

# Calculating Final Pay and CARE Pay Guidance

*For any leavers that have service prior to 31/03/2014, and are leaving the scheme after 01/04/2014, you will need to provide a final pay figure, this is so we can calculate the member's final salary benefits.*

*As well as this you will also need to provide the pensionable pay for the final 3 pay periods that the member has been employed, this is known as the 'CARE pay'. The CARE pay is used to calculate the members Career Average pension benefits to the date of leaving, the rest of their career average benefits (from 01/04/2014) will already be recorded on the pension record following the monthly interface that you have provided us with.*

*Both the final pay and the CARE pay should be reported on the Leaver form.*

## Final Pay – LGPS 2008

- Usually made up of pensionable payments from the last 365 days.
- Best of the last 3 years should be provided if the member has received a higher rate of pay in a previous year.
- Best 3 in 13 may apply, but only at the members request
- Contractual basic pay scaled up to FTE for part time members
- Pensionable extras to be shown separately to the basic pay (as per 2008 regs eg. shift allowance, weekend working)
- Where a member has had a contractual change during the final pay period final pay should be split showing the payments earned in the separate periods. Eg final pay period 01/01/2014 – 31/12/2014  
Hours change wef 01/04/2014 final pay period should be split as follows:  
**01/01/2014 – 31/03/2014**  
**01/04/2014 – 31/12/2014**
- Non contractual overtime should never be included in the final pay figure – even if you are including non-contractual overtime payments in the CARE pay (see below).
- Payments should be included in the final pay included based on the period which they have been **earned**, not when they have been paid.

*When a member has been on reduced or nil pay because of sickness, injury or ordinary maternity/paternity or adoption leave you should report the **notional** pay (pay the member would have received had they not been absent for the earlier mentioned reasons) in replacement of the actual final pay received.*

## CARE Pay – LGPS 2014

- Basic pensionable pay (Actual amount, not scaled up to FTE) from the past 3 pay periods, no need to provide the full year.
- Pensionable extras (same definition as 2008 regs)
- Non contractual overtime
- All pensionable payments made to an employee no matter what period they have been earned.
- Does **NOT** include - Travelling, subsistence or other allowances paid in respect of expenses.

Loss of Holidays

Pay in lieu of notice

Payments that have been earned prior to April 2014

Assumed Pensionable Pay (APP) should be reported on the leaver form in replacement of CARE pay where reduced or nil pay has occurred for certain reasons (see over leaf for more details on APP)

## Assumed Pensionable Pay (APP)

APP should be reported instead of CARE pay both on the leaver form or on the monthly data file when a member has had reduced or nil pay for any of the following reasons:

Reduced or nil pay as a result of sickness or injury  
'Ordinary' Maternity, Paternity and Adoption leave  
Reserved Forces leave

To determine APP you should:

- 1. Calculate the pay received for the 3 FULL months prior to the reduced/nil pay**
- 2. Deduct any irregular & regular lump sums**
- 3. Gross up to annual value**
- 4. Add back on any regular lump sums received in the last 12 months**

Once you have calculated the annual value for APP you should then apply this value to any relevant periods of reduced or nil pay.

APP should be used to calculate the member's pension pot where reduced/nil pay has occurred for any of the above reasons. APP should also be used to determine the employer contributions, however the member is only required to pay pension contributions on the payments they actually receive.