Planning for a Financially Secure Future

What You Can Do to Ensure Long-Term Success

Improving Practice Collections Procedures

By Roger P. Levin, DDS

Based on recent survey data gathered by the Levin Group Data Center™, U.S. dentists collected an average of 90.7 percent of their fees. This represents a significant decline from the collections rate reported for the previous year and means that practices are losing nearly 10 percent of the revenue they have earned. At a time when many practices are struggling to increase revenue, developing more effective collections systems — capable of reaching a 99 percent target — has become a top priority.

THREE FACTORS TO CONSIDER

Before looking at ways to gain control of accounts receivable, it's helpful to think about a number of factors related to the problem:

1 More people are stressed about money. Economists may say that the country has recovered from the Great Recession, but according to U.S. Census Bureau data, real median household income was down 8 percent in 2013 compared with 2007 (the year before the recession). Unless your practice serves a community that has fared better than most, many of your patients are likely to have tighter budgets — or at least are exercising caution about spending.

2 The longer you wait for payment, the less likely you are to receive it. It's common knowledge among businesspeople that, on overdue accounts, every passing day reduces the chance of getting paid. If you fail to collect payment before the 90-day mark, you'll probably have to write it off as bad debt. You should, therefore, approach collections with a sense of urgency.

3 Overdue payments erode cash flow, which impairs growth. Yes, as the saying goes: "You have to spend money to make money." However, it is also true that: "You have to collect money to spend money." If you can't count on sufficient revenue coming in, due to a low collections rate, it's risky to commit to new, practice-building expenditures. Even if you're able to meet existing expenses, remember that uncollected fees may prevent you from funding growth strategies.

"Even if you're able to meet existing expenses, remember that uncollected fees may prevent you from funding growth strategies."

SIX STEPS TO RAISE YOUR COLLECTIONS RATE

The following outlines six of the preventive and corrective collections techniques you can implement within your practice:

1 Explain payment policies clearly and emphatically. In addition to preparing a brochure about this subject, you should provide your front desk staff or financial coordinator with scripting to present practice policies regarding payment for services. The scripts will help staff members state patient responsibilities clearly and emphasize that the rules will be strictly enforced, while maintaining a pleasant manner throughout the conversation. New patients, of course, must be introduced to office policies. If policies are changed to improve collections, this gives you a reason to review policies with existing patients as well.

2 Offer a number of payment options for larger cases. If you're recommending elective, multi-tooth or other treatment that will require patients to pay a higher fee, there are two excellent reasons to offer a choice of payment methods. One is that doing so will increase your case-acceptance rate. The other is that it will help increase your collections rate, if you offer the right options.

3 Collect initial payment from patients before they are seen. Politely inform all patients that professional services will not be rendered until co-pays and other initial payments have been made. Then follow through with this policy — no exceptions. This will reduce the number of overdue accounts dramatically.

Continued on next page ➜

Continued from previous page

4 Stay on top of insurance claims. In many practices today, dental insurance payments represent a high proportion of practice revenue. To avoid cash-flow problems caused by delayed insurance receipts, develop systems to maximize timely payment:

- Double-check insurance claims to eliminate clerical errors that can require time-consuming correction and resubmission.
- File claims daily without fail.
- Document due dates, and check payment against these dates.
- If payment isn't received on schedule, use the one-day rule: Contact the delinquent insurer immediately for an explanation of the delay.

5 Act quickly when patient payments become overdue. As with insurance companies, use the one-day rule with patients. Call them within one day of the missed due date and ask for assurance that the bill will be paid right away. You may sympathize with patients whose financial situations cause them to pick and choose which bills to pay on time, but don't let your practice be relegated to the end of the line when it comes to payment.

6 Use the "rule of threes" to deal with unresponsive patients. If the one-day rule doesn't get the desired result, initiate a more intense collections process that follows the rule of threes. It consists of:

- Once a week for three weeks, place a phone call (preferably to the patient's cellphone), asking for payment.
- Then, shift to email, sending a request for payment every week for three weeks.
- Finally, send a formal letter every week for three weeks.

