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Show Me The Money

The vast majority of today's dental students are graduating with significant debt. Most new graduates ultimately desire to own a practice—and that's where smart financial decision-making comes in. Everyone knows of that person in dental school who bought a new car or went on expensive vacations courtesy of their student loans. But the reality is that generally student debt is rising right in step with tuition and fees.

Good credit is the key whether you're buying or building or purchasing your first practice or your first home. While lenders look at a number of factors when making a credit decision, the most critical aspect of your financial profile is your personal debt such as credit card debt, lines of credit and student loans. Your overall credit rating is based on **amount of debt and timeliness of monthly payments.**

According to the American Dental Education Association (ADEA) Survey of Dental School Seniors, in 2005, the graduating class averaged educational debt at graduation of \$129,639. Only 8.4% of new graduates were able to finance their dental education without taking on debt. That means that 91.6% of graduates have student debt.

Having good, well-managed credit will make it easier to secure the financing needed to purchase, build or expand a practice and it's never too soon to develop a healthy financial profile. Here are five simple steps that can be taken to improve your credit rating:

The ADA 2004-05 Survey of Dental Education showed tuition alone averaging about \$85,000 for four years of dental school for state residents (and almost \$130,000 for four years at out-of-state rates). It's easy to see why the average graduating debt is so high.

1. Maintain at least two or three revolving credit accounts (such as credit cards and lines of credit). This will demonstrate that you know how to use your credit wisely by not using all the credit available to you. However, avoid applying for credit from too many lenders as multiple credit inquiries made within a short time frame will negatively impact your credit rating.

The 2002 Survey of New Dentist Financial Issues reveals that recent graduates average \$9,000 per month or \$109,000 per year as an associate full-time dentist. However, it's easy to see how that \$9,000 per month disappears when you factor in the average monthly costs of living.

2. Make on-time monthly payments on credit cards, mortgages, installment loans and student loans. Remember, most service providers such as doctors' offices, cell phone companies and others will report late payments and collections to credit bureaus.

- \$ 2,700 taxes
- \$ 1,500 rent or mortgage payment
- \$ 500 utilities
- \$ 650 car payment and auto insurance
- \$ 1,000 life, disability, and malpractice insurance

3. If you are in dispute with a creditor, continue to make minimum monthly payments while working towards a resolution.

4. Protect your identity. Review your personal credit report at least twice a year to ensure accurate reporting of all accounts. Inform all credit bureaus of any discrepancies in writing. Remember, **all credit information stays on your records for up to ten years.**

Student loans take another \$1,200 per month, leaving just \$1,450 per month for groceries, clothing, gas for the car, health club membership and most important: savings. Getting married? Having kids? It all adds up.

With credit card or other non-educational debt, missing even one payment or making the wrong assumptions about the grace period before the new graduate has to start making loan re-payments, can all have a negative affect on the all-important determination of credit worthiness, the **credit score.**



Continued Inside...

Professional Transitions
would like to

Congratulate

Darryl Damon, DMD to
Nicholas Marciano, DMD
Bonita Springs

John Ricks, Jr., DDS to
Oscar Hernandez, DMD
Bradenton

Arthur Sokoloff, DDS, FACD to
Alvaro Fernandez-Carol, DDS
Coral Gables

Steven Velez, DDS to
Ingrid Castillo, DMD
Coral Springs

Richard France, DDS to
Christie Dental
Daytona Beach

Thomas McDonald, DDS to
Stephen McLeod, DMD &
Charles Pike, DMD
Orlando

Luis Zambrano, DMD to
Sofia Parpia, DDS
Orlando

Money *Continued*

Expert advice for graduating dentists or associate dentists is to cut expenses on big-ticket items and monitor daily spending. For example, skip the expensive new car—even though you deserve it—and watch how often you eat out. Limit your use of credit cards. But don't put off buying insurance, because the financial consequences of not having it when you need it can be devastating. Monitor your credit reports, keep an eye on your credit score and plan ahead so you can accomplish your long-term goals. It may be common sense, but it takes constant diligence. And it's just the start of a lifetime of sound financial decisions you'll need to adhere to so you can accomplish your long-term goals.

