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### **VOCATIONAL QUALIFICATIONS**

#### **DEATHS PART 2**

# DEATH BENEFITS WITH SPECIAL CIRCUMSTANCES

**WEDNESDAY 11 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 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 death benefits / options for:

- 1. CAROL GREENWOOD (RST)
- 2. ROBERT BLAND (RST)
- 3. STIG BERGE (OPQ)
- 4. LUCY MURIGI (XYZ)
- 5. ANGELA MUDGE (XYZ)

#### **Section B**

**6.** Write a letter explaining the benefits payable and the options available in respect of **CAROL GREENWOOD**.

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

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

#### **Event history**

Date of first event 28/10/2015 First event RETIREMENT

Date of second event **08/09/2019** Second event **DEATH** 

#### Member details

Surname GREENWOOD Forenames CAROL

Date of birth 28/10/1954 Gender FEMALE

Spouse's date of birth 12/03/1970

Dependent child's date of birth

Date of joining company 19/08/1974

Date of joining scheme 06/04/1988

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

2011	2012	2013	2014	2015	2016	2017	2018	2019

#### **Contribution history**

Total member's normal contributions £

Total member's AVCs £

Current value of AVCs £

Single life AVC pension (per annum) payable immediately £

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

CARE pension (per annum)

£

Post 5 April 2006 pension accrued as at 5 April 2019

CARE pension (per annum)

£

#### Special circumstances / additional information

Pension in payment at date of second event is £10,601.88 per annum, which is split as follows:

• Pre 6 April 2006 pension (per annum)

£

• Post 5 April 2006 pension (per annum)

£ 10,601.88

Lower of 5.0% / RPI increases from date of first event to date of second event is 6.5%.

Lower of 2.5% / RPI increases from date of first event to date of second event is 6.0%.

On retirement, Carol Greenwood commuted £5,099.80 per annum of pension in return for a tax-free cash sum of £75,273.03. The commuted pension was split as follows:

• Pre 6 April 2006 pension (per annum)

£ 1,921.39

• Post 5 April 2006 pension (per annum)

£ 3,178.41

At the date of the first event, the Company (with the consent of the Trustees) agreed that the spouse's pension percentage on death after retirement would be augmented to 60.00% for all Pensionable Service from 1 January 2004. The Pre 6 April 2006 commuted pension above includes a pension of £1,638.12 per annum in respect of Pensionable Service before 1 January 2004.

Carol Greenwood's current available Lifetime Allowance is 100.00%.

THIS QUESTION ALSO REQUIRES A LETTER (QUESTION 6)

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#### **RST SCHEME**

DEATHS PART 2 QUESTION 2

#### **Event history**

Date of first event 31/12/1999 First event PRESERVED LEAVER

Date of second event **25/08/2019** Second event **DEATH** 

#### **Member details**

Surname BLAND Forenames ROBERT

Date of birth 14/07/1967 Gender MALE

Spouse's date of birth **08/02/1956** 

Dependent child's date of birth

Date of joining company 15/02/1995

Date of joining scheme 06/04/1995

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

2011	2012	2013	2014	2015	2016	2017	2018	2019

#### **Contribution history**

Total member's normal contributions £ 6,826.94

Total member's AVCs £ 926.53

Current value of AVCs £ 1,278.15

Single life AVC pension (per annum) payable immediately £

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

CARE pension (per annum) £

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

CARE pension (per annum) £

#### Special circumstances / additional information

Pre 6 April 2006 preserved pension (per annum) at date
of first event

2,188.66

Post 5 April 2006 preserved pension (per annum) at date first event

Lower of 5.0% / CPI from date of first event to date of second event is 48.7%.

Robert Bland's current available Lifetime Allowance is 52.91%.

