

Clearing your finances

Ray Prince highlights the 10 key questions you really need to ask yourself in order to better organise your financial life

No matter what stage of career you've reached, or even if you've retired, there are a number of key questions that you need to answer to give yourself the confidence you've addressed all the important areas of your financial planning. With that in mind, let's get started.

1. Have you really thought about what you want for the rest of your life?

The dreaded 'setting goals' part...You've already done this for

your career and no doubt in other parts of your life as well. So, now's a good time to take stock and think about how you want your life to look from now on. It may well be that it's in tip-top order and nothing needs to change – the key is to go through this 'discovery' process with yourself and your significant other.

2. Have you organised your various assets and analysed how they will help you achieve your goals?

'So, the question is: will what you're doing now with your finances allow you to achieve your most important goals?'

A major goal for all dentists is planning towards retirement. I presume you have other goals as well, ones that will require money to achieve? So, the question is: will what you're doing now with your finances allow you to achieve your most important goals? You may or may not know the answer to this. After all, it can sometimes be difficult to work out whether you'll have enough money for your future.

3. Have you completed a detailed expenditure plan so that you'll know how much money you'll need to live the life you want when you stop working?

How much money, after tax, will you need to fulfill all your goals once you've stopped working (and the salary/net profits have ceased)? £3,000 per month? £5,000? £10,000?

What's your number? This exercise is crucial and it's what drives many of the financial decisions you'll face between now and giving up work.

4. Created your own financial forecast to show when your 'Financial Independence Day' will be?

At what age could you give up work if you chose, even if you decided to continue working? Financial forecasting will allow you to see your financial future and help you make your financial decisions. Now, it probably is possible for you to do this exercise yourself, maybe using Excel or a similar tool. However, I would advocate using the services of a financial professional that provides this sort of analysis. Not all do, so you may need to do some detective work.

A good place to start is the Institute of Financial Planning's website at www.financialplanning.org.uk. Here, you'll be able to search for Certified Financial Planners. While this will not guarantee that they offer financial forecasting to their clients, there's a high probability that you'll find one that does. The key benefit is that you'll be able to work alongside someone that is able to provide you with an objective viewpoint without having

NHS

Personal Dental Treatment Plan

FP17DC
07/03/06 Substitute

Provider's details

Hampton House - Dental Practices
Dental Surgeons
69 Enderby Road
Blaby
Leicester
LE8 4GD

Telephone: 0116 1234 567
Performer Number:

Patient's details

Surname: CARTER
Forename: HARRY
Date: 25/06/2009

The dentist named on this form is providing you with a course of treatment. Information regarding your NHS dental treatment is detailed

Oral Health Assessment

Care and treatment required:

: No treatment at this time

Date of examination: 24/06/2009
(if applicable)

Treatment on referral only

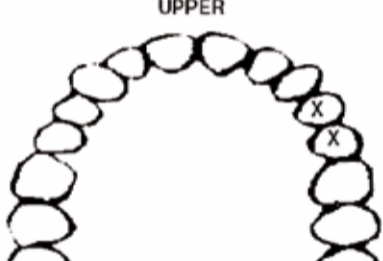
I recommend a checkup in about months

The NHS provides all the treatment necessary to secure and maintain your oral health. There are some treatments (mainly cosmetic) that are not normally available under the NHS, and you may choose to have these provided privately. You may also choose to have some treatment provided privately as an alternative to NHS treatment. The dentist will discuss these options with you so you can make an informed choice.

Proposed NHS Treatment

Diagnosis and maintenance	
Examination and advice	1
Radiographs, study casts, photos	
Prevention	
Scaling, polishing, marginal correct of fillings	
Adjustments and easing of denture(s)	
Other	
Treatment	
Non-surgical periodontal treatment	
Surgical periodontal treatment	

UPPER



Proposed Private Treatment

Diagnosis and maintenance	
Radiographs, study casts, photos	
Prevention	
Scaling, polishing, marginal correct of fillings	
Other	
Treatment	
Non-surgical periodontal treatment	
Surgical periodontal treatment	
Permanent fillings and sealant restorations	£90.00
Endodontics	

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FULL UPDATES AND FRIENDLY SUPPORT



Have you looked at your retirement savings to ensure you have what you need?

an emotional attachment (that inevitably you and your friends or family would have).

5. Have you an overall written financial plan and strategy to guide?

If you've taken the time to take action on the steps above, it's vital that you actually take the next step and implement your plan. What action do you need to take to increase your chances of achieving your most important goals? You'll probably find that there's quite a bit of work involved initially, but if you set things up the right way, the ongoing time required to keep your financial plan on track should be minimal, especially if you are using a financial planner to 'drive' the whole process for you.

Yes, I'm obviously a little biased in my comments seeing as I earn my livelihood from working as a financial planner. But let me ask you a question. How valuable is your time? Looking at it another way, do you do your own accounts each year? Exactly! So why spend hours each year trying to learn a skill that you can outsource to a competent professional who performs that role all their working lives?

Choosing the right financial planner is a very important decision. Take your time and make sure they are offering a long-term strategic financial planning service, rather than a product-retailing service (the latter may be fine if that's all you need).

You do have a Will, don't you? If not, this step is crucial. Let's say you've gone to the trouble of putting in place all the steps highlighted. By not taking this last step, all your hard work could be undone. Without a Will, you would die 'intestate' and your assets may not be distributed in line with your wishes. So, contact a solicitor and get it set up! The cost is not too much and once you've done it you'll be able to tick another box on the road to creating your robust financial strategy.

While you're getting the Will sorted, ask the solicitor about setting up Lasting Powers of Attorney. In brief, these are legal

documents and they provide consent to another party to act on your behalf to deal with your relevant financial matters should you be mentally incapable of doing so.

7. Have you investigated how much risk you are taking with your investments?

If you have money invested in traditional investment schemes such as personal pensions and equity ISAs, you owe it to yourself to take the time to analyse how risky your investments are. Sadly, some dentists believe they have diversified their risk simply by holding a number of funds within their ISA/pension. But what if all these funds are equity-based funds? It's entirely possible that they are taking too much risk with their money but may not necessarily have access to the right information to make better investing decisions.

8. Have you analysed how much risk you should be taking?

Even if you have a good grasp of how much risk your money is exposed to, do you actually know whether you should be taking more or less risk in order to achieve your goals? For example, if you're on track to achieve your goals, you may be able to reduce the amount of risk you are taking and still remain on track.

9. Have you checked how much you are paying in investment costs?

When you invest any amount of money into 'mainstream' products, such as Equity ISAs and personal pensions, a certain percentage of your money will be taken in charges levied by the investment company/product provider. Typically, these may include:

- Sales/advice commissions
- Initial charge for the investment (usually ranges between 0-5 per cent)
- Ongoing annual management fee
- Other fund expenses (known as Total Expense Ratio)
- Trading costs within the fund(s)

Now, I appreciate that delving into all this may not overly excite

you. That's fair enough. But just because you don't have the time/interest/inclination doesn't mean you should ignore it.

As with point five, get it outsourced to a competent professional. The end result you're looking for is to check how much you're being charged and whether you are able to reduce these, where possible.

10. Have you recently completed a proper psychometric risk evaluation?

What makes you tick? Do you know why you've made certain investment decisions in the past? What influences your decision-making process? Rather than simply judging your attitude to investment risk on a scale of 1:10, you need to go 'deeper'. There are tools available to help you understand how you make financial decisions and how to improve your ability to make these important decisions. Ask us, or your financial adviser/planner, for more information.

11. Have you an investment philosophy to take you through good times and bad?

Does your investment portfolio consist of a collection of funds that were selected a number of years ago (and have not been reviewed since), or do you have an investment philosophy that underpins all your decisions?

It's probably fair to say that many dentists will fall into the former camp, although that's often the case because their financial adviser/planner has not developed an investment philosophy of their own. Ask your adviser/planner (if you use one) what philosophy they are using for the management of your money.

Free audio CD

To learn more about your retirement planning options, you can request a free copy of one of Rutherford Wilkinson's Audio CDs: 'How To Avoid The 3 Most Common Retirement Planning Mistakes'. Just call Catherine Lowes on 0191 217 3340 and a copy will be posted to you (please quote ref: DT). [DT](#)

About the author

Ray Prince is a fee-based certified financial planner with Rutherford Wilkinson Ltd and helps dentists plan towards their ideal retirement, as well as getting the best deals on mortgages, protection and investments. You can contact him on 0191 217 3340 and ray.prince@rwpfg.co.uk. To register for the free, twice-monthly e-newsletter containing financial advice and tips, visit www.medicaldentalfs.com.



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