A blue stethoscope graphic is positioned at the top of the page, with its two earpieces pointing upwards. The background is a light green and white checkerboard pattern.

Money Management
for newly-qualified and
working GPs



Cameron Fund

The GPs' own charity

A large blue stethoscope graphic is positioned in the lower half of the page, with its chest piece at the top and its two earpieces pointing downwards. The background is a light green and white checkerboard pattern.

10 Top Tips for Financial Wellbeing

Money management may at first glance appear dull, and something to add to the 'to do' list, but is crucial for the peace of mind which underpins both work performance and personal/family security.

This document is a guide for the new GP, a check list for the experienced, and a resource for those unfortunate enough to be in financial difficulty. Financial health isn't just about earning: it is also about budgeting, spending, saving, investing and insuring wisely, accessing the right advice.... and making sure you don't pay too much tax!

We can perhaps all do better — so please read on.



Tip 1 Money Health Check



It is vital to look after personal health and fitness: it's just as important to take time out to manage your money. The benefits can be huge, can last a lifetime, and help protect against future financial problems. It can even be fun!

The first step to taking control is to make a personal budget. It will take time and effort to do properly, but by examining every component of money coming in and going out each month, and exploring potential improvements, you'll be able to save £1,000s each year.

NB: Don't forget to budget for your tax bill if self-employed.

Where do I find out more?

- www.moneysavingexpert.com/family/money-help/
- www.moneyadvice.service.org.uk/en/categories/budgeting-and-managing-money
- www.moneysavingexpert.com/banking/budget-planning/

Also, many banks and building societies have free budgeting apps and tools.



Tip 2 Financial Resilience



How would you manage if your income suddenly stopped?

Doctors get sick too, not just patients! Relationship breakdown, bereavement and accidents, are all events we cannot predict. Unfortunately, some doctors will find themselves subject to professional intervention at some point in their career, which may compromise income.

Although most GP partners and employed GPs receive time-limited contractual sick pay, incapacity is particularly difficult if you're a locum/sessional GP. Without sick or holiday pay, but with tax liabilities and childcare care commitments, the financial situation can be precarious.

The first protection is to build and maintain an accessible 'rainy day' emergency fund. Choice and personal commitments/dependents will determine the appropriate amount, but consider funds to sustain you for six months, not forgetting tax liability.

Income protection insurance is designed to replace part of your income if you can't work due to illness, injury or disability. Payments can start after sick pay ends, or after other insurance cover ceases.

Doctors whose religion or ethics mean standard financial products are not appropriate should take specialist advice.

You may also qualify for certain state benefits if your income drops for any reason (see Tip 7).

The "Demotivator" at www.moneysavingexpert.com/shopping/demotivator/ is a scary but fun tool to reveal how much you're spending annually on discretionary items such as take away coffees, ready-made sandwiches or regular evenings out.

For example, that workday morning cappuccino and perhaps a pastry adds up: £5, five days a week, minus five weeks holiday and sick leave, leaves 225 days, thereby costing £1,125 yearly after tax!

Where do I find out more?

www.moneyadvice.service.org.uk/en/articles/do-you-need-in-come-protection-insurance

How would your dependents manage if you died suddenly?

Consider life insurance – some mortgage lenders insist on it. Take independent advice on what's best for you and your family.

BMA and LMC subscriptions can seem a luxury, but the advice services in the event of adversity, especially employment issues, can be invaluable (and the cost can be a tax-deductable expense).

It is crucial to understand your Practice Agreement and its implications, and Practice Accounts (GP Partners), or your Employment Contract (employed doctors)...before signing! (The BMA will offer scrutiny on all of these to Members, as will specialist medical lawyers and accountants... for a fee.)



Tip 3 Future plans



Wondering whether you should save or invest? The answer depends on your short or long term goals, and financial situation. Financial advisers draw a distinction between saving and investing.

Savings Keep an emergency fund (mentioned above), for when things go wrong, or something unexpected crops up, such as house or car repairs. Keep this in a savings account used exclusively for the purpose. This is even more important if you're self-employed.

“Make hay when the sun shines” – saving is easy with surplus income, but don't wait for this before building your reserve fund.

Investing Using money to buy things that you hope will increase in value and/or provide an income. For example, you might invest in property, investment funds or share portfolio, which may be governed by ESG (Ethical, Sustainability & Governance) considerations.

Investments can mean greater rewards but have greater risk than savings on deposit. Be aware that you could lose some, or even all, of your money, so only use funds surplus to immediate requirements.

NB: Don't forget to use your ISA allowance! (see Tip 5 re Tax)

On first glance it may seem expensive to buy IFA advice or management, but such advice can spare disappointment or worse. Consider a second opinion for your own security. A good maxim is "Don't invest in what you don't understand."

