

CPC EXAMINERS' REPORT MARCH 2024

For this series of examinations, the average pass rate across all seven units was broadly the same as September 2023 (57% v 58%).

Candidates were generally on a par or more successful than September 2023 for each of the Part 1 papers (62% v 54% for **Retirements**, 82% v 90% for **Deaths** and 63% v 49% for **Leavers**, respectively) whilst they tended to be slightly less successful for the corresponding Part 2 papers (35% v 45% for **Retirements**, 60% v 63% for **Deaths** and 56% v 66% for **Leavers**, respectively). Transfers was lower for this series (49% v 63%)

The paper for **Leavers Part 1** was attempted well by most candidates. The *Case Study* that produced most errors was the one for the *XYZ Pension and Life Assurance Scheme (Category A)*; particularly in relation to the revaluation of the GMP. Since the member was male, there was a requirement to only revalue the GMP from the date of leaving to normal pension date (i.e. 'GMP due date'). Although this was recognised by most candidates, there were many instances where the GMP was not revalued using the prescribed method detailed in the appendices to the scheme booklet. For this *Case Study*, some candidates made arithmetical errors when determining the pre-1997 and post-1997 periods of pensionable service. In addition, a few candidates confirmed that contracted-out requirements had been met without adequately explaining how.

By contrast, the *Case Study* for the *XYZ Pension and Life Assurance Scheme (Category B)* presented the fewest issues. Where errors occurred, these related frequently to candidates either failing to cap pensionable service to 3 July 2011 or using the latest pensionable salary (rather than the highest pensionable salary from the last five years) for the first part of the salary comparison check.

For **Leavers Part 1**, there were two *Case Studies* relating to the *RST Pension Scheme* and these were generally well answered by most candidates. For the first *Case Study*, some candidates calculated the CARE pension to be slightly higher than the Underpin pension when it was the other way round. For the second *Case Study*, a few candidates failed to calculate both a refund option and a preserved option, instead calculating either one or the other. For both *Case Studies*, not all candidates made it clear that the scheme pension consisted entirely of post-2006 benefits (meaning increases in payment at the lower of 2.5% or RPI only).

For the *Case Study* for the *OPQ Retirement & Death Benefits Plan*, the member was invested wholly in the lifestyle fund. Most candidates successfully calculated the number of complete months to the member's target retirement date. However, some candidates did not always show the breakdown of units for the funds comprising the lifestyle fund (split by each contribution type within each fund) 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.

The *Letter* for **Leavers Part 1** was associated with the second *Case Study* for the *RST Pension Scheme*. It presented few problems, albeit some candidates failed to state that a rate of 2.5% for each complete year had been assumed when revaluing the pension at the date of leaving to normal pension date. In addition, some candidates made reference to a spouse's pension in the event of death-in-deferment. This is not applicable for the *RST Pension Scheme*. Further, some candidates did not specify that a tax rate of 20% had been applied when determining the refund option.

As with **Leavers Part 1**, the paper for **Leavers Part 2** was attempted competently by most candidates. The *Case Study* on the *XYZ Pension and Life Assurance Scheme (Category A)* showed similarities to the corresponding *Case Study* for **Leavers Part 1**, albeit there was extra complexity due to the varied accrual rates which needed to be applied to different tranches of pensionable service. Although this 'special circumstance' was usually dealt with well, the comments made for **Leavers Part 1** relating to the inaccuracies in the GMP revaluation method are equally relevant for this *Case Study*.

Overall, the *Case Study* for the *XYZ Pension and Life Assurance Scheme (Category B)* was tackled without difficulty. Although many candidates made a good attempt at dealing with the member's enhanced accrual rate for the initial period of pensionable service, there were a few instances where the total pensionable service was not capped to 3 July 2011. In addition, and as with **Leavers Part 1**, some candidates did not base the final pensionable salary on the highest figure from the previous five years before comparing against the final pensionable salary figure from 4 July 2011 indexed to the date of leaving. The *Letter* for **Leavers Part 2** was associated with this specific *Case Study*. Although it presented few problems, some candidates omitted to state actual values when referring to the spouse's pension. In addition, reference was not always made to the enhanced accrual rate. Conversely, some candidates made reference to a refund of contributions for death before retirement when the *XYZ Pension and Life Assurance Scheme (Category B)* is non-contributory.

As with **Leavers Part 1**, there were two *Case Studies* relating to the *RST Pension Scheme*. The first *Case Study* contained elements of part-time service for both the CARE pension and the Underpin pension. Where problems were encountered, these tended to be in relation to the calculation of the Underpin pension more so than in the calculation of the CARE pension. That said, some candidates omitted to apply a part-time adjustment altogether to the first tranche of the year-to-date pension for the CARE pension.

The second *Case Study* for the *RST Pension Scheme* was attempted with varying degrees of success, with several candidates not dealing 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 both the transferred-in pension and the scheme pension were post-2006 benefits (and therefore subject to increases in payment at the lower of 2.5% or RPI).

For the single *Case Study* relating to the *OPQ Retirement & Death Benefits Plan*, nearly all 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 out was an option. Several candidates based the refund solely on the contributions paid by the member with no reference being made to the current value of the member's element of the Personal Retirement Account. The taxable element, being based on the contributions paid by the member, was generally correct.

Deaths Part 1 had the best pass rate across all units, with most candidates answering the *Case Studies* to a very high standard. There were two *Case Studies* for the *RST Pension Scheme* and neither of these presented too many difficulties. For the second *Case Study*, which was death-in-service before normal pension date, some candidates based the spouse's pension on the deceased member's actual pensionable service rather than the projected pensionable service to normal pension date. In addition, there were a few instances where the young spouse reduction was not applied. The *Letter* for **Deaths Part 1** was associated with this *Case Study*. All the required information was usually provided, other than where a few candidates omitted to mention that the spouse's pension had been reduced due to the spouse being more than 10 years younger than the deceased member.

For the *Case Study* relating to the *XYZ Pension and Life Assurance Scheme (Category A)*, a few errors were made when determining the exact number of days for the pre-1997 and post-1997 tranches of pensionable service. Where arithmetical errors occurred, it was usually by either one day too much or one day too little. With this *Case Study*, a few candidates calculated the correct total spouse's pension but lost marks by failing to provide the splits for the excess and post-1988 WGMP elements.

The *Case Study* for the *XYZ Pension and Life Assurance Scheme (Category B)* was 'death-in-retirement' and it caused few issues, other than where some candidates made arithmetical errors when calculating the number of outstanding instalments for the lump sum death benefit.

For the *Case Study* relating to the *OPQ Retirement & Death Benefits Plan*, the member was in the lifestyle fund. Some 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 these units by the relevant unit prices. In addition, some candidates incorrectly 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 or legal personal representatives (as the *Case Study* was 'death-in-deferment').

The overall pass rate for **Deaths Part 2** was also quite high. The one *Case Study* to consistently cause problems was the one relating to the *XYZ Pension and Life Assurance Scheme (Category A)*. This was 'death-in-service' after normal pension date. For this *Case Study*, many candidates failed to base final pensionable salary and pensionable service on the deceased member's normal pension date. A late retirement factor was not always applied and, when it was, the rounding was not always to three decimal places. Although most candidates correctly provided a split for the excess spouse's pension and the pre-1988 and post-1988 WGMP splits, some failed to ensure that each of the WGMP splits was divisible by 52 (in most cases simply multiplying each of the member's GMP splits by 50%). A further common error was where candidates failed to cap the outstanding payments for the lump sum death benefit to what would have been the deceased member's 75th birthday.

As with **Deaths Part 1**, there were two *Case Studies* relating to the *RST Pension Scheme*. Neither of these presented too many issues, with most candidates dropping minimal marks. The first *Case Study* contained an enhancement to the spouse's pension as a 'special circumstance' and this was usually dealt with accurately. For the second *Case Study* on the *RST Pension Scheme*, there was the occasional error when dealing with the different elements of part-time service, particularly for the Underpin pension. In some cases, part-time service splits were calculated incorrectly. In other cases, incorrect part-time adjustments were applied.

The *Case Study* relating to the *XYZ Pension and Life Assurance Scheme (Category B)* was also well answered. The most common error occurred when candidates incorrectly 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 or legal personal representatives (as the *Case Study* was 'death-in-deferment').

