

Thinking of taking the big leap?

Here's what you need to consider before **opening your own Practice**

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Welcome to the February edition of Dental Wealth and our first release for 2018!

Owning your own Practice is the dream for many dentists, however it is certainly not to be taken lightly.

If this is something you are considering, we will be hosting a Starting in Private Practice Seminar for the ADA (NSW) on 16 February 2018. To find out more, please see page 3 for details on how to register.

In this issue, we focus on Artificial intelligence (AI) and its impact on the dental industry.

AI is taking the world by storm and will only continue to develop over the coming years, allowing you to focus more on tasks such as patient diagnosis, treatment and experience.

The most recent Federal Budget update has brought about many legislative changes to superannuation. Now is a great time to revisit your strategies to ensure you are getting the most out of your SMSF before the 2019 Financial Year.

Shane Morgan
PARTNER

For many dentists, starting a Practice is one of the biggest decisions that could be made during their career.

It's a decision that shouldn't be taken lightly and all aspects of the clinical and financial implications should be considered before making any arrangements.

It is crucial to get the financial aspects of your Practice right from the outset to avoid becoming unstuck later down the track.

Take a look at our checklist below to ensure you have covered all bases.

Business Structuring and Asset Protection

- How will you structure the setup
- What structuring entities have you considered, i.e. will it be a Sole Trader/ Company, Company/ Trust
- Have you considered Asset Protection vs Tax Efficiency
- How will you structure your staffing and have you weighed up the benefits of having either employees' or contractors
- Have you registered your business name
- Have you put accounting and payroll systems in place
- Have you lodged the necessary paperwork for new employees

Taxation essentials

- Have you organised all the necessary business and tax registrations

Banking and Finance considerations

- How will you fund the purchase and setup of your Practice
- Have you thought about appropriate Tax Deductible Debt strategies
- Have you organised all necessary banking requirements

Insurance essentials

- Have you considered options for both business and personal insurance
- Do you have current policy structures in place that need to be reassessed

The power of Superannuation and renting/ buying your surgery

- Have you considered the benefits of owning the surgery within your SMSF
- Is it time you reassessed your current structure to get the most out of your fund

Key Performance Indicators and Benchmarking

- Have you set KPI's for your staff
- Do you have clear goals and objectives for yourself and your employees'
- Have you considered the benefits of benchmarking your Practice through a program such as Australian Dental Benchmarks

For such an important life decision, it pays to consult with an expert before you do make your life changing decision.

If you are thinking about establishing your own Practice, contact Shane Morgan for a no-obligation discussion.

Artificial Intelligence – what does AI mean for you?



Automation is undoubtedly the way of the future.

With continual scientific developments and a population heavily reliant on technology, it is already streamlining workplace processes and influencing our daily lives.

So, what is Artificial Intelligence?

Artificial Intelligence (AI) is a computer system designed to complete tasks that humans need intelligence to perform. Unlike humans, AI does not sleep or make the same mistake twice and can access an extensive range of digital data in seconds.

AI may only just be coming to the forefront now with the release of smart home devices such as Google Home and Chromecast, however it is highly likely you've been using it for some time without even realising - think smartphones (Siri or Alexa), satellite navigation or voice recognition.

“It’s not so much about what jobs will we do, but how will we do our jobs... Everyone will do their job differently, working with machines over the next 20 years.” - Andrew Charlton, Economist and Leader of the AlphaBeta team

According to data research house AlphaBeta, 18% of a dental practitioners role is susceptible to automation, including tasks such as:

- Acquiring patient details
- Collecting information
- Researching dental issues
- Monitoring patient progress and condition during treatments
- Recording patient data and dental history
- Preparing documents and records

That means the other 82% of a dental practitioners role is less likely to be affected by automation, including tasks such as:

- Analysing data to provide a diagnosis or treatment
- Diagnosing treatments and explaining results
- Providing health and wellness advice
- Developing treatment plans

So, how can AI create further opportunities for you as a dental practitioner and help you to grow your Practice?

While automation may take away some of your responsibilities, it will also allow you to focus your time on more important tasks such as patient care and experience.

