# WORKED ANSWER OPQ PLAN ACT => RET (LATE)

# PETULA BRISTOW

Date of birth: 17/08/1952

Date of retirement: 05/09/2020

Age at date of retirement: 68 years

Normal retirement age: 65 (= SPA)

Normal retirement date: 17/08/2017 (= SPA)

Type of retirement: Late retirement

Lifestyle Fund!

Target retirement date (TRD): 17/08/2022

Target retirement age: 70

Last switch to TRD: (01/09/2020 to 17/08/2022) = 23 complete months

Lifestyle matrix split: Global Equity Fund 38.33%

 Index Linked Bond Fund 46.25%

Cash Fund 15.42%

Quotes required (1): Single life annuity option for non-increasing and joint life annuity for non-increasing

Quotes required (2): Uncrystallised Funds Pension Lump Sum (UFPLS)

Annuity factors: Single life (age 68yrs, non-increasing) = 9.66

Joint life (age 68yrs, non-increasing) = 8.16

# Member’s normal contributions unit holdings:

|  |  |  |
| --- | --- | --- |
| Global Equity Fund  | 11,325.2348 x 38.33% = 4,340.9625 x £3.723 = | £16,161.40 |
| Index Linked Bond Fund | 11,325.2348 x 46.25% = 5,237.9211 x £1.486 = | £7,783.55 |
| Cash Fund | 11,325.2348 x 15.42% = 1,746.3512 x £1.014 = | £1,770.80 |
| Total |  | **£25,715.75** |

**Employer’s normal contributions unit holdings:**

|  |  |  |
| --- | --- | --- |
| Global Equity Fund | 18,120.3757 x 38.33% = 6,945.5400 x £3.723 = | £25,858.25 |
| Index Linked Bond Fund | 18,120.3757 x 46.25% = 8,380.6738 x £1.486 = | £12,453.68 |
| Cash Fund | 18,120.3757 x 15.42% = 2,794.1619 x £1.014 = | £2,833.28 |
| Total |  | **£41,145.21** |
| A |  |  |
| TV-in (Balanced Fund) | 4,278.6286 x £4.217 = | **£18,042.98** |

**Total Personal Retirement Account:**

£25,715.75 + £41,145.21 + £18,042.98 **£84,903.94**

**NO Tax-free lump sum:** £84,903.94 x 0% = **£0.00**

**Balance of fund:** £84,903.94 - £0.00 = **£84,903.94 Annuity Bureau charge:** £84,903.94 x 0.05% = £42.45

 **£60.00** minimum charge applies (as exceeds £42.45)

**Amount left to purchase an annuity:** £84,903.94 - £60.00 = **£84,843.94**

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

|  |  |  |
| --- | --- | --- |
| **Member:** | £84,843.94 / 100 x 9.66 = | **£8,195.92 pa** |
| **Spouse:** | N/A |  |

**Joint life annuity (non-increasing):**

|  |  |  |
| --- | --- | --- |
| **Member:** | £84,843.94 / 100 x 8.16 = | **£6,923.27 pa** |
| **Spouse:** | £6,923.27 x 50% = | **£3,461.64 pa** |
| ***Lifetime Allowance Check*:** |  |  |
| Annuity purchase | £84,903.94 x 100 / 1,073,100.00 = | **7.91%** |
|  |  |  |

**7.91% is within the member’s LTA balance of 66.46%**

**UFPLS:**

|  |  |  |
| --- | --- | --- |
| **Tax-free amount:** | £84,903.94 x 25% = | **£21,225.99** |
| **Taxable at marginal rate:** | £84,903.94 x 75% = | **£63,677.95** |
| ***Lifetime Allowance Check*:** |  |  |
| UFPLS | £84,903.94 x 100 / 1,073,100.00 = | **7.91%** |

**7.91% is within the member’s LTA balance of 66.46%**

**Summary Answer**

Value of Personal Retirement Fund = £84,903.94 (inclusive of TV-in of £18,042.98)

Options

1. Single life annuity of £8,195.92 pa (non-increasing) – [LTA used = 7.91%] – Annuity Bureau Charge of £60.00

## OR

1. Joint life annuity of £6,923.27 pa (non-increasing) with spouse’s annuity of £3,461.64 pa – [LTA used = 7.91%] – Annuity Bureau Charge of £60.00

## OR

1. Uncrystallised Funds Pension Lump Sum (UFPLS) of £84,903.94, of which £21,225.99 will be paid tax-free and £63,677.95 (taxable element) will be paid assuming an emergency code on a month 1 basis (tax code 1250L for 2020/21 tax year) – [LTA used = 7.91%]

***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