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# GRAY • PILGRIM

AND ASSOCIATES, LLC

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**We want to work with you ON your practice to grow it to what and where you want it to be so you can have both quality of life and the income to enjoy it!**



## How can we help YOU?

**We know a lot about the business side of dental and medical practices—it is what we do everyday! So allow us to give you a brief overview of services we offer that you may be unaware of.**

### **Show you benchmarks for your**

**practice:** Benchmarks help to educate you about what your numbers mean. They also show you where you are compared to where you want to be. Having this knowledge makes a great tool for you to use in order to move forward and plan better in your practice.

### **Prepare a coding analysis of select ADA**

**codes:** An analysis allows you to see if there are areas of your practice that need immediate attention. It also allows you to see where you are losing money and why. Finally, the analysis gives you the opportunity to develop a plan and make adjustments, enabling you to generate more revenue.

**Pay your practice bills for you:** Our bill pay services help to free up your time so you can concentrate on other aspects in the practice or projects. Additionally, we provide more confidentiality than you may have currently. Finally, it allows our tax preparers to provide better coding, allowing for better tax savings results!

### **Help you to position your practice for sale in the future:**

We can meet with you to discuss when you should start positioning your practice and what you should and shouldn't do beforehand.

**Help you determine when you should hire an associate or other team member:** Our staff can assist you with setting up how additional associates should be compensated as well as perform contract reviews.

### **Review potential practice purchases:**

Valuations can be prepared to support what a proper price is to offer for the practice. We can also review whether to absorb another practice into your existing one and/or review if it is wise to establish a satellite office.

### **Personality profiles for existing staff or**

**potential hires:** Profiles are already established for each dental position. We can run profiles of team members as a whole and also compare each team to the corresponding requirements. Staff training is available to assist your team to learn how to approach each other, the doctor and patients for maximum results.

**Review tax savings opportunities and tax estimates:** This allows you to save tax dollars to put towards other things!

### **Prepare and review budgets established for the year to meet certain goals:**

Make and keep realistic goals in your sights so you can achieve them. This also allows you to work with staff to set goals!

### **Review entity type to ensure it is appropriate for your current practice status:**

What entity you start out as may not be appropriate for where you are currently in your practice.

# Form 1099's.....AGAIN



We are currently working on pulling information together to get ready for Form 1099 preparation. These are the forms we prepare on your behalf for services you pay vendors for performing. Not everyone who provides services gets a W-2 from you. Some qualify for a Form 1099. The 1099 form tells the IRS what you paid those vendors during the year. The annual threshold is \$600. So, if you expect that you will be paying a vendor more than this during the year, get their business Employer Identification Number (EIN) or Social Security number (SSN) and address so we can prepare those forms for you.

The best time to get their information is BEFORE you give them their check. Keep blank W-9 forms on hand and require that they be completed before they receive their check. Once they receive payment, they aren't motivated to get you the information.

This has become such a big deal since the IRS and states have discovered there is a lot of unreported income and they are looking at this as a viable source of revenue for them. Penalties have gone from a small slap on the wrist to more serious dollar amounts for non-compliance.

Our office will be requesting missing information from you over these next few months, and now you will know what is needed and why you are being contacted.



You don't have to brush all your teeth....just the ones you want to keep!

## Humor

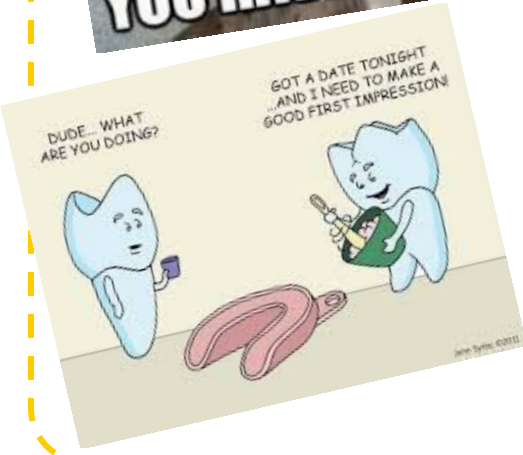
What did the tooth say to the dentist as he walked away?  
Fill me in when you get back....



