**A chance to get it right**

Richard Lishman encourages you to make financial planning one New Year’s resolution to stick to

As we move through the start of the year, the cheers of the New Year celebrations probably seem a distant memory. The great Oprah Winfrey calls the event “another chance for us to get it right”, and many people will have done the time-honoured commitment of making resolutions – perhaps to lose weight or give up smoking – but by now, many of those well-intentioned pledges will have been broken.

However, one resolution worth making, and sticking to, is ensuring your finances are in order. Financial planning is especially important when you are running a business, whatever the situation. Indeed, it is just as easy for a new company to rush ahead and overlook financial necessities, as it is for an established one to become complacent and lose sight of monetary efficiency.

Planning for the year ahead

The dental practice is no different from any other business and requires the same degree of consideration, and, as the new tax year looms, now is the ideal time to take stock and create that chance to “get it right”.

Maximising your personal and business tax-efficiency is certainly a good place to begin. With the 2013/14 tax year almost over, now is the time to start planning for the year ahead. After all, the tax situation for you and your practice can change over time, so it is important to review all allowances, expenses and exemptions to ensure that each is being utilised to the full.

Points to consider

All salaries and investments are taxable above a certain level, but there are a variety of investment vehicles to choose from that are tax-efficient within the UK, depending on circumstances. This includes the Individual Savings Account (ISA) for individuals, which allows tax-free interest on savings.

Pensions are a hot topic now, especially with the Government’s new Workplace Pension scheme. If you have not already set up a pension scheme for your practice, it is important to find out when this will become obligatory for your business. Apart from the obvious end-value to an individual, pensions can also be tax efficient, as contributions attract tax relief not only for the member, but may also do so for the employer if they contribute.

Richard Lishman

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In the main, the dental industry falls outside the scope of VAT; however purchases still attract the tax. With sole traders and partnerships taxed as individuals, it could be time to review the trading structure of your practice.

Insurance is another area to consider. Insurance cover is the foundation of sound financial planning. While life, vehicle and property cover are obviously essential, protecting your income in the event of you being unable to work through sickness, injury or accident, is equally important.

Once your fundamental financial situation is sorted, you may care to think about more advanced forms of investment such as buying and selling shares. These “speculative” products can provide high rewards and offer excellent tax breaks, but they can also be more volatile and represent a high degree of risk.

Specialist advice
Clearly there are many facets to financial planning and it can be a complicated undertaking, fraught with danger for the unwary or inexperienced. If you feel that your finances are getting beyond your capability, or you are looking for more advanced products, it is time to call on a professional for help.

The provision of financial advice is strictly regulated in the UK, so all advisers are highly qualified, highly trained individuals, able to look at your situation in an impartial way.

There are various types of financial adviser you can call on. However, only an Independent Financial Adviser (IFA) will be in a position to look across the whole market to find the financial products that best suit your needs. They will look at your financial circumstances as a whole, consider your existing situation, your objectives for the future, and ascertain any existing or potential problems. They will then make suggestions for products based on any gaps they identify in your provision.

Many IFAs will focus on particular industries, so it is important you find an IFA with experience in the dental sector.

Helping you reach your goals
In addition to providing a range of guides to help you manage your own finances, a specialist IFA can also offer a number of other services to help you reach your financial goals. These may include advanced financial planning and debt management through to preparing for retirement. They can advise on matters such as mortgages and loans, investments, and tax efficiency, and help you make the most of your money.

Financial planning is important at any time, but the New Year can give you the impetus you need to “set it right”. Taking stock of your situation makes good business sense, and with the support of an IFA, especially one that specialises in your industry, you can be confident you are making the best decisions for the year ahead.

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