# WORKED ANSWER OPQ PLAN ACTIVE TO LATE RETIREMENT STEPHANIE HUMPHRIES

Date of birth: 09/12/1955

Date of retirement: 12/09/2023

Age at date of retirement: 67 years & 9 months

Normal retirement age: = SPA

Type of retirement: Late retirement

Lifestyle fund: N/A

Target retirement date (TRD): N/A

Quotes required (1): 17.50% of fund as tax-free lump sum plus single life annuity options for non-increasing and increasing annually at the lower of RPI / 5.0%

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

Annuity factors: Single life annuity (age 67yrs & 9mths, non-increasing) = 9.58

[9.32 + (9/12 x 0.34) = 9.58]

Single life annuity (age 67yrs & 9mths, increasing annually at the lower of RPI / 5.0%) = 7.48

[7.22 + (9/12 x 0.35) = 7.48]

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

Global Equity Fund 9,221.8132 x £3.941 = £36,343.17

Index Linked Bond Fund 5,611.9842 x £1.607 = £9,018.46

Corporate Bond Fund 8,343.2220 x £2.928 = £24,428.95

Cash Fund 8,104.2318 x £1.012 = £8,201.48

Total **£77,992.06**

**Member’s AVCs (value of unit holdings):**

Global Equity Fund 12,365.8983 x £3.941 = £48,734.01

Cash Fund 19,566.7754 x £1.012 = £19,801.58

Total **£68,535.59**

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

Global Equity Fund 14,754.9011 x £3.941 = £58,149.07

Index Linked Bond Fund 8,979.1747 x £1,607 = £14,429.53

Corporate Bond Fund 13,349.1552 x £2.928 = £39,086.33

Cash Fund 12,966.7709 x £1.012 = £13,122.37

Total **£124,787.30**

**Total Personal Retirement Account**

Total Value £77,992.06 + £68,535.59

+ £124,787.30 = **£271,314.95**

**OPTION-1a**

**Tax-free cash sum**

**Amount required:** £271,314.95 x 17.50% = **£47,480.12**

***Maximum permitted:*** *£271,314.95 x 25% = £67,828.74 (ok)*

**Singlelife annuity (non-increasing)**

**Balance of fund:** £271,314.95 - £47,480.12 =*£223,834.83*

**Annuity bureau charge:** £223,834.83 x 0.065% = £145.49

**£145.49** charge applies (*as exceeds minimum of £75.00*)

**Amount left to purchase an annuity:** £223,834.83 - £145.49 =*£223,689.34*

**Member:** £223,689.34 / 100 x 9.58 = **£21,429.44 p.a.**

**Spouse: N/A**

**OPTION-1b**

**Tax-free cash sum**

**Amount required:** £271,314.95 x 17.50% = **£47,480.12**

***Maximum permitted:*** *£271,314.95 x 25% = £67,828.74 (ok)*

**Singlelife annuity (increasing at the lower of RPI / 5.0%)**

**Balance of fund:** £271,314.95 - £47,480.12 =*£223,834.83*

**Annuity bureau charge:** £223,834.83 x 0.065% = £145.49

**£145.49** charge applies (*as exceeds minimum of £75.00*)

**Amount left to purchase an annuity:** £223,834.83 - £145.49 =*£223,689.34*

**Member:** £223,689.34 / 100 x 7.48 = **£16,731.96 p.a.**

**Spouse: N/A**

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

**Tax-free cash sum:** £47,480.12 / £1,073,100.00 x 100% = **4.42%**

**Annuity:** £223,834.83 / £1,073,100.00 x 100% = **20.85%**

*The total LTA of 25.27% (4.42% + 20.85%) is within the member’s LTA balance of 82.47%*

**OPTION-2**

**UFPLS**

**Tax-free amount:** £271,314.95 x 25% = **£67,828.74**

**Taxable at marginal rate:** £271,314.95 x 75% = **£203,486.21**

***Lifetime Allowance Check***

**UFPLS:** £271,314.95 / £1,073,100.00 x 100% = **25.28%**

*The total LTA of 25.28% is within the member’s LTA balance of 82.47%*

**Summary Answer**

Value of Personal Retirement Fund = £271,314.95

Options

1. Tax-free cash sum of £47,480.12 – [LTA used = 4.42%]

# PLUS

Single life annuity (non-increasing) of £21,429.44 p.a. [*spouse = N/A*] – [LTA used = 20.85%] – Annuity Bureau Charge of £145.49

## OR

1. Tax-free cash sum of £47,480.12 – [LTA used = 4.42%]

# PLUS

Single life annuity (increasing at lower of RPI / 5.0%) of £16,731.96 p.a. [*spouse = N/A*] – [LTA used = 20.85%] – Annuity Bureau Charge of £145.49

## OR

1. Uncrystallised Funds Pension Lump Sum (UFPLS) of £271,314.95, of which £67,828.74 will be paid tax-free and £203,486.21 (taxable element) will be paid assuming an emergency code on a month 1 basis – [LTA used = 25.28%]

***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