Ignore your teeth and they will go away



**WHAT DO DENTISTS CALL THEIR X-RAYS?  
TOOTH-PICS**



An accountant was having difficulty getting to sleep so he went to the doctor. The doctor asked him if he had tried counting sheep. The accountant said, "yes, but I made a mistake then spent six hours trying to find it."

# Business Pension Plan Options



There are many different types of pension plans available. Most practices start with a SIMPLE IRA plan as their first foray into pension plans. Why? It is the easiest and most budget friendly plan thus making it a good starting point. There are no pension administrative fees or IRS forms to file. Briefly, the employer and employees can both choose to participate. It is totally voluntary. If an employee chooses not to participate, then no pension monies are put away for them. For those employees that do participate, they are allowed to fund up to a maximum dollar amount of \$12,500 (\$15,500 if age 50 or older). Their compensation must be high enough to support the voluntary contribution. The employer matches up to 3% of the gross compensation of employees who have contributed, but not more than what the employee has contributed.

Generally, whenever the employer finds that he wants to fund his pension plan for more than the SIMPLE IRA allows, then a 401(k) plan is a better fit. There are administrative fees and

IRS forms to file. There are various kinds of 401(k) plans to select from, so take some time to work with a pension administrator to see what will work best for you. We can help you find someone should you need. 401(k) plans are very common. The employer can set the level of matching. Employee elective deferrals are limited to \$18,000 (\$24,000 if 50 or older). We typically see matching percentages in the 4 to 6% range, but some go higher.

Sometimes there is a profit sharing contribution that is combined with the 401(k) plan. The employer decides how much profit he would like to put into the pension plan and it is divided amongst everyone in the pension plan by preset methods. The overall limit—combined employee elective de-

ferred and employer contributions—is limited to the lesser of 100% of wages or \$53,000 (\$59,000 if age 50 or older by year end). As you can see there are many rules with 401(k) plans. That's why you need a good pension administrator.

The next level is a cash balance plan. Each participant has an account. It grows either by contributions and/or interest credit which is guaranteed rather than being dependent on the plan's investment performance. This is an age sensitive plan. This, many times, works well in a mature practice where the employer wants to invest (and deduct) more fund to load up his pension portfolio while getting a very large tax deduction. It's great for those who haven't seen the investment returns that they had counted on or those that just didn't start savings soon enough. Cash balance plans have generous limits that increase with your age. Individuals age 60 and older can sock away well over \$200,000 in pretax contributions.

This is a complicated calculation where you work with your pension administrator to determine if this is right for you at this time.

As with many things—the earlier in life you start your pension plan, the better off you will be.

*Cash balance plans have generous limits that increase with your age.*





*Silver Nitrate with fluoride solution is especially good for treating children, some older patients and in underserved areas.*

## Silver Nitrate

Dentistry has come a long way. Whether it is digital X-rays, a crown designing/milling system, or soft tissue lasers, there are always advances. This “new” thing we had to reach back to 50 plus years ago—Silver nitrate with fluoride varnish/silver diamine fluoride solution.

My grandson went to the dentist where a cavity was discovered in a posterior baby tooth. They presented the option of a non-invasive method of using silver nitrate/fluoride varnish. The solution was “painted on” during this visit and then again at approximately two or so week intervals. Each time he went back in, the cavity had improved dramatically.

It was a less stressful visit so he was happy; it was a cheaper option so mom and dad were happy too.

The treatment does darken the decay on the tooth, but on a back tooth or a baby tooth, it really isn’t an issue or it can be dealt with later.

It isn’t for every child or for every situation, but it is especially good for treating children, some older patients and in underserved areas. It currently isn’t covered by insurance, however it is relatively inexpensive.

More dentists are discovering this new treatment. The New York Times wrote an article on it recently, so it is starting to become more mainstream. Maybe you have seen some research on it. Consider if it could fit your practice...it could be ideal!



## Insurance Policies

Sometimes checks written to insurance companies can be hard for us to determine what type of insurance you are paying for. We will now be asking you for copies of invoices and possibly more detail on the insurance so that we can make sure that you are getting every tax deduction that you should.

An example is disability insurance. Is it deductible? Well, it depends on your entity. Sometimes it is deductible and other times it is not. As you can see, there is no one correct answer other than IT DEPENDS.

So, just a heads up, we have found that by requesting more documentation, we can get to the “root” of the issue faster.