So how does a recent graduate enter into the world of private practice dentistry? Start-ups are very costly with leasehold improvements averaging \$100-\$150 per sq. ft., new equipment with all digital/paperless technology in the \$250,000 range and a new 1,000 sq. ft. office can easily cost \$350,000 to \$400,000. With all of the new walls and equipment, there is no history of new patients or cashflow. Usually a startup dentist is forced to have an associate job just to pay the overhead of the new office and living expenses.

The easier path is the purchase of an existing practice with a historical cashflow. The negotiated purchase price is determined so that the available cashflow will satisfy the overhead of the practice as well as servicing the purchase debt. After debt service, there should be enough money left for reasonable living expenses.

How does all of this relate to practice acquisition? Lenders for practice acquisition are willing to lend 100% of the acquisition costs of a practice plus working capital! Sellers are not generally required to cosign or guarantee the loans and are generally unwilling to do so. The best rates and terms are available for purchasers with the best credit ratings. Lower credit ratings can adversely affect a purchaser's interest rate or even a purchaser's ability to qualify for loans.

Professional Transitions, Inc. can assist purchasers with loan acquisition with leading lenders. For further information please contact us at info@professionaltransitions.com or 800-262-4119.

Death and Disability

Your steps now are the key to set your practice up for success in event of the unexpected happening to you.

For information call **(800) 262-4119** or visit us at **[professionaltransitions.com](http://www.professionaltransitions.com)**



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Fees & The New Year

With the New Year, the cost of operating your dental practice increases. Supplies, rent, insurance, staff as well as every other cost of running your business increases. There are only two possible ways for you to make up this difference: either you work more to increase your income or you raise fees on the services you provide.

Incremental increases during the year are generally easier to implement than larger annual increases. Fees that patients often see like periodic examinations and routine re-care services should be raised more slowly than major expenses like crown and bridge procedures.

To effectively implement fee increases, involve your staff. While most offices raise staff compensation annually, that is not necessarily the most efficient way to do it. While welcomed by the staff, the annual increase becomes an expectation and unless they understand that their compensation is relative to the overall financial health of the practice, they are unlikely to support your efforts. Your staff is more likely to support and defend fee increases when they realize that their compensation is actually a function of the office income.

In the past, PTI Today has published detailed considerations with respect to your fees. You are invited to revisit past articles at <http://www.professionaltransitions.com/newsletter.htm>. Additionally, Professional Transitions, Inc. continues to offer a free zip code customized fee analysis for your practice.

Please contact us at **(800) 262-4119** or visit us online at **<http://www.professionaltransitions.com/fees>**

Unlock Your Future *General and Specialty Practice Purchase Opportunities*

NORTH FLORIDA

Contact: Paul Rang, DMD, JD

		Gross	Net
Lake City	7 ops FFS Pano 2 days/week	\$680K	
Live Oak	7 ops FFS Pano 2 days/week	\$638K	

Specialty Practices

NE Florida	Pedo	\$1.2M	
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WEST FLORIDA

Contact: Greg Auerbach, MBA or Paul Rang, DMD, JD

		Gross	Net
Avon Park	4 + 2 ops FFS RE Avail		PENDING
Bradenton	5 ops FFS RE Avail		SOLD
Citrus County	5 ops FFS Pano	\$705K	\$213K
Crystal River	8 ops FFS Pano RE Avail	\$1.1M	\$315K
Englewood	5 ops FFS Pano RE Avail		PENDING
New Port Richey	5 ops FFS	\$732K	\$206K
Sarasota	3 ops Facility 1100 SF		FOR RENT
Sarasota	4 + 1 ops FFS/PPO		PENDING
Tampa	4 ops HMO/Cash	\$375K	\$121K
Tampa	5 ops FFS		SOLD
Venice	4 + 1 ops FFS/PPO RE Avail	\$625K	\$125K

Specialty Practices

Tampa	Ortho - Associate/Buy-In		
Tampa Area	Oral Surgery - 5 ops RE Avail	\$2.7M	\$1.75M

