



Why it's a good idea to check your NHS pension

Associate dentists working at a practice with an NHS contract are being encouraged to talk to their accountant about their pension. The advice comes from David Paul, a specialist Chartered Accountant who gave an update on pensions at the NASDAL press conference this month.

He began by looking back on the events of the last few years and he identified the difficulties the profession have had to contend with in relation to their pension. They are:

- The dental contract introduced in April 2006
- Dental incorporation
- Multi-tiering of superannuation contributions.

He explained that the new dental contract saw the responsibility for administration of superannuation and pensionable pay devolved from NHS Business Services at Eastbourne to the contract holder, at practice level. It became the responsibility of principals to fill in an Annual Reconciliation Report (ARR), a statutory form which details the pensionable earnings of every dentist at the practice.

But, said David, there was insufficient guidance to help providers fulfill their new responsibilities. As a result, the majority of ARRs were not filled in accurately. The Pensions Agency has since identified at least 3,000 performers whose pensionable earnings have been substantially understated and it's likely there are more who have been affected.

Nick Ledingham, Chairman of NASDAL, said that associates with a NASDAL accountant were likely to be aware of the issue. His concern

was the proportion of associates who may be unaware that their pension has been reported incorrectly.

David Paul encouraged associates to make enquiries to see if their yearly pensionable pay entitlements had been correctly reported over the last six years.

The next difficulty that advisors to dentists have had to contend with is incorporation. Dentists who incorporated their activities fell into a superannuation black hole.

Against the background of both issues, said David, there were a series of meetings over the years and especially in 2012 between NASDAL, the BDA, the Pensions Agency and NHS Business Services. The product of these meetings is the latest guide notes published by the Pensions Agency on its website in December 2012.

These new guidance notes now provide the comprehensive definition of the pensionable earnings of dentists working within an NHS practice together with details as to the correct way to complete an ARR.

The dental profession, its advisors and the BDA can now spread the word to help ensure that ARRs are correctly completed. This will credit all dentists at practice level with their correct pensionable earnings for the year so they receive their correct well earned pension on retirement.

More recently, multi-tiering of superannuation contributions, introduced in 2008, has become an added complication to be taken into account. David explained to the press conference that the NHS now has different levels of contribution which mean that the higher your pensionable earnings, the more you must contribute to belong to the scheme. From April, there will be seven tiers, said David and dentists with high pensionable earnings will see a dramatic increase in the superannuation contributions they have to pay.

NOTE TO EDITORS

David Paul has identified the key chapters in the new NHS guidance:

- What constitutes pensionable earnings of the dentists working at the practice – Chapter 4
- Tiered employee contributions - Chapter 5
- Limited companies - What constitutes the pensionable earnings of director/shareholders – Chapter 6.

The correct way to complete the Annual Reconciliation Report (ARR) – Chapter 8

For more information or to obtain photos or the logo of NASDAL, please contact Caroline Holland on 020 8679 9595/07974 731396 or email caroline@carolineholland.eu