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VQ EXAMINERS' REPORT SEPTEMBER 2018

It was encouraging to note that the total number of entries for this series of examinations was up from the March 2018 figure (**642 v 617**) and also higher than in more recent series, with **597** scripts actually being received. Entries were submitted for **315** candidates from **62** centres. Out of the **45** scripts which were not received from the original entries, **22** were withdrawals and **23** were absentees. The highest entries were for Leavers (**155** for Leavers Part 1 and **116** for Leavers Part 2), many of whom were taking the examinations for the first time. The lowest entries were for Deaths (**50** for Deaths Part 1 and **56** for Deaths Part 2), many of whom were looking to complete their final set of examinations.

For this series of examinations, the average pass rate across all units was significantly higher than March 2018 (**73% v 58%**). Indeed, this was the highest average pass rate since May 2014 when the success rate was also an impressive **73%**.

The Chief and Senior Examiners were very pleased to observe that candidates – on average – fared better than March 2018 in each paper (**74% v 57%** for Retirements Part 1, **55% v 54%** for Retirements Part 2, **84% v 69%** for Deaths Part 1, **76% v 66%** for Deaths Part 2, **80% v 54%** for Leavers Part 1, **80% v 68%** for Leavers Part 2 and **60% v 47%** for Transfers).

What was particularly pleasing about the higher than normal pass rates was that the standard of complexity of the *Case Studies* was very much in keeping with previous examinations. Indeed, with the exception of the papers for Deaths, the pass rates were additionally all better than those achieved in September 2017.

For Leavers Part 1, the standard of scripts was very good. If candidates did struggle, it was generally on the *Case Study* relating to the *XYZ Pension and Life Assurance Scheme (Category A)*, both in terms of revaluing the post-1988 GMP from date of leaving to normal pension date in accordance with the statutory method detailed in the appendices of the scheme booklet and in terms of recognising the fact that the revaluation percentage rate for the GMP has changed to 3.5% for leavers on / after 6 April 2017. A number of candidates failed to state the revaluation factors altogether (for either the post-1988 GMP element or the excess element). In addition, a few candidates failed to calculate the correct number of tax years when revaluing the post-1988 GMP or the correct number of complete years when revaluing the excess pension.

For the first of the two *Case Studies* relating to the *RST Pension Scheme*, not all candidates calculated options for both a preserved pension and a refund of contributions. However, each calculation – when performed – was generally correct.

The *Letter* associated with the *Case Study* for the *XYZ Pension and Life Assurance Scheme (Category B)* was usually well answered although quite a few candidates did not state the actual value for the spouse's pension (on either death before or after retirement) or the actual value for the refund of contributions in the event of the member's death before retirement.

For Leavers Part 2, some candidates again struggled with the revaluation of the post-1988 GMP

element for the *Case Study* relating to the *XYZ Pension and Life Assurance Scheme (Category A)*, with the same common errors referred to for Leavers Part 1 frequently being made.

For the first of the two *Case Studies* relating to the *RST Pension Scheme*, the refund of contributions occasionally caused difficulties in so far as candidates did not always recognise – or know how to deal with – the different tax rates. In addition, for the *Letter* associated with this particular *Case Study*, many candidates omitted to detail the split tax rates (even when the calculation had been performed accurately). Apart from this common observation, the *Letter* was often well answered.

For the second of the two *Case Studies* relating to the *RST Pension Scheme*, the transfer in caused issues for a number of candidates. In many instances, the revalued transferred-in pension at normal pension date was wrongly accumulated with the pension at the date of leaving. In other instances, candidates attempted to revalue the already revalued transferred-in pension when determining the pension payable from normal pension date. It should be noted that candidates are frequently tested on this particular *Special Circumstance* and it frequently causes the same challenges.

The *Case Studies* for the *OPQ Retirement & Death Benefits Plan* did not cause many issues for candidates in either the Leavers Part 1 paper or the Leavers Part 2 paper.

For Retirements Part 1, it was noticeable that a few candidates did not project pensionable service to normal pension date for the first of the two *Case Studies* relating to the *RST Pension Scheme* (retirement on the grounds of ill-health). For both this *Case Study* – and the second *Case Study* on the *RST Pension Scheme* – a proportion of candidates (as in previous examinations) failed to state the spouse's post-commutation pension; or, if they did, they did not clearly state that it was the same as the pre-commutation pension.

For the *Case Study* on the *OPQ Retirement & Death Benefits Plan*, a few candidates quoted an 'Annuity only' option even though this was specifically not required. For this particular *Case Study*, a number of candidates also did not fully explain the tax position for the Uncrystallised Funds Pension Lump Sum (UFPLS) option. Additionally, the open market option (OMO) was occasionally omitted by some candidates.

For Retirements Part 2, many of the less successful candidates seemed to experience similar difficulties across the *Case Studies*. With the *Case Study* relating to the *XYZ Pension and Life Assurance Scheme (Category A)*, for example, a number of candidates struggled with late retirement; with many failing to cap pensionable service and final pensionable salary to normal pension date or running into difficulties with the calculation and application of the member's part-time history.

With the first of the two *Case Studies* relating to the *RST Pension Scheme*, a number of candidates made errors when dealing with the AVC pension elements (single life and joint life). This style of *Case Study* continues to trip up candidates despite the frequency of it being tested.

The other *Case Study* where candidates were prone to making errors was the second one associated with the *RST Pension Scheme*. A high proportion of candidates did not check to see whether the requested pension commencement lump sum was actually within the permitted maximum and, in addition, the enhanced accrual rate was not always included in the calculation of the Underpin pension.

The *Letters* for both Retirements papers were generally very well answered although – for Part 2 – not all candidates made reference to the enhanced accrual rate applying to both the CARE pension and the Underpin pension. This was in relation to the *Letter* for the *RST Pension Scheme*.

For Deaths Part 1, candidates performed consistently well. Indeed, the success rate for this paper was higher than any of the other papers. Where errors were commonly made, it tended to be in relation to two particular *Case Studies*.

Firstly, with the *Case Study* relating to the *XYZ Pension and Life Assurance Scheme (Category A)*, the calculation of the lump sum death benefit was often not capped to the member's 75th birthday. In addition, a number of candidates worked out a spouse's pension (with WGMP and excess pension splits) when a child dependant existed rather than a spouse.

Secondly, for the *Case Study* relating to the *OPQ Retirement & Death Benefits Plan*, it was noticeable that quite a few candidates were confused when it came to working out the months to target retirement date (as the member died on the first day of the month). For this *Case Study*, some candidates failed to recognise that the lump sum death benefit should have been payable to the deceased member's legal personal representatives / estate.

For Deaths Part 2, the *Case Study* that caused the most difficulty was the one for the *XYZ Pension and Life Assurance Scheme (Category A)* where a number of candidates either failed to revalue the GMP elements in accordance with the prescribed method or failed to ensure that the GMP elements for the spouse's pension were divisible by 52. In addition, a few candidates did not recognise that there should have been no pre-88 WGMP (as the deceased member was a female).

For the *Case Study* relating to the *XYZ Pension and Life Assurance Scheme (Category B)*, it was noticeable that some candidates struggled with the late retirement calculation; particularly in relation to revaluing the final pensionable salary at 3 July 2011 up to normal pension date for the first part of the salary comparison and then determining the final pensionable salary (with reference to normal pension date) for the second part of the salary comparison.

