# WORKED ANSWER OPQ PLAN ACTIVE TO NORMAL RETIREMENT

# STEFAN RATAJSKI

Date of birth: 14/09/1957

Date of retirement: 14/09/2023

Age at date of retirement: 66 years & 0 months

Normal retirement age: = SPA

Type of retirement: Normal retirement

Lifestyle fund: Yes!

Target retirement date (TRD): 31/03/2024

Last switch to TRD: 01/09/2023 to 31/03/2024 = 7 complete months

Lifestyle matrix split: Global Equity Fund 11.67%

Index Linked Bond Fund 66.25%

Cash Fund 22.08%

Quotes required (1): 25% of fund as tax-free cash sum and 50% joint life annuity options for non-increasing and increasing annually at the lower of RPI / 3.0%

Annuity factors: 50% joint life annuity (age 66yrs, non-increasing) = 7.70

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

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

Global Equity Fund 71,623.0448 x 11.67% = 8,358.4093 x £3.941 = £32,940.49

Index Linked Bond Fund 71,623.0448 x 66.25% = 47,450.2672 x £1.607 = £76,252.58

Cash Fund 71,623.0448 x 22.08% = 15,814.3683 x £1.012 = £16,004.14

Total **£125,197.21**

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

Global Equity Fund 114,596.8717 x 11.67% = 13,373.4549 x £3.941 = £52,704.79

Index Linked Bond Fund 114,596.8717 x 66.25% = 75,920.4275 x £1.607 = £122,004.13

Cash Fund 114,596.8717 x 22.08% = 25,302.9893 x £1.012 = £25,606.63

Total **£200,315.55**

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

Global Equity Fund 12,120.2224 x 11.67% = 1,414.4300 x £3.941 = £5,574.27

Index Linked Bond Fund 12,120.2224 x 66.25% = 8,029.6473 x £1.607 = £12,903.64

Cash Fund 12,120.2224 x 22.08% = 2,676.1451 x £1.012 = £2,708.26

Total **£21,186.17**

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

Global Equity Fund 30,300.5560 x 11.67% = 3,536.0749 x £3.941 = £13,935.67

Index Linked Bond Fund 30,300.5560 x 66.25% = 20,074.1184 x £1.607 = £32,259.11

Cash Fund 30,300.5560 x 22.08% = 6,690.3628 x £1.012 = £6,770.65

Total **£52,965.43**

**Total Personal Retirement Account**

Total Value £125,197.21 + £200,315.55

£21,186.17 + £52,965.43 = **£399,664.36**

**OPTION-1a**

**Tax-free cash sum**

**Amount required:** £399,664.36 x 25% = **£99,916.09**

***Maximum permitted:*** *£399,664.36 x 25% = £99,916.09 (ok)*

**50% jointlife annuity (non-increasing)**

**Balance of fund:** £399,664.36 - £99,916.09 =*£299,748.27*

**Annuity bureau charge:** £299,748.27 x 0.065% = £194.84

**£194.84** charge applies (*as exceeds minimum of £75.00*)

**Amount left to purchase an annuity:** £299,748.27 - £194.84 =*£299,553.43*

**Member:** £299,553.43 / 100 x 7.70 = **£23,065.61 p.a.**

**Spouse:** £23,065.61 x 50% = ***£11,532.81 p.a.***

**OPTION-1b**

**Tax-free cash sum**

**Amount required:** £399,664.36 x 25% = **£99,916.09**

***Maximum permitted:*** *£399,664.36 x 25% = £99,916.09 (ok)*

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

**Balance of fund:** £399,664.36 - £99,916.09 =*£299,748.27*

**Annuity bureau charge:** £299,748.27 x 0.065% = £194.84

**£194.84** charge applies (*as exceeds minimum of £75.00*)

**Amount left to purchase an annuity:** £299,748.27 - £194.84 =*£299,553.43*

**Member:** £299,553.43 / 100 x 6.00 = **£17,973.21 p.a.**

**Spouse:** £17,973.21 x 50% = ***£8,986.61 p.a.***

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

**Tax-free cash sum:** £99,916.09 / £1,073,100.00 x 100% = **9.31%**

**Annuity:** £299,748.27 / £1,073,100.00 x 100% = **27.93%**

*The total LTA of 37.24% (9.31% + 27.93%) is within the member’s LTA balance of 100.00%*

**Summary Answer**

Value of Personal Retirement Fund = £399,664.36

Options

1. Tax-free cash sum of £99,916.09 – [LTA used = 9.31%]

# PLUS

50% joint life annuity (non-increasing) of £23,065.61 p.a. [*spouse = £11,532.81 p.a.*] – [LTA used = 27.93%] – Annuity Bureau Charge of £194.84

## OR

1. Tax-free cash sum of £99,916.09 – [LTA used = 9.31%]

# PLUS

50% joint life annuity (increasing at lower of RPI / 3.0%) of £17,973.21 p.a. [*spouse = £8,986.61 p.a.*] – [LTA used = 27.93%] – Annuity Bureau Charge of £194.84

## 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