



# VOCATIONAL QUALIFICATIONS

## RETIREMENTS PART 2

### RETIREMENT BENEFITS WITH SPECIAL CIRCUMSTANCES

**TUESDAY 4 SEPTEMBER 2018**

**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. **SIMON DELANEY – (XYZ)**
2. **KAREN BRAITHWAITE – (RST)**
3. **DAPHNE CORNELIUS – (XYZ)**
4. **HENRIK KNUDSEN – (RST)**
5. **ABDUL AMIRI – (OPQ)**

### Section B

6. Write a letter explaining the benefits payable and the options available to **HENRIK KNUDSEN**.

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".

**Event history**

Date of first event **12/04/2011** First event **PRESERVED LEAVER**  
Date of second event **02/09/2018** Second event **RETIREMENT**

**Member details**

Surname **DELANEY** Forename **SIMON**  
Date of birth **02/09/1953** Gender **MALE**  
Spouse's date of birth **21/08/1964**  
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**

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>

**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 £ **10,694.28**

Lower of 5.0% / RPI increases from date of first event to date of second event is 21.8%.

On 11 May 1999, Simon Delaney transferred into the XYZ Pension and Life Assurance Scheme his non-contracted out benefits from a registered pension scheme of one of his former employers. The transfer in secured a fixed pension of £3,773.42 per annum, payable from Simon Delaney's Normal Pension Date. Once in payment, the transferred-in pension is subject to the normal rules of the XYZ Pension and Life Assurance Scheme. The transferred-in pension is not included in the Scheme pension quoted above but should be included in the calculation of Simon Delaney's benefit options at retirement.

Simon Delaney's current available Lifetime Allowance is 71.36%.

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

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

**Member details**

Surname **BRAITHWAITE** Forename **KAREN**  
 Date of birth **23/03/1962** Gender **FEMALE**  
 Spouse's date of birth **19/02/1961**  
 Dependent child's date of birth  
 Date of joining company **07/02/2003**  
 Date of joining scheme **06/04/2003**

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

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>35,500</b>	<b>37,250</b>	<b>39,000</b>	<b>40,500</b>	<b>42,000</b>	<b>44,300</b>	<b>46,500</b>	<b>48,000</b>	<b>49,250</b>

**Contribution history**

Total member's normal contributions **£ 22,005.16**  
 Total member's AVCs **£ 24,985.16**  
 Current value of AVCs **£ 35,709.08**  
 Single life AVC pension (per annum) payable immediately **£ 1,998.86**  
 Joint life AVC pension (per annum) payable immediately **£ 1,646.12**

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

CARE pension (per annum) £ 1,562.45

**Post 5 April 2006 pension accrued as at 5 April 2018**

CARE pension (per annum) £ 9,485.20

**Special circumstances / additional information**

Contractual Salary at date of first event £ 53,500.00

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

In the event of taking the tax-free cash sum, Karen Braithwaite has advised that the value of her AVCs should be taken as a lump sum first before commuting any other benefits. Any AVCs taken as pension should be deemed to be post 5 April 2006 AVCs.

Karen Braithwaite's current available Lifetime Allowance is 100.00%.

**CASE STUDY DETAILS****XYZ SCHEME****RETIREMENTS PART 2  
QUESTION 3****Event history**

Date of first event      **05/09/2018**                      First event      **RETIREMENT**  
Date of second event                                      Second event

**Member details**

Surname                      **CORNELIUS**                      Forenames      **DAPHNE**  
Date of birth                      **02/08/1950**                      Gender              **FEMALE**  
Spouse's date of birth                                      **04/02/1941**  
Dependent child's date of birth  
Date of joining company                                      **11/01/1995**  
Date of joining scheme                                      **11/02/1995**  
Category of membership                                      **A**

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

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>30,500</b>	<b>31,750</b>	<b>33,250</b>	<b>35,000</b>	<b>36,200</b>	<b>37,000</b>	<b>38,000</b>	<b>40,000</b>	<b>41,250</b>

**Contribution history**

Total member's normal contributions                                      **£ 36,718.90**  
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) £ **575.12**

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

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

Daphne Cornelius reduced her working days from full time (five days a week) to four days a week for the period from 1 March 2006 to 30 April 2009, inclusive.

Daphne Cornelius further reduced her working days to two days a week for the period from 1 May 2009 to 31 May 2013, inclusive.

Daphne Cornelius increased her working days to three days a week from 1 June 2013 onwards.

Daphne Cornelius' current available Lifetime Allowance is 100.00%.





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

CARE pension (per annum) £ 11,656.24

**Post 5 April 2006 pension accrued as at 5 April 2018**

CARE pension (per annum) £ 15,846.92

**Special circumstances / additional information**

Contractual Salary at date of first event £ 68,000.00

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

The Trustees (at the request of the Company) agreed that the accrual rate for Henrik Knudsen's CARE Pension should be uplifted to 60ths of his Pensionable Earnings for all Pensionable Service from 6 April 2006 onwards. It was also agreed that the percentage rate for the associated spouse's pension should be increased to 50% for this period of Pensionable Service.

For the purpose of any comparisons, the uplift should apply to both the CARE Pension and the Underpin Pension calculations.

When being provided with the tax-free cash sum option, Henrik Knudsen has specified that he would like to take £120,000.00 as a cash sum, subject to this amount being within the maximum permitted under the rules of the RST Pension Scheme.

Henrik Knudsen's current available Lifetime Allowance is 100.00%.

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

**CASE STUDY DETAILS****OPQ PLAN****RETIREMENTS PART 2  
QUESTION 5****Event history**

Date of first event      **02/09/2018**                      First event      **RETIREMENT**  
 Date of second event                                      Second event

**Member details**

Surname                      **AMIRI**                      Forename      **ABDUL**  
 Date of birth                      **05/09/1960**                      Gender      **MALE**  
 Spouse's date of birth                                      **04/02/1968**  
 Dependent child's date of birth  
 Date of joining company                                      **16/02/1999**  
 Date of joining plan                                      **16/02/1999**  
 Target retirement date                                      **05/09/2020**

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

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>51,500</b>	<b>53,000</b>	<b>55,000</b>	<b>57,250</b>	<b>58,500</b>	<b>60,000</b>	<b>61,200</b>	<b>63,000</b>	<b>64,500</b>

**Contribution history**

Total member's normal contributions                                      **£ 40,926.18**  
 Total employer's normal contributions                                      **£ 65,481.92**  
 Total member's AVCs                                      **£**

## Personal Retirement Account details

### Member's Current Unit Holdings

<b>Fund</b>	<b>Member's normal contributions</b>	<b>Employer's normal contributions</b>	<b>Member's AVCs</b>
	<b>Unit Holdings</b>	<b>Unit Holdings</b>	<b>Unit Holdings</b>
Global Equity Fund			
Index Linked Bond Fund			
Balanced Fund			
Corporate Bond Fund			
Cash Fund			
Lifestyle Fund	25,984.6010	42,574.3200	

### 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**

As part of his retirement settlement, the Company (with the consent of the Trustees) has agreed to contribute an additional one-off payment of £15,000.00 into Abdul Amiri's Personal Retirement Account at retirement. This amount is not included in the above figures.

Abdul Amiri has requested quotations assuming he uses the overall value of his fund to take either (a) the maximum tax-free cash sum available to him, with the balance being used to purchase a joint-life pension, or (b) no tax-free cash sum, with the whole fund being used to purchase a joint-life pension. Abdul Amiri 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 3.0% / RPI

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

Abdul Amiri's current available Lifetime Allowance is 100.00%.