

# Professional Retirement Planning Guide

A Dallas County Dental Society publication







Dallas County Dental Society

# **PROFESSIONAL RETIREMENT PLANNING GUIDE**

*Professional Retirement Planning Guide*  
©2013 Dallas County Dental Society  
All rights reserved.

**ACKNOWLEDGEMENTS**

DCDS Retired Dentist Committee

Dr. Roger Alexander, Editor  
Jane Evans, Executive Director  
Marissa Gutierrez, Managing Editor

Contributors:  
Dan Lewis  
Dr. Richard Lyschik  
Kyle Wallace  
Dr. Terry Watson

# TABLE OF CONTENTS

## 1. PROFESSIONAL

State Licensure Actions.....	8
Controlled Drugs.....	9
DPS Registrations .....	9
DEA Registrations.....	10
Office Drug Disposal .....	10
Professional Memberships .....	11
ADA/TDA/DCDS .....	11
Specialty Organizations .....	11
Other Memberships .....	11
Legal Records .....	12
Patient Records .....	12
Patients.....	12
Office Staff (Employee) Records.....	13
OSHA Records/Logs.....	13
Insurance Companies and Third-Party Payers .....	14
Professional Liability, Tail Coverage .....	14
Claims Made Coverage.....	15
Occurance-Based Coverage .....	15
Publicizing the Transition.....	16
Practice Sale/Renaming.....	16

## 2. FINANCIAL

Activating Social Security .....	18
Medicare .....	19
Medical Insurance.....	19
Investments/IRA/401K Planning .....	19

## 3. LEGAL

Incorporation Issues .....	21
----------------------------	----

## 4. PERSONAL

Residence Changes .....	22
Planning: Activities, Hobbies, Volunteering, Continued Professional Contributions.....	23

## 5. APPENDIX

A: Retirement Checklist .....	25
B: Resources & Contact Information .....	26
C: Further Reading.....	27
D: Business Records Retention Chart.....	28

# INTRODUCTION

*“I’ve attended a lot of seminars in my retirement. They’re called naps.”*

*-Merri Brownworth-*

Planning for retirement from full-time dental practice has increasingly become an topic of interest as America – and this profession – becomes increasingly older. Demographics based on the 2010 census tell us that currently 20 percent of Americans are over 55 years of age, and an additional 13 percent are over 65 years. By 2020, 33 percent of our society will be over 55 years of age, and by 2029 the last of the “Baby Boomers” (those born between 1945 and 1964) will reach 65 years of age. Our profession is a reflection of the “graying of America,” leading to the anticipation of an increased number of dentists transitioning into retirement during the next decade. Unfortunately, it is a subject characterized by many questions and too-few answers for the dentists who are looking into the not-too-distant future and seeing retirement looming on the horizon. Yet, retirement is one of the most important decisions in your life, and it needs to be made correctly. There is no reset button. If you make the wrong decisions, there may be no way to repair the damages. Whether you are looking down the road 5-10 years, or planning retirement in the next few years, we hope this guide will be a helpful resource for you.

**Are dentists ready?** Apparently not, from the responses to a published question posed by the Journal of the American Dental Association (*130:784, June, 1999*). Of the responding dentists, 46 percent answered “no” to the question, “Are you adequately prepared for retirement?” Only 44 percent said they were adequately prepared, while 10 percent were unsure. (Most had been in practice for 10-30 years.)

Two questions are central to your retirement plans. First, can you AFFORD to retire? And second, is there something you want to do in the future that will replace your professional life? Both are important. One local dental practice transition specialist suggests that dentists who are considering retirement should focus on financial independence, which allows you to do what you want, when you want, with whomever you want. Another dental practice broker and transition specialist

notes that many dentists become lost and depressed when they retire, because they have lost the primary passion in their lives – their profession. A life of full-time recreation usually is not a prolonged substitute for the meaningful contributions of being a health care professional; something equally meaningful needs to replace that. We address that later in this guide.

Retirement issues are more complex for dentists in private practices, especially if their practice involves multiple dentists and/or office sites. Dentists retiring from academics, military, etc. often face less-complicated transitions, but many of the items on our checklist still apply.

Unfortunately, the dental literature has not been overly helpful in addressing retirement. The majority of articles that have been published address only financial planning and practice sales aspects but little else. These articles typically recommend putting aside 10 percent of practice income towards retirement, and planning at least 10 years in advance of a projected date of retirement. Left in silence are such issues as licensure, memberships, records disposal, legal protection and other such issues, which have been left in the hands of a growing number of practice transition specialists who assist in the transfer of the practice for a fee. Some articles also warn that dentists should not plan on the sale price of their practice being the cornerstone to their retirement funding, but rather, anticipate that the money from the practice sale should be supplemental to their established retirement fund.

