**VOCATIONAL QUALIFICATIONS**

**RETIREMENTS PART 2**

**RETIREMENT BENEFITS WITH SPECIAL CIRCUMSTANCES**

**WEDNESDAY 14 SEPTEMBER 2022 9.30 AM – 1.00 PM**

**TIME ALLOWED: 3 HOURS 30 MINUTES**

**1.** Answer **ALL** the questions.

**2.** Write all your answers in the answer book provided.

**3.** Begin each question on a new page.

**4.** Show all workings clearly.

**5.** Calculate the benefits using only the information given.

**6.** Where the benefits are likely to exceed the remaining Individual Lifetime Allowance, state in your answer book that you would refer the case to your manager.

**7.** Factors must be rounded in accordance with the instruction in the *Tables of Factors*. Round all other figures to two decimal places (or whatever is the normal practice where you work).

**Questions**

**Section A**

Calculate the retirement benefits / options for:

1. **KIM HARMAN – (RST)**

**2. MIN WOO KIM – (OPQ)**

**3. SEAMUS MCILROY – (XYZ)**

**4. MURRAY GRAYSON– (XYZ)**

**5. ROSE JUSTINE – (RST)**

**Section B**

**6.** Write a letter explaining the benefits payable and the options available to **SEAMUS MCILROY.**

The letter may be addressed either to the member or to the Trustees (whichever is the normal practice in the organisation for which you work).

**Please note:** Candidates must not sign letters with their own names. Letters should be signed “A N Other”.

**CASE STUDY DETAILS RST SCHEME RETIREMENTS PART 2**

**QUESTION 1**

**Event history**

Date of first event **30/09/2022** First event **ILL-HEALTH RETIREMENT**

Date of second event Second event

**Member details**

Surname **HARMAN** Forename **KIM**

Date of birth **06/03/1964** Gender **FEMALE**

Spouse’s date of birth **01/10/1960**

Child dependant’s date of birth

Date of joining company **04/08/1988**

Date of joining scheme **06/04/1989**

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

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** |
|  |  |  |  |  |  |  |  |  |
| **30,500** | **34,200** | **36,000** | **37,500** | **39,200** | **41,000** | **42,200** | **44,500** | **46,000** |

**Contribution history**

Total member’s normal contributions **£** **39,785.42**

Total member’s AVCs **£**

Current value of AVCs **£**

Single life AVC pension (per annum) payable immediately **£**

Joint life AVC pension (per annum) payable immediately **£**

**Pre 6 April 2006 pension accrued as at 5 April 2022**

CARE pension (per annum) **£** **9,898.65**

**Post 5 April 2006 pension accrued as at 5 April 2022**

CARE pension (per annum) **£** **12,476.30**

**Special circumstances / additional information**

Contractual Salary at date of first event **£** **47,400.00**

Pro-rata CPI from 6 April 2022 to date of first event is 2.1%.

The Trustees (at the request of the Company) agreed that the accrual rate for Kim Harman’s CARE Pension should be uplifted to 60ths of her Pensionable Earnings for all Pensionable Service from 6 April 2008 onwards. It was also agreed that an uplift in accrual rate to 60ths should apply to the calculation of the Final Salary Underpin Pension from 6 April 2008 onwards.

Kim Harman’s current available Lifetime Allowance is 100.00%.

**RETIREMENTS 2**

**QUESTION 1**

**cASE STUDY DETAILS OPQ PLAN RETIREMENTS PART 2**

**QUESTION 2**

**Event history**

Date of first event **04/10/2022** First event **RETIREMENT**

Date of second event Second event

**Member details**

Surname **KIM**  Forename **MIN WOO**

Date of birth **03/06/1954** Gender **MALE**

Spouse's date of birth **01/04/1956**

Child dependant's date of birth

Date of joining company **01/06/1992**

Date of joining plan **01/06/1992**

Target retirement date

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

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** |
|  |  |  |  |  |  |  |  |  |
| **56,200** | **58,500** | **60,850** | **62,300** | **64,600** | **66,000** | **69,200** | **71,100** | **73,400** |
|  |  |  |  |  |  |  |  |  |

