

# LGPS Employer Training: APP and pension contributions

## Employee contributions and APP

1. When APP applies, employee contributions should be taken on the actual pay the member is due during the period.
2. The only exception is if an employee is on reserve forces leave and they choose to remain a member of the LGPS.
3. While on reserve forces leave, the member will pay contributions on the APP figure. Employee contributions are usually deducted by the Ministry of Defence who then pay them directly to the LGPS administering authority.
4. If the employer pays the reservist any pay during a period of reserve forces leave, this is not pensionable.

## Employer contributions and APP

1. The employer contributions are based on the APP figure which applies for the period.
2. When a member is on **reserve forces leave** the employer contributions will be paid by the Ministry of Defence.

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## Sickness scenario

Fahima is on reduced pay sick leave for the whole of August and receives £500 sick pay. Her employer has calculated her APP for August as £1,000.

Fahima's usual employee contribution rate is 5.5% of pay. What contributions should Fahima pay in August?

- a. Her employee contributions should be  $£500 \times 5.5\% = £27.50$
- b. Her employee contributions should be  $£1,000 \times 5.5\% = £55.00$

**Answer:** a. Fahima's employee contribution should be based on her actual pay

Fahima's employer's contribution rate is 20%. What employer contributions should be paid in August?

- a. The employer should pay  $£500 \times 20\% = £100$
- b. The employer should pay  $£1,000 \times 20\% = £200$

**Answer:** b. The employer must pay contributions based on the APP figure of £1,000.

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## Well done! You have completed this bite-size training

You can get more information on APP and other employer responsibilities from [www.lgpsregs.org](http://www.lgpsregs.org).