Increasingly, local components of organized dentistry, like the Dallas County Dental Society are being asked questions about which essential actions are necessary as a dentist retires. DCDS hopes that this publication will provide member dentists who are beginning to consider retirement with answers to many of their questions, and to identify potential resources for your use when the time comes.

For your convenience, we have organized this guide into four categories: Professional, Financial, Legal, and Personal. Remember, however, that no generalized publication can take all of your individual factors into consideration. Do your own research, talk to experts, tap the experience of retired colleagues, consult with your attorney and accountant, and consider using the services of a qualified dental practice transition specialist or broker.

A checklist is also included on page 25 to assist you in keeping track of your areas of research as you progress.

# 1

## PROFESSIONAL ASPECTS

### State License(s)

A dental license is probably the most important legal document in a dental practice. Many Texas dentists are also licensed to practice in other states, either from taking multiple licensure examinations following graduation, previously practicing in another state, or from gaining licensure through regional examinations, such as the Western Regional Examining Board (WREB). Regulations in each state vary, so dentists should consult with the state board websites of the states where they hold licensure, to confirm the procedures and rules governing changes to their dental license status.

### License Options

In Texas, you have three license change options:

1. Keep your license active by continuing to pay for annual renewal, and stay current with continuing education requirements;
2. Request that the TSBDE retire your license, which still gives you options that will be discussed below;
3. The worst option: to do nothing and let your license expire, which negates your ability to administratively reinstate it later, should you decide to.

License retirement is governed by the Texas Administrative Code, Title 22, Part 5, Chapter 101, Rule 101.7, which directs that dentists who hold a valid and current Texas license fill out a prescribed form and submit it to the Texas State Board of Dental Examiners *before* the license's expiration date. The dentist cannot have any complaints or disciplinary actions pending before the Board. The license can later be reinstated by meeting the prescribed requirements that are defined in the rule. (These requirements are different if the retiree requests reinstatement after having been retired for two years.)



Dentists with retired licenses can apply to the Board for permission to provide free dental care to indigent or critical-need patients as a volunteer. Permission to provide such services must be requested annually on a TSBDE-prescribed form. Volunteer dentists cannot prescribe or administer controlled drugs or substances, and they must document a minimum of six hours of approved continuing dental education annually.

Dentists who retire and change their mailing address must notify the TSBDE within 60 days (Rule 108.10). Required retirement forms for the TSBDE can be found on their website ([tsbde.state.tx.us](http://tsbde.state.tx.us)).

## **Controlled Drugs**

This aspect can be simple or complex, depending on how extensively you were involved in writing and/or dispensing controlled substances and prescription medications, and how many offices your practice maintained. Many dentists have a Texas Department of Public Safety (DPS) Controlled Substances Registration and a Department of Justice Drug Enforcement Administration (DEA) controlled substance number, enabling them to write prescriptions for narcotics and other controlled drugs. Once you retire your Texas license, it is also necessary to retire your DPS and DEA registrations, and notify the DEA in writing that you wish to retire your registrations. Keep a copy of all correspondence.

## **Department of Public Safety**

If you have a Texas Department of Public Safety Controlled Substances Program number, there are two possible actions to consider. First, if you are going to keep your dental license active with the prospect that you may be practicing part-time in the future, you may opt to continue paying the \$25/year fee and keep your DPS registration active. If you are retiring your license, or wish to avoid paying the annual fee, then you need to notify the DPS in writing that you want to cancel your registration. If you cancel your registration in mid-year, there is no refund for the unused portion of the year. (If your registration is near expiration, simply don't renew it and it will be retired within 30 days after the expiration date.) Send the letter to: Texas Department of Public Safety, Controlled Substances – MSC 0439, P.O. Box 4087, Austin, TX 78773-0001. Be sure to mention both your Texas dental license number and your DPS registration number. If you retain your registration, you must notify them of your address change. You can contact the DPS at 512-424-7293 if you have any questions.

## **Drug Enforcement Administration**

Likewise, if you had a Texas DPS number, you probably also have a U.S. Department of Justice Drug Enforcement Administration Controlled Substance Dispensing and Prescribing Number (also known as your “DEA Number”). Like your DPS registration, you can choose to continue paying for your DEA number if you are NOT retiring your dental license, but you must notify them in writing of any address change. The cost of retaining your DEA Number is rather steep (\$731 for three years), however. This is also a non-refundable fee, so you cannot get a refund for the unused portion of the registration period. If you retire your dental license and Texas DPS registration, then you MUST also retire your DEA Number.

If your DEA number is expiring soon, you can elect to simply not renew and it will be automatically retired 30 days after the expiration date. If you want to retire it prior to the expiration date, send a letter to: DEA Headquarters (ATTN: ODR) at P.O.Box 2639, Springfield, VA 22152-2639, or to the Northern Texas regional office in Dallas, at 10160 Technology Blvd. East, Dallas, TX 75220. Be sure to mention both your DEA Number and Texas Dental License number in the letter. If you have any questions, you can call them at 888-336-4704.

