Whenever we hear the term work-life balance it is usually from a lifestyle guru or coach insisting that a meaningful life must fit some well-balanced agenda for work, rest and play. That may well be true for some folk, but not everyone feels the same way.

As individuals, we take different approaches to life and no one way is necessarily any better than another. Some of us like to work hard early on hoping to enjoy an early retirement. Some want to continue working regardless of retirement age. Others want to work enough to maintain a good standard of living throughout life.

The point is that no matter your individual choice, the most important aspect of your approach is that it follows a well-considered and planned methodology. We devote so much of our time to earning money but how much do we actually devote to looking after it? Formulated plans make us review our finances regularly and that’s the best way to check we are on target to achieve our goals in the short, medium and long term.

As we move through life our values and goals change. It would seem reasonable then that our portfolio of investments should reflect these changes. Single living, starting a family, building a business, planning for retirement – each phase will undoubtedly impact our attitude towards finances and influence the decisions we take.

Yet regardless of the original purpose of the investment, a well-structured investment portfolio should have the flexibility to be able to adapt to all future, unknown needs. For example, savings for school fees may not be required for their original purpose and can be geared to university fees, or retirement, or even the purchase of a holiday home!

The investment life cycle of a dentist

It is never too early to commence retirement planning, but the priorities of a young, recently qualified dentist are more likely to be geared towards repaying student loans, buying a car, and sooner or later, the first home. Thanks to the credit crunch, a 10 per cent deposit is now required by many lenders so the first investment is likely to be in cash savings.

Yet almost by default, most dentists still commence their pension planning early on as VDPs and young associates often work within the NHS contract and will enter the NHS pension scheme, which continues to offer excellent value for money.

All dentists should build a cash buffer equivalent to three months drawings to provide for unexpected contingencies such as a failing car or school fees. This should be in addition to, and definitely not instead of, income protection insurance.

Planning a family

£45,000 is how much parents spend on each child by the time they have reached 18. If you add education costs it could stretch...
to as much as £180,000. (Sources 1The Family Circle/Maestro Family Spending Report 2006 and 2Financial Services Authority, September 2006)

By planning ahead you ensure you have the funds available to provide for your children in the way you had envisaged without having to change your work-life approach significantly. Consider an investment scheme at your child’s birth that builds up capital effectively and tax efficiently. Cash ISAs for the early years and equity ISAs for later stages would be indicative of such a scheme. Should these savings not be required for say, their education, they can be used as a deposit on their first home, or to purchase of the property, often the dentist’s first step into the commercial property market. As well as providing stability and security, a practice can be a terrific long-term investment. The property can be sold at retirement, or let to the incoming dentist to provide a long-term retirement income stream.

Expanding your investments
The practice has been purchased, the children’s educational costs are covered, and the practice pension is in place. In other words, the core planning has been undertaken and your retirement is underpinned. For many dentists, that will be enough and the surplus income can be enjoyed today. For others, it is the opportunity to look at wider, more exciting, higher-risk investment areas.

Buy-to-let property investments have been out of fashion since the start of the credit crisis and the property slump, but expect bargains to be found as we enter a recession.

Stock markets have also dropped, especially shares in smaller companies, which are at a premium since the start of the credit crisis. As commercial property market. As well as providing stability and security, a practice can be a terrific long-term investment. The property can be sold at retirement, or let to the incoming dentist to provide a long-term retirement income stream.

Saving for retirement
For most dentists, a personal pension is an excellent means of funding retirement. They are extremely tax-efficient, offer a wide investment choice and provide considerable flexibility. Dentists should commence their personal pension planning as early as possible, even if the initial contributions are minimal.

Pensions alone will almost certainly not fund all retirement. Here’s a statistic to consider: to fund a pension of half your income at age 65, with contributions starting at age 20, will cost around 14 per cent of earnings. Defer payment until age 40 and it will increase the cost to around 56 per cent of earnings. And most dentists expect to retire before age 65.

Buying a practice
Buying a practice is a natural career progression for many dentists and may include the purchase of the property, often the dentist’s first step into the commercial property market. As well as providing stability and security, a practice can be a terrific long-term investment. The property can be sold at retirement, or let to the incoming dentist to provide a long-term retirement income stream.

Spending wisely
We all want to increase our wealth, maintain our choices and enjoy the great experiences life has to offer. In spending our wealth, our intention is not to reduce our prosperity but to transform it into something from which we derive richer and different rewards. But just because spending is a natural consequence of living, it doesn’t mean we shouldn’t learn to spend more wisely and within our personal risk ‘comfort zone’. You never know what’s around the corner; you might become ill, your family or business circumstances could change, or you decide to retire early etc.

Where does this take you?
You have now passed through all the life stages of starting work, planning the family, building the practice, investing into pensions and other areas, and you are now ready to enjoy the fruits of your labour. Remember that retirement planning is not just about pensions! The dentist who has undertaken the above will arrive at retirement ready to enjoy the next life stage armed with a broad-based, flexible retirement portfolio consisting of:

- NHS Pension
- State Pension (from age 65)
- Private pension income
- Substantial bank/building society deposits

Do you see yourself in this position? Each dentist’s circumstances are different, but a common thread should run through everyone’s planning. That is to develop a strategy of investments that can bend and flex as your own life changes and evolves. By spending time with your financial planner and arranging your finances, you are strongly positioned to respond to whatever life throws at you and to achieve a life balance that suits you.

Suzanne Allen
is managing director of Heritage Financial Advisers, a team of independent, fee-based financial planning specialists dedicated to the dental sector. She has over 12 years experience in the financial-planning industry, having spent half this time working with dentist clients. Suzanne holds a diploma in financial planning and possesses specialist knowledge of pensions, taxation and trusts.

Each phase will impact our attitude towards finances and influence the decisions we take.
Together, guiding the way to long-term oral health

Recommending Oral-B® Power toothbrushes can help your patients reach their long-term oral health goals. That's because the unique small round brush-head design and the oscillating-rotating cleaning action ensure a superior clean in hard-to-reach areas, versus a regular manual brush.

Together, we can make a difference.