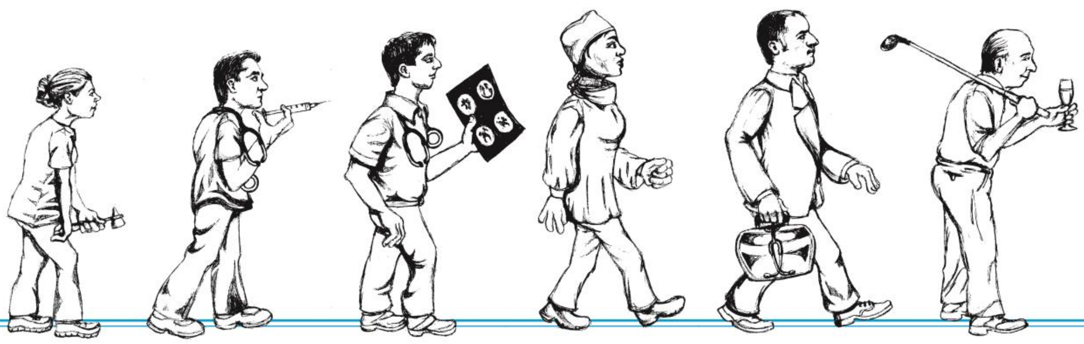
From Foundation . . .

. . . To Retirement

JANUS



Financial Consultancy for Doctors and Professionals

Income Protection ● Mortgages ● Savings & Investments

Retirement Planning ● Life and Critical Illness Protection

WWW.JANUSCONSULTANCY.COM

Contents

About Us

Specialist Independent Advice for Doctors and Professionals

Janus Financial Consultancy has been providing financial planning for Doctors since 1997. Although the majority of our dealings are with Doctors, we remain focused on other professions as well so we can provide the same valuable service to spouses and other family members.

- ***Aim:*** To provide financial planning strategies for Doctors and professionals which we manage and maintain **throughout their careers and into retirement**.

- ***Experience:*** We have been drawing financial planning strategies for **Doctors since 1997.** Our success comes from maintaining a long term relationship with our clients and helping plan out their finances throughout their career**.**

- ***Philosophy***: To provide **sophisticated and modern** financial planning with **traditional values**.

- ***Availability:*** To deliver such philosophy, we believe in building a traditional relationship, involving face-to-face meetings at a convenient time for you **including outside of normal working hours.** We understand how precious your time is and we are committed to the type of service that satisfies your financial needs and wants.

- ***Research + Technology:*** As part of our commitment to ensure efficient management of financial planning strategies, we use powerful **modern** technology. We utilise: **True Potential, Iress Trigold, The Exchange, and O&M Profiler** – These are explained on the next page.

Applying Technology for your Benefit

To deliver our **Sophisticated and Modern Financial Planning** we utilise up to date technology to analyse your current portfolio and to help find the best deal for you. In order to receive these deals, we have ties and links with the **best specialist research companies** on the market. These are:

- ✓ ***True Potential:*** The most comprehensive range of electronic valuations in the Independent Financial Advisory industry with an individual online page for you, which provides live valuations and a document management store.

- ✓ ***Iress Trigold:*** Provides leading mortgage sourcing with a complete ‘end-to-end’ system for mortgage advice, an area in which it is possible for us to save you a lot of money.

- ✓ ***The Exchange:*** We make use of the extensive research tools and comprehensive online trading platform of The Exchange, to find the best value for money Protection Policies, e.g. Income Protection and Life Assurance.

- ✓ ***O&M Profiler:*** Pension & Investment research software. Provides whole of market analysis and reports on Pensions & Investment Funds which helps us find the best pension deals for you and put together investment portfolios consisting of leading world class fund managers.

The NHS Pension Scheme

You are very fortunate to be able to join one of the UK's most valuable occupational pension schemes. Retirement planning is important to everyone, regardless of how far off retirement you may be. Even if you are in your early twenties, prudent retirement arrangements will help you protect your financial future at a fairly low cost. Over the years, membership of the Scheme will become one of your most valuable assets. As a member you get an excellent package of pension benefits, which are promised by Government to be provided to you when you become entitled to them.

Membership of the Scheme is voluntary, however when you start working for the NHS you will automatically become a member (excluding freelance locum medical practitioners). You can opt not to join and can leave the Scheme at any time. If you choose to leave you may be automatically re-enrolled by your employer every three years under the auto enrolment process. You can usually rejoin at any time provided you are not absent from duty for any reason.

