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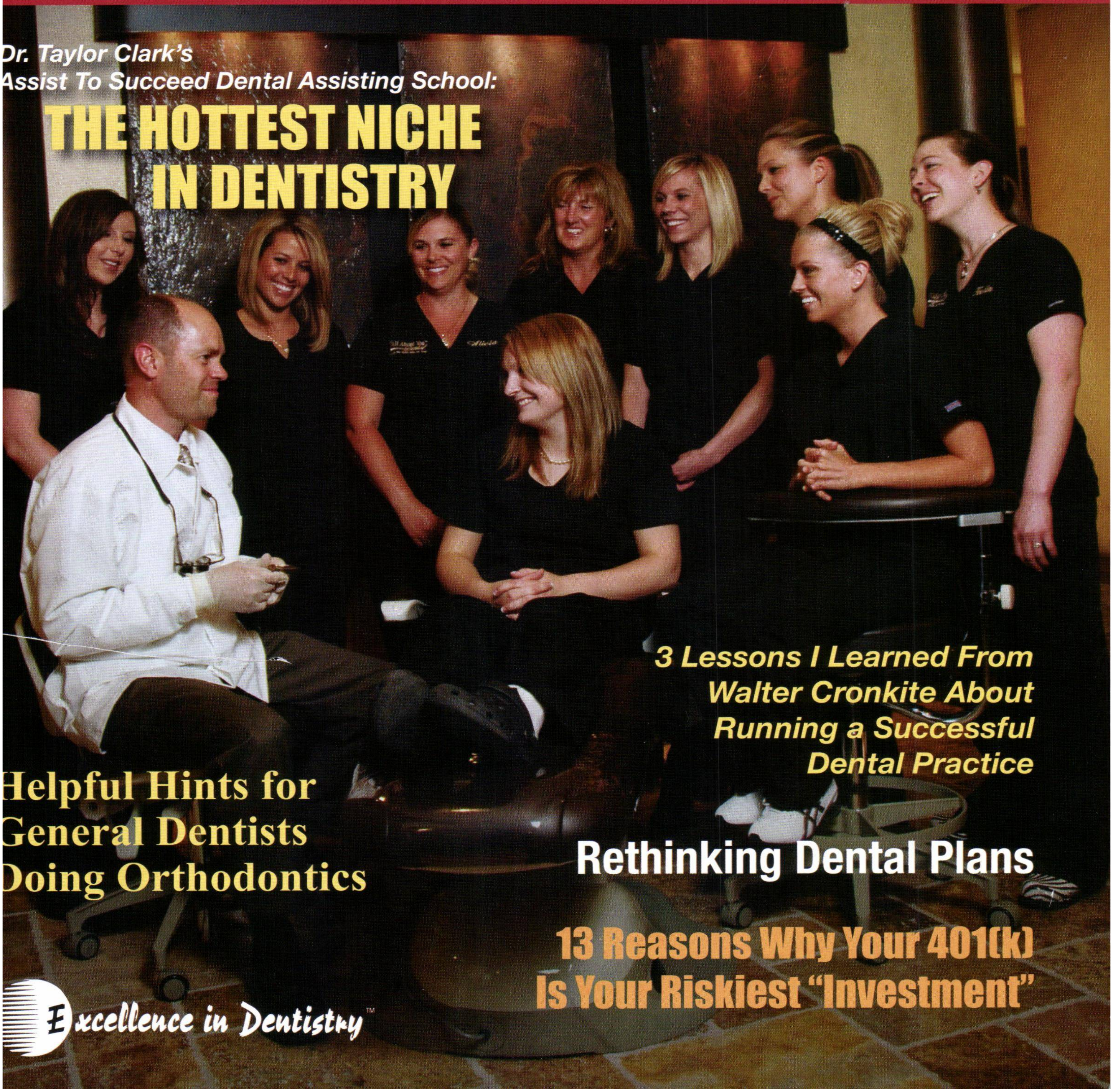
Fall 2011

News & Information to Increase the Profitability of Your Practice



Dr. Taylor Clark's Assist To Succeed Dental Assisting School:

THE HOTTEST NICHE IN DENTISTRY

3 Lessons I Learned From Walter Cronkite About Running a Successful Dental Practice

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Rethinking Dental Plans

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The POWER of the "TURTLE"

by Chris D. Callen

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Let's face it. Today's investment climate is downright scary. You know you need to put money away for retirement but, with the roller coaster stock market, you are afraid to commit to it. Your new mantra is the Will Rogers quote "I am more concerned with the return OF my money than the return ON my money!"

Our firm is a licensed, independent insurance agency that has been serving the insurance needs of dentists, nationwide, for nearly 30 years. Recently a few of our financial planner referral sources asked us for ideas on how to provide more guarantees with less risk. In effect, they are asking us to show them "Turtle-type" products offered by an insurance company, rather than the "Hare-type" investments, offered by the securities industry.

What is a "Turtle" product? It is definitely something that is not flashy and is less enticing than the "Hare" products but usually provides slow, steady, growth with built-in guarantees backed by the financial strength of insurance companies.