For **Deaths Part 2**, the member for the *Case Study* relating to the *OPQ Retirement & Death Benefits Plan* was in a mixture of the lifestyle fund (member and employer contributions) and non-lifestyle funds (transferred-in benefits). With the lifestyle element to this *Case Study* (and as with **Deaths Part 1**), some candidates did not always show the full and complete breakdown of required components as they progressed through to the end answer. The *Letter* for **Deaths Part 2** was associated with this *Case Study*, and it was answered without errors by most candidates.

The pass rate for **Retirements Part 1** was encouragingly high for this series of examinations. The *Case Study* that caused most difficulty was the one relating to the *OPQ Retirement & Death Benefits Plan*. For this *Case Study*, there were three areas where mistakes proved commonplace. Firstly, the correct range of requested options was not always provided. Secondly, the statement relating to the tax treatment of the Uncrystallised Funds Pension Lump Sum (UFPLS) was often incomplete and, thirdly, the open market option was frequently omitted.

For **Retirements Part 1**, both *Case Studies* for the *RST Pension Scheme* were usually answered without too much difficulty. For the first *Case Study*, a few candidates failed to recognise that a potential young spouse reduction might apply on the death of the member. For both *Case Studies*, candidates did not always split out the member's residual pension. In addition, reference to a spouse's post-commutation pension was occasionally omitted (this being the same as the pre-commutation pension). For the second *Case Study*, a few candidates calculated the commutation factor incorrectly as they assumed the member was 69 years and 10 months (when the member was one day short of this age).

The *Case Study* relating to the *XYZ Pension and Life Assurance Scheme (Category A)* did not present many issues. However, it was surprising how many candidates correctly determined the early retirement factor but did not actually apply it to the member's pension. In addition, a few candidates were vague in their confirmation of how contracted-out requirements had been met.

The remaining *Case Study* was for the *XYZ Pension and Life Assurance Scheme (Category B)*. This was answered well by nearly all candidates, with the only issues being where candidates either failed to cap pensionable service to 3 July 2011 or used the wrong final pensionable salary figure, despite performing the comparison check accurately (albeit the figures for the comparison were very similar). The *Letter for Retirements Part 1* was associated with this *Case Study* and most candidates did not incur any errors, other than occasionally failing to make reference to the fact that the member was retiring on the grounds of ill-health.

The pass rate for **Retirements Part 2** was disappointingly low, with many candidates experiencing difficulties on at least three specific *Case Studies*. The first one related to the first *Case Study* for the *RST Pension Scheme*, where many candidates struggled with the AVCs; particularly when dealing with the post-commutation spouse's pension. A few candidates stated that this pension would be 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). As with the first *Case Study* for the *RST Pension Scheme* for **Retirements Part 1**, many candidates were out by one month when calculating the member's age for deriving the commutation factor (this time, the member was one day short of being 57 years). In addition, many candidates failed to mention that the AVCs were to be treated as being paid after 5 April 2006, with any AVC pension therefore being subject to increases in payment at the lower of 2.5% or RPI.

The second problematic *Case Study* related to the *OPQ Retirement & Death Benefits Plan*, with each of the observations previously made in relation to **Retirements Part 1** being equally applicable for **Retirements Part 2**. In addition, full workings were not always shown when deriving the split of units to be allocated to the individual funds comprising the lifestyle fund.

The third *Case Study* to present difficulties was the one for the *XYZ Pension and Life Assurance Scheme (Category A)*. This *Case Study* was normal retirement from preserved status. In addition to not always revaluing the GMP elements in accordance with the prescribed method detailed in the scheme booklet, some candidates used the wrong table for deriving the GMP revaluation factor (i.e. they did not use the 4.75% table). A few candidates forgot to include the transferred-in benefit altogether, although it was usually dealt with correctly when it was included.

The *Case Study* for the *XYZ Pension and Life Assurance Scheme (Category B)* was answered competently by most candidates. Most errors were made when deriving the various elements of pensionable service prior to applying the part-time adjustments. In addition, some candidates once again failed to restrict pensionable service to 3 July 2011. Although this was an early retirement *Case Study* (with the member being 61 years and 1 month), there was no early retirement factor to be applied as the member was beyond age 60. For this *Case Study*, some candidates indicated a young spouse reduction might be applicable when this is only relevant for the *RST Pension Scheme*.

For the second *Case Study* relating to the *RST Pension Scheme*, an enhanced accrual rate applied for pensionable service from 6 April 2010 onwards for both the CARE pension and the Underpin pension. This 'special circumstance' generally caused few issues and many candidates produced perfect answers. The *Letter for Retirements Part 2* was associated with this *Case Study* and most candidates provided everything required, and in the format required.

With *Transfers*, it was brought to the Committee's attention that a text error occurred when the paper was uploaded to the examination portal. The error impacted the post-1997 element of the transfer-out *Case Study* for the *XYZ Pension and Life Assurance Scheme*. Consequently, no candidates were penalised in any capacity for the post-1997 element of the answer (either in relation to the *Case Study* or the associated *Letter*).

For the transfer out *Case Studies* for the *RST Pension Scheme* and the *XYZ Pension and Life Assurance Scheme (Category A)*, some candidates failed 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 £30,000.00). Some candidates provided only partial information by referring merely to the requirement to take independent financial advice.

With the transfer in *Case Studies* for these schemes, a few candidates incurred errors for not always providing full details of the attaching benefits associated with the transfer in. This was unfortunate as many of these candidates produced near perfect answers from an arithmetical perspective.

The *Case Studies* for the *OPQ Retirement & Death Benefits Plan* were attempted reasonably well by most candidates. For the transfer out *Case Study*, the member was invested in a mixture of lifestyle and non-lifestyle funds. When determining the number of complete months to the member's target retirement date for the lifestyle fund, it was noticeable that a few candidates based the number of complete months on the date of transfer rather than the first day of the month of transfer.

For the transfer in *Case Study* relating to the *OPQ Retirement & Death Benefits Plan*, there was a requirement for the member's transferred-in benefits to be allocated to the lifestyle fund. It was noticeable that there were numerous arithmetical errors with this *Case Study*, and full workings were not always shown when deriving the split of units to be allocated to the individual funds comprising the lifestyle fund. 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 the required four decimal places prior to dividing these by the appropriate unit prices to derive the various unit holdings.

Both *Letters for Transfers* were answered reasonably well. However, it was noticeable that there were many candidates who, for the *Letter* relating to the transfer out of benefits from the *XYZ Pension and Life Assurance Scheme*, failed to mention the 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 (unless the member provided an opt-out notification to the trustees declining such guidance).

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 overlooked 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 name appears anywhere on the answer script (e.g. where a *Letter* is 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 / employers. 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 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 that candidates are expected to familiarise themselves fully with the latest 'Scheme Booklets' and 'Tables of Factors'. It should also be pointed out that the latest sample *Case Studies* and *Letters* on the CPC Website, whilst providing a very useful guide, will never 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 changes for the next series of CPC examinations in September 2024. These changes relate wholly to the removal of the Lifetime Allowance and the introduction of the Lump Sum Allowance (LSA) and the Lump Sum & Death Benefit Allowance (LS&DBA) from 6 April 2024. The changes will specifically impact Retirements and Deaths.

For Deaths, candidates will now be expected to test the monetary value of any lump sum death benefits against the monetary value of the deceased member's remaining LS&DBA.

For Retirements, candidates will now be expected to test the monetary value of any tax-free cash sums (or the monetary value of the non-taxable element of any UFPLS payments) against the monetary values of both the member's remaining LSA and LS&DBA.

Example Case Studies are available on the CPC Website.

THE STATISTICS

The table below provides a detailed breakdown and summary of the key statistics relating to the March 2024 CPC examinations.

