



# Financial Checkup

PREPARED FOR:

**Dr. Jim Givitis**

BY:



**DENTIST ADVISORS**

An approved financial planning partner  
of Acme Dental Consultants

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# Introduction

## Welcome to Your Financial Checkup

As you work with Acme Dental Consultants to optimize your practice performance, it's important to understand how a rising personal income should be managed so you can enjoy maximum payoff.

At Dentist Advisors, we use a periodic table called Elements<sup>®</sup> to measure twelve key indicators of a dentist's financial health. For each block in the table, we make a simple calculation to understand your performance in a given area, and then benchmark it against a large sample of other dentists.



### FOR THIS FINANCIAL CHECKUP...

We will calculate your **Savings Rate (Sr)**, **Burn Rate (Br)**, **Debt Rate (Dr)**, and **Tax Rate (Tr)**. These four Elements<sup>®</sup> make up the middle row of the table and help you answer the question:

Am I Using My Income Wisely?



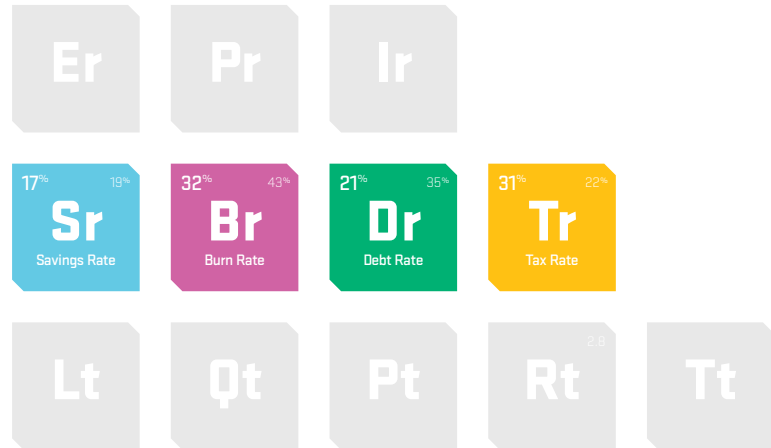
# Your Income Can Go to One of Four Places:

1 Savings (Sr)

2 Spending (Br)

3 Debt (Dr)

4 Taxes (Tr)



The first step in calculating these four Elements<sup>®</sup> scores, is to create an “Income Utilization” breakdown which estimates the dollar amounts you put toward each category on an annual basis. Here is your Income Utilization report based on the tax returns, loan information, and spending estimates you provided:

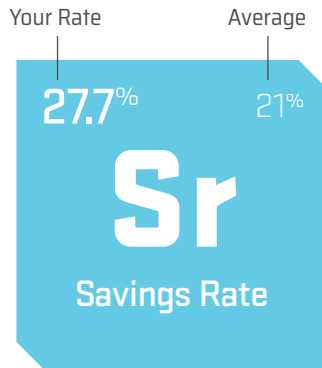


## Income Utilization

Income	\$701,343
Living Expenses	-\$195,000
Taxes	-\$189,418
Business Debt	-\$114,209
Potential Savings	\$202,716



# Your Savings Rate [Sr] Performance & Considerations

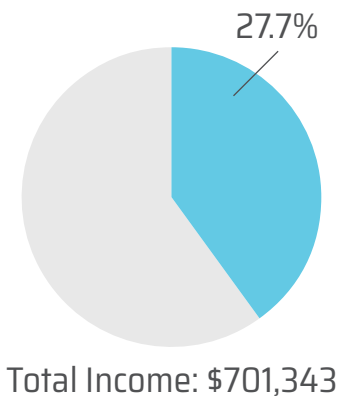


ANNUAL SAVINGS



TOTAL PERSONAL INCOME

Savings Rate [Sr] indicates how much of your income is being put away for future expenses, emergencies, and retirement.



Pre-Tax	\$36,000	
After-Tax	\$144,000	<b>Total Savings</b>
Education	\$14,000	<b>\$194,400</b> ◀
Extra Debt Payments	--	
<hr/>		
Total Annual Savings	\$194,400	
÷ Total Annual Income	\$701,343	
<b>Savings Rate</b>		<b>27.7%</b> ◀

Savings Rate [Sr] Considerations:

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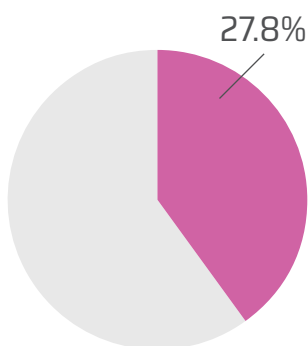
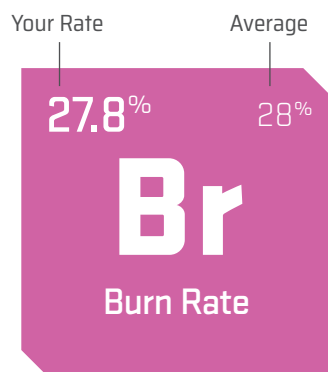
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# Your Burn Rate [Br] Performance & Considerations



Total Income: \$701,343

$$\text{ANNUAL PERSONAL SPENDING} \div \text{TOTAL ANNUAL INCOME}$$

Burn Rate [Br] is calculated by dividing personal spending by personal income. Br indicates how much of a person's income is used for personal expenses. This ratio helps us monitor spending and anticipate a client's lifestyle expectations for retirement.

