ADAPTING TO STARTING PRACTICE

With MD Management and MNP
WEBINAR HOUSEKEEPING…

**Audio**

By Default, you are muted upon entry.

Please raise your hand during the Q&A period if you need to ask a live question.

**Q & A**

Click on the Q&A box or raise hand for any question you have.

Questions will be answered at the end of the presentation

**Chat Box**

Use the chat box for any comments.
Importance of building wealth in the context of adapting to starting practice
Your professional team

Financial Advisor
Accountant
Insurance Specialist
Lawyer
Banking Specialist
Early Investing Strategies
Power of Investing- Long Term Growth

Growth of $10,000 – December 31, 1991 to December 31, 2021

A few trading days can make a big difference:
A considerable portion of long-term gains can be attributed to a relatively small number of good days. In this example, missing the best one percent of trading days dramatically reduced the end value of an investor's portfolio.

The best trading days typically come after some of the worst: An investor who sells their investment on a bad trading day may miss out on the potential good trading days that follow.

Source: Bloomberg Finance LP 2022
Coping with the Economy: Inflation and High Interest Rates

- Debt management and mortgage rates (if applicable)
- Savings vs Investing
Building your ideal investment portfolio

What makes a good investment portfolio? One that’s invested according to these three aspects for each goal.

Where they intersect is where your best investment will be.
Asset allocation strategy

- Equities
- Fixed income
- Cash and cash equivalents
Returns from investment funds*

Capital gains

- Increases in the value of fund units over time represent capital gains.
  - Example: Bought fund units for $30 and now trading for $45
  - Capital gain of $15/unit

Dividends

- Dividends received from underlying securities owned by the fund can be passed to unitholders.

Interest

- Interest received from underlying securities owned by the fund can be passed to unitholders.

In non-registered accounts, capital gains, interest and dividends are all taxable, but at different tax rates.

*example applies only to returns from owning funds and not individual stocks.
Tax-efficient accounts: Available tools on the market
RRSP, TFSA and TFHSA

- RRSPs – unused contribution into practice
- TFSA: if tool was not used in residency look at options to max out as you transition
- TFHSA: what, how and why
First Home Savings Account

- **Conditions**: A first-time home buyer. An individual is considered to be a first-time home buyer if at any time in the part of the calendar year before the account is opened or at any time in the preceding four years they did not live in a qualifying home.

- **Contributions and Deductions**
  8,000$ / year, capped at 40,000$

- **FHSA and HBP(RRSP)**
TOP 3 QUESTIONS YOU NEED THE ANSWER FOR
Question 1: Why is a Financial advisor relevant?

• Comprehensive Financial Advisor
• Risk Analysis
• Personalized Micro and Macro analysis of finance
• Advice for your investments during high inflation and volatile markets
Question 2: Where do I save? What are the common investments accounts available to me?

- Non-registered personal account
- Professional corporate investment account
- RRSP
- TFSA
- TFHSA (in effect June 2023)
- IPP (When incorporated)
Question 3: Should I invest in a TFSA or TFHSA?

• Depending on objectives
• Pros and Cons of TFHSA
5 common mistakes residents make

1. Not having a plan for student loans.
2. Failing to insure against catastrophe
3. Racking up high-interest credit card debt
4. Not using registered accounts to build wealth.
5. Buying hot investments as per Media recommendation – goal-based investing should be prioritized
Unsure of what comes next? WE’RE HERE TO HELP.

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We know your needs change from day to day. Paying bills, managing debt, preparing for residency and saving for the future — we understand the many challenges you face throughout your medical career.

Together with Scotiabank, we’re here to support you every step of the way.

Let’s chatecs@md.ca
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Starting your Practice & Other Considerations for Tax

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May 30, 2023
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Agenda

• Practice structures
  • Locum
  • Group Practices
    • Lease vs. Buy
    • Cost share
    • Partnership
    • Other
  • BC LFP & Tax
  • Other planning points
  • Q&A
1. Locum / GP Model
Locum / GP Model

- Fixed overhead – Typically 30%
- Limited admirative burden
- Flexibility
- Overhead Drawbacks (LFP)
2. Group Practice
Group practice Structures – Lease vs. Buy
Group practice Structures – Cost Share

• Billing - Eat what you Kill
• Pool and split costs of medical clinic overhead
  • Various methods of splitting overhead

• Pros – Generally tax advantageous
• Pitfall – Legal agreements and formality of group
  • Retiring members
  • Liability around MOA’s and staff
Group practice Structures – Partnerships

• Sharing revenue pools
Group practice Structures – Other
3. New BC Pay Model
New BC Pay Model: Overview

• Launched February 1, 2023
• To provide a more sustainable and rewarding career
• Paid for clinic based care, including time spent outside of visit (reviewing test results, referrals and planning)
• Simplified billing system
• Compensated based on the number and complexity of patients
• More BC residents will have access to a family doctor
• Physicians will be able to provide better care
Other Tax Considerations:

- Timing of incorporation
- Common expenses
- Home purchase
  - HBP (RRSP)
  - FHSA
  - HBTC
- Debt repayment
- Rural locum physicians
Questions & Answers

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Thank you!
QUESTIONS?

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