



# Getting Started in Your Dental Career

Buffalo Niagara Dental Meeting



# Thinking About the Future

---

- Setting Goals
- Breaking Down Debt
- Building Skills and Gaining Experience
- Owning Your Own Practice

Pros and Cons

What are your options?

What is the right time?



# Starting a Personal Financial Plan

---

- Managing Debt
- Buying a Home
- Creating a Budget/Savings Plan
- Starting an Investment Plan
- Practice Ownership

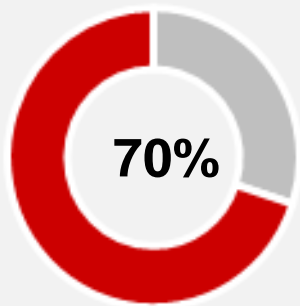


# Managing Student Debt

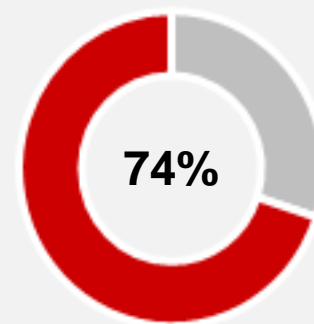
## Student Loan Facts

\$1.5 trillion of outstanding U.S. student loan debt

\$304,824 is the average student debt for 2020 Dental School Graduates



of working millennials have student loan debt



feel daily stress related to their student debt



# Managing Student Debt

---

## Consider Options in Refinancing Your Student Debt

There are lenders that refinance student loans by paying off current loans and issuing them a new loan. Options to refinance all or some of federal and private loans. Well known lenders include Laurel Road, SoFi, Earnest.

## Benefits of Refinancing Your Student Debt:

- I. Save money
- II. Lower interest rate(s)
- III. Pay off loans faster
- IV. Lower monthly payments
- V. Move from a fixed rate to a variable rate (or vice versa)
- VI. Reduce number of loans in repayment



# Buying A Home

---

- Attractive Offers Targeted to Dentists
- Higher Loan To Value (Less Down Payment)
- Attractive rate offers with flexible options
- New Home and Refinance
- Recent Graduates Many Times Qualify



# Buying a Practice - What Do Banks Look For

---

- **Basic Guidelines Banks Use on Practice Value**
  - 70-90% of practice revenues (3-year avg vs most recent year)
  - Apples to Apples ... Normalized Cash Flow
  - Formal practice valuations
- **Transition Strategies Between Buyer and Seller**
  - 80-85% rule of thumb (patient retention) = predictable cash flow
  - Strategies (Seller staying on/having skin in the game, key employees, etc)
- **Other Guidelines Bankers Consider**
  - Hygiene % of revenue (28-33%)
  - Revenue / patient (both dental and hygiene)
  - # of active patients
  - Revenue / Chair
  - Production (dental and hygiene)
  - % New Patient Growth
  - Line-Item Expense Management (ex. Dental Supplies)



# Buying a Practice - What Do Banks Look For

---

<b>% of Revenue</b>	<b>Average</b>	<b>Target</b>
Hygiene Production	30%	32%
Staff Expense (non-dental)	31%	24%
Misc. Office Expense	14%	10%
Lab Expense	7%	10%
Dental Supplies	7%	5%
Rent	7%	5%
Net Income (Pre-Dentist)	34%	46%



# Buying a Practice - What Do Banks Look For

---

- Working with your banker
  - Some banks like 2-3 years of associate experience first, why?
  - When should you engage a banker?
- What do Banks need to make a financial decision?
  - Personal Financial Information
  - Business Financial Information

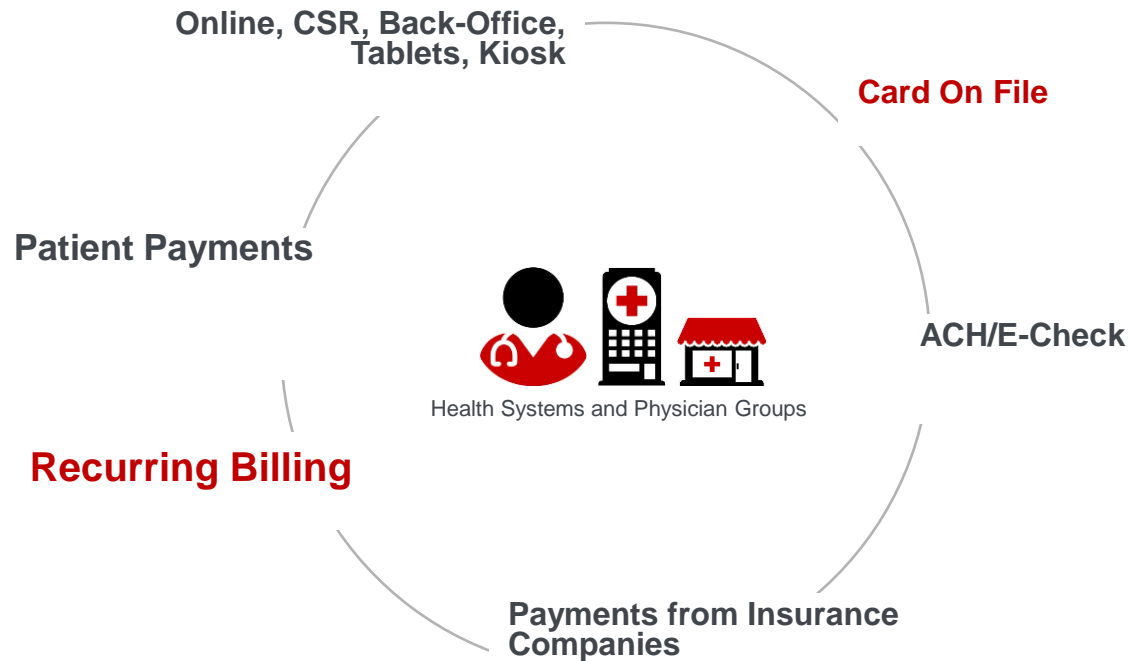
# How do Banks Decide to Finance?

Personal Debt	
	Primary Mortgage
	Second Home Mortgage
	HELOC
	Student Debt
	Personal Lines of Credit (catch all)
	Credit Cards
	Auto Loans
	Utilities
	Other Life Style Expenses (Boat/RV Loans, Vacation Clubs/Time Shares)
	(1) Total Annual Personal Debt Payments
Practice	
	Normalized Practice Net Income
	+Depreciation
	+Amortization
	+ Interest Expense
	+ Taxes
	+ Dentists Income
	Pre-Compensation Practice EBITDA
	- Adjusted Dentists Income (min. required for personal debt/expenses)
	Fully Normalized Practice EBITDA
DSC = Fully Normalized Practice EBITDA/ Total Annual Global Debt Payments	
(Post Compensation DSC must meet a minimum of 1.0 - 1.20 X)	



# Practice Efficiency – Revenue Cycle Management

---



# Questions?

---

Thank you!

**Kirk Dewart**

**National Sales Leader, Healthcare**

**630.740.9316**

**[Kirk.Dewart@keybank.com](mailto:Kirk.Dewart@keybank.com)**

