Life after retirement: your tax qualifications

General Features



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If you are nearing retirement age and leaving full time employment, there are a range of options for keeping up your hard earned membership to ATT or CIOT.

As I was drafting this article, I found that my uncle, a former RAF engineer, had greeted the news of his terminal diagnosis in a very practical sanguine way: he cancelled all his magazine subscriptions from his hospital bed. His subscriptions reflected a life in the air force and his range of practical hobbies. It made me think of the different ways in which people face key moments in their life. Retirement is one of these key moments.

Some people dream of retirement throughout their working years, plotting trips and adventures to fulfil when no longer tied to work. Others dread the thought of giving up work and fear it as a portent of ageing. They put off planning for retirement as long as possible and worry about missing work colleagues.

Some practitioners use their retirement to volunteer and give back to their community, harnessing the skills they acquired in their working life in a different way. Some are obliged to keep working in some capacity after their statutory retirement age to help to top up their pension.

Retirement trends

The UK workforce is an ageing one, according to the September 2021 Report 'Economic labour market status of individuals aged 50 and over, trends over time' (see bit.ly/3g2Yb64).

Since the 1990s, the trend has been for the age of retirement in the UK to steadily rise, fitting with the increased age that the state pension is now available to both men and women. This trend was bucked last year with the average age of exit from the labour market falling slightly for both males and females over the year. In 2020, the average age of exit for men was 65.3 years, decreasing by 0.2 percentage points in 2021. Similarly, the 2020 average age of exit for women was 64.3, and decreased slightly by 0.3 percentage points in 2021.

Being sick, injured or disabled continues to be the main reason why people aged between 50 and 64 years are economically inactive in the labour market (equating to 36.9%, or 1.3 million people), although the number of people in this age group stating retirement as a reason for not seeking work is close behind (35.1% or 1.2 million).

Covid has clearly had an impact on these figures, as workers have had time to think during lockdowns about what else they want out of life. This has led to people moving house, changing jobs and career direction. Over a third of those furloughed were over 50, and I think that taxpayers in this age group have been disproportionately impacted by Covid.

Options open to you

If you are nearing retirement age and leaving full time employment, there are a range of options for keeping up your hard earned membership of ATT or CIOT.

ATT has a subscription for those retired members who still want to keep up their tax knowledge. This allows retired members to keep receiving literature, including *Tax Adviser*, the Annotated Finance Act, Whillans Tax Tables and the Tolley Tax Guide –

not to mention the much prized ATT tax tables mouse mat. At £125, for 2022, it is actually very cost effective as the cost of buying all these titles as an individual would be much more than £125. If you are planning to keep up your tax knowledge, and perhaps do some volunteering for Tax Help for Older People or Tax Aid, then this is the right subscription for you.

If you want to keep up membership but don't feel you need the literature, you can now pay a one-off fee of £200, effectively a post retirement 'life membership' rate. To be eligible for this retired rate, you need to be over state retirement age and have retired. Another option if you don't want to pay the £200 one-off fee is to pay a yearly subscription of £20 which comes without literature.

The ATT has also bought in a new low income rate of £135 for those members (working or retired) on low incomes. The definition of low income for this rate is as follows: 'The reduced subscription rate is available to members whose "net income" (as defined by s 23, Income Tax Act 2007 in Step 20) for the last tax year which finished before the start of the calendar year for which the ATT subscription is payable did not exceed the annualised equivalent of the National Living Wage for the year which ended on the previous 31 March. The annualised equivalent of the National Living Wage is calculated for this purpose by multiplying the hourly rate for the year by 37.5 and then multiplying that result by 52.' For the subscription year 2023, the annualised equivalent National Living Wage would be £17,374.50.

The ATT welcome a close connection with their members in retirement and indeed their mantra is: 'You can take the member out of the profession but you can't take the profession out of the member!'

The CIOT have a similar policy with retired members being able to access three types of membership subscription:

- Retired with no literature: £20
- Retired with literature: £80
- CIOT Life Associate: a one-off fee of £139.

For those retired CIOT members who would like to benefit from the literature available to ATT members as set out above, they should consider joint membership with ATT and the ATT's retired with Literature rate. For more information see www.att.org.uk/members/become-joint-member-att

Life after retirement

I recently talked to John Whiting CBE, former CIOT President and former tax partner (among other things!). He still chairs the GAAR advisory panel, remains involved with Revenue Scotland and is a director of ATT and CIOT's Taxation Disciplinary Board. For him, a retired member subscription is not really yet an option – 'though it's getting close'. His wife Sue is no longer a chartered tax adviser. However, John explained that as she actively volunteers in tax 'a life membership subscription makes sense – she will never want to give up her hard-earned and much prized tax qualification!'

Members of the CIOT and ATT who are retired continue to maintain their CPD to support their pro bono activities; for example, advising their families and friends who want to know about changes in inheritance and other later life care impacts. Others still continue to volunteer at their local branch or other charities.

One final point: if you provide paid tax advice to clients in retirement, you will still need anti-money laundering supervision. There is no de minimis limit (see www.att.org.uk/anti-money-laundering-aml-supervision-faq). If you are taking any paid tax work in retirement then you can't go on a retired rate but both ATT and CIOT have low income reduced rates that may be applicable to you.

Lynne Rowland: I've still got something to give

Lynne Rowland is a former private client tax partner at Kingston Smith with over 25 years of tax experience. She retired a year ago.

