If Your 10 Years from Retirement Read This Now:

Tips for succession planning for Nephrology Practices

Practice owners understand that proper preparation is essential for success. They spend considerable time and money to ensure the viability of their businesses. Yet when it comes to succession and retirement planning for doctors, many lack plans to continue the business post-retirement.

Preparing for a sale

Establishing a succession plan is one of the most important business decisions the owner of a practice can make. The succession plan should provide for both ownership transfer and management continuation in the event of disability, death or retirement.

The structure of the succession plan will depend on the type of practice involved. A physician in solo practice, for example, will need to consider hiring a junior physician who can take over the practice, or finding a potential buyer or merger partner. As a last resort, a solo practice may need to wind down gradually if no other options are available.

A group practice, in addition to the options noted for solo practices, has the possibility of a potential physician partner buyout. Another increasingly common scenario is to sell the practice to a hospital or a health system.

Plan early for practice succession and retirement. To help preserve, enhance, and extract maximum value from the practice, succession planning should begin early, preferably seven to 10 years before retirement.
Assemble a team of competent advisers who have in-depth knowledge and experience working with physicians, their practices, and their unique planning needs. Approximately six months prior to retirement, engage a qualified appraiser who specializes in medical practices to ascertain the value of the practice.

Preparing yourself for retirement

On a parallel track to planning for practice succession, the practice owner should develop and implement a complementary wealth accumulation plan to supplement the income expected from the sale of the practice.

This plan might include, among other things, taking full advantage of tax-deductible contributions to qualified plans (defined contribution and defined benefit plans), building up an investment portfolio outside of a qualified plan and utilizing certain financial instruments to provide tax-advantaged income.

The bottom line is that a well thought out succession plan, crafted well in advance and in consultation with an expert advisor, helps avoid unnecessary legal and financial issues that can appear during periods of transition. A well-executed succession plan can maximize assets, protect the practice and its partners, preserve your legacy, and ensure that you are rewarded for a lifetime of hard work by retiring in financial and psychological comfort. For more information on succession planning please contact Tower Physicians Solutions at 630-243-5731 or email us at info@TowerPS.com