



THE BALANCING ACT OF WORK & FAMILY IN THE DENTAL PROFESSION

THE REVOLUTION WOMEN ARE
BRINGING TO DENTAL PRACTICES

by Charles Cooke, CFP®



INTRODUCTION

A national debate broke out when Dr. Anne-Marie Slaughter wrote the article, “Why Women Still Can’t Have it All”, which appeared in *The Atlantic Monthly*. She writes about the roadblocks for female professionals who struggle to pursue professional success and maintain a real commitment to the family. Dr. Slaughter suggests that the key to this balancing act is to be the master of your own schedule. Based on 50 interviews conducted by Cooke Capital, female dental professionals are well aware of this dilemma and there is good news for them. Dental professionals have a great deal of control over their schedules. This is directly linked to choices about practice models and wealth management strategies that help them accomplish their desire for family and work balance.

The current generation of women dentists will be a bridge generation that deals with the many

challenges of being pioneers in the way women practice dentistry. Industry writer and speaker Lynn Carlisle DDS, author of *In the Spirit of Car-ing*, stated, “It is obvious that by approximately the year 2015 the ratio of male to female dentists will approach 60% male and 40% female dentists. The percentage of women in dentistry will rise significantly from less than 20% now to around 40% or more in 2015 as the male dominant ‘Silent Generation’ and older cohort of the ‘Baby Boom’ generations of dentists retire.”

When it comes to organizing or re-organizing a practice, dental professionals have many options. From the many interviews we conducted, we selected four cases that were widely representative of the different models by women to achieve balance between work and family. All practice and professional names are pseudonyms. When the different models were examined, it was revealed that they all had unique wealth management needs.

Case Study # 1 – The Associate

For 15 years, Dr. Bason has worked as an associate in a dental practice for a dentist who owns multiple practices. She likes her work environment and is satisfied with her level of responsibilities. One of her favorite ways to spend her afternoons is at the park with her husband, two children, and their dog. She plans to work for another 20 years as an associate and retire at age 60. Once she retires, her goal is to travel with her family.

Benefits

Dr. Bason does not have to deal with the day-to-day operations of a practice. Business and personnel issues are handled by others. Her set schedule and support from other dentists who can cover in the case of an emergency means she has more time to spend at home with the family. She enjoys working with a team.

Challenges

While Dr. Bason makes a solid income, it does not have the higher earning potential of owning her own practice. In addition, at the end of her career there will not be a dental practice to sell. She experiences less input with patient assignments and business/office decisions. Her practice philosophy may differ from the other dentists in her group. On occasion, she has to deal with difficult patients the owner assigns to her.

Unique Wealth Management Needs and Concerns

She participates in a companywide 401K. Because of lower earnings potential, it is crucial that she implement a well thought-out financial plan immediately to take advantage of her remaining income producing years. She would benefit by a comprehensive review of all insurance policies to make sure she is receiving the most efficient and best quality coverage.

Case Study # 2— Buying into a Partnership

Currently, Dr. Kelly works as a partner in a practice with two female dentists. Her career began as an associate at a large dental practice. She left that practice for an opportunity to work with this group with an option in her contract to become a partner. For a smoother transition, she brought her dental assistant with her. She chose to change practices because these practitioners had a more sympathetic response to motherhood related issues. She accomplished buying into this practice after working with this group for three years. She and her husband currently have three children, and they all love to go to football games.

Benefits

As a partner in a successful practice, Dr. Kelly shares in the financial rewards and makes a greater income. All three partners share in covering when dental emergencies occur. Partners rely on each other for support and second opinions. Office responsibilities are divided according to interest and expertise.

Challenges

Dr. Kelly expressed frustration that as an associate buying into a partnership she didn't have total control of what patients are hers. In one situation, she recalled preparing a treatment plan and then the more senior partner treated the patient. As a latecomer in the practice, she had to adapt to the established administration and business practices.

