

CPC EXAMINERS' REPORT MAY 2026

This was the third set of CPC examinations under the new basis, and the second series to cover **Leavers** and **Retirements**. With the new basis, each paper comprises 2 *Case Studies* and a *Draft Letter*.

The paper for **Leavers Part 1** was generally attempted well (pass rate = **61%**). It contained *Case Studies* relating to the *RST Pension Scheme* and the *XYZ Pension and Life Assurance Scheme (Category A)*. The *Draft Letter* was associated with this latter *Case Study*.

The *Case Study* for the *RST Pension Scheme* was usually attempted well, albeit a few candidates correctly identified that the Underpin pension was slightly higher than the CARE pension but still went on to use the figures for the CARE pension as the basis for answering the remainder of the question.

The *Case Study* relating to the *XYZ Pension and Life Assurance Scheme (Category A)* was based on a male member with a post-1988 GMP, but no pre-1988 GMP. Although this simplified the calculation, some candidates based the GMP revaluation period on complete years rather than complete tax years. In addition, not all candidates used the best pensionable salary entry in the previous 5 years to determine the final pensionable salary.

The *Draft Letter* related to this *Case Study*. Most candidates transcribed the required data values to their *Answer Box* without error. For missing information, not all candidates identified that there was no reference to the Underpin Pension being higher than the CARE pension. In addition, some candidates did not recognise that there was no mention of the benefits which would be payable for death before retirement. For inaccurate information, some candidates failed to identify that the earliest a member will be able to retire, other than through ill health, from 6 April 2028 will change from age 55 to age 57 (and not from age 55 to age 58).

For **Leavers Part 2**, the overall success rate was reasonably high (pass rate = **67%**). The first of the two *Case Studies* was for the *XYZ Pension and Life Assurance Scheme (Category B)* and it concerned a member with several periods of part-time service. This *Case Study* caused minimal problems, with many candidates producing perfect answers when dealing with the part-time service splits. Occasional arithmetical errors were made when performing the salary comparison check.

For the second *Case Study*, which was based on the *OPQ Retirement & Death Benefits Plan*, the member and employer contributions were invested entirely in the lifestyle fund. In addition, there was an augmentation payment which was required to be added to the member's overall Personal Retirement Account. This *Case Study* was answered quite well by most candidates, with most errors being arithmetical.

The *Draft Letter* was associated with this *Case Study*. As with **Leavers Part 1**, the numerous data values were generally transcribed accurately. For missing information, many candidates did not identify that reference to the requirement to produce annual statements had been omitted. Similarly, not all candidates identified the omission of information relating to the payment of benefits on death before retirement. With deliberate errors, some candidates did not recognise that the target retirement date had been stated as 20 August 2028 instead of 20 August 20230.

For **Retirements Part 1**, the overall pass rate was low (pass rate = **33%**). The *Case Studies* related to the *RST Pension Scheme* and the *OPQ Retirement & Death Benefits Plan*. Candidates usually found the second *Case Study* the most challenging. There were three areas where errors commonly occurred. 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.

The *Case Study* for the *RST Pension Scheme* was 'early retirement on the grounds of ill health'. This was generally answered well, although some candidates failed to base their answers on prospective pensionable service to the member's normal pension date.

The *Draft Letter* for **Retirements Part 1** was associated with the *Case Study* for the *RST Pension Scheme*. Most candidates accurately transcribed the value of each required data item from the *Case Study* to their *Answer Box*. For missing information, some candidates did not recognise that there was no reference to the fact that, once in payment, the spouse's pension would increase at the same rate as the member's pension. Additionally, numerous candidates did not identify that the requirement to provide the member's original birth certificate had been omitted. For wrong information, many candidates failed to recognise the incorrect value for the 'Lump Sum & Death Benefit Allowance'.