Usually, patients will pay what they owe before your practice has gone through this entire nine-week process.

Every dental practice's growth plan should include not only strategies for increasing production, but also systems for reaching the 99 percent collections target. Using the techniques described here, you will guarantee that more of your production shows up on the bottom line, cash flow will be sustained and stress will be reduced. ✦

Roger P. Levin, DDS, is the founder and CEO of Levin Group Inc. To comment on this article, email *impact@agd.org.*

How to Save for Retirement at All Stages of Your Career

By Garrett Gunderson

The most common advice when it comes to saving money is to start saving early. It's not wise to wait until you have a successful dental career or practice to start tucking away that mythical "extra money." Because Parkinson's Law applies to money, too: Author and naval historian C. Northcote Parkinson put forth that the more time you have to complete a task, the more you'll use. Likewise, the more money you have coming in, the more you'll use on frivolous items, spending sprees and premature lifestyle upgrades. There won't be anything left to save, regardless of your income.

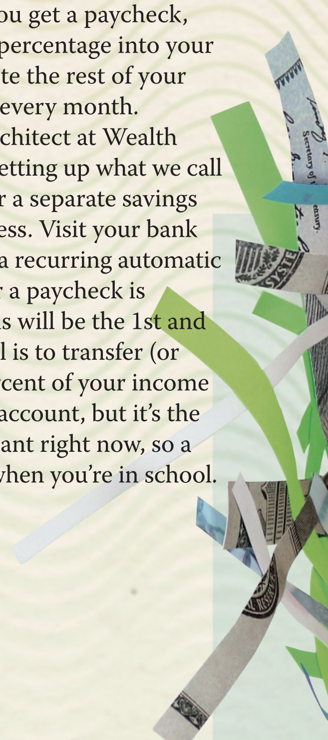
It's important to start saving early, but it's more important to get your financial philosophy set and your financial house in order as early as possible. When you do, it makes saving money easy at every stage of life.

SAVING MONEY IN DENTAL SCHOOL

College students are not known for meeting large savings goals. However, you can make more progress than you think by getting your financial philosophy set and wealth architecture in place.

When it comes to saving money, a wise financial philosophy is to always pay yourself first. If you wait to see how much money is left over after bills, food and impulse purchases, you're going to get bit by Parkinson's Law, and there won't be any money left. But if every time you get a paycheck, you immediately deposit a set percentage into your savings account, you can deplete the rest of your paycheck and still grow richer every month.

In my role as chief wealth architect at Wealth Factory LLC®, I'd recommend setting up what we call a "Wealth Capture Account," or a separate savings account, to automate this process. Visit your bank in person or online, and set up a recurring automatic transfer that initiates whenever a paycheck is deposited. For most people, this will be the 1st and the 15th of the month. The goal is to transfer (or work up to transferring) 15 percent of your income from your checking to savings account, but it's the philosophy that is most important right now, so a smaller percentage is just fine when you're in school.



In doing this, you're building liquidity, which is vital to your financial foundation, especially if you want to start your own practice. Having six months of personal expenses in savings is much more valuable than having that money locked up in a 401(k) or IRA where it's difficult to access. While you're in school, this is also a great time to study different investment methods to see which, if any, match your unique style of investing. Too often, when your dental career gets busy, it's easy just to throw money at whatever investment is popular at the time. But risk comes from investing outside of your strengths, so an investment that's great for someone else may be a disaster for you.

