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Calculation of Final Pay
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Please remember that each job must be treated separately
What is Pensionable Pay?

These payments are pensionable:-

- All the salary, wages, fees and other payments paid to a scheme member for their own use in respect of their employment.

  This will include any shift allowance, bonuses, performance related pay, merit awards, honoraria (except those specifically awarded in lieu of overtime), contractual overtime, Statutory Sick Pay, Statutory Maternity Pay, and acting up allowances. In short any payments (but see below for those payments that cannot be pensionable) that you are making to an individual for doing the job that you are employing them to do.

  **NB** Each contract that a scheme member holds, and for which they are paying pension contributions, must be identified separately. If payments are made that do not relate to that particular contract then they must be treated as non pensionable.

- Any other payment or benefit specified in the contract of employment as being a pensionable emolument:

  This could include items such as clothing and footwear allowances, medical insurance, free meals, rent free (or reduced rent) accommodation.

These payments cannot be pensionable:-

- Payments made that do not relate to that contract
- Additional hours paid in excess of contractual hours
- Non contractual overtime;
- Travelling, subsistence or other allowance paid in respect of expenses incurred in relation to the employment;
- Pay in lieu of annual leave;
- Pay in lieu of notice;
- Any payment made as an inducement not to terminate employment;
- Except for some very historical cases (see below) – the monetary value of the provision of a car or pay received in lieu of car;

*Where since 31 December 1992 a member has been able to have the value of their lease car included as part of his pay for pension purposes, they can continue to do so, but this shall cease if they leave employment with the employing authority who were employing them on 31 December 1992 (otherwise than as a result of a transfer to another scheme employer which is beyond his control); or if they are neither provided with a motor vehicle nor receive an amount representing the money value to them of the provision of such a vehicle.*
What is Final Pay?

This is usually the pay on which pension contributions have been deducted during the last 365 days of employment and is used together with the period of scheme membership to calculate the benefits due when someone leaves the scheme. It is only the pay that relates to the particular contract that has ended; if the scheme member has more than 1 contract which is pensionable each must be treated separately. This information is provided on a Pensions Leaver Details form (PLD).

Where the final year does not include 365 days pensionable pay the Pension Section will up-rate the pensionable pay figure provided to a full year equivalent, but any period for which pension contributions have not been paid will not count as scheme membership and will therefore be excluded when the benefits are calculated.

How is it calculated?

- Normally this figure will be the pay on which pension contributions have been deducted in the final 365 days of employment. See Examples 1 and 2.

- For all scheme members however, the Regulations do allow that the figure from one of the previous 2 years can instead be used if that should be higher than the final year (each year ending with the anniversary of the date of leaving). We will therefore need at least 2, maybe 3, PLD forms to be completed - one for each year.

  e.g. where the scheme member leaves 29 July 2009 the final pay will generally will be for the period:-

  30 July 2008 to 29 July 2009, but could instead be for the period
  30 July 2007 to 29 July 2008, or
  30 July 2006 to 29 July 2007 if one of these were to be higher

When calculating benefits, one of the checks carried out by the Pensions Section is to see if a pay figure from a previous year is higher. The check is carried out against the pay figures that have been calculated from the pension contributions paid in each financial year (these will have previously been used when providing Annual Benefits Illustrations).

If it appears that a previous year may be higher, and you have not already provided this information, you will be asked to provide the details as explained above. Meanwhile the benefits will be calculated based on the pay figure that you have given. You will not be chased for this information.

- Where a Certificate of Protection of Pension Benefits (CPPB) has previously been issued (for events prior to 1 April 2008), then the best of the last 3 years protection can be extended by a further 10 years. The employer must then be able to provide details of the final pay for the last 13 years of scheme membership - each
year ending with the anniversary of the date of leaving (in practice you will only have to go back to the year prior to the date of issue of the CPPB). We will therefore need up to 13 PLD forms to be completed - one for each year. The Pension Section then carries out a calculation to obtain the best pay figure to be used for the calculation of benefits.

e.g. where the scheme member leaves 29 July 2009 the final pay will generally will be for the period:-

30 July 2008 to 29 July 2009, but could instead be for the period
30 July 2007 to 29 July 2008, or
30 July 2006 to 29 July 2007, or
30 July 2005 to 29 July 2006, or
30 July 2004 to 29 July 2005, if one of these were to be higher

or

An average of 3 consecutive years, e.g.:-
30 July 2001 to 29 July 2002 and
30 July 2002 to 29 July 2003, and
30 July 2003 to 29 July 2004, etc.

