

NHS Pensions tax – engaging your people

Autumn 2019



Pensions tax is complex. Whether or not changes are made to the NHS Pension Scheme or the tax regime, effective face to face engagement with your affected people will help to mitigate any negative impact.



Pensions tax and your people

- It is widely reported that pensions tax is having a detrimental impact on the ability of the NHS to provide services. Consultants are cutting overtime, reducing core hours or retiring early in order to avoid the large tax bills resulting from the tapered Annual Allowance ('AA').
- The most pressing issue is that the **non-pensionable** pay from doing extra shifts can push clinicians over a 'cliff-edge' meaning they become subject to a lower AA or if they are already over this limit the marginal effective tax rate can be more than 100%
- Higher **pensionable** pay leads to more reasonable outcomes, but this is difficult to see and it is expected that more staff will be subject to a tax charge as previous unused allowances are used up or fall away
- Understanding the interaction of the tax rules and the NHS Pension Scheme is a challenge and misunderstandings can and do lead to the wrong decisions being made
- NHS Pension Scheme flexibility aimed at addressing this issue is welcome and the appropriate response, in our view, but will increase complexity for members
- A [LinkedIn article](#) written by our Pensions Partner Steve Simkins in August, discusses these issues and anticipated some of the elements of the current NHS pension scheme consultation

Standard AA
£40,000



Pensionable & Non-pensionable pay



Tapered AA for higher earners
£10,000



You can take action now

- There is an annual cycle of information provided by the NHS Pension Scheme with pensions savings statements sent late Summer/early Autumn. This prompts an annual need for engagement and there is ever increasing awareness of the problem.
- The responsibility to assess whether a tax charge is due lies with the member who needs a thorough understanding in order to:
 - Understand why they have been sent a statement and interpret it
 - Work out whether they have carried forward unused allowances
 - Calculate the amount which is subject to tax and use self-assessment and/or scheme pays to settle any charge
 - Consider what the implications are for their short and long-term career plans, this applies to a wider 'at risk' group
- We have developed NHS Pension Scheme focused learning materials to help members who are affected. Our face to face group and individual sessions are proven to help people understand this complex area, allay fears and bring clarity (see over)

The Department for Health and Social Care recognises the need for people affected by pensions tax issues to have access to high quality education and information to understand their tax liability.

KPMG is on the NHS Employers list of organisations who can help with this.

KPMG Learning Services – pensions tax

Autumn 2019



Our pensions tax learning services have two key elements:

- Group seminars – covering:
 - Annual allowance and Lifetime allowance
 - Annual allowance tapering
 - Worked examples based on 1995, 2008 and 2015 sections
 - The operation of scheme pays
 - Key dates and actions
 - Opportunity to ask questions of an experienced pensions consultant
- Individual information sessions:
 - Our experienced consultants explain the numbers on the member’s benefit statement and pensions savings statement
 - Annual Allowance modeller used to assess tapering and carry forward (estimated)
 - Opportunity to ask questions (supported by seminar material)

Why KPMG pensions?

We are a leading provider of pensions tax engagement services in the public sector. Through our work with MyCSP (the administrator to the Civil Service Pension Scheme) and many other public service clients we have had over 5,000 face to face interactions with senior public servants since 2017. The feedback has been excellent:

99%
of facilitators
rated good or excellent

98%
of attendees agree content
valuable or very valuable

99%
of attendees agree event met
its aim well or very well



“Explained the technical detail in an understandable manner”

“Provided a high level of assurance and clarity on options”

“Event was well paced and covered essential points”



KPMG Learning Services platform

Our pensions tax engagement services are delivered through the [KPMG Learning Services](#) platform. This is an established and accredited learning platform for the public sector. It is designed to deliver high quality learning outcomes and provides a service centre to liaise with you to arrange dates, issue joining instructions arrange bookings and collect feedback from delegates.

We have a simple pricing structure which makes it straight forward to know your costs. Employers can arrange sessions for their own employees or individuals can book onto open sessions. Please follow the link to register interest following which our service centre will be in touch with our pricing and booking form.

[Contact us using this link to access the registration form](#)