

Sell your practice for free with PFM

Reach a wider market



Recently Paul Newsom and Martyn Bradshaw, PFM's Practice Sales Directors, have helped practice owners offer their practice to a wider marketplace including corporate buyers.

As there are different ways in which the sale of a practice can be achieved, there are also ways in which the costs of services can be provided. PFM is no exception and we offer a range of options for our clients.

As an agent, we will provide guidance on the various sale options and possibilities at the outset. We will agree a strategy with you before we undertake any promotional work through our agency. Our experience helps us to select the right strategy for you and the practice, ultimately getting you the best price from a committed buyer.

So, how can it be done for free?

When we negotiate the sale of a practice, we can sometimes negotiate payment of our agency charges by the purchaser. Not all corporate bodies will undertake to do this and this strategy may only be appropriate for some practices. If we agree that the corporate market may be right for your practice we won't limit ourselves to a particular organisation. Our independent approach allows us to open the market up to your advantage.

Sourcing Buyers - combining a personal touch with technology

Dentists looking to buy a dental practice register their interest with PFM so that, when a practice comes to the market through our agency, they can be advised on this, often within a few hours of the marketing agreement being finalised.

We also maintain regular contact with individuals and corporates who are actively looking to buy multiple practices. This networking and our experience helps PFM stand out and enable us to provide you with professional advice and strategies for selling.

A personal approach - the PFM way

Within PFM, one advisor will be appointed to manage the sale of a practice. Each advisor has an assistant who will be fully versed on the details of the practice. We feel it is important that both the seller and the buyer have as few contact points as possible.

This approach has worked successfully over the years and helps to provide both buyer and seller with a very personalised and efficient service.

It is always comforting to know you will be in the right hands, so whether you are buying or selling a practice, contact either of the Practice Sales Directors, Paul Newsom or Martyn Bradshaw at PFM on (01904) 670820 and we will help you through the process.



PFM's Practice Sales Team
a professional and personal approach

Martyn Bradshaw Paul Newsom

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 3

Ill Health Concerns

Professional and independent financial advice is available for dentists in the event of ill-health.

The physical and emotional consequences of ill health can be devastating, never mind exacerbated by the financial consequences. To support dentists with practical advice and measures which can ease the burden, PFM offer guidance and advice.

Here are some measures and considerations which can be of assistance:

- **NHS Pension** – you may be entitled to an enhanced early retirement pension based on ill health grounds. In some circumstances this can significantly increase the level of pension benefit payable.

It is possible to take the whole of your NHS pension fund as a transfer value into a private pension. In some circumstances (i.e. short life expectancy or no dependents) it could prove beneficial, although this needs expert advice. Since April 2008 a larger tax free lump sum at retirement can be taken in exchange for a reduced NHS pension income. This may be suitable if life expectancy is short although again, advice is critically important.
- **Practice Sale** – for practice owners the management and stress of owning a practice can be “too much” in the event of ill health. Our experienced practice sales directors are available to guide you or your representatives with valuations and sale expertise in negotiations.
- **Income Protection** – if you are unable to work due to illness, insurers such as Dentists Provident Society and Dentist & General may pay out weekly or monthly benefits to maintain your personal income during a period of absence.
- **Practice Expenses** (including locum cover) – this ensures that your share of the costs of running the practice is covered, including temporary locum arrangements. This specialist cover is in addition to income protection. PFM can calculate the required cover for you and recommend a specialist.
- **Partnership Protection** – life and critical illness cover is available to protect business partners and their dependents in the event of death or ill-health. A trust arrangement is usually recommended in conjunction with a legally binding agreement. This can be relatively simple to set up, although a surprising number of partnerships have no formal arrangement in place.
- **Estate Planning** – careful measures such as death benefit nominations for NHS and private pension funds, as well as discretionary Will trusts, can make a significant difference for inheritance tax planning. Do not leave these issues too late.
- **Enhanced personal pension income (impaired life annuity)** – If early retirement is necessary due to ill-health, an enhancement to personal pension income may be available. This is dependent upon a medical assessment. PFM can make an independent assessment to source the highest annuity rate. We recommend you take advice on the treatment of personal pension funds in the event of premature death, before proceeding with an annuity purchase.

Careful planning and sound advice can ensure some financial security if you suffer from ill-health. If you are currently suffering from ill-health PFM can offer advice and guidance. Please complete the reply card or use the **contact us** button at www.pfmdental.co.uk

Free NHS Pension Review



Many dentists consider the NHS pension to be at the heart of their financial planning. However, there is a 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.

Please return the reply card or visit www.pfmdental.co.uk to request the NHS review.



Investment Fund Platforms

By using a fund platform investors benefit from a central administration point without the need to limit fund choice or compromise on costs.

With markets yo-yoing on a daily basis it may be that you, like many others, feel that you have lost control of your investments of late. However, rather than running away from the situation or hiding your head in the sand, we suggest that you use this time as an opportunity to take stock and get your house in order. By doing so, you can ensure that you are well placed to benefit from any market bounce.

Perhaps the key aspect of investing is developing a strategy with clear objectives. Once the investment goals are set there is a need to regularly monitor your investments and have the flexibility to make changes as and when required. This is where a 'fund platform' comes into its own.

Fund platforms offer a one-stop-shop for investors. Rather than investing directly with a single fund manager it is possible to access the funds of a multitude of different managers. You or your adviser can draw upon the skills, expertise and resources of many different groups at the same time. This can help to improve growth potential and reduce risk through diversification.

Not all fund platforms are the same. As PFM offer fully independent financial advice we will select the fund platform that is most suited to the individual client. There are benefits for investor and adviser alike, not least the ease of which your funds can be reviewed and your strategy altered when necessary. In summary investment platforms offer you and your adviser:

- ✓ Online statements and valuations
- ✓ One straightforward application form, even when investing in more than one fund
- ✓ Relatively low cost switching between funds and managers
- ✓ The ability to select leading funds from different Fund Managers
- ✓ A wide choice of funds (typically 1000+)
- ✓ The option to use your ISA allowance

Fund platforms are fast becoming the basis of good investment portfolio management. New money can be invested without hassle, and it may be possible to transfer old existing ISAs and PEPs to the platform free of charge.

To find out if your existing investments can be transferred to a fund platform, or to take control of your investment strategy please use the reply card or the contact us button on the website 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 a 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.

Invest Whilst You Can

PFM director John Fearn explains how to make the most of reducing mortgage or business loan costs.

In recent months Bank of England base rates have fallen by 4% which means many dentists on variable rates of borrowing (either practice loans or residential mortgages) could be saving £4,000 per annum on each £100,000 of borrowing! Whilst these savings may be targeted at reducing liabilities, there is a strong case for investing in pensions to reduce your tax liability and improve your wealth.

Case study: A £4,000 per annum saving in interest is equivalent to monthly savings of £333. If directed towards a personal pension plan this grosses up to approximately £416 per month, given that basic rate tax relief will be given at source. This is a Revenue enhancement of £83 per month. For higher-rate tax payers a further £83 per month of additional tax relief will be reclaimed through your tax return which is in effect a £1000 reduction on your annual tax liability. **In summary the £4,000 net contribution grosses up to a £5,000 pension investment, of which £2,000 is income tax relief.**

Personal pension contributions can be increased, reduced, stopped and re-started at short notice without penalty or fee in the vast majority of cases. As such you could seize the current opportunity to increase your pension savings whilst interest rates remain very low.

Risk averse investors can direct their contribution into a pension cash fund, whilst others may wish to exploit the fact that global share markets are at significantly reduced prices compared to 12 months ago. Regular monthly contributions are generally considered more suitable for long-term investing in volatile markets.

If you would like to receive more information about personal pensions please mark your interest on the attached reply card or use the contact us button on the website



Read John Fearn's profile at www.pfmdental.co.uk

John Fearn

No SIPP – Feeling left out?

We examine when SIPPs (Self Invested Personal Pensions) may be suitable for dentists who own their practice freehold.

Since 'Pension Simplification' rules took effect in April 2006 interest in SIPPs has gathered momentum with greater investment choice and the facility to take control of investment decisions.

For some dentists a SIPP may offer an excellent opportunity to take greater control of their personal pension planning prior to retirement and ultimately their retirement income and death benefits after retirement.

What investment opportunities do SIPPs offer for dentists?

If your basic requirements are for a well run personal pension, with a financially sound institution, we believe there are some highly rated 'stakeholder friendly' personal pension plans offering low costs and sophisticated pension fund options.

However a SIPP becomes essential where principals opt to accommodate their practice freehold within a pension. Once within the pension the freehold grows exempt of capital gains tax (CGT) and allows the tenant (often the dentist) to contribute a tax relievable rent.

Case study 1: if the individual has a dental practice freehold worth say £200,000 and at least this amount (already) in their personal pension, the pension can purchase the freehold. This is effectively swapping the existing pension funds for the practice bricks and mortar, which the owner may feel more comfortable with after recent stock market volatility.

The sale will be treated as an open market sale and as such will be potentially liable for CGT and stamp duty, with other costs involved not least with the establishment of the SIPP.

Case Study 2: As an alternative to the above, and perhaps where the individual has negligible or zero amounts of pension fund, the practice bricks and mortar can be transferred into a SIPP as a contribution itself.

For dentists this can offer dual benefits:

1. A significant amount of tax relief for the initial contribution.
2. The opportunity to dramatically increase the size of their pension fund within a relatively short space of time.

The big incentive - Tax relief

There are complex HMRC rules relating to the level of contribution allowable. For many dentists this will mean that incorporating their practice freehold into the SIPP will need to be structured over a number of tax years. However, the tax relief available works in the same way as any other pension contribution. For example a freehold value of £100,000 would attract £25,000 of tax relief at source. This means (in addition to the freehold value) £25,000 is immediately contributed to your pension by HMRC. Where the individual is a higher rate tax payer a further £25,000 is reclaimed through self assessment i.e. your tax bill would reduce by £25,000.

To recap the main features/considerations are:

- Your pension investment now contains the practice freehold, offering the opportunity for tax efficient growth.
- Initial tax relief should be available (Case Study 2 only).
- Future rental income is tax relievable.
- Additional setup costs/tax liability may be incurred, with ongoing costs to consider.
- As with any pension the assets invested can't simply be withdrawn.

Why use PFM?

There are a significant number of other pros and cons to contemplate before incorporating a practice freehold or any other type of commercial property into a SIPP. For example many SIPP providers don't accept commercial property. Charges and the quality of administration can vary significantly between SIPP providers.

PFM offer an independent SIPP feasibility study on a fee basis.

This provides a balanced view of SIPP with the drawbacks and benefits clearly highlighted. We have the experience to help clients through this particular decision making process. All SIPP property advice is overseen by David Leaf, a PFM director with Chartered Financial Planner status – the highest level of financial planning qualification.

If you would like to receive more information about SIPPs and to find out if they may be suitable for you, please mark your interest on the reply card, call, or fill out a form using the contact us button at www.pfmdental.co.uk



PFM's SIPP property advice is overseen by David Leaf, a PFM Director with Chartered Financial Planner status - the highest level of financial planning qualification. For David's profile please visit www.pfmdental.co.uk

PFM's call-back promise

– introducing our new confidential reply-card

Our new reply card now allows you to request an immediate discussion with one of our advisers. The new design keeps your personal details confidential. When we receive your card we guarantee to contact you within 2 working days of receipt. Please help us by enclosing an email address and mobile telephone number.



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

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