

## **Appendix - Term-time members\*\***

The original intention of the new look LGPS was that membership and final pay calculations for term-time employees should be pro-rated. As stated previously, an employee working part-time would have their service adjusted to take account of the part-time hours, thereby allowing the use of the whole-time equivalent pay in the calculation of the pensionable pay. Part-timers service is recorded as 18.50/37.00 for example.

To keep uniformity with part-timers, a term-time employee also has their service adjusted; the whole-time equivalent pay is then used in the calculation of the pensionable pay.

An employee working 37 hours per week for 44 weeks per year would have their membership recorded as 31.22/37.00 or 84.3833% (i.e.  $37/37 \times 44/52.143 \times 100$ )

If the employee's actual pay was £20,000.00, the final pay for this term-time employee would be grossed-up for benefit calculations i.e.  $£20000.00 \div 84.3833\% = £23701.37$ .

Please note that any adjustment that was made for the employee not working the full year should be ignored, as they pensionable is based on periods of a year not academic years so any period of 365 is a year. It may be useful to remember that an employee cannot earn more or less than a year's pay in a year. For example, if you pay £18,000 per year and the employee works from 1/9/15 – 31/8/16, then they would earn £18,000. If they worked from 1/1/16 – 31/12/17, they have still worked a full year and so would still earn a year's salary for pension purposes.

### **Part-time, term-time members\*\***

Similarly, a part-time, term-time employee would have the service membership adjusted for the part-time and the term-time.

A part-time, term-time employee working 20 hours per week for 44 weeks per year would have their membership recorded as 16.88/37.00 or 45.6126% (i.e.  $20/37 \times 44/52.143 \times 100$ )

If the employee's actual pay was £10,810.81, the final pay for this term-time employee would be grossed-up for benefit calculations i.e.  $£10810.81 \div 45.6126\% = £23701.37$

**\*\*Important – There is a difference in the information needed depending on whether the employee is in Devon Fund or Somerset Fund and the following pages explain the different calculations required for part-time term-time employees\*\***

## Somerset Fund Term-Time Employees

Historically, service for term-time employees within the Somerset Fund has not been adjusted and hours have been recorded as the hours they work. The full-time equivalent pensionable pay is then reduced to take account of the number of weeks worked per year.

Please provide:

- The hours they work per week as a percentage
- The full-time equivalent pensionable pay reduced to take account of the number of weeks worked per year.

### Example 1:

Actual basic annual salary (adjusted to take into account the number of weeks worked each year), (**plus** any additional pensionable recurring pay,) **multiplied** by the basic hours worked (37), **divided** by actual hours worked each week.

$$\text{Adjusted pay} = \text{£}10,000 \times 37.00 \div 25.00 = \text{£}14800 \text{ Full Time Equivalent (FTE) Pensionable Pay}$$

### Example 2:

Term-time adjusted pay can also be calculated by using the weeks factor (43.1281 in this example) and the full time equivalent weeks per year of 52.143:

$$\text{FTE} = \text{£}17000 \div 52.143 \times 43.1281 = \text{£}14064.41 \text{ Adjusted FTE pay for term-time (plus any additional pensionable recurring pay)}$$

### Example 3:

The calculation can also be done based on the members hourly rate:

$$\text{£}8.83 \times 18 \times 43.1281 = \text{£}6854.78 \times 37 \div 18 = \text{£}14090.38$$

$$\begin{aligned} (\text{Hrly rate} \times \text{hours per week} \times \text{weeks factor} &= \text{adjusted actual term-time pay} \times \text{FTE hours per week} \div \text{hours per week} \\ &= \text{FTE term-time adjusted pay}) \end{aligned}$$

**Please note:** You will need to split the pensionable pay figures for any changes in hours or pay so please update the part-time pay according to the hours for each period.



