

What's your succession plan?

Succession planning has to include your pension provision, advises **Frank Taylor & Associates**

When we speak with dentists who are considering their future, we always ask about their pension provision as this is such an important element to any succession planning. We are not experts, so we always pass our clients onto a specialist team at FTA Financial & Wealth Management, which is an independent financial adviser specialising in working with dental professionals.

Pension scams

Even if you are not ready to start planning your retirement, you should always seek advice on your pensions from an independent financial adviser that is authorised by the Financial Conduct Authority (FCA). You may have noticed the increasingly documented pension scams, which are widespread across the country. Warnings have recently been detailed in TV adverts and on the BBC website.

In these scams, you receive cold-contact with an offer of a free 'pension review', and following this a proposal is put together, usually with very high growth rates declared for offshore investments in random industries such as hotels or green energy schemes.

Please note that these pension scams will almost certainly result in your losing some or all of your money; the companies running these schemes are not regulated by the FCA and are not financial advisers. If in doubt, you should always check the FCA register online to ensure the company

you are dealing with are an FCA regulated entity.

Even better would be to ask one of your professional services companies to provide a recommendation, so you know your financial advisers are legitimate and looking after your best interests.

Seeking financial advice

Whilst you should be careful to avoid unregulated pension scams and fraudulent companies, you really should not use this as an excuse to never seek financial advice. If you do not have a professional financial

adviser assess your pension fund before or during your succession plans, then it is likely you will be limiting your pension capabilities and suitability.

Pensions have progressed a lot in the past 12 years, especially since then new pension freedoms, tax-treatment and 'drawdown income' have been introduced. They are now the most tax-efficient and constructive investment product available.

However, with these developments has come increased complexity to your benefit options, investment opportunities, and product choice. It is always recommendable to work with a professional financial adviser to maximise your pension funds and ensure that your pension income is tax-efficient in retirement. **D**

IF YOU WOULD like to find out more, call 0330 088 1156 and ask for Lis.

PRACTICE ONE - GREATER LONDON

Practice location - this practice is located within a row of local shops, with local amenities close by. There is free street parking in surrounding streets with local transport links in the immediate vicinity.

Practice type - this is a two-surgery, predominantly NHS practice. It has been established for over 20 years and is being sold to facilitate the principal's retirement. The UDA rate is an outstanding £36.30 per UDA, which is attractive as is the net profit of 60%. The practice is being sold as freehold.

Practice gross - the gross fee income for this practice is in the region of £450,000 per annum, of which 95% of the income is derived from the NHS contract and the balance is private fee per item and sundries. The income has been generated by the principal working five days a week and a hygienist working three half days a week. The team is supported by a full-time nurse and full-time practice manager.

Price achieved - a price of £1,145,000 was achieved, which was in line with the asking price. The funding for this practice purchase was secured by FTA Finance.

Agent's comments - this practice has an incredibly high UDA rate and the current principal has focused only on NHS patients, which means the practice offers a real opportunity to develop the private element, and there is a spare surgery and plenty of space in the diary to do so. The existing owner is prepared to stay on for three days a week, which will allow the incoming principal to focus on developing the private work and the incoming principal evidences there is plenty of opportunities to do so.

PRACTICE THREE - HOME COUNTIES

Practice location - this practice is situated on the ground floor of a purpose-built property within a mix of commercial and residential properties. It is close to excellent transport links and is very much a commuter community.

Practice type - this is a three-surgery mixed practice, which has been established for over 50 years. There is a UDA rate of £34 and the net profit is just over 36%. The practice is being sold as leasehold with a 20-year lease.

Practice gross - the gross fee income is in the region of £550,000, of which 35% is generated from private income and 65% from a NHS-GDS contract. The income has been generated by the principal working two days a week, two associates working a combined seven days a week, and a hygienist working two days a week. They are supported by three part-time nurses, one full-time and one part-time receptionist, and a full-time practice manager.

Price achieved - a price of £1,100,000 was achieved, which was in excess of the asking price.

Agent's comments - the location and the high UDA rate made this a very popular practice with an oversubscribed viewing list, which resulted in all offers being made in excess of the asking price. The principal is planning to stay on, so was able to opt for the purchaser he felt most aligned too.

PRACTICE TWO - MIDLANDS

Practice location - this practice occupies a detached two-storey property within a town centre of a busy rural town. There is no parking at the practice; however, there are several car parks nearby.

Practice type - this is a three-surgery predominantly private practice, which has been established for over 35 years and is being sold to facilitate the retirement of the principal. It is being sold with a virtual freehold.

Practice gross - the gross fee income for this practice is in the region of £500,000 per annum, of which 82% of the income is derived from private and 18% from an NHS-GDS contract with a UDA rate of £26.00. The income has been generated by the principal working four days a week, two associates working a combined five days a week, and a hygienist working two days a week. The team is supported by three full-time nurses and full-time practice manager.

Price achieved - a price of £835,745, which was achieved which was the asking price. The funding for this practice purchase was secured by FTA Finance.

Agent's comments - the principal is not unusual by deciding on exiting from practice ownership at a point when it is very much a sellers' market. On average most principals are considering their exit from age 52, and the plan is often to sell the business to allow the principal to focus and enjoy clinical work. And, with such a shortage of associates in place, they can often demand a higher percentage to carry on working as well.

PRACTICE FOUR - SOUTH EAST ENGLAND

Practice location - this practice is situated in a residential area and there is parking at the practice and additional parking close by.

Practice type - this is a three-surgery fully private practice, which is being sold as leasehold with 10 years remaining on the lease. The net profit is just over 30%.

Practice gross - the gross fee income is in the region of £550,000. The income has been generated by the principal working four days a week, a two-part time associates working a combined 2.5 days a week, and a hygienist working 23 hours a week. They are supported by one full-time and one-part time nurse, and a full-time practice manager.

Price achieved - a price of £650,000 was achieved, which was in line with the asking price.

Agent's comments - this practice is based in a densely populated residential area and the current principal is conscious that there is a great scope to develop the business but had no real desire to do so. The incoming principal has worked locally and had always seen the opportunity to develop a private practice so jumped at this chance. The lending bank could also recognise the benefits, so fully supported the loan application.