Unit	Entries	Withdrawn (or deferred)	Absent	Scripts received	Pass	Fail	Success rate
Retirements Part 1	73	7	0	66	41	25	62%
Retirements Part 2	88	10	0	78	27	51	35%
Deaths Part 1	52	1	0	51	42	9	82%
Deaths Part 2	61	2	2	57	34	23	60%
Leavers Part 1	138	13	2	123	77	46	63%
Leavers Part 2	127	11	2	114	64	50	56%
Transfers	64	3	0	61	30	31	49%
TOTAL	603	47	6	550	315	235	57%

COMMON ERRORS WHERE CANDIDATES FAILED TO MEET THE STANDARDS

LEAVERS: PART 1

Qu.1 – (XYZ: Category A)

- Pre-1997 and post-1997 pensionable service splits were occasionally calculated incorrectly (*often by either one day too much or one day too little*)
- Contracted-out check was not always clearly explained
- GMP elements were not always revalued from DOL to 'GMP due date' (= *NPD since member was male*) in accordance with the statutory method detailed in the appendices of the XYZ Pension and Life Assurance Scheme booklet
- GMP elements were not always rounded to be divisible by 52

Qu.2 – (XYZ: Category B)

- Final pensionable salary was not always based on the best pensionable salary entry in the last 5 years when performing the comparison against the final pensionable salary indexed from 4 July 2011
- Final pensionable salary indexed from 4 July 2011 was occasionally not calculated as being higher than the final pensionable salary at DOL (*based on the highest pensionable salary in the previous 5 years*)
- Pensionable service was sometimes not capped to 3 July 2011

Qu.3 – (RST)

- CARE pension was sometimes calculated as being higher than the Underpin pension (*when it was slightly lower*)
- Pensionable earnings rather than contractual salary was occasionally used in the calculation of the Underpin pension
- Statement that the Underpin pension was based entirely on post-2006 pensionable service was not always provided (*i.e. to confirm the whole of the Underpin pension increases in payment at the lower of 2.5% or RPI*)

Qu.4 – (RST)

- Refund option was sometimes omitted (*with only the preserved option being calculated*)
- Preserved option was sometimes omitted (*with only the refund option being calculated*)
- CARE pension was not always calculated as being slightly higher than the Underpin pension
- Statement that the CARE pension was based entirely on post-2006 pensionable service was frequently omitted (*i.e. to confirm the whole of the CARE pension increases in payment at the lower of 2.5% or RPI*)

Qu.5 – (OPQ)

- Arithmetical errors were occasionally made when calculating the number of complete months from the last switch date to the member's TRD
- Unit holdings after applying the relevant lifestyle investment allocation percentages (*split by each fund within each contribution type*) were not always rounded to 4 decimal places – or even shown – prior to multiplying by the relevant unit prices

Qu.6 – (Letter for Qu.4)

- Mention of an ‘assumed’ rate of 2.5% per annum compound being used to revalue the CARE pension from DOL to NPD was occasionally omitted (*although the ‘true’ annual revaluation rate of the lower of 5.0% or CPI was usually stated*)
- Spouse’s pension was sometimes mentioned (*when this is not applicable for death-in-deferment*)
- Mention of the refund option was occasionally omitted
- Tax rate of 20% was not always stated for the refund option

LEAVERS: PART 2

Qu.1 – (OPQ)

- Transfer option was occasionally stated (*when this is not applicable for less than 30 days’ qualifying service*)
- Preserved option was sometimes calculated (*when this is not applicable for less than 30 days’ qualifying service*)
- Employer element of member’s PRA was occasionally calculated for the refund option (*although this was not penalised provided the employer element was not included in the actual refund calculation*)

Qu.2 – (RST)

- Part-time adjustment was not always dealt with accurately in the calculation of the year-to-date CARE pension
- Part-time adjustments and service splits were not always applied correctly in the calculation of the Underpin pension

Qu.3 – (XYZ: Category B)

- Final pensionable salary was not always based on the best pensionable salary entry in the last 5 years when performing the comparison against the final pensionable salary indexed from 4 July 2011
- Pensionable service splits for the enhanced and non-enhanced accrual rates were occasionally determined incorrectly (*with the service split for the non-enhanced accrual period not always being capped to 3 July 2011*)

Qu.4 – (XYZ: Category A)

- Pre-1997 and post-1997 pensionable service splits were occasionally calculated incorrectly for the first and last tranches (*often by either one day too much or one day too little*)
- Pensionable service splits and varied accrual rates were not always dealt with correctly
- GMP elements were not always revalued from DOL to ‘GMP due date’ (= NPD since member was male) in accordance with the statutory method detailed in the appendices of the XYZ Pension and Life Assurance Scheme booklet
- GMP elements were not always rounded to be divisible by 52

Qu.5 – (RST)

- Refund option was sometimes calculated for less than 2 years’ pensionable service (*but this was not applicable due to the transferred-in benefits*)
- Transferred-in pension was occasionally accumulated to the CARE pension at DOL (*but this benefit is only payable from NPD*)
- Transferred-in pension was sometimes omitted from the spouse’s pension on death after retirement

- Statement that the CARE pension was based entirely on post-2006 pensionable service was often omitted (*i.e. to confirm the whole of the CARE pension increases in payment at the lower of 2.5% or RPI*)
- Statement that the transferred-in pension was to be treated as a post-2006 benefit was often omitted (*i.e. to confirm the whole of the transferred-in pension increases in payment at the lower of 2.5% or RPI*)

Qu.6 – (Letter for Qu.3)

- Mention of an ‘assumed’ revaluation rate of 5.0% per annum compound being used to revalue the pension from DOL to NPD was sometimes omitted (*although the ‘true’ revaluation rate of the lower of 5.0% or RPI was usually stated*)
- Mention of an enhanced accrual rate was not always stated
- Mention was sometimes made of a refund of contributions being paid for death before retirement
- Actual value of the spouse’s pension at DOL was sometimes omitted
- Actual value of the spouse’s pension revalued to NPD from DOL was sometimes omitted

DEATHS: PART 1

Qu.1 – (RST)

- Pensionable earnings rather than contractual salary was sometimes used in the calculation of the Underpin pension

Qu.2 – (XYZ-A)

- Pre-1997 and post-1997 pensionable service splits were occasionally wrong (*usually by either one day too much or one day too little*)
- Contracted-out check was sometimes omitted (*although it was usually correct when it was calculated*)
- Splits for the excess and post-1988 WGMP elements of the spouse’s pension were occasionally not provided

Qu.3 – (XYZ: Category B)

- Number of instalments was sometimes calculated incorrectly for the balance of payments for the LSDB (*even when the start and end dates were correct*)

Qu.4 – (RST)

- CARE pension and Underpin pension were not always based on projected pensionable service to the deceased member’s NPD
- Calculation of the young spouse reduction was occasionally omitted (*but it was usually correct when it was calculated*)

Qu.5 – (OPQ)

- Start date for calculating the number of complete months from the last switch date to the deceased member’s TRD was sometimes based on DOD rather than the first day of the month of death
- Arithmetical errors were occasionally made when calculating the number of complete months from the last switch date to the deceased member’s TRD (*even when the start date for the last switch was correctly stated*)

- Unit holdings after applying the relevant lifestyle investment allocation percentages (*split by each fund within each contribution type*) were not always rounded to 4 decimal places – or even shown – prior to multiplying by the relevant unit prices
- LSDB was occasionally stated as being payable to ‘persons at the discretion of the trustees’ when reference should have been made to the LSDB being payable to the ‘deceased member’s legal personal representatives or estate’

Qu.6 – (Letter for Qu.1)

- Mention of a young spouse reduction having been applied was occasionally omitted

DEATHS: PART 2

Qu.1 – (OPQ)

- Unit holdings after applying the relevant lifestyle investment allocation percentages to the non-TV element of the deceased member’s PRA (*split by each fund within each contribution type*) were not always rounded to 4 decimal places – or even shown – prior to multiplying by the relevant unit prices
- Confusion was sometimes encountered due to the transferred-in benefits being invested in a mixture of non-lifestyle funds, but with the regular contributions (*member and employer*) being invested in the lifestyle fund
- LSDB was occasionally stated as being payable to the ‘deceased member’s legal personal representatives or estate’ when it should have been stated as being payable to ‘persons at the discretion of the trustees’

Qu.2 – (RST)

- Number of instalments was sometimes calculated incorrectly for the balance of payments for the LSDB (*even when the start and end dates were correct*)
- Enhanced spouse’s percentage was occasionally omitted

Qu.3 – (XYZ: Category B)

- LSDB was occasionally stated as being payable to ‘persons at the discretion of the trustees’ when it should have been stated as being payable to the ‘deceased member’s legal personal representatives or estate’

Qu.4 – (XYZ-A)

