

**BUSINESS, LEGAL AND TAX PLANNING FOR THE DENTAL PRACTICE**  
**SECOND EDITION**

**CHAPTER 1 — STEPS TO RETIREMENT**

- Six Point Plan For Retirement
- Seller Assisted Financing
- Locating A Purchaser(s)
- High Revenue Practices
- Seller Due Diligence

**CHAPTER 2 — ASSESSING SUCCESSION OPTIONS**

- Complete Sale
  - Structuring the Sale
  - Asset Sale
  - Stock Sale
  - Letter of Intent
  - Financing the Purchase Price
  - Your Continued Employment
  - Sale and Acquisition Documents
- Hire Associate With Later Sale
- Solo Group Arrangements
- Co-Ownership
  - Allocation of Compensation
  - Decision Making and Voting Control
  - Dispute Resolution
  - Associate Buy-In
  - Buy-Out of Departing Owner(s)
  - Employment of Family Members

- The Fifth Option

### **CHAPTER 3 — NEGOTIATING THE WIN-WIN PRACTICE SALE & ACQUISITION**

- Asset Sale
  - Reporting Requirements
  - Contingent Liabilities
  - Like-Kind Exchanges
  - Goodwill
  - Personal Goodwill
- Stock Sale
- Transfer of Ownership to Family Members
- Representations and Warranties
- Indemnification
- Rework
- Letters of Intent
- Obtaining Financing
- Seller Assisted Financing
- Covenants Not To Compete
- Employment or Engagement of the Seller After the Acquisition
- The Needle in the Haystack
- Practice Mergers

### **CHAPTER 4 — HIRING & BECOMING THE ASSOCIATE**

- Personality Profiling
- Spouse in the Practice
- Length of Association
- Timing the Hiring Process
- Associate Compensation

- Proposal For Employment
- Key Employment Agreement Provisions
  - Employment
  - Employment Term
  - Employee's Compensation
  - Employee's Duties And Responsibilities
  - Employee's Non-Disclosure Promises
  - Employee's Non-Competition Promises
  - Vacation and Time-Off
  - Fringe Benefits and Expenses
  - Prohibition Against Transfer
  - Termination of Employment
  - Indemnification and Contribution
  - Miscellaneous
  - Equity Purchase Provision
  - Additional Benefits
- Anticipating Ownership
- Independent Contractor
- Buy-Sell Agreements
- Associate To Owner

## **CHAPTER 5 — USING RESTRICTIVE COVENANTS FOR THE ASSOCIATE AND DEPARTING OWNER**

- Enforcement
- Associate Employment Relationships
- Sale and Acquisition
- Associate Buy-Ins and Owner Buy-Outs

## **CHAPTER 6 — PLANNING ASSOCIATE BUY-INS AND OWNER BUY-OUTS**

- Allocation of Compensation
- Decision Making Control
- Dispute Resolution
- Associate Buy-In
- Buy-Out of Departing Owner(s)
  - Buy-Sell Agreements
  - Deferred Compensation Arrangements
- Employment of Family Members
- Practice Valuation
- Buy-Out Obligation Problem
- Timing the Associate Buy-In
  - Owner and Associate Productivity
  - Pent-Up Demand
  - Availability of Acquisition Candidates
  - Practice Continuance
- The Complexity of Co-Ownership

## **CHAPTER 7 — WHY SOLO GROUP PRACTICE MAKES SENSE**

- Associate Employment Arrangement
- Associate Acquisition
- Compensation and Retirement Plan Contributions
- Form and Operate a Third Entity
- Shared Employees
- Leased Employees
- Health Insurance

## **CHAPTER 8 — SELLING TO OR WORKING FOR A DENTAL SERVICE MANAGEMENT ORGANIZATION — THE ECONOMICS AND THE FUTURE**

### **CHAPTER 9 — UNDERSTANDING PRACTICE VALUATIONS**

- Seller's Perspective
- Incoming Doctor's Perspective
- Declining Practice Values
- Verification Analysis
- Importance of Practice Profitability
- Capitalization Rates
- Capital Expenditures
- Post Retirement Services by the Seller
- Accounts Receivable
- Managed Care
- Co-ownership Values
- Valuation Data
- High Revenue Practices
- Seller Beware
  - Complete Sale

### **CHAPTER 10 — CALCULATING PRACTICE VALUE IN A CHANGING MARKET**

- Summation of Assets
  - Dental Equipment and Cabinetry
  - Office Equipment
  - Dental Supplies
  - Office Supplies
  - Accounts Receivable
  - Advance Payments in Orthodontic Practices
  - Lease