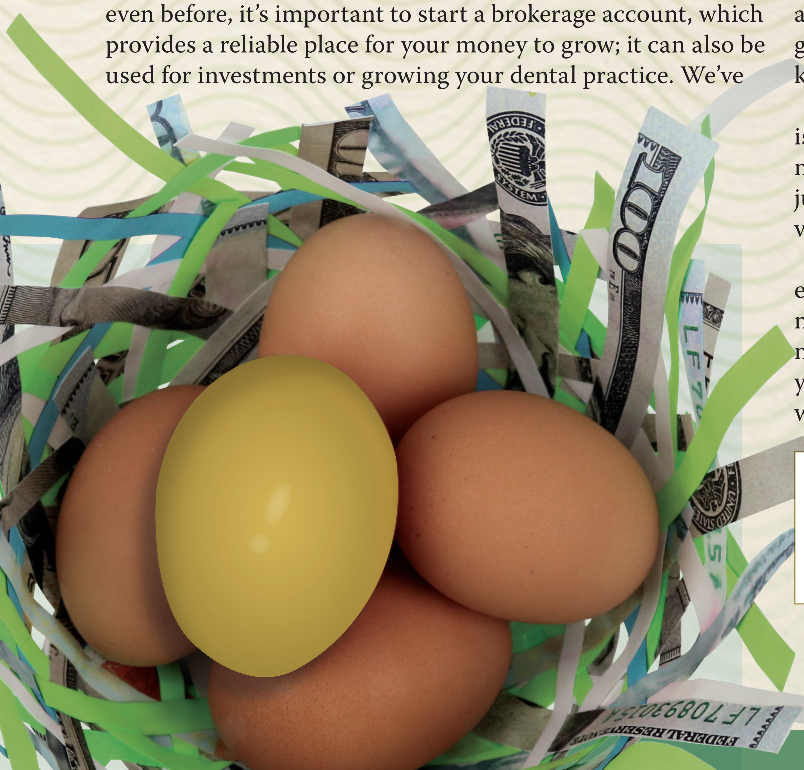
SAVING MONEY AS A NEW DENTIST

As a new dentist — whether that's as an associate or in your own practice — it's not time to change strategies; it's time to double-down. If you're not yet transferring 15 percent of your income to savings automatically, now is the time to make that your immediate objective.

In fact, this is when I advise people to add an extra 3 percent — or 18 percent total — to what we refer to as a "Living Wealthy Savings Account," or an account for money that is exclusively for spending on guilt-free pleasures. If you saw how much money my wife and I spend on concert or stand-up comedy tickets, you'd question our decision to do this, but it's what we value and so we spend the money guilt-free. This is critical for avoiding burnout because if you're out of energy, you'll make and save less money.

I do not recommend taking money out of your business and locking it all away in 401(k)s or IRAs right now. That is premature diversification. Invest first in yourself and your dental practice — or future dental practice — because you and your business are your greatest wealth creators. It's also important to make sure you have enough insurance coverage to transfer risk and protect what you have worked so hard for.

Continue saving this way until you have at least six months of expenses saved up and, preferably, one month of expenses in cash or precious metals in a safe at home. At this point, or even before, it's important to start a brokerage account, which provides a reliable place for your money to grow; it can also be used for investments or growing your dental practice. We've found that "Cash Flow Insurance" — which is a properly designed permanent life insurance policy — is the best type of account for this.



Cash flow insurance delivers a guaranteed, tax-deferred return no matter what the markets do, usually around 4 percent or slightly higher. When you "overfund" the policy, it acts like a supercharged savings account, except the money is untouchable to creditors in most states. You can access the extra money in your policy at any time to invest anywhere you want, including your dental practice, financing your equipment or making a down payment on an office space. Eventually, you could even use this money to buy your first or an additional dental practice, which is a great way to generate more cash flow now and in retirement. Of course, this isn't right for everyone, so do your own research and consult your financial adviser or retirement planner.

SAVING MONEY WHEN YOUR CAREER IS FLOURISHING

By now, ideally, you've saved up six months of expenses and are contributing to your savings, etc., accounts every month. If your practice is fully funded, and you're running out of opportunities to find a high return in your business, then it makes sense to start investing elsewhere. But remember to invest in what you know, as you drastically lower your risk.

I recommend meeting regularly with an accountability partner to go over your finances — including investments, loans and insurance policies — to make sure you're set and that your wealth is headed in the right direction.

SAVING MONEY AS A SEASONED PROFESSIONAL

Most financial advisers and pundits tell you to take risks when you're young and be conservative in later years. But I say that risk is risk. There's a huge opportunity cost to losing money and time when you're young that can never truly be recovered. That's why it's important to build a solid financial foundation of emergency savings and guaranteed growth before investing elsewhere. That's the key to economic independence.