For the first *Case Study* associated with the *RST Pension Scheme*, some candidates experienced difficulties with the part-time calculation in respect of the Underpin pension whilst others did not always use the correct 'actual' contractual salary in determining the life assurance benefit.

With Transfers, many candidates (as in previous series) dropped marks when attempting the transfer out *Case Studies* for the *RST Pension Scheme* and the *XYZ Pension and Life Assurance Scheme (Category A)* by failing to state that independent financial advice needed to be provided by an authorised adviser regulated under the Financial Services and Markets Act 2000 (as the transfer values exceeded £30,000).

For the transfer out *Case Study* for the *OPQ Retirement & Death Benefits Plan*, a number of candidates merely provided the end answers rather than laying out their workings – which are specific – in accordance with the scheme booklet. Where workings were shown, unit holdings after applying the relevant lifestyle investment allocation percentages (split by contribution type within fund) were not always rounded to four decimal places prior to multiplying by the appropriate unit prices.

The *Letters* were generally well answered for Transfers, although there were a number of candidates who failed to provide the correct range of benefits potentially payable on death from various statuses for the second *Letter* relating to the transfer in of benefits to the *RST Pension Scheme* (e.g. there should have been no reference to a spouse's pension for death-in-deferment).

By highlighting the key areas where candidates fell short of the required standard, it is hoped that similar failings will be avoided in the next series of examinations. The final paragraphs below remain unaltered from the previous Examiners' Report since the comments are still apt and yet still get ignored in many instances.

The Chief and Senior Examiners would advise candidates:

- To clearly show their workings since arithmetical errors are penalised less harshly than errors where the cause cannot be easily identified.
- To summarise calculation results at the end of a question only when the various options available are not clear from the preceding calculations.
- To refrain from using a glossary either at the start of the paper or, especially, at the start of each question.
- To not leave the *Letters* until last as more errors are incurred for an incomplete *Letter* than an incomplete *Case Study*.

The Chief and Senior Examiners would remind centres and candidates that **papers will not be marked** in any of the following circumstances:

- Where a candidate's personal 'candidate number' is missing or incorrect.
- Where a candidate's name appears anywhere on the answer script (e.g. letters signed with a name other than AN Other).
- Where a centre has been proven to have followed incorrect formal procedures relating to the examinations.

The Chief and Senior Examiners also reserve the right not to mark a script where a candidate fails to follow the instructions printed on the front of the answer script and whose action causes difficulties with the marking process.

The Chief and Senior Examiners continue to believe that preparation and training are the keys to success. Many candidates are fortunate to receive training organised by their centres. However, we would emphasise the necessity for training material to be kept up to date and accurate.

On a final point, centres should be aware that there will be NO scheme changes for the next series of examinations in March 2019. However, all of the Booklets will be amended to ensure examples and appendices are fully up to date from a practical and legislative perspective for the September 2019 examinations.

THE STATISTICS

There were **642** entries by **315** candidates from **62** Centres. There were some absences and withdrawals leading to **598** scripts being submitted. The table below shows the number of entries for each unit, the number of scripts submitted and the pass rate.

Unit	Entries	Withdrawn	Absent	Scripts received	Pass	Fail	Success rate
Retirements Part 1	92	6	2	84	62	22	74%
Retirements Part 2	84	6	4	74	41	33	55%
Deaths Part 1	50	0	1	49	41	8	84%
Deaths Part 2	56	0	1	55	42	13	76%
Leavers Part 1	155	3	5	147	117	30	80%
Leavers Part 2	116	6	5	105	84	21	80%
Transfers	89	1	5	83	50	33	60%
TOTAL	642	22	23	597	437	160	73%

COMMON ERRORS WHERE CANDIDATES FAILED TO MEET THE STANDARDS

LEAVERS: PART 1

Qu.1 – (XYZ: Category A)

- GMP not always revalued from date of leaving to 'GMP due date' (i.e. normal pension date since male member) in accordance with statutory method detailed in appendices of XYZ Scheme booklet
- GMP revaluation from date of leaving to 'GMP due date' sometimes based on complete years rather than complete tax years (or number of tax years sometimes calculated incorrectly)
- GMP revaluation from date of leaving to 'GMP due date' sometimes based on 4.75% rather than 3.5% (i.e. revised rate has applied for leavers since 6 April 2017)
- GMP not always rounded to be divisible by 52
- Factor for GMP revaluation from date of leaving to 'GMP due date' not always stated
- Number of complete years for excess revaluation from date of leaving to normal pension date occasionally incorrect (normally by one year, but sometimes by 10 years)
- Factor for excess revaluation from date of leaving to normal pension date not always stated
- Final pensionable salary not always based on best pensionable salary in previous 5 years

Qu.2 – (XYZ: Category B)

- Pensionable service occasionally not capped to 3 July 2011
- Revalued final pensionable salary at 3 July 2011 not always clearly compared against best pensionable salary in last 5 years

Qu.3 – (RST)

- Preserved option sometimes omitted (with only refund option being calculated)
- Pensionable service for year-to-date CARE pension and Underpin pension occasionally incorrect by one month
- Factor for revaluation from date of leaving to normal pension date not always stated
- Statement that pension all post-2006 not always mentioned

Qu.4 – (RST)

- Factor for revaluation from date of leaving to normal pension date not always stated
- CARE pension occasionally used even when Underpin pension correctly calculated as being higher
- Pre / post-2006 splits for spouse's pension revalued from date of leaving to normal pension date occasionally omitted

Qu.5 – (OPQ)

- Date of last switch (i.e. first day of the month) not always correct for determining lifestyle investment allocation percentages
- Unit holdings after applying relevant lifestyle investment allocation percentages (split by contribution type within fund) not always rounded to 4 decimal places – or even shown – prior to multiplying by relevant unit prices

Qu.6 – (Letter for Qu.2)

- Actual value for spouse's pension at date of leaving sometimes omitted
- Actual value for spouse's pension at date of leaving revalued to normal pension date sometimes omitted
- Actual value for refund of contributions on death before retirement frequently omitted

LEAVERS: PART 2

Qu.1 – (XYZ: Category B)

- Pensionable service occasionally not capped to 3 July 2011
- Revalued final pensionable salary at 3 July 2011 not always clearly compared against best pensionable salary in last 5 years
- Part-time service sometimes dealt with incorrectly

Qu.2 – (OPQ)

- OK

Qu.3 – (RST)

- Refund option sometimes omitted (with only preserved option being calculated)
- Factor for revaluation from date of leaving to normal pension date not always stated
- Factor for revaluation from date of leaving to normal pension date (when stated) occasionally based on 5.0%
- Statement that pension all post-2006 not always mentioned
- Split tax rates occasionally missed for refund calculation

Qu.4 – (XYZ: Category A)

- GMP not always revalued from date of leaving to 'GMP due date' (i.e. normal pension date since male member) in accordance with statutory method detailed in appendices of XYZ Scheme booklet
- GMP revaluation from date of leaving to 'GMP due date' sometimes based on complete years rather than complete tax years
- GMP revaluation from date of leaving to 'GMP due date' sometimes based on 4.75% rather than 3.5% (i.e. revised rate has applied for leavers since 6 April 2017)
- GMP not always rounded to be divisible by 52
- Factor for GMP revaluation from date of leaving to 'GMP due date' occasionally not stated
- Factor for excess revaluation from date of leaving to normal pension date occasionally not stated
- Final pensionable salary not always based on best pensionable salary in previous 5 years

Qu.5 – (RST)

