# WORKED ANSWER OPQ PLAN ACTIVE TO EARLY RETIREMENT

# ARTHUR WADE

Date of birth: 29/12/1962

Date of retirement: 09/09/2023

Age at date of retirement: 60 years & 8 months

Normal retirement age: = SPA

Type of retirement: Early retirement

Lifestyle fund: N/A

Target retirement date (TRD): N/A

Quotes required (1): 22.75% of fund as tax-free lump sum plus single life annuity options for non-increasing and increasing annually at the lower of RPI / 2.5%

Quotes required (2): Single life annuity options for non-increasing and increasing annually at the lower of RPI / 2.5%

Quotes required (3): Uncrystallised Funds Pension Lump Sum (UFPLS)

Annuity factors: Single life annuity (age 60yrs & 8mths, non-increasing) = 7.63

[7.50 + (8/12 x 0.20) = 7.63]

Single life annuity (age 60yrs & 8mths, increasing annually at the lower of RPI / 2.5%) = 6.17

[6.02 + (8/12 x 0.22) = 6.17]

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

Global Equity Fund 18,009.3419 x £3.941 = £70,974.82

Balanced Fund 5,333.0907 x £4.322 = £23,049.62

Total **£94,024.44**

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

Global Equity Fund 28,814.9470 x £3.941 = £113,559.71

Balanced Fund 8,532.9451 x £4.322 = £36,879.39

Total **£150,439.10**

**Augmentation (value of enhancement):**

Augmentation (*not invested*) £24,200.00

Total **£24,200.00**

**Total Personal Retirement Account**

Total Value £94,024.44 + £150,439.10

+ £24,200.00 = **£268,663.54**

**OPTION-1a**

**Tax-free cash sum**

**Amount required:** £268,663.54 x 22.75% = **£61,120.96**

***Maximum permitted:*** *£268,663.54 x 25% = £67,165.89 (ok)*

**Singlelife annuity (non-increasing)**

**Balance of fund:** £268,663.54 - £61,120.96 =*£207,542.58*

**Annuity bureau charge:** £207,542.58 x 0.065% = £134.90

**£134.90** charge applies (*as exceeds minimum of £75.00*)

**Amount left to purchase an annuity:** £207,542.58 - £134.90 =*£207,407.68*

**Member:** £207,407.68 / 100 x 7.63 = **£15,825.21 p.a.**

**Spouse: N/A**

**OPTION-1b**

**Tax-free cash sum**

**Amount required:** £268,663.54 x 22.75% = **£61,120.96**

***Maximum permitted:*** *£268,663.54 x 25% = £67,165.89 (ok)*

**Singlelife annuity (increasing at lower of RPI / 2.5%)**

**Balance of fund:** £268,663.54 - £61,120.96 =*£207,542.58*

**Annuity bureau charge:** £207,542.58 x 0.065% = £134.90

**£134.90** charge applies (*as exceeds minimum of £75.00*)

**Amount left to purchase an annuity:** £207,542.58 - £134.90 =*£207,407.68*

**Member:** £207,407.68 / 100 x 6.17 = **£12,797.05 p.a.**

**Spouse: N/A**

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

**Tax-free cash sum:** £61,120.96 / £1,073,100.00 x 100% = **5.69%**

**Annuity:** £207,542.58 / £1,073,100.00 x 100% = **19.34%**

*The total LTA of 25.03% (5.69% + 19.34%) is within the member’s LTA balance of 100.00%*

**OPTION-2a**

**Singlelife annuity (non-increasing)**

**Fund value:** *£268,663.54*

**Annuity bureau charge:** £268,663.54 x 0.065% = £174.63

**£174.63** charge applies (*as exceeds minimum of £75.00*)

**Amount left to purchase an annuity:** £268,663.54 - £174.63 =*£268,488.91*

**Member:** £268,488.91 / 100 x 7.63 = **£20,485.70 p.a.**

**Spouse: N/A**

**OPTION-2b**

**Singlelife annuity (increasing at lower of RPI / 2.5%)**

**Fund value:** *£268,663.54*

**Annuity bureau charge:** £268,663.54 x 0.065% = £174.63

**£174.63** charge applies (*as exceeds minimum of £75.00*)

**Amount left to purchase an annuity:** £268,663.54 - £174.63 =*£268,488.91*

**Member:** £268,488.91 / 100 x 6.17 = **£16,565.77 p.a.**

**Spouse: N/A**

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

**Annuity:** £268,663.54 / £1,073,100.00 x 100% = **25.03%**

*The total LTA of 25.03% is within the member’s LTA balance of 100.00%*

**OPTION-3**

**UFPLS**

**Tax-free amount:** £268,663.54 x 25% = **£67,165.89**

**Taxable at marginal rate:** £268,663.54 x 75% = **£201,497.65**

***Lifetime Allowance Check***

**UFPLS:** £268,663.54 / £1,073,100.00 x 100% = **25.03%**

*The total LTA of 25.03% is within the member’s LTA balance of 100.00%*

**Summary Answer**

Value of Personal Retirement Fund = £268,663.54

Options

1. Tax-free cash sum of £61,120.96 – [LTA used = 5.69%]

# PLUS

Single life annuity (non-increasing) of £15,825.21 p.a. [*spouse = N/A*] – [LTA used = 19.34%] – Annuity Bureau Charge of £134.90

## OR

1. Tax-free cash sum of £61,120.96 – [LTA used = 5.69%]

# PLUS

Single life annuity (increasing at lower of RPI / 2.5%) of £12,797.05 p.a. [*spouse = N/A*] – [LTA used = 19.34%] – Annuity Bureau Charge of £134.90

## OR

1. Single life annuity (non-increasing) of £20,485.70 p.a. [*spouse = N/A*] – [LTA used = 25.03%] – Annuity Bureau Charge of £174.63

## OR

1. Single life annuity (increasing at lower of RPI / 2.5%) of £16,565.77 p.a. [*spouse = N/A*] – [LTA used = 25.03%] – Annuity Bureau Charge of £174.63

## OR

1. Uncrystallised Funds Pension Lump Sum (UFPLS) of £268,663.54, of which £67,165.89 will be paid tax-free and £201,497.65 (taxable element) will be paid assuming an emergency code on a month 1 basis – [LTA used = 25.03%]

***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