## **Office Drugs Disposal**

If you maintained controlled substances (opioid drugs, sedatives, etc.) in your office for use or dispensing, you should consult with your supplier, the DPS, or the Texas Pharmacy Board on how to document the transfer of controlled drugs to the doctor who purchases your practice (who obviously must have the proper drug dispensing and prescribing credentials and registrations). If you decide to dispose of unused or expired drugs, it must be done properly. You cannot merely discard the drugs in the trash or flush them down the toilet, which violates state and federal laws and FDA regulations. If you have small quantities of drugs, you might be able to surrender them to a local pharmacy that participates in the national medication collection and disposal program. You can locate participating pharmacies near you by searching by Zip code in the pharmacy locator at [disposemy meds.org](http://disposemy meds.org).

## **Professional Memberships**

### **ADA/TDA/DCDS**

By achieving retired status in the Tripartite System, you will pay reduced annual dues, but still enjoy full membership benefits. When you are ready to apply for retired membership status, go to the American Dental Association website ([ada.org](http://ada.org)) to download the Retirement Affidavit form. Fill out the form and submit it to the Dallas County Dental Society (or your local component), who will endorse

and forward it to the Texas Dental Association, who processes it on behalf of the ADA. You will attain retired membership status the year following your retirement.

There is also another category that might apply: Retired Life Member. You become a Life Member in the ADA when you are 65 years of age or older and have been a member for 30 continuous years (or 40 non-continuous years). If you have attained Life Member status and then submit the retirement application, you become a dues-free Retired Life Member. You must pay for the cost of the “ADA News” and the “Journal of the American Dental Association” if you wish to continue receiving them. If you have any questions, you can contact the TDA membership department.

### **Specialty Organizations**

If you are a specialist, you should make a list of the local, regional, state, national and international specialty organizations that you have membership or fellowship in. You can generally elect to continue paying annual dues and retain your membership in each of those groups, or you can advise each of them that you are retiring and inquire if they have a retired membership status with reduced dues. Most organizations will have publications or websites that will provide telephone numbers, email addresses, or postal addresses where you can contact the organization and request that they retire or suspend your membership as of a certain date.

### **Other Professional Organization Memberships**

Many dentists belong to a long list of state, regional, and national “alphabet” organizations (other than the ADA and its components). As noted above, retiring/retired dentists should list all of the organizations to which they belong and then decide whether continued membership in each has any advantages. In most cases, no action is required because many of these groups do not have a retired membership status. All that is required is to stop paying the annual dues for membership renewal, and the matter is resolved. If you are unsure of the policies of any particular organization, simply contact that group and inquire about what options they offer for retired members.

### **Legal Records**

#### **Patient Records**

Patient records must be handled in accordance with state and federal laws, and confidentiality must be protected at all times. This includes any electronic records. Health care records privacy remains protected by the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and also the Texas Medical Privacy Act

(TMPA), Chapter 181 of the Health and Safety Code, as amended in 2012. The TSBDE Rules and Regulations, Title 22, Part 5, Chapter 108, Subchapter A, Rule 108.5 requires that all patients of record must be notified by mail and public announcement (newspaper, etc.) 30-60 days before a dentist's practice is closed if the records are not transferred or sold to another dentist. The dentist must also notify the TSBDE in writing within 15 days after the dentist leaves the practice (Rule 108.8 (12)(e)). This also applies if the practice name is changed (Rule 108.4). Notification of a practice name change must be done within 40 days after the practice is transferred to another dentist. The rules specify that a dentist who sells the practice should have a written agreement for the patient records to be maintained in accordance with current laws.

Records must be retained and accessible for at least seven years following a dentist's retirement (including radiographs, study models, and other diagnostic records). If a patient was under the age of 18 at the time of treatment, records should be kept until the patient reaches age 21, plus seven years. Records should be retained in cases where there is pending litigation or administrative proceedings. The ADA Council on Dental Practice advises that you check with your practice attorney or professional insurance carrier before taking any irreversible actions. On the federal level, HIPAA requires records be maintained for six years, or a minimum of two years after a patient's death.

## **Patients**

If you are not referring active patients to another dentist for continuation of care, you should consult with an attorney about proper processing of such patients to assure you are not accused of patient abandonment for unfinished treatment. (This is why experts recommend planning ahead for retirement to allow time for completion of treatment and proper case termination and to avoid accepting new cases that require lengthy treatment times.)

The ADA notes that proper transfer of unfinished patients from a retiring dentist may have to satisfy four criteria:

1. Identification of another dentist who will accept each unfinished case
2. Provision of sufficient clinical information and records to the accepting dentist(s) to facilitate continuation of care
3. Agreement from each unfinished patient for transfer to the accepting dentist
4. Cooperation of the patient in actually getting to the accepting dentist

(source: ADA Council on Dental Practice, Division of Legal Affairs' publication "Dental Records," 2010)

Records should be shredded at the time of disposal, not thrown in the trash or burned. The most ideal way is to hire a certified company that offers protected, certified shredding and disposal services.