Pension Contributing to a pension is an effective and tax efficient way to "make your future self richer". Your NHS Pension is a defined benefit scheme, which means it's earnings-related and pays out a secure index-linked income for life, and with widow/widower pension on death of the Member. It is VERY likely to be your first choice pension. Surprisingly few doctors familiarise themselves with the details: it is important.

GP pension contributions can be complex. GP Partners will likely have accountancy assistance to determine contributions: locum GPs should similarly ensure they contribute correctly. Those with many years of contributions should take specialist medical accountancy/financial advice, as excess contributions can incur large tax charges: if not planned for, these can be a very nasty surprise.

If you are not contributing to a NHS pension scheme you should consider alternatives.

Where do I find out more?

- www.moneyadvice.service.org.uk/en/articles/should-i-save-or-invest
- www.moneysavingexpert.com/savings/
- www.pensionsadvisoryservice.org.uk
- www.nhsbsa.nhs.uk/nhs-pensions (England & Wales)
- www.pensions.gov.scot/nhs (Scotland)



Tip 4 Be money savvy



Most of us spend more than we need on household bills; utilities, home phone, TV, broadband and mobiles, motor insurance, breakdown cover. People who spend a few minutes seeking a cheaper gas and electricity deal save, on average, £300 per year. Sometimes you don't even have to change suppliers; you could just check to see if your current supplier has a cheaper tariff! (Loyal customers are often "rewarded" by creeping price increases.) www.moneysavingexpert.com found that 70-90% of customers who haggled with a selection of the top ten providers got a much better deal.

Incentivise yourself: £120 saved in a 20min phone call is equivalent to working at £600 per hour before tax (at higher rate).

Are you wasting money on gym memberships, magazines or packaged bank accounts you don't actually use or extended warranties for electrical appliances you no longer have? Review your direct debits and standing orders. If you're paying for things you no longer need or want and there are no penalties or contract breach in cancelling, stop paying! Old habits die hard, so 'spring clean' finances annually.

Where do I find out more?

- www.which.co.uk/money/money-saving-tips
- www.moneysavingexpert.com/utilities/negotiate-with-service-providers/
- www.moneyadvice.service.org.uk/en/categories/break-bad-money-habits



Tip 5 Paying too much tax?



GPs lead busy lives and the UK's tax system is complicated and confusing. However, being aware of some basics can help to ensure you're not overpaying tax.

Check your tax code calculated by HMRC. At its most basic it is the personal allowance £12,500 (for 2020/21) divided by ten followed

by the letter “L”. If you are a doctor on a tax code of 1250L you are receiving the full personal allowance

Remember to claim for professional fees, subscriptions and work-related purchases on your Tax Return. This will save 20%, or 40% (if you're a higher rate tax payer), of these professional expenses.

If you're self-employed, working as a locum doctor or partner, it is helpful to have separate accounts for professional expenses and to meet tax bills.

An accountant – ideally a specialist medical accountant – can advise and help with:

- Keeping proper financial records
- Accounting for tax-deductible expenses
- Calculating self-employed annual net profit and therefore tax payable under Self-Assessment.
- Filing Tax Returns
- Tax Allowances: eg ISA, Pension Tax Relief, Charity Reliefs

Something else to look out for is the Marriage Allowance.

Where do I find out more?

- www.bma.org.uk/pay-and-contracts/tax
- www.moneyadvice.service.org.uk/en/categories/tax-pay
- www.bma.org.uk/pay-and-contracts/tax/tax-relief/tax-relief-for-locum-doctors
- www.gov.uk/tax-relief-for-employees
- www.gov.uk/marriage-allowance

If you are sole occupant of a residence, apply for Single Occupancy 25% Council Tax discount.

Where do I find out more?

- Your local authority's website
- www.moneyadvice.service.org.uk/en/articles/how-to-save-money-on-your-council-tax-bill
- www.nidirect.gov.uk/campaigns/a-guide-to-rates
(Northern Ireland)



Tip 6 Be credit smart

As your income increases you will almost certainly have access to high levels of credit. Beware of overstretching yourself.

When borrowing money know the difference between good debt and bad debt. Some debt is carefully costed and planned for and can make you better off in the long-term. Mortgage borrowing facilitates home purchase and can double as an investment, assuming property prices rise over time, with the debt secured against the property.

With consumer credit such as loans or credit cards, the cost is measured by APR (annual percentage rate). In very simple terms “low APR good, high APR bad”.

Use credit cards wisely. If you are going to use one for every day spending or to receive cash-back, make sure you will be in the position to clear the balance each month, otherwise only use them for short-term emergency use.

Using a credit card with a typical APR of 19% and paying only the minimum required is a VERY expensive way to borrow. (An average APR on a card balance of £2,600 with minimum required payments of 1% of outstanding balance plus interest would take you 26 years and 7 months to repay!)

If your payments on one or more credit cards cause concern, consider a switch to a 0% (for a limited period), balance transfer card.

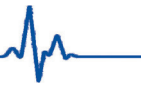
NB: Don't use the old cards again: close these accounts immediately!

