Practice managers are often relied on by GPs to research some very technical topics; or they might be asked to monitor the smooth running of actions on which external advice has been sought. An example is 24-hour retirement. Here are some facts to be aware of.

What is 24-hour retirement?
This is the term for the mechanism used when a GP wishes to draw their NHS pension and then return to work while in receipt of their pension.

How does it work?
For those in the 1995 pension scheme, legislation requires a GP to break their contract for a period of 24 hours (a Saturday or Sunday counts for this purpose). They must then perform less than 16 hours’ contracted work per week in the next calendar month. Once that month is finished they can then work as many hours as they wish.

Is anyone exempt from the 16-hour rule?
For the few GPs who may be in the 2008 pension scheme, there is no 16-hour restriction but they will need to have a 24-hour break in service.

A GP with another NHS post (such as a salaried clinical commissioning group role) would be able continue with their other post as long as they are contracted to work less than 16 hours per week in the next calendar month and do not exceed this limit in all of their roles combined.

The doctor will need to resign from all GP posts and can simply stop paying pension contributions in respect of the officer employment(s). Those who retire on the grounds of ill health are not limited to the 16-hour restriction.

Can holiday be taken to meet the 16 hours per week rule?
The GP’s contract must be terminated and he or she must not be contracted to work more than 16 hours per week in the following calendar month.

What changes after the GP returns to work?
Looking at the tax situation first, even though the NHS pension will be paid under PAYE with tax collected at source, there is often a shortfall in tax collected. This is due either to the additional pension pushing income into a higher percentage rate tax bracket, or HMRC applying the wrong tax code. Planning is therefore required to avoid a shock to cash flow.

Turning to drawings, once contributions stop being paid into the scheme (unless the GP was previously a deferred member) the doctor will want to benefit in the form of higher drawings. The GP must make sure that they put enough aside for the higher tax that will result because they no longer get a tax deduction for the superannuation paid.

‘Some employees with pension savings above the lifetime allowance are protected against tax charges’

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FINANCE
Are there any other obstacles to avoid?

- Ensure the pensions agency know the retirement date – it is not sufficient to just write a letter advising the intention to retire. A retirement benefits claim form (AW8) must be completed at least three months before the retirement date and it is only when acknowledgement of this form is received that the GP can be assured the pensions agency have registered the retirement date.

- Single handers must take particular care. The contract will need to be held by someone else while 24-hour retirement takes place. This is a particularly complex area where advice needs to be taken.

- Talk to your local medical committee to ensure that 24-hour retirement is not a variation to the contract and heed its advice.

- Exceeding the 16 hours per week rule would result in payment of the pension being withheld until the criteria is met. Other work, such as out-of-hours, counts towards the hours worked.

- Submit any Scheme Pays elections. Any GP who has a tax charge arising from exceeding the pensions Annual Allowance must ensure that any Scheme Pays elections have been made before their retirement date.

- Ensure there is a right to return in the partnership agreement. Without this, the retiring GP may find the locks changed on their return to work. If there is no such clause in the partnership agreement, explicit consent to return should be obtained. The GP must also have given sufficient notice to their fellow partners of their intentions to take 24-hour retirement.

- Certain benefits, such as death in service and ill health retirement, worsen after the GP stops contributing to the scheme so they may wish to consider whether they are sufficiently covered.

- Superannuation contributions may continue incorrectly after retirement. This is quite common and usually gets remedied and refunded a few months later. To prevent this, try to get the GP’s membership record closed.

- The GP will still need to submit a ‘nil’ superannuation certificate each year for seniority payment purposes, at least until seniority has been phased out in 2020. Further advice can be found online (www.bma.org.uk or www.nhsbsa.nhs.uk).

There are some very important points to consider when looking into 24-hour retirement and specialist advice from an AISMA accountant can help you and your GPs ensure the process runs smoothly. **PM**