

CPC EXAMINERS' REPORT SEPTEMBER 2022

Another series of CPC examinations has taken place and, once again, it is encouraging to report the high numbers for entrants (**681**) and those going on to sit the actual examinations (**618**).

For this series of examinations, the average pass rate across all seven units was broadly consistent with previous years, albeit the overall success rate was down from March 2022 (**60%** v **68%**). Candidates were less successful than March 2022 for each of the Part 1 papers (**52%** v **77%** for **Retirements Part 1**, **83%** v **91%** for **Deaths Part 1** and **47%** v **58%** for **Leavers Part 1**, respectively). Candidates also fared marginally worse than March 2022 for **Retirements Part 2** (**57%** v **61%**) and **Leavers Part 2** (**72%** v **76%**). It was pleasing to note that the overall pass rate was higher for **Deaths Part 2** (**71%** v **69%**) and **Transfers** (**52%** v **43%**).

The paper for **Leavers Part 1** was attempted reasonably well by most candidates. The *Case Study* that caused most problems was the one for the *XYZ Pension and Life Assurance Scheme (Category A)*. In many instances, candidates were confused when revaluing the pension at date of leaving to normal pension date. As the member was female, there were no complete tax years between the date of leaving and 'GMP due date'. As a result, there was a requirement to only apply statutory increases to the pre-1988 GMP and post-1988 GMP elements from 'GMP due date' to normal pension date. In some cases, candidates revalued the GMP elements from the date of leaving to normal pension date on the incorrect assumption that the member was male.

For the *Case Study* on the *XYZ Pension and Life Assurance Scheme (Category B)*, some candidates did not use the best pensionable salary figure in the previous five years when performing the comparison with the revalued final pensionable salary from 3 July 2011. In addition, a few candidates calculated pensionable service to the date of leaving rather than capping it to 3 July 2011.

For **Leavers Part 1**, there were two *Case Studies* relating to the *OPQ Retirement & Death Benefits Plan*. With the first *Case Study*, the member was invested in the lifestyle fund and most candidates successfully calculated the number of complete months to the member's target retirement date. However, some candidates did not always state the breakdown of the individual fund units (i.e. for the global equity fund, the index linked bond fund and the cash fund) within each contribution type after applying the relevant investment allocation percentages to the lifestyle units; or, if they did, they did not always round the units to four decimal places.

For the second *Case Study* relating to the *OPQ Retirement & Death Benefits Plan*, most candidates correctly identified that the member had less than 30 days' qualifying service. This meant that the member was entitled only to a refund. However, whilst recognising that preserving benefits within the *OPQ Retirement & Death Benefits Plan* was not an option, some candidates suggested incorrectly that a transfer value was an option. Several candidates based the refund solely on the contributions paid by the member. These candidates made no reference to the current value of the member's element of the Personal Retirement Account and so were unable to determine the investment growth over and above the contributions paid by the member. The taxable element, being based on the contributions paid by the member, was generally correct.

The single *Case Study* for the *RST Pension Scheme* was generally dealt with competently, albeit a few candidates failed to use the 'new' accrual rates for either the CARE pension or the Underpin pension. In addition, a few candidates calculated the CARE pension to be higher than the Underpin pension, when it was slightly lower.

The *Letter for Leavers Part 1* was associated with the first of the two *Case Studies* for the *OPQ Retirement & Death Benefits Plan* and was answered competently in most cases. Some candidates did not mention that the benefits (if retained within the Plan) would remain invested in the lifestyle fund or that annual benefit statements would be issued. There were a few candidates who stated that, in the event of an 'Annuity Bureau Charge' being applied, the calculation would be based on the lower of £60.00 or 0.05% of the member's overall Personal Retirement Account (rather than the lower of £75.00 or 0.065%).

The pass rate was relatively high for *Leavers Part 2* and, somewhat surprisingly, was significantly higher than *Leavers Part 1*. There was no particular *Case Study* that stood out as being more problematical than the others and, in general, the 'special circumstances' were well understood and dealt with competently.

For the *Case Study* relating to the *XYZ Pension and Life Assurance Scheme (Category A)*, not all candidates used the best pensionable salary figure in the last five years when determining the final pensionable salary. In addition, there were a few arithmetical errors when determining the first and last tranches of pensionable service. For this *Case Study*, the member was male and so there was a requirement to only revalue the GMP from the date of leaving to normal pension date (i.e. 'GMP due date'). However, several candidates did not revalue the GMP using the prescribed method detailed in the appendices to the scheme booklet (i.e. to separately revalue the total GMP and the post-1988 GMP and then deduct one from the other to derive the revalued pre-1988 GMP).

The *Case Study* for the *XYZ Pension and Life Assurance Scheme (Category B)* was attempted without difficulty by most candidates. Nearly all candidates dealt with the member's part-time service history accurately, albeit some candidates – as with *Leavers Part 1* – failed to cap the overall pensionable service to 3 July 2011).

For *Leavers Part 2*, there were two *Case Studies* relating to the *RST Pension Scheme* and these were attempted with varying degrees of success. With the first *Case Study*, a few candidates did not deal correctly with the transferred-in pension. In some instances, candidates added the transferred-in pension to the preserved pension at the date of leaving, when it was payable from normal pension date. In addition, many candidates did not mention that the transferred-in pension was to be treated as a pre-2006 benefit (and therefore subject to increases in payment at the lower of 5.0% and RPI). For the second *Case Study*, not all candidates identified the refund option and quite a few candidates did not mention that, for the preserved option, the pension was all post-2006 (and therefore subject to increases in payment at the lower of 2.5% and RPI).

The single *Case Study* relating to the *OPQ Retirements & Death Benefits Plan* presented few problems. Although the member was invested in the lifestyle fund, more than 60 months remained until the member's target retirement date. This meant the member was invested wholly in the global equity fund, which meant there was no requirement to apply different investment allocation percentages to different funds.

The *Letter for Leavers Part 2* was associated with the *Case Study* for the *XYZ Pension and Life Assurance Scheme (Category B)*. It presented few problems although some candidates omitted to state actual values when referring to the spouse's pension. In addition, reference was not always made to the special circumstance (i.e. the member's part-time service history).

Deaths Part 1 had the best pass rate across all units. The *Case Study* which candidates tended to find the most challenging was the one for the *XYZ Pension and Life Assurance Scheme (Category A)*, which was 'death-in-deferment'. A few candidates did not correctly calculate the number of complete tax

years between the date of leaving and the date of death and some candidates did not use the correct rate of GMP revaluation (i.e. 4.75%). In addition, there were many instances whereby candidates did not split out the spouse's excess pension and the post-1988 WGMP. Where candidates did attempt to split out these elements, the correct method for deriving the spouse's excess pension should have been to multiply the member's pension by 50% before deducting the post-1988 WGMP (to avoid potential rounding errors due to GMP elements always needing to be divisible by 52). Additionally, a few candidates stated that the total lump sum death benefit would be payable to one or more persons at the trustees' discretion when they should have stated that the benefit would be payable to the deceased member's estate / legal personal representatives.

For the *Case Study* relating to the *XYZ Pension and Life Assurance Scheme (Category B)*, it was clear that some candidates did not have a firm grasp of the underlying methodology for 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 (highest pensionable salary in the last five years prior to normal pension date) for the second part of the salary comparison. Some candidates forgot to cap the pensionable service to 3 July 2011 and, in addition, a number of candidates did not apply a late retirement factor. Further, a few candidates indicated a young spouse reduction was applicable when this is only relevant for the *RST Pension Scheme*.

Neither of the *Case Studies* for the *RST Pension Scheme* posed too many problems. For the first *Case Study*, which was 'death-in-retirement', some candidates made arithmetical errors when calculating the number of pension instalments that had been paid. For the second *Case Study*, some candidates did not use the 'new' accrual rates for either the CARE pension or the Underpin pension. Both *Case Studies* required a young spouse reduction factor to be applied. This was generally recognised and answered correctly.

The *Case Study* relating to the *OPQ Retirement & Death Benefits Plan* was also generally answered well. The only comment of note was that a few candidates did not show their workings fully; often failing to show the unit holdings – which should have been calculated to four decimal places – after applying the relevant lifestyle investment allocation percentages (split by each fund within each contribution type) and before multiplying by the relevant unit prices.

