

GP Superannuation Newsletter

Summer 2014

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Annual Certificate of Pensionable Profit

The deadline for submission of 2012/13 Annual Certificates of Pensionable Profit has now passed. If you have not already submitted your Certificate, please do so with immediate effect.

Please see the below the relevant Scheme Regulations governing the non-return of annual certificates.

(2) In respect of each scheme year, a principal medical practitioner and a non-GP provider shall provide each relevant host Health and Social Services Board with a certificate of their superannuable earnings based on—

(a) the accounts drawn up in accordance with generally accepted accounting practice by the practice of which the member is a member; and

(b) the return that member has made to Her Majesty's Revenue and Customs in respect of their earnings for that year, no later than 1 month after the date on which that return was required to be submitted to Her Majesty's Revenue and Customs.

Under the scheme regulations, a GP who fails to submit all relevant documentation will have their pensionable profit for that year deemed to be zero. This will have a major effect on a member's pension and/or survivors benefits.

Number of GPs who have failed to submit Annual Certificate of Pensionable Profit

2011/12—13 Annual Certificates outstanding

2012/13—75 Annual Certificates outstanding

Failure to submit required documentation to HSC Pension Service can and will result in the suspension of Seniority payments until all regulatory requirements are met.

Please note the 2012/13 Annual Certificates should be sent directly to HSC Pension Service even if the GP has GP SOLO income declared in box 32 & 37 as we will verify the figures with information received from the Out Of Hours Providers .

Annual Certificates cont....

If the figures do not agree with the information we hold from the OOH Providers we shall inform the GP/Accountant and it will be their responsibility to agree figures directly with the OOH Provider. When completing page 7 it is paramount that the name of the relevant OOH Provider is listed clearly for processing purposes.

If declaring Income Pensioned Separately (IPS) in box 5, please state in box 89 on page 5 of the Annual Certificate what employment (s) this income relates to.

If a GP has Income Pensioned Separately from another GP Related employment i.e. Salaried GP in an Out of Hours Provider, this income must be included in box 49 of the certificate in order to correctly calculate the tiered rate of employee contributions due

GP's Who Retire Mid-Year

If a GP takes 24hr retirement and returns to work as a partner in a practice, HSC Pension Service requires two Annual Certificates of Pensionable Profit, one to cover the period up to the date of retirement and another covering the full year. The second certificate is required for the calculation of seniority. **Failure to supply both certificates will result in seniority payments being stopped from the date of retirement.**

Previous Years Certificates

To date we have agreed and finalised approximately 93% of all Annual Certificates of Pensionable Profit for years 04/05—11/12. We would ask that all GPs/Accountants would work with us to successfully agree the remainder of these certificates by forwarding any outstanding certificates for year 11/12 immediately and replying to any raised queries as promptly as possible.

N.B. Years 09/10 & 10/11 must have page 7 of the Certificate signed by the relevant OOH Provider if GP SOLO income has been declared or include official evidence of earnings.

If page 7 has not been signed then the certificate cannot be fully processed. HSC Pension Service has contacted all those GP's/Accountants with outstanding GP Solo queries.

Payment on Account 2014/15

Each year, and prior to the start of the pensions year, every GP Practice and Directional body (that qualifies as a Scheme Employing Authority) must inform HSC Pensions Branch of the estimated pensionable income of their GPs and non-GP Providers. This is so that the appropriate rate of tiered employee contributions can be deducted during the year by the Business Services Organisation.

8 practices have failed to submit their 2014/15 Payment on Account forms.

The form; "Calculation of Estimated Monthly Practice Superannuation Payment on Account 2014-15" declaring the estimated pensionable income for year 2014-15, can be found by clicking on the link below or alternatively on the HSC Pension Scheme Website under the heading GP Forms.

<http://www.hscpensions.hscni.net/forms/>

As advised previously this form under law should be submitted to HSC Pensions Service prior to 31st March each year, therefore , in line with scheme regulations and the SFE for any GP Provider who has failed to submit a POA Form we have used the figures submitted for 2013/14 increased by CPI and applied the highest employee contribution rate of 14.5% to all GP's in the practice. This will only be amended on receipt of the 2014-15 POA Form.

Salaried/Retainees G's & Assistant Practitioners

Each Practice that employs a Salaried/Retainee GP or Assistant Practitioner must complete an SR1 form and return to HSC Pension Service or via email to Adrian.mcgrory@hscni.net . The deadline for submission of 31st March 14 has now passed and any outstanding forms should be submitted immediately to avoid any underpayments.

The purpose of this form is to estimate the earnings for each Salaried/Retainee GP or Assistant Practitioner in order to determine the level of contributions due monthly.

The SR2 form which requests the actual salary earned for each Salaried/Retainee GP or Assistant Practitioner in the year 2013/14 is available on our website and should be submitted immediately if you have not already done so.

