

Welcome to **Pento Webinar**

The Joy of Calculating with Pento



Welcome to Pento!

During this session, you will gain an understanding of the calculations that power Pento's automated figures.



Agenda

- Types of prorations
- Backdated Salary changes
- Current month's Salary changes
- Holiday pay calculations
- Maternity & Paternity calculations
- Q & A time!

What to expect today

- The presentation will be muted for participants.
- We have a mediator present.
- You can use the chat to ask questions, and our mediator will answer them or save them for the end of the session.
- Just so you know – specific questions (relating to your company) will be answered after the session via email.

Let's get started!



Types of Prorations

How to set-up

<https://app.pento.io/overview>



Types of Prorations

Annual Method for daily rate calculation



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1. Daily Rate $=$ Annual salary \div 260



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Example: £30,000.00 \div 260



Types of Prorations

Annual Method for daily rate calculation

1. Daily Rate = Annual salary ÷
260

2. 260 = 5 working days × 52 weeks in a year

Example: £30,000.00 ÷ 260

= £115.39



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Monthly method for daily rate calculation



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£30,000.00



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£30,000.00

$$£30,000.00 \div 12 = £2,500.00$$



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Example: daily rate for a salary of 30k in August:
£30,000.00

$$£30,000.00 \div 12 = £2,500.00$$

$$£2,500.00 \div 23 = £108.70$$



Backdated Salary changes

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Backdated Salary changes

Example of the calculation:

The employee had a salary increase from £30,000.00 to £38,000.00 with an effective date of October 16th



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Daily rate of the new salary: $£38,000.00 \div 260 = £146.15$



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Difference between rates: $£146.15 - £115.39 = £30.769$



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Difference between rates: $£146.15 - £115.39 = £30.76$

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Back payment value to be processed in
October: $£30.769 \times 12 = £359.23$



Current Month Salary changes

Two possible scenarios:

1. Effective date as of 1st of the month
2. Effective date mid-month



Current Month Salary changes

1. Effective date as of 1st of the month:

The new Monthly rate will be applied as basic pay and will be calculated as the Annual salary \div 12.



Current Month Salary changes

2. Effective date mid-month:

The system will split the month and calculate part with one rate and another part with the new rate based on the effective date of the change.



Current Month Salary changes

Example of scenario 2:

The salary increase is effective as of the 16th of October, their salary went from £30,000.00 to £38,000.00, and the company is operating a Monthly Method of proration.



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Salary from the 16th to the end of the Month:

$£143.94 \times 12 = £1727.28$



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Salary from the 16th to the end of the Month:
 $£143.94 \times 12 = £1727.28$

Total Salary for August:
 $£1136.40 + £1727.28 = £2863.68$



Holiday pay calculations

Filling out the termination screen:

<https://app.pento.io/overview>



Holiday pay calculations

Calculation Example:

Employee hire date: 01/11/2022

Termination date: 28/02/2023

Salary: £30,000.00

Employees are entitled to 25 holiday days as per the Company's Policy.

An employee works 5 days a week.

The employee took 2 days of Holiday during this year.



Holiday pay calculations

Outstanding Holiday entitlement for this year: $25 \div 12 \times 2$ (January and February months as Entitlement is running from 1st of January to 31st of December)

$$= 4.17 - 2 \text{ (days taken in the year)} = 2.17$$



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Holiday pay calculation: $\text{£}30,000 \div 260 \times 2.17 =$
 $\text{£}250.38$



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Holiday pay calculation: $\pounds 30,000 \div 260 \times 2.17 = \pounds 250.38$

Termination date
28/02/2023

Post-termination email Optional
After termination, Pento will send copies of all future documents to the email provided below. This includes their final payslip, P45, and P60 documents.

Holiday entitlement

Calculate holidays in
Days

Outstanding balance
2.17 days

Include holidays in pension calculations

Backdate the termination
Create a payslip to account for the backdated termination date. This accounts for outstanding holiday pay and overpayments made for the termination period.

Working pattern
Mon Tue Wed Thu Fri

Day rate	£0.00
Entitled holiday pay	£250.38



Maternity & Paternity calculations

How to set up the policy:

<https://app.pento.io/overview>



Maternity & Paternity calculations

For Statutory Pay calculations, we will use Calendar days to calculate the daily Rate.



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6 weeks 90% AWE: £765.383077 \times 90% =
£688.85



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6 weeks 90% AWE: £765.383077 \times 90% =
£688.85

Daily rate: £688.85 \div 7 = £98.40



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$$6 \text{ weeks } 90\% \text{ AWE: } £765.383077 \times 90\% = \\ £688.85$$

$$\text{Daily rate: } £688.85 \div 7 = £98.40$$

Statutory maternity pay for May:

$$£98.40 \times 31 = £3050.63$$



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$$6 \text{ weeks } 90\% \text{ AWE: } £765.383077 \times 90\% = £688.85$$

$$\text{Daily rate: } £688.85 \div 7 = £98.40$$

Statutory maternity pay for May:
 $£98.40 \times 31 = £3050.63$

$$\text{Remaining 33 weeks: } £172.48 \div 7 = £24.64$$



Maternity & Paternity calculations

June SMP Example:

June Statutory maternity pay will be split up to the 11th of June. We need to pay 90% of the Average weekly earnings, and from the 11th of June, we will pay £172.48 per week.