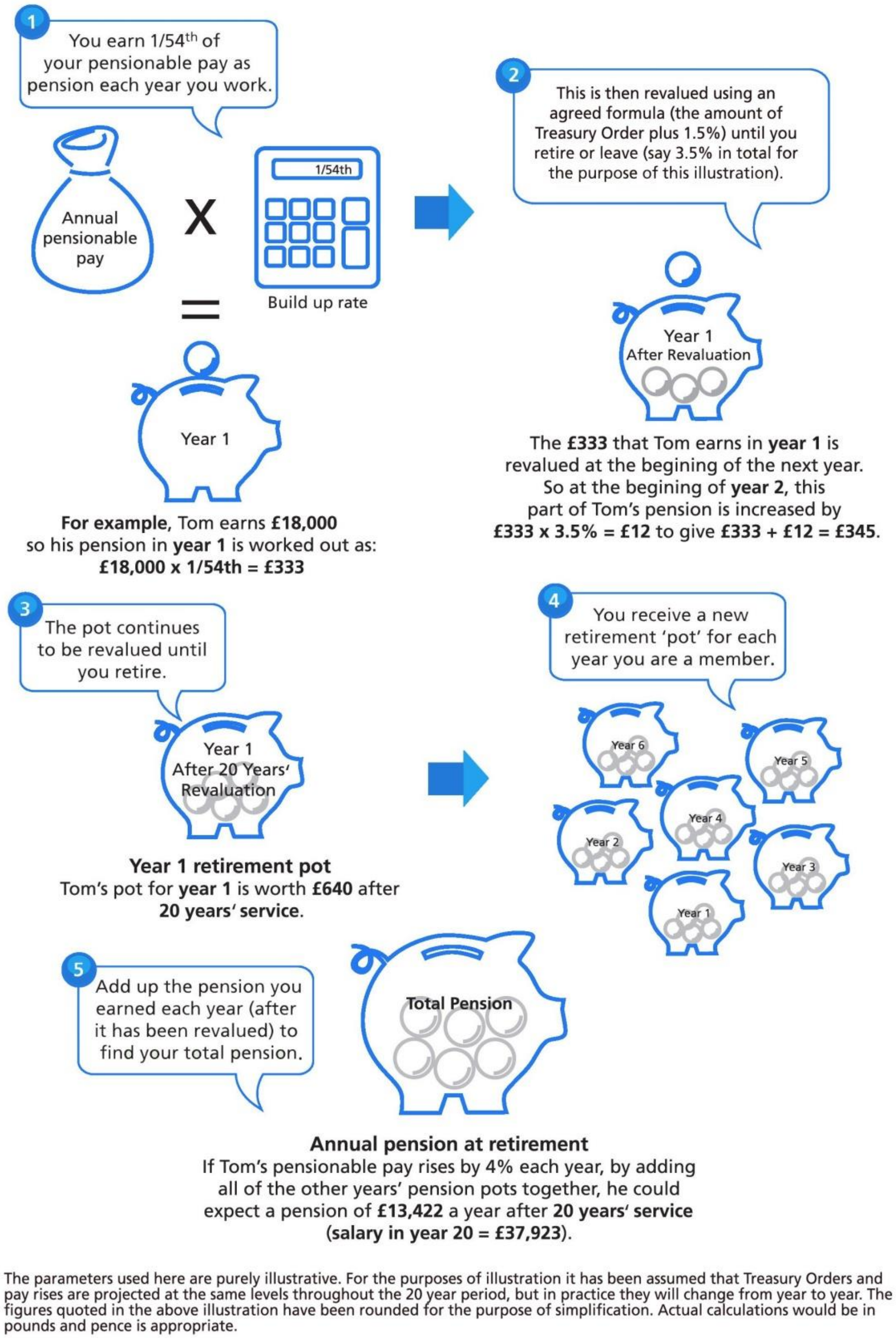
What does the NHS Pension scheme provide?

- A retirement pension based on 1/54th of your revalued pensionable pay* for each year
- An option to take a lump sum, normally tax free
- Life assurance of 2 years' pensionable pay while you are working
- If you die, pensions for your spouse or partner, allowances are also payable for dependent children
- Early retirement option if you have to leave work because of permanent ill health after 2 years membership
- Options to increase your benefits by purchasing Additional Pension (AP)

** Your pension earned will be increased each year by a set rate, known as 'revaluation'. The revaluation rate is determined by **Treasury Orders plus 1.5%**. For full details please refer to the 2015 NHS Pension Scheme guide for members, a copy of which can be found here: https://www.nhsbsa.nhs.uk/member-hub/.*

***Treasury Orders** are the method by which the Treasury notifies the value of change in prices or earnings to be applied as part of revaluation. Your pension earned in a Scheme year (April to March) is revalued on 1st April of the following and each subsequent scheme year until you retire or leave. E.g. if the Treasury Order in a year was 2% then your pension would be revalued by 3.5% at the beginning of the following year.*

Example 1 - How are the benefits of the NHS Pension scheme calculated*?



Source – 2015 NHS Pension Scheme guide for members

**Your pension will be subject to the Lifetime Allowance; this is a limit on the amount of pension benefit that can be drawn from pension schemes, whether lump sums or retirement income, and can be paid without triggering a charge. The Lifetime Allowance for the tax year 2017/18 is £1m.*

Life Assurance & Family Benefits

- You are automatically covered by the Scheme's life assurance from the day you join. If you die in pensionable employment, then the Scheme will pay a lump sum equal to the higher of 2 x the amount you earned in your last 12 months of pensionable service or 2x your highest revalued pot (please see page 7) from the last 10 years.

- Pensions to surviving partners can be paid to a legal spouse or registered civil partner or a nominated qualifying partner.

- If you have **more than 2 years' membership** a survivor's pension for your legal spouse, civil partner or nominated qualifying partner is payable for life. They will receive:

  - A short term pension of 6 months equal to the amount you would have received had you reached retirement.

  - After the 6 months, they will receive 33.75% of the amount they had been receiving.

- If you have **less than 2 years' membership** when you die, your spouse/partner will get a short term pension for 6 months only.

- There are also allowances for dependent children regardless of how long you have been a member:

  - A short term pension for 3 months if the child is not dependent on the adult receiving the surviving partner's pension, or 6 months where no surviving partner's pension is payable.

  - After the 3 or 6 months period, if there is 1 child they will receive 16.875% of the amount they had been receiving, or if there are 2 or more children they will receive 33.75% of the amount they had been receiving, split between the children.

Ill-Health Retirement

If you have at least two years' membership, there are generous provisions for early retirement on the basis of ill-health. These are illustrated in the table below.

	Definition	Entitlement
Tier 1	Unable to do current job due to permanent ill-health.	Pension already earned paid without reduction.
Tier 2	Unable to carry out your current job and any regular employment due to permanent ill-health.	Tier 1 benefits, PLUS a pro rata enhancement based on ½ of prospective pension to normal pension age.

What does it cost?

Contribution rates are tiered depending on your level of full-time equivalent earnings (based on basic salary and salary supplements):

- £0 - £15,431.99 5.0%
- £15,432.00 - £21,477.99 5.6%
- £21,478.00 - £26,823.99 7.1%
- £26,824.00 - £47,845.99 9.3%
- £47,846.00 - £70,630.99 12.5%
- £70,631.00 - £111,376.99 13.5%
- £111,377.00 + 14.5%

But the actual cost is normally between 4.0% and 8.7% of **net** pay because your contributions attract tax relief, as per the examples in the table below.

Your employer contributes an amount equivalent to 14.3% of your pensionable pay.

How does this relate to a Junior Doctor?

A Junior Doctor (under the 2017 contract) has a minimum basic salary of £26,614 per annum. On top of the basic pay you will receive salary supplements for weekend and on-call work; which is included in your pensionable salary. However, as the salary supplements vary for each individual, we have only included basic salary in the examples below.

Grade	Basic Salary*	Cost per annum (before tax relief)	Cost per annum (net of tax relief)	Cost per month (net of tax relief)
F1	£26,614	£1,890	£1,512	£126
F2	£30,805	£2,865	£2,292	£191
ST1-2/CT1-2	£36,461	£3,391	£2,713	£226

**Figures are based on a Junior Doctor's basic salary under the 2017 contract.*

What are my options if I leave the NHS Pension scheme?

