

Financial Planning in General Practice

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Final Salary Scheme		Career Average Revalued Earnings (CARE) Scheme	
1995 section		2008 section	2015 section
1/80 th x final salary for each full year of service	1 April 2008	1/60 th x reckonable pay for each full year of service	1 April 2015
Tax free lump sum of 3 x pension		No automatic lump sum	No automatic lump sum
Normal Pension Age = 60		Normal Pension Age = 65	Normal Pension Age = State Pension Age or 65 if higher

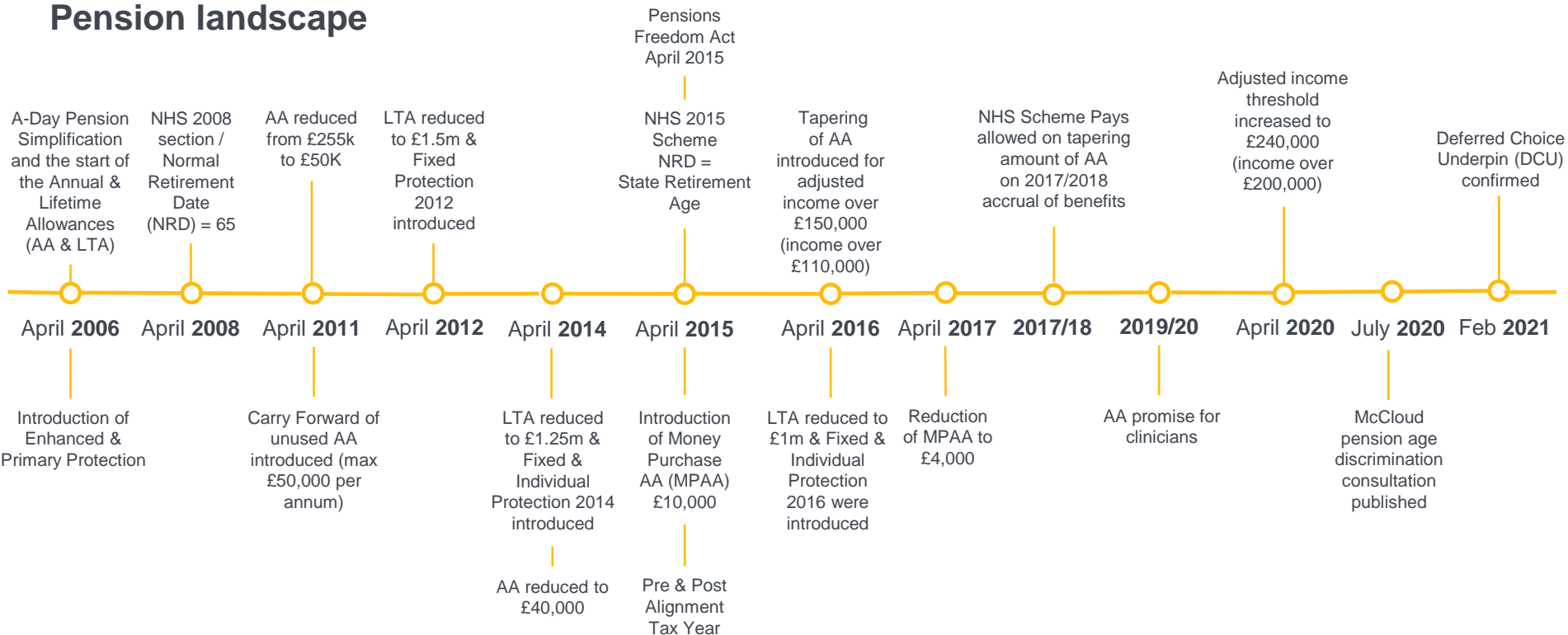
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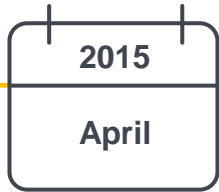
NHS Changes

McCloud update and Flexible Retirement

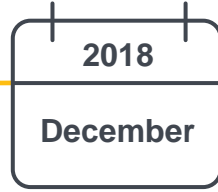
Why are pensions complicated?