- Pre-1997 and post-1997 pensionable service splits were occasionally wrong for the first and last tranches (*usually by either one day too much or one day too little*)
- Pensionable service and final pensionable salary were sometimes based on the deceased member’s DOD rather than NPD
- Late retirement factor was not always applied
- Late retirement factor was not always rounded to 3 decimal places
- Contracted-out check was sometimes omitted or calculated incorrectly
- Splits for the excess and WGMP elements of the spouse’s pension were occasionally not calculated (*or, where they were calculated, the WGMP elements were not always divisible by 52*)
- Incorrect method was occasionally used for determining the spouse’s pension (*i.e. the spouse’s pension should have been based on 50% of the deceased member’s pension, with the excess amount for the spouse’s pension being the balance over and above the WGMP elements*)
- LSDB was not always capped to the deceased member’s 75th birthday

Qu.5 – (RST)

- Part-time adjustment was not always applied for the year-to-date CARE pension
- Pensionable service splits were not always determined correctly in all cases prior to applying the relevant part-time adjustments in the calculation of the Underpin pension
- Correct part-time adjustments were not always applied when calculating the Underpin pension
- Calculation of the young spouse reduction was occasionally omitted (*but it was usually correct when it was calculated*)

Qu.6 – (Letter for Qu.1)

- Request was sometimes made for birth / marriage certificates and bank account details when this is not required for the OPQ Retirement & Death Benefits Plan (*as there is no annuity benefit available and the LSDB is payable to 'persons at the discretion of the trustees'*)

RETIREMENTS: PART 1

Qu.1 – (RST)

- Pensionable service splits were not always provided for the pre-2006 and post-2006 elements of the member's residual pension
- Spouse's post-commutation pension was occasionally not stated
- Mention of a potential young spouse reduction was frequently omitted (*the spouse was slightly more than 10 years younger than the member*)

Qu.2 – (XYZ: Category B)

- Wrong final pensionable salary was occasionally used following the comparison check (*even when the comparison check was correct*)
- Pensionable service was not always capped to 3 July 2011
- Pensionable service – when not capped – was occasionally projected to NPD
- Early retirement factor was sometimes applied (*when this is not applicable for ill-health*)

Qu.3 – (OPQ)

- 'Annuity Bureau Charge' was not always based on the higher of £75.00 and 0.065% of the member's Personal Retirement Account after taking the tax-free cash sum option
- Correct range of requested options was not always provided (*i.e. there was a specific requirement for the maximum cash with either (a) single-life annuity {non-escalating} or (b) 50% joint-life annuity {escalating at the lower of 5.0% or RPI}*)
- Taxable element of the UFPLS was often not stated as being taxed at the member's marginal rate (*or to be paid assuming an emergency code on a month 1 basis*)
- Mention of the open market option was occasionally omitted

Qu.4 – (RST)

- Commutation factor was occasionally based on the wrong age (*i.e. the member was one day short of being 69 years and 10 months*)
- Pensionable service splits were not always provided for the pre-2006 and post-2006 elements of the member's residual pension
- Spouse's post-commutation pension was occasionally not stated

Qu.5 – (XYZ: Category A)

- Pensionable service was occasionally wrong for the pre-1997 and post-1997 tranches (*often by either one day too much or one day too little*)
- Early retirement factor was not always applied (*even when it was calculated and rounded accurately at the outset*)
- Contracted-out check was not always clearly confirmed
- Check to determine if the residual pension covered the GMP was occasionally omitted

Qu.6 – (Letter for Qu.2)

- Statement was not always provided to confirm that retirement was on the grounds of ill-health

RETIREMENTS: PART 2

Qu.1 – (OPQ)

- Unit holdings after applying the relevant lifestyle investment allocation percentages (*split by each fund within each contribution type*) was not always rounded to 4 decimal places – or even shown – prior to multiplying by the relevant unit prices
- Correct range of requested annuity / cash options was not always provided (*i.e. there was a specific requirement for either (a) single-life annuity with maximum cash, or (b) 50% joint-life annuity with £125,000.00 cash*)
- Percentage of ‘Lifetime Allowance’ used by annuity options was sometimes incorrectly based on the fund value after the deduction of the ‘Annuity Bureau Charge’
- Taxable element of the UFPLS was often not stated as being taxed at the member’s marginal rate (*or to be paid assuming an emergency code on a month 1 basis*)
- Mention of the open market option was occasionally omitted

Qu.2 – (XYZ: Category B)

- Pensionable service was not always capped to 3 July 2011
- Pensionable service splits were not always calculated correctly prior to applying any part-time adjustments
- Part-time adjustments were occasionally incorrect (*even when the pensionable service splits were calculated correctly*)
- Commutation factor was occasionally based on the wrong age (*i.e. the member was one day short of being 61 years and 2 months*)
- Early retirement factor other than 1.000 was sometimes applied
- Reference was occasionally made to a potential young spouse reduction (*when this is not relevant for the XYZ Pension and Life Assurance Scheme*)

Qu.3 – (RST)

- Pensionable service for ill-health was occasionally based on the member’s actual retirement date rather than being projected to the member’s NPD
- Underpin pension was not always identified as being higher than the CARE pension
- Percentage of ‘Lifetime Allowance’ used was not always combined for either (a) the scheme pension and the single-life AVC pension; or (b) the scheme pension and the joint-life AVC pension
- Single-life and joint-life AVC pension options for the member were sometimes dealt with incorrectly
- AVC pensions were rarely identified as needing to be treated as a post-2006 benefit (*and therefore subject to increases in payment at the lower of 2.5% or RPI*)

- Spouse's pension was not always calculated correctly when considering the single-life and joint-life AVC pension options
- Commutation factor was occasionally based on the wrong age (*i.e. the member was one day short of being 57 years*)
- Methodology for incorporating the AVCs within the tax-free cash sum calculation was not always accurate

Qu.4 – (RST)

- Augmented accrual rate was not always applied for the year-to-date CARE pension
- Augmented accrual rate, and the relevant service split for applying the augmented accrual rate, were not always accurate in the calculation of the Underpin pension (*i.e. the augmented accrual rate only applied for pensionable service from 6 April 2010*)
- Splits were not always provided for the pre-2006 and post-2006 elements of the residual pension
- Spouse's post-commutation pension was occasionally not stated

Qu.5 – (XYZ: Category A)

- Excess revaluation rate was sometimes applied incorrectly (*i.e. 27.40% means the excess pension should have been revalued by a factor of 1.274*)
- GMP elements were not always revalued from DOL to DOR in accordance with the statutory method detailed in the appendices of the XYZ Pension and Life Assurance Scheme booklet
- GMP revaluation percentage rate was sometimes incorrect (*i.e. a rate other than 4.75% was sometimes used*)
- GMP revaluation period was sometimes based on the number of complete years rather than the number of complete tax years
- Transferred-in benefit was not always accumulated to the overall pension (*or it was occasionally omitted from the calculation of the tax-free cash sum*)
- Check to determine if the residual pension covered the GMP was occasionally omitted

Qu.6 – (Letter for Qu.4)

- Statement was occasionally not provided to indicate the CARE pension was higher than the Underpin pension
- Augmented accrual rates were not always mentioned for either the CARE pension or the Underpin pension

TRANSFERS

Qu.1 – (RST)

- Age next birthday was sometimes wrong by one year (*usually by one year too little*)
- Statement was not always provided for the requirement to take independent financial advice from an authorised adviser regulated under the Financial Services and Markets Act 2000 if transferring to an arrangement where benefits can be accessed flexibly (*as the transfer value exceeded £30,000.00*) or – more commonly – a statement was provided but without any specific reference to the requirement for the adviser to be regulated under the Financial Services and Markets Act 2000

Qu.2 – (OPQ)

- Confusion was occasionally encountered due to the complexity of the member being invested in a mixture of lifestyle and non-lifestyle funds
- Number of months to member's TRD was sometimes calculated incorrectly due to the date of the last switch being based on DOT (*when it should have been based on the first day of the month of DOT*)
- Value of contributions after applying the relevant lifestyle investment allocation percentages to the lifestyle elements of the member's PRA (*split by each fund within each contribution type*) was not always rounded to 4 decimal places prior to multiplying by the relevant unit prices
- Value of contributions after applying the relevant lifestyle investment allocation percentages to the lifestyle elements of the member's PRA (*split by each fund within each contribution type*) was sometimes not shown at all, with just the end results being shown after multiplying by the relevant lifestyle investment allocation percentages and then multiplying by the relevant unit prices
- Occasional transcription errors were made with the unit prices (*with the unit price applied for a particular fund sometimes being the unit price of a totally different fund*)