The overall pass rate for **Deaths Part 2** was relatively high, with the 'special circumstances' being dealt with competently by most candidates. There were two *Case Studies* relating to the *RST Pension Scheme* and each of these was competently attempted by most candidates. For the first *Case Study*, there were occasional errors when dealing with the various elements of part-time service, particularly for the Underpin pension. In some cases, the part-time splits were not calculated correctly and, in other cases, incorrect part-time adjustments were applied. The second *Case Study* contained enhanced accrual rates for both the CARE pension and the Underpin pension. These were dealt with accurately by nearly all candidates.

The *Case Study* for the *XYZ Pension and Life Assurance Scheme (Category A)* incorporated varied accrual rates. Whilst most candidates applied the correct accrual rates to the correct tranches of pensionable service, a few errors were made when determining the exact number of days for the first and last tranches (where the pensionable service was not a whole number of years). Where arithmetical errors occurred, it was usually by either one day too much or one day too little. With this *Case Study*, most candidates correctly provided a split for the excess spouse's pension and the post-1988 WGMP. However, not all candidates recognised that there should not have been a pre-1988 WGMP element to the overall spouse's pension as the deceased member was female.

The *Case Study* for the *XYZ Pension and Life Assurance Scheme (Category B)* was 'death-in-retirement' and it was generally well answered. The most common error occurred when candidates inadvertently 'double-counted' the transferred-in pension in the derivation of both the lump sum death benefit and the spouse's pension.

The *Case Study* relating to the *OPQ Retirement & Death Benefits Plan* presented a few challenges as the member was in a mixture of lifestyle funds (member and employer contributions) and non-lifestyle funds (AVCs). With the lifestyle element to this *Case Study*, some candidates did not use the correct start date for determining the number of complete months from the date of the last switch to the member's target retirement date (even though the ultimate answer was correct) and, in addition, a few candidates did not state the fund units (or round the units to four decimal places) after applying the relevant lifestyle investment allocation percentages (split by each fund within each contribution type) and before multiplying by the relevant unit prices. For this *Case Study*, several candidates stated that the total lump sum death benefit would be payable to one or more persons at the trustees' discretion. However, the benefit should have been stated as being payable to the deceased member's estate / legal personal representatives (as the *Case Study* was 'death-in-deferment').

As usual, the *Letters* for both **Death** papers were generally well answered by most candidates, with all of the required information usually being provided. With the *Letter for Deaths Part 1*, some candidates incorrectly requested birth and marriage certificates and / or bank details. These items were not required as there was no spouse's pension to be paid and the lump sum death benefit was payable to one or more persons under the discretionary powers of the trustees.

The overall pass rate for **Retirements Part 1** was one of the lowest across all papers. Two *Case Studies* caused particular difficulties. The first one related to the *OPQ Retirement & Death Benefits Plan*. For this *Case Study*, there were five key areas where mistakes were made. Firstly, the units (rounded to four decimal places) were often not displayed after applying the lifestyle allocation percentages. Secondly, the 'Lifetime Allowance' was often calculated after deduction of the 'Annuity Bureau Charge'. Thirdly, the 'Annuity Bureau Charge' was not always based on the higher of 0.065% of the value of the member's Personal Retirement Account and £75.00. Fourthly, the open market option was frequently omitted and, fifthly, the statement relating to the tax treatment of the Uncrystallised Funds Pension Lump Sum (UFPLS) was often incomplete.

The other *Case Study* to cause difficulty was the one for the *XYZ Pension and Life Assurance Scheme (Category A)*, which was late retirement from active status. Many candidates failed to restrict the overall pensionable service to the member's normal pension date and a significant number of candidates incorrectly evaluated the final pensionable salary by looking at the best one in five pensionable salaries from the date of retirement rather than from the member's normal pension date. For this *Case Study*, many candidates made reference to a potential young spouse's pension reduction. Although the age differential between the member and the spouse was indeed greater than 10 years, a spouse reduction only ever applies to the *RST Pension Scheme*.

The other *Case Studies* for **Retirements Part 1** were generally well answered. For the first of the two *Case Studies* relating to the *RST Pension Scheme*, a few candidates failed to apply the early retirement factor to either the CARE pension or the Underpin pension. In some instances, candidates used the 'old' accrual rates in the calculations of the CARE pension and the Underpin pension for both *Case Studies*.

There were few difficulties for the *Case Study* relating to the *XYZ Pension and Life Assurance Scheme (Category B)*, other than where some candidates miscalculated the member's age by one month when attempting to derive the commutation factor (the member was one day short of her 57th birthday).

The *Letter for Retirements Part 1* was associated with the first of the two *Case Studies* for the *RST Pension Scheme*. Other than a high proportion of candidates failing to mention the reduction in the pension due to early payment, very few problems were encountered.

The overall pass rate for *Retirements Part 2* was relatively high compared to recent examinations. There was no specific *Case Study* that caused major difficulties and, in general, the special circumstances were well understood and dealt with competently. Indeed, the pass rate for this paper was surprisingly higher than *Retirements Part 1* in which there were no special circumstances.

There were two *Case Studies* relating to the *RST Pension Scheme*. For both, candidates sometimes omitted to specify that the spouse's pension would remain unchanged in the event of some of the member's pension being exchanged for a tax-free cash sum (with a fixed amount of £50,000.00 being requested for the second *Case Study*, but sometimes being ignored by candidates in favour of calculating and using the higher maximum available tax-free cash sum). For the first *Case Study*, there were very few problems with the enhanced accrual rates for the CARE pension and the Underpin pension. However, the second *Case Study* proved slightly more problematical in some instances. It contained various part-time adjustments, and a few candidates did not always apply these correctly or apply them to the correct periods of part-time service (specifically when calculating the Underpin pension).

For the *Case Study* relating to the *XYZ Pension and Life Assurance Scheme (Category A)*, a few candidates made arithmetical errors when calculating the first and last tranches of pensionable service. However, the various changes in accrual rates were generally applied correctly. For this *Case Study*, a number of candidates again stated – as with *Retirements Part 1* – that a potential young spouse's pension reduction might apply when this is not relevant for the *XYZ Pension and Life Assurance Scheme*.

The *Case Study* on the *XYZ Pension and Life Assurance Scheme (Category B)* was answered well, albeit the occasional candidate stated that the post-commutation spouse's pension would be exactly the same as the pre-commutation spouse's pension. This statement was accurate for the single-life AVC option but inaccurate for the joint-life AVC option (as all AVCs would have been fully taken as part of the overall tax-free cash sum).

For the final *Case Study* for this paper relating to the *OPQ Retirement & Death Benefits Plan*, a few candidates did not always provide quotation figures based on the requested options (i.e. no tax-free cash and a joint life annuity [increasing at the lower of 5.0% / RPI], or tax-free cash and a single life annuity [non-escalating]). For this *Case Study*, and – as with *Retirements Part 1* – many candidates did not mention the possibility of the open market option. Similarly, a significant number of candidates again failed to adequately explain the tax treatment for the 'UFPLS'.

The *Letter for Retirements Part 2* was associated with the *Case Study* for the *XYZ Pension and Life Assurance Scheme (Category A)*. Although it was generally well answered, some candidates omitted to mention either the special circumstance (i.e. the varied accrual rates) or the fact that the pension had been reduced for early payment (as with *Retirements Part 1*). In addition, several candidates did not identify the different payment increase rates before / after 'GMP due date'.

The pass rate for *Transfers* tends to be unpredictable from one series to the next. However, it was reassuring to observe that the number of candidates reaching the required standard was slightly higher this time than in more recent examinations.

With *Transfers*, many candidates 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). Often, candidates provided partial information by referring only to the requirement to take independent financial advice. Similarly, with the transfer in *Case Studies*, a few candidates produced perfect answers but were penalised for not providing full details of the attaching benefits associated with the transfer in. Although these observations are always mentioned in the Examiners' Report, they continue to be overlooked by some candidates.

The *Case Studies* for the *OPQ Retirement & Death Benefits Plan* were generally well attempted. For the transfer out *Case Study*, the member was invested entirely in the lifestyle fund. For this *Case Study*, it was noticeable that there was a high volume of arithmetical errors. In addition, when dealing with the lifestyle fund, several candidates stated their end answers without showing their full workings in accordance with the requirements set out in the scheme booklet. Where full workings were shown, the unit holdings after applying the relevant lifestyle investment allocation percentages (split by each fund within each contribution type) were not always rounded to four decimal places prior to multiplying by the appropriate unit prices to derive the transfer value.

