# WORKED ANSWER OPQ PLAN ACTIVE TO ILL HEALTH EARLY RETIREMENT

# LUCY SEARLE

Date of birth: 02/08/1964

Date of retirement: 10/09/2023

Age at date of retirement: 59 years & 1 month

Normal retirement age: = SPA

Type of retirement: Ill health early retirement

Lifestyle fund: Yes!

Target retirement date (TRD): 30/06/2027

Last switch to TRD: 01/09/2023 to 30/06/2027 = 46 complete months

Lifestyle matrix split: Global Equity Fund 76.67%

Index Linked Bond Fund 17.50%

Cash Fund 5.83%

Quotes required (1): 50% joint life annuity options for non-increasing, increasing annually at the lower of RPI / 3.0% and increasing annually at the lower of RPI / 5.0%

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

Annuity factors: 50% joint life annuity (age 59yrs & 1mth, non-increasing) = 6.49

[6.48 + (1/12 x 0.14) = 6.49]

50% joint life annuity (age 59yrs & 1mth, increasing annually at the lower of RPI / 3.0%) = 4.76

[4.75 + (1/12 x 0.15) = 4.76]

50% joint life annuity (age 59yrs & 1mth, increasing annually at the lower of RPI / 5.0%) = 4.39

[4.39 + (1/12 x 0.15) = 4.39]

**Member’s normal contributions (value of unit holdings):**

Global Equity Fund 13,432.2316 x 76.67% = 10,298.4920 x £3.941 = £40,586.36

Index Linked Bond Fund 13,432.2316 x 17.50% = 2,350.6405 x £1.607 = £3,777.48

Cash Fund 13,432.2316 x 5.83% = 783.0991 x £1.012 = £792.50

Total **£45,156.34**

**Employer’s normal contributions (value of unit holdings):**

Global Equity Fund 21,491.5706 x 76.67% = 16,477.5872 x £3.941 = £64,938.17

Index Linked Bond Fund 21,491.5706 x 17.50% = 3,761.0249 x £1.607 = £6,043.97

Cash Fund 21,491.5706 x 5.83% = 1,252.9586 x £1.012 = £1,267.99

Total **£72,250.13**

**Total Personal Retirement Account**

Total Value £45,156.34 + £72,250.13 = **£117,406.47**

**OPTION-1a**

**50% joint life annuity (non-increasing)**

**Value of fund:** *£117,406.47*

**Annuity bureau charge:** £117,406.47 x 0.065% = £76.31

**£76.31** charge applies (*as exceeds minimum of £75.00*)

**Amount left to purchase an annuity:** £117,406.47 - £76.31 =*£117,330.16*

**Member:** £117,330.16 / 100 x 6.49 = **£7,614.73 p.a.**

**Spouse:** £7,614.73 x 50% = ***£3,807.37 p.a.***

**OPTION-1b**

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

**Value of fund:** *£117,406.47*

**Annuity bureau charge:** £117,406.47 x 0.065% = £76.31

**£76.31** charge applies (*as exceeds minimum of £75.00*)

**Amount left to purchase an annuity:** £117,406.47 - £76.31 =*£117,330.16*

**Member:** £117,330.16 / 100 x 4.76 = **£5,584.92 p.a.**

**Spouse:** £5,584.92 x 50% = ***£2,792.46 p.a.***

**OPTION-1c**

**50% joint life annuity (increasing at lower of RPI / 5.0%)**

**Value of fund:** *£117,406.47*

**Annuity bureau charge:** £117,406.47 x 0.065% = £76.31

**£76.31** charge applies (*as exceeds minimum of £75.00*)

**Amount left to purchase an annuity:** £117,406.47 - £76.31 =*£117,330.16*

**Member:** £117,330.16 / 100 x 4.39 = **£5,150.79 p.a.**

**Spouse:** £5,150.79 x 50% = ***£2,575.40 p.a.***

***Lifetime Allowance Check (ALL OPTIONS)***

**Annuity:** £117,406.47 / £1,073,100.00 x 100% = **10.94%**

*The total LTA of 10.94% is within the member’s LTA balance of 100.00%*

**OPTION-2**

**UFPLS**

**Tax-free amount:** £117,406.47 x 25% = **£29,351.62**

**Taxable at marginal rate:** £117,406.47 x 75% = **£88,054.85**

***Lifetime Allowance Check***

**UFPLS:** £117,406.47 / £1,073,100.00 x 100% = **10.94%**

*The total LTA of 10.94% is within the member’s LTA balance of 100.00%*

**Summary Answer**

Value of Personal Retirement Fund = £117,406.47

Options

1. 50% joint life annuity (non-increasing) of £7,614.73 p.a. [*spouse = £3,807.37 p.a.*] – [LTA used = 10.94%] – Annuity Bureau Charge of £76.31

## OR

1. 50% joint life annuity (increasing at lower of 3.0% / RPI) of £5,584.92 p.a. [*spouse = £2,792.46 p.a.*] – [LTA used = 10.94%] – Annuity Bureau Charge of £76.31

## OR

1. 50% joint life annuity (increasing at lower of 5.0% / RPI) of £5,150.79 p.a. [*spouse = £2,575.40 p.a.*] – [LTA used = 10.94%] – Annuity Bureau Charge of £76.31

## OR

1. Uncrystallised Funds Pension Lump Sum (UFPLS) of £117,406.47, of which £29,351.62 will be paid tax-free and £88,054.85 (taxable element) will be paid assuming an emergency code on a month 1 basis – [LTA used = 10.94%]

***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