

4 Keys for Dentists

TO ACHIEVE FINANCIAL INDEPENDENCE & MAKE WORK OPTIONAL

Before we start, please answer our live poll question here:

www.dentistadvisors.com/poll

(raise your hand if you need help)



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Average U.S.
Retirement Age **62**

Average Dentist
Retirement Age **67**

Highest Paying Jobs

- 1 Physicians
- 2 Dentists
- 3 Marketing Manager
- 4 IT Manager
- 5 Lawyer

Why?

Reasons Dentists Retire Late

- 1 Target for sales-focused “advisors”
- 2 Pent up demand for lifestyle purchases
- 3 Need more money to retire comfortably
- 4 Higher degree of financial complexity
- 5 Entrepreneur AND a professional
- 6 More income creates less urgency

Poll Question Responses

What are your top financial concerns?

"Paying off debt"

"Building retirement"

"Having what we need and want now"

"Becoming financially secure so I can work less"

"Maximizing my potential"

"Affording a Tesla"

"Children's education"

"Be financially secure at age 55"

"Having enough money to enjoy life with family after work"

"Having healthy debt"



12 Key Indicators of Financial Health

Er

Pr

Ir

Sr

Br

Dr

Tr

Lt

Qt

Pt

Rt

Tt



Er	Pr	Ir		
Sr	Br	Dr	Tr	
Lt	Qt	Pt	Rt	Tt



Er	Pr	Ir		
Sr	Br	Dr	Tr	
Lt	Qt	Pt	Rt	Tt



Er	Pr	Ir		
Sr	Br	Dr	Tr	
Lt	Qt	Pt	Rt	Tt



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4 Main Questions Answered by the Elements[®] Table

- ① How much wealth do I need to make work optional?
- ② Do I have the right mix of assets?
- ③ Am I using my income wisely?
- ④ Am I taking the right amount of risk?

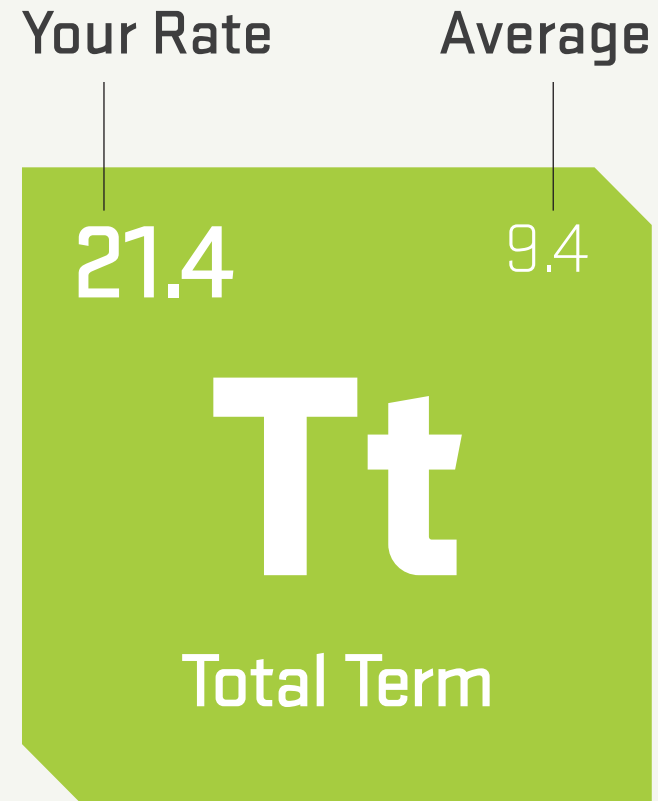
1

How much wealth do I need
to make work optional?



Element 1: **Tt** (Total Term)

Er	Pr	Ir		
Sr	Br	Dr	Tr	
Lt	Qt	Pt	Rt	<div>21.49.4 Tt Total Term</div>



NET WORTH

ANNUAL PERSONAL
SPENDING

Tt (Total Term)

Estimates the number of years a person could live on his or her current assets if they did not grow. This includes cash, investments, practice value, and real estate equity.

Assets

① Cash

② Investments

③ Retirement

④ Real Estate

⑤ Practive Value

Total

Debts

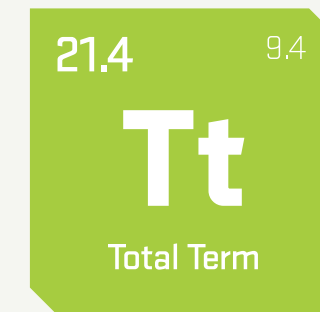
1 Practice	<hr/>
2 Real Estate	<hr/>
3 Student	<hr/>
4 Other	<hr/>
Total	<hr/>

Calculate Your Net Worth

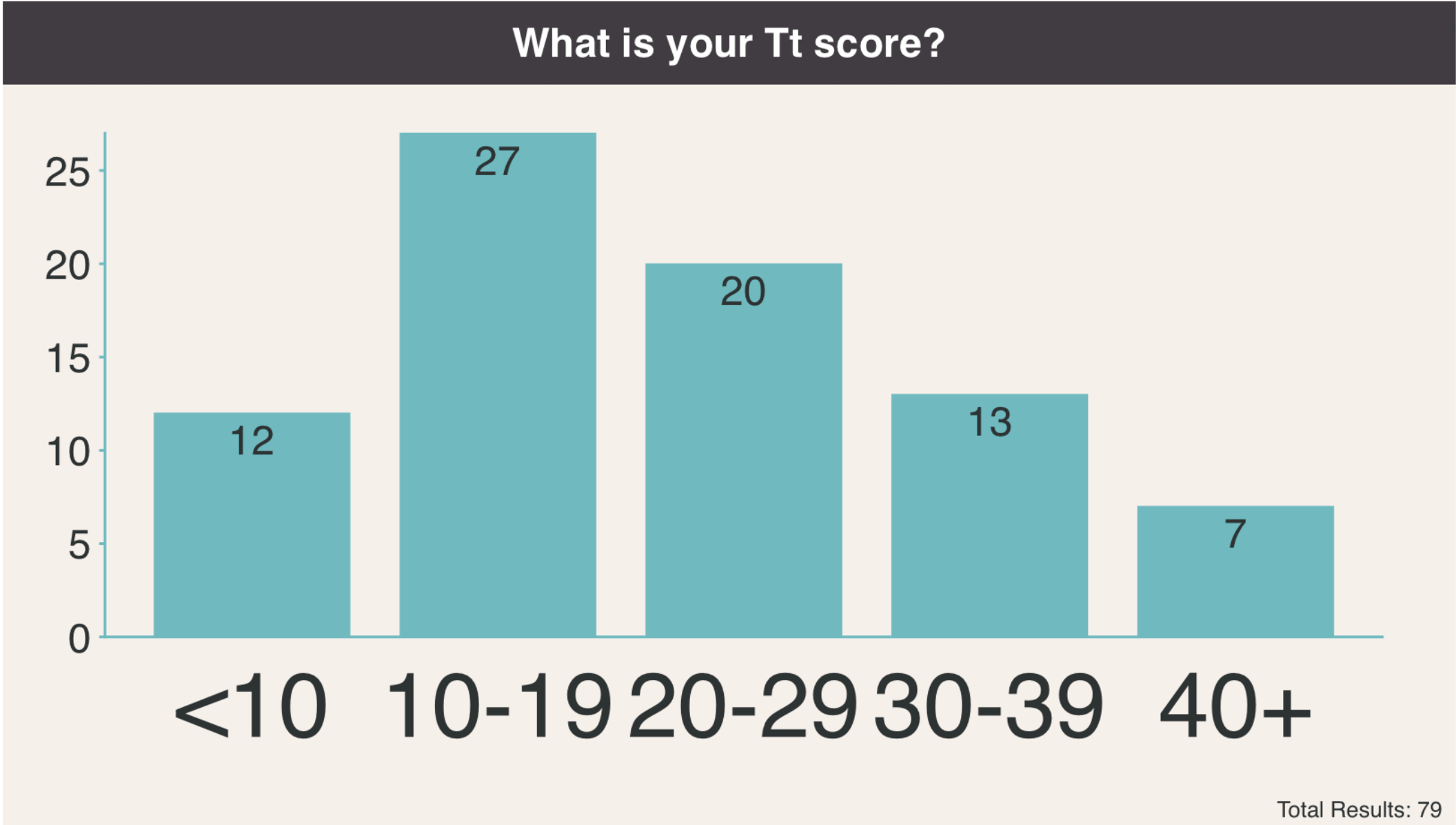
Assets - Debts = Net Worth

Calculate Your Tt (Total Term)

