

CPC EXAMINERS' REPORT SEPTEMBER 2023

For this series of examinations, the average pass rate across all seven units was the same as March 2023 (**58% v 58%**).

Candidates were generally more successful than March 2023 for the Part 2 papers for **Retirements** and **Leavers** (**45% v 22%** for **Retirements Part 2** and **66% v 65%** for **Leavers Part 2**, respectively) but less successful for the corresponding Part 1 papers (**54% v 75%** for **Retirements Part 1** and **49% v 63%** for **Leavers Part 1**, respectively)

The pass rate was high for both **Deaths** papers, with the percentage success rate exceeding March 2023 for the Part 1 paper (**90% v 83%**) but falling lower (albeit remaining high) for the Part 2 paper (**63% v 73%**). The pass rate for **Transfers** was encouragingly high this time round compared to March 2023 (**63% v 33%**).

The paper for **Leavers Part 1** was attempted with varying degrees of success. The *Case Study* that caused most problems was the one for the *XYZ Pension and Life Assurance Scheme (Category A)*. As the member was female, the GMP elements should initially have been revalued from date of leaving to 'GMP due date' before applying the relevant statutory increases from 'GMP due date' to normal pension date. However, many candidates incorrectly did the revaluation in a single step as if the member was male, basing the calculation solely on complete tax years from the date of leaving to normal pension date. In addition, a number of candidates did not revalue the GMP from date of leaving to 'GMP due date' using the stipulated method detailed in the appendices to the scheme booklet (the revalued pre-1988 GMP should have been derived by deducting the revalued post-1988 GMP from the revalued total GMP). Occasionally, candidates calculated the initial pension at date of leaving incorrectly by using the latest pensionable salary rather than the best pensionable salary in the previous 5 years.

By contrast, the *Case Study* for the *XYZ Pension and Life Assurance Scheme (Category B)* caused the least issues. Any errors tended to be either arithmetical or where candidates failed to cap pensionable service to 3 July 2011.

For **Leavers Part 1**, there were two *Case Studies* relating to the *OPQ Retirement & Death Benefits Plan*. For the first of the two *Case Studies*, most candidates correctly identified that the member had less than 30 days' qualifying service. This meant that the member was entitled only to a refund. However, whilst recognising that preserving benefits within the *OPQ Retirement & Death Benefits Plan* was not an option, some candidates suggested incorrectly that a transfer out was an option. Several candidates based the refund solely on the contributions paid by the member with no reference being made to the current value of the member's element of the Personal Retirement Account. The taxable element, being based on the contributions paid by the member, was generally correct.

For the second *Case Study* for the *OPQ Retirement & Death Benefits Plan*, the member was invested in the lifestyle fund and most candidates successfully calculated the number of complete months to the member's target retirement date. However, some candidates did not always show the breakdown of units for the funds comprising the lifestyle fund (split by contribution type within each fund) after applying the relevant investment allocation percentages to the lifestyle units; or, if they did, they did not always round the units to four decimal places.

There was just one *Case Study* relating to the *RST Pension Scheme* and this was well answered by nearly all candidates. The *Letter* for **Leavers Part 1** was associated with this *Case Study*. It presented few

problems, albeit some candidates omitted to state that a revaluation rate of 2.5% had been used for each complete year when revaluing the pension at the date of leaving to normal pension date.

The **Leavers Part 2** paper was attempted well by most candidates. Although the *Case Study* on the XYZ Pension and Life Assurance Scheme (Category A) showed similarities to the corresponding *Case Study* for **Leavers Part 1**, there was less complexity as there was no pre-1988 GMP and the latest pensionable salary was the highest in the previous 5 years. However, some candidates still revalued the post-1988 GMP from the date of leaving to normal pension date as if the member was male. The varied accrual rates were generally dealt with correctly.

The *Case Study* for the XYZ Pension and Life Assurance Scheme (Category B) was tackled competently by most candidates. Although many candidates made a good attempt at dealing with the member's part-time service, there were a few instances where it was not capped to 3 July 2011. In addition, some candidates did not base the final pensionable salary on the highest pensionable salary in the last 5 years.

For **Leavers Part 2**, there was a single *Case Study* relating to the RST Pension Scheme and this presented one or two common problems for candidates. As the member had less than two years' pensionable service, a few candidates calculated a preserved pension and a refund of contributions. However, as the member had transferred-in benefits, this latter option was not applicable. In addition, some candidates added the transferred-in pension to the preserved pension at the date of leaving, when it was payable from normal pension date. In addition, many candidates did not mention that both the transferred-in pension and the scheme pension were post-2006 benefits (and therefore subject to increases in payment at the lower of 2.5% and RPI).

There were two *Case Studies* relating to the OPQ Retirement & Death Benefits Plan. For the first of the two *Case Studies*, most candidates correctly identified that the member had less than 30 days' qualifying service. This meant that the member was entitled only to a refund. However, as with **Leavers Part 1**, a few candidates suggested that a transfer option existed whilst occasionally basing the refund solely on the contributions and AVCs paid by the member. For the second *Case Study*, a few candidates were confused with the augmentation payment, which merely had to be added to the overall Personal Retirement Account and treated as an employer contribution; albeit applying the relevant unit price to the augmentation units would have provided the same answer.

The *Letter* for **Leavers Part 2** was associated with the second of the two *Case Studies* for the OPQ Retirement & Death Benefits Plan and was answered well in most cases. Some candidates did not mention that the non-augmented benefits (if retained within the Plan) would remain invested specifically in the lifestyle fund or that annual benefit statements would be issued.

Deaths Part 1 had the best pass rate across all units. The *Case Study* which candidates tended to find the most challenging was the one for the XYZ Pension and Life Assurance Scheme (Category A), which was 'death-in-deferment'. A few candidates did not correctly calculate the number of complete tax years between the date of leaving and the date of death and some candidates did not use the correct rate of GMP revaluation (4.0%). Additionally, a few candidates stated that the total lump sum death benefit would be payable to one or more persons at the trustees' discretion when they should have stated that the benefit would be payable to the deceased member's estate or legal personal representatives.

For the *Case Study* relating to the XYZ Pension and Life Assurance Scheme (Category B), there were a few issues with the underlying methodology for the late retirement calculation; particularly in relation to revaluing the final pensionable salary at 3 July 2011 up to normal pension date for the first part of the salary comparison and then determining the final pensionable salary (highest pensionable salary in

the last five years prior to normal pension date) for the second part of the salary comparison. In addition, some candidates did not apply a late retirement factor (even when one was correctly determined at the outset of the calculation). In some instances, the late retirement factor was not based on the latest 'Tables of Factors', which were updated for this series of examinations. The *Letter for Deaths Part 1* was associated with this *Case Study* and it was answered perfectly by most candidates.

There were two *Case Studies* for the *RST Pension Scheme* for **Deaths Part 1** and neither of these posed too many problems. With the first *Case Study*, a few candidates calculated the Underpin pension to be higher than the CARE pension when it was slightly lower. For the second *Case Study*, which was 'death-in-retirement', some candidates made arithmetical errors when calculating the number of pension instalments that had been paid. In addition, some candidates omitted to apply a young spouse reduction, although the calculation was usually correct when the reduction was applied.

The *Case Study* relating to the *OPQ Retirement & Death Benefits Plan* was also answered without too many difficulties by most candidates. Most errors were incurred when candidates did not show their workings fully; often failing to show the unit holdings – which should have been calculated to four decimal places – after applying the relevant lifestyle investment allocation percentages (split by each fund within each contribution type) and before multiplying by the relevant unit prices.

The overall pass rate for **Deaths Part 2** was high, with the 'special circumstances' generally being tackled well. As with **Deaths Part 1**, there were two *Case Studies* relating to the *RST Pension Scheme*. Neither of these presented too many issues, with most candidates dropping minimal marks. For the first *Case Study*, there was the occasional error when dealing with the different elements of part-time service, particularly for the Underpin pension. In some cases, part-time service splits were calculated incorrectly. In other cases, incorrect part-time adjustments were applied. The *Letter for Deaths Part 1* was associated with this *Case Study* and, although some candidates failed to mention the deceased member's part-time service, most answers contained all relevant information required to be communicated.

The second *Case Study* for the *RST Pension Scheme* contained AVCs as a 'special circumstance' and these were dealt with accurately by nearly all candidates.

The *Case Study* for the *XYZ Pension and Life Assurance Scheme (Category A)* incorporated varied accrual rates. Whilst most candidates applied the correct accrual rates to the correct tranches of pensionable service, a few errors were made when determining the exact number of days for the first and last tranches (where the pensionable service was not a whole number of years). Where arithmetical errors occurred, it was usually by either one day too much or one day too little. With this *Case Study*, most candidates correctly provided a split for the excess spouse's pension and the pre-1988 and post-1988 WGMP splits. However, some candidates failed to ensure that each of the WGMP splits was divisible by 52 (in most cases simply multiplying each of the member's GMP splits by 50%). Further, the correct method for deriving the spouse's excess pension should have been to multiply the member's pension by 50% before deducting the pre-1988 and post-1988 WGMP splits (to avoid potential rounding errors due to GMP elements always needing to be divisible by 52).

The *Case Study* for the *XYZ Pension and Life Assurance Scheme (Category B)* was 'death-in-retirement' and it caused few issues, other than where some candidates failed to cap the number of outstanding pension instalments to the deceased member's 75th birthday.

