

OPENING A PRACTICE?

3 INSURANCE PLANS TO CONSIDER.

A look at insurance plans that can help minimize your financial risk.

Deciding to open your own dental practice or buy into an existing practice is an exciting career milestone, though it also involves many decisions. One of the most crucial: what insurance coverage you'll need to best protect your practice, family and future earnings.

1 PERSONAL INCOME DISABILITY INSURANCE

You've made a big investment in your career as a dentist, especially now that you're becoming a practice owner, so it's important that you have protection for your personal income in case you become disabled. Disability insurance can help you and your family maintain your lifestyle while covering living expenses like your mortgage and utilities.

Look for coverage with a true "own occupation" definition of disability, so if you become disabled from your specialized area of dentistry, you can continue to receive benefits even if you are able to work in another area of dentistry or choose to work in a new profession.

As your career progresses, you should review your disability coverage often to ensure you have enough coverage in place as your income grows.

2 OFFICE OVERHEAD EXPENSE INSURANCE

If you were to become disabled, how long could your practice keep running without you? What would happen to your staff? Office overhead insurance can make the difference between keeping the doors to your practice open during a disability and having to close them permanently.


This coverage can also help maintain the value of your business if you decide to sell. Separate from disability income protection insurance, office overhead expense insurance helps cover business expenses like your office lease or mortgage, employee salaries, practice loans, utilities and professional association dues. Some policies also cover student loan payments and provide replacement dentist coverage if you are totally disabled and need to hire a replacement.

Additionally, if you are taking out a loan to purchase a practice, your lender may require you to carry office overhead insurance to ensure that loan payments will continue even if you are disabled. Since practice expenses often increase over time, plan to review your coverage periodically to make sure you are sufficiently protected.

3 TERM LIFE INSURANCE

Adequate term life insurance coverage can protect your family by helping to ensure that your loved ones will be able to maintain their standard of living in the event of your death, especially if your debt has increased with the purchase of a practice. Term life insurance also can help address business issues: It's sometimes required by lenders as collateral for a practice loan, to ensure the loan would be repaid if you were to pass away.

In addition, life insurance is often a key part of the buy/sell agreements that are used when buying into an existing practice. In this scenario, each dentist purchases insurance on the life of the other, owns the policy and pays the premium. This strategy ensures that the practice can remain financially stable, and funds are immediately available, if one of the owners dies.

 **Make sure you have the coverage you need as you start on the exciting journey of opening a practice.**



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