- Leasehold Improvements
- Intangible Assets
- Capitalization of Earnings
- Excess Earnings
- Multiple of Gross Revenues
- Similar Practices
- Discounted Future Earnings
- Verification Analysis
- Required Information
- Rulings

#### **CHAPTER 11 — FINDING AND RETAINING QUALITY EMPLOYEES**

- Hiring
- Employment Policies
- Termination of Employment

#### **CHAPTER 12 — IMPLEMENTING AND UPDATING YOUR STRATEGIC PRACTICE PLAN**

- Advisory Team
- Borrowing
- Annual Legal Audit

#### **CHAPTER 13 — DISPUTE RESOLUTION — FINDING MIDDLE GROUND**

- Litigation
- Board Meetings
- Annual Meetings
- Close Corporation, Shareholder or Operating Agreements
- Independent Third Party
- Split Off

- Dissolution
- Buy-Sell Agreements

#### **CHAPTER 14 — NEGOTIATING YOUR FACILITY LEASE**

- Purchaser Due Diligence
- Bargaining Position
- Measure the Facility
- Leasehold Improvement Costs
- Lease Considerations

#### **CHAPTER 15 — OWNING, ACQUIRING AND SELLING YOUR BUILDING**

- Options/Rights of First Refusal
- Appraisals
  - Appraiser Selection
  - Appraisal Method
- Environmental Considerations
  - Superfund Act
  - Environmental Assessments
- Negotiating the Purchase of Real Estate
  - Description of Premises
  - Purchase Price
  - Depreciation Deductions
  - Down payment and Escrow
  - Title and Title Insurance
  - Building and Zoning Regulations
  - Licenses, Permits and Certificates of Occupancy
  - Condition of Premises/Violations
  - Fixtures and Personal Property

- Possession of Premises
- Representations and Warranties
- Brokerage Commissions
- Recording the Contract
- Real Estate Closing
- Tax-Free Exchanges of Real Estate
- Miscellaneous Ownership Issues
- Financing the Acquisition of Real Estate

## **CHAPTER 16 — SELECTING YOUR PRACTICE ENTITY — S OR C CORPORATION, LLC OR SOLE PROPRIETOR**

- Limited Liability Companies
- Formation of the Limited Liability Company
- Check the Box Regulations
- Self-Employment Tax
- The Limited Liability Company vs. Other Entities
  - C Corporations
  - S Corporations
  - General and Limited Partnerships
  - Conversion to Limited Liability Company Status
- Other Forms of Business Organizations
  - Sole Proprietorships
  - General Partnerships
  - Limited Liability Partnerships
  - Limited Partnerships
  - C Corporations
  - S Corporations

- Non-Tax Considerations Among Entities
  - Limited Liability
  - Sole Proprietorships
  - General Partnerships
  - Limited Partnerships
  - Centralized Management
  - Sole Proprietorships
  - General Partnerships
  - Limited Liability Companies
  - Limited Partnerships
  - C and S Corporations
  - Continuity of Life
  - Sole Proprietorships
    - General Partnerships and Limited Liability Companies
  - Limited Partnerships
- Free Transferability of Interests
  - Sole Proprietorships
    - General Partnerships, Limited Partnerships, Limited Liability Companies
  - C Corporations and S Corporations
  - Tax Considerations Among Entities
- Organization of the Practice
  - Sole Proprietorships
  - Partnerships
  - C and S Corporations
  - Taxability of Income
  - Sole Proprietorships
  - Partnerships

- C Corporations
- S Corporations
- Deductibility of Losses
- Passive Loss Rules
- Sole Proprietorships
- Partnerships
- C Corporations
- S Corporations
- Partnerships vs. S Corporations
- Special Allocations
- Partnerships
- C Corporations
- S Corporations
- Choice of Fiscal Year
  - Overview
  - Required Taxable Years
  - Code Section 444 Elections
  - Adoption of Fiscal Year by New Entities
  - Retention of Fiscal Year by Existing Entities
  - Existing Entities Changing to New Fiscal Year
  - Additional Restrictions
  - Accounting Method
- Non-Liquidation Distributions
  - Partnerships
  - C Corporations
  - S Corporations
- Termination of An Owner's Interest/Sale of the Practice
  - Partnerships

