**OPQ – Answer**

Name SABRINA ALI (*Normal Ret. from PRS – no special circumstances*)

DOL 11/03/2020

DOR 16/09/2024

DOB 16/09/1958

NPD = SPA (*not relevant for answer*)

TRD N/A

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Contributions (member) £56,301.44

Contributions (employer) £90,082.30

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Units (member) 18,222.4431 (*Global Equity*)

Units (member) 5,341.9804 (*Corporate Bond*)

Units (member) 2,056.8889 (*Cash*)

Units (employer) 29,155.9090 (*Global Equity*)

Units (employer) 8,547.1686 (*Corporate Bond*)

Units (employer) 3,291.0222 (*Cash*)

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Remaining ‘LS&DBA’ £1,022,600.00

Remaining ‘LSA’ £217,775.00

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Quotes required (1): £50,000.00 tax-free cash sum (provided this is within HMRC limits) and single-life annuity (non-escalating)

Quotes required (2): £50,000.00 tax-free cash sum (provided this is within HMRC limits) and 50% joint-life annuity (escalating by lower of 5.0% or RPI)

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

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Annuity factors: Single-life option (non-escalating)

 = 9.00 (age 66yrs & 0mths)

 Joint-life option (escalating by lower of 5.0% or RPI)

 = 5.64 (age 66yrs & 0mths)

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**Fund Prices**

Global Equity £3.822

Corporate Bond £2.732

Cash £1.013

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**Personal Retirement Account**

**Member**

Global Equity 18,222.4431 x £3.822 = £69,646.18

Corporate Bond 5,341.9804 x £2.732 = £14,594.29

Cash 2,056.8889 x £1.013 = £2,083.63

TOTAL **£86,324.10**

**Employer**

Global Equity 29,155.9090 x £3.822 = £111,433.88

Corporate Bond 8,547.1686 x £2.732 = £23,350.86

Cash 3,291.0222 x £1.013 = £3,333.81

TOTAL **£138,118.55**

Total Personal Retirement Account **=** £86,324.10 + £138,118.55 = **£224,442.65**

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**OPTION-1a**

**Tax-free cash sum**

**Amount required:**  = **£50,000.00**

***Maximum permitted:*** *£224,442.65 x 25%* = *£56,110.66 (ok)*

**Single-life annuity (non-increasing)**

**Balance of fund:** £224,442.65 - £50,000.00 =*£174,442.65*

**Annuity bureau charge:** £174,442.65 x 0.065% = £113.39

 **£113.39** charge applies (*as exceeds minimum of £75.00*)

**Amount left to purchase an annuity:** £174,442.65 - £113.39 =*£174,329.26*

**Member:** £174,329.26 / 100 x 9.00 = **£15,689.63 pa**

**Spouse:** = ***N/A***

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**OPTION-1b**

**Tax-free cash sum**

**Amount required:**  = **£50,000.00**

***Maximum permitted:*** *£224,442.65 x 25%* = *£56,110.66 (ok)*

**Joint-life annuity (increasing by lower of 5.0% or RPI)**

**Balance of fund:** £224,442.65 - £50,000.00 =*£174,442.65*

**Annuity bureau charge:** £174,442.65 x 0.065% = £113.39

 **£113.39** charge applies (*as exceeds minimum of £75.00*)

**Amount left to purchase an annuity:** £174,442.65 - £113.39 =*£174,329.26*

**Member:** £174,329.26 / 100 x 5.64 = **£9,832.17 pa**

**Spouse:** £9,832.17 x 50% = ***£4,916.09 pa***

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***‘LS&DBA’ Check (BOTH OPTIONS):*** £50,000.00 vs £1,022,600.00 = **OK**

***‘LSA’ Check (BOTH OPTIONS):*** £50,000.00 vs £217,775.00 = **OK**

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**OPTION-2**

**UFPLS**

**Tax-free amount:** £224,442.65 x 25% = **£56,110.66**

**Taxable at marginal rate:** £224,442.65 x 75% = **£168,331.99**

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***‘LS&DBA’ Check:*** £56,110.66 vs £1,022,600.00 = **OK**

***‘LSA’ Check:*** £56,110.66 vs £217,775.00 = **OK**

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**Summary Answer**

Value of Personal Retirement Fund = £224,442.65

Options

(1a) Tax-free cash sum of £50,000.00 – [within ‘LS&DBA’ of £1,022,600.00 and within ‘LSA’ of £217,775.00]

# PLUS

Single-life annuity (non-increasing) of £15,689.63 pa [*spouse = N/A*] – Annuity Bureau Charge of £113.39

## OR

(1b) Tax-free cash sum of £50,000.00 – [within ‘LS&DBA’ of £1,022,600.00 and within ‘LSA’ of £217,775.00]

# PLUS

50% joint-life annuity (increasing by lower of 5.0% or RPI) of £9,832.17 pa [*spouse = £4,916.09 pa*] – Annuity Bureau Charge of £113.39

## OR

1. Uncrystallised Funds Pension Lump Sum (UFPLS) of £224,442.65, of which £56,110.66 will be paid tax-free and £168,331.99 (taxable element) will be paid assuming an emergency code on a month 1 basis – [tax-free element is within ‘LS&DBA’ of £1,022,600.00 and within ‘LSA’ of £217,775.00]

***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