At the estimate stage the Pensions Section will identify that you have previously issued a CPPB and remind you that you will be required to provide the pensionable pay details for up to the last 13 years. You therefore need to keep sufficient records to be able to do this.

If you have not provided this information at the benefit calculation stage you will be reminded of the requirement to provide the details as explained previously. Meanwhile the benefits will be calculated based on the pay figure that you have given. You will not be chased for this information.

• From 1 April 2008, where the scheme member suffered a reduction in their pensionable pay for one of the following reasons:-
  • because they have taken a lower paid job with the same employer, or
  • because the level of their pay has been reduced following a re-evaluation, or
  • because of a change in their contract of employment resulting in a reduction in pensionable payments or benefits, or
  • because increases to their pensionable pay are restricted or frozen

they may choose to have their benefits calculated using either the best of the last 3 years (as previously detailed), or an average of 3 years within the last 13, each year ending 31 March.

This does not apply if the previous rate of pay was only on a temporary basis (e.g. to cover maternity, sickness, etc.) or where the drop in pay is because of a reduction in hours or where flexible retirement has been taken in the previous job.
e.g. where the scheme member leaves 29 July 2012 the final pay will generally will be for the period:-

30 July 2011 to 29 July 2012, but could instead be for the period 30 July 2010 to 29 July 2011, or 30 July 2009 to 29 July 2010 if one of these were to be higher

Or an average of 3 years, each year ending 31 March e.g.:-

1 April 2011 to 31 March 2012, and 1 April 2010 to 31 March 2011, and 1 April 2009 to 31 March 2010, etc

When calculating benefits, one of the checks carried out by the Pensions Section is to see if a pay figure from a previous year is higher. The check is carried out against the pay figures that have been calculated from the pension contributions paid in each financial year (these will have previously been used when providing Annual Benefits Illustrations).

If it appears that a previous year may be higher, and you have not already provided this information, you will be asked to provide the details as explained previously. Meanwhile the benefits will be calculated based on the pay figure that you have given. You will not be chased for this information.

NB

- Payments in lieu of holidays or in lieu of notice are not pensionable and should not be included in final pay figures.

- If the scheme member changes their hours of working during the final pay period, details of the final pay must be split at the dates of change. See Example 3.

- Payments received in a final pay period that relate to an event outside those dates, must not be included. This will include payments made during the final pay period for work performed before the start of that period or payments made in respect of arrears which relate to an earlier period.

- If a lump sum payment such as an honorarium or merit award has been made in the final pay period and only part relates to that period, then the lump sum payment must be proportioned so that the only part that is included is the amount that relates to those dates. See Example 4.

- If the scheme member is part time with no fixed contractual hours, then as part of the year end process you will provide the hours worked on form Pen 4C. These hours are then averaged to provide a weekly total. On the PLD it will be necessary to also provide details of the hours worked from the beginning of the current financial year to the date of leaving so that these can also be averaged.
Where pay has been reduced or suspended because of ill health, a **notional pensionable pay** figure must be added to the actual to equal the normal pay that would have been paid had the ill health not occurred. This should include a notional amount for any pensionable allowances/extras that would normally have been paid. *See Example 5.*

Where pay has been reduced because of Ordinary Maternity or Adoption Leave (OML), a **notional pensionable pay** figure must be added to the actual to equal the pay that would have normally have been paid had the OML not occurred. This should include a notional amount for any pensionable allowances/extras that would normally have been paid. *See Example 6.*

The scheme member must have been given the option of paying contributions for any unpaid Additional Maternity Leave. A **notional figure** (including a notional amount for any pensionable allowances/extras that would normally have been paid) for this period should be shown **only** if the scheme member had elected to pay the arrears of pension contributions.

