



PURTZKI + ASSOCIATES CHARTERED ACCOUNTANTS NEWSLETTER

PURTZKI & ASSOCIATES ACCOUNTANTS & CONSULTANTS

Purtzki & Associates is an established CA firm with offices in Vancouver and on Vancouver Island. The scope of our services includes financial statement preparation, tax planning, and advice on improving the bottom line of your practice. But that's just the beginning. As specialists in providing CA services to dentists for the last 30 years, we have learned a lot about your specific business and financial needs—and we've developed a unique range of services to address them.

We've witnessed first hand the challenges you face in maintaining or improving the profitability of your practice. We know how hard it is to develop a thriving practice while financing ever increasing expenses like housing and education. We have been there through every stage, from the struggles of start up, through success and accumulated wealth, to the development of a suitable transition strategy and retirement.

Purtzki & Associates has developed a number of special services to address the complex and crucial issue of practice

transition. In addition to providing advice on financial and ownership options, for example, we have taken the extra step of developing a professional recruiting service just for dentists. Nothing is more important to a successful transition, we believe, than finding the right people to bolster the performance of your practice and lay the foundation for a smooth, financially beneficial transfer of ownership.

Professional recruitment services are available through our Purtzki Dental Recruitment team, led by Larry Staley, a career recruiting professional with 30 years' experience. They meet head on the challenges of finding successful associates and the ideal successor for your practice. Prospective associates from across the country receive professional career coaching services, helping them track down the right opportunity. Matching the right person to your practice brings not only immediate benefits, but the potential for invaluable long-term advantages.

If you would like more information about our transition and recruiting services, please contact Larry or Manfred.



Manfred Purtzki

WEST COAST AND BEYOND

Our reputation for understanding and addressing the needs of dentists was established on the West Coast, but Purtzki and Associates has also developed many working relationships with members of the dental community across Canada. Internet technology has given us many options for sharing information and we subscribe wholeheartedly to the notion that distance is not a limiting factor in our quest to share our expertise. Likewise, distance should not be a limiting factor in your planning and growth. We have embraced new technology to communicate with dentists with webinars and Internet video conferences, for example, allowing out-of-town clients access to staff and services without having to travel.

To provide as many options as we can for our clients, we are planning to open a full service office in Calgary later in 2010. ■

WWW.JUSTFORDENTISTS.COM



604.669.7558 TEL | 604.669.7445 FAX
SUITE 960, 789 WEST PENDER ST. VANCOUVER BC V6C 1H2
250.754.1951 TEL | 250.754.1577 FAX
SUITE 2, 92 ROBARTS ST. NANAIMO BC V9R 2S5
1.888.668.0629 TOLL FREE

WHAT WE DO BEST

- | | |
|----------------------|------------------|
| PRACTICE TRANSITIONS | TAX MINIMIZATION |
| PRACTICE VALUATIONS | ESTATE PLANNING |
| PRACTICE MANAGEMENT | FRAUD PREVENTION |
| FINANCIAL PLANNING | ACCOUNTING |

WHY USE A DENTAL RECRUITMENT FIRM?

Experience tells us that nothing is more important to the short and long term success of a dental practice than hiring the right people. Traditional methods of advertising or asking colleagues for recommendations can be frustrating,

Professional recruiting dramatically reduces the guesswork.

unproductive, and often disappointing. Delays are discouraging; mismatches can be disastrous. Professional recruiting actively searches for qualified dentists for available practices, assesses their professional and personal qualities, and dramatically reduces the guesswork.

Our team consists of professional recruiters, experts in their field. We contact and recruit dentists every day. We maintain an extensive database of dentists at various stages in their careers. Before recommending a candidate, we perform personality profile assessments to ensure the individual is compatible with the dentist(s), the staff, and office culture. As a full service professional recruitment firm, Purtzki Dental provides services to those seeking a practice opportunity, as well as to the practices that are seeking new people. In particular, we offer a range of career coaching services to dentists who are looking for a new situation within the profession, and have access to non-advertised opportunities.

