transfer you to the office manager, but you should still begin with the dentist. For nondental small businesses, identify and speak to the owner. For nondental larger companies, human resources (HR) departments provide reference information, but it's important to know that it may be limited.

7. Get a reference from the applicant's current or most recent employer. If you are asked not to contact a current employer because he or she doesn't know the applicant is leaving, you should inform the applicant that you don't hire anyone without speaking to the most recent employer. You can defer the conversation but you will not finalize any offer of employment without contacting this employer.

QUESTIONS TO ASK

Every former employer should be asked specific questions that will help you weed out applicants who are being dishonest. These include the following:

- What were the start and end dates of the individual's employment?
- What job titles did the applicant hold?
- Who did the applicant work for before and after this job?
- Who ended the employment relationship?
- Would the applicant be rehired if given the opportunity?

DISCUSSION

Too often "serial embezzlers" would not have been hired if the dental offices had used careful, thorough reference-checking procedures. Often dental offices are motivated by the perception that there is a shortage of qualified applicants for their open position. It pays to resist any urge to rush through the hiring process because the cost of hiring an embezzler is far greater than that associated with conducting proper screening before hiring.

Clinical Significance

Most of the applicants for a vacancy in a dental office are honest and valid applicants who will become excellent employees. By following a careful procedure when checking references, it's more likely that the bad apples won't be hired by your dental practice.

Harris D: Reference-check essentials: Helping you master your hiring process. *Dent Econ* 109:23-24, 2019

Reprints not available

RETIREMENT

Strategies to prepare for retirement

BACKGROUND

Dentists are retiring at an average age of 69 years today, which is 4 years later than in 2001. The national retirement age of dentists has fluctuated as the economy has changed. It is wise to plan for retirement from the beginning of a dental career so that it's possible to have the resources to fund the type of retirement desired. Some guidelines, tools, and tips can help dentists achieve their goals for retirement income.

SAVINGS STRATEGIES

Forty percent of the dentists in the United States are age 55 years or older, yet nearly half of these dentists say changes in the economy are forcing them to continue practicing beyond their planned retirement date. Planning for retirement is relevant at every stage of the dentist's career, with specific strategies fitting each stage.

It is recommended that dentists start thinking about retirement when they first begin practicing. This includes calculating the amount of money needed to retire comfortably. Dentists today expect to live on an average of $127,000 annually after entering retirement. This should be a guide to putting together a successful retirement plan.

In addition, the dentist should formulate clear goals, commit to a well-structured savings plan, and, often, consult experts to help in reaching his or her objectives. It may be difficult to set aside a great deal of money at the beginning. Tools such as 401(k) plans can help begin the savings habit. When cash flow improves, more money can be contributed. Various types of IRAs are available and should be investigated to determine which is best.

For dentists who plan to retire in the next 5 or 10 years, there has been a shift from employer-managed pensions to individually managed 401(k)s, a significant increase in health care costs, and several economic recessions that have caused professional and market losses. After the 2008 recession, many dentists experienced a significant decline in revenue. Diligence and patience are required to survive such fluctuations. A financial planner should be consulted to help set up a well-diversified portfolio.

Among the sources of funds for dentists are private savings such as IRAs, simplified employee pensions, 401(k) funds, Social Security payments, proceeds from the sale of the practice, and sometimes other income. The dentist should investigate defined contribution plans, cash balance plans, health savings accounts, and 529 plans when considering what sources might be useful. Contribution limits must also be considered, along with tax regulations related to savings accounts. A certified financial planner will force the dentist to inventory all his or her financial assets and help to determine the best approach for the dentist based on this inventory.

In addition to setting up a budget and investment plans, dentists should regularly reevaluate their choices to ensure they don't miss opportunities to increase the funds in a retirement account. Some investments may not be performing well and should be exchanged for better-performing ones. A broker may be useful. Often brokers charge for their initial valuation, then perform annual updates for a lower set fee.

Tax regulations are another consideration that can be a major challenge to the accumulation of personal wealth. In short-term financial planning, the contribution to a retirement plan is a deduction that allows owners to avoid taxation on their own contributions and those made for their employees. This can significantly affect tax bills. Older individuals are allowed to save additional money in a retirement savings plan through catch-up contributions, a tax-advantaged offering that dentists should consider. In addition, recent tax law changes allow some dentists to write off an additional 20% of their taxable income after all deductions have been taken and before computing their tax liability. This applies to those whose practice is structured as a partnership. There are complexities to the tax laws that make it advantageous for the dentist to consult a financial professional.

ENTERING RETIREMENT STRATEGIES

Dentists about to retire need to consider what type of retirement they want to have. One of the key considerations is the sale or transitioning of the dental practice. It's important to know the value of the practice, the tax ramifications, and how the sale or transition will occur. Dentists should be aware of the monetary value of their practice throughout their career so that they can do proper estate planning; develop a competitive analysis in terms of strengths, weaknesses, and opportunities; prepare a letter of instruction; and maximize their opportunities for revenue.

It is recommended that dentists begin working with a transition consultant about 5 years before selling their practice. This includes determining whether the dentist wants to walk away without further commitment or responsibility, which is best achieved with an external transition, or to continue working in some capacity or ensure the practice is being well tended, which is better achieved with an internal transition. In an internal transition, many options are open to the dentist. These include simply cutting back on hours worked or procedures performed, which allows the dentist to slow down without retiring completely. An internal transition can, however, require a significant commitment of time to train the associate who will acquire the practice. In the best scenario, a well-trained associate will acquire the practice in a cost-effective manner while the owner-dentist focuses on doing the dentistry he or she most enjoys. This can lead to a smooth transition, but because these situations can still be complex, it's important to have everything in writing, which will eliminate ambiguity.

Clinical Significance

Retirement is the end game of most dentists but it requires planning, awareness of the instruments and regulations that govern the accumulation of wealth, and care in selecting appropriate savings plans at all stages of the dental career. Hiring a financial advisor to help navigate the complexities of the process is a wise choice.

Fialkoff S: Playing the long game. *Inside Dent* 14:18-20, 22, 24-26, 2019

Reprints not available

SALARY NEGOTIATIONS

Salary as a percentage of collections

Check for updates

BACKGROUND

Staff salaries represent the largest expense in a dental practice. Analyzing the practice financial statement each month can help dentists determine if they are overpaying or underpaying their staff and if they need to increase or decrease staff numbers.

METRICS TO CONSIDER

The most important metric to consider on a financial statement is net income, which is the amount doctors have left over after the cost of doing dental work is subtracted. With the net income, the dentist pays everything else in the practice. This number can be compared from year to year to see how the practice is doing.