



24-HOUR RETIREMENT

Guidance around 24-hour retirement isn't always easy to find, and anecdotal information can be inaccurate. What follows is information collated from various sources and was correct at the time of writing (April 2020) but may be subject to change and it is recommended that you take appropriate legal and financial advice prior to any action.

The Detail

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 partner to resign from their GMS, PMS or APMS contract. They cannot undertake any NHS work including locum, OOHs or salaried employment for at least 24 hours. Salaried GPs must also resign from their contract of employment with their practice and locums must do no NHS work for at least 24 hours. A Saturday or Sunday counts for this purpose. They must then perform less than 16 hours of contracted work per week in the next calendar month. Once that month is over, 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.

The Mechanism

By taking 24-hour retirement, doctors stop paying pension contributions and gain access to the tax-free lump sum element of their pension and a regular pension payment. They can then return to work, either full or part time.

To qualify for 24-hour retirement, a doctor must first effectively resign from his or her NHS contract of employment and take a 24-hour break in service. GPs are unable to undertake NHS locum or out-of-hours work, or other salaried primary medical practice, for at least 24 hours. Any private practice is unaffected by these arrangements.



The doctor can then return to work but must not work for more than 16 hours a week for the first month. A GP with another NHS post (such as a clinical assistant or a salaried clinical commissioning group role) would be able to continue with their 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 16 hour limit in all of their roles combined. This rule applies strictly to each week; for example, you can't work 12 hours one week and then 20 hours the next.

If the 16-hour rule is exceeded, pension payments could be stopped, and any benefits already received may have to be repaid. It is for the GP to prove compliance with the 16-hour rule

Simple steps, such as only logging on to the practice computer for limited periods, may be used as evidence, but during this month you should be at home more than at work.

At the end of that calendar month there is no restriction on the number of hours the GP can work.

Can Holiday be Taken to Meet the 16 Hours per Week Rule?

No - 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. As holiday forms part of the partnership agreement / contract then it cannot be used during this month of reduced hours.

Performers List

General Practitioners should note that they do not have to resign from the Performers List in order to take 24-hour retirement, and, since this provides eligibility to undertake all forms of NHS primary medical care, the LMC recommends GPs only do so if they are certain that they will not wish to do such work in the future.

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 to either 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. 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.

In addition, colleagues who take 24-hour retirement should consider, during that financial year, adjusting their accounts to reflect a 24-hour period of no income and one calendar month of reduced income.

Are There any Other Considerations?

- 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**, along with all relevant documentation that has been requested e.g. a pension protection certificate. It is only when acknowledgement of this form is received that the GP can be assured the pensions agency have registered the retirement date. This can be done through PCSE online.



- Keep a record of all communications with the Pensions Agency/PCSE plus copies of anything you have sent
- 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 from the LMC in the first instance
- Check whether your 24-hour retirement is a variation to the contract, requiring completion of a Contract Variation submission. The LMC can help with advice.
- 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. 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, may be affected when you stop contributing to the scheme: take advice and check whether you are sufficiently covered.
- Superannuation contributions may continue incorrectly after retirement. This is quite common and usually gets remedied and refunded a few months later. Keep a check on this and ensure that your membership record is 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.

And finally Enjoy your retirement!

References

<https://mha-uk.co.uk/insight/knowledge/24-hour-retirement-advice-for-gps/>

<https://www.wessexlmcs.com/24hourretirementforgps>

<https://www.bmj.com/content/345/bmj.e7790>

<https://www.bma.org.uk/pay-and-contracts/pensions/returning-to-work/returning-to-work-after-retirement>

<https://pcse.england.nhs.uk/search-page?q=AW8>

