

Annex C

Worked examples of how to calculate the real increase in accrued pension and CETV.

Note: These examples are purely for guidance, and include the correct inflation factor for 2010/11. If you are still unsure of how to calculate the real increase, please consult the Finance Manual on the Department of Health's Website: www.info.doh.gov.uk/doh/finman.nsf

Full Year Example 1: Increase in accrued pension where the person was in post for the entire year.

Accrued pension as at 31 March 2011 (previous year end) =	£ 48,994 (A)
Accrued pension as at 31 March 2012 (current year end) =	£ 52,613 (B)
Accrued pension as at 31 March 2011 (previous year end) plus inflation (@ 3.1 %) =	$£ 48,994 \times 1.0031 = £ 49145.88$
Real increase in accrued pension during current financial year =	$£ 52,613 - £ 49145.88 = £ 3467.12(C)$

Where:

A = Accrued pension at normal pension age as at 31 March 2011 (previously provided by NHS Pensions)

B = Accrued pension at normal pension age as at 31 March 2012 (to be provided by NHS Pensions)

C = Real increase in accrued pension at normal pension age during current financial year (to be calculated as above).

Please note:

- Where there was no corresponding disclosure in respect of the individual concerned in the 2010-11 accounts and no accrued pension figure as at 31 March 2011 is readily available, NHS Pensions can provide this figure on request.
- That no lump sum will be shown for employees who only have membership in the 2008 Section of the NHS Pension Scheme. Also no CETV will be shown for pensioners, members over 60 (1995 Section) and members over 65 (2008 Section)
- That there is currently no automated application of Employer Funding Factor or inflation increase factors. Each Employer prior to the Greenbury publication should apply those factors manually. Guidance of factors to be applied is not within the scope of this document and any guidance required on the factors to be used should be sought from the department of health.
- Current CPI applied to pensions is 3.1%.

The factors supplied above are for example purposes only.

Example 2: Increase in accrued lump sum where the person was in post for the entire year.

Accrued lump sum as at 31 March 2011 (previous year end) =	£ 146,982 (A)
Accrued lump sum as at 31 March 2012 (current year end) =	£ 157,839 (B)
Accrued lump sum as at 31 March 2010 (previous year end) plus inflation (@ 3.1 %) =	$£ 146,982 \times 1.0031 = £ 147437.64$
Real increase in accrued lump sum during current financial year =	$£ 157,839 - £147437.64 = £ 10404.36(C)$

Please note:

- Where there was no corresponding disclosure in respect of the individual concerned in the 2010-11 accounts and no accrued lump sum figure as at 31 March 2010 is readily available, NHS Pensions can provide this figure on request.
- That no lump sum will be shown for employees who only have membership in the 2008 Section of the NHS Pension Scheme. Also no CETV will be shown for pensioners, members over 60 (1995 Section) and members over 65 (2008 Section)
- That there is currently no automated application of inflation increase factors. Each Employer prior to the Greenbury publication should apply those factors manually. Guidance of factors to be applied is not within the scope of this document and any guidance required on the factors to be used should be sought from the department of health.
- Current RPI applied to Pensions is Nil.

The factors supplied above are for example purposes only

Example 3: Increase in CETV where the person was in post for the entire year.

CETV as at 31 March 2011 (previous year end) =	£ 500,000 (A)
CETV as at 31 March 2012 (current year end) =	£ 550,000 (B)
CETV as at 31 March 2010 (previous year end) plus inflation (@ 3.1 %) =	$£500,000 \times 1.0031 = £ 501550.00$
Real increase in accrued pension during current financial year =	$£ 550,000 - £501550.00= £48450.00 (C)$

Where:

A = CETV as at 31 March 2011 (as previously provided by NHS Pensions)

B = CETV as at 31 March 2012 (to be provided by NHS Pensions)

C = Real increase in CETV during current financial year (to be calculated as above)

Please note:

- Where there was no corresponding disclosure in respect of the individual concerned in the 2010-11 accounts and no CETV figure as at 31 March 2011 is readily available, NHS Pensions will provide this figure on request.

- That no lump sum will be shown for employees who only have membership in the 2008 Section of the NHS Pension Scheme. Also no CETV will be shown for pensioners, members over 60 (1995 Section) and members over 65 (2008 Section)
- That there is currently no automated application of Employer Funding Factor or inflation increase factors. Each Employer prior to the Greenbury publication should apply those factors manually. Guidance of factors to be applied is not within the scope of this document and any guidance required on the factors to be used should be sought from the department of health.
- Current RPI applied to pensions is Nil.

The factors supplied above are for example purposes only

Part Year Example 4: Increase in accrued pension where the person took up post on 25 July 2011.

