

CPC EXAMINERS' REPORT MARCH 2022

Another series of CPC examinations has taken place and, once again, it is encouraging to report the high numbers for entrants (**758**) and those going on to sit the actual examinations (**672**).

For this series of examinations, the average pass rate across all seven units was broadly consistent with previous years, albeit the success rate was marginally lower than September 2021 (**68% v 69%**). Overall, candidates were less successful than September 2021 for each of the Part 2 papers (**61% v 68%** for **Retirements Part 2**, **69% v 82%** for **Deaths Part 2** and **76% v 85%** for **Leavers Part 2**, respectively). Candidates also fared less well than September 2021 for **Leavers Part 1** (**58% v 66%**) and **Transfers** (**43% v 68%**). However, it was pleasing to note that the overall pass rate was significantly higher for **Retirements Part 1** (**77% v 49%**) and **Deaths Part 1** (**91% v 68%**).

The paper for **Leavers Part 1** was attempted well by most candidates. The *Case Study* that caused most problems was the one for the *XYZ Pension and Life Assurance Scheme (Category A)*. In many instances, candidates did not use the correct method for revaluing the GMP. As the member was female, the GMP revaluation should have been carried out in two steps (i.e. using the number of complete tax years from the date of leaving to 'GMP due date', with statutory increases then applying from 'GMP due date' to normal pension date). However, many candidates incorrectly did the revaluation in a single step as if the member was male, based on complete tax years from the date of leaving to normal pension date. In addition, numerous candidates did not revalue the GMP from the date of leaving to 'GMP due date' using the stipulated method detailed in the appendices to the scheme booklet (i.e. the revalued pre-1988 GMP should have been derived by deducting the revalued post-1988 GMP from the revalued total GMP).

For the *Case Study* on the *XYZ Pension and Life Assurance Scheme (Category B)*, some candidates did not use the best pensionable salary figure in the previous five years when performing the comparison with the revalued final pensionable salary from 3 July 2011. In addition, a few candidates calculated pensionable service to the date of leaving rather than capping it to 3 July 2011.

Both *Case Studies* for the *RST Pension Scheme* were dealt with competently, albeit for the first *Case Study* a few candidates failed to identify the refund option (in addition to the preserved option and the transfer option). Where the refund option was correctly identified, many candidates did not use two separate tax rates in determining the net refund (i.e. 20% tax should have been applied on the first £20,000 of contributions and 50% tax should have been applied on subsequent contributions).

For **Leavers Part 1**, there was just one *Case Study* for the *OPQ Retirement & Death Benefits Plan*. The member was invested in the lifestyle fund and the majority of candidates successfully calculated the number of complete months to the member's target retirement date. However, some candidates did not always state the breakdown of the individual fund units (i.e. for 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.

The *Letter* for **Leavers Part 1** was associated with the first *Case Study* for the *RST Pension Scheme*. It was usually attempted well, although some candidates did not mention the different tax rates which needed to be applied for the refund option. In addition, some candidates did not always state actual values, particularly in relation to the pension figures for the spouse.

The pass rate was relatively high for **Leavers Part 2**. There was no specific *Case Study* that caused particular difficulties and, in general, the 'special circumstances' were well understood and dealt with competently.

For the *Case Study* relating to the *XYZ Pension and Life Assurance Scheme (Category A)*, not all candidates used the best pensionable salary figure in the last five years when determining the final pensionable salary. In addition, there were a few arithmetical errors when determining the first and last tranches of pensionable service. For this *Case Study*, the member was male and so there was a requirement to only revalue the GMP from the date of leaving to normal pension date (i.e. 'GMP due date'). However, as with **Leavers Part 1**, several candidates did not revalue the GMP using the prescribed method detailed in the appendices to the scheme booklet.

The *Case Study* for the *XYZ Pension and Life Assurance Scheme (Category B)* was attempted without difficulty by most candidates, although the comments made in relation to **Leavers Part 1** apply equally here (i.e. not all candidates used the best pensionable salary figure in the previous five years when performing the salary comparison, and not all candidates capped the pensionable service to 3 July 2011). The *Letter* for **Leavers Part 2** was associated with this *Case Study* and it presented few problems.

As with **Leavers Part 1**, candidates generally did well on both *Case Studies* relating to the *RST Pension Scheme*. Once again, not all candidates recognised the refund option (for the first *Case Study*) and a few candidates did not deal correctly with the transferred-in pension (for the second *Case Study*). In some instances, candidates added the transferred-in pension to the preserved pension at the date of leaving, when it was payable from normal pension date.

For the *Case Study* relating to the *OPQ Retirement & Death Benefits Plan*, most candidates correctly identified that the member had less than 30 days' qualifying service. This meant that the member was entitled only to a refund. However, whilst recognising that preserving benefits within the *OPQ Retirement & Death Benefits Plan* was not an option, some candidates suggested incorrectly that a transfer value was an option. Several candidates based the refund solely on the contributions and AVCs paid by the member. These candidates made no reference to the current value of the member's element of the Personal Retirement Account and so were 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 overall pass rate for **Retirements Part 1** was much improved from the previous series in September 2021. However, there was one *Case Study* that generally resulted in more errors than the other *Case Studies*. This was the *Case Study* relating to the *OPQ Retirement & Death Benefits Plan*. In many cases, candidates failed to accurately show the full range of specified options. In addition, the 'Lifetime Allowance' was often calculated after (rather than before) the deduction of the 'Annuity Bureau Charge'. Further, the statement relating to the tax treatment of the Uncrystallised Funds Pension Lump Sum ('UFPLS') was frequently incomplete, and the open market option was sometimes omitted.

For the *Case Study* on the *XYZ Pension and Life Assurance Scheme (Category A)*, some candidates projected pensionable service to the member's normal pension date. However, as this *Case Study* was an 'ill-health' calculation, the pension should have been based on actual pensionable service, but with no reduction for early payment. For this *Case Study*, several candidates lost marks by not confirming that the residual pension covered the GMP.

The *Case Study* relating to the *XYZ Pension and Life Assurance Scheme (Category B)* was usually attempted without difficulty. However, many candidates miscalculated the member's age by one month when attempting to derive the commutation factor (i.e. the member was one day short of being

57 years and 8 months). In addition, pensionable service was not always capped to 3 July 2011. Further, some candidates incorrectly referred to a potential young spouse's reduction.

Neither of the *Case Studies* relating to the *RST Pension Scheme* posed too many challenges. The only comment of note is that candidates 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, splits were occasionally not provided for the member's residual pension.

The *Letter for Retirements Part 1* was associated with the *Case Study* for the *XYZ Pension and Life Assurance Scheme (Category A)*. It was generally answered extremely well, albeit some candidates did not mention the fact that the member was retiring on the grounds of ill health. In addition, a few candidates did not specify the different payment increase rates before and after 'GMP due date'.

Although *Retirements Part 2* was attempted competently by most candidates, marks were dropped frequently on two particular *Case Studies*. The first *Case Study* to present difficulties was the one relating to the *XYZ Pension and Life Assurance Scheme (Category A)*. This *Case Study* was normal retirement from preserved status. In addition to not always revaluing the GMP elements in accordance with the prescribed method detailed in the scheme booklet, a number of candidates used the wrong table for deriving the GMP revaluation factor (i.e. they did not use the 4.75% table). A few candidates also omitted the transferred-in benefit altogether, although it was generally dealt with correctly when it was included.

The other *Case Study* for *Retirements Part 2* where candidates tended to drop marks was the one for the *OPQ Retirement & Death Benefits Plan*. For this *Case Study*, some candidates did not always provide figures for the requisite set of options. In addition, and as with *Retirements Part 1*, the LTA percentages for the annuity options were frequently calculated after the deduction of the 'Annuity Bureau Charge'. Once again, several candidates did not mention the possibility of the open market option and a significant proportion of candidates failed to adequately explain the tax treatment for the 'UFPLS'.

