

Superannuation Presentation

May 2005

New GP / GMS Contract



- Pre 1st April 2004
 - 6% - paid by employees
 - 7% (5.5% Scotland) - paid by employers
 - 7% (8.5% Scotland) - paid by Treasury
- 1 April 2004 date of Indexation Transfer
 - GPs responsible for 20p in the £ (6+7+7)
- Growth monies - staff

Post April 2004 - old money



- Global sum - both employee and employer
- Added to GS - April 2004
- Above and beyond - GSE
- So pounds per patients uplifted to £50 - £54
- Not exactly related to previous payments
- Locum / freelance employer contributions - PCT !! Reviewed April 2006

New Money in a practice-based contract

- Additional £88m for superannuation (England)
- £28 million 04-05, £60 million 05-06
- Superann for new income paid thru GS & QOF
 - adds 21p to GS per patient
 - for PMS this money went to PCTs - local negs
 - £4.00 April '05 - £124
 - for 04-05, paid with achievement payments
 - PCT - cannot hold any back (monthly deductions only)
- Four-country agreement still outstanding

Where is the superann money?



- Existing staff / partners – via old GS increase (£50 to £54)
- New income e.g. QOF / ES - via new increase to GS and QOF
- New contracts - must be added to price
- New staff (since 1/04/04) - out of total practice funding

PMS - what about us?



- Equally responsible for payment - 20p / £
- PCOs have funds from Indexation Transfer
 - Local negotiations - how distributed to practices
- Superannuation for new income
 - PCT allocations uplifted (21p) how distributed?
 - Same QOF increase of £2.50 / £4 per point

Superannuable pay / Profit



- Superannuation form - finished - feedback
- Similar to tax form
- Work - how private income & expenses incurred effect calculation of superann pay
- “NHS work” is superannuable
- Total superannuable income - expenses
- No FT / PT now - only “profit”

Superannuable pay



- Agreed mechanism for calculating annual superannuable pay
- Remember now paid on profit / “earnings”
- This applies to ALL other pension schemes
- On Pensions Department website.
- Preparing common Q&As at moment
- You’re in or you’re out!
- National - NO local variations

Superannuable Profit / Pay



- GMS / PMS contract work / Locum
- Enhanced service / NHS contacts with us
- Not if “private” provider
- NHS e.g. PCT board / committee / appraisal
- Collaborative work e.g. DLA forms
- OOH work - if approved for NHS superan
- Premises profits, Dispensing,

Specific Issues



- Cap on NHS pensionable earnings
- Annual and Lifetime Limits
- Added years / AVCS

- Staff superan - historical
- Staff superan - staff now?
- Staff superan - review?

Dynamising Factor



- Now related to profession's actual profits
- Mechanism:
 - DF determined when 100% GP profit known
 - After end financial year - accounts
 - For 2003-04, Actual DF known in spring 2005
 - Repeated each year
 - Interim available in March / April following year to allow all accounts to be submitted

Dynamising Factor

- Calculated / estimated by TSC
- Then Interim DF decided – 90% confidence that Actual DF will be higher; very unlikely to be lower

	Estimated	Interim	
• 2003-04	8.8%	7.2%	@90% confidence
• 2004-05	10.8%	6.1%	@90% confidence
• 2005/6	12%		

So, my pension will go up then?

- Increased personal earnings e.g. QOF, ES,
- Increased “old” work now superannuable
- Increased pensionable income e.g. Premises
- Dynamising factor
 - estimated $8.8 + 10.8 + 12 = 31.6\%$ (33%)
 - practice profits = DF
 - 2003/4 accounts?

How we pay our superannuation



- Agreed monthly deductions by PCO - GS
- Final accounts / declared superan “income”
- Annual adjustment / payment
- Send to PCT - send Pensions department
- Suggestions;
 - increase monthly amounts
 - save for “end of year” adjustment
 - use QOF payment paid April each year.

How to assess / estimate



- Know last years profits
- Added known additional resources
- Subtract additional expenses
- 2003/4 e.g. 10 - 15% increase - same again
- 2004/5 & 5/6 - QOF
- expense / profit ratio 60:40
- New income??

...and don't forget about the tax!



- Increased income leading to
- Increased profits
- Especially 2003 / 4 / 5 / 6
- So need to make plans
- Post April 2006 - level off, easier to predict
- Solution to extra tax and superannuation...

Focus on ... documents



- Available today:
 - Pension Overview
 - Pension Flexibilities
 - Superannuation Contributions - 2
 - Dynamising Factor

Guidance on calculating superannuable income will be available once agreement finally reached.