

Exercise 2

APP

Calendar monthly paid Mrs Sippy went onto relevant child-related leave on 4 August. Her pay records for this year are as shown. There were no "lump sums" paid to her in the previous financial year.

Please calculate her APP.

April	May	June	July	Item
£2500	£2500	£2600	£2600	Salary
£ 250	£ 250	£ 260	£ 260	PRP (Bonus)
£ 650	£ 775	£ 450	£ 399	Overtime
£ 296	£ 210	£ 174	£ 305	Expenses
<u>£1225</u>	<u>£ 0</u>	<u>£ 0</u>	<u>£ 0</u>	One-off honorarium
<u>£4921</u>	<u>£3735</u>	<u>£3484</u>	<u>£3564</u>	

The relevant pay periods are May, June and July.

The pensionable pay in those months is:

$$\text{May } £2500 + £250 + £775 = £3525$$

$$\text{June } £2600 + £260 + £450 = £3310$$

$$\text{July } £2600 + £260 + £399 = £3259$$

Total pensionable pay is:

$$£3525 + £3310 + £3259 = £10094$$

Assumed Pensionable Pay is:

$$£10094 \times 12 / 3 = £40376$$

Exercise 3 – Eric Herrick

Calculation of the final pay for monthly paid Mr Eric Herrick who is leaving active membership on 28 January 2016.

His rates of pay in the last 3 years are:

29 January 2013	£17472 p.a.
1 April 2013	£18000 p.a.
1 April 2014	£19200 p.a.
1 September 2014	£23502 p.a.
1 April 2015	£24678 p.a.
1 June 2015	£20160 p.a.

29 January 2015 to 28 January 2016

29/01/15 – 31/03/15 @ £23502/12	=	£1958.50	x	2 ³ / ₃₁	=	£ 4106.53
01/04/15 – 31/05/15 @ £24678/12	=	£2056.50	x	2	=	£ 4113.00
01/06/15 – 28/01/16 @ £20160/12	=	£1680.00	x	7 ²⁸ / ₃₁	=	<u>£13277.42</u>
						<u>£21496.95</u>

29 January 2014 to 28 January 2015

29/01/14 – 31/03/14 @ £18000/12	=	£1500.00	x	2 ³ / ₃₁	=	£ 3145.16
01/04/14 – 31/08/14 @ £19200/12	=	£1600.00	x	5	=	£ 8000.00
01/09/14 – 28/01/15 @ £23502/12	=	£1958.50	x	4 ²⁸ / ₃₁	=	<u>£ 9602.97</u>
						<u>£20748.13</u>

29 January 2013 to 28 January 2014

29/01/13 – 31/03/13 @ £17472/12	=	£1456.00	x	2 ³ / ₃₁	=	£ 3052.90
01/04/13 – 28/01/14 @ £18000/12	=	£1500.00	x	9 ²⁸ / ₃₁	=	<u>£14854.84</u>
						<u>£17907.74</u>

29 January 2015 to 28 January 2016 (365ths method)

29/01/15 – 31/03/15 @ £23502	x	62/365	=	£ 3992.12
01/04/15 – 31/05/15 @ £24678	x	61/365	=	£ 4124.27
01/06/15 – 28/01/16 @ £20160	x	242/365	=	<u>£13366.36</u>
				<u>£21482.75</u>

Exercise 4 – Earl E Bird

Mr Earl E Bird had a deferred benefit in respect of an earlier period of membership from 1 August 2006 to 31 July 2011. He will be subject to auto-aggregation when he recommences on 28 November 2015 and does not elect to retain separate benefits.

He then leaves employment on 28 February 2016. His rate of pay throughout this employment was £24000 p.a.

Could be:

28/11/2015 – 28/02/2016	$\frac{£24000}{12} \times \frac{3}{30}$	= £ 200.00
	$\frac{£24000}{12} \times 2$	= £ 4000.00
	$\frac{£24000}{12} \times \frac{28}{29}$	= £ 1931.03
		= £ 6131.03

Final Pay = £6131.03 * 365/93 = **£24062.64**

Or (for those who pay part-months based on working days)

28/11/2015 – 28/02/2016	$\frac{£24000}{12} \times \frac{3}{22}$	= £ 272.73
	$\frac{£24000}{12} \times 2$	= £ 4000.00
	$\frac{£24000}{12} \times \frac{20}{21}$	= £ 1904.76
		= £ 6177.49

Final Pay = £6177.49 * 365/93 = **£24244.99**

Or (as some say monthly people do not get paid for 29th Feb):

28/11/2015 – 28/02/2016	$\frac{£24000}{12} \times \frac{3}{30}$	= £ 200.00
	$\frac{£24000}{12} \times 3$	= £ 6000.00
		= £ 6200.00

Final Pay = £6200.00 * 365/93 = **£24333.33**

Or something else (e.g. why not use 366 as it's a leap year?)

Or £24000 (because that's his salary throughout!)