

# The Dentist's Guide to Financial Success

*Interactive Workbook*



**DBS**  
INVESTMENT  
ADVISERS, LLC



michigan dental  
ASSOCIATION  
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## Understanding the Financial Opportunities & Challenges of Dentists

Being a dentist today presents numerous unique opportunities and challenges for financial success. As a highly educated professional, there are high-paying and rewarding career opportunities; however, the cost of professional training leaves many with a burden of significant student loans. Additionally, those who have aspirations to own a practice may have little to no formal training or experience in business ownership. This leaves many dentists feeling unprepared for the financial and HR responsibilities of running a practice, including:

- **Debt reduction planning for costly student loans**
- **Financing the purchase of a dental practice**
- **Cash-flow, tax and accounting knowledge to maximize practice profitability**
- **Personnel management to maintain a productive team**
- **Retirement savings planning as an individual and business owner**
- **Succession planning to transition a practice**

Recognizing a distinct need for dedicated professional services for the dental industry, The DBS Companies were formed in 1986 to provide the comprehensive solutions this community deserves. Over the past three decades, the service model and team have continued to evolve to provide the multifaceted education and resources required to meet the changing needs of dentists throughout every stage of their careers.

With this workbook, *The Dentist's Guide to Financial Success*, you will find practical tools and exercises to gain clarity of your financial goals and direction in order to begin defining *your* vision of financial success.

## Career Profiles

What are your future goals? Taking a look at where you are currently and where you want to be is a critical first step to financial success. Here are a few scenarios of dental professionals at various points in their career. Which of these profiles most closely resembles your current situation?

### STUDENT - ALAN

- Alan is currently attending dental school and has student loans for both his undergraduate degree and dental school to repay after graduation.
- Alan hasn't yet decided on specialty school but wants to gain experience as an associate with aspirations of one day owning his own dental practice.
- After graduation, Alan plans on exploring his refinancing options for his debt.

**Goals:** Graduate, refinance debt, begin working in a practice to gain experience.



### MILITARY - MIKE

- Mike has graduated and is currently serving in the military, which will help with student loan debt.
- After his service, he plans on purchasing his own practice but isn't sure where he will settle down.
- Mike is contributing to a Roth IRA for his retirement but has no other retirement savings.

**Goals:** Finish service, purchase a practice, increase savings for retirement.



### ASSOCIATE - MARIA

- Maria is associating with a local dentist who plans on retiring in a few years, and they have a verbal agreement she will purchase his practice.
- She has quite a bit of student loan debt and isn't saving for retirement yet.
- Maria would like to speak with a professional to understand how to handle the next few years financially so she is successful.

**Goals:** Pay down student loans, purchase a practice, start saving for retirement.





## ESTABLISHING THE PRACTICE - TONY

- Tony has just purchased his first practice and, while growing, is not yet profitable.
- He has a practice loan, student loans and a new home he purchased adding up to large monthly payments limiting cash flow for retirement savings.
- Tony would like to meet with a professional to review his personal and business finances to develop a plan towards profitability.

**Goals: Pay down debt, turn a profit for his practice, start a retirement plan.**



## SEASONED DOCTOR - SHERRY

- Sherry has owned her practice for 10+ years and is consistently profitable.
- She has a retirement plan and is maximizing contributions but is still paying back some student loan debt and practice debt.
- Sherry would like to discuss tax-efficient investing opportunities, including education funding for her children, and looking for a professional opinion to make sure she is on track for her retirement goals.

**Goals: Pay down debt, continue funding retirement, start education funding.**



## LOOKING AT RETIREMENT - DAVID

- David has owned his practice for 20+ years and has been consistently saving for retirement.
- He is beginning to think about retirement, and would like to explore transitions options that allow him to reduce hours and/or eventually retire.
- He would like to understand the process of selling his practice, what retirement would look like and Social Security claiming strategies.

**Goals: Set retirement timeline, sell practice, maximize retirement income.**

## What Are YOUR Financial Goals

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

# Financial Planning Questionnaire

Now that you have identified your goals, the next step is gaining a clear understanding of where you are today. By taking inventory of what is coming in, going out and what you own, you can begin to identify gaps and opportunities to better reach your goals.

