

Eight new year resolutions to help you beat the stats

For many people, the new year is synonymous with resolutions but only about 8% of people follow through with them; the following steps are ways in which Veterinary Ireland Financial Services can help you plan and implement yours

Here at Veterinary Ireland Financial Services (VIFS), we develop detailed financial plans and risk profiles for retirement, education, gifting and tax-efficient transfer of wealth.

We can review your current financial status and simulate the impact of 'what-if' scenarios on forward-looking plans.

And, often, they disappear as quickly as the tin of roses on Christmas day. Instead of torturing yourself with 'a moment on the lips, a lifetime on the hips' decision about chocolate, why not make some financial resolutions that can make a big difference to you and your family.

The following are eight resolutions that you can build into your life easily with almost as much ease as unwrapping those roses and none of the dreaded calories!

1. GEOGRAPHY – KNOW WHERE YOU ARE NOW ON YOUR FINANCIAL MAP

Every good plan starts with an assessment of where you are. Financially speaking, creating your own budget and net worth statement will help you plan and stay on track, even during tough times. If you are not sure where your money is going, track your spending using a spreadsheet or an online budgeting tool for 30 days. You may be surprised how much money you are spending on small items or services you never avail of. You cannot save money if you do not know where money is going.

Most financial decisions are linked and determining how best to address your varied expenditure will free up more money for savings and investments.

2. KNOW WHAT YOU WANT TO ACHIEVE

Fail to plan, plan to fail, is often quoted but what does it really mean? Well, first off, we all need a plan as to where we want to get. This could mean a series of plans as you look at what you want to achieve in say five or 10 years. For

now, let's just see what you'd like to accomplish in 2018.

Once you have some shape on that you can put some shape on how you're going to get there. Research has shown that of those who make resolutions, more than half are better off as a result.

Know what you want to achieve, whether it is to spend less, save more money, reduce debt, protect your family or secure your retirement. Whatever it is, have a clear and actionable goal. Then identify the behaviours and practices you need to make that goal happen.

3. MAKE SAVING AND INVESTING AUTOMATIC – THE BEST RESOLUTION OF ALL

Automatic savings and investments means putting away part of your earnings regularly and turning your investments from ad hoc decisions to a part of your regular monthly spend. They're easy to put in place and mean your savings keep building.

This autopilot method of saving keeps your plan on track, even when you get distracted by market movement or life in general, and prevents your emotions from influencing your financial decisions. Many of us delay investing (or fail to start at all) because we're either intimidated by choosing investments or we're afraid of the perceived risk. This process helps reduce that fear factor.

You can set the wheels in motion by reviewing your current savings and investment plans. If you don't have anything in place, set one up today. And make transfers to your plan automatic and regular.

An automatic-investment plan is the cornerstone upon which wealth is built.

4. CONSIDER SOME 'WHAT IF' SCENARIOS

Life is nothing if not unpredictable. Your life can be changed by all kinds of nasty surprises — unexpected



home maintenance, car repair, an illness, job loss, disability, death. The new year is a good time to consider these 'what if' scenarios.

Everyone has different needs depending on their stage in life and personal circumstances, so, it is important to give some thought to how much protection you need and get trustworthy financial advice.

Consider having an emergency fund with three to six months' worth of essential living expenses in a savings account. When emergencies happen it pulls funds away from bills as well as savings and investments.

Insurance review is essential also. Everyone has different needs depending on their stage in life. It is important that you have enough insurance to protect your dependants and your income in case of illness, death or disability and make sure your coverage is right for you.

Review your existing protection arrangements and make sure all your debts and loans are covered and there's enough to provide for your family for at least 12 months. A life insurance policy is generally quite low cost so they are well worth considering this new year.

And, don't forget your practice. Many veterinary practices have inadequate insurance, leaving them exposed and potentially liable. Something that can be rectified with the right insurance.

5. MAKE 2018 THE YEAR OF SUCCESSION PLANNING

Without an estate plan, the fate of your assets or dependent children may be decided by solicitors, and the Revenue. Fees can eat away at your estate, and delay the distribution of assets just when your family needs them most. Here's how to protect your estate—and your loved ones:

Update your will. A will can provide for your dependents' support and care, and help you avoid the costs and delays associated with dying without one.

Keep information on beneficiaries up-to-date to ensure the proceeds of life insurance policies and pension policies get to your family quickly, without having to pass through the probate process.

Keep your documents safe. Make sure a trusted family member, solicitor or close friend knows the location of your important documents.

Power of attorney. Put an enduring power of attorney in place in the event that you become incapable of managing your own affairs

Gifting. Remember you can gift €3k (or €6k as a couple) each year, free of computed tomography scan to each child (or to anybody if you so wish!)

6. PUT A PARTNERSHIP AGREEMENT IN PLACE

It is worrying how many practices still operate without a written partnership agreement. Whether you have a formal or informal verbal agreement or not, the law states that "where two or more people come together to carry on business with a view to a profit, then a partnership exists". In the absence of a written agreement, partnerships are governed by the archaic Partnerships Act 1890, which is

completely unfit for purpose and can place partnerships relying on this legislation in significant difficulties. It is imperative that your agreement is specific to your practice and not a generic partnership agreement template.

The first step, which is usually the main stumbling block, is the commercial arrangement. Profit share ratios, work-in/buy-in procedures, exit provisions and preferential profit shares should all be discussed. Once the financial structure is agreed, the rest of the process should be easier!

7. FOCUS ON RETIREMENT

We consider pensions as long-term savings and as a savings vehicle; they are the single most tax-efficient way of saving for your retirement.

The effect of tax-free growth and compounding can double the value of your pension over a 12-year period, assuming a 6% annual return. Every 10 years, you delay starting your pension means you double the cost of how much you need to put away to get to the same place when you retire.

For those of you who have a pension plan in place, now that the rush of tax-return deadline is behind us, it is a good time to take your pension portfolio and ensure it is in line with your needs, objectives and current risk appetite.

8. DEVELOP AN EXIT STRATEGY

Many vets approaching retirement feel there is no obvious succession option for their practice.

However, all is not lost! There are still commercially viable practices out there and there are still new vets starting off their career who wish to join or take over practices for commercial and personal reasons. We see both work-in and buy-in models. Every vet's set of circumstances are different. What suits one, may not suit the other. Our message is, there are options and you owe it to yourself to explore all avenues.

KEEPING THOSE RESOLUTIONS

Finally, remember you don't have to do everything at once. Take one step at a time. It may be a good idea to maintain a checklist if you are serious about achieving your plans.

We would encourage you to complete a full financial plan as this will help you decide on which financial goals should be your priority and develop long-term financial habits that position you for success.

And every step you take with a financial plan is a step in the right direction. So, step away from the tin of Roses and step into the light of real financial planning.

Make some real progress on your journey in 2018.

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