The two *Case Studies* relating to the *RST Pension Scheme* were dealt with quite well. For the first *Case Study* relating to the *RST Pension Scheme*, a few candidates experienced difficulties with the treatment of AVCs; specifically when dealing with the post-commutation spouse's pension. Some candidates stated that this pension would be the same as the pre-commutation spouse's pension. However, in the event of the member taking the AVCs fully as cash, the AVCs would have been extinguished. For the joint life AVC option, the AVCs would therefore have formed no part of the post-commutation spouse's pension whereas they would have formed part of the pre-commutation spouse's pension. The second *Case Study* for the *RST Pension Scheme* contained an enhanced accrual rate. This generally caused few issues and many candidates produced perfect answers.

The *Case Study* on the *XYZ Pension and Life Assurance Scheme (Category B)* was answered competently by the majority of candidates. Where errors were made, it was generally when deriving the various elements of pensionable service prior to applying the part-time adjustments. In addition, some candidates once again failed to restrict pensionable service to 3 July 2011.

The *Letter for Retirements Part 2* related to the second *Case Study* for the *RST Pension Scheme*. Overall, it was answered extremely well. The only observation was that a few candidates did not mention that the pension had been reduced for early payment, or that the FSU accrual rate had been augmented.

Deaths Part 1 had the best pass rate across all units. The *Case Study* which candidates tended to find most challenging was the one for the *XYZ Pension and Life Assurance Scheme (Category A)*. This was 'death-in-retirement'. For this *Case Study*, several candidates failed to cap the number of outstanding pension instalments to the deceased member's 75th birthday. In addition, a few candidates did not split out the spouse's excess pension and the post-1988 WGMP. Where candidates 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). It was also noticeable that not all candidates recognised that there should not have been a pre-1988 WGMP element as the deceased member was female.

The *Case Study* relating to the *XYZ Pension and Life Assurance Scheme (Category B)* was generally answered without too many errors being incurred. However, there were a few candidates who failed to cap pensionable service to 3 July 2011 and, in addition, a surprisingly high number of candidates indicated a young spouse reduction was applicable when this is only relevant for the *RST Pension Scheme*.

Neither of the *Case Studies* for the *RST Pension Scheme* posed too many challenges. For the second *Case Study*, which was 'death-in-deferment', some candidates attempted to calculate a spouse's pension when this was not applicable. Additionally, a few candidates stated that the total lump sum death benefit would be payable to one or more persons at the trustees' discretion. They should have stated that the benefit would be payable to the deceased member's estate / legal personal representatives.

The *Case Study* relating to the *OPQ Retirement & Death Benefits Plan* was also generally answered well. The only comment of note was that a few candidates did not show their workings fully; often failing to show the unit holdings – which should have been calculated to four decimal places – after applying the relevant lifestyle investment allocation percentages (split by contribution type within fund) and before multiplying by the relevant unit prices.

The overall pass rate for **Deaths Part 2** was relatively high, with the 'special circumstances' tending to be dealt with competently in most of the scripts received. The most challenging *Case Study* was the one for the *XYZ Pension and Life Assurance Scheme (Category A)*. As this *Case Study* was 'death-in-deferment', there was a requirement to revalue the GMP elements from the date of leaving to the date of death. However, several candidates did not follow the prescribed method set out in the appendices of the scheme booklet. In addition, a few candidates did not correctly calculate the number of complete tax years between the date of leaving and the date of death. Further, and as highlighted for **Retirements Part 2**, some candidates did not use the correct table for deriving the GMP revaluation factor (i.e. they used a table other than the one with the 6.25% factors). With this *Case Study*, most candidates correctly provided a split for the excess spouse's pension and the spouse's GMP. However, as with **Deaths Part 1**, not all candidates recognised that there should not have been a pre-1988 WGMP element as the deceased member was female.

The *Case Study* for the *XYZ Pension and Life Assurance Scheme (Category B)* was generally well answered. The most common error occurred when candidates failed 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 candidates 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.

As with **Deaths Part 1**, candidates tended to make few errors on the *Case Studies* for the *RST Pension Scheme*. For the first *Case Study*, there were a few candidates who struggled to deal successfully with the part-time adjustments; particularly in the calculation of the 'Underpin' pension. With the second *Case Study*, which was 'death-in-retirement', some candidates did not cap the number of outstanding pension instalments to the deceased member's 75th birthday or, if they did, they did not always calculate the correct number of outstanding instalments (i.e. there should have been just one outstanding payment).

The comments made already in relation to the **Deaths Part 1 Case Study** for the *OPQ Retirement & Death Benefits Plan* are equally valid for the equivalent *Case Study* for **Deaths Part 2**. With the lifestyle element applying to this *Case Study*, a few candidates did not display the fund units (rounded to four decimal places) after applying the relevant investment allocation percentages to the lifestyle units and before multiplying by the relevant unit prices. Instead, these candidates provided just the end answers without splitting out the calculation.

As usual, the *Letters* for both **Death** papers were answered competently by most candidates, with all required information generally being included. However, there was a common error in instances where candidates 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, several candidates incorrectly requested the spouse to provide details of the beneficiaries to whom the benefit should be paid, and in what proportions.

Although the pass rate for **Transfers** tends to fluctuate from one series to the next, it was noticeable that the number of candidates reaching the required standard this time round fell short of what might ordinarily be expected when compared to the other papers. Once again, it was clear that time management was a problem for many candidates. There were instances where candidates produced some perfect answers but were still unable to achieve a pass as they did not complete (or attempt) each *Case Study* or each required *Letter*.

With **Transfers**, the *Case Studies* for the *RST Pension Scheme* and *XYZ Pension and Life Assurance Scheme (Category A)* presented few problems from a purely mathematical perspective. However, for the transfer out *Case Studies*, many candidates once again failed to fully 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, candidates provided partial information by referring only to the requirement to take independent financial advice. Similarly, with the transfer in *Case Studies*, a few candidates produced perfect answers but were penalised for not providing full details of the attaching benefits associated with the transfer in.

The *Case Studies* for the *OPQ Retirement & Death Benefits Plan* caused a few more difficulties. For the transfer out *Case Study*, the member was in a mixture of lifestyle and non-lifestyle funds. A number of arithmetical errors were made for this particular *Case Study*, and there were also a few transcription errors with the unit price of a wrong fund being applied to the correct unit holdings of the correct fund. When dealing with the lifestyle fund, several candidates 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.

Although the transfer in *Case Study* for the *OPQ Retirement & Death Benefits Plan* was usually well attempted, there was a high volume of arithmetical errors, and (as with the transfer out *Case Study* for the *OPQ Retirement & Death Benefits Plan*) there were quite a few transcription errors when dividing

contributions (split by contribution type within fund) by the relevant unit prices to derive the appropriate unit holdings.

On the whole, both of the required *Letters* for **Transfers** were answered well. However, it was noticeable that there were some candidates who, for the *Letter* relating to the transfer in of benefits to the *RST Pension Scheme*, failed to provide the correct range of benefits potentially payable on death from various statuses (e.g. there should have been no reference to a spouse's pension for death-in-deferment).

By highlighting the key areas where candidates 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 largely unaltered from previous Examiners' Reports since the comments are still apt and yet still get ignored in many instances.

The Chief and Senior Examiners would advise candidates:

- To clearly show their workings since arithmetical errors are penalised less harshly than errors where the cause cannot be easily identified.
- To save time by only summarising their calculation results at the end of a question when the various options and values are not clear from the preceding calculations.
- To save time by transcribing only relevant information from the *Case Study* at the start of each question rather than writing down every item of data.
- 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 candidates that **scripts will not be marked** in any of the following circumstances:

- Where a candidate's personal 'candidate number' is missing or incorrect.
- Where a candidate's name appears anywhere on the answer script (e.g. letters signed with a name other than AN Other).
- Where a centre or candidate 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 candidates are fortunate to receive training organised by their centres. However, the Committee would like to stress the importance of all training materials being checked on a regular basis to ensure they are fully up to date and accurate. The Committee would also like to emphasise that centres and their candidates should not wait until the final moments leading up to the examinations before raising any calculation queries with the PMI, as there is no guarantee that such queries will be answered in time.