The *Case Study* relating to the *OPQ Retirement & Death Benefits Plan* was generally answered well, notwithstanding the fact the member was in a mixture of the lifestyle fund (member and employer contributions) and non-lifestyle funds (transferred-in benefits). With the lifestyle element to this *Case*

Study, some candidates did not state the fund units (or round the units to four decimal places) after applying the relevant lifestyle investment allocation percentages (split by each fund within each contribution type) and before multiplying by the relevant unit prices. In addition, some candidates incorrectly stated that the total lump sum death benefit would be payable to one or more persons at the trustees' discretion when they should have stated that the benefit would be payable to the deceased member's estate or legal personal representatives (as the *Case Study* was 'death-in-deferment').

The overall pass rate for **Retirements Part 1** was disappointing. There were two *Case Studies* that consistently caused the greatest difficulties. The first one related to the *XYZ Pension and Life Assurance Scheme (Category A)*, which was late retirement from active status. Some candidates failed to restrict the overall pensionable service to the member's normal pension date and a significant number of candidates incorrectly evaluated the final pensionable salary by looking at the best one in five pensionable salaries from the date of retirement rather than from the member's normal pension date. In addition, several candidates did not confirm that the residual pension covered the GMP. For this *Case Study*, many candidates made reference to a potential young spouse's pension reduction. Although the age differential between the member and the spouse was greater than 10 years, a spouse reduction only applies to the *RST Pension Scheme*.

The second *Case Study* to present difficulties was the one for the *OPQ Retirement & Death Benefits Plan*. For this *Case Study*, there were five common areas where mistakes tended to be made. Firstly, the last switch date when confirming the number of complete months to the member's target retirement date was sometimes based on the member's date of retirement rather than the first day of the month of retirement. Secondly, the correct range of requested options was not always provided (i.e. the cash option was specifically requested). Thirdly, the LTA percentage used for the annuity options was occasionally based on the residual value of the member's Personal Retirement Account after applying the 'Annuity Bureau Charge'. Fourthly, the statement relating to the tax treatment of the Uncrystallised Funds Pension Lump Sum (UFPLS) was often incomplete and, finally, mention of the open market option was frequently omitted.

For **Retirements Part 1**, both *Case Studies* for the *RST Pension Scheme* were usually answered well. With the first *Case Study*, a few candidates calculated the Underpin pension to be slightly higher than the CARE pension when it was a few pounds lower. With the second *Case Study*, some candidates made reference to a young spouse reduction potentially applying on the death of the member. However, the spouse was a few days short of being greater than 10 years younger. For both *Case Studies*, candidates did not always split out the member's residual pension. In addition, reference to a spouse's post-commutation pension was occasionally omitted (this being the same as the pre-commutation pension).

The remaining *Case Study* was for the *XYZ Pension and Life Assurance Scheme (Category B)*. This was answered very well by nearly all candidates, with the main issue being where a handful of candidates failed to cap pensionable service to 3 July 2011.

The *Letter* for **Retirements Part 1** was associated with the first *Case Study* relating to the *RST Pension Scheme*. Apart from some candidates failing to mention that the pension had been reduced for early payment, very few errors were made.

The overall pass rate for **Retirements Part 2** was a little higher compared to more recent examinations. There was no specific *Case Study* that caused specific difficulties and the 'special circumstances' were usually dealt with competently.

As with **Retirements Part 1**, there were two *Case Studies* relating to the *RST Pension Scheme*. For both, candidates sometimes did not specify that the spouse's pension would remain unchanged in the event of some of the member's pension being exchanged for a tax-free cash sum. For the first *Case Study*, there were occasional difficulties when dealing with the part-time elements of the Underpin pension. A few candidates did not always apply the part-time adjustments correctly or apply them to the correct periods of part-time service. The second *Case Study* was ill-health from active status. Although some candidates failed to include the prospective pensionable service to the member's normal pension date, the enhanced accrual rates from 6 April 2010 for the CARE pension and the Underpin pension presented few problems.

For the *Case Study* relating to the *OPQ Retirement & Death Benefits Plan*, many of the comments already made for the **Retirements Part 1** paper apply equally to the **Retirements Part 2** paper. For this *Case Study*, a few candidates did not always provide figures for the specifically requested options (i.e. either a tax-free cash sum with a non-escalating single-life annuity, or a joint-life annuity increasing at the lower of 2.5% and RPI but with no tax-free cash). In addition, and as with **Retirements Part 1**, the LTA percentages for the annuity options were frequently calculated after the deduction of the 'Annuity Bureau Charge'. Once again, several candidates did not mention the possibility of the open market option and a significant proportion of candidates failed to adequately explain the tax treatment for the 'UFPLS'.

For **Retirements Part 2**, the *Case Study* for the *XYZ Pension and Life Assurance Scheme (Category B)* was retirement from preserved status. The AVCs associated with this *Case Study* caused a few issues, particularly when dealing with the post-commutation spouse's pension. A few candidates stated that this pension would be the same as the pre-commutation spouse's pension. This statement was accurate for the single-life AVC option but inaccurate for the joint-life AVC option (as all AVCs would have been fully taken as part of the overall tax-free cash sum). In some instances, candidates did not produce overall pension figures to incorporate both the single-life and joint-life AVC pension options. The revaluation of the preserved pension from date of leaving to date of retirement was usually performed without error.

The *Case Study* relating to the *XYZ Pension and Life Assurance Scheme (Category A)* did not present too many issues. However, it was surprising how many candidates correctly determined the early retirement factor but did not actually apply it to the member's pension. The varied accrual rates were dealt with correctly in nearly all cases.

The *Letter* for **Retirements Part 2** was associated with this *Case Study* and most candidates provided everything required, and in the format required. Where occasional omissions were made, it tended to be in relation to the varied accrual rates and the fact that the pension had been reduced for early payment.

It should be noted that, for both **Retirements Part 1** and **Retirements Part 2**, some candidates did not use the revised retirement and commutation factors from the updated 'Tables of Factors', or they did not always round correctly or to the correct number of decimal places.

With **Transfers** (and in keeping with comments made in many previous Examiners' Reports), many candidates dropped easily-avoidable marks when attempting the transfer out *Case Studies* for the *RST Pension Scheme* and the *XYZ Pension and Life Assurance Scheme (Category A)* by failing to state that independent financial advice needed to be provided by an authorised adviser regulated under the Financial Services and Markets Act 2000 (as the transfer values exceeded £30,000). Some candidates provided only partial information by referring merely to the requirement to take independent financial advice.

Similarly, with the transfer in *Case Studies* for these schemes, numerous candidates produced near perfect arithmetical answers but were penalised for not always providing full details of the attaching benefits associated with the transfer in.

The *Case Studies* for the *OPQ Retirement & Death Benefits Plan* were attempted well by most candidates. For the transfer out *Case Study*, the member was invested in a mixture of lifestyle and non-lifestyle funds. When determining the number of complete months to the member's target retirement date for the lifestyle fund, it was noticeable that many candidates based the number of complete months on the date of transfer rather than the first day of the month of transfer.

For the transfer in *Case Study* relating to the *OPQ Retirement & Death Benefits Plan*, the member's transferred-in benefits had to be allocated to a range of non-lifestyle funds. This caused confusion for some candidates as the investment allocation percentages to those funds was not always the same for the different contribution types. For this *Case Study*, transcription errors were occasionally made with unit prices (with the unit price being applied to a particular fund sometimes being that of a totally different fund).

Both *Letters for Transfers* were answered reasonably well. However, it was noticeable that there were many candidates who, for the *Letter* relating to the transfer out of benefits from the *XYZ Pension and Life Assurance Scheme*, failed to mention the key information required to be communicated from a legislation perspective. As the transfer contained AVCs (*and as the member was over age 50*), the *Letter* should have made reference to the trustees having to offer to book a pensions guidance appointment with Pension Wise on behalf of the member. In addition, the *Letter* should have explained to the member that the transfer would not be able to proceed without the member having received appropriate pensions guidance from Pension Wise (unless the member provided an opt-out notification to the trustees declining such guidance).

By highlighting the key areas where candidates fell short of the required standard, it is hoped that similar failings will be avoided in the next series of examinations. The final paragraphs below remain largely unaltered from previous Examiners' Reports since the comments are still apt and yet still get overlooked in many instances.

The Chief and Senior Examiners would advise candidates:

- To clearly show their workings since arithmetical errors are penalised less harshly than errors where the cause cannot be easily identified.
- To save time by only summarising their calculation results at the end of a question when the various options and values are not clear from the preceding calculations.
- To save time by transcribing only relevant information from the *Case Study* at the start of each question rather than writing down every item of data.
- To not leave the *Letters* until last as more errors are incurred for an incomplete *Letter* than an incomplete *Case Study*.

The Chief and Senior Examiners would remind centres and candidates that **scripts will not be marked** in any of the following circumstances:

- Where a candidate's personal 'candidate number' is missing or incorrect.

- Where a candidate's name appears anywhere on the answer script (e.g. where a *Letter* is signed with a name other than AN Other).
- Where a centre or candidate has been proven to have followed incorrect formal procedures relating to the examinations. **This includes the cutting and pasting of templates in relation to either the *Case Studies* or the *Letters*. This is not permitted under any circumstances.**

The Chief and Senior Examiners believe that preparation and training are essential ingredients for success. Many candidates are fortunate to receive training organised by their centres. However, the Committee would like to stress the importance of all training materials being checked on a regular basis to ensure they are fully up to date and accurate. The Committee would also like to emphasise that centres and their candidates should not wait until the final moments before raising any calculation queries with the PMI, as there is no guarantee that such queries will be answered in time.

