP elements not always revalued from date of leaving to 'GMP due date' (i.e. age 60 since female member) in accordance with statutory method detailed in appendices of XYZ Pension and Life Assurance Scheme booklet (i.e. revalued pre-1998 GMP at 'GMP due date' should be derived by deducting revalued post-1998 GMP at 'GMP due date' from revalued total GMP at 'GMP due date')
- GMP elements sometimes revalued from date of leaving to normal pension date and not in two stages (i.e. from date of leaving to 'GMP due date' and then from 'GMP due date' to normal pension date)
- GMP elements occasionally not calculated to be divisible by 52
- Factor for excess revaluation from date of leaving to normal pension date occasionally not stated (or stated but not rounded to 5 decimal places in accordance with the Tables of Factors)
- Number of complete years for excess revaluation from date of leaving to normal pension date occasionally incorrect

Qu.5 – (OPQ)

- Transfer option frequently stated (when not applicable for less than 30 days' qualifying service)
- Preserved option sometimes calculated (when not applicable for less than 30 days' qualifying service)
- Employer element of Personal Retirement Account often calculated for refund option (*although this was not penalised provided the employer element was not included in the refund calculation*)

Qu.6 – (Letter for Qu.1)

- Actual value for spouse's pension at date of leaving sometimes omitted
- Actual value for spouse's pension at date of leaving revalued to normal pension date sometimes omitted

LEAVERS: PART 2

Qu.1 – (OPQ)

- Arithmetical errors occasionally made when applying unit prices to unit holdings
- AVC funds sometimes incorrect (i.e. AVC contributions sometimes assumed to be invested in same funds as those relating to member and employer contributions)
- Transfer option not always stated

Qu.2 – (XYZ: Category B)

- Pensionable service sometimes not capped to 3 July 2011
- Pensionable service splits not always calculated correctly for enhanced / non-enhanced tranches
- Final pensionable salary not always based on best pensionable salary entry in last 5 years when performing salary comparison with indexed final pensionable salary figure at 3 July 2011

Qu.3 – (OPQ)

- Refund option frequently provided for less than 30 days' qualifying service (*but this was not applicable due to transferred-in benefits*)
- Preserved and transfer options sometimes omitted (specifically if refund only option assumed)

Qu.4 – (XYZ: Category A)

- Days for pensionable service not always correct when dealing with varied accrual rates (usually by one day too much or by one day too little for first and last tranches)
- Final pensionable salary not always based on best pensionable salary entry in last 5 years
- GMP fixed revaluation percentage rate sometimes incorrect (i.e. rate other than 3.50% sometimes used)
- GMP revaluation period sometimes based on complete years rather than complete tax years
- Factor for GMP revaluation from date of leaving to normal pension date occasionally not stated (or stated but not always rounded to 3 decimal places in accordance with the Tables of Factors)
- Pre-1998 GMP and post-1988 GMP elements not always revalued from date of leaving to normal pension date in accordance with statutory method detailed in appendices of XYZ Pension and Life Assurance Scheme booklet (i.e. revalued pre-1988 GMP at normal pension date should be derived by deducting revalued post-1988 GMP at normal pension date from revalued total GMP at normal pension date)
- GMP elements occasionally not calculated to be divisible by 52
- Factor for excess revaluation from date of leaving to normal pension date occasionally not stated (or stated but not rounded to 5 decimal places in accordance with the Tables of Factors)

Qu.5 – (RST)

- Underpin pension not always calculated as being higher than CARE pension
- Underpin pension occasionally not split out for pre-2006 and post-2006 elements (neither at date of leaving nor at normal pension date)
- Part-time adjustment not always applied to YTD CARE pension
- Pre-2006 pensionable service not always split out correctly before applying part-time adjustment in calculation of Underpin pension (or part-time adjustment occasionally ignored altogether for pre-2006 pensionable service)
- Factor for revaluation from date of leaving to normal pension date not always based on correct number of complete years

Qu.6 – (Letter for Qu.1)

- Individual splits of unit holdings and fund values not always provided
- Statement that benefits will remain invested (if transfer option not taken) sometimes omitted
- Requirement to provide annual statements not always stated

DEATHS: PART 1

Qu.1 – (XYZ: Category B)

- Highest pensionable salary in last 5 years not always restricted to normal pension date
- Final pensionable salary at 3 July 2011 (revalued to normal pension date) not always clearly compared against best pensionable salary figure in last 5 years (capped to normal pension date)
- Pensionable service occasionally not capped to 3 July 2011
- Late retirement factor not always applied (or factor applied but not always rounded to nearest integer)

Qu.2 – (OPQ)

- Start date for calculating complete months from last switch date to target retirement date sometimes based on date of death rather than first day of month of death
- Unit holdings after applying relevant lifestyle investment allocation percentages (split by contribution type within fund) not always rounded to 4 decimal places – or even shown – prior to multiplying by relevant unit prices
- Requirement to 'Refer case to Manager' sometimes omitted (even when percentage of 'Lifetime Allowance' used recognised as exceeding amount available)

Qu.3 – (XYZ: Category A)

- GMP revaluation percentage rate sometimes incorrect (i.e. rate other than 4.50% used)
- GMP revaluation period sometimes based on complete years rather than complete tax years
- Splits for excess and post-1988 WGMP elements for spouse's pension occasionally not calculated (or calculated but with spouse's post-1988 WGMP element not always being divisible by 52)
- Lump sum death benefit sometimes stated as being paid to 'persons at the discretion of the trustees' when reference should have been made to lump sum death benefit being paid to 'deceased member's legal personal representatives / estate'
- Young spouse reduction factor occasionally applied when not relevant for XYZ Pension and Life Assurance Scheme (Category A)

Qu.4 – (RST)

- Number of outstanding instalments sometimes based on incorrect final payment date for lump sum death benefit (i.e. last payment not always capped to deceased member's 75th birthday)
- Number of outstanding instalments sometimes calculated incorrectly even when last payment capped to deceased member's 75th birthday

Qu.5 – (RST)

- CARE pension and Underpin pension not always based on projected pensionable service to normal pension date
- Underpin pension sometimes calculated as being higher than CARE pension when it was slightly lower
- Requirement to apply pension reduction for young spouse not always identified (but reduction generally correct when identified and applied)

