

PREPARE TO BUY A PRACTICE

Dentists looking for a practice to purchase can prepare by registering with PFM's practice sales agency and completing a financial 'health check'

Registered dentists will receive a detailed prospectus via email or post as soon as a practice comes on the market. Practice details are issued based on your desired location(s). With many practices attracting immediate interest this is highly recommended.

Further preparation at the time of registration is recommended. When the right practice comes on the market you should demonstrate you are a strong and organised purchaser, potentially gaining advantage over other interested parties.

At PFM we can pre-approve finance with local health-care bank managers for any practice coming to the market. Full loan facilities are subject to the personal circumstances of the individual purchaser. PFM are expert at collating the correct information for purchasers and presenting this to the bank in conjunction with our knowledge of the practice.

PFM's financial 'health check,' which we believe all dentists buying a practice should take advantage of ensures:

- ✓ Loans/Liabilities are in order and interest rates are competitive
- ✓ Deposit/security requirements are considered
- ✓ Income protection and insurances are in place as required by the bank

When arranging finance, we recommend the most suitable life cover for the loan amount and the term of the borrowing (a requirement of the bank before funds are released). Adequate income protection is also a requirement of the bank. Insurances can take some time to underwrite and we recommend that these are arranged as early as possible.

PFM do not charge for registration and the pre-purchase Health Check. You can apply by completing the reply card or by contacting one of PFM's qualified advisers on 01904 670820, or use the contact us button at www.pfmdental.co.uk



"I want advice on buying a practice from a specialist"

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Contact us

tel: 01904 670820 email: info@pfmdental.co.uk
website: www.pfmdental.co.uk



FINANCIAL AND BUSINESS REVIEW APPOINTMENTS AVAILABLE NATIONWIDE
visit www.pfmdental.co.uk

MORTGAGES

Rates as low as 2.19%

PFM review competitive rates and consider when a redemption penalty is worth paying

2010 has already seen the return of the 90% mortgage and recently a tax break for first time buyers on properties up to £250,000. This is a potential saving of £2,500.

Buyers/remortgagers with larger deposits continue to enjoy the best interest rates. A deposit of 30% could secure a tracker rate as low as 2.19% or a 2 year fixed rate of 2.75%. For example a borrower offering at least a £75,000 deposit or equity on a property valued at £250,000 would be eligible for these rates. In this case monthly repayments would be £758 per month for the tracker rate or £807 for the fixed rate (repayment basis over 25 years).

If you have less than 2 year accounts PFM will select a lender that has a flexible approach to income verification. A letter from your Principal confirming anticipated income is usually required in this instance.

Redemption penalties

If you are locked into an uncompetitive fixed rate it may be worth reviewing options to switch to a lower rate even if a redemption penalty applies. For some borrowers the savings in monthly repayments could be large enough to justify paying the penalty. A redemption statement is available from your lender at any time. PFM will be able to assess this for you and consider if switching to a lower rate is an advantage.



YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

Complete the reply card to discuss your mortgage requirements or contact one of PFM's qualified advisers on 01904 670820, or use the contact us button at www.pfmdental.co.uk

Book your FREE Independent Financial Review meeting

PFM offer dentists an initial financial review meeting free of charge. The meeting will establish your immediate financial planning requirements and set out longer term objectives.

Some popular areas to discuss are:

- NHS Pension and retirement planning
- Reducing your tax bill with pensions
- Income protection for dentists—your existing policy and updating your cover
- Offset mortgages for the self-employed
- Long term savings and ISAs
- Buying a practice



To arrange your initial review meeting complete the reply card or contact one of PFM's qualified advisers on 01904 670820, or use the contact us button at www.pfmdental.co.uk

4 good reasons to take out PFM's associate insurance review

PFM offer independent advice on insurances to associates at all stages of your career. If you fit into one of these categories we can help...

"I am buying a practice" – PFM will liaise with your lending bank to ensure you have the correct insurance policies in place. Pre-conditions of your business loan usually include: an assigned life cover policy, 'adequate' Income Protection insurance, practice expenses insurance and surgery insurance.

"My income has increased since qualifying" – If your income has increased and you have not reviewed your income protection then you are likely to be underinsured. We recommend an immediate independent assessment of your existing cover, especially if your policy was taken out in the final year of university or immediately after qualification.

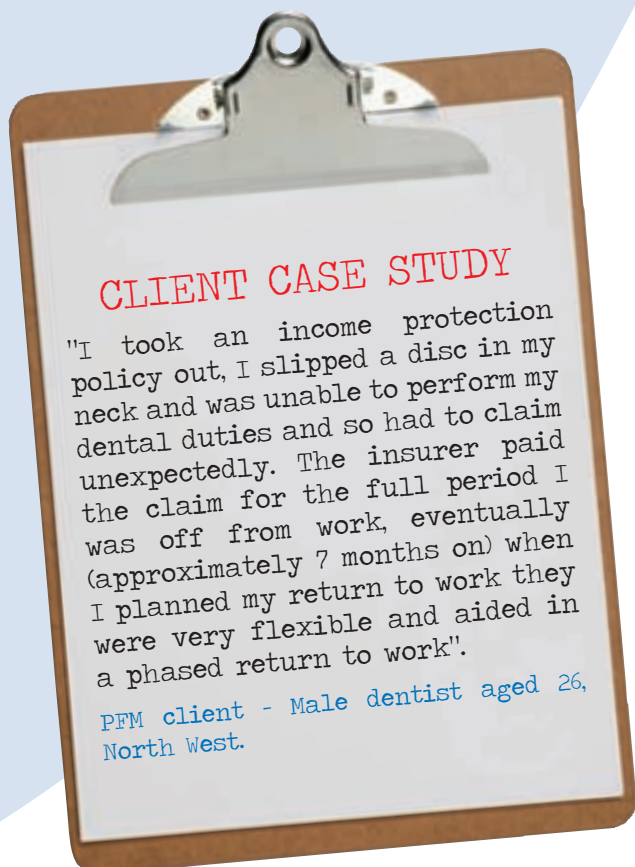
"I am buying a house/have recently bought a house" – If you took out life and critical illness cover with the mortgage lender then your cover is unlikely to be occupation specific. If you didn't arrange cover at the time then speak to PFM about to putting cover in place.



"My family is growing" – insurance for dependents/family cover can be relatively inexpensive. PFM will review your NHS death in service cover and assess how to deal with any shortfall.

Complete the reply card to arrange an independent insurance review or contact one of PFM's qualified advisers on 01904 670820, or use the contact us button at www.pfmdental.co.uk

Why you need Income Protection



The claim value in this case was £5000 per month (tax free), with a 0 week deferred period. The cover had been in force for less than 12 months. If this dentist suffers ill-health preventing him from working in the future, or a re-occurrence of his condition, he will be eligible to claim again. Had this dentist not returned to work, the claim could have continued until retirement age. Thankfully he was able to make a phased return to work using the insurers proportionate benefit scheme.

This demonstrates some of the key features of income protection. The cover that we advised for this dentist included the following:

Occupation specific cover – We recommended an insurer who offers dental specific cover. The claim was assessed on his ability to specifically practice dentistry.

Maximum cover – maximum cover was recommended, based on our assessment of the dentist's income and expenditure

'0' week deferred period – the dentist was able to initiate his claim without delay and prevent a reliance on personal savings.

Complete the reply card to arrange an income protection review meeting or contact one of PFM's qualified advisers on 01904 670820, or use the contact us button at www.pfmdental.co.uk



NHS PENSION DOWNGRADES those under 40 may be worst affected

Dentists with more than 20 years to retirement are likely to be less than half way through their NHS Pensionable service. The 'lion's share' of their pension benefits may be subject to the general downgrading of public sector pensions.

From 2011 NHS pension rises applied to your accrued and future pension benefits will be in line with the Consumer Price Index (CPI) not the Retail Prices Index (RPI). With CPI rates at 3.1% and RPI rates at 4.8% (July 2010), this represents a significant downgrade to your pension.

This change will affect accrued benefits and future accrual. Further changes are more likely to affect future benefits and those with more than half their pension still to accrue should take action to mitigate this. Dentists could consider the following additional retirement saving options:

Personal pension	ISA*
Tax relief on your contributions	No tax relief on contributions
Tax efficient growth	Tax efficient growth
25% of fund tax free at retirement	100% access at all times
Taxable annuity income drawn from age 55	Tax free income can be drawn at any time
Generous annual contribution limits	Contribution limit £10,200 pa
Inheritance tax advantages	No Inheritance tax advantages
Regular or single contributions	Regular or single contributions

*Refers to Stocks and Shares ISA

For higher-rate tax payers (income over £42,375) a personal pension is likely to be the most tax efficient way to fund additional retirement income. PFM can advise on a balanced approach and will often recommend a combination of pension and ISA contributions.

Complete the reply card to arrange a pension review meeting or contact one of PFM's qualified advisers on 01904 670820, or use the contact us button at www.pfmdental.co.uk

Practice purchase seminars 2010/11

Verifiable CPD (2 hours)

The seminars are for associates who would intend to purchase a practice. The 2 hour programme offers expert advice in 3 key areas, from knowledgeable and experienced speakers:

- ✓ **Finding a suitable practice**
 - the market place and goodwill
 - building a competitive advantage
 - purchase negotiations
- ✓ **Raising finance and gaining a competitive advantage**
 - How to negotiate the most competitive interest rate and terms
 - Presenting your finance application
 - Loan pre-conditions
- ✓ **The legal aspects of buying a practice**
 - The purchase process step by step
 - NHS contract transfers
 - Partnerships and associate agreements

To pre-register for the 2011 programme, please email your full name, address and telephone number to: jon.drysdale@pfmdental.co.uk or call Jon Drysdale at PFM on 01904 670820. (Exact venues and dates in 2011 to be confirmed)



PFM's Advisers - please see their individual profiles at www.pfmdental.co.uk



The information in this newsletter is based on our understanding of law and HMRC practice as at September 2010 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