

What I Would Do Differently: Lessons Learned the Hard Way

By: Dr. Chad Webb



When finishing your residency program, many of your first thoughts are focused on getting into practice, earning an income, and providing for your family, all while trying to enjoy the life you have worked so hard to achieve. You have worked many years and made numerous sacrifices to reach this point in your career. But, as the saying goes, “Then life happens.” You may be busy working in your practice, spending time with your family, traveling, attending sporting events, volunteering with the Girls Scouts/Boy Scouts, playing golf, learning tennis, or participating in your favorite hobby or leisure time activities. You also need to think of ensuring that your bright future is protected through proper planning.

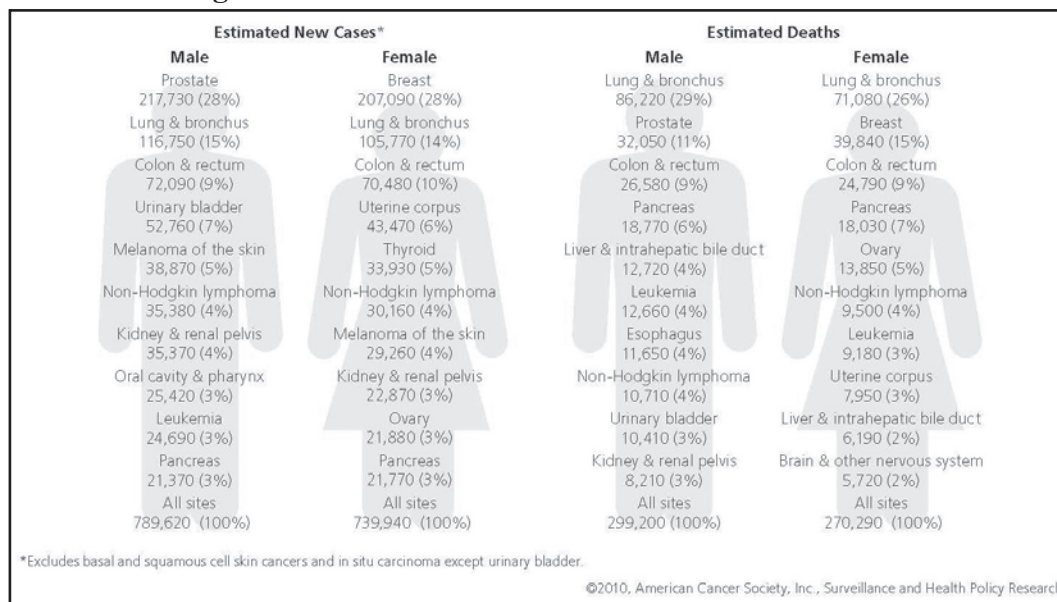
I want to share my personal experience and the course my life has taken so that hopefully you may learn from my mistakes. The goal of this article is not to scare or intimidate, but to help you recognize the value of planning. You must see the security, both peace of mind and financially, provided when the time is taken to understand the needs of your practice and family. My genuine concern is for you, so you do not have to experience the same difficulties, frustrations, disappointments, and pain I have endured.



Please take a moment and think about what you value most in your life. What is it? Is it your health, family, relationships, wealth, or lifestyle?

That question came rather abruptly for me. At 32 years old, I was unexpectedly diagnosed with cancer. Mind you, I had only been out of residency just over a year and my daughter was not yet one year of age. I was an associate in a practice that I was months away from purchasing. At the time, I had a term life insurance policy for my personal expenses, health insurance, professional disability insurance (AAO), and malpractice insurance. However, the one thing I did not have was a financial plan. I had the ignorant belief that I needed to build personal wealth before considering a financial plan.

Leading Sites of New Cancer Cases and Deaths - 2010 Estimates



If I had taken the time to construct a proper financial plan, it would have included Trusts (A, B, Irrevocable Life Insurance trusts, or ILITs), and additional life insurance to cover the loan of the practice (for the bank to secure the loan), business overhead insurance, and a multi-policy disability insurance with strict own occupation terminology. If I had properly planned to cover myself, family, and business, I would have bought a better quality life insurance policy or two larger policies (one for my family that not only covered my personal expenses, but also that of lost future lifetime earnings for the benefit of my family, and one for my business expenses).

