

new dentist news



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TRIO SHARES EXPERIENCES ON PAYING OFF, MANAGING DENTAL SCHOOL LOANS

BY KIMBER SOLANA

The financial cost of becoming a dentist can be unnerving.

The American Dental Education Association estimates the average debt per dental school graduate in 2020 was \$304,824.

The impact of student loans can affect all new graduates differently, just as the approaches to scaling that mountain of debt can also vary — from refinancing options to federal loan repayment programs. The New Dentist News spoke with three new dentists to see how they're managing their own debt and if they have, if any, learned lessons to offer others from their student loan journey.

Linda Kwong, D.M.D.
Longview, Washington

Despite having some financial help from her family, Dr. Kwong still graduated from Oregon Health & Science University School of Dentistry in 2020 with \$178,000 in student loans.

"That's about half of the national average," she said. "So I'm really fortunate, which is crazy to think about."

But before she began dental school, Dr. Kwong said she already knew she wanted to go into public health.

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NEGOTIATING YOUR salary, benefits and contract

BY MARY BETH VERSACI

Discussing pay during an interview can be uncomfortable. Here are some tips from the ADA for a smooth negotiation that results in a win-win situation for both applicant and employer.

Know your value

Before your interview, research the salary range for your position by comparing salaries in job listings and contacting people with the same job. Be prepared to respond to employer questions with data supporting your position.

Say as little as possible

Try to avoid discussing salary until you have a job offer. If pressed by interviewers about your desired salary, you could ask about the salary range they are offering. Do not disclose your past salary.

Sell your skills

Be prepared to talk about the skills and accomplishments that support your value.

Establish your target salary and absolute bottom line

Your target salary should be at least 10–15% higher than the minimum salary you would be willing to accept, as this gives you some margin for negotiation.

For more career resources, visit [ADA.org/careerguidance](https://ada.org/careerguidance). ■



Take into account the whole package

There can be a wide discrepancy between a basic salary and the value of the total package, so be sure you are seeing the complete picture. Look at basic pay; bonuses; insurance; vacation and sick time; parental leave; and reimbursement for tuition, continuing education, equipment and organized dentistry membership.

Make the negotiation a friendly experience

Make the employer feel that you are on the same side, working together to find a package where everyone wins. Do not tell employers about other offers you received that pay more, unless they ask.

Never agree straight away

Be appreciative when you receive a job offer, but always ask for time to respond. If you do not receive the offer you want, make an appointment to discuss it, but if you cannot negotiate an offer that makes you happy and you feel you need to decline it, do so on the best terms. If you do receive the offer you want, make sure you have it in writing in a signed letter.

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Tackling student debt

(continued from cover)

“A big passion of mine is to provide care to underserved Asian and Asian-American communities,” she said. “I figure, I might as well take advantage of federal programs that help with student loans.”

Dr. Kwong learned, from another dental student, about the National Health Service Corps, specifically NHSC Students to Service Loan Repayment Program. The idea: if Dr. Kwong commits three years to working in a federally qualified health center, NHSC will provide \$120,000 towards her student loans, awarded over four years.

Dr. Kwong applied for the program in her fourth year of dental school. Today, she practices in a community clinic in Longview, Washington, treating lower income patients who don't have insurance or are on Medicaid. She started in 2021 and will practice in community clinics until 2024.

Dr. Kwong said she would encourage others, including those who may not have long term plans to remain in public health, to consider NHSC's various loan repayment options. She added that if a clinic isn't a good fit, dentists aren't locked in. They can find another qualified location anywhere in the country to continue their commitment in the program.

“Three years isn't very long, considering how long many of us plan on practicing dentistry,” she said. “For new dentists, serving in community clinics can also give you new perspectives and valuable experiences.”

Jeffrey Kerst, D.D.S.

Shreveport, Louisiana

Dr. Kerst is the first to acknowledge that his approach to his student loans is not the right plan for everyone.

“But it's the right plan for us,” he said, referring to himself and his wife, Allison Kerst, D.D.S., an orthodontist.

For his part, Dr. Jeffrey Kerst graduated from Louisiana State University School of Dentistry in 2019 with about \$275,000 in student loans.

While others may focus first on rapidly paying off their student debt, the couple had a different philosophy.