Purtzki Dental Team

Larry Staley captains our recruitment team. Seasoned recruiters Ioana Ardelean

and Heidi Jones have teamed up with Larry, each bringing a wealth of results-oriented experience to our initiative. We are here to bring experience, insight, and professionalism to the most important decision a dentist or a dental practice can make. ■



Heidi Jones, Larry Staley and Ioana Ardelean.

DO YOU HAVE A PRACTICE TRANSITION PLAN?

From the time you start thinking about practice succession, it is wise to have a solid transition plan in place. This plan will help you spell out your financial and retirement goals, while providing a roadmap for the transfer of ownership to your successor.

It is important to share your transition plan with the successor candidate. You need to decide whether to offer part ownership at the start, for example. An alternative is to hire the new dentist as an Associate, with the understanding that they can become a co-owner of your practice in a specified time.

The more specific you can be about spelling out your vision and a timetable for achieving it, the better. Most important of all, you will need to find a successor who shares your goals and vision. A plan is just a plan without the right person to make it a reality. A crucial step in creating the right negotiating climate is to be open from the start, so it is vitally important to have a plan in place and to show it, up front, to your potential successor.

Without a well thought out transition plan, unforeseen issues and doubts can arise that interfere with the negotiations and possibly derail any chance of an agreement. For example, in one situation, the seller began to have doubts about whether the sale would allow him an

adequate sum for retirement, since he had very little put aside. So, he asked to be kept on for another five years as a full-time associate.

As the practice could only support one full-time dentist, this was totally unacceptable to the potential buyer. This

For 30 years, dentists have relied on us to be their guide through all the stages of practice transition.

dentist not only lost the chance to sell his practice, he lost a good deal of credibility for any future negotiation.

If you are thinking about transition, give us a call. For 30 years, dentists have relied on us to be their guide through all the stages of practice transition. You'll find our approach practical, no-nonsense, creative and cost efficient. ■



www.purtzkidental.com

WHEN SHOULD YOU SELL?

WE THINK SOONER IS BETTER THAN LATER.

If you have been toying with the notion of selling your practice in the next few years, we think you would be wise to consider accelerating that decision and putting your practice on the market now.

Here are some of the reasons.

It's A Seller's Market. In urban centres particularly, anyone selling a dental practice today is likely to find no shortage of prospective buyers. With demand outstripping the available supply, the prices being paid for practices have never been higher. In our view, those who wait a couple of years to sell will likely not get the value from their practice they would be getting now.

Financing Is Easy....For Now. Banks are still keen to fully finance the purchase of a dental practice, and at reasonable rates. However, banks are starting to tighten the credit for their nonprofessional clientele, as well as raising interest rates, and it will just be a matter of time before they will begin to do the same for professional practices. You can expect to see banks declining to fully finance the practice goodwill and imposing severe lending restrictions.

Retirement Is Beckoning. Many dentists have grown weary of the daily routine of managing the practice, dealing with staffing issues, controlling overhead expenses, and meeting the increasing demands from their patients. What an opportune time, to sell the practice, and continue working as an associate on a flexible schedule, without worrying about practice management.

Cash is King. If you can cash out now, you have unprecedented opportunities to take advantage of investment opportunities.

If you are contemplating all the available transition options, feel free contact us for a complimentary consultation. We will flesh out the appropriate transition strategies for you and assist you in maximizing the value of your practice. ■

TOP FIVE TAX TIPS FOR DENTISTS

Income taxes are your biggest expense, yet our experience shows that surprisingly few dentists engage in serious tax planning. The tax savings generated can accelerate your mortgage repayment or boost your retirement savings.

These are my top five tax saving tips.