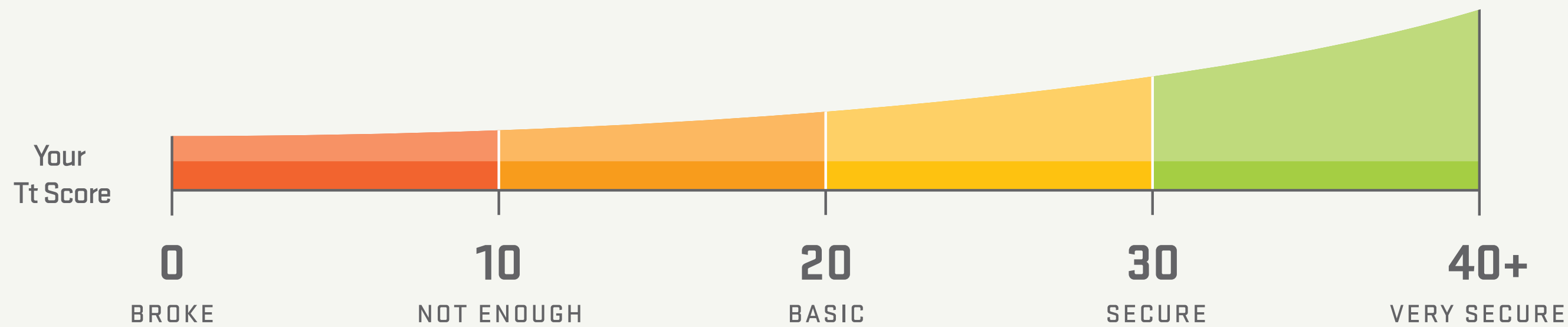
$$\text{Net Worth} \div \text{Annual Personal Spending} =$$



Poll Question Responses



Is Your Total Term Enough for You to Retire?



*Annual rate of return
needed to support lifestyle
without having to work:*

10%

5%

3.3%

2.5%

For a free guidebook:

text

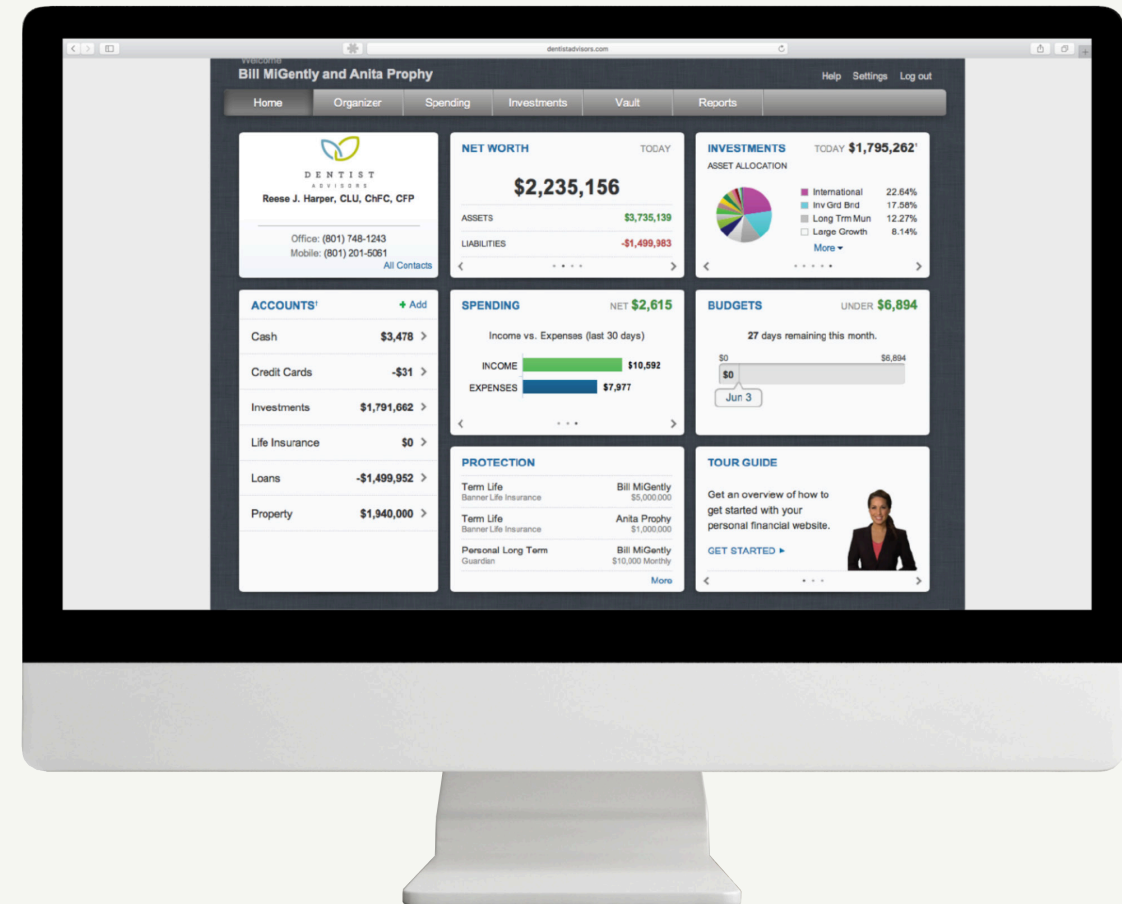
“Tt” to 797979

or visit

DentistAdvisors.com/tt



Good Calculations Start with Good Data



Calculate Your Net Worth Quarterly

Assets

	JULY 2016	OCTOBER 2016	JANUARY 2016	APRIL 2016
Cash	\$ 331,686	\$ 361,636	\$ 458,679	\$ 436,382
Raised Investments	\$ 1,291,796	\$ 1,266,230	\$ 1,266,388	\$ 1,309,366
Un-Raised Investments	\$ 519,062	\$ 466,777	\$ 490,256	\$ 504,846
Practice Real Estate	\$ 3,070,000	\$ 3,070,000	\$ 3,070,000	\$ 3,070,000
Practice Value	\$ 2,682,836	\$ 3,463,266	\$ 3,463,266	\$ 3,644,364
Personal Real Estate	\$ 1,640,000	\$ 1,640,000	\$ 2,666,000	\$ 2,311,764

Liabilities

Practice Debt	\$ -1,012,266	\$ -1,003,606	\$ -1,090,822	\$ -1,077,662
Practice Real Estate Loans	\$ -2,267,961	\$ -2,266,967	\$ -2,274,073	\$ -2,266,866
Student Loans	\$ 0	\$ 0	\$ 0	\$ 0
Personal Real Estate Loans	\$ -673,216	\$ -670,434	\$ -666,229	\$ -661,660
Other Debt	\$ 23,966	\$ -6,309	\$ -906,004	\$ -766,366

Net Worth	\$ 6,466,266	\$ 6,060,216	\$ 6,267,246	\$ 6,314,236
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4 Main Questions Answered by the Elements[®] Table

- ✓ How much wealth do I need to make work optional?
- ② Do I have the right mix of assets?
- ③ Am I using my income wisely?
- ④ Am I taking the right amount of risk?

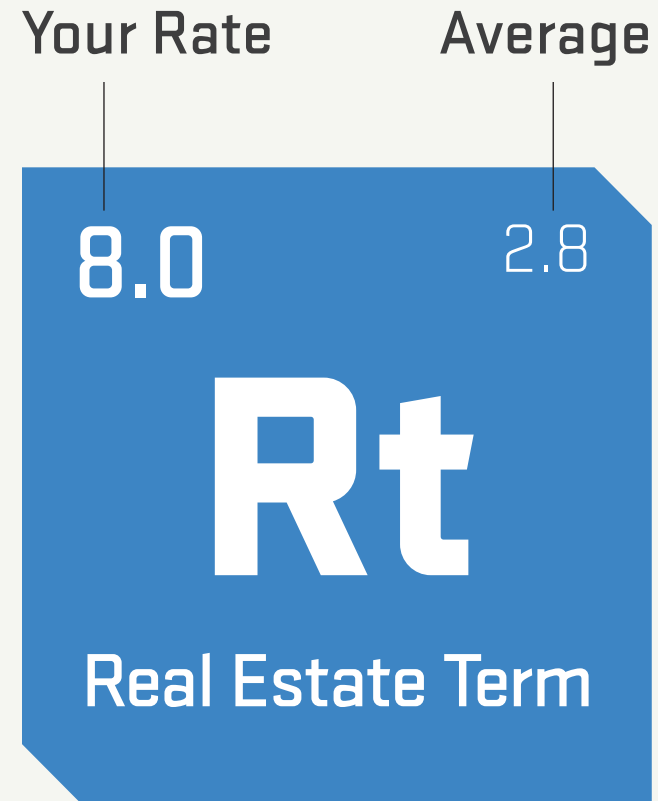
2

Do I have the right mix of assets?