For the transfer in *Case Study* relating to the *OPQ Retirement & Death Benefits Plan*, the member's transferred-in benefits had to be allocated to a mixture of lifestyle funds (for member and employer contributions) and non-lifestyle funds (for AVCs). Once again, a high proportion of arithmetical errors were made for this particular *Case Study*, and there was also a noticeably high number of transcription errors with unit prices and unit holdings. When tackling the lifestyle fund, the comments made above in relation to the transfer out *Case Study* apply equally to the transfer in *Case Study*. Where full workings were provided, the contributions after applying the relevant lifestyle investment allocation percentages (split by each fund within each contribution type) were not always rounded to four decimal places prior to dividing by the appropriate unit prices to derive the various unit holdings.

On the whole, both of the required *Letters* for **Transfers** were answered well. However, it was noticeable that there were many candidates who, for the *Letter* relating to the transfer out of benefits from the *RST Pension Scheme*, failed to mention key information required to be communicated from a legislation perspective. As the transfer contained AVCs (*and as the member was over age 50*), the *Letter* should have made reference to the trustees having to offer to book a pensions guidance appointment with Pension Wise on behalf of the member. In addition, the *Letter* should have explained to the member that the transfer would not be able to proceed without the member having received appropriate pensions guidance from Pension Wise, and that the member would only be able to opt out of receiving the Pension Wise guidance by providing an opt-out notification to the trustees.

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 largely unaltered from previous Examiners' Reports 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 save time by only summarising their calculation results at the end of a question when the various options and values are not clear from the preceding calculations.

- To save time by transcribing only relevant information from the *Case Study* at the start of each question rather than writing down every item of data.
- 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 **scripts 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 or candidate has been proven to have followed incorrect formal procedures relating to the examinations. **This includes the cutting and pasting of templates in relation to either the *Case Studies* or the *Letters*. This is not permitted under any circumstances.**

The Chief and Senior Examiners believe that preparation and training are essential ingredients for success. Many candidates are fortunate to receive training organised by their centres. However, the Committee would like to stress the importance of all training materials being checked on a regular basis to ensure they are fully up to date and accurate. The Committee would also like to emphasise that centres and their candidates should not wait until the final moments leading up to the examinations before raising any calculation queries with the PMI, as there is no guarantee that such queries will be answered in time.

It should be stressed once more that candidates are expected to familiarise themselves fully with the 'Scheme Booklets' and 'Tables of Factors'. The sample *Case Studies* and *Letters* on the Website, whilst providing a very useful guide, cannot be expected to cover each and every scenario that may be encountered within the CPC examinations.

On a final point, centres should be aware that there will be no changes to the 'Scheme Booklets' and 'Tables of Factors' for the next series of CPC examinations in March 2023.

THE STATISTICS

The table below provides a detailed breakdown and summary of the key statistics relating to the September 2022 CPC examinations.

Unit	Entries	Withdrawn (or deferred)	Absent	Scripts received	Pass	Fail	Success rate
Retirements Part 1	87	3	5	79	41	38	52%
Retirements Part 2	94	4	2	88	50	38	57%
Deaths Part 1	67	3	1	63	52	11	83%
Deaths Part 2	74	4	2	68	48	20	71%
Leavers Part 1	132	5	12	115	54	61	47%
Leavers Part 2	108	6	10	92	66	26	72%
Transfers	119	2	4	113	59	54	52%
TOTAL	681	27	36	618	370	248	60%

COMMON ERRORS WHERE CANDIDATES FAILED TO MEET THE STANDARDS

LEAVERS: PART 1

Qu.1 – (RST)

- Accrual rates sometimes incorrect in calculation of both CARE pension and Underpin pension
- Year-to-date pensionable service for CARE pension sometimes incorrectly calculated (usually by one month too little)
- Pensionable earnings rather than contractual salary occasionally used for determining Underpin pension
- Underpin pension not always calculated as being slightly higher than CARE pension

Qu.2 – (OPQ)

- Number of complete months from date of last switch to target retirement date sometimes calculated incorrectly even when correct start and end dates stated (often by one month too much)
- Unit holdings after applying relevant lifestyle investment allocation percentages (split by each fund within each contribution type) not always rounded to 4 decimal places – or even shown – prior to multiplying by relevant unit prices

Qu.3 – (XYZ: Category A)

- Pre-1997 and post-1997 pensionable service splits occasionally calculated incorrectly (often by either one day too much or one day too little)
- Number of complete tax years from date of leaving to 'GMP due date' (i.e. age 60 as the member was female) occasionally stated as being one, when it should have been zero
- Number of complete tax years occasionally calculated from date of leaving to normal pension date rather than 'GMP due date'
- GMP elements occasionally not calculated to be divisible by 52
- Factor for excess revaluation from date of leaving to normal pension date occasionally not stated

Qu.4 – (OPQ)

- Transfer option frequently stated (when not applicable for less than 30 days' qualifying service)
- Preserved option sometimes calculated (when not applicable for less than 30 days' qualifying service)
- Employer element of Personal Retirement Account often calculated for refund option (although this was not penalised provided the employer element was not included in the refund calculation)
- Refund option sometimes based on member contributions paid only (with no reference to value of member's element of Personal Retirement Account)

Qu.5 – (XYZ: Category B)

- Final pensionable salary (for comparison) not always based on best pensionable salary figure in previous five years
- Pensionable service sometimes not capped to 3 July 2011

Qu.6 – (Letter for Qu.2)

- Individual splits of unit holdings and fund values not always provided
- Statement that member currently invested in lifestyle fund frequently omitted
- Requirement to provide annual statements not always stated
- Reference frequently made to incorrect formula for 'Annuity Bureau Charge' (should be lower of £75.00 and 0.065%)

LEAVERS: PART 2

Qu.1 – (XYZ: Category A)

- Pre-1997 and post-1997 pensionable service splits occasionally calculated incorrectly (often by either one day too much or one day too little for first and last tranches)
- Final pensionable salary sometimes based on latest pensionable salary rather than best pensionable salary in previous 5 years
- 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 booklet for XYZ Pension and Life Assurance Scheme (i.e. revalued pre-1988 GMP at normal pension date should be derived by deducting revalued post-1988 GMP at normal pension date from revalued total GMP at normal pension date)
- GMP elements not always rounded to be divisible by 52
- Factor for excess revaluation from date of leaving to normal pension date occasionally not stated (or stated but not rounded to 5 decimal places in accordance with the Tables of Factors)

Qu.2 – (RST)

- CARE pension sometimes calculated as being higher than Underpin pension (when it was slightly lower)
- Transferred-in pension occasionally added to pension at date of leaving (when benefit payable from normal pension date)
- Transferred-in pension sometimes 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 Underpin pension all post-2006 not always mentioned (i.e. to confirm whole of Underpin pension increases in payment at lower of 2.5% and RPI)
- Statement that transferred-in pension all pre-2006 not always mentioned (i.e. to confirm whole of transferred-in pension increases in payment at lower of 5.0% and RPI)

Qu.3 – (XYZ: Category B)

- Final pensionable salary not always stated as being based on best pensionable salary entry in last 5 years when performing salary comparison with indexed final pensionable salary figure from 3 July 2011
- Final pensionable salary at 3 July 2011 indexed to date of leaving sometimes calculated to be higher than best pensionable salary figure in previous five years (when it was slightly lower)
- Pensionable service occasionally not capped to 3 July 2011
- Part-time adjustment not always applied to pension at date of leaving

Qu.4 – (OPQ)

- Date of last switch sometimes based on date of leaving (rather than first day of the month of date of leaving) when determining lifestyle investment allocation percentages
- Confusion sometimes encountered with number of months to target retirement date exceeding 60 complete months (i.e. member should have been allocated 100% to Global Equity Fund)

Qu.5 – (RST)

- Refund option sometimes omitted (with only preserved option being calculated)
- Preserved option sometimes omitted (with only refund option being calculated)
- Year-to-date pensionable service for CARE pension sometimes incorrectly calculated (usually by one month too little)
- CARE pension not always calculated as being slightly higher than Underpin pension

- Statement that CARE pension all post-2006 not always provided (i.e. to confirm whole of pension increases in payment at lower of 2.5% and RPI)
- AVCs not always mentioned as being additional to pension at date of leaving (if preserved option taken) – or AVC value not always stated
- Reference seldom made to AVCs remaining invested (if preserved option taken)

Qu.6 – (Letter for Qu.3)

- Mention of ‘assumed’ revaluation rate in calculation of 5.0% from date of leaving to normal pension date frequently omitted (although ‘true’ revaluation rate of lower of 5.0% / RPI usually stated)
- Mention of part-time service for entirety of scheme membership not always stated
- 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

