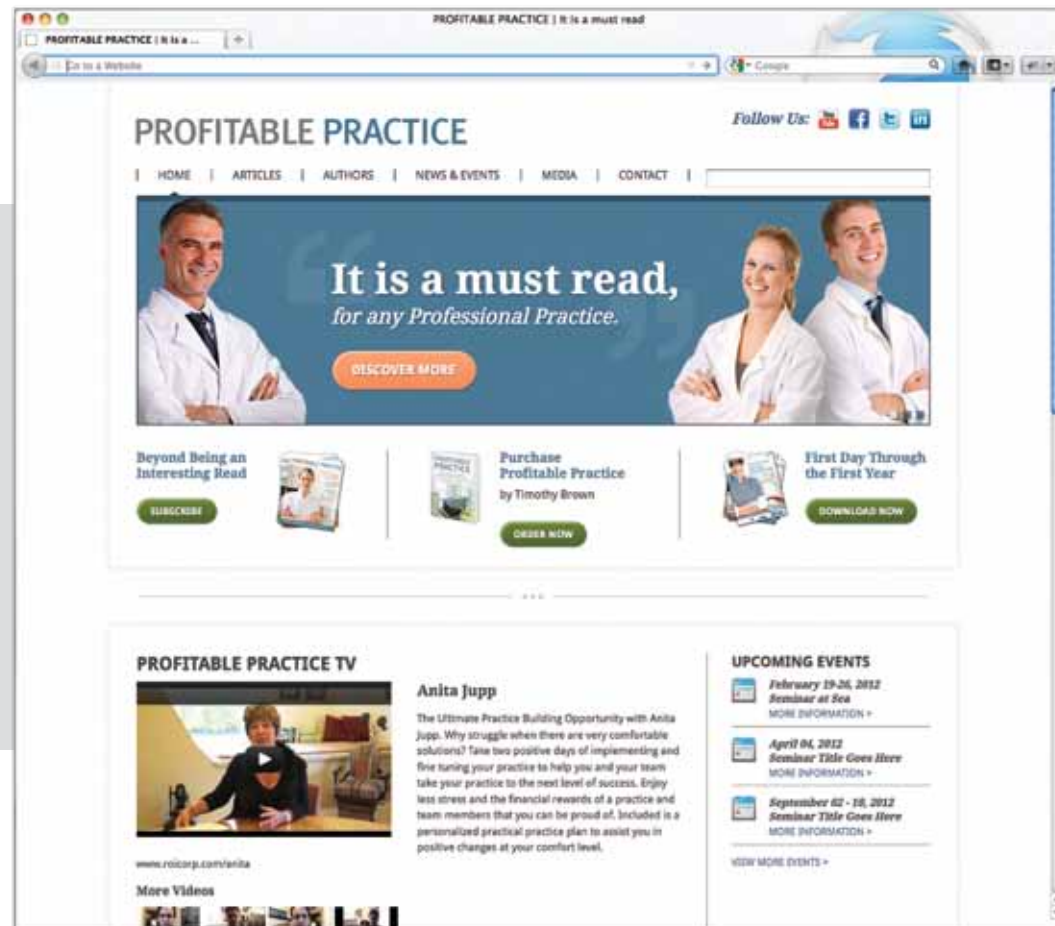


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EDITORIAL

## Teachers' Take-Over, Gender Gap Revisited and Much More

### Teachers' takeover of Heartland Dental

The recent Teacher's Pension Fund takeover of Heartland Dental is big news both here and in the States. Teacher's or Ontario Teachers' Pension Plan (OTPP) is one of the largest pension funds in Canada.

Why would they invest 1.3 billion dollars in Heartland Dental?

The OTPP is known for superb fund management and prudent and profitable investments. Obviously they see potential and great value in Heartland's Effingham, IL based firm that owns practices in 22 states.

**Timothy A. Brown** in his book *Profitable Practice: Why a dental practice is an exceptional investment* outlines reasons why OTPP would purchase a large share of a corporation with close to 400 dentists made sense.

See Timothy's updated analysis and predictions on page 14 that include whether there is a major re-think in progress with regard to corporate dental investment.

Increasingly, corporations are buying and consolidating solo dental practices across America (see **Sandy Evans'** report from the PVSG Conference page 9). Many predict the American corporate model will be evident in Canada soon. This will make buying a solo dental practice more difficult in the future.

### The gender gap issue revisited

**Dr. Sherry Cooper** in her article on page 22 revisits the much debated gender gap issue. She states that today's business 'alphas' are no longer just male and women have made significant inroads into the once male dominated bastions. Two professionals, **Dr. Dilshad Hirji** and **Karen Henderson** (managing associate editor of this magazine) respond to the gender gap debate and offer their personal insights.

**Maclean's** adds to the gender gap knowledge base in its November 19, 2012 issue. **Anne Kingston** in her article entitled *The Wealth-Health Paradox* reveals a disturbing trend detrimental to wealthy women.

Agencies like the World Health Organization and Statistics Canada promote the idea that the richer you are, the healthier you are. This makes sense especially when considering education, nutrition, fitness and quality medical care, all factors linked to affluence. However, Kingston states that women earning in excess of \$150,000 are at an increased health risk.

Why? Having the high paying job ensures all the negatives (stress, long hours, etc.) the job entails and competes with the desire for a healthy work/life/family balance.

**Dr. Elaine Chin** supports this finding and deals with highly successful women canceling regularly their medical appointments and relates, "Executive women don't look after themselves, ..." Further, the article states women are more likely to cancel their fitness work-outs than men.

### Profitable Practice is now online!

For those who wish to read the magazine content online, check out our new website: [www.profitable-practice.com](http://www.profitable-practice.com)

We've been hard at work creating a new, exciting and interactive website with a variety of new features. It will include improved access to our magazines and books, along with the addition of a news and video feed, upcoming events and other exciting developments.

### In this issue

**Mariana Bracic** recommends employers have a workplace office manual in place and an employee agreement that clearly outlines what can and cannot be done by employees when using an employer's office technology. **Daniel Pisek** helps dentists discover the 'Big Idea' for their practice from a marketing perspective. **Mark Halpern** outlines and explains the advantages of the Corporate Insured Annuity for saving on taxes and unlocking value in your practice. **Beau Olmstead** provides a point-by-point presentation that dentists should consider if they are planning to purchase commercial

real estate for their practice. **Todd C. Slater** outlines and explains the renting/buying issue in reference to dental office space and provides a numerical chart to consider. **Dr. Dilshad Hirji's** personal experience with job related disability affirms why dentists should hire a professional to evaluate a dental practice insurance policy. **Michael Carabash** offers a 4-point primer on what you should know about wills.

### Two feature interviews

This issue highlights the careers of two dentists; one at the height of his dental career and one who has recently retired to his Alpaca farm. **Dr. Fernando A. Simone** works with his fellow dentist and son, **David**, in a midtown Toronto practice. He doesn't think he will ever retire at this point and finds that working with his son is very rewarding. **Dr. Gene Cherewaty** has recently retired for mostly medical reasons and enjoys life on his Heron Hill Farm in Meaford, Ontario. **Dr. Cherewaty** and his wife, **Renia** look after a herd of about 30 animals including alpacas, Shetland sheep and llamas.

Both of these dentists offer cogent advice about practice management, buying a practice, new technologies, and retirement considerations.

### Some people to thank

It goes without saying that a magazine requires input from numerous sources and needs a creative, hard working, intelligent staff that puts it all together. Kudos to **Karen Henderson, Natalia Decius, David Rourke** and **Sean Buckley**.

### Interview with Brittany McIntyre: Dental Hygienist Student

Brittany is 24 and a student at Ontario Dental Education Institute. She is from Red Deer, Alberta and says that her heart is in the Rockies. She enjoys camping and hiking around Banff, Alberta. She has a degree in psychology and has worked with homeless people, the elderly and with teens in youth homes. She has eclectic musical tastes, loves yoga and enjoys spending time with friends, family and her boyfriend.

Brittany answered the following:

### Why did you choose to pursue a career as a dental hygienist (DH)?

I like working with people but discovered that if I continued to work with addicts and people with mental illnesses I might become consumed with it all and would have trouble maintaining my own health and happiness. I turned down an offer for graduate school in psychology and took a year off to think about it. ... dental hygiene

kept coming up time after time. I observed a dental hygienist in my city and after speaking with her I was excited to start school and a new career. ...

### What do you find difficult about attending school to receive accreditation as a DH?

The most difficult part is being away from my family, boyfriend and friends. Aside from being across the country from my home, the most difficult part is balancing my time between 7 classes, booking clients, studying, doing group projects and working ... but that is the life of a student – right?

### How would you describe a typical day at the college?

A typical theory day consists of 3-5 classes from 8 am to 5 pm. A typical clinic day requires going in a couple of hours before and/or after my scheduled 3 hour and 15 minute session to work on charts and care plans. Every day consists of a lot of coffee and is always interspersed with some good laughs with your peers.

### Based on what you know now, what advice do you have for those thinking about becoming a DH?

I would say be prepared to work hard for what you want. The experience will push you to grow in so many ways, but it's so rewarding to be able to see your skills develop along with your knowledge. You make some amazing connections and friendships and it turns into much more than an education. I would say, "Go for it!"

### Things to remember

- ♥ Readers are reminded that for subscriber information, please go to the inside back cover of this magazine.
  - ♥ Don't forget to check out our Fun Facts on the inside back cover.
  - ♥ As always we welcome your comments and suggestions for the magazine
- or

if you would like to write for the magazine and have a story to tell that would interest our dental professional reading audience, please send inquiries to: [editor@profitablepracticemagazine.com](mailto:editor@profitablepracticemagazine.com)



**James Ruddy**

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# Before You Buy

The top seven things you absolutely must consider before purchasing real estate for your practice

by Beau Olmstead



"For me, I just knew the time was right." After renting office space for his practice in Vancouver, British Columbia, for nearly four-and-a-half years, Dale decided to make the leap to ownership.