- Refund option occasionally provided (even though a transfer in had been received)
- Underpin pension not always calculated as being higher than CARE pension
- Transferred-in pension often added to pension at date of leaving (when payable from normal pension date)
- Transferred-in pension occasionally omitted from spouse's pension on death after retirement
- Factor for revaluation from date of leaving to normal pension date not always stated
- Statement that pension all post-2006 not always mentioned
- Statement that transferred-in pension all post-2006 not always mentioned

Qu.6 – (Letter for Qu.3)

- Enhanced accrual occasionally not stated
- Actual value for refund of contributions on death of member often omitted
- Details of tax rates for refund calculation not always provided

DEATHS: PART 1

Qu.1 – (XYZ: Category A)

- Number of outstanding instalments frequently calculated incorrectly for lump sum death benefit (i.e. based on 5 years' total pension payments rather than capped to age 75)
- Pensionable service not always restricted to normal pension date
- Late retirement factor not always applied (or factor applied but not always rounded to nearest integer)
- Spouse's pension often calculated (with WGMP and excess splits) when child dependant's pension actually payable (with no WGMP)
- Reference to child dependant's pension ceasing at age 18 often omitted

Qu.2 – (RST)

- Young spouse reduction occasionally not applied (but generally correct when applied)

Qu.3 – (RST)

- Pensionable service sometimes based on date of death rather than normal pension date

Qu.4 – (OPQ)

- Investment allocation percentages sometimes based on incorrect dates (i.e. 1 August 2018 to TRD rather than 1 September 2018 to TRD, since date of death occurred on first day of month)
- Unit holdings after applying relevant lifestyle investment allocation percentages (split by contribution type within fund) not always rounded to 4 decimal places – or even shown – prior to multiplying by relevant unit prices
- Recipient of lump sum death benefit sometimes stated as being at discretion of trustees when reference should have been made to lump sum death benefit being paid to deceased member's legal personal representatives / estate

Qu.5 – (XYZ: Category B)

- Number of instalments sometimes calculated incorrectly for balance of payments for lump sum death benefit (normally by one month)

Qu.6 – (Letter for Qu.2)

- Words 'lower of' sometimes omitted when referring to increases to pre-2006 and post-2006 pension elements

DEATHS: PART 2

Qu.1 – (XYZ: Category B)

- Pensionable service occasionally not capped to 3 July 2011
- Highest pensionable salary in last 5 years not always capped to normal pension date
- Revalued final pensionable salary at 3 July 2011 not always clearly compared against best pensionable salary in last 5 years (capped to normal pension date)
- Late retirement factor not always applied (or factor applied but not always rounded to nearest integer)

Qu.2 – (RST)

- Life assurance sometimes based on ‘full-time equivalent’ contractual salary rather than ‘actual’ contractual salary
- Part-time adjustment occasionally ignored for prospective pensionable service in calculation of CARE pension
- Part-time adjustment sometimes applied to ‘actual’ contractual salary rather than ‘full-time equivalent’ contractual salary in calculation of Underpin pension
- Part-time calculation often incorrect for Underpin pension (sometimes being ignored altogether)
- Young spouse reduction factor occasionally omitted (but generally correct when applied)

Qu.3 – (RST)

- Number of instalments sometimes calculated incorrectly for balance of payments for LSDB (even when start and end dates correct)
- Enhanced percentage not always applied to spouse’s pension

Qu.4 – (OPQ)

- Start date for calculating complete months from last switch date to target retirement date sometimes based on date of death rather than first day of month of death
- Unit holdings after applying relevant lifestyle investment allocation percentages (split by contribution type within fund) not always rounded to 4 decimal places – or even shown – prior to multiplying by relevant unit prices
- Augmentation sometimes dealt with incorrectly (due to being invested in Balanced Fund when employer / member contributions invested in Lifestyle Fund)

Qu.5 – (XYZ: Category A)

- GMP not always revalued from date of leaving to date of death in accordance with statutory method detailed in appendices of XYZ Scheme booklet (i.e. revalued pre-1988 GMP at date of death should be derived by deducting revalued post-1988 GMP at date of death from revalued total GMP at date of death)
- Splits for excess and WGMP elements of spouse’s pension occasionally not calculated (or calculated but spouse’s WGMP values not always divisible by 52)
- Recipient of lump sum death benefit sometimes stated as being at discretion of trustees when reference should have been made to lump sum death benefit being paid to deceased member’s legal personal representatives / estate

Qu.6 – (Letter for Qu.4)

- Request often made for birth / marriage certificates and bank details when not required for OPQ Plan (as no pension benefit available and LSDB paid to persons at discretion of Trustees)
- Reference to augmentation occasionally omitted

RETIREMENTS: PART 1

Qu.1 – (XYZ: Category A)

- Pensionable service for pre/post-1997 occasionally wrong (normally by one day either side)
- Early retirement factor sometimes applied (even though no factor applies for early retirement between 60 and 65)
- Check to determine if residual pension exceeds GMP occasionally omitted

Qu.2 – (RST)

- Pensionable service sometimes based on date of actual retirement rather than being projected to normal pension date (since ill health)
- Early retirement factor occasionally applied (even though ill health)
- Splits not always provided for pre / post-2006 elements of residual pension
- Spouse's post-commutation pension occasionally not stated
- Potential young spouse reduction (based on member's current marital status) sometimes omitted

Qu.3 – (OPQ)

- Annuity only option occasionally provided when specifically not requested
- Spouse's annuity not always quoted when calculating member's joint life annuity
- Annuity bureau charge not always included in LTA calculation
- Taxable element of UFPLS often not stated as being taxed at member's marginal rate (or paid assuming an emergency code on a month 1 basis)
- Mention of open market option sometimes omitted

Qu.4 – (XYZ: Category B)

- OK

Qu.5 – (RST)

- Splits not always provided for pre / post-2006 elements of residual pension
- Spouse's post-commutation pension occasionally not stated

Qu.6 – (Letter for Qu.1)

- Commencement date for pension not always correct
- Increase date for pension sometimes stated as being on anniversary of commencement rather than each 1 April

RETIREMENTS: PART 2

Qu.1 – (XYZ: Category B)

- Transfer-in sometimes omitted from calculation of pension commencement lump sum
- Transfer in occasionally ignored when calculating spouse's pension
- Young spouse – based on current marital status – sometimes mentioned (when not applicable for XYZ scheme)

Qu.2 – (RST)

- Pensionable service sometimes based on date of actual retirement rather than being projected to normal pension date (since ill health)
- Early retirement factor occasionally applied (even though ill health)
- Joint life AVC pension and / or single life AVC pension sometimes dealt with incorrectly
- LTA percentage used not always combined for scheme pension and AVC pension
- Spouse's pension not always calculated correctly for joint life and single life AVC options
- Methodology for incorporating AVCs within pension commencement lump sum calculation sometimes inaccurate
- Splits not always provided for pre / post-2006 elements of residual pension
- Spouse's post-commutation pension occasionally not stated

Qu.3 – (XYZ: Category A)

- Pensionable service occasionally calculated to actual date of late retirement rather than being capped to normal pension date
- Late retirement factor (when applied) not always rounded to nearest integer
- Application of part-time rates and / or calculation of part-time days occasionally incorrect
- Contracted-out check not always based on pension after applying late retirement factor
- Check to determine if residual pension exceeds GMP occasionally omitted

Qu.4 – (RST)