Unique Wealth Management Needs and Concerns

Providing opportunities for her children is Dr. Kelly's number one priority. As an owner in the practice, she can afford to send both girls to summer camp and enroll them in private elementary school. College planning is a priority, and she makes the maximum contribution into a 529 college plan to take advantage of tax-free growth. She fully participates in the practice's retirement plan in order to minimize the taxable income. Because of two incomes, she and her husband are able to save a substantial amount for retirement, which is important to both of them. She is currently 41 and hopes to retire at 60.

Case Study # 3— Sole Practitioner

Dr. Simpson opened her own practice after being an associate at another dental office. She owns the land and building, and plans to sell the practice at retirement while retaining the building to lease. As she feels having kids and starting a practice at the same time is too stressful, she intends to have children after her practice is established. For future practice growth, she is considering hiring an associate who could eventually become a partner. Currently, she is 30 and plans to retire at 55. Still early in her career, she has already done a great job managing her school and office debt. She loves to travel and envisions retirement as an important time to accomplish that goal.

Benefits

Dr. Simpson enjoys owning her own practice because of the simplicity in decision-making and potential for financial reward. She doesn't have to check with anyone before making changes in policy, days worked, equipment purchases, or employees hired or fired. The success of the practice falls on her shoulders and she does not have to worry about a partner who may or may not be pulling their weight. She prefers this model because as decisions are made she only has to factor in her financial goals and not that of a group. In the future, she would consider hiring an associate if that person is the right fit for her practice.

Challenges

Dr. Simpson stated that a solo practice can be emotionally lonely. The office morale and all decisions are her responsibility and this is sometimes exhausting. With only one practitioner, there are limitations to procedures that can be offered. She chose to delay having kids so she could devote herself fully to building her practice.

Unique Wealth Management Needs and Concerns

Because she is the only person who generates revenue, cash flow is a concern for Dr. Simpson. She is pleased to provide retirement benefits for her employees and for her own retirement. In order to retire early and spend time with her family, she will need to find ways to make maximum contributions to her retirement plan and keep that as a priority.

Case Study # 4 – Establishing a Group Practice

After two years research and planning, Drs. Alston, Banks, and Casey are six years into building their ideal group practice. They are all in their mid-30s and each of them originally started their careers as associates. In order to build the ideal practice for the group, they consulted with mentors and practice management companies to ensure that their vision

was implemented to suit all three owners. During the first couple of years, all practice money was reinvested into the practice. Until the practice is large enough to support three full-time dentists, the partners split their time between the group practice and part-time dentistry at other offices. Spousal income has also made this plan workable. They bought 5,000 sq. feet of undeveloped office space and currently only use 2,500 sq. feet until the practice matures. At practice maturity, partners plan to work three to four days a week and intend to hire an associate. The long-term goal is for the practice to operate with extended hours. Two of the partners currently have children and one partner is planning to have children.

Benefits

Drs. Alston, Banks, and Casey chose this model so they could create the ideal practice based on the same vision, passion, and career commitment. With three partners, a majority always determines decision-making. They have each other for support and shared responsibilities managing the business aspects of their practice. The three dentists split being on-call for emergencies. Treatment plans have the advantage of in-house peer review. Each has their own specialties, which allows the practice to offer a variety of services and expert advice. All three partners offer a sympathetic approach to challenges of motherhood and family needs. A unique aspect of their operating agreement is for only one person to be pregnant at a time.

Challenges

Business and administrative decisions will require all partners to compromise. It can be difficult to schedule and assign new patient accounts fairly. It is important to find staff who will work with three bosses.

Unique Wealth Management Needs and Concerns

Retirement planning design is specialized to address the needs of all three. Specialized legal and business consulting has been established to manage evolving development. Each dentist has her own personal wealth manager as well as one for the practice.

