

Non-Pensionable Pay

Pay Policy

Overview

This section describes the policy for determining when a pay increase is non-pensionable.

Audience

This section applies to UK-appointed staff only.

Responsibilities

This policy must be read and followed by:

- line managers
- Human Resources (HR) managers.

Policy

As a member of staff's salary progresses through the pay range, all increases are added to the previous salary and together form the amount that is taken into account when calculating a pension. However, there are two exceptions to this:

- performance bonus (see *Non-Consolidated Bonuses*)
- when an individual's pay rises above the salary range maximum (see *UK Annual Pay Review*, and *Overposting and Reverting to a Lower Pay Band*).

In both cases:

- the payments are subject to income tax deductions which includes notional tax deductions applicable to UK-appointed staff working overseas
- the bonus is not included in the calculations of any overseas allowances.

When an increase is applied to staff at the maximum of their pay band, the base salary will remain the same until the maximum of the pay band increases when the band is reviewed, or until there is a transfer to a new job in a different pay band. The amount exceeding the maximum is paid as a non-consolidated lump sum.