

Industry Q&A:

Mercer announces new financial planning initiative

Mercer has been administrator to the GMS Superannuation Plan since the plan's inception in 1989. **Donal O'Flaherty**, chief commercial officer at Mercer in Ireland, talks to *GP Ireland* about a new initiative aimed at providing retiring GPs access to Mercer's highly rated investment managers through carefully selected financial intermediaries

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Firstly, can you tell us a little bit about Mercer and your relationship with the GMS Superannuation Scheme?

A Mercer, a wholly owned subsidiary of Marsh & McLennan Companies, is a global consulting leader in advancing the health, wealth and career needs of a changing workforce. With over 23,000 employees in 44 countries, Mercer holds assets under management of over \$200bn. In Ireland, Mercer is the market leader in providing administration and advisory services to pension sponsors and trustees. Mercer is proud to have been the administrator of the GMS Superannuation Plan since the plan's inception nearly 30 years ago. We have always had a close working relationship with the trustees, who take an active role in defining the investment strategy and continuously engage with scheme members and colleagues.

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How has the fund performed and are you happy with its performance?

A Yes! The fund has performed very well, with an impressive 26 positive years out of 30. If you annualise the return since inception, it's the equivalent of an 8 per cent return per year – every year! A certain amount of risk is necessary

to generate growth and, by way of tackling this, returns are smoothed over time to protect against market dips and provide fair treatment for all members. This smoothing during the 2008 and 2009 financial crisis helped to protect members, especially those close to retirement.

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Is it true the fund is worth over a billion euros?

A In short, yes! The fund grew from €8.8m in 1990 to €972m in 2017 and now, in 2018, has grown to over €1bn.

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How does the GMS scheme work?

A Members contribute 5 per cent of their capitation income, all of which is invested in the fund. This is automatically deducted from their GMS payment each month, a transaction they can see on their pink slips. The HSE contributes 10 per cent of the members' capitation income, 95% of which is invested, with the remaining 5 per cent used to pay administration charges and other scheme benefits, i.e. ill health/death in service. The normal retirement age of the scheme is 65. However, in certain circumstances retirement can be taken from as early as age 50 right up to age 72, when the member's GMS contract expires.

Mary Goodman, MGM Financial Services; Donal O'Flaherty, Mercer; and Declan Gahan, MGM Financial Services.





Can members pay more than 5 per cent of capitation?

A Yes, absolutely. We are aware that the level of GMS income varies greatly among GPs and represents various percentages of their overall income. So, in some cases, 5 per cent of capitation is a very small pension contribution. Depending on a member's age, they are entitled to contribute between 15 per cent and 40 per cent of their annual income, up to a maximum income limit of €115k per annum, into a pension, and receive tax relief. However, GPs are somewhat unique in the sense that, in most cases, they have two sources of income, GMS and private. This makes pension provision rather complex, which leads me to why our new financial planning initiative is so valuable to GMS scheme members.



Today, you're announcing the launch of your new financial planning service. Can you tell us more about it?

A I'd love to! At Mercer, we understand that looking after the financial wellbeing of pension scheme members is very important. We want to help ensure that they receive sound financial guidance and advice – particularly at retirement. We've recently established a carefully selected network of leading financial planning firms to offer access to Mercer's best thinking and solutions as members enter retirement. MGM Financial Services were the first firm we appointed. In making this appointment, we were particularly conscious of the strong relationship that MGM have with many GPs.



How do GPs benefit from the new financial planning initiative?

A It is well documented that over 600 GPs are set to retire in the coming years. We recognise that, at this critical point in a GP's career, impartial advice and best-in-class solutions are particularly important. Our objective is to ensure that as many GPs as possible can access these solutions through their appointed adviser.



You mentioned MGM Financial Services are the first firm to be appointed. Why MGM?

A We have worked with Mary Goodman and Declan Gahan from MGM for many years, as they have been advising GPs for over 30 years combined – they won't like me saying that!

I know that MGM works with many members of the GMS scheme to help them achieve their retirement objectives through structured planning and careful management of their financial resources. They really get to know their clients. The fact that they already provide so many GPs with impartial advice made them an obvious first appointment. As I've said earlier, we feel impartial advice is crucial, particularly approaching retirement. We're happy to provide a new pathway to that, through MGM Financial Services, for members of the GMS Plan. I'd like to thank the members of the GMS for placing their trust in

Mercer over the years. We look forward to continuing to look after you into the future. Also, best wishes to all the hard-working GPs out there – we thank you for looking after us all in our communities.

ENTERING & EXITING GENERAL PRACTICE

Business Medical Seminars		
Date	Location	Hotel
Wednesday, September 26, 7.30pm	Dundalk	Crowne Plaza Hotel
Thursday, September 27, 7.30pm	Athlone	Sheraton
Wednesday, October 3, 7.30pm	Dublin	Talbot Hotel, Stillorgan
Thursday, October 4, 7.30pm	Tipperary	Horse & Jockey Hotel
Wednesday, October 10, 7.30pm	Cork	Rochestown Park Hotel
Mary Goodman Director, MGM Financial Services	Retiring your GMS pension – all you need to know	
Sandra Clarke/Alan Connolly Partners, BCC Accountants and Registered Auditors	Business and taxation implications of the various routes into general practice	
Declan Gahan Director, MGM Financial Services	When can you afford to retire?	
David Giles Tax partner, BDO	Tax-efficient entry and exit strategies to/from general practice	
Orla Murphy Founder, Business Medical CEO, GP Match	The importance of early engagement when preparing for retirement	
Joe McVeigh Partner, Baily Homan Smyth McVeigh Solicitors	Pitfalls of partnership	

CPD Approved: Three external credits and 0.5 GMS study days.
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 Phone: (01) 515 9915.

The Business Medical team: Declan Gahan, Sandra Clarke, David Giles, Alan Connolly, Mary Goodman, Orla Murphy and Joe McVeigh.