Where pay has been reduced because of a period of authorised unpaid leave, don’t forget that pension contributions **must** be taken for the first 30 days and so a **notional pensionable pay figure** must be added to the actual so as to equal the normal pay that would have been paid had the unpaid leave not occurred. This should include a notional amount for any pensionable allowances/extras that would normally have been paid. *See Example 7.*

Where pay has been reduced because of a period of unauthorised unpaid leave (the scheme member cannot pay pension contributions), no **notional** figures should be given. Instead the actual **pensionable pay** should be provided. As the employee is still a scheme member up to the date of leaving, the final year will end with the last day of **employment**.

Where pay has been reduced because of strike absence and the scheme member has chosen to pay pension contributions a **notional pensionable pay figure** must be added to the actual so as to equal the normal pay that would have been paid had the unpaid leave not occurred. This should include a notional amount for any pensionable allowance/extras that would normally be paid.

For **variable time** scheme members (i.e. those who are not paid by the hour but are paid by the session or receive a set fee)/Returning Officers or Acting Returning Officers you must provide details of the pensionable fees received for the three consecutive years ending with the last day of employment. These will be averaged by the Pensions Section when calculating the benefit.

If the scheme member should have more then 3 years scheme membership you must also provide pensionable fees for each year ending 31 March during the last 10 years of pensionable employment.
Example calculations

The following examples show how to calculate final pay in various scenarios.

Example 1

Date of leaving 29 July 2009 – Whole time employee, no sickness, unpaid leave or other changes in the last year of scheme membership.

Annual rate of pensionable pay at date of leaving = £22871

Final pay during final year of service

Pay figure required for the period 30 July 2008 to 29 July 2009

Salary rates £22205 from 1 April 2008, £22871 from 1 April 2009.

The Final Pay figure should be between these 2 figures - but closer to the April 2008 figure.

So add the pensionable pay for each of the relevant months from payroll/payslips.

<table>
<thead>
<tr>
<th>Actual</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 to 31 July 2008</td>
<td>119.38</td>
</tr>
<tr>
<td>1 August 2008 to 31 March 2009</td>
<td>14803.33</td>
</tr>
<tr>
<td>1 April 2009 to 30 June 2009</td>
<td>5717.75</td>
</tr>
<tr>
<td>1 June 2009 to 29 July 2009</td>
<td>1782.95</td>
</tr>
<tr>
<td>Total</td>
<td>22423.41</td>
</tr>
</tbody>
</table>

Example 2

Date of leaving 29 July 2009 - Part time employee (30 hours all year), no sickness, unpaid leave or other changes in the last year of scheme membership.

Annual rate of pensionable pay at date of leaving = £18544.05 (i.e. £22871 x 30/37).

Final pay during final year of service

Pay figure required for the period 30 July 2008 to 29 July 2009.

Salary rates £18004.05 from 1 April 2008, £18544.05 from 1 April 2009.
The **Final Pay** figure should be between these 2 figures – but closer to the April 2008 figure.

So add the **pensionable pay** for each of the relevant months from payroll/payslips.

<table>
<thead>
<tr>
<th>Actual</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 to 31 July 2008</td>
<td>2/31 x £18004.05/12</td>
</tr>
<tr>
<td>1 August 2008 to 31 March 2009</td>
<td>8 x £18004.05/12</td>
</tr>
<tr>
<td>1 April 2009 to 30 June 2009</td>
<td>3 x £18544.05/12</td>
</tr>
<tr>
<td>1 June 2009 to 29 July 2009</td>
<td>29/31 x £18544.05/12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
</tr>
</tbody>
</table>

The Pension Section will up-rate this figure to the **whole time** equivalent for calculating the benefits, i.e. £18181.15 x 37/30 = **£22423.42**

**Example 3**

*Date of leaving 29 July 2009 – 30/37 to 30 April 2009, 25/37 from 1 May 2009, no sickness, unpaid leave or other changes in final year.*

Pay figure required for the period from 30 July 2008 to 29 July 2009, but split at 30 April/1 May 2009.