### **Office Staff (Employee) Records**

It is important to meet with and notify the practice's staff members as early as possible regarding your plans to retire, intentions on disposal of the practice (sale or closure), and a discussion of things that need to be accomplished before that time. Fairness, openness and honesty should be the centerpiece of the notification process. (A second meeting that includes the practice's buyer should follow, if applicable.) This meeting may be a shock to employees in some cases, will certainly cause concerns about the impact on their careers and personal lives, and will generate many questions. Employees should know that if they choose to leave the practice, they will be provided with support and letters of recommendation to assist them in relocating to other dental offices. Disposition of benefits, if any, will be of concern, so it is helpful to include the practice's accountant or other financial expert at the meeting. It should be followed by a written advisory to each staff member of the pending practice sale or closure, a review of benefits due each employee, options concerning retirement plan benefits, payment policy for unused sick days and vacation days prior to the closure/transfer date, and any other relevant issues.

Employee records can be turned over to the practice's buyer (be sure to obtain and keep a written receipt) if the practice is sold. If the practice is closed, employee records should be retained in confidential storage. See Appendix D for a business records retention chart.

### **OSHA Records, Logs**

The U.S. Department of Labor Occupational Safety and Health Administration imposes many regulations on dental offices to protect employees from the risk of diseases from exposure to biohazardous materials, body fluids, and safety risks due to inadequate working conditions or training. Along with these regulations are specific record-keeping requirements. Employee training records (OSHA-related training) must be retained for three years after the last training session. Employee medical records must be retained and available on demand for the duration of each employee's employment plus 30 years. If the practice is sold, the purchasing dentist may agree to retain the records. If not, or if the practice is closed, then the dentist should contact OSHA within three months prior to office closure to notify them of the closure and arrange to transfer the medical records to OSHA. [*reference: OSHA*

*Standard 29 CFR 1910.1030 (h)(4)*] At that time, the dentist can also inquire about any additional logs or documents that OSHA wishes to assume custody of.

OSHA has both regional and area offices in Texas. The OSHA Region VI Office (which includes Texas) is located at 525 Griffin St., #602, Dallas, TX 75202 (phone: 972-850-4145). The OSHA Dallas Area Office (serving Dallas, Collin, Rockwall, Kaufman and other counties East of Dallas) is located at 8344 East R.L. Thornton Freeway #420, Dallas, TX 75228 (phone: 214-320-2400). The OSHA Fort Worth Area Office is located at North Starr II #302, 8713 Airport Freeway, Fort Worth, TX 76180-7610 (phone: 817-428-2470).

## **Insurance Companies and Third-Party Payers**

All insurance plans and third-party payers with which the practice has had a contractual relationship, including leases, should be notified in advance of the dentist's pending departure from the practice and/or the practice's sale. If the practice is being sold to another dentist, the buyer can approach companies regarding the option of continuing the contract relationships following the sale. Further details can be obtained from a practice transition specialist/broker, accountant, or practice attorney. This includes government payers (Medicaid and Medicare), and other dental plans or insurance carriers.

## **Professional Liability, Tail Coverage**

You can still be sued for malpractice after you retire. Patients have at least two years, sometimes more, from the date of treatment to file a suit against you (and with minors, potentially longer). For that reason, you must ensure you have professional liability coverage in place after you retire. You may need to plan your coverage well before you retire, according to insurance specialists. There are two types of malpractice coverage: claims made and occurrence-based. Many dentists have no idea what type of coverage they have, but it is very important that you know, because the rules vary with each type. Call your insurance company if you do not know what type of coverage you have now.

## **Claims Made Coverage**

This type of insurance coverage is the most common type of coverage and has been around since the mid-1980s. It usually has a heavily-discounted rate for the first year of coverage, because it only covers claims made on treatment during that first year. The policy is then "renewed" for each subsequent year, with higher premiums because they are providing coverage for that year, plus any claims from preceding years (commonly referred to as "tail coverage"). As the tail coverage

period increases, the policy cost rises until about the fifth year of coverage (termed “mature” policy), where the premiums begin to level off (because the chance that a claim will be made on treatment provided in the earlier years is low). Claims made coverage needs to be carried for a continuous, unbroken time period for the tail coverage to remain intact. Don’t forget to pay the premiums on this type of coverage! If a dentist allows his policy to lapse due to non-payment of premiums, insurance companies are often not obligated to offer the tail coverage.