- Enhanced accrual rate occasionally ignored for determining Underpin pension
- Pension commencement lump sum not always restricted to £120,000
- Check to ensure £120,000 pension commencement lump sum requirement can be met frequently omitted
- Splits not always provided for pre / post-2006 elements of residual pension
- Spouse's post-commutation pension occasionally not stated

Qu.5 – (OPQ)

- Unit holdings after applying relevant lifestyle investment allocation percentages (split by contribution type within fund) not always rounded to 4 decimal places – or even shown – prior to multiplying by relevant unit prices
- Full range of annuity only options and cash / reduced annuity options not always provided
- Annuity bureau charge not always included in LTA calculation
- Taxable element of UFPLS often not stated as being taxed at member's marginal rate (or paid assuming an emergency code on a month 1 basis)
- Mention of open market option occasionally omitted

Qu.6 – (Letter for Qu.4)

- Mention of enhanced accrual rate for post-2006 pension (for CARE pension and Underpin pension) not always stated
- Mention of enhanced spouse's percentage for post-2006 pension not always stated
- Mention of young spouse – based on current marital status – not always stated

TRANSFERS

Qu.1 – (RST)

- Statement not always provided for requirement to take independent financial advice from an authorised adviser regulated under the Financial Services and Markets Act 2000 if transferring to an arrangement where benefits can be accessed flexibly (as transfer value exceeds £30,000) or – more commonly – statement provided but without reference to specific requirement to be regulated under the Financial Services and Markets Act 2000

Qu.2 – (OPQ)

- Unit holdings after applying relevant lifestyle investment allocation percentages (and split by contribution type within fund) not always rounded to 4 decimal places prior to multiplying by relevant unit prices
- Units holdings after applying relevant lifestyle investment allocation percentages (and split by contribution type within fund) sometimes not shown at all – just end results after applying relevant lifestyle investment allocation percentages and multiplying by relevant unit prices
- Confusion sometimes encountered with mixture of lifestyle and non-lifestyle funds

Qu.3 – (XYZ)

- Statement not always provided for requirement to take independent financial advice from an authorised adviser regulated under the Financial Services and Markets Act 2000 if transferring to an arrangement where benefits can be accessed flexibly (as transfer value exceeds £30,000) or – more commonly – statement provided but without specific reference to requirement to be regulated under the Financial Services and Markets Act 2000

Qu.4 – (RST)

- Full list of attaching benefits (where provided) not always accurate (e.g. no spouse's pension exists on death-in-deferment)

Qu.5 – (OPQ)

- Unit holdings not always rounded to 4 decimal places when multiplied by investment allocation percentages (prior to dividing by relevant unit price)

Qu.6 – (XYZ)

- Full list of attaching benefits not always accurate (e.g. no mention of lump sum death benefit on death after retirement or no clear indication that refund only payable on death before retirement)

Qu.7 – (Letter for Qu.2)

- Breakdown of individual values by contribution type within each fund frequently omitted (although total values for each fund usually provided)
- Guarantee period occasionally mentioned, which is inaccurate for OPQ Plan
- Mention that financial advice cannot be provided sometimes omitted

Qu.8 – (Letter for Qu.4)

- Full list of attaching benefits on death not always provided
- Mention of 3 month guarantee period (should transfer in proceed) not always stated

SUMMARY OF WORKED ANSWERS

Leavers Part 1 – Question 1

Calculation

- (1) Preserved pension at date of leaving of **£11,566.99 p.a.** (excess over GMP = **£10,601.35 p.a.** and post-1988 GMP = **£965.64 p.a.**) which, when revalued to NPD, could result in a maximum pension of **£27,246.58 p.a.** (excess over GMP = **£25,513.42 p.a.** and post-1988 GMP = **£1,733.16 p.a.**)

Spouse's pension on death before / after retirement of **£5,783.50 p.a.** (*based on member's pension at DOL*) which, when revalued to NPD, could result in a maximum pension of **£13,623.29 p.a.** (*based on member's pension at DOL revalued to NPD*)

OR

- (2) Transfer value to another pension arrangement

Leavers Part 1 – Question 2

Calculation

- (1) Preserved pension at date of leaving of **£4,367.49 p.a.** which, when revalued to NPD, could result in a maximum pension of **£7,114.16 p.a.**

Spouse's pension on death before / after retirement of **£2,183.75 p.a.** (*based on member's pension at DOL*) which, when revalued to NPD, could result in a maximum pension of **£3,557.08 p.a.** (*based on member's pension at DOL revalued to NPD*)

OR

- (2) Transfer value to another pension arrangement

Letter (Part 1 - Question 6)

- (1) Date of leaving (**01/09/2018**)
- (2) Preserved pension at date of leaving (**£4,367.49 p.a.**)
 - All excess (**£4,367.49 p.a.**)
- (3) Mention member's NPD (**01/03/2029**) or specific age at NPD (**65**)
- (4) Revaluation rate to NPD
 - Excess revaluation from DOL to NPD (**lower of 5.0% / RPI**)
- (5) Pension at NPD (**£7,114.16 p.a.**)
 - All excess (**£7,114.16 p.a.**)
- (6) Mention tax-free cash sum option on retirement
- (7) Death before retirement
 - Spouse's pension (**£2,183.75 p.a. at DOL, revalued to DOD**)
 - NO refund of contributions (**Non-contributory**)

- (8) Death after retirement
 - Spouse's pension (**£2,183.75 p.a. at DOL, revalued to max £3,557.08 p.a. at NPD**)
 - LSDB (**provided death within 5 years of retirement**)
- (9) Post retirement increases
 - Total pension (**lower of 5.0% / RPI**)
- (10) Mention transfer option

Leavers Part 1 – Question 3

Calculation

- (1) Net refund of **£1,726.57**

OR

- (2) Preserved pension at date of leaving of **£696.99 p.a.** {*v Underpin pension of £586.67 p.a.*} (all post-2006) which, when revalued to NPD, would result in a pension of **£870.44 p.a.** (all post-2006 – *assuming increases of 2.5% per annum compound*)

Spouse's pension on death after retirement of **£278.80 p.a.** (all post-2006 – *based on member's pension at DOL*) which, when revalued to NPD, would result in a pension of **£348.18 p.a.** (all post-2006 – *based on member's pension at DOL revalued to NPD assuming increases of 2.5% per annum compound*)

OR

- (3) Transfer value to another pension arrangement

Leavers Part 1 – Question 4

Calculation

- (1) Preserved pension at date of leaving of **£30,000.00 p.a.** {*v CARE pension of £25,078.03 p.a.*} (pre-2006 = **£18,900.00 p.a.** and post-2006 = **£11,100.00 p.a.**) which, when revalued to NPD, would result in a pension of **£32,306.70 p.a.** (pre-2006 = **£20,353.22 p.a.** and post-2006 = **£11,953.48 p.a.** – *assuming increases of 2.5% per annum compound*)

Spouse's pension on death after retirement of **£12,000.00 p.a.** (pre-2006 = **£7,560.00 p.a.** and post-2006 = **£4,440.00 p.a.** – *based on member's pension at DOL*) which, when revalued to NPD would result in a pension of **£12,922.68 p.a.** (pre-2006 = **£8,141.29 p.a.** and post-2006 = **£4,781.39 p.a.** – *based on member's pension at DOL revalued to NPD assuming increases of 2.5% per annum compound*)