Salary rates £18004.05 from 1 April 2008, £18544.05 from 1 April 2009, and £15453.38 from 1 May 2009.

The **Final Pay** figure should be between these 3 figures – but closer to the April 2008 figure.

So add the **pensionable pay** for each of the relevant months from payroll/payslips.

<table>
<thead>
<tr>
<th>Actual</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 to 31 July 2008</td>
<td>2/31 x £18004.05/12</td>
</tr>
<tr>
<td>1 August 2008 to 31 March 2009</td>
<td>8 x £18004.05/12</td>
</tr>
<tr>
<td>1 April 2009 to 30 April 2009</td>
<td>1 x £18544.05/12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
</tr>
<tr>
<td>1 May 2009 to 29 July 2009</td>
<td>29/31 x £15453.38/12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
</tr>
</tbody>
</table>

The Pension Section will up-rate this figure to the **whole time** equivalent for calculating the benefits, i.e. £13644.84 x 37/30= £16828.64 and £3780.26 x 37/25 = £5594.78 = **£22423.42**.
### Example 4a

*Date of leaving 29 July 2009 – whole time, no sickness, unpaid leave or other changes in final year. In August 2008 received an honorarium (merit award) lump sum payment of £2500 in respect of work carried out for the period 1 April 2007 to 31 March 2008.*

#### Same rates of pay as for Example 1

As the final year is 30 July 2008 to 29 July 2009, the honorarium should not be included and the **final pay** is therefore the same as Example 1.

However as pension benefits are always calculated using the **final pay** for the best of the last three years, it will be necessary to also calculate the pay for the year 30 July 2007 to 29 July 2008 to see if the pay for this period (which will include most of the honorarium) is higher than the pay for the last year.

### Example 4b

*Date of leaving 29 July 2009 – whole time, no sickness, unpaid leave or other changes in final year. In December 2008 received an honorarium lump sum payment of £4000, which related to work carried out over the period from 1 March 2007 to 30 September 2008.*

**Basic pay would be calculated in the same way as for Example 1, but in addition the value of the honorarium for the period 30 July 2008 to 30 September 2008 must also be taken into account**

\[
i.e. \text{Basic pay} = \£22423.41 + (\£4000/19 \times 2 \frac{2}{31}) = \£22423.41 + \£434.63 = \£22858.04
\]

In this example it is likely that the previous year’s pay when including the rest of the honorarium will be higher.

For example – previous year will be 30 July 2007 to 29 July 2008.

Salary rates = £21558 from 1 April 2007, £22205 from 1 April 2008.

So add the **pensionable pay** for each of the relevant months from payroll/payslips.
Basic pay is less than for the 365 days ending with the date of leaving but in addition the value of the honorarium for the period 30 July 2007 to 29 July 2008 must also be taken into account.

Basic pay = £21770.18 + £4000/19 x 12)  
= £21770.18 + £2526.32 = £24296.50

In this example therefore the pensionable pay to be used for the calculation of the benefits is for the period 30 July 2007 to 29 July 2008.

It is unlikely that the previous year’s pay even when including the rest of the honorarium will be higher.

NB For part time employees, you will need to indicate if the amount of the honorarium would be the same as for a full time employee.

Example 5

Date of leaving 29 July 2009 – whole time, had a period of reduced pay sickness from 1 April 2009 to the date of leaving.

Annual rate of pensionable pay at date of leaving = £22871.

**Final pay** during final year of service

Pay figure required for the period 30 July 2008 to 29 July 2009.

Salary rates £22205 from 1 April 2008, £22871 from 1 April 2009.

The Final Pay figure should be between these 2 figures - but closer to the April 2008 figure.