If you have claims made coverage, you should be proactive and contact the insurer several years prior to your retirement to verify the extension of the tail coverage of the policy into retirement. That coverage is provided by many companies at no charge, if requested, but it must be officially in place at the time of retirement. If the retiring dentist fails to do this, any claim made against them after retirement may or may not be covered, depending on the policy and the company. One local consultant also recommends proactively increasing your coverage the last two years before retirement. Most companies have \$2 million/\$6 million limits on their coverage, but many dentists carry less. The costs of increasing your coverage to the maximum are modest, but it will provide you with maximum protection in retirement. This is especially important with a claims made policy, because the coverage you have at the time of your retirement determines the limits of tail coverage you will have after retirement. It is not something you can increase once you have retired.

### **Occurrence-Based Coverage**

This is the simpler, traditional, more expensive type of insurance coverage. Once the policy is paid for, it permanently covers the dentist for any claim filed as a result of treatment provided during the policy period, regardless of when the claim is filed. The policy remains in place indefinitely until the coverage limits are exhausted due to claims settled. As long as the coverage is still there, you are protected. If you have occurrence-based coverage, you only need to contact your insurance company, advise them of your retirement and cancel the policy, because the coverage is permanent and will respond to any claim made in the future, if one is brought. Even with this type of coverage, increasing your limits to the maximum may be sensible for the last few years of practice before retirement so you carry maximum protection into your retirement.

If, during your last years in practice, you switched insurance carriers for some reason, you need to talk to both companies, to assure you will have adequate protection during retirement for any possible claims.

## **Publicizing the Transition**

When a dentist has made definitive plans to retire in the near future, that information should be posted publicly, including on social media, so that new patients considering joining the practice will be fully aware of the pending departure of the dentist. This includes any advertisements via mail, newspapers, magazines, social media, internet websites, etc. This does not mean you should not accept new patients, but all patients need to be assured that their care will be assumed by the buyer or transferred to another reputable provider for continuation of care. Avoid surprises!

## **Practice Sale and Renaming**

The sale of a retiring dentist's practice should be the frosting on the financial cake, not the cornerstone of your financial retirement plan (*JAMA 130:1519-1520, 1999*). Many dentists naively think they will bring an associate in a few years before retirement, and that associate will then purchase their practice. Unfortunately, this is often nothing more than a dream – most associates do NOT become, or want to become, buyers. If a you wish to sell your practice, you need to search for a buyer, not an associate. This is where an experienced, professional dental practice transition specialist (broker) and/or attorney can be an invaluable asset that prevents costly mistakes.

In most cases, using an experienced, professional dental practice transition specialist (broker) is money well spent, especially for large, multiple-dentist or multiple-office practices. Among the most important assets in a practice sale, with or without a transition specialist, are good records. These records should include profit and loss statements, tax returns for the most recent three years, production and collection summaries, fee schedules, equipment lists (with ages and/or dates of purchase), employee information (hours, benefit packages, retirement contributions, sick days, vacation days, etc.) and office manuals or policies.

There are a number of sale strategies available, depending on the timing of the retirement and other factors. For more information, you can obtain an article in the October 2007 issue of *Dental Economics* titled, "Four Basic Practice Sale Strategies" by Dr. Terry Watson and Frank Brown. (*To print, go to [www.dentaleconomics.com](http://www.dentaleconomics.com) and click on the archives tab.*) You also need to discuss matters with your financial planner or investment advisor, accountant, practice attorney, etc.



One Dallas dental practice transition specialist recommends several steps that will optimize the sale of most dental practices:

1. Review your fees and adjust them as necessary to ensure they are in line with your location.
2. Do a cash flow analysis in cooperation with your accountant.
3. Maintain your productivity (slowing down before your actual retirement will result in a decline in practice value).
4. Keep your patient numbers up. (It's not over until it's over!)
5. Get all financial records in order, including profit and loss statements, tax returns, etc. (If you own more than one practice, avoid co-mingling the statements; keep them separate for each practice location.)
6. Review the condition of the patient records and identify cases that need to be finished expeditiously.
7. Evaluate the office décor and invest in any necessary repairs or upgrades to maximize its visual appeal.
8. Ensure the dental equipment is operational and updated, but avoid replacing equipment simply for the purpose of the practice sale. (You will likely not get your investment back.)
9. Don't let any leases lapse (especially the office lease), and discuss with the lease broker whether any leases are transferable to a buyer.
10. Consider engaging a dental practice broker/transition specialist for a preliminary practice value evaluation, consultation services, and advice on timing and methodology of the practice sale. They can also assist in the advertising and sale of the practice.

*(Source: Dental Economics, February 2005)*

A dentist must also notify the TSBDE in writing within 15 days after the dentist leaves the practice (Rule 108.8 (12)(e)), and the notification of practice name change must be done within 40 days after the practice is transferred to another dentist. (Rule 108.4)

Appendix D provides a generalized listing of important practice documents and records that should be accounted for.