OR

- (2) Transfer value to another pension arrangement

Leavers Part 1 – Question 5

Calculation

(1) Preserved benefit of **£85,858.59**

OR

(2) Transfer value to another pension arrangement

Leavers Part 2 – Question 1

Calculation

(1) Preserved pension at date of leaving of **£7,518.91 p.a.** which, when revalued to NPD, could result in a maximum pension of **£18,095.16 p.a.**

Spouse's pension on death before / after retirement of **£3,759.46 p.a.** (*based on member's pension at DOL*) which, when revalued to NPD, could result in a maximum pension of **£9,047.58 p.a.** (*based on member's pension at DOL revalued to NPD*)

OR

(2) Transfer value to another pension arrangement

Leavers Part 2 – Question 2

Calculation

(1) Preserved benefit of **£53,231.75**

OR

(2) Transfer value to another pension arrangement

Leavers Part 2 – Question 3

Calculation

(1) Net refund of **£18,187.50**

OR

(2) Preserved pension at date of leaving of **£5,208.33 p.a.** {*v Underpin pension of £3,541.67 p.a.*} (all post-2006) which, when revalued to NPD, would result in a pension of **£10,398.44 p.a.** (all post-2006 – *assuming increases of 2.5% per annum compound*)

Spouse's pension on death after retirement of **£2,083.33 p.a.** (all post-2006 – based on member's pension at DOL) which, when revalued to NPD, would result in a pension of **£4,159.38 p.a.** (all post-2006 – based on member's pension at DOL revalued to NPD assuming increases of 2.5% per annum compound)

OR

- (3) Transfer value to another pension arrangement

Letter (Part 2 - Question 6)

- (1) Date of leaving (**06/09/2018**)
- (2) Preserved pension at date of leaving (**£5,208.33 p.a.**), which is all post-2006
- (3) Revaluation rate to NPD (**lower of 5.0% / CPI**)
- (4) Mention member's NPD (**16/05/2047**) or specific age at NPD (**65**)
- (5) Pension at NPD (**£10,398.44 p.a.** {assuming increases of 2.5% per annum compound}), which is all post-2006
- (6) Mention tax-free cash sum option on retirement
- (7) Death before retirement
 - Refund of contributions of (**£24,375.00**)
- (8) Death after retirement
 - Spouse's pension (**£2,083.33 p.a.** {based on member's pension at DOL} which, when revalued to NPD, would result in a pension of **£4,159.38 p.a.** {based on member's pension at DOL revalued to NPD assuming increases of 2.5% per annum compound})
 - LSDB (**provided death occurs before 5 years of pension payments**)
- (9) Post retirement increases
 - Post-2006 (**lower of 2.5% / RPI**)
- (10) Mention refund option
 - Total refund (**£18,187.50**)
 - Contributions paid (**£24,375.00**)
 - Tax deducted (**£6,187.50**)
 - Tax rate (**20% & 50%**)
- (11) Mention transfer option

Leavers Part 2 – Question 4

Calculation

- (1) Preserved pension at date of leaving of **£14,859.69 p.a.** (excess over GMP = **£13,837.37 p.a.** and post-1988 GMP = **£1,022.32 p.a.**) which, when revalued to NPD, could result in a maximum pension of **£36,932.46 p.a.** (excess over GMP = **£34,966.34 p.a.** and post-1988 GMP = **£1,966.12 p.a.**)

Spouse's pension on death before / after retirement of **£7,429.85 p.a.** (based on member's pension at DOL) which, when revalued to NPD, could result in a maximum pension of **£18,466.23 p.a.** (based on member's pension at DOL revalued to NPD)

OR

- (2) Transfer value to another pension arrangement

Leavers Part 2 – Question 5

Calculation

- (1) Preserved pension at date of leaving of **£400.00 p.a.** {*v CARE pension of £393.72 p.a.*} (all post-2006) which, when revalued to NPD, would result in a pension of **£997.64 p.a.** (all post-2006 – *assuming increases of 2.5% per annum compound*); a transferred-in pension of **£1,532.34 p.a.** (all post-2006) would also be payable at NPD (total at NPD = **£2,529.68 p.a.**)

Spouse's pension on death after retirement of **£160.00 p.a.** (all post-2006 – *based on member's pension at DOL*) which, when revalued to NPD would result in a pension of **£398.94 p.a.** (all post-2006 – *based on member's pension at DOL revalued to NPD assuming increases of 2.5% per annum compound*); a transferred-in pension of **£612.94 p.a.** (all post-2006) would also be payable at NPD (total at NPD = **£1,011.88 p.a.**)

OR

- (2) Transfer value to another pension arrangement

Deaths Part 1 - Question 1

Calculation

- (1) Lump sum death benefit (equal to 5 years' member pension instalments [but capped to age 75] since death in service after NPD {Category A}) of **£101,052.09** payable at Trustees' Discretion – [LTA used = **9.81%**]

PLUS

- (2) Child's pension of **£17,323.22 p.a.** (payable until child reaches age 18)

Deaths Part 1 – Question 2

Calculation

- (1) Lump sum death benefit (refund of contributions of **£51,014.26** plus life assurance of **£88,750.00** since death in service after NPD) of **£139,764.26** payable at Trustees' Discretion – [LTA used = **13.56%**]

PLUS

- (2) Spouse's pension of **£5,037.68 p.a.** (pre-2006 = **£1,985.21 p.a.** and post-2006 = **£3,052.47 p.a.** {including young spouse reduction})

Letter (Part 1 - Question 6)

- (1) Date of death (**02/09/2018**)
- (2) Total lump sum payable at Trustees' Discretion (**£139,764.26**), stating:
 - Life assurance (**£88,750.00**)
 - Refund of contributions (**£51,014.26**)
- (3) Spouse's pension (**£5,037.68 p.a.**), stating:
 - Pre-2006 split (**£1,985.21 p.a.**)
 - Post-2006 split (**£3,052.47 p.a.**)
 - Commencement date (**01/10/2018**)
 - Rates of increase (pre-2006 = **lower of 5.0% / RPI** and post-2006 = **lower of 2.5% / RPI**)
 - Frequency of payment (**monthly**)
 - Increase date (**each year on anniversary of DOD**)
- (4) Additional information:
 - Young spouse reduction applies
- (5) Lifetime allowance:
 - Percentage used by lump sum death benefit (**13.56%**)
 - Counts against deceased member
- (6) Action required:
 - Member's death certificate
 - Spouse's birth & marriage certificates
 - Bank details

Deaths Part 1 – Question 3

Calculation

- (1) Lump sum death benefit (refund of contributions of **£82,061.81** plus life assurance of **£187,500.00** since death in service before NPD) of **£269,561.81** payable at Trustees' Discretion – [LTA used = **26.17%**]

PLUS
- (2) Spouse's pension of **£15,004.10 p.a.** (pre-2006 = **£3,223.10 p.a.** and post-2006 = **£11,781.00 p.a.**)

Deaths Part 1 - Question 4

Calculation

- (1) Lump sum death benefit (refund of Personal Retirement Account only since death in deferment) of **£222,572.62** payable to Legal Personal Representatives / Estate – [LTA used = **21.60%**]

Deaths Part 1 – Question 5

Calculation

- (1) Lump sum death benefit (equal to balance of 5 years' member pension instalments only since death in retirement {Category B}) of **£12,836.02** payable at Trustees' Discretion – [LTA used = **1.24%**]

PLUS

- (2) Spouse's pension of **£5,488.80 p.a.**

Deaths Part 2 – Question 1

Calculation

- (1) Lump sum death benefit (equal to 5 years' member pension instalments only since death in service after NPD {Category B}) of **£122,208.50** payable at Trustees' Discretion – [LTA used = **11.86%**]

