The Practice Transition, Retirement, and Estate Planning Breakfast

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Follow-Up

Welcome

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Preview Of Today's Discussion

- Insurance Planning for the Periodontist
- Order of Operations for Building Wealth
- Practice Transition Planning

Michael will advise on:

- Benefits of charitable giving
- Estate planning

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What is the Cost of a Seat in This Room?

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Steps to Building Wealth

- Income
- Surplus
- Action
- Consistency

- Tips for efficiency:
  Have a plan
- Work with a team

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Income

- W-2
- 1099
- K-1

Protect Your Income

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Build Your Foundation From The Ground Up

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Common Insurance Policies

Personal Insurance

- Disability Income
- Term Life
- Permanent Life
- Long Term Care
- Home
- Auto
- Umbrella
- Health

Business Insurance

- Professional Liability
- Business Overhead Expense
- Life Insurance for Loan
- Business Owner's Policy
- Business Loan Protection
- Life and Disability Buy/Sell
- Entity Coverage
- EPL
- Workers Compensation
- Data Breach
- ERISA

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Ways to Protect Your Income

- Disability Income
- Professional Liability Insurance
- General Liability Insurance
- Personal Liability
- Life Insurance

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Dr. Perio: New Grad

- 30 years old
- Single, no kids
- Minimal cash position
- No investments
- $350,000 Student Loans
- Salary of $200,000 starting in 1 month!!

To Do:

- Insurance recommendations
- Other planning advice

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Dr. Perio: New Grad

Insurance Needs
- Disability Income
  $9550/month ($114,600/yr)
- Professional Liability
- Auto/Renter's/Umbrella
- Life Insurance?

Financial Planning Tips
- Emergency fund
- *Discuss order of operations for building wealth*
- Student loan plan
- Goals?

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Dr. Perio: Buying the Practice

- Purchase Price $1M
- Bank financing 100%
- Leasing office
- What insurance is required to close?
  - Life Insurance collateral
  - Disability Income collateral
  - Business Owner's Policy
  - Worker's Compensation
  - Proof of Professional Liability

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Dr. Perio: Buying the Practice

Insurance Tips
- Disability Income Collateral
  - Use a business form of disability income
- Life Insurance Collateral
  - Never use personal policy
- Business Owner's Policy (BOP)
  - Data Breach and Employer Practice Liability Ins (EPLI)
- Business Overhead Expense (BOE)
- Entity Professional Liability

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Order of Operations for Building Wealth

- Consistent Income
- Emergency Fund
- Maximize Retirement Plans
- Back-Door Roth IRA
- Taxable Investment Account
- Alternatives/Permanent

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The Importance of Starting Early

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Long-Term Investing

Over Long Time Periods, Return Variability Decreases

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Understanding the Asset Classes

Investors seek higher potential returns as risks increase, e.g. risk of loss, volatility and illiquidity

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Common Retirement Plans for Practice Owners

- SEP IRA
- SIMPLE IRA
- 401K w/out Profit Sharing
- 401K w/Profit Sharing
- 401K w/Profit Sharing and Cash Balance Plan

- When to consider Roth deferrals in a 401K?
- SEP/SIMPLE impact on IRA conversion

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Tax Diversification Buckets

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Practice Transitions

- Traditional Sale vs. Private Equity Sale
- Valuation
- Timeline
- Career path

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Traditional Practice Sale/Transition

- Traditional practice valuation
- Cash
- Short transition period
- Typically, at end of career
- Vet the future owner
- Typically wants to purchase the real estate
- Want to keep practices owned and run by doctors

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Private Equity/DSO Sale

- Business practice valuation based on EBITDA
- Cash and equity deal
- Contract of 3-5 years is typically required
- Vet PE/DSO Firms, but future of practice largely unknown
- Not typically interested in owning the real estate
- Looking for maximum value out of business they've grown

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Strategies When Planning to Sell

- Financial plan and income strategy is in place
- Cash Balance Plan Considerations in final year(s)
- Gifting strategies to help offset taxes in year of sale
- Insurance review
- Career plans after sale

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Charitable Changes for 2026: ITEMIZERS

Starting in 2026, If you itemize and are charitable...

- 0.05% AGI floor for charitable donations
- 35% deduction value cap for itemizers. Doctors in the 37% tax bracket will only realize a value of a 35% deduction due to the cap.

- Income of $200,000: First $1000 is not deductible.

- Household income of $1,000,000: First $5000 is not deductible.

www.irs.gov
www.fidelitycharitable.org/guidance/philanthropy/what-is-a-donor-advised-fund.html

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Charitable Changes For 2026: Non-itemizers

- Above the line deduction for cash donations.
- $1000 for single filers
- $2000 for married couples filing jointly

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Charitable Strategies to Consider in 2025

- Contribute to a Donor-Advised Fund (DAF)
- Donate to DAF, immediate tax deduction, tax-free growth, grant when desired
- Consider Charitable Bunching Strategy
- Talk to your CPA and advisory team to create a strategy that is best for you before the end of the year

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Estate Planning in 2025

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Purpose of Will

- Who gets property
- Who is executor
- Who is trustee
- Trusts for children
  - Trusts until 30 and 35
  - “Generation-skipping” trusts for the children's lifetimes to keep money in bloodline and away from son-in-law or daughter-in-law
- Who is guardian

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ESTATE-TAX - FEDERAL

- 100% marital deduction
- First $13,990,000 free X 2 = $27,980,000
- Above $27,980,000 – 40% bracket
- One Big Beautiful Bill Act increases federal exemption in 2026 to $15,000,000 and thereafter increases with inflation
- Beware of State estate taxes – New York’s exemption in 2025 is $7,160,000

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Bypass TRUST

- First $13,990,000 in “credit shelter” trust for spouse
- Balance qualifies for marital deduction
  - Outright to spouse
  - “QTIP” trust
  - “QDOT” trust if spouse is not

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Assets as a Couple Exceed $13,990,000

- Transfer life insurance to Irrevocable Trust
- Avoid inheriting parents' assets directly
- Survivorship life insurance
- Gifting and use of $13,990,000 exemption
- Charitable Planning – floor of .5% of AGI for individuals (and then limit of 30% of AGI for securities and 60% of AGI for cash) and 1% for corporations before you can deduct after 12/31/25

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- Gift to SLAT – Spousal Lifetime Access Trust
- Pro: Appreciation is removed from estate
- Con: Divorce and Death of Spouse

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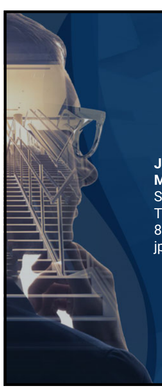

Thank You!

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