ASK THE EXPERTS

Superannuation and solo practice

Q SUPERANNUATION
I decided to take my NHS pension last September aged 61 and returned to the practice as a full partner.

The PCT has recognised this and stopped payments to NHS Pensions on my behalf but the monthly sum for superannuation has not been amended in our PMS baseline.

Also, the newest partner's contributions are still capped, pending application of the revised dynamising factors, so we expect a substantial excess at the end of this year.

Our accountant has removed superannuation from the divisible profits and allocated it to the two non-retired partners.

However, I had expected that, as I was not paying superannuation, my share of the profits would increase and not reduce (perhaps at the expense of later pain when the PCT claws back funding). Meanwhile my partners are laughing all the way to the bank. Can you advise?

Your PMS budget would have been uplifted in 2004 when the new GMS contract started to give the practice the funding to pay for the partners' employer's superannuation.

This was based on historic superannuation payments and will not change in future. You mentioned that you have taken your pension and the PCT has correctly stopped collection of your superannuation.

However, the amount that it is paying to the practice will not change, even though you have taken your pension benefits.

With regard to the accounts, the income that the practice receives for the employer's superannuation should be treated as practice income and shared according to profit sharing ratios.

As the PCT is still continuing to pay the same amount, this should continue to be shared between all partners.

If the PCT has not changed the contributions it is deducting for the capped partner, any shortfall in its contributions is the PCT's cost and not the partnership's.

The deductions for both the employee's and employer's superannuation is the expense of each partner and should be allocated to them individually in the annual accounts.

Jenny Stone

Q PRACTICE CONTINUATION
I am a singlehanded GP and my wife is the practice manager.

I want to make her a partner but I am unsure of what could happen if I retire.

Will she be able to hold onto the contract with the PCT and continue the practice by recruiting a salaried doctor? Or would the PCT be able to dissolve the practice after my retirement?

Your questions are really of a legal nature, but there is no reason why you should not go into partnership with your wife as practice manager if that is what you want to do.

You should get a partnership deed drawn up so I suggest you consult a solicitor, preferably one versed in medical matters.

If you retire, it is doubtful that your wife will be able to run a practice herself with a salaried doctor. Instead it is likely that the PCT would put the practice out to tender.

As you are undoubtedly aware, PCTs in general are not in favour of small practices and in particular, those staffed by a single GP.

Stuart Williamson

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