It should be stressed that candidates are expected to familiarise themselves fully with the latest 'Scheme Booklets' and 'Tables of Factors'. It should also be pointed out that the sample *Case Studies* and *Letters* on the CPC Website, whilst providing a very useful guide, will never cover each and every scenario that may be encountered within the CPC examinations.

On a final point, centres should be aware that there are no changes to the 'Scheme Booklets' and 'Tables of Factors' for the next series of CPC examinations in March 2024.

It should be noted that, although the Lifetime Allowance Charge was removed from 6 April 2023, candidates will still be expected to calculate the Lifetime Allowance percentage used (where appropriate) for the March 2024 examinations and to refer a calculation to their manager if an individual's remaining Lifetime Allowance percentage is exceeded. This is in line with current legislation.

THE STATISTICS

The table below provides a detailed breakdown and summary of the key statistics relating to the September 2023 CPC examinations.

Unit	Entries	Withdrawn (or deferred)	Absent	Scripts received	Pass	Fail	Success rate
Retirements Part 1	77	8	1	68	37	31	54%
Retirements Part 2	95	7	1	87	39	48	45%
Deaths Part 1	33	3	0	30	27	3	90%
Deaths Part 2	40	5	0	35	22	13	63%
Leavers Part 1	95	13	3	79	39	40	49%
Leavers Part 2	89	13	3	73	48	25	66%
Transfers	71	7	1	63	40	23	63%
TOTAL	500	56	9	435	252	183	58%

COMMON ERRORS WHERE CANDIDATES FAILED TO MEET THE STANDARDS

LEAVERS: PART 1

Qu.1 – (OPQ)

- Transfer option often stated (when not applicable for less than 30 days' qualifying service)
- Preserved option sometimes calculated (when not applicable for less than 30 days' qualifying service)
- Employer element of member's PRA often calculated for refund option (although this was not penalised provided the employer element was not included in the actual refund calculation)
- Refund option sometimes based solely on member contributions paid (with no account taken of actual value of member's element of PRA)

Qu.2 – (XYZ: Category B)

- Pensionable service sometimes not capped to 3 July 2011
- Revalued final pensionable salary from 4 July 2011 not always calculated as being higher than final pensionable salary at DOL (based on highest pensionable salary in previous 5 years)

Qu.3 – (OPQ)

- Arithmetical errors occasionally made when calculating complete months from last switch date to member's TRD
- Unit holdings after applying relevant lifestyle investment allocation percentages (split by each fund within each contribution type) not always rounded to 4 decimal places – or even shown – prior to multiplying by relevant unit prices

Qu.4 – (RST)

- CARE pension sometimes calculated as being higher than Underpin pension (when it was slightly lower)
- Pensionable earnings rather than contractual salary occasionally used in calculation of Underpin pension

Qu.5 – (XYZ: Category A)

- Pre-1997 and post-1997 pensionable service splits occasionally calculated incorrectly (often by either one day too much or one day too little)
- Final pensionable salary sometimes based on latest pensionable salary at DOL rather than highest pensionable salary in previous 5 years
- Pre-1998 GMP and post-1988 GMP elements not always revalued from DOL to 'GMP due date' in accordance with statutory method detailed in appendices of XYZ Pension and Life Assurance Scheme booklet (i.e. revalued pre-1988 GMP at 'GMP due date' should have been derived by deducting revalued post-1988 GMP at 'GMP due date' from revalued total GMP at 'GMP due date')
- GMP elements sometimes revalued in one stage from DOL to NPD (as if the member was male) rather than initially revaluing from DOL to 'GMP due date' before applying the relevant statutory increases to each element from 'GMP due date' to NPD
- Revalued GMP elements occasionally not calculated to be divisible by 52

Qu.6 – (Letter for Qu.4)

- Mention of 'assumed' rate of 2.5% per annum compound being used to revalue pension from DOL to NPD occasionally omitted (although 'true' annual revaluation rate of lower of 5.0% / CPI usually stated)

LEAVERS: PART 2

Qu.1 – (XYZ: Category B)

- Final pensionable salary not always based on best pensionable salary entry in last 5 years when performing salary comparison with indexed final pensionable salary figure from 3 July 2011
- Pensionable service for part-time element occasionally not capped to 3 July 2011

Qu.2 – (OPQ)

- Transfer option frequently stated (when not applicable for less than 30 days' qualifying service)
- Preserved option sometimes calculated (when not applicable for less than 30 days' qualifying service)
- Employer element of member's PRA often calculated for refund option (although this was not penalised provided the employer element was not included in the actual refund calculation)

Qu.3 – (RST)

- Refund option sometimes calculated for less than 2 years' pensionable service (but this was not applicable due to transferred-in benefit)
- Transferred-in pension occasionally added to pension at DOL (when benefit payable from NPD)
- Transferred-in pension sometimes omitted from spouse's pension on death after retirement
- Statement that CARE pension all post-2006 not always mentioned (i.e. to confirm whole of CARE pension increases in payment at lower of 2.5% and RPI)
- Statement that transferred-in pension all post-2006 not always mentioned (i.e. to confirm whole of transferred-in pension increases in payment at lower of 2.5% and RPI)

Qu.4 – (XYZ: Category A)

- Pre-1997 and post-1997 pensionable service splits occasionally calculated incorrectly for first and last tranches (often by either one day too much or one day too little)
- Number of complete tax years from DOL to 'GMP due date' occasionally wrong by one year (due to calculation incorrectly being based on complete years)
- Number of complete tax years occasionally calculated from DOL to NPD rather than from DOL to 'GMP due date'
- Post-1988 GMP sometimes revalued in one stage from DOL to NPD (as if the member was male) rather than initially revaluing from DOL to 'GMP due date' before applying the relevant statutory increases from 'GMP due date' to NPD
- Revalued post-1988 GMP not always calculated to be divisible by 52

Qu.5 – (OPQ)

- Unit holdings after applying relevant lifestyle investment allocation percentages to non-augmented element of member's PRA (split by each fund within each contribution type) not always rounded to 4 decimal places – or even shown – prior to multiplying by relevant unit prices
- Confusion sometimes encountered with treatment of augmentation payment (with the augmented amount just needing to be added as an additional component to the employer's element of the member's PRA; albeit applying the relevant unit price to the augmentation units would have provided the same answer)

Qu.6 – (Letter for Qu.5)

- Individual splits of unit holdings and fund values not always provided
- Statement that the member's benefits will remain invested in the OPQ Retirements & Death Benefits Plan (unless the benefits are transferred) sometimes omitted
- Statement that the non-augmented element of the member's PRA will remain invested specifically in the lifestyle fund within the OPQ Retirements & Death Benefits Plan (unless the benefits are transferred) sometimes omitted
- Requirement to provide annual statements if the member's benefits remain invested in the OPQ Retirement & Death Benefits Plan not always stated

DEATHS: PART 1

Qu.1 – (XYZ: Category A)

- GMP revaluation percentage rate sometimes incorrect (i.e. rate other than 4.0% used)
- LSDB occasionally stated as being paid to 'persons at the discretion of the trustees' when reference should have been made to the LSDB being paid to 'deceased member's legal personal representatives / estate'

Qu.2 – (OPQ)

- Start date for calculating complete months from last switch date to member's TRD sometimes based on DOD rather than first day of month of death
- Arithmetical errors occasionally made when calculating complete months from last switch date to member's TRD (even when start date for last switch correctly stated)
- Unit holdings after applying relevant lifestyle investment allocation percentages (split by each fund within each contribution type) not always rounded to 4 decimal places – or even shown – prior to multiplying by relevant unit prices

Qu.3 – (XYZ: Category B)

- Highest pensionable salary in last 5 years not always restricted to NPD
- Final pensionable salary at 3 July 2011 (revalued to NPD) not always clearly compared against best pensionable salary figure in last 5 years (capped to NPD)
- Pensionable service occasionally not capped to 3 July 2011
- LRF not always applied (or LRF applied but not always based on latest 'Tables of Factors' and not always rounded to 3 decimal places)

Qu.4 – (RST)

- CARE pension and Underpin pension not always based on projected pensionable service to NPD
- Underpin pension sometimes calculated as being higher than CARE pension (when it was a few hundred pounds lower)

Qu.5 – (RST)

- Number of instalments sometimes calculated incorrectly for balance of payments for LSDB (even when start and end dates correct)
- Calculation of young spouse reduction occasionally omitted (but usually correct when it was calculated)

Qu.6 – (Letter for Qu.3)

- OK

DEATHS: PART 2

Qu.1 – (RST)

- Part-time adjustment not always applied to year-to-date CARE pension
- Pensionable service splits not always determined correctly in all cases before applying relevant part-time adjustments in calculation of Underpin pension
- Correct part-time adjustments not always applied when calculating Underpin pension
- Calculation of young spouse reduction occasionally omitted (but usually correct when it was calculated)

Qu.2 – (XYZ: Category B)

- Number of instalments occasionally not capped to deceased member's 75th birthday when determining balance of payments for LSDB
- Number of instalments sometimes calculated incorrectly for balance of payments for LSDB (even when start and end dates correct)

