

## CPC EXAMINERS' REPORT JANUARY 2026

This was the first set of the examinations under the revised format, and it covered **Leavers** and **Retirements**. With the new basis, each paper comprised 2 *Case Studies* and a *Draft Letter*.

The overall pass rate for **Leavers Part 1** was encouragingly high (pass rate = **67%**). For this paper, there was one *Case Study* relating to the *OPQ Retirement & Death Benefits Plan* and one *Case Study* relating to the *XYZ Pension and Life Assurance Scheme (Category B)*. The *Draft Letter* was associated with the second *Case Study*.

For the *Case Study* relating to the *OPQ Retirement & Death Benefits Plan*, the member was invested entirely in the lifestyle fund. Most candidates answered the *Case Study* with few errors, albeit a few candidates made the common error of using the member's actual date of leaving (rather than the first day of the month of leaving) when calculating the number of complete months to target retirement date. Most errors tended to be arithmetical.

The *Case Study* for the *XYZ Pension and Life Assurance Scheme (Category B)* caused few concerns. Most errors tended to be due to candidates either failing to cap pensionable service to 3 July 2011 or making arithmetical mistakes when performing the salary comparison check. It was noticeable that some candidates used the latest pensionable salary rather than the best figure in the last 5 years when performing the salary comparison check.

The *Draft Letter* related to this *Case Study*. Most candidates transcribed the required data values to their *Answer Box* without error. For the missing information, not all candidates identified that the transfer option had been omitted from the *Draft Letter*. For the inaccurate information, some candidates failed to identify the incorrect basis for deriving pension increases, whilst others did not identify that the revaluation rate for the preserved pension should have been based on RPI rather than CPI.

The pass rate for **Leavers Part 2** was low (pass rate = **38%**). The *Case Study* which tended to present the greatest difficulties was the one relating to the *XYZ Pension and Life Assurance Scheme (Category A)*. With the member being female, the post-1988 GMP should have been revalued from the date of leaving to 'GMP due date' before applying the relevant statutory increases from 'GMP due date' to normal pension date. However, some candidates incorrectly applied the revaluation in a single step as if the member was male, basing the calculation solely on complete tax years from the date of leaving to normal pension date. The variations in accrual rates were generally dealt with well.

With the second *Case Study* relating to the *RST Pension Scheme*, not all candidates calculated both a refund option and a preserved option. With the preserved option, some candidates did not make it clear that the pension was all post-2006 (and therefore subject to increases in payment at the lower of 2.5% and RPI). In addition, it was not always mentioned that, with the preserved option, the AVCs would remain invested.

The *Draft Letter* was associated with this *Case Study*. As with Leavers Part 1, the correct data values were generally transcribed accurately. Numerous candidates did not identify that the availability of the tax-free cash sum option on retirement had been omitted. Some candidates did not pick up the separate errors for the revaluation basis for the preserved pension and the increase basis for the pension once in payment.

For **Retirements Part 1**, the overall pass rate was encouragingly high (pass rate = **67%**). Both *Case Studies* were answered reasonably well, with the *Case Study* causing the greater difficulty being the one for the *OPQ Retirement & Death Benefits Plan*. For this *Case Study*, there were 3 areas where errors commonly occurred. Firstly, the correct range of requested cash and annuity options was not always provided. Secondly, numerous candidates calculated the option for the Uncrystallised Funds Pension Lump Sum (UFPLS) when this was specifically not requested and, thirdly, reference to the open market option was frequently omitted.

In some instances, candidates deducted the wrong amount for the 'annuity bureau charge', with the confusion generally being due to the minimum charge of £75.00 being only a few pence higher than 0.065% of the member's personal retirement account (after deducting the tax-free cash sum). Spouse annuity options were sometimes provided even when candidates correctly identified that the member had specifically requested single life options only. In addition, some candidates did not check whether the required tax-free cash sum of £35,000.00 was within HMRC limits, whilst some candidates ignored the requested amount altogether and simply used the maximum amount permitted by HMRC.

The *Case Study* for the *XYZ Pension and Life Assurance Scheme (Category B)* was answered well by most candidates, with the main issue being where candidates used the latest pensionable salary figure (rather than the best in the last 5 years) prior to performing the comparison check. It was noticeable that some candidates stated the incorrect commutation factor without showing any workings, whilst others referred to a potential young spouse reduction when this is only applicable for the *RST Pension Scheme*.