And now, in your senior years, the best case scenario is that you have a thriving practice, delivering cash flow month after month. This is a much better place to be than just holding a handful of stock certificates that can drop in value overnight.

If you are a seasoned professional reading this and are not economically independent, don't worry — just get started now because, really, the rules never change. Never lose money, focus on cash flow, build liquidity, invest in what you know and protect the downside. That's the way to build wealth, no matter what your age. ✦

Garrett Gunderson is founder and chief wealth architect of Wealth Factory LLC®, a personal financial education and implementation program for entrepreneurs, health care professionals and small business owners. To comment on this article, email *impact@agd.org.*

Managing Dental School Debt

How Some New Dentists Are Paying Down Their Student Loans

By Sarah Netter

By 8:15 a.m. every weekday, Daniel Masters, DMD, of Tulsa, Oklahoma, has said good morning to his wife of nearly eight years and kissed their young son goodbye. He's behind the wheel of his reliable Toyota Matrix, on the way into the office, where he will spend the workday examining teeth and reviewing X-rays.

He won't stop to buy coffee on the way to work, and he won't pick up take-out on his way home. Masters — who has $572,178 in student loans — is one of thousands of recent dental school graduates with a high amount of student debt.

He and wife, Amber, strive to keep their housing and transportation costs low. He says his home and car payments are less expensive, and, thankfully, he doesn't drive far to go to work.

Dentists graduated this year with an average debt of $262,119, a 211 percent increase in the past 20 years, according to the American Dental Education Association (ADEA). The average annual salary for dentists, $174,780, has fallen 20 percent from the pre-recession average of $219,378, the American Dental Association reports.

"The question I get is, 'How do I budget for this?'" says Timothy J. McNeely, a certified financial planner in California and the CEO of the dental-only wealth management firm, LifeStone™ Wealth Management. "Clients ask: 'Do I pay off my loans, do I save for retirement, do I buy a practice, do I get a house?' [Debt is] a like huge ball and chain."

A majority of dental school students and graduates take out multiple loans to pay for school. Nearly 75 percent of dental school seniors surveyed by ADEA said they had taken out Stafford Loans. Another 54 percent said they took out federal graduate PLUS Loans, and 10 percent reported taking out private loans.

STICKING TO A BUDGET

Masters, who has a master's degree in biomedical science from Barry University in Miami, started working in August 2016 as a full-time associate in a large practice in Tulsa, Oklahoma. Adding in his wife's law-degree loans, they are digging their way out from more than $623,000 in student debt.

"We've been trying to figure out how much we're making and how much we're putting into loans versus making sure we have funds for emergencies and such," Masters said. The couple uses Mint, a web-based personal financial management service, to track their budgeting and spending, as well as shopping rewards apps such as Ibotta and Swagbucks.

"The biggest thing for us is sticking with our budget and having weekly meetings," he says. "That's made both of us way more accountable."

Not finding a lot of do-it-yourself debt-management tips, the couple started their own online debt pay-down chronicle. Their website, *Red Two Green,* includes blog posts about how they stick to a budget and displays a debt ticker showing how much they've paid off so far. As of Dec. 1, 2016, their debt is down more than $40,000.

To tackle their loans, the couple has applied for the income-based repayment plan, which allows loan-holders to pay down their debt on a sliding scale; payments go up or down based on the amount of income rather than a fixed amount.

"But we're doing that with the idea that we want to throw down as much as we can every month and get rid of it as fast as we can," says Masters, adding that the repayment structure is a safety net for them in case of a lean month.

McNeely tells his clients there are multiple options to attack that debt and start paying it down early, including refinancing loans. "Figure out if you can get a lower rate on your loan," he suggests. "You want to get them as low as possible as quickly as possible."