"My patient roster was well-established. The practice was generating strong, consistent cash flow. And on top of everything else, as a business person, there was just a part of me that was fed up with the idea of basically throwing my money away every month in the form of rent payments."

Dale's story is anything but unique. Each year, hundreds of Canadian dentists part ways with their landlords in favour of purchasing commercial property, either as a single-tenant operation to house their practice or a multi-unit property to house both their practice and other tenants.

However, successfully navigating the waters of commercial real estate can be a tricky business. Purchasing commercial real estate for your practice is very different than buying a residential property. The stakes are high. It's one of the most important long-term financial decisions you will ever make. And there are plenty of competing priorities and potential pitfalls to consider before you take the plunge.

Over the course of a 16-year career, I've advised numerous dentists and other health-care professionals who were in the process of making the move from renter to owner. Over that time, I've also heard more than a few horror stories of things that have gone wrong when a well-intentioned dentist goes into the process unprepared or ill-informed.

With this in mind, here are seven questions you should ask yourself before committing to buying:

### 1. Is this the best location for my practice?

Yes, that old real estate adage "Location, location, location!" applies to dental offices too. Selecting the right location is the most critical decision you will make and should be at the top of your priority list. Location is so important, in fact, that you're actually better off renting in an ideal location than buying somewhere that doesn't have everything you need.

Here are some questions you should ask yourself when you're scouting potential locations:

- ♥ Does the location provide the optimal traffic profile I'll need to grow my business?
- ♥ Is there room to expand my operations? Do I have the space I'll need to add an associate or another health-care provider?
- ♥ Does the building have the proper zoning?
- ♥ Is there adequate on-site and free or affordable parking for patients? Or easy transit service access?
- ♥ Is the proposed location in close proximity to the office I've been renting? (After all, you don't want to make the transition inconvenient or upsetting to your established patients.)

### 2. Will the cash flow from my practice be sufficient?

Before you finalize any commercial real estate deal, you'll want to determine if the cash flow generated by your practice will be sufficient to service the debt that will come with owning your new property. Be sure to account for short-term

costs such as property management, maintenance and repairs — additional costs that you may not have had to contend with as a renter. And if you plan on having other lessees, be sure to work with professionals who specialize in lease negotiations as there are significant risks to you — particularly if you will be relying on cash flow from them.

### 3. What's my personal 'risk comfort level'?

Every individual dentist has to answer this one for themselves. Some people see debt as a tool that can help them better grow and manage their business and have no problem sleeping like a baby despite servicing a hefty commercial mortgage. Other dentists may find the prospect of carrying the added debt of a mortgage undesirable or downright scary. Ultimately, you have to make a decision that you'll be comfortable with.

### 4. Is the building structurally sound?

A commercial office building is a big ticket item. The last thing you want is to be stuck with a money pit that ends up needing significant unforeseen repairs in the short-term. It's a good idea to invest in the services of a professional engineer to assess your potential office location as part of your due diligence. An engineer can see things you can't and predict problems that might pop up down the road. For example, will the roof need to be replaced soon? Will the HVAC systems be adequate? Be sure to get the answers to these questions before you buy.

### 5. Have I negotiated the best deal possible?

It's a competitive market out there. Whether you're dealing with a landlord on your next lease or you're working with your bank or mortgage broker for the purchase of a building, be sure to do your research and negotiate the best deal you can. And note that we're not necessarily talking about the best 'price' possible. There are multiple factors that add up to the total value of your transaction, including return on investment, price, financing terms and more. Be sure to consult with experts who can help you work toward getting the best overall deal.

### 6. Do my clients know what's going on?

If you're planning to move to a new location, be sure to communicate this with your patients early, clearly and often. Let them know about the move well in advance. Tell them when, where and why you're moving. Reassure them about pricing if appropriate. Share the details about the move on your practice's Facebook and Twitter pages if you have them. Your patients are the

lifeblood of your business, and if you keep them up-to-date throughout the process, they may be more inclined to follow you to your new location.

### 7. Do I have the right banking partner?

This is another critical consideration. Not all banks are created equal, and your choice of financial partner can actually play a big role in making or breaking your proposed commercial real estate transaction. You're better off working with a bank that has a deep understanding of the ins and outs of the dental industry and specializes in working with dentists and their businesses. If the right fundamentals are in place, a knowledgeable banking partner may be able to finance more than the traditional 60-70 percent. Do your homework and pick the banking partner that's right for you.

At the end of the day, the decision to buy versus rent will depend on the answers to a range of competing questions and variables encompassing both your business and personal goals. The important thing is to fully understand the investment criteria supporting the acquisition of owner-occupied real estate, including all ancillary costs, and measure this against the expected returns and benefits of all other investments.

Ownership has its advantages, but while it can offer a greater degree of control, there's also some risk involved. Be sure to educate yourself, do your homework, engage the right professionals to advise you along the way, and make sure your real estate decision is part of an integrated tax planning strategy.

*Bottom Line: This article provides sound analysis and advice in a point by point presentation that dentists should consider if they are planning to purchase commercial real estate for their practice.*

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# A Life Changing Goal... For Generations

by Todd C. Slater



I would like to start off by saying Happy New Year, and welcome to the year 2013!

It is no surprise that this first month of a new year is all about new resolutions, which are typically followed by broken promises and unmet goals, usually before Valentine's Day. The fad diet companies and fitness clubs are out in full force showing you how you can finally lose those extra few pounds that have bothered you for years. "The NEW you in 90 days or your money back!" Of course, the fine print says you need to run 10 miles a day and provide dated video footage!

Goals are personal; some you will share with those around you while others you will keep to yourself. Typically, goals fall within one or another of the following categories: personal, relationships, work, health (physical, mental or spiritual) and of course, financial. I am sure there are a few more, but you get the idea.

As a former national athlete, one of the most important things I learned about goals was setting realistic ones and learning to focus on step-by-step programs that allow you to see success. If you decide for instance, that this year you want to lose

20 lbs (not that you need to!) how would you set up your goal? Do you expect to lose 5 lbs a week over 4 weeks and call it a success? If you do that, chances are the 20 lbs may come back, and even bring a few extra friends! The true way to success is slow and steady. If you were to lose a half pound a week, it would take 20 to 40 weeks to reach your goal. The most important thing here is that it will change your lifestyle and show you that you CAN achieve something. You also stand a much better chance of keeping your 20lbs and all their friends from joining you again!

So how does this apply to financial goals? This is the area that I am most qualified to speak on, not that I couldn't stand to lose a few pounds! A financial goal is normally the easiest goal to achieve. Providing that you set it up properly, you can monitor your success. Naturally, you have to select the best path for success. In previous articles, I had mentioned that I will break down the rent vs. ownership numbers for your practice. The average professional rents their office space, primarily due to location considerations. For most, this is the sticking point; however, purchasing a new location (in close proximity to your existing location) with a well-advertised & marketed move might just increase your revenue, but it will definitely build your assets. Let me break down some numbers for you to show you how.

Let's assume you are renting 2500 sq. ft. of office space. If we look at renting vs. owning, we see the following:

	Rent	Own
VALUE	\$0	\$800,000
DOWN PAYMENT/DEPOSIT	\$10,000 (FIRST/LAST)	\$240,000 (30%, BANK MAY ALLOW LESS)
MONTHLY EXPENSE	\$5,000.00/MONTH	MORTGAGE - \$3,000/MTH PROPERTY TAX -\$1,000/MTH MAINTENANCE - \$1,000/MTH  TOTAL = \$5,000/MTH
UTILITIES	SAME AS OWNING	SAME AS RENTING
RETURN ON \$240,000	(NOT INVESTED IN PROPERTY) SIMPLE RETURN @ 4% PER YEAR = \$9,600/YR	USED AS DOWN PAYMENT \$560,000 MORTGAGE PAY DOWN = \$19,600/YEAR
EQUITY INCREASE	\$0	\$ 800,000 X 2% = \$16,000/YR (ASSUMING CONSERVATIVE 2% ANNUAL MARKET INCREASE)
END OF YEAR 1	\$9,600.00 GAIN	\$19,600 + \$16,000 = \$35,600 TOTAL EQUITY GAIN
5 YEAR GAINS**	\$48,000	\$178,000

As you can see, the numbers simply don't lie. As an owner, at the end of a 25 year period, you will have a building worth more than 1.3 million dollars, fully paid for, and generating income if you so decide. As a tenant, you will have a happy landlord that may thank you and send you a gift basket for paying off his/her mortgage.

So, let's go back to our New Year's resolutions. Owning your practice location is one resolution you can set that is achievable and one where you can monitor its progress. The same formula is applicable to all rental properties as well. You can grow a portfolio of investment properties separately from your work which will do the exact same thing.

I wish you good luck in setting and achieving your goals in 2013 and always remember, we are here to help make reaching some of those goals...\$imple.

*Bottom Line: This article deals with the renting/buying issue of office space with a numbers analysis chart to consider.*

\*\*For illustrative purposes, calculated simply with no compounding



**Todd C. Slater**

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# So What's The Big Idea Anyway?

by Daniel Pisek



Wrapping your vehicle with your logo and brand colours and driving around your local community. Making a presentation to kids at a local school to promote the importance of good brushing. Introducing yourself to other local businesses. Getting involved or sponsoring an event in your community. Taking promotional frisbees to the beach. Booking the local arena for a "Patient Appreciation Day Skate". These are just a few ideas that I have discussed with different practices to use to set themselves apart from their competition.

