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# VOCATIONAL QUALIFICATIONS

## RETIREMENTS PART 2

### RETIREMENT BENEFITS WITH SPECIAL CIRCUMSTANCES

**TUESDAY 10 SEPTEMBER 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 questions 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. **KEVIN CARNEY – (XYZ)**
2. **AMY LARROQUETTE – (OPQ)**
3. **PATRICK HORAN – (RST)**
4. **EMILY WILLIAMSON – (XYZ)**
5. **EDUARDO LAVELLE – (RST)**

### Section B

6. Write a letter explaining the benefits payable and the options available to **EDUARDO LAVELLE**.

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 2  
QUESTION 1****Event history**

Date of first event **04/04/2012** First event **PRESERVED LEAVER**  
Date of second event **04/09/2019** Second event **RETIREMENT**

**Member details**

Surname **CARNEY** Forename **KEVIN**  
Date of birth **04/09/1954** Gender **MALE**  
Spouse's date of birth **08/09/1964**  
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>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</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 £ **9,998.88**

Lower of 5.0% / RPI increases from date of first event to date of second event is 23.6%.

At the date of the first event, the Company (with the consent of the Trustees) granted Kevin Carney an additional fixed single-life pension of £6,984.12 per annum, payable from his Normal Pension Date. The additional pension, which is not included in the Scheme pension quoted above, is non-commutable and should be ignored in the calculation of Kevin Carney's tax-free cash sum option at retirement.

Kevin Carney's current available Lifetime Allowance is 53.75%.



## 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			
Balanced Fund			
Corporate Bond Fund			
Cash Fund			
Lifestyle Fund	28,849.0900	46,291.5800	

### 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**

On 31 August 2019, Amy Larroquette transferred into the OPQ Retirement and Death Benefits Plan her non-contracted out benefits from a registered pension scheme of one of her former employers. The transfer in, which is currently held in the Trustees' bank account and amounts to £14,000.00, is not included in the above figures.

Amy Larroquette has requested quotations assuming she uses the overall value of her fund to take either (a) the maximum tax-free cash sum available to her, 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. Amy Larroquette 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

Amy Larroquette has additionally requested a quotation assuming she takes the entire proceeds of her Personal Retirement Account as a single Uncrystallised Funds Pension Lump Sum.

Amy Larroquette's current available Lifetime Allowance is 100.00%.



**Pre 6 April 2006 pension accrued as at 5 April 2019**

CARE pension (per annum) £ 2,176.40

**Post 5 April 2006 pension accrued as at 5 April 2019**

CARE pension (per annum) £ 11,605.60

**Special circumstances / additional information**

Contractual Salary at date of first event £ 73,500.00

Pro-rata CPI from 6 April 2019 to date of first event is 1.40%.

In the event of taking the tax-free cash sum, Patrick Horan has advised that the value of his 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.

Patrick Horan's current available Lifetime Allowance is 100.00%.



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

Date of first event **05/09/2019** First event **RETIREMENT**  
Date of second event Second event

**Member details**

Surname **WILLIAMSON** Forenames **EMILY**  
Date of birth **04/08/1950** Gender **FEMALE**  
Spouse's date of birth **08/02/1949**  
Dependent child's date of birth  
Date of joining company **11/01/1987**  
Date of joining scheme **11/02/1987**  
Category of membership **A**

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

<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>2019</b>
<b>30,500</b>	<b>31,750</b>	<b>33,250</b>	<b>35,000</b>	<b>37,500</b>	<b>37,750</b>	<b>38,000</b>	<b>40,000</b>	<b>41,250</b>

**Contribution history**

Total member's normal contributions **£ 37,998.08**  
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)	£	<b>69.68</b>
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Post 05/04/1988

GMP (per annum)	£	<b>708.24</b>
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### **Special circumstances / additional information**

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

Emily Williamson reduced her working days from full time (five days a week) to four days a week for the period from 1 March 2000 to 30 April 2006, inclusive.

Emily Williamson then further reduced her working days to two days a week for the period from 1 May 2006 to 30 June 2013, inclusive.

Emily Williamson increased her working days to three days a week from 1 July 2013 onwards.

Emily Williamson's current available Lifetime Allowance is 89.55%.

**Event history**

Date of first event     **06/09/2019**                     First event     **RETIREMENT**

Date of second event                                     Second event

**Member details**

Surname                     **LAVELLE**                     Forename     **EDUARDO**

Date of birth               **06/09/1954**                 Gender       **MALE**

Spouse's date of birth                                 **13/09/1964**

Dependent child's date of birth

Date of joining company                               **06/08/1991**

Date of joining scheme                                 **06/04/1992**

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

<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>2019</b>
<b>75,000</b>	<b>77,250</b>	<b>80,000</b>	<b>83,250</b>	<b>85,800</b>	<b>88,000</b>	<b>90,000</b>	<b>92,000</b>	<b>95,375</b>

**Contribution history**

Total member's normal contributions   **£ 86,915.24**

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 2019**

CARE pension (per annum) £ 14,723.06

**Post 5 April 2006 pension accrued as at 5 April 2019**

CARE pension (per annum) £ 27,439.08

**Special circumstances / additional information**

Contractual Salary at date of first event £ 98,000.00

Pro-rata CPI from 6 April 2019 to date of first event is 1.40%.

The Trustees (at the request of the Company) agreed that the accrual rate for Eduardo Lavelle's CARE Pension should be uplifted to 50ths 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 50.00% for this period of Pensionable Service.

For the purpose of any comparisons, the uplift in the accrual rate and the spouse's pension percentage from 6 April 2006 should apply to both the CARE Pension and the Underpin Pension calculations.

When being provided with the tax-free cash sum option, Eduardo Lavelle has specified that he would like to take £150,000.00 as a cash sum, subject to this amount being within the maximum permitted under the rules of the RST Pension Scheme.

Eduardo Lavelle's current available Lifetime Allowance is 100.00%.

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