Dr. Kerst's 10-year plan involved initially paying only the minimum on his student loans, on an income-based repayment, and instead focus on saving enough money to secure a loan that would allow them to buy a dental practice as soon as possible.

The plan also included building up an emergency fund, contributing the maximum to their retirement accounts and paying off high interest debts.

Dr. Kerst started as an associate dentist after graduating from dental school. Today, as of January, he's the proud owner of a dental practice in Shreveport, Louisiana.

“What we did after dental school was crunch the numbers,” said Dr. Kerst, adding he had help from his dad, who consults others on finances. “What we figured out was, based on our goals, it was better for us to get into practice ownership faster and increase our income before tackling our student loans.”

Currently, Dr. Kerst still has about \$240,000 left of student loans, but considers himself “far ahead of schedule” in his financial journey.

With his main goal of becoming a practice owner already achieved, he can now focus on aggressively paying off his student debt.

“I know it's a very unusual plan and it won't work for most people,” he said. “But I'd say that if you know where you want to be, then consider all of your options and be disciplined with your goals. Follow the numbers. Math never lies.”

Logan Schuiteman, D.M.D.

Appleton, Wisconsin

Dr. Schuiteman knows most new dentists won't be able to relate to her experience.

She left the University of Louisville School of Dentistry in 2018 with zero student loans.

But maybe, those who have younger family members or who are mentoring someone interested in dentistry can help someone avoid the burden of student debt.



Dr. Kwong



Dr. Kerst



Dr. Schuiteman

It was during undergrad that Dr. Schuiteman learned of the National Health Service Corps Scholarship program from her prehealth counselor. While competitive, Dr. Schuiteman said that if she was chosen, four years of dental school tuition (plus a monthly stipend) would be covered in exchange for four years of service in an underserved area after graduation.

“If I don't do that, then I would have to pay it back,” she said.

The application was only a few pages long. It included three one-page essays and letters of recommendation.

“It was a fairly easy application process but very competitive,” she said.

Today, Dr. Schuiteman is in her fourth year of her commitment, working at a federally qualified health center in Appleton, Wisconsin.

Dr. Schuiteman said new dentists should encourage the next generation — whether they want to stay in public health or not — to consider applying for the scholarship.

“Yes, when working in a community health center, your salary is typically less,” she said.

“But you don't have any student loans, so financially, you can actually get ahead. Plus, you're helping patients who otherwise would not have gotten help, get valuable experience and hone your skills.”

When her commitment ends this fall, Dr. Schuiteman said her options are wide open. She's thinking of finding an associateship, possibly in a private practice where she can utilize different skills, such as cosmetic dentistry.

“Whatever the future holds,” she said. “I don't feel financially strapped.” ■

Editor's note: Read more financial journey stories throughout March on [ADA.org/newdentistnews](https://ada.org/newdentistnews). For more information on ADA debt resources, visit [ADA.org/mydebt](https://ada.org/mydebt).

5 things to consider AFTER PAYING OFF STUDENT LOANS

BY DAVID BURGER

Congratulations! You have just finished paying off your student loans.

Now what?

Financial planning, of course, doesn't end once the student loan debt has been eliminated. With more money available in the budget, new dentists can continue making smart decisions to achieve their financial goals.

To best succeed on this financial journey, the ADA encourages members to consult with a qualified team of experts (e.g., financial advisor, accountant, insurance representative, attorney) that can help guide them in deciphering the often-complicated big picture of financial planning, retirement savings products and investment options, wealth management and tax-advantaged strategies.

The *New Dentist News* talked to several sources about a to-do list once student loans are paid off: Santo LoPorto, senior director of Equitable Financial Life Insurance Company, administrators for the ADA-endorsed Members Retirement Program and investment management services; Stephen B. Dunbar III, J.D., executive vice president of Equitable Advisors, endorsed by the ADA to provide consultative financial and retirement planning services for members and their employees; Alex Macielak, manager of business development and partnerships for ADA Member Advantage-endorsed loan refiner Laurel Road; and Allen M. Schiff, C.P.A., president of the Academy of Dental CPAs. **Here are some tips:**

Begin saving for retirement early, even while paying off the loans and refinancing available through Laurel Road, said Mr. Macielak. "People shouldn't put it off until they have paid off their loans," he said.



For new dentists with children, establishing a 529 college savings plan is a tax-advantaged savings plan operated by a state or educational institution to help people save for future college costs, Mr. Schiff said.



Developing a financial plan, in writing, is key to achieving one's savings goals and future financial security, said Mr. Dunbar.



Make financial planning a habit and automatic, and always focus on progress, not perfection, Mr. Dunbar said.



Work with financial and retirement planning professionals to maximize your plan and build what is known as a tax-exempt "bucket" to minimize taxes now or in the future, and to provide flexibility when taking withdrawals, added Mr. Dunbar.



Visit [ADA.org/money](https://ada.org/money) for more resources on planning for the future. As the only retirement program endorsed by the ADA for its members, the ADA Members Retirement Program has been designed to meet the needs of dentist members and their employees, by offering 401(k) and other savings product options to help build retirement assets and take advantage of potential tax-savings opportunities. For more information, visit ada.equitable.com. ■

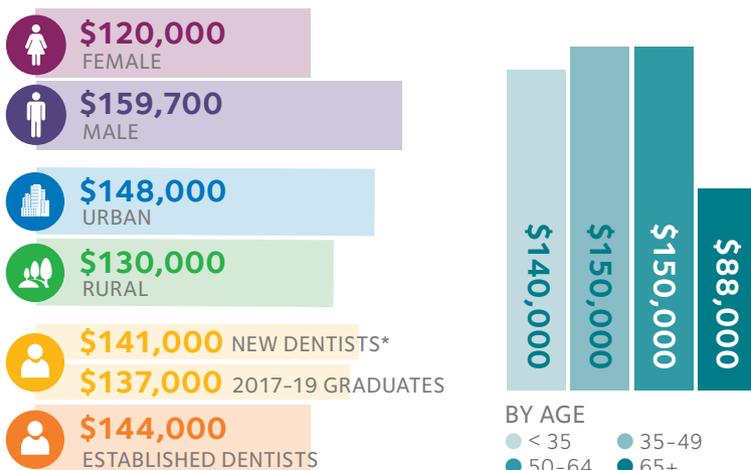
General Practitioner EARNINGS IN 2020

The 2020 median annual net income for general practitioners in private practice was \$144,000 overall, but incomes varied among GPs. Median incomes were lower for general practitioners who are female, working in rural settings, and those in the youngest and oldest age groups.

Median incomes have declined when compared to 2019 figures. This may be in part due to pandemic-related closures, according to the ADA Health Policy Institute. More information about this drop in earnings is in this research brief: <https://bit.ly/3gU6CxZ>. ■

Source: ADA Health Policy Institute analysis of 2020 Survey of Dental Practice data.

MEDIAN ANNUAL NET INCOME FOR GENERAL PRACTITIONERS IN PRIVATE PRACTICE, 2020



*Graduated dental school 2010-2020



Ask the Expert: PRACTICAL STRATEGIES TO REDUCE DENTAL PRACTICE EXPENSES

BY VLATKA PULJIC, CERTIFIED HEALTHCARE FINANCIAL PROFESSIONAL, BMO HARRIS BANK

Dear Vlatka: *I am four years in to practice ownership, and I fear I have been spending too much money to advance my practice. I added another treatment room and hired a new hygienist. I find myself with higher revenues, but it is not necessarily translating into higher profits. What am I doing wrong?*
 — In Pursuit of Reducing Expenses

Dear In Pursuit: It may be time to exert some discipline over expense management to improve overall profitability. By keeping expenses in check, you can add thousands of dollars to your bottom line.

Start by obtaining a full picture of your expenses. What percentage of practice income is going toward fixed and variable costs?

You can compare your expenditures to industry benchmarks:

- Fixed expenses, like rent, insurance, taxes and utilities, should account for about 4-7% of production.
- Variable costs, such as payroll, lab fees, dental supplies and office supplies, should run you around 45-55%.

Industry-wide, practice overhead averages around 62%. Dental consulting firm Levin Group recommends a target of 59% for general practices. How does your practice stack up?

After you've mapped out your expenses, look over your list for ways to reduce spending. There may be obvious cuts, particularly to variable costs.

For example, it never hurts to make sure your distributors are staying competitive on pricing. Consider renegotiating contracts or joining a purchasing group. You could

also consider consolidating and refinancing existing loans.