CENTRAL FLORIDA

Contact: Paul Rang, DMD, JD

		Gross	Net
Citrus County	5 ops FFS Pano	\$705K	\$213K
Cocoa	6 ops FFS Pano, RE Avail	\$1.1M	\$378K
Crystal River	8 ops FFS Pano RE Avail	\$1.1M	\$315K
Daytona Beach	4 oops FFS RE Avail		SOLD
Gainesville	4 ops FFS/PPO Pano	\$1.1M	\$328K
Levy County	7 ops 3 days/week	\$292K	\$58K
Ocala	5 ops FFS	\$1.1M	\$479K
Ocala	5 ops FFS	\$619K	\$210K
Orlando	3 + 1 oops FFS		SOLD
Orlando	4 ops FFS/PPO		PENDING
Orlando	3 + 1 ops FFS/PPO	\$700K	\$248K
Pasco Co. - NPR	5 ops FFS	\$732K	\$206K

Specialty Practices

Orlando	Orthodontics 2 days/week	\$350K	
Treasure Coast	Prosthodontics	\$717K	\$184K

SOUTHEAST FLORIDA

Contact: Stuart M. Auerbach, DDS

		Gross	Net
Aventura	5 ops FFS C&B	\$1M	\$312K
Coral Gables	3 ops FFS/PPO		SOLD
Coral Springs	5 ops FFS/PPO 3 days/week		SOLD
Coral Springs	6 ops FFS/PPO HMO	\$1.3M	\$475K
Hialeah	4 ops FFS/PPO Pan *Satellite Office*		Ask \$225K
Homestead	2 + 1 ops FFS *Nice Office*	\$360K	\$112K
Lower Keys	5 ops FFS Crown/Bridge w/Real Estate	\$1.2M	\$250K
Plantation	5 ops FFS Computers & Digital X-Ray	\$1M	\$315K
Pompano Beach	2 + 3 ops FFS		Ask \$150K
Pompano Beach	3 ops FFS/PPO 3 days/week	\$491K	\$150K
Sunrise	7 ops FFS/PPO including Condo		PENDING

Specialty Practices

N. Dade County	Pedo / Ortho - 6 ops FFS		Ask \$250K
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Practices Ready Facilities

Jupiter	5 ops equipped Shopping Center		Ask \$150K
Miami Beach	2 + 1 ops Dig X-Ray Networked		SOLD
Pembroke Pines	4 ops - Equipment *FACILITY*		SOLD
Vero Beach	3 ops *CONDO* w/equipment		Ask \$460K
Wellington	4 + 1 ops Equipped *ORTHO FACILITY*		Ask 50K

SOUTHWEST FLORIDA

Contact: Hy Smith, MBA or Greg Auerbach, MBA

		Gross	Net
Ft. Myers	5+2 ops FFS 3 days/week	\$585K	\$167K
Ft. Myers	5 ops Equipped Facility - Move-In Now		Ask \$75K
Ft. Myers Area	4 ops FFS Pan, RE Avail	\$640K	\$191K
Naples	5 ops FFS Pan	\$350K	
Naples	4 ops Equipped Facility - Move-In Now		Ask \$80K
Naples - South	3 ops FFS Paperless	\$480K	\$147K
Naples Area	7 ops FFS/PPO		SOLD
Naples Area	9 ops FFS		SOLD
Punta Gorda	4 ops FFS/PPO	\$716K	\$215K

Specialty Practices

Naples	Oral Surgery	\$450K	
Naples	3 ops Facility Ready For Specialty	\$225K	

Buyer Projected Net Income Assumes 100% Financing

For the most recently updated listings visit

www.professionaltransitions.com

We currently have buyers and associates looking for the following opportunities:

GENERAL DENTISTRY

Broward, Collier, Dade, Hillsborough, Manatee, Orange, Sarasota

PEDODONTIST

Broward, Dade, Palm Beach

ORTHODONTIST

Broward, Collier, Dade, Hillsborough, Lee, Manatee, Sarasota

PERIODONTIST

Broward, Palm Beach



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