# WORKED ANSWER OPQ PLAN PRS => RET (NORMAL)

# PETER KNOTT

Date of birth: 04/09/1956

Date of retirement: 04/09/2022

Age at date of retirement: 66 years

Normal pension date: 04/09/2022 (66 years = State Pension Date)

Type of retirement: Normal retirement (from preserved)

Lifestyle Fund: N/A

Target retirement date: N/A

Quotes required (1): 20% of fund as tax-free cash sum plus annuity options for non-increasing (*single life*) and increasing annually at the lower of 3.0% / RPI (*50% joint life*)

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

Annuity factors: Single life annuity (age = 66 years, non-increasing) = 9.00

50% joint life annuity (age = 66 years, increasing annually at the lower of 3.0% / RPI) = 6.00

# Member’s normal contributions unit holdings:

|  |  |  |
| --- | --- | --- |
| Global Equity Fund | 21,267.8787 x £3.971 = | £ 84,454.75 |
| Index Linked Bond Fund | 10,334.6596 x £1.623 = | £ 16,773.15 |
| Cash Fund | 30,094.7675 x £1.019 = | £ 30,666.57 |
| Total |  | **£131,894.47** |

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

|  |  |  |
| --- | --- | --- |
| Global Equity Fund | 34,028.6059 x £3.971 = | £135,127.59 |
| Index Linked Bond Fund | 16,535.4554 x £1.623 = | £ 26,837.04 |
| Cash Fund | 48,151.6280 x £1.019 = | £ 49,066.51 |
| Total |  | **£211,031.14** |

**Total Personal Retirement Account**

Total Value £131,894.47 + £211,031.14 = **£342,925.61**

**OPTION-1**

**Tax-free cash sum**

**Amount required:** £342,925.61 x 20% = **£ 68,585.12**

**Singlelife annuity (non-increasing)**

**Balance of fund:** £342,925.61 - £68,585.12 = **£274,340.49**

**Annuity bureau charge:** £274,340.49 x 0.065% = £178.32

**£178.32** charge applies (as exceeds minimum of £75.00)

**Amount left to purchase an annuity:** £274,340.49 - £178.32 = **£274,162.17**

**Member:** £274,162.17 / 100 x 9.00 = **£ 24,674.60 p.a.**

**Spouse: N/A**

**OPTION-2**

**Tax-free cash sum**

**Amount required:** £342,925.61 x 20% = **£ 68,585.12**

**50% joint life annuity (increasing annually at lower of 3.0% / RPI)**

**Balance of fund:** £342,925.61 - £68,585.12 = **£274,340.49**

**Annuity bureau charge:** £274,340.49 x 0.065% = £178.32

**£178.32** charge applies (as exceeds minimum of £75.00)

**Amount left to purchase an annuity:** £274,340.49 - £178.32 = **£274,162.17**

**Member:** £274,162.17 / 100 x 6.00 = **£ 16,449.73 p.a.**

**Spouse:** £ 16,449.73 x 50% = ***£ 8,224.87 p.a.***

***Lifetime Allowance Check (BOTH OPTIONS)***

**Tax-free cash sum:** £ 68,585.12 / £1,073,100.00 x 100% = **6.39%**

**Annuity:** £274,340.49 / £1,073,100.00 x 100% = **25.56%**

*The total LTA of 31.95% (6.39% + 25.56%) is within the member’s LTA balance of 78.98%*

**UFPLS**

**Tax-free amount:** £342,925.61 x 25% = **£ 85,731.40**

**Taxable at marginal rate:** £342,925.61 x 75% = **£257,194.21**

***Lifetime Allowance Check***

**UFPLS:** £342,925.61 / £1,073,100.00 x 100% = **31.95%**

*The total LTA of 31.95% is within the member’s LTA balance of 78.98%*

**Summary Answer**

Value of Personal Retirement Fund = £342,925.61

Options

1. Tax-free cash sum of £68,585.12 – [LTA used = 6.39%]

# PLUS

Single life annuity (non-increasing) of £24,674.60 p.a. [*spouse = n/a*] – [LTA used = 25.56%] – Annuity Bureau Charge of £178.32

## OR

1. Tax-free cash sum of £68,585.12 – [LTA used = 6.39%]

# PLUS

50% joint life annuity (increasing at lower of 3.0% / RPI) of £16,449.73 p.a. [*spouse = £8,224.87 p.a.*] – [LTA used = 25.56%] – Annuity Bureau Charge of £178.32

## OR

1. Uncrystallised Funds Pension Lump Sum (UFPLS) of £342,925.61, of which £85,731.40 will be paid tax-free and £257,194.21 (taxable element) will be paid assuming an emergency code on a month 1 basis – [LTA used = 31.95%]

***OR***

1. Transfer entire Personal Retirement Account to a suitable alternative arrangement to take advantage of additional flexibilities (e.g. multiple UFPLS’s or Flexi-Access Drawdown)

***OR***

1. Open Market Option