

LGPS Employer Training:

What is Assumed Pensionable Pay?

Assumed Pensionable Pay (APP) is a notional pay figure that employers must calculate when an employee's pensionable pay is reduced because they are absent from work.

This notional pay figure is used to make sure an employee's pension builds up as if they were at work receiving their normal pay.

When does APP apply?

Sickness or injury leave

APP applies when a member is absent due to sickness or injury and their contractual pay is reduced or they are receiving no pay.

APP does not apply for any part of the leave period when the pensionable pay the member receives is more than the APP. This might happen if the member takes paid annual leave during a period of sickness absence.

Ordinary maternity or adoption leave

APP applies when a member is on ordinary maternity leave (OML) or ordinary adoption leave (OAL) – the first 26 weeks of leave.

If the member receives pensionable pay which is higher than APP, for example on a Keeping in touch day, then APP does not apply. The actual pensionable pay should be used instead.

Important: During OML or OAL, APP applies even if the member is receiving no pay.

Paid additional maternity or adoption leave

APP applies when a member is on paid additional maternity or adoption leave – generally from week 27 to week 39.

If the member receives pensionable pay which is higher than APP, for example on a Keeping in touch day, then APP does not apply. The actual pensionable pay should be used instead.

If the member is receiving no pay while on additional maternity or adoption leave, then APP does not apply. This should be treated as authorised unpaid leave.

Paid shared parental leave

APP applies when a member is on paid shared parental leave.

If the member receives pensionable pay which is higher than APP, for example on a Keeping in touch day, then APP does not apply. The actual pensionable pay should be used instead.

APP does not apply during unpaid shared parental leave. This should be treated as authorised unpaid leave.

Paternity leave

APP applies during periods of paternity leave whether the leave is paid or unpaid.

If the member receives pensionable pay which is higher than APP, then APP does not apply. The actual pensionable pay should be used instead.

Reserve forces service leave

A member who takes reserve forces service leave can choose to stay in the LGPS.

If they decide to stay in the LGPS, then APP applies for the whole period of reserve forces service leave.

The APP figure must be reported to the administering authority as usual. It must also be reported to the Ministry of Defence who will collect the employer and employee contributions that are due.

Parental bereavement leave

APP applies when a member is on parental bereavement and they are receiving some pay.

APP does not apply during unpaid parental bereavement leave. This should be treated as authorised unpaid leave.

When APP does not apply

Unpaid additional or adoption leave

APP does not apply during unpaid additional maternity or adoption leave. Typically, this will be from week 40 onwards, however unpaid additional maternity or adoption leave could start from week 27.

The member can choose to buy back pension 'lost' in this period by paying Additional Pension Contributions.

Unpaid shared parental leave

APP does not apply during unpaid shared parental leave.

The member can choose to buy back pension 'lost' in this period by paying Additional Pension Contributions.

Absence due to industrial action

APP does not apply during an absence due to industrial action.

The member can choose to buy back pension 'lost' due to strike absence by paying Additional Pension Contributions. The employer does not have to pay towards this.

Other periods of unpaid absence

APP does not apply during any other period of authorised or unauthorised unpaid absence.

The member can choose to buy back pension 'lost' in a period of authorised unpaid absence by paying Additional Pension Contributions.

Pension 'lost' during unauthorised unpaid absence cannot be bought back.

Knowledge check: Should APP apply or not?

Does APP apply during these types of leave?

- a. Paid Adoption leave from week 27 to 39
- b. Maternity from week 1 to 26
- c. Sickness on full pay
- d. Unauthorised leave
- e. Strike
- f. Unpaid leave
- g. Unpaid maternity from week 40 to 52
- h. Reserve forces service leave
- i. Sickness on reduced pay
- j. Paid parental bereavement leave

Answers

APP applies: a. b. h. i. j.

APP does not apply: c. d. e. f. g.

Well done! You have completed this bite-size training

You can get more information on APP and other employer responsibilities from www.lgpsregs.org.