

Tax May 8, 2019

# Calls on govt to direct doctors to financial advisers



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**F**ormer pensions minister Baroness Ros Altmann has argued against tax reform for doctors and said the government should direct NHS scheme members to independent financial advisers instead.

FT **ADVISER** 



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Baroness Altmann was responding to calls from Royal London this morning (May 8) to scrap the tapered annual allowance, and cut the annual allowance for doctors in order to address concerns about their pensions.

She said she was in favour of referring or abolishing

reforming or abolishing  
the allowance, but not by "reducing everyone else's pension allowances to recoup the costs".

Introduced in 2016, the tapered annual allowance gradually reduces the allowance for those on high incomes, meaning they are more likely to suffer an annual tax charge on contributions and a lifetime allowance tax charge on their benefits.

The tapered annual allowance means that for every £2 of income above £150,000 a year, £1 of annual allowance will be lost.

In the case of NHS pension scheme members it emerged in December that the number of members leaving the scheme was five times higher than that seen by other public pension funds.

Baroness Altmann said the NHS should urgently address the tax problem by offering financial advice to properly inform and reassure staff and "give them a fair chance to protect themselves".

She said: "The worst aspect of this situation is that the NHS personnel were not given any warning or help to avoid the problems that were building up for them. This has hit them out of the blue, like a real stealth tax, which is clearly unfair.

"If they had all been given financial advice and help to plan their pensions better they would have had a fairer chance of being able to protect their position."

The British Medical Association recently warned that doctors will reduce their NHS working hours "unless there is tangible reform to the NHS pension scheme".

Baroness Altmann continued: "They should have been properly informed and I would urge the NHS to do this as a matter of urgency. It is ludicrous to expect these valuable and senior medical experts to spend time working out the complexities of our pension system.

"It is a shame that this has had such devastating consequences on the NHS, but the sooner this is addressed in a practical way, the better."

The BMA - which represents 125,000 hospital consultants and family doctors – has called on the government to introduce "immediate mitigations" to solve this issue, such as the introduction a policy to allow doctors to recycle their

this issue, such as the introduction a policy to allow doctors to receive their employer's pension contributions and a UK-wide scheme for NHS staff to retain or purchase death-in-service benefits.

Chancellor of the Exchequer Philip Hammond has said he is looking to bring more flexibility into the NHS Pension Scheme to solve this issue.

Paul Gibson, managing director at Granite Financial Planning, said: "The tapered annual allowance is a horrendous piece of legislation. I feel it should be scrapped completely for everyone and not just NHS employees.