The *Draft Letter* for **Retirements Part 1** was associated with this *Case Study*. Most candidates accurately transcribed the value of each required data item from the *Case Study* to their *Answer Box*. For missing information, many candidates did not recognise that there was no reference to the member's pension being payable unreduced due to early retirement being on the grounds of ill health. For wrong information, some candidates did not identify that the date of the first pension payment was incorrect by one year.

The overall pass rate for **Retirements Part 2** was disappointingly low (**30%**). For the first *Case Study* relating to the *RST Pension Scheme*, candidates did not always specify that the spouse's pension would remain unchanged in the event of the member's pension being exchanged for a tax-free cash sum. For this *Case Study*, an enhanced accrual rate applied for pensionable service from 6 January 2022 onwards for both the CARE pension and the Underpin pension. This 'special circumstance' generally caused minimal difficulty, and many candidates produced perfect answers.

The second *Case Study* related to the *XYZ Pension and Life Assurance Scheme (Category A)* where the 'special circumstance' related to the presence of AVCs. For this *Case Study*, which was 'normal retirement from preserved status', the revaluation of the post-1988 GMP element was not always carried out using the prescribed method detailed in the scheme booklet. In addition, some candidates used the wrong table for deriving the GMP revaluation factor (i.e. they did not use the 3.5% table).

Several candidates stated that the spouse's pension would remain the same regardless of whether the member took the option of a tax-free cash sum. This is inaccurate as, for the joint-life AVC option, the spouse's pension is reduced when taking the tax-free cash sum as the AVCs are fully extinguished.

The *Draft Letter* for **Retirements Part 2** was associated with the *Case Study* for the *RST Pension Scheme*. As with **Retirements Part 1**, nearly all candidates accurately transcribed the required values from the *Case Study* to their *Answer Box*. For missing information, many candidates did not identify that the tax-free cash sum should have been tested additionally against the member's remaining 'Lump Sum & Death Benefit Allowance' (LS&DBA). For wrong information, some candidates did not recognise that a

full increase (rather than a pro-rata increase) would apply on the anniversary date of the first payment. Further, many candidates did not identify that the lump sum death benefit for death in retirement is tested against the LS&DBA, rather than the 'Lump Sum Allowance' (LSA).

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.

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 boxes.
- Where a centre or candidate has been proven to have followed incorrect formal procedures relating to the examinations.

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 centre or their employer. 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.

**\*\*\* IMPORTANT INFORMATION \*\*\***

It should be stressed that candidates are expected to familiarise themselves fully with the latest 'Scheme Booklets' and 'Tables of Factors'. These will remain unaltered for the next series of CPC examinations in March 2026, which will cover Deaths and Transfers.

It should also be stressed that the latest sample *Case Studies* on the CPC Website, whilst providing a very useful guide, will never cover every scenario that may be encountered within the CPC examinations.

*Centres and candidates need to be fully aware that the format of the CPC examinations changed from January 2026. Each examination now comprises 2 Case Studies and a draft Letter. The draft Letter requires elements of data derived from answering one of the Case Studies to be accurately transcribed to the answer box. In addition, expected basic information not communicated in the draft Letter will need to be identified and detailed in the answer box, whilst information wrongly communicated in the draft Letter also needs to be identified and corrected in the answer box.*

**THE REQUIREMENTS FOR THE DRAFT LETTER ARE CLEAR AND SPECIFIC. ANY CANDIDATE WRITING AN ACTUAL LETTER WILL AUTOMATICALLY FAIL.**

## THE STATISTICS

The table below provides a detailed breakdown and summary of the key statistics relating to the January 2026 CPC examinations.

<b>Unit</b>	<b>Scripts received</b>	<b>Pass</b>	<b>Fail</b>	<b>Success rate</b>
<b>Retirements Part 1</b>	26	16	10	<b>62%</b>
<b>Retirements Part 2</b>	33	10	23	<b>30%</b>
<b>Deaths Part 1</b>				
<b>Deaths Part 2</b>				
<b>Leavers Part 1</b>	48	32	16	<b>67%</b>
<b>Leavers Part 2</b>	53	20	33	<b>38%</b>
<b>Transfers</b>				
<b>TOTAL</b>	<b>160</b>	<b>78</b>	<b>82</b>	<b>49%</b>