Element 2: **Rt** (Real Estate Term)

Er	Pr	Ir		
Sr	Br	Dr	Tr	
Lt	Qt	Pt	<div>8.02.8 Rt Real Estate Term</div>	<div>21.49.4 Tt Total Term</div>



TOTAL REAL
ESTATE EQUITY

ANNUAL PERSONAL
SPENDING

Rt (Real Estate Term)

Estimates the number of years a person could live on his/her current real estate equity.
It also indicates how much of a person's wealth is concentrated in real estate.

Listen to:

DENTIST MONEY™ SHOW #60:

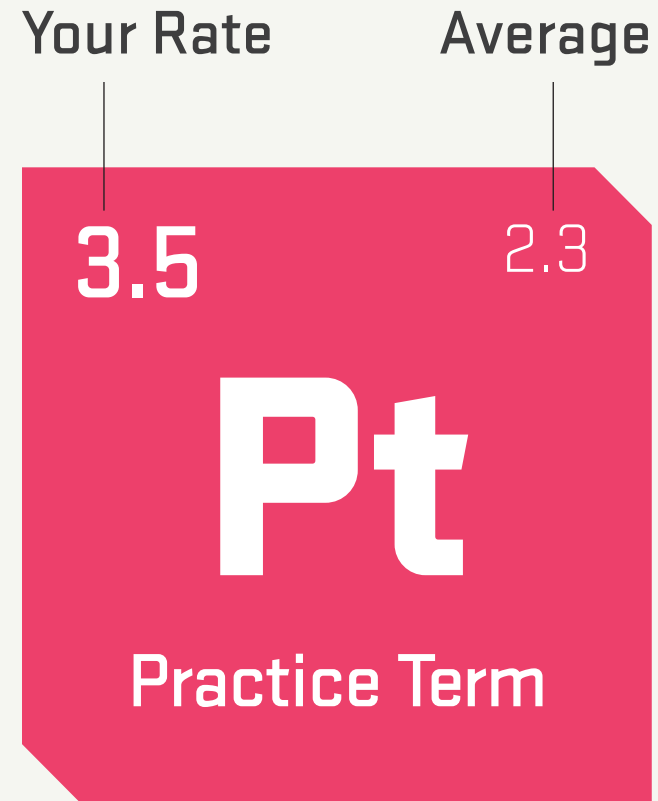
The Truth About Real
Estate Ownership



Get it on iTunes or visit **DentistAdvisors.com/listen**

Element 3: **Pt** (Practice Term)

Er	Pr	Ir		
Sr	Br	Dr	Tr	
Lt	Qt	<div>3.52.3 Pt Practice Term</div>	<div>8.02.8 Rt Real Estate Term</div>	<div>21.49.4 Tt Total Term</div>



TOTAL
PRACTICE EQUITY

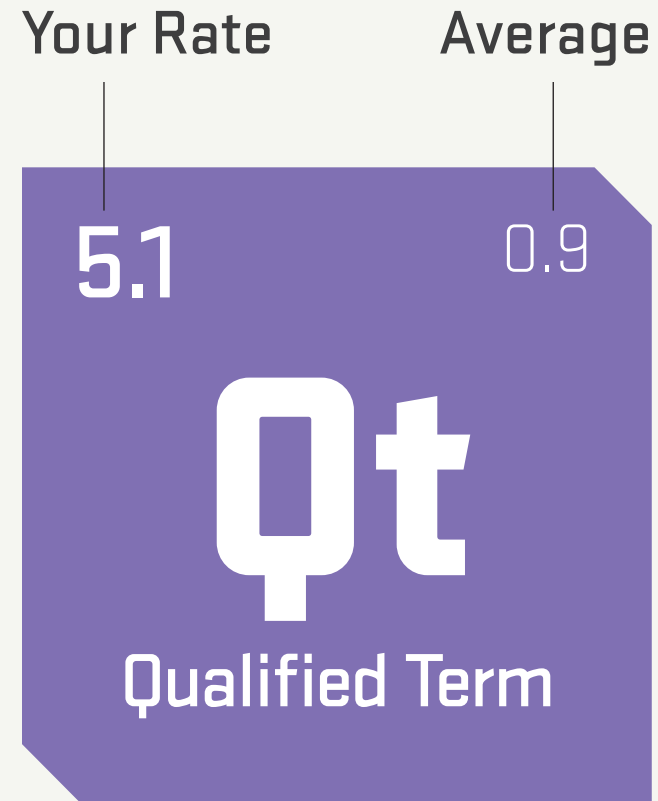
ANNUAL PERSONAL
SPENDING

Pt (Practice Term)

Estimates the number of years a person could live on his/her current practice equity.
It also indicates how much of a person's wealth is concentrated in the practice.

Element 4: **Qt** (Qualified Term)

Er	Pr	Ir		
Sr	Br	Dr	Tr	
Lt	<div>5.10.9Qt Qualified Term</div>	<div>3.52.3Pt Practice Term</div>	<div>8.02.8Rt Real Estate Term</div>	<div>21.49.4Tt Total Term</div>



RETIREMENT ACCOUNTS

ANNUAL
PERSONAL SPENDING

Qt (Qualified Term)

Estimates the number of years a dentist could live on the assets he/she has within qualified retirement plans (401k, IRA, etc.).

Listen to:

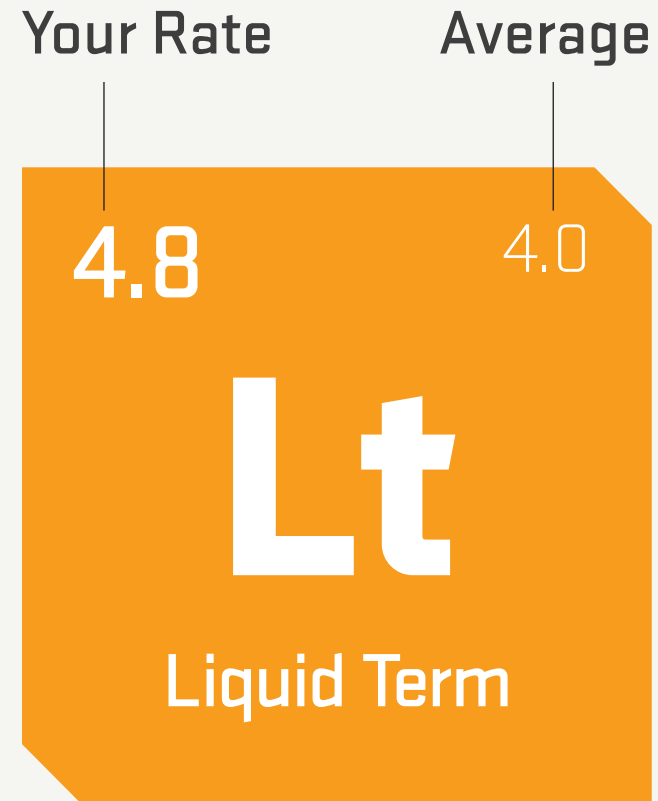
DENTIST MONEY™ SHOW #53:
Everything You Need
to Know About
Retirement Plans



Get it on iTunes or visit **DentistAdvisors.com/listen**

Element 5: **Lt** (Liquid Term)

Er	Pr	Ir		
Sr	Br	Dr	Tr	
4.8 Lt Liquid Term	5.1 Qt Qualified Term	3.5 Pt Practice Term	8.0 Rt Real Estate Term	21.4 Tt Total Term

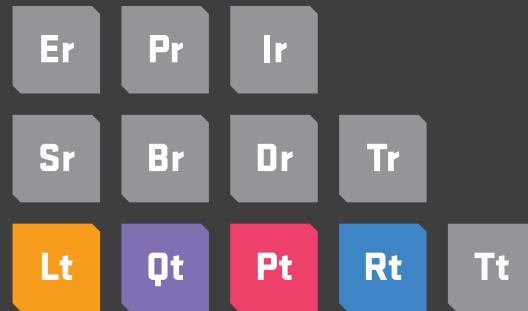


TOTAL LIQUID ASSETS

ANNUAL PERSONAL
SPENDING

Lt (Liquid Term)

Estimates the number of years a person could live on his/her cash or cash-like assets outside of a retirement plan. Lt also indicates the amount of after-tax money an individual can access if needed.