CONCLUSION

From these case studies, it is clear that dental professionals have developed creative models to accommodate their unique business, and while no two individuals or practices are exactly alike, all share the challenge of time management—a predictable outcome of running a dental practice and valuing life outside of the practice.

A strong proactive approach is important to managing the financial decisions of a dental practice. Both business and personal financial decisions require the input from many advisors—tax, law,

insurance, and accounting—which can lead to a disjointed and time consuming approach to financial decision-making. If making long-range financial decisions were not complicated enough, these important choices take place in a difficult economic and geopolitical environment. With all these options to consider, a dental professional can benefit from an advisor who is able to sort through a web of financial and wealth issues.

A wealth manager can benefit the dentist by bringing together a team of experts to streamline



***A Strategic Approach:** A wealth advisor is a bridge to help you sort through a web of financial and wealth issues. The old way of doing business involved considerable time for individual consultations regarding ongoing and complex wealth planning needs. Plus, that method did not afford all the advisors an opportunity to debate with each other the pros and cons of options proposed. In a comprehensive approach to wealth management as illustrated here, an advisor brings together a team of experts to streamline decision-making and coordinate communications. There is now a coordinated approach in which all participants are current with frequently changing tax code, investment strategies, insurance products, and estate planning laws. This team strategy saves time and can help bring peace of mind to an otherwise dreaded task.*

decision-making. This team strategy can save time and help bring peace of mind to an otherwise dreaded task. According to CEG World Wide in 2007, “among more than 2,000 surveyed financial advisors, just 6.6 percent actually use a true wealth management business model. The rest are investment generalists—financial advisors who offer a broad range of investment products but who take no comprehensive overview of their clients’ broad, long-term financial pictures. In other words, they are traditional financial advisors.”

In the old way of doing business, a dentist is surrounded by a variety of independent advisors to help with their ongoing and complex wealth planning needs. This requires time for individual

consultations and does not afford all the advisors an opportunity to debate with each other the pros and cons of options proposed. Without a coordinated approach in which all participants are current with frequently changing tax code, investment strategies, insurance products, and estate planning laws, dentists could be making decisions based on partial information.

The image above shows a comprehensive model of wealth management, which places the dentist in the role of decision maker who is served by a wealth manager. The purpose of a wealth manager is to bring together a team of experts to develop a coordinated strategy for income growth and quality of life, thereby freeing the dentist

to do what she does best: practice dentistry. The dentist has the advantage of having a team who understands the entire picture.

Each of the case studies has unique needs but all benefit from the same fundamental approach to wealth management.

Case Study # 1 (The Associate)

The addition of a wealth manager will help Dr. Bason achieve her specific needs and goals. Because she is not an owner but works with a group, wealth protection is crucial. An annual review of insurance costs and protective benefits by the wealth manager will keep her current with potential policy improvements. She feels comfortable knowing that her wealth strategies are undergoing review.

Case Study # 2 (Buying into a Partnership)

A wealth manager was Dr. Kelly's trusted advisor through the buy-in process. Multiple topics from tax strategy to cash flow planning were addressed with the partner. It was crucial that the attorney on the team reviewed the contract for the buy-in to make sure she had a fair deal. The expert team was there for Dr. Kelly through every step.

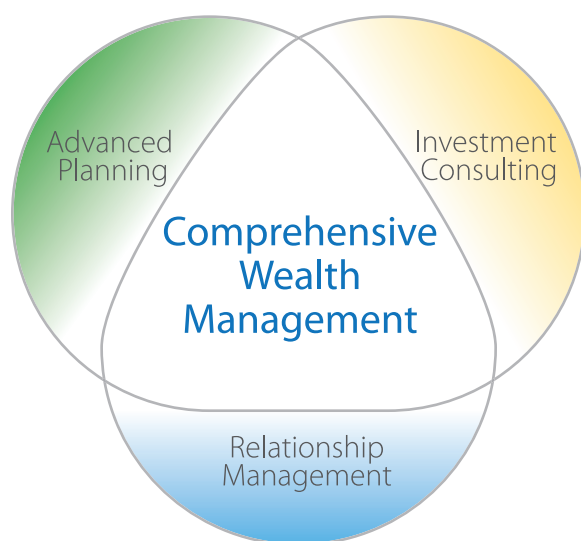
She felt secure because all advisors are working in a coordinated effort. Wealth transfer was addressed early in the process because it represented a priority—to secure her children's educational and future financial needs. She is at ease because the advisor will be there for future financial planning adjustments and decisions.