Qu.6 – (Letter for Qu.5)

- Reduction for young spouse not always mentioned (even when correctly identified and applied in the associated calculation)
- Details for beneficiaries for lump sum death benefit sometimes requested from spouse (*when letter addressed to spouse rather than trustees*) when lump sum death benefit payable under trustees' discretionary powers

DEATHS: PART 2

Qu.1 – (OPQ)

- Start date for calculating complete months from last switch date to target retirement date sometimes based on date of death rather than first day of month of death
- Unit holdings after applying relevant lifestyle investment allocation percentages (split by contribution type within fund) not always rounded to 4 decimal places – or even shown – prior to multiplying by relevant unit prices
- Confusion sometimes encountered due to having AVCs invested in non-lifestyle funds and member and employee contributions invested in lifestyle fund

Qu.2 – (XYZ-A)

- Pre / post-1997 pensionable service splits occasionally wrong (normally by either one day too high or one day too low for the first and last tranches)
- Final pensionable salary often based on best pensionable salary figure in last 5 years (rather than using latest figure)
- Contracted-out check sometimes omitted (although usually correct when calculated)
- Splits for excess and post-1988 WGMP elements of spouse's pension occasionally not calculated (or calculated but with spouse's post-1988 WGMP not always being divisible by 52)
- Spouse's pre-1988 WGMP sometimes calculated when not applicable (since deceased member was female)

Qu.3 – (RST)

- Enhanced accrual rate not always applied when calculating prospective CARE pension to normal pension date
- Post-2006 pensionable service not always split out correctly before applying enhanced accrual rate in calculation of Underpin pension (or enhanced accrual rate occasionally ignored altogether for post-2006 pensionable service projected to normal pension date)
- CARE pension sometimes calculated as being higher than Underpin pension when it was slightly lower

Qu.4 – (RST)

- Part-time adjustment not always applied to year-to-date CARE pension
- Pensionable service splits not always determined correctly before applying relevant part-time adjustments in calculation of Underpin pension
- Correct part-time adjustments not always applied when calculating Underpin pension
- Requirement to apply pension reduction for young spouse not always identified (but reduction generally correct when identified and applied)

Qu.5 – (XYZ: Category B)

- Number of instalments sometimes calculated incorrectly for balance of payments for lump sum death benefit (even when start and end dates correct)
- Young spouse reduction factor occasionally applied when not relevant for XYZ Pension and Life Assurance Scheme (Category B)

Qu.6 – (Letter for Qu.5)

- Reference to augmentation in spouse's percentage sometimes omitted
- Commencement date for spouse's pension occasionally stated as being 1 October 2021 (when it should have been 1 September 2021)

RETIREMENTS: PART 1

Qu.1 – (RST)

- Early retirement factor frequently not applied to Underpin pension (even when requirement for an early retirement factor for both CARE pension and Underpin pension correctly identified – and calculated – at outset of calculation)
- Splits not always provided for pre / post-2006 elements of member's residual pension
- Spouse's post-commutation pension occasionally not stated

Qu.2 – (XYZ: Category A)

- Pensionable service for late retirement not always capped to normal pension date
- Final pensionable salary not always based on best 1/5 pensionable salary entries prior to normal pension date
- Late retirement factor not always used
- Late retirement factor – when used – not always rounded to nearest integer
- Check to determine if residual pension covers GMP occasionally omitted
- Potential young spouse reduction frequently mentioned when not relevant for XYZ Pension and Life Assurance Scheme (Category A)

Qu.3 – (OPQ)

- Unit holdings after applying relevant lifestyle investment allocation percentages (split by contribution type within fund) not always rounded to 4 decimal places – or even shown – prior to multiplying by relevant unit prices
- Joint life annuity values for spouse – or reference to spouse annuities – sometimes omitted (even when member's annuity options correctly stated as being joint life)
- Annuity options 'without cash' occasionally provided even though requirement for cash sum specifically requested by member
- Percentage of 'Lifetime Allowance' used by annuity options sometimes incorrectly based on fund value after deduction of 'Annuity Bureau Charge'
- Taxable element of UFPLS often not stated as being taxed at member's marginal rate (or paid assuming an emergency code on a month 1 basis)
- Mention of open market option occasionally omitted

Qu.4 – (XYZ: Category B)

- Revaluation factor in respect of member's final pensionable salary at 3 July 2011 not always applied correctly when performing salary comparison (i.e. final pensionable salary at 3 July 2011 should have been multiplied by 1.307 [30.7%])
- Pensionable service not always capped to 3 July 2011
- Pensionable service – when not capped – often projected to normal pension date
- Commutation factor occasionally based on wrong age (i.e. member was one day short of 59th birthday)

Qu.5 – (RST)

- Underpin pension not always correctly identified as being higher than CARE pension
- Splits for pre / post-2006 elements of Underpin pension not always provided for either member's full pension or residual pension
- Spouse's post-commutation pension occasionally not stated

Qu.6 – (Letter for Qu.1)

- Mention of reduction in pension for early payment sometimes omitted
- Mention of potential young spouse reduction (based on member's current marital status) not always stated

RETIREMENTS: PART 2

Qu.1 – (XYZ: Category B)

- Percentage of 'Lifetime Allowance' used not always combined for either (a) scheme pension and single life AVC pension; or (b) scheme pension and joint life AVC pension
- Single life and joint life AVC pension options for member sometimes dealt with incorrectly
- Spouse's pension not always calculated correctly when considering single life and joint life AVC pension options
- Methodology for incorporating AVCs within pension commencement lump sum calculation sometimes inaccurate
- Tax-free cash sum frequently not restricted to maximum amount permitted under rules of RST Pension Scheme (i.e. maximum amount permitted was less than amount requested [£80,000.00])

Qu.2 – (RST)

- Age for commutation factor sometimes incorrect (usually by one month)
- Pensionable service for ill health occasionally based on actual retirement date rather than being projected to normal pension date
- Enhanced accrual rate occasionally ignored when calculating post-2006 element of Underpin pension (although usually included in calculation of year-to-date CARE pension)
- Splits not always provided for pre / post-2006 elements of member's residual pension
- Spouse's post-commutation pension occasionally not stated