So add the pensionable pay for each of the relevant months from payroll/payslips.
Kent County Council Pensions Section
June 2010

Actual

<table>
<thead>
<tr>
<th>Date</th>
<th>Formula</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 to 31 July 2008</td>
<td>2/31 x £22205/12</td>
<td>119.38</td>
</tr>
<tr>
<td>1 August 2008 to 31 March 2009</td>
<td>8 x £22205/12</td>
<td>1480.33</td>
</tr>
<tr>
<td>1 April 2009 to 30 June 2009</td>
<td>3 x £22871/12</td>
<td>2858.88*</td>
</tr>
<tr>
<td>1 June 2009 to 29 July 2009</td>
<td>29/31 x £22871/12</td>
<td>891.48*</td>
</tr>
</tbody>
</table>

Total 18673.07

* As the scheme member had been on ½ pay sick leave a notional amount of £3750.35 should be added so that the total equals the amount that they would have earned had they been paid in full i.e. £18673.07 + £3750.35 = £22423.42.

Example 6a

Date of leaving 29 July 2009 – whole time, had a period of paid maternity leave from 1 December 2008 to 30 April 2009.

Annual rate of pensionable pay at date of leaving = £22871.

Final pay during final year of service

Pay figure required for the period 30 July 2008 to 29 July 2009.

Salary rates £22205 from 1 April 2008, £22871 from 1 April 2009.

Maternity pay 90% for 6 weeks from 1 December 2008 to 11 January 2009
½ CMP + SMP for 12 weeks from 12 January to 5 April 2009
SMP from 6 April to 30 April 2009

Add the pensionable pay for each of the relevant months from payroll/payslips.

Actual

<table>
<thead>
<tr>
<th>Date</th>
<th>Formula</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 July to 30 November 2008</td>
<td>4 2/31 x £22205/12</td>
<td>7521.05</td>
</tr>
<tr>
<td>1 Dec 08 to 11 January 2009</td>
<td>1 11/31 x 90% x £22205/12</td>
<td>2256.31*</td>
</tr>
<tr>
<td>12 January 09 to 31 March 2009</td>
<td>2 20/31 x 50% x £22205/12 + SMP</td>
<td>3769.64*</td>
</tr>
<tr>
<td>1 April 09 to 5 April 2009</td>
<td>5/30 x 50% x £22871/12 + SMP</td>
<td>242.53*</td>
</tr>
<tr>
<td>6 April 09 to 30 April 2009</td>
<td>SMP</td>
<td>439.50*</td>
</tr>
<tr>
<td>1 May 09 to 29 July 2009</td>
<td>2 29/31 x £22871/12</td>
<td>5594.80</td>
</tr>
</tbody>
</table>

Total 19853.83

* As the scheme member had been on maternity leave a notional amount of £2569.59 should be added so that the total equals the amount that they would
have earned had they been paid in full i.e. £19853.83+ £2569.59 = £22423.42.

**Example 6b**

Date of leaving 29 July 2009 – *whole time*, had a period of maternity leave from 30 January 2008 to 29 January 2009 (unpaid from 30 October 2008 – elected not to pay).

**Annual rate of pensionable pay at date of leaving** = £22871.

**Final pay** during final year of service

Pay figure required for the period 30 July 2008 to 29 July 2009.

Salary rates £22205 from 1 April 2008, £22871 from 1 April 2009.

Maternity pay

- 90% for 6 weeks from 30 January 2008 to 12 March 2008
- ½ CMP + SMP for 12 weeks from 13 March 2008 to 4 June 2008
- SMP from 5 June 2008 to 29 October 2008

Add the *pensionable pay* for each of the relevant months from payroll/payslips.

<table>
<thead>
<tr>
<th>Actual</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 July to 29 October 2008</td>
<td>SMP 1523.34*</td>
</tr>
<tr>
<td>30 January 09 to 31 March 2009</td>
<td>2 2/31 x £22205/12 3820.22</td>
</tr>
<tr>
<td>1 April 09 to 29 July 2009</td>
<td>3 29/31x £22871/12 7500.70</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12844.26</strong></td>
</tr>
</tbody>
</table>

* As the scheme member had been on maternity leave a notional amount of £4027.91 should be added so that the total equals the amount that they would have earned had they been paid in full for this period, making a total of £16872.17.

