



VOCATIONAL QUALIFICATIONS

RETIREMENTS PART 1

RETIREMENT BENEFITS WITHOUT SPECIAL CIRCUMSTANCES

MONDAY 3 SEPTEMBER 2018

1.30 PM – 4.30 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. ALANYA VUKOVIC – (XYZ)
2. TREVOR CAHILL – (RST)
3. TIMOTHY MEREDITH – (OPQ)
4. JANE MILLIGAN – (XYZ)
5. EDIL ARZANI – (RST)

Section B

6. Write a letter explaining the benefits payable and the options available to **ALANYA VUKOVIC**.

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**XYZ SCHEME****RETIREMENTS PART 1
QUESTION 1****Event history**

Date of first event **03/09/2018** First event **RETIREMENT**
Date of second event Second event

Member details

Surname **VUKOVIC** Forenames **ALANYA**
Date of birth **03/05/1955** Gender **FEMALE**
Spouse's date of birth **10/06/1950**
Dependent child's date of birth
Date of joining company **10/06/1995**
Date of joining scheme **10/07/1995**
Category of membership **A**

Pensionable salary history for the scheme year commencing 6 April

2010	2011	2012	2013	2014	2015	2016	2017	2018
41,900	43,400	45,000	47,600	49,000	50,200	51,500	53,000	52,300

Contribution history

Total member's normal contributions **£ 45,290.08**
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) £

Post 05/04/1988

GMP (per annum) £ 761.80

Special circumstances / additional information

Alanya Vukovic paid the default contribution rate (70ths accrual) throughout her period of membership of the XYZ Pension and Life Assurance Scheme.

Alanya Vukovic's current available Lifetime Allowance is 100.00%.

THIS QUESTION ALSO REQUIRES A LETTER (QUESTION 6)

Pre 6 April 2006 pension accrued as at 5 April 2018

CARE pension (per annum) £ **616.10**

Post 5 April 2006 pension accrued as at 5 April 2018

CARE pension (per annum) £ **8,495.20**

Special circumstances / additional information

Contractual Salary at date of first event £ **42,500.00**

Pro-rata CPI from 6 April 2018 to date of first event is 1.20%.

Trevor Cahill's current available Lifetime Allowance is 100.00%.

CASE STUDY DETAILS**OPQ PLAN****RETIREMENTS PART 1
QUESTION 3****Event history**

Date of first event **03/09/2018** First event **RETIREMENT**
Date of second event Second event

Member details

Surname **MEREDITH** Forenames **TIMOTHY**
Date of birth **01/08/1953** Gender **MALE**
Spouse's date of birth **04/02/1955**
Dependent child's date of birth
Date of joining company **10/04/1999**
Date of joining plan **10/04/1999**
Target retirement date

Annual salary history for the plan year commencing 6 April

2010	2011	2012	2013	2014	2015	2016	2017	2018
50,450	52,000	53,750	55,000	56,500	58,250	60,100	62,500	65,800

Contribution history

Total member's normal contributions **£ 32,047.50**
Total employer's normal contributions **£ 51,276.34**
Total member's AVCs **£**

Personal Retirement Account details

Member's Current Unit Holdings

Fund	Member's normal contributions	Employer's normal contributions	Member's AVCs
	Unit Holdings	Unit Holdings	Unit Holdings
Global Equity Fund	6,141.9850	9,849.2060	
Index Linked Bond Fund			
Balanced Fund			
Corporate Bond Fund	10,210.0450	17,350.0750	
Cash Fund	17,593.4000	28,289.8600	
Lifestyle Fund			

Investment Fund Unit Prices

Fund	Current Unit Price (£)
Global Equity Fund	5.212
Index Linked Bond Fund	1.434
Balanced Fund	4.920
Corporate Bond Fund	1.532
Cash Fund	1.019

Special circumstances / additional information

Timothy Meredith has requested a quotation assuming he takes 20% of the overall value of his Personal Retirement Account as a tax-free cash sum, with the balance being used to purchase a joint life pension. Timothy Meredith has requested quotations using the "Annuity Bureau" factors for the following joint life pension options:

- a) Non-increasing
- b) Increasing annually at the lower of 2.5% / RPI

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

Timothy Meredith's current available Lifetime Allowance is 51.60%.

CASE STUDY DETAILS**XYZ SCHEME****RETIREMENTS PART 1
QUESTION 4****Event history**

Date of first event **31/08/2007** First event **PRESERVED LEAVER**
Date of second event **02/09/2018** Second event **RETIREMENT**

Member details

Surname **MILLIGAN** Forenames **JANE**
Date of birth **02/09/1953** Gender **FEMALE**
Spouse's date of birth **08/02/1949**
Dependent child's date of birth
Date of joining company **06/11/1997**
Date of joining scheme **06/11/1997**
Category of membership **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 **£**
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) £

Post 05/04/1988

GMP (per annum) £

Special circumstances / additional information

Preserved pension (per annum) at date of first event £ **5,998.80**

Lower of 5.0% / RPI increases from date of first event to date of second event is 31.9%.

Jane Milligan's current available Lifetime Allowance is 60.10%.

Pre 6 April 2006 pension accrued as at 5 April 2018

CARE pension (per annum) £ 2,492.48

Post 5 April 2006 pension accrued as at 5 April 2018

CARE pension (per annum) £ 10,665.10

Special circumstances / additional information

Contractual Salary at date of first event £ 61,500.00

Pro-rata CPI from 6 April 2018 to date of first event is 1.20%.

Edil Arzani's current available Lifetime Allowance is 100.00%.