## SUMMARY OF WORKED ANSWERS

### Leavers Part 1 – Question 1 (OPQ)

#### Calculation

- (1) Preserved benefit at DOL of **£100,220.81**

**OR**

- (2) Transfer value to another pension arrangement

### Leavers Part 1 – Question 2 (XYZ: Category B)

#### Calculation

- (1) Preserved pension at DOL of **£22,220.81 p.a.** which, when revalued to NPD, could result in a maximum pension of **£43,995.65 p.a.** – *assuming annual increases for each complete year from DOL to NPD of 5.0%*

Spouse's pension on death before / after retirement of **£11,110.41 p.a.** {based on member's pension at DOL} which, when revalued to NPD, could result in a maximum pension of **£21,997.83 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 (Draft Letter in relation to Question 2)

#### Transcription requirements

<b>A</b>	<b>£22,220.81 p.a.</b>	(member's pension at DOL)
<b>B</b>	<b>£43,995.65 p.a.</b>	(member's pension at DOL, revalued to NPD)
<b>C</b>	<b>£11,110.41 p.a.</b>	(spouse's DID pension [based on member's pension at DOL])
<b>D</b>	<b>£11,110.41 p.a.</b>	(spouse's DIR pension [based on member's pension at DOL])
<b>E</b>	<b>£21,997.83 p.a.</b>	(spouse's DIR pension [based on member's pension at DOL, revalued to NPD])

#### Missing information

- (1) No mention of a transfer option (*candidates were not penalised for failing to identify each alternative type of transfer option mentioned in the scheme booklet*)

#### Wrong information

- (1) Date of leaving stated as **15 January 2024** (should be **15 January 2026**)
- (2) Indexation rate for preserved pension stated as **lower of 5% or CPI** (should be **lower of 5% or RPI**)
- (3) Upper age for 5-year-guarantee stated as **70** (should be **75**)
- (4) Pension increase date stated as **1 June** (should be **1 April**)

### **Leavers Part 2 – Question 1 (XYZ: Category A)**

#### **Calculation**

- (1) Preserved pension at DOL of **£20,389.70 p.a.** (excess over GMP = **£19,877.50 p.a.** and post-1988 GMP = **£512.20 p.a.**) which, when revalued to NPD, could result in a maximum pension of **£42,445.05 p.a.** (excess over GMP = **£41,323.93 p.a.** and post-1988 GMP = **£1,121.12 p.a.**) – assuming annual increases on excess for each complete year from DOL to NPD (= ‘GMP due date’) of 5.0% and annual increases on GMP for each complete tax year from DOL to NPD (= ‘GMP due date’) at fixed rate of revaluation (3.25%)

Spouse’s pension on death before / after retirement of **£10,194.85 p.a.** {based on member’s pension at DOL} which, when revalued to NPD, could result in a maximum pension of **£21,222.53 p.a.** {based on member’s pension at DOL, revalued to NPD}

**OR**

- (2) Transfer value to another pension arrangement

### **Leavers Part 2 – Question 2 (RST)**

#### **Calculation**

- (1) Net refund of **£15,211.02**

**OR**

- (2) Preserved ‘CARE’ pension at date of leaving of **£1,820.00 p.a.** {v preserved ‘Underpin’ pension of **£1,652.78 p.a.**} (all post-2006) which, when revalued to NPD, would result in a pension of **£2,909.54 p.a.** (all post-2006 – assuming annual increases for each complete year from DOL to NPD of 2.5% per annum compound); PLUS current AVC value of **£7,255.43**

Spouse’s pension on death after retirement of **£728.00 p.a.** (all post-2006 – based on member’s pension at DOL) which, when revalued to NPD, would result in a pension of **£1,163.82 p.a.** (all post-2006 – based on member’s pension at DOL revalued to NPD)

**OR**

- (3) Transfer value to another pension arrangement

### **Leavers Part 2 – Question 3 (Draft Letter in relation to Question 2)**

#### **Transcription requirements**

<b>A</b>	<b>£15,211.02</b>	(net refund)
<b>B</b>	<b>£11,758.35</b>	(scheme contributions paid at DOL – for refund)
<b>C</b>	<b>£7,255.43</b>	(AVCs paid at DOL – for refund)
<b>D</b>	<b>£3,802.76</b>	(tax deducted – for refund)
<b>E</b>	<b>20%</b>	(rate of tax – for refund)
<b>F</b>	<b>£1,820.00 p.a.</b>	(member’s pension at DOL)