Case Study # 3 (Sole Practitioner)

Coordinated wealth management will relieve the sole practitioner of many time consuming meetings with individual advisors. Dr. Simpson is busy with daily operations and doesn't have the time to concentrate on constantly changing tax and estate planning laws. An advisor will address wealth enhancement and Dr. Simpson will especially benefit from focus on tax and cash flow planning. Because of strategic planning, increased revenue will be available to finance her desire to travel abroad.

Case Study # 4 (Establishing a Group Practice)

The wealth manager smoothed communication between multiple partners. It was convenient for every owner because the manager consulted the expert team and worked closely with each client's own personal advisors. Drs. Alston, Banks, and



Investment Consulting: Advice and management of a diversified portfolio based on short-term and long-term business needs and personal goals reflecting your personal level of risk tolerance.

Advanced Planning: This consists of wealth enhancement (mitigating of taxes), wealth transfer (taking care of your heirs), wealth protection (from being sued), and charitable gifting.

Relationship Management: The manager's relationship with the client's advisors and team of experts is to coordinate an ongoing process of analysis, using the expertise of all the participants, to determine what recommendations to submit to the dentist.

Casey will be able to focus on dentistry proactively because the wealth manager will bring in a life insurance specialist to work on wealth protection strategies. Life insurance will be effectively implemented in the practice to guard against any unforeseen occurrence and address a potential buy out. Also, each partner of the practice is protected because the attorney from the team drafted important succession planning documents in case it should become necessary. The dentists take comfort knowing that a well thought out plan is in place and annual reviews address changing contingencies. These steps allow everyone to spend more time with their family.

Whether the dentist is managing staff, keeping up with an evolving profession, mastering new technology, caring for patients, or experiencing family life, the demands are great. With all these challenges tugging at the professional, it can be difficult to find time to address important wealth management decisions appropriately. The wealth management consultative process improves life both personally and professionally. The foundation of a comprehensive wealth management model consists of investment consulting, advanced planning, and relationship management.

When the recommendations are made and a plan developed, it should fit the unique goals of the dental professional. No two plans are alike but all plans should point to the optimization of earning potential and maximization of quality time.

Some of the problems with professionals who don't have adequate advanced planning include: legal problems that prevent or hamper the sale of a practice, having to postpone retirement for 10 years, missed opportunities to take advantage of current tax law, becoming disabled with inadequate insurance protection, and loss of balance between family and work. It is easy and tempting to put off financial planning.

As it is as important to visit a dentist twice a year for maintenance, it is equally critical to consult with a wealth manager in this constantly changing environment. Whether 30 or 60-years-old, comprehensive wealth management can optimize the dentist's earning potential and maximize the time available to balance professional life and home.



Charlie Cooke is a wealth advisor specializing in helping successful dentists in North Carolina. Having grown up around the business he understands the challenges that dental professionals face and enjoys making a difference with his dental clients. His experience with the dental industry began early: his father has been a member of the dental profession for over 35 years.

With more than a decade of financial services experience, Charlie worked in North Carolina and New York. Charlie has offices in Wilmington where he resides and also in Goldsboro. He attended the University of North Carolina at Chapel Hill and has a BA in Economics. He is committed to giving back to his community. He has worked on behalf of The Boys & Girls Club, The Boy Scouts of America, and is a member of the Military Affairs Committee at Seymour Johnson Air Force Base in Goldsboro.



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