PLUS

- (2) Spouse's pension of **£12,220.85 p.a.**

Deaths Part 2 – Question 2

Calculation

- (1) Lump sum death benefit (refund of contributions of **£86,430.97** plus life assurance of **£124,300.00** since death in service before NPD) of **£210,730.97** payable at Trustees' Discretion – [LTA used = **20.45%**]

PLUS

- (2) Spouse's pension of **£9,340.05 p.a.** (pre-2006 = **£4,872.53 p.a.** and post-2006 = **£4,467.52 p.a.** {including young spouse reduction})

Deaths Part 2 – Question 3

Calculation

- (1) Lump sum death benefit (equal to balance of 5 years' member pension instalments only since death in retirement) of **£13,464.40** payable at Trustees' Discretion – [LTA used = **1.30%**]

PLUS

- (2) Spouse's pension of **£5,304.81 p.a.** (pre-2006 = **£1,932.77 p.a.** and post-2006 = **£3,372.04 p.a.**)

Deaths Part 2 - Question 4

Calculation

- (1) Lump sum death benefit (refund of Personal Retirement Account of **£270,974.40** plus life assurance of **£160,662.00** since death in service before NPD) of **£431,636.40** payable at Trustees' Discretion – [LTA used = **41.90%**]

Letters (Part 2 – Question 6)

- (1) Date of death (**05/09/2018**)
- (2) Total lump sum payable at Trustees' Discretion (**£431,636.40**), stating:
 - Refund of Personal Retirement Account (**£270,974.40** {including Augmentation of **£49,005.35**})
 - Life assurance (**160,662.00**)
- (3) Lifetime allowance:
 - Percentage used by lump sum death benefit (**41.90%**)
 - Counts against deceased member
- (4) Action required:
 - Member's death certificate

Deaths Part 2 – Question 5

Calculation

- (1) Lump sum death benefit (refund of contributions of **£43,862.04** plus refund of value of AVCs of **£259,662.01** since death in deferment {Category A}) of **£303,524.05** payable to Legal Personal Representatives / Estate – [LTA used = **29.46%**]

PLUS

- (2) Spouse's pension of **£17,796.86 p.a.** (excess over WGMP = **£11,906.30 p.a.** and post-1988 WGMP = **£5,890.56 p.a.**)

Retirements Part 1 – Question 1

Calculation

Options

- (1) Full pension of **£17,530.45 p.a.** (excess over GMP = **£16,768.65 p.a.** and post-1988 GMP = **£761.80 p.a.**) with a spouse's pension of **£8,765.23 p.a.** – [LTA used = **34.03%**]

OR

- (2) Pension commencement lump sum of **£79,531.12** – [LTA used = **7.72%**]

PLUS

Residual pension of **£11,929.67 p.a.** (excess over GMP = **£11,167.87 p.a.** and post-1988 GMP = **£761.80 p.a.**) with a spouse's pension of **£8,765.23 p.a.** – [LTA used = **23.16%**]

Letter (Part 1 – Question 6)

- (1) Date of retirement (**03/09/2018**)
- (2) Options available:
 - Full pension (**£17,530.45 p.a.**), which is split as follows:
 - Excess over GMP (**£16,768.65 p.a.**)
 - Post-1988 GMP (**£761.80 p.a.**)
 - OR*
 - Pension commencement lump sum [PCLS] (**£79,531.12**), *PLUS*
 - Residual pension (**£11,929.67 p.a.**), which is split as follows:
 - Excess over GMP (**£11,167.87 p.a.**)
 - Post-1988 GMP (**£761.80 p.a.**)
- (3) Details of pension:
 - Commencement date (**01/10/2018**)
 - Frequency of payment (**monthly**)
 - Increase rates from early retirement date (which is after GMP due date):
 - Excess over GMP (**lower of 5.0% / RPI**)
 - Post-1988 GMP (**lower of 3.0% / CPI**)
 - Increase date (**1st April each year**)
- (4) Details of spouse's pension payable on death of member:
 - Spouse's pension (**£8,765.23 p.a.**)
- (5) Mention LSDB payable on death within 5 years of retirement
- (6) Lifetime allowance:
 - Percentage used by full pension (**34.03%**)
 - Percentage used by PCLS (**7.72%**) and residual pension (**23.16%**)
- (8) Action required:
 - Choice of option
 - Member's birth certificate
 - Bank details

Retirements Part 1 – Question 2

Calculation

Options

- (1) Full pension of **£13,898.60 p.a.** {vs *Underpin pension of £9,668.75 p.a.*} (pre-2006 = **£623.49 p.a.** and post-2006 = **£13,275.11 p.a.**) with a spouse's pension of **£5,559.44 p.a.** (pre-2006 = **£249.40 p.a.** and post-2006 = **£5,310.04 p.a.**) – [LTA used = **26.98%**]

OR

- (2) Pension commencement lump sum of **£65,477.12** – [LTA used = **6.35%**]

PLUS

Residual pension of **£9,821.57 p.a.** (pre-2006 = **£623.49 p.a.** and post-2006 = **£9,198.08 p.a.**) with a spouse's pension of **£5,559.44 p.a.** (pre-2006 = **£249.40 p.a.** and post-2006 = **£5,310.04 p.a.**) – [LTA used = **19.07%**]

Retirements Part 1 – Question 3

Calculation

Value of Personal Retirement Account = **£172,323.23**

Options

(1) Pension commencement lump sum of **£34,464.65** – [LTA used = **3.34%**]

PLUS

Pension of **£10,361.78 p.a.** (non-increasing) with spouse's pension of **£5,180.89 p.a.** – [LTA used = **13.38%**] – {Annuity Bureau Charge of **£68.93**}

OR

(2) Pension commencement lump sum of **£34,464.65** – [LTA used = **3.34%**]

PLUS

Pension of **£8,363.83 p.a.** (increasing at lower of 2.5% / RPI) with spouse's pension of **£4,181.92 p.a.** – [LTA used = **13.38%**] – {Annuity Bureau Charge of **£68.93**}

OR

(3) Single Uncrystallised Funds Pension Lump Sum of **£172,323.23** (tax-free element = **£43,080.81** and taxable element = **£129,242.42**, which is taxed at member's marginal rate and paid assuming an Emergency Code on a Month 1 basis) – [LTA used = **16.73%**]

OR

(4) Open Market Option

Retirements Part 1 – Question 4

Calculation

Options

(1) Full pension of **£7,912.42 p.a.** with a spouse's pension of **£3,956.21 p.a.** – [LTA used = **15.36%**]

OR

(2) Pension commencement lump sum of **£35,567.23** – [LTA used = **3.45%**]

PLUS

Residual pension of **£5,335.08 p.a.** with a spouse's pension of **£3,956.21 p.a.** – [LTA used = 10.35%]

Retirements Part 1 – Question 5

Calculation

Options

- (1) Full pension of **£13,543.80 p.a.** {vs *Underpin pension of £10,045.00 p.a.*} (pre-2006 = **£2,522.39 p.a.** and post-2006 = **£11,021.41 p.a.**) with a spouse's pension of **£5,417.52 p.a.** (pre-2006 = **£1,008.96 p.a.** and post-2006 = **£4,408.56 p.a.**) – [LTA used = 26.29%]

OR

- (2) Pension commencement lump sum of **£60,880.93** – [LTA used = 5.91%]

