



# VOCATIONAL QUALIFICATIONS

## RETIREMENTS PART 2

### RETIREMENT BENEFITS WITH SPECIAL CIRCUMSTANCES

**TUESDAY 12 MARCH 2019**

**9.30 AM – 12.30 PM**

**TIME ALLOWED:**

**3 HOURS**

1. Answer **ALL** the questions.
2. Write all your answers in the answer book provided.
3. Begin each question on a new page.
4. Show all workings clearly.
5. Calculate the benefits using only the information given.
6. Where the benefits are likely to exceed the remaining Individual Lifetime Allowance, state in your answer book that you would refer the case to your manager.
7. Factors must be rounded in accordance with the instruction in the Table of Factors. Round all other figures to two decimal places (or whatever is the normal practice where you work).

## Questions

### Section A

Calculate the retirement benefits / options for:

1.     **LEA MANDHANA – (RST)**
2.     **COLIN HALL – (XYZ)**
3.     **BRIAN O'DONNELL – (OPQ)**
4.     **SASHA KNIGHT – (RST)**
5.     **GEORGE REDMAYNE – (XYZ)**

### Section B

6.     Write a letter explaining the benefits payable and the options available to **GEORGE REDMAYNE**.

The letter may be addressed either to the member or to the Trustees (whichever is the normal practice in the organisation for which you work).

**Please note:** Candidates must not sign letters with their own names. Letters should be signed "A N Other".

**CASE STUDY DETAILS****RST SCHEME****RETIREMENTS PART 2  
QUESTION 1****Event history**

Date of first event      **03/03/2019**      First event      **ILL-HEALTH RETIREMENT**

Date of second event           Second event

**Member details**

Surname      **MANDHANA**      Forename      **LEA**

Date of birth      **07/03/1963**      Gender      **FEMALE**

Spouse's date of birth      **04/12/1950**

Dependent child's date of birth

Date of joining company      **10/04/1989**

Date of joining scheme      **06/04/1990**

**Earnings history for the scheme year ending 5 April**

2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>30,500</b>	<b>32,200</b>	<b>35,000</b>	<b>37,500</b>	<b>39,200</b>	<b>40,000</b>	<b>41,200</b>	<b>43,500</b>	<b>45,000</b>

**Contribution history**

Total member's normal contributions      **£ 31,756.98**

Total member's AVCs      **£**

Current value of AVCs      **£**

Single life AVC pension (per annum) payable immediately      **£**

Joint life AVC pension (per annum) payable immediately      **£**

**Pre 6 April 2006 pension accrued as at 5 April 2018**

CARE pension (per annum)	£ 8,984.92
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**Post 5 April 2006 pension accrued as at 5 April 2018**

CARE pension (per annum)	£ 7,943.28
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**Special circumstances / additional information**

Contractual Salary at date of first event	£ 45,000.00
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Pro-rata CPI from 6 April 2018 to date of first event is 2.30%.

The Trustees (at the request of the Company) agreed that the accrual rate for Lea Mandhana's CARE Pension should be uplifted to 70ths of her Pensionable Earnings for all Pensionable Service from 6 April 2006 onwards. It was also agreed that an uplift in accrual rate to 80ths should apply to the calculation of the Final Salary Underpin Pension from 6 April 2006 onwards.

Lea Mandhana's current available Lifetime Allowance is 100.00%.

**CASE STUDY DETAILS****XYZ SCHEME****RETIREMENTS PART 2  
QUESTION 2****Event history**

Date of first event	<b>04/02/2012</b>	First event	<b>PRESERVED LEAVER</b>
Date of second event	<b>04/03/2019</b>	Second event	<b>RETIREMENT</b>

**Member details**

Surname	<b>HALL</b>	Forename	<b>COLIN</b>
Date of birth	<b>04/03/1954</b>	Gender	<b>MALE</b>
Spouse's date of birth	<b>05/11/1966</b>		
Dependent child's date of birth			
Date of joining company	<b>06/11/1997</b>		
Date of joining scheme	<b>06/11/1997</b>		
Category of membership	<b>B</b>		