Accrued pension as at 31 March 2011 (previous year end) =	£ 48,994 (A)
Accrued pension as at 31 March 2012 (current year end) =	£ 52,613 (B)
Accrued pension as at 31 March 2010 (previous year end) plus inflation (@ 3.1 %) =	$£ 48,994 \times 1.0031 = £49145.88$
Real increase in accrued pension during current financial year =	$£ 52,613 - £49145.88 = £ 3467.12(C)$
Real increase proportion for the time in post	$£3467.12 \times 280/365 (D) = £2659.71 (E)$

Please note:

- Where there was no corresponding disclosure in respect of the individual concerned in the 2010-11 accounts and no accrued pension figure as at 31 March 2011 is readily available, NHS Pensions can provide this figure on request.
- Where the officer has joined from another NHS organisation and a comparable disclosure was made for 2010-11, please obtain the corresponding figure from the previous employer. This avoids unnecessary duplication of effort by NHS Pensions.
- That no lump sum will be shown for employees who only have membership in the 2008 Section of the NHS Pension Scheme. Also no CETV will be shown for pensioners, members over 60 (1995 Section) and members over 65 (2008 Section).
- That there is currently no automated application of Employer Funding Factor or inflation increase factors. Each Employer prior to the Greenbury publication should apply those factors manually. Guidance of factors to be applied is not within the scope of this document and any guidance required on the factors to be used should be sought from the department of health.
- Current RPI applied to pensions is Nil.

The factors supplied above are for example purposes only

Example 5: Increase in accrued lump sum where the person took up post on 25 July 2011.

Accrued lump sum as at 31 March 2011 (previous year end) =	£ 146,982 (A)
Accrued lump sum as at 31 March 2012 (current year end) =	£ 157,839 (B)
Accrued lump sum as at 31 March 2010 (previous year end) plus inflation (@ 0 %) =	$£ 146,982 \times 1.0031 = £ 147437.64$
Real increase in accrued lump sum during current financial year =	$£ 157,839 - £ 147437.64 = £ 10401.36(C)$
Real increase proportion for the time in post	$£ 10,401.36 \times 280/365 (D) = £ 7979.13 (E)$

Where:

A = Accrued lump sum at normal retirement age as at 31 March 2011 (previously provided by NHS Pensions)

B = Accrued lump sum at normal retirement age as at 31 March 2012 (to be provided by NHS Pensions)

C = Real increase in accrued lump sum at normal retirement age during current financial year (to be calculated as above)

D = Number of days in post as a proportion of the year

E = Real increase to be reported

Please note:

- Where there was no corresponding disclosure in respect of the individual concerned in the 2010-11 accounts and no accrued lump sum figure as at 31 March 2011 is readily available, NHS Pensions can provide this figure on request. Where the officer has joined from another NHS organisation and a comparable disclosure was made for 2010-11 please obtain the corresponding figure from the previous employer. This avoids unnecessary duplication of effort by NHS Pensions.
- That no lump sum will be shown for employees who only have membership in the 2008 Section of the NHS Pension Scheme. Also no CETV will be shown for pensioners, members over 60 (1995 Section) and members over 65 (2008 Section).
- That there is currently no automated application of Employer Funding Factor or inflation increase factors. Each Employer prior to the Greenbury publication should apply those factors manually. Guidance of factors to be applied is not within the scope of this document and any guidance required on the factors to be used should be sought from the department of health.
- Current RPI applied to pensions is Nil.

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Example 6: Increase in CETV where the person was in post at 1 April 2011 but left on 10 October 2011.

CETV as at 31 March 2010 (previous year end) =	£ 500,000 (A)
CETV as at 31 March 2011 (current year end) =	£ 530,000 (B)
CETV as at 31 March 2010 (previous year end) plus inflation (@ 3.1 %) =	$£500,000 \times 1.0031 = £ 501550.00$
Real increase in accrued pension during current financial year =	$£ 530,000 - £501550.00 = £ 28450.00(C)$
Real increase proportion for the time in post	$£28450.00 \times 193/365 (F) = £15043.42 (G)$

Where: expedite

A = CETV as at 31 March 2011 (previously provided by NHS Pensions)

B = CETV as at 31 March 2012 (to be provided by NHS Pensions)

C = Real increase in CETV during current financial year (to be calculated as above)

D = Number of days in post as a proportion of the year

E = Real increase to be reported.

Please note:

- Where there was no corresponding disclosure in respect of the individual concerned in the 2010-11 accounts and no CETV as at 31 March 2011 is readily available, NHS Pensions will provide this figure on request.
- That no lump sum will be shown for employees who only have membership in the 2008 Section of the NHS Pension Scheme. Also no CETV will be shown for pensioners, members over 60 (1995 Section) and members over 65 (2008 Section).
- That there is currently no automated application of Employer Funding Factor or inflation increase factors. Each Employer prior to the Greenbury publication should apply those factors manually. Guidance of factors to be applied is not within the scope of this document and any guidance required on the factors to be used should be sought from the department of health.
- Current RPI applied to pensions is Nil.

The factors supplied above are for example purposes only