As they decided not to pay pension contributions for the period of unpaid maternity leave from 30 October 2008 to 29 January 2009, the pensionable pay in the last year only amounts to 273 days worth. The Pensions Section then up-rates the figure of £16872.17 x 365/273 to **£22558.03**.

The period from 30 October 2008 to 29 January 2009 will not count towards the calculation of benefits.
Example 6c

Date of leaving 29 July 2009 – whole time, had a period of maternity leave from 30 January 2008 to 29 January 2009 (unpaid from 30 October 2008 – elected to pay)

Annual rate of pensionable pay at date of leaving = £22871.

Final pay during final year of service.

Pay figure required for the period 30 July 2008 to 29 July 2009.

Salary rates £22205 from 1 April 2008, £22871 from 1 April 2009.

Maternity pay  
90% for 6 weeks from 30 January 2008 to 12 March 2008  
½ CMP + SMP for 12 weeks from 13 March 2008 to 4 June 2008  
SMP from 5 June 2008 to 29 October 2008

Add the pensionable pay for each of the relevant months from payroll/payslips.

<table>
<thead>
<tr>
<th>Actual</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 July to 29 October 2008</td>
<td>SMP</td>
</tr>
<tr>
<td>30 October 08 to 29 January 2009</td>
<td>-</td>
</tr>
<tr>
<td>30 January 09 to 31 March 2009</td>
<td>2 2/31 x £22205/12</td>
</tr>
<tr>
<td>1 April 09 to 29 July 2009</td>
<td>3 29/31x £22871/12</td>
</tr>
</tbody>
</table>

Total: 12844.26

* As the scheme member had been on maternity leave a notional amount of £9579.16 should be added so that the total equals the amount that they would have earned had they been paid in full for this period, making a total of £22423.42.

The period from 30 October 2008 to 29 January 2009 will count towards the calculation of benefits.

Example 7a

Date of leaving 29 July 2009 – whole time, had a period of authorised unpaid leave from 1 October 2008 to 30 November 2008 (pension contributions only paid for the first 30 days).

Annual rate of pensionable pay at date of leaving = £22871

Final pay during final year of service
As the employee is still a scheme member up to the date of leaving, the final year will end with the last day of **employment**.

As the final year does not include 365 days pensionable pay the Pension Section will up-rate the pay figure provided to a full year equivalent, but the period for which pension contributions have not been paid will not count as scheme membership and will therefore be excluded when the benefits are calculated.

Therefore, pay figure required for the period 30 July 2008 to 29 July 2009.

Salary rates £22205 from 1 April 2008, £22871 from 1 April 2009.

The Final Pay figure should be between these 2 figures - but closer to the April 2008 figure.

So add the **pensionable pay** for each of the relevant months from payroll/payslips.

<table>
<thead>
<tr>
<th>Month</th>
<th>Pay figure calculation</th>
<th>Pay figure</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 to 31 July 2008</td>
<td>2/31 x £22205/12</td>
<td>£119.38</td>
</tr>
<tr>
<td>1 August to 30 September 2008</td>
<td>2 x £22205/12</td>
<td>£3700.83</td>
</tr>
<tr>
<td>1 December 2008 to 31 March 2009</td>
<td>4 x £22205/12</td>
<td>£7401.67</td>
</tr>
<tr>
<td>1 April 2009 to 29 July 2009</td>
<td>3 29/31 x £22871/12</td>
<td>£7500.70</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>18722.58</strong></td>
</tr>
</tbody>
</table>

* As the scheme member had paid pension contributions for the first 30 days of the authorised unpaid leave, (i.e. 1-30 October 2008) a notional amount of £1790.73 should be added so that the total equals **£20513.31**.

This figure is now only equal to 334 days pensionable pay and so the Pensions Section will up-rate the figure of £20513.31 x 365/335 to **£22350.32**.