**Contribution history**

Total member's normal contributions **£ 70,395.80**

Total employer’s normal contributions **£ 112,245.40**

Total member's AVCs **£**

**Personal Retirement Account details**

**Member’s Current Unit Holdings**

|  |  |  |  |
| --- | --- | --- | --- |
| **Fund** | **Member’s normal contributions**  **Unit Holdings** | **Employer’s normal contributions**  **Unit Holdings** | **Member’s**  **AVCs**  **Unit Holdings** |
| Global Equity Fund | 9,008.0500 | 14,412.8050 |  |
| Index Linked Bond Fund | 35,754.1620 | 57,230.4050 |  |
| Balanced Fund | 2,846.0210 | 4,554.3070 |  |
| Corporate Bond Fund | 32,428.0450 | 51,884.9290 |  |
| Cash Fund |  |  |  |
| Lifestyle Fund |  |  |  |

**Investment Fund Unit Prices**

|  |  |
| --- | --- |
| **Fund** | **Current Unit Price (£)** |
| Global Equity Fund | 5.212 |
| Index Linked Bond Fund | 1.434 |
| Balanced Fund | 4.920 |
| Corporate Bond Fund | 1.532 |
| Cash Fund | 1.019 |

**Special circumstances / additional information**

Shortly prior to his retirement from the OPQ Retirement & Death Benefits Plan (“the Plan”), Min Woo Kim transferred into the Plan his non-contracted out benefits from a registered pension scheme of one of his previous employers. The transferred-in funds, which were valued at £35,353.09, are invested in the Cash Fund. The number of units held is 34,727.9784 and these are not included in the above Unit Holdings.

Min Woo Kim has requested quotations assuming he uses the overall value of his fund to take either (a) no tax-free cash sum, with the whole of his fund being used to purchase a joint-life annuity increasing annually at the lower of 5.0% / RPI, or (b) the maximum tax-free cash sum available to him, with the balance being used to purchase a non-increasing, single-life annuity. When providing quotations for the different annuity options, Min Woo Kim has requested that the “Annuity Bureau” factors should be used.

Min Woo Kim has additionally requested a quotation assuming he takes the entire proceeds of his Personal Retirement Account as a single Uncrystallised Funds Pension Lump Sum.

Min Woo Kim’s current available Lifetime Allowance is 69.18%.

**RETIREMENTS 2**

**QUESTION 2**

**cASE STUDY DETAILS XYZ SCHEME RETIREMENTS PART 2**

**QUESTION 3**

**Event history**

Date of first event **22/09/2022** First event **RETIREMENT**

Date of second event Second event

**Member details**

Surname **MCILROY** Forenames **SEAMUS**

Date of birth **10/06/1964** Gender **MALE**

Spouse’s date of birth **07/07/1974**

Child dependant’s date of birth **21/09/2007**

Date of joining company **03/02/1992**

Date of joining scheme **03/03/1992**

Category of membership **A**

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

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** |
|  |  |  |  |  |  |  |  |  |
| **80,000** | **81,300** | **83,200** | **85,000** | **86,475** | **87,000** | **89,300** | **91,000** | **88,500** |
|  |  |  |  |  |  |  |  |  |

**Contribution history**

Total member’s normal contributions **£ 90,885.90**

Total member’s AVCs **£**

Current value of AVCs **£**

Single life AVC pension (per annum) payable immediately **£**

Joint life AVC pension (per annum) payable immediately **£**

**Contracting-out details at date of first event**

Pre 06/04/1988

GMP (per annum) **£**

Post 05/04/1988

GMP (per annum) **£ 990.08**

**Special circumstances / additional information**

Seamus McIlroy paid the default contribution rate (70ths accrual) from the date he joined the XYZ Pension and Life Assurance Scheme until 5 April 1998. From 6 April 1998, Seamus McIlroy varied his contribution rate to build up the following rates of pension accrual:

* 6 April 1998 to 5 April 2004 = 60ths
* 6 April 2004 to 5 April 2012 = 70ths
* 6 April 2012 onwards = 60ths

Seamus McIlroy’s current available Lifetime Allowance is 100.00%.