The purpose of the SR2 is to ensure that the correct contributions have been made, any underpayment/overpayment will be adjusted for and the member's record will be updated accordingly with the remuneration listed on the form.

Payment of Arrears by Cheque

Any GP's who are considering paying arrears of contributions by cheque please ensure the cheque is made payable to **BSO** and sent with a covering letter outlining the relevant period of arrears i.e. Arrears of contributions for year 2013/14 to:

GP Unit

HSC Pensions Service

Waterside House

75 Duke St

Derry

BT47 6FP

Pension Estimate Requests

An increasing number of GP's are requesting estimations or valuations of their pension benefits/pension pot. HSC Pension Service will provide estimates or valuations based on the latest information we hold.

If for any year, your Annual Certificate of Pensionable has not been finalised and signed off by you, then your pensionable profit for that year will be recorded as zero. This will result in an estimate or valuation not being calculated to its full potential.

This has become all the more important as from 1st April 2014 HSC Pensions have introduced a Tariff of Administration Charges. Any member of the HSC Pension Scheme is entitled to one Pension Estimate in any 12 month period, however for any subsequent requests e.g. another estimate is requested as another years pensionable profit has become available, there will be a charge of £25. Therefore it is paramount that all statements are signed and returned promptly to ensure that pension records are as up to date as possible.

Practice Managers Workshops

HSC Pension Service has begun the implementation of a number of Pensions Workshops to help GP Practice Managers understand the relevant forms, paperwork etc. that needs to be completed for Pensions Administration. To date the Workshops have been delivered to Practices from the Western Board and a proportion of the Northern Board with some very positive feedback.

We would encourage Practice Managers to liaise with their Local Integrated Care Teams within HSCB to check when these may be available for their region.

HMRC Changes

The standard Lifetime Allowance (LTA) has reduced to £1.25m from 6 April 2014

This is a reminder that the standard LTA has reduced from £1.5m to £1.25m from 6 April 2014.

This means a standard LTA of £1.25m will apply to members who become entitled to receive (crystallise) their HSC benefits when they:

- retire on or after 6 April 2014 – and the date their benefits are authorised is before this date
- retire before 6 April 2014 – and the date their benefits are authorised is on or after 6 April 2014.

For all scheme members the percentage of LTA used will be based on £1.25m unless they hold fixed protection. In addition, for higher earning scheme members any LTA charge that may apply to their HSC benefits will also be based on the reduced LTA unless they hold a valid protection certificate from HMRC. Any delay in claiming benefits may therefore result in:

- a bigger percentage of the LTA being used up – LTA charges may then apply if there is a later benefit crystallisation because there is insufficient LTA remaining
- high earning scheme members – may become subject to LTA charges or see those charges increase.

HMRC Changes cont.....

It is important to note that HSC Pension Service has no discretion on the date HSC benefits crystallise and the calculation of the LTA used.

Any revision to benefits (substitute awards) that is authorised on or after 6 April 2014 will be a separate crystallisation of benefits and based on the lower standard LTA of £1.25m.

Individual protection 2014

The government introduced individual protection 2014, applicable from 6 April 2014, for those with pension savings on 5 April 2014 valued at over £1.25 million.

Individual protection 2014 will give a protected lifetime allowance equal to the value of your pension rights on 5 April 2014 - up to an overall maximum of £1.5 million. You'll not lose individual protection 2014 by making further savings in to your pension scheme but any pension savings in excess of your protected lifetime allowance will be subject to a lifetime allowance charge.

You'll be able to apply for this from August 2014. HMRC must receive your application by 5 April 2017.

You can hold both fixed protection 2014 and individual protection 2014 but you can't apply for them at the same time. You can also hold individual protection while holding either enhanced protection or fixed protection but you can't apply for individual protection if you already hold primary protection.

For more information on individual protection 2014 follow the link below.

<https://www.gov.uk/government/publications/pensions-individual-protection-2014>

Action for employers

Employers should bring this article to the attention of any employees who are earning, or have a notional whole-time equivalent, in the region of £100,000 or more or who are known to have considerable work commitments outside the HSC.

Further guidance can be found at:

<http://www.hmrc.gov.uk/pensionschemes/fp2014guidance.pdf>

Important note:

- Members do not require a valuation of their HSC benefits from HSC Pension Service, and HSC Pensions cannot assist members with their application to HMRC for Fixed/Individual Protection 2014.
- Fixed Protection 2014 can be lost if the member has Benefit Accrual, it is the member's own responsibility to test for Benefit Accrual.
- Members should keep their Fixed Protection 2014 certificate in a safe place until it is required e.g. at retirement when they will be asked to declare they have not had Benefit Accrual.

SMS Text Messaging Service

HSC Pension Service has launched a new SMS Text Messaging service for GP's and Accountants. The purpose of the service is to update recipients via text message of any important changes to pension legislation and to act as reminders as to members of their regulatory responsibilities.

To register for this service text GPPENSIONS to 66101