Planning for the future

Richard Lishman discusses ways to keep your finances straight

With so much to be considered, trying to get ahead financially can be exhausting. It seems that dentistry has become as much about business as it has about providing a committed clinical service. So it is vital that dentists take monetary matters seriously, as skill and hard work are no longer enough to prosper. Generally speaking, financial success is not just about making the right fiscal decisions, but more a case of not making the wrong ones. In order to succeed financially there are many aspects which need to be considered.

Where is your money going?

It may sound like the obvious thing to do, but the only way to gain a firm understanding of your financial situation is to first assess exactly what your money is being spent on. As with so many things, the key to financial success is through careful planning. A lack of preparation could potentially lead to hundreds if not thousands of pounds being wasted. A simple and effective way of keeping an eye on where your money goes is to look through your bank statement each month, listing all major outgoings. Once you have a reasonable idea of how your money is being spent, you should seek to review your financial situation regularly. When you know where your money is going, it is much easier to direct it into the places that it should be going. However, deciding where to put your money is still no easy task, so it is worthwhile to seek the assistance of a skilled Independent Financial Adviser (IFA).

Where should your money be going?

No matter what the percentage of your income that you decide to invest, it has to be invested in a way that suits you. With an array of different investment opportunities available, choosing which one to use can be a tricky decision. The first thing to consider is what your own individual circumstances are and the amount of money that you are able to invest. These factors will impact upon which route will be most beneficial to you. For example, ISAs can be a remarkably effective way of building up long term tax efficient savings for someone who is looking to invest using a combination of monetary and share options.

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Looking to the future is essential when embarking on any kind of investment opportunity. A dentist whose focus is secured firmly on the present is less likely to make the right decision. It may sound like the obvious thing to do, but the only way to gain a firm understanding of your financial situation is to first assess exactly what your money is being spent on.
decisions, the prudent dentist will always plan investment with a consideration of what is yet to come.

Planning for retirement is extremely important for anyone. Every dentist should have a retirement accumulation goal, which as you would expect takes time and meticulous planning to calculate. To meet their accumulation goal there are five variables that will have to be managed. These are: retirement income needed, savings needed, investment return assumption, risk assumption and retirement date. Each one of these variables will be affected by one another, so managing them efficiently will certainly prove worthwhile in the long run. Similarly, it also pays to have an annual savings goal, many advisers suggest that this amount should be around 20 per cent, though obviously this figure will vary depending on individual circumstance.

**Staying in control**

Planning for the future, as has already been noted, is reliant upon financial behaviour in the present. So when any major financial decisions are made, it will need to be assessed as to how they will impact upon other goals. For instance, a dentist may have to forgo savings because an unexpected tax bill comes through. By managing your financial situation in the proper way, there should be no reason for unexpected bills, thus you will not be thrown off course from completing your financial goals.

Another aspect of financial management that needs close attention is debt. It is worth having a plan for managing payments, this way it is still possible to save. It goes without saying how dangerous getting in to debt can be. Whilst it is possible to manage a small amount of debt, more serious amounts can have a catastrophic effect. Should debt begin to spiral out of control it is wise to seek assistance from an IFA before it gets worse.

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Whether it is advice on debt or choosing a way to appropriately invest your money, one of the biggest mistakes a dentist can make is to think that they have to tackle these issues alone, they don’t. There are now many IFAs who specialise in assisting those who work in the dental industry. These Companies are fully aware of the fiscal challenges that present themselves to those who work in the dental industry and know the best ways of combating them. Enlisting the help of a specialist IFA will make assessing your financial situation and forming suitable goals easier and more manageable. By following the above guidelines a prosperous future is in your grasp.

**About the author**

Richard T Lishman of money4dentists, which are a specialist firm of Independent Financial Advisers who help dentists across the UK manage their money and achieve their financial and lifestyle goals.

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