Am I building
the right mix
of assets?

$$\begin{array}{c} \$ \\ \hline \end{array} \div \begin{array}{c} \hline \\ \text{Liquid Assets} \\ \text{(Personal and practice cash,} \\ \text{after-tax investments)} \\ \hline \end{array} = \begin{array}{c} \hline \\ \text{Lt} \\ \text{Liquid Term} \\ \hline \end{array}$$

$$\begin{array}{c} \$ \\ \hline \end{array} \div \begin{array}{c} \hline \\ \text{Retirement Accounts} \\ \text{(401(k), IRA, etc.)} \\ \hline \end{array} = \begin{array}{c} \hline \\ \text{Qt} \\ \text{Qualified Term} \\ \hline \end{array}$$

$$\begin{array}{c} \$ \\ \hline \end{array} \div \begin{array}{c} \hline \\ \text{Practice Equity} \\ \text{(Practice value - Practice debt)} \\ \hline \end{array} = \begin{array}{c} \hline \\ \text{Pt} \\ \text{Practice Term} \\ \hline \end{array}$$

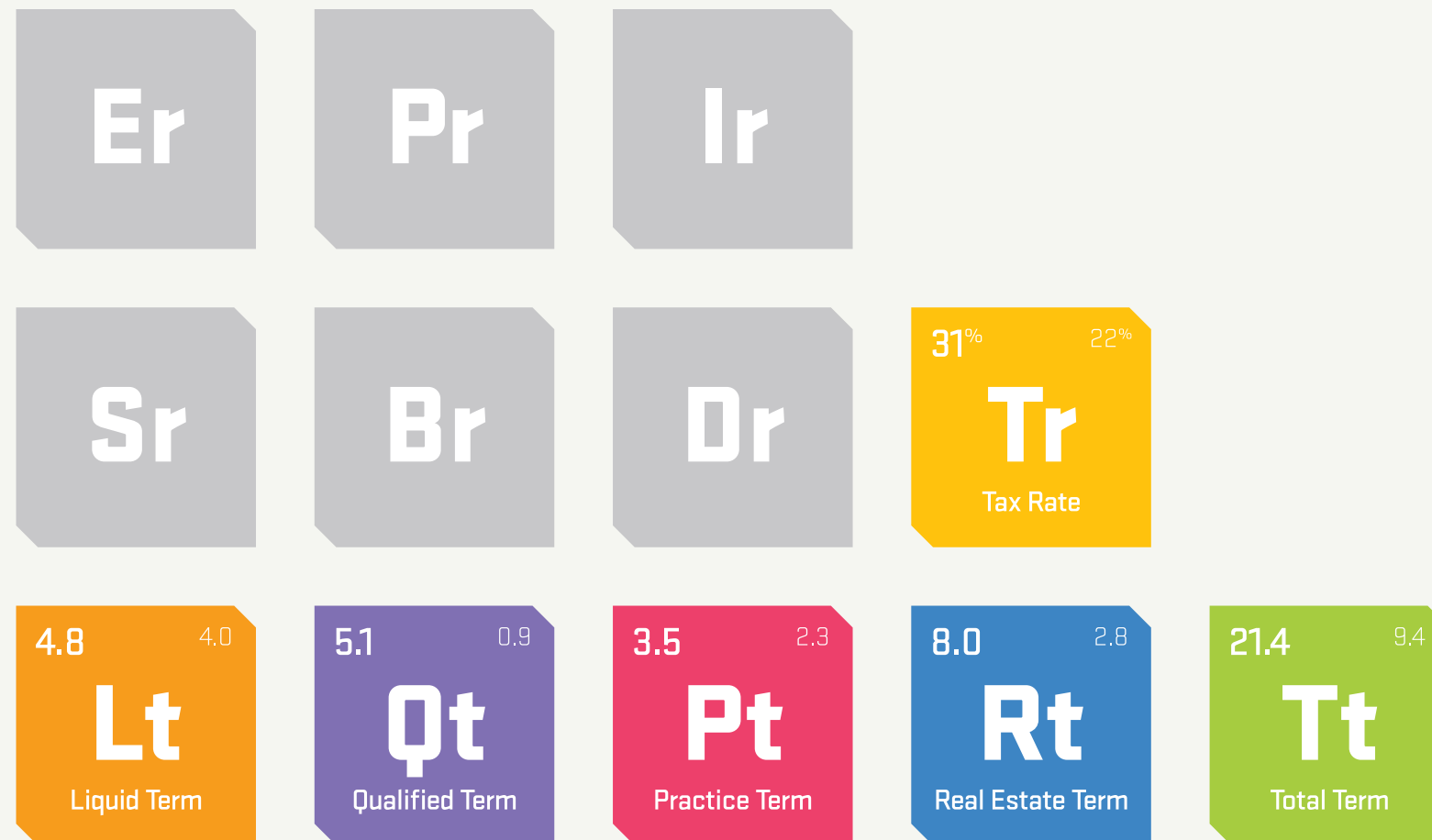
$$\begin{array}{c} \$ \\ \hline \end{array} \div \begin{array}{c} \hline \\ \text{Real Estate Equity} \\ \text{(Real estate assets - Real estate debts)} \\ \hline \end{array} = \begin{array}{c} \hline \\ \text{Rt} \\ \text{Real Estate Term} \\ \hline \end{array}$$

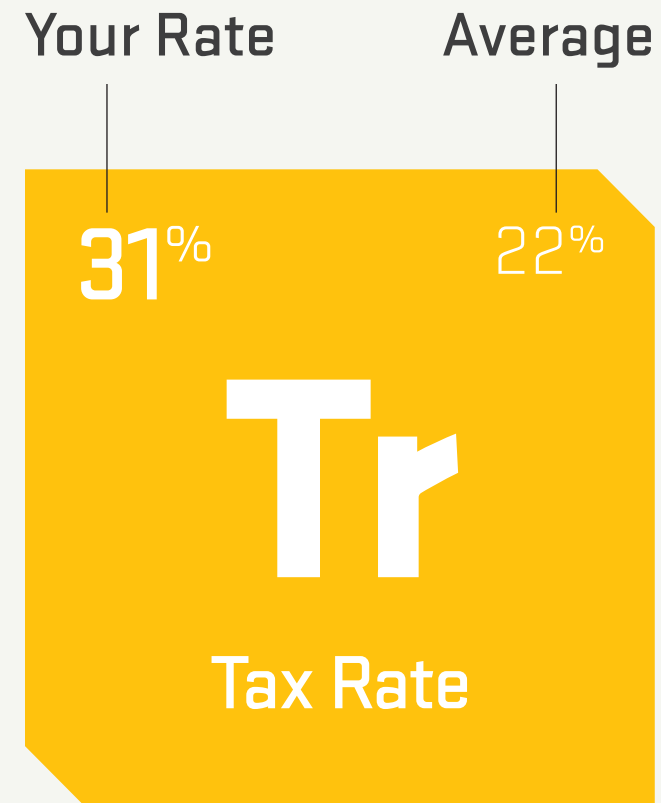
3

Am I using my income wisely?



Element 6: **Tr** (Tax Rate)





ANNUAL TOTAL TAXES

TOTAL PERSONAL
INCOME

Tr (Tax Rate)

Indicates whether tax liability could be reduced with better tax planning.

Listen to:

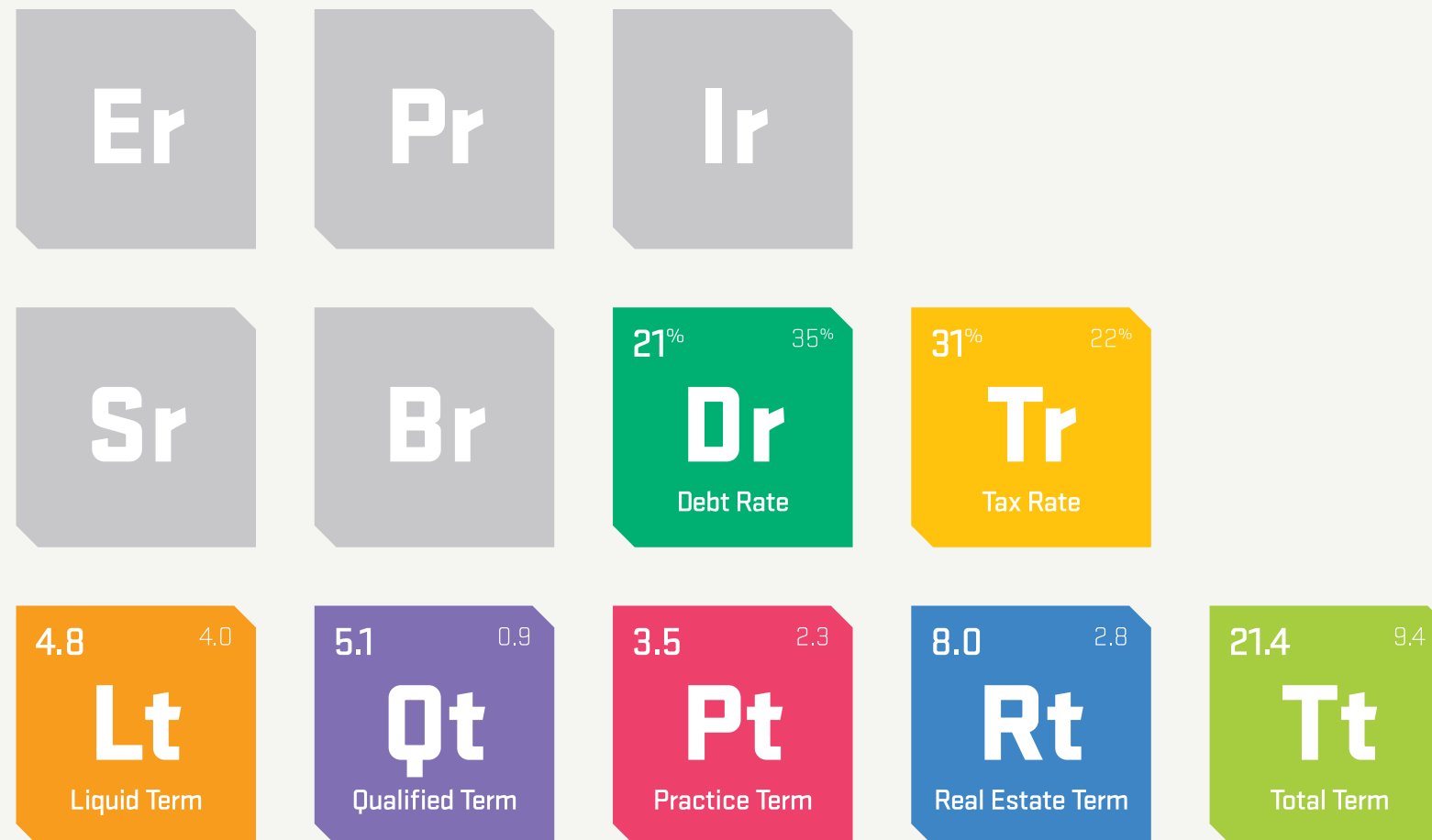
DENTIST MONEY™ SHOW #10:

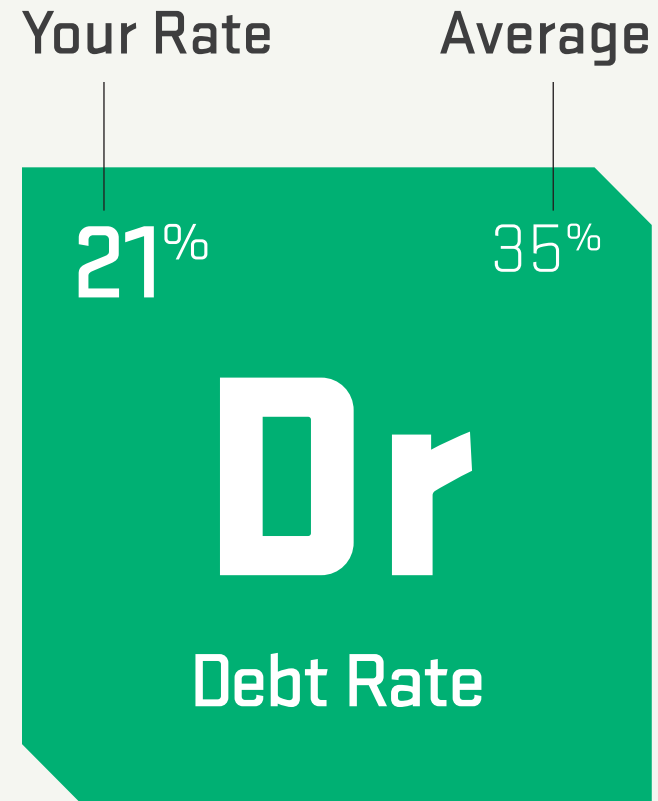
Do You Have a Tax
Strategy?



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Element 7: **Dr** (Debt Rate)





ANNUAL DEBT
PAYMENTS

TOTAL PERSONAL
INCOME

Dr (Debt Rate)

Indicates whether a person is servicing too much or too little debt for their individual circumstances.

Listen to:

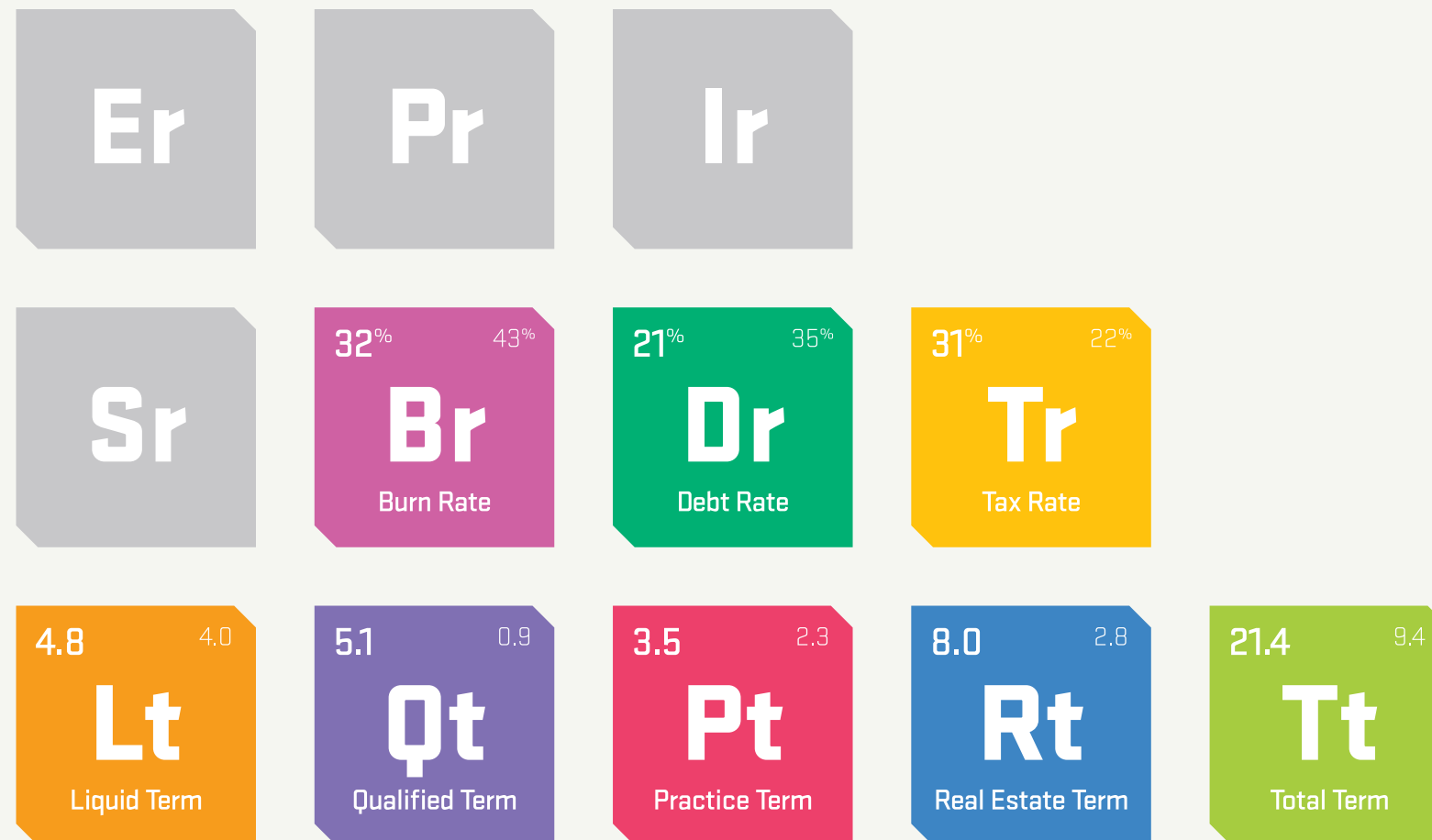
DENTIST MONEY™ SHOW #7:

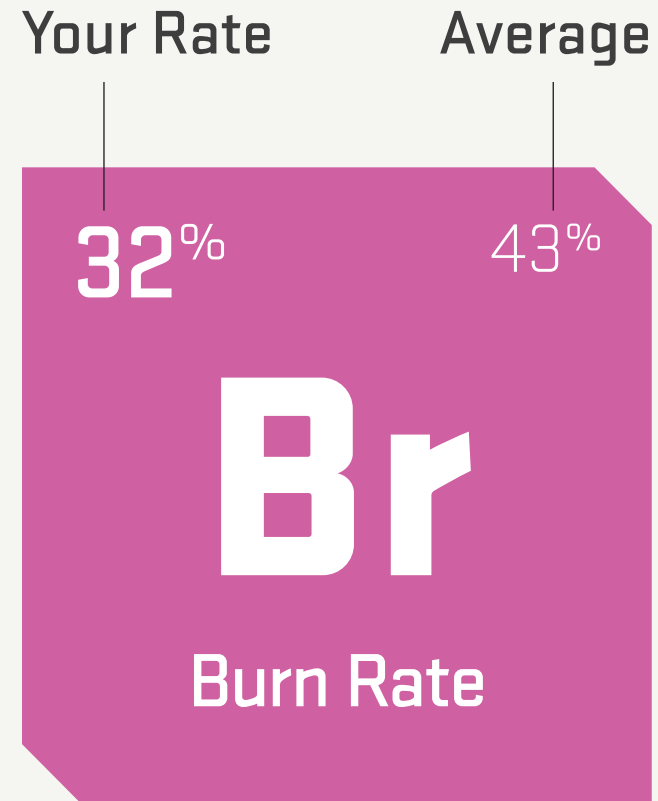
Why Debt Isn't
Always a Bad
4-Letter Word



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Element 8: **Br** (Burn Rate)





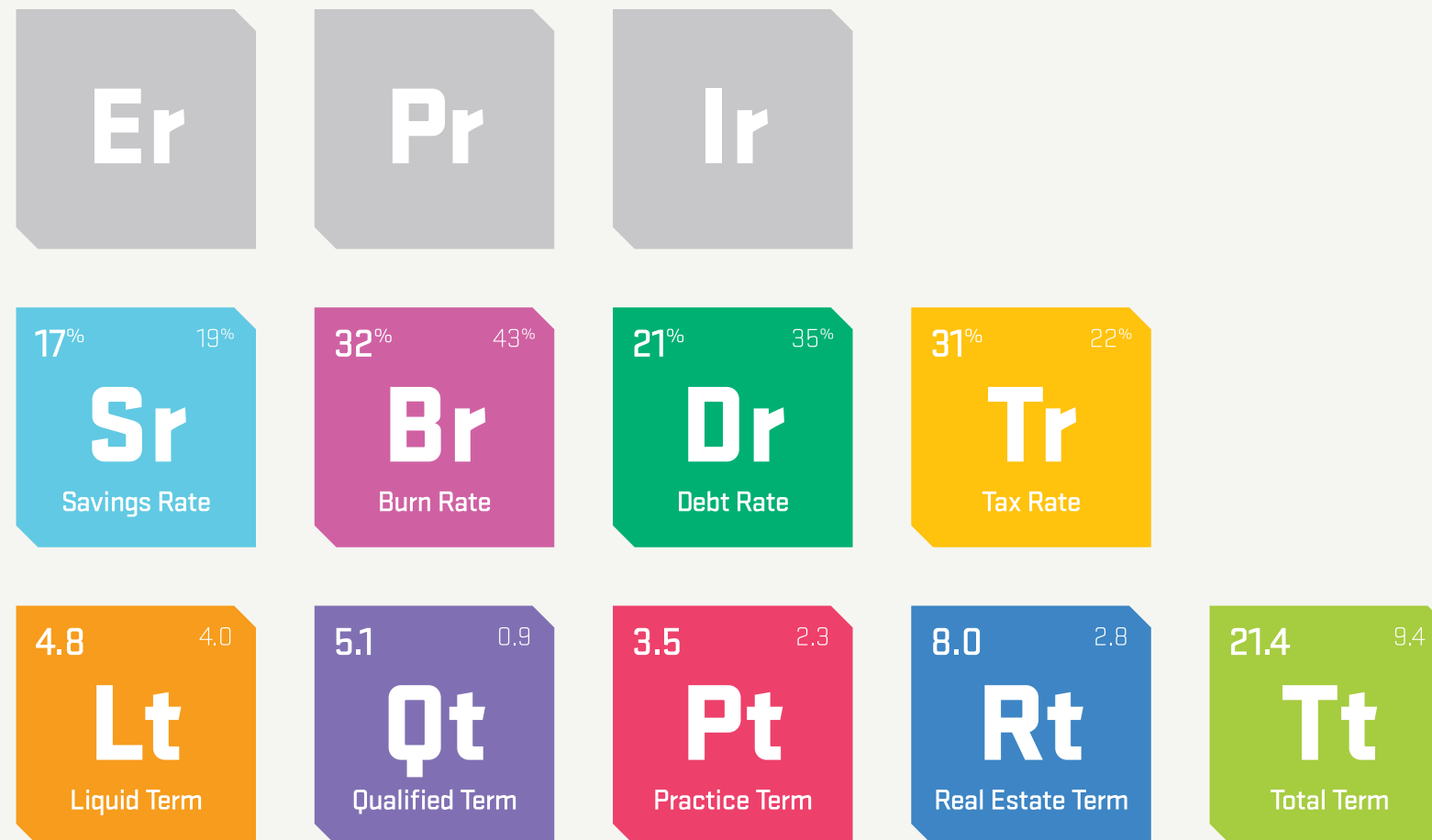
ANNUAL PERSONAL
SPENDING

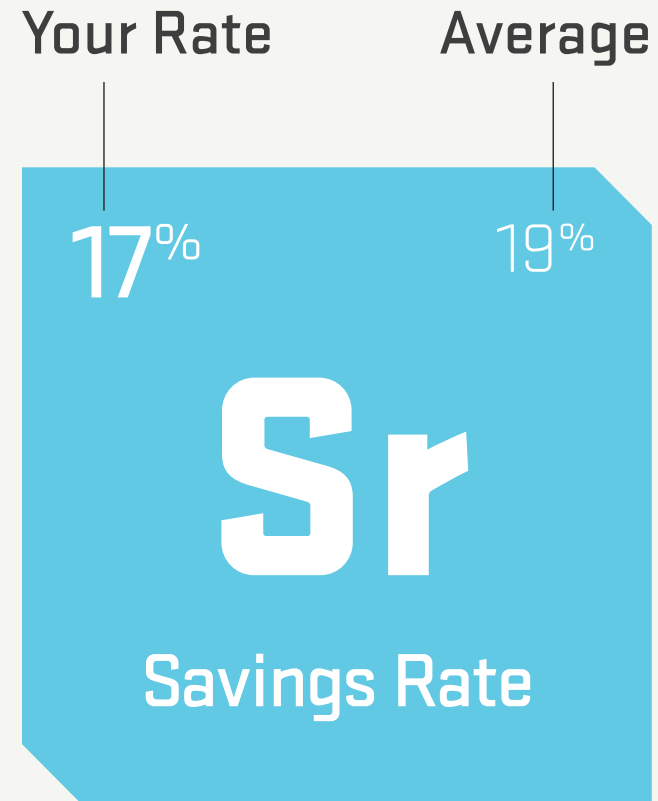
TOTAL PERSONAL
INCOME

Br (Burn Rate)

Helps us understand a client's spending patterns and retirement preparedness.

Element 9: **Sr** (Savings Rate)



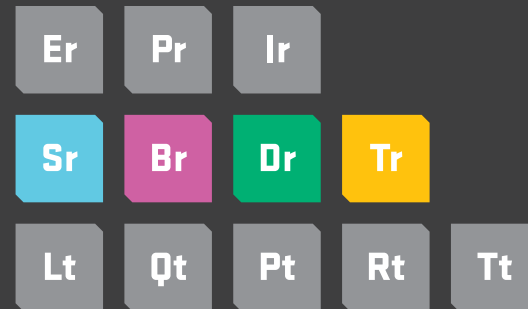


ANNUAL SAVINGS

TOTAL PERSONAL
INCOME

Sr (Savings Rate)

Indicates how much of a person's income is being put away for future expenses, emergencies, and retirement.



Am I using my
income wisely?