I wanted to retire at a time of my choosing and in what I called in an elegant way – to pass my client relationships over and effectively plan myself out of a job. Additionally, I wanted to make sure that the people in my team were given the opportunity to step up and take over.

The day after I retired, I got on a plane to the Middle East and came to join my husband who is working in Qatar. I spend a couple of months here at a time, and then go back home.

I didn't really have any plans. Whether that's right or wrong I don't know, but I was talking to someone in recruitment, who said: 'Lynne, you shouldn't commit to doing anything for at least six months because you don't know what retirement means for you.' And he was absolutely right. It is such a huge change of pace.

I don't know what I want to do next year or the year after that but I do think I've still got something to give. I feel that I've got over 30 years of knowledge. But don't let the fact that you don't know what you're going to do in retirement stop you from going ahead with it. If you've got the time and the headspace you will work out what you want to do.

I've taken on a trusteeship of a local charity back at home. It's a charity that uses horses in therapy for children who have been through traumas and are having a difficult time in school. We work with children on a one to one basis, and it opens them up to taking and accepting input from others. It's intense, expensive and there's constant fundraising. I'm not a charities expert and I've never been a trustee before apart from being a corporate trustee for my previous firm. It's been a challenge, and a really good thing to be involved with.

I also do my family's tax work. I refuse to buy commercial software so have to do my husband's tax return on paper. It's been quite an eye opener dealing with HMRC when you haven't got the agents phone line. I sent his paper return in at the beginning of May but he didn't get his tax refund until the end of August – and that was me constantly phoning up and nagging. How do people without tax experience cope?

I've had more involvement with CIOT and ATT since retirement than before. I thought it was necessary to pay the retired rates of subscription because I didn't have specific plans and wanted to keep my options open – so I've joined some of the online CPD, and I'm doing the ATT half day training. I need to make sure that I know what's going on – even if I'm just helping my own family. I don't intend to set my own business up but I still feel that I can add some value.

The life of retired people has changed fundamentally. We have a holiday to India planned in early 2024. I exercise every day and have time to enjoy the simple

things like spending time with my family, using WhatsApp or Skype when I’m away. I read so many books now that have nothing to do with tax! You have to learn how to relax.

Larry Darby: You can't believe how rewarding it is

Larry Darby is a past council member of both the CIOT and the ATT. He retired as a tax partner from PwC in December of 2009, and now spends part of his time working with LITRG.

I retired on 31 December 2009, nearly 13 years ago! I’d worked in tax for all my life really. I started working in tax in 1974 with four years in the Inland Revenue before going to work for a big multinational company in their trust and later corporate tax group. In 1989, I joined what was then Price Waterhouse, where I made partner and worked with them (later PwC) until I retired.

I started getting involved with the activities of the Institute in the late 1980s before the formation of the ATT. My boss at the time was very involved with (and later became president of) what was then the Institute of Taxation. He encouraged me to start lecturing at student conferences and attending branch meetings. I later also got involved in setting exams for what was then the Intermediate examinations of the Institute.

In 1995, I had been vice president of ATT for a year and was due to become president that summer when the firm made me the offer of partnership. This meant I wasn’t able to take up ATT presidency but I continued to be involved on committees. At various times, I have chaired the joint CIOT and ATT Professional Standards Committee and Taxation Practitioner editorial board, and I was involved with the Member Steering Group and the Business Development Steering Group.

When I retired, I had lunch with one of my colleagues from the CIOT, John Andrews, who founded the Low Incomes Tax Reform Group (LITRG) in 1988. I joined LITRG as a volunteer specialising in pensions taxation early in 2010. I later became a volunteer for Tax Help for Older People for seven or eight years when I was living on the Isle of Wight – and where there was a shortage of volunteers. I’ve continued to be involved with the LITRG ever since. I’m no longer a volunteer with Tax Help for Older People but people still come to me if they have queries relating to pensions from time to time.

We've done a number of things at LITRG, helping to change the legislation as it applies to pensions for low income wage earners. The latest is what we call the Net Pay Anomaly. Simply stated, if you are below the income tax threshold and you pay into a net pay arrangement pension scheme, you get no tax relief. But if you pay into a relief at source pension scheme you do. It's taken about four years working with industry and related bodies to persuade the government to change the law to rectify that – but the law is now drafted and due to come into effect in 2024.

Since late 2000, I have been a member of the Worshipful Company of Tax Advisers. I like to keep up to date, so I read Tax Adviser and keep a watch eye on the weekly emails. There's always something that sparks an interest.

Outside the world of tax, I love photography and am a keen gardener (albeit under my wife's expert guidance!). We used to have a three acre plot on the Isle of Wight where we kept chickens and a pair of alpacas. Our current garden is much smaller but still keeps us pretty busy. My wife and I travel a lot during the winter months.

Lots of people ask me what advice I'd give to those coming up to retirement. My advice is to get your head around what you want to do early – at least three or four years before you retire. And if you want to continue in something related to tax, the voluntary organisations and CIOT and ATT committees are an excellent place to start.

A former partner of mine who retired was recently interested in the work of Tax Help for Older People. We talked about my experience of being a volunteer and within three months, he was a volunteer himself. When I saw him last year, he said he can't believe how rewarding it is. 'When you win a large contract at work, you feel reasonably pleased, but if you can save a pensioner £200 you feel like superhuman.' But if you are going to do that, you need a source to keep you reasonably up to date in the areas you need to be involved in. If you move to retired membership from the CIOT or ATT, make sure one of them is a retired with literature option because it's so valuable.