Qu.3 – (XYZ: Category A)

- Early retirement factor sometimes not applied (even when requirement for an early retirement factor correctly identified – and calculated – at outset of calculation)
- Arithmetical errors occasionally made when determining various tranches of pensionable service (particularly for first and last tranches)
- Incorrect accrual rates sometimes applied to relevant tranches of pensionable service
- Check to determine if residual pension covers GMP occasionally omitted
- Potential young spouse reduction frequently mentioned when not relevant for XYZ Pension and Life Assurance Scheme (Category A)

Qu.4 – (RST)

- Part-time adjustment not always applied to year-to-date CARE pension
- Pensionable service splits not always determined correctly before applying relevant part-time adjustments in calculation of Underpin pension
- Correct part-time adjustments not always applied when calculating Underpin pension
- Check to ensure required tax-free cash sum (£50,000.00) was within maximum amount permitted under rules of RST Pension Scheme sometimes omitted
- Splits not always provided for pre / post-2006 elements of member's residual pension
- Spouse's post-commutation pension occasionally not stated

Qu.5 – (OPQ)

- Correct range of requested annuity / cash options not always provided (i.e. request specifically made by member for either (a) single life annuity with cash, or (b) joint life annuity without cash)
- Taxable element of UFPLS often not stated as being taxed at member's marginal rate (or paid assuming an emergency code on a month 1 basis)
- Mention of open market option occasionally omitted

Qu.6 – (Letter for Qu.3)

- Actual value of excess pension element often omitted (for both full pension and residual pension) although value for post-1988 GMP element rarely omitted
- Varied accrual rates not always mentioned
- Mention of reduction in pension for early payment sometimes omitted
- Pension increase rates for excess and post-1988 GMP elements often not split out to detail position before / after 'GMP due date' (i.e. increase basis before 'GMP due date' often assumed to be same as increase basis after 'GMP due date')

TRANSFERS

Qu.1 – (RST)

- Statement not always provided for requirement to take independent financial advice from an authorised adviser regulated under Financial Services and Markets Act 2000 if transferring to an arrangement where benefits can be accessed flexibly (as transfer value exceeds £30,000) or – more commonly – statement provided but without specific reference to requirement for adviser to be regulated under Financial Services and Markets Act 2000

Qu.2 – (OPQ)

- Confusion sometimes encountered with mixture of lifestyle and non-lifestyle funds
- Number of complete months from last switch date to TRD not always calculated correctly for the lifestyle fund (even when start and end dates determined accurately)
- Occasional transcription errors with unit prices and / or unit holdings; particularly for the non-lifestyle funds (e.g. a correct unit price occasionally applied to the unit holdings of a wrong fund, or a correct unit price occasionally applied to the wrongly transcribed unit holdings of a correct fund)

Qu.3 – (XYZ)

- Statement not always provided for requirement to take independent financial advice from an authorised adviser regulated under Financial Services and Markets Act 2000 if transferring to an arrangement where benefits can be accessed flexibly (as transfer value exceeds £30,000) or – more commonly – statement provided but without specific reference to requirement for adviser to be regulated under Financial Services and Markets Act 2000

Qu.4 – (RST)

- Age next birthday occasionally wrong (i.e. normally too high or too low by one year)
- Full list of attaching benefits not always accurate (e.g. no spouse's pension should be payable on death-in-deferment)

Qu.5 – (OPQ)

- Number of complete months to TRD occasionally incorrect when determining fund allocation percentages within lifestyle fund (i.e. many learners used 10 months rather than 9 months)
- Value of contributions after applying relevant lifestyle investment allocation percentages (split by contribution type within fund) not always rounded to 4 decimal places prior to dividing by relevant unit prices to determine amount of units purchased
- Value of contributions after applying relevant lifestyle investment allocation percentages (split by contribution type within fund) sometimes not shown at all (i.e. overall formula often displayed, but with only the end results for the amount of units purchased being stated)

Qu.6 – (XYZ)

- Age next birthday occasionally wrong by one year (i.e. normally too high by one year)
- Full list of attaching benefits not always provided

Qu.7 – (Letter for Qu.3)

- Mention of benefits no longer remaining in ceding scheme (should transfer out proceed) not always stated
- Mention that financial advice cannot be provided sometimes omitted
- Mention that trustees must ensure the adviser has the correct permissions to proceed by verifying details on the Financial Services Register often omitted

Qu.8 – (Letter for Qu.5)

- Breakdown of individual units by contribution type within each fund frequently omitted (although total units for each fund usually provided)
- Reference to transferred-in benefits being allocated entirely to the lifestyle fund often omitted
- Mention of benefits no longer remaining in ceding scheme not always stated

SUMMARY OF WORKED ANSWERS

Leavers Part 1 – Question 1

Calculation

- (1) Preserved pension at date of leaving of **£8,795.91 p.a.** which, when revalued to NPD, could result in a maximum pension of **£19,200.33 p.a.** – *assuming increases from date of leaving of 5.0% per annum compound*

Spouse's pension on death before / after retirement of **£4,397.96 p.a.** (*based on member's pension at DOL*) which, when revalued to NPD, could result in a maximum pension of **£9,600.17 p.a.** (*based on member's pension at DOL revalued to NPD*)

OR

- (2) Transfer value to another pension arrangement

Letter: Question 6 – (Relating to Question 1)

- (1) Date of leaving (**06/09/2021**)
- (2) Preserved pension at date of leaving (**£8,795.91 p.a.**)
- (3) Mention member's NPD (**12/06/2038**) or mention specific age at NPD (**65**)
- (4) Revaluation rate to NPD (**lower of 5.0% / RPI**)
- (5) Pension at NPD (**£19,200.33 p.a.**)
- (6) Mention tax-free cash sum option on retirement
- (7) Death before retirement
 - Spouse's pension (**£4,397.96 p.a. at DOL, revalued to DOD**)
 - Refund of contributions (**N/A**)
- (8) Death after retirement
 - Spouse's pension (**£4,397.96 p.a. at DOL, revalued to max £9,600.17 p.a. at NPD**)
 - LSDB (**provided death occurs within 5 years of retirement**)
- (9) Post retirement increases (**lower of 5.0% / RPI**)
- (10) Mention transfer option