Pension landscape





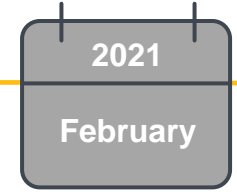
- ▶ Public-sector pension schemes reformed
- ▶ Transitional protections in place for those close to retirement
- ▶ Full protection for those within 10 years of retirement at April 2012
- ▶ Tapered protection for those between 10 and 13.5 years from retirement at April 2012



- ▶ Court of Appeal find these transitional protections unlawful for the Firefighters and Judicial schemes



- ▶ Government accept judgment applies to all main public service pension schemes including NHS



- ▶ Deferred Choice Underpin (DCU) option chosen
- ▶ Members decide which scheme to receive benefits from and when they access them

- Who is affected?

All scheme members who were in service before 31 March 2012 and on or after 1 April 2015

Members who were in service on 31 March 2012 and then took a qualifying break of less than five years

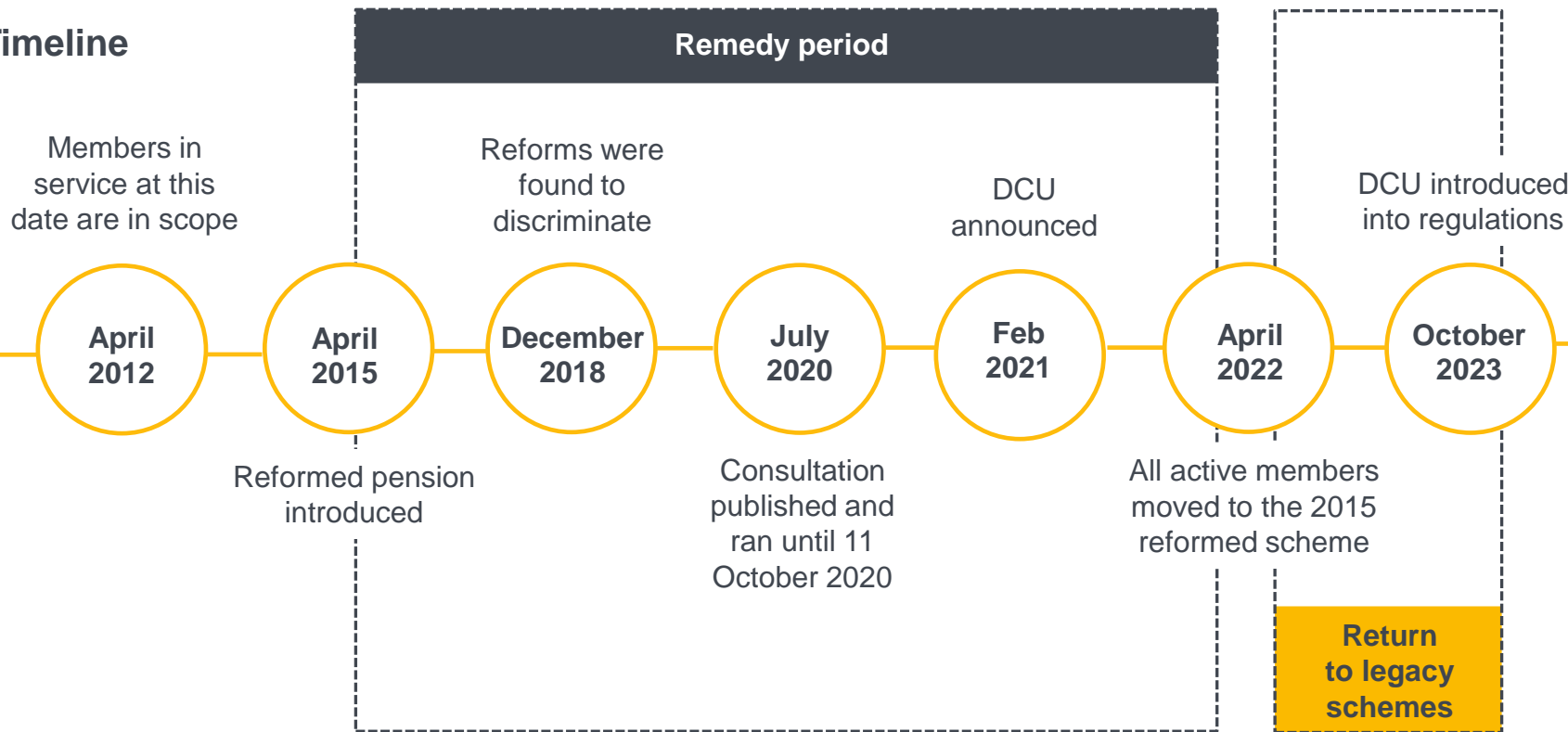


Active members and those who deferred or took pension benefits after 1 April 2015

All members of the NHS, Teachers', Local Government, Armed Forces and Judicial occupational schemes

• What was announced?

Timeline



31st March 2022

All affected members moved back to their legacy schemes (for AA purposes)

October 2023

NHS Pensions need to move members on their admin systems by October 2023

6th October 2024

NHS Pensions deadline for:

1. Issuing members with new pension input statement
2. Updating existing input statements
3. Informing members if an AA statement is no longer required

Also, input statement for 2022/2023 year extended from 6th October 2023 to 6th October 2024

Scheme Pays mandatory deadlines extended to July 2026 for active and deferred members.

3 Proposed Changes:

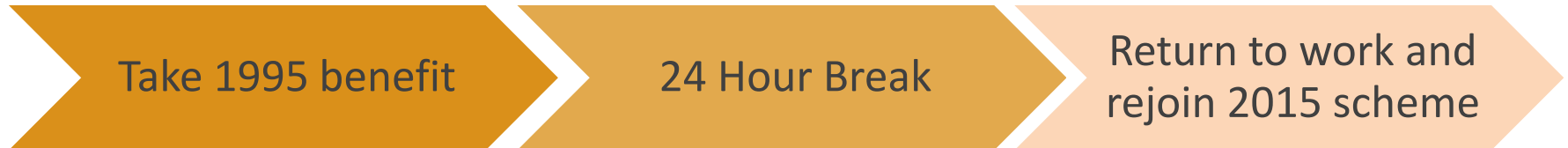
- Pensionable Re-employment
- Partial Retirement
- Removal of the 16 hour rule
 - NHS started mid **January 2023** to members close to normal retirement date
 - Will write to all members confirming changes by **June 2023**

Current Position:

- If a member takes their 1995 section benefits they can not continue to contribute to the scheme.

Proposal: April 2023

- Members who retire and take their 1995 benefits they can return to work and re-join the 2015 Scheme.
- Allow members who have reached maximum service in the 95 and 08 sections to join the 2015 scheme.
- Abatement will still apply to MHOs and Special Class Members, although abatement is suspended until 31/03/2025



Current Position:

- Partial Retirement is not current available in the 1995 section
- 2008 and 2015 members can take up to 80% of their benefits through partial retirement

Proposal: October 2023

- Allow members to partial retire, take up to 100% of their pension and continue working
- Members must have at least a 10% reduction in pay or a 10% reduced commitment if they are a Practitioner
- Can be taken from 55 or 50 if the member qualifies to retire from 50.
- Partial retirement abatement will apply. If the income increase to more than 90% of the pre partial retirement income within 12 months.
- Increase the partial retirement limits for 08 and 2015 to 100% so all sections are consistent.



Current Position:

- To access 1995 benefits the member must have a break of 24 hours and then work less than 16 hour a week for the first month.
- The 16 hour rule was suspended until 31/03/2023 due to Covid.

Proposal: April 2023

- Permanently remove the 16 hour rule from **01/04/2023**.