To obtain a lower rate, Justin Le, DDS, of San Jose, California, refinanced his debt with Academy of General Dentistry (AGD) Member Savings & Offers program provider Earnest, after opening his own practice in 2015. By saving money on interest and customizing a new monthly payment, he plans to have paid off his debt by 2018 — eight years after he graduated from University of the Pacific Arthur A. Dugoni School of Dentistry in San Francisco.

There are many private lenders that offer low-cost and personalized student loan refinancing, and it takes minutes to get a rate estimate (with no credit check required). However, applicants may want to consider weighing the benefits of cost savings accrued through low interest against losing federal loan benefits, such as income-based repayment.

"Then make some sacrifices. Don't buy that expensive BMW," McNeely says. "Come up with a repayment plan, and stick to it."

Though forbearance — which allows you to postpone your federal student loans — is an option, McNeely cautions against it, as interest will continue to accrue on your loans. If you need another option from the government, he says, sign up for an income-based repayment plan like the Masters did and try to pay more than the minimum when you can.

There are also a variety of state, federal and military loan-forgiveness programs. Just read the fine print, McNeely cautions. While some programs exchange loan forgiveness for a few years of work in underserved areas, others will forgive loans but still count that money as income, which generates a much larger tax bill. Check with a certified financial planner before committing, he says, to "know what you are getting into."

PAYING OFF LOANS WHILE STARTING A PRACTICE

Owning a practice is the ultimate goal for many graduating dentists, but doing it right out of school increases financial burden.

"Within the dental realm, dentists graduate with lots of debt," McNeely says. "They've got the same personal financial planning concerns that everyone else has, but they also have all the concerns of running a business, too. And those two things combined add a lot of extra stress to their lives."

He recommends spending the first two years post-graduation working as an associate for a large practice or in corporate dentistry to hone clinical skills and save money. Then, McNeely says, take out a practice loan. It's counter-intuitive to take out another loan, he says. "You are buying a stream of income."

Agustin Drubi, DMD, a 30-year-old orthodontist who lives in the Miami area, started budgeting for his own practice before he even graduated from dental school, knowing he'd earn more money over time than he'd earn while working as an associate. "I lived at home during dental school, so I saved some money."

Still, Drubi graduated in 2014 from Nova Southeastern University in Davie, Florida, with about $280,000 in debt and lived with his parents for six months after graduation. He also took on two part-time associate jobs — one in pediatric dentistry, another in corporate dentistry — while he started his practice.

He keeps his budget on a Microsoft Excel spreadsheet and crunches his own numbers. Drubi sees his fellow classmates living at a much higher standard, but they are working as full-time associates, while he already owns a practice.

"I'm just still living close to how much I make, so I'm not really saving any money yet," Drubi says. "Hopefully, I will be able to save once my practice starts being a little more profitable." ✦

Sarah Netter is a freelance journalist based in New Orleans. To comment on this article, email *impact@agd.org.* This article was contributed by Earnest, an online lender that offers personal and student loan refinancing.

QUICK TIPS FOR MANAGING STUDENT LOAN DEBT

There is no one-size-fits-all plan that guarantees success in managing student loan debt, but there are some things that can be done to make the process easier. Andrew Josuweit, CEO of Student Loan Hero, a service that helps borrowers organize, manage and repay their student loans, shares his insights on what dental school students and new dentists should do to help ensure financial stability, even with mounting student debt.

Refinance your private loans. Refinancing your loans allows you to consolidate your debt and lower your interest rate, decreasing the amount of total interest paid. When determining approval for refinancing, lenders typically assess your credit score, your debt-to-income ratio and employment history, along with other criteria. Josuweit says that refinancing is not beneficial for those who are having trouble making loan payments.

Hold off on making big purchases. While it may be tempting to start reaping the benefits of your new career as a dentist by purchasing a new car, buying a house or treating yourself to a vacation, Josuweit recommends running some careful calculations. "It's a wakeup call for a lot of people when they realize that these purchases could cost them an extra $20,000 in interest on their student loans over time," he says. "My general advice is to be as frugal as possible."

Consider participating in the Public Service Loan Forgiveness (PSLF) Program. Dentists who work at a qualifying nonprofit or public service agency might be eligible to have their loans forgiven after 10 years of payments through the PSLF program. "This option can save people a lot of money," Josuweit says. "Look for those opportunities."