Qu.3 – (XYZ)

- Statement was not always provided relating to the requirement to take independent financial advice from an authorised adviser regulated under the Financial Services and Markets Act 2000 if transferring to an arrangement where benefits can be accessed flexibly (*as the transfer value exceeds £30,000.00*) or – more commonly – a statement was provided but without any specific reference to the requirement for the adviser to be regulated under the Financial Services and Markets Act 2000

Qu.4 – (RST)

- Full list of attaching benefits was not always accurate (*e.g. no spouse's pension should be payable on death-in-deferment*)
- Arithmetical errors were occasionally made at various stages of the calculations

Qu.5 – (OPQ)

- Number of months to member's TRD was sometimes calculated incorrectly due to the date of the last switch being based on DOT (*when it should have been based on the first day of the month of DOT*)
- Value of contributions after applying the relevant investment allocation percentages (*split by each fund within each contribution type*) was not always rounded to 4 decimal places prior to dividing by the relevant unit prices
- Value of contributions after applying the relevant investment allocation percentages (*split by each fund within each contribution type*) was sometimes not shown at all – just the end results shown after multiplying by the relevant lifestyle investment allocation percentages and then dividing by the relevant unit prices

Qu.6 – (XYZ)

- Age next birthday was sometimes wrong by one year (*usually by one year too little*)
- Full list of attaching benefits was not always provided

Qu.7 – (Letter for Qu.3)

- Mention that trustees must ensure the adviser has the correct permissions to proceed by verifying details on the Financial Services Register was often omitted
- Mention of all relevant information in relation to Pensions Wise was frequently omitted; specifically in relation to the trustees being required to offer to book a pensions guidance appointment on behalf of the member (*as the member had 'just' attained age 50*) and needing to advise the member that the transfer cannot proceed without an appointment having taken place or the member having provided an opt-out notification
- Mention of benefits no longer remaining in the ceding scheme (*should the transfer out proceed*) was not always stated
- Mention that financial advice cannot be provided was sometimes omitted

Qu.8 – (Letter for Qu.4)

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

SUMMARY OF WORKED ANSWERS

Leavers Part 1 – Question 1

Calculation

- (1) Preserved pension at DOL of **£18,291.78 p.a.** (excess over GMP = **£15,405.78 p.a.**, pre-1988 GMP = **£32.24 p.a.** and post-1988 GMP = **£2,853.76 p.a.**) which, when revalued to NPD, could result in a maximum pension of **£22,004.48 p.a.** (excess over GMP = **£18,725.88 p.a.**, pre-1988 GMP = **£36.92 p.a.** and post-1988 GMP = **£3,241.68 p.a.**) – *assuming annual increases on excess from DOL to NPD of 5.0% and increases on GMP from DOL to NPD (=‘GMP due date’) at fixed rate of revaluation (3.25%)*

Spouse’s pension on death before / after retirement of **£9,145.89 p.a.** {based on member’s pension at DOL} which, when revalued to NPD, could result in a maximum pension of **£11,002.24 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 pension at DOL of **£16,496.94 p.a.** which, when revalued to NPD, could result in a maximum pension of **£32,662.79 p.a.** – *assuming annual increases from DOL to NPD of 5.0%*

Spouse’s pension on death before / after retirement of **£8,248.47 p.a.** {based on member’s pension at DOL} which, when revalued to NPD, could result in a maximum pension of **£16,331.40 p.a.** {based on member’s pension at DOL, revalued to NPD}

OR

- (2) Transfer value to another pension arrangement

Leavers Part 1 – Question 3

Calculation

- (1) Preserved ‘Underpin’ pension at DOL of **£6,064.81 p.a.** {v preserved ‘CARE’ pension of **£5,852.83 p.a.**} (all post-2006) which, when revalued to NPD, would result in a pension of **£14,041.98 p.a.** (all post-2006) – *assuming annual increases from DOL to NPD of 2.5%*

Spouse’s pension on death after retirement of **£2,425.92 p.a.** (all post-2006 – {based on member’s pension at DOL}) which, when revalued to NPD, would result in a pension of **£5,616.79 p.a.** (all post-2006 – {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) Net refund of **£5,520.00**

OR

- (2) Preserved 'CARE' pension at DOL of **£1,226.67 p.a.** {*v preserved 'Underpin' pension of £1,171.30 p.a.*} (all post-2006) which, when revalued to NPD, would result in a pension of **£3,460.44 p.a.** (all post-2006) – *assuming annual increases from DOL to NPD of 2.5%*

Spouse's pension on death after retirement of **£490.67 p.a.** (all post-2006 – {*based on member's pension at DOL*}) which, when revalued to NPD, would result in a pension of **£1,384.17 p.a.** (all post-2006 – {*based on member's pension at DOL, revalued to NPD*})

OR

- (3) Transfer value to another pension arrangement

Letter: Question 6 – (Relating to Question 4)

- (1) Date of leaving [DOL] (**07/03/2024**)
- (2) Preserved 'CARE' pension at DOL (**£1,226.67 p.a. – all post-2006**)
- (3) Must mention member's NPD (**28/09/2066**) or member's specific age at NPD (**65**)
- (4) Must mention actual revaluation rate from DOL to NPD (**lower of 5.0% or CPI**)
- (5) Pension at NPD (**£3,460.44 p.a. – all post-2006**) {*assuming annual increases from DOL to NPD of 2.5%*}
- (6) Must mention tax-free cash sum option on retirement
- (7) Death before retirement
 - Refund of contributions of (**£6,900.00**)
- (8) Death after retirement
 - Spouse's pension of **£490.67 p.a. (all post-2006)** {*based on member's pension at DOL*}, which, when revalued to NPD, would result in a pension of **£1,384.18 p.a. (all post-2006)** {*based on member's pension at DOL, revalued to NPD*}
 - LSDB (**provided death occurs before 5 years of pension payments**)
- (9) Post retirement increases
 - Post-2006 pension (**lower of 2.5% or RPI**)
- (10) Must mention refund option, *stating the following details:*
 - Total refund (**£5,520.00**)
 - Contributions paid (**£6,900.00**)
 - Tax deducted (**£1,380.00**)
 - Tax rate (**20%**)
- (11) Must mention transfer option

Leavers Part 1 – Question 5

Calculation

- (1) Preserved benefit at DOL of **£205,675.47** (member element = **£79,105.95** and employer element = **£126,569.52**)

OR

- (2) Transfer value to another pension arrangement

Leavers Part 2 – Question 1

Calculation

- (1) Refund ONLY of **£228.22**

Leavers Part 2 – Question 2

Calculation

- (1) Preserved 'CARE' pension at DOL of **£7,689.16 p.a.** {v preserved 'Underpin' pension of **£7,433.33 p.a.**} (pre-2006 = **£2,103.64 p.a.** and post-2006 = **£5,585.52 p.a.**) which, when revalued to NPD, would result in a pension of **£11,136.21 p.a.** (pre-2006 = **£3,046.70 p.a.** and post-2006 = **£8,089.51 p.a.**) – assuming annual increases from DOL to NPD of 2.5%

Spouse's pension on death after retirement of **£3,075.67 p.a.** (pre-2006 = **£841.46 p.a.** and post-2006 = **£2,234.21 p.a.** – {based on member's pension at DOL}) which, when revalued to NPD, would result in a pension of **£4,454.48 p.a.** (pre-2006 = **£1,218.68 p.a.** and post-2006 = **£3,235.80 p.a.** – {based on member's pension at DOL, revalued to NPD})

OR

- (2) Transfer value to another pension arrangement

Leavers Part 2 – Question 3

Calculation

- (1) Preserved pension at DOL of **£15,971.49 p.a.** which, when revalued to NPD, could result in a maximum pension of **£34,863.69 p.a.** – assuming annual increases from DOL to NPD of 5.0%

