

How To Prepare For A Dental Practice Buy-In

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Considering becoming a partner in a dental practice? Whether you're a recent dental school graduate looking to launch your own practice or an experienced dentist seeking to expand your professional horizons, the prospect of a dental practice buy-in is both exhilarating and a little daunting.



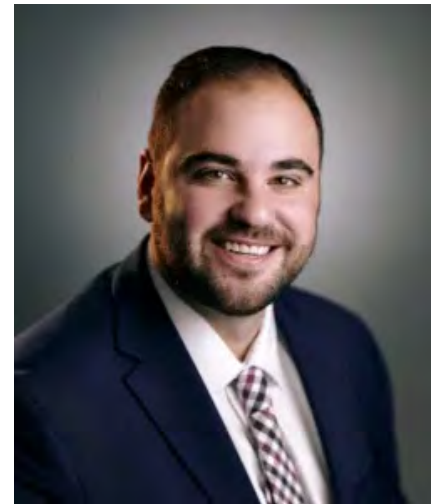
We asked three dental industry experts to share their tips for paying for and preparing for dental practice buy-ins.

Read what **Bradley R. Gilmore, CPA**, partner at **Marcum, LLP**, **Ryan Brengman, J.D.**, president of **Shea Practice Transitions, P.A.**, and **Calvin Sitto, CPA, MBA**, partner at **Dental ROI Associates**, had to say.

What are some common options to afford a buy-in?

Calvin Sitto – There are three main ways to pay for a dental practice buy-in:

- **Personal Savings:** Utilizing personal savings or investments to finance the buy-in is a common option.
- **Bank Loans:** Dentists may seek financing from banks or financial institutions to cover the purchase price or a portion of it.
- **Pay Over Time:** Some existing practice owners allow for a gradual buy-in over time or potentially an earn-in over time.



Bradley R. Gilmore – Buyers tend to focus on the practice valuation and lending terms and not the deal structure. Sellers may present a stock transaction that allows them to receive long-term capital gains treatment on the entire sales price. But for the buyer, a stock transaction is extremely detrimental from a tax perspective.



and 2) you are at risk for potential unrecorded or unknown liabilities. Certainly, there are plenty of associate acquisitions structured as a full or partial buy-in, but careful considerations should be applied to the tax treatment of this transaction and potential unrecorded or unknown liabilities the buyer will assume.



What should dentists do to prepare for buying into a dental practice?

CS – Here are tips for preparing for partnership:

- **Conduct Thorough Due Diligence:** Carefully analyze the financial, operational, and legal aspects of the practice to make an informed decision
- **Seek Professional Advice:** Engage the services of legal, financial, and dental CPAs and consultants to guide through the buy-in process and ensure compliance with regulations
- **Develop a Transition Plan:** Create a comprehensive plan for the transition, including patient communication and staff integration.
- **Develop a Business Plan:** Demonstrates the cash flow generation through a period of time to determine the practice's viability and worth

BG – In preparation of being a practice owner, there are three main considerations:

1. **Monitor your credit score.** Your credit score is a three-digit number that rates your credit worthiness. Lenders use this to analyze your desire to



car and focus on saving cash and keeping your debt load to a minimum. This will provide you additional options when analyzing practices and cash flow available to pay practice and personal debts.

3. **Avoid non-competes.** If you are currently not able to become an associate in the practice you ultimately want to buy into, do not become an associate in a nearby practice. Your employer will have non-compete terms that could possibly preclude you from buying into your desired practice in the future.

Ryan Brengman – Work with advisors that are familiar with buy-ins. Consider: How should they be valued? Terms of the buy-in? How will the income/expenses be allocated post buy-in?

More from our experts

We asked Bradley, Ryan and Calvin more practice partnership-related questions. Learn benefits, pitfalls and trends for a dental practice buy-in [here](#).

Considering practice buy-in?

Taking the leap into dental practice ownership or partnership can be exciting but daunting. Dental practice partnership is a great option for those wanting greater say in the practice they are employed at. With these tips, we hope you can pursue your goals with confidence.



the unique circumstances of your deal. If you need help building your team to pursue buy-in, visit our [Build Your Team](#) page to get connected with experts.

If finances are a roadblock on the way to your partnership, we at [Panacea Financial](#) are here to help. Our [partner buy-in loan](#) can provide up to \$400,000. And if you need more than that, [we can help](#) there too! [Chat](#), [email](#), or [submit your info](#) to start the process.

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