The paper for **Retirements Part 2** was attempted with **varying degrees of success** (pass rate = **48%**). As with **Retirements Part 1**, many candidates experienced difficulties with the *Case Study* relating to the *OPQ Retirement & Death Benefits Plan*. Indeed, the observations made to explain why candidates fell short in answering the *Case Study* for **Retirements Part 1** are equally applicable in explaining why candidates generally struggled in answering a broadly similar *Case Study* for **Retirements Part 2**.

The *Case Study* relating to the *XYZ Pension and Life Assurance Scheme (Category A)* did not present too many issues. The varied accrual rates were dealt with correctly in most cases. In some instances, candidates did not ensure that the residual pension covered the GMP. Where errors were incurred, they tended to be arithmetical.

The *Draft Letter* for **Retirements Part 2** was associated with the *Case Study* for the *XYZ Pension & Life Assurance Scheme*. As with **Retirements Part 1**, most candidates accurately transcribed the required values from the *Case Study* to their *Answer Box*. For missing information, some candidates did not identify that there was no reference to the member's pension having been reduced due to early retirement. Additionally, many candidates failed to recognise that there was no reference to a proportionate increase applying in the first year for the excess pension. For wrong information, some candidates did not identify that the retirement date was wrong by one year.

By highlighting the key areas where candidates fell short of the required standard, it is hoped that similar failings will be avoided in the future. 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 they 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 July 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 May 2026 CPC examinations.

Unit	Scripts received	Pass	Fail	Success rate
Retirements Part 1	57	19	38	33%
Retirements Part 2	60	29	31	48%
Deaths Part 1				
Deaths Part 2				
Leavers Part 1	129	78	51	61%
Leavers Part 2	126	84	42	67%
Transfers				
TOTAL	372	210	162	57%

SUMMARY OF WORKED ANSWERS

Leavers Part 1 – Question 1 (XYZ: Category A)

Calculation

- (1) Preserved pension at DOL of **£26,134.40 p.a.** (excess over GMP = **£24,700.76 p.a.** and post-1988 GMP = **£1,433.64 p.a.**) which, when revalued to NPD, could result in a maximum pension of **£44,220.62 p.a.** (excess over GMP = **£42,246.70 p.a.** and post-1988 GMP = **£1,973.92 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 **£13,067.20 p.a.** {based on member’s pension at DOL} which, when revalued to NPD, could result in a maximum pension of **£22,110.31 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 (RST)

Calculation

- (1) Preserved ‘Underpin’ pension at date of leaving of **£13,821.30 p.a.** {v preserved ‘CARE’ pension of **£13,742.23 p.a.**} (pre-2006 = **£655.56 p.a.** and post-2006 = **£13,165.74 p.a.**) which, when revalued to NPD, would result in a pension of **£18,134.79 p.a.** (pre-2006 = **£860.15 p.a.** and post-2006 = **£17,274.64 p.a.**) – assuming annual increases for each complete year from DOL to NPD of 2.5%

Spouse’s pension on death after retirement of **£5,528.52 p.a.** (pre-2006 = **£262.22 p.a.** and post-2006 = **£5,266.30 p.a.** – {based on member’s pension at DOL}) which, when revalued to NPD, would result in a pension of **£7,253.92 p.a.** (pre-2006 = **£344.06 p.a.** and post-2006 = **£6,909.86 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

- | | | |
|---|------------------------|--|
| A | £655.56 p.a. | (member’s pre-2006 pension at DOL) |
| B | £13,165.74 p.a. | (member’s post-2006 pension at DOL) |
| C | £13,821.30 p.a. | (member’s total pension at DOL) |
| D | 31/07/2037 | (member’s NPD – stating age 65 is acceptable) |
| E | £860.15 p.a. | (member’s pre-2006 pension at DOL, revalued to NPD) |

F	£17,274.64 p.a.	<i>(member's post-2006 pension at DOL, revalued to NPD)</i>
G	£18,134.79 p.a.	<i>(member's total pension at DOL, revalued to NPD)</i>
H	£5,528.52 p.a.	<i>(spouse's DIR pension [based on member's pension at DOL])</i>
I	£7,253.92 p.a.	<i>(spouse's DIR pension [based on member's pension at DOL, revalued to NPD])</i>