**NB** The period for which pension contributions have not been paid will not count as scheme membership and will therefore be excluded when the benefits are calculated.

---

**Example 7b**

Date of leaving 29 July 2009 – **whole time**, had a period of authorised unpaid leave from 1 October 2008 to 30 November 2008 (pension contributions paid for the whole period).

Annual rate of pensionable pay at date of leaving = **£22871**.

Final pay during final year of service.
Therefore, pay figure required for the period 30 July 2008 to 29 July 2009.

Salary rates £22205 from 1 April 2008, £22871 from 1 April 2009.

The Final Pay figure should be between these 2 figures - but closer to the April 2008 figure.

So add the pensionable pay for each of the relevant months from payroll/payslips.

<table>
<thead>
<tr>
<th>Period</th>
<th>Calculation</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 to 31 July 2008</td>
<td>2/31 x £22205/12</td>
<td>119.38</td>
</tr>
<tr>
<td>1 August to 30 September 2008</td>
<td>2 x £22205/12</td>
<td>3700.83</td>
</tr>
<tr>
<td>1 December 2008 to 31 March 2009</td>
<td>4 x £22205/12</td>
<td>7401.67</td>
</tr>
<tr>
<td>1 April 2009 to 29 July 2009</td>
<td>3 29/31 x £22871/12</td>
<td>7500.70</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>18722.58</strong></td>
</tr>
</tbody>
</table>

* As the scheme member had paid pension contributions for the whole period of authorised unpaid leave, a notional amount of £3700.83 should be added so that the total equals **£22423.41**.

How to complete Pension Leaver Details Form (PLD)

There are 4 different PLDs and completion of the correct one is the only way to ensure that the Pension Section has the relevant information to calculate benefits.

- **Where the scheme member has less than 3 months membership**

  Scheme members with less than 3 months total scheme membership are the only ones who could choose to take a refund of their contributions.

  For this reason the only information required is details of the pension contributions and contracted out National Insurance contributions since the date they joined the scheme.

  On occasions the scheme member may instead wish to transfer the value of their benefits to another pension scheme, or has previous LGPS membership that debars them from having a refund. In this case we will need to ask you for more information.

- **Where the scheme member has 3 months or more membership and has contractual hours**

  As well as confirmation of the weekly contractual hours of employment, annual rates of pensionable pay, and pension contributions, we will also require details of the pensionable pay calculated as explained previously. Guidance notes are attached to the PLD and these should be followed in conjunction with the notes in this section.
- Where scheme member has left with 3 months or more membership but has no fixed contractual hours (i.e. where included on Pen 4C at the end of each financial year)

These cases are relatively straightforward as all we require is details of the total pensionable hours worked since the beginning of the financial year, and the hourly rates for the last 12 months, and the pension contributions.

There is however still a requirement to provide details of any pensionable extras or emoluments or lump sum payments made. The PLD has guidance notes attached.

- Where **Variable Time** Scheme member/Returning Officer/Acting Returning Officer has left the scheme

We will require details of the pension contributions and total 'fees' relevant to the periods. Care must be taken if fees were paid out of the month in which they were due.
# Definitions

**Administrator**

KCC Pensions Section

**Casual**

Casual employees where there is no ‘mutuality of obligation’, (i.e. the employer is not obliged to offer that employee work and the employee is not obliged to accept it) are only employed on the days that they actually work and it is highly unlikely that they will work consecutively for 3 months or more.

**These employees are not eligible to be a member of the Local Government Pension Scheme.**

**Contracted Out Earnings**

The earnings between the Lower and Upper Earnings Limits on which contracted-out National Insurance contributions have been paid.

**Contribution Band**

What determines the percentage contribution rate for a member dependent on their whole time equivalent pay.

See **Appendix 1**.

**Eligible Child**

Eligible children are:

(a) under aged 18, or  
(b) under aged 23 and since they became 18 they have been engaged continuously in whole time education or in training for a trade, profession or vocation, or  
(c) incapacitated by reason of ill health, or infirmity of mind or body, which arose whilst still a child within paragraph (a) or (b).