Be realistic about when you'll be financially stable. To do this, Josuweit says to consider your income and debt trajectory along with your career trajectory. Today's young adults are taking longer to find financial stability than in generations past, but strategically building your career (by potentially moving to a different practice or even a different area that has a better job market) and being creative in developing additional streams of income can help shorten this process.

Be optimistic. "When I graduated college in 2009, it was the bottom of the Great Recession, and I was very bitter — I didn't want to accept reality," Josuweit says. "It's tough when you get out of school, and it turns out you can't get a job or you're underemployed, yet you can't let it determine how you go about your day-to-day. You have to be really focused on how you can improve your career, increase your income and keep that positive outlook no matter how bad the situation feels or seems. Your career and income will exponentially increase over your lifetime, but it's going to take a few years to get there. You have to keep working toward a better future."

For more information, visit Student Loan Hero's *Ultimate Student Loan Repayment Guide for Dentists* at *tinyurl.com/z38k6uz.*

Maximize Your Tax Savings through Planning

By Lubna J. Channo, CPA, CTP, CTC, CTRS, Macc

If you own a dental practice and aren't engaging in proactive tax planning and management, you are undoubtedly overpaying Uncle Sam. Approximately 75 percent of dentists own small practices. It's important for these dentists to find an accountant who not only will help them file their taxes, but also will take a year-round, proactive approach and make sure they don't miss out on tax-saving opportunities.

It has been estimated that the average dentist pays $125 for every $100 that he or she is required to pay in taxes. Imagine what you could do if you could slash your tax burden by that amount. It's certainly doable, but it means crafting a personalized tax strategy that uses a thorough understanding of the current tax code to manage taxes as efficiently as possible.

INCREASE YOUR TAX-FREE INCOME

One way to increase cash flow is, of course, to generate more business. However, chances are that you can actually keep a lot more of the money you earn than you suspect. A few ways to increase your tax-free income include:

1 Have your practice pay your health insurance premiums. Rather than paying your and your family's medical insurance premiums yourself, have them paid for through your practice. By doing it this way, 100 percent of those premiums will be tax-deductible. That is true whether your practice is set up as an S corporation, a C corporation or even if it is unincorporated. Health insurance premiums can be pricey, so this is a great way to make a decent dent in your taxable income.

2 Pay disability insurance premiums yourself. If your practice is set up as a C corporation, you can — and should — pay your disability insurance premiums yourself rather than have the practice pay them. The practice can then reimburse you at the end of the policy year. If you become disabled before then, no reimbursement should be made because the disability proceeds that were received thus far should be tax-free because the premiums have been paid personally. Few dentists realize this, but when it comes to disability insurance premiums, you often *can* deduct them.

3 Get reimbursed by your practice for all business expenses. Ensure that the practice reimburses you for all business expenses that you have covered personally throughout the year, including for advertising and promotion, business car expenses, safe deposit box fees, dues and subscriptions, continuing education and work-related travel.

AGD FINANCIAL RESOURCES

Are You Seeking Tools to Grow Your Practice and Career?

AGD's website houses tools to help you manage your practice. To access them, visit the "Manage Your Practice" section of *www.agd.org.*

Under "Practice Tools," find AGD's Practice Management Library, where AGD members will find downloadable patient consent forms, employee forms, practice policies, practice management videos and more.

Under "Career Tools," access the second edition of "You've Graduated, Now What? A Guide to Navigating Those First Years in the Dental Profession." This online edition offers information on financial planning, goal-setting, career options (including ownership), marketing, continuing education, organized dentistry and more.

If you're job searching, AGD's Marketplace & Career Center provides you with the ability to search available job listings or post your own resume at no cost. Visit *www.agd.org/membership/marketplace-careers.aspx* to learn more.