Leavers Part 1 – Question 2

Calculation

- (1) Preserved benefit of **£99,609.51**

OR

- (2) Transfer value to another pension arrangement

Leavers Part 1 – Question 3

Calculation

- (1) Preserved 'CARE' pension at date of leaving of **£2,234.08 p.a.** {v 'UNDERPIN' pension of **£2,120.00 p.a.**} (all post-2006) which, when revalued to NPD, would result in a pension of **£5,570.34 p.a.** (all post-2006 – assuming increases from date of leaving of 2.5% per annum compound)

Spouse's pension on death after retirement of **£893.63 p.a.** (all post-2006 – based on member's pension at DOL) which, when revalued to NPD, would result in a pension of **£2,228.14 p.a.** (all post-2006 – based on member's pension at DOL revalued to NPD)

OR

- (2) Transfer value to another pension arrangement

Leavers Part 1 – Question 4

Calculation

- (1) Preserved pension at date of leaving of **£37,855.07 p.a.** (excess over GMP = **£35,742.83 p.a.**, pre88 GMP = **£105.04 p.a.** and post88 GMP = **£2,007.20 p.a.**) which, when revalued to NPD, could result in a maximum pension of **£53,745.50 p.a.** (excess over GMP = **£50,293.74 p.a.**, pre88 GMP = **£149.24 p.a.** and post88 GMP = **£3,302.52 p.a.** – assuming increases on excess from date of leaving of 5.0% per annum compound and increases on GMP from date of leaving at 3.5% fixed rate of revaluation up to 'GMP due date', with statutory increases applying thereafter)

Spouse's pension on death before / after retirement of **£18,927.54 p.a.** (based on member's pension at DOL) which, when revalued to NPD, could result in a maximum pension of **£26,872.75 p.a.** (based on member's pension at DOL revalued to NPD)

OR

- (2) Transfer value to another pension arrangement

Leavers Part 1 – Question 5

Calculation

- (1) Refund ONLY of **£60.16**

Leavers Part 2 – Question 1

Calculation

- (1) Preserved benefit of **£31,805.46** (including AVCs of **£3,434.03**)

OR

- (2) Transfer value to another pension arrangement

Letter: Question 6 – (Relating to Question 1)

- (1) Date of leaving (**06/09/2021**)
- (2) Personal Retirement Account at leaving (**£31,805.46**)
- State unit price of each fund (*optional*)
 - State units in each fund (*including individual splits of units by contribution type*)
 - State total values of each fund (*including individual splits of values by contribution type*)
- (3) Member's NPD (**Age 65, or State Pension Date if later**)
- (4) Must mention member's options on leaving:
- Funds remain invested (and cannot be accessed until age 55, or earlier if in ill health)
 - Transfer option
- (5) Must mention annual statements will be issued if funds remain invested
- (6) Must mention member's available options when taking benefits from the Plan:
- Full annuity using 'Annuity Bureau' factors (single life v joint life and increasing v non-increasing) without tax-free cash sum
 - Reduced annuity using 'Annuity Bureau' factors (single life v joint life and increasing v non-increasing) with tax-free cash sum
 - Single Uncrystallised Funds Pension Lump Sum
- (7) Must mention member's benefits on death before retirement
- Value of Personal Retirement Account paid to Legal Personal Representatives

Leavers Part 2 – Question 2

Calculation

- (1) Preserved pension at date of leaving of **£30,332.55 p.a.** which, when revalued to NPD, could result in a maximum pension of **£72,998.92 p.a.** – *assuming increases from date of leaving of 5.0% per annum compound*

Spouse's pension on death before / after retirement of **£15,166.28 p.a.** (*based on member's pension at DOL*) which, when revalued to NPD, could result in a maximum pension of **£36,499.46 p.a.** (*based on member's pension at DOL revalued to NPD*)

OR

- (2) Transfer value to another pension arrangement

Leavers Part 2 – Question 3

Calculation

- (1) Preserved benefit of **£18,397.01** (including Transfer in, which is currently held in Trustees' bank account and awaiting investment, of **£17,741.21**)

OR

- (2) Transfer value to another pension arrangement

Leavers Part 2 – Question 4

Calculation

- (1) Preserved pension at date of leaving of **£17,739.66 p.a.** (excess over GMP = **£15,663.30 p.a.**, pre-1988 GMP = **£95.16 p.a.** and post-1988 GMP = **£1,981.20 p.a.**) which, when revalued to NPD, could result in a maximum pension of **£28,343.63 p.a.** (excess over GMP = **£25,513.79 p.a.**, pre-1988 GMP = **£129.48 p.a.** and post-1988 GMP = **£2,700.36 p.a.** – assuming increases on excess from date of leaving of 5.0% per annum compound and increases on GMP from date of leaving at 3.5% fixed rate of revaluation)

Spouse's pension on death before / after retirement of **£8,869.83 p.a.** (based on member's pension at DOL) which, when revalued to NPD, could result in a maximum pension of **£14,171.82 p.a.** (based on member's pension at DOL revalued to NPD)

OR

- (2) Transfer value to another pension arrangement

Leavers Part 2 – Question 5

Calculation

- (2) Preserved 'Underpin' pension at date of leaving of **£6,396.67 p.a.** {v 'CARE' pension of **£6,318.62 p.a.**} (pre-2006 = **£1,710.00 p.a.** and post-2006 = **£4,686.67 p.a.**) which, when revalued to NPD, would result in a pension of **£9,733.30 p.a.** (pre-2006 = **£2,601.97 p.a.** and post-2006 = **£7,131.33 p.a.** – assuming increases from date of leaving of 2.5% per annum compound)

Spouse's pension on death after retirement of **£2,558.67 p.a.** (pre-2006 = **£684.00 p.a.** and post-2006 = **£1,874.67 p.a.** – based on member's pension at DOL) which, when revalued to NPD, would result in a pension of **£3,893.32 p.a.** (pre-2006 = **£1,040.79 p.a.** and post-2006 = **£2,852.53 p.a.** – based on member's pension at DOL revalued to NPD)

