

Retirement planning early start = early finish



Ask a retiring dentist when they started planning for retirement and many will tell you: "not early enough". Joking aside, there is a core of truth in this statement: it is well known that the earlier you plan the more financially secure you can be.

Dentists have historically relied on the NHS pension to provide their retirement income and a lump sum from the age of 60 (or 65 for new entrants). However, with most dentists predicting that their private fee income will increase at the expense of NHS income, the NHS pension cannot be relied upon to provide all of your retirement income.

PFM offer a strategy to ensure that you are not fully reliant on the NHS pension or, if you have already undertaken a conversion to private fee income, a plan to adequately fund your private pension needs.

The best way to ensure that your retirement planning is properly underway is to set up a monthly personal pension contribution. Dentists soon accept this outgoing as an integral part of their business plan. PFM offer a retirement planning strategy service including:

- A review of your NHS pension - analysing your NHS superannuable income, to determine a forecast of NHS pension benefits at retirement age.
- Personal Pension options - how to make additional pension contributions, how much to put in, the limits on contributions and the benefits of long term investing.
- How to reduce your tax bill with pension contributions - higher rate tax payers often don't make the most of higher rate tax relief.
- How to avoid the 'cost of delay' - the table shows that the earlier you start the greater the final pension and tax relief gained.

early start = early finish and tax relief

	Future pension fund value	Annual pension	Tax relief saving (for higher rate tax payer)
Start now	£502,810	£30,169	£90,000
Wait 5 Years	£348,938	£20,936	£75,000
Wait 10 Years	£233,956	£14,037	£60,000
Wait 15 Years	£148,035	£8,882	£45,000

Based on a 30 year old saving £500 per month to age 60. Assumed average return of 7% and fund charges of 1% pa with annuity rates of 6%.

PFM's pension review will provide you with a well researched and comprehensive recommendation on how to adequately fund your retirement income and reduce your tax liability. A written report will follow a meeting to discuss your objectives.

If you would like to take advantage of the pension review please complete the reply card or visit www.pfmdental.co.uk to request this.

BRITISH DENTAL
CONFERENCE & EXHIBITION

BDA Conference Glasgow Calling all Scottish Dentists

PFM are delighted to be exhibiting in Glasgow at the BDA Conference from Thursday 4th June to Saturday 6th June 2009. We are helping an increasing number of Scottish clients with practice valuations and independent financial advice. Our advisers will be on hand to introduce PFM and the services that we offer.



PFM website re-launch - see page 4

MORTGAGES - How independent is your Adviser?

PFM reveals one of their best kept secrets - Advising on 'direct-to-lender' mortgage deals.

With the banking crisis existing borrowers and prospective borrowers can be on different planets regarding products and costs. Many existing borrowers have benefited from falling base rates and some are literally several hundred pounds better off.

First-time buyers may struggle to find a competitive rate unless they offer a substantial deposit. Lending for those with less than a 10% deposit has all but ground to a halt. **Associates** with less than 3 years self-employed accounts need specialist mortgage advice to put them in touch with a lender who understands how dentists' remuneration works and to present a strong application.

Dentists looking to re-mortgage and First-time buyers have one thing in common – they deserve truly independent specialist mortgage advice.

The problem: An increasing number of lenders offer better products directly to customers. Many independent advisers avoid these mortgage products because no commission is generated and they don't appear on the leading sourcing software.

The solution: We can proudly confirm that our recommendations include all mortgage deals, including those that are offered direct. This can save the borrower substantially when comparing between the best direct deal and the best intermediary deal. We have shown an example opposite, based on a re-mortgage of £300,000 over 25 years.

	Initial interest rate	Monthly cost	Lender charges	PFM fee (maximum of 0.5% of the loan)
Competitive 'direct-to-lender' deal	2.99%	£1,420	£424	£1,500
Competitive 'non direct' intermediary deal	4.4%	£1,649	£373	£0

By taking PFM's advice on the most competitive direct-to-lender mortgage you could save £229 per month or £6,744 over the three year product term (even after taking account of PFM's fee), when compared with the standard 'non direct' mortgage deal.

Always ensure that your adviser gives you the option of including direct-to-lender mortgage products. If they don't then you may miss out on the best deals. PFM offer this as an optional service and on a fee basis. If you prefer not to pay a fee then we will offer the most suitable alternative mortgage product.

If you would like a mortgage recommendation please return the reply card, call us, or request a mortgage review on our website www.pfmdental.co.uk

Your home may be repossessed if you do not keep up repayments on your mortgage.

Free VDP review – Prepare to be self-employed!

For VDPs approaching their first associate job later this year, now is the time to consider the impact of becoming self-employed. PFM offer an initial consultation, without obligation or charge, for VDPs with a review of all the essential areas:

Income Tax, National Insurance and Student loan repayments – all payable through Self Assessment when you become self-employed. PFM provide guidance on what amount you need to save, where best to keep you tax savings (including mortgage offset accounts), how and when to register with HMRC and when to engage an accountant. We can recommend a suitably qualified accountant.

Income Protection - self-employed dentists need to update their cover to keep pace with increased income and the loss of sickpay benefits. With premiums based on age now is the time to 'lock' into guaranteed rates. PFM offer a wealth of experience in sourcing dental specific ('own occupation') cover.