Qu.3 – (RST)

- CARE pension and Underpin pension not always based on projected pensionable service to NPD
- Refund of AVCs occasionally based on current value rather than AVCs actually paid

Qu.4 – (OPQ)

- Arithmetical errors occasionally made in calculating complete months from last switch date to member's TRD (even when start and end dates correct)
- Unit holdings after applying relevant lifestyle investment allocation percentages to non-TV element of member's PRA (split by each fund within each contribution type) not always rounded to 4 decimal places – or even shown – prior to multiplying by relevant unit prices
- Confusion sometimes encountered due to member having transferred-in benefits invested in a mixture of non-lifestyle funds and member and employer regular contributions invested in the lifestyle fund
- LSDB occasionally stated as being paid to 'persons at the discretion of the trustees' when reference should have been made to the LSDB being paid to 'deceased member's legal personal representatives / estate'

Qu.5 – (XYZ-A)

- Pre / post-1997 pensionable service splits occasionally wrong for first and last tranches (often by either one day too much or one day too little)
- Contracted-out check sometimes omitted (although usually correct when calculated)
- Splits for excess and WGMP elements of spouse's pension occasionally not calculated (or calculated but with WGMP elements not always being divisible by 52)
- Incorrect method frequently used for determining spouse's pension (i.e. spouse's pension should have been 50% of member's pension, with excess amount for spouse's pension being balance over and above WGMP elements)

Qu.6 – (Letter for Qu.1)

- Mention of young spouse reduction occasionally omitted
- Mention of special circumstances (i.e. member's various periods of part-time service) sometimes omitted

RETIREMENTS: PART 1

Qu.1 – (XYZ: Category A)

- Pensionable service occasionally wrong for pre-1997 and post-1997 tranches (usually by no more than one day either side of the correct figures)
- LRF sometimes not applied (even when requirement for a LRF correctly identified – and calculated – at outset of calculation)
- LRF not always based on revised basis and in accordance with latest ‘Tables of Factors’
- Check to determine if residual pension covers GMP occasionally omitted

Qu.2 – (OPQ)

- Complete months to TRD occasionally based on actual DOR rather than first day of month of retirement
- Unit holdings after applying relevant lifestyle investment allocation percentages (split by each fund within each contribution type) not always rounded to 4 decimal places – or even shown – prior to multiplying by relevant unit prices
- Correct range of requested cash and annuity options not always provided (i.e. specific requirement for 25% cash with either (a) single life annuity increasing at lower of 5% and RPI, or (b) non-escalating joint life annuity)
- Percentage of ‘Lifetime Allowance’ used by annuity options sometimes incorrectly based on residual fund value after deduction of ‘Annuity Bureau Charge’
- Taxable element of UFPLS often not stated as being taxed at member’s marginal rate (or paid assuming an emergency code on a month 1 basis)
- Mention of open market option occasionally omitted

Qu.3 – (RST)

- ERF sometimes not applied (even when the requirement for an ERF correctly identified – and calculated – at outset of calculation)
- ERF not always based on revised basis and in accordance with latest Tables of Factors
- Underpin pension sometimes calculated as being higher than CARE pension (when it was a few pounds lower)
- Splits not always provided for pre / post-2006 elements of member’s residual pension
- Spouse’s post-commutation pension occasionally not stated

Qu.4 – (XYZ: Category B)

- Pensionable service not always capped to 3 July 2011
- Pensionable service – when not capped – occasionally projected to NPD
- ERF sometimes applied when a reduction is not applicable for ill-health

Qu.5 – (RST)

- Splits not always provided for pre / post-2006 elements of member’s residual pension
- Spouse’s post-commutation pension occasionally not stated
- Potential YSR occasionally mentioned (when spouse was slightly less than 10 years younger than member)

Qu.6 – (Letter for Qu.3)

- Mention of reduction in pension for early payment sometimes omitted

RETIREMENTS: PART 2

Qu.1 – (OPQ)

- Occasional transcription errors made with unit prices (or correct unit prices applied but arithmetical errors sometimes made)
- Correct range of requested cash and annuity options not always provided (i.e. specific requirement for either (a) non-escalating single life annuity with maximum cash, or (b) joint life annuity increasing at lower of 2.5% and RPI and no cash)
- Percentage of 'Lifetime Allowance' used by annuity options sometimes incorrectly based on fund value after deduction of 'Annuity Bureau Charge'
- Taxable element of UFPLS often not stated as being taxed at member's marginal rate (or paid assuming an emergency code on a month 1 basis)
- Mention of open market option occasionally omitted

Qu.2 – (XYZ: Category A)

- Pensionable service occasionally wrong for first and last tranches of pensionable service (usually by no more than one day either side of the correct figures)
- ERF sometimes not applied (even when requirement for an ERF correctly identified – and calculated – at outset of calculation)
- ERF not always based on revised basis and in accordance with latest 'Tables of Factors'
- Check to determine if residual pension covers GMP occasionally omitted

Qu.3 – (RST)

- Part-time adjustment not always applied to year-to-date CARE pension
- Pensionable service splits not always determined correctly before applying relevant part-time adjustments in calculation of Underpin pension
- Correct part-time adjustments not always applied when calculating Underpin pension
- Splits not always provided for pre / post-2006 elements of member's residual pension

Qu.4 – (XYZ: Category B)

- Percentage of 'Lifetime Allowance' used not always combined for either (a) scheme pension and single life AVC pension; or (b) scheme pension and joint life AVC pension
- Single life and joint life AVC pension options for member sometimes dealt with incorrectly
- Spouse's pension not always calculated correctly when considering single life and joint life AVC pension options
- Methodology for incorporating AVCs within tax-free cash sum calculation sometimes inaccurate

Qu.5 – (RST)

- Pensionable service for ill-health occasionally based on DOR rather than being projected to NPD
- Augmented accrual rate and relevant service split for applying augmented accrual rate not always accurate in calculation of Underpin pension (i.e. the augmented accrual rate only applied for pensionable service from 6 April 2010)
- Splits not always provided for pre / post-2006 elements of residual pension

Qu.6 – (Letter for Qu.2)

- Varied accrual rates not always mentioned
- Mention of reduction in pension for early payment sometimes omitted
- Pension increase rates for excess and post-1988 GMP elements often not split out to detail position before / after 'GMP due date' (i.e. increase basis before 'GMP due date' often assumed to be same as increase basis from 'GMP due date')

TRANSFERS

Qu.1 – (RST)

- Age next birthday sometimes wrong by one year (usually by one year too little)
- Statement not always provided for requirement to take independent financial advice from an authorised adviser regulated under Financial Services and Markets Act 2000 if transferring to an arrangement where benefits can be accessed flexibly (as transfer value exceeded £30,000) or – more commonly – statement provided but without specific reference to requirement for adviser to be regulated under Financial Services and Markets Act 2000

Qu.2 – (OPQ)

- Confusion occasionally encountered due to member being invested in a mixture of lifestyle and non-lifestyle funds
- Months to member's TRD sometimes calculated incorrectly due to date of last switch being based on DOT (when it should have been based on the first day of the month of DOT)
- Value of contributions after applying relevant lifestyle investment allocation percentages to lifestyle elements of member's PRA (split by each fund within each contribution type) not always rounded to 4 decimal places prior to multiplying by relevant unit prices
- Value of contributions after applying relevant lifestyle investment allocation percentages to lifestyle elements of PRA (split by each fund within each contribution type) sometimes not shown at all, with just end results being shown after multiplying by relevant lifestyle investment allocation percentages and multiplying by relevant unit prices
- Occasional transcription errors made with unit prices (or correct unit prices applied but arithmetical errors sometimes made)

Qu.3 – (XYZ)

- Statement not always provided relating to requirement to take independent financial advice from an authorised adviser regulated under Financial Services and Markets Act 2000 if transferring to an arrangement where benefits can be accessed flexibly (as transfer value exceeds £30,000) or – more commonly – statement provided but without specific reference to requirement for adviser to be regulated under Financial Services and Markets Act 2000

Qu.4 – (RST)

- Full list of attaching benefits not always accurate (e.g. no spouse's pension should be payable on death-in-deferment)
- Arithmetical errors occasionally made at various stages of the calculations

Qu.5 – (OPQ)

- Confusion occasionally encountered due to member being invested in a mixture of funds (and with the investment allocation percentages to those funds not always being the same for the different contribution types)
- Value of contributions after applying relevant investment allocation percentages (split by each fund within each contribution type) not always rounded to 4 decimal places prior to dividing by relevant unit prices
- Value of contributions after applying relevant investment allocation percentages (split by each fund within each contribution type) sometimes not shown at all – just end results shown after multiplying by relevant lifestyle investment allocation percentages and dividing by relevant unit prices
- Occasional transcription errors made with unit prices (with the unit price applied for a particular fund sometimes being the unit price of a totally different fund)

Qu.6 – (XYZ)

- Age next birthday sometimes wrong by one year
- Full list of attaching benefits not always provided

Qu.7 – (Letter for Qu.3)