I had surgery to remove the affected organ. The pathology report was encouraging, stating that the “margins were clear.” My surgeon also informed us that he had “gotten it all.” I was back in the practice full-time only a week after the surgery. I continued with my expected plans and closed on the practice purchase. Unfortunately, I had to assign the bank my life insurance policy, because I was unable to get any future life insurance due to my past history/diagnosis of cancer. This left my family at risk in the event of my death. You do not want to ever be in this situation if you care about your family’s future without you.

The practice transition was going exceptionally well, as were my cancer screenings. My wife and I decided to try for another child and were blessed with our son in July of 2007. However, the good news was coming to an end as I was notified that my screening appointment on September 5, 2007 revealed metastatic re-occurrence.

Luckily, our family had been living within our means and paying down the practice debt as aggressively as we could for fear of such a possibility. The oncology visits that followed brought needle biopsies that confirmed the CT scans’ findings. This led to the discussion of circumstances I was facing and the recommended course of treatment for my condition; both of which provided very little optimism to my medical outcome. I was strongly advised by my oncologist to sell my orthodontic practice and get my affairs in order. This is something no one ever wants to hear.

Please consider my situation a wake up call for yourself to make sure that you are prepared for a “worst case scenario,” whether it be disability, disease, or death. We all think it cannot happen to us...but when it does, you want to be as prepared as possible.

I was ignorant when it came to believing that something bad could happen to me. I thought that because I ate right, exercised routinely, generally tried to be as health conscious as possible, and had no family history of medical issues, that it would not happen to me.

The facts listed below should open your eyes a bit more. I hope these statistics help you see that we are mortal and odds are we are going to be affected by illness resulting in disability or death at some time in our career.

- More than 92% of all disabilities are caused by illness, while only approximately 8% are the result of accidents.
- Close to 90% of disabling accidents and illnesses are not work related.
- If you are over 30 years of age you have a 1 in 3 chance of becoming disabled. The average disability lasts for 32 months. If you are over 40 the odds drop slightly to 3 in 10 or 30% with the average disability lasting for 42 months. (Either one is a long time without a paycheck.)
- 3% of home mortgage foreclosures are due to a death of the breadwinner; whereas 48% are due to a disability (National Safety Council, 2003).

Needless to say, these statistics are all too real to me. In October 2007, I began my journey of a series of clinical trials of chemotherapy starting first at the Cleveland Clinic, then the National Cancer Institute, and finally the Karmanos Cancer Center at Wayne State University. I also sold my orthodontic practice in 2008. I am presently being cared for at the James Cancer Center at The Ohio State University. I have had a total of five

surgeries resulting in the removal of an adrenal gland, kidney, spleen, and partial resection of my bowel, pancreas, and diaphragm.

Good medical insurance is a must, but, even with it, treatments like I endured are incredibly expensive even with a 20% co-pay. Emergency savings accounts are invaluable during times like these as well as disability income and/or that of your spouse and any income from the sale of your practice. Pay particular attention to your prescription drug coverage and out-of-networking costs. Some treatment centers may not be in network and you may have to petition your provider for coverage. If they will not extend coverage to an out of network provider you may have to pay out of pocket. Make sure to negotiate with the medical provider if that is the case. Many physicians and medical facilities are not accustomed to having fee-for-service patients and commonly offer deeply discounted fees for insurances and/or Medicare. Some health care insurances offer travel expenses reimbursement. If this is not offered by your insurance, make sure to keep track of them yourself as there is a possibility that it can be written off on your taxes.

Regarding your disability insurance, there are many available as individual policies (MetLife, Mass Mutual, Guardian, etc.) or group policies (ADA or AAO). Be sure to consult your professional advisors (financial planner and insurance agent) as to the policy, its terms, and benefit amounts that are right for you and your situation. Pay your disability premium personally so the benefit then comes to you tax-free. If you pay the premium through your corporation, then the disability benefit would be taxable. Speak with your accountant as to whether you can reimburse yourself from your corporation from the previous year if the benefit was not utilized.

Unfortunately, terrible events can happen in life, but you do not have to let these things make your life bad. Plans and policies can be put together to protect your family's future income, lifestyle, and retirement. If you commit to making this a priority, develop a plan with the help of your professional advisory team (financial planner, attorney, accountant and insurance agent) and implement it. Please do this for me so my efforts are not in vain; do it for yourself, for peace of mind; and do it for your family because you love and want the best for them.

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