I am often asked the question "What big ideas do you have to help me promote my practice?" Anyone who knows me, or has worked with me to market their practice, knows that I love discussing new big ideas. But before the big ideas start happening, there needs to be a Marketing Action Plan in place which speaks to my "five practice fundamentals":

1. Have a brand identity that speaks to your practice vision.

2. Leverage your website to be your perfect sales agent.
3. Make the most of every patient relationship with a proactive approach to communication.
4. Build awareness in your local community with a regular presence.
5. Engage your team to make the most of your marketing efforts.

A great brand identity, current practice website, patient newsletters (print or electronic), consistent mailers, regular marketing meetings with your team are all tactics that need to be in place and working well together. It's kind of like making music: you want to have the right instruments playing in your band - and the better the harmony in the instruments playing together, the better your sound.

Once you have my "five practice fundamentals" supporting your big picture vision of your perfect practice, then you can begin to think about other opportunities to market your office.

I believe that every practice is different and holds its own set of unique marketing opportunities. It seems like more and more practices that I speak with already have identified an idea or two, but

just don't know what to do with them, or how to take action. For example, on a smaller scale, this could mean installing the right window graphics with the right message on the front of your office, adding the right patient education television system in your patient waiting area, better merchandising of some selected treatments or services, introducing hot towels, a coffee bar or something new to enhance the patient experience, or taking the patient referral program to a higher level.

Recently, I had my annual meeting with a long-standing client to plan our marketing work for 2013. The meeting started with a recap of the previous year's marketing activity. Along with being pleased with their 2012 campaign's return on investment, they were thrilled by the positive impact their new office window graphics had on attracting new patients. In previous years, window graphics was simply an idea for consideration, but never executed. But last year, they gave us the okay to proceed. Their only regret was not doing it sooner, as this tactic helped create awareness for their practice with everyone passing by.

On a grander scale, some of the more common ideas I have advised on include business to business marketing with local banks and other businesses next door, sponsoring an event at the dance academy down the road, introducing yourself to the local community health club, outdoor advertising on a bus or bus shelter, or getting involved with a local community event or festival.

This past summer, I coached a client who wanted to target market the business professionals working in their local banks. My first message to them was that B to B marketing (business-to-business) required a different approach than B to C marketing (business-to-consumer). B to B is much more about professional salesmanship so that one can professionally introduce themselves. The next advice I offered my clients was to ensure they had the right advice. The mindset and the needs of the business professional are much different than the general public who generally have the needs of their family in mind.

Whatever the size and scope of the idea or opportunity, make sure that you do it well, so it helps build on your professional brand identity. Here are 5 simple ideas to help you tap into your best unique practice marketing opportunities:

**1. Identify the opportunities:** You are an entrepreneur after all, and the gathering of ideas starts with opening up your mind and taking a look around your practice. Get in your car and take a drive around, see what others are doing in other industries and get your team involved with suggestions. Challenge yourself to make a list of ten opportunities.

- 2. Qualify these opportunities:** Take your list and rank them in order. You should base your rankings on those that best compliment your practice brand. Also, determine which opportunities have the most potential to provide the best benefits, whether it be immediate new patient generation or longer term brand building in your area to your target audience.
- 3. Select your top two:** For the next twelve months, make it about delivering well on your top two opportunities. You have a lot on your plate already, and focusing on two tactics should be manageable and allow you to execute both of them very well.
- 4. Bring your "A" game:** Whatever the opportunity, set a budget for the initiative and do it well. Whether you are participating in a community street festival, or introducing yourself to a class of toddlers, make sure that you exude the image of a successful practice.
- 5. Be professional in your approach:** When other parties are involved, the best way to start is to have a meeting to discuss each other's business goals and needs in terms of how you will be working together.

At FCM, one of our most important jobs is to get you noticed and standing apart from the rest. We've had great success consulting many clients with strategic business-building marketing ideas to help them grow their business. Every practice is unique and has its own set of opportunities.

So what's your big idea anyway?

*Bottom Line: This article contains tips from a dental practice marketing professional who helps clients discover the 'Big Idea' for their practice from a marketing perspective.*



**Daniel Pisek**

Daniel Pisek is the president of Full Contact Marketing, which specializes in health practice marketing. He can be reached at 1-800-728-6651 ext.24 or dan@fullcontactmarketing.ca.

## PVSG Conference in Boston November 2012 Report

by Sandy Evans

The Practical Valuation Study Group (PVSG) meets yearly to share information and discuss developments in the dental practice sales industry. In addition, a variety of speakers introduce new products and procedures and bank executives update their financial predictions for the coming year.

Boston is an ideal city and the Omni Parker House a historic setting for this type of conference. The Omni Parker House has a distinguished past and was once the gathering place for celebrities, politicians and renowned authors like Charles Dickens who lived in the hotel for two years. Many famous people have worked there including Ho Chi Minh and Malcolm X. John F. Kennedy proposed to Jackie in Parker's restaurant at table 40.

Jim Kaspar presented a history of the dental practice appraisal/sales industry in the US and it was remarkably similar to that of the Canadian experience. Both Kasper and Roy Brown of ROI Corporation Brokerage were instrumental in founding the sales and appraisals of dental practices. Both started in the dental supply industry and both made moves in the 1970s to create a market for dental practices. They helped dentists market their services and justify their fees i.e. dentists charging more for their time not just the service they performed. For example, an endodontic treatment, because it takes more time, should have a higher fee than a simple filling procedure.

Sarah Lynch's message was simple and direct. She stated, "As appraisers and brokers it is in our collective interest to help the entrepreneurial dentist to be successful. Your alchemy creates your livelihood. Our clients want to feel valued and our services should provide that: under promise, over provide."

She concluded, "The dental business is one of the best industries to be in and is almost recession proof."

In light of the recent 1.3 billion dollar purchase of Heartland Dental by the Teacher's Pension Fund based in Canada, it appears that one investment fund (at least) is in agreement with Sarah's assessment.

Conference speakers determined that there are two major differences in buying a dental practice in the States versus buying one in Canada.

- The bank interest rates are higher in the US.
- Major corporations are buying up dental practices in American urban and suburban centres. This is making it more difficult for a solo dentist to buy a practice.

**In general, Canadian dentists are better off than American ...**

How are Canadian dentists doing in comparison with their American counterparts? In general, Canadian dentists are better off than American given that major corporations are not buying up solo dental practices in Canada and interest rates are lower. In the US, twelve new private schools have helped to create an oversupply of dentists in many urban centres resulting in some dentists working as dental hygienists.

The most entertaining and enjoyable speaker was Dr. Joel Small, an endodontist who has written a book on leadership entitled *Face to Face*. Here are two sample quotes:

*"Default leadership is the greatest obstacle in our practice's transformation from good to great. Without purposeful leadership, our practices are like a caterpillar that never experiences what it means to be a butterfly."* - Dr. Joel Small

*"We cannot mold people nor can we hold them accountable. We can provide them with a clear vision of what is required to become and remain a member of our team."* - Dr. Joel Small.

Overall a very worthwhile conference that was interesting, informative and enjoyable.

*Bottom Line: This report outlines the highlights of the PVSG Conference held in Boston early this November.*



**Sandy Evans**

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# Family Dentistry by a Family of Dentists

Interview with Dr. Fernando A. Simone



PROFITABLE PRACTICE

Dr. Simone always wanted to be a dentist. He graduated from University of Toronto in 1976 and immediately bought a pediatric practice in midtown Toronto where he has practiced for the last 36 years.

**Dentistry runs in your family. You now work with your son David, who also always wanted to be a dentist. How would you describe your working relationship?**

Great! David looks after most of the children in the practice; I work with the older patients. He loves his work as much as I do. We complement each other; he sees and learns from the way I do things; to me he brings a new insight from a young person who graduated just 3 years ago. We communicate well; obviously we know each other so it's easy to iron out issues.

**You have been described as a fabulous dentist - calm and senior-friendly; in addition, you teach at University of Toronto. What do you teach?**

I concentrate on tooth replacement - prosthodontics, both clinical and preclinical...from crowns through to full dentures. I enjoy teaching because it keeps me in touch with the young people and their ideas and challenges...and quite frankly it gets me out of the office!

**What has changed the most for you over your dental career?**

Technology! Dentistry is no different than any other area of health care in this regard. The way we deliver services and the efficiency of the delivery both have been tremendously impacted by new technology

**How do you keep up with advances in dental technology?**

There's no problem here! We are bombarded daily with journals and sales people and of course there are countless CE courses available.

**How do you decide which technology you will adopt in your practice?**

Basically we filter out what people cannot afford. No matter how great a new process or piece of new equipment may be, if my patients won't pay for it I cannot offer it. An example of newer technology we use is the laser for soft tissue management - trimming and disinfecting gums.

**What advice do you have for young dental students and graduates just starting out?**

I tell my students that it's a tough go, especially if you want to stay in the city. What disturbs me is too many of them are going into the business because they think they can make a lot of money quickly. If you don't love it, dentistry can be a miserable thing to be doing; the money can only compensate so much for having your hands in people's mouths all day, every day.

**A dentist who cared for my family for many years ultimately sold his practice because he could no longer bear the pain he felt he inflicted on his patients. How do you cope with this issue?**

I can definitely relate to this. I take the time to explain to patients what I plan to do and that procedures today are so much less painful than they used to be...I think it also boils down to the practitioner's personality. I am a calm, quiet person and I think this gives my patients the trust they need to have to let me help them. So ultimately I have never had a problem with the perceived fear of the chair.

**What thoughts or advice do you have about retirement?**

I don't think I will ever retire. I want to stay around and continue to offer my experience and support to David. I will travel more but will always come back to midtown Toronto!

**What would you say to a student who thinks he wants to buy a practice?**

I would make sure that he understands what a huge financial undertaking such a purchase involves. When I started it was miniscule compared to the

hundreds of thousands of dollars it now takes. I personally cannot imagine the stress that such a commitment would place upon a young practitioner.

