

Clinical Significance

Being able to connect with a patient is fundamental to his or her acceptance of a treatment plan for a better smile. Improved treatment acceptance and success in a dental practice are closely tied to how well the dentist interacts emotionally with patients.

are a careful examination of the patient's pictures from the consultation, a discussion of biomechanics, and the expression of any cautions regarding functional risk factors that may be present.

Olitsky J: Making emotional connections. *Inside Dentistry* 14:92, December 2018

Reprints not available

PRACTICE MANAGEMENT

Planning for retirement



BACKGROUND

The ultimate goal of most dentists is to reach retirement age with sufficient money to ensure that they have enough to enjoy the life they've envisioned living when they're no longer practicing dentistry. Reaching that goal takes a series of steps and isn't done alone.

SETTING THE GOAL

Having a trained and experienced certified public accountant (CPA) and/or financial manager to help in determining the goal is wise management. Together the dentist and CPA can set the financial retirement goal and determine the amount of money needed to live the life the dentist has dreamed of. Currently the average age for retirement of dentists is 70 years. The key is to begin planning immediately and ensure that the practice's financial numbers match up with the long-term goals that have been set.

KNOW YOUR INCOME AND YOUR EXPENSES

Income

Every practice should be collecting 98% of what is produced. If a practice isn't accomplishing this, changes are needed.

Seventy-five percent of the total office production should come from general dentistry and 25% from the hygiene team. If the hygiene team is contributing more, the problem may be that hygiene patients who need care aren't being converted to scheduled and completed dentistry. Addressing this problem involves ensuring the hygiene team is using visual aids and technology to enhance patient understanding and value for the dentistry. They should also be offering third-party financing to help overcome any financial barriers to dental treatment.

Expenses

Overhead refers to the expenses that must be taken out of income to keep the office running. Overhead should be between 60% and 65% of collections and can be measured and monitored using a simple set of key performance indicators (Table 1). Expenses can include a wide range of items, and each practice setting will be different. It's important to recognize that employee salaries and perks are critical components to keeping a valuable dental team in place. If production becomes stagnant or declines, having a wonderful staff who treat your patients well should be one of your strengths and not the place to start cutting.

The final 40% of collections consists of the dentist's compensation package. The components of this package are the dentist's salary, costs for automobiles, meals, and entertainment; payments for travel, life, and disability insurance; and retirement contributions. This is what the dentist will have to use for his or her current lifestyle and to invest for retirement living.

Table 1. Key Performance Indicators

Dental supplies	6%
Lab fees	7%–8%
Rent	5%–6%
Salaries	23%–28%
Chairside assistant	7%–8%
Clerical	7%–8%
RDH	9%–10%
Payroll taxes	1%–2%
Fringes	1%–2%
Facilities & equipment	4%
Business expenses	11%

(Courtesy of Schiff A: Success by numbers. *Dent Econ* 108:20, 22, 2018.)

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Throughout our years as practicing dentists, we have the opportunity to plan for the future and our retirement after working. Making decisions regarding what kind of retirement we desire and how we can achieve it will require help from a financial expert as well as commitments to achieving the milestones needed to get where we want to go. It's a career-long process that requires keeping our eyes on the numbers.

CONTRIBUTIONS TO RETIREMENT

The 4 primary income sources that can contribute to the dentist's retirement are his or her personal home, retirement plan, value of the practice, and value of the facility, if the dentist also owns it. Having an experienced CPA/financial manager who specializes in dental practices on board will help the dentist determine the best way to manage these resources.

Schiff A: Success by numbers. *Dent Econ* 108:20, 22, 2018

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