

GP MEDECONOMICS 2

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ASK THE EXPERTS

Tax-efficiency and early retirement

TAX-EFFICIENT INVESTING
I would like to invest in the stock market now that it has picked up. I am 53 and want to know a good way to do this without paying too much tax. Currently the most tax efficient investments are individual savings accounts (ISAs). You can choose between cash or equities (stock and shares) types.

With an equity ISA you will have a choice of unit trust funds, and can choose 'safer' funds, such as deposit funds, or higher risk, such as Far East funds.

You can invest a lump sum or pay monthly. Monthly investments can benefit from pound cost averaging. This means that in months when prices are low, your money will buy you more units. When the market recovers, those units should increase well in value.

As you are in your fifties, you can benefit from the new higher annual investment limit of £10,200 for anyone who will be aged 50 or over, that came into force on 6 October.

It will apply regardless of age

from 6 April 2010. Until then the maximum annual investment for people under 50 is £7,200.

You can choose to invest up to £5,100 in a cash ISA and the remainder in an equity ISA, or put the whole £10,200 (or £850 a month) in an equity ISA.

Bear in mind, though, that ISAs' favourable tax treatment is subject to legislation.

Liz Willis

EARLY RETIREMENT
Where can I find out about NHS Pension Scheme early retirement factors?

I have been told that tax relief on NHS superannuation contributions is only available on earned income, not on pension income. Given that I am 58 years old, is it sensible to retire, take my NHS pension and carry on working until I have earned enough to cover the superannuation contributions made before retirement?

You can find the early retirement pension factors in the Medeconomics Database at www.healthcarerepublic.com/

management. There is more information about them in 'Scheme Guide - NHS Pension Scheme' (pages 20 and 21) which you can download at the NHSPS website, www.nhsbsa.nhs.uk.

Pension contributions benefit from tax relief up to the higher of £3,600 gross or your relevant earnings (subject to an annual allowance cap which is £245,000 for the 2009/10 tax year). Relevant earnings essentially mean earnings from employment and/or taxable trading profit.

Pension income, earnings and trading profit are all subject to tax at the recipient's highest marginal rate.

It is impossible to know in advance whether or not it will make sense for an individual to take their NHS pension benefits using the 24-hour retirement rules. This is because there are a number of as yet unknown variables involved such as longevity, future inflation, tax rates, investment returns and so on.

Generally a decision to take pension benefits should be driven by lifestyle and financial objectives, such as a desire to cut down or stop work entirely or a need for additional income and/or capital. I suggest you discuss this with your financial adviser.

Kevin Quinn

THE EXPERTS

Email questions or phone our experts...



NHS RULES

Dr Tim Kimber is a Littlehampton GP and deputy chairman of West Sussex LMC.

Email: tim.kimber@nhs.net



INVESTMENT PLANNING

Liz Willis is a financial adviser at the medical div St James's Place Partnership.

Email: liz.willis@sjpg.co.uk or call (07900) 654 4



PARTNERSHIP

Stuart Williamson is a partner at accountants Williamson West.

Email: ww@williamsonwest.com



LEGAL

Lynne Abbess is a partner at solicitors Hempsons offers outline legal advice to GPs in England and

Email: l.abbess@hempsons.co.uk or call (020) 78



PREMISES

John Hearle is a chartered surveyor and chairman of Aitchison Raffety. Email: john.hearle@argroup.co



PENSIONS AND FINANCE

Kevin Quinn is a financial planner at specialist accountants Ramsay Brown & Partners.

Email: kevin@ramsaybrown.co.uk



ACCOUNTANCY AND TAXATION

Jenny Stone is a partner at Ramsay Brown & Partners. Email: jenny@ramsaybrown.co.uk or call (020) 83

7739 9am-5.30pm weekdays



COMMISSIONING, TENDERING, GP CONTRACTS

Dr David Jenner is a Devon GP and the NHS Alliance on practice-based commissioning.

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PLEASE NOTE

Please ask for 'GP Ask the Experts'. You may be asked to book a full consultation if your request is time-consuming or difficult. Our specialists retain the right to refuse advice. The information in the Ask the Experts list is for information purposes only. Expert advice is intended to provide general guidance only. It should not be relied upon by readers, who should seek further professional advice. No legal responsibility is accepted by GP for the experts' answers.

Ask your questions online

www.healthcarerepublic.com/experts