**Pensionable salary history for the scheme year commencing 6 April**

2010	2011	2012	2013	2014	2015	2016	2017	2018

**Contribution history**

Total member's normal contributions	<b>£</b>
Total member's AVCs	<b>£ 16,424.52</b>
Current value of AVCs	<b>£ 39,847.25</b>
Single life AVC pension (per annum) payable immediately	<b>£ 1,614.62</b>
Joint life AVC pension (per annum) payable immediately	<b>£ 1,342.76</b>

### **Contracting-out details at date of first event**

Pre 06/04/1988

GMP (per annum) £

Post 05/04/1988

GMP (per annum) £

### **Special circumstances / additional information**

Preserved pension (per annum) at date of first event £ 10,694.82

Lower of 5.0% / RPI increases from date of first event to date of second event is 16.9%.

When being provided with the tax-free cash sum option, Colin Hall has specified that he would like to take £50,000.00 as a cash sum, subject to this being within the maximum permitted under the rules of the XYZ Pension and Life Assurance Scheme.

In the event of taking this tax-free cash sum, Colin Hall has advised that the value of his AVCs should be taken as a cash sum first before commuting any other benefits.

Colin Hall's current available Lifetime Allowance is 57.35%.

**CASE STUDY DETAILS****OPQ PLAN****RETIREMENTS PART 2  
QUESTION 3****Event history**

Date of first event      **10/03/2019**                      First event      **RETIREMENT**

Date of second event                                      Second event

**Member details**

Surname                      **O'DONNELL**                      Forename      **BRIAN**

Date of birth                      **06/01/1950**                      Gender      **MALE**

Spouse's date of birth                                      **07/05/1953**

Dependent child's date of birth

Date of joining company                                      **09/08/1989**

Date of joining plan                                      **09/08/1989**

Target retirement date

**Annual salary history for the plan year commencing 6 April**

2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>80,200</b>	<b>82,500</b>	<b>85,850</b>	<b>87,300</b>	<b>90,600</b>	<b>93,000</b>	<b>95,200</b>	<b>97,100</b>	<b>99,400</b>

**Contribution history**

Total member's normal contributions                                      **£ 82,497.30**

Total employer's normal contributions                                      **£ 132,465.70**

Total member's AVCs                                      **£**

## **Personal Retirement Account details**

### **Member's Current Unit Holdings**

<b>Fund</b>	<b>Member's normal contributions  Unit Holdings</b>	<b>Employer's normal contributions  Unit Holdings</b>	<b>Member's AVCs  Unit Holdings</b>
Global Equity Fund			
Index Linked Bond Fund	28,594.1060	45,739.8200	
Balanced Fund			
Corporate Bond Fund	22,498.0450	36,970.1600	
Cash Fund	42,995.8080	69,985.1080	
Lifestyle Fund			

### **Investment Fund Unit Prices**

<b>Fund</b>	<b>Current Unit Price (£)</b>
Global Equity Fund	5.211
Index Linked Bond Fund	1.307
Balanced Fund	4.329
Corporate Bond Fund	1.523
Cash Fund	1.018

## **Special circumstances / additional information**

Shortly before his retirement from the OPQ Retirement & Death Benefits Plan ("the Plan"), Brian O'Donnell transferred into the Plan his non-contracted out benefits from a registered pension scheme of one of his previous employers. The transferred-in funds are currently valued at £58,940.20. As the funds have only recently been received, they are being held in the Trustees' bank account and are therefore not included in the above Unit Holdings.

Brian O'Donnell has requested quotations assuming he takes either (a) no tax-free cash sum, with the whole of his fund being used to purchase a joint-life pension increasing annually at the lower of 2.5% / RPI, or (b) the maximum tax-free cash sum available to him, with the balance of his fund being used to purchase a non-increasing single-life pension. When providing quotations for the different pension options, Brian O'Donnell has requested that the "Annuity Bureau" factors should be used.

Brian O'Donnell has additionally requested a quotation assuming he takes the entire proceeds of his Personal Retirement Account as a single Uncrystallised Funds Pension Lump Sum.