<b>G</b>	<b>01/02/2045</b>	<i>(member's NPD – stating <b>age 65</b> is acceptable)</i>
<b>H</b>	<b>£2,909.54 p.a.</b>	<i>(member's pension at DOL, revalued to NPD)</i>
<b>I</b>	<b>£6,002.45</b>	<i>(value of current AVCs at DOL)</i>
<b>J</b>	<b>£11,758.35</b>	<i>(scheme contributions paid – for refund on DID)</i>
<b>K</b>	<b>£7,255.43</b>	<i>(AVCs paid – for refund on DID)</i>
<b>L</b>	<b>£728.00 p.a.</b>	<i>(spouse's DIR pension [based on member's pension at DOL])</i>
<b>M</b>	<b>£1,163.82 p.a.</b>	<i>(spouse's DIR pension [based on member's pension at DOL, revalued to NPD])</i>

### **Missing information**

- (1) No mention that the pension (once in payment) is guaranteed for 5 years, subject to the age 75 cap
- (2) No mention that a tax-free cash sum option is available at retirement

### **Wrong information**

- (1) Date of leaving stated as **20 February 2026** (should be **20 January 2026**)
- (2) Indexation rate for preserved pension stated as **lower of 5% or RPI** (should be **lower of 5% or CPI**)
- (3) Escalation rate for pension (once in payment) stated as **lower of 2.5% or CPI** (should be **lower of 2.5% or RPI**)

## **Retirements Part 1 – Question 1 (OPQ)**

### **Calculation**

Value of Personal Retirement Account at DOR = **£148,625.44**

Options at DOR

- (1) Tax-free cash sum of **£35,000.00** – [within remaining LSA of **£243,275.00** and LS&DBA of **£1,048,100.00**]

**PLUS**

Annuity of **£10,616.97 p.a.** (non-increasing *and* single life) – {Annuity Bureau Charge of **£75.00**}

**OR**

- (2) Tax-free cash sum of **£35,000.00** – [within remaining LSA of **£243,275.00** and LS&DBA of **£1,048,100.00**]

**PLUS**

Annuity of **£8,663.90 p.a.** (increasing at the lower of 3.0% or RPI *and* single life) – {Annuity Bureau Charge of **£75.00**}

**OR**

- (3) Open Market Option

### Retirements Part 1 – Question 2 (XYZ: Category B)

#### Calculation

Options at DOR

- (1) Full pension of **£12,552.41 p.a.** with a spouse's pension of **£6,276.21 p.a.**

**OR**

- (2) Tax-free cash sum of **£66,932.79** – [within remaining LSA of **£253,275.00** and LS&DBA of **£1,058,100.00**]

**PLUS**

Residual pension of **£10,039.92 p.a.** with a spouse's pension of **£6,276.21 p.a.**

### Retirements Part 1 – Question 3 (Draft Letter in relation to Question 2)

#### Transcription requirements

A	<b>£12,552.41 p.a.</b>	<i>(member's full pension at DOR)</i>
B	<b>£66,932.79 p.a.</b>	<i>(member's tax-free cash sum at DOR)</i>
C	<b>£10,039.92 p.a.</b>	<i>(member's residual pension at DOR)</i>
D	<b>£253,275.00</b>	<i>(member's available Lump Sum Allowance [LSA])</i>
E	<b>£1,058,100.00</b>	<i>(member's available Lump Sum &amp; Death Benefit Allowance [LS&amp;DBA])</i>
F	<b>£6,276.21 p.a.</b>	<i>(spouse's DIR pension, based on member's full pension at DOR)</i>

#### Missing information

- (1) No mention of member's retirement date (should be **28 January 2026**)
- (2) No mention of member's pension being payable unreduced (as early retirement is on the grounds of **ill-health**)

#### Wrong information

- (1) First payment date stated as **1 February 2025** (should be **1 February 2026**)
- (2) Escalation rate for pension in payment stated as **5% or CPI** (should be **5% or RPI**)
- (3) Escalation wording for pension in payment stated as **higher of** (should be **lower of**)

### Retirements Part 2 – Question 1 (RST)

#### Calculation

Options at DOR

- (1) Full 'CARE' pension of **£18,004.06 p.a.** {vs full 'Underpin' pension of **£17,027.98 p.a.**} (pre-2006 = **£4,595.50 p.a.** and post-2006 = **£13,408.56 p.a.**) with a spouse's pension of **£7,201.62 p.a.** (pre-2006 = **£1,838.20 p.a.** and post-2006 = **£5,363.42 p.a.**)