- Mention that trustees must ensure the adviser has the correct permissions to proceed by verifying details on the Financial Services Register often omitted
- Mention of all relevant information in relation to Pensions Wise frequently omitted (specifically in relation to the trustees being required to offer to book a pensions guidance appointment on behalf of the member (as member has attained age 50) and needing to advise that the transfer cannot proceed without an appointment having taken place or the member having provided an opt-out notification)
- Mention of benefits no longer remaining in ceding scheme (should transfer out proceed) not always stated
- Mention that financial advice cannot be provided sometimes omitted

Qu.8 – (Letter for Qu.5)

- Breakdown of individual units by contribution type within each fund often omitted (although total units for each fund usually provided)
- Mention of benefits no longer remaining in ceding scheme not always stated
- Mention of transferred-in benefits being subject to the rules of the OPQ Retirements & Death Benefits Plan occasionally omitted

SUMMARY OF WORKED ANSWERS

Leavers Part 1 – Question 1

Calculation

- (1) Refund ONLY of **£101.09**

Leavers Part 1 – Question 2

Calculation

- (1) Preserved pension at DOL of **£10,045.57 p.a.** which, when revalued to NPD, could result in a maximum pension of **£13,462.07 p.a.** – *assuming annual increases from DOL to NPD of 5.0%*

Spouse's pension on death before / after retirement of **£5,022.79 p.a.** {based on member's pension at DOL} which, when revalued to NPD, could result in a maximum pension of **£6,731.04 p.a.** {based on member's pension at DOL, revalued to NPD}

OR

- (2) Transfer value to another pension arrangement

Leavers Part 1 – Question 3

Calculation

- (1) Preserved benefit at DOL of **£75,404.71**

OR

- (2) Transfer value to another pension arrangement

Leavers Part 1 – Question 4

Calculation

- (1) Preserved 'Underpin' pension at DOL of **£7,982.41 p.a.** {v preserved 'CARE' pension of **£7,403.86 p.a.**} (pre-2006 = **£822.22 p.a.** and post-2006 = **£7,160.19 p.a.**) which, when revalued to NPD, would result in a pension of **£11,278.90 p.a.** (pre-2006 = **£1,161.77 p.a.** and post-2006 = **£10,117.13 p.a.**) – *assuming annual increases from DOL to NPD of 2.5%*

Spouse's pension on death after retirement of **£3,192.97 p.a.** {based on member's pension at DOL} (pre-2006 = **£328.89 p.a.** and post-2006 = **£2,864.08 p.a.**) which, when revalued to NPD, would result in a pension of **£4,511.56 p.a.** {based on member's pension at DOL, revalued to NPD} (pre-2006 = **£464.71 p.a.** and post-2006 = **£4,046.85 p.a.**)

OR

- (2) Transfer value to another pension arrangement

Letter: Question 6 – (Relating to Question 4)

- (1) Date of leaving [DOL] (**14/09/2023**)
- (2) Preserved 'Underpin' pension at DOL (**£7,982.41 p.a.**), comprising:
 - Pre-2006 pension (**£328.89 p.a.**)
 - Post-2006 pension (**£2,864.09 p.a.**)
- (3) Revaluation rate from DOL to NPD (**lower of 5.0% / CPI**)
- (4) Member's NPD (**03/10/2037**) or specific age at NPD (**65**)
- (5) Pension at NPD (**£11,278.90 p.a.**) *{assuming annual increases from DOL to NPD of 2.5%}*, comprising:
 - Pre-2006 pension (**£1,161.77 p.a.**)
 - Post-2006 pension (**£10,117.13 p.a.**)
- (6) Must mention tax-free cash sum option on retirement
- (7) Death before retirement
 - Refund of contributions of (**£29,533.63**)
- (8) Death after retirement
 - Spouse's pension of **£3,192.97 p.a.** *{based on member's pension at DOL}* (pre-2006 = **£328.89 p.a.** and post-2006 = **£2,864.08 p.a.**) which, when revalued to NPD, would result in a pension of **£4,511.56 p.a.** *{based on member's pension at DOL, revalued to NPD}* (pre-2006 = **£464.71 p.a.** and post-2006 = **£4,046.85 p.a.**)
 - LSDB (**provided death occurs before 5 years of pension payments**)
- (9) Post retirement increases
 - Pre-2006 pension (**lower of 5.0% / RPI**)
 - Post-2006 pension (**lower of 2.5% / RPI**)
- (10) Must mention transfer option

Leavers Part 1 – Question 5

Calculation

- (1) Preserved pension at DOL of **£33,133.46 p.a.** (excess over GMP = **£29,924.02 p.a.**, pre-1988 GMP = **£67.08 p.a.** and post-1988 GMP = **£3,142.36 p.a.**) which, when revalued to NPD, could result in a maximum pension of **£52,201.31 p.a.** (excess over GMP = **£46,422.03 p.a.**, pre-1988 GMP = **£104.00 p.a.** and post-1988 GMP = **£5,675.28 p.a.**) – *assuming annual increases on excess from DOL to NPD of 5.0% and increases on GMP from DOL to age 60 (= 'GMP due date') at fixed rate of revaluation (3.25%), with statutory increases applying thereafter from 'GMP due date' to NPD*

Spouse's pension on death before / after retirement of **£16,566.73 p.a.** *{based on member's pension at DOL}* which, when revalued to NPD, could result in a maximum pension of **£26,100.66 p.a.** *{based on member's pension at DOL, revalued to NPD}*

OR

- (2) Transfer value to another pension arrangement

Leavers Part 2 – Question 1

Calculation

- (1) Preserved pension at DOL of **£12,624.53 p.a.** which, when revalued to NPD, could result in a maximum pension of **£16,918.13 p.a.** – *assuming annual increases from DOL to NPD of 5.0%*

Spouse's pension on death before / after retirement of **£6,312.27 p.a.** {based on member's pension at DOL} which, when revalued to NPD, could result in a maximum pension of **£8,459.07 p.a.** {based on member's pension at DOL, revalued to NPD}

OR

- (2) Transfer value to another pension arrangement

Leavers Part 2 – Question 2

Calculation

- (1) Refund ONLY of **£229.03**

Leavers Part 2 – Question 3

Calculation

- (1) Preserved 'CARE' pension at DOL of **£1,416.67 p.a.** {v preserved 'Underpin' pension of **£1,337.96 p.a.**} (all post-2006) which, when revalued to NPD, would result in a pension of **£1,563.73 p.a.** (all post-2006) – *assuming annual increases from DOL to NPD of 2.5%*; PLUS transferred-in pension at NPD of **£1,532.34 p.a.** (all post-2006), resulting in a total pension at NPD of **£3,096.07 p.a.**

Spouse's pension on death after retirement of **£566.67 p.a.** {based on member's pension at DOL} (all post-2006) which, when revalued to NPD, would result in a pension of **£625.49 p.a.** {based on member's pension at DOL, revalued to NPD} (all post-2006); PLUS transferred-in pension at NPD of **£612.94 p.a.** (all post-2006), resulting in a total pension at NPD of **£1,238.43 p.a.**

OR

- (2) Transfer value to another pension arrangement

Leavers Part 2 – Question 4

Calculation

- (1) Preserved pension at DOL of **£12,761.91 p.a.** (excess over GMP = **£11,735.43 p.a.** and post-1988 GMP = **£1,026.48 p.a.**) which, when revalued to NPD, could result in a maximum pension of **£25,343.416 p.a.** (excess over GMP = **£23,235.33 p.a.** and post-1988 GMP = **£2,108.08 p.a.**) – *assuming annual increases on excess from DOL to NPD of 5.0% and increases on GMP from DOL to age 60 (= 'GMP due date') at fixed rate of revaluation (3.25%), with statutory increases applying thereafter from 'GMP due date' to NPD*

Spouse's pension on death before / after retirement of **£6,380.92 p.a.** {based on member's pension at DOL} which, when revalued to NPD, could result in a maximum pension of **£12,671.71 p.a.** {based on member's pension at DOL, revalued to NPD}

OR

- (2) Transfer value to another pension arrangement

Leavers Part 2 – Question 5

Calculation

- (1) Preserved benefit of **£900,455.34** (including Augmentation of **£50,000.00**)

OR

- (2) Transfer value to another pension arrangement

Letter: Question 6 – (Relating to Question 5)

- (1) Date of leaving (**15/09/2023**)
- (2) Personal Retirement Account at leaving (**£900,454.34**)
 - State unit price of each fund (*optional*)
 - State units for each fund within each contribution type
 - State values for each fund within each contribution type
 - State values for combined funds within each contribution type
- (3) Must mention member's NPD (= **State Pension Date**) or TRD (**07/07/2024**)
- (4) Must mention 'augmentation'
- (5) Must mention member's options on leaving:
 - Funds will remain invested (and cannot be accessed prior to age 55, or earlier if in ill-health), with member/employer element of PRA remaining invested in Lifestyle Fund
 - Transfer option
- (6) Must mention annual statements will be issued if funds remain invested
- (7) Must mention member's available options when taking benefits from the Plan:
 - Full annuity using 'Annuity Bureau' factors (single life vs joint life and increasing vs non-increasing) without tax-free cash sum
 - Reduced annuity using 'Annuity Bureau' factors (single life vs joint life and increasing vs non-increasing) with tax-free cash sum
 - Single Uncrystallised Funds Pension Lump Sum
- (8) Must mention member's benefits on death before retirement
 - Value of Personal Retirement Account paid to Legal Personal Representatives