Annual Personal Spending	\$195,000
÷ Total Annual Income	\$701,343
<b>Savings Rate</b>	<b>27.8%</b> ◀
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Total Annual Savings	\$195,000
÷ Total Annual Income	\$2,924,136
<b>Current Withdrawal Rate</b>	<b>6.7%</b> ◀

Burn Rate [Br] Considerations:

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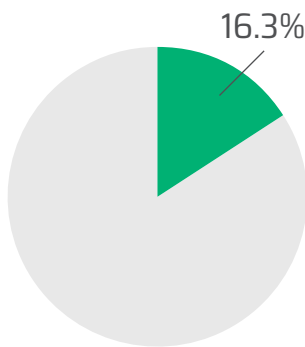
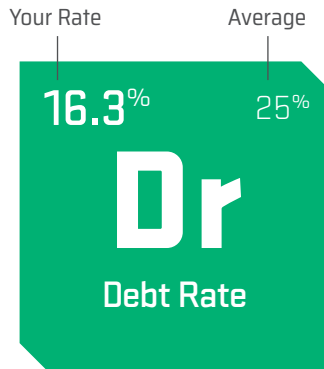
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# Your Debt Rate [Dr] Performance & Considerations



Total Income: \$701,343

$$\text{TOTAL DEBT} \div \text{TOTAL ANNUAL INCOME}$$

Debt Rate [Dr] is calculated by dividing total personal and practice debt payments by personal income. This ratio helps us understand if a client is servicing too much or too little debt for their individual circumstances.

Primary Mortgage	\$31,884
Practice Debt	\$23,112
Commercial RE Debt	\$40,246
Investment RE Debt	\$0
Student Debt	\$8,844
+ Other Debt	\$10,123
<b>Total Annual Debt Payments</b>	<b>\$114,209</b>

Annual Debt Payments	\$114,209
÷ Total Annual Income	\$701,343
<b>Debt Rate</b>	<b>16.3%</b>

Debt Rate [Dr] Considerations:

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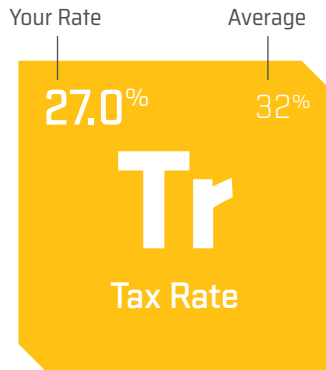
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# Your Tax Rate [Tr] Performance & Considerations

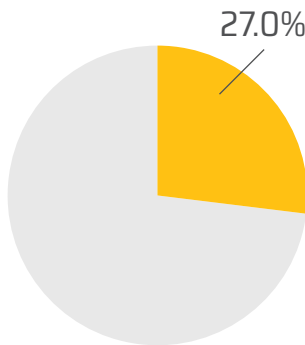


PERSONAL  
TAX AMOUNT



TOTAL  
ANNUAL  
INCOME

Tax Rate [Tr] is calculated by dividing total personal taxes by personal income. This ratio helps us determine if tax liability could be reduced with better tax planning.



Total Income: \$701,343

See appendix for personal income sources and personal taxes paid

Personal Tax Amount	\$189,418
÷ Total Annual Income	\$701,343
<b>Debt Rate</b>	<b>27.0%</b> ◀

Tax Rate [Tr] Considerations:

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# Learn More about Dentist Advisors



## Schedule a free consultation with one of our dental-specific financial advisors

Dentist Advisors is a fee-only financial advisory firm which focuses exclusively on dentists. You can schedule a free consultation by visiting [DentistAdvisors.com](https://DentistAdvisors.com). In a low pressure call, we'll discuss your personal situation in more depth, and show you how our comprehensive Elements<sup>®</sup> planning system can help you take control of your financial future.



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# Keep in Mind...

## 1 We've only addressed four Elements® of your financial health.

While it's critical to answer the question, "Am I using my income wisely?" a comprehensive financial plan needs to consider other important factors like:

- Am I taking the right amount of risk?
- Do I have the right mix of assets?
- How much wealth do I need to make work optional?

In order to calculate the remaining Elements® in the table, you'll need an itemized net worth statement, a breakdown of your investment portfolio, insurance policy information, and your practice P&L. Visit [DentistAdvisors.com/Elements](https://DentistAdvisors.com/Elements) for more.

## 2 The analysis is only as good as the data.

The calculations made in this evaluation assume the data is accurate and up to date. That may be the case, but it can be surprisingly difficult to arrive at the correct numbers without the right tools or enough time to see how results might vary. For example, it's common for new clients of ours to provide an estimate of personal spending that turns out to be significantly lower than their actual spending, which we determine after connecting their financial accounts to a dashboard.

## 3 Financial planning is not a one time event.

A lot like dental treatment, a good financial plan requires proper diagnosis, regular evaluations, and proactive maintenance. As your practice grows, your lifestyle changes, your debts go down, and you accumulate more assets, you'll want to make periodic adjustments that optimize your wealth.



# Elements<sup>®</sup> Calculation Appendix

## Personal Income Sources

W-2 Income	\$124,174
Practice Income	\$436,005
Depreciation	\$109,787
Amortization	\$54,516
Non-Practice Income	\$0
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<b>Total Personal Income</b>	<b>\$724,482</b>

## Personal Taxes Paid

Federal Taxes	\$152,492
Alternative Minimum Tax	\$0
State Taxes	\$23,378
Property Taxes	\$4,079
Payroll Taxes	\$9,499
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<b>Total Personal Taxes</b>	<b>\$189,418</b>