DEATHS: PART 1

Qu.1 – (RST)

- Number of outstanding instalments sometimes calculated incorrectly even when start and end dates for pension payments correctly stated
- Young spouse reduction occasionally omitted

Qu.2 – (XYZ: Category A)

- GMP revaluation percentage rate sometimes incorrect (i.e. rate other than 4.75% used)
- GMP revaluation period sometimes based on complete years rather than complete tax years
- Splits for excess and post-1988 WGMP elements for spouse’s pension occasionally not calculated (or calculated but with spouse’s post-1988 WGMP element not always being divisible by 52)
- Lump sum death benefit sometimes stated as being paid to ‘persons at the discretion of the trustees’ when reference should have been made to lump sum death benefit being paid to ‘deceased member’s legal personal representatives / estate’

Qu.3 – (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 each fund within each contribution type) not always rounded to 4 decimal places – or even shown – prior to multiplying by relevant unit prices

Qu.4 – (XYZ: Category B)

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

Qu.5 – (RST)

- Accrual rates sometimes incorrect in calculation of both CARE pension and Underpin pension
- CARE pension and Underpin pension not always based on projected pensionable service to normal pension date

Qu.6 – (Letter for Qu.3)

- Request sometimes made for birth / marriage certificates and bank account details when not required for OPQ Retirement & Death Benefits Plan (as no annuity benefit available and lump sum death benefit paid to persons at discretion of trustees)

DEATHS: PART 2

Qu.1 – (RST)

- Accrual rates sometimes incorrect in calculation of both CARE pension and Underpin pension
- Part-time adjustment not always applied to YTD / prospective CARE pension
- Pensionable service splits not always determined correctly before applying relevant part-time adjustments in calculation of Underpin pension
- Correct part-time adjustments not always applied when calculating Underpin pension

Qu.2 – (RST)

- Enhanced accrual rate not always applied when calculating prospective CARE pension to normal pension date
- Post-2006 pensionable service not always split out correctly before applying enhanced accrual rate in calculation of Underpin pension (or enhanced accrual rate occasionally ignored altogether for post-2006 pensionable service projected to normal pension date)
- Underpin pension sometimes calculated as being higher than CARE pension when it was slightly lower

Qu.3 – (XYZ: Category B)

- Number of instalments sometimes calculated incorrectly for balance of payments for lump sum death benefit (even when start and end dates correct)
- Transferred-in benefit occasionally 'doubled-up' in calculation of lump sum death benefit
- Transferred-in benefit occasionally 'doubled-up' in revaluation of non-commuted member's pension

Qu.4 – (XYZ-A)

- Pre / post-1997 pensionable service splits occasionally wrong (normally by either one day too high or one day too low for the first and last tranches)
- Final pensionable salary often based on best pensionable salary figure in last 5 years (rather than using latest figure)
- Contracted-out check sometimes omitted (although usually correct when calculated)
- Splits for excess and post-1988 WGMP elements of spouse's pension occasionally not calculated (or calculated but with spouse's post-1988 WGMP not always being divisible by 52)
- Spouse's pre-1988 WGMP sometimes calculated when not applicable (since deceased member was female)

Qu.5 – (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 each fund within each contribution type) not always rounded to 4 decimal places – or even shown – prior to multiplying by relevant unit prices
- Confusion sometimes encountered due to having AVC benefits invested in non-lifestyle funds and member and employee contributions invested in lifestyle fund

- 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.2)

- Mention of enhanced accrual rates sometimes omitted for both CARE pension and Underpin pension
- Mention of young spouse reduction occasionally omitted
- Details of beneficiaries for lump sum death benefit sometimes requested to be provided by spouse (*when letter addressed to spouse rather than trustees*) when lump sum death benefit is payable under trustees' discretionary powers

RETIREMENTS: PART 1

Qu.1 – (RST)

- Early retirement factor occasionally not applied to either CARE pension or Underpin pension (even when requirement for an early retirement factor for both CARE pension and Underpin pension correctly identified – and calculated – at outset of calculation)
- Underpin pension not always correctly identified as being higher than CARE pension
- Splits for pre / post-2006 elements of Underpin pension not always provided for either member's full pension or residual pension
- Spouse's post-commutation pension occasionally not stated

Qu.2 – (OPQ)

- Unit holdings after applying relevant lifestyle investment allocation percentages (split by each fund with each contribution type) not always rounded to 4 decimal places – or even shown – prior to multiplying by relevant unit prices
- 'Annuity Bureau Charge' not always based on higher of £75.00 and 0.065% of value of Personal Retirement Account (after deducting required tax-free cash sum)
- Joint life annuity values for spouse sometimes provided (even when member's annuity options correctly stated as being single life)
- Annuity options 'without cash' occasionally provided even though requirement for cash sum specifically requested by member
- Percentage of 'Lifetime Allowance' used by annuity options sometimes incorrectly based on fund value after deduction of 'Annuity Bureau Charge'
- 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.3 – (XYZ: Category A)

- Pensionable service for late retirement not always capped to normal pension date
- Final pensionable salary not always based on best 1/5 pensionable salary entries prior to normal pension date
- Late retirement factor not always used
- Late retirement factor – when used – not always rounded to nearest integer
- Check to determine if residual pension covers GMP occasionally omitted
- Potential young spouse reduction frequently mentioned when not relevant for XYZ Pension and Life Assurance Scheme (Category A)

Qu.4 – (RST)

- Underpin pension not always correctly identified as being higher than CARE pension
- Splits for pre / post-2006 elements of Underpin pension not always provided for either member's full pension or residual pension
- Spouse's post-commutation pension occasionally not stated

Qu.5 – (XYZ: Category B)

- Pensionable service not always capped to 3 July 2011
- Pensionable service – when not capped – often projected to normal pension date
- Commutation factor occasionally based on wrong age (i.e. member was one day short of 57th birthday)

Qu.6 – (Letter for Qu.1)

- Mention of Underpin pension exceeding CARE pension occasionally omitted
- Mention of reduction in pension for early payment sometimes omitted
- Mention of potential young spouse reduction (based on member's current marital status) not always stated

RETIREMENTS: PART 2

Qu.1 – (RST)

- Pensionable service for ill health occasionally based on actual retirement date rather than being projected to normal pension date
- Enhanced accrual rate occasionally ignored when calculating post-2006 element of Underpin pension (although usually included in calculation of year-to-date CARE pension)
- Splits not always provided for pre / post-2006 elements of member's residual pension
- Spouse's post-commutation pension occasionally not stated

Qu.2 – (OPQ)

- 'Annuity Bureau Charge' not always based on higher of £75.00 and 0.065% of value of Personal Retirement Account (for neither the full value without taking the tax-free cash sum option nor the reduced value after taking the required tax-free cash sum)
- Correct range of requested annuity / cash options not always provided (i.e. request specifically made by member for either (a) single life annuity with cash, or (b) joint life annuity without cash)
- 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.3 – (XYZ: Category A)

- Early retirement factor sometimes not applied (even when requirement for an early retirement factor correctly identified – and calculated – at outset of calculation)
- Arithmetical errors occasionally made when determining various tranches of pensionable service (particularly for first and last tranches)
- Incorrect accrual rates sometimes applied to relevant tranches of pensionable service
- Check to determine if residual pension covers GMP occasionally omitted
- Potential young spouse reduction frequently mentioned when not relevant for XYZ Pension and Life Assurance Scheme (Category A)

Qu.4 – (XYZ: Category B)

- Percentage of 'Lifetime Allowance' used not always combined for either (a) scheme pension and single life AVC pension; or (b) scheme pension and joint life AVC pension
- Single life and joint life AVC pension options for member sometimes dealt with incorrectly
- Spouse's pension not always calculated correctly when considering single life and joint life AVC pension options
- Methodology for incorporating AVCs within pension commencement lump sum calculation sometimes inaccurate
- Check to ensure required tax-free cash sum (£75,000.00) was within maximum amount permitted under rules of XYZ Pension and Life Assurance Scheme sometimes omitted

Qu.5 – (RST)

- Part-time adjustment not always applied to year-to-date CARE pension
- Pensionable service splits not always determined correctly before applying relevant part-time adjustments in calculation of Underpin pension
- Correct part-time adjustments not always applied when calculating Underpin pension
- Check to ensure required tax-free cash sum (£50,000.00) was within maximum amount permitted under rules of RST Pension Scheme sometimes omitted
- Splits not always provided for pre / post-2006 elements of member's residual pension
- Spouse's post-commutation pension occasionally not stated