Spouse's pension on death before / after retirement of **£7,985.75 p.a.** {based on member's pension at DOL} which, when revalued to NPD, could result in a maximum pension of **£17,431.85 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 {DOL} (**06/03/2024**)
- (2) Preserved pension at DOL (**£15,971.49 p.a.**)
- (3) Must mention member's NPD (**20/02/2041**) or member's specific age at NPD (**65**)
- (4) Must mention actual revaluation rate from DOL to NPD (**lower of 5.0% or RPI**)
- (5) Pension at NPD (**£34,863.69 p.a.**) {assuming annual increases from DOL to NPD of 5.0%}
- (6) Must mention enhanced accrual rate
- (7) Must mention tax-free cash sum option on retirement
- (8) Death before retirement
 - Spouse's pension (**£7,985.75 p.a. at DOL, revalued to DOD**)
 - Refund of contributions (**N/A**)
- (9) Death after retirement
 - Spouse's pension (**£7,785.75 p.a. at DOL, revalued to max £17,431.85 p.a. at NPD**)
 - LSDB (**provided death occurs within 5 years of retirement**)
- (10) Post retirement increases (**lower of 5.0% or RPI**)
- (11) Must mention transfer option

Leavers Part 2 – Question 4

Calculation

- (1) Preserved pension at DOL of **£25,546.78 p.a.** (excess over GMP = **£20,222.50 p.a.**, pre-1988 GMP = **£962.00 p.a.** and post-1988 GMP = **£4,362.28 p.a.**) which, when revalued to NPD, could result in a maximum pension of **£33,553.37 p.a.** (excess over GMP = **£27,100.17 p.a.**, pre-1988 GMP = **£1,166.36 p.a.** and post-1988 GMP = **£5,286.84 p.a.**) – assuming annual increases on excess from DOL to NPD of 5.0% and increases on GMP from DOL to NPD (=‘GMP due date’) at fixed rate of revaluation (3.25%)

Spouse's pension on death before / after retirement of **£12,773.39 p.a.** {based on member's pension at DOL} which, when revalued to NPD, could result in a maximum pension of **£16,776.69 p.a.** {based on member's pension at DOL, revalued to NPD}

OR

- (2) Transfer value to another pension arrangement

Leavers Part 2 – Question 5

Calculation

- (1) Preserved ‘Underpin’ pension at DOL of **£1,064.81 p.a.** {v preserved ‘CARE’ pension of **£1,022.22 p.a.**} (all post-2006) which, when revalued to NPD, would result in a pension of **£2,405.25 p.a.** (all post-2006) – assuming annual increases from DOL to NPD of 2.5%; PLUS transferred-in pension at NPD of **£835.34 p.a.** (all post-2006), resulting in a total pension at NPD of **£3,240.59 p.a.**

Spouse's pension on death after retirement of **£425.92 p.a.** (all post-2006 – {based on member's pension at DOL}) which, when revalued to NPD, would result in a pension of **£962.10 p.a.** (all post-2006 – {based on member's pension at DOL, revalued to NPD}); PLUS transferred-in pension at NPD of **£334.14 p.a.** (all post-2006), resulting in a total pension at NPD of **£1,296.24 p.a.**

OR

- (2) Transfer value to another pension arrangement

Deaths Part 1 – Question 1

Calculation

- (1) Lump sum death benefit (refund of contributions of **£71,254.59** plus life assurance of **£158,125.00** since death in service after NPD) of **£229,379.59** payable at Trustees' Discretion – [LTA used = **23.30%**]

PLUS

- (2) Spouse's pension of **£7,472.60 p.a.** (pre-2006 = **£1,475.92 p.a.** and post-2006 = **£5,996.68 p.a.**)

Deaths Part 1 – Question 2

Calculation

- (1) Lump sum death benefit (refund of contributions of **£95,567.52** plus life assurance of **£336,600.00** since death in service before NPD) of **£432,167.52** payable at Trustees' Discretion – [LTA used = **50.68%**]

PLUS

- (2) Spouse's pension of **£25,686.95 p.a.** (excess over WGMP = **£24,190.91 p.a.** and post-1988 WGMP = **£1,496.04 p.a.**)

Deaths Part 1 – Question 3

Calculation

- (1) Lump sum death benefit (equal to balance of 5 years' member pension instalments only since death in retirement) of **£26,509.00** payable at Trustees' Discretion – [LTA used = **2.47%**]

PLUS

- (2) Spouse's pension of **£5,931.40 p.a.**

Deaths Part 1 – Question 4

Calculation

- (1) Lump sum death benefit (refund of contributions of **£50,291.97** plus life assurance of **£120,250.00** since death in service after NPD) of **£170,541.97** payable at Trustees' Discretion – [LTA used = **15.89%**]

PLUS

- (2) Spouse's pension of **£9,631.86 p.a.** (pre-2006 = **£953.19 p.a.** and post-2006 = **£8,678.67 p.a.** {including young spouse reduction})

Letter: Question 6 – (Relating to Question 3)

- (1) Date of death:
- **01/03/2024**
- (2) Total lump sum death benefit (**£170,541.97**), stating the following details:
- Life assurance (**£120,250.00**)
- Refund of contributions (**£50,291.97**)
- Payable at **Trustees' Discretion**
- (3) Spouse's pension (**£9,631.86 p.a.**), stating the following details:
- Pre-2006 split (**£953.19 p.a.**)
- Post-2006 split (**£8,678.67 p.a.**)
- Commencement date (**01/04/2024**)
- Increase rates (pre-2006 = **lower of 5.0% or RPI** and post-2006 = **lower of 2.5% or RPI**)
- Frequency of payment (**monthly**)
- Increase date (**each year on anniversary of DOD**)
- (4) Additional information:
- Must mention young spouse reduction
- (5) Lifetime allowance:
- Percentage used by lump sum death benefit (**15.89%**)
- Counts against deceased member
- (6) Action required:
- Member's death certificate
- Spouse's birth & marriage certificates
- Bank details

Deaths Part 1 – Question 5

Calculation

- (1) Lump sum death benefit (refund of Personal Retirement Account only since death in deferment) of **£416,918.27** payable to Legal Personal Representatives / Estate – [LTA used = **38.85%**]

Deaths Part 2 – Question 1

Calculation

- (1) Lump sum death benefit (refund of Personal Retirement Account of **£701,291.09** {including transferred-in contributions of **£195,907.28**} plus life assurance of **£345,900.00** since death in service before NPD) of **£1,047,191.09** payable at Trustees' Discretion – [LTA used = **97.58%**]

Letter: Question 6 – (Relating to Question 1)

- (1) Date of death (**08/03/2024**)
- (2) Total lump sum payable at Trustees' Discretion (**£1,047,191.09**), stating:
- Refund of Personal Retirement Account (**£701,291.09**, including transferred-in element of **£195,907.28**)
 - Life assurance (**345,900.00**)
- (3) Lifetime allowance:
- Percentage used by lump sum death benefit (**97.58%**)
 - Counts against deceased member
- (4) Action required:
- Member's death certificate

Deaths Part 2 – Question 2

Calculation

- (1) Lump sum death benefit (equal to balance of 5 years' member pension instalments only since death in retirement) of **£26,236.80** payable at Trustees' Discretion – [LTA used = **2.44%**]

PLUS

- (2) Spouse's pension of **£6,329.20 p.a.** (pre-2006 = **£315.65 p.a.** and post-2006 = **£6,013.55 p.a.**)

Deaths Part 2 – Question 3

Calculation

- (1) Lump sum death benefit (refund of current value of AVCs only of **£108,335.31** since death in deferment) of **£108,335.31** payable to Legal Personal Representatives / Estate – [LTA used = **10.09%**]

PLUS

- (2) Spouse's pension of **£9,531.80 p.a.**

Deaths Part 2 – Question 4

Calculation

- (1) Lump sum death benefit (equal to 5 years' member pension instalments only {capped to age 75} since death in service after NPD) of **£67,414.46** payable at Trustees' Discretion – [LTA used = **6.28%**]

PLUS

- (2) Spouse's pension of **£36,771.53 p.a.** (excess over WGMP = **£34,762.25 p.a.**, pre-1988 WGMP of **£619.32 p.a.** and post-1988 WGMP = **£1,389.96 p.a.**)

Deaths Part 2 – Question 5

Calculation

- (1) Lump sum death benefit (refund of contributions of **£62,584.33** plus life assurance of **£71,437.50** since death in service before NPD) of **£134,021.83** payable at Trustees' Discretion – [LTA used = **12.48%**]

PLUS

- (2) Spouse's pension of **£7,278.44 p.a.** (pre-2006 = **£1,834.57 p.a.** and post-2006 = **£5,443.87 p.a.** {including young spouse reduction})