**Employers (Schools)**

<table>
<thead>
<tr>
<th>Status of the School</th>
<th>Employer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community and Voluntary Controlled School</td>
<td>Local Authority (KCC or Medway)</td>
</tr>
<tr>
<td>Voluntary Aided and Foundation Schools</td>
<td>The Governing Body</td>
</tr>
</tbody>
</table>

**Final Pay**

(1) A member’s final pay is their pay for the last 365 days of their employment, or what would have been paid but for a period of sickness, maternity, paternity, adoption, authorised unpaid leave or reserved forces leave.
(2) In the case of part-time employment, the final pay is the pay, which would have been paid if they were whole time.

(3) But in calculating the death grant payable on the death of an active member, actual pay in part time employment is to be used.

Flexible Retirement

Flexible retirement applies where a scheme member (with their employer’s consent) reduces their hours of employment of the job they continue to hold, and/or moves to a lower graded post. The employer must have a policy to ensure that all cases are considered on an equal basis.

Independent Registered Medical Practitioner (IRMP)

The medical advisor must have one of the following Occupational Health Qualifications:

- Diploma in Occupational Medicine
- Associateship of the Faculty of Occupational Medicine
- Membership of the Faculty of Occupational Medicine
- Fellowship of the Faculty of Occupational Medicine.

Notional Pay

The difference between the amount of pay on which contributions have been deducted and the pay that would have been received in normal circumstances.

Part Time

A scheme member who is employed for less than 37, 39 or 40 hours (depending on their employment).

Pensionable Pay

These payments are pensionable:-

- All the salary, wages, fees and other payments paid to a scheme member for their own use in respect of their employment.

This will include any shift allowance, bonuses, performance related pay, merit awards, honoraria (except those specifically awarded in lieu of overtime), contractual overtime, Statutory Sick Pay, Statutory Maternity Pay, and acting up allowances. In short any payments (but see below for those payments that cannot be pensionable) that you are making to an individual for doing the job that you are employing them to do.

NB Each contract that a scheme member holds, and for which they are paying pension contributions, must be identified separately. If payments are made that do not relate to that particular contract then they must be
Any other payment or benefit specified in the contract of employment as being a pensionable emolument:

This could include items such as clothing and footwear allowances, medical insurance, free meals, rent free (or reduced rent) accommodation.

These payments **cannot** be pensionable:

- Payments made that do not relate to that contract
- Additional hours paid in excess of contractual hours
- Non contractual overtime;
- Travelling, subsistence or other allowance paid in respect of expenses incurred in relation to the employment;
- Pay in lieu of annual leave;
- Pay in lieu of notice;
- Any payment made as an inducement not to terminate employment;
- Except for some very historical cases (see below) – the monetary value of the provision of a car or pay received in lieu of car;

*Where since 31 December 1992 a member has been able to have the value of their lease car included as part of their pay for pension purposes, they can continue to do so, but this shall cease if they leave employment with the employing authority who were employing them on 31 December 1992 (otherwise than as a result of a transfer to another scheme employer which is beyond his control); or if they are neither provided with a motor vehicle nor receive an amount representing the money value to them of the provision of such a vehicle.*

**Protected Manual Worker**

Where a scheme member whose duties are wholly or mainly of a manual nature was eligible to be a member of the scheme before 1 April 1998.

**Term Time**

Where the job can only be worked for less than 52 weeks per year. This is not to be used where a job would normally be worked 52 weeks per year but the scheme member has negotiated to work their hours over a period of less than 52 weeks. (These should be treated as **part time** employees if they work less than **whole time** hours for the job; **whole time** employees otherwise).
### Variable Time

A scheme member who is paid fees or whose pay is calculated on a sessional basis rather than by reference to hours worked, hourly rate or annual salary.

**NB.** Not *Casual* staff (see previous definition) or those who work variable hours.

### Whole Time

A scheme member who is normally employed for 37, 39 or 40 hours (depending on their employment). For part time workers this is the maximum number of hours that can be worked per week in the job.