# 2

## FINANCIAL ASPECTS

A big concern for most dentists who are considering retirement is the source of post-retirement income in order to reasonably maintain their pre-retirement lifestyle. Recent data (2010) from the ADA's Health Policy Resources Center show that member dentists planned on 62.1 percent of their income to come from family retirement savings, 16.1 percent from Social Security, and 12 percent from the sale of their dental practices (for a total of 87.2 percent of their retirement income sources). Other income sources mentioned were inheritances; military service, teaching, or other third party benefit; and other sources. While this section should provide you with a brief overview of the financial implications of retirement, you should meet with your financial planner and/or CPA before making any major financial decisions.

### **Activating Social Security**

The Social Security Administration recommends you start thinking about the application process well before you reach retirement age so you are well-informed by the time you are ready to apply. It would also be of value for you to discuss the issue with your accountant and/or financial advisor(s).

Unless you have made regular contributions to Social Security over the years, perhaps through military service, salaried practice and/or teaching income, this may or may not be a consideration in your retirement. From the standpoint of activating Social Security, there is no single answer regarding when the best time is for you to start receiving benefits. You must decide, and it should be an informed decision. Social Security benefits are designed to start at age 65 and up, dependent on your birth date, but you are eligible to apply when you reach the age of 62 years. Your decision to apply for benefits should take into account your health status, anticipated longevity (based on medical and genetic history, etc.), whether you have other income and health insurance benefits, and whether your spouse or other dependents will also qualify for or need benefits. If you wish to explore Social Security benefits

and eligibility, a good place to start is the Social Security Administration's website ([ssa.gov](http://ssa.gov)). You can also call a Social Security Administration counselor at 800-772-1213 or you can make an appointment with a Social Security counselor at the local SSA office. The central office in Dallas is located at 10824 N. Central Expressway, Dallas, TX 75231. For the location of other SSA offices, you can go to the office locator on their website and click on the "Locate a Social Security Office" link.

Although you can begin receiving Social Security benefits as early as age 62, there are financial advantages to waiting until a later age to begin withdrawing benefits. If you retire early, the benefits are reduced, but you may draw them for a longer period of time. If you wait to start withdrawal of benefits, you will get a significantly higher amount of income each month (but possibly for a shorter period of time, depending on your longevity). The benefits vary, depending on your birth year, contributions and retirement age. This also applies to any benefits your spouse is eligible for.

## **Medicare**

Regardless of when you apply for Social Security benefits, you still need to apply for Medicare benefits within three months of your 65<sup>th</sup> birthday. If you delay this application process until after age 65, your Medicare premiums will generally wind up being higher, including any prescription drug benefits (Part D). For additional information on Medicare enrollment, coverage and benefits, visit their website at [medicare.gov](http://medicare.gov).

## **Medical Insurance**

It is also beyond the scope of this guide to go into the complex topic of continued medical coverage following retirement, except to refer the reader to the section in this booklet covering the activation of Social Security benefits and Medicare coverage, if that applies. If you have private medical insurance, contact that company's customer service counselors to discuss what options are available to you for continuation of coverage after retirement.

## **Activating IRA, 401K, etc.**

It is beyond the scope of this guide to give advice related to activating the benefits payout from any investment plan. Each dentist must meet with a plan counselor, accountant, and/or financial planner to weigh the individual factors and needs

for withdrawals in the future. There are an infinite number of books available to give assistance and guidance. It will pay for you to read various references and educate yourself on how to approach these important financial decisions, based on the assets you have accumulated. Additional valuable financial planning references recommended by local advisors are listed in Appendix C.

# 3

## LEGAL ASPECTS

### **Incorporation Issues**

If the dental practice is structured as a professional corporation, then the retiring dentist should meet with a knowledgeable professional business attorney to discuss the implications and procedures required to legally terminate or change the practice's identity. It is beyond the scope of this guide to elaborate on this aspect.

# 4

## PERSONAL ASPECTS

Retirement planning is different for each dentist. Some use the newfound time to enjoy life more, travel for pleasure, seek new adventures, or perhaps develop a new hobby or career. Others use the time to downsize their life, reduce the stress of too many commitments, and restructure their lifestyle. For others, it becomes a time of crisis, where they are no longer the center of a practice, no longer entirely in control, and have nothing in their lives to be passionate about once they quit full-time practice. Thought must be given to life beyond the practice, along with the other retirement decisions, and should include key family members. Assuming there are no financial challenges, what direction do you, the retiring dentist, want your life to take once you give up treating patients? What will replace your professional life, or what new direction will your professional life take once the practice is gone?

### **Residence Changes**

Many retiring dentists decide to also change their residence at the time they retire from practice. There are many facets to this decision: financial, physical, emotional and personal. This can range from moving to another location (close by or to another state or country); downsizing to a smaller, less demanding home; or even moving to an independent or assisted living facility, if there are compromises in their physical or mental abilities or complex medical issues in their lives. Time should be allocated for researching and considering possible residence changes prior to actual retirement.