**On Macleans.ca recently there was an article about dentists who offer more of a 'spa experience' in their practice... including services like Botox injections. What do you think of this trend?**

Botox is an evolving part of the cosmetic business. As dentists we are trained to the point where we know the muscles of the face better than medical doctors, which means we can be better at giving needles. I will not offer Botox or related services at this point in my career but there is a place for this approach. Younger dentists just starting out may have to offer more cosmetic services to be able to compete in a crowded urban practice.

**Do you have any final thoughts about the status and well being of dentistry in Canada today?**

From my perspective it's a great career that continually offers new challenges and opportunities to learn. In the last 10-20 years, cosmetics has become a driving force in dentistry because the present generation has the wealth and desire for a more aesthetic approach to dentistry. We offer veneers - "the Hollywood smile" for example but we don't push it. We can also offer fixed dentures or "teeth in a day".

The role of dental hygienists has also changed the dental concept as I have known it; now they can work on their own which is good since it can make it easier for people to get their teeth cleaned. However, it also means that a patient can skip the dental check up, which could lead to problems in the future.

*Bottom Line: This interview features a father/son practice in Toronto and offers insights on many issues from new technologies to Botox treatments in family dentistry.*



**Dr. Fernando A. Simone**

Dr. Fernando A. Simone has been a dental surgeon practicing in midtown Toronto for 36 years. He and his staff treat their patients like family. He can be reached at 416-488-8230 or [enomis@sympatico.ca](mailto:enomis@sympatico.ca).

# None of Your Business

by Mariana Bracic



Imagine that one of your employees has downloaded pornographic images of a paediatric patient of your practice onto your office computer. Let's say that it was done on the employee's personal time. Is it "none of your business"? Do you have the right to search the computer? Do you have the right to hand the files over to the police? These were the questions raised by the recent, much anticipated decision of the Supreme Court of Canada: *R. v. Cole* [2012 SCC 53]. The case highlights the overwhelming importance to us as employers of having in place workplace policies that reserve our right to treat everything that happens on our computers as "our business".

In *R. v. Cole*, the accused, Cole was a high school teacher whose job included policing student use of their networked laptops. Accordingly, the school board provided him with one of its laptops and domain-administration rights on the schoolboard network. Using this access, he logged into a female student's email which contained naked photographs of her, and he saved them into a hidden file on his laptop. The file was discovered during routine maintenance by a computer technician. The school

turned over the file to the police. While the issue in the case involved the exclusion of the evidence that the police had obtained without a warrant, what is relevant for employers across Canada to note is what the highest Court in the land has to say about privacy rights in the workplace.

### The Supreme Court said:

*Computers that are reasonably used for personal purposes—whether found in the workplace or the home—contain information that is meaningful, intimate, and touching on the user's biographical core. Canadians may therefore reasonably expect privacy in the information contained on these computers, at least where personal use is permitted or reasonably expected.*

The Court concluded that the police had infringed the teacher's rights under section 8 of the Charter of Rights and Freedoms (which guarantees to everyone the right to be secure against unreasonable search or seizure) by seizing and searching his employer-issued laptop without a warrant. However, the Court felt that the breach of the Charter was not so significant as to justify excluding the evidence during the accused's trial. This was particularly so as the police had reasonable and probable grounds to obtain a warrant and would undoubtedly have discovered the evidence in any case.

From an employer rights' perspective, it should

be noted that the Court held that the employer had the lawful authority to seize and search the laptop (although this authority did not extend to the police). The school board, in the Court's view, was legally entitled to report its contraband findings to the police, who would presumably have then been able to obtain a search warrant.

For those of us seeking to protect employer rights, it should be noted that the Supreme Court was influenced in its decision by the following factors:

- The fact that the laptop belonged to the employer;
- The fact that the policies and practices of the employer permitted only incidental personal use;
- The fact that the technology in place at the school involved routine maintenance of computers which would thereby uncover information on the computers of whatever nature; and,
- The school's statutory duty to maintain a safe school environment.

The decision is generating controversy in legal circles and the Court has given out somewhat conflicting guidance. One thing is clear, however: if as an employer you have any hope of maintaining the comprehensive right to search or examine what is being done on your computers (as, in our opinion is required for any prudently managed, successful business) it is now, as never before, imperative that your Workplace Policy Manual contain an expertly drafted policy on the issue.

When we prepare policies for our clients as part of their Practice Protection Package™ we generally recommend that we include language making it clear that the employees have no expectation of privacy on any office-owned technology. As a destination employer myself, I find that very lamentable. I have said to MBC's own, highly valued staff, that I wish that we could allow them to make whatever personal use they wished to do of any technology we give them (and we give them a lot as our work is highly technology dependent—laptops, Blackberries® smartphones, VOIP phones, etc). I trust my staff and want to give them as many perquisites as possible. However, we cannot do so as the Courts have tied our hands. In order to preserve what I consider indispensable, namely, the right to search and examine any technology belonging to MBC at any time, in my opinion, we are forced to preclude any personal use by staff. Unfortunately, this is yet another of the many ways that Canadian employment law, by overreaching in its attempts to protect employees, creates the

opposite result by forcing the hand of employers and leaving employees less protected.

A similar result happened, for example, a few years ago with a case involving disability insurance. An employee became disabled after he was fired during what would have been his "reasonable notice period". Disability insurers do not like to continue coverage for disability insurance once the employee ceases to be actively working (for example, if they receive pay in lieu of working notice, or they are terminated summarily). The Courts have held that, in such cases, the employer steps into the shoes of the insurer, and is therefore liable for any disability the employee may develop, a potentially devastating financial result for a small business, if say the employee is incapable of working for many years. For example, in one such case, the employee received two years of compensation for lost wages, plus almost \$260,000 (!) for lost disability benefits. As a result, we always advise our employer doctors not to provide disability insurance. (If you want to do something nice for your staff, take the money you would have spent on disability premiums and just give it to your staff, or give them some other benefit.) Again, this highlights how when Courts are overzealous in "protecting" employees while ignoring business realities they end up actually leaving employees in a worse position. No small business which has access to the best employment law advice would, in my view, choose to risk the viability of their business by offering disability insurance to its employees.

Similarly, in the context of our legitimate business need as employers to examine what is being done on our office technology, the Courts have effectively told us that we had better have a proper policy in place, unless we expect to be told that it's "none of your business".

*Bottom Line: This article recommends employers have a Workplace Office Manual in place and an agreement with their employees delineating what can and cannot be done by employees when using an employer's office technology.*



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Mariana is proud of the dramatic benefits her completely unique, niche specialization (employment law + doctors) provides to her clients' wealth and happiness.



# Thoughts on the Heartland Dental/OTTP Transaction

by Timothy A. Brown

In October 2012, The Ontario Teachers' Pension Plan (OTTP) spent 1.3 billion dollars to invest in Heartland Dental Centers of America. Heartland is an organization of approximately 400 dental practices, scattered across 22 states, predominantly based in the midwest.

The principal founder of Heartland was Rick Workman, and he will stay on in a diminished role. He sold the majority of his shares and along with a number of other founding shareholders and junior shareholders will become quite wealthy as result of this transaction.

What is interesting first and foremost is that the Ontario Teachers' Pension Plan has a mandate that dictates the fund achieves above average returns on their investments, which it does given the incredible success of the fund both nationally and globally. The reason the OTTP has to achieve well above average returns is the recent development that more pensioners are living longer and drawing out of the system than teachers paying into the system. There is a long-term shortfall predicted for the fund given the new demographics. Therefore, OTTP investments must exceed 'normal' rates of return to ensure the fund's viability.

## Conclusion

The OTTP is the largest pension plan in Canada; it has more assets under management than just about any other group and has one of the most sophisticated investment advisory teams at its disposal. The fund is routinely seen as one of the investment industry's gold standards. Obviously, OTTP can select any number of investment opportunities. The fact that the fund has invested a significant amount of money (1.3 billion) in Heartland Dental speaks volumes about the future of corporate dentistry in the U.S.

## A question arises

Is this only the beginning of a move by major funds like OTTP to invest in the U.S. corporate dentistry model?

There are over 100,000 dental practices in America. Approximately 30% or 30,000 of these practices are corporate owned. Clearly there is ample room to buy more than Heartland's almost 400 dental practices.

## Other questions to consider

Will this investment trend make it's way to Canada?

Will American investors consider the lucrative Canadian dental marketplace?

Will Canadian investors often referenced as Investor Dentists™ do likewise?

Are we on the cusp of a major investment paradigm shift?

There are over 11,000 dental practices in Canada. Corporate interests control less than 500 of these or about 700 million dollars in annual revenues.

## Predictions

The corporatization of Canadian dental practices is in it's infancy and more and more we will see the emergence of aggressive acquisitionists and accumulators of these practices, some from the US, some from funds like OTTP and some from wealthy Canadian investors. We have already witnessed offshore money from India and Australia make it's way into the Canadian dental marketplace.

*Bottom Line: This article examines the OTTP take-over of Heartland Dental Centres and offers predictions about corporate dentistry in both the US and Canada.*



### Timothy A. Brown

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# Four Tips About Wills

by Michael Carabash



About 50% of Canadians don't have a valid and up-to-date will. Maybe it's the time or cost involved. Or perhaps it's the (false) idea that, once you write it, you've signed your own death certificate. But the reality is that we all need a will (sometimes multiple wills, as discussed below). And by reading these four tips about wills, you'll better understand how you can save time and money while avoiding headaches by having a will.

## Tip #1: You need a will

If you die without a will, someone will need to apply to court to administer your estate. That person will generally pay off your debts, funeral expenses and taxes, and then distribute any remaining assets to your heirs according to

standard government rules (e.g., surviving spouse and children, etc.).