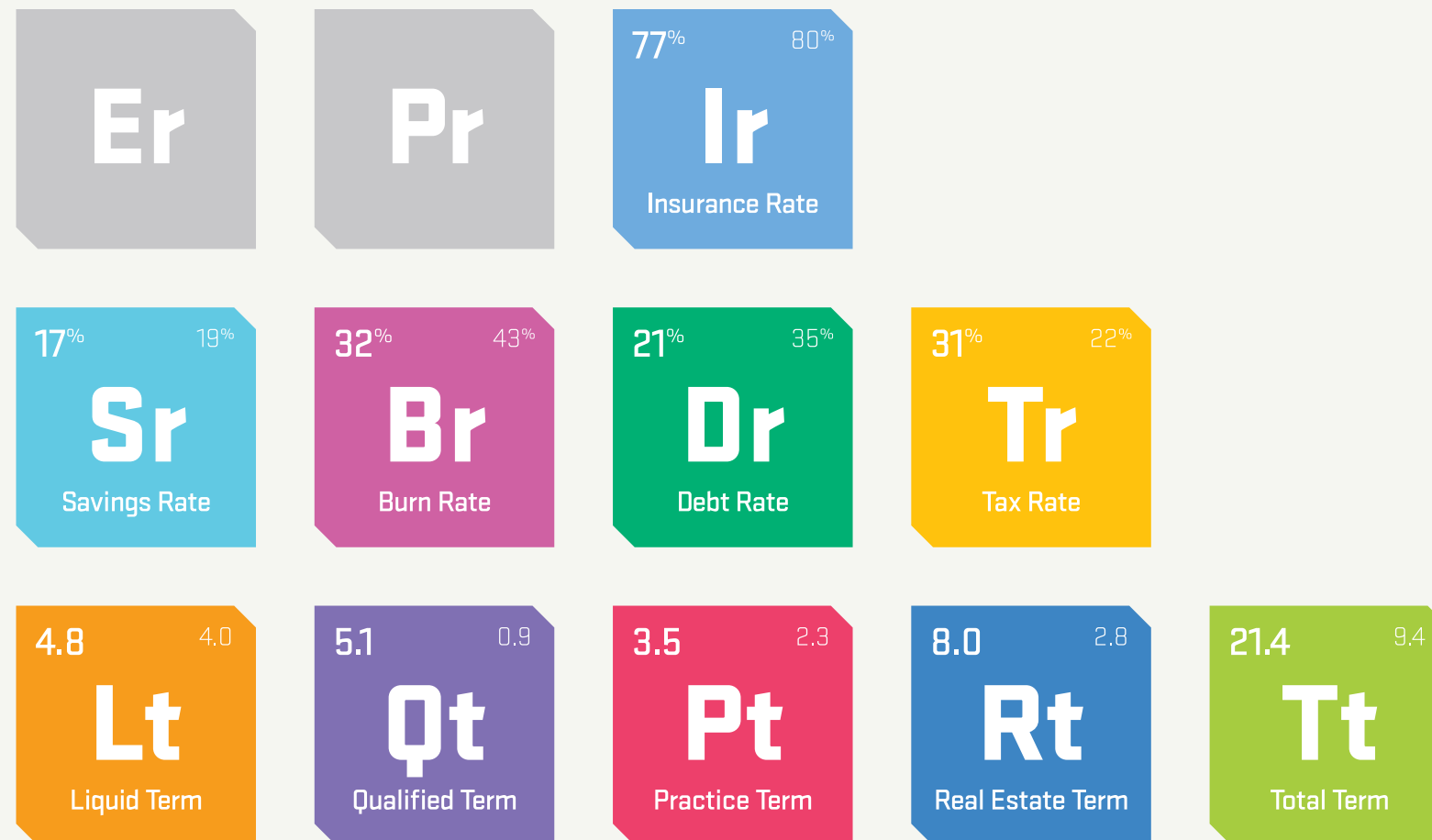


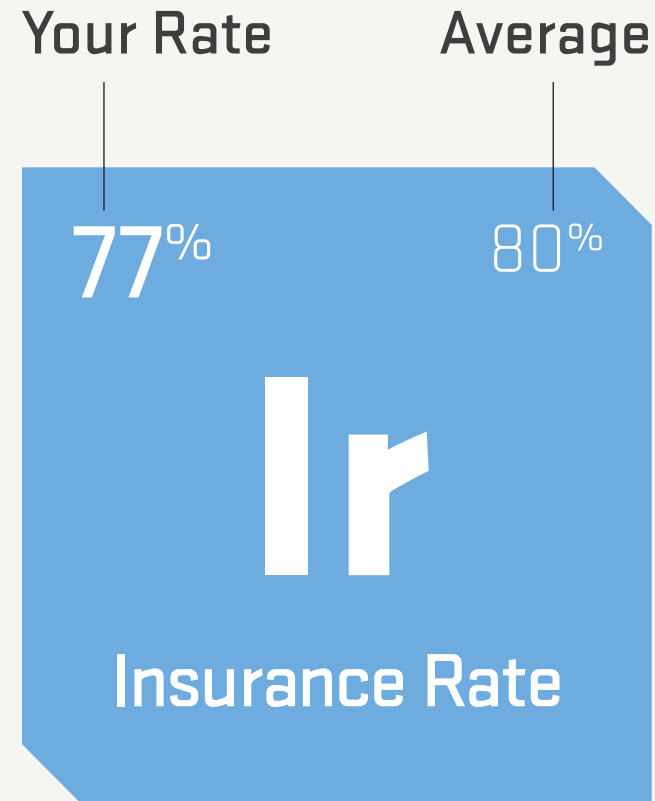


Am I taking the right amount of risk?



Element 10: **Ir** (Insurance Rate)





