



Making retirement a win win situation for GPs and their practices

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As the age profile of doctors in practice rises, an increasing number of GP partners will be looking to retire over the next five years or so. There are issues to consider for both the retiring partner and the remaining partners in terms of replacing the retiring partners' commitments.

Looking first at issues facing the retiring partner:

- You would be well advised to obtain pension projections in advance of your retirement in order to give yourself time to plan for your change in financial circumstances.
- The timing of your retirement should be made in consultation with your accountant and your fellow partners in order to minimise additional work and disruption.
- Dependent upon the actual date of retirement, you could face paying the balance of your tax liability yourself up to 12 months, afterwards.
- Similarly for superannuation, you may find that you are required to make a balancing payment after you have commenced drawing your pension.
- If you are a property owning partner, then you will probably have a capital gains tax liability on the disposal of your share of the property. The tax on this will be due from the proceeds received from the partnership.
- On retirement you will hopefully receive a healthy lump sum. This may be used to pay tax liabilities or other liabilities, but in many circumstances will be available for investment. It is critical to match the investment to your personal requirements. Once this lump sum has been crystallised, it is immediately in your estate for inheritance tax purposes.
- You must ensure that your Wills are up to date and adapt to your new situation. It may be that with some tax planning, your assets can be left to the next generation with little or no tax to pay.

Looking now at issues facing the practice:

- Once a partner has indicated his date of retirement, a decision needs to be made as to whether to prepare an extra set of accounts or time apportion.
- If you own your premises, then you should obtain a valuation in accordance with your partnership agreement.
- You should update your partnership agreement to include the changes to the partnership.
- The key factor will obviously be the replacement of the retiring GP and how best to do this. There may be an option to increase sessions of the remaining GPs and this is clearly the cheapest option in terms of profits. It should lead to an immediate increase in profits for each partner. More often than not, however, the partner needs to be replaced, at least to some degree. It may be that you choose a salaried GP as a replacement, but remember that this would entail the existing partners buying the share of the property if owned.

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