REDUCE YOUR TAX BURDEN

Another way to keep more money in your pocket is by using the tax code to reduce your overall tax burden. Here are some ideas to consider:

1 Upgrade your technology. There is an array of easy-to-use, highly effective dental practice management programs out there that enhance clinical and financial efficiency by significant margins. Well-designed software can reduce redundancies, allowing you to maximize your current staff and prevent the need to hire additional team members.

2 Get set up as a subchapter S corporation. You will definitely need the help of a skilled tax planner for this one. He or she can assess your practice to determine whether it can be set up as a subchapter S corporation. This setup provides the protection of limited liability, along with the direct flow-through of profits and losses. The end result is that your practice only has to pay one level of federal taxes, as income and losses are passed along to shareholders and reported on their tax returns. With this arrangement, you can also take a lower salary and have the remaining profits distributed as dividends that are exempt from payroll taxes.

3 Take advantage of bonus depreciation. You can take the bonus depreciation on all new office, dental and computer equipment that are purchased during the year. This bonus can also be used for the purchase of office furniture and leasehold improvements. It may be taken during the first year that a depreciable item is put into service, and it's available in addition to the maximum allowable Section 179 expensing limit as well as the first-year depreciation deduction.

4 Accelerate deductions. Make sure that you are getting your deductions as quickly as possible. As the end of the year approaches, take a methodical approach to paying off whatever you owe. Get all of those old bills off the books to ensure that you can claim those deductions. Remember too that paying those bills with a credit card counts, even if the resulting credit card bill isn't paid in full before Dec. 31.

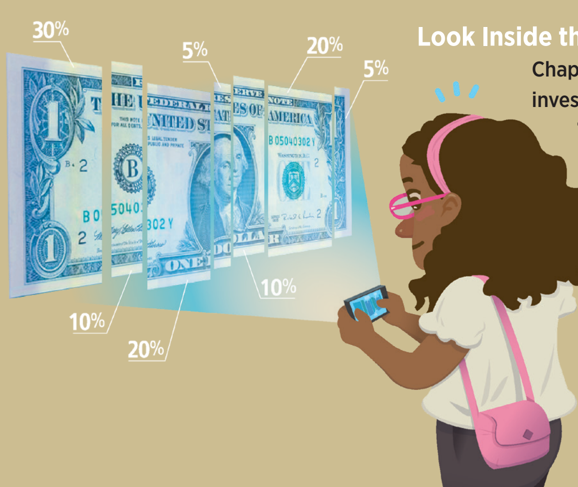
5 Buy business-related items with tax-deductible dollars. When purchasing things such as luggage and decor for your practice, do so with tax-deductible dollars. Your tax accountant can help you understand the nuances of this approach, which helps to reduce your tax burden.

6 Separate meal and entertainment expenses from others. Many dentists are unaware of this, but all meal expenses that are related to your business in some way are deductible. However, per Section 274(a) of the Internal Revenue Code, they should be classified as "office expenses." This requires a little more work and pre-planning. Anytime you pay for meals and entertainment for things such as meetings, team outings and various work-related functions, keep detailed records. Also, keep those expenses separate from other fully deductible expenses such as travel, lodging and continuing education.

7 Document all business-related travel. If you're traveling for business, make sure to document it. For instance, if you are meeting with a colleague to discuss business matters, send him or her a letter in advance of the visit, as well as a follow-up note summarizing the main outcomes of the meeting.

Leave no stone unturned when looking for deductions that will keep as much of your income tax-free as possible. Even seemingly minor expenses add up significantly over the course of a year, so be meticulous about keeping records, and make sure that you are reimbursed for every penny that you spend on behalf of your practice. ✦

Lubna J. Channo, CPA, CTP, CTC, CTRS, Macc, is a tax advisory and planning specialist at Tax Planning Boutique, LLC, which helps dental and medical professionals maximize tax savings through planning. To comment on this article, email *impact@agd.org*.