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

**RETIREMENTS 2**

**QUESTION 3**

**cASE STUDY DETAILS XYZ SCHEME RETIREMENTS PART 2**

**QUESTION 4**

**Event history**

Date of first event **01/04/2010** First event **PRESERVED LEAVER**

Date of second event **02/10/2022** Second event **RETIREMENT**

**Member details**

Surname **GRAYSON** Forename **MURRAY**

Date of birth **02/10/1957** Gender **MALE**

Spouse’s date of birth **02/04/1961**

Child dependant’s date of birth

Date of joining company **06/11/1997**

Date of joining scheme **06/11/1997**

Category of membership **B**

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

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |

**Contribution history**

Total member’s normal contributions **£**

Total member’s AVCs **£** **40,259.08**

Current value of AVCs **£** **60,180.95**

Single life AVC pension (per annum) payable immediately **£ 2,446.12**

Joint life AVC pension (per annum) payable immediately **£ 2,025.44**

**Contracting-out details at date of first event**

Pre 06/04/1988

GMP (per annum) **£**

Post 05/04/1988

GMP (per annum) **£**

**Special circumstances / additional information**

Preserved pension (per annum) at date of first event **£ 9,988.50**

Lower of 5.0% / RPI increases from date of first event to date of second event is 40.2%.

When being provided with the tax-free cash sum option, Murray Grayson has specified that he would like to take £75,000.00 as a cash sum, subject to this being within the maximum permitted under the rules of the XYZ Pension and Life Assurance Scheme.

In the event of taking his tax-free cash sum, Murray Grayson has advised that the value of his AVCs should be taken as a cash sum first before commuting any other benefits.

Murray Grayson’s current available Lifetime Allowance is 74.32%.

**RETIREMENTS 2**

**QUESTION 4**

**cASE STUDY DETAILS RST SCHEME RETIREMENTS PART 2**

**QUESTION 5**

**Event history**

Date of first event **03/10/2022** First event **RETIREMENT**

Date of second event Second event

**Member details**

Surname **JUSTINE** Forename **ROSE**

Date of birth **03/10/1957** Gender **FEMALE**

Spouse’s date of birth **22/08/1950**

Child dependant’s date of birth

Date of joining company **09/08/2000**

Date of joining scheme **06/04/2001**

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

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** |
|  |  |  |  |  |  |  |  |  |
| **39,000** | **41,000** | **43,000** | **45,500** | **47,200** | **59,500** | **52,500** | **53,500** | **55,000** |

**Contribution history**

Total member’s normal contributions **£** **25,497.38**

Total member’s AVCs **£**

Current value of AVCs **£**

Single life AVC pension (per annum) payable immediately **£**

Joint life AVC pension (per annum) payable immediately **£**

**Pre 6 April 2006 pension accrued as at 5 April 2022**

CARE pension (per annum) **£** **3,237.74**

**Post 5 April 2006 pension accrued as at 5 April 2022**

CARE pension (per annum) **£** **9,169.88**

**Special circumstances / additional information**

Contractual Salary at date of first event (full-time equivalent) **£ 57,500.00**

Contractual Salary at date of first event (actual) **£ 46,000.00**

Pro-rata CPI from 6 April 2022 to date of first event is 2.1%.

Rose Justine reduced her working days from full-time (five days a week) to three days a week for the period from 1 November 2006 to 30 April 2009, inclusive.

Rose Justine further reduced her working days to two days a week from 1 May 2009 to 30 June 2013, inclusive.

Rose Justine increased her working days to four days a week from 1 July 2013 onwards.

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

Rose Justine’s current available Lifetime Allowance is 90.08%.

**RETIREMENTS 2**

**QUESTION 5**