It should be stressed once more that candidates are expected to familiarise themselves fully with the 'Scheme Booklets' and 'Tables of Factors'. The sample *Case Studies* and *Letters* on the Website, whilst providing a very useful guide, cannot be expected to cover each and every scenario that may be encountered within the CPC examinations.

On a final point, centres should be aware that there are 'SOME' changes to the 'Scheme Booklets' and 'Tables of Factors' for the next series of CPC examinations in September 2022. Details of these changes can be found in the 'Key Features' document on the Website.

THE STATISTICS

The table below provides a detailed breakdown and summary of the key statistics relating to the March 2022 CPC examinations.

Unit	Entries	Withdrawn (or deferred)	Absent	Scripts received	Pass	Fail	Success rate
Retirements Part 1	111	7	0	104	80	24	77%
Retirements Part 2	105	7	0	98	60	38	61%
Deaths Part 1	88	7	0	81	74	7	91%
Deaths Part 2	80	5	0	75	52	23	69%
Leavers Part 1	158	21	8	129	75	54	58%
Leavers Part 2	123	15	6	102	78	24	76%
Transfers	93	9	1	83	36	47	43%
TOTAL	758	71	15	672	455	217	68%

COMMON ERRORS WHERE CANDIDATES FAILED TO MEET THE STANDARDS

LEAVERS: PART 1

Qu.1 – (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 month too much)
- 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.2 – (RST)

- Underpin pension not always calculated as being slightly higher than CARE pension
- Statement not always provided to confirm Underpin pension all post-2006 (i.e. to confirm whole of pension increases in payment at lower of 2.5% and RPI)
- Refund option occasionally omitted
- Different tax rates not always applied for refund calculation (i.e. 20% on first £20,000 only, with 50% applying thereafter)

Qu.3 – (XYZ: Category B)

- Final pensionable salary (for comparison) not always based on best pensionable salary figure in previous five years
- Revalued final pensionable salary from 3 July 2011 not always calculated as being higher than best pensionable salary figure in previous five years
- Pensionable service sometimes not capped to 3 July 2011

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 revaluation period not always based on 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-1988 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-1988 GMP at 'GMP due date' should be derived by deducting revalued post-1988 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

Qu.5 – (RST)

- Year-to-date pensionable service for CARE pension sometimes incorrectly calculated (usually by one month too little)
- Pensionable earnings rather than contractual salary occasionally used for determining Underpin pension

Qu.6 – (Letter for Qu.2)

- Actual value for refund of contributions on death of member occasionally omitted
- 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
- Details of separate tax rates for refund calculation not always provided (i.e. 20% on first £20,000 and 50% on remainder)

LEAVERS: PART 2

Qu.1 – (XYZ: Category B)

- 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 from 3 July 2011
- Final pensionable salary at 3 July 2011 indexed to date of leaving sometimes calculated to be higher than best pensionable salary figure in previous five years (when it was slightly lower)
- Pensionable service occasionally not capped to 3 July 2011
- Pensionable service splits not always calculated correctly for enhanced / non-enhanced tranches

Qu.2 – (RST)

- Period of part-time service frequently calculated incorrectly (particularly for year-to-date CARE pension)
- Part-time adjustment not always applied to year-to-date CARE pension
- 'Actual' contractual salary (rather than 'FTE' contractual salary) sometimes used for calculation of Underpin pension
- Statement not always provided to confirm CARE pension all post-2006 (i.e. to confirm whole of pension increases in payment at lower of 2.5% and RPI)
- Factor for revaluation from date of leaving to normal pension date not always based on correct number of complete years
- Refund option occasionally omitted

Qu.3 – (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)
- Incorrect method occasionally used for refund option (i.e. tax calculation sometimes based on 'current' values for member contributions and AVCs, rather than 'actual' member contributions and AVCs paid)
- 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.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 for first and last tranches)
- Final pensionable salary sometimes based on latest pensionable salary rather than best pensionable salary in previous 5 years
- GMP not always revalued from date of leaving to 'GMP due date' (i.e. normal pension date since male member) in accordance with statutory method detailed in appendices of XYZ 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 not always rounded 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)

- CARE pension sometimes calculated as being higher than Underpin pension (when it was slightly lower)
- Transferred-in pension often added to pension at date of leaving (when benefit payable from normal pension date)
- Transferred-in pension occasionally omitted from spouse's pension on death after retirement
- Factor for revaluation from date of leaving to normal pension date not always stated
- Statement that Underpin pension all post-2006 not always mentioned (i.e. to confirm whole of Underpin pension increases in payment at lower of 2.5% and RPI)
- Statement that transferred-in pension all post-2006 not always mentioned (i.e. to confirm whole of transferred-in pension increases in payment at lower of 2.5% and RPI)

Qu.6 – (Letter for Qu.1)

- Mention of 'assumed' revaluation rate in calculation of 5.0% from date of leaving to normal pension date sometimes omitted (although 'true' revaluation rate of lower of 5.0% / RPI usually stated)
- Mention of enhanced accrual rate for first four years of pensionable service not always stated
- 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

DEATHS: PART 1

Qu.1 – (RST)

- Months for determining year-to-date CARE pension sometimes wrong by one month (normally one month too low)
- Young spouse reduction factor occasionally not applied (but generally correct when applied)

Qu.2 – (XYZ: Category B)

- Highest pensionable salary in last 5 years occasionally compared against indexed final pensionable salary from 3 July 2011 (when only latest pensionable salary figure should have been used)
- Pensionable service occasionally not capped to 3 July 2011
- Young spouse reduction factor occasionally applied when not relevant for XYZ Pension and Life Assurance Scheme (Category B)

Qu.3 – (RST)

- Spouse's pension occasionally calculated when not applicable for death-in-deferment
- Lump sum death benefit sometimes stated as being paid being paid to 'deceased member's legal personal representatives / estate' rather than to 'persons at the discretion of the trustees'

Qu.4 – (XYZ: Category A)

- 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 correctly capped to deceased member's 75th birthday
- 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 divisible by 52)
- Spouse's pre-1988 WGMP often calculated when not applicable (since deceased member was female)
- Incorrect method frequently used for determining spouse's pension (i.e. spouse's pension should be 50% of member's pension, with excess being balance over and above post-1988 WGMP)

Qu.5 – (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

Qu.6 – (Letter for Qu.2)

- Reference sometimes made to a young spouse reduction when not applicable for XYZ Pension and Life Assurance Scheme (Category B)
- 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 is payable under trustees' discretionary powers

DEATHS: PART 2

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
- Pensionable service splits sometimes calculated incorrectly for enhanced / non-enhanced tranches
- Late retirement factor not always applied (or factor applied but not always rounded to nearest integer)

Qu.2 – (RST)

- CARE pension and Underpin pension not always based on projected pensionable service to normal pension date
- 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

Qu.3 – (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 transferred-in benefits invested in non-lifestyle funds and member and employee contributions invested in lifestyle fund
- Statement sometimes provided to ‘Refer case to Manager’ (even though percentage of ‘Lifetime Allowance’ used was slightly within available limit)

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 correctly capped to deceased member’s 75th birthday (i.e. either zero or two payments were used as the balance of outstanding payments when only one payment remained outstanding)

Qu.5 – (XYZ: Category A)

- GMP revaluation percentage rate sometimes incorrect (i.e. rate other than 6.25% used)
- Member’s GMP elements not always revalued from date of leaving to date of death in accordance with statutory method detailed in appendices of XYZ Pension and Life Assurance Scheme booklet (i.e. revalued pre-1988 GMP at date of death should be derived by deducting revalued post-1988 GMP at date of death from revalued total GMP at date of death)
- 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)
- Spouse’s pre-1988 WGMP sometimes calculated when not applicable (since deceased member was female)
- Incorrect method frequently used for determining spouse’s pension (i.e. spouse’s pension should be 50% of member’s pension, with excess being balance over and above post-1988 WGMP)
- 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.6 – (Letter for Qu.4)