So what's wrong with this picture? Well, first, the person who administers your estate may not be who you wanted. Second, the government rules concerning the distribution of your assets may not be tax-efficient or in accordance with your wishes. Third, if you have minor children and die without a will, someone will need to apply to the court to be responsible for them; again, this may not have been someone you wanted.

So having a will allows you to name someone to administer your estate, make specific gifts (e.g., of real estate, personal property, cash, etc.) to particular beneficiaries, transfer or divide your assets as you wish in a tax-efficient manner (e.g., by transferring assets to your spouse or dependant children or grandchildren), and name someone to be responsible for your minor children.

### Tip #2: Don't hand-write your own will

In 1948, a Saskatchewan farmer named Cecil George Harris found himself trapped between a tractor and another piece of equipment. He pulled out his pocketknife and etched the following on the tractor's fender: "In case I die in this mess, I leave all to the wife. Cecil Geo Harris." He later died from his injuries. Interestingly enough, the fender was removed from the tractor and determined by the court to be a valid hand-written will.

A hand-written will is called a "Holograph will" and is legal in Ontario, though not recommended. While it may seem appealing (in terms of cost and convenience) to hand-write your own will, doing so is loaded with pitfalls. You might use ambiguous terms like "my children" without properly identifying who they are: Do they include children from other marriages, adopted children, illegitimate children, or legitimated children?

You may also fail to take into account contingencies in case one of your beneficiaries isn't around when you die. For example: what if one of your children dies before you, but they leave behind their own children (i.e., your grandchildren)? Does your deceased child's share of your estate go to their children or to your other children? You need to think about these (very real) possibilities.

Finally, you may fail to include standard things like naming a person to be responsible for administering your estate and giving them certain powers. In these situations, someone will need to apply to court (which is both time-consuming and expensive). If you fail to include a clause that distributes any remaining assets (after debts, expenses and taxes have been paid and specific gifts have been made) to your beneficiaries, then the standard government rules will apply. You may want to include a clause that says you want disputes concerning your will to be resolved through mediation, which is generally less formal, costly and time-consuming than going to court.

Overall, it's generally advisable to seek professional help when creating your own will.

### Tip #3: You can/should have multiple wills

Dentists who own shares in a dentistry professional corporation (or any corporation for that matter) should generally have two (2) wills: one (1) will dealing with their assets but not their shares in a corporation and one (1) will dealing with only their shares in corporations.

When a dentist dies, only the first will needs to be probated (i.e., legal verification by the courts). As part of this process, estate administration taxes must be paid on the value of the estate described in the will. As this will does not include the value of the shares of any corporation, no estate administration taxes will need to be paid for those shares. If those shares are worth \$1-million when the dentist dies, having two (2) wills saves that dentist \$14,500 in estate administration taxes.

### Tip #4: Don't (accidentally) invalidate your will (or part of it)

There are lots of ways in which your will can be invalid. For starters, if you don't have sufficient mental capacity at the time of making a will, then it is invalid. Your will – or part of it – is also invalid if you included something (e.g., a gift to someone) as a result of fraud or pressure or mistake. If you write your will and then get married, your will is automatically revoked. That is, unless your will is made in contemplation of your marriage to that specific person. If you sign your will without two (2) witnesses, then your will is invalid. And if your witnesses are also beneficiaries (i.e. persons you give gifts to in the will) or the spouses of beneficiaries, then gifts to them will be void. Any change made to your will after it has been executed (i.e. signed and witnessed) is invalid unless it is executed in the same manner as the will. If you lose your will, then when you die you will be presumed to have revoked it! Finally, if you give a gift of real or personal property to someone in your will but don't own that property at the time of your death, then that person generally won't receive anything!

### Conclusion

By having a valid, up-to-date, and properly drafted will (or multiple wills), you can save time and money and avoid headaches.

*Bottom Line: This article outlines and explains four key tips in preparing a proper will.*



#### Michael Carabash

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# Personal Disability Insurance... Is It Worth The Risk?

by Dr. Dilshad Hirji



It was another busy day at the office today. Nancy, my front desk coordinator, stood at the operatory door. Her usually sunny face was grim, void of the customary smile and laughter. I finished delivering the local and excused myself from my patient.

Mrs. Smith was downstairs, complaining that the filling on her front tooth I had done almost a year ago had broken again and that she wanted it redone NOW! I knew it wasn't my fault but the lingering guilt from dental school still hung with me like a dark, stubborn shadow. Could I have done it any better? Did I use a rubber dam? Did I make sure that I had told her that the filling was going to break again or that she needed a mouth guard or there would be a charge for the new filling if it had been over a year?

My stomach was already churning and sinking. Nancy looked at me sympathetically and waited as I checked the chart. Mrs. Smith was not the most pleasant patient. She was demanding and picky.

I looked over my recommendations and relaxed knowing that I had told her everything. I made a brave face, smiled at Nancy and told her to seat Mrs. Smith as soon as possible.

As I was working on Mrs. Smith, I was not angry but I wasn't happy. I knew that I did not have to do the filling at no charge, but she had paid for her treatment and I felt an obligation to uphold my part of the deal, my work and my reputation. It did not matter that indeed her treatment was completed over a year ago and that she had not followed any of my recommendations. I smiled smugly though, as this time I had her sign a consent form that she knew that if she did not use a mouth-guard and that the filling broke at any time, she would be responsible to pay for its repair. (Please feel free to email me, if you want a copy of the form).

As any good dentist, I attended many financial seminars and enjoyed the complimentary food and camaraderie with other dentists that I met. Like them, I believed that as the breadwinner in

my family I should have a risk management plan in case the unthinkable happened and I could not provide for my family due to a physical or mental ailment. As a result, I had paid faithfully into not one but two long-term disability policies for over sixteen years.

The statistics are dire as it is estimated that one out of ten persons will become permanently disabled before the age 65. Canada's baby boomers (those born between 1946 and 1965) make up one of the largest populations in the world. As this generation ages, medical conditions, absence, disability and life insurance costs will increase. Additionally, higher obesity rates are driving up medical, drug and disability rates through increased risk from diabetes, heart disease and other medical conditions. The expert advice to get a disability income insurance policy to protect your current income and standard of living is smart.<sup>1</sup>

However, like myself if you are smug and think you are protected because you paid the insurance bills, you have to think again. You likely have a false sense of security as I did. We are not treated like the Mrs. Smiths in our dental practices; the insurance companies play with a different set of rules and base decisions on different morals and ethics than you and me. Paying into an insurance policy, and submitting a legitimate claim is a liability for the insurance company and their predictive and actuarial models although accounting for the increase in claims assume that dentists will not stop practicing. (With every 1% reduction on investment return, the premiums for long-term disability increase by about 5%).<sup>1</sup>

As a dentist, the mental and physical strength and discipline required to survive dental school and then build a successful practice make us hardened to many of life's difficulties. Dentistry is stressful and carries an immense burden of multiple liabilities from loans, leases and our own expectations. Disability insurers for a number of years have marketed their policies to dentists at favourable rates under the assumption that at the end of it all, we will continue to keep working through the pain. We have already invested years into our education and training, we absolutely enjoy working and our finally loan-free and lucrative practices are financing our desired lifestyles.

I worked for almost two years with pain and had no intention of selling my practice. I even switched from sitting to standing to do dentistry. I came to work regardless of the pain I was in and there were many days that I was reduced to careful and slow limping. Some days were so bad that I would have to use the inversion table in the morning before going to work. I would walk gingerly from operator to operator and

continue to deliver the care that my patients were used to. In fact, I was busier and more profitable than ever before.

The realization that I was not immune to my chronic pain came rather silently. Tony broke his first lower left premolar, which was previously root canalled. After a long visit, I was able to salvage the tooth without placing a post and used the remaining tooth structure to establish a ferrule. I made a beautiful temporary (I call them transitional) crown and even stained the sucker. It looked great and I was happy as pie as I had saved the day and the tooth.

Tony came back a week later to get his cleaning. At the hygiene check, my hygienist gave me a puzzling look. She pointed to the canine adjacent to the beautiful, perfect transitional crown. I looked at the canine and noticed not a small, decaying lesion but a very large one. My pain was catching up to me. I missed something so obvious and simple, I wondered what else had I missed.

It's no secret that musculoskeletal problems are rampant amongst dentists. A literature review suggests that the prevalence of musculoskeletal pain ranges between 64% and 93%.<sup>2</sup> Neck and back pain affect dentists the most. Dentistry is a tough profession and the hunching, the bending, the reaching, holding the mirror to see upside down lead to back, shoulder and neck problems.

It is important to realize that what led me to sell my office wasn't my chronic pain. Even though I couldn't walk properly, had numbness and tingling in my left forearm and leg, occasional numbness of all my fingers and toes, I still kept coming to work. This partial list of my symptoms is pathetic and scary awful. I had over ten young ladies who were my employees and my second family, I had bills to pay; I had a family to support and I absolutely loved what I was doing. Dentistry with all its thorns was my passion. It was who I was. How could I stop?

I had no choice but to stop as now my chronic pain was getting to the point where if I didn't reduce my hours, I would regret my treatment decisions. It was time to sell and try to salvage whatever career I could have. The mind goes rampant with doubts, questions and indecision. How would I tell my team? How would I tell my patients? How would I pay my bills? How would my family and I live? What about our mortgage, the car payments, the private schools...

Well, I never counted on my disability insurance policy to be my savior but I knew I had it and I had been paying for it for over sixteen years. I certainly had a legitimate claim for a bit of entitlement.

Traditional, sound financial planning suggests personal disability policies are a reliable source of income, if you are unable to perform at work anymore. If a dentist pays approximately \$10K annually for about 20 years, this tidy sum of money with a 5% interest rate grows to about \$347K and \$630K with a 10% interest rate.