Missing information

- (1) Transfer option omitted (should mention option to transfer to another pension arrangement – (but do not penalise if sufficiently covered under Missing Information, below)
- (2) Reference to check between CARE and Underpin pensions omitted (should mention preserved benefits based on Underpin pension as higher than CARE pension)
- (3) Date for pension increases omitted (should mention increases will be applied each year on anniversary of commencement of pension)
- (4) Death before retirement benefits omitted (should mention refund of contributions ONLY applies, *and the amount of £48,435.25*)

Wrong information

- (1) Surname for member incorrect (states **Mrs Smith**, but should be **Miss Kovarik** or **Mrs Kovarik** or **Nina Kovarik**)
- (2) One of leaving options incorrect (states **transfer to your bank account**, but should be **transfer to another pension arrangement**)
- (3) Minimum retirement age incorrect (states **55 rising to 58 in 2028**, but should be **55 rising to 57 in 2028**)

Leavers Part 2 – Question 1 (OPQ)

Calculation

- (1) Preserved benefit at DOL of **£113,728.72** (including augmentation of **£12,500.00**)

OR

- (2) Transfer value to another pension arrangement

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

Transcription requirements

A	85.00%	<i>(lifestyle investment split – global equity fund)</i>
B	11.25%	<i>(lifestyle investment split – index linked bond fund)</i>
C	3.75%	<i>(lifestyle investment split – cash fund)</i>
D	7,204.8426	<i>(member units – global equity fund)</i>
E	953.5821	<i>(member units – index linked bond fund)</i>
F	317.8607	<i>(member units – cash fund)</i>
G	£5.148	<i>(unit price – global equity fund)</i>
H	£1.508	<i>(unit price – index linked bond fund)</i>
I	£1.297	<i>(unit price – cash fund)</i>
J	£37,090.53	<i>(member value – global equity fund)</i>
K	£1,431.33	<i>(member value – index linked bond fund)</i>
L	£412.27	<i>(member value – cash fund)</i>

M	£38,934.13	<i>(member total value)</i>
N	11,527.7482	<i>(employer units – global equity fund)</i>
O	1,525.7314	<i>(employer units – index linked bond fund)</i>
P	508.5771	<i>(employer units – cash fund)</i>
Q	£59,344.85	<i>(employer value – global equity fund)</i>
R	£2,290.12	<i>(employer value – index linked bond fund)</i>
S	£659.62	<i>(employer value – cash fund)</i>
T	£62,294.59	<i>(employer total value)</i>
U	2,428.1274	<i>(augmentation units)</i>
V	Global Equity	<i>(augmentation fund)</i>
W	£113,728.72	<i>(total value)</i>

Missing information

- (1) Reference to provision of periodic updates omitted (should mention annual benefit statements will be issued)
- (2) Reference to death before retirement benefits omitted (should mention value of PRA will be refunded to legal personal representatives / estate)

Wrong information

- (1) Augmentation value incorrect (states **£10,500.00**, but should be **£12,500.00**)
- (2) Target Retirement Date incorrect (states **20 August 2028**, but should be **20 August 2030**)
- (3) Investment basis for PRA from DOL to NPD incorrect (states **5.0% per annum compound or CPI, if lower**, but should be **PRA will continue to be invested**)

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

Calculation

- (1) Preserved pension at DOL of **£13,653.21 p.a.** which, when revalued to NPD, could result in a maximum pension of **£31,293.43 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 **£6,826.61 p.a.** {based on member's pension at DOL} which, when revalued to NPD, could result in a maximum pension of **£15,646.72 p.a.** {based on member's pension at DOL, revalued to NPD}

OR

- (2) Transfer value to another pension arrangement

Retirements Part 1 – Question 1 (RST)

