

# Financial Stability for Veterinarians

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# Introduction and Agenda

- Student Loans
- Housing
- Insurance
- Investing
- Next Steps and Practice Ownership



# Student Loans

- Income Based Plans
  - Income Based Repayment
  - Pay as You Earn
  - Revised Pay as You Earn
  - Forgiveness

[www.studentaid.gov](http://www.studentaid.gov)



# Housing



- Rent vs Ownership
  - Not the same cost
- Principal
- Interest
- Homeowners Insurance (escrowed)
- Property Taxes (escrowed)
- Private Mortgage Insurance (PMI)



# Housing – Loan Terms

- Conventional Mortgage – 20% down payment
- Federal Housing Administration (FHA) Loan
  - Down Payment as low as 3.5%
  - Credit History
  - Private Mortgage Insurance



# Housing – Other Considerations

- Tax deductions for mortgage interest on Primary Insurance
- Closing Costs
  - Typically 1-2% of purchase price
- Home Repairs
- Location, tenure, downturn in the market, lack of liquidity



# Questions?

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# Disability Insurance

- What is it?
  - A paycheck while you're unable to work.
- Why is it important for me and my family?
  - Think of your assets that you currently have protected
- How is it priced? Does it replace my entire income?
  - For many it's less than a daily cup of coffee, a date night, or a smartphone bill
- Important things to keep in mind:
  - Is it cancellable, will the benefit grow with you, does it protect you as a Veterinarian
  - Consult a Financial Professional to explain the ins and outs of your Disability Insurance options
- Differences between Group Disability and Individual Disability and options for Business Owners
- <https://www.avma.org/News/JAVMANews/Pages/090815f.aspx>





# Life Insurance

- Common Uses of Life Insurance
  - Replace income, protect assets, pay off loans and mortgages, and pay death taxes when you pass
  - Fund a Business Transfer, Protect a business from the loss of a key employee, or equalize an inheritance.
- Building Cash Value
  - College Funding for children or grand children
  - Emergency fund
  - Supplement retirement living
- Customization Options
  - Conversion Options, Long Term Care Rider, Waiver of Premium and more



# Types of Life Insurance

Type	Description
Annually Renewable Term	Low initial premium that increases every year, increases get larger as you get older
Level Term	Set level premium for a defined period of time
Universal	Permanent policy, pay excess premium to build cash value, flexible premiums
Variable Universal	Permanent policy, excess premiums are invested in various sub-accounts to build cash value, flexible premiums
Whole Life	Permanent policy providing, guaranteed premium, cash value, and death benefit

... and More



# Malpractice and General Liability

- The Basics
  - Commercial General Liability
  - Professional Liability (Malpractice)
  - Commercial Property
  - Cyber Liability
  
- AVMA PLIT
  - Offers both Personal and Business Liability Insurance
  - <http://www.avmaplit.com/>



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# Planning for Retirement

- Employer Sponsored Plans
  - 401(k)
  - 403(b)
  - Pension Plans
  - Cash Balance Plan
  - Profit Sharing Plan
  - SEP
  - SIMPLE IRA
- Personal Plans
  - Traditional IRA
  - Roth IRA
- Social Plans
  - Social Security



# So how much can I do?

- Sometimes it depends on the plan, and your age bracket

Plan	Under 50	50+
401(k)	\$18,000	\$24,000
403(b)	\$18,000	\$24,000
SIMPLE	\$12,500	\$15,500



# So how much can I do? (cont.)

- Sometimes it depends on what the boss does

Plan	
SEP	Whatever % the employer puts in his/hers, they must put the same in each eligible employee's account. The contribution cannot exceed the lesser of 25% of the employee's compensation or \$54,000.



# Individual Plans

- Tax Deductible Traditional IRA 2017

Plan	Under 50	50+
Maximum Contribution	5500	6500
<b>Income and Contribution Rules</b>		
Income Limits (Single)	<ul style="list-style-type: none"> <li>• Fully deductible if AGI (Adjusted Gross Income) is below 62K.</li> <li>• There is a phase out provision for AGI between 62K and 72K.</li> </ul>	
Income Limits (Married – filing jointly)	<ul style="list-style-type: none"> <li>• Fully deductible if income is AGI is below 99K, and no plan is available at work for either spouse.</li> <li>• Special rules apply if even one spouse has a plan available with their employer.</li> <li>• There is a phase out provision for AGI between 99K and 119K.</li> </ul>	





# Traditional IRA vs Roth IRA

	Traditional IRA	Roth IRA
Tax treatment	Contributions may be tax deductible, withdrawals are considered taxable income.	Contributions made on an after-tax basis, but withdrawals are tax free.
Maximum age to contribute	70 1/2	No maximum.
Early withdrawal penalties	10%, unless the withdrawal qualifies for an exemption.	Contributions (but not gains) may be withdrawn penalty-free at any time. The 10% penalty applies if investment gains are withdrawn early.
Required minimum distributions (RMDs)	Beginning in the year you turn 70 1/2.	No RMDs required.



# Banking



- Yes! You do need a few different bank accounts
  - Checking – for everyday cash flow
  - Savings – for an emergency fund
  - Savings – for near term goals
- If you are an independent contractor, you need a business account



# Advisory Team

- It is important to surround yourself with a team of professionals to help you make wise decisions. Who should be on this team?
- Banker
- Attorney
- CPA
- Insurance Professional
- Financial Advisor
- If applicable, consider adding your mentor in your chosen field



# Coming Soon in a TVMA Webinar

## Practice Ownership

- Things to consider...
- Credit worthiness
- Current Financial Position
- Business Acumen
- Comfort with Risk
- Work/Life Balance
- Finding the right Opportunity



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