- Mention of enhanced percentage for spouse’s pension sometimes omitted
- Mention of young spouse reduction occasionally omitted
- 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 is payable under trustees’ discretionary powers

RETIREMENTS: PART 1

Qu.1 – (XYZ: Category B)

- Pensionable service not always capped to 3 July 2011
- Early retirement factor usually correctly calculated but not always used
- Commutation factor occasionally based on wrong age (i.e. member was one day short of 57 years and 8 months)
- Potential young spouse reduction sometimes mentioned when not relevant for XYZ Pension and Life Assurance Scheme (Category B)

Qu.2 – (OPQ)

- Correct range of requested options not always provided (i.e. request specifically made by member for 20% cash with either (a) non-escalating single life annuity, or (b) single life annuity increasing at lower of 5.0% / RPI)
- Joint life annuity figures occasionally provided for spouse (even when member's annuity options correctly stated as being single life)
- 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 (*and paid assuming an emergency code on a month 1 basis*)
- Mention of open market option occasionally omitted

Qu.3 – (RST)

- Pro-rata RPI percentage for accrued CARE elements sometimes applied incorrectly (i.e. accrued CARE elements at 5 April 2021 should have been multiplied by 0.330 rather than 0.300)
- Splits not always provided for pre / post-2006 elements of member's residual pension
- Spouse's post-commutation pension occasionally not stated
- Potential young spouse reduction sometimes mentioned when age differential actually just short of 10 years (rather than just more than 10 years)

Qu.4 – (XYZ: Category A)

- Pensionable service for ill health occasionally projected to normal pension date rather than being based on date of actual retirement
- Pre / post-1997 pensionable service splits sometimes incorrect (often by one day too much or by one day too little)
- Check to determine if residual pension covers GMP occasionally omitted

Qu.5 – (RST)

- Splits not always provided for pre / post-2006 elements of member's residual pension
- Spouse's post-commutation pension occasionally not stated

Qu.6 – (Letter for Qu.4)

- Actual value of excess pension element sometimes omitted (for both full pension and residual pension) although value for post-1988 GMP element usually stated
- Mention of retirement on grounds of ill health often 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')

RETIREMENTS: PART 2

Qu.1 – (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
- Requested annuity options occasionally not provided (i.e. a non-escalating single life annuity should have been provided for first option [where the maximum cash sum was requested] but a non-escalating joint life option should have been provided for second option [where a specified cash sum was requested])
- 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 (*and paid assuming an emergency code on a month 1 basis*)
- Mention of open market option occasionally omitted

Qu.2 – (RST)

- Pensionable service for ill health occasionally based on actual retirement date rather than being projected to normal pension date
- Underpin pension often correctly identified as being higher than CARE pension but splits for pre / post-2006 elements not always provided for either full pension or residual pension
- Joint life AVC pension and / or single life AVC pension sometimes dealt with incorrectly
- LTA percentage used not always combined for scheme pension and AVC pension
- Spouse's pension not always calculated correctly for joint life and single life AVC options
- Methodology for incorporating AVCs within tax-free cash sum calculation sometimes inaccurate
- Spouse's post-commutation pension occasionally not stated (or stated as being the same as the pre-commutation position, which was inaccurate with regard to the spouse's joint life AVC pension [*as no AVCs remained post-commutation*])

Qu.3 – (XYZ: Category A)

- Excess revaluation rate sometimes applied incorrectly (i.e. 32.10% should have meant excess pension revalued by a factor of 1.321)
- GMP elements not always revalued from date of leaving to date of retirement in accordance with statutory method detailed in appendices of XYZ Pension and Life Assurance Scheme booklet (i.e. revalued pre-1988 GMP at date of retirement should be derived by deducting revalued post-1988 GMP at date of retirement from revalued total GMP at date of retirement)
- GMP revaluation percentage rate sometimes incorrect (i.e. rate other than 4.75% sometimes used)
- GMP revaluation period sometimes based on complete years rather than complete tax years
- Transferred-in benefit not always accumulated to overall pension (or occasionally omitted from the calculation of the tax-free cash sum)
- Check to determine if residual pension covers GMP occasionally omitted

Qu.4 – (RST)

- Early retirement factor sometimes not applied for either CARE pension or Underpin pension (even when correctly determined at outset of calculation)
- Augmented accrual rate and relevant service splits for applying augmented accrual rate not always accurate in calculation of Underpin pension (particularly for 2002-2006 service split, where standard accrual rate of 100ths sometimes applied rather than augmented accrual rate of 80ths)
- Splits not always provided for pre / post-2006 elements of residual pension
- Spouse's post-commutation pension occasionally not stated
- Potential young spouse reduction sometimes mentioned when age differential just short of 10 years (rather than just more than 10 years)

Qu.5 – (XYZ: Category B)

- Final pensionable salary not always based on best figure in last 5 years (prior to making comparison against final pensionable salary at 3 July 2011 revalued to date of retirement)
- Pensionable service not always capped to 3 July 2011
- Pensionable service splits not always calculated correctly prior to applying any part-time adjustments
- Part-time adjustments occasionally incorrect even when pensionable service splits calculated correctly

Qu.6 – (Letter for Qu.4)

- Mention of reduction in pension for early payment sometimes omitted
- Augmented accrual rates for CARE pension and Underpin pension not always stated
- Potential young spouse reduction based on member's current marital status sometimes mentioned (when the spouse was not quite 10 years younger – *although this was not penalised if the error had been previously penalised in the Case Study*)

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 partially 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)
- 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 the relevant unit prices
- Transcription errors occasionally made with unit prices; particularly for the non-lifestyle funds (with a unit price for a wrong fund sometimes being applied to the correct unit holdings of a right 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 partially 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 (normally one year too high)
- Full list of attaching benefits – when provided – not always accurate (e.g. no spouse's pension should be payable on death-in-deferment)

Qu.5 – (OPQ)

- Transferred-in contributions after applying relevant percentages to be allocated to each fund (split by contribution type) not always rounded to 4 decimal places – or even shown – prior to dividing by the relevant unit prices
- Arithmetical errors frequently made when deriving the amount of transferred-in contributions to be allocated to each fund (split by contribution type) prior to dividing by the relevant unit prices
- Transcription errors occasionally made (with unit prices for the wrong funds sometimes being applied to the correctly calculated split of contributions for the right funds; particularly for AVCs)

Qu.6 – (XYZ)

- Full list of attaching benefits not always provided

Qu.7 – (Letter for Qu.2)

- Breakdown of individual values by contribution type within each fund frequently omitted (although total values for each fund usually provided)
- Reference to a guarantee period occasionally mentioned, which is inaccurate for the OPQ Retirement & Death Benefits Plan
- Statement that financial advice cannot be provided sometimes omitted
- Statement to confirm that no benefits will remain in the OPQ Retirement & Death Benefits Plan should the transfer out proceed not always provided

Qu.8 – (Letter for Qu.4)

- Full list of attaching benefits on death not always provided
- Statement referring to a quotation guarantee period for the transferred-in benefits not always provided
- Statement confirming that no benefits will remain in the ceding scheme should the transfer in proceed occasionally omitted

SUMMARY OF WORKED ANSWERS

Leavers Part 1 – Question 1

Calculation

- (1) Preserved benefit of **£106,542.04**

OR

- (2) Transfer value to another pension arrangement

Leavers Part 1 – Question 2

Calculation

- (1) Net refund of **£23,765.57**

OR

- (2) Preserved 'Underpin' pension at date of leaving of **£7,283.33 p.a.** {*v preserved 'CARE' pension of £7,187.50 p.a.*} (all post-2006) which, when revalued to NPD, would result in a pension of **£12,538.76 p.a.** (all post-2006 – *assuming increases from date of leaving to NPD of 2.5% per annum compound*)

