

What Happens to Your Dental Practice Following Your Death?

By: Thomas E. Norman, JD, CFRE
Florida Dental Health Foundation

Do you have a written plan for the sale of your dental practice at retirement? Perhaps a more important question is do you have a plan in place to avoid forced sale should you die prematurely? If you do not have contingency plans in place now is the time to consider developing the plan and advising the family on how to proceed.

You've worked long and hard to develop that practice so it pains those left behind to see this asset poorly handled for lack of attention.

Some practice owners die and leave the family to sort out the confusion. Without instructions, some families let the inherited practice drop in value, sell assets at a deflated value or spend months, sometimes years, sorting out the deceased practitioner's estate.

A well organized and documented estate plan becomes a last love letter to your family. The organized death is a courageous death and requires planning and hard work. This "estate plan" will give you and your family peace of mind.

Final Instructions:

Your will is arguably the most important document in your tool kit, but it is not the end all of estate planning. You may have invested in a Revocable Trust and transferred all or most of your property to this instrument for privacy and economy purposes. Dentists who own a practice or an interest in a practice will want to add the following to their tool kit:

1. List of key contacts: Your spouse or family will appreciate a list of names and numbers for your replacement doctor(s), practice consultants, practice broker, major dental service providers and office maintenance people. In addition you should list your attorney, accountant, investment counselor, insurance agent, real estate agent, banker, friends, relatives, auto mechanic.
2. Prepare a plan to keep your practice functioning to hold its value until it is sold. Write down who will treat your patients. Include information about your Disability Support Group or Mutual Assistance Group that you formed or joined to keep your practice going. Include staff instructions on who should take charge and run the practice for the short term.
3. Make recommendations for selling your practice. Unless you have an automatic buy-sell agreement in place with partners and associates, write down your ideas for selling the practice. Include preparation for sale, broker, price, terms and so on. If you set up your plan through the Foundation we will assist you with those details.

4. Write instructions on how to handle your financial assets. Make a list of your assets, the location of those assets and account numbers of any accounts you handle yourself. Explain how to get fast cash to cover immediate costs. In addition, leave instructions on how to prepare your final tax return. List the locations of your valuable documents: will, partnership agreements, leases, contacts, auto pink slips, deeds, etc.
5. Make sure you have a Living Will (covers terminal illness only) plus a Durable Power of Attorney appointing a Health Care Surrogate under Florida Law (covers all other non terminal illnesses). Many attorneys have combined these documents under one title.
6. Write instructions for survivors on how to handle your body: funeral service, cremation, burial and so on. This is also where you instruct people to make a gift in lieu of flowers to the Florida Dental Health Foundation to improve access to dental care in Florida or perhaps to a named endowment account that you previously established at the Foundation.
7. Write a letter to your family, friends, staff and patients asking them to support your spouse, the new owner of your practice, etc. You might wish to ask them to take on the causes and purposes in your life. Perhaps give them your views on death, your wishes for their success and your final message of appreciation.
8. This is the tough one: write a letter to your spouse detailing your advice for dealing with your possessions, contacting people, and the other details outlined above. Should you choose to encourage your spouse to remarry tell him or her to insist on a prenuptial agreement; one that protects the children from your marriage.

Transitioning Your Dental Practice to Avoid Transfer Taxes:

Anyone selling a dentist practice is interested in minimizing the taxes on the transfer. Today, you cannot sell a practice and avoid the gain. However, legislation permitting bypass of capital gain on the sale of a business is currently pending in Congress and could be signed into law by President Bush as early as Christmas. The proposed law would permit the sale of a business (including a dental practice) inside a Charitable Remainder Trust. *Properly orchestrated*, the retiring dentist could bypass the Capital Gain when transitioning their practice.

During the past year the Florida Dental Health Foundation has been developing the process that will permit dentists to transfer greater value to themselves and their family and at the same time provide for the expansion of dental health initiatives serving less advantaged Floridians. Watch for more details from the Foundation as this charitable legislation works its way to President Bush's desk.

Call for Assistance:

Dentists with large estates should review their estate plan annually. To assist you with that process call the Foundation for a copy of our brochure, *Estate Planning for Dentists* along with a copy of *12 Steps to Security: An Estate Planning Workbook for Dentists and their Families* call Tom Norman at the FDHF office 800-877-9922 Ext 166.