

# PRE-DEATH AND DISABILITY PLANNING PROGRAM



Midwest  
DENTAL TRANSITIONS™  
VALUATIONS | SALES | CONSULTING

Peter J. Ackerman, CPA  
ADS Midwest  
874 Green Bay Road, Suite 370  
Winnetka, Illinois 60093  
Phone: (312) 240-9595  
Fax: (312) 896-5909  
[peter@adsmidwest.com](mailto:peter@adsmidwest.com)

## **I. PRE-DEATH AND DISABILITY PLANNING PROGRAM OVERVIEW**

This program, much like a dental patient recall system, is preventative in nature. It allows a dentist to have a plan in place so that in the event of his/her death or permanent disability, the sale of the practice will automatically be handled. "Pre-Death and Disability Planning Program" ensures that the practice sale will occur within a minimal time period by putting most of the paperwork in place ahead of time. It also removes the responsibility for the sale from the spouse, for whom this would otherwise be an added burden at a most difficult time.

The critical period for the sale of a practice, especially in the case of a death, is 30-45 days. The practice should ideally be sold within this time frame, after which it can rapidly begin to lose value. Typically, during the first month the spouse understandably does little or nothing regarding the practice due to grief. Others, including the family attorney may become involved but normally they are not well versed in dental practice sales and may not give the practice a realistic value.

With the Pre-Death and Disability Planning Program immediate efforts will be made to initiate the sales process. Most of the necessary documentation will already be in our possession and we will have pre-arranged authority from the dentist to sell the practice.

Dentists wishing to join a Pre-Death and Disability Program should take the following steps:

1. Set up an initial informational consultation with a practice transition expert.
2. Have the practice appraised.
3. Familiarize your spouse with the program and the transition expert.
4. Familiarize your office staff with the program.
5. Establish a schedule for annual "recalls" to update the value of your practice.
6. Enter into an agreement establishing your transition consultant as the listing agent for the sale of the practice in the event of death or disability.

## **II. BROKER FUNCTIONS**

1. Immediate resource to spouse, family or Death and Disability Group;
2. Determine the Fair Market Value of the practice;
3. Develop a marketing strategy for the sale of the practice;
4. Determine if the Buyer is financially qualified to purchase your practice and his/her source of funds;
5. Negotiating with Buyer, as a third (3<sup>rd</sup>) party;
6. Coordinating and negotiating with the Buyer's representatives (attorney, accountant, and or consultant);
7. Coordinate with attorney and accountant;
8. Assist the Buyer in obtaining financing to insure a minimal carry back by the estate and/or beneficiary;
9. Coordinate necessary documentation required of Seller from the Secretary of State;
10. Provide sample letters of transfer;
11. Assist the Estate with a checklist of things that need to be accomplished before and after the sale; and,
12. Assist the Buyer with a checklist of things that need to be accomplished before and after the sale.

### **III. LETTER OF INSTRUCTION TO SPOUSE AND STAFF**

#### **What to Include**

1. Label on outside - "Open Upon Death or Major Disability"
2. Copy to: Spouse/Attorney/Staff
3. Have Receptionist/Office Manager notify all other staff members
4. Office Manager/Receptionist should make contact with Spouse and/or surviving children for handling office.
5. Contact the state of Illinois to comply with regulatory issues.
6. Contact Death/Disability Group, if in one
7. Contact Practice Broker,
8. Cancel patients for one (1) week, telling them of the death or disability
9. Arrange for emergencies to be seen by Death/Disability Group or another Dentist who DOES NOT PRACTICE IN THE AREA.
10. Complete and/or update Seller's Information Summary to be forwarded to your practice broker.
11. Notify the following people:
  - a. Attorney
  - b. Accountant
  - c. Letters to patients
    - i. When should they be sent?
    - ii. What should patients be told?
  - d. Letters to referring doctor, if applicable
  - e. Malpractice carrier
  - f. Closest professional colleague(s)
  - g. Others: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
12. What to do with practice income - checking/savings/money to spouse
13. Need for supplies to continue operations
14. Bills to be paid (will depend on office)
15. Arrange for delivery of lab cases
16. What work is to be started?
17. What should be done about new patients?
18. Complete exiting treatment plans
19. Complete an inventory of equipment
20. Complete an inventory of supplies
21. Where to locate assets, etc.