Deaths Part 1 – Question 1

Calculation

- (1) Lump sum death benefit (refund of contributions only since death in deferment) of **£21,360.99** payable to Legal Personal Representatives / Estate – [LTA used = **1.99%**]

PLUS

- (2) Spouse's pension of **£7,280.83 p.a.** (excess over WGMP = **£7,006.79 p.a.** and post-1988 WGMP = **£274.04 p.a.**)

Deaths Part 1 – Question 2

Calculation

- (1) Lump sum death benefit (refund of Personal Retirement Account of **£604,520.24** plus life assurance of **£233,655.00** since death in service before NPD) of **£838,175.24** payable at Trustees' Discretion – [LTA used = **78.10%**]

Deaths Part 1 – Question 3

Calculation

- (1) Lump sum death benefit (equal to 5 years' member pension instalments only since death in service after NPD) of **£109,240.10** payable at Trustees' Discretion – [LTA used = **10.17%**]

PLUS

- (2) Spouse's pension of **£10,924.01 p.a.**

Letter: Question 6 – (Relating to Question 3)

- (1) Date of death (**08/09/2023**)
- (2) Total lump sum death benefit (**£109,240.10**), *stating the following details:*
- 5-years' pension payments (**£109,240.10**)
 - Payable at **Trustees' Discretion**
- (3) Spouse's pension (**£10,924.01 p.a.**), *stating the following details:*
- Excess (**£10,924.01 p.a.**)
 - Commencement date (**01/10/2023**)
 - Rate of increase (**lower of 5.0% / RPI**)
 - Frequency of payment (**monthly**)
 - Increase date (**1st April each year**)
- (4) Additional information:
- N/A
- (5) Lifetime allowance:
- Percentage used by lump sum death benefit (**10.17%**)
 - Counts against deceased member
- (6) Action required:
- Member's death certificate
 - Spouse's birth & marriage certificates
 - Bank details

Deaths Part 1 – Question 4

Calculation

- (1) Lump sum death benefit (refund of contributions of **£59,165.26** plus life assurance of **£149,950.00** since death in service before NPD) of **£209,115.26** payable at Trustees' Discretion – [LTA used = **19.48%**]

PLUS

- (2) Spouse's pension of **£12,234.10 p.a.** (pre-2006 = **£1,483.33 p.a.** and post-2006 = **£10,750.77 p.a.**)

Deaths Part 1 – Question 5

Calculation

- (1) Lump sum death benefit (equal to balance of 5 years' member pension instalments only since death in retirement) of **£12,721.72** payable at Trustees' Discretion – [LTA used = **1.18%**]

PLUS

- (2) Spouse's pension of **£3,971.85 p.a.** (all post-2006 {including young spouse reduction})

Deaths Part 2 – Question 1

Calculation

- (1) Lump sum death benefit (refund of contributions of **£81,023.58** plus life assurance of **£169,033.78** since death in service after NPD) of **£250,057.36** payable at Trustees' Discretion – [LTA used = **23.30%**]

PLUS

- (2) Spouse's pension of **£7,253.29 p.a.** (pre-2006 = **£685.66 p.a.** and post-2006 = **£6,567.63 p.a.** {including young spouse reduction})

Letter: Question 6 – (Relating to Question 1)

- (1) Date of death:
- **08/09/2023**
- (2) Total lump sum death benefit (**£250,057.36**), *stating the following details:*
- Life assurance (**£169,033.78**)
- Refund of contributions (**£81,023.58**)
- Payable at **Trustees' Discretion**

- (3) Spouse's pension (**£7,253.29 p.a.**), stating the following details:
 - Pre-2006 split (**£685.66 p.a.**)
 - Post-2006 split (**£6,567.63 p.a.**)
 - Commencement date (**01/10/2023**)
 - Increase rates (pre-2006 = **lower of 5.0% / RPI** and post-2006 = **lower of 2.5% / RPI**)
 - Frequency of payment (**monthly**)
 - Increase date (**each year on anniversary of DOD**)
- (4) Additional information:
 - Must mention young spouse reduction
 - Must mention part-time service
- (5) Lifetime allowance:
 - Percentage used by lump sum death benefit (**23.30%**)
 - Counts against deceased member
- (6) Action required:
 - Member's death certificate
 - Spouse's birth & marriage certificates
 - Bank details

Deaths Part 2 – Question 2

Calculation

- (1) Lump sum death benefit (equal to balance of 5 years' member pension instalments only [*capped to age 75*] since death in retirement) of **£31,086.75** payable at Trustees' Discretion – [LTA used = **2.89%**]

PLUS

- (2) Spouse's pension of **£11,284.46 p.a.**

Deaths Part 2 – Question 3

Calculation

- (1) Lump sum death benefit (refund of contributions of **£71,715.09** plus refund of AVCs paid of **£16,552.12** plus life assurance of **£148,062.50** since death in service before NPD) of **£236,329.71** payable at Trustees' Discretion – [LTA used = **22.02%**]

PLUS

- (2) Spouse's pension of **£12,480.45 p.a.** (pre-2006 = **£2,771.87 p.a.** and post-2006 = **£9,708.58 p.a.**)

Deaths Part 2 – Question 4

Calculation

- (1) Lump sum death benefit (refund of Personal Retirement Account only since death in deferment) of **£130,325.22** (including transferred-in contributions of **£3,948.37**) payable to Legal Personal Representatives / Estate – [LTA used = **12.14%**]

Deaths Part 2 – Question 5

Calculation

- (1) Lump sum death benefit (refund of contributions of **£135,915.82** plus life assurance of **£407,980.00** since death in service before NPD) of **£543,895.82** payable at Trustees' Discretion – [LTA used = **50.68%**]

PLUS

- (2) Spouse's pension of **£30,778.77 p.a.** (excess over WGMP = **£28,190.21 p.a.**, pre-1988 WGMP of **£1,071.72 p.a.** and post-1988 WGMP = **£1,516.84 p.a.**)

Retirements Part 1 – Question 1

Calculation

Options

- (1) Full pension of **£37,875.85 p.a.** (excess over GMP = **£32,544.81 p.a.**, pre-1988 GMP = **£135.20 p.a.** and post-1988 GMP = **£5,195.84 p.a.**) with a spouse's pension of **£18,937.93 p.a.** – [LTA used = **70.59%**]

OR

- (2) Pension commencement lump sum of **£188,222.15** – [LTA used = **17.54%**]

PLUS

Residual pension of **£28,233.32 p.a.** (excess over GMP = **£22,902.28 p.a.**, pre-1988 GMP = **£135.20 p.a.** and post-1988 GMP = **£5,195.84 p.a.**) with a spouse's pension of **£18,937.93 p.a.** – [LTA used = **52.62%**]

Retirements Part 1 – Question 2

Calculation

Value of Personal Retirement Account = **£180,574.89**

Options

- (1) Pension commencement lump sum of **£45,143.72** – [LTA used = **4.20%**]

PLUS

Annuity of **£9,027.39 p.a.** (non-increasing) with a spouse's annuity of **£4,513.70 p.a.** – [LTA used = **12.62%**] – {Annuity Bureau Charge of **£88.03**}

OR

- (2) Pension commencement lump sum of **£45,143.72** – [LTA used = **4.20%**]

PLUS

Annuity of **£6,198.72 p.a.** (increasing at the lower of 5.0% / RPI) with a spouse's annuity of **£3,099.36 p.a.** – [LTA used = **12.62%**] – {Annuity Bureau Charge of **£88.03**}

OR

- (3) Uncrystallised Funds Pension Lump Sum of **£180,574.89** (tax-free element = **£45,143.72** and taxable element = **£135,431.17**, which is taxed at member's marginal rate and paid assuming an Emergency Code on a Month 1 basis) – [LTA used = **16.82%**]

OR

- (4) Open Market Option

Retirements Part 1 – Question 3

Calculation

Options

- (1) Full 'CARE' pension of **£16,164.94 p.a.** {vs 'Underpin' pension of **£16,140.11 p.a.**} (pre-2006 = **£5,292.61 p.a.** and post-2006 = **£10,872.33 p.a.**) with a spouse's pension of **£6,465.97 p.a.** (pre-2006 = **£2,117.04 p.a.** and post-2006 = **£4,348.93 p.a.**) – [LTA used = **30.12%**]

OR

- (2) Pension commencement lump sum of **£80,225.69** – [LTA used = **7.47%**]

PLUS

Residual pension of **£12,033.85 p.a.** (pre-2006 = **£5,292.61 p.a.** and post-2006 = **£6,741.24 p.a.**) with a spouse's pension of **£6,465.97 p.a.** (pre-2006 = **£2,117.04 p.a.** and post-2006 = **£4,348.93 p.a.**) – [LTA used = **22.42%**]

Letter: Question 6 – (Relating to Question 1)

- (1) Date of retirement:
- **30/09/2023**
- (2) Options available:
- Full 'CARE' pension = **£16,164.94 p.a.**, stating the following details:
 - Pre-2006 pension = **£5,292.61 p.a.**
 - Post-2006 pension = **£10,872.33 p.a.**
 - OR**
 - Pension commencement lump sum [PCLS] = **£80,225.69**, PLUS
 - Residual 'CARE' pension = **£12,033.85 p.a.**, stating the following details:
 - Pre-2006 pension = **£5,292.61 p.a.**
 - Post-2006 pension = **£6,741.24 p.a.**