Offset Higher-rate tax with pension tax relief - most associate dentists will pay higher-rate tax after their VDP year. PFM can advise on how this can be offset with pension contributions.

Mortgage solutions for first-time buyers - most mortgage lenders request 3 years of self-employed accounts to meet their standard lending criteria. This is a problem for newly self-employed associates. PFM provides specialist mortgage advice to overcome this problem. Our experience allows us to select mortgage lenders who have bespoke criteria for dentists.

Your home may be repossessed if you do not keep up repayments on your mortgage.



Practice Purchase

Thinking of Buying? – Get Help With PFM's Strategic Valuation

With the increase in goodwill values over recent times, and with the lack of information provided by some sellers, we have been asked more frequently to undertake a more rigorous valuation, which includes advising on issues arising from the practices, comparisons, business planning and complex finance negotiations.

We therefore now provide a "strategic valuation" which is ideal for any dentist wishing to purchase a dental practice. With our vast experience and complementary client feedback we feel best placed to provide this in-depth view.

The strategic valuation includes a detailed analysis and commentary of:

The financial information, staffing at the practice (including further liabilities such as National Insurance, pensions and staff contracts), marketing, aesthetics of the practice, suggested improvements and key areas to be careful about. We will produce a projected profit and loss account based on the practice under your ownership.

As we take an in-depth look at the practice, we include the finance negotiations within the fee and will prepare a lending report to fully support the application and ensure that the most competitive rates are negotiated.

We can also help ensure that the purchase goes through smoothly, being there to guide you through the purchasing maze.

Our strategic valuation is charged on a fixed fee basis and a quotation is available on request.

Whatever your needs, contact Martyn or Paul to discuss your requirements and we will be happy to discuss both options with you.



Practice Purchase Package

The 360 degree service from PFM for dentists buying a practice

PFM offer a comprehensive package designed to cover all you need to complete your practice purchase. We include:

- Finance arrangements and negotiations
- Practice valuations
- Insurances (often required by the bank as a pre-condition of the loan)
- Surgery and Practice expenses insurance

We are independent and have a wealth of experience helping associates purchase their first practice and principals growing their business. Some services are fee based. We will agree any fees chargeable with you before proceeding with the service.



Free NHS Pension Review

Many dentists consider the NHS pension to be at the heart of their financial planning. However, there is misunderstanding of the benefits and what it provides at retirement age. PFM offer a free NHS pension review to establish the following information:

- A forecast of your pension at age 55/60/65
- A summary of the benefits including: tax free lump sum and family benefits
- Early retirement options
- Options for additional pension purchase

WARNING

If you have **private fee income** your NHS pension may be less than you expect. Any dentist with private fee income should take advantage of our offer to review their NHS pension.



Income Protection

Still stuck with student cover or no cover at all?

Income protection is often taken out in the final year of university or straight after qualification. As dentists progress quickly up the earnings ladder, too often the level of cover simply has not kept pace. This is especially so if you opted for one of the **standard student packages** from Dentists' Provident Society or the Wesleyan Medical Sickness reducing policy.

Perhaps you felt pressured into taking cover at the time or missed the boat and ended up with no cover at all. If your personal circumstances have changed and you want to put appropriate levels of cover in place before it becomes much more expensive, then now is the time for a review.

PFM offer an independent review of your income protection needs to make sure you have the right level of cover, starting at the right time. We will search the market offering guidance on a range of options including

- Guaranteed premiums
- Inflation-linked cover
- Range of deferred periods
- All-important 'own occupation' dental specific cover
- Occupational HIV risk
- Winter sports cover
- Maternity related ill-health claims
- Psychiatric disorders covered

We will consider any existing policies and advise on how to integrate new cover. We also advise on how different insurers view existing health issues and how to improve your chances of applying successfully.

How much cover do I need?

Insurers generally limit cover to between 50-60% of gross income/net profits. Alternatively you could cover your monthly outgoings, such as: mortgage and loan repayments, utilities and general fixed costs etc. (the level of cover will need to be within the maximum allowed). Claims are paid tax free.

What cover does the NHS provide?

The NHS may offer some cover but this is related to superannuable remuneration, is not guaranteed and is difficult to forecast. PFM can provide guidance on this.



Why review now?

As with most health related insurances the premiums are age related, so the sooner you apply the better. If you delay and then become ill, you may have an exclusion applied to any new application for cover.

For an independent review complete the reply card or request a review by visiting our website at www.pfmdental.co.uk

www.pfmdental.co.uk

Need Independent Financial Advice? Looking for a practice? Selling your practice?



The PFM website has been re-launched to include a summary of our services and new *Practices for sale* section, updated daily. To view the latest practices for sale follow the home page link.

You can now request *independent financial advice* with our online form, specifying which areas are important to you.

Contact Us

INDEPENDENT FINANCIAL ADVISERS



The information in this newsletter is based on our understanding of law and HMRC practice as at May 2009 and is subject to change

Practice Financial Management Ltd are authorised and regulated by the Financial Services Authority. Practice Sales, Valuations and Business Loans are not regulated by the Financial Services Authority. Past Performance is not a guide to future performance and the value of an investment can go down as well as up.

Advice Line: 01904 670820 email: info@pfmdental.co.uk