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June SMP calculation:

$$\text{Up to the 11th: } £688.85 \div 7 \times 11 = \\ £1,082.47$$



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June SMP calculation:

$$\text{Up to the 11th: } £688.85 \div 7 \times 11 = \\ £1,082.47$$

$$\text{From 11th: } £172.48 \div 7 \times 19 = £468.16$$



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June SMP calculation:

$$\text{Up to the 11th: } £688.85 \div 7 \times 11 = \\ £1,082.47$$

$$\text{From 11th: } £172.48 \div 7 \times 19 = £468.16$$

$$\text{Total SMP: } £1,082.47 + £468.16 = \\ £1,550.63$$



Maternity & Paternity calculations

Enhanced Pay calculation Example:

- Salary £38,000.00
- Maternity Start Date: 01/05/2023
- Average weekly earnings: £765.383077
- 90% of AWE: $£765.383077 \times 90\% = 688.85$
- As per policy, the employee is entitled to 100% of the pay for the first six weeks of Maternity and then, for the remaining 33 weeks, entitled to 50% of the pay.



Maternity & Paternity calculations

May Calculation:



Maternity & Paternity calculations

May Calculation:

Daily rate: £688.85 \div 7 = £98.41



Maternity & Paternity calculations

May Calculation:

$$\text{Daily rate: } \pounds 688.85 \div 7 = \pounds 98.41$$

$$\text{Statutory maternity pay for May: } \pounds 98.41 \times 31 = \pounds 3,050.63$$



Maternity & Paternity calculations

May Calculation:

$$\text{Daily rate: } £688.85 \div 7 = £98.41$$

$$\text{Statutory maternity pay for May: } £98.41 \times 31 = £3,050.63$$

$$\text{100\% of the salary: } £38,000 \div 12 = £3,166.66$$



Maternity & Paternity calculations

May Calculation:

$$\text{Daily rate: } \pounds 688.85 \div 7 = \pounds 98.41$$

$$\text{Statutory maternity pay for May: } \pounds 98.41 \times 31 = \pounds 3,050.63$$

$$\text{100\% of the salary: } \pounds 38,000 \div 12 = \pounds 3,166.66$$

$$\text{Enhanced pay: } \pounds 3,166.66 - \pounds 3,050.63 = \pounds 116.03$$



Maternity & Paternity calculations

June Calculation:

SMP:

Up to the 11th: $£688.85 \div 7 \times 11 =$

£1,082.47

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Total SMP: $£1,082.47 + 468.16 = £1,550.63$



Maternity & Paternity calculations

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SMP:

Up to the 11th: $£688.85 \div 7 \times 11 =$
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From 11th: $£172.48 \div 7 \times 19 = £468.16$

Total SMP: $£1,082.47 + 468.16 = £1,550.63$

Enhanced Pay:

Up to the 11th 100% policy from 11th 50% pay

Working days in June: 22

Working days from 1st to 11th: 7

Working days from 11th to 30th: 15

100% Basic pay: $£38,000 \div 12 \div 22 = £143.94 \times 7 = £1007.57$

50% Basic pay: $£38,000 \div 12 \div 22 \times 50\% = 71.97 \times 15 =$
 $£1079.54$

Total Basic Pay: $£1007.58 + £1079.55 = £2087.11$



Maternity & Paternity calculations

June Calculation:

SMP:

Up to the 11th: $£688.85 \div 7 \times 11 =$
£1,082.47

From 11th: $£172.48 \div 7 \times 19 =$ £468.16

Total SMP: $£1,082.47 + 468.16 =$ £1,550.63

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50% Basic pay: $£38,000 \div 12 \div 22 \times 50% =$ 71.97 $\times 15 =$
£1079.54

Total Basic Pay: $£1007.58 + £1079.55 =$ £2087.11

Enhanced Pay calculation:

$£2087.11 - £1,550.63$ (total SMP for the period) $=$ £536.48



Q&A

Kweschins,comonts ore concerns???





Useful Links

Help Centre

[Backdated Pay](#)

[How to Terminate an Employee](#)

[How to make payments outside of Payroll](#)

[Backdated Terminations](#)

Tax and Ni calculations

<http://payecalculator.hmrc.gov.uk/Errors/PAYEEError.aspx?aspxerrorpath=/PAYE0.aspx>

<http://nicecalculator.hmrc.gov.uk/Errors/Class1NICsError.aspx?aspxerrorpath=/Class1NICs1.aspx>

<https://support.pento.io/hc/en-us/articles/4405462378129-How-to-calculate-Net-Advances>

<https://support.pento.io/hc/en-us/articles/4405446052113-Why-is-an-employee-s-tax-higher-lower-than-previous-months->



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