PLUS

Residual pension of **£9,132.14 p.a.** (pre-2006 = **£2,522.39 p.a.** and post-2006 = **£6,609.75 p.a.**) with a spouse's pension of **£5,417.52 p.a.** (pre-2006 = **£1,008.96 p.a.** and post-2006 = **£4,408.56 p.a.**) – [LTA used = 17.73%]

Retirements Part 2 – Question 1

Calculation

Options

- (1) Full pension of **£16,799.05 p.a.** (including a transferred-in pension of **£3,773.42 p.a.**) with a spouse's pension of **£8,399.53 p.a.** – [LTA used = 32.61%]

OR

- (2) Pension commencement lump sum of **£75,513.64** – [LTA used = 7.33%]

PLUS

Residual pension of **£11,327.05 p.a.** with a spouse's pension of **£8,399.53 p.a.** – [LTA used = 21.99%]

Retirements Part 2 - Question 2

Calculation

Option 1A – Pension Only (AVCs: single life)

- (1A) Full pension of **£16,520.93 p.a.** {vs *Underpin pension of £12,795.42 p.a.*} (pre-2006 = **£1,581.20 p.a.** and post-2006 = **£14,939.73 p.a.** [plus post-2006 AVC pension of **£1,998.86 p.a.**]) with a spouse's pension of **£6,608.37 p.a.** (pre-2006 = **£632.48 p.a.** and post-2006 = **£5,975.89 p.a.**) – [LTA used = **35.96%**]

OR

Option 1B – Pension Only (AVCs: joint life)

- (1B) Full pension of **£16,520.93 p.a.** {vs *Underpin pension of £12,795.42 p.a.*} (pre-2006 = **£1,581.20 p.a.** and post-2006 = **£14,939.73 p.a.** [plus post-2006 AVC pension of **£1,646.12 p.a.**]) with a spouse's pension of **£7,266.82 p.a.** (pre-2006 = **£632.48 p.a.** and post-2006 = **£5,975.89 p.a.** [plus AVC pension of **£658.45 p.a.**]) – [LTA used = **35.27%**]

OR

Option 2 – Pension and Cash

- (2) Pension commencement lump sum of **£86,471.50** (including AVC cash of **£35,709.08**) – [LTA used = **8.39%**]

PLUS

Residual pension of **£13,320.27 p.a.** (pre-2006 = **£1,581.20 p.a.** and post-2006 = **£11,739.07 p.a.**) with a spouse's pension of **£6,608.37 p.a.** (pre-2006 = **£632.48 p.a.** and post-2006 = **£5,975.89 p.a.**) – [LTA used = **25.86%**]

Retirements Part 2 – Question 3

Calculation

Options

- (1) Full pension of **£10,915.36 p.a.** (excess over GMP = **£10,340.24 p.a.** and post-1988 GMP = **£575.12 p.a.**) with a spouse's pension of **£5,457.68 p.a.** – [LTA used = **21.19%**]

OR

- (2) Pension commencement lump sum of **£48,176.61** – [LTA used = **4.67%**]

PLUS

Residual pension of **£7,226.49 p.a.** (excess over GMP = **£6,651.37 p.a.** and post-1988 GMP = **£575.12 p.a.**) with a spouse's pension of **£5,457.68 p.a.** – [LTA used = **14.03%**]

Retirements Part 2 – Question 4

Calculation

Options

- (1) Full pension of **£28,276.19 p.a.** {vs *Underpin pension of £22,232.22 p.a.*} (pre-2006 = **£11,796.11 p.a.** and post-2006 = **£16,480.08 p.a.**) with a spouse's pension of **£12,958.48 p.a.** (pre-2006 = **£4,718.44 p.a.** and post-2006 = **£8,240.04 p.a.**) – [LTA used = **54.90%**]

OR

- (2) Pension commencement lump sum of **£120,000.00** – [LTA used = **11.65%**]

PLUS

Residual pension of **£19,580.54 p.a.** (pre-2006 = **£11,796.11 p.a.** and post-2006 = **£7,784.43 p.a.**) with a spouse's pension of **£12,958.48 p.a.** (pre-2006 = **£4,718.44 p.a.** and post-2006 = **£8,240.04 p.a.**) – [LTA used = **38.02%**]

Letter (Part 2 – Question 6)

- (1) Date of retirement (**06/09/2018**)
- (2) Options available:
- Full pension (**£28,276.19 p.a.**), which is split as follows:
 - Pre-2006 (**£11,796.11 p.a.**)
 - Post-2006 (**£16,480.08 p.a.**)
 - OR**
 - Pension commencement lump sum [PCLS] (**£120,000.00**), **PLUS**
 - Residual pension (**£19,580.54 p.a.**), which is split as follows:
 - Pre-2006 (**£11,796.11 p.a.**)
 - Post-2006 (**£7,784.43 p.a.**)
- (3) Details of pension:
- Commencement date (**01/10/2018**)
 - Frequency of payment (**monthly**)
 - Increase rates:
 - Pre-2006 (**lower of 5.0% / RPI**)
 - Post-2006 (**lower of 2.5% / RPI**)
 - Increase date (**anniversary of date of commencement**)
- (4) Details of spouse's pension payable on death of member:
- Spouse's pension (**£12,958.48 p.a.**)
- (5) Mention enhanced accrual for post-2006 benefits
- (6) Mention enhanced spouse's percentage for post-2006 benefits
- (7) Mention potential young spouse reduction (as spouse greater than 10 years younger)
- (8) Mention LSDB payable on death within 5 years of retirement
- (9) Lifetime allowance:
- Percentage used by full pension (**54.90%**)
 - Percentage used by PCLS (**11.65%**) and residual pension (**38.02%**)

- (10) Action required:
- Choice of option
 - Member's birth certificate
 - Bank details

Retirements Part 2 – Question 5

Calculation

Value of Personal Retirement Account = **£208,696.09** (including Augmentation of **£15,000.00**)

Option 1 – No Cash

- (1) Pension of **£13,245.58 p.a.** (non-increasing) with spouse's pension of **£6,622.79 p.a.** – [LTA used = **20.26%**] – {Annuity Bureau Charge of **£104.35**}

OR

- (2) Pension of **£9,595.22 p.a.** (increasing at lower of 3.0% / RPI) with spouse's pension of **£4,797.61 p.a.** – [LTA used = **20.26%**] – {Annuity Bureau Charge of **£104.35**}

Option 2 – With Cash

- (3) Pension commencement lump sum of **£52,174.02** – [LTA used = **5.06%**]

PLUS

Pension of **£9,934.18 p.a.** (non-increasing) with spouse's pension of **£4,967.09 p.a.** – [LTA used = **15.19%**] – {Annuity Bureau Charge of **£78.26**}

OR

- (4) Pension commencement lump sum of **£52,174.02** – [LTA used = **5.06%**]

PLUS

Pension of **£7,196.42 p.a.** (increasing at lower of 3.0% / RPI) with spouse's pension of **£3,598.21 p.a.** – [LTA used = **15.19%**] – {Annuity Bureau Charge of **£78.26**}

OR

- (5) Uncrystallised Funds Pension Lump Sum of **£208,696.09** (tax-free element = **£52,174.02** and taxable element = **£156,522.07**, which is taxed at member's marginal rate and paid assuming an Emergency Code on a Month 1 basis) – [LTA used = **20.26%**]

