



GP NEWSLETTER

January 2017



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Medical Sector

Statement but at latest by 31 July 2017. To cover the situation where the Pensions Savings Statement is not issued by that date, a ‘voluntary scheme pays election’ is being introduced and NHS Pensions are due to release a factsheet on this shortly.

How can we help?

Of the above suggestions the final two are only options if your personal circumstances fit. Opting in and out is both complex and costly, and becoming a deferred member when it is anticipated the lifetime allowance (LTA) is getting close may be more appropriate. The consequence of this is a lower pension in retirement in return for more spendable income now and that is a decision which requires input from a financial advisor. However, we are happy to produce projections based on estimated CPI increases to help the decision making with your financial advisor both for deferred membership and ceasing added years contributions.

Welcome to our first newsletter of the year.

At the end of 2016 the Edmund Carr medical team attended a specialist AISMA NHS Pension scheme day. The general theme was the contrast between the public’s perception of the wealth of GPs and the reality that recent changes in legislation is having an ever increasing punitive effect on their net income. Here is my round-up of the latest developments:

Tapered AA

Conversely, AA charges are expected to be more prevalent for the 2016/17 year due to the CPI rates/revaluation rate used and also the Tapered AA rules coming into play from 6 April 2016. Just to remind you how these work, the annual allowance of £40,000 for pension growth is reduced by £1 for every £2 taxable income exceeds £150,000, subject to a minimum AA of £10,000.

The 2015 NHS pension scheme

Most of you will already have transferred to the 2015 NHS pension scheme and NHS Pensions should have advised you accordingly. Here is a quick summary of the changes which will have occurred if you joined the 2015 scheme:

Annual Allowance (AA) growth in 2015/16

The consensus is that for many individuals AA charges will not arise for the 2015/16 year due to the fall in CPI and a potential £40,000 of additional AA available due to the legislation in the Finance Act (No 2) of 2015 to align pension input periods for all pension schemes (not just the NHS scheme) to end on 5 April. The position is however complicated because many will join the 2015 NHS Pension Scheme during the year to 31 March 2016 and so the AA growth will have to be measured for both that and the 1995 (or 2008) scheme.

The suggestions made at the conference to minimise future AA charges were:

- Cease Added Years contributions.
- Opting in and out. (This is not recommended by AISMA due to the complexities involved and the potential loss of other benefits whilst opted out. It will also involve you incurring substantially more fees with a financial advisor and/or accountant for detailed calculations each year for AA purposes, and a one off review to see if deferred membership is appropriate is more sensible – see below.)
- Make use of a Limited company. (This is only really useful if the majority of the income is non-superannuable.)
- Changing work patterns, i.e. undertaking less pensionable work.

- Your 1995/2008 pension pots are kept separate from your 2015 pot. They continue to grow each year by dynamisation (CPI +1.5% for the 1995/2008 schemes, with a minimum level of 1.5%) but no new earnings are added to those pots.
- The 2015 pension pot will grow by a ‘revaluation’ factor each year (CPI + 1.4%). Unlike the 1995/2008 schemes there is no minimum so CPI can be negative.



If an AA charge does arise for the 2015/16 year, this can be paid by NHS Pensions where the charge in a particular scheme exceeds £2,000. A scheme pays election has to be made within 3 months of receipt of a Pensions Savings



- If you have an added years contract then payments into this will continue to form part of your 1995/2008 pots and will not form part of your 2015 pot.
- When completing the certificate of pensionable profits for the year to 31 March 2016, your earnings will be time apportioned between the 1995/2008 scheme and the 2015 scheme if your transfer date to the 2015 scheme was partway through the year.

Pension Savings Statements

Unfortunately we are advised that NHS Pensions will only issue Pensions Savings Statements for those whose income exceeds the standard £40,000 AA so we will continue to request these statements annually on behalf of our clients. We also did this for the 2014/15 year and if you have received a copy and not yet passed this on to us, could you please do so as soon as possible.

Other news

- From April 2017 HMRC are expected to provide an online tool and flowcharts to clearly determine the employment status of individuals where a Public Sector organisation engages workers through Personal Service companies. This will be of particular interest to locum doctors providing their services via their own limited company. Based on past experience we view this with some trepidation, as previous tools of this type have incorrectly categorised self

employed individuals as employed!

- Publication of GP Earnings is required for each GP practice by 31 March 2017, relating to earnings in the year to 31 March 2016. Despite initial commentary suggesting the figures would need to be disclosed on an individual GP basis, no new guidance has been released and the figures to be disclosed will continue to be arbitrary average figures for all GPs at each practice. We will be writing to all of our clients to advise them of the figures to disclose.
- The Winter AISMA Newline is now available on our website for topical articles.
- Following a successful project we carried out for one of our practices last year, we have expanded the range of services we offer to GP practices (whether existing clients or not) to include a review of systems and procedures by an independent consultant with over forty years' experience in the private sector. For more details, see the section on **GP Troubleshooter** in the medical sector part of our website.

- We have also recently expanded our medical team with Alistair Fergus from our tax department and Stephen Franklin from our Financial Services team at E C Financial Services Limited both joining us.

- We are delighted to announce Alison is expecting a new arrival next month and will be on maternity leave from 1/2/2017. If you have any queries in her absence and Francis or Debbie are unavailable, please speak to Emma.



Alison McDowall
Manager

- If you do need any advice on any of the matters covered in this newsletter in more detail, we would love to hear from you.



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Disclaimer
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If you think this information might be useful to a friend or colleague, please pass it on.

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