#### **IV. INFORMATION REQUIRED FOR MARKETING AND EVALUATING A PRACTICE**

1. Summary of Information (filled out completely);
2. Pension and retirement fund accounting records, as related to employees;
3. Year End Financial Statements for the past three (3) years including practice production/collections (by month) and expenses;
4. Current Year-to-Date Profit and Loss Statements and Balance Sheet;
5. Schedule C's from Personal Tax Returns for last three (3) years and any related or appropriate statements; **or** Corporate Income Tax Returns for last three (3) years and any related or appropriate statements;
6. Depreciation Schedule from the last Tax Return;
7. Aging of accounts receivable (30/60/90/over);
8. Average daily hygiene production for the last three (3) years;
9. Current list of major equipment; instruments and office furniture;
10. Fee Schedule (most current);
11. If computerized, include a list of reports received each month or annually;
12. Copy of Office Lease and Floor Plan (if available);
13. Any Lease Agreements on equipment, furniture and fixtures;
14. List of any existing liens secured by the practice (i.e. bank loan);
15. H.M.O. or P.P.O. contracts;
16. Copy of any Office Policies (personnel policies);
17. Copy of cover page of your malpractice insurance policy;
18. Current resume or Curriculum Vitae; and
19. Pictures of the practice.

V. **SAMPLE DIALOGUE/LETTERS**

1. Suggested dialogue
2. Suggested letters to use in case of death:
  - a. Letter to patients from spouse
  - b. Letter to other dentists from spouse
  - c. Letter to patients from Survivors Group
3. Suggested letters for use in case of disability:
  - a. Letter to patients from staff or survivor group
4. Suggested letters to use as sale of the practice:
  - a. Letter from spouse after new doctor has been identified (death)
  - b. Letter to patients from dentist (disability)
  - c. Letter to patients from family (death)
  - d. Letter to patients from survivor group (death)

## LETTER OF DIRECTION

To: My Family, Attorney, Agent under a Power of Attorney, Trustee or Executor (hereinafter referred to as my "Representatives")

From: \_\_\_\_\_

Re: Directions To Sell My Dental Practice Upon My Death or Disability

It is important that you realize that in the event of my death or incapacity, my dental practice would experience an immediate and rapid decline in value by reason of my absence. In the event of my death or incapacity, the immediate sale of my dental practice would preserve the greatest possible amount of this valuable asset for me, my family, or my heirs. These directions are intended to authorize my Representative to proceed with such a sale immediately, under these circumstances.

I have consulted with Peter J. Ackerman, CPA of The Dental Marketplace, Inc., d/b/a ADS Midwest for representation in the event a sale becomes necessary under these circumstances. My Representatives are hereby authorized and directed to employ The Dental Marketplace, Inc., d/b/a ADS Midwest to sell my practice under these circumstances, to execute the necessary listing agreement, and to proceed as quickly as possible with a sale under these circumstances. In the event I am living but incapacitated, this Letter of Direction shall be considered my legal authorization to proceed in this fashion. In the event of my death, the Illinois Probate Act, Section 56-14 provides that, before court appointment of an executor, the executor named in my Will may proceed to take such action as is necessary to preserve my estate. I hereby direct the executor named in my will to proceed to take such action as is necessary to preserve my estate. Immediate sale of my practice, including execution of the necessary listing agreement and other legal instruments, shall be considered action necessary for the preservation of my estate, in the event of my death.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Signed: \_\_\_\_\_