Qu.6 – (Letter for Qu.3)

- Actual value of excess pension element often omitted (for both full pension and residual pension) although value for post-1988 GMP element rarely omitted
- Varied accrual rates not always mentioned
- Mention of reduction in pension for early payment sometimes omitted
- Pension increase rates for excess and post-1988 GMP elements often not split out to detail position before / after 'GMP due date' (i.e. increase basis before 'GMP due date' often assumed to be same as increase basis after 'GMP due date')

TRANSFERS

Qu.1 – (RST)

- Age next birthday sometimes wrong by one year
- Statement not always provided for requirement to take independent financial advice from an authorised adviser regulated under 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 for adviser to be regulated under Financial Services and Markets Act 2000

Qu.2 – (OPQ)

- Number of complete months from last switch date to TRD not always calculated correctly for the lifestyle fund (even when start and end dates determined accurately)
- Unit holdings after applying relevant lifestyle investment allocation percentages (split by each fund within each contribution type) not always rounded to 4 decimal places – or even shown – prior to multiplying by the relevant unit prices
- Occasional transcription errors made with unit prices (or correct unit prices applied but arithmetical errors made when deriving individual splits for various fund values)

Qu.3 – (XYZ)

- Statement not always provided for requirement to take independent financial advice from an authorised adviser regulated under 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 for adviser to be regulated under Financial Services and Markets Act 2000

Qu.4 – (RST)

- Full list of attaching benefits not always accurate (e.g. no spouse's pension should be payable on death-in-deferment)

Qu.5 – (OPQ)

- Confusion sometimes encountered with mixture of lifestyle and non-lifestyle funds
- Split of contributions (by contribution type) between lifestyle and non-lifestyle funds not always calculated to 2 decimal places at outset of calculation
- Number of complete months to TRD occasionally incorrect when determining fund allocation percentages within lifestyle fund
- Value of contributions after applying relevant lifestyle investment allocation percentages (split by each fund within each contribution type) not always rounded to 4 decimal places prior to dividing by relevant unit prices
- Value of contributions after applying relevant lifestyle investment allocation percentages (split by each fund within each contribution type) sometimes not shown at all – just end results shown after multiplying by relevant lifestyle investment allocation percentages and dividing by relevant unit prices

Qu.6 – (XYZ)

- Age next birthday sometimes wrong by one year
- Full list of attaching benefits not always provided

Qu.7 – (Letter for Qu.1)

- Mention of benefits no longer remaining in ceding scheme (should transfer out proceed) not always stated
- Mention that financial advice cannot be provided sometimes omitted
- Mention that trustees must ensure the adviser has the correct permissions to proceed by verifying details on the Financial Services Register often omitted
- Mention of all relevant information in relation to Pensions Wise frequently omitted (specifically in relation to the trustees being required to offer to book a pensions guidance appointment on behalf of the member and needing to advise that the transfer cannot proceed without an appointment having taken place or the member having provided an opt-out notification)

Qu.8 – (Letter for Qu.6)

- Full list of attaching benefits on death not always provided
- Statement referring to a quotation guarantee period for the transferred-in benefits not always provided
- Statement confirming that no benefits will remain in the ceding scheme should the transfer in proceed occasionally omitted

SUMMARY OF WORKED ANSWERS

Leavers Part 1 – Question 1

Calculation

- (1) Preserved 'Underpin' pension at date of leaving of **£9,061.11 p.a.** {*v preserved 'CARE' pension of £8,590.10 p.a.*} (pre-2006 = **£1,400.00 p.a.** and post-2006 = **£7,661.11 p.a.**) which, when revalued to NPD, would result in a pension of **£13,451.30 p.a.** (pre-2006 = **£2,078.31 p.a.** and post-2006 = **£11,372.99 p.a.** – *assuming increases from date of leaving to NPD of 2.5% per annum compound*)

Spouse's pension on death after retirement of **£3,624.44 p.a.** (pre-2006 = **£560.00 p.a.** and post-2006 = **£3,064.44 p.a.** – *based on member's pension at DOL*) which, when revalued to NPD, would result in a pension of **£5,380.52 p.a.** (pre-2006 = **£831.32 p.a.** and post-2006 = **£4,549.20 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 benefit of **£71,697.81**

OR

- (2) Transfer value to another pension arrangement

Letter: Question 6 – (Relating to Question 2)

- (1) Date of leaving:
- **06/09/2022**
- (2) Personal Retirement Account at leaving:
- Total value = **£71,697.81**
- State unit price of each fund (*optional*)
- State units in each fund (*including individual split of units by contribution type*)
- State total value of each fund (*including individual split of values by contribution type*)
- (3) Member's TRD:
- **14/11/2026** (*or reference can be made to NPD instead; being age 65, or State Pension Date if later*)
- (4) Must mention member's options on leaving:
- Funds will remain invested in 'Lifestyle Fund' – *there is no need to specifically mention funds will remain invested in 'Lifestyle Fund' if units clearly are set out as Lifestyle units in the Letter (it is sufficient to say funds will remain invested)*
- Transfer option

- (5) Must mention annual statements will be issued if funds remain invested
- (6) Must mention member's available options when taking benefits from the Plan:
 - Full annuity using 'Annuity Bureau' factors (single life v joint life and increasing v non-increasing) without tax-free cash sum
 - Reduced annuity using 'Annuity Bureau' factors (single life v joint life and increasing v non-increasing) with tax-free cash sum
 - Single Uncrystallised Funds Pension Lump Sum
- (7) Must mention member's benefits on death before retirement
 - Value of Personal Retirement Account paid to Legal Personal Representatives

Leavers Part 1 – Question 3

Calculation

- (1) Preserved pension at date of leaving of **£27,518.63 p.a.** (excess over GMP = **£23,694.55 p.a.**, pre-1988 GMP = **£1,002.56 p.a.** and post-1988 GMP = **£2,821.52 p.a.**) which, when revalued to NPD, could result in a maximum pension of **£36,101.80 p.a.** (excess over GMP = **£30,240.88 p.a.**, pre-1988 GMP = **£1,374.88 p.a.** and post-1988 GMP = **£4,486.04 p.a.** – *assuming increases on excess from date of leaving to NPD of 5.0% per annum compound and increases on GMP from date of leaving to 'GMP due date' at fixed rate of revaluation [3.25%], with statutory increases applying thereafter up to NPD*)

Spouse's pension on death before / after retirement of **£13,759.32 p.a.** (*based on member's pension at DOL*) which, when revalued to NPD, could result in a maximum pension of **£18,050.90 p.a.** (*based on member's pension at DOL revalued to NPD*)

OR

- (2) Transfer value to another pension arrangement

Leavers Part 1 – Question 4

Calculation

- (1) Refund ONLY of **£122.28**

Leavers Part 1 – Question 5

Calculation

- (1) Preserved pension at date of leaving of **£10,407.72 p.a.** which, when revalued to NPD, could result in a maximum pension of **£17,800.74 p.a.** – *assuming increases from date of leaving to NPD of 5.0% per annum compound*

Spouse's pension on death before / after retirement of **£5,203.86 p.a.** (*based on member's pension at DOL*) which, when revalued to NPD, could result in a maximum pension of **£8,900.37 p.a.** (*based on member's pension at DOL revalued to NPD*)

OR

- (2) Transfer value to another pension arrangement

Leavers Part 2 – Question 1

Calculation

- (1) Preserved pension at date of leaving of **£29,735.28 p.a.** (excess over GMP = **£27,271.00 p.a.**, pre-1988 GMP = **£326.56 p.a.** and post-1988 GMP = **£2,137.72 p.a.**) which, when revalued to NPD, could result in a maximum pension of **£31,178.91 p.a.** (excess over GMP = **£28,634.55 p.a.**, pre-1988 GMP = **£336.96 p.a.** and post-1988 GMP = **£2,207.40 p.a.** – *assuming increases on excess from date of leaving to NPD of 5.0% per annum compound and increases on GMP from date of leaving to NPD [= ‘GMP due date’] at fixed rate of revaluation [3.25%]*)

Spouse’s pension on death before / after retirement of **£14,867.64 p.a.** (*based on member’s pension at DOL*) which, when revalued to NPD, could result in a maximum pension of **£15,589.46 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 ‘Underpin’ pension at date of leaving of **£7,208.33 p.a.** {*v preserved ‘CARE’ pension of £6,489.68 p.a.*} (all post-2006) which, when revalued to NPD, would result in a pension of **£9,936.75 p.a.** (all post-2006 – *assuming increases from date of leaving to NPD of 2.5% per annum compound*) PLUS a transferred-in pension at NPD of **£954.62 p.a.** (all pre-2006), resulting in a total revalued pension at NPD of **£10,891.37 p.a.**

Spouse’s pension on death after retirement of **£2,883.33 p.a.** (all post-2006 – *based on member’s pension at DOL*) which, when revalued to NPD, would result in a pension of **£3,974.70 p.a.** (all post-2006 – *based on member’s pension at DOL revalued to NPD*) PLUS a transferred-in pension at NPD of **£381.85 p.a.** (all post-2006), resulting in a total revalued pension at NPD of **£4,356.55 p.a.**

OR

- (2) Transfer value to another pension arrangement

Leavers Part 2 – Question 3

Calculation

- (1) Preserved pension at date of leaving of **£17,299.54 p.a.** which, when revalued to NPD, could result in a maximum pension of **£19,072.74 p.a.** – *assuming increases from date of leaving to NPD of 5.0% per annum compound*

Spouse’s pension on death before / after retirement of **£8,649.77 p.a.** (*based on member’s pension at DOL*) which, when revalued to NPD, could result in a maximum pension of **£9,536.37 p.a.** (*based on member’s pension at DOL revalued to NPD*)

OR

- (2) Transfer value to another pension arrangement

Letter: Question 6 – (Relating to Question 3)

- (1) Date of leaving (**07/09/2022**)
- (2) Preserved pension at date of leaving (**£17,299.54 p.a.**)
- (3) Mention member's NPD (**14/04/2025**) or mention specific age at NPD (**65**)
- (4) Revaluation rate to NPD (**lower of 5.0% / RPI**)
- (5) Pension at NPD (**£19,072.74 p.a.**)
- (6) Must mention part-time service
- (7) Must mention tax-free cash sum option on retirement
- (8) Death before retirement
 - Spouse's pension (**£8,649.77 p.a. at DOL, revalued to DOD**)
 - Refund of contributions (**N/A**)
- (9) Death after retirement
 - Spouse's pension (**£8,649.77 p.a. at DOL, revalued to max £9,536.37 p.a. at NPD**)
 - LSDB (**provided death occurs within 5 years of retirement**)
- (10) Post retirement increases (**lower of 5.0% / RPI**)
- (11) Must mention transfer option

Leavers Part 2 – Question 4

Calculation

- (1) Preserved benefit of **£27,084.26**

OR

- (2) Transfer value to another pension arrangement

Leavers Part 2 – Question 5

Calculation

- (1) Net refund of **£7,990.26**

OR

- (2) Preserved 'CARE' pension at date of leaving of **£1,085.00 p.a.** {*preserved 'Underpin' pension of £1,023.15 p.a.*} (all post-2006) which, when revalued to NPD, would result in a pension of **£1,692.23 p.a.** (all post-2006 – *assuming increases from date of leaving to NPD of 2.5% per annum compound*) – plus AVC fund, which will remain invested, of **£3,843.64**

Spouse's pension on death after retirement of **£434.00 p.a.** (all post-2006 – *based on member's pension at DOL*) which, when revalued to NPD, would result in a pension of **£676.89 p.a.** (all post-2006 – *based on member's pension at DOL revalued to NPD*)

OR

- (3) Transfer value to another pension arrangement

Deaths Part 1 – Question 1

Calculation

- (1) Lump sum death benefit (equal to balance of 5 years' member pension instalments only since death in retirement) of **£18,225.89** payable at Trustees' Discretion – [LTA used = **1.69%**]

PLUS

- (2) Spouse's pension of **£5,223.71 p.a.** (pre-2006 = **£987.87 p.a.** and post-2006 = **£4,235.84 p.a.**)

Deaths Part 1 – Question 2

Calculation

- (1) Lump sum death benefit (refund of contributions only since death in deferment) of **£45,056.64** payable to Legal Personal Representatives / Estate – [LTA used = **4.19%**]

PLUS

- (2) Spouse's pension of **£12,447.16 p.a.** (excess over WGMP = **£12,134.12 p.a.** and post-1988 WGMP = **£313.04 p.a.**)

Deaths Part 1 – Question 3

Calculation

- (1) Lump sum death benefit (refund of Personal Retirement Account of **£275,673.05** plus life assurance of **£171,549.00** since death in service before NPD) of **£447,222.05** payable at Trustees' Discretion – [LTA used = **41.67%**]

Letter: Question 6 – (Relating to Question 3)

- (1) Date of death (**17/08/2022**)
- (2) Total lump sum payable at Trustees' Discretion (**£447,222.05**), stating:
- Refund of Personal Retirement Account (**£275,673.05**)
 - Life assurance (**171,549.00**)
- (3) Lifetime allowance:
- Percentage used by lump sum death benefit (**41.67%**)
 - Counts against deceased member
- (4) Action required:
- Member's death certificate

Deaths Part 1 – Question 4

Calculation

- (1) Lump sum death benefit (equal to 5 years' member pension instalments since death in service after NPD) of **£59,769.85** payable at Trustees' Discretion – [LTA used = **5.56%**]

PLUS

- (2) Spouse's pension of **£5,976.99 p.a.**

Deaths Part 1 – Question 5

Calculation

- (1) Lump sum death benefit (refund of contributions of **£97,283.24** plus life assurance of **£233,162.50** since death in service before NPD) of **£330,445.74** payable at Trustees' Discretion – [LTA used = **30.79%**]

PLUS

- (2) Spouse's pension of **£17,615.88 p.a.** (pre-2006 = **£1,887.01 p.a.** and post-2006 = **£15,728.87 p.a.** {including young spouse reduction})

Deaths Part 2 – Question 1

Calculation

- (1) Lump sum death benefit (refund of contributions of **£49,564.63** plus life assurance of **£53,556.25** since death in service before NPD) of **£103,210.88** payable at Trustees' Discretion – [LTA used = **9.61%**]

PLUS

- (2) Spouse's pension of **£7,038.36 p.a.** (pre-2006 = **£1,366.42 p.a.** and post-2006 = **£5,671.94 p.a.**)

Deaths Part 2 – Question 2

Calculation

- (1) Lump sum death benefit (refund of contributions of **£111,411.40** plus life assurance of **£228,750.00** since death in service after NPD) of **£340,161.40** payable at Trustees' Discretion – [LTA used = **31.69%**]

PLUS

- (2) Spouse's pension of **£10,486.19 p.a.** (pre-2006 = **£3,487.57 p.a.** and post-2006 = **£6,998.62 p.a.** {including young spouse reduction})

Letter: Question 6 – (Relating to Question 2)

- (1) Date of death:
 - **06/09/2022**
- (2) Total lump sum death benefit (**£340,161.40**), *stating the following details:*
 - Life assurance (**£228,750.00**)
 - Refund of contributions (**£111,411.40**)
 - Payable at **Trustees' Discretion**
- (3) Spouse's pension (**£10,486.19 p.a.**), *stating the following details:*
 - Pre-2006 split (**£3,487.57 p.a.**)
 - Post-2006 split (**£6,998.62 p.a.**)
 - Commencement date (**01/10/2022**)
 - Increase rates (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:
 - Must mention enhanced accrual rate (CARE and Underpin pension)
 - Must mention young spouse reduction
- (5) Lifetime allowance:
 - Percentage used by lump sum death benefit (**31.69%**)
 - Counts against deceased member
- (6) Action required:
 - Member's death certificate
 - Spouse's birth & marriage certificates
 - Bank details

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 **£16,682.92** payable at Trustees' Discretion – [LTA used = **1.55%**]

PLUS
- (2) Spouse's pension of **£7,119.37 p.a.**

Deaths Part 2 – Question 4

Calculation

- (1) Lump sum death benefit (refund of contributions of **£168,127.48** plus life assurance of **£543,600.00** since death in service before NPD) of **£711,727.48** payable at Trustees' Discretion – [LTA used = **66.32%**]

PLUS
- (2) Spouse's pension of **£39,302.83 p.a.** (excess over WGMP = **£38,657.51 p.a.** and post-1988 WGMP = **£645.32 p.a.**)

Deaths Part 2 – Question 5

Calculation

- (1) Lump sum death benefit (refund of Personal Retirement Account only since death in deferment) of **£176,451.46** (including AVCs of **£19,019.23**) payable to Legal Personal Representatives / Estate – [LTA used = **16.44%**]

Retirements Part 1 – Question 1

Calculation

Options

- (1) Full 'Underpin' pension of **£19,853.78 p.a.** {vs 'CARE' pension of **£19,828.39 p.a.**} (pre-2006 = **£8,384.00 p.a.** and post-2006 = **£11,469.78 p.a.**) with a spouse's pension of **£7,941.51 p.a.** (pre-2006 = **£3,353.60 p.a.** and post-2006 = **£4,587.91 p.a.**) – [LTA used = **37.00%**]

OR

- (2) Pension commencement lump sum of **£89,785.83** – [LTA used = **8.36%**]

PLUS

Residual pension of **£13,467.87 p.a.** (pre-2006 = **£8,384.00 p.a.** and post-2006 = **£5,083.87 p.a.**) with a spouse's pension of **£7,941.51 p.a.** (pre-2006 = **£3,353.60 p.a.** and post-2006 = **£4,587.91 p.a.**) – [LTA used = **25.10%**]

Letter: Question 6 – (Relating to Question 1)

- (1) Date of retirement:
- **30/09/2022**
- (2) Options available:
- Full 'Underpin' pension = **£19,853.78 p.a.**, stating the following details:
- Pre-2006 = **£8,384.00 p.a.**
- Post-2006 = **£11,469.78 p.a.**
OR
- Pension commencement lump sum [PCLS] = **£89,785.83**, PLUS
- Residual 'Underpin' pension = **£13,467.87 p.a.**, stating the following details:
- Pre-2006 = **£8,384.00 p.a.**
- Post-2006 = **£5,083.87 p.a.**
- (3) Details of pension:
- Commencement date = **01/10/2022**
- 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 = **£7,941.51 p.a.**
- (5) Must mention reduction for early payment

- (6) Must mention potential young spouse reduction (as spouse greater than 10 years younger)
- (7) Must mention LSDB payable if death occurs within 5 years of retirement
- (8) Lifetime allowance:
 - Percentage used by full pension = **37.00%**
 - OR*
 - Percentage used by PCLS = **8.36%** and percentage used by residual pension = **25.10%**
- (10) Action required:
 - Choice of option
 - Member's birth certificate
 - Bank details

Retirements Part 1 – Question 2

Calculation

Value of Personal Retirement Account = **£196,731.77**

Options

- (1) Pension commencement lump sum of **£49,182.94** – [LTA used = **4.58%**]

PLUS

Annuity of **£10,660.85 p.a.** (non-increasing, and single life) – [LTA used = **13.74%**] – {Annuity Bureau Charge of **£95.91**}

OR

- (2) Pension commencement lump sum of **£49,182.94** – [LTA used = **4.58%**]

PLUS

Annuity of **£7,534.84 p.a.** (increasing at the lower of 5.0% / RPI, and single life) – [LTA used = **13.74%**] – {Annuity Bureau Charge of **£95.91**}

OR

- (3) Uncrystallised Funds Pension Lump Sum of **£196,731.77** (tax-free element = **£49,182.94** and taxable element = **£147,548.83**, which is taxed at member's marginal rate and paid assuming an Emergency Code on a Month 1 basis) – [LTA used = **18.33%**]

OR

- (4) Open Market Option

Retirements Part 1 – Question 3

Calculation

Options

- (1) Full pension of **£37,130.45 p.a.** (excess over GMP = **£32,125.97 p.a.**, pre-1988 GMP = **£60.32 p.a.** and post-1988 GMP = **£4,944.16 p.a.**) with a spouse's pension of **£18,565.23 p.a.** – [LTA used = **69.20%**]

OR

- (2) Pension commencement lump sum of **£162,763.62** – [LTA used = **15.16%**]

PLUS

Residual pension of **£24,414.54 p.a.** (excess over GMP = **£19,410.06 p.a.**, pre-1988 GMP = **£60.32 p.a.** and post-1988 GMP = **£4,944.16 p.a.**) with a spouse's pension of **£18,565.23 p.a.** – [LTA used = **45.50%**]

Retirements Part 1 – Question 4

Calculation

Options

- (1) Full 'Underpin' pension of **£10,372.60 p.a.** {vs 'CARE' pension of **£9,868.95 p.a.**} (pre-2006 = **£595.56 p.a.** and post-2006 = **£9,777.04 p.a.**) with a spouse's pension of **£4,149.04 p.a.** (pre-2006 = **£238.22 p.a.** and post-2006 = **£3,910.82 p.a.**) – [LTA used = **19.33%**]

OR

- (2) Pension commencement lump sum of **£46,626.02** – [LTA used = **4.34%**]

PLUS

Residual pension of **£6,993.90 p.a.** (pre-2006 = **£595.56 p.a.** and post-2006 = **£6,398.34 p.a.**) with a spouse's pension of **£4,149.04 p.a.** (pre-2006 = **£238.22 p.a.** and post-2006 = **£3,910.82 p.a.**) – [LTA used = **13.03%**]

Retirements Part 1 – Question 5

Calculation

Options

- (1) Full pension of **£14,668.39 p.a.** with a spouse's pension of **£7,334.20 p.a.** – [LTA used = **27.33%**]

OR

- (2) Pension commencement lump sum of **£68,693.98** – [LTA used = **6.40%**]

PLUS

Residual pension of **£10,304.10 p.a.** with a spouse's pension of **£7,334.20 p.a.** – [LTA used = **19.20%**]

Retirements Part 2 – Question 1

Calculation

Options

- (1) Full 'CARE' pension of **£27,943.94 p.a.** {vs 'Underpin' pension of **£26,530.83 p.a.**} (pre-2006 = **£10,106.52 p.a.** and post-2006 = **£17,837.42 p.a.**) with a spouse's pension of **£11,177.58 p.a.** (pre-2006 = **£4,042.61 p.a.** and post-2006 = **£7,134.97 p.a.**) – [LTA used = **52.08%**]

OR

- (2) Pension commencement lump sum of **£129,908.87** – [LTA used = **12.10%**]

PLUS

Residual pension of **£19,486.33 p.a.** (pre-2006 = **£10,106.52 p.a.** and post-2006 = **£9,379.81 p.a.**) with a spouse's pension of **£11,177.58 p.a.** (pre-2006 = **£4,042.61 p.a.** and post-2006 = **£7,134.97 p.a.**) – [LTA used = **36.31%**]

Retirements Part 2 – Question 2

Calculation

Value of Personal Retirement Account = **£456,374.26** (including transfer in of **£35,387.81**)

Options

- (1) Annuity of **£28,322.42 p.a.** (increasing at lower of 5.0% / RPI) with a spouse's annuity of **£14,161.22 p.a.** – [LTA used = **42.52%**] – {Annuity Bureau Charge of **£296.64**}

OR

- (2) Pension commencement lump sum of **£114,093.57** – [LTA used = **10.63%**]

PLUS

Annuity of **£33,453.29 p.a.** (non-increasing, and single life) – [LTA used = **31.89%**] – {Annuity Bureau Charge of **£222.48**}

OR

- (3) Uncrystallised Funds Pension Lump Sum of **£456,374.26** (tax-free element = **£114,093.57** and taxable element = **£342,280.69**, which is taxed at member's marginal rate and paid assuming an Emergency Code on a Month 1 basis) – [LTA used = **42.52%**]

OR

- (4) Open Market Option

Retirements Part 2 – Question 3

Calculation

Options

- (1) Full pension of **£38,694.74 p.a.** (excess over GMP = **£37,974.66 p.a.** and post-1988 GMP = **£990.08 p.a.**) with a spouse's pension of **£19,482.37 p.a.** – [LTA used = **72.62%**]

OR

- (2) Pension commencement lump sum of **£181,357.17** – [LTA used = **16.90%**]

PLUS

Residual pension of **£27,203.57 p.a.** (excess over GMP = **£26,213.49 p.a.** and post-1988 GMP = **£990.08 p.a.**) with a spouse's pension of **£19,482.37 p.a.** – [LTA used = **50.70%**]

Letter: Question 6 – (Relating to Question 3)

- (1) Date of retirement:
- **22/09/2021**
- (2) Options available:
- Full pension = **£38,694.74 p.a.**, stating the following details:
- Excess over GMP = **£37,974.66 p.a.**
- Post-1988 GMP = **£990.08 p.a.**
OR
- Pension commencement lump sum [PCLS] = **£181,357.17**, PLUS
- Residual pension = **£27,203.57 p.a.**, stating the following details:
- Excess over GMP = **£26,213.49 p.a.**
- Post-1988 GMP = **£990.08 p.a.**
- (3) Details of pension:
- Commencement date = **01/10/2022**
- Frequency of payment = **monthly**
- Increase rates up to 'GMP due date' (since early retirement *before* 'GMP due date'):
- Total pension = **lower of 5.0% / RPI**
- Increase rates from '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 = **£19,482.37 p.a.**
- (5) Must mention reduction for early payment

- (6) Must mention LSDB payable if death occurs within 5 years of retirement
- (7) Lifetime allowance:
- Percentage used by full pension = **72.62%**
- OR*
- Percentage used by PCLS = **16.90%** and percentage used by residual pension = **50.70%**
- (8) Action required:
- Choice of option
 - Member's birth certificate
 - Bank details

Retirements Part 2 – Question 4

Calculation

Option 1A – Pension Only (AVCs single life)

- (1A) Full pension of **£14,003.88 p.a.** [plus single life AVC pension of **£2,446.12 p.a.** = total pension of **£16,450.00 p.a.**] with a spouse's pension of **£7,001.94 p.a.** – [LTA used = **30.65%**]

OR

Option 1B – Pension Only (AVCs joint life)

- (1B) Full pension of **£14,003.88 p.a.** [plus joint life AVC pension of **£2,025.44 p.a.** = total pension of **£16,029.32 p.a.**] with a spouse's pension of **£7,001.94 p.a.** [plus joint life AVC pension of **£1,012.72 p.a.** = total pension of **£8,014.66 p.a.**] – [LTA used = **29.87%**]

OR

Option 2 – Pension and Cash

- (2) Pension commencement lump sum of **£75,000.00** (including AVC cash of **£60,180.95**) – [LTA used = **6.98%**]

PLUS

Residual pension of **£12,930.04 p.a.** with a spouse's pension of **£7,001.94 p.a.** – [LTA used = **24.09%**]

Retirements Part 2 – Question 5

Calculation

Options

- (1) Full 'CARE' pension of **£12,906.70 p.a.** {vs 'Underpin' pension of **£10,264.80 p.a.**} (pre-2006 = **£3,305.73 p.a.** and post-2006 = **£9,600.97 p.a.**) with a spouse's pension of **£5,162.68 p.a.** (pre-2006 = **£1,322.29 p.a.** and post-2006 = **£3,840.39 p.a.**) – [LTA used = **24.05%**]

OR

- (2) Pension commencement lump sum of **£50,000.00** – [LTA used = **4.65%**]

PLUS

Residual pension of **£9,283.51 p.a.** (pre-2006 = **£3,305.73 p.a.** and post-2006 = **£5,977.78 p.a.**) with a spouse's pension of **£5,162.68 p.a.** (pre-2006 = **£1,322.29 p.a.** and post-2006 = **£3,840.39 p.a.**) – [LTA used = **17.30%**]

Transfers – Question 1

Calculation

Total Transfer Value of **£115,107.23**, which includes the post-1997 Transfer Value of **£102,107.42** (member additionally has an AVC Fund Value of **£10,900.39**) – *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)*

Letter: Question 7 – (Relating to Question 1)

- (1) Total Transfer Value *excluding* AVCs = **£115,107.23**
- (2) Total Transfer Value *including* AVCs = **£126,007.62** {of which AVCs = **£10,900.39**}
- (3) Post-1997 element of Transfer Value = **£102,107.42**
- (4) Must mention option to transfer to a suitable alternative pension arrangement
- (5) Must mention (*if the member is transferring to an arrangement where benefits can be accessed flexibly*):
 - requirement of the member to take independent financial advice from an authorised adviser regulated under the Financial Services and Markets Act 2000 should the transfer proceed
 - requirement of the member to apply for the transfer in writing to the Trustees within 3 months of the guarantee date (date on which the transfer was calculated)
 - requirement of the member to confirm to the Trustees within 3 months of receiving the transfer quotation that independent financial advice has been received
 - requirement of the Trustees to verify within 6 months of the guarantee date that independent financial advice has been received and that the adviser has the correct permission to proceed by verifying details on the Financial Services Register before carrying out the transfer
 - requirement of the Trustees (unless they hear to the contrary) to assume the transfer will be to an arrangement where benefits can be accessed flexibly
 - requirement of the Trustees to offer to book a pensions guidance appointment with Pensions Wise on behalf of the member
 - requirement of the Trustees to explain to the member that the transfer cannot proceed until they have received appropriate pensions guidance from Pensions Wise
 - requirement of the Trustees to explain to the member that he can only opt out of the Pensions Wise guidance by giving the Trustees an opt-out notification
- (6) Must mention that financial advice cannot be given
- (7) Must make reference to “Pension Scams”
- (8) Must mention that – if transfer out proceeds – no benefits will remain in the RST Pension Scheme

Transfers – Question 2

Calculation

Total Transfer Value of **£37,521.72** (including **£2,736.30** in respect of AVCs), which is split between Funds and Contribution Types as follows:

Global Equity Fund – (Lifestyle)

Member contributions	-	£10,275.63
Employer contributions	-	£16,441.00
AVCs	-	£2,101.59
Total	-	£28,818.22

Index Linked Bond Fund – (Lifestyle)

Member contributions	-	£2,447.36
Employer contributions	-	£3,915.78
AVCs	-	£500.54
Total	-	£6,863.68

Cash Fund – (Lifestyle)

Member contributions	-	£656.02
Employer contributions	-	£1,049.63
AVCs	-	£134.17
Total	-	£1,839.82

Transfers – Question 3

Calculation

Total Transfer Value of **£55,151.06**, which includes the post-1997 Transfer Value of **£52,883.51** (member additionally has an AVC Fund Value of **£7,765.09**) – *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 **£5,022.34 p.a.** (including post-1997 pension of **£3,956.11 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

Transfers – Question 5

Calculation

The Transfer-in of **£32,987.00** would purchase units in the member's Personal Retirement Account split between Funds and Contribution Types as follows:

Global Equity Fund – (Lifestyle)

Member contributions	-	1,853.8118 units
Employer contributions	-	2,287.7713 units
Total	-	4,141.5831 units

Index Linked Bond Fund – (Lifestyle)

Member contributions	-	393.6426 units
Employer contributions	-	485.7906 units
Total	-	879.4332 units

Cash Fund – (Lifestyle)

Member contributions	-	169.7220 units
Employer contributions	-	209.4523 units
Total	-	379.1743 units

Balanced Fund – (Non-Lifestyle)

Member contributions	-	596.7587 units
Employer contributions	-	736.4527 units
AVCs	-	691.7989 units
Total	-	2,025.0103 units

Corporate Bond Fund – (Non-Lifestyle)

AVCs	-	628.4765 units
Total	-	628.4765 units

Transfers – Question 6

Calculation

- (1) At NPD, a pension of **£2,430.28 p.a.** (including excess pension of **£2,001.80 p.a.** and post-1988 GMP of **£428.48 p.a.** {and including post-1997 pension of **£1,839.66 p.a.**}) would be payable
- (2) On death before retirement before NPD a refund of contributions would be payable and a spouse's pension 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 and Life Assurance Scheme

Letter: Question 8 – (Relating to Question 6)

- (1) Transfer Value (**£27,411.22**)
- (2) Total pension benefit provided at NPD (**£2,430.28 p.a.**)
 - Excess pension at NPD (**£2,001.80 p.a.**)
 - Post-88 GMP at NPD (**£428.48 p.a.**)
- (3) Post-1997 element of Transfer Value (**£20,672.77**)
- (4) Post-1997 element of pension benefit provided at NPD (**£1,839.66 p.a.**)
- (5) Must mention following benefits on death:
 - Refund of contributions and spouse's pension on death before retirement before NPD
 - Lump sum death benefit and spouse's pension on death before retirement on or after NPD (*from active status only, as late retirement not permitted from preserved status*)
 - Lump sum death benefit (provided death occurs within five years of retirement) and spouse's pension on death after retirement
- (6) Must mention that financial advice cannot be given
- (7) Must mention requirement for member's written authority to proceed
- (8) Must mention guarantee period
- (9) Must mention that – if transfer in proceeds – no benefits will remain in previous scheme
- (10) Must mention that – if transfer in proceeds – benefits provided will be subject to rules of XYZ Pension and Life Assurance Scheme