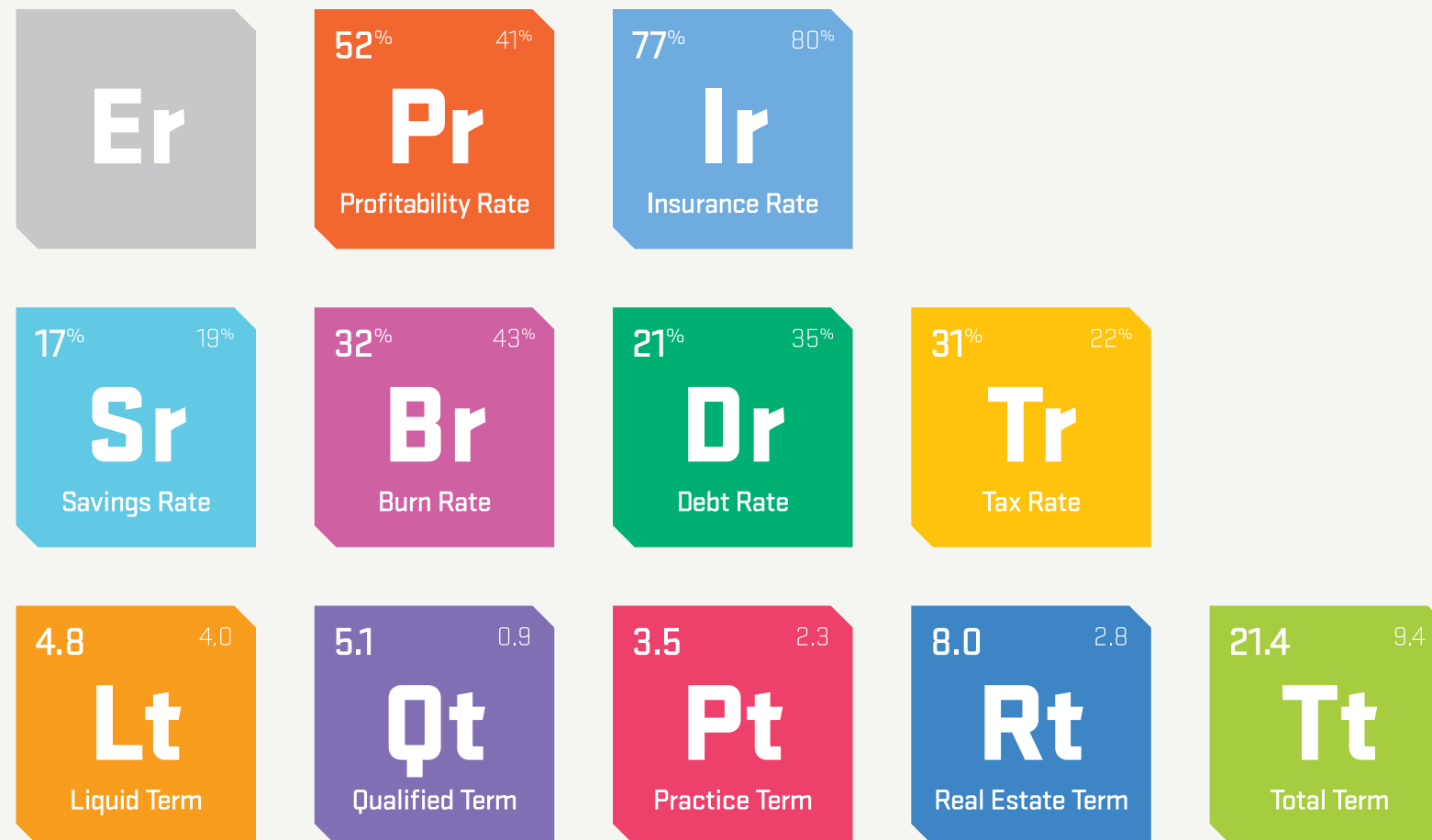
INSURANCE
COVERAGE HELD

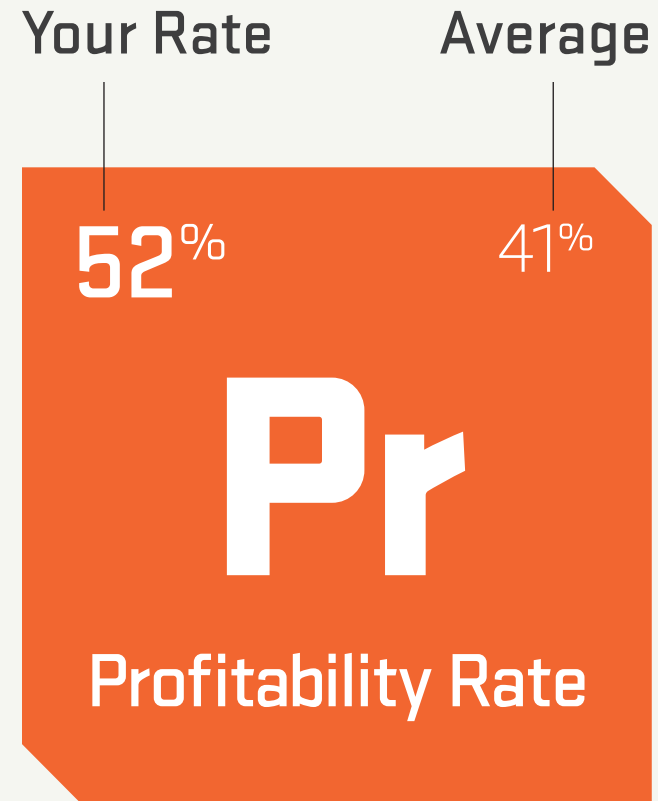
INSURANCE COVERAGE
REQUIRED

Ir (Insurance Rate)

Measures how much insurance a person has compared to how much they need based on annual spending and net worth. Coverage is evaluated for the following types of insurance: life, general disability, business overhead disability, buy-sell, key person, personal liability, and business liability.

Element 11: **Pr** (Profitability Rate)





TOTAL PRACTICE-
RELATED INCOME

TOTAL COLLECTIONS

Pr (Profitability Rate)

Measures how much money the practice owner keeps as a percentage of collections. This serves as an important indicator of business efficiency.

Listen to:

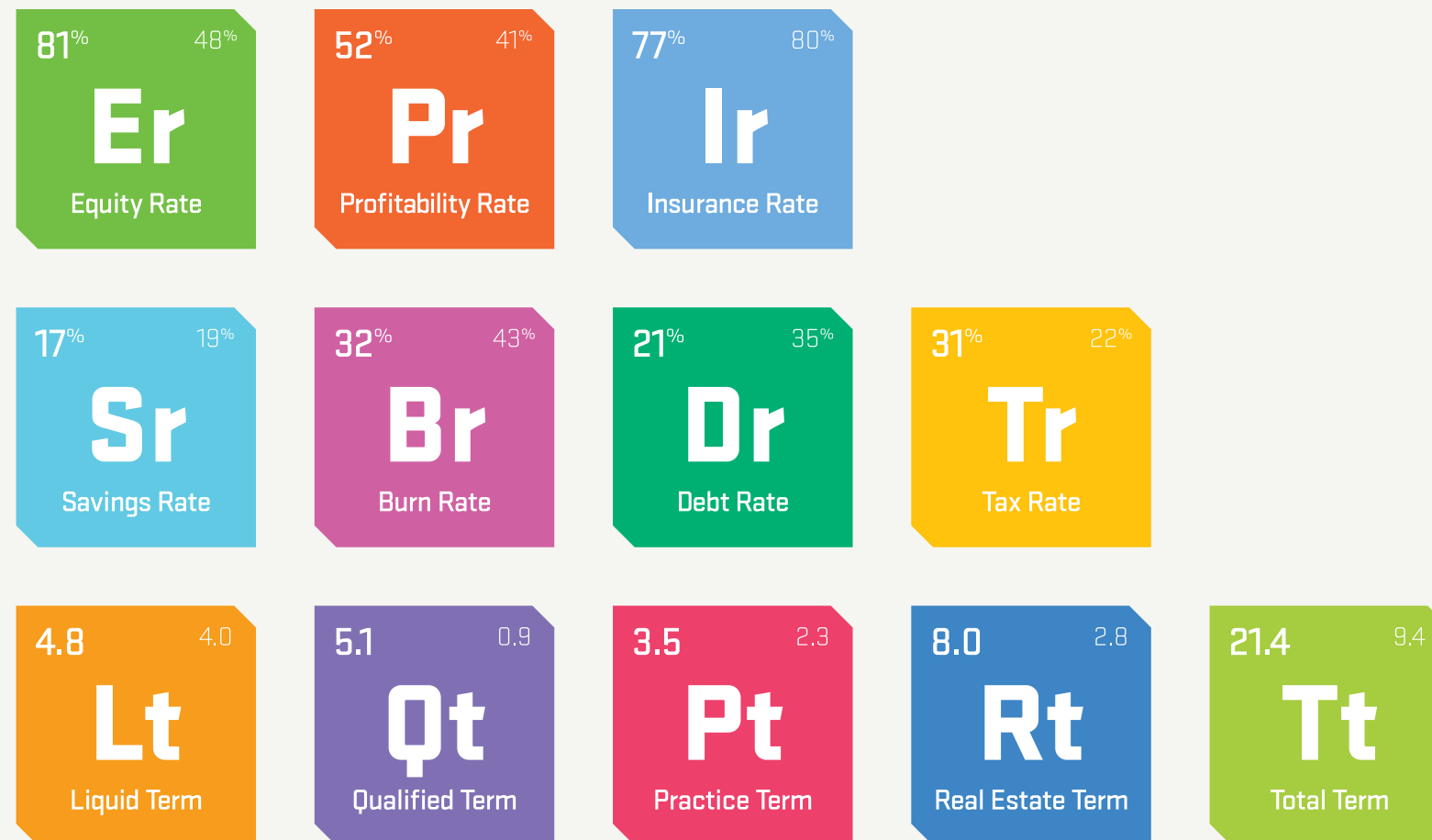
DENTIST MONEY™ SHOW #8:

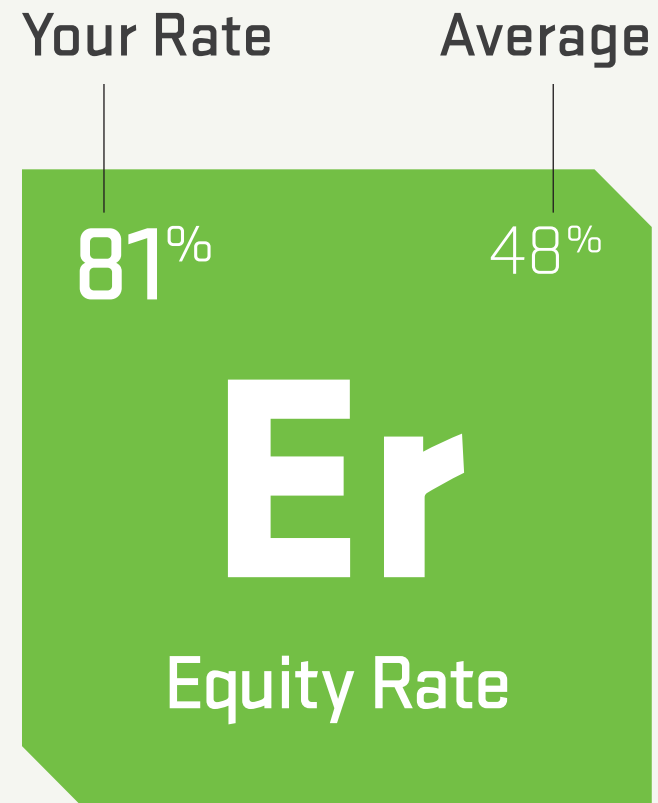
The Profitability
Killer



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Element 12: **Er** (Equity Rate)





EQUITY INVESTMENTS

TOTAL INVESTMENTS

Er (Equity Rate)

Helps us determine whether the client will experience too much volatility risk for their personal level of spending and age.