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

# LORRAINE RANDALL

Date of birth: 05/09/1956

Date of retirement: 05/09/2022

Age at date of retirement: 66 years

Normal pension date: 05/09/2022 (66 years = State Pension Date)

Type of retirement: Normal retirement

Lifestyle Fund: N/A

Target retirement date: N/A

Quotes required (1): £80,000.00 as tax-free cash sum (assuming it is within maximum permitted) plus non-increasing annuity options (*single life* & *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, non-increasing) = 7.70

# Member’s normal contributions unit holdings:

|  |  |  |
| --- | --- | --- |
| Global Equity Fund | 26,347.2826 x £3.971 = | £104,625.06 |
| Balanced Fund |  1,986.4455 x £4.529 = |  £ 8,996.61 |
| Cash Fund | 10,323.5663 x £1.019 = | £ 10,519.71 |
| Total |  | **£124,141.38** |

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

|  |  |  |
| --- | --- | --- |
| Global Equity Fund | 42,155.6522 x £3.971 = | £167,400.09 |
| Balanced Fund |  3,178.3128 x £4.529 = | £ 14,394.58 |
| Cash Fund | 16,517.7061 x £1.019 = | £ 16,831.54 |
| Total |  | **£198,626.21** |

 **Total Personal Retirement Account**

Total Value £124,141.38 + £198,626.21 = **£322,767.59**

**OPTION-1**

**Tax-free cash sum**

**Amount required:**  **£ 80,000.00**

***Maximum permitted:*** *£322,767.59 x 25% = £ 80,691.90*

**Singlelife annuity (non-increasing)**

**Balance of fund:** £322,767.59 - £80,000.00 = **£242,767.59**

**Annuity bureau charge:** £242,767.59 x 0.065% = £157.80

 **£157.80** charge applies (as exceeds minimum of £75.00)

**Amount left to purchase an annuity:** £242,767.59 - £157.80 = **£242,609.79**

**Member:** £242,609.79 / 100 x 9.00 = **£ 21,834.88 p.a.**

**Spouse: N/A**

**OPTION-2**

**Tax-free cash sum**

**Amount required:**  **£ 80,000.00**

***Maximum permitted:*** *£322,767.59 x 25% = £ 80,691.90*

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

**Balance of fund:** £322,767.59 - £80,000.00 = **£242,767.59**

**Annuity bureau charge:** £242,767.59 x 0.065% = £157.80

 **£157.80** charge applies (as exceeds minimum of £75.00)

**Amount left to purchase an annuity:** £242,767.59 - £157.80 = **£242,609.79**

**Member:** £242,609.79 / 100 x 7.70 = **£ 18,680.95 p.a.**

**Spouse:** £ 18,860.95 x 50% = ***£ 9,340.48 p.a.***

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

**Tax-free cash sum:** £80,000.00 / £1,073,100.00 x 100% = **7.45%**

**Annuity:** £242,767.59 / £1,073,100.00 x 100% = **22.62%**

*The total LTA of 30.07% (7.45% + 22.62%) is within the member’s LTA balance of 100.00%*

**UFPLS**

**Tax-free amount:** £322,767.59 x 25% = **£ 80,691.90**

**Taxable at marginal rate:** £322,767.59 x 75% = **£242,075.69**

***Lifetime Allowance Check***

**UFPLS:** £322,767.59 / £1,073,100.00 x 100% = **30.07%**

*The total LTA of 30.07% is within the member’s LTA balance of 100.00%*

**Summary Answer**

Value of Personal Retirement Fund = £322,767.59

Options

1. Tax-free cash sum of £80,000.00 – [LTA used = 7.45%]

# PLUS

Single life annuity (non-increasing) of £21,834.88 p.a. [*spouse = n/a*] – [LTA used = 22.62%] – Annuity Bureau Charge of £157.80

## OR

1. Tax-free cash sum of £80,000.00 – [LTA used = 7.45%]

# PLUS

50% joint life annuity (non-increasing) of £18,680.95 p.a. [*spouse = £9,340.48 p.a.*] – [LTA used = 22.62%] – Annuity Bureau Charge of £157.80

## OR

1. Uncrystallised Funds Pension Lump Sum (UFPLS) of £322,767.59, of which £80,691.90 will be paid tax-free and £242,075.69 (taxable element) will be paid assuming an emergency code on a month 1 basis – [LTA used = 30.07%]

***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