

How Rounding Adjustments Works

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Overview

This article explains how rounding is calculated within Emersion and how this affects fee adjustments.

How Emersion Calculates Fee Adjustments

When adjustments are made to a fee, those fees often need to be rounded. No matter how rounding is calculated, it can cause the price to be slightly different than expected. For example, if a customer is charged for a service with a \$0.99 monthly fee, and they cancel the service exactly half way through the period, there are different ways that the fee can be adjusted (for example, rounded up to \$0.50 or down to \$0.49). Different companies and software can handle this in different ways, but in Emersion, fee adjustments are calculated by rounding up to the nearest two decimal points.

The diagram shows how fee adjustment rounding works in different case scenarios.

For all scenarios, we will make the following assumptions:

- 1. The customer is subscribed to a package plan:
 - with a \$0.99 access fee
 - is set to bill in advance; and
 - is set to pro rata. This means that the subscription is using [pro-rata rules](#).
- 2. the subscription billing period is 30 days.

Case Examples

Scenario 1

For this example, we will assume:

Alice was subscribed to the service for the full month and charged the \$0.99 access fee. This is the default behaviour for a customer who is subscribed for the entire billing period. In this case .

Month:

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30

Access Fee: \$0.99

Alice
Service A

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30

Access Fee: \$0.99
Total: \$0.99

Scenario 2

In the second scenario, we will focus on Bob, who has been subscribed for only 15 days. In this case, Bob is charged \$0.50 (half the monthly fee rounded up to the nearest two decimal places).

Month:

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30

Access Fee: \$0.99

Bob
Service A

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15

Access Fee: \$0.50
Total: \$0.50

Scenario 3

In the third scenario, we will focus on Dan. Bob and Dan's cases are very similar. In both cases, they are subscribed for 15 days, or half of the total billing period. In Dan's case, he cancels his subscription from the 16th day. As per the pro-rata rules, a credit is created for the unused portion of the access fee (\$0.49). Dan needs to pay \$0.50 with the fee being rounded up to two decimal places.

Month: 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 Access Fee: \$0.99

Dan
Service A 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 Access Fee: \$0.99
Adjustment: -\$0.49
Total: \$0.50

Scenario 4

In the last scenario, we are focusing on Carol.

Carol has two subscriptions to the same \$0.99 plan and both subscriptions run for a period of for 15 days. Therefore, she is charged \$1.00.

Month: 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 Access Fee: \$0.99

Carol
Service A 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 Service A Access Fee: \$0.50
Service B 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 Service B Access Fee: \$0.50
Total: \$1.00

Scenario 5

Erin had a subscription (Service A) that ran the entire month. On day 15, she migrated that subscription to another plan that also priced at \$0.99 per month). The new subscription commences on day 16 (Service B). As per the pro-rata rules, a credit is created for the unused portion of the access fee (\$0.49) for service A. Erin needs to pay a total of \$1.00.

Month: 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 Access Fee: \$0.99

Erin
Service A 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 Service A Access Fee: \$0.99
Adjustment: -\$0.49
Service B 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 Service B Access Fee: \$0.50
Total: \$1.00

✓ Even though Carol and Erin are subscribed to the plan (or an alternate plan) for the same overall length of time with an identical monthly fee, each subscription is calculated and rounded individually based on Emersion's fee adjustment calculations.

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