

Kerr speak

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How to Get to Life After “Dr.”

The Money You Need:

Annual Personal Financial Statement

1. Tracks progress toward your financial goals
2. Impacts decision making
3. Critical information in one place

Establish a realistic retirement budget

Track all you spend for a full year

Factor in perks you'll lose after the sale of the practice

Factor in items you may no longer pay for (mortgage?)

Workshop:

What do I know? What do I need to find out?

How much have we saved to date?

How much more will we need?

Are we maximizing pre-tax savings opportunities?

Do we have a professional relationship with a financial advisor?

What is our retirement target date?

What sources of income will we have in retirement?

Will we retire debt free (only need 60% of preretirement income)?

Do we have a transition plan in place?

4% Rule:

Draw 4% from retirement savings annually (adjusted for inflation)

Savings will last thirty years

(Need \$300,000 to generate \$1,000/month)

\$ you have

\$ you need

When that ratio is >1, you have reached financial freedom

Social Security + 4% draw of IRA + Other

Your Retirement Budget

Other: After tax savings

Part time employment

Spousal SS benefit

Spousal 401(k) – IRA

Military or other pension (teacher)

Rental property

Social Security:

Monthly benefit based upon top 35 earning years

Add zero for each year less than 35

Can claim as early as age 62 (but earning penalties if you keep working before reaching your full retirement age – FRA)

Forfeit \$1 in benefits for every \$2 earned over \$19,500

Forfeit \$1 in benefits for every \$3 earned over \$51,960 in the year you reach FRA

Full Retirement Age: 66 for those born before 1954

Full Retirement Age: 67 for those born after 1960

Benefit increases 8%/year for each year claim is deferred after FRA

Protect surviving spouse (evaluate family history/longevity)

Savings strategies and annual limits for 2024:

IRA: \$7,000 + \$1,000 for those age 50 and older

401(k): \$23,000 + \$7,500 for those age 50 or older

Health Savings Accounts:

- Contribution is tax-deductible

- Money grows tax-deferred

- Withdraw tax free if spent on health care

Individual contribution: \$4,150

Family contribution: \$8,300

Add additional \$1,000/yr. if age 55 or older

Note: You cannot continue to contribute to an HSA once on Medicare

Watch www.youtube.com/watch?v=IBYGQ28xXQ4 (Dr. Doug Carlsen)

Elements of Practice Transition:

1. Making the decision:

- What's *pushing* me into retirement?

- What's *pulling* me into retirement?

- Keep spouse informed!

 - Account access

 - Knowledge of PM software with User ID and password

 - Broker identified or codicil for your will

 - Centralize important information

2. Know your numbers

3. Maintain the Status Quo (Peak Productivity)

- Practice must generate enough cash to fund:

 - Practice overhead

 - Service the practice purchase loan

 - Meet the lifestyle needs of the buying doctor

4. Keep Current
5. Sale parameters
 - Lease terms
 - Equipment status
 - Practice cash flow

Recommend pre-sale discussion of the following:

1. Staff retention
2. Length of transition
3. Treatment philosophy
4. Management philosophy

Post-sale steps to take:

1. Letter to patients
2. Local and social media announcements
3. Hosted reception to welcome new doctor
4. Eliminate seller's log in credentials and user ID
5. Change office door locks and security code
6. Cancel unnecessary disability income protection
(only 60% of income can be replaced via insurance)
7. Resist post-sale "spending spree!"

Adjustment to "Life After Doctor:"

Celebrate! Reflect on the many successes of your career

Retire "to" something!

Maintain "purpose"

Enjoy multiple "core values"

Hobbies, family, hiking, biking, camping, gardening, crafts,
volunteerism, reading, mission work, sports activities, etc.

Let stuff go!!

You can't change what you can't change!

"If your focus is on the past, your future will be your past."

Brian Dodge