

OPQ – Answer

Name RICARDO HOLMES (*Early Ret. from ACT – with transferred-in benefits*)
DOR 18/09/2024
DOB 16/12/1966
NPD = SPA (*not relevant for answer*)
TRD N/A

Contributions (member) £85,801.99
Contributions (employer) £137,283.18
TV (member / employer) £131,388.62

Units (member) 19,567.9996 (*Balanced*)
Units (member) 11,333.8131 (*Corporate Bond*)
Units (employer) 31,308.7994 (*Balanced*)
Units (employer) 18,134.1010 (*Corporate Bond*)
TV units (member) 53,817.3716 (*Index Linked Bond*)
TV units (employer) 53,817.3716 (*Index Linked Bond*)

Remaining 'LS&DBA' £1,073,100.00
Remaining 'LSA' £268,275.00

Quotes required (1): 25% tax-free cash sum (provided this is within HMRC limits) and
50% joint-life annuity (non-escalating)

Quotes required (2): 25% tax-free cash sum (provided this is within HMRC limits) and
50% joint-life annuity (escalating by lower of 5.0% or RPI)

Annuity factors: 50% joint-life option (non-escalating)
= 6.33 (age 57yrs & 9mths)
 $6.23 + [(6.36 - 6.23) \times 9/12 = 0.0975]$

50% joint-life option (escalating by lower of 5.0% or RPI)
= 4.21 (age 57yrs & 9mths)
 $4.11 + [(4.24 - 4.11) \times 9/12 = 0.0975]$

Fund Prices

Balanced	£4.888
Corporate Bond	£2.732
Index Linked Bond	£1.598

Personal Retirement Account

Member

Balanced	19,567.9996	x	£4.888	=	£95,648.38
Corporate Bond	11,333.8131	x	£2.732	=	£30,963.98
TOTAL					£126,612.36

Employer

Balanced	31,308.7994	x	£4.888	=	£153,037.41
Corporate Bond	18,134.1010	x	£2.732	=	£49,542.36
TOTAL					£202,579.77

Member (TVin)

Index Linked Bond	53,817.3716	x	£1.598	=	£86,000.16
TOTAL					£86,000.16

Employer (TVin)

Index Linked Bond	53,817.3716	x	£1.598	=	£86,000.16
TOTAL					£86,000.16

Total Personal Retirement Account	=	£126,612.36 + £202,579.77			
		+ £86,000.16 + £86,000.16	=		<u>£501,192.45</u>

OPTION-1a

Tax-free cash sum

Amount required:	£501,192.45 x 25%	=	<u>£125,298.11</u>
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Maximum permitted:	£501,192.45 x 25%	=	£125,298.11 (ok)
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Joint-life annuity (non-increasing)

Balance of fund:	£501,192.45 - £125,298.11	=	£375,894.34
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Annuity bureau charge:	£375,894.34 x 0.065%	=	£244.33
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£244.33 charge applies (as exceeds minimum of £75.00)

Amount left to purchase an annuity:	$£375,894.34 - £244.33$	=	<i>£375,650.01</i>
Member:	$£375,650.01 / 100 \times 6.33$	=	<u>£23,778.65 pa</u>
Spouse:	$£23,778.65 \times 50\%$	=	<u>£11,889.33 pa</u>

OPTION-1b

Tax-free cash sum

Amount required:	$£501,192.45 \times 25\%$	=	<u>£125,298.11</u>
Maximum permitted:	$£501,192.45 \times 25\%$	=	<i>£125,298.11 (ok)</i>

Joint-life annuity (increasing by lower of 5.0% or RPI)

Balance of fund:	$£501,192.45 - £125,298.11$	=	<i>£375,894.34</i>
Annuity bureau charge:	$£375,894.34 \times 0.065\%$	=	<i>£244.33</i>
	£244.33 charge applies (<i>as exceeds minimum of £75.00</i>)		

Amount left to purchase an annuity:	$£375,894.34 - £244.33$	=	<i>£375,650.01</i>
Member:	$£375,650.01 / 100 \times 4.21$	=	<u>£15,814.87 pa</u>
Spouse:	$£15,814.87 \times 50\%$	=	<u>£7,907.44 pa</u>

'LS&DBA' Check (BOTH OPTIONS):	$£125,298.11$ vs $£1,073,100.00$	=	OK
'LSA' Check (BOTH OPTIONS):	$£125,298.11$ vs $£268,275.00$	=	OK

Summary Answer

Value of Personal Retirement Fund = £501,192.45

Options

- (1a) Tax-free cash sum of £125,298.11 – [within 'LS&DBA' of £1,073,100.00 and within 'LSA' of £268,275.00]

PLUS

50% joint-life annuity (non-increasing) of £23,778.65 pa [*spouse = £11,889.33 pa*] – Annuity Bureau Charge of £244.33

OR

- (1b) Tax-free cash sum of £125,298.11 – [within 'LS&DBA' of £1,073,100.00 and within 'LSA' of £268,275.00]

PLUS

50% joint-life annuity (increasing by lower of 5.0% or RPI) of £15,814.87 pa [*spouse = £7,907.44 pa*] – Annuity Bureau Charge of £244.33

OR

- (2) 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

- (3) Open Market Option

Note *Single UFPLS option specifically NOT requested*