

NHS Pensions - How to calculate Total Pensionable Pay

1995 Section only

In the 1995 Section of the NHS Pension Scheme, a Total Pensionable Pay (TPP) figure is the yearly pensionable pay earned in the best of the last three years immediately prior to termination.

2008 Section benefits are calculated on Total Reckonable Pay which is based on the employer pay updates provided on a members record and will be calculated by NHS Pensions.

A straightforward TPP will cover a period of 365 paid days of pensionable employment. We will usually request the 'last three years' salary, which is generally defined as sets of 365 paid days of pensionable employment, counting back from the last day of membership.

These principles are followed in all TPP calculations. For example, if a member retires on 15 May 2008, the actual pay period required for the final year would be 16 May 2007 to 15 May 2008.

Example

Last day of membership = 15.05.2008

TPP period, step back 365 days 16.05.2007 to 15.05.2008

1. Take all the whole months and add together.

Month	*Basic Pensionable Pay	Cumulative Pay
June 2007	£1,200	£1,200
July 2007	£1.200	£2,400
August 2007	£1.200	£3,600
September 2007	£1.200	£4,800
October 2007	£1.200	£6,000
November 2007	£1.200	£7,200
December 2007	£1.200	£8,400
January 2008	£1,400	£9,800
February 2008	£1,400	£11,200
March 2008	£1,400	£12,600
April 2008	£1,400	£14,000

2. Take the first month of the TPP period May 2007 and calculate the number of days the TPP period covers 16.05.07 to 31.05.07 = 16days

Calculate the pay for that period:

Basic Pensionable pay = £1,200 (for complete month of May 2007) x 16/31 = £619.35

3. Take the last month of TPP period May 2008 and calculate the number of days the TPP period covers 01.05.08 to 15.05.08 = 15 days Calculate the pay for that period.

Basic Pensionable Pay = £1,400 (for complete month of May 2008) \times 15/31 = £677.42

4. Add results: 14000 + 619.35 + 677.42 = £15296.77

If the member receives a shift allowance and the payment is made on a regular and continuing basis and forms part of the member's normal employment, it should be treated as pensionable.

If the member has worked additional hours and it does not exceed whole time, the additional hours worked will be treated as pensionable and should be included in the basic pay.

If the member works part time please refer to the Notional Whole time Total Pensionable Pay Factsheet.

Deemed Pay

When calculating pensionable pay for benefit purposes, any reduction on account of absence from duty, owing to illness or injury, should be added back into pensionable pay. This is commonly referred to as 'deeming'. Please note that deeming does not apply to **unpaid** sick leave. Please see Deemed Pay Factsheet for more information.

Unpaid leave

If the member has had a 'no pay' period within the TPP period you should step back the TPP period to ensure you use 365 paid days. eg. in the above example, if the member had received no pay from 1 April 2008 until 17 April 2008, you would step back a further 17 days, which would change the TPP period to 29/04/2007 – 15/05/2008. See the Total Pensionable Pay Periods Factsheet for more details.