# WORKED ANSWER OPQ PLAN ACT => RET (ILL HEALTH)

# ANDREW EDRICH

Date of birth: 23/02/1965

Date of retirement: 01/09/2022

Age at date of retirement: 57 years & 6 months

Normal pension date: 23/02/2032 (67 years = State Pension Date)

Type of retirement: Ill Health

Lifestyle Fund: N/A

Target retirement date: N/A

Quotes required (1): £50,000.00 of fund as tax-free cash sum (assuming it is within maximum permitted) plus non-escalating single life annuity *OR* £30,000.00 of fund as tax-free cash sum (assuming it is within maximum permitted) plus non-escalating single life annuity

Quotes required (2): *N/A* - Uncrystallised Funds Pension Lump Sum (UFPLS)

Annuity factor: Single life (age = 57 years & 6 months, non-increasing) = 7.04

[6.96 + (6/12 x 0.16) = 7.04]

# Member’s normal contributions unit holdings:

|  |  |  |
| --- | --- | --- |
| Global Equity Fund | 12,232.9054 x £3.971 = | £ 48,576.87 |
| Cash Fund | 21,333.6856 x £1.019 = | £ 21,739.03 |
| Total |  | **£ 70,315.90** |

**Employer’s normal contributions unit holdings:**

|  |  |  |
| --- | --- | --- |
| Global Equity Fund | 19,572.6486 x £3.971 = | £ 77,722.99 |
| Cash Fund | 34,133.8970 x £1.019 = | £ 34,782.44 |
| Total |  | **£112,505.43** |

|  |  |  |
| --- | --- | --- |
| **Transfer in:** |  |  |
| Corporate Bond Fund | 16,685.9883 x 2.907 = | £ 48,506.17 890.65 |
| Total |  | **£ 48,506.17** |

**Total Personal Retirement Account**

Total Value £70,315.90 + £112,505.43 + £48,506.17 = **£231,327.50**

**OPTION-1**

**Tax-free cash sum**

**Amount required:**  **£ 50,000.00**

***Maximum permitted:*** *£231,327.50 x 25% = £ 57,831.88*

**Singlelife annuity (non-increasing)**

**Balance of fund:** £231,327.50 - £50,000.00 = **£181,327.50**

**Annuity bureau charge:** £181,327.50 x 0.065% = £117.86

**£117.86** charge applies (as exceeds minimum of £75.00)

**Amount left to purchase an annuity:** £181,327.50 - £117.86 = **£181,209.64**

**Member:** £181,209.64 / 100 x 7.04 = **£ 12,757.16 p.a.**

**Spouse: N/A**

***Lifetime Allowance Check***

**Tax-free cash sum:** £50,000.00 / £1,073,100.00 x 100% = **4.65%**

**Annuity:** £181,327.50 / £1,073,100.00 x 100% = **16.89%**

*The total LTA of 21.54% (4.65% + 16.89%) is within the member’s LTA balance of 100.00%*

**OPTION-2**

**Tax-free cash sum**

**Amount required:**  **£ 30,000.00**

***Maximum permitted:*** *£231,327.50 x 25% = £ 57,831.88*

**Single life annuity (non-increasing)**

**Balance of fund:** £231,327.50 - £30,000.00 = **£201,327.50**

**Annuity bureau charge:** £201,327.50 x 0.065% = £130.86

**£130.86** charge applies (as exceeds minimum of £75.00)

**Amount left to purchase an annuity:** £201,327.50 - £130.86 = **£201,196.64**

**Member:** £201,196.64 / 100 x 7.04 = **£ 14,164.24 p.a.**

**Spouse: N/A**

***Lifetime Allowance Check***

**Tax-free cash sum:** £30,000.00 / £1,073,100.00 x 100% = **2.79%**

**Annuity:** £201,327.50 / £1,073,100.00 x 100% = **18.76%**

*The total LTA of 21.55% (2.79% + 18.76%) is within the member’s LTA balance of 100.00%*

**Summary Answer**

Value of Personal Retirement Fund = £231,327.50 (inclusive of Transfer of £48,506.17)

Options

1. Tax-free cash sum of £50,000.00 – [LTA used = 4.65%]

# PLUS

Single life annuity (non-increasing) of £12,757.16 p.a. (*spouse = n/a*) – [LTA used = 16.89%] – Annuity Bureau Charge of £117.86

## OR

1. Tax-free cash sum of £30,000.00 – [LTA used = 2.79%]

# PLUS

Single life annuity (non-increasing) of £14,164.24 p.a. (*spouse = n/a*) – [LTA used = 18.76%] – Annuity Bureau Charge of £130.86

## OR

1. Transfer entire Personal Retirement Account to a suitable alternative arrangement to take advantage of additional flexibilities (e.g. multiple UFPLS’s or Flexi-Access Drawdown)

***OR***

1. Open Market Option