

**OPQ – Answer**

Name	SABRINA ALI ( <i>Normal Ret. from PRS – no special circumstances</i> )
DOL	11/03/2020
DOR	16/09/2024
DOB	16/09/1958
NPD	= SPA ( <i>not relevant for answer</i> )
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	( <i>Global Equity</i> )
Units (member)	5,341.9804	( <i>Corporate Bond</i> )
Units (member)	2,056.8889	( <i>Cash</i> )
Units (employer)	29,155.9090	( <i>Global Equity</i> )
Units (employer)	8,547.1686	( <i>Corporate Bond</i> )
Units (employer)	3,291.0222	( <i>Cash</i> )

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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)
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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)
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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
<b>TOTAL</b>					<b>£86,324.10</b>

#### **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
<b>TOTAL</b>					<b>£138,118.55</b>

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**

- (2) 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**

- (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