

OPQ – Answer

Name AMY FRAZIER (*Ill Health Ret. from ACT – no special circumstances*)
DOR 15/09/2024
DOB 29/05/1967
NPD = SPA (*not relevant for answer*)
TRD 29/05/2027

Contributions (member) £56,224.88
Contributions (employer) £89,959.81

Lifestyle units (member) 26,998.9912
Lifestyle units (employer) 43,198.3859

Remaining 'LS&DBA' £1,073,100.00
Remaining 'LSA' £268,275.00

Quotes required (1): 20% tax-free cash sum (provided this is within HMRC limits) and
50% joint-life annuity (non-escalating)

Quotes required (2): 20% 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)

Annuity factors:
50% joint-life option (non-escalating)
= 6.26 (age 57yrs & 3mths)
 $6.23 + [(6.36 - 6.23) \times 3/12 = 0.0325]$

50% joint-life option (escalating by lower of 5.0% or RPI)
= 4.14 (age 57yrs & 3mths)
 $4.11 + [(4.24 - 4.11) \times 3/12 = 0.0325]$

Lifestyle Details

Last switch date	01/09/2024
TRD	29/05/2027
Full months to TRD	32 months

Lifestyle Splits

Global Equity	53.33%
Index Linked Bond	35.00%
Cash	11.67%

Fund Prices

Global Equity	£3.822
Index Linked Bond	£1.598
Cash	£1.013

Personal Retirement Account

Member

Global Equity	26,998.9912	x	53.33%	=	14,398.5620	x	£3.822	=	£55,031.30
Index Linked Bond	26,998.9912	x	35.00%	=	9,449.6469	x	£1.598	=	£15,100.54
Cash	26,998.9912	x	11.67%	=	3,150.7823	x	£1.013	=	£3,191.74
TOTAL									£73,323.58

Employer

Global Equity	43,198.3859	x	53.33%	=	23,037.6992	x	£3.822	=	£88,050.09
Index Linked Bond	43,198.3859	x	35.00%	=	15,119.4351	x	£1.598	=	£24,160.86
Cash	43,198.3859	x	11.67%	=	5,041.2516	x	£1.013	=	£5,106.79
TOTAL									£117,317.74

Total Personal Retirement Account = £73,323.58 + £117,317.74 = **£190,641.32**

OPTION-1a

Tax-free cash sum

Amount required:	$£190,641.32 \times 20\%$	=	<u>£38,128.26</u>
Maximum permitted:	$£190,641.32 \times 25\%$	=	<i>£47,660.33 (ok)</i>

Joint-life annuity (non-increasing)

Balance of fund:	$£190,641.32 - £38,128.26$	=	<i>£152,513.06</i>
Annuity bureau charge:	$£152,513.06 \times 0.065\%$	=	£99.13
	£99.13 charge applies (<i>as exceeds minimum of £75.00</i>)		
Amount left to purchase an annuity:	$£152,513.06 - £99.13$	=	<i>£152,413.93</i>
Member:	$£152,413.93 / 100 \times 6.26$	=	<u>£9,541.11 pa</u>
Spouse:	$£9,541.11 \times 50\%$	=	<u>£4,770.56 pa</u>

OPTION-1b

Tax-free cash sum

Amount required:	$£190,641.32 \times 20\%$	=	<u>£38,128.26</u>
Maximum permitted:	$£190,641.32 \times 25\%$	=	<i>£47,660.33 (ok)</i>

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

Balance of fund:	$£190,641.32 - £38,128.26$	=	<i>£152,513.06</i>
Annuity bureau charge:	$£152,513.06 \times 0.065\%$	=	£99.13
	£99.13 charge applies (<i>as exceeds minimum of £75.00</i>)		
Amount left to purchase an annuity:	$£152,513.06 - £99.13$	=	<i>£152,413.93</i>
Member:	$£152,413.93 / 100 \times 4.14$	=	<u>£6,309.94 pa</u>
Spouse:	$£6,309.94 \times 50\%$	=	<u>£3,154.97 pa</u>

'LS&DBA' Check (BOTH OPTIONS): $£38,128.26$ vs $£1,073,100.00$ = **OK**

'LSA' Check (BOTH OPTIONS): $£38,128.26$ vs $£268,275.00$ = **OK**

OPTION-2

UFPLS

Tax-free amount: £190,641.32 x 25% = **£47,660.33**

Taxable at marginal rate: £190,641.32 x 75% = **£142,980.99**

'LS&DBA' Check: £47,660.33 vs £1,073,100.00 = **OK**

'LSA' Check: £47,660.33 vs £268,275.00 = **OK**

Summary Answer

Value of Personal Retirement Fund = £190,641.32

Options

- (1a) Tax-free cash sum of £38,128.26 – [within 'LS&DBA' of £1,073,100.00 and within 'LSA' of £268,275.00]

PLUS

50% joint-life annuity (non-increasing) of £9,541.11 pa [*spouse = £4,770.56 pa*] – Annuity Bureau Charge of £99.13

OR

- (1b) Tax-free cash sum of £38,128.26 – [within 'LS&DBA' of £1,073,100.00 and within 'LSA' of £268,275.00]

PLUS

50% joint-life annuity (increasing by lower of 5.0% or RPI) of £6,309.94 pa [*spouse = £3,154.97 pa*] – Annuity Bureau Charge of £99.13

OR

- (2) Uncrystallised Funds Pension Lump Sum (UFPLS) of £190,641.32, of which £47,660.33 will be paid tax-free and £142,980.99 (taxable element) will be paid assuming an emergency code on a month 1 basis – [tax-free element is within 'LS&DBA' of £1,073,100.00 and within 'LSA' of £268,275.00]

OR

- (3) 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

- (4) Open Market Option