What would Dr Mo Lar do? Part 2

Financial and legal aspects of becoming an associate

By 4dentists, UK

Over the course of this n-part series, the 4dentist group will explore ways to tackle a number of personal and professional challenges by providing advice and guidance to fictional character Dr Mo Lar. In this second article, they will be looking at the financial and legal aspects of becoming an associate.

Previously, we looked at how Lar should approach his foundation training year, with focus placed on how to find a job, student loan repayments, and the importance of taking out the correct insurance. In many ways, becoming an associate dentist is not so very different from finding and working in a graduate role—after all, Lar still has to find a job and organise his finances. Saying that, becoming an associate requires a great deal more organisation than stepping into a role straight out of university. Lar should approach his foundation training year, with focus placed on how to find a job, student loan repayments, and the importance of taking out the correct insurance. In many ways, becoming an associate dentist is not so very different from finding and working in a graduate role—after all, Lar still has to find a job and organise his finances. Saying that, becoming an associate requires a great deal more organisation than stepping into a role straight out of university.

The next level

Completing foundation training and becoming an associate is a rite of passage for every dentist. For Lar, it is an opportunity to find a role within NHS dentistry where he can complete some private work too. In an ideal world, he would like to work around ten NHS sessions per week so that he continues to develop his clinical skills (development that will help with increasing his private list in the future). As part of the process of becoming an associate is figuring out what you want from the role, Lar, in many ways, is a step ahead. Indeed, knowing which roles you want to apply for can make searching for vacancies much easier if Lar wants to find the best position in a suitable practice, however, in an easy and methodical manner, he would do well to utilise the services of a recruitment agency like careers4dentists to support him through the various recruitment processes. On some occasions, dentists are offered the opportunity to stay on in the practice where they have completed their foundation training, but as this is not a given, the necessary steps should always be taken to avoid disappointment.

Being self-employed

Undertaking an associate role is usually done on a self-employed basis, and it is for that reason that this stage of a dentist’s career is much more complicated than becoming a foundation dentist. For Lar, his first move would need to be the negotiation of his associate agreement with his employer—a particularly pertinent move when you consider that these agreements have recently come under fire in light of the highly publicised Uber case. As a self-employed associate, employment rights, such as paid holiday, sick leave and maternity/paternity leave do not apply, nor does he or she have the protection of anti-discrimination legislation, so it is essential that these areas be detailed in the agreement. For optimum results, associates are advised to seek legal advice from specialist lawyers. The other legal aspect that all associates such as Lar should give thought to is insurance—not only his own occupation cover in case of sickness (which will be crucial in ensuring he can maintain his outgoings), but also indemnity insurance to protect against day-to-day risks and potential claims made by patients.

In addition to this, there are responsibilities pertaining to HM Revenue and Customs (HMRC) that would need to be taken into consideration. As soon as Lar has finalised the details of his contract and agreement, he would need to register with HMRC. There are time frames with this part of the process, so all associates must contact HMRC as soon as possible. Failure to comply can result in a fine. Once Lar’s records are set up, he will receive a letter with a ten-digit reference—otherwise known as a unique taxpayer reference—which he will need to complete a self-assessment tax return each year.

Completing the self-assessment tax return can be a bit of a headache, but as long as Lar maintains accurate books and records on his income and expenditure, the whole process is relatively straightforward. As a new associate, Lar would also be advised to open a new business bank account to ensure that all business and private transactions are kept separate. Should he need additional help, accountants4dentists offers a number of services that would need to be taken into consideration. As soon as Lar has finalised the details of his contract and agreement, he would need to register with HMRC. There are time frames with this part of the process, so all associates must contact HMRC as soon as possible. Failure to comply can result in a fine. Once Lar’s records are set up, he will receive a letter with a ten-digit reference—otherwise known as a unique taxpayer reference—which he will need to complete a self-assessment tax return each year.

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Lastly, Lar should consider how he intends to handle his money—he is, after all, about to go from earning £30,000 to in excess of £100,000. As he intends to purchase his first home, it would be prudent for him to meet with an independent financial adviser, such as those at money4dentists, who can advise him on savings and investment opportunities.

Altogether, there are a great many aspects to becoming an associate, but done right, you can rest assured that you are prepared for the role, protected against potential risks and in control of your finances.

Next part: Dr Mo Lar buys his first home.