Typically "Turtle" products are insurance products that are not securities and are more conservative and can provide balance against the unpredictable stock market.

Here are some examples of "Turtle"type products:

Fixed Annuity With A Guaranteed Income Option

These type of annuities provide tax deferment* and minimum interest rate guarantees. Newer versions allow for the payment of a premium bonus** on all premiums contributed for the first few years in addition to the credited annual interest rate.*** The tradeoff for the bonus is a higher or longer surrender charge period.

Also a nice feature with many fixed annuities is 100% of policy premiums, for the base policy, are not subject to annual fees or administrative charges. Some insurance companies are offering what is known as a guaranteed income rider. For an annual cost, deducted from the accumulation value, this rider can provide a guaranteed lifetime income stream without selecting one of the payout options in the annuity contract. The guaranteed percentage return used to calculate the increase will vary and can be as high as 8% for the first 10 years. This rider has limitations and adds additional cost to the annuity and may not be appropriate for everyone.

Whole Life Insurance From A Mutual Life Insurance Company

For those individuals that do not employ a professional money manager, the strengths of a whole life policy from a mutual insurance company may now be a good alternative if used as a base for their life insurance needs.

The policy itself is a long-term asset that develops cash value which will grow over time. Over the long haul, most of these type of policies have provided stable results. If structured properly, they allow for withdrawals or tax-free* loans for a lifetime.

Careful planning is required when it comes time to take the income option so as to be sure the policy does not run out of cash value prior to your death, otherwise you could be left exposed to a big tax bill for tax on the gains received on the policy should the policy ever be terminated.

Some policies currently guarantee a minimum of 4%, tax deferred rate, on cash values, over the life of the policy. A mutual company may pay an annual dividend (which is never guaranteed) into the policy which could create a higher cash value than what the guarantee would provide on its own. Some companies have recently paid dividend rates as high as 6.7%.

Many dentists are beginning to buy a whole life policy which is paid up by age 65, or in some cases as little as 10 years, as an alternative to borrowing from a bank. They use the cash value in their policy for large purchases such as a car, office equipment or college. Rather than borrowing from the bank and paying the bank an interest payment, they borrow from the cash value in the policy and pay themselves interest in the form of a loan payment to their policy. The unique thing is that the funds, used for the loan, continue to increase in value within the policy even while they are being used to fund a purchase.

Purchase of a whole life policy can allow you to take a higher single lifetime payout on other investments, rather than a reduced payout with a joint life option for you and your spouse. The whole life policy death benefit could make up for the stoppage of income, to your spouse, at your death.

A whole life policy will also allow you to take a systematic withdrawal from your securities portfolios only in years where there was a gain. You would simply withdraw your required annual funds from the whole life policy when your securities portfolio was down, allowing you to not have to sell securities when you are experiencing negative returns. This method of taking an income in retirement assures your securities portfolio will maintain a larger balance.

Whole Life Insurance 1035 Exchange To Annuities Or A Single Premium Long-Term Care Universal Life Policy

The IRS allows transfer of cash value from a permanent life insurance policy into an annuity or another life insurance policy without having to pay tax on any gains. This is called a 1035 tax-free exchange.

If long-term care insurance is required, it is possible to exchange policy values of an existing whole life policy into a special universal life policy, available from certain carriers, that will accumulate values income tax free* and eliminate the need to purchase a traditional long-term care policy.

Should you require long-term care, you will be able to withdraw a monthly benefit much greater than the initial death benefit in order to pay for your care. At death, should there be funds available, not used for long-term care expenses, a benefit will be paid to your named beneficiaries.

Two really nice feature of this type of policy is 100% of your initial premium (1035 exchanged value) may be refunded anytime should you elect to terminate the policy. You also eliminate the need to pay annual premiums towards a long-term care policy.

In summary, if you are one of the many individuals out there looking for an alternative to investing all of your funds in security products feel free to give us a call at 800-288-6578 or email me at help@cdcallen.com to see how the power of the Turtle could help you achieve a greater confidence with your retirement funds.

** Under current law, annuities grow tax-deferred. An annuity is not required for tax deferral in qualified plans. Annuities may be subject to taxation during the income or withdrawal phase. Life insurance loans may be taxable if the policy is a Modified Endowment Contract. Outstanding loans reduce cash surrender value and death benefit to extent of loans and accrued interest.*

*** Products that have premium bonuses may offer lower credit interest rates than products that do not offer a premium bonus. Over time, and under certain scenarios, the amount of the premium bonus may be offset by the lower interest rates.*

**** An annuity paid with after-tax dollars has already paid the taxes. Any interest earned over the premium amount would be taxable if withdrawn prior to death. The death benefit, if paid to a named beneficiary, would be tax-free. Ref: DH3896*

Chris Callen is one of the country's nationally recognized insurance professionals for dentists, nationwide, for nearly 30 years. His firm, Chris D. Callen, Insurance Agent, is based in Westerville, Ohio. He has been a speaker at many state and national dental conferences and has co-authored three practice management books and is routinely published in popular professional publications. You may contact Chris at (800) 288-6578 - help@cdcallen.com.