Cost control should not be solely your responsibility. Share your new budget with your team so that they too understand the importance of expense control. They may have suggestions for changes to practice spending habits; and have potential patient care considerations. Lastly, if you're an associate, think about ways you can help your owner reduce expenses too. ■

Since 2004, Ms. Puljic has worked with privately held companies to deliver innovative, industry-specific financing and cash management solutions to meet their diverse needs. As the national director of industry programs for BMO Harris Bank, she leverages her background in commercial credit underwriting and structuring to add value, foster long-lasting relationships and — above all — help dentists realize their vision for practice success.

Editor's note: This article is provided by BMO Harris Bank, the ADA Member Advantage-endorsed provider for practice financing. Call 1-833-276-6017 or visit bmoharris.com/dentists for more information.



DO I NEED A dental accountant?

BY JENNIFER GARVIN

With tax deadlines approaching, the New Dentist News talked to Allen Schiff, president of the Academy of Dental CPAs, about the special tax needs of dentists.

Why should a dentist consider using a dental accountant?

A dental accountant is a tax professional who has dedicated their entire accounting practice to dentistry. They are committed to learning all aspects about a dental practice whether it be financial, operations, personnel or marketing. Dental accountants can point to Tooth No. 7 and also help answer questions such as why one location maybe be better than another for a practice start-up or how to value a practice for a possible acquisition. These tax professionals also have good relationships with dental lenders, both local and national, and can also assist dentists with employment contracts, help them determine market value for their compensation, when to hire an associate or other personnel, when and how to raise practice fees, and whether it's better to lease or buy certain equipment. Dental accountants also have knowledge of employee salaries in the market area and can help design employment contracts for owners who hire associates.

What do new dentists generally need to know before tax filing?

For dentists who are employees, or independent contractors, they should make sure they have all their 2021 tax documents handy. These include: W-2's, IRS Form #1099, IRS Form #1099 Interest and IRS Form #1099 Dividends. It could also include itemizations such as stockbroker annual statements, crypto currency transactions, charitable contributions, IRS Form #1098 Mortgage Statements and IRS Quarterly Tax Payments for federal or state, if applicable.

For dentists who own their own practices, it's important to make sure all financial transactions within the practice have been accounted for prior to filing their 2021 income taxes. This includes making sure all receipts are accounted for as well as all disbursements to include the practice's employee payroll. Owners also must include the depreciation of any equipment as well as the amortization (expensing) of the goodwill they purchased when acquiring the practice, along with any 2021 retirement plan payments they will be paying during 2022.

What if a new dentist bought a practice in 2021?

For new practice owners, I recommend they work with a dental accountant before filing. Take the time to interview candidates and be sure to ask about their expertise and experience working with dentists. Once the dentist has an accountant, be sure to give them the following documentation:

- Asset purchase agreement.
- Settlement sheet.
- QuickBooks or Peachtree file.
- Bank and credit card statements.
- Annual payroll reports.
- Invoices for equipment purchases or build out costs.
- Startup costs paid by the practice.
- Startup costs paid personally, outside the practice.

What deductions should new dentists look for?

Besides the typical tax deductions such as dental supplies, lab fees and employee payroll, new dentists should **look for deductions that are "out of the box."** For example, if the dentist purchased loupes or text books while a dental student, these may be tax deductible costs along with startup costs they incurred personally prior to starting their practice as well as continued educational costs. Please keep in mind, it depends on how the dentist is set up as a taxing entity (employee, sole proprietor, corporation, LLC) as to whether or not the above expenses are deductible. ■

To learn more about managing debt and creating a financial plan for the future, visit [ADA.org/money](https://ada.org/money).

Note: The information in this piece is not intended to be, nor should it be construed as, tax, accounting or legal advice. Readers are urged to consult a qualified professional when seeking such advice. The ADA makes no endorsement of the above advice, nor of any website or organization mentioned in the above piece.



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³ This example is for illustrative purposes only and is based on a hypothetical fixed interest rate of 6.89% discounted to 6.39% applying the 0.5% ADA member discount fully amortized over a 10-year period which would result in a total savings of \$12,451.20. This example assumes payments are made as scheduled for the term of the loan and interest is computed on a 365/360 basis. The interest rate we offer to you may vary from the example rate used here based on your credit qualifications, loan characteristics, market conditions, and other criteria at the time of the offer. Example rate shown is as of January 3, 2022, and rates are subject to change without notice. Contact a BMO Harris Banker for current rates and more details.

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