OR

- (6) Open Market Option

Transfers – Question 1

Calculation

Total Transfer Value of **£113,399.45**, which includes the post-1997 Transfer Value of **£94,356.03** (member additionally has an AVC Fund Value of **£13,213.72**) – *mention requirement for independent financial advice from authorised adviser regulated under Financial Services & Markets Act 2000 if transferring to an arrangement where benefits can be accessed flexibly (as TV exceeds £30,000)*

Transfers – Question 2

Calculation

Total Transfer Value of **£68,244.57** (including **£11,747.58** in respect of AVCs), which is split between Funds and Contribution Types as follows:

Global Equity Fund – (Lifestyle)

Member Contributions	-	£19,297.25
Employer Contributions	-	£30,875.60
AVCs	-	£8,618.69
Total	-	£58,791.54

Index Linked Bond Fund – (Lifestyle)

Member Contributions	-	£479.82
Employer Contributions	-	£767.72
AVCs	-	£214.30
Total	-	£1,461.84

Cash Fund – (Lifestyle)

Member Contributions	-	£124.75
Employer Contributions	-	£199.59
AVCs	-	£55.71
Total	-	£380.05

Corporate Bond Fund – (non-Lifestyle)

Member Contributions	-	£1,827.79
Employer Contributions	-	£2,924.47
Total	-	£4,752.26

Balanced Fund – (non-Lifestyle)

AVCs	-	£2,858.88
Total	-	£2,858.88

Letter (Question 7)

(1a) Total Transfer Value *excluding* AVCs (**£56,496.99**)

(1b) AVCs (**£11,747.58**)

OR

(1c) Total Transfer Value (**£68,244.57**) *including* AVCs (**£11,747.58**)

(2a) Transfer Value of **£68,244.57** made up as follows:

Global Equity Fund – (Lifestyle)

£19,297.25	-	(Member Contributions)
£30,875.60	-	(Employer Contributions)
£8,618.69	-	(AVCs)
£58,791.54	-	Total

Index Linked Bond Fund – (Lifestyle)

£479.82	-	(Member Contributions)
£767.72	-	(Employer Contributions)
£214.30	-	(AVCs)
£1,461.84	-	Total

Cash Fund – (Lifestyle)

£124.75	-	(Member Contributions)
£199.59	-	(Employer Contributions)
£55.71	-	(AVCs)
£380.05	-	Total

Corporate Bond Fund – (non-Lifestyle)

£1,827.79	-	(Member Contributions)
£2,924.47	-	(Employer Contributions)
£4,752.26	-	Total

Balanced Fund – (non-Lifestyle)

£2,858.88	-	(AVCs)
£2,858.88	-	Total

OR

(2b) Transfer Value of **£68,244.57** made up as follows:

Member Contributions

£19,297.25	-	(Global Equity Fund – Lifestyle)
£479.82	-	(Index Linked Bond Fund – Lifestyle)
£124.75	-	(Cash Fund – Lifestyle)
£1,827.79	-	(Corporate Bond Fund – non-Lifestyle)
£21,729.61	-	Total

Employer Contributions

£30,875.60	-	(Global Equity Fund – <i>Lifestyle</i>)
£767.72	-	(Index Linked Bond Fund – <i>Lifestyle</i>)
£199.59	-	(Cash Fund – <i>Lifestyle</i>)
£2,924.47	-	(Corporate Bond Fund – <i>non-Lifestyle</i>)
£34,767.38	-	Total

AVCs

£8,618.69	-	(Global Equity Fund – <i>Lifestyle</i>)
£214.30	-	(Index Linked Bond Fund – <i>Lifestyle</i>)
£55.71	-	(Cash Fund – <i>Lifestyle</i>)
£2,858.88	-	(Balanced Fund – <i>non-Lifestyle</i>)
£11,747.58	-	Total

- (3) Options to transfer to a suitable alternative pension arrangement
- (4) Mention that financial advice cannot be given
- (5) Make reference to “Pension Scams”
- (6) Mention that quotation is not guaranteed
- (7) Mention requirement for member’s written authority to proceed
- (8) Provide statement that if transfer proceeds, no benefits will remain in OPQ Retirement & Death Benefits Plan

Transfers – Question 3

Calculation

Total Transfer Value of **£166,998.93**, which includes the post-1997 Transfer Value of **£148,798.85** (member additionally has an AVC Fund Value of **£11,292.45**) – *mention requirement for independent financial advice from authorised adviser regulated under Financial Services & Markets Act 2000 if transferring to an arrangement where benefits can be accessed flexibly (as TV exceeds £30,000).*

Transfers – Question 4

Calculation

- (1) At NPD, a pension of **£14,808.57 p.a.** (including post-1997 pension of **£13,903.61 p.a.**) would be payable
- (2) On death before retirement a refund of member contributions would be payable
- (3) On death after retirement a lump sum death benefit would be payable (provided death occurs within 5 years of retirement) and a spouse’s pension would also be payable
- (4) All benefits will be payable in accordance with the provisions of the RST Pension Scheme

Letter (Question 8)

- (1) Transfer Value (**£49,721.39**)
- (2) Total pension benefit provided at NPD (**£14,808.57 p.a.**)
- (3) Post-1997 element of Transfer Value (**£46,501.58**)
- (4) Post-1997 element of pension benefit provided at NPD (**£13,903.61 p.a.**)
- (5) Mention following benefits on death:
 - Refund of contributions on death before retirement
 - Lump sum death benefit (provided death occurs within five years of retirement) and spouse's pension on death after retirement
- (6) Mention that financial advice cannot be given
- (7) Mention requirement for member's written authority to proceed
- (8) Mention guarantee period
- (9) Provide statement that if transfer proceeds, no benefits will remain in previous scheme
- (10) Provide statement that if transfer proceeds, benefits provided will be subject to rules of RST Pension Scheme

Transfers – Question 5

Calculation

The Transfer-in of **£10,333.11** would buy units in the member's Personal Retirement Account split between Funds and Contribution Types as follows:

Global Equity Fund – (non-Lifestyle)

Member Contributions	-	471.2474 units
Employer Contributions	-	315.3612 units
AVCs	-	203.3426 units
Total	-	989.9512 units

Index Linked Bond Fund – (non-Lifestyle)

Member Contributions	-	564.5233 units
Employer Contributions	-	377.7819 units
AVCs	-	649.5761 units
Total	-	1,591.8813 units

Balanced Fund – (non-Lifestyle)

Member Contributions	-	284.0000 units
Employer Contributions	-	190.0543 units
Total	-	474.0543 units

Corporate Bond Fund – (non-Lifestyle)

Member Contributions	-	323.6105 units
Employer Contributions	-	216.5618 units
AVCs	-	139.6375 units
Total	-	679.8098 units

Transfers – Question 6

Calculation

- (1) At NPD, a pension of **£3,464.26 p.a.** (including excess pension of **£3,026.42 p.a.** and post-1988 GMP of **£437.84 p.a.** {and including post-1997 pension of **£2,287.37 p.a.**}) would be payable
 - (2) On death before retirement before NPD a refund of contributions would be payable and a spouse's pension revalued to date of death would also be payable
 - (3) On death before retirement on or after NPD (*from active status only, as late retirement not permitted from preserved status*) a lump sum death benefit would be payable (calculated on the assumption that the member retired on the date of death) and a spouse's pension would also be payable
 - (4) On death after retirement a lump sum death benefit would be payable (provided death occurs within 5 years of retirement) and a spouse's pension would also be payable
 - (5) All benefits will be payable in accordance with the provisions of the XYZ Pension & Life Assurance Scheme
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