Personal finance projections

Jane Lelean asks, why do dentists like you and I recruit the services of a business coach, consultant or advisor?

I have found that, for the majority of my clients, one of the primary reasons they recruit a dental business coach is because of money.

There is inevitably a financial element to the dentist's current challenges, whether it be that the practice finances are unstable and unpredictable, there are gaps in the appointment book and sales are down, the practice is not supporting their desired lifestyle, they are working long hours and their work life is out of balance, or there are problems within the team.

What I have also come to realise is that the majority of people have beliefs, behaviours and attitudes about money and finances that don't always serve them well.

What I would like to do in this series of articles is introduce you to a set of simple steps that will result in healthier finances and wealthier practices and lives.

Taking control

Many people let their finances control them, rather than taking control of their finances. For example, have you ever got to the end of the month, looked at your bank statement and thought: 'Gosh, is that all I have? I can't buy X or Y as I had hoped'? How would it be if, instead, you got to the end of the month and were able to say: 'Wow, there is enough for me to buy X and Y and Z if I want to'?

The first step to planning your practice finances is to look at where you are now and where you want to be personally. Even for those of you who think that your personal finances are in a good state and it has nothing to do with the finances of the practice, don't miss out this step and skip to next month's article. This first step is an integral part of the whole plan and will form the foundation of your practice's finances.

Plan your future

Sit down with your partner and family to discuss what you want your desired lifestyle to be like.

Where do you want to go on holiday and how often? Where do you want the children to go to school? What car do you want to drive and how often do you want to replace it? Where do you want to live and in what kind of property? What about, clothes, food and drink? Now is the time to get really clear about the life you want to have.

This life has a price tag and the next thing to do is calculate what it is going to cost. Then create a personal budget to help you get to where you want to be.

The simplest way to calculate the price tag for your lifestyle is to create a personal budget on a spreadsheet, listing everything you spend your money on down the left and months of the year along the top. This will allow you to calculate your planned expenditure for each month and to see what you anticipate you will spend in each area over the year, in addition to the total annual predicted spend.

I have an example spreadsheet (shown to the right). If you would like me to send you a copy, please email jane@healthyandwealthy.co.uk and I will be happy to send it to you.

To enter realistic and relevant figures into your spreadsheet, you can combine several sources of data:
• Your actual figures from last year, assuming you already have them
• Projected figures calculated by precisely costing your planned expenditure
• Figures obtained by recording everything you spend in a four-month period projected over the year.

This spreadsheet will allow you to see, and get a feel for, your personal financial requirements for the next 12 months on a monthly and annual basis.

Look at your spending patterns – where are you now?

Now that you have calculated the price tag of the life you want to be living, you need to find out where you are in relation to this. Some of you may already have a personal budget or a computerised reconciliation of your personal finances, so you will be able to compare the two. If you don't have access to your actual figures, I would like you to do a personal spending audit. That is, I would like you to record everything, and I mean everything, that you are spending money on as a family, including magazines, newspapers, the odd bar of chocolate and so on over a four-month period. Once you start to record where your money is being spent, you will be able to identify those areas where you are not spending wisely.

Figures from the Office for National Statistics' *Family Spending* report suggest that the average family spend includes:
• Food and drink – 12%
• Housing, including fuel, power, goods and services – 18%
• Clothing and footwear – 5%
• Recreation and culture – 12%
• Education – 1%
• Restaurants and hotels – 8%
• Communication – 3%
• Transport – 3%.

How does your spending compare? As you look closely at your finances, what do you notice about where your money is going? Now, consider where and on what you would like to be spending. How is this influencing your current spending habits?

Use the data that compares and contrasts your current and desired spending patterns to identify where you need to make changes, where you need to spend less, and how you can generate more income to the household – if that is what is needed.

Now you have spent the time creating your budget, you must stick to it. When you do this, consider what difference it might make if you regularly communicated the household expenditure to your family.

Now you have analysed your personal spending and created a costing for your living expenses, in next month's article we will look at practice finances.

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For more information about taking control of your finances and other aspects of business coaching and training for you and your practice contact jane@healthyandwealthy.co.uk.

Personal budget forecast

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTALS
INFLOWS													
Income1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income 2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
income 3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTALS	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
OUTFLOWS													
Wealth Creation													
Accelerated Debt Repayment 1													0.00
Accelerated Debt Repayment 2													0.00
Acclerated mortage reypayment													0.00
Savings 10% Fun													0.00
Savings 10% Financial Freedom													0.00
Savings 10% Longterm savings for spending													0.00
Savings 10% Education													0.00
Savings 50% Necessities													0.00
Savings 10% Giving													0.00
Insurance													0.00
Car insurance													0.00
House insurance													0.00
Life assurance													0.00
Medical insurance													0.00
Other insurance													0.00
Pet insurance													0.00
Travel Insurance													0.00
House Keeping expenses													0.00
House keeping inc food													0.00
Appliances													0.00
Child Care													0.00
Cleaning supplies and Laundry													0.00
Help with house/garden													0.00
Other house keeping expenses													0.00
Repairs and renewals													0.00
Utilities													0.00
Electricity													0.00
Coal/wood													0.00
Oil													0.00
Water													0.00
Telephone													0.00
Council Tax													0.00
Television Licence													0.00
TV & Film subscriptions													0.00
Internet													0.00
Personal expenses													0.00
Christmas / birthday presents													0.00
Clothing & Footwear													0.00
Toiletries													0.00
Eating out & takeaways													0.00
Holidays													0.00
Other personal expenses													0.00
Sports & Hobbies													0.00
Pets inc vet													0.00
Medicines, medical and dental costs													0.00
Magazines books and Newspapers													0.00
CD's and music													0.00
Cinema theatre concets sports etc.													0.00
Alimony or Child support													0.00
Kids activities													0.00
Toys / Gadgets													0.00
Personal grooming													0.00
Motor / Travel													0.00
Car loan													0.00
Car Tax													0.00
Service etc													0.00
Fuel													0.00
Repairs & Renew													0.00
Other transport costs													0.00
Financial													0.00
Mortgage interest													0.00
Mortgage repayment													0.00
Bank Charges													0.00
Credit card / store card interest 1													0.00
Credit card / store card interest 2													0.00
Bank Safe deposit box													0.00
Interest-Loan1													0.00
Interest-Loan2													0.00
Interest-Loan2													0.00
Pension 1													0.00
Pension 2													0.00
Children and dependants													0.00
School fees													0.00
Clubs, activities and outings- Children													0.00
Clothing and shoes- Children													0.00
Toys etc - Children													0.00
Other expenses - Children													0.00
Residential / Nursing home													0.00
Clubs, activities and outings - dependants													0.00
Clothing and shoes- dependants													0.00
Toys etc -dependants													0.00
Other expenses - dependants													0.00
Wish list													0.00
Wish 1													0.00
Wish 2													0.00
TOTAL- Outgoings	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Total Inflows	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Outflows	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Difference	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00