OR

- (2) Transfer value to another pension arrangement

Deaths Part 1 – Question 1

Calculation

- (1) Lump sum death benefit (equal to 5 years' member pension instalments since death in service after NPD) of **£94,747.85** payable at Trustees' Discretion – [LTA used = **8.82%**]

PLUS

- (2) Spouse's pension of **£9,474.79 p.a.**

Deaths Part 1 – Question 2

Calculation

- (1) Lump sum death benefit (refund of Personal Retirement Account of **£850,701.04** plus life assurance of **£347,400.00** since death in service before NPD) of **£1,198,101.04** payable at Trustees' Discretion – [LTA used = **111.64%**] – *must make reference to maximum available LTA limit being exceeded and to 'refer to manager'*

Deaths Part 1 – Question 3

Calculation

- (1) Lump sum death benefit (refund of contributions only since death in deferment) of **£21,379.68** payable to Legal Personal Representatives / Estate – [LTA used = **1.99%**]

PLUS

- (2) Spouse's pension of **£7,205.70 p.a.** (excess over WGMP = **£6,294.14 p.a.** and post-1988 WGMP = **£911.56 p.a.**)

Deaths Part 1 – Question 4

Calculation

- (1) Lump sum death benefit (equal to balance of 5 years' member pension instalments only [capped to age 75] since death in retirement) of **£46,589.85** payable at Trustees' Discretion – [LTA used = **4.34%**]

PLUS

- (2) Spouse's pension of **£8,239.02 p.a.** (pre-2006 = **£887.04 p.a.** and post-2006 = **£7,351.98 p.a.**)

Deaths Part 1 – Question 5

Calculation

- (1) Lump sum death benefit (refund of contributions of **£47,026.40** plus life assurance of **£97,375.00** since death in service before NPD) of **£144,401.40** payable at Trustees' Discretion – [LTA used = **13.45%**]
- PLUS**
- (2) Spouse's pension of **£5,252.69 p.a.** (pre-2006 = **£1,119.24 p.a.** and post-2006 = **£4,133.45 p.a.** {including young spouse reduction})

Letter: Question 6 – (Relating to Question 5)

- (1) Date of death:
- **03/09/2021**
- (2) Total lump sum death benefit (**£144,401.40**), *stating the following details:*
- Life assurance (**£97,375.00**)
- Refund of contributions (**£47,026.40**)
- Payable at **Trustees' Discretion**
- (3) Spouse's pension (**£5,252.69 p.a.**), *stating the following details:*
- Pre-2006 split (**£1,119.24 p.a.**)
- Post-2006 split (**£4,133.45 p.a.**)
- Commencement date (**01/10/2021**)
- Increase rates (pre-2006 = **lower of 5.0% / RPI** and post-2006 = **lower of 2.5% / RPI**)
- Frequency of payment (**monthly**)
- Increase date (**each year on anniversary of DOD**)
- (4) Additional information:
- Must mention young spouse reduction
- (5) Lifetime allowance:
- Percentage used by lump sum death benefit (**13.45%**)
- Counts against deceased member
- (6) Action required:
- Member's death certificate
- Spouse's birth & marriage certificates
- Bank details

Deaths Part 2 – Question 1

Calculation

- (1) Lump sum death benefit (refund of Personal Retirement Account only since death in deferment) of **£183,510.19** payable to Legal Personal Representatives / Estate – [LTA used = **17.10%**]

Deaths Part 2 – Question 2

Calculation

- (1) Lump sum death benefit (refund of contributions of **£115,128.34** plus life assurance of **£325,002.00** since death in service before NPD) of **£440,130.34** payable at Trustees' Discretion – [LTA used = **41.01%**]

PLUS

- (2) Spouse's pension of **£26,840.54 p.a.** (excess over WGMP = **£26,082.38 p.a.** and post-1988 WGMP = **£758.16 p.a.**)

Deaths Part 2 – Question 3

Calculation

- (1) Lump sum death benefit (refund of contributions of **£79,362.16** plus life assurance of **£212,000.00** since death in service before NPD) of **£291,362.16** payable at Trustees' Discretion – [LTA used = **27.15%**]

PLUS

- (2) Spouse's pension of **£12,267.73 p.a.** (pre-2006 = **£2,374.40 p.a.** and post-2006 = **£9,893.33 p.a.**)

Deaths Part 2 – Question 4

Calculation

- (1) Lump sum death benefit (refund of contributions of **£151,792.23** plus life assurance of **£226,125.00** since death in service after NPD) of **£377,917.23** payable at Trustees' Discretion – [LTA used = **35.21%**]

PLUS

- (2) Spouse's pension of **£12,891.26 p.a.** (pre-2006 = **£6,381.95 p.a.** and post-2006 = **£6,509.31 p.a.** {including young spouse reduction})

Deaths Part 2 – Question 5

Calculation

- (1) Lump sum death benefit (equal to balance of 5 years' member pension instalments since death in retirement) of **£13,392.00** payable at Trustees' Discretion – [LTA used = **1.24%**]

PLUS

- (2) Spouse's pension of **£6,370.99 p.a.**

Letter: Question 6 – (Relating to Question 5)

- (1) Date of death (**30/08/2021**)
- (2) Total lump sum death benefit (**£13,392.00**), stating the following details:
- Outstanding instalments (**£13,392.00**)
 - Payable at **Trustees' Discretion**
- (3) Spouse's pension (**£6,370.99 p.a.**), stating the following details:
- Excess (**£6,370.99 p.a.**)
 - Commencement date (**01/09/2021**)
 - Rate of increase (**lower of 5.0% / RPI**)
 - Frequency of payment (**monthly**)
 - Increase date (**1st April each year**)
- (4) Additional information:
- Must mention enhanced spouse's percentage
- (5) Lifetime allowance:
- Percentage used by lump sum death benefit (**1.24%**)
 - Counts against deceased member
- (6) Action required:
- Member's death certificate
 - Spouse's birth & marriage certificates
 - Bank details

Retirements Part 1 – Question 1

Calculation

Options

- (1) Full 'CARE' pension of **£17,238.39 p.a.** {vs 'Underpin' pension of **£15,764.58 p.a.**} (pre-2006 = **£6,785.03 p.a.** and post-2006 = **£10,453.36 p.a.**) with a spouse's pension of **£6,895.36 p.a.** (pre-2006 = **£2,714.01 p.a.** and post-2006 = **£4,181.35 p.a.**) – [LTA used = **32.12%**]