## YOUR INFORMATION

Today's Date: \_\_\_\_\_

### Individual 1

Full Name: \_\_\_\_\_

Date of Birth: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

Goal Retirement Age: \_\_\_\_\_

### Individual 2

Full Name: \_\_\_\_\_

Date of Birth: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

Goal Retirement Age: \_\_\_\_\_

## INCOME

	Current Monthly Budget	Current Annual Budget	Expected Retirement Budget
<b>Employment Income (pre-tax)</b>			
Salary/Business Income - Individual 1			
Salary/Business Income - Individual 2			
<b>TOTAL Employment Income</b>			
<b>Other Income (pre-tax)</b>			
Dividends and Interest			
Rental Income			
Pension Income			
Other Income			
<b>TOTAL Other Income</b>			
<b>TOTAL Employment Income + Other Income</b>			

## INSURANCE INFORMATION

	Individual 1	Individual 2
Permanent Life Insurance (Death Benefit)	\$ _____	\$ _____
Cash Values (Less Loans)	\$ _____	\$ _____
Term Life Insurance	\$ _____	\$ _____
Term Expiration(s)	_____	_____
Long-Term Care Insurance Coverage	\$ _____	\$ _____
Disability Insurance Coverage	\$ _____	\$ _____

# Expenses

## ONGOING EXPENSES

	Current Monthly Budget	Current Annual Budget	Expected Retirement Budget
<b>Committed Expenditures</b>			
Housing (Mortgage / Rent)			
Utilities & Telephone(s)			
Real Estate Taxes			
Debt Repayment (Credit Cards, Student Loans, etc.)			
Property & Liability Insurance			
<b>TOTAL Committed Expenditures</b>			
<b>Somewhat Discretionary Expenditures</b>			
Groceries			
Personal Care (Clothing, Hair Care, etc.)			
Transportation			
Medical / Dental (Insurance, Prescriptions, etc.)			
Housing Supplies / Maintenance			
Life Insurance			
Current School Expenses			
Other Expenses			
Personal Expenses Paid by Business & Deducted			
<b>TOTAL Somewhat Discretionary</b>			
<b>Very Discretionary</b>			
Vacations / Travel			
Recreational / Entertainment			
Contributions / Gifts			
Household Furnishings			
Educational Savings Fund			
Other Savings Contributions			
Investments Contributions			
<b>TOTAL Savings &amp; Investment Contributions</b>			
<b>TOTAL Very Discretionary</b>			
<b>TOTAL All Expenses</b>			

## SPECIALTY INCOME / EXPENSES

List any sources of income or large purchases planned in your future (new home, vehicle, business, etc.)

Description	Annual Amount	Increase Rate	Starting Year	# of Years	Priority*
	\$ _____	_____ %	_____	_____	_____
	\$ _____	_____ %	_____	_____	_____
	\$ _____	_____ %	_____	_____	_____
	\$ _____	_____ %	_____	_____	_____

\*Priority: Essential (E), Primary (P), Secondary (S), Optional (O)

## CHILDREN'S EDUCATION & FUND EXPENSES

Child's Name	Age	Age to Start College	Cost Per Year*	# of Years	Current Fund	529?	Annual Additions
			\$ _____		\$ _____		\$ _____
			\$ _____		\$ _____		\$ _____
			\$ _____		\$ _____		\$ _____
			\$ _____		\$ _____		\$ _____
			\$ _____		\$ _____		\$ _____

\*In today's dollars      Assumed Inflation Rate: \_\_\_\_%      Rate of Return on College Funds \_\_\_\_%

Type of College(s) (Public / Private) if cost of attendance is unknown:

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## TAXES

	Current Monthly Budget	Current Annual Budget	Expected Retirement Budget
<b>Income Taxes</b>			
Income Taxes			
Social Security Taxes			
IRA Contribution (deduction)			
401(k) Contribution (deduction)			
Other Deductions			
<b>TOTAL Income Taxes</b>			

## Net Worth Inventory

## FINANCIAL ASSETS

List capital assets including bank accounts, investment accounts, retirement accounts, etc.

