

## Special Briefing

# Financial Planning for Barristers

As a barrister, you might feel the need to find a financial adviser to help you with your planning. In fact, for many barristers, you might not yet need an adviser. Below we summarise some of the important points we think you should consider:

### Single Entity Registration

- By utilising 'single entity registration' you could potentially reduce your income tax and national insurance obligations by receiving your earnings as dividends paid by the entity.
- It is worth noting that reducing your earnings for tax purposes may have a negative impact on obtaining mortgages and qualifying for certain state benefits.

**You may need a tax specialist rather than a financial adviser to help you with this. Their expertise can ease the process of setting up the entity, and ensure compliance with tax law.**

### Young family (with children)

- What protection do you have in place to cover the cost of a mortgage and ongoing living expenses in the event of you becoming incapacitated or dying, and how do you assess their suitability?
- Do you need protection should anything happen to your partner/spouse? i.e. Would you like the option of reducing or ceasing work, or would you be happy to continue working, with sufficient excess earnings to be able to pay for full time care for your children?

**You may need an adviser to help assess if the cover is sufficient for your needs.**

### Large mortgage

- How do you feel about the level of debt you have on your main home? Would you prioritise paying down debt to saving for other things (e.g. education costs/ retirement)?
- What rate have you negotiated for your mortgage and what options are out there?

**You may need a mortgage specialist rather than a financial adviser to help you with this. Mortgage brokers can save you money as they have access to bulk purchasing power, meaning you could get a better mortgage rate, even after their fees.**

### Plans to invest in property / reduce debt

- If you have plans to move house or will need money for, say, a building project or to pay down a mortgage, it is important **not** to tie up money elsewhere (e.g. in pensions).
- What rate have you negotiated for your mortgage and what options are out there?

**You do not need an adviser to tell you to retain cash, or persuade you to invest it and run the risk of losing it. You might have to sacrifice potential returns (with interest rates at low levels) but at least you know what you will have for the upcoming project.**

### Emergency Cash Fund

- You are satisfied that your mortgage is at a sensible level and you have sufficient protection in place for your family. How would you cope with unexpected expenditure?

Make sure you have a rainy day cash fund to cover unexpected costs. A general guide is to retain three to six months of expenditure in cash. This is especially important for barristers with unpredictable or lumpy income.

### All of the above covered

- If you feel sufficiently covered for the above points, you may well be in a position to commence additional savings.

You may require a financial adviser to help put in place an appropriate savings regime.

- Pensions, ISAs and taxable plans (also known as General Investment Accounts) should generally be prioritised above offshore savings vehicles (e.g. offshore bonds) for UK residents, due to cost and tax efficiency.

If you have any questions on the above do please contact me.

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