Spouse's pension on death after retirement of **£2,913.33 p.a.** (all post-2006 – *based on member's pension at DOL*) which, when revalued to NPD, would result in a pension of **£5,015.50 p.a.** (all post-2006 – *based on member's pension at DOL revalued to NPD*)

OR

- (3) Transfer value to another pension arrangement

Letter: Question 6 – (Relating to Question 2)

- (1) Date of leaving (**16/03/2022**)
- (2) Preserved 'Underpin' pension at date of leaving (**£7,283.33 p.a.**), *which is all post-2006*
- (3) Revaluation rate to NPD (**lower of 5.0% / CPI**)
- (4) Member's NPD (**07/09/2044**) or specific age at NPD (**65**)
- (5) Pension at NPD (**£12,538.76 p.a.**) {*assuming increases of 2.5% per annum compound*}, *which is all post-2006*
- (6) Must mention tax-free cash sum option on retirement
- (7) Death before retirement
 - Refund of contributions of (**£35,531.15**)

- (8) Death after retirement
- Spouse's pension (**£2,913.33 p.a.**) *{based on member's pension at DOL}* which, when revalued to NPD, would result in a pension of **£5,015.50 p.a.** *{based on member's pension at DOL revalued to NPD, assuming increases of 2.5% per annum compound}*
 - LSDB (**provided death occurs before 5 years of pension payments**)
- (9) Post retirement increases
- Post-2006 (**lower of 2.5% / RPI**)
- (10) Must mention refund option, *stating the following details:*
- Total refund (**£23,765.57**)
 - Contributions paid (**£35,531.15**)
 - Tax deducted (**£11,765.58**)
 - Tax rate (**20% on first £20,000.00 and 50% on remainder [£15,531.15]**)
- (11) Must mention transfer option

Leavers Part 1 – Question 3

Calculation

- (1) Preserved pension at date of leaving of **£11,904.59 p.a.** which, when revalued to NPD, could result in a maximum pension of **£21,378.98 p.a.** – *assuming increases from date of leaving to NPD of 5.0% per annum compound*

Spouse's pension on death before / after retirement of **£5,952.30 p.a.** *(based on member's pension at DOL)* which, when revalued to NPD, could result in a maximum pension of **£10,689.49 p.a.** *(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 **£18,208.30 p.a.** (excess over GMP = **£15,343.10 p.a.**, pre-1988 GMP = **£654.16 p.a.** and post-1988 GMP = **£2,211.04 p.a.**) which, when revalued to NPD, could result in a maximum pension of **£27,394.06 p.a.** (excess over GMP = **£22,668.82 p.a.**, pre-1988 GMP = **£960.44 p.a.** and post-1988 GMP = **£3,764.80 p.a.** – *assuming increases on excess from date of leaving to NPD of 5.0% per annum compound and increases on GMP from date of leaving to 'GMP due date' at fixed rate of revaluation [3.50%], with statutory increases applying thereafter up to NPD*)

Spouse's pension on death before / after retirement of **£9,104.15 p.a.** *(based on member's pension at DOL)* which, when revalued to NPD, could result in a maximum pension of **£13,697.03 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) Preserved 'CARE' pension at date of leaving of **£11,649.58 p.a.** (*v preserved 'Underpin' pension of £10,995.83 p.a.*) (pre-2006 = **£500.64 p.a.** and post-2006 = **£11,148.94 p.a.**) which, when revalued to NPD, would result in a pension of **£21,597.63 p.a.** (pre-2006 = **£928.16 p.a.** and post-2006 = **£20,669.47 p.a.** – *assuming increases from date of leaving to NPD of 2.5% per annum compound*)

Spouse's pension on death after retirement of **£4,659.84 p.a.** (pre-2006 = **£200.26 p.a.** and post-2006 = **£4,459.58 p.a.** – *based on member's pension at DOL*) which, when revalued to NPD, would result in a pension of **£8,639.05 p.a.** (pre-2006 = **£371.26 p.a.** and post-2006 = **£8,267.79 p.a.** – *based on member's pension at DOL revalued to NPD*)

OR

- (2) Transfer value to another pension arrangement

Leavers Part 2 – Question 1

Calculation

- (1) Preserved pension at date of leaving of **£11,418.54 p.a.** which, when revalued to NPD, could result in a maximum pension of **£16,067.03 p.a.** – *assuming increases from date of leaving to NPD of 5.0% per annum compound*

Spouse's pension on death before / after retirement of **£5,709.27 p.a.** (*based on member's pension at DOL*) which, when revalued to NPD, could result in a maximum pension of **£8,033.52 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 (**07/03/2022**)
- (2) Preserved pension at date of leaving (**£11,418.54 p.a.**)
- (3) Mention member's NPD (**12/03/2029**) or mention specific age at NPD (**65**)
- (4) Revaluation rate to NPD (**lower of 5.0% / RPI**)
- (5) Pension at NPD (**£16,067.03 p.a.**)
- (6) Must mention enhanced accrual rate
- (7) Must mention tax-free cash sum option on retirement
- (8) Death before retirement
 - Spouse's pension (**£5,709.27 p.a. at DOL, revalued to DOD**)
 - Refund of contributions (**N/A**)

- (9) Death after retirement
 - Spouse's pension (**£5,709.27 p.a. at DOL, revalued to max £8,033.52 p.a. at NPD**)
 - LSDB (**provided death occurs within 5 years of retirement**)
- (10) Post retirement increases (**lower of 5.0% / RPI**)
- (11) Must mention transfer option

Leavers Part 2 – Question 2

Calculation

- (1) Net refund of **£4,485.00**

OR

- (2) Preserved 'CARE' pension at date of leaving of **£984.38 p.a.** {*v preserved 'Underpin' pension of £787.50 p.a.*} (all post-2006) which, when revalued to NPD, would result in a pension of **£2,064.81 p.a.** (all post-2006 – *assuming increases from date of leaving to NPD of 2.5% per annum compound*)

Spouse's pension on death after retirement of **£393.75 p.a.** (all post-2006 – *based on member's pension at DOL*) which, when revalued to NPD, would result in a pension of **£825.92 p.a.** (all post-2006 – *based on member's pension at DOL revalued to NPD*)

OR

- (3) Transfer value to another pension arrangement

Leavers Part 2 – Question 3

Calculation

- (1) Refund ONLY of **£204.95**

Leavers Part 2 – Question 4

Calculation

- (1) Preserved pension at date of leaving of **£17,183.57 p.a.** (excess over GMP = **£15,592.37 p.a.**, pre-1988 GMP = **£232.44 p.a.** and post-1988 GMP = **£1,358.76 p.a.**) which, when revalued to NPD, could result in a maximum pension of **£19,815.08 p.a.** (excess over GMP = **£18,050.20 p.a.**, pre-1988 GMP = **£257.92 p.a.** and post-1988 GMP = **£1,506.96 p.a.** –*assuming increases on excess from date of leaving to NPD of 5.0% per annum compound and increases on GMP from date of leaving to NPD [= 'GMP due date'] at fixed rate of revaluation [3.50%]*)

Spouse's pension on death before / after retirement of **£8,591.79 p.a.** (*based on member's pension at DOL*) which, when revalued to NPD, could result in a maximum pension of **£9,907.54 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

- (1) Preserved 'Underpin' pension at date of leaving of **£8,937.50 p.a.** {*vs preserved 'CARE' pension of £8,890.52 p.a.*} (all post-2006) which, when revalued to NPD, would result in a pension of **£13,267.81 p.a.** (all post-2006 – *assuming increases from date of leaving to NPD of 2.5% per annum compound*) PLUS a transferred-in pension at NPD of **£1,825.50 p.a.** (all post-2006), resulting in a total revalued pension at NPD of **£15,093.31 p.a.**