Four areas we believe are crucial for growing your Practice and building for a successful future are the following:

1. Increasing the number of patients

- Patients referring friends and family
- Increased awareness of your Practice
- Referrals from other Practices/ specialists

2. Ensuring patients return to your Practice

- Re-booking procedures
- Provide them with a positive experience
- Improve waiting times
- Provide a comfortable, inviting waiting room

3. Increasing the average value of each consult

- Ensure patients get the most out of their consultation
- Provide a positive patient experience

4. Increasing the efficiency of your Practice processes

- Update processes and outdated equipment
- Implement software that will help to create efficiencies
- Evaluate staff rostering in conjunction with patient demand

Having more time to focus on these areas will ensure your processes are efficient, your patients are satisfied with their experience, are willing to return to your Practice and will recommend it to their friends and family.

While the thought of job automation may seem overwhelming, it is very likely that the integration of AI into our daily lives will be a slow process.

AI is an exciting step forward for the dental industry - watch this space!

Cloud accounting for Dental Practices – why you should consider the switch

We have recently added a new Xero Hero member to our Dental Services Division. An expert in cloud accounting for dental Practices, Sarah is our point of contact for all enquiries, training and support.

In this issue, we have focussed heavily on the efficiencies automation can bring to your practice, a topic we feel is extremely relevant to all dental Practices operating within today's technological society.

Having the right software solution in place will allow you to streamline your business and accounting processes with a program that will sustain growth, capitalise on efficient business Practices and maximise your return on employee investment.

From working closely with dental professionals for over 6 decades, we have noticed in recent years the need for easily accessible, browser based software.

There are many online accounting software solutions including Xero, MYOB and QuickBooks. All are easy to use and offer a wide range of services that are ideal for dental professionals.

If you do not think your current program is quite up to speed, consider an online software solution.

The benefits of cloud accounting

1. It's all in the Cloud

Cloud accounting is accessible online anytime, anywhere, from any device. This means you are no longer restricted to one computer, all you need is internet connection!

2. No more upgrading your software

Gone are the days of manually implementing software updates, waiting eagerly for them to download, (or in a lot of cases) snoozing your update reminder for a later date.

Your cloud accounting software takes care of this for you, so you will always be using the most recent version!

3. Multiple users

Cloud accounting allows you to have multiple users simultaneously accessing the one file including your staff, accountant and bookkeeper.

4. Help is only a click away

Many cloud accounting systems provide 24/7 unlimited support at little to no extra cost!

Using Xero?

Here's some hot tips!

1. View multiple pages

You can view multiple pages simultaneously within your Xero file:

- For a PC, right click and select 'Open a new Tab'
- For a MAC, hold down the Command Key and click on the link

2. Create a Xero login shortcut on your desktop

Simply access your login page and drag the Xero icon from the address bar directly to your desktop.

3. Copy invoices or bills

To save time re-entering an invoice or bill, simply open one you have already created, select 'Invoice/Bill Options' and copy to the relevant area.

4. Shortcut date keys

Enter + xx in the due date box to add xx days from the invoice date (e.g. +30 to add 30 days).

5. Quickly enter bills/contacts/invoices

Select the + key from the top blue menu bar to quickly open a new entry.

ADA Starting in Private Practice Seminar

The choice for any dentist to commence their own Practice is one of the biggest decisions they will make in their career.

This seminar will introduce dentists to the critical considerations for the journey into establishing and running their own profitable business into the future.

Join our Dental Accounting Specialists for a day of learning at the ADA Starting in Private Practice seminar.

Date

Friday 16 February 2018

Time

9:00am- 4:30pm

Location

Centre for Professional Development
1 Atchison Street St Leonards NSW

Our topics will include:

- Business structuring and Asset Protection
- Taxation essentials
- Finance considerations
- Insurance essentials
- KPI's and benchmarking
- Understanding business costs
- The power of Superannuation
- Valuing a Practice and key considerations

To register visit our website:

cutcher.com.au/event

Are you getting the most out of your super?

By now you should have seen some of the legislative changes proposed in the 2016 Federal Budget Update which have been implemented over the last 7 months.

These developments have received a lot of negative feedback. However, many have overlooked the great opportunity that they present for dentists to maximise their tax situation, especially those who are employed part time in conjunction with running their own Practice.

If this applies to you, you may have already encountered challenges in the past when trying to pay personal contributions. This is due to legislation which prohibited tax deductions for dentists if their salary income was more than 10% of their assessable income (inclusive of fringe benefits and other concessional super contributions).

As of 1 July 2017, the government has abolished this rule which is great news for many dentists!

So, what are the facts you need to know about the most recent legislative changes?

- From 1 July 2017, there is a \$25,000 annual contribution limit irrespective of your age
- There is no need to meet the old 10% rule to claim deductions for personal contributions i.e. all members can claim a deduction for any personal contