Getting what you pay for
Specialist fee-based financial advice for dentists by Martyn Bradshaw

Independent Financial Advice (IFA) is available from firms who offer financial products from the ‘whole of the market’ and offer a fee-based option. Firms who offer products from a limited range of products and without fee-based options can’t call themselves independent.

The distinction between different types of financial adviser already exists. Good quality IFA firms already promote fee-based advice and our experience is that fee-based planning is fast becoming the preferred route for dentists. Whilst fee-based advice will have you reaching for your cheque book, investment charges are usually reduced making this potentially cost-effective over the medium to long-term.

Our example compares fee-based and commission-based advice for a dentist making a pension contribution of £500 per month. The figures speak for themselves.

If your adviser is not independent they may not offer you this saving. Combine this with the fact that they impose limitations on fund and pension provider choice and the case for non-independent advice is difficult to understand. This is especially so for dentists, who often make larger contributions whilst requiring independent advice. If you are currently taking advice from a bank or building society it is possible that your adviser was not independent, let alone experienced in advising dentists. This may deny you access to fee-based advice and specialist knowledge on areas such as the NHS pension. Even some national firms who offer dental specific financial advice, don’t offer independent financial advice. If you are currently taking advice from one of these firms make sure you ask hard questions of the adviser relating to investment charges, commission and their very limited product range.

Dentists should settle for nothing less than independent financial advice from a firm specialising in financial planning for dentists.

**Table: Fee vs Commission based advice**

<table>
<thead>
<tr>
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<th>Contribution</th>
<th>Final fund value</th>
<th>Pension income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee based route</td>
<td>£500 per month net</td>
<td>£408,000</td>
<td>£23,900</td>
</tr>
<tr>
<td>Commission route</td>
<td>£500 per month net</td>
<td>£500,000</td>
<td>£22,300</td>
</tr>
</tbody>
</table>

*£ your old male, 85% gross contribution, growth of 7% pa, retirement at age 65

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**About the author**

Martyn Bradshaw BSc (Hons) Dip. PFS, is a director of Practice Financial Management Ltd (PFM), one of the UK’s leading dental practice management agents. Further information about PFM’s practice valuations and sales services can be found at www.pmdental.co.uk.