

Questions

Section A – Calculations (Questions 1 and 2)

Calculate the benefits payable and the options available for:

- **RACHEL WILLIAMS – (OPQ)**
- **LEONARD ALVARADO – (XYZ)**

Section B – Draft Letter (Question 3)

Analyse a draft *Letter* that has been written to communicate the benefits payable and the options available for:

- **LEONARD ALVARADO – (XYZ)**

The draft *Letter* requires data derived from answering the *Case Study* to be accurately transcribed to the answer box. In addition, expected basic information not communicated in the draft *Letter* needs 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.

Using the answer box provided:

- a) Transcribe data derived from answering the *Case Study* (*the data to be transcribed is specifically indicated in the draft Letter by a capital letter in brackets*).
- b) Identify and detail expected basic information which has been omitted from the draft *Letter* (*there are 2 to 4 omissions to be identified and detailed*).
- c) Identify and correct information which has been wrongly communicated in the draft *Letter* (*there are 2 to 4 errors to be identified and corrected*).

RETIREMENTS PART 1

QUESTION 1

Contribution history

Personal Retirement Account details

Member's Current Unit Holdings

Fund	Member's normal contributions Unit Holdings	Employer's normal contributions Unit Holdings	Member's AVCs Unit Holdings
Global Equity Fund	3,070.5890	4,912.4800	
Index Linked Bond Fund	2,773.4350	4,436.8000	
Balanced Fund			
Corporate Bond Fund	5,239.4780	8,382.4500	
Cash Fund	9,016.8000	14,425.6500	
Lifestyle Fund			

Investment Fund Unit Prices

Fund	Current Unit Price (£)
Global Equity Fund	5.147
Index Linked Bond Fund	1.380
Balanced Fund	4.177
Corporate Bond Fund	2.624
Cash Fund	1.299

Special circumstances / additional information

Rachel Williams has requested quotations assuming she uses the overall value of her Personal Retirement Account to take either (a) the maximum tax-free cash sum available to her, with the balance being used to purchase a 50% joint-life annuity, increasing annually at the lower of 3.0% or RPI; or (b) a tax-free cash sum of £25,000.00 (provided this is within HMRC limits), with the balance being used to purchase a single-life annuity, increasing annually at the lower of 5.0% or RPI. When providing quotations for the annuity options, Rachel Williams has requested that the "Annuity Bureau" factors should be used.

Rachel Williams has additionally requested a quotation assuming she takes the entire proceeds of her Personal Retirement Account as a single Uncrystallised Funds Pension Lump Sum (UFPLS).

Rachel Williams' current available Lump Sum Allowance ('LSA') is £85,175.00.

Rachel Williams' current available Lump Sum & Death Benefit Allowance ('LS&DBA') is £890,000.00.

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

Date of first event **30/09/2026** First event **RETIREMENT**

Date of second event Second event

Member details

Surname **ALVARADO** Forenames **LEONARD**

Date of birth **08/02/1965** Gender **MALE**

Spouse's date of birth **09/09/1975**

Child dependant's date of birth

Date of joining company **02/04/1985**

Date of joining scheme **02/05/1985**

Category of membership **A**

Pensionable salary history for the scheme year commencing 6 April

2018	2019	2020	2021	2022	2023	2024	2025	2026
39,000	41,300	43,200	45,000	48,475	50,900	54,000	52,500	52,500

Contribution history

Total member's normal contributions **£ 55,619.58**

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)	£	149.24
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Post 05/04/1988

GMP (per annum)	£	2,184.52
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Special circumstances / additional information

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

When being provided with the tax-free cash sum option, Leonard Alvarardo has specified that he would like to take £140,000.00 as a cash sum, subject to this being within the maximum permitted under the rules of the XYZ Pension and Life Assurance Scheme.

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

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

THIS CASE STUDY ALSO RELATES TO THE DRAFT LETTER (QUESTION 3)

Mr Leonard Alvarado
Address 1
Address 2
Address 3
Address 4
Post Code

10 September 2026

Dear Mr Leonard

The XYZ Pension & Life Assurance Scheme (“the Scheme”)

I refer to your early retirement from the above scheme on 30 September 2026. Your pension has been reduced to reflect the fact that it is being taken before your Normal Retirement Age of 65.

You have the following options:

Option 1: Full Pension

- Full pension of [A] per annum, which is made up of:
 - Pre-1988 Guaranteed Minimum Pension (GMP) of [B] per annum
 - Post-1988 GMP of [C] per annum
 - Non-GMP (excess pension) of [D] per annum

OR

Option 2: Tax-Free Cash Sum and Residual Pension

- Your ‘elected’ tax-free cash sum of [E]

PLUS

- Residual pension of [F] per annum, which is made up of:
 - Pre-1988 GMP of [G] per annum
 - Post-1988 GMP of [H] per annum
 - Non-GMP (excess pension) of [I] per annum

Based on our records, your ‘elected’ tax-free cash sum is within your current available Lump Sum Allowance of [J] and your current available Lump Sum & Death Benefit Allowance of [K].

Payment of Pension

Your pension will be paid monthly in arrears. It will be payable for life and will be subject to PAYE. The first payment will be made on 1 September 2026.

Pension Increases

Your pension will be increased on 1 April each year, in the following way:

Before GMP Age (65)

Your entire pension will be increased by 5.0% per annum, or by the increase in the Retail Prices Index ("RPI"), if less.

For the first year, a proportionate increase will be applied on 1 April 2027 to reflect the fact that your pension will not have been in payment for a full year.

From GMP Age (65)

Your pension will be increased as follows:

- Your pre-1988 GMP will not receive any increases from the Scheme
- Your non-GMP (excess pension) will be increased by 5.0% per annum, or by the increase in the CPI, if less

Death in Retirement

A spouse's pension of [L] per annum will be payable in the event of your death in retirement. This amount will be the same whether you take **Option 1** or **Option 2**.

The spouse's pension will be adjusted to reflect any pension increases applied between your retirement and the date of your death. Once in payment, the spouse's pension will be payable for life and will be subject to PAYE.

If you die within five years of taking your pension, the balance of any unpaid pension instalments will be payable to one or more persons at the Trustee's discretion. The balance will be based on your current pension when you die, and any payment will count against your remaining Lump Sum and Death Benefit Allowance.

Documents Required

- Your original birth certificate
- The enclosed option form, completed and signed by you
- The enclosed Lump Sum Allowance Declaration form, completed and signed by you

If you have any queries, please contact us.

Yours sincerely

AN Other