

VOCATIONAL QUALIFICATIONS

RETIREMENTS PART 1

RETIREMENT BENEFITS WITHOUT SPECIAL CIRCUMSTANCES

MONDAY 16 SEPTEMBER 2024

9.30 AM – 1.00 PM

TIME ALLOWED:

3 HOURS 30 MINUTES

1. Answer **ALL** the questions.
2. Write all your answers in the answer book provided.
3. Begin each question on a new page.
4. Show all your workings clearly.
5. Calculate the benefits and options using only the information given.
6. Where any relevant benefits are likely to exceed either the remaining Lump Sum Allowance or the Lump Sum & Death Benefit Allowance, clearly state in your answer that you would refer the case to your manager.
7. Round all factors and figures in accordance with the instructions provided in the *Tables of Factors* and the *Scheme / Plan Booklets*.

Questions

Section A

Calculate the retirement benefits / options for:

1. **STEPHANIE TAYLOR – (OPQ)**
2. **JOHN AARONS – (RST)**
3. **HARMEET KUMAR – (XYZ)**
4. **JESSICA JONES – (RST)**
5. **ALI NETRAVALKAR – (XYZ)**

Section B

6. Write a letter explaining the benefits payable and the options available to **STEPHANIE TAYLOR**.

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

Please note: Candidates must not sign letters with their own names. Letters should be signed “AN Other”.

Personal Retirement Account details

Member's Current Unit Holdings

Fund	Member's normal contributions	Employer's normal contributions	Member's AVCs
	Unit Holdings	Unit Holdings	Unit Holdings
Global Equity Fund	9,842.0160	15,786.9030	
Index Linked Bond Fund			
Balanced Fund	424.9840	679.8310	
Corporate Bond Fund			
Cash Fund	19,884.6920	31,976.8500	
Lifestyle Fund			

Investment Fund Unit Prices

Fund	Current Unit Price (£)
Global Equity Fund	5.147
Index Linked Bond Fund	1.399
Balanced Fund	4.117
Corporate Bond Fund	2.549
Cash Fund	1.014

Special circumstances / additional information

Stephanie Taylor has requested a quotation assuming she takes 20.0% of the overall value of her Personal Retirement Account as a tax-free cash sum. For the remaining value of her Personal Retirement Account, Stephanie Taylor has requested quotations for the following annuity options (based on the "Annuity Bureau" factors):

- a) Non-increasing – (*single life*)
- b) Increasing annually at the lower of 2.5% or RPI – (*50% joint life*)

Stephanie Taylor has additionally requested a quotation assuming she takes the entire proceeds of her Personal Retirement Account as a single Uncrystallised Funds Pension Lump Sum.

Stephanie Taylor's current available Lump Sum Allowance ('LSA') is £224,455.00.

Stephanie Taylor's current available Lump Sum & Death Benefit Allowance ('LS&DBA') is £1,029,280.00.

THIS QUESTION ALSO REQUIRES A LETTER (QUESTION 6)

**RETIREMENTS 1
QUESTION 1**

Pre 6 April 2006 pension accrued as at 5 April 2024

CARE pension (per annum) £ 4,983.72

Post 5 April 2006 pension accrued as at 5 April 2024

CARE pension (per annum) £ 12,984.06

Special circumstances / additional information

Contractual Salary at date of first event £ 53,500.00

Pro-rata CPI from 6 April 2024 to date of first event is 1.3%.

John Aarons' current available Lump Sum Allowance ('LSA') is £268,275.00.

John Aarons' current available Lump Sum & Death Benefit Allowance ('LS&DBA') is £1,073,100.00.

CASE STUDY DETAILS**XYZ SCHEME****RETIREMENTS PART 1
QUESTION 3****Event history**

Date of first event **03/10/2024** First event **RETIREMENT**
Date of second event Second event

Member details

Surname **KUMAR** Forenames **HARMEET**
Date of birth **04/10/1955** Gender **MALE**
Spouse's date of birth **07/03/1966**
Child dependant's date of birth
Date of joining company **02/01/1986**
Date of joining scheme **02/02/1986**
Category of membership **A**

Pensionable salary history for the scheme year commencing 6 April

2016	2017	2018	2019	2020	2021	2022	2023	2024
41,000	43,900	44,500	45,400	45,825	46,250	47,500	48,000	49,400

Contribution history

Total member's normal contributions **£ 39,875.24**
Total member's AVCs **£**
Current value of AVCs **£**
Single life AVC pension (per annum) payable immediately **£**
Joint life AVC pension (per annum) payable immediately **£**

Contracting-out details at date of first event

Pre 06/04/1988

GMP (per annum)	£	210.60
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Post 05/04/1988

GMP (per annum)	£	2,238.08
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Special circumstances / additional information

Harmeet Kumar paid the default contribution rate (70ths accrual) throughout his period of membership of the XYZ Pension and Life Assurance Scheme.

Harmeet Kumar's current available Lump Sum Allowance ('LSA') is £235,704.00.

Harmeet Kumar's current available Lump Sum & Death Benefit Allowance ('LS&DBA') is £1,040,529.00.

Pre 6 April 2006 pension accrued as at 5 April 2024

CARE pension (per annum) £ 9,998.88

Post 5 April 2006 pension accrued as at 5 April 2024

CARE pension (per annum) £ 13,879.60

Special circumstances / additional information

Contractual Salary at date of first event £ 52,300.00

Pro-rata CPI from 6 April 2024 to date of first event is 1.3%.

Jessica Jones' current available Lump Sum Allowance ('LSA') is £268,275.00.

Jessica Jones' current available Lump Sum & Death Benefit Allowance ('LS&DBA') is £1,073,100.00.

Contracting-out details at date of first event

Pre 06/04/1988

GMP (per annum) £

Post 05/04/1988

GMP (per annum) £

Special circumstances / additional information

Preserved pension (per annum) at date of first event £ **10,698.50**

Lower of 5.0% or RPI increases from date of first event to date of second event is 37.5%.

Ali Netravalkar's current available Lump Sum Allowance ('LSA') is £180,695.00.

Ali Netravalkar's current available Lump Sum & Death Benefit Allowance ('LS&DBA') is £985,520.00.