16 HOUR PER WEEK RULE	ANNUAL ALLOWANCE CPI REVALUATION DATE	PENSIONABLE RE-EMPLOYMENT (RETIRE & RE-JOIN)	PARTIAL RETIREMENT
<i>April 2023</i>	<i>April 2023</i>	<i>April 2023</i>	<i>October 2023</i>
Removal of 16 hour rule	2023/24 onwards – opening value uplift and CPI increase to be aligned	1995 members can retire & re-join 2015 scheme	1995, 2008 & 2015 members can take 20%-100% of their pension and continue working and contributing to 2015 scheme
	AA growth will be ‘pensionable earnings growth’ + 1.5% increase	Must still take 24 hour retirement	Must have at least 10% reduction in pay or 10% reduction in commitment (GPs) . Abatement applies for first year.

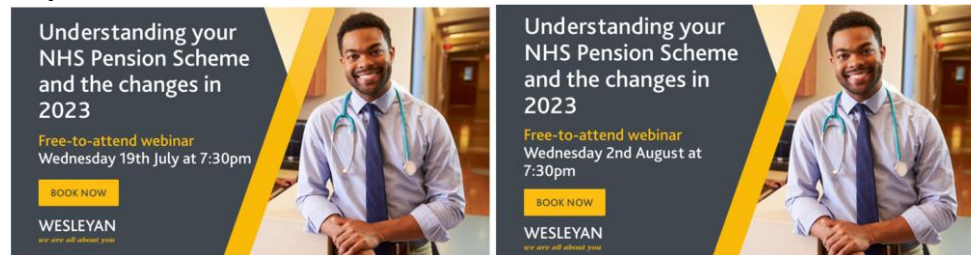
As you can see there have been a lot of changes and there is still more to come!

I will be running two evening webinar's to all Wirral Practice Staff to support them with the NHS Pension.

Free to join, no need to take up surgery time and a free follow up Q&A if they wish to review their own Pension Financial Planning.

Emails have been sent directly to you or via your PCN PM Leads, please share to your practice staff.

- 1. Wednesday 19th July 2023 – 19:30**
- 2. Wednesday 2nd August 2023 – 19:30**



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NHS Contribution Changes

Impact from the Budget

NHS pension contribution tiers to increase for 2023/24 to protect take-home pay



- Changes to the NHS pension scheme in England and Wales will see an uplift to member contribution thresholds for 2023/24.
- The move will reduce the likelihood of GPs, practice managers and other staff having to divert a bigger portion of earnings into their pension – and seeing a cut in take-home pay – as a result of any pay rise they receive.
- The contribution structure of the pension scheme, which is currently made up of 11 tiers or pay thresholds that determine how much an individual puts into their retirement pot, will change in line with the Agenda for Change (AfC) pay award in England.
- The changes for 2023/24 have been set out in a [DHSC consultation paper](#) launched earlier this month.

Management in Practice

What has changed?

Four things have changed.

- First, NHS pension contributions will now be calculated based on the actual pensionable pay that members receive each month.
 - Previously, member contributions were based on the 'Whole Time Equivalent' model – which calculated how much a member would receive in pensionable pay, assuming they worked full time hours.
 - GPs with 'practitioner' status won't need to worry about this, as practitioners already pay contributions based on their total annual practitioner pensionable pay.
- Second, the number of contribution 'tiers' – which specify how much of a pension contribution GPs pay, depending on their salary levels – will be reduced from the previous seven to six.
 - This will be a two-step process. In the first stage, which just happened on October 1, the tiers will increase to 11, before being reduced to their final six sometime in 2023 (the exact date of which is still to be confirmed by the Government).
- Third, the actual amount that GPs pay in contributions at each tier is also changing. This will also be a two-step process, in order to help members adjust to the changes. The figures have made their first change from 1 October, and it's expected that they will change again when the contribution tiers change in 2023.
- Finally, the pay boundaries associated with the contribution tiers will be linked to the annual Agenda for Change pay awards. This is intended to reduce the chances of GPs falling into a higher contribution band solely because of this pay rise.

