# Mr Leicester Gouwland

Managing Director

Business Services

William Buck Christmas Gouwland

Auckland

Friday, June 9, 2017

(Room 8)

14:00 - 14:55 WS #51: Financial Management Through the Life Cycle of a Doctor

15:05 - 16:00 WS #63: Financial Management Through the Life Cycle of a Doctor (Repeated)

# Financial Management through the Life Cycle of a Doctor

June 2017

William Buck
Christmas Gouwland

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Changing Lives.

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CHARTERED ACCOUNTANTS & ADVISORS

# Financial Stages of a Professional

**L**earning

**E**arning

**S**plurging

**S**plitting

# Learning

Student

Employment

# Earning

New Business Owner

Seasoned Business Owner

Tired Business Owner

# Splurging

Loving Life Retiree

Declining Retiree

Ready to Go



*The above is general advice. For specific issues we recommend obtaining specific advice.*

# Splitting

Show Me The Money



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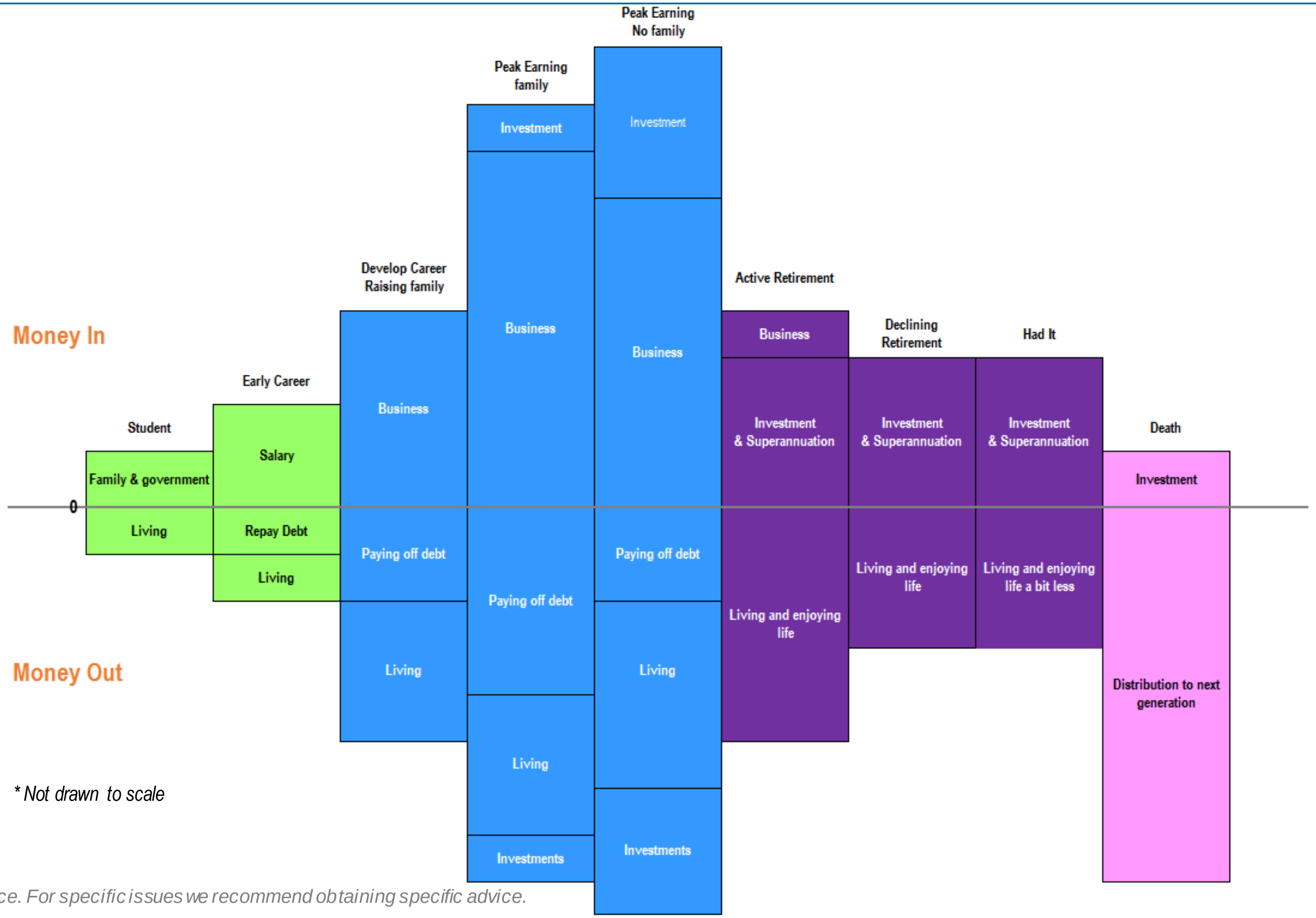
# Money Flows



