



Employer training Sept 2019

Agenda

- Pensionable Pay
- Overtime
- Multiple posts
- Absences
- Employer Services



Pensionable pay

Reg 20:- Subject to regulation 21 (assumed pensionable pay), an employee's pensionable pay is the total of-

- a) All salary, wages, fees and other payments paid to an employee; and
- b) Any benefit specified in a contract of employment as being a pensionable emolument

But is not;

- a) Any sum where income tax has not been determined
- b) Travelling, subsistence or expenses paid in relation to employment....

Pensionable pay cont.

- c) payment due to loss of holidays
- d) payment in lieu of notice to terminate contract
- e) payment as an inducement not to terminate contract
- f) amount in respect of a motor vehicle
- g) payment in consideration of loss of future pensionable payments
- h) **compensation** to achieve equal pay
- j) **non contractual overtime ~ but see over**
- k) contribution offsets (LTS / SDS / SLCC / SWIC)
- m) Some returning officer fees (elections)

Pensionable Pay cont.

LGPS 2015	Description
Cumulative pensionable pay (full or part time)	pensionable pay (including assumed pensionable pay) received during scheme year. Irrespective of whether member is in the main or 50/50 section (every year)
LGPS 2009 ~ i.e.. Member was active before 1st April 2015	Description
Final pensionable pay	In addition to the above, average FTE pay for the 365 /366 days of the scheme year

Pensionable Pay cont.

- **Salary sacrifice**

Pay given up in return for a tax assessable benefit in kind is pensionable, provided the employee's contract confirms so

- **Purchasing annual leave**

pay given up is only pensionable if income tax liability determined ~ two possible approaches

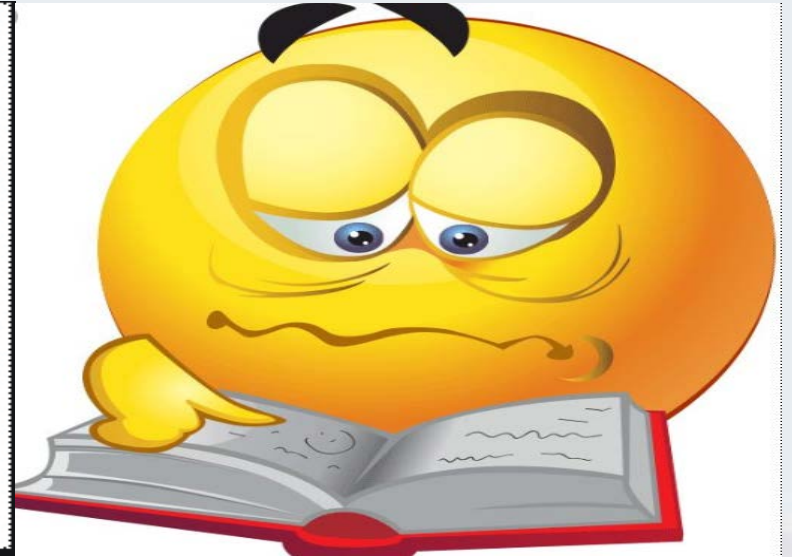
- **Dealing with arrears**

- LGPS 2015 benefits calculated using pensionable pay received during scheme year
- pre LGPS 2015 FTE 'final pensionable pay' adjustment must be allocated to the correct periods

Overtime

- LGPS 2015 introduced the following definition;
“non-contractual overtime” means overtime (above the hours of the standard full-time working week) that the employee (part-time or full time) is not contracted to work;”
- Prior schemes did not have this definition
- All non contractual overtime was deemed non pensionable
- Part time employees ~ all additional hours up to their FTE are pensionable

Non Contractual overtime



Fred ~ part time contract 20 hours over 37 per week (additional hours as required)

Works 21 hours

Works 31 hours

Works 41 hours

All hours worked pensionable

All hours worked pensionable

First 37 hours worked pensionable

Last 5 hours worked non contractual overtime and therefore non pensionable

Multiple posts

- Each job assessed individually and assigned average contribution rate
- Each job attracts its own set of benefits
- Unique ID is crucial for data matching purposes, especially at year end
- When job ceases and another begins, must be treated as a leaver and a new unique ID used for new post(s)
- Where multiple jobs held, SPF will look to combine when posts cease (in line with regulations)
- Current record is a member with 21 posts, so 21 records on SPF database

Absences

- Child related leave (OML / OPL / OAL / SPL / AML / AAL)
 - *pay unreduced ~ 1/49th actual pensionable pay (normal rules apply)*
 - *when pay reduced, 1/49th of assumed pensionable pay (APP) 1/98th if 50/50*
 - *member pays contributions on actual pay received*
- Authorised unpaid leave
 - *first 31 days, contributions must be repaid*
 - *over 31 days ~ option to take out an additional pension contract (APC)*
- Trade dispute / strike action
 - *APC contract ~ full cost to employee, see*
<http://scotlgps2015.org/apc/>

Absences

- Reserve Forces Service leave
 - *elects to remain in LGPS, 1/49th of APP (or 1/98th)*
- No employee/er contributions paid on APP
- These are paid by the MoD, to SPF
 - *SPF would expect employee & employer to make arrangements to ensure these contributions are allocated in the correct manner*

Absences

- **Sickness absence**

- *on full pay – 1/49th actual pensionable pay*

- *on reduced / no pay – 1/49th APP, actual pay ignored and employer contributions paid on APP*

Note: for periods where a member is on reduced pay, employee contributions should be deducted from any pay received, at the contribution rate the member was on immediately before pay reduced. Employer contribution on APP is also payable for such periods. This is due to the fact that thanks to the presence of APP, the member continues to accrue full benefits.

Employer Services

- An overview
by Nicola McDonald



open floor

Questions?