Retirements Part 1 – Question 1

Calculation

Options

- (1) Full pension of **£24,025.25 p.a.** (pre-2006 = **£14,557.03 p.a.** and post-2006 = **£9,468.22 p.a.**) with a spouse's pension of **£9,610.10 p.a.** (pre-2006 = **£5,822.81 p.a.** and post-2006 = **£3,787.29 p.a.**) – [LTA used = **44.77%**]

OR

- (2) Pension commencement lump sum of **£117,739.64** – [LTA used = **10.97%**]

PLUS

Residual pension of **£17,660.95 p.a.** (pre-2006 = **£14,557.03 p.a.** and post-2006 = **£3,103.92 p.a.**) with a spouse's pension of **£9,610.10 p.a.** (pre-2006 = **£5,822.81 p.a.** and post-2006 = **£3,787.29 p.a.**) – [LTA used = **32.91%**]

Retirements Part 1 – Question 2

Calculation

Options

- (1) Full pension of **£11,495.21 p.a.** with a spouse's pension of **£5,747.61 p.a.** – [LTA used = **21.42%**]

OR

- (2) Pension commencement lump sum of **£60,810.92** – [LTA used = **5.66%**]

PLUS

Residual pension of **£9,121.64 p.a.** with a spouse's pension of **£5,747.61 p.a.** – [LTA used = **17.00%**]

Letter: Question 6 – (Relating to Question 2)

- (1) Date of retirement:
- **10/03/2024**
- (2) Options available:
- Full pension = **£11,495.21 p.a.**
OR
- Pension commencement lump sum [PCLS] = **£60,810.92**, *PLUS*
- Residual pension = **£9,121.64 p.a.**
- (3) Details of pension:
- Commencement date = **01/04/2024**
- Frequency of payment = **monthly**
- Increase rate = **lower of 5.0% or RPI**
- Increase date = **1st April each year**
- (4) Details of spouse's pension payable on death of member:
- Spouse's pension = **£5,747.61 p.a.**
- (5) Must mention pension being paid early on grounds of ill health
- (6) Must mention LSDB payable if death occurs within 5 years of retirement
- (7) Lifetime allowance:
- Percentage used by full pension = **21.42%**
OR
- Percentage used by PCLS = **5.66%** and percentage used by residual pension = **17.00%**
- (8) Action required:
- Choice of option
- Member's birth certificate
- Bank details

Retirements Part 1 – Question 3

Calculation

Value of Personal Retirement Account = **£207,388.36**

Options

- (1) Pension commencement lump sum of **£41,477.67** – [LTA used = **3.86%**]

PLUS

Annuity of **£14,922.26 p.a.** (non-increasing and single life) – [LTA used = **15.46%**] – {Annuity Bureau Charge of **£107.84**}

OR

- (2) Pension commencement lump sum of **£41,477.67** – [LTA used = **3.86%**]

PLUS

Annuity of **£9,351.28 p.a.** (increasing at the lower of 5.0% or RPI) with a spouse's annuity of **£4,675.64 p.a.** – [LTA used = **15.46%**] – {Annuity Bureau Charge of **£107.84**}

OR

- (3) Uncrystallised Funds Pension Lump Sum of **£207,388.36** (tax-free element = **£51,847.09** and taxable element = **£155,541.26**, which is taxed at member's marginal rate and paid assuming an Emergency Code on a Month 1 basis) – [LTA used = **19.32%**]

OR

- (4) Open Market Option

Retirements Part 1 – Question 4

Calculation

Options

- (1) Full 'CARE' pension of **£14,958.31 p.a.** {vs 'Underpin' pension of **£13,240.74 p.a.**} (pre-2006 = **£4,962.82 p.a.** and post-2006 = **£9,995.49 p.a.**) with a spouse's pension of **£5,983.33 p.a.** (pre-2006 = **£1,985.13 p.a.** and post-2006 = **£3,998.20 p.a.**) – [LTA used = **27.87%**]

OR

- (2) Pension commencement lump sum of **£70,673.98** – [LTA used = **6.58%**]

PLUS

Residual 'CARE' pension of **£10,601.10 p.a.** (pre-2006 = **£4,962.82 p.a.** and post-2006 = **£5,638.28 p.a.**) with a spouse's pension of **£5,983.33 p.a.** (pre-2006 = **£1,985.13 p.a.** and post-2006 = **£3,998.20 p.a.**) – [LTA used = **19.75%**]

Retirements Part 1 – Question 5

Calculation

Options

- (1) Full pension of **£15,413.16 p.a.** (excess over GMP = **£14,016.44 p.a.** and post-1988 GMP = **£1,396.72 p.a.**) with a spouse's pension of **£7,706.58 p.a.** – [LTA used = **28.72%**]

OR

- (2) Pension commencement lump sum of **£83,319.11** – [LTA used = **7.76%**]

PLUS

Residual pension of **£12,497.87 p.a.** (excess over GMP = **£11,101.15 p.a.** and post-1988 GMP = **£1,396.72 p.a.**) with a spouse's pension of **£7,706.58 p.a.** – [LTA used = **23.29%**]

Retirements Part 2 – Question 1

Calculation

Value of Personal Retirement Account = **£582,092.42** (including augmentation of **£50,197.34**)

Options

- (1) Pension commencement lump sum of **£145,523.11** – [LTA used = **13.56%**]

PLUS

Annuity of **£41,883.41 p.a.** (non-increasing and single life) – [LTA used = **40.68%**] – {Annuity Bureau Charge of **£283.77**}

OR

- (2) Pension commencement lump sum of **£125,000.00** – [LTA used = **11.64%**]

PLUS

Annuity of **£29,417.62 p.a.** (increasing at the lower of 3.0% or RPI) with a spouse's annuity of **£14,708.81 p.a.** – [LTA used = **42.59%**] – {Annuity Bureau Charge of **£297.11**}

OR

- (3) Uncrystallised Funds Pension Lump Sum of **£582,092.42** (tax-free element = **£145,523.11** and taxable element = **£436,569.32**, which is taxed at member's marginal rate and paid assuming an Emergency Code on a Month 1 basis) – [LTA used = **54.24%**]

OR

- (4) Open Market Option

Retirements Part 2 – Question 2

Options

- (1) Full pension of **£7,499.59 p.a.** with a spouse's pension of **£3,749.80 p.a.** – [LTA used = **13.97%**]

OR

- (2) Pension commencement lump sum of **£39,064.12** – [LTA used = **3.64%**]

PLUS

Residual pension of **£5,859.62 p.a.** with a spouse's pension of **£3,749.80 p.a.** – [LTA used = **10.92%**]

Retirements Part 2 – Question 3

Calculation

Options

- (1A) Full 'Underpin' pension of **£25,625.92 p.a.** {vs full 'CARE' pension of **£23,634.81 p.a.**} (pre-2006 = **£6,044.44 p.a.** and post-2006 = **£19,581.48 p.a.**) [plus single-life AVC pension of **£5,510.60 p.a.** = total pension of **£31,136.52 p.a.**] with a spouse's pension of **£10,250.37 p.a.** (pre-2006 = **£2,417.78 p.a.** and post-2006 = **£7,832.59 p.a.**) – [LTA used = **58.03%**]

OR

- (1B) Full 'Underpin' pension of **£25,625.92 p.a.** {vs full 'CARE' pension of **£23,634.81 p.a.**} (pre-2006 = **£6,044.44 p.a.** and post-2006 = **£19,581.48 p.a.**) [plus joint-life AVC pension of **£4,793.28 p.a.** = total pension of **£30,419.20 p.a.**] with a spouse's pension of **£10,250.37 p.a.** (pre-2006 = **£2,417.78 p.a.** and post-2006 = **£7,832.59 p.a.**) [plus joint life AVC pension of **£1,917.31 p.a.** = total pension of **£12,167.68 p.a.**] – [LTA used = **56.69%**]

OR

- (2) Pension commencement lump sum of **£156,600.62** (including AVC cash of **£99,885.98**) – [LTA used = **14.59%**]

PLUS

Residual 'Underpin' pension of **£23,091.75 p.a.** (pre-2006 = **£6,044.44 p.a.** and post-2006 = **£17,047.31 p.a.**) with a spouse's pension of **£10,250.37 p.a.** (pre-2006 = **£2,417.78 p.a.** and post-2006 = **£7,832.59 p.a.**) – [LTA used = **43.03%**]