- (3) Details of pension:
- Commencement date = **01/10/2023**
 - Frequency of payment = **monthly**
 - Increase rates:
 - Pre-2006 pension = **lower of 5.0% / RPI**
 - Post-2006 pension = **lower of 2.5% / RPI**
 - Increase date = **anniversary of date of commencement**
- (4) Details of spouse's pension payable on death of member:
- Spouse's pension = **£6,465.97 p.a.**
- (5) Must mention reduction for early payment
- (6) Must mention LSDB payable if death occurs within 5 years of retirement
- (7) Lifetime allowance:
- Percentage used by full pension = **30.12%**
 - OR*
 - Percentage used by PCLS = **7.47%** and percentage used by residual pension = **22.42%**
- (8) Action required:
- Choice of option
 - Member's birth certificate
 - Bank details

Retirements Part 1 – Question 4

Calculation

Options

- (1) Full pension of **£19,239.82 p.a.** with a spouse's pension of **£9,619.91 p.a.** – [LTA used = **35.85%**]

OR

- (2) Pension commencement lump sum of **£103,311.10** – [LTA used = **9.62%**]

PLUS

Residual pension of **£15,496.66 p.a.** with a spouse's pension of **£9,619.91 p.a.** – [LTA used = **28.88%**]

Retirements Part 1 – Question 5

Calculation

Options

- (1) Full 'Underpin' pension of **£17,986.11 p.a.** {vs 'CARE' pension of **£15,640.74 p.a.**} (pre-2006 = **£972.22 p.a.** and post-2006 = **£17,013.89 p.a.**) with a spouse's pension of **£7,194.45 p.a.** (pre-2006 = **£388.89 p.a.** and post-2006 = **£6,805.56 p.a.**) – [LTA used = **33.52%**]

OR

- (2) Pension commencement lump sum of **£88,143.85** – [LTA used = **8.21%**]

PLUS

Residual pension of **£13,221.58 p.a.** (pre-2006 = **£972.22 p.a.** and post-2006 = **£12,249.36 p.a.**) with a spouse's pension of **£7,194.45 p.a.** (pre-2006 = **£388.89 p.a.** and post-2006 = **£6,805.56 p.a.**) – [LTA used = **24.64%**]

Retirements Part 2 – Question 1

Calculation

Value of Personal Retirement Account = **£420,490.38** (including transfer in of **£55,036.40**)

Options

- (1) Annuity of **£28,910.93 p.a.** (increasing at lower of 2.5% / RPI) with a spouse's annuity of **£14,455.47 p.a.** – [LTA used = **39.18%**] – {Annuity Bureau Charge of **£273.32**}

OR

- (2) Pension commencement lump sum of **£105,122.60** – [LTA used = **9.79%**]

PLUS

Annuity of **£31,012.02 p.a.** (non-increasing and single life) – [LTA used = **29.38%**] – {Annuity Bureau Charge of **£204.99**}

OR

- (3) Uncrystallised Funds Pension Lump Sum of **£420,490.38** (tax-free element = **£105,122.60** and taxable element = **£315,367.78**, which is taxed at member's marginal rate and paid assuming an Emergency Code on a Month 1 basis) – [LTA used = **39.18%**]

OR

- (4) Open Market Option

Retirements Part 2 – Question 2

Calculation

Options

- (1) Full pension of **£30,038.18 p.a.** (excess over GMP = **£29,246.22 p.a.** and post-1988 GMP = **£791.96 p.a.**) with a spouse's pension of **£15,019.09 p.a.** – [LTA used = **55.98%**]

OR

- (2) Pension commencement lump sum of **£162,052.60** – [LTA used = **15.10%**]

PLUS

Residual pension of **£24,307.89 p.a.** (excess over GMP = **£23,515.93 p.a.** and post-1988 GMP = **£791.96 p.a.**) with a spouse's pension of **£15,019.09 p.a.** – [LTA used = **45.30%**]

Letter: Question 6 – (Relating to Question 3)

- (1) Date of retirement:
 - **28/09/2023**
- (2) Options available:
 - Full pension = **£30,038.18 p.a.**, stating the following details:
 - Excess over GMP = **£29,246.22 p.a.**
 - Post-1988 GMP = **£791.96 p.a.**
 - OR*
 - Pension commencement lump sum [PCLS] = **£162,052.60, PLUS**
 - Residual pension = **£24,307.89 p.a.**, stating the following details:
 - Excess over GMP = **£23,515.93 p.a.**
 - Post-1988 GMP = **£791.96 p.a.**
- (3) Details of pension:
 - Commencement date = **01/10/2022**
 - Frequency of payment = **monthly**
 - Increase rates up to 'GMP due date' (since early retirement *before* 'GMP due date'):
 - Total pension = **lower of 5.0% / RPI**
 - Increase rates from 'GMP due date':
 - Excess over GMP = **lower of 5.0% / RPI**
 - Post-1988 GMP = **lower of 3.0% / CPI**
 - Increase date = **1st April each year**
- (4) Details of spouse's pension payable on death of member:
 - Spouse's pension = **£15,019.09 p.a.**
- (5) Must mention reduction for early payment
- (6) Must mention LSDB payable if death occurs within 5 years of retirement
- (7) Lifetime allowance:
 - Percentage used by full pension = **55.98%**
 - OR*
 - Percentage used by PCLS = **15.10%** and percentage used by residual pension = **45.30%**
- (8) Action required:
 - Choice of option
 - Member's birth certificate
 - Bank details

Retirements Part 2 – Question 3

Calculation

Options

- (1) Full 'CARE' pension of **£13,580.53 p.a.** {vs 'Underpin' pension of **£9,507.22 p.a.**} (pre-2006 = **£3,277.62 p.a.** and post-2006 = **£10,302.91 p.a.**) with a spouse's pension of **£5,432.21 p.a.** (pre-2006 = **£1,311.05 p.a.** and post-2006 = **£4,121.16 p.a.**) – [LTA used = **25.31%**]

OR

- (2) Pension commencement lump sum of **£60,000.00** – [LTA used = **5.59%**]

PLUS

Residual pension of **£10,337.29 p.a.** (pre-2006 = **£3,277.62 p.a.** and post-2006 = **£7,059.67 p.a.**) with a spouse's pension of **£5,432.21 p.a.** (pre-2006 = **£1,311.05 p.a.** and post-2006 = **£4,121.21 p.a.**) – [LTA used = **19.26%**]

Retirements Part 2 – Question 4

Calculation

Option 1A – Pension Only (AVCs single life)

- (1A) Full pension of **£15,485.82 p.a.** [plus single life AVC pension of **£3,098.75 p.a.** = total pension of **£18,584.57 p.a.**] with a spouse's pension of **£7,742.91 p.a.** – [LTA used = **34.63%**]

OR

Option 1B – Pension Only (AVCs joint life)

- (1B) Full pension of **£15,485.82 p.a.** [plus joint life AVC pension of **£2,849.05 p.a.** = total pension of **£18,334.87 p.a.**] with a spouse's pension of **£7,742.91 p.a.** [plus joint life AVC pension of **£1,424.53 p.a.** = total pension of **£9,167.44 p.a.**] – [LTA used = **34.17%**]

OR

Option 2 – Pension and Cash

- (2) Pension commencement lump sum of **£96,271.93** (including AVC cash of **£71,639.80**) – [LTA used = **8.97%**]

PLUS

Residual pension of **£14,312.86 p.a.** with a spouse's pension of **£7,742.91 p.a.** – [LTA used = **26.67%**]

Retirements Part 2 – Question 5

Calculation

Options

- (1) Full 'CARE' pension of **£31,566.05 p.a.** {vs 'Underpin' pension of **£27,676.35 p.a.**} (pre-2006 = **£10,248.85 p.a.** and post-2006 = **£21,317.20 p.a.**) with a spouse's pension of **£12,626.42 p.a.** (pre-2006 = **£4,099.54 p.a.** and post-2006 = **£8,526.88 p.a.**) – [LTA used = **58.83%**]

OR

- (2) Pension commencement lump sum of **£162,140.97** – [LTA used = **15.10%**]

PLUS

Residual pension of **£24,321.15 p.a.** (pre-2006 = **£10,248.85 p.a.** and post-2006 = **£14,072.30 p.a.**) with a spouse's pension of **£12,626.42 p.a.** (pre-2006 = **£4,099.54 p.a.** and post-2006 = **£8,526.88 p.a.**) – [LTA used = **45.32%**]

Transfers – Question 1

Calculation

Total Transfer Value of **£209,319.74**, which includes the post-1997 Transfer Value of **£157,520.80** (member additionally has an AVC Fund Value of **£13,557.89**) – *mention requirement for independent financial advice from authorised adviser regulated under Financial Services & Markets Act 2000 if transferring to an arrangement where benefits can be accessed flexibly (as TV exceeds £30,000)*

Transfers – Question 2

Calculation

Total Transfer Value of **£45,298.16** (including **£6,444.45** in respect of AVCs), which is split between Funds and Contribution Types as follows:

Global Equity Fund – (Lifestyle)

Member contributions	-	£4,581.32
Employer contributions	-	£7,330.12
AVCs	-	£2,347.23
Total	-	£14,258.67

Index Linked Bond Fund – (Lifestyle)

Member contributions	-	£992.64
Employer contributions	-	£1,588.22
AVCs	-	£508.58
Total	-	£3,089.44

Cash Fund – (Lifestyle)

