

The Royal College of General Practitioners has now formed a working party with the Royal College of Nursing to examine many of these topics. In the meanwhile practitioners working with nurses should be aware of the regulations. One first step is to ensure the continuing membership of the Royal College of Nursing by every nurse working in the practice. This membership includes assurance of defence and indemnity in the face of legal action.

REFERENCE

National Health Service Regulations (1972). Terms and Conditions of Service. Subsection 16. Paragraph 13.

ARE THERE ADVANTAGES IN ADDED YEARS?

IN inflationary times it is always pleasant to have a chance to invest money to gain financial advantage with minimal risks. The present National Health Service pension scheme for general practitioners has recently been greatly improved, particularly since the General Medical Services Committee and the British Medical Association persuaded the Government to allow 'dynamism'—which means the pension, when ultimately paid, will roughly match the fall in the value of the pound.

One significant disadvantage which doctors and other professional people, who have long periods of training to reach qualification, have suffered in the past is that their pension has partly depended on the number of years of earnings credited to them. Thus those who start earning relatively late in their lives have suffered. It is now, however, possible for most doctors to buy added pension years so that they will be able to count 40 years' service for pension purposes should they choose to retire at the age of 60. The regulations are complex and difficult to summarise. Those interested should obtain full details from the Superannuation Division of the Department of Health or from their local family practitioner committee.

Every medical practitioner under the age of 70 on 1 October 1972 is eligible. The maximum number of added years that can be bought depends on the doctor's age and the age when he started earning. Those who did not pay superannuation while they were in the armed forces, or had been overseas, may also be able to buy benefit for those years.

There are three methods of payment. First, anyone can buy added years by paying a single lump sum. If so, they cannot claim the expense for income tax purposes, which for most people is a major disadvantage. The second method is applicable to all those now under the age of 60. They can have the payments spread over a period of not less than five and not more than ten years. Finally, those over the age of 60, but still under the age of 65, may have the payments spread over the whole period from the date of application to their 65th birthday. In both the last two cases, where the payment is spread over a period, the cost is increased by five per cent a year. (For example, if the payment is spread over the maximum period of ten years, the total cost is increased by 50 per cent.) However, each annual payment is allowable in full for tax relief, though those who have already joined a private pension scheme to supplement their NHS pension will find they are limited to a maximum expenditure of £1,500 a year for tax purposes.

An additional benefit from the instalment system of payment is that those who die, or retire on the grounds of ill-health, before completing the payments will (or their widows will) be given full credit for any outstanding instalments.

At first sight the cost of buying added years seems prohibitive. There is no representative figure, but many will find the cost rising to about £4,000. With five per cent a year interest as well, the total cost can easily be £6,000, i.e. £600 a year. However, if the pound continues to decline in value, the later payments will be relatively cheap, while the pension will be at the then level of the pound and will continue to increase during the years of retirement. In other words practitioners are able to buy now an increased proportion of a pension which we hope will have been adjusted for inflation in the future. If inflation continues, particularly at a rapid rate, the advantages of buying added years are correspondingly increased. A fixed sum now buys a bigger proportion of a bigger pension in the future.

We believe all general practitioners should now give serious consideration to the present offer by the Department of Health of the right to buy added years. For most of those over the age of 65, who can only purchase these years by making a single payment, which is not allowable for tax relief, the benefits are debatable. Similarly, for those approaching the age of 65, even though they can spread their payment over a year or two, the margin of advantage is finely balanced.

However, for most practitioners under the age of 65 we think the benefits will usually be worth buying as they have the right to spread their payments over a longer period and can set the cost against income tax. Those who believe that inflation is going to continue, particularly if they expect income tax to remain high or become higher in the future, should opt to spread their payment over the maximum ten-year period.

Those interested should apply now to the administrator of their local family practitioner committee and ask for an individual quotation including details of spreading instalments over the maximum number of years. Armed with this information an accountant's advice should then be sought.

It is still possible to make a claim because the closing date has been extended to June 1975. Nothing is binding until a formal agreement has been completed with the family practitioner committee.