Brian O'Donnell's current available Lifetime Allowance is 81.96%.



**CASE STUDY DETAILS****RST SCHEME****RETIREMENTS PART 2  
QUESTION 4****Event history**

Date of first event      **03/03/2019**                      First event      **RETIREMENT**

Date of second event                                      Second event

**Member details**

Surname                      **KNIGHT**                      Forename      **SASHA**

Date of birth                      **03/03/1954**                      Gender      **FEMALE**

Spouse's date of birth                                      **04/02/1950**

Dependent child's date of birth

Date of joining company                                      **06/09/2001**

Date of joining scheme                                      **06/04/2002**

**Earnings history for the scheme year ending 5 April**

2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>59,500</b>	<b>61,000</b>	<b>63,000</b>	<b>65,000</b>	<b>67,200</b>	<b>69,500</b>	<b>71,600</b>	<b>74,500</b>	<b>76,000</b>

**Contribution history**

Total member's normal contributions                                      **£ 26,310.74**

Total member's AVCs    **£**

Current value of AVCs    **£**

Single life AVC pension (per annum) payable immediately                                      **£**

Joint life AVC pension (per annum) payable immediately                                      **£**

**Pre 6 April 2006 pension accrued as at 5 April 2018**

CARE pension (per annum)	£ 2,789.34
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**Post 5 April 2006 pension accrued as at 5 April 2018**

CARE pension (per annum)	£ 13,870.96
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**Special circumstances / additional information**

Contractual Salary at date of first event (full-time equivalent)	£ 79,000.00
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Contractual Salary at date of first event (actual)	£ 63,200.00
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Pro-rata CPI from 6 April 2018 to date of first event is 2.30%.

Sasha Knight reduced her working days from full-time (five days a week) to four days a week for the period from 1 October 2006 to 31 December 2009, inclusive.

Sasha Knight further reduced her working days to three days a week from 1 January 2010 to 30 September 2016, inclusive.

Sasha Knight increased her working days to four days a week from 1 October 2016.

Sasha Knight's current available Lifetime Allowance is 59.80%.

**CASE STUDY DETAILS****XYZ SCHEME****RETIREMENTS PART 2  
QUESTION 5****Event history**

Date of first event      **05/03/2019**                      First event      **RETIREMENT**

Date of second event                                      Second event

**Member details**

Surname                      **REDMAYNE**                      Forenames      **GEORGE**

Date of birth                      **10/03/1960**                      Gender      **MALE**

Spouse's date of birth                                      **17/03/1970**

Dependent child's date of birth

Date of joining company                                      **04/07/1992**

Date of joining scheme                                      **04/08/1992**

Category of membership                                      **A**

**Pensionable salary history for the scheme year commencing 6 April**

2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>78,000</b>	<b>80,300</b>	<b>82,200</b>	<b>85,000</b>	<b>87,475</b>	<b>89,000</b>	<b>91,300</b>	<b>94,000</b>	<b>96,500</b>

**Contribution history**

Total member's normal contributions                                      **£ 88,919.60**

Total member's AVCs                                      **£**

Current value of AVCs                                      **£**

Single life AVC pension (per annum) payable immediately                                      **£**

Joint life AVC pension (per annum) payable immediately                                      **£**

### **Contracting-out details at date of first event**

Pre 06/04/1988

GMP (per annum)	£
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Post 05/04/1988

GMP (per annum)	£	<b>310.96</b>
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### **Special circumstances / additional information**

George Redmayne paid the default contribution rate (70ths accrual) from the date he joined the XYZ Pension and Life Assurance Scheme until 5 April 1999. From 6 April 1999, George Redmayne varied his contribution rate to build up the following rates of pension accrual:

- 6 April 1999 to 5 April 2005 = 60ths
- 6 April 2005 to 5 April 2011 = 80ths
- 6 April 2011 onwards = 60ths

George Redmayne's current available Lifetime Allowance is 100.00%.

**THIS QUESTION ALSO REQUIRES A LETTER (QUESTION 6)**