

Financial Health in Starting your own Practice

What Physicians Should Keep in Mind when Becoming Entrepreneurs

By John Alcantara and Dr. Fadi Salibi

In medicine, it is common for a physician to start their own practice. The reasons can vary from increased freedom, to better financial opportunities, to focusing on practicing in an area of specialty and creating a name for oneself. Whatever the reason, and however noble the causes, without careful planning many physicians can find themselves in compromising situations. Here are a few basic things to keep in mind when establishing your own practice and establishing a path to financial security.

1. Establish the right team of professionals. Assemble a team of trusted advisors to help you take the right steps and plan properly. Most will start with an attorney, CPA, wealth manager, and insurance professional.
2. Establish a business plan, buy-sell agreement with partners, operating agreement, appropriate corporate structure, key-man insurance, and keep a clean P&L with detailed accounts receivable if applicable.
3. Establish an investment strategy that affords you and employees pre-tax opportunities to save money through qualified plans. Non-qualified plans, insurance, and annuity products may offer further control and benefits to key members. Design the investment strategy with a well-rounded approach that takes on appropriate risk, but is also tax diversified to help ensure long term success; consider some non-depreciating assets for downturns in market and economy.
4. Review your plan annually with your team of advisors. The best scenario is one that has you building a practice that protects your wealth and business from tax inefficiency, creditors, and compromising situations.

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