Look Inside the 'You've Graduated, Now What?' Guide for New Dentists

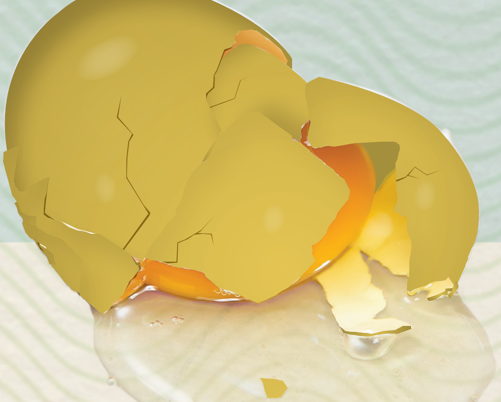
Chapter 7, "Financial Planning," includes this investment advice and more:

THE RULE OF 72

How many years will it take for your investment to double in value? To find out, use this financial trick, called the Rule of 72. According to the rule, just divide 72 by the investment's interest rate.

So, if you put away $10,000 with a compounding interest rate of 9 percent (72/9=8), it will take about 8 years for that initial investment to grow to a value of $20,000.

Go online to download a PDF of this resource in its entirety.



Prepare for the Unexpected with Disability Insurance

By Brittany Maasch

What would happen if you unexpectedly became injured or ill and could no longer perform your duties to ensure your normal cash flow? In the event of an accident or illness, how would you protect your practice while you were recovering? Disability income and business overhead insurance provide a safety net when the unexpected occurs.

While disability income and business overhead insurance are two of the most important types of insurance, they also are two of the most overlooked. Let's review some common questions about disability income insurance and business overhead insurance.

WHAT IS DISABILITY INSURANCE?

Disability income insurance can help replace a percentage of your income if you can no longer work for a period of time. It helps pay for your living costs and helps keep you as comfortable as possible during the time that you are unable to work. If you have disability insurance, you avoid the added stress of figuring out how to replace your income.

Remember, this type of insurance isn't just necessary in the event of an accident. Some of the most common claims in dentistry arise from back, neck and shoulder pains that wear you down over time.

Just as there are different levels of need, there are also different types of coverage available. As with any insurance policy, understanding the terms, limits and definitions of your plan is imperative, so speak with an experienced insurance provider.

WHEN IS THE RIGHT TIME TO SEEK DISABILITY INSURANCE COVERAGE?

Many of us may think we will never need disability insurance, but the truth is, one in five people are living with a disability in the United States, and 20-year-olds today have more than a one in four chance of becoming disabled before reaching retirement age, according to U.S. Social Security Administration.

The facts are clear. Accidents happen, and no one is immune to an illness or injury, regardless of their age. You should apply for coverage when you are young and healthy, even if you are still in school. Premiums may be more expensive as we age.

Disability insurance is a medically underwritten policy, so submission of medical records is mandatory. However, it is never too late to apply for disability insurance.

WHY WOULD I NEED BUSINESS OVERHEAD INSURANCE IF I ALREADY HAVE DISABILITY INSURANCE?

It's unlikely that disability income insurance alone would cover the costly expenses of keeping your business running while you are recovering from an unexpected illness or injury. Various expenses could be in jeopardy, such as employee salaries (including payroll taxes), insurance premiums (such as worker's compensation, medical plans, professional liability and so on), rent and utilities, business laundry services and more.

Ideally, you should have six months to a year of overhead expenses saved in case of an emergency. If you are like the majority of dentists, however, you may not be able to keep your practice open for more than six months without suffering a financial hardship if an unexpected illness or injury occurs.

WHAT SHOULD I CONSIDER WHEN SELECTING BUSINESS OVERHEAD INSURANCE?

Coverage varies, depending on the type of policy you are seeking. Business overhead insurance policies differ based on a variety of factors, including your ability to continue working in a dental clinic or to work in a different occupation, the severity of your disability (partial or total) and the length of time in which you can receive benefits.

Remember, it is never too late to start planning for tomorrow. It is important to get proper coverage that meets your needs as a dentist and a business owner. Researching the right products and speaking with an insurance broker for advice may take some time up front, but it can save you significant heartache when you're in need of disability insurance. ✦

Brittany Maasch is the marketing coordinator at Hagan Barron Intermediaries. To comment on this article, email *impact@agd.org.*