However, imagine if I had bought a starter dental office as an absentee owner twenty years ago, as an investment. My second dental office would have already serviced the debt required to purchase it and would have provided a secondary income stream aside from my primary dental practice. Whether the income from this secondary practice would have been minor or more substantial, I would have the ability to re-invest this derived income to a much larger nest egg. The aggregate of this nest egg and the future value on the sale of this secondary practice would be substantial and far greater than the valueless pieces of paper describing my insurance policy.

More importantly, my destiny would be in my control and not at the hands of an insurance employee, who is not held personally and legally responsible, and can act morally or immorally as long as the company policies are being followed. Disability insurance policies are written to benefit the insurer and not the dentist.

After seeing a myriad of medical doctors, and surviving the idiosyncratic behaviour of these fine physicians, I actually got favourable reports and tests. But my claim was denied for inadequate medical substantiation.

The Mrs. Smiths of our office do not know how to treat us (dentists) properly. They would find themselves, when they are most psychologically vulnerable, out on the streets with broken, missing teeth. My naivety was in my expectations that I was special and the insurance company wouldn't be selling policies if they had no intentions to pay.

My problem is not insurmountable, but it will be difficult to tackle alone, especially against a multi-million dollar company with particular expertise in saving money. It is truly in the fine print and the written words that I so naively signed twenty years ago and carelessly kept on paying into my "investment", only to realize that the insurance company was not going to keep their part of the bargain. The sword is never mightier than the power of the written word and unfortunately, since it is not my expertise, I will now have to spend money to ensure that the agreement is kept.

If like me, you are naïve and think that you will get paid just because you are a dentist or you waited as long as possible to take that huge pay cut, then think again. My advice to you is to have a lawyer look over your policy to ensure that the policy meets your risk management goals.

*Bottom Line: This article relates a dentist's personal experience with disability and outlines why dentists should hire a professional to scrutinize and evaluate a dental practice insurance policy.*

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#### Dr. Dilshad Hirji

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# Feature Interview with Dr. Gene and Renia Cherewaty



PROFITABLE PRACTICE

Dr. Gene Cherewaty is just two weeks into his retirement after having sold his dental practice in Meaford, Ontario. He is ready for retirement and looks forward to spending time on his Heron Hill Alpaca Farm on the outskirts of Meaford.

Gene and his wife Renia raise alpacas along with some goats, Shetland sheep and two llamas. The llamas are guard animals adept at biting and kicking and ward off any predators that may be lurking in the area. The alpacas and the sheep offer wool that eventually may be sold commercially but at this time the animals are primarily just ‘pets’.

Both Gene and Renia love their herd and have names for all 30 of their animals. Gene relates that alpacas are gentle, curious animals that require little care. Open fields with grass to graze on, a little hay thrown in and water are all that are necessary for comfort and survival.

However, raising alpacas is not without costs, both emotional and financial. Some of the herd have died as a result of meningitis and this causes Renia and Gene sadness and discomfort when they are forced to call in a veterinarian to end the

animal’s plight. The symptoms of meningitis are obvious in that the infected animal often isolates itself from the herd and has trouble with its balance. Meningitis is a result of a deer and snail virus that ends up being ingested into the lungs of the alpacas and once introduced is often fatal because no remedy that works is available to offset the animal’s ailment.

Raising alpacas provides joy for Gene and Renia. Newborns (cria) arrive invariably between 11:00 am and 2:00 pm as they need to be sundried and on their feet within 20 to 30 minutes to go to their mother to be accepted. This is the normal procedure but sometimes there is rejection on the part of the mother and the newborn has to be hand-fed by the Cherewatys to ensure its survival. It is obvious to observers that a close bond exists between all the members of the herd and their owners. There is a sense of pride and achievement as the newborns grow and develop into adults. Most of their animals have been born, raised and died on the farm.

Gene offers that he is privileged and has a stress relieving lifestyle because these animals respond so favourably to affection and care.

Dr. Cherewaty answered the following questions:

## What advice do you have for recent dental graduates?

Things are so different today than when I graduated. There is much more competition out there. When I graduated I was busy from day one. There was camaraderie then between dentists. When you went to a dental meeting, everyone introduced himself or herself and even shared patients if they had too many. You knew there was someone there who would share advice on a procedure you had questions about.

Today it is much more complicated; graduates have to find good associateships and mentors who can advise and guide them. For me there are two main things to keep in mind as a new graduate:

Where do you want to raise your family assuming you want a family? If you want to own a solo practice make sure it’s the right one as it is hard to change your mind once you have made a decision about your practice.

Another concern worth debating is that as dentists we were trained to be perfect and ‘mistake free’; this was almost the ‘mantra’ of my dental training. I think this expectation caused problems for many dentists who suffered depression as a result. Of course, it is a fallacy that we can be perfect. Dentists can and do make mistakes. I learned to apologize to my patients when something went wrong and promised them I would correct the problem at no extra charge. Today, the Royal College of Dental Surgeons (RCDS) has done much to promote more realistic expectations for dental graduates.

## When and why did you know it was time to retire?

I loved dentistry and would still be doing it if I could. About six months ago I knew my career was going to have to wind down; the rheumatoid arthritis in my hands and my transplanted kidney were making it too difficult to continue.

## What advice would you give to dentists considering retirement?

I would advise them to know what they are going to do after retirement. They would have to be aware of their finances and how much they have to spend each month. Also I would suggest that they hire competent professionals to guide them through the process. There is much to consider.

Renia Cherewaty answered the following questions:

## How would you describe your career?

I started as a receptionist and later became an office manager doing mostly the books for Gene. When we bought the practice up here, I assisted Gene in the day-to-day procedures.

## How would you describe the life of an average Canadian dentist?

When you’re a young dentist, it is very hectic; you have debts and need to establish your practice by working long hours. Most dentists are very dedicated to their patients. In our practice here, most of our patients were also friends and acquaintances. Our office manager was from Meaford and lives on the farm across the road from us. She was invaluable because she knew everyone and put us in touch with the locals.

## What advice can you offer other dentists and their spouses about a balance in the work/life equation?

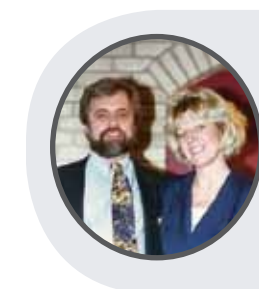
You have to have a lot of patience and things will work out.

.....

The Cherewatys are delightful, hospitable hosts eager to show visitors their farm and their animals. They see themselves as blessed and have become very much part of the picturesque agricultural community. That night, they were on their way to a local church roast beef dinner that was totally sold out. Neighbours and friends of all ages attend and there are many such dinners and gatherings every year. For example, last year the Rotary fish fry had over 900 people attend.

Dr. Cherewaty was asked if he had it to do again would he become a veterinarian? He said that he had thought about it many times and yes, he would consider it because he liked working with his hands and performing surgery. Laughing, he added, “Sometimes working with animals is a lot easier than working with people!”

*Bottom Line: An interview with a recently retired dentist that describes how he and his wife have settled into retirement on their Heron Hill Alpaca Farm.*



### Dr. Gene and Renia Cherewaty

Dr. Gene and Renia Cherewaty recently sold his practice in Meaford, Ontario, after a long and successful dental career. He can be reached through the editor of this magazine.

# Surprising Developments in the Gender Gap

by Dr. Sherry Cooper



As a female member of the baby boom generation, I began my economics career as pretty much the only woman in the room—from graduate school to the Fed to Bay Street. Economics and investment banking remain male-dominated fields, but even there much has changed. The alpha-male attitude of the ‘boys’-locker-room type’ trading floors has largely morphed into a bastion for quants and geeks with many more women doing serious trading and analysis.

Women now represent nearly half (47%) of the labour force in both Canada and the U.S., compared to only 35% in 1965 (U.S. data). Yet, women represent only 3% of the Fortune 500 CEOs, 10% of corporate boards in Canada, 16% of such boards in the U.S. and roughly 15%-to-18% of corporate executives. Women still earn between 10% and 30% less than men for the same work. But that is better than the 48% income gap in 1970. Women have made great strides; however, in the corporate world there is still a long way to go to reach gender equality.

Other sectors of the job market have been far more welcoming, and for today’s generation of

female students the tables may well be turned by the time they reach their peak earning years. Men were hit harder than women in the Great Recession because of substantial layoffs in male-dominated manufacturing, construction and financial services. Of the 8.6 million people who lost their jobs in the U.S., 68% were men. In Canada, men were a whopping 75% of the 430,000 job-loosers. Labour force participation rates have fallen sharply in the U.S.—less so in Canada for men and not at all for women. In both countries, the prime-age participation rate (16–65) for men is at a record low—78.8% in the U.S. and 81.5% in Canada. The prime-age participation rate for women in Canada is at a record high 74.1% compared to 67.6% in the U.S., down slightly from its peak.

In the past thirty years, women have taken on a growing percentage of so-called ‘male’ jobs, but men have been reticent to consider traditionally female jobs. Despite the high unemployment rate, few men have become nurses, elementary or pre-school teachers, dental hygienists, daycare providers or secretaries. While, in the aggregate, women still earn less than men in the same field, women in their 20s out-earn men in the same demographic and they are better educated.

There has been a major reversal in educational attainment. Since 1970, the proportion of men with university degrees has risen from 20% to

only 26%; whereas for women, the proportion has nearly tripled from a mere 12% to 34%. According to a Pew Research Center January 2010 U.S. study, U.S.-born Caucasians between the ages of 30 to 44 belong to the first cohort in history to have more women than men with college degrees. The trend is very similar in Canada.

Societal shifts resulting from these developments have been significant. For example, at least in terms of income growth over the past forty years, marriage has benefited men more than women. Median household incomes rose 60% between 1970 and 2007 for married men, married women, and unmarried women. However, for unmarried men, median household income increased a meager 16%. Although the gender earnings gap remains, it has narrowed. Over this period, earnings growth for women was 44% compared to only 6% for men.