Spouse's pension on death after retirement of **£3,575.00 p.a.** (all post-2006 – *based on member's pension at DOL*) which, when revalued to NPD, would result in a pension of **£5,307.12 p.a.** (all post-2006 – *based on member's pension at DOL revalued to NPD*) PLUS a transferred-in pension at NPD of **£730.20 p.a.** (all post-2006), resulting in a total revalued pension at NPD of **£6,037.32 p.a.**

OR

- (2) Transfer value to another pension arrangement

Deaths Part 1 – Question 1

Calculation

- (1) Lump sum death benefit (refund of contributions of **£71,254.48** plus life assurance of **£139,000.00** since death in service after NPD) of **£210,254.48** payable at Trustees' Discretion – [LTA used = **19.59%**]

PLUS

- (2) Spouse's pension of **£7,136.09 p.a.** (pre-2006 = **£2,040.60 p.a.** and post-2006 = **£5,095.49 p.a.** {including young spouse reduction})

Deaths Part 1 – Question 2

Calculation

- (1) Lump sum death benefit (life assurance only since death in service before NPD [*no refund of contributions since non-contributory*]) of **£142,500.00** payable at Trustees' Discretion – [LTA used = **13.27%**]

PLUS

- (2) Spouse's pension of **£5,457.33 p.a.**

Letter: Question 6 – (Relating to Question 2)

- (1) Date of death (**20/03/2022**)
- (2) Total lump sum death benefit (**£142,500.00**), *stating the following details:*
 - Life assurance (**£142,500.00**)
 - Payable at **Trustees' Discretion**
- (3) Spouse's pension (**£5,457.33 p.a.**), *stating the following details:*
 - Excess (**£5,457.33 p.a.**)
 - Commencement date (**01/04/2022**)
 - Rate of increase (**lower of 5.0% / RPI**)
 - Frequency of payment (**monthly**)
 - Increase date (**1st April each year**)
- (4) Additional information:
 - N/A
- (5) Lifetime allowance:
 - Percentage used by lump sum death benefit (**13.27%**)
 - Counts against deceased member
- (6) Action required:
 - Member's death certificate
 - Spouse's birth & marriage certificates
 - Bank details

Deaths Part 1 – Question 3

Calculation

- (1) Lump sum death benefit (refund of contributions only since death in deferment) of **£23,270.13** payable at Trustees' Discretion – [LTA used = **2.16%**]

PLUS

- (2) Spouse's pension = **N/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 **£73,454.04** payable at Trustees' Discretion – [LTA used = **6.84%**]

PLUS

- (2) Spouse's pension of **£21,381.20 p.a.** (excess over WGMP = **£20,623.04 p.a.** and post-1988 WGMP = **£758.16 p.a.**)

Deaths Part 1 – Question 5

Calculation

- (1) Lump sum death benefit (refund of Personal Retirement Account of **£362,146.37** plus life assurance of **£285,300.00** since death in service before NPD) of **£647,446.37** payable at Trustees' Discretion – [LTA used = **60.33%**]

Deaths Part 2 – Question 1

Calculation

- (1) Lump sum death benefit (equal to 5 years' member pension instalments since death in service after NPD) of **£123,166.00** payable at Trustees' Discretion – [LTA used = **11.47%**]

PLUS

- (2) Spouse's pension of **£12,316.60 p.a.**

Deaths Part 2 – Question 2

Calculation

- (1) Lump sum death benefit (refund of contributions of **£59,409.64** plus life assurance of **£78,450.00** since death in service before NPD) of **£137,859.64** payable at Trustees' Discretion – [LTA used = **12.84%**]

PLUS

- (2) Spouse's pension of **£6,901.48 p.a.** (pre-2006 = **£2,204.24 p.a.** and post-2006 = **£4,697.24 p.a.**)

Deaths Part 2 - Question 3

Calculation

- (1) Lump sum death benefit (refund of Personal Retirement Account of **£778,611.02** plus life assurance of **£277,725.00** since death in service before NPD) of **£1,056,336.02** payable at Trustees' Discretion – [LTA used = **98.43%**]

Deaths Part 2 – 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 **£1,778.44** payable at Trustees' Discretion – [LTA used = **0.16%**]

PLUS

- (2) Spouse's pension of **£21,468.39 p.a.** (pre-2006 = **£12,477.33 p.a.** and post-2006 = **£8,991.06 p.a.** {including young spouse reduction})

Letter: Question 6 – (Relating to Question 4)

- (1) Date of death:
- **21/03/2022**
- (2) Total lump sum death benefit (**£1,778.44**), *stating the following details:*
- Outstanding instalments (**£1,778.44, capped to age 75**)
- Payable at **Trustees' Discretion**
- (3) Spouse's pension (**£21,468.39 p.a.**), *stating the following details:*
- Pre-2006 split (**£12,477.33 p.a.**)
- Post-2006 split (**£8,991.06 p.a.**)
- Commencement date (**01/04/2022**)
- 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 enhanced spouse's percentage
- Must mention young spouse reduction
- (5) Lifetime allowance:
- Percentage used by lump sum death benefit (**0.16%**)
- Counts against deceased member
- (6) Action required:
- Member's death certificate
- Spouse's birth & marriage certificates
- Bank details

Deaths Part 2 – Question 5

Calculation

- (1) Lump sum death benefit (refund of contributions only since death in deferment) of **£39,325.64** payable to Legal Personal Representatives / Estate – [LTA used = **3.66%**]

PLUS

- (2) Spouse's pension of **£5,129.69 p.a.** (excess over WGMP = **£3,095.97 p.a.** and post-1988 WGMP = **£2,033.72 p.a.**)

Retirements Part 1 – Question 1

Calculation

Options

- (1) Full pension of **£10,355.60 p.a.** with a spouse's pension of **£5,177.80 p.a.** – [LTA used = **19.30%**]

OR

- (2) Pension commencement lump sum of **£48,348.89** – [LTA used = **4.50%**]

PLUS

Residual pension of **£7,252.33 p.a.** with a spouse's pension of **£5,177.80 p.a.** – [LTA used = **13.51%**]

Retirements Part 1 – Question 2

Calculation

Value of Personal Retirement Account = **£77,466.20**

Options

- (1) Pension commencement lump sum of **£15,493.24** – [LTA used = **1.44%**]

PLUS

Annuity of **£5,386.43 p.a.** (non-increasing and single life) – [LTA used = **5.77%**] – {Annuity Bureau Charge of **£60.00**}

OR

- (2) Pension commencement lump sum of **£15,493.24** – [LTA used = **1.44%**]

PLUS

Annuity of **£4,321.52 p.a.** (increasing at the lower of 5.0% / RPI and single life) – [LTA used = **5.77%**] – {Annuity Bureau Charge of **£60.00**}

OR

- (3) Uncrystallised Funds Pension Lump Sum of **£77,466.20** (tax-free element = **£19,366.55** and taxable element = **£58,099.65**, which is taxed at member's marginal rate and paid assuming an Emergency Code on a Month 1 basis) – [LTA used = **7.21%**]

OR

- (4) Open Market Option

Retirements Part 1 – Question 3

Calculation

Options

- (1) Full 'CARE' pension of **£28,736.51 p.a.** {vs full 'Underpin' pension of **£21,149.58 p.a.**} (pre-2006 = **£10,224.88 p.a.** and post-2006 = **£18,511.63 p.a.**) with a spouse's pension of **£11,494.60 p.a.** (pre-2006 = **£4,089.85 p.a.** and post-2006 = **£7,404.65 p.a.**) – [LTA used = **53.55%**]

OR

- (2) Pension commencement lump sum of **£126,035.60** – [LTA used = **11.74%**]

PLUS

Residual 'CARE' pension of **£18,905.34 p.a.** (pre-2006 = **£10,224.88 p.a.** and post-2006 = **£8,680.46 p.a.**) with spouse's pension of **£11,494.60 p.a.** (pre-2006 = **£4,089.85 p.a.** and post-2006 = **£7,404.65 p.a.**) – [LTA used = **46.97%**]