Member contributions	-	£305.13
Employer contributions	-	£488.21
AVCs	-	£156.33
Total	-	£949.67

Global Equity Fund – (non-Lifestyle)

Member contributions	-	£5,429.66
Employer contributions	-	£8,687.46
Total	-	£14,117.12

Balanced Fund – (non-Lifestyle)

Member contributions	-	£2,628.43
Employer contributions	-	£4,205.49
AVCs	-	£3,432.31
Total	-	£10,266.23

Corporate Bond Fund – (non-Lifestyle)

Member contributions	-	£1,006.55
Employer contributions	-	£1,610.48
Total	-	£2,617.03

OR

Member Contributions – (Lifestyle & non-Lifestyle)

Global Equity Fund (L/S)	-	£4,581.32
Index Linked Bond Fund (L/S)	-	£992.64
Cash Fund (L/S)	-	£305.13
Global Equity Fund (non-L/S)	-	£5,429.66
Balanced Fund (non-L/S)	-	£2,628.43
Corporate Bond Fund (non-L/S)	-	£1,006.55
Total		£14,943.73

Employer Contributions – (Lifestyle & non-Lifestyle)

Global Equity Fund (L/S)	-	£7,330.12
Index Linked Bond Fund (L/S)	-	£1,588.22
Cash Fund (L/S)	-	£488.21
Global Equity Fund (non-L/S)	-	£8,687.46
Balanced Fund (non-L/S)	-	£4,205.49
Corporate Bond Fund (non-L/S)	-	£1,610.48
Total		£23,909.98

AVCs – (Lifestyle & non-Lifestyle)

Global Equity Fund (L/S)	-	£2,347.23
Index Linked Bond Fund (L/S)	-	£508.58
Cash Fund (L/S)	-	£156.33
Balanced Fund (non-L/S)	-	£3,432.31
Total		£6,444.45

Transfers – Question 3

Calculation

Total Transfer Value of **£99,448.63**, which includes the post-1997 Transfer Value of **£79,660.78** (member additionally has an AVC Fund Value of **£12,705.61**) – *mention requirement for independent financial advice from authorised adviser regulated under Financial Services & Markets Act 2000 if transferring to an arrangement where benefits can be accessed flexibly (as TV exceeds £30,000).*

Letter: Question 7 – (Relating to Question 3)

- (1) Total Transfer Value *excluding* AVCs = **£99,448.63**
- (2) Total Transfer Value *including* AVCs = **£112,154.24** {of which AVCs = **£12,705.61**}
- (3) Post-1997 element of Transfer Value = **£79,660.78**
- (4) Must mention option to transfer to a suitable alternative pension arrangement

- (5) Must mention (*if the member is transferring to an arrangement where benefits can be accessed flexibly*):
- requirement of the member to take independent financial advice from an authorised adviser regulated under the Financial Services and Markets Act 2000 should the transfer proceed
 - requirement of the member to apply for the transfer in writing to the Trustees within 3 months of the guarantee date (date on which the transfer was calculated)
 - requirement of the member to confirm to the Trustees within 3 months of receiving the transfer quotation that independent financial advice has been received
 - requirement of the Trustees to verify within 6 months of the guarantee date that independent financial advice has been received and that the adviser has the correct permission to proceed by verifying details on the Financial Services Register before carrying out the transfer
 - requirement of the Trustees (unless they hear to the contrary) to assume the transfer will be to an arrangement where benefits can be accessed flexibly
 - requirement of the Trustees to offer to book a pensions guidance appointment with Pensions Wise on behalf of the member
 - requirement of the Trustees to explain to the member that the transfer cannot proceed until they have received appropriate pensions guidance from Pensions Wise
 - requirement of the Trustees to explain to the member that he can only opt out of the Pensions Wise guidance by giving the Trustees an opt-out notification
- (6) Must mention that financial advice cannot be given
- (7) Must make reference to “Pension Scams”
- (8) Must mention that – if transfer out proceeds – no benefits will remain in the XYZ Pension and Life Assurance Scheme

Transfers – Question 4

Calculation

- (1) At NPD, a pension of **£9,542.19 p.a.** (including post-1997 pension of **£8,899.06 p.a.**) would be payable
- (2) On death before retirement a refund of member contributions would be payable
- (3) On death after retirement a lump sum death benefit would be payable (provided death occurs within 5 years of retirement) and a spouse’s pension would also be payable
- (4) All benefits will be payable in accordance with the provisions of the RST Pension Scheme

Transfers – Question 5

Calculation

The Transfer-in of **£71,905.46** would purchase units in the member’s Personal Retirement Account split between Funds and Contribution Types as follows:

<u>Global Equity Fund – (non-Lifestyle)</u>		
Member contributions	-	2,103.7741 units
Employer contributions	-	2,300.4983 units
Total		4,404.2724 units

Index Linked Bond Fund – (non-Lifestyle)

Member contributions	-	1,926.1932 units
Employer contributions	-	2,106.3118 units
AVCs	-	1,435.5909 units
Total		5,468.0959 units

Balanced Fund – (non-Lifestyle)

Member contributions	-	871.2259 units
Employer contributions	-	952.6943 units
AVCs	-	1,731.5313 units
Total		3,555.4515 units

Corporate Bond Fund – (non-Lifestyle)

Member contributions	-	4,827.7205 units
Employer contributions	-	5,279.1614 units
AVCs	-	5,996.8297 units
Total		16,103.7116 units

OR

Member Contributions – (non-Lifestyle)

Global Equity Fund	-	2,103.7741 units
Index Linked Bond Fund	-	1,926.1932 units
Balanced Fund	-	871.2259 units
Corporate Bond Fund	-	4,827.7205 units
Total		N/A

Employer Contributions – (non-Lifestyle)

Global Equity Fund	-	2,300.4983 units
Index Linked Bond Fund	-	2,106.3118 units
Balanced Fund	-	952.6943 units
Corporate Bond Fund	-	5,279.1614 units
Total		N/A

AVCs – (non-Lifestyle)

Index Linked Bond Fund	-	1,435.5909 units
Balanced Fund	-	1,731.5313 units
Corporate Bond Fund	-	5,996.8297 units
Total		N/A

Letter: Question 8 – (Relating to Question 5)

- (1) Transfer Value = **£71,905.46**
- Total member contributions = **£25,329.44**
 - Total employer's contributions = **£27,698.00**
 - Total AVCs = **£18,878.02**
- (2a) Global Equity Fund – (non-Lifestyle) = **4,404.2724 units**
- Member contributions = **2,103.7741 units**
 - Employer contributions = **2,300.4983 units**
- Index Linked Bond Fund – (non-Lifestyle) = **5,468.0959 units**
- Member contributions = **1,926.1932 units**

- Employer contributions = **2,106.3118 units**
 - AVCs = **1,435.5909 units**
- Balanced Fund – (*non-Lifestyle*) = **3,555.4515 units**
- Member contributions = **871.2259 units**
 - Employer contributions = **952.6943 units**
 - AVCs = **1,731.5313 units**
- Corporate Bond Fund – (*non-Lifestyle*) = **16,103.7116 units**
- Member contributions = **4,827.7205 units**
 - Employer contributions = **5,279.1614 units**
 - AVCs = **5,996.8297 units**
- OR
- (2b) Member – (*non-Lifestyle*) = **N/A**
- Global Equity Fund = **2,103.7741 units**
 - Index Linked Bond Fund = **1,926.1932 units**
 - Balanced Fund = **871.2259 units**
 - Corporate Bond Fund = **4,827.7205 units**
- Employer – (*non-Lifestyle*) = **N/A**
- Global Equity Fund = **2,300.4983 units**
 - Index Linked Bond Fund = **2,106.3118 units**
 - Balanced Fund = **952.6943 units**
 - Corporate Bond Fund = **5,279.1614 units**
- AVCs – (*non-Lifestyle*) = **N/A**
- Index Linked Bond Fund = **1,435.5909 units**
 - Balanced Fund = **1,731.5313 units**
 - Corporate Bond Fund = **5,996.8297 units**
- (3) Must penalise if financial advice ‘actually’ given
- (4) Must penalise if member’s written authority to proceed is mentioned (as transfer in has already occurred and written authority has already been received)
- (5) Must penalise if ‘Guarantee’ period is mentioned (as not relevant for OPQ Retirement & Death Benefits Plan and transfer in has already occurred)
- (6) Must mention that no benefits remain in the previous scheme
- (7) Must mention that benefits are subject to the rules of OPQ Retirement & Death Benefits Plan

Transfers – Question 6

Calculation

- (1) At NPD, a pension of **£5,105.21 p.a.** (including excess pension of **£4,546.73 p.a.** and post-1988 GMP of **£558.48 p.a.** {and including post-1997 pension of **£4,360.18 p.a.**}) would be payable
 - (2) On death before retirement before NPD a refund of contributions would be payable and a spouse's pension would also be payable
 - (3) On death before retirement on or after NPD (*from active status only, as late retirement not permitted from preserved status*) a lump sum death benefit would be payable (calculated on the assumption that the member retired on the date of death) and a spouse’s pension would also be payable
 - (4) On death after retirement a lump sum death benefit would be payable (provided death occurs within 5 years of retirement) and a spouse’s pension would also be payable
 - (5) All benefits will be payable in accordance with the provisions of the XYZ Pension and Life Assurance Scheme
-