

OPQ – Answer

Name	BENJAMIN ROSEWALL (<i>Normal Ret. from PRS – no spec. circumstances</i>)
DOL	10/07/2023
DOR	17/09/2026
DOB	17/06/1960
NPD	= SPA (<i>not relevant for answer</i>)
TRD	N/A

Contributions (member)	£27,456.22
Contributions (employer)	£43,929.96

Units (member)	7,321.3334	(<i>Global Equity</i>)
Units (member)	2,000.8688	(<i>Balanced</i>)
Units (member)	5,146.2008	(<i>Cash</i>)
Units (employer)	11,714.1334	(<i>Global Equity</i>)
Units (employer)	3,201.3901	(<i>Balanced</i>)
Units (employer)	8,233.9213	(<i>Cash</i>)

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

Quotes required (1):	£30,000.00 tax-free cash sum (provided this is within HMRC limits) and single-life annuity (non-escalating)
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Quotes required (2):	£30,000.00 tax-free cash sum (provided this is within HMRC limits) and 50% joint-life annuity (escalating by lower of 2.5% or RPI)
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Quotes required (3):	Single 'Uncrystallised Funds Pension Lump Sum' (UFPLS)
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Annuity factors:	Single-life option (non-escalating)
	= 9.08 (age 66yrs & 3mths) $9.00 + ([9.32 - 9.00] \times 3/12 = 0.08000)$
	50% joint-life option (escalating by lower of 2.5% or RPI)
	= 6.33 (age 66yrs & 3mths) $6.27 + ([6.50 - 6.27] \times 3/12 = 0.05750)$

Fund Prices

Global Equity	£3.911
Balanced	£4.904
Cash	£1.015

Personal Retirement Account**Member**

Global Equity	7,321.3334	x	£3.911	=	£28,633.73
Corporate Bond	2,000.8688	x	£4.904	=	£9,812.26
Cash	5,146.2008	x	£1.015	=	£5,223.39
TOTAL					£43,669.38

Employer

Global Equity	11,714.1334	x	£3.911	=	£45,813.98
Corporate Bond	3,201.3901	x	£4.904	=	£15,699.62
Cash	8,233.9213	x	£1.015	=	£8,357.43
TOTAL					£69,871.03

Total Personal Retirement Account = £43,669.38 + £69,871.03 = **£113,540.41**

OPTION-1a**Tax-free cash sum**

Amount required: = **£30,000.00**

Maximum permitted: $£113,540.41 \times 25\%$ = **£28,385.10**

Single-life annuity (non-increasing)

Balance of fund: $£113,540.41 - £28,385.10$ = **£85,155.31**

Annuity bureau charge: $£85,155.31 \times 0.065\%$ = **£55.35**

£75.00 charge applies (*as higher than £55.35*)

Amount left to purchase an annuity: $£85,155.31 - £75.00$ = **£85,080.31**

Member: $£85,080.31 / 100 \times 9.08$ = **£7,725.29 pa**

Spouse: = **N/A**

OPTION-1b

Tax-free cash sum

Amount required: = **£30,000.00**

Maximum permitted: $£113,540.41 \times 25\%$ = **£28,385.10**

50% joint-life annuity (increasing by lower of 2.5% or RPI)

Balance of fund: $£113,540.41 - £28,385.10$ = **£85,155.31**

Annuity bureau charge: $£85,155.31 \times 0.065\%$ = **£55.35**

£75.00 charge applies (*as higher than £55.35*)

Amount left to purchase an annuity: $£85,155.31 - £75.00$ = **£85,080.31**

Member: $£85,080.31 / 100 \times 6.33$ = **£5,385.58 pa**

Spouse: $£5,385.58 \times 50\%$ = **£2,692.79 pa**

'LS&DBA' Check (BOTH OPTIONS): $£28,385.10$ vs $£1,073,100.00$ = **OK**

'LSA' Check (BOTH OPTIONS): $£28,385.10$ vs $£268,275.00$ = **OK**

OPTION-2

UFPLS

Tax-free amount: $£113,540.41 \times 25\%$ = **£28,385.10**

Taxable at marginal rate: $£113,540.41 \times 75\%$ = **£85,155.31**

'LS&DBA' Check: $£28,385.10$ vs $£1,073,100.00$ = **OK**

'LSA' Check: $£28,385.10$ vs $£268,275.00$ = **OK**

Summary Answer

Value of Personal Retirement Fund = £113,540.41

Options

- (1a) Tax-free cash sum of £28,385.10 (*restricted to HMRC maximum*) – [within 'LS&DBA' of £1,073,100.00 and within 'LSA' of £268,275.00]

PLUS

Single-life annuity (non-increasing) of £7,725.29 pa [*spouse = N/A*] – Annuity Bureau Charge of £75.00

OR

- (1b) Tax-free cash sum of £28,385.10 (*restricted to HMRC maximum*) – [within 'LS&DBA' of £1,073,100.00 and within 'LSA' of £268,275.00]

PLUS

50% joint-life annuity (increasing by lower of 2.5% or RPI) of £5,385.58 pa [*spouse = £2,692.79 pa*] – Annuity Bureau Charge of £75.00

OR

- (2) Uncrystallised Funds Pension Lump Sum (UFPLS) of £113,540.41, of which £28,385.10 will be paid tax-free and £85,155.31 (taxable element) will be paid assuming an emergency code on a month 1 basis – [tax-free element is within 'LS&DBA' of £1,073,100.00 and within 'LSA' of £268,275.00]

OR

- (3) Transfer entire Personal Retirement Account to a suitable alternative arrangement to take advantage of additional flexibilities (e.g. multiple UFPLS's or Flexi-Access Drawdown)

OR

- (4) Open Market Option