just for dentists™

Purtzki & Associates
CHARTERED ACCOUNTANTS

Cost-Sharing and Buy-Sell Agreement

Many dentists work in group practice arrangements. There are many types of group practices, but the most common ones are the "solo group" and "transition-ownership".

Solo Group Arrangement

When mid-career dentists work to maximum capacity and have reached a plateau in terms of production and professional challenge, they often will seriously explore the opportunity to bring another dentist into the practice. Retirement transition is not the desired objective, but rather achieving such goals as reducing the practice time commitment, pursuing a specialty which would require another dentist to look after the general dentistry, or simply cashing out a portion of the practice equity.

The incoming dentist often joins the practice as an associate and, once he/she is established and has developed a patient base, the sale of the practice interest is consummated. In the end there are two independent practices operating in the facility, with very little sharing of staff and expenses. There is no sharing of production. The two dentists may have a buy-out agreement in case of death or disability, but there is no intention that one dentist purchase the other dentist's practice on retirement.

Transition-Ownership Arrangement

The transition-ownership arises when a dentist, approaching the sunset of his career, looks for a dentist to effect his retirement transition. While the two dentists may work as two separate legal entities, mainly for tax purposes, they share many common expenses and even some practice income. The key element of the co-ownership is to execute the exit strategy for the retiring dentist.

Vancouver: 5th Floor Park Place, 666 Burrard Street V6C 3P6 Phone: (604) 669-7558 Fax: (604) 669-7445
Nanaimo: Suite 2, 92 Robarts Street V9R 2S5 Phone: (250) 754-1951 Fax: (250) 754-1577
Email: purtzki@purtzki.com Toll free: 1-888-668-0629
www.justfordentists.com