1 OCTOBER 2022 – 2023

Tier	Pensionable pay per annum (e.g. share of practice profits, salary and ad hoc self-employed income net of expenses)	Member Contribution Rate	Member + Employer Contribution rate
1	Up to £13,246	5.1%	19.48%
2	£13,247 to £16,831	5.7%	20.08%
3	£16,832 to £22,878	6.1%	20.48%
4	£22,879 to £23,948	6.8%	21.18%
5	£23,949 to £28,223	7.7%	22.08%
6	£28,224 to £29,179	8.8%	23.18%
7	£29,180 to £43,805	9.8%	24.18%
8	£43,806 to £49,245	10%	24.38%
9	£49,246 to £56,163	11.6%	25.98%
10	£56,164 to £72,030	12.5%	26.88%
11	£72,031 and above	13.5%	27.88%

In 2023, these will then move to the final structure, as below.

2023 ONWARDS (date to be confirmed)

Pensionable Pay (per annum)	Employee Contribution Rate	Employee + Employer Contribution Rate
Up to £13,231	5.2%	19.58%
£13,232 to £23,948	6.5%	20.88%
£23,949 to £29,179	8.3%	22.68%
£29,180 to £43,805	9.8%	24.18%
£43,806 to £56,163	10.7%	25.08%
£56,164 and above	12.5%	26.88%

Because of the reduction in the number of tiers and the ultimate ‘flattening’ of the contribution structure, some lower earning GPs see their take home pay decrease, while some higher-earning GPs may see their take-home pay increase.

The changes were:

- The Lifetime Allowance charge will be removed before being abolished altogether, ‘removing barriers to remaining in work and simplifying the tax system by taking thousands out of the complexity of pension tax.’
- The Annual Allowance will be increased from £40,000 to £60,000, in order to ‘incentivise highly-skilled workers to remain.’

What does that mean to General Practice?

- Alongside the NHS Pension changes, GP’s can continue to contribute to their NHS Pension without the fear of LTA Tax.
- Don’t need to reduce sessions due to the fear of Pension AA Tax.
- Retirement has changed for GP’s

Wirral GP Webinar to follow in August/September 2023



PCN Pensions – High Level

NHS Pensions and PCNs: The new rules explained

Background & First Change

When Primary Care Networks (PCNs) were first established, it was only possible for PCN staff to get the NHS pension if they were employed in a practice or (sometimes) a GP Federation.

It quickly became obvious that many PCNs would benefit from setting up their own PCN company, but the lack of a pension was an obvious barrier to this. In late 2019 NHSBSA put in place a 'temporary determination' enabling PCN Companies to provide the pension to their employees, and once this was available many PCNs decided to incorporate.

The concern with the old PCN pension determination was that it was always time limited and needed to be renewed every year. A [Consultation was therefore undertaken](#) on proposals to make permanent changes to the pension rules, which led to legislative changes effective from 1 April 2023 (the 'New Rules'). Any new PCN Companies wishing to provide the NHS pension to their staff will need to apply to provide it under the New Rules. So far, straightforward

Consequence

Unfortunately the legislation was passed just days before the expiry of the old determination, leaving NHSBSA no time to provide any guidance on how the New Rules would be applied. Worse, there was no guidance for existing PCN Companies who had been relying on the old time limited determination, and these were not mentioned at all in the legislation.

As a consequence both new and existing PCN companies were largely left in the dark about how to secure and retain access to the NHS Pension.

The New NHS Pensions Rules

The legislation and subsequent [NHSBSA guidance](#) has opened up two routes for PCN Companies to provide the pension to their employees. One is based on the 'Independent Provider' model, and the other is an 'Open Determination'. We will look at each of these in turn:

Independent Provider

Access is a long established 'pension gateway' for businesses which cannot automatically offer the NHS pension to their staff.

Any business holding a 'Qualifying Contract' can apply for 'Independent Provider' status. If this status is obtained all staff who spend more than 50% of their time delivering the approved Qualifying Contract are NHS pension eligible.

The New Rules introduce a new Qualifying Contract called the "primary care network standard sub-contract".

Open Determination'

Is a bespoke 'gateway' made at the discretion of the secretary of state.

This was the original approach used to provide access for PCN companies in 2019, but the old determination was time limited for 12 months which is why it kept getting renewed. That has now been replaced with a new 'Open Determination' which is not time limited and is therefore permanent.

Thank you

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