This has shifted the balance of economic power in families. In 1970, 80% of men were better educated than their wives, while in 2007 that ratio fell to 72% and it is still falling. The numbers are even more striking for married women with advanced degrees, as 60% of them were better educated than their husbands. On the basis of income, in 1970 only 4% of wives out-earned their husbands compared to 38% in dual-income families. A sizable 45% of married women with graduate degrees out-earned their mates. And, 40% of mothers in the U.S. are the primary breadwinners, many of whom are single.

These trends will accelerate. Women now earn 60% of all BA and Masters degrees in the U.S., and more than 50% of all PhDs. Women are now earning half of all medical and law degrees, 42% of MBAs, and 46% of engineering and science degrees. In fact, many private universities and colleges are quietly introducing ‘affirmative action’ programs for men, accepting some lesser-qualified males to avoid even more skewed gender distribution.

On the job front, women are also outperforming in many fields; twelve of the fifteen fastest growing sectors in the U.S. are now dominated by women. More than half of all managerial and professional positions are held by women. In the U.S., they account for roughly 54% of accountants, 60% of pharmacists, 33% of physicians and 45% of lawyers, and those numbers are rising fast as women enter the degree programs in increasing numbers. Women also represent more than half of all small business owners.

In the post-industrial economy of the 21st century, businesses must deal with volatility, uncertainty, complexity and ambiguity (VUCA). A highly educated diverse workforce is essential. Organizations and individuals must be fluid, adaptable, flexible, agile and intuitive. Collaboration and networking are essential. Hierarchies no longer serve because they are rigid and brittle. The VUCA world

rewards networks and fluid teams because they are more agile. Diversity is important to generate new ways of thinking and to throw out the stale modes of thought and behaviour of the past. Businesses that don’t adjust quickly to this reality will not attract and retain top talent; they will be less innovative and ultimately fail.

The traits that are of most value today are innovation, adaptability, collaboration, emotional intelligence, team play, vision and empathy. Today’s leaders are expected to do more than command and control; they are asked to motivate, inspire, teach, communicate and model integrity and personal growth. What worked on a battlefield— or during a genuine crisis—is not appropriate in today’s business environment. ‘Alpha-male’ characteristics carried to an extreme, such as dominance, aggression, bullying and a winner-take-all mindset cause damage.

Dysfunctional alphas create resistance, resentment, and revenge. People might admire their competence, but they hate reporting to them or teaming with them. Great damage is done by alpha managers who demoralize their staff with autocratic, abusive, or micromanaging tactics. No one likes alpha coworkers who are demanding, impatient, and unwilling to listen. Those who look out only for themselves, who solo rather than collaborate, reduce the productivity and morale of the team and the organization.

Not all alphas are male, although research shows they are more likely to be male than female characteristics. As the mother of boys, I feel strongly that we must re-think our methods of education, particularly early-childhood education. We must value, encourage and role model the softer skills. Boys need to see nurturing dads and successful moms as much as vice versa.

*Bottom Line: There is still a gender gap and surprisingly limited female participation in the C-suites and boardrooms of large corporations. But girls are now outperforming boys in schools, colleges and universities. Women are dominating a growing number of professions and smaller businesses. It may stand conventional wisdom on its head, but success in the future will require young men and male-dominated corporations to adapt quickly to the growing global competition of young women and female-dominated businesses.*



**Dr. Sherry Cooper**

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## Surprising Developments in the Gender Gap – Life Outside the C-Suite\*

by Karen Henderson

I was raised in a family of four girls and one boy; my father was in the investment business working for a large US firm. I guess he would have been a C-Suiter. My mother did volunteer work and raised the children.

My parents expected me to excel; they knew I had the drive and intelligence to do so but did not foresee how I would suffer from such absolute boredom in the classes I attended at a private girls school in Toronto. The school skipped me ahead a grade but I still ended up sleeping my way through most of high school and only graduated with a C average.

The same occurred in university; I qualified for a summer scholarship but other than that...I was bored. My parents never pushed me; in fact, I could have used some guidance but that was not their style. But I guess more importantly they did not make me feel there was anything I could not achieve.

I did not know what I wanted to do and so fell into some very interesting opportunities after university. I applied and I was chosen to work at Expo '67 in Montreal. I applied and I was again chosen to represent Ontario at Expo '70 in Japan. I was starting to see the path that would work for me.

Upon my return to Canada I applied for and was chosen to work for American Airlines, which helped satisfy the travel bug I had developed. But again I needed more so I applied and was accepted at Florida International University where I obtained an MSc in Hotel Administration.

I returned to Canada and went out west where I applied and was accepted in a PR job in the oil patch. That was followed by a job in advertising, which took me back to Toronto. Here I applied and was accepted into the world of database marketing and then digital technology.

At this point I started the first of several businesses that met my need for creativity and to somehow be ahead of the wave.

Because of an aging father who suffered from mixed dementia among other things, in 1996 I started Care-giver Network, the first caregiving website in Canada and have been in the aging and long-term care planning field ever since.

So from my perspective, I have never experienced any job discrimination; I have always gotten what I applied for. This is probably because I was never interested in the C-Suite life. The C-Suite should not be the only gauge used to assess the success of women in the workplace. Granted I am not making half a million dollars a year and my picture does not appear in the events pages in the *Globe* or *Post*, but I know who I am and what I do has influenced countless thousands of people from Japan to Canada. You don't have to be in the C-Suite and you don't have to earn a lot of money to make a huge difference in peoples' lives. In fact one may be even more effective outside the 'corporate cage'.

Ms. Cooper has stated that the workplace traits that are of most value today are innovation, adaptability, collaboration, emotional intelligence, team play, vision and empathy.

As a non C-Suiter, I feel I possess and have had to use all of these traits to some degree. My advice to women is to follow your creativity and your passion; luckily I have never had to work for a dysfunctional alpha (nor could I!).

Maybe I have been lucky. But just maybe my intense curiosity, open mindedness, perseverance, love of adventure and fearlessness have landed me some unique opportunities.

The most critical benefit of staying 'on the outside' is that you have control over your working life—the hours you work, where you work, how you work. To me this is a priceless gift in the frantic life we somehow feel we need to lead. But the choice is yours... no matter what your gender.

*Bottom Line: I could never have thrived... even survived in the C-Suite environment. Young women coming into the labour force need to understand there is an alternative to working for a large corporation.*

\* A widely used slang term used to collectively refer to a corporation's most important senior executives. C-Suite gets its name because top senior executives' titles tend to start with the letter C, for chief, as in chief executive officer, chief operating officer and chief information officer.



**Karen Henderson**

Karen Henderson is the Managing Associate Editor for Profitable Practice magazines; she is an accomplished writer and researcher and brings a wealth of experience, particularly in the area of long-term health care.

She can be reached at [karen@profitablepracticemagazine.com](mailto:karen@profitablepracticemagazine.com).

## One Dentist's Response to the Gender Gap

by Dr. Dilshad Hirji



The small gold inlay glimmered beautifully in my hand. I was almost at the finish line! Another five minutes and I would have finished the cementation and completed my mock clinical exam. The glare on the inlay was already blazingly bright but I wanted that super shine. My stomach lurched into my heart as in the next second I watched two weeks of hard work—from the impression to the pindexing of the die to the trimming of the margin to the wax up to the casting and to the try in—all this disappeared within seconds when my gold beauty went airborne, launching itself out of the comfort of my hand and onto the dirty tiled floors. It was free, lost forever in the grime of the busy streets of the dental school.

My patient was very sympathetic as this journey was also his. We were a team. I figured that all I had to do was to retake the exam and start over. To think anything else would have been too painful. I quickly went to my instructor for the exam and relayed the situation as calmly as I could, at the same time pleading my case to her and praying for her sympathies.

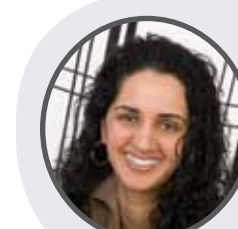
I was a young, headstrong lady oblivious to really anything but what I wanted and a fine rod of black and white justice. I was shocked to my bones, when for the next half hour, I was besieged and tormented by my instructor. She was shocked at my cavalier attitude. She calmly berated me at my recklessness and unprofessionalism. She then launched into a tirade about how difficult it was for women to join the field of dentistry and how I didn't appreciate how hard she had to work and what hardships she had gone through. As she related her story to me, I felt her pain but I didn't appreciate the tone of her voice or how loud it had become as she was getting unraveled. She said that she was going to fail me so I could learn my lesson, but because like me she was a female, she was going to give me another chance. With that she slowly tore the exam paper with the capital F in half in front of me.

The next time I felt discrimination was in dental school doing an oral surgery rotation. My partner for the day gently confided to me that our next patient had specifically requested that she did not want me to treat her because I was a female. I quickly shrugged off the bad taste and went on to have three hours of extreme satisfaction and removed several teeth. As I was leaving, I checked up on my partner. He was still struggling to remove that one tooth. I wished him luck and sighed, as the patient who was also a female, had selected one of the least confident students as her treating student dentist. The joke was on her.

In my life, I am now absolutely sure that I have had a lot of gender discrimination directed at me. The myth of the gender gap is absolutely real if you let it infect you. Sure, as a female in a male dominated field, you have to play the game just as if you were a male in a female dominated field. The game is always there to play but the key is how well you do perform. Dentistry is an absolutely wonderful field that has no gender discrimination once you have opened your dental practice. You are the mistress/master of your own ship. Sure, you will always get some people who will discriminate on the basis of your gender but you will also get segregation based on the colour of your skin, on your socio-economic standing, on your philosophical views etc.

Dentistry is a great profession for both men and women. It allows both sexes to spend time with their family and their children while earning a substantial living. It gives us a choice. The gender gap is no longer a valid entity unless you make it so. I never worked with another female instructor again.

