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Tiered Contributions

Our Frequently Asked Questions below will help you answer many of your common questions about Tiered Contributions.

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Frequently Asked Question 1: How should I determine which band an employee should be in?

Answer:
The member's basic contractual salary in the pay period should be used to determine their contribution band. The basic contractual salary doesn't include overtime or excess service.

Frequently Asked Question 2: How should I work out the contributions a member should pay?

Answer:
Contributions are based on actual pensionable earnings paid in the pay period. If a teacher is paid £3,000 in a monthly pay period, their annual salary rate will be £36,000, which is in the 8.6% contribution tier.
Monthly Contribution $\text{£3,000} \times 8.6\% = \text{£258.00}$

Frequently Asked Question 3: Has the method of calculating the full-time equivalent (FTE) changed?

Answer:

No, the method of calculating the FTE has not changed.

Frequently Asked Question 4: How should I calculate the contributions if an employee has a backdate

Answer:

Back-dated pay increases are treated as pensionable earnings in the month they're paid but are not included when deriving the annual rate of salary to determine the contribution tier. The contribution rate is applied against all pensionable earnings - salary and any back-dated pay increase.

For examples read our [Tiered Contributions Factsheet \(PDF, 72 KB\)](#) (This link opens in a new window).

Frequently Asked Question 5: How should I calculate the contributions if an employee has a salary ch

Answer:

Any salary earned within a calendar month will determine the contribution rate to be applied for that month. You need to derive the annual salary rate to determine the contribution tier and apply the rate to the pensionable earnings in the pay period.

For examples read our [Tiered Contributions Factsheet \(PDF, 72 KB\)](#) (This link opens in a new window).

Frequently Asked Question 6: How should I calculate the contributions if an employee has a salary inc

Answer:

If a member has a salary increase from the start of the pay period then there is no change to the method of annualising the amount paid in the pay period.

Frequently Asked Question 7: How should I determine which band an employee should be in when th

Answer:

This should be determined in the same way as a member who is starting or leaving mid-month.

Frequently Asked Question 8: How should I determine which band applies to a supply teacher who su

Answer:

For examples read our [Tiered Contributions Factsheet \(PDF, 72 KB\)](#) (This link opens in a new window).

Frequently Asked Question 9: If my employee is not happy about the contribution band I have used c

Answer:

If an employee is unhappy about the contribution band that you've allocated them to they should discuss this with you and if they remain unhappy with your explanation, they should follow your internal disputes procedure.

Frequently Asked Question 10: How should I report supply and hourly paid teachers?

Answer:

Where supply teachers are paid in April for work completed in March, the contribution tiers to use are those in place when the employee is paid.

Frequently Asked Question 11: What happens if I make a one off payment to a member of staff for o

Answer:

Any salary earned within a calendar month will determine the contribution rate to be applied for that month. You need to derive the annual salary rate to determine the contribution tier and apply the rate to the pensionable earnings in the pay period.

For examples read our [Tiered Contributions Factsheet \(PDF, 72 KB\) \(This link opens in a new window\)](#).

Frequently Asked Question 12: What happens where a teacher has two or more part-time regular contracts?

Answer:

You need to derive the pay period annual salary rate for each employment, do not add the salaries together and average them. You should determine the appropriate contribution band to each contract and apply it to the respective pensionable earnings in the pay period.

For examples read our [Tiered Contributions Factsheet \(PDF, 72 KB\) \(This link opens in a new window\)](#).

Frequently Asked Question 13: What should I do if an employee is on reduced pay due to family leave?

Answer:

In these circumstances you would derive the annual salary rate based on the employee's usual earnings before the period of reduced pay - as long as the leave is still pensionable service. Contributions are then deducted at that rate, but against actual earnings paid in the pay period.

For examples read our [Tiered Contributions Factsheet \(PDF, 72 KB\) \(This link opens in a new window\)](#).

Frequently Asked Question 14: What should I do if an employee receives a mid-month pay increase?

Answer:

If the member has a mid-month salary increase, the contribution tier is still determined by what the member is paid in the pay period, as set out in the following example:

For examples read our [Tiered Contributions Factsheet \(PDF, 72 KB\) \(This link opens in a new window\)](#).

Frequently Asked Question 15: What should I do if an employee takes unpaid leave or goes on strike?

Answer:

Derive the annual salary rate based on the employee's actual earnings in the pay period.

For examples read our [Tiered Contributions Factsheet \(PDF, 72 KB\) \(This link opens in a new window\)](#).

Frequently Asked Question 16: What should I do if an employee takes up or leaves an appointment mid-month?

Answer:

If the member leaves mid-month then base the contribution tier on their earnings in that month.

For examples read our [Tiered Contributions Factsheet \(PDF, 72 KB\) \(This link opens in a new window\)](#).

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