Calculation

Options at DOR

- (1) Full 'CARE' pension of **£33,476.47 p.a.** {vs full 'Underpin' pension of **£25,625.93 p.a.**} (pre-2006 = **£9,871.58 p.a.** and post-2006 = **£23,604.89 p.a.**) with a spouse's pension of **£13,390.59 p.a.** (pre-2006 = **£3,948.63 p.a.** and post-2006 = **£9,441.96 p.a.**)

OR

- (2) Tax-free cash sum of **£172,649.76** – [within remaining LSA of **£268,275.00** and LS&DBA of **£1,073,100.00**]

PLUS

Residual 'CARE' pension of **£25,897.46 p.a.** (pre-2006 = **£9,871.58 p.a.** and post-2006 = **£16,025.88 p.a.**) with a spouse's pension of **£13,390.59 p.a.** (pre-2006 = **£3,948.63 p.a.** and post-2006 = **£9,441.96 p.a.**)

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

Transcription requirements

A	£33,476.67 p.a.	<i>(member's full CARE pension at DOR)</i>
B	£9,871.58 p.a.	<i>(member's full pre-2006 CARE pension at DOR)</i>
C	£23,604.89 p.a.	<i>(member's full post-2006 CARE pension at DOR)</i>
D	£172,649.76	<i>(member's tax-free cash sum at DOR)</i>
E	£25,897.46 p.a.	<i>(member's residual CARE pension at DOR)</i>
F	£9,871.58 p.a.	<i>(member's residual pre-2006 CARE pension at DOR)</i>
G	£16,025.88 p.a.	<i>(member's residual post-2006 CARE pension at DOR)</i>
H	£268,275.00	<i>(member's available Lump Sum Allowance [LSA])</i>
I	£13,390.59 p.a.	<i>(spouse's DIR pension, based on member's full pension at DOR)</i>
J	£3,948.63 p.a.	<i>(spouse's DIR pre-2006 pension, based on member's full pre-2006 pension at DOR)</i>
K	£9,441.96 p.a.	<i>(spouse's DIR post-2006 pension, based on member's full post-2006 pension at DOR)</i>

Missing information

- (1) Reason for retirement omitted (should mention retirement is early due to ill health)
- (2) Potential for young spouse reduction (YSR) omitted (should mention YSR will potentially apply as spouse is more than 10 years younger than member)
- (3) Rates for pension increases to spouse's pension omitted (should mention spouse's pension, once in payment, will be increased at same rate as member's pension)
- (4) Requirement to provide member's original birth certificate omitted (should mention specifically that 'original' member's birth certificate must be provided)

Wrong information

- (1) Pre-2006 date for full pension incorrect (states **1 April 2006**, but should be **6 April 2006**)
- (2) LS&DBA amount incorrect (states **£1,037,100.00**, but should be **£1,073,100.00**)
- (3) Pension increase date incorrect (states **1 April**, but should be **anniversary date of first payment or 1 June**)

Retirements Part 1 – Question 2 (OPQ)

Calculation

Value of Personal Retirement Account at DOR = **£107,873.91**

Options at DOR

- (1) Tax-free cash sum of **£21,574.78** – [within remaining LSA of **£198,940.00** and LS&DBA of **£1,003,765.00**]

PLUS

Annuity of **£6,828.95 p.a.** (non-increasing) with a 50% spouse's annuity of **£3,414.48 p.a.** – {Annuity Bureau Charge of **£75.00**}

OR

- (2) Tax-free cash sum of **£21,574.78** – [within remaining LSA of **£198,940.00** and LS&DBA of **£1,003,765.00**]

PLUS

Annuity of **£6,553.03 p.a.** (increasing at the lower of 3.0% or RPI *and* single life) – {Annuity Bureau Charge of **£75.00**}

OR

- (3) Uncrystallised Funds Pension Lump Sum of **£107,873.91** (tax-free element = **£26,968.48** and taxable element = **£80,905.43**, which is taxed at member's marginal rate and paid assuming an Emergency Code on a Month 1 basis) – [tax-free element of **£26,968.48** within remaining LSA of **£198,940.00** and LS&DBA of **£1,003,765.00**]

OR

- (4) Open Market Option

Retirements Part 2 – Question 1 (OPQ)