- If you have been a member of the Scheme for more than 2 years, you can leave your benefits within the Scheme. These are called deferred benefits and are increased annually to keep pace with rises in the cost of living.

- If you have been a member of the Scheme for more than 2 years and take time out from the scheme such as working abroad to further your career, and the period away is less than 5 years, you can rejoin the scheme without losing the benefits you had already accrued.

- You may be able to transfer the benefits to another occupational pension scheme even if you have less than 2 years' service.

- If you have been a member of the Scheme for less than 2 years, you can receive a refund of the contributions.

What if I want to retire early?

You may wish to retire earlier than the normal scheme retirement age of the NHS and although this can be done, hefty reductions will be imposed. The following table illustrates these reductions as a percentage:

Age	67	66	65	64	63	62	61	60	59	58	57	56
Pension	**6%**	**11%**	**16%**	**20%**	**24%**	**27%**	**31%**	**34%**	**37%**	**40%**	**43%**	**45%**

Source –ARER factsheet (03.2017) V7.pdf

Should Doctors wish to retire early, they could lose up to 77% of their final salary (a loss of £17,294 per annum for a Doctor earning £101,451 per annum on retirement, as per example 2 overleaf) – to roughly what a Foundation Year Junior Doctor earns today! In retirement, Doctors are more likely to have dependent children and a mortgage, due to having started their social commitments late!

The rise in standard of living in your career is likely to be smooth - this sudden drop in salary may force Doctors to continue working against their wish and/or ability.

You must bear in mind that the NHS pension was created using an extremely 'broad brush' approach and not specifically designed for Doctors.

Example 2 - What is the impact of early retirement on the value of your pension?

A Consultant, at age 56, is earning £101,451 per annum and has an average revalued pensionable pay of £72,392 over 30 years' Scheme membership, then he/she would have built up a maximum annual pension entitlement of:

£40,218 per annum

By opting to retire early at age 57, the NHS Pension scheme will impose a 43% penalty to the maximum income entitlement, thereby leaving 57%.

£40,218 x 57% = **£22,924**

What if I take a lump sum on retirement?

Members have the option to give up some of their annual pension in exchange for a lump sum that is normally tax free. Example 3 below illustrates how your retirement income will be affected if you decide to take a lump sum on retirement.

Example 3 - What I take a lump sum on retirement?

For every £1 sacrificed from the annual pension, the NHS will provide £12 worth of lump sum up to a maximum threshold laid down by law which currently equates to around 4.28 times an individual's maximum income entitlement.

Tax Free Lump Sum = (£40,218 x 4.28) = **£172,133**

Reduction to Maximum Retirement Income = (£172,113/ 12) = **£14,343**

Reduced Retirement Income = £40,218 - £14,343 = **£25,875**

Therefore, the following would be the revised retirement entitlement

Retirement Income = £25,875 per annum

Tax Free Lump Sum = £172,133

Top up options available

A prudent way of saving for retirement can be to take advantage of the tax benefits by investing into pension plans in addition to the NHS Pension Scheme. These include:

- **Buying Additional Pension (AP)**

  The minimum amount of Additional Pension you can purchase is £250 and the maximum amount is £6,500. This can be brought as a lump sum or as regular contributions taken from your pay for an agreed period of time. Every year before you retire your Additional Pension is revalued by a Treasury Order. After you retire the Additional Pension will be protected against inflation by being index linked.

- **In house Additional Voluntary Contribution - *Investment retirement plan***

  This is a stocks & shares savings/investment arrangement designed to help you to build up a pot of money to provide an additional pension and/or lump sum for your retirement and is subject to the NHS Pension Scheme (Additional Voluntary Contributions) rules. The overall value of the investment can go down as well as up.

- **Personal Pension Plan - *Investment retirement plan***

  This is also a stocks & shares savings/investment arrangement designed to help you build up a pot of money to provide an additional pension and/or lump sum for your retirement. **However,** it is NOT subject to the **NHS Pension Scheme rules.** The overall value of the investment can go down as well as up.

- **Stocks & Shares ISA - *Investment retirement plan***

  Again this is a stocks & shares savings/investment arrangement designed to help you build up a pot of money to provide an additional pension and/or lump sum for your retirement. **However,** it is NOT subject to the **NHS Pension Scheme rules.** The overall value of the investment can go down as well as up.

- **Early Retirement Reduction Buy Out (ERRBO)**

  In this scheme, you or your employer can take out a contract to pay extra contributions to buy out the reduction that would otherwise apply if you claimed your benefits up to three years before your Normal Pension Age (but not before age 65). The amount of additional contributions payable depends on your age and the number of years' reduction to be brought out.

Example 4 - Why top up & start early?

The lifetime allowance, as explained on page 8, is £1m for the tax year 2017/18. This means that to avoid any large tax charges, a total retirement fund (including the NHS Occupational Scheme, Additional Voluntary Contributions (AVCs) or any personal pensions) cannot total more than £1m. In reality however, the majority of individuals' total retirement funds will fall FAR short of this because they have not taken advantage of their allowance. In addition, the lifetime allowance is due to be increased by the Consumer Price Index (CPI) from 2018. If we assume CPI to be 2%, the lifetime allowance in 30 years would be around £1.8M.

Following on from example 3, we had the following entitlement:

Retirement Income = £25,875 per annum

Tax Free Lump Sum = £172,133

Lifetime Allowance (LTA) Calculation = Annual Pension x 20 + Tax Free Lump Sum

(LTA) Calculation = £25,875 x 20 + £172,133 = **£689,633**

Therefore, the lifetime allowance is not fully used up.

So, each individual currently has an allowance to benefit from certain tax advantages such as a tax free lump sum and tax relievable contributions. It is more than likely that even a senior consultant will not take full advantage of it without investing into a private scheme as well. This means there is an opportunity to maximise a retirement fund.

Personal pensions can provide a top up to earned income should you wish to reduce working hours at age 57, as there will be no reduction applied to your pension income taken from your personal pension.

Contributing into a scheme outside of the NHS Pension Scheme will allow you to make the most of your lifetime allowance and help to build a fund that can offer the opportunity to maximise your retirement planning.

It is much greater value for money if you start early as the later you begin, the greater the cost of delay. By delaying for 10 years it can cost nearly 25% more, as illustrated in the table on the following page.

In order to reach a fund value of £100,000, one would have to contribute the following amounts dependent on age:

Age	Monthly contribution	Total contributions	Cost of delay
25	£147	£52,920	£0
30	£199	£59,700	£6,780
35	£279	£66,960	£14,040
40	£417	£75,060	£22,140

**Assuming one invests in a pension plan to age 55, at an estimated return of 5% per annum. Data derived from O&M Systems Pension Profiler June 2017.*

Tax Benefits

The benefits of using personal pensions to maximise your retirement planning is evident, on top of that the government provides further incentives to individuals saving in a pension plan.

An individual who is a higher rate taxpayer and wishes to achieve **£100 per month** into a **personal pension** would do so in the following way:

- He/she initially contributes **£80** to the pension company.
- The Pension provider takes **£20** from HMRC which is a refund of basic rate tax assumed to have been paid on £100 when it was earned.
- He/she then informs HMRC via annual Self-Assessment that £100 gross was contributed into a personal pension scheme.
- HMRC credits the individual with a further £20 by way of a reduction to Income Tax.

Therefore, this individual has contributed only **£60** to achieve a pension investment of £100. This is equivalent to a 66% growth in the investment.

The NHS Pension Scheme remains superior to most pensions available in the private sector.

You should not opt out of the pension scheme under any circumstances.

Savings & Investments

'Financial planning' is an all-encompassing phrase that means nothing unless you consider the individual components that are required to determine a sound financial planning strategy.

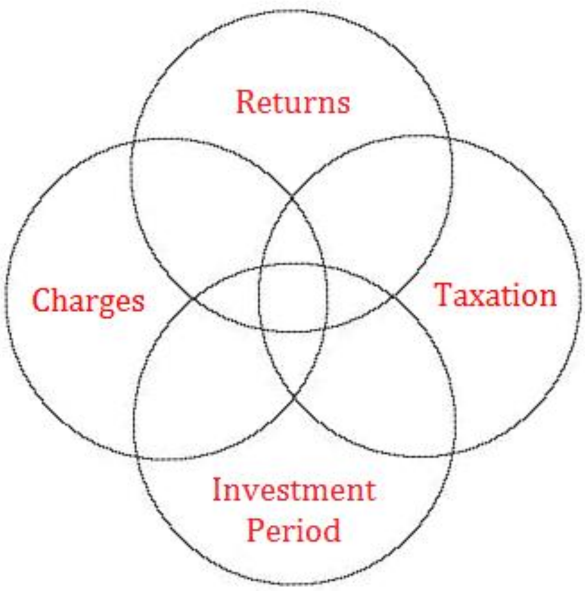
As part of a comprehensive financial planning service, a professional financial planner will consider details of your existing finances and arrangements and then compliment them with a practical action plan, which should enable you to generate tax efficient wealth in the future.

Specialist independent advisers are well versed in assimilating and providing solutions for your needs - often with a busy lifestyle, the time and effort required to do this is not available without outside assistance to make all the arrangements for you.

Factors that affect savings & investments

There are four crucial factors that separate all savings and investment schemes and these determine which are best for you. These are:

1. **Charges**
2. **Returns**
3. **Taxation**
4. **The Investment Period**



1. Charges

All savings and investments have charges built in. **However** a lower charge does not necessarily mean a better overall product; all other factors must be taken into account in order to choose the most suitable product and fund.

Here is an example of the effect of charges:

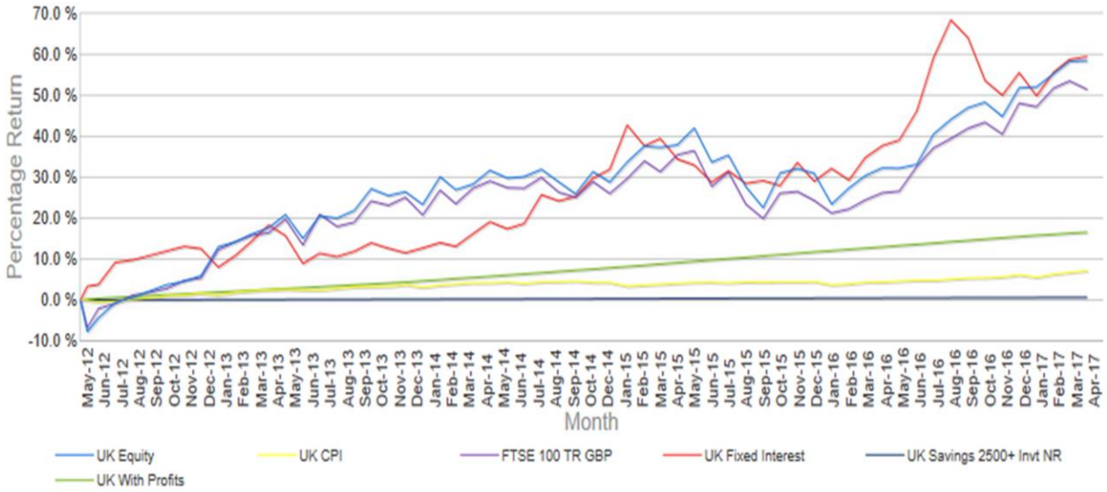
Expected Returns Low Charge (0.9%)*	Expected Returns Mid Charge (1.25%)*	Expected Returns High Charge (1.42%)*
£24,600	£23,900	£22,600

**Assuming one invests in an ISA plan for 15 years, paying in £100 per month which then grows at an assumed 5% per annum growth rate. Data derived from True Potential Wealth Platform Services June 2017.*

2. Returns

The performance of the investment funds can prove to be most important. **However** this must be taken in context with all the other factors. It would be counterproductive to have high returns if they are then taken by the taxman or fund manager.

The graph below demonstrates how the returns from equities compare to the returns of fixed interest bonds, with profit investment funds and bank based savings accounts. However this then needs to be assessed against all the other factors to derive the **"net"** return to you as an individual, taking into account your current and future circumstances.



01 May 2012 - 30 Apr 2017. © O&M Systems
Past performance is no guarantee of future performance; and the value and income derived from investments can go down as well as up.

It is also important to remember that the risk is related to reward and consequently the higher the risk, the higher the potential reward can be and vice versa.

3. Taxation

Any gains you make are potentially subject to tax at your highest rate. It is therefore vitally important that the product "wrapper" chosen is most tax-efficient for you presently and in the future. When one mentions an ISA, this just refers to the wrapper. The actual investment can be within an ISA or outside of an ISA depending upon the allowances available to you.

Example of the effect of "wrappers"

Product	Amount per month	Low Growth	Mid Growth	High Growth
ISA Investment	£100	£19,500	£24,600	£31,300
Non-ISA Investment	£100	£18,800	£23,700	£30,100

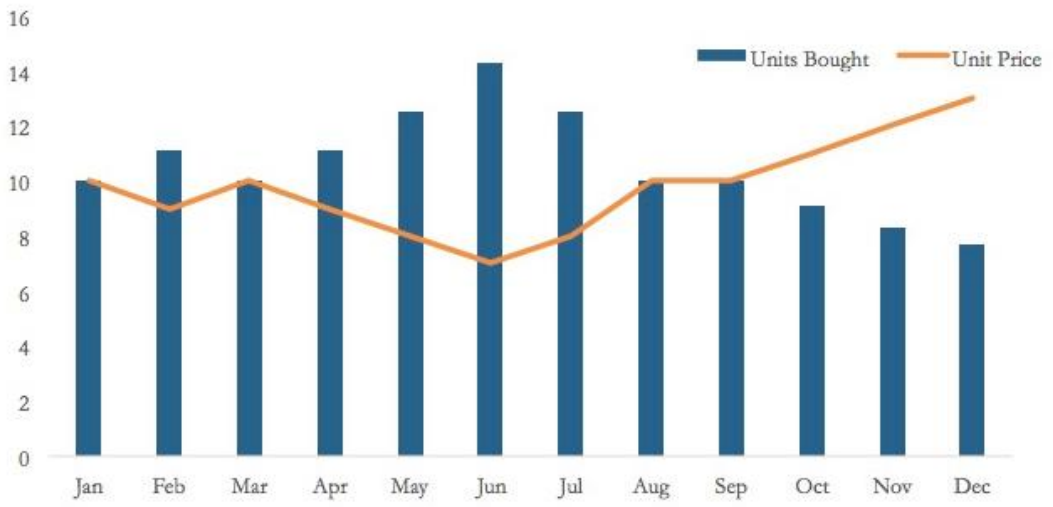
** Data derived from True Potential Platform Systems where the ISA is projected at 2, 5 & 8% and the non-ISA at 1.5, 4.5 & 7.5% as recommended by the FCA. The term of the investment was set at 15 years and data was correct as of June 2017.*

As per the example above, if you invested in a non-ISA investment rather than an ISA investment, you would lose between £700-£1,200 over the 15 year period; equivalent to 3.7%-4%.

Since April 2016, basic rate tax payers are not charged tax on the first £1000 of interest received on savings, and higher rate tax payers are not charged tax on the first £500 of interest received on savings.

4. The Investment Period

The longer you can invest, the better value the return should be due to compound interest, the costs being spread over a greater amount of time and pound cost averaging. Pound cost averaging is a technique that reduces exposure to falling markets from investing a lump sum. Instead, by investing at regular intervals, more shares are purchased when share prices are low and fewer shares are purchased when prices are high, as seen in the table below.



Source - http://www.optimuscapital.co.uk/pound-cost-averaging/

In order to reach a fund value of around **£24,000**, one would have to contribute the following amounts dependent on age.

Age	Monthly contribution	Total contributions	Cost of delay
25	£100	£18,000	£0
30	£165	£19,800	£1,800
35	£370	£22,500	£4,500

**Assuming one invests in an ISA plan to age 40, at an estimated return of 5% per annum. Data derived from True Potential Platform Systems June 2017.*

Different types of savings & investments

There are many different types of savings & investment schemes on the market; however it is prudent to first save into a deposit account or an ISA before you consider any other schemes. We will focus on the main types of ISA and deposit accounts; and in all the schemes described below, we will direct you to the best account for your current circumstances. Any other types of investment schemes will be discussed on an individual basis with your Independent Financial Consultant.

Deposit Accounts

A deposit account is a bank or building society account where you deposit your money, such as a current or savings account. They pay interest on your deposits and the money can be withdrawn at any time. As these accounts allow your money to be readily available, they are often used to keep emergency funds that can be access at any time.

Cash ISA

An ISA (Individual Savings Account) allows you to save your money free of tax on the interest earned. Cash ISAs are deposit based accounts that are designed to keep your money accessible whilst earning an agreed amount of interest on your money. They are primarily used to keep cash reserves or for short term savings. These can be easy access or fixed for a certain period, for example 1 year.

Stocks & Shares ISA

Stock & Shares ISAs involve investing in certain assets such as government bonds (an amounted loaned to the government, which is repaid in full with a guaranteed rate of interest), open-ended investment companies (OEICs) or unit trusts (both these are managed investment funds where managers pool money from many investors to make a spread of investments), shares or property. How and where your money is invested will depend on your attitude to risk; the value of your investments can go down as well as up and as such are used for mid-long term savings (5 years or more).

Help to Buy ISA

The Help to Buy ISA is a form of Cash ISA that has been set up by the government to help you save for your first property. You can open the account with a maximum balance of £1000 and save up to £200 per month; the government will then pay a 25% bonus on the final balance. The amount you can save into the ISA is limited to £12,000 and therefore the maximum bonus the government will pay is £3,000. You must be a first time buyer (not own a property anywhere in the world), be over 16 and a UK resident. The property that you purchase must be no more than £250,000 outside London or £450,000 inside London; the property cannot be rented after you buy it, must not be a second home and must be in the UK. You are allowed unlimited withdrawals from the ISA, but you will not be able to claim any bonus on the funds you withdraw or put the funds back into the ISA at a later date. However, the Help to Buy ISA bonus is paid on completion of the mortgage and therefore cannot be used towards the deposit.

Lifetime ISA (LISA)

The lifetime ISA was introduced from April 2017. It is designed to help younger people save for both their first house and their retirement at the same time, rather than having to choose between one or the other. It is open to anyone between the ages of 18 and 40 and any savings you put into the ISA before your 50th birthday will receive an added 25% bonus from the government. The government bonus will be paid on contributions of up to £4,000 per year; however there is no maximum monthly contribution limit. The bonus is paid at the end of each tax year, which means you will benefit from the growth on the bonus each time it is added. The savings & bonus can be used towards a deposit on your first property (which must not be valued at more than £450,000) or you can take out the savings after your 60th birthday to use in retirement. If you already have a Help to Buy ISA, in the 2017-18 tax year you can transfer the balance over to the lifetime ISA or save into both, but you can only use the bonus from one ISA to buy a house. You can withdraw the savings before your 60th birthday, but this will incur a 25% charge and you will lose the government bonus.

You are able to contribute to one cash ISA (the Help to Buy ISA falls into the cash ISA category), one stocks and shares ISA and one Lifetime ISA in each tax year, and the combined total contributions into these ISAs cannot exceed the annual limit. The annual limit for the 2017/18 tax year is £20,000. Before you consider any of these options, your Independent Financial Consultant will undertake a full review of your present circumstances and advise on the best options for your current situation.

Plan early and effectively, don’t let it become unaffordable!

Protection

Protection policies can cover you and your family financially if you become unable to work due to illness, injury or premature death. The main types of protection are:

- **Income Protection** – provides you with a monthly sum if you are unable to work due to illness or injury.
- **Critical Illness** – pays a lump sum on diagnoses of a specified illness (e.g. stroke, certain types of cancer)
- **Life Insurance** – pays a lump sum or regular income if you die.

What does the NHS provide?

Life Assurance

If you have been a member of the NHS Pension Scheme and you die in pensionable employment, the Scheme will pay a lump sum equal to the higher of 2 x the amount you earned in your last 12 months of pensionable service or 2x your highest revalued pot (please see page 7) from the last 10 years.

Sickness Absence

If you cannot work due to illness or injury, the NHS will provide you with all, and then half of your salary for a certain period of time. The length of time you receive this for is dependent on the length of your service with the NHS, and is shown in the following table:

Length of Service Completed	Full Pay Expected	Half Pay Expected
Year 1	1 month	2 months
After 1 year	2 months	2 months
After 2 years	4 months	4 months
After 3 years	5 months	5 months
After 4 years	5 months	5 months
After 5 years	6 months	6 months

As you can see there is a reasonable level of protection, however it is not fully comprehensive and therefore an external policy becomes essential in a professional financially advised career plan.

Ill-Health Retirement

If you have at least 2 years membership, and become permanently incapable of doing your present NHS job because of ill-health, you may receive your retirement benefits earned to date early. This is known as Tier 1.

If your illness makes you permanently incapable of **ANY** regular work of 'like' duration to your NHS job, the pension will be calculated after first increasing your actual membership by half of the membership you could have received had you continued as a member to your Normal Pension Age. This is referred to as a Tier 2 pension.

All ill health pensions are increased each April; currently this in line with the Consumer Price Index (CPI).

	Definition	Entitlement
Tier 1	Unable to do current job due to permanent ill-health.	Pension already earned paid without reduction.
Tier 2	Unable to carry out your current job and any regular employment due to permanent ill-health.	Tier 1 benefits, PLUS a pro rata enhancement based on ½ of prospective pension to normal pension age.

Personal Income Protection

As the NHS only provides an income if you are unable to work due to illness of injury in the short term, it is advisable to consider private income protection for the long term.

What is Personal Income Protection?

- It pays you a tax free income in the event of you being unable to work in your chosen profession, directly as a result of illness or injury.

- It should commence payment when your salary or practice drawings reduce or cease. It can supplement any ill-health benefits provided by your occupational pension scheme.

- Ideally, it should pay an ongoing income up to your chosen retirement age which is selected at the outset, or until you can resume your **own** occupation.

Reviewable vs. Guaranteed Premiums

Protection policies including Income Protection have the option of reviewable or guaranteed premiums.

Reviewable policies

These policies are reviewed by the provider after a specified number of years, usually 5. Generally, these polices may start off cheaper than guaranteed policies; however there is a chance the premium will increase dramatically as the policy progresses.

Guaranteed policies

As the name suggests, the premium you pay stays the same throughout the term of the plan. The only way the premium will increase is if you increase the amount of cover.

Reviewable or Guaranteed Premiums?

With long policy terms, such as 20 or 30 years, the total amount of premiums paid may work out lower with guaranteed rates rather than reviewable, even though premiums are initially higher with guaranteed rates. This is especially the case for younger Doctors who can gain **very low fixed guaranteed premiums.**

	Monthly contribution	Monthly benefit
Reviewable	£26.78	£2,201
Guaranteed	£28.19	£2,201

** Figures derived from The Exchange Comparison Service in 03/06/2017 and cover to age 65 without indexation.*

Setting up your Income Protection Policy Early

The tables below illustrate the benefit of setting up an Income Protection Policy early on in your career. This is beneficial as the longer you delay it, the greater the cost could be and the level of cover being paid for could be lower.

Age	Monthly contribution	Total contribution	Monthly benefit
28	£28.19	£12,516	£2,201
38	£38.87	£12,594	£2,201

** Figures derived from The Exchange Comparison Service in 03/06/2017 and cover to age 65 without indexation*

One does not always save by delaying taking out cover. Many Doctors think it may be cheaper to do so and will wait until they have a mortgage or children; this is not always the case.

It is essential to have cover in the event of you not being able to carry out your OWN occupation.

Critical Illness Cover

Critical illness cover was invented by a South African cardiac surgeon called Marius Bernard. He was motivated by the financial difficulties he saw his patients in after he had treated their critical illnesses. He persuaded South African insurance companies to introduce a new type of insurance to cover critical illnesses.

A Critical Illness Plan pays a tax free lump sum if you are diagnosed with a specified medical condition, or become totally and permanently disabled during the term of a policy. The plans we recommend would also pay benefits in the event of total and permanent disability that results in you being completely unable to work in your own occupation (e.g. surgeon, GP etc), as opposed to any occupation, even down to your professional speciality.

The lump sum is intended to help you with the effects of the illness. You could use the money to live on if your income stops, pay off your mortgage, pay for medical treatment or even pay for amendments to your home that may be required.

Most of us accept that we ought to consider the implications of a critical illness or disability, particularly if we have dependents. We go on until the unthinkable accident or illness occurs and suddenly we realise we are unable to pay for things we may need:

- ✓ Existing financial commitments, e.g. mortgage, school fees etc.
- ✓ Pay for Private Heath Care;
- ✓ Extended period off work in which to recuperate;
- ✓ Home improvements;
- ✓ Carer for the family;

Modern medicine is great at saving lives but it cannot protect you from the financial implications of being diagnosed with a critical illness. These can be devastating - both for your family and your career. Critical Illness Insurance alone will not repair the damage to your health or your personal finances in the event of being incapable of working. However, it can relieve some of the financial pressure, providing you with time to rehabilitate.

The NHS Critical Illness Protection is non-existent.

Critical Illness vs. Income Protection

It is important to note that Critical Illness is not an alternative to Income Protection; the two policies go hand in hand. The differences between the two are summarised in the table below.

Critical Illness	Income Protection
Lump sum benefit, hence ability to pay off large loans, e.g. mortgage	Provides a regular income, hence helps ability to pay regular monthly commitments
Paid on diagnosis of a critical illness, regardless of continuing ability to work	Payment in the event of disability or inability to work
Benefit paid regardless of income	Benefit payment may be reduced by other income

Thereafter, dependent upon ill-health pension.

Critical Illness pays off debts and Income Protection pays regular monthly commitments.

Debt Management

Mortgages

If you have not done so already, the chances are the majority of you will buy a property after graduating from medical school. Due to the very busy lifestyle of Doctors, arranging a mortgage direct from a lender may be very time consuming and inconvenient due to the long and varied hours you work. Letting an Independent Financial Adviser manage everything for you offers minimum hassle and disruption to your lifestyle. Furthermore, an Independent Financial Adviser can search for the best deal across the whole market rather than a bank or building society for example, who can only offer their own products. Many people think the only alternative is a Mortgage Broker; however they will be restricted to only looking at your mortgage. On the other hand, an Independent Financial Adviser is able to look at your whole situation, including the protection of your mortgage and helping you to plan and achieve your future financial goals, providing a more holistic and personalised approach.

Good advice is essential and we should review your mortgage planning whenever you decide to purchase a new property, or whenever any short-term deal on a mortgage is due to run out.

With typical mortgages running for 25 – 35 years, there is a huge potential for the banks to make a lot of money from you, and sensible mortgage planning is all about paying as little as possible for your mortgage throughout this period; meaning you should be looking at paying as little interest as possible.

Effective planning can potentially save you a significant amount of money by reviewing your options regularly and by:

- Looking for the best value and most suitable product for you;
- Using lenders who provide fair terms such as low penalties to redeem your mortgage and daily interest calculations;
- Reducing your mortgage by making lump sum overpayments;
- Reviewing the term of your mortgage, as less interest will be paid the lower the term.

Your home may be repossessed if you do not keep up repayments on your mortgage.

Student Loan

Repayment of student debt should be a major priority for you after graduating. Medical graduates are known to have a larger loan than other graduates, which means it is even more crucial that a repayment plan is established as soon as possible, and that steps are taken immediately to manage your income in a prudent way. These steps can be to pay off high interest debts first such as credit cards and bank overdrafts. After this, it should be an informed decision whether to 'pay debt or invest?'

Some people dislike debt so much that they will want to pay additional repayments to pay off long-term debts such as student loans sooner than required even though investing that money elsewhere could give them a better financial return. The question is, how much are you willing to give up to be debt-free sooner?

What is "Good Debt" and "Bad Debt"?

There are certain times in which early repayment of loans is advisable and there are certain times when this would not be. The following are examples of "good", "reasonable" and "bad" debt.

✓ GOOD DEBT: Student Loan – Courses starting before September 2012

As these loans are administered on behalf of the Government, they are the cheapest form of long-term debt available. They are charged at a level linked to the cost of living increases (inflation). Since 2015, the charge has reduced to 0.9%. With such a low rate of interest, it will more often than not make better financial sense to pay off 'Bad Debts' first.

✓ REASONABLE DEBT: Mortgage

The cost of homes in the UK are considerably greater than incomes. Typically a first time home for a young family will cost over 5 times ones income which makes it incredibly hard to buy with cash savings. It is therefore necessary to take on mortgage debt to be able to buy a home, which is still preferable to renting, as although the monthly costs are likely to be similar through getting a mortgage, the house will belong to you at the end of the term.

× BAD DEBT: Credit Card / Bank Loan

Banks and pay day lenders are never far from the news with regards to the unfair terms and conditions they apply to customers. The rates on Credit Cards and Loans range from 5% to 30% and even with 0% offers, there are often high arrangement fees which can negate the advantage of 0%. These types of loan will typically cost much more in relation to the "good" and "reasonable" debts mentioned above and should be avoided.

If you can invest at a higher rate than you borrowed, you should do so.

Specialist Independent Financial Advice

As medical doctors, your basic starting salary is almost the national average and in fact once your salary supplements are taken into account, you are earning well in excess of the national average. Your income is well deserved as you go through a long process of training, which requires dedication and expense.

Stage	Income per annum*	As % of UK population**
Foundation Years	£26k to £30k	Top 38% to 30%
Speciality Training	£37k to £70k	Top 19% to 10%
Consultant	£76k to £103k+	Top 10%

**Basic salary; actual amount will include salary supplements. Data derived from http://www.nhscareers.nhs.uk/explore-by-career/doctors/pay-for-doctors/*
***Data derived from http://www.salarygraph.co.uk/*

With such earning potential it is essential that your income is effectively planned and managed to ensure your wealth is built efficiently and preserved as effectively as possible.

Therefore you should seek advice from a firm which is:

- ***Independent:*** Advisors that provide 'independent' advice are able to consider all types of retail investment products which could meet your needs and objectives.
- ***Not Restricted:*** A "restricted" advisor can only recommend certain products, product providers, or both. This means they might only offer products from one company, or just one type of product.
- ***Specialist:*** A specialist will have received specific training in financial planning for Doctors.
- ***Cost Effective:*** Advisors that offer a free assessment of your financial situation.
- ***Flexible in Charges:*** Ensure the firm provides flexible charging solutions, such as instalments at no extra cost, rather than upfront fees.

There used to be an advantage of seeking a financial planning firm which had national offices, however with the advent of internet communication, this has become much less important. It is more important that the financial planning advisor or firm is willing to be available in the evenings and at weekends to fit in with your busy schedules.

Professional Independent Financial Planning at the initial stages of your career is essential to set the foundation and to motivate you to save more and waste less. It is important to remember effective financial planning can only take place if there is time to accumulate savings.

Testimonials

Dr Christos Ioannou, Consultant in Obstetrics and Foetal Medicine/ Honorary Senior Clinical Lecturer – John Radcliffe/ University of Oxford
Dr Julia Bartley, Associate Specialist in Palliative Medicine - Katharine House Hospice Trust
"'For over 10 years now the Janus team have been fantastic in helping us through all our financial needs. Having just moved into our new home, I cannot commend them enough for their expert advice. The Janus team have always been available to answer all our queries and have been instrumental in helping us achieve our financial goals."

Dr Graham Collins, Consultant Haematologist – Oxford University Hospitals.
"I remember going to a presentation in the Churchill hospital mess back in 1999 when I first heard of Janus Consultancy. I rather tentatively signed up for a consultation but have really never looked back since. Janus Consultancy offer a personalised approach. They strike me as a hard working and ethical organisation. Amjad, Maz and others have provided us with very helpful financial advice and have even helped with the paperwork! I have no hesitation in recommending their services to others."

Miss Rebecca Winterborn, Vascular Consultant – RUH, Bath.
"I cannot believe that Janus Financial Consultancy have been looking after my personal finances for almost 15 years! I first met my advisor when I was a Junior Doctor and have always been impressed with their knowledge and approach. I have always felt in control of any decisions I have made. Janus Financial Consultancy now also look after my husband, however, despite our forever changing situation they always ensure that any suggestions suit both our interests. The whole team are always helpful and courteous and I would have no hesitation in recommending them. Janus Consultancy offers a personal touch which is so often lacking in this day and age. Best Wishes for their continuing success."

Mr Ben Smith
Dr Verity Turner, GP, Hampshire.
"Janus have supported and directed our financial planning over several years guiding us through pension choices, savings, insurances and a house purchase. Their advice to us as a medic and non-medic is well researched and presented in a friendly and clear way that means we have total trust and confidence in their recommendations. We would have no hesitation in recommending their services for both medical and non-medical professionals. Thank you, Janus!"

Dr Harsha Gunawardena, Consultant Rheumatologist - Southmead Hospital, Bristol.
Dr Ana Terlevich, Consultant Gastroenterologist – Southmead Hospital, Bristol.
"Amjad has been our financial advisor for the last 15 years, ever since we qualified as doctors. He has always given us excellent independent advice, tailored to our needs. In particular, he understands the financial needs of doctors and has always acted in our best interests. We now regard him as a friend as well as a trusted advisor. We would not hesitate to recommend him to our friends and colleagues."

Dr James Hillier, Anaesthetist Consultant/Director CICU – BRI, Bristol.
"Amjad has looked after my financial affairs for nearly twenty years. Throughout that time he has given me good financial advice, and guided me through setting up pensions, insurance policies and investments. He has regularly reviewed my policies and investments to ensure that I am getting the best deal available, and has happily come and seen me whenever anything has needed discussing. I have always been very happy with the service that Janus have provided and would happily recommend them."

Dr Sarah Westbury, Haematology Clinical Research - BRI, Bristol.
"I first heard about Janus Financial Consultancy through a presentation at the doctor's mess when I started work as an F2 doctor in Oxford in 2008. At that time, I had just got married and had moved out of free hospital accommodation, so it seemed like a sensible time to consider my finances. Following the presentation I arranged a meeting with one of Janus' financial advisors; he was not only knowledgeable and clear in his explanations, but also tolerant of my ignorance about all matters financial and my aversion to risk! I felt he really took the time to understand what I wanted from the company and what my financial priorities were. Following that first meeting we were able to focus on what I felt was important – improving my income protection, saving some money regularly and starting a small private pension. Since then, my needs have changed, and Janus has ensured I have the best possible mortgage, life assurance and critical illness cover as well as making sure I continue to save effectively.
Crucially, Janus Financial Consultancy has been on hand through my move from Oxford to Bristol, my career progression from F2 through core medical training to a haematology registrar post, and most recently to my current position as a clinical research fellow completing a PhD. The company's understanding of medical career progression, NHS pay and pensions means that Janus are explaining this to me not the other way round. This demonstrates the specialist medical service you get from Janus. Janus reminds me when it is time to renew or reconsider my financial policies, visits me at work or at home in Bristol at my convenience, and through their excellent website I can keep track of all my important policies and documents. Even when you are really busy, Janus makes sure you can still take care of your finances, and I recommend the company wholeheartedly."

Dr Lee Salkeld, GP Partner – Whiteladies Medical Group, Bristol.
"The service provided by Janus Financial Consultancy has been faultless. Their attention to detail and taking time to listen to my aims and objectives has meant that I am able to provide for my family in the long-term (even if I become ill or die). Their service has always been prompt and supportive and tailored to the individual. They have never tried to force any products or services into my portfolio and have always taken time to ensure that I understand the products I am investing into. I have recommended, without reservation, Janus Consultancy to friends and colleagues (who are also now happy clients with Janus)."

Dr Maxton Pitcher, Consultant Gastroenterologist and Physician – St Marks and Northwick Hospital, Harrow.
"I have been a client of Janus Financial Consultancy since 1997 when I first met Amjad Kamhawi at a financial seminar in my hospital's Junior Doctors' mess. I have continued to receive expert financial service at home or at work over the last 16 years as a consultant and this has enabled me to buy my final house and build up a significant investment and savings portfolio. Without the help of Janus, I would not have had the discipline of making regular savings or finding a product to protect my income in the event of ill-health. This is an area no Junior Doctor can afford to overlook and I commend Janus for the excellent advice they have consistently offered me over the years."

Dr Richard Skone, Consultant - Cardiff PICU, Cardiff.
Dr Katherine Skone, Specialist Registrar - Abertawe Bro Morgannwg University NHS Trust, Port Talbot
"Janus has been helping us for over 10 years and we have been with them since we qualified. They have helped us through many changes in our lives and made sure we can always understand what we are doing. They are always available to explain and help us with products and have gone over and above what you would expect. We have recommended them to others and thoroughly recommend their services."

Notes

Notes

JANUS

Financial Consultancy

WWW.JANUSCONSULTANCY.COM

01189 844 500

West Berkshire: 5 Horseshoe Business Park, Pangbourne, RG8 7JW
Bristol: Trym Lodge, Rombourne Business Centre, 1 Henbury Road, Westbury-on-Trym, Bristol, BS9 3HQ