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Have a seat Kermit. What I'm about to tell you might come as big shock...

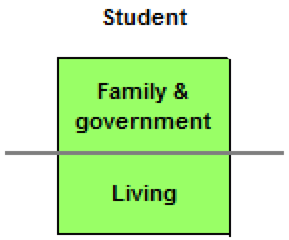
# Learning

## Outgoings:

- Living expenses
- Studying expenses

## Funded by:

- Family
- Government
- Casual employment

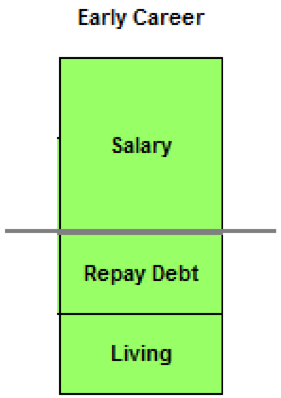


Employment

# Learning

## Outgoings:

- Living expenses
- Paying off debt
- Savings (home / mortgage)




## Funded by:

- Regular career employment income

Twenties:

Starting your career

Mortgage



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New Business Owner

# Earning

## Outgoings:

- Living (family)
- Savings (mortgage)
- Business debt

## Funded by:

- Business income

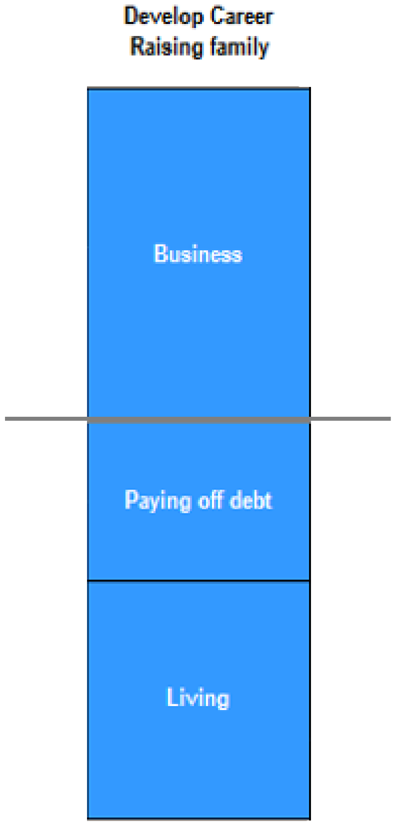
### Thirties:

Taking on risk and commitment

Family costs

Business acquisition

Loans



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Seasoned Business Owner

# Earning

## Outgoings:

- Living
- Savings (mortgage)
- Business debt

## Funded by:

- Business income peaking
- Investment income

### Forties and Fifties:

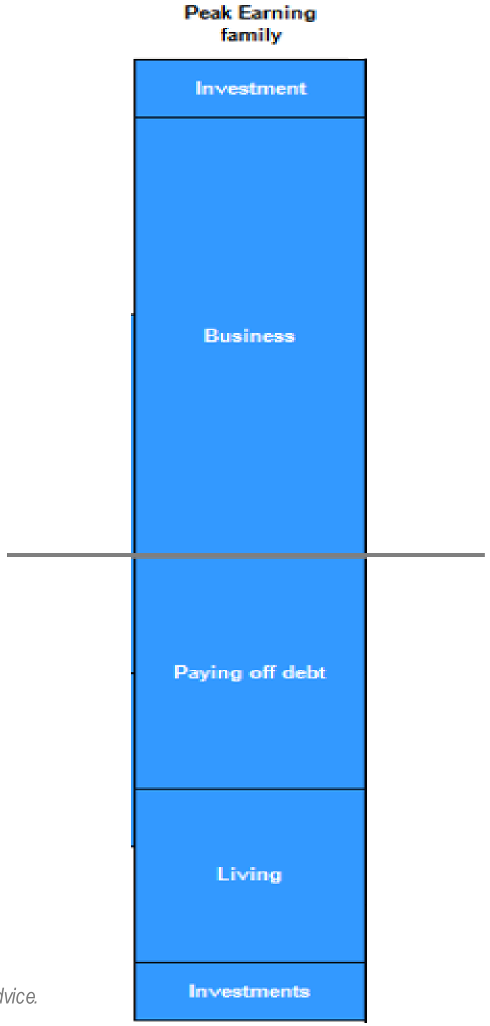
Accelerated debt repayment and savings

Reducing family costs

Inheritance

Lifestyle assets

Higher standard of living



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Tired Business Owner

# Earning

## Outgoings:

- Living
- Savings (mortgage)
- Investing

## Funded by:

- Business income peaking
- Investment income

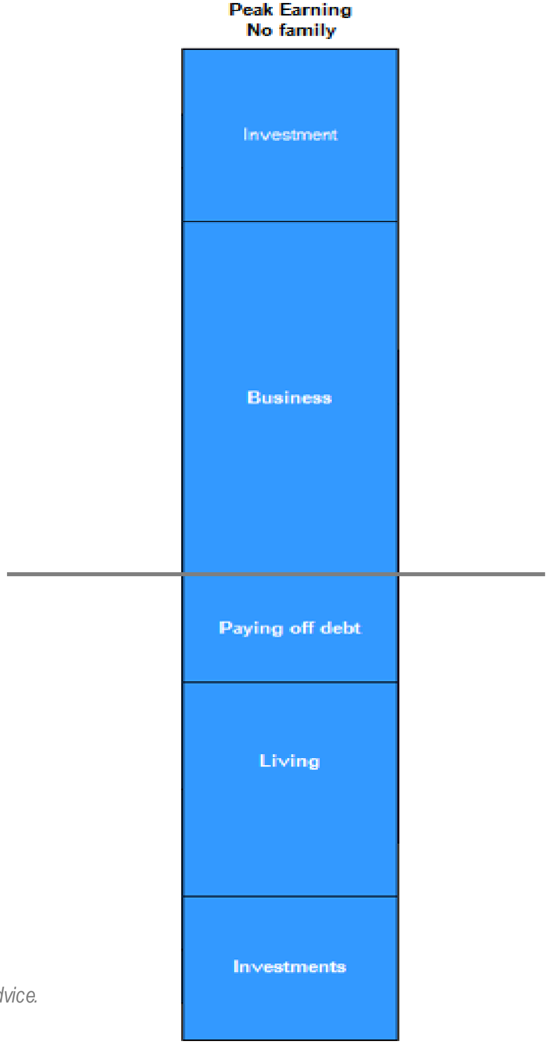
### Sixties:

Debt paid off

Preparing to retire

Sale of business

Family left home



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Loving Life Retiree

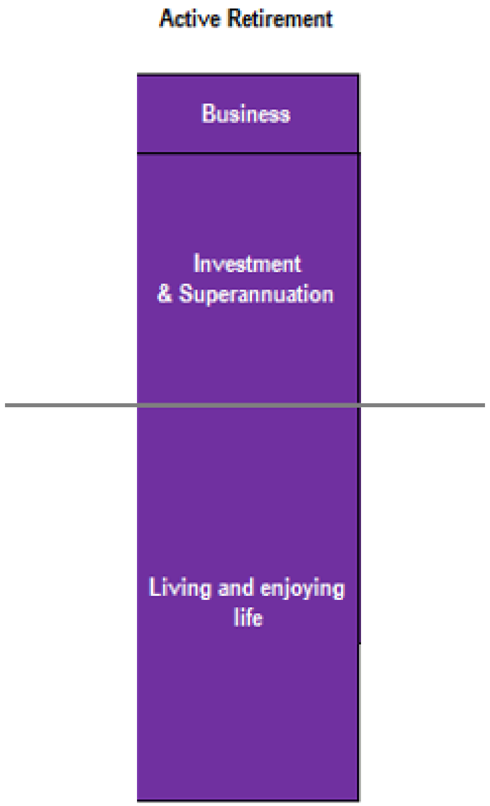
# Splurging

## Outgoings:

- Living
- Travel

## Funded by:

- Investment income
- Superannuation
- Part time work




### Sixties and Seventies:

Having fun

Travelling and having experiences while still able

Spending more than before

Declining Retiree

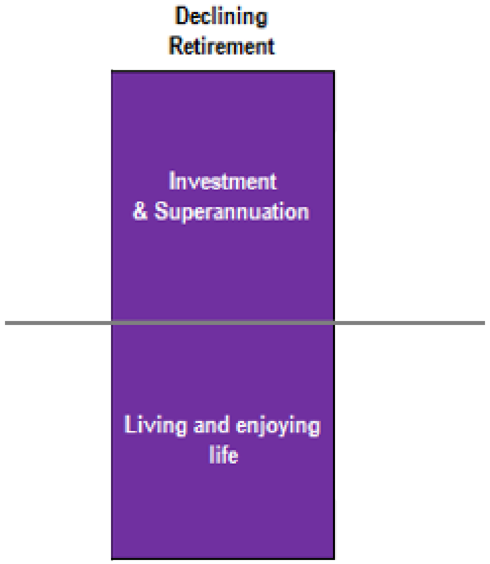
# Splurging

## Outgoings:

- Living
- Medical costs rising

## Funded by:

- Investment income
- Superannuation




### Eighties and Nineties:

Requiring more assistance for basic human needs

Don't travel – family come to you



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Ready to Go

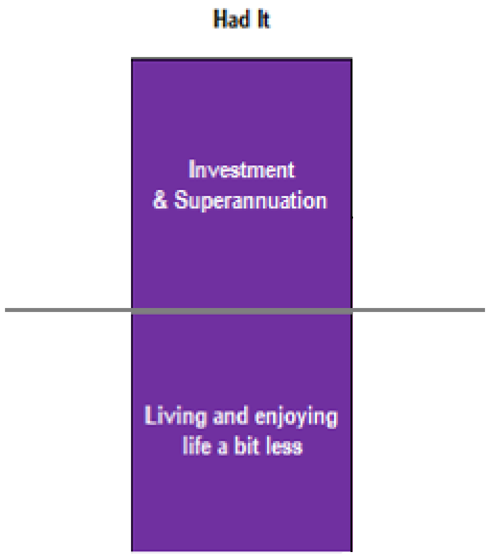
# Splurging

## Outgoings:

- Living
- Aged care and medical

## Funded by:

- Investment income
- Superannuation




### Eighties and Nineties:

Requiring more assistance for basic human needs



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Show Me The Money

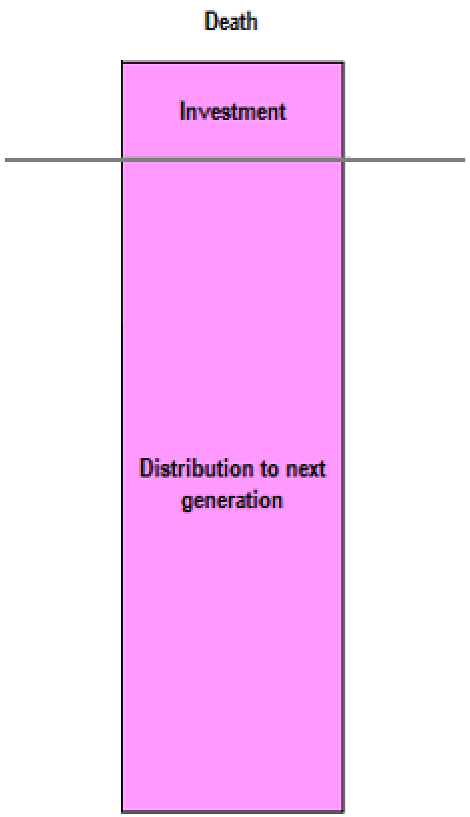
# Splitting

## Outgoings:

- Distribution to beneficiaries

## Funded by:

- Investment income




### Death:

Realising assets

Families issues may come out.



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"I'd like to buy a vowel."

# Protect yourself against financial risk

**Health**

- Insurance – life, trauma, income, medical
- Insure your spouse too
- Look after yourself

**Business**

- Insurance – PI, business
- Structure, including trust

**Investment**

- Understand risks of each type of investment
- Diversity investments
- If it sound too good – be careful
- Independent advice

**Relationship**

- Trust for separate property
- Relationship property agreement

**Tax / Legal**

- Good advice

## Become educated about finance

Understand financial statements enough to think about what they are telling you

Understand cash vs profit

Monitor your personal spending – use an app

Become knowledgeable about investing in the sharemarket and property

Borrow prudently – borrow for shares

## Become educated about finance

Understand your risk profile

Different investment profiles will produce different results

Obtain independent advice

Understand the effect of interest rate changes, when interest rates drop keep making the same payments

Understand the fees charged for investment management

## Become educated about finance

Borrow at the cheapest interest rates

Don’t over invest in your house

Understand inflation

What is an acceptable rate of return – all related to risk

# Have a plan

Start early

Write it down

Set some goals

Monitor

Adjust as circumstances change

Start with the end in mind – how much will you need to retire on. Work it out

Resist buying lifestyle assets until you can afford them

If you don't see it you won't miss it

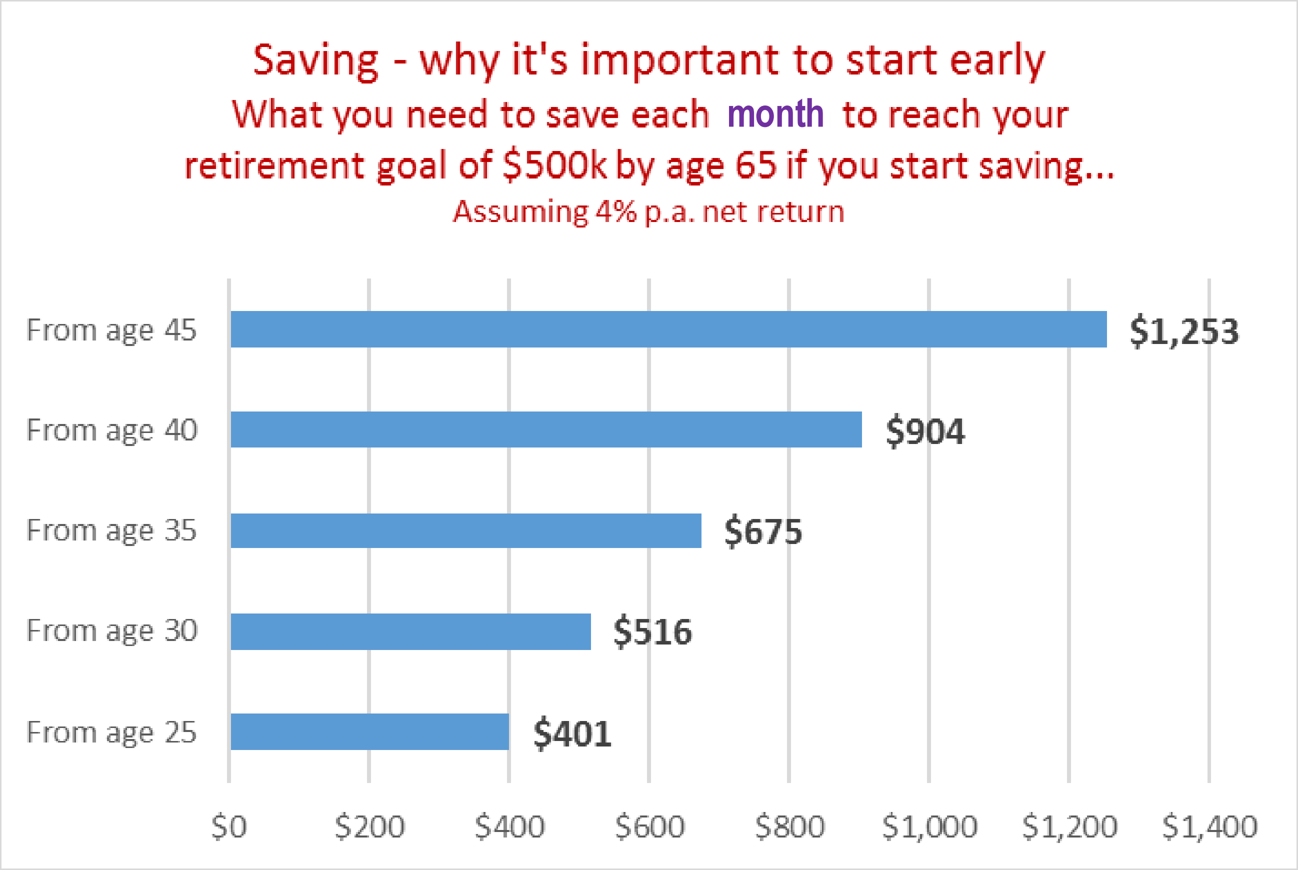
Could I earn more by getting a job

# How much do I need?

Be wary of assuming you have the 'average' life expectancy. Half of us will live longer than the average, and in fact around 27% of people at 65 will live to age 92! You could well be one of them.


Source: MAS

# Saving – benefit of starting early




Source: MAS

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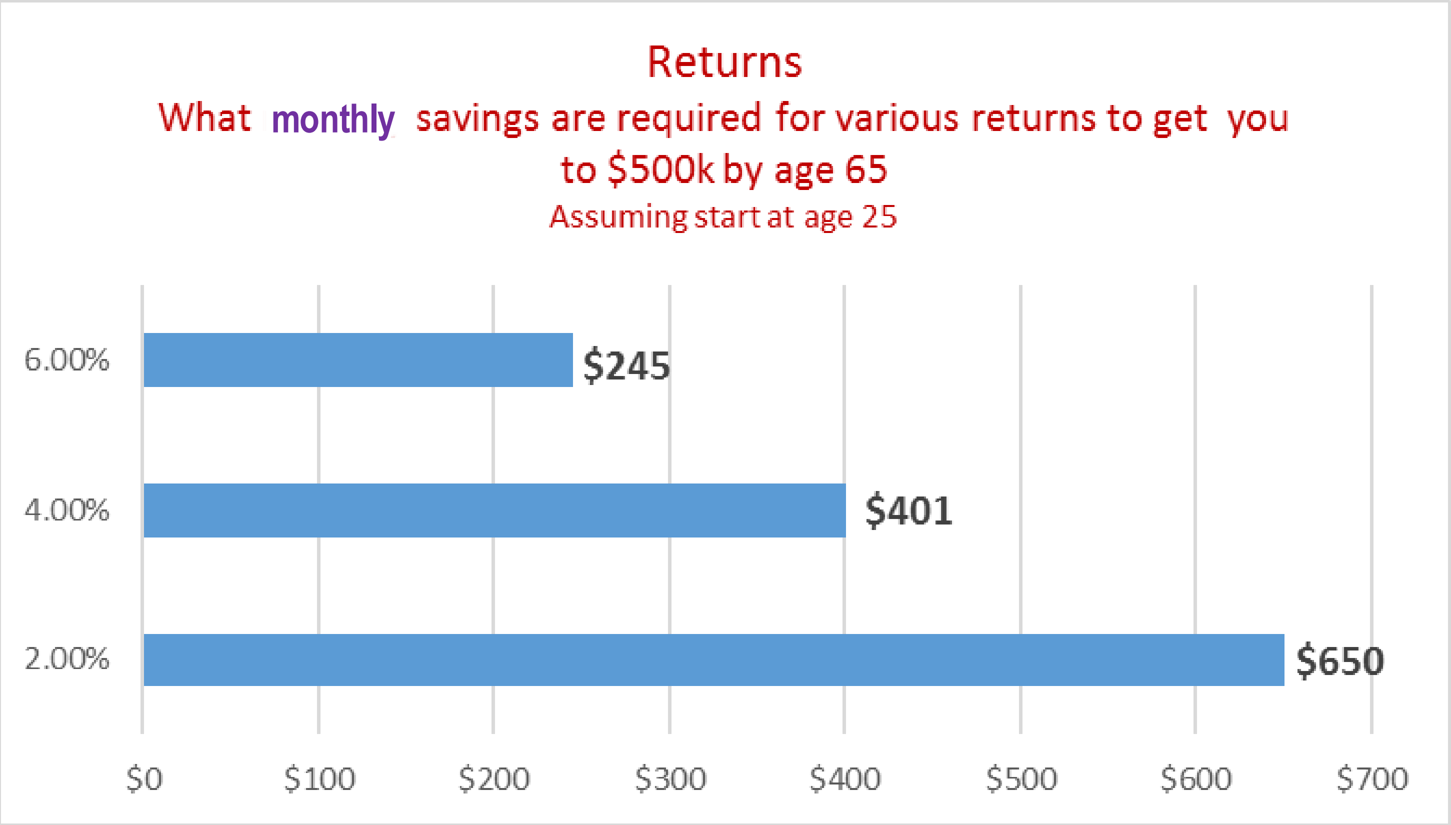
# Effect of higher return (but you need to take higher risk)




Source: MAS

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# Understand the effect of tax

- Lower tax rates of individuals
- New Zealand dividends have imputation credits
- Foreign Investment Fund income
- What expenses are tax deductible
- Depreciation – particularly commercial buildings
- Borrow to acquire investment assets
- Pay off private debt first
- Use your own money for lifestyle assets

# Plan for death

- We don’t know when
- Plan for the long term
- Wills up to date
- Powers of attorney
- Records accessible and understandable
- Talk to beneficiaries before death
- Beneficiaries living overseas


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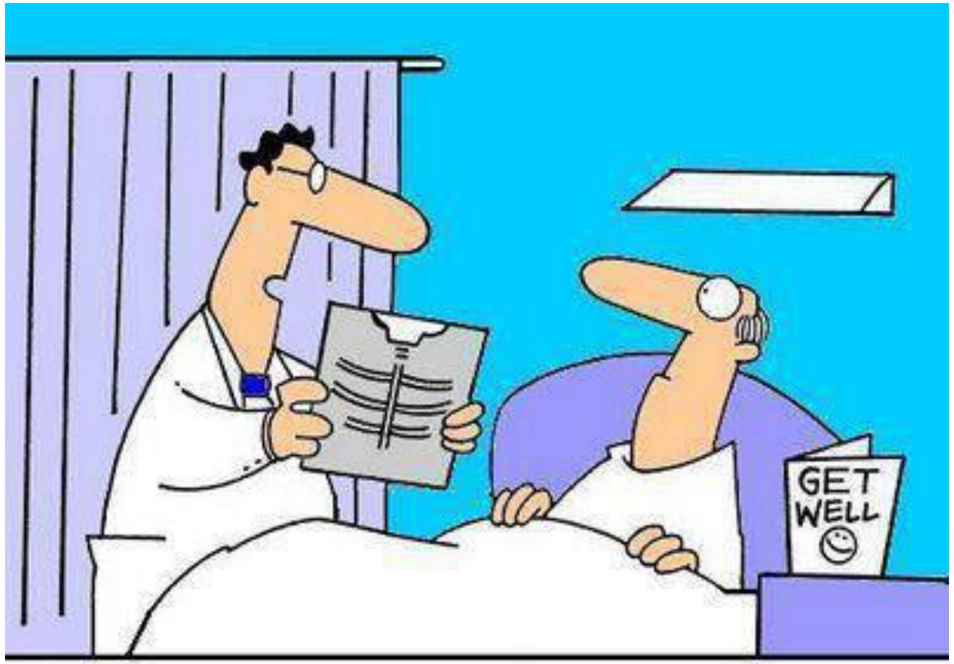
Doctor, I feel funny
Well, you look ridiculous to me!

# Key Themes

- Different stages of life have different characteristics
- Start saving early
- Different investment profiles have different results
- Start with the end in mind
- Don’t underestimate how much you spend and need to save
- Monitor spending
- Protect yourself against risk

# Key Themes Cont…

- Resist urge for lifestyle assets until you can afford them
- Understand effects of tax
- Plan for death – we don't pick the date
- Get educated about money
- Change your plan as circumstances change
- Have a plan – write it down
- Teach your children




"Your x-ray showed a broken rib, but we fixed it with Photoshop."

# Contact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