#### **CASE STUDY DETAILS**

#### **OPQ PLAN**

DEATHS PART 2
QUESTION 3

**Event history** 

Date of first event 03/09/2019 First event DEATH

Date of second event Second event

**Member details** 

Surname BERGE Forenames STIG

Date of birth 04/09/1960 Gender MALE

Spouse's date of birth 31/05/1961

Dependent child's date of birth

Date of joining company 12/03/2000

Date of joining plan 12/03/2000

Target retirement date 01/01/2021

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

2011	2012	2013	2014	2015	2016	2017	2018	2019
37,887	38,300	39,950	41,200	42,868	43,120	46,992	47,300	48,999

#### **Contribution history**

Total member's normal contributions £ 36,868.65

Total employer's normal contributions £ 58,989.84

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			
Index Linked Bond Fund			
Balanced Fund			
Corporate Bond Fund			
Cash Fund			
Lifestyle Fund	38,936.5943	62,298.5629	

#### **Investment Fund Unit Prices**

Fund	<b>Current Unit</b>
	Price (£)
Global Equity Fund	5.324
Index Linked Bond Fund	1.406
Balanced Fund	4.511
Corporate Bond Fund	1.545
Cash Fund	1.159

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

On 4 May 2001, Stig Berge transferred in to the OPQ Retirement & Death Benefits Plan his non-contracted-out benefits from the registered pension scheme of one of his previous employers. The value of the transferred-in benefits amounted to £700,603.28.

The transfer in, which is not included in Stig Berge's Personal Retirement Account detailed above, is currently invested as follows:

Balanced Fund (Member): 45,971.7409 Units
Balanced Fund (Employer: 101,543.4819 Units

Stig Berge's current available Lifetime Allowance is 100.00%.

#### CASE STUDY DETAILS

#### **XYZ SCHEME**

#### DEATHS PART 2 QUESTION 4

#### **Event history**

Date of first event **01/09/2019** First event **DEATH** 

Date of second event Second event

#### **Member details**

Surname MURIGI Forenames LUCY

Date of birth 11/02/1952 Gender FEMALE

Spouse's date of birth 05/12/1964

Dependent child's date of birth

Date of joining company 16/03/1984

Date of joining scheme 16/03/1985

Category of membership A

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

2011	2012	2013	2014	2015	2016	2017	2018	2019
79,255	83,600	85,950	88,300	82,115	83,950	82,160	80,955	79,260

#### **Contribution history**

Total member's normal contributions £ 126,086.13

Total member's AVCs £

Current value of AVCs £

Single life AVC pension (per annum) payable immediately £

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

Pre 06/04/1988

GMP (per annum) £ 353.08

Post 05/04/1988

GMP (per annum) £ 1,590.68

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

Salary at date of first event £ 81,255.00

Lucy Murigi paid the default contribution rate (70ths accrual) from the date she joined the XYZ Pension and Life Assurance Scheme until 5 April 1995, inclusive.

From 6 April 1995, Lucy Murigi varied her contribution rate to build up the following rates of pension accrual:

6 April 1995 to 5 April 2004 = 80ths
 6 April 2004 to 5 April 2010 = 70ths
 6 April 2010 onwards = 60ths

Lucy Murigi's current available Lifetime Allowance is 100.00%.

#### CASE STUDY DETAILS

#### **XYZ SCHEME**

## DEATHS PART 2 QUESTION 5

#### **Event history**

Date of first event 30/08/2019 First event DEATH

Date of second event Second event

#### **Member details**

Surname MUDGE Forenames ANGELA

Date of birth 16/04/1978 Gender FEMALE

Spouse's date of birth 06/09/1980

Dependent child's date of birth 14/02/2002

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

2011	2012	2013	2014	2015	2016	2017	2018	2019
28,800	29,350	29,450	28,600	32,155	33,100	34,599	35,620	36,100

#### **Contribution history**

Total member's normal contributions £

Total member's AVCs £

Current value of AVCs £

Single 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**

Salary at date of first event £ 36,010.00

Angela Mudge's Final Pensionable Salary at 3 July 2011 was £28,800.00.

Lower of 5.0% / RPI increases from 4 July 2011 to date of first event is 26.3%.

Angela Mudge worked full time (5 days a week) from the date she joined the Company until 13 December 2003, inclusive. From 14 December 2003, Angela Mudge varied her working week as follows:

14 December 2003 to 3 September 2005 = 2.5 days a week
 4 September 2005 to 31 August 2007 = 4.0 days a week
 1 September 2007 onwards = 5.0 days a week

Angela Mudge's current available Lifetime Allowance is 92.10%.