

Pensionable Pay

This is the pay on which you normally pay pension contributions. Typically pensionable pay includes:

- your normal salary or wages
- bonuses
- overtime (both contractual and non-contractual)
- maternity, paternity, adoption and shared parental pay
- shift allowance
- additional hours payments if you work part-time
- any other taxable benefit specified in your contract as being pensionable

You do **not** pay contributions on:

- any travelling or subsistence allowances
- pay in lieu of notice
- pay in lieu of loss of holidays
- payment as an inducement not to leave before the payment is made
- any award of compensation (other than payment representing arrears of pay) made for the purpose of achieving equal pay
- pay relating to loss of future pensionable payments or benefits
- pay paid by your employer if you go on reserve forces service leave
- the monetary value of a car or pay received in lieu of a car
- any sum which has not had tax liability determined on it

Final pay calculation for final salary calculations

This is usually the pay in respect of (i.e. due for) your final year of scheme membership on which you paid contributions, or one of the previous 2 years if this is higher, and includes your normal pay, contractual shift allowance, bonus, contractual overtime (but not non-contractual overtime), Maternity Pay, Paternity Pay, Adoption Pay, Shared Parental Pay and any other taxable benefit specified in your contract as being pensionable. If you were part-time for all or part of the final year the whole-time pay that you would have received if you had worked whole-time is used and if your pay in your final year was reduced because of sickness or relevant child related leave, final pay is the pay you would have received had you not been on sick leave or relevant child related leave.

If your pay is reduced or increases to your pay are restricted in your last 10 years of continuous employment -

with your employer because you downgrade or move to a job with less responsibility, or as a result of a job evaluation / equal pay exercise, or because of a change to what is specified as pensionable pay in your contract (using the definition of pensionable pay before 1 April 2014), or is restricted for some other reason, you may have the option to have your final pay calculated as the average of any 3 consecutive years' pay in the last 13 years (ending on a 31 March). You must tell your [pension fund](#) that wish to take up this option no later than one month before leaving. You cannot make use of this option to use earlier years' pay in working out your benefits if the reduction or restriction to your pay was as a result of the loss of a temporary increase in pay, or resulted from a reduction in your grade in order to take retirement benefits on flexible retirement.

If your pay was reduced or restricted for reasons beyond your control before 1 April 2008 and you were issued with a certificate of protection from your employer and you leave the LGPS within 10 years of the reduction or restriction in your pay, then your final pay will be worked out as the best year's pay in the last 5 years, or the average of the best consecutive 3 years in the last 13 years after allowing for inflation.