Calculation

Value of Personal Retirement Account at DOR = **£141,801.07**

Options at DOR

- (1) Tax-free cash sum of **£35,450.27** – [within remaining LSA of **£89,425.00** and LS&DBA of **£894,250.00**]

PLUS

Annuity of **£6,865.42 p.a.** (increasing at the lower of 3.0% or RPI) with a 50% spouse's annuity of **£3,432.71 p.a.** – {Annuity Bureau Charge of **£75.00**}

OR

- (2) Tax-free cash sum of **£25,000.00** – [within remaining LSA of **£89,425.00** and LS&DBA of **£894,250.00**]

PLUS

Annuity of **£7,120.23 p.a.** (increasing at the lower of 5.0% or RPI) with a 50% spouse's annuity of **£3,560.12 p.a.** – {Annuity Bureau Charge of **£75.92**}

OR

- (3) Uncrystallised Funds Pension Lump Sum of **£141,801.07** (tax-free element = **£35,450.27** and taxable element = **£106,350.80**, which is taxed at member's marginal rate and paid assuming an Emergency Code on a Month 1 basis) – [tax-free element of **£35,450.27** within remaining LSA of **£89,425.00** and LS&DBA of **£894,250.00**]

OR

- (4) Open Market Option

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

Calculation

Options at DOR

- (1) Full pension of **£26,270.20 p.a.** (excess over GMP = **£24,021.72 p.a.**, pre-1988 GMP = **£148.20 p.a.** and post-1988 GMP = **£2,100.28 p.a.**) with a spouse's pension of **£13,135.10 p.a.**

OR

(2) PCLS of **£125,000.00** – [within remaining LSA of **£268,275.00** and LS&DBA of **£1,073,100.00**]

PLUS

Residual pension of **£21,229.88 p.a.** (excess over GMP = **£18,981.40 p.a.**, pre-1988 GMP = **£148.20 p.a.** and post-1988 GMP = **£2,100.28 p.a.**) with a spouse's pension of **£13,135.10 p.a.**

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

Transcription requirements

A	£26,270.20 p.a.	<i>(member's full pension at DOR)</i>
B	£148.20 p.a.	<i>(member's pre-1988 GMP at DOR)</i>
C	£2,100.28 p.a.	<i>(member's post-1988 GMP at DOR)</i>
D	£24,021.72 p.a.	<i>(member's excess [full] pension at DOR)</i>
E	£125,000.00	<i>(member's tax-free cash sum at DOR)</i>
F	£21,229.88 p.a.	<i>(member's residual pension at DOR)</i>
G	£148.20 p.a.	<i>(member's pre-1988 GMP at DOR)</i>
H	£2,100.28 p.a.	<i>(member's post-1988 GMP at DOR)</i>
I	£18,981.40 p.a.	<i>(member's excess [residual] pension at DOR)</i>
J	£268,275.00	<i>(member's available Lump Sum Allowance [LSA])</i>
K	£1,073,100.00	<i>(member's available Lump Sum & Death Benefit Allowance [LS&DBA])</i>
L	£13,135.10 p.a.	<i>(spouse's DIR pension, based on member's full pension at DOR)</i>

Missing information

- (1) Reference to a reduction to member's pension omitted (should mention pension has been reduced due to early retirement)
- (2) Reference to 'special circumstances' omitted (should mention pension has been based on varied accrual rates)
- (3) Reference to a proportionate pension increase in year 1 omitted (should mention 'excess' pension will have a proportionate increase applied at first increase date)

Wrong information

- (1) Retirement date incorrect (states **31 May 2025**, but should be **31 May 2026**)
- (2) Pension increase date incorrect (states **6 April**, but should be **1 April**)
- (3) Indexation rate for excess pension from GMP age incorrect (states **lower of 5% or CPI**, but should be **lower of 5% or RPI**)
- (4) Recipient of LSDB incorrect (states LSDB is payable to **Estate**, but should be to **persons at the Trustees' discretion**)