**OR**

- (2) Tax-free cash sum of **£89,632.77** – [within remaining LSA of **£268,275.00** and LS&DBA of **£1,073,100.00**]

**PLUS**

Residual 'CARE' pension of **£13,444.92 p.a.** (pre-2006 = **£4,595.50 p.a.** and post-2006 = **£8,849.42 p.a.**) with a spouse's pension of **£7,201.62 p.a.** (pre-2006 = **£1,838.20 p.a.** and post-2006 = **£5,363.42 p.a.**)

**Retirements Part 2 – Question 3 (Draft Letter in relation to Question 1)**

**Transcription requirements**

<b>A</b>	<b>£4,595.50 p.a.</b>	<i>(member's full pre-2006 CARE pension at DOR)</i>
<b>B</b>	<b>£13,408.56 p.a.</b>	<i>(member's full post-2006 CARE pension at DOR)</i>
<b>C</b>	<b>£18,004.06 p.a.</b>	<i>(member's full CARE pension at DOR)</i>
<b>D</b>	<b>£89,632.77</b>	<i>(member's tax-free cash sum at DOR)</i>
<b>E</b>	<b>£4,595.50 p.a.</b>	<i>(member's residual pre-2006 CARE pension at DOR)</i>
<b>F</b>	<b>£8,849.92 p.a.</b>	<i>(member's residual post-2006 CARE pension at DOR)</i>
<b>G</b>	<b>£14,444.92 p.a.</b>	<i>(member's residual CARE pension at DOR)</i>
<b>H</b>	<b>£268,275.00</b>	<i>(member's available Lump Sum Allowance [LSA])</i>
<b>I</b>	<b>£17,027.98 p.a.</b>	<i>(member's full Underpin pension at DOR)</i>
<b>J</b>	<b>£7,201.62 p.a.</b>	<i>(spouse's DIR pension, based on member's full pension at DOR)</i>
<b>K</b>	<b>£1,838.20 p.a.</b>	<i>(spouse's DIR pre-2006 pension, based on member's full pre-2006 pension at DOR)</i>
<b>L</b>	<b>£5,363.42 p.a.</b>	<i>(spouse's DIR post-2006 pension, based on member's full post-2006 pension at DOR)</i>

**Missing information**

- (1) No mention of the special circumstance (i.e. the **enhanced accrual rate** for both the CARE pension and the Underpin pension)
- (2) No mention of the tax-free cash sum being 'additionally' within the member's remaining **LS&DBA** (reference is only made to the amount being within the member's remaining **LSA**)

**Wrong information**

- (1) CARE pension stated as being payable since the Underpin pension is **higher** (should be **lower**)
- (2) First pension increase stated as being a **proportionate** increase on 1 February 2027 (should be a **full** increase)
- (3) Wording for second element of the spouse's pension stated as **post 5 April 2008** (should be **post 5 April 2006**)
- (4) DIR Lump Sum Death Benefit stated as being within the member's available **LSA** (should be **LS&DBA**)

**Retirements Part 2 – Question 2 (XYZ: Category A)**

**Calculation**

Option 1A at DOR – Pension Only (AVCs *single life*)

- (1A) Full pension of **£13,448.74 p.a.** (excess over GMP = **£10,926.74 p.a.** and post-1988 GMP = **£2,522.00 p.a.**) [*plus a single-life AVC pension of £2,901.05 p.a., resulting in a total pension of £16,349.79 p.a.*] with a spouse's pension of **£6,724.37 p.a.**

**OR**

Option 1B at DOR – Pension Only (AVCs *joint life*)

- (1B) Full pension of **£13,448.74 p.a.** (excess over GMP = **£10,926.74 p.a.** and post-1988 GMP = **£2,522.00 p.a.**) [*plus a joint-life AVC pension of £2,395.96 p.a., resulting in a total pension of £15,844.70 p.a.*] with a spouse's pension of **£6,724.37 p.a.** [*plus a joint life AVC pension of £1,197.98 p.a., resulting in a total spouse's pension of £7,922.35 p.a.*]

**OR**

- (2) Tax-free cash sum of **£82,554.17** (*including AVC cash of £53,669.48*) – [within remaining LSA of **£208,275.00** and LS&DBA of **£1,013,100.00**]

**PLUS**

Residual pension of **£12,162.69 p.a.** (excess over GMP = **£9,640.69 p.a.** and post-1988 GMP = **£2,522.00 p.a.**) with a spouse's pension of **£6,724.37 p.a.**

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