OR

- (2) Pension commencement lump sum of **£78,381.23** – [LTA used = **7.30%**]

PLUS

Residual pension of **£11,757.19 p.a.** (pre-2006 = **£6,785.03 p.a.** and post-2006 = **£4,972.16 p.a.**) with a spouse's pension of **£6,895.36 p.a.** (pre-2006 = **£2,714.01 p.a.** and post-2006 = **£4,181.35 p.a.**) – [LTA used = **21.91%**]

Letter: Question 6 – (Relating to Question 1)

- (1) Date of retirement:
 - **30/09/2021**
- (2) Options available:
 - Full pension = **£17,238.39 p.a.**, stating the following details:
 - Pre-2006 = **£6,785.03 p.a.**
 - Post-2006 = **£10,453.36 p.a.**
 - OR*
 - Pension commencement lump sum [PCLS] = **£78,381.23, PLUS**
 - Residual pension = **£11,757.19 p.a.**, stating the following details:
 - Pre-2006 = **£6,785.03 p.a.**
 - Post-2006 = **£4,972.16 p.a.**
- (3) Details of pension:
 - Commencement date = **01/10/2021**
 - Frequency of payment = **monthly**
 - Increase rates:
 - Pre-2006 = **lower of 5.0% / RPI**
 - Post-2006 = **lower of 2.5% / RPI**
 - Increase date = **anniversary of date of commencement**
- (4) Details of spouse's pension payable on death of member:
 - Spouse's pension = **£6,895.36 p.a.**
- (5) Must mention reduction for early payment
- (6) Must mention potential young spouse reduction (as spouse greater than 10 years younger)
- (7) Must mention LSDB payable if death occurs within 5 years of retirement
- (8) Lifetime allowance:
 - Percentage used by full pension = **32.12%**
 - OR*
 - Percentage used by PCLS = **7.30%** and percentage used by residual pension = **21.91%**
- (10) Action required:
 - Choice of option
 - Member's birth certificate
 - Bank details

Retirements Part 1 – Question 2

Calculation

Options

- (1) Full pension of **£38,670.07 p.a.** (excess over GMP = **£33,589.67 p.a.**, pre-1988 GMP = **£160.16 p.a.** and post-1988 GMP = **£4,920.24 p.a.**) with a spouse's pension of **£19,335.04 p.a.** – [LTA used = **72.07%**]

OR

- (2) Pension commencement lump sum of **£169,421.84** – [LTA used = **15.78%**]

PLUS

Residual pension of **£25,413.28 p.a.** (excess over GMP = **£20,332.88 p.a.**, pre-1988 GMP = **£160.16 p.a.** and post-1988 GMP = **£4,920.24 p.a.**) with a spouse's pension of **£19,335.04 p.a.** – [LTA used = **47.36%**]

Retirements Part 1 – Question 3

Calculation

Value of Personal Retirement Account = **£220,860.28**

Options

- (1) Pension commencement lump sum of **£55,215.07** – [LTA used = **5.14%**]

PLUS

Annuity of **£10,844.34 p.a.** (non-increasing) with a spouse's annuity of **£5,422.17 p.a.** – [LTA used = **15.43%**] – {Annuity Bureau Charge of **£82.82**}

OR

- (2) Pension commencement lump sum of **£55,215.07** – [LTA used = **5.14%**]

PLUS

Annuity of **£7,384.08 p.a.** (increasing at the lower of 5.0% / RPI) with a spouse's annuity of **£3,692.04 p.a.** – [LTA used = **15.43%**] – {Annuity Bureau Charge of **£82.82**}

OR

- (3) Uncrystallised Funds Pension Lump Sum of **£220,860.28** (tax-free element = **£55,215.07** and taxable element = **£165,645.21**, which is taxed at member's marginal rate and paid assuming an Emergency Code on a Month 1 basis) – [LTA used = **20.58%**]

OR

- (4) Open Market Option

Retirements Part 1 – Question 4

Calculation

Options

- (1) Full pension of **£13,239.04 p.a.** with a spouse's pension of **£6,619.52 p.a.** – [LTA used = **24.67%**]

OR

- (2) Pension commencement lump sum of **£61,425.28** – [LTA used = **5.72%**]

PLUS

Residual pension of **£9,213.79 p.a.** with a spouse's pension of **£6,619.52 p.a.** – [LTA used = **17.17%**]

Retirements Part 1 – Question 5

Calculation

Options

- (1) Full 'Underpin' pension of **£8,848.58 p.a.** {vs 'CARE' pension of **£8,712.21 p.a.**} (pre-2006 = **£539.00 p.a.** and post-2006 = **£8,309.58 p.a.**) with a spouse's pension of **£3,539.43 p.a.** (pre-2006 = **£215.60 p.a.** and post-2006 = **£3,325.83 p.a.**) – [LTA used = **16.49%**]

OR

- (2) Pension commencement lump sum of **£39,775.38** – [LTA used = **3.70%**]

PLUS

Residual pension of **£5,966.31 p.a.** (pre-2006 = **£539.00 p.a.** and post-2006 = **£5,427.31 p.a.**) with a spouse's pension of **£3,539.43 p.a.** (pre-2006 = **£215.60 p.a.** and post-2006 = **£3,325.83 p.a.**) – [LTA used = **11.11%**]

Retirements Part 2 – Question 1

Calculation

Option 1A – Pension Only (AVCs single life)

- (1A) Full pension of **£14,291.00 p.a.** [plus single life AVC pension of **£2,194.86 p.a.** = total pension of **£16,485.86 p.a.**] with a spouse's pension of **£7,145.50 p.a.** – [LTA used = **30.72%**]

OR

Option 1B – Pension Only (AVCs joint life)

- (1B) Full pension of **£14,291.00 p.a.** [plus joint life AVC pension of **£1,819.66 p.a.** = total pension of **£16,110.66 p.a.**] with a spouse's pension of **£7,145.50 p.a.** [plus joint life AVC pension of **£909.83 p.a.** = total pension of **£8,055.33 p.a.**] – [LTA used = **30.02%**]

