

# GP Superannuation Newsletter

December 2013

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## **2012/12 Annual Certificate of Pensionable Profit**

The 2012/13 Annual Certificate of Pensionable Profit is due for submission on 28/02/2014. The certificate has been posted to the scheme website and can be accessed using the following link:

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

## **Salaried GP Forms**

### **2013/14 SR2's**

Any Practice which employs a salaried GP must inform HSC Pension Service of their actual annual earnings. This is done by completing the Form SR2 This form should be forwarded to HSC Pensions Service at the end of each financial year. If a Salaried GP leaves the practice during the financial year Form SR2 should be forwarded to HSC Pension Service as soon as possible after the date of leaving to ensure that the contributions being deducted from the global sum are cancelled.

### **2014/15 SR1's**

Any practice which employs a Salaried GP must inform HSC Pension Service of their estimated annual earnings. Form SR1 must be completed prior to the start of the financial year if currently in service or prior to start date for new employees and forwarded to HSC Pension Service in order to arrange the deduction of superannuation contributions.

## **2014/15 Payment on Account Forms**

All Practices are required to submit a Payment on Account form for the year 2014/15 for principal/partner GPs in the practice.

The form, which by law, should be completed by each practice and forwarded to HSC Pension Service prior to the start of the financial year to ensure that the correct (or at least best estimated) rate of tiered employee contributions can be collected 'on account'.

Failure to submit a form can result in a significant underpayment of contributions which can put severe financial strain on the practice accounts at the year end.

The form is available from the scheme forms section of the website.

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

Every Principal GP and non-GP Provider is legally required to declare their global estimated 2014/15 HSC pensionable income on this form. If they fail to do so a standard top rate of tiered contributions will be applied.

GPs must pension all their HSC GP income: they cannot elect for some income to be non-pensionable.

Non-GP Providers can only pension income in respect of one HSC Post (i.e. one Practice) even if they are a shareholder of a company that has several Practices.

**Please Note: Under estimating the HSC Pensionable Income figure on the POA Form will result in a shortfall of contributions being paid. This shortfall will be collected in a one off deduction from your global sum payment in the month after your annual certificate of pensionable profit has been agreed.**

## 2014/15 Tiered Contribution Rates

The HSC Pension Scheme tiered contribution rates for 2014/15 are changing. The revised rates are as follows:

Full-time pay	2013-14 contribution rate (gross)	2014-15 contribution rate (gross)	Contribution rate Increase
Up to £15,431	5%	5%	0
£15,432 to £21,387	5.3%	5.6%	0.3
£21,388 to £26,823	6.8%	7.1%	0.3
£26,824 to £49,472	9%	9.3%	0.3
£49,473 to £70,630	11.3%	12.5%	1.2
£70,631 to £111,376	12.3%	13.5%	1.2
Over £111,377	13.3%	14.5%	1.2

## **2011/12 Non—Submission of Annual Certificate of Pensionable Profit**

To date approximately 100 GP's have failed to submit their 2011/12 Annual Certificate of Pensionable Profit. The pensionable profit for these GP's has, in line with scheme regulations been recorded as zero on their HSC Superannuation Account. This will have an effect on any estimate of pension benefits requested and or will distort calculations in relation to annual allowance which could lead to financial penalties imposed at a later date. There will also be an effect on seniority payments 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.

## **SMS Messaging Service for Accountants/GP's/Practice Managers**

In early 2014 HSC Pension Service will be offering a new service to our stakeholders. An SMS messaging service advising of changes to pension's legislation and other important notifications will be made available to GP's, Practice Managers and Accountants. We would encourage all stakeholders to register for this service when it becomes available. Further information will be provided in the near future

## **Contact Details/Client List**

Can we ask that you check your HSC Pension contact details and inform us of any changes to ensure we are communicating with the correct end users?

We have found it much more productive to deal directly with Accountants in relation to GP Superannuation Issues and therefore request that all accountants ensure that we hold a comprehensive list of your GP Clients.

Any changes/update should be sent to [john.coyle@hscni.net](mailto:john.coyle@hscni.net), [erin.mcnamara@hscni.net](mailto:erin.mcnamara@hscni.net) or [Danielle.mcglinchey@hscni.net](mailto:Danielle.mcglinchey@hscni.net)

## **HMRC Changes**

### *The standard Lifetime Allowance (LTA) is reducing to £1.25m from 6 April 2014*

This is a reminder that the standard LTA is to reduce 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.

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

### **Important action for employers**

Members who wish to have their benefits assessed against the LTA of £1.5m must have a last day of membership of 4 April 2014 or earlier, therefore their completed application form must be sent to HSC Pension Service at least three months before the intended retirement date.

This is essential for those members who hold an Enhanced Protection certificate from HMRC as there is a requirement on HSC Pensions to check for Relevant Benefit Accrual (RBA) before HSC benefits are authorised. Where HSC benefits fail RBA the member may have scope, within the Scheme's Regulations, to 'rearrange' those HSC benefits in order to remain within RBA limits and keep their Enhanced Protection before they are authorised.

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.

## **Fixed Protection 2014**

HMRC has introduced Fixed Protection 2014, for those scheme members who wish to protect their pension benefits from the reduced LTA of £1.25m from 6 April 2014. Fixed Protection 2014 is available to members who do not have Enhanced Protection, Primary Protection or Fixed Protection 2012.

### **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.

Individuals must apply directly to HMRC before 6 April 2014 if they require Fixed Protection using the form APSS228, which can be downloaded from the HMRC website at::

<http://search2.hmrc.gov.uk/kb5/hmrc/forms/view.page?record=eD4vCN4VDKQ&formId=7378>

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 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.

Information about Fixed Protection is available on the Tax Information pages of the website at:

[www.nhsbsa.nhs.uk/Pensions/4222.aspx](http://www.nhsbsa.nhs.uk/Pensions/4222.aspx)

**And Finally.....**

**MERRY CHRISTMAS & A HAPPY NEW YEAR!!**