### **Planning: Activities, Hobbies, Volunteering, Continued Professional Contributions**

*“Retire from work, but not from life.”*

-M.K.Soni-

Dentists planning for retirement must also consider the philosophical aspects of

retirement. Retirement should be merely a change of focus, not a cessation of involvement. The traditional society model of retirement being “put out to pasture” or ceasing to be a contributing member of society is outdated! Retirement should be a time of *new opportunities*, NOT a loss of the primary identity you’ve lived with for most of your adult life. When you’re planning ahead for retirement from active practice, full-time teaching, etc., it is a good time to give thought to how you are going to replace dentistry.

Humorist Richard Armour once wrote, “Retired is being twice tired. First, tired of working, then tired of not working.” The goal is to avoid the latter, but it takes forethought. A local transition specialist puts it this way: many dentists soon begin to tire of the new “-ings” in their lives (golfing, fishing, hunting, reading, traveling, napping, etc.). Suddenly, dentists who have not thought ahead find they don’t have a reason to get up each day, because they lack passion and direction in their new lifestyle. To avoid this, you need to think about and plan the focus and direction of your post-practice life. For some, a complete break from dentistry to a new hobby or career is desirable, but for others it represents a vacuum that must be filled with something equally meaningful. It is personal for each dentist.

Retirement can be an opportunity to share your years of professional knowledge and skills with the next generation of dentists by joining the faculty of a dental school on a full- or part-time basis, or by volunteering as a mentor to students. In retirement, you are in a position to share your vast knowledge and experience with young future dentists, or new practicing dentists. Your local ADA component society is a good place to start your search and talk to colleagues who can open the right doors. It can also give you the opportunity to become involved in indigent dental care through programs like Texas Mission of Mercy, children’s dental health month, health fairs, “Smile” programs and other similar activities. Some organizations sponsor subsidized dental care clinics or vans that are always in need of volunteer dentists. You are now, as a retiree, able to support these indigent care resources with your talents, knowledge and skills as well as giving financial support for their noble efforts.

Retirement can also provide a chance to become more involved with organized dentistry or one of the many major regional or national professional organizations. It might also be a chance to change careers, or become involved in politics or business. Perhaps one of your hobbies could become a startup business venture, or you could use the time to take flying lessons, build a boat or refurbish an old house or car, write some articles or a book for publication,

or some other activity that is meaningful to you. There are infinite possibilities if you take time to look into the future and think about it.

There are also many volunteer possibilities – working at a hospital; with a mentoring program for children (e.g. Big Brothers/Big Sisters); helping a charitable foundation, food warehouse, or rehabilitation center; or helping the local police or fire department as a volunteer. Here in Dallas, retirees often volunteer to help at the Southwest Dental Conference and are always welcome. In other words, there are ample opportunities to continue making a difference and giving your personal and professional life meaning and purpose, if you just take the time to think about them, and then get involved.

The last thing you want for your retirement is to have it turn into a passive, unfulfilling experience. Studies show that non-involved retirees who no longer have goals or a sense of purpose in their lives generally experience significantly shorter longevity. The human spirit needs to be nurtured and feel the joys of accomplishment and achievement. When that is lacking, the will to live begins to fade. Think about the things in your life that bring you satisfaction and joy, but that perhaps you have not had sufficient time for. Use your retirement to continue doing those professionally-related activities that brought you the most satisfaction during your career. *Make a difference in retirement just as you made a difference in your practice!*



## Appendix A

# RETIREMENT RESEARCH CHECKLIST

### 1. PROFESSIONAL

- State Licensure Actions (*page 8*)
- DPS/DEA Drug Registrations (*pages 9-10*)
- Controlled Office Drugs Transfer/Disposal (*page 10*)
- Professional Memberships (*page 11*)
  - ADA/TDA/DCDS
  - Specialty Organizations
  - Other Memberships
- Patient Records Disposition (*page 12*)
- Employee Records Disposition (*page 13*)
- OSHA Logs/Records Disposition (*page 13*)
- Third Party Payers/Insurance Carriers (*page 14*)
- Malpractice Insurance Coverage (*page 15*)
- Advertising/Social Media Aspects (*page 16*)
- Practice Sale/Renaming (*page 16*)

### 2. FINANCIAL

- Select a Financial Advisor, CPA, Broker, and/or Attorney
- Contact the Financial Consultant, CPA, Broker and Attorney
- Social Security Planning (*page 18*)
- Investments/IRA/401k Planning (*page 19*)
- Medical Insurance (*page 19*)

### 3. LEGAL

- Incorporation Issues (*page 21*)

### 4. PERSONAL CONSIDERATIONS

- Residence Changes (*page 22*)
- Future Activities Planning/Professional (*page 23*)
- Contributions/Volunteering (*page 23*)

