

Chris D. Callen, Insurance Agent Interview With Sally Mckenzie Group On Disability Insurance For Dentists

The Dentist's Network is comprised of **highly respected companies and individuals** who are widely regarded for their **expertise in dentistry and their unwavering professional integrity.**



The Dentist's Network

Reliable Solutions for Dentists

Transitions <ul style="list-style-type: none">• Associates• Partnerships• Valuations• Brokerage Services  <p>Tom Snyder, DMD MBA The Snyder Group, LLC</p>	Technology <ul style="list-style-type: none">• Computers & Networks• New Office Plans• Digital Radiography  <p>Lorne Lavine, DMD Dental Technology Consultants</p>	Marketing <ul style="list-style-type: none">• Branding & Identity• External Marketing• Internal Marketing  <p>Joel Harris, CEO Intelligent Dental Marketing</p>	Management <ul style="list-style-type: none">• Systems Analysis• Business & Hygiene• Training, Start-Up  <p>Sally McKenzie, CEO McKenzie Management</p>
--	---	---	--

Issue #9 -12.19.06



Forward This Newsletter To A Colleague



Sally McKenzie, CEO
McKenzie Management
[Printer Friendly Version](#)

Confusion Surrounds this Must Have Policy

Disability Insurance
Vista – Computer OS

It's the most important insurance policy you can buy, and it's very likely you will need its coverage at some point in your career. In fact, one out of every three-to-five dentists eventually will tap into this benefit. But misunderstanding and misinformation surround **disability insurance** policies, which translate into costly losses for many.

According to Chris Callen, an independent insurance agent whose company works primarily with dentists, "Most people wouldn't go a day without insuring their house or car, but they wait to insure their millions of dollars in lifetime earning potential."

Likely fueling this propensity to procrastinate is the fact that disability insurance is the most puzzling product on the market these days. In fact, no two policies are the same. "It's very confusing; so many doctors merely rely on their association policy." What they don't realize, notes Mr. Callen, is that association policies typically are both **low cost and low coverage**. "The problem is that oftentimes disability policies purchased through associations have a weaker and more narrow definition of disability." Consequently, when the doctor needs to file a claim, they discover they don't have the necessary coverage through their association policy.

One of the most essential options for dentists to have in their disability policy is the full return to work benefit. As Mr. Callen explains, 95% of insurance companies sell disability policies that are well **suited for**

"CareCredit increases production by 25.3%"



Click Here for Key Findings
or call
(800) 300-3046 ext 4519
If already enrolled call (800) 859-9975

CareCredit 20 Years

executives, but not dentists. "The full return to work benefit isn't included in policies geared more for executives." And that can be a very costly mistake for dentists.

The odds that dentists will have to use their disability insurance at some point are high. But while most people return to work in a year or two, for dentists, if they are on disability for six months, they can be out of work because their **patient base diminishes**.



"It takes two to five years to return a practice to where it was before the doctor went on disability," emphasizes Mr. Callen. "Their disability policy needs to cover that income shortfall, but most policies cover nothing or maybe **one or two years maximum**. Dentists have longer income loss after they are back to work. Therefore, it's crucial to have full return to work benefits, and it's a feature dentists really have to look for because only a few policies will provide that," he adds.

Even if you don't have a personal creation story, where were you born? Where did you go to high school? Where did you go to dental school? Are you married? Kids? Do you love dogs?

Another major mistake that dentists make in purchasing disability insurance is buying the wrong options. Most companies and insurance agents push cost of living adjustments, lifetime benefits, and return of premium. "If you're an established dentist, we don't recommend the **cost of living option**. It increases your benefit after you're disabled by 5% as long as you're disabled. The average disability lasts two-five years. It's not a significant benefit, but it adds 40-45 cents per dollar on the cost of your disability plan, which is a waste of money," says Mr. Callen. He finds that the return of premium insurance option is also unnecessary and expensive.

Mr. Callen notes that dentists also will mistakenly believe they are topped out on their personal disability insurance. However, a dentist's taxable income can be insured up to 75%. In addition, many dentists don't take advantage of **catastrophic disability** riders that will pay up to an additional \$8,000 per month on top of the personal disability insurance benefit. "They are much like long-term care insurance. However, the average cost is \$400-\$500 per year, as compared to an \$8,000 long-term care policy, which would run \$3,000-\$5,000 a year," explains Mr. Callen.

In addition, he cautions that dentists should never assign their personal disability policy as **collateral for business loans** because in the event of a disability the dentist will have nothing to live on. "However, there are a couple of companies that make a throw away policy for disability insurance specifically to cover loans, so it doesn't interfere with a dentist's personal disability insurance."

Mr. Callen also urges dentists to consider the impact a disability will have on their pension. There are policies on the market that will allow dentists to **cover their pension** up to \$3600 per month, in addition to their personal disability insurance. The money goes into a pension or trust account so that it is available at retirement.

While disability insurance may cause confusion, looking carefully at options and benefits is essential to avoid potentially disastrous surprises in the likely event the benefit will have to be utilized.

For further information visit <http://www.cdcallen.com>.

Sally McKenzie is CEO of [The McKenzie Company, Inc.](http://www.themckenziecompany.com), a nationwide dental management, practice development and educational consulting firm. Working "on-site" with dentists since 1980, McKenzie Management provides knowledge, guidance and personalized systems that have propelled thousands of general and specialty practices to realize their potential. Sally can be reached directly at 1.877.777.6151

Interested in speaking to Sally McKenzie about your management concerns? Email her at Sally@thedentistsnetwork.net

Interested in having Sally speak to your dental society or study club? [Click Here](#).