Deduct mortgage interest. If you have a sizeable house mortgage, you should look for creative ways to write off the mortgage interest. You pay \$150,000 in interest on a \$500,000 mortgage at 5% over 10 years. Deducting this amount on your tax return will result in a tax savings of about \$60,000.

Use capital gains instead of dividends. If you are planning large cash withdrawals from your company in 2010, consider taking the cash as capital gains rather than dividends. On capital gains, you pay tax on only half the amount since only one-half of the capital gains is subject to tax. On a \$400,000 cash distribution, you can save about \$40,000 of income tax.

Split income with family members. Most dental income is taxed at the low corporate tax rate of 12% (depending on your province) compared to the highest personal tax bracket of 44%. You lose the benefit of the low corporate tax rate if all the income is paid out to you. The tax saving can be enormous by channelling corporate income to family members in a lower tax bracket.

Set up your corporate health plan. You can get almost a 45% discount on your

medical expenses by setting up your own Private Health Services Plan. It allows your corporation to deduct dental and medical expenses for yourself and family members without any corresponding taxable benefit to you.

Maximize deductible pension contributions. Consider switching your retirement savings to an Individual Pension Plan (IPP), instead of the RRSP. You can make larger contributions to an IPP than to the RRSP, especially if you are over 50, and you are also entitled to a large tax deduction for past service contribution.

Make tax planning your top priority this year and put more money in your pocket. Give us a call if you want to find out how you can implement these strategies. ■

SEVEN HABITS FOR PRACTICE

- Be passionate about what you do.
- Write down your vision and goals and share them with your team.
- Hire only the best people.
- Face the brutal facts. Don't procrastinate when making decisions to remove obstacles, which prevent you from achieving practice success.
- Continue building your skills and knowledge.
- Turn patients into raving fans.
- Celebrate success!

DON'T FORGET THE PACIFIC DENTAL CONFERENCE

April 15 – 17, 2010 at the
New Vancouver Convention Centre.
Come and visit us at Booth 1443.

■ PRACTICE TRANSITIONS & ASSOCIATESHIPS

Central Vancouver Island Full time associate opportunity, busy and high production practice, top notch technology.

Central Vancouver Island Family practice ,three operatories, easy pace, great staff, real estate available, owner retiring.

Comox General practice for sale with building . four operatories with three equipped, great location.

Courtenay Family practice with five operatories, building available, central location, well established.

Campbell River High volume, well managed, excellent profitability, great location.

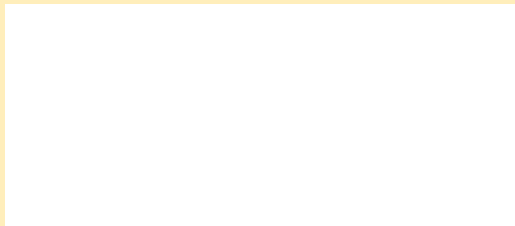
Campbell River Well established practice, great cash flow, excellent dental team, owner retiring, building ownership available.

Surrey Two blocks from the Skytrain station, well established family practice, five operatories, above-average hygiene revenues.

New Westminster Well managed, phenomenal location, excellent new patient flow, high gross, high net

Cranbrook Family practice, four operatories, building available, owner retiring, excellent deal.

CONTACT LARRY AT [LSTALEY@PUTZKIDENTAL.COM](mailto:lstaley@putzkidental.com) OR MANFRED AT [MANFRED@PUTZKI.COM](mailto:manfred@putzki.com)
OR CALL TOLL FREE 1-888-668-0629 FOR MORE INFORMATION ON THE ABOVE OR OTHER PRACTICE OPPORTUNITIES
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604.669.7558 TEL | 604.669.7445 FAX
SUITE 960, 789 WEST PENDER ST. VANCOUVER BC V6C 1H2
250.754.1951 TEL | 250.754.1577 FAX
SUITE 2, 92 ROBERTS ST. NANAIMO BC V9R 2S5
1.888.668.0629 TOLL FREE