## Appendix B

# RESOURCES & CONTACT INFORMATION

### **American Dental Association**

211 E. Chigaco Ave., Chicago, IL 60611  
312-440-2500  
ada.org

### **Dallas County Dental Society**

13633 Omega Road, Dallas, TX 75244  
972-386-5741  
dcds.org

### **Drug Enforcement Administration**

10160 Technology Blvd. East  
Dallas, TX 75220  
888-336-4704  
dea.gov

### **Medicare**

7500 Security Blvd.  
Baltimore, MD 21244  
800-633-4227  
medicare.gov

### **Occupational Safety and Health Administration**

8344 East R.L.Thornton Freeway  
#420, Dallas, TX 75228  
214-320-2400  
osha.gov

### **Social Security Administration**

10824 N. Central Expressway  
Dallas, TX 75231  
800-772-1213  
ssa.gov

### **Texas Dental Association**

1946 S IH 35, Suite 400  
Austin, TX 78704  
512-443-3675  
tda.org

### **Texas Department of Public Safety Controlled Substances Registration Program**

MSC 0439, P.O. Box 4087  
Austin, TX 78773  
512-424-7293  
txdps.state.tx.us/regulatoryservices/  
narcotics/narccsr.htm

### **Texas State Board of Dental Examiners**

333 Guadalupe St., Tower 3 Suite 800,  
Austin, TX 78701  
512-463-6400  
tsbde.state.tx.us

## Appendix C

# FURTHER READING

**“The Investor’s Manifesto -- Preparing for Prosperity,  
Armageddon and Everything in Between”**

by William Bernstein

**“The Only Guide You’ll Ever Need for the Right Financial  
Plan”**

by Larry Swedroe

**“WHATTHE HELL DO I DO NOW?:  
A Professional’s guide to a Meaningful Retirement”**

by R. Dean White

## Appendix D

# BUSINESS RECORDS RETENTION CHART

**Retention period is the number of years from the date of the tax return filed.**

**All information is general only and not offered as legal advice.\***

The proper retention period will vary from state to state and, maybe from practice to practice. Here is a typical schedule of retention periods. Yours may be different. Consult with an attorney to establish your own schedule.

Record Type	Retention Period
<b>Tax &amp; Financial Files**</b>	
Accounts payable ledger & schedule	7 yrs
Accounts receivable ledger & schedule	7 yrs
Audit/accountant annual report	Permanently
Bank statements (monthly)	3 yrs
Capital asset records	Permanently*
Cash receipt journal	Permanently*
Checks (cancelled – see exception below)	7 yrs
Checks (cancelled for important payment – i.e. taxes, purchases of property; file with transaction)	Permanently
Contracts and leases (expired)	7 yrs
Contracts, mortgages & leases (still in effect)	Permanently
Deeds, mortgages & bills of sale	Permanently
Deposit books & slips (duplicate)	3 or 6 yrs*
Depreciation schedules	Permanently
Financial statements (yearly)	Permanently
General ledgers	Permanently
Income tax returns, worksheets and related documentation	Permanently
Insurance policies (expired)	3 yrs
Insurance records, current accident reports, claims, policies, etc.	Permanently
Inventory of products, materials & supplies	7 yrs
List of accounts (assets, liabilities, revenue, expenses, etc)	Permanently
Petty cash vouchers	3 yrs
Retirement plan records (documents, investment records, allocations)	Permanently
Vouchers for payments to vendors, employees, etc. (includes allowances & reimbursement of employees, etc. for travel & entertainment expenses)	7 yrs
<b>Employment Records</b>	
Applications (not hired)	3 yrs
Personnel records (after termination)	7yrs
Payroll records, taxes & summaries	7 yrs
Time sheets, cards or time clock	7 yrs
Training manuals	Permanently
Workman compensation records	5 yrs
<b>Patient</b>	
Daysheets, schedule	7 yrs
Patient billing/payment or fee statements	7 yrs
Third-party insurance claims, records & correspondence (EOBs)	7 yrs
<b>Other**</b>	
Accident reports/claims (settled cases)	7 yrs
Controlled substance copy	2 yrs
Correspondence, routine with patients or vendors	2 yrs
Correspondence (legal or important)	Permanently
Legal agreements (partnership, associateship)	Permanently
Medicare billing records	7 yrs
OSHA records (log and summary)	5 yrs past the year to which it pertains

\*Check with your personal advisor, such as accountant, attorney or professional liability insurance company. State and federal laws may apply, in addition to the state dental practice act.



Professional Retirement Planning Guide is a copyrighted publication of Dallas Country Dental Society, 13633 Omega Road, Dallas, Texas 75244, and intended for use by Society members. Every attempt has been made to provide up-to-date and accurate information but accuracy cannot be guaranteed. This document is intended to be a helpful resource for generalized guidance and should not be considered as a replacement for individualized professional, financial or legal counseling and guidance from experts. DCDS does not accept financial responsibility for any misinformation printed in this publication.





*A Tradition of Integrity and Care*

13633 Omega Road  
Dallas, Texas 75244  
[www.dcds.org](http://www.dcds.org)