

VOCATIONAL QUALIFICATIONS

RETIREMENTS PART 2

RETIREMENT BENEFITS WITH SPECIAL CIRCUMSTANCES

TUESDAY 17 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. **JEREMY KIRTON – (XYZ)**
2. **KALEEM SINGH – (OPQ)**
3. **NICOLA JOHNSON – (RST)**
4. **ANGELA DILLON – (RST)**
5. **NAVNEET SIDDIQUI – (XYZ)**

Section B

6. Write a letter explaining the benefits payable and the options available to **NICOLA JOHNSON**.

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”.

CASE STUDY DETAILS**XYZ SCHEME****RETIREMENTS PART 2
QUESTION 1****Event history**

Date of first event **30/09/2024** First event **RETIREMENT**
Date of second event Second event

Member details

Surname **KIRTON** Forenames **JEREMY**
Date of birth **04/08/1966** Gender **MALE**
Spouse's date of birth **09/09/1977**
Child dependant's date of birth **04/02/1999**
Date of joining company **07/02/1987**
Date of joining scheme **07/03/1987**
Category of membership **A**

Pensionable salary history for the scheme year commencing 6 April

2016	2017	2018	2019	2020	2021	2022	2023	2024
63,000	65,300	67,200	69,000	71,475	73,000	76,500	78,000	74,500

Contribution history

Total member's normal contributions **£ 74,235.98**
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)	£	79.04
-----------------	---	--------------

Post 05/04/1988

GMP (per annum)	£	1,980.16
-----------------	---	-----------------

Special circumstances / additional information

Jeremy Kirton paid the default contribution rate (70ths accrual) from the date he joined the XYZ Pension and Life Assurance Scheme until 5 April 1997. From 6 April 1997, Jeremy Kirton varied his contribution rate to build up the following rates of pension accrual:

- 6 April 1997 to 5 April 2009 = 80ths
- 6 April 2009 to 5 April 2012 = 60ths
- 6 April 2012 to 5 April 2019 = 80ths
- 6 April 2019 onwards = 70ths

When being provided with the tax-free cash sum option, Jeremy Kirton has specified that he would like to take £150,000.00 as a cash sum, subject to this being within the maximum permitted under the rules of the XYZ Scheme.

Jeremy Kirton's current available Lump Sum Allowance ('LSA') is £268,275.00.

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

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			
Index Linked Bond Fund			
Balanced Fund			6,981.5050
Corporate Bond Fund			5,998.5800
Cash Fund			
Lifestyle Fund	30,755.1600	49,209.8580	

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

Kaleem Singh has requested quotations assuming he uses the overall value of his Personal Retirement Account to take either (a) the maximum tax-free cash sum available to him, with the balance being used to purchase a non-increasing single-life annuity; or (b) no tax-free cash sum, with the entire balance being used to purchase a 50% joint-life annuity, increasing annually at the lower of 3.0% or RPI. When providing quotations for the annuity options, Kaleem Singh has requested that the "Annuity Bureau" factors should be used.

Kaleem Singh has additionally requested a quotation assuming he takes the entire proceeds of his Personal Retirement Account as a single Uncrystallised Funds Pension Lump Sum (UFPLS).

Kaleem Singh's current available Lump Sum Allowance ('LSA') is £212,544.00.

Kaleem Singh's current available Lump Sum & Death Benefit Allowance ('LS&DBA') is £1,017,369.00.

Pre 6 April 2006 pension accrued as at 5 April 2024

CARE pension (per annum) £ 3,375.70

Post 5 April 2006 pension accrued as at 5 April 2024

CARE pension (per annum) £ 8,999.88

Special circumstances / additional information

Contractual Salary at date of first event (full-time equivalent) £ 49,500.00

Contractual Salary at date of first event (actual) £ 39,600.00

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

Nicola Johnson reduced her working days from full-time (five days a week) to three days a week for the period from 7 June 2006 to 8 December 2012, inclusive.

Nicola Johnson further reduced her working days to two days a week from 9 December 2012 to 11 June 2016, inclusive.

Nicola Johnson increased her working days to four days a week from 12 June 2016 onwards.

When being provided with the tax-free cash sum option, Nicola Johnson has specified that she would like to take £60,000.00 as a cash sum, subject to this being within the maximum permitted under the rules of the RST Pension Scheme.

Nicola Johnson's current available Lump Sum Allowance ('LSA') is £268,275.00.

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

THIS QUESTION ALSO REQUIRES A LETTER (QUESTION 6)

Pre 6 April 2006 pension accrued as at 5 April 2024

CARE pension (per annum) £ 1,986.50

Post 5 April 2006 pension accrued as at 5 April 2024

CARE pension (per annum) £ 16,982.04

Special circumstances / additional information

Contractual Salary at date of first event £ 54,700.00

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

The Trustees (at the request of the Company) agreed that the accrual rate for Angela Dillon's CARE Pension should be uplifted to 50ths of her Pensionable Earnings for all Pensionable Service from 6 April 2012 onwards. It was also agreed that an uplift in the accrual rate to 60ths should apply to the calculation of the Final Salary Underpin Pension from 6 April 2012 onwards.

Angela Dillon's current available Lump Sum Allowance ('LSA') is £268,275.00.

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

Event history

Date of first event **01/06/2014** First event **PRESERVED LEAVER**
 Date of second event **05/10/2024** Second event **RETIREMENT**

Member details

Surname **SIDDIQUI** Forename **NAVNEET**
 Date of birth **05/10/1959** Gender **MALE**
 Spouse’s date of birth **02/04/1961**
 Child dependant’s date of birth
 Date of joining company **06/11/1997**
 Date of joining scheme **06/11/1997**
 Category of membership **B**

Pensionable salary history for the scheme year commencing 6 April

2016	2017	2018	2019	2020	2021	2022	2023	2024

Contribution history

Total member’s normal contributions **£**
 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) £

Post 05/04/1988

GMP (per annum) £

Special circumstances / additional information

Preserved pension (per annum) at date of first event £ **14,986.02**

Lower of 5.0% or RPI increases from date of first event to date of second event is 34.6%.

On 4 February 1999, Navneet Siddiqui transferred into the XYZ Pension and Life Assurance Scheme his benefits from a registered pension scheme of one of his former employers. The pension scheme was not contracted out.

The transfer in secured a fixed pension of £3,987.05 per annum, payable from Navneet Siddiqui's Normal Pension Date. Once in payment, the transferred-in pension is subject to the normal rules of the XYZ Pension and Life Assurance Scheme. The transferred-in pension is not included in the Scheme pension quoted above but should be included in the calculation of Navneet Siddiqui's benefit options at retirement.

When being provided with the tax-free cash sum option, Navneet Siddiqui has specified that he would like to take £125,000.00 as a cash sum, subject to this being within the maximum permitted under the rules of the XYZ Pension and Life Assurance Scheme.

Navneet Siddiqui's current available Lump Sum Allowance ('LSA') is £205,945.00.

Navneet Siddiqui's current available Lump Sum & Death Benefit Allowance ('LS&DBA') is £1,010,770.00.