Asset Name	Current Value	Annual Additions	Account Description (401(k), checking, brokerage, etc.)
	\$	\$	
	\$	\$	
	\$	\$	
	\$	\$	
	\$	\$	
	\$	\$	
	\$	\$	
	\$	\$	
	\$	\$	
	\$	\$	
	\$	\$	
	\$	\$	
	\$	\$	
	\$	\$	
TOTAL Financial Assets			

## ADDITIONAL (NON-FINANCIAL) ASSETS

	Value	Owner(s)
Residence Value	\$ _____	_____
Personal Property	\$ _____	_____
Autos	\$ _____	_____
Boats, RV, etc.	\$ _____	_____
Other	\$ _____	_____

**TOTAL Non-Financial Assets:**

## DEBTS

DEBTS	Balance	Monthly Payment	Months Remaining	Interest Rate	Minimum Payment
Residence Mortgage	\$	\$		%	\$
Credit Card Balances	\$	\$		%	\$
Auto Loans	\$	\$		%	\$
Boats, RVs, etc.	\$	\$		%	\$
Student Loans	\$	\$		%	\$
Other Loans	\$	\$		%	\$
TOTAL Debt					



# Retirement Income

Is transitioning into retirement one of your current goals? Identify what fixed income resources will be available to you to begin building your retirement income plan.

## DEFINED PENSION INFORMATION

Include information on pensions that provide annual income (i.e. military pension, state pension, etc.)

	Individual 1		Individual 2	
	Pension 1	Pension 2	Pension 1	Pension 2
Anticipated Annual Amount	\$ _____	\$ _____	\$ _____	\$ _____
Starting Age	_____	_____	_____	_____
Increase Rate Before Retirement	_____ %	_____ %	_____ %	_____ %
Increase Rate After Retirement	_____ %	_____ %	_____ %	_____ %
Survivor Benefit	_____ %	_____ %	_____ %	_____ %

Net Worth + Retirement

## SOCIAL SECURITY

	Individual 1	Individual 2
Age to Start Benefit	_____	_____
Annual Increase Rate	_____ %	_____ %
Estimated or Current Annual Benefit	\$ _____	\$ _____

# Retirement Time Budget

Retiring from a career also means retiring to other ways of spending your time. Mentally preparing for this lifestyle change can be an important and often neglected exercise. Complete the table below for an idea of how you will spend your time in retirement. Suggestions: sleep, commute, exercise, kid's activities, hobbies (gardening, reading, travel, crafting, golfing, etc.), volunteering and spending time with family.

	<b>SAMPLE Current Time Budget</b>	<b>Current Time Budget</b>	<b>Retirement Time Budget</b>
12 am - 1 am	Sleep		
1 am - 2 am	Sleep		
2 am - 3 am	Sleep		
3 am - 4 am	Sleep		
4 am - 5 am	Sleep		
5 am - 6 am	Sleep		
6 am - 7 am	Morning Workout		
7 am - 8 am	Prep for Day (self / kids)		
8 am - 9 am	Commute		
9 am - 10 am	Work		
10 am - 11 am	Work		
11 am - 12 pm	Work		
12 pm - 1 pm	Work		
1 pm - 2 pm	Lunch at Office		
2 pm - 3 pm	Work		
3 pm - 4 pm	Work		
4 pm - 5 pm	Work		
5 pm - 6 pm	Commute		
6 pm - 7 pm	Dinner / Family Time		
7 pm - 8 pm	Homework / Kids to Bed		
8 pm - 9 pm	Time with Spouse		
9 pm - 10 pm	Relax		
10 pm - 11 pm	Reading		
11 pm - 12 am	Sleep		



## Next Steps Towards Your Financial Success

Congratulations! Now that you have your personal and professional goals clearly defined along with a current picture of your finances, it's time to take action. *What are you doing to work towards these goals? What are you doing well, what could you improve, and where could you use a professional opinion to help you reach your objectives better, faster or more efficiently?*

The DBS Companies aim to provide the most comprehensive and proactive service offerings possible for dental professionals in each stage of their careers including:

- **Student loan and other debt reduction strategies**
- **Retirement funding**
- **Retirement income planning**
- **Tax planning and preparation**
- **Maximizing practice profitability**
- **Associate and partner buy-ins**
- **Dental practice acquisition**
- **Dental practice sales**
- **Human resources solutions**

## Get Started!

For professional guidance to build a plan to reach your goals from a company dedicated to your unique needs as a dental professional, call The DBS Companies at 800-327-2377 to schedule a consultation today!



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