Explanation of Supplementary Information

There are a number of additional PDF files that are included in the materials. This is an explanation of why they are included.

Effect of Lifestyle on Wealth Accumulation (2 files) – The Millionaire Next Door is a book written by Thomas Stanley and William Danko in 1996. One of the themes of the book is that the typical millionaire in the United States is often very frugal and does not have an extravagant lifestyle. In fact, those characteristics often help a person accumulate the wealth that propels them into the comfortable category of "millionaire." Obviously, the average dental student does not get into dentistry for the sole purpose of amassing huge amounts of wealth. Nevertheless, the average dentist does earn a comfortable income so that financial security is highly probable, but not guaranteed. Financial security includes having access to good health care, good housing, good quality education for their children, the freedom to travel, and enjoy a comfortable lifestyle. However, financial security can be jeopardized if certain precautions are not taken. One of those precautions is to be wary of pursuing an extravagant lifestyle.

Saving- The Importance of Saving Early and Regularly (1 file) – This is just a simple projection of what one could accumulate if he or she contributed the current maximum to an Individual Retirement Account (IRA) on a regular basis. The schedule has three sections: Starting at age 20, age 30, and age 40. If one started early at age 20, he or she would amass $2,565,777, by age 70 assuming that the invested funds had a consistent rate of return of 7%. By waiting 10 years until age 30, thereby reducing the time period from 50 years to 40 years, or 20%, the amount of the funds accumulated decreases by 50% to $1,262,977. If one waits another 10 years to age 40, wherein the time period is reduced from 40 years to 30 years, or 25%, the accumulated funds decreases by another 50% to $600,700. The point of the projection is to show you that time is an important factor in achieving financial security and to encourage you to start saving right away, even if your savings amounts are initially modest.

Statistics (7 files) – The purpose of these files is to give you a better sense of what dentists earn, the number of hours they work, and how they are distributed. I have no doubt that you had some idea already of earnings. However, these statistics show how earnings are characterized in various ways, general practitioner vs. specialist, solo vs. non-solo, and trends over time. Obviously, income should not be the only consideration in your decision about a specific career path in dentistry, but in the current environment of declining incomes, increasing debt loads, increasing corporate dentistry, and increasing group practices, it has become paramount to make wise financial decisions. I want to make sure you have the information to make good decisions. These statistics are averages. Your income will be higher or lower than what's shown.

Student Loans (4 files) – A vast majority of dental students must borrow to pay for their dental education and therefore have student loans, usually a number of them. The first file is "Consolidation and Refinancing." You can consolidate your loans into a few, or sometimes even one loan, and you also can refinance to a lower interest rate. You should consider doing this. However, there can be some downsides and traps, so get informed before you make a decision. This article discusses the specifics. The second file "Financial Planning Issues" discusses student debt and provides some good common sense advice. The third file is in regard to military service. Some dentists choose to serve in the military. The military will help pay off your student debt. If you have any interest in that career path, check out what they have to offer. The fourth file primarily deals with public service. There are a myriad of programs that provide opportunities for you to serve as a dentist in "underserved areas." This usually includes rural areas, low income communities, native american communities, and the like. In return for your service a portion of your student loans are forgiven. A number of our successful dentist clients in the Bay Area donate their time in serving under privileged communities abroad through organizations such as Rotoplast http://rotaplast.org/ Public service is a similar activity, in that you are serving communities that would not otherwise have access to good dental care, except that it's right here in the United States. This kind of work can be very rewarding. If you have an interest, check it out.

Additional Information in Power Point Format (1 file) – There is a great deal to learn about personal and practice finances in your first few years out of dental school. There is limited amount of presentation time. This supplementary information in Power Point format is included for your reading outside of class.

- Understanding Work Relationships
- What is a Business
- What are You Buying?
- New Skills Required
- Putting Your Team Together
- Buying or Starting a Practice
- Evaluating a Practice