

Powys Pension Fund Quick Guide to (Re-)assessing employee contribution rate

In the current (2014) scheme, the appropriate band is determined by the employee's actual pensionable pay (not their FTE pensionable pay, as was the case in the final salary scheme).

The bands for 2023/24 are given in Appendix 1 - these change every year, so ensure you are using the appropriate table if consulting this guide regarding pay falling within pay periods after 31/03/2024.

e.g. Amy works 18.5 hours per week (and the full time hours for her job are 37 hours/week); her pay is £33,548. The calculation is as follows:

$$33548 \times (18.5/37) = 33548 \times 0.5 = £16774.00$$

£16774.00 falls within Band 2 and therefore the employee contribution rate is 5.8%.

Assessment

The assessment detailed above must be carried out for all active members at these times:

- when an employee starts a new pensionable post, and
- every year, in the pay period in which 1st April falls.

You may also choose to review the appropriate band and rate in the following circumstances:

- when there is a material change in pay (e.g. new pay rate or change of hours)
- when the employee receives a *backdated* pay award/re-grading. If this results in a new banding for the employee, you also have the choice of either:
 - applying the new banding from the pay period in which the award is operated, or
 - applying the new banding from the date of change and collecting the arrears due of the difference between the 2 rates on all of the back-dated pay.

It is important that you decide how you wish to deal with these scenarios, and apply the same principles consistently, in order to avoid challenges from employees. You may therefore wish to write a formal policy on this matter to make available to your employees; it is a non-mandatory discretion under LGPS Regulations i.e. you have the discretion as to whether to publish a formal policy document or not - see <https://www.lgpslibrary.org/assets/gas/ew/DISCPv1.11c.pdf>

Further and fuller guidance is available in the HR Guide at pages 5 - 10, which is available in the Employer Resources tab of <https://lgpsregs.org/employer-resources/guidesetc.php>. It covers other scenarios, such as:

- casual staff
- where actual pay for the year is unknown at the outset
- where the pay has been estimated.

Appendix 1**Contribution Table England and Wales 2023/24**

Band	Actual pensionable pay for an employment	Main section contribution rate for that employment	50/50 section contribution rate for that employment
1	Up to £16,500	5.50%	2.75%
2	£16,501 to £25,900	5.80%	2.90%
3	£25,901 to £42,100	6.50%	3.25%
4	£42,101 to £53,300	6.80%	3.40%
5	£53,301 to £74,700	8.50%	4.25%
6	£74,701 to £105,900	9.90%	4.95%
7	£105,901 to £124,800	10.50%	5.25%
8	£124,801 to £187,200	11.40%	5.70%
9	£187,201 or more	12.50%	6.25%

Notes:

1. Remember to use actual pay (not full time equivalent).
2. If the person holds more than one employment and these are treated as separate jobs, the pensionable pay from each job is assessed separately when determining the contribution rate for that job.
3. The employee pays contributions at the appropriate band rate on all pensionable pay received in respect of that job or at half that rate if the employee is in the 50/50 scheme.
4. Re-assess every year in the pay period in which 1st April falls. Optional re-assessments can be carried out as described on page 1, according to your policy.