OR

Option 2 – Pension and Cash

- (2) Pension commencement lump sum of **£77,732.88** (including AVC cash of **£53,972.84**) – [LTA used = **7.24%**]

PLUS

Residual pension of **£12,569.26 p.a.** with a spouse's pension of **£7,145.50 p.a.** – [LTA used = **23.42%**]

Retirements Part 2 – Question 2

Calculation

Options

- (1) Full 'CARE' pension of **£29,721.86 p.a.** {vs 'Underpin' pension of **£26,651.22 p.a.**} (pre-2006 = **£10,983.67 p.a.** and post-2006 = **£18,738.19 p.a.**) with a spouse's pension of **£11,888.74 p.a.** (pre-2006 = **£4,393.47 p.a.** and post-2006 = **£7,495.27 p.a.**) – [LTA used = **55.39%**]

OR

- (2) Pension commencement lump sum of **£137,513.62** – [LTA used = **12.81%**]

PLUS

Residual pension of **£20,627.04 p.a.** (pre-2006 = **£10,983.67 p.a.** and post-2006 = **£9,643.37 p.a.**) with a spouse's pension of **£11,888.74 p.a.** (pre-2006 = **£4,393.47 p.a.** and post-2006 = **£7,495.27 p.a.**) – [LTA used = **38.44%**]

Retirements Part 2 – Question 3

Calculation

Options

- (1) Full pension of **£43,673.41 p.a.** (excess over GMP = **£42,836.21 p.a.** and post-1988 GMP = **£837.20 p.a.**) with a spouse's pension of **£21,836.71 p.a.** – [LTA used = **81.39%**]

OR

- (2) Pension commencement lump sum of **£202,307.71** – [LTA used = **18.85%**]

PLUS

Residual pension of **£30,346.16 p.a.** (excess over GMP = **£29,508.96 p.a.** and post-1988 GMP = **£837.20 p.a.**) with a spouse's pension of **£21,836.71 p.a.** – [LTA used = **56.55%**]

Letter: Question 6 – (Relating to Question 3)

- (1) Date of retirement:
- **30/09/2021**
- (2) Options available:
- Full pension = **£43,673.41 p.a.**, *stating the following details:*
- Excess over GMP = **£42,836.21 p.a.**
- Post-1988 GMP = **£837.20 p.a.**
OR
- Pension commencement lump sum [PCLS] = **£202,307.71**, *PLUS*
- Residual pension = **£30,346.16 p.a.**, *stating the following details:*
- Excess over GMP = **£29,508.96 p.a.**
- Post-1988 GMP = **£837.20 p.a.**
- (3) Details of pension:
- Commencement date = **01/10/2021**
- Frequency of payment = **monthly**
- Increase rates up to 'GMP due date' (since early retirement *before* 'GMP due date'):
- Total pension = **lower of 5.0% / RPI**
- Increase rates from 'GMP due date':
- Excess over GMP = **lower of 5.0% / RPI**
- Post-1988 GMP = **lower of 3.0% / CPI**
- Increase date = **1st April each year**
- (4) Details of spouse's pension payable on death of member:
- Spouse's pension = **£21,836.71 p.a.**
- (5) Must mention reduction for early payment
- (6) Must mention LSDB payable if death occurs within 5 years of retirement
- (6) Lifetime allowance:
- Percentage used by full pension = **81.39%**
OR
- Percentage used by PCLS = **18.85%** and percentage used by residual pension = **56.55%**
- (7) Action required:
- Choice of option
- Member's birth certificate
- Bank details

Retirements Part 2 – Question 4

Calculation

Options

- (1) Full 'CARE' pension of **£12,984.51 p.a.** {vs 'Underpin' pension of **£9,202.67 p.a.**} pre-2006 = **£3,224.35 p.a.** and post-2006 = **£9,760.16 p.a.**) with a spouse's pension of **£5,193.80 p.a.** (pre-2006 = **£1,289.74 p.a.** and post-2006 = **£3,904.06 p.a.**) – [LTA used = **24.20%**]

OR

- (2) Pension commencement lump sum of **£50,000.00** – [LTA used = **4.65%**]

PLUS

Residual pension of **£9,361.32 p.a.** (pre-2006 = **£3,224.35 p.a.** and post-2006 = **£6,136.97 p.a.**) with a spouse's pension of **£5,193.80 p.a.** (pre-2006 = **£1,289.74 p.a.** and post-2006 = **£3,904.06 p.a.**) – [LTA used = **17.44%**]

Retirements Part 2 – Question 5

Calculation

Value of Personal Retirement Account = **£526,594.27** (including transfer in of **£146,258.90**)

Options

- (1) Annuity of **£34,527.31 p.a.** (increasing at lower of 2.5% / RPI) with a spouse's annuity of **£17,263.65 p.a.** – [LTA used = **49.07%**] – {Annuity Bureau Charge of **£263.30**}

OR

- (2) Pension commencement lump sum of **£131,648.57** – [LTA used = **12.26%**]

PLUS

Annuity of **£37,145.81 p.a.** (non-increasing and single life) – [LTA used = **36.80%**] – {Annuity Bureau Charge of **£197.47**}

OR

- (3) Uncrystallised Funds Pension Lump Sum of **£526,594.27** (tax-free element = **£131,648.57** and taxable element = **£394,945.70**, which is taxed at member's marginal rate and paid assuming an Emergency Code on a Month 1 basis) – [LTA used = **49.07%**]

OR

- (4) Open Market Option

Transfers – Question 1

Calculation

Total Transfer Value of **£215,019.41**, which includes the post-1997 Transfer Value of **£153,473.40** (member additionally has an AVC Fund Value of **£13,219.87**) – *mention requirement for independent financial advice from authorised adviser regulated under Financial Services & Markets Act 2000 if transferring to an arrangement where benefits can be accessed flexibly (as TV exceeds £30,000)*

Transfers – Question 2

Calculation

Total Transfer Value of **£39,806.59** (including **£5,529.53** in respect of AVCs), which is split between Funds and Contribution Types as follows:

Global Equity Fund – (Lifestyle)