A popular way of financing a car is by Personal Contract Purchase (PCP). It's often seen as a way of buying a car over three to five years. It's a complicated way to pay for a car as it's like a long-term rental with conditions and an option to buy (with a “balloon payment”) at the end of the contract. This payment will be £1,000s: most people don't go on to purchase the vehicle as they don't have ready funds available.

You should consider alternatives to PCP, including buying a young second-hand car with a “best buy” cheap loan. If you choose this option the original owner will have absorbed all the initial depreciation.

Where do I find out more?

- www.moneyadvice.service.org.uk/en/articles/do-you-need-to-borrow-money
- www.moneyadvice.service.org.uk/en/categories/mortgages
- www.moneyadvice.service.org.uk/en/articles/car-finance-explained
- www.moneysavingexpert.com/borrowing/



Tip 7 If in doubt, claim it!



It's a common misconception that state benefits are only for those who are out of work or on a low income: this is not the case. The benefit system is wide and varied: qualification for some benefits is not income-related, eg: Personal Independence Payment (for those who have a disability and need extra support with mobility and/or personal care) .

Many working people are also missing out on Universal Credit. It's worth noting that Universal Credit can also help with rent and childcare costs.

If your income is limited due to working only part-time, or you're not currently working due to illness, check out the benefit calculator at www.turn2us.org.uk to see if you may be entitled to Universal Credit and other state benefits.

Don't be one of the millions of people failing to claim money you may be entitled to. Like the NHS, the benefit system is there for all of us if we need it, so don't miss out.

Where do I find out more?

- www.turn2us.org.uk/Get-Support
- www.moneyadvice.service.org.uk/en/categories/benefits
- www.citizensadvice.org.uk/benefits/



Tip 8 If things go wrong



If you are worried about professional issues, seek advice and support – early intervention is key. Contact your Local Medical Committee.

If you are a RCGP/BMA Member there are many areas of support.

Where do I find out more?

- www.bma.org.uk/what-we-do/local-medical-committees
- www.bma.org.uk/about-us/contact-us/get-in-touch/contact-us
- www.rcgp.org.uk/about-us/membership/existing-members.aspx
- www.gmc-uk.org/concerns/information-for-doctors-under-investigation/support-for-doctors/doctor-support-service

Mental Health Unfortunately, the pressures of primary care are causing high levels of stress, anxiety and for some “burnout”. If work is affecting your health, you need to ask for help.

Don't suffer alone. Talk to colleagues, your practice manager, contact BMA Wellbeing services, see your GP or consider self-referral to NHS Practitioner Health.

Where can I find out more and get help?

- www.bma.org.uk/advice-and-support/your-wellbeing
- www.practitionerhealth.nhs.uk/accessing-the-service
- www.rcgp.org.uk/training-exams/practice/gp-wellbeing.aspx

Money & Mental Health In recent years there has been much wider recognition of the connection between poor mental well-being and money problems. Four million people in the UK are reported to have both mental health and money problems. Together these issues create a vicious cycle that can lead to other problems with, for example, work and relationships.

Where can I find out more and get help?

- www.mentalhealthandmoneyadvice.org
- www.moneyandmentalhealth.org



Tip 9 If you're in financial crisis



GPs are not immune from money troubles. Whatever the cause – long-term sickness from work, bereavement, relationship breakdown, overspending, taking on too much credit or addiction issues, there are solutions to debt problems.

If the answer “yes” to any of the following you may have debt problems.

Are you struggling to pay basic outgoings such as mortgage, rent, energy bills, car finance payments or credit card minimum payments?

Are direct debits beginning to bounce?

Are you getting into arrears or “robbing Peter to pay Paul”?

The good news is that there are organisations who can offer expert, confidential, non-judgmental and free advice.

Where can I get help?

- www.moneyadvice.service.org.uk/en/tools/debt-advice-locator
- www.nationaldebtline.org/how-to-deal-with-debt/
- www.moneysavingexpert.com/loans/debt-help-plan/



Tip 10 We're here to help



The Cameron Fund has been helping GPs and dependents facing financial hardship since 1970. We offer detailed money advice and can offer grants or loans to top up reduced incomes and/or help with other essential expenditure – including the cost of returning to work. Our experience of applicants' adverse circumstances prompted the writing of this guide with Money Advisor Jeff Brown, at AdviceWorks. We hope it is useful to you and will help you avoid financial pitfalls.

Hopefully you will never need to contact us for help, but if you know of a colleague who is facing a major life crisis, please urge them to get in touch. No GP seeks the circumstances that prompt an application to us, but all can expect a non-judgemental response and strict confidence.

Please note: The information is provided as general guidance only and cannot be taken as individual financial advice as regulated by the Financial Conduct Authority.



We would like to thank Sarasin & Partners for sponsoring the publication of this guide.



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Please email us at info@cameronfund.org.uk or ring 020 7388 0796.

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