*Bottom Line: A personal look at the gender gap issue from a semi-retired dentist.*



**Dr. Dilshad Hirji**

Dr. Dilshad Hirji practices limited dentistry part time and writes regularly for Profitable Practice Magazine and can be reached at [drdhirji@gmail.com](mailto:drdhirji@gmail.com).

# The Corporate Insured Annuity

How to enhance after-tax returns  
and unlock value in your business

by Mark Halpern



My experience working with successful dentists taught me that many are natural entrepreneurs who manage to accumulate substantial portfolios of varied assets (investments, real estate, and businesses). Their common weakness is exit strategies; most successful dental professionals/business owners don't have a plan.

Over the next decade, more than \$1 trillion of net worth in Canada will transfer to future generations. If you don't have a proper succession plan for your business, the fruits of your labour may be consumed by taxes unnecessarily and not available for your family or favourite charities.

That's why it makes sense now, while the sun is shining, to work with an experienced trust and estate practitioner to help navigate this exciting time of change and opportunity. In the meantime, the Corporate Insured Annuity should be considered as one of several strategies that can eliminate your tax problem while increasing your retirement income.

The Corporate Insured Annuity (also known as a corporate back-to-back annuity) is ideal for anyone 60 years+ who is a major shareholder of a private corporation with surplus capital that is not required to operate the business. In the right situation, it will maximize your after-tax retirement income on a guaranteed basis and enhance your estate value in favour of your heirs.

## How it works

This financial planning strategy consists of two steps: the purchase of a corporate-owned life insurance policy and the purchase of a corporate-owned life annuity. This powerful combination, when set up properly, can guarantee higher after tax investment returns and a large tax-free payout to your estate upon death.

Your company's current investment portfolio probably includes a variety of interest-bearing investments such as term deposits, GICs, bonds, bank accounts, etc. Like most people, you use the interest earned on those investments to supplement your own income.

**Step one:** your corporation will need to purchase a term-to-100 or a minimum-funded universal life policy with you as the life insured and the corporation as the beneficiary. At the outset, the permanent life insurance policy has no cash value on the shareholder's life with the death benefit being equal to the amount of capital used to purchase the annuity in step two.

**Step two:** your corporation would liquidate the interest-earning investments described earlier and use those proceeds to purchase the life annuity contract.

The cash flow generated from the annuity pays the life insurance premium and the tax payable on the annuity income. Remaining funds are used to supplement your income on a higher, guaranteed, after-tax basis versus a traditional investment.

When you die, your company will receive the guaranteed tax-free death benefit from the life insurance policy. The excess of the death benefit over the adjusted cost basis of the policy gets credited to the corporation's capital dividend account. Your corporation then uses the proceeds to pay a dividend to your estate. This dividend is a tax-free capital dividend up to the amount available in the corporation's capital dividend account. Your estate can then gift the funds received as directed in your will to your heirs or charities.

The result of the strategy is that your corporation will enjoy substantial tax savings. The annuity has a "nil" value at death on the balance sheet and is not subject to any taxes upon withdrawal as the annuity ceases to exist at death. The life insurance also has a "nil" value at death as the proceeds come out of the company tax-free through the capital dividend account. For example, the beneficiaries of a corporation with \$1 million of traditional investments would otherwise be liable for \$330,000 of taxes based on Ontario rates. The tax bill can be zero using the Corporate Insured Annuity

This strategy can also be structured as a Leveraged Corporate Insured Annuity (also known as a "Triple

Back-to-Back") that provides enhanced results while also allowing the shareholder to still have full access to the investment assets for business or investment requirements.

The program can be further enhanced by naming the shareholder's spouse as the successor annuitant and by purchasing a joint last-to-die policy.

### WHO SHOULD CONSIDER THE CORPORATE INSURED ANNUITY?

- ♥ Age 60+ and in good health
- ♥ A shareholder of a private Canadian corporation
- ♥ Affluent, with capital that exceeds lifestyle requirements
- ♥ Company's investment portfolio includes conservative investments, such as GICs, bonds and bank accounts
- ♥ Interest income from investments is currently used to enhance shareholder's lifestyle
- ♥ Shareholders want to leave a bigger legacy at death

### THE MECHANICS

- ♥ The non-prescribed annuity generates a higher return than traditional fixed-rate investments.
- ♥ The corporate tax paid on annuity income generates Refundable Dividend Tax on Hand (RDTOH) balances that are available to enhance the shareholder's income.
- ♥ The taxable portion of the annuity amounts to less than the interest earned on the investments, which reduces the amount of corporate tax paid annually.
- ♥ The payment from the annuity includes a combination of interest and principal, while the fixed rate investment returns interest only.
- ♥ The insurance proceeds replace all the capital used to purchase the annuity.
- ♥ When the shareholder dies, the life insurance proceeds are paid to the company and generate a credit to the Capital Dividend Account (CDA).
- \* The insurance proceeds can then be paid tax free to the shareholder's estate (via a tax free capital dividend) and distributed to heirs or charity, as directed in the will.

## A RECENT CASE

- An active periodontist and business owner of a private Canadian company
- Age 71, non-smoker.
- Company has \$500,000 of interest-bearing investments earning 5%
- Interest income is paid as a taxable dividend to the shareholder annually
- Shareholder's personal dividend tax rate is 30%
- Corporate tax rate on interest income is 50%

Corporate Insured Annuity		
Total Funds Available	\$ 500,000	
Annual Income	\$ 49,339	
Insurance Premium	\$ 21,305	
Summary of benefits	After-Tax Cash	Net Estate Value
YEAR 5	\$ 16,177	\$ 498,541
YEAR 10	\$ 16,826	\$ 500,000
YEAR 20	\$ 17,903	\$ 500,000
YEAR 25	\$ 18,311	\$ 500,000
Alternative Investment		
Total Funds Available	\$ 500,000	
Annual Income	\$ 25,000	
Insurance Premium	\$ 0	
Summary of benefits	After-Tax Cash	Net Estate Value
YEAR 5	\$ 13,125	\$ 351,463
YEAR 10	\$ 13,125	\$ 352,926
YEAR 20	\$ 13,125	\$ 355,852
YEAR 25	\$ 13,125	\$ 357,315

### Tax considerations

From a CRA perspective, the annuity and the life insurance contract must each be subject to a separate underwriting process. Otherwise, CRA may consider the two contracts as a single, non-exempt contract, which would significantly impair the effectiveness of this strategy.

This is appropriate for business owners who wish to implement a succession plan that will lower the value of their corporation at time of death for tax reduction purposes while providing tax-free capital to heirs, surviving shareholders or philanthropic purposes.

### Implementation

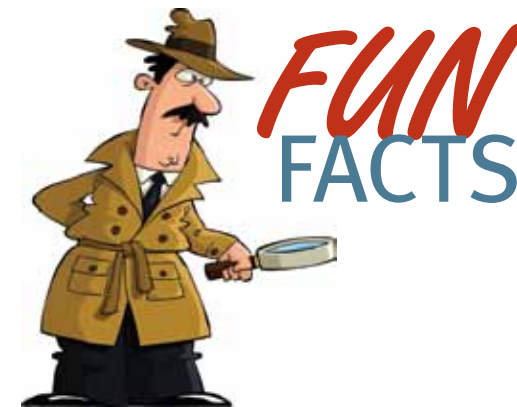
This strategy should be based on your need for insurance coverage, estate liquidity and overall estate planning objectives. It's best to deal with a Certified Financial Planner or Trust & Estate Practitioner with experience in this area. Your accountant and tax advisor can assist in this process.

*Bottom Line: This article provides a detailed explanation of the Corporate Insured Annuity and why it should be considered as a strategy to reduce your tax bill and increase your estate.*



#### Mark Halpern

Mark Halpern, Certified Financial Planner (CFP), Trust and Estate Practitioner (TEP) is the Founder and President of illnessPROTECTION.com. Mark is one of Canada's top life insurance advisors with special expertise for medical professionals, business owners, entrepreneurs and high-net worth individuals and families. He can be reached at: mark@illnessPROTECTION.com or 905-475-1313. Visit his blog at MarkHalpernBlog.com.



1. Dental floss was first made in 1882 from silk and most people fib about regularly flossing.
2. There are more bacteria in your mouth than people on earth.
3. The ancient Greeks used pliers for teeth extractions.
4. A sneeze zooms out of your mouth at over 600 mph!

(Courtesy of Pediatric Dentistry, Glens Falls US)

Another use for dental floss: strong string for hanging things: Considering how thin it is, dental floss is strong stuff. Use it instead of string or wire to securely hang pictures, sun catchers, or wind chimes. Use it with a needle to thread together papers you want to attach or display, in clothesline fashion.

(Source: Reader's Digest Canada)

### Global Facts and Myths

1. The electric chair was invented by a dentist.
2. In parts of England, mothers at one time burned their children's baby teeth so that witches couldn't get their hands on them and gain control of their children.
3. William F. Semple a dentist from Mount Vernon, Omaha was issued the first patent in 1869 for chewing gum.

(Source: JuniorDentist.com All About Becoming A dentist!)

### Groaners

What do you call an old dentist?

...Long in the tooth

What did the dentist say to the golfer?

...You have a hole in one

What does the dentist of the year get?

...A little plaque

(Courtesy of Jokes Q)

### Some Good News

Based in London, the Legatum Institute (LI) is an independent non-partisan public policy organisation whose research, publications, and programmes advance ideas and policies in support of free and prosperous societies around the world.

Canada has demonstrated that it is a preferred place to live in. According to Legatum's research, Canada leads the way in the world in terms of personal freedom, has the 8th strongest economy and the 6th strongest government. All are indicators as to why Canadians should be proud of where they stand in the world in these times of uncertainty. For more on this topic, go to: <http://digitaljournal.com/article/336119>.

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