- C and S Corporations
- Valuation Issues
- Liquidations
  - Partnerships
  - C Corporations
  - S Corporations
  - Income Splitting
  - Sole Proprietorships
  - Partnerships
  - C Corporations
  - S Corporations
- Qualified Retirement Plans

## **CHAPTER 17 — MANAGED CARE CONTRACTS — WHAT THE PROVISIONS MEAN**

- Required Documents
- Terms of and Parties to the Agreement
- Definitions of Terms
- Compensation
- Modifications to the Agreement
- Liability Insurance
- Patient Acceptance
- Most-Favored Nation
- Referral Restrictions
- Emergency Care
- Utilization Review Procedures
- License to Practice Dentistry
- Peer Review

- Grievance System
- Independent Contractor
- Hold Harmless/Indemnification
- Non-Competition
- Liquidated Damages
- Assignment/Transfer
- Termination
- Arbitration
- Jurisdiction and Venue
- Entire Agreement
- Impact of Managed Care on Your Practice

## **CHAPTER 18 — DESIGNING, RELOCATING OR ESTABLISHING THE PRACTICE FACILITY**

- Relocating the Practice
- The Practice Facility
- Dental Equipment
- Dental Supplies
- Facility Design
- Contracts
- Lease Versus Purchase
- Americans With Disabilities Act
- Malpractice

## **CHAPTER 19 — ASSESSING YOUR PRACTICE OPTIONS**

- Practice Option Report
- Qualitative Considerations
- Quantitative Considerations
- Establishing a Practice

- Acquiring a Practice
- Acquiring a Portion of a Practice
- Solo Group Arrangements
- Associating

## **CHAPTER 20 — ACQUIRING YOUR PRACTICE — THE IMPORTANCE OF PURCHASER DUE DILIGENCE**

- Comparison of Practice Options
- Preparation or Confirmation of the Practice Valuation
- Confirmation of Value
  - Compatibility of Purchaser and Seller
  - Financial Information
  - Organizational Matters

## **CHAPTER 21 — IMPLEMENTING EFFECTIVE MEASUREMENTS AND CONTROLS**

- Managing Systems

## **CHAPTER 22 — DESIGNING THE "RIGHT" RETIREMENT PLAN FOR YOUR PRACTICE**

- Deadline For Updating Plans
- Protection Of Retirement Plan Assets From Creditors
- Entity Considerations
- Social Security Integration
- Distribution Rules
- Compensation Limits
- Eligibility And Vesting
- Types Of Qualified Plans
  - Defined Contribution Plans
  - Profit-Sharing Plans
  - Cross Tested Profit-Sharing Plans

- 401(k) Plans
- 401(k) plan integrated with Social Security at Social Security taxable wage base.
- Money Purchase Pension Plans
- Target Benefit Pension Plans
- Defined Benefit Pension Plans
- Cash Balance Plan
- Employee Census
- A Final Thought

## **CHAPTER 23 — REVIEW OF FRINGE BENEFITS AND BUSINESS DEDUCTIONS**

- Fringe Benefits
  - Accident and Health Plans
  - Long-Term Care Plans
  - Disability Income Plans
  - Group Term-Life Insurance
  - Dependent Care Assistance Plans
  - Achievement Award Plans
  - Education Assistance Plans
  - Cafeteria Plans
  - Summary Plan Descriptions
- Business Deductions
  - Entertainment and Meal Expenses
  - Expense Reimbursement Plans
  - Record Keeping Requirements
  - Automobile Expenses
  - Purchasing an Automobile
  - Leasing and Automobile

- Deductible Travel Expenses

## **CHAPTER 24 — PROTECTING YOUR ASSETS**

- Asset Protection Planning Goals
- Pitfalls In Asset Protection Planning
- Asset Protection Planning
- Methods of Asset Protection Planning

## **CHAPTER 25 — PLANNING YOUR ESTATE — AVOIDING PROBATE AND FAMILY FIGHTS**

- Economic Growth and Tax Relief Reconciliation Act of 2001
- Estate Inventory
- Applicable Exclusion Amount
- Effective Use of the Applicable Exclusion Amount and Marital Deduction
- Gifts
- Gifts Qualifying For the Annual Exclusion
- Gifts to Custodianship Accounts
- Irrevocable Crummey Trusts
- Section 2503(b) and 2503(c) Trusts
- Unlimited Exclusions for Gifts for Tuition and Medical Care
- Gifts to Spouses — The Gift Tax Marital Deduction
- Gift and Estate Tax Charitable Deduction
- Liquidity Planning
- Living Trusts to Avoid Probate
- Your Will