Retirements Part 1 – Question 4

Calculation

Options

- (1) Full pension of **£29,304.25 p.a.** (excess over GMP = **£27,004.81 p.a.** and post-1988 GMP = **£2,299.44 p.a.**) with a spouse's pension of **£14,652.13 p.a.** – [LTA used = **54.61%**]

OR

- (2) Pension commencement lump sum of **£137,131.86** – [LTA used = **12.77%**]

PLUS

Residual pension of **£20,569.75 p.a.** (excess over GMP = **£18,270.31 p.a.** and post-1988 GMP = **£2,299.44 p.a.**) with a spouse's pension of **£14,652.13 p.a.** – [LTA used = **38.33%**]

Letter: Question 6 – (Relating to Question 4)

- (1) Date of retirement:
- **14/03/2022**
- (2) Options available:
- Full pension = **£29,304.25 p.a.**, stating the following details:
- Excess over GMP = **£27,004.81 p.a.**
- Post-1988 GMP = **£2,299.44 p.a.**
OR
- Pension commencement lump sum [PCLS] = **£137,131.86, PLUS**
- Residual pension = **£20,569.75 p.a.**, stating the following details:
- Excess over GMP = **£18,270.31 p.a.**
- Post-1988 GMP = **£2,299.44 p.a.**
- (3) Details of pension:
- Commencement date = **01/04/2022**
- Frequency of payment = **monthly**
- Increase rates up to 'GMP due date' (since ill health 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 = **£14,652.13 p.a.**
- (5) Must mention early retirement on grounds of ill health
- (6) Must mention LSDB payable if death occurs within 5 years of retirement
- (7) Lifetime allowance:
- Percentage used by full pension = **54.61%**
OR
- Percentage used by PCLS = **12.77%** and percentage used by residual pension = **38.33%**
- (8) Action required:
- Choice of option
- Member's birth certificate
- Bank details

Retirements Part 1 – Question 5

Calculation

Options

- (1) Full pension of **£23,818.83 p.a.** (pre-2006 = **£13,662.71 p.a.** and post-2006 = **£10,156.12 p.a.**) with a spouse's pension of **£9,527.53 p.a.** (pre-2006 = **£5,465.08 p.a.** and post-2006 = **£4,062.45 p.a.**) – [LTA used = **44.39%**]

OR

- (2) Pension commencement lump sum of **£107,068.36** – [LTA used = **9.97%**]

PLUS

Residual pension of **£16,060.25 p.a.** (pre-2006 = **£13,662.75 p.a.** and post-2006 = **£2,397.54 p.a.**) with a spouse's pension of **£9,527.53 p.a.** (pre-2006 = **£5,465.08 p.a.** and post-2006 = **£4,062.45 p.a.**) – [LTA used = **29.93%**]

Retirements Part 2 – Question 1

Value of Personal Retirement Account = **£257,601.68**

Options

- (1) Pension commencement lump sum of **£64,400.42** – [LTA used = **6.00%**]

PLUS

Annuity of **£19,909.09 p.a.** (non-increasing and single life) – [LTA used = **18.00%**] – {Annuity Bureau Charge of **£96.60**}

OR

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

PLUS

Annuity of **£17,907.07 p.a.** (non-increasing) with a spouse's annuity of **£8,953.54 p.a.** – [LTA used = **19.34%**] – {Annuity Bureau Charge of **£103.80**}

OR

- (3) Uncrystallised Funds Pension Lump Sum of **£257,601.68** (tax-free element = **£64,400.42** and taxable element = **£193,201.26**, which is taxed at member's marginal rate and paid assuming an Emergency Code on a Month 1 basis) – [LTA used = **24.00%**]

OR

- (4) Open Market Option

Retirements Part 2 – Question 2

Calculation

Options

- (1A) Full 'Underpin' pension of **£25,841.58 p.a.** {vs full 'CARE' pension of **£24,864.28 p.a.**} (pre-2006 = **£4,295.00 p.a.** and post-2006 = **£21,456.58 p.a.**) [plus single-life AVC pension of **£7,723.34 p.a.** = total pension of **£33,564.92 p.a.**] with a spouse's pension of **£10,336.63 p.a.** (pre-2006 = **£1,718.00 p.a.** and post-2006 = **£8,618.63 p.a.**) – [LTA used = **62.55%**]

OR

- (1B) Full 'Underpin' pension of **£25,841.58 p.a.** {vs full 'CARE' pension of **£24,864.28 p.a.**} (pre-2006 = **£4,295.00 p.a.** and post-2006 = **£21,456.58 p.a.**) [plus joint-life AVC pension of **£6,509.18 p.a.** = total pension of **£32,350.76 p.a.**] with a spouse's pension of **£10,336.63 p.a.** (pre-2006 = **£1,718.00 p.a.** and post-2006 = **£8,618.63 p.a.**) [plus joint life AVC pension of **£2,603.67 p.a.** = total pension of **£12,940.30 p.a.**] – [LTA used = **60.29%**]

OR

- (2) Pension commencement lump sum of **£156,576.21** (including AVC cash of **£139,875.06**) – [LTA used = **14.59%**]

PLUS

Residual 'Underpin' pension of **£24,797.76 p.a.** (pre-2006 = **£4,295.00 p.a.** and post-2006 = **£20,502.76 p.a.**) with a spouse's pension of **£10,336.63 p.a.** (pre-2006 = **£1,718.00 p.a.** and post-2006 = **£8,618.63 p.a.**) – [LTA used = **46.21%**]

Retirements Part 2 – Question 3

Calculation

Options

- (1) Full pension of **£24,503.89 p.a.** (excess over GMP = **£20,750.53 p.a.** [including transferred-in pension of **£4,012.60 p.a.**], pre-1988 GMP = **£581.88 p.a.**, post-1988 GMP = **£3,171.48 p.a.**) with a spouse's pension of **£12,251.95 p.a.** – [LTA used = **45.66%**]

OR

- (2) Pension commencement lump sum of **£110,147.78** – [LTA used = **10.26%**]

PLUS

Residual pension of **£16,522.17 p.a.** (excess over GMP = **£12,768.81 p.a.**, pre-1988 GMP = **£581.88 p.a.**, post-1988 GMP = **£3,171.48 p.a.**) with a spouse's pension of **£12,251.95 p.a.** – [LTA used = **30.79%**]

Retirements Part 2 – Question 4

Calculation

Options

- (1) Full 'CARE' pension of **£16,157.61 p.a.** {vs full 'Underpin' pension of **£15,152.98 p.a.**} (pre-2006 = **£5,483.10 p.a.** and post-2006 = **£10,674.51 p.a.**) with a spouse's pension of **£6,463.04 p.a.** (pre-2006 = **£2,193.24 p.a.** and post-2006 = **£4,269.80 p.a.**) – [LTA used = **30.11%**]

OR

- (2) Pension commencement lump sum of **£74,966.59** – [LTA used = **6.98%**]

PLUS

Residual 'CARE' pension of **£11,244.99 p.a.** (pre-2006 = **£5,483.10 p.a.** and post-2006 = **£5,761.89 p.a.**) with a spouse's pension of **£6,463.04 p.a.** (pre-2006 = **£2,193.24 p.a.** and post-2006 = **£4,269.80 p.a.**) – [LTA used = **20.95%**]

Letter: Question 6 – (Relating to Question 4)

- (1) Date of retirement:
- **18/03/2022**
- (2) Options available:
- Full pension = **£16,157.61 p.a.**, stating the following details:
- Pre-2006 = **£5,483.10 p.a.**
- Post-2006 = **£10,674.51 p.a.**
OR
- Pension commencement lump sum [PCLS] = **£74,966.59**, PLUS
- Residual pension = **£11,244.99 p.a.**, stating the following details:
- Pre-2006 = **£5,483.10 p.a.**
- Post-2006 = **£5,761.89 p.a.**
- (3) Details of pension:
- Commencement date = **01/04/2022**
- 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 = **£6,463.04 p.a.**
- (5) Must mention augmented accrual rates
- (6) Must mention reduction for early payment
- (7) Must mention potential young spouse reduction (as spouse greater than 10 years younger)

- (8) Must mention LSDB payable if death occurs within 5 years of retirement
- (9) Lifetime allowance:
- Percentage used by full pension = **30.11%**
OR
- Percentage used by PCLS = **6.98%** and percentage used by residual pension = **20.95%**
- (10) Action required:
- Choice of option
- Member's birth certificate
- Bank details

Retirements Part 2 – Question 5

Calculation

Options

- (1) Full pension of **£7,226.80 p.a.** with a spouse's pension of **£3,613.40 p.a.** – [LTA used = **13.46%**]

OR

- (2) Pension commencement lump sum of **£32,485.29** – [LTA used = **3.02%**]

PLUS

Residual pension of **£4,872.79 p.a.** with a spouse's pension of **£3,613.40 p.a.** – [LTA used = **9.08%**]

Transfers – Question 1

Calculation

Total Transfer Value of **£142,685.44**, which includes the post-1997 Transfer Value of **£121,690.75** (member additionally has an AVC Fund Value of **£13,870.09**) – *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 **£39,108.18** (including **£2,939.56** in respect of AVCs), which is split between Funds and Contribution Types as follows:

Global Equity Fund – (Lifestyle)

Member contributions	-	£9,731.71
Employer contributions	-	£15,570.74
Total	-	£25,302.45

Index Linked Bond Fund – (Lifestyle)

Member contributions	-	£202.32
Employer contributions	-	£323.71
Total	-	£526.03

Cash Fund – (Lifestyle)

Member contributions	-	£54.48
Employer contributions	-	£87.17
Total	-	£141.65

Index Linked Bond Fund – (non-Lifestyle)

Member contributions	-	£1,302.74
Employer contributions	-	£2,084.38
AVCs	-	£1,045.00
Total	-	£4,432.12

Balanced Fund – (non-Lifestyle)

Member contributions	-	£2,141.35
Employer contributions	-	£3,426.16
AVCs	-	£1,734.60
Total	-	£7,302.11

Corporate Bond Fund – (non-Lifestyle)

Member contributions	-	£478.41
Employer contributions	-	£765.45
AVCs	-	£159.96
Total	-	£1,403.82

Letter (Question 7)

(1a) Total Transfer Value excluding AVCs (**£36,168.62**)

(1b) AVCs (**£2,939.56**)

OR

(1c) Total Transfer Value (**£39,108.18**) including AVCs (**£2,939.56**)

(2a) Transfer Value of **£39,108.18** made up as follows:

Global Equity Fund – (Lifestyle)

£9,731.71	-	(Member Contributions)
£15,570.74	-	(Employer Contributions)
£25,302.45	-	Total

Index Linked Bond Fund – (Lifestyle)

£202.32	-	(Member Contributions)
£323.71	-	(Employer Contributions)
£526.03	-	Total

Cash Fund – (Lifestyle)

£54.48	-	(Member Contributions)
£87.17	-	(Employer Contributions)
£141.65	-	Total

Index Linked Bond Fund – (Non-Lifestyle)

£1,302.74	-	(Member Contributions)
£2,084.38	-	(Employer Contributions)
£1,045.00	-	(AVCs)
£4,432.12	-	Total

Balanced Fund – (Non-Lifestyle)

£2,141.35	-	(Member Contributions)
£3,426.16	-	(Employer Contributions)
£1,734.60	-	(AVCs)
£7,302.11	-	Total

Corporate Bond Fund – (Non-Lifestyle)

£478.41	-	(Member Contributions)
£765.45	-	(Employer Contributions)
£159.96	-	(AVCs)
£1,403.82	-	Total

OR

(2b) Transfer Value of **£39,108.18** made up as follows:Member Contributions

£9,731.71	-	(Global Equity Fund - Lifestyle)
£202.32	-	(Index Linked Bond Fund - Lifestyle)
£54.48	-	(Cash Fund - Lifestyle)
£1,302.74	-	(Index Linked Bond Fund – Non-Lifestyle)
£2,141.35	-	(Balanced Fund – Non-Lifestyle)
£478.41	-	(Corporate Bond Fund – Non-Lifestyle)
£13,911.01	-	Total

Employer Contributions

£15,570.74	-	(Global Equity Fund - Lifestyle)
£323.71	-	(Index Linked Bond Fund - Lifestyle)
£87.17	-	(Cash Fund - Lifestyle)
£2,084.38	-	(Index Linked Bond Fund – Non-Lifestyle)
£3,426.16	-	(Balanced Fund – Non-Lifestyle)
£765.45	-	(Corporate Bond Fund – Non-Lifestyle)
£22,257.61	-	Total

AVCs

£1,045.00	-	(Index Linked Bond Fund – Non-Lifestyle)
£1,734.60	-	(Balanced Fund – Non-Lifestyle)
£159.96	-	(Corporate Bond Fund – Non-Lifestyle)
£2,939.56	-	Total

- (3) Must mention option to transfer to a suitable alternative pension arrangement
- (4) Must mention that financial advice cannot be given
- (5) Must make reference to "Pension Scams"
- (6) Must mention that value of quotation is not guaranteed
- (7) Must mention requirement for member's written authority to proceed
- (8) Must mention that, if transfer out proceeds, no benefits will remain in OPQ Retirement & Death Benefits Plan

Transfers – Question 3

Calculation

Total Transfer Value of **£84,216.22**, which includes the post-1997 Transfer Value of **£73,130.73** (member additionally has an AVC Fund Value of **£10,009.87**) – *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 4

Calculation

- (1) At NPD, a pension of **£8,139.71 p.a.** (including post-1997 pension of **£7,527.50 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

Letter (Question 8)

- (1) Transfer Value (**£39,209.88**)
- (2) Total pension benefit provided at NPD (**£8,139.71 p.a.**)
- (3) Post-1997 element of Transfer Value (**£36,073.90**)
- (4) Post-1997 element of pension benefit provided at NPD (**£7,527.50 p.a.**)
- (5) Must mention following benefits on death:
 - Refund of contributions on death before retirement
 - Lump sum death benefit (provided death occurs within five years of retirement) and spouse's pension on death after retirement
- (6) Must mention that financial advice cannot be given
- (7) Must mention requirement for member's written authority to proceed
- (8) Must mention guarantee period
- (9) Must mention that, if transfer in proceeds, no benefits will remain in previous scheme
- (10) Must mention that, if transfer in proceeds, benefits provided will be subject to rules of RST Pension Scheme

Transfers – Question 5**Calculation**

The Transfer-in of **£21,109.88** would purchase units in the member's Personal Retirement Account split between Funds and Contribution Types as follows:

Global Equity Fund – (Non-Lifestyle)

Member contributions	-	861.9027 units
Employer contributions	-	862.6289 units
AVCs	-	417.0251 units
Total	-	2,141.5567 units

Index Linked Bond Fund – (Non-Lifestyle)

Member contributions	-	1,371.4238 units
Employer contributions	-	1,372.5793 units
AVCs	-	473.9665 units
Total	-	3,217.9696 units

Balanced Fund – (Non-Lifestyle)

Member contributions	-	310.7255 units
Employer contributions	-	310.9873 units
Total	-	621.7128 units

Corporate Bond Fund – (Non-Lifestyle)

Member contributions	-	565.4645 units
Employer contributions	-	565.9409 units
AVCs	-	195.4255 units
Total	-	1,326.8309 units

Cash Fund – (Non-Lifestyle)

Member contributions	-	441.0069 units
Employer contributions	-	441.3784 units
Total	-	882.3853 units

Transfers – Question 6**Calculation**

- (1) At NPD, a pension of **£3,340.80 p.a.** (including excess pension of **£2,823.40 p.a.** and post-1988 GMP of **£517.40 p.a.** {and including post-1997 pension of **£2,643.38 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