Member contributions	-	£6,819.56
Employer contributions	-	£10,911.30
AVCs	-	£3,237.53
Total	-	£20,968.39

Index Linked Bond Fund – (Lifestyle)

Member contributions	-	£2,659.57
Employer contributions	-	£4,255.32
AVCs	-	£1,262.61
Total	-	£8,177.50

Cash Fund – (Lifestyle)

Member contributions	-	£675.36
Employer contributions	-	£1,080.58
AVCs	-	£320.62
Total	-	£2,076.56

Balanced Fund – (non-Lifestyle)

Member contributions	-	£4,177.45
Employer contributions	-	£6,683.93
Total	-	£10,861.38

Corporate Bond Fund – (non-Lifestyle)

Member contributions	-	£978.28
Employer contributions	-	£1,565.24
AVCs	-	£708.77
Total	-	£3,252.29

Transfers – Question 3

Calculation

Total Transfer Value of **£180,839.20**, which includes the post-1997 Transfer Value of **£162,636.78** (member additionally has an AVC Fund Value of **£8,443.98**) – *mention requirement for independent financial advice from authorised adviser regulated under Financial Services & Markets Act 2000 if transferring to an arrangement where benefits can be accessed flexibly (as TV exceeds £30,000).*

Letter: Question 7 – (Relating to Question 3)

- (1) Total Transfer Value *excluding* AVCs = **£180,839.20**
- (2) Total Transfer Value *including* AVCs = **£189,283.18** {of which AVCs = **£8,443.98**}
- (3) Post-1997 element of Transfer Value = **£162,636.78**
- (4) Must mention option to transfer to a suitable alternative pension arrangement
- (5) Must mention (*if the member is transferring to an arrangement where benefits can be accessed flexibly*):
 - requirement of the member to take independent financial advice from an authorised adviser regulated under the Financial Services and Markets Act 2000 should the transfer proceed
 - requirement of the member to apply for the transfer in writing to the Trustees within 3 months of the guarantee date (date on which the transfer was calculated)
 - requirement of the member to confirm to the Trustees within 3 months of receiving the transfer quotation that independent financial advice has been received
 - requirement of the Trustees to verify within 6 months of the guarantee date that independent financial advice has been received and that the adviser has the correct permission to proceed by verifying details on the Financial Services Register before carrying out the transfer
 - requirement of the Trustees (unless they hear to the contrary) to assume the transfer will be to an arrangement where benefits can be accessed flexibly
- (6) Must mention that financial advice cannot be given
- (7) Must make reference to “Pension Scams”
- (8) Must mention that – if transfer out proceeds – no benefits will remain in the RST Pension Scheme

Transfers – Question 4

Calculation

- (1) At NPD, a pension of **£5,301.09 p.a.** (including post-1997 pension of **£3,851.33 p.a.**) would be payable
- (2) On death before retirement a refund of member contributions would be payable
- (3) On death after retirement a lump sum death benefit would be payable (provided death occurs within 5 years of retirement) and a spouse’s pension would also be payable
- (4) All benefits will be payable in accordance with the provisions of the RST Pension Scheme

Transfers – Question 5

Calculation

The Transfer-in of **£27,001.22** would buy units in the member's Personal Retirement Account split between Funds and Contribution Types as follows:

Global Equity Fund – (Lifestyle)

Member contributions	-	343.1262 units
Employer contributions	-	285.6573 units
AVCs	-	160.4182 units
Total	-	789.2017 units

Index Linked Bond Fund – (Lifestyle)

Member contributions	-	5,266.6607 units
Employer contributions	-	4,834.5689 units
AVCs	-	2,462.2664 units
Total	-	12,113.4960 units

Cash Fund – (Lifestyle)

Member contributions	-	2,419.6330 units
Employer contributions	-	2,014.3784 units
AVCs	-	1,131.2255 units
Total	-	5,565.2369 units

Letter: Question 8 – (Relating to Question 5)

- (1) Transfer Value = **£27,001.22**
 - Total member contributions = **£11,739.49**
 - Total employer's contributions = **£9,773.29**
 - Total AVCs = **£5,488.44**
- (2) Global Equity Fund – (Lifestyle) = **789.2017 units**
 - Member contributions = **343.1262 units**
 - Employer contributions = **285.6573 units**
 - AVCs = **160.4182 units**
- (3) Index Linked Bond Fund (Lifestyle) = **12,113.4960 units**
 - Member contributions = **5,266.6607 units**
 - Employer contributions = **4,383.5689 units**
 - AVCs = **2,462.2664 units**
- (4) Cash Fund – (Lifestyle) = **5,565.2369 units**
 - Member contributions = **2,419.6330 units**
 - Employer contributions = **2,014.3784 units**
 - AVCs = **1,131.2255 units**
- (5) Must mention that the transferred-in benefits are invested in the 'Lifestyle Fund' (*but no requirement to specifically derive or actually show Lifestyle units*)
- (6) Must penalise if financial advice 'actually' given

- (7) Must penalise if member's written authority to proceed is mentioned (as transfer in has already occurred and written authority has already been received)
- (8) Must penalise if 'Guarantee' period is mentioned (as not relevant for OPQ Retirement & Death Benefits Plan and transfer in has already occurred)
- (9) Must mention that no benefits remain in the previous scheme
- (10) Must mention that benefits are subject to the rules of OPQ Retirement & Death Benefits Plan

Transfers – Question 6

Calculation

- (1) At NPD, a pension of **£2,976.89 p.a.** (including excess pension of **£2,481.33 p.a.** and post-1988 GMP of **£495.56 p.a.** {and including post-1997 pension of **£2,279.51 p.a.**}) would be payable
 - (2) On death before retirement before NPD a refund of contributions would be payable and a spouse's pension would also be payable
 - (3) On death before retirement on or after NPD (*from active status only, as late retirement not permitted from preserved status*) a lump sum death benefit would be payable (calculated on the assumption that the member retired on the date of death) and a spouse's pension would also be payable
 - (4) On death after retirement a lump sum death benefit would be payable (provided death occurs within 5 years of retirement) and a spouse's pension would also be payable
 - (5) All benefits will be payable in accordance with the provisions of the XYZ Pension and Life Assurance Scheme
-