Retirements Part 2 – Question 4

Calculation

Options

- (1) Full 'CARE' pension of **£26,607.74 p.a.** {vs 'Underpin' pension of **£22,621.67 p.a.**} (pre-2006 = **£7,349.69 p.a.** and post-2006 = **£19,258.05 p.a.**) with a spouse's pension of **£10,643.10 p.a.** (pre-2006 = **£2,939.88 p.a.** and post-2006 = **£7,703.22 p.a.**) – [LTA used = **49.59%**]

OR

- (2) Pension commencement lump sum of **£130,395.55** – [LTA used = **12.15%**]

PLUS

Residual 'CARE' pension of **£19,559.33 p.a.** (pre-2006 = **£7,349.69 p.a.** and post-2006 = **£12,209.64 p.a.**) with a spouse's pension of **£10,643.10 p.a.** (pre-2006 = **£2,939.88 p.a.** and post-2006 = **£7,703.22 p.a.**) – [LTA used = **36.45%**]

Letter: Question 6 – (Relating to Question 4)

- (1) Date of retirement:
- **12/03/2024**
- (2) Options available:
- Full pension = **£26,607.74 p.a.**, stating the following details:
- Pre-2006 = **£7,349.69 p.a.**
- Post-2006 = **£19,258.05 p.a.**
OR
- Pension commencement lump sum [PCLS] = **£130,395.55**, PLUS
- Residual pension = **£19,559.33 p.a.**, stating the following details:
- Pre-2006 = **£7,349.69 p.a.**
- Post-2006 = **£12,209.64 p.a.**
- (3) Details of pension:
- Commencement date = **01/04/2024**
- Frequency of payment = **monthly**
- Increase rates:
- Pre-2006 = **lower of 5.0% or RPI**
- Post-2006 = **lower of 2.5% or RPI**
- Increase date = **anniversary of date of commencement**

- (4) Details of spouse's pension payable on death of member:
 - Spouse's pension = **£10,643.10 p.a.**
- (5) Must mention augmented accrual rates
- (6) Must mention LSDB payable if death occurs within 5 years of retirement
- (7) Lifetime allowance:
 - Percentage used by full pension = **49.59%**
 - OR*
 - Percentage used by PCLS = **12.15%** and percentage used by residual pension = **36.45%**
- (8) Action required:
 - Choice of option
 - Member's birth certificate
 - Bank details

Retirements Part 2 – Question 5

Calculation

Options

- (1) Full pension of **£26,089.71 p.a.** (excess over GMP = **£22,007.19 p.a.** {including TVin element of **£4,126.24 p.a.**}, pre-1988 GMP = **£622.44 p.a.** and post-1988 GMP = **£3,460.08 p.a.**) with a spouse's pension of **£13,044.86 p.a.** – [LTA used = **48.62%**]

OR

- (2) Pension commencement lump sum of **£134,121.05** – [LTA used = **9.31%**]

PLUS

Residual pension of **£21,637.35 p.a.** (excess over GMP = **£17,554.83 p.a.**, pre-1988 GMP = **£622.44 p.a.** and post-1988 GMP = **£3,460.08 p.a.**) with a spouse's pension of **£13,044.86 p.a.** – [LTA used = **40.32%**]

Transfers – Question 1

Calculation

Total Transfer Value of **£183,550.37**, which includes the post-1997 Transfer Value of **£147,771.95** (member additionally has an AVC Fund Value of **£13,118.61**) – *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 2

Calculation

Total Transfer Value of **£44,999.70** (including **£8,152.53** in respect of AVCs), which is split between Funds and Contribution Types as follows:

Global Equity Fund – (Lifestyle)

Member contributions	-	£9,298.32
Employer contributions	-	£14,877.31
AVCs	-	£4,817.55
Total	-	£28,993.18

Index Linked Bond Fund – (Lifestyle)

Member contributions	-	£617.49
Employer contributions	-	£987.99
AVCs	-	£319.93
Total	-	£1,925.41

Cash Fund – (Lifestyle)

Member contributions	-	£191.44
Employer contributions	-	£306.30
AVCs	-	£99.18
Total	-	£596.92

Index Linked Bond Fund – (non-Lifestyle)

AVCs	-	£673.22
Total	-	£673.22

Balanced Fund – (non-Lifestyle)

Member contributions	-	£2,674.54
Employer contributions	-	£4,279.26
AVCs	-	£1,781.70
Total	-	£8,735.50

Corporate Bond Fund – (non-Lifestyle)

Member contributions	-	£1,390.20
Employer contributions	-	£2,224.32
AVCs	-	£460.95
Total	-	£4,075.47

OR

Member Contributions – (Lifestyle & non-Lifestyle)

Global Equity Fund (LS)	-	£9,298.32
Index Linked Bond Fund (LS)	-	£617.49
Cash Fund (LS)	-	£191.44
Balanced Fund (non-LS)	-	£2,674.54
Corporate Bond Fund (non-LS)	-	£1,390.20
Total		£14,171.99

Employer Contributions – (Lifestyle & non-Lifestyle)

Global Equity Fund (LS)	-	£14,877.31
Index Linked Bond Fund (LS)	-	£987.99
Cash Fund (LS)	-	£306.30
Balanced Fund (non-LS)	-	£4,279.26
Corporate Bond Fund (non-LS)	-	£2,224.32
Total		£22,675.18

AVCs – (Lifestyle & non-Lifestyle)

Global Equity Fund (LS)	-	£4,817.55
Index Linked Bond Fund (LS)	-	£319.93
Cash Fund (LS)	-	£99.18
Index Linked Bond Fund (non-LS)	-	673.22
Balanced Fund (non-LS)	-	£1,781.70
Corporate Bond Fund (non-LS)	-	£460.95
Total		£8,152.53

Transfers – Question 3

Calculation

Total Transfer Value of **£72,349.23**, which includes the post-1997 Transfer Value of **£60,938.88** (member additionally has an AVC Fund Value of **£11,001.11**) – *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 3)

- (1) Total Transfer Value *excluding* AVCs = **£72,349.23**
- (2) Total Transfer Value *including* AVCs = **£83,350.34** {of which AVCs = **£11,001.11**}
- (3) Post-1997 element of Transfer Value = **£60,938.88**
- (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 XYZ Pension and Life Assurance Scheme

Transfers – Question 4

Calculation

- (1) At NPD, a pension of **£8,356.35 p.a.** (including post-1997 pension of **£7,530.66 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

Letter (Question 8)

- (1) Transfer Value (**£42,169.54**)
- (2) Total pension benefit provided at NPD (**£8,356.35 p.a.**)
- (3) Post-1997 element of Transfer Value (**£36,729.36**)
- (4) Post-1997 element of pension benefit provided at NPD (**£7,530.66 p.a.**)
- (5) Must mention following benefits on death:
- Refund of contributions on death before retirement
 - 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 RST Pension Scheme

Transfers – Question 5

Calculation

The Transfer-in of **£64,582.03** would purchase units in the member's Personal Retirement Account split between Funds and Contribution Types as follows:

Global Equity Fund – (Lifestyle)

Member contributions	-	2,315.9685 units
Employer contributions	-	3,581.1847 units
AVCs	-	1,581.3254 units
Total		7,478.4786 units

Index Linked Bond Fund – (Lifestyle)

Member contributions	-	4,154.0890 units
Employer contributions	-	6,423.4724 units
AVCs	-	2,836.3799 units
Total		13,413.9413 units

Cash Fund – (Lifestyle)

Member contributions	-	1,646.3237 units
Employer contributions	-	2,545.7122 units
AVCs	-	1,124.0971 units
Total		5,316.1330 units

OR

Member Contributions – (Lifestyle)

Global Equity Fund	-	2,315.9685 units
Index Linked Bond Fund	-	4,154.0890 units
Cash Fund	-	1,646.3237 units
Total		N/A

Employer Contributions – (non-Lifestyle)

Global Equity Fund	-	3,581.1847 units
Index Linked Bond Fund	-	6,423.4724 units
Cash Fund	-	2,545.7122 units
Total		N/A

AVCs – (non-Lifestyle)

Global Equity Fund	-	1,581.3254 units
Index Linked Bond Fund	-	2,836.3799 units
Cash Fund	-	1,124.0971 units
Total		N/A

Transfers – Question 6

Calculation

- (1) At NPD, a pension of **£4,021.62 p.a.** (including excess pension of **£3,544.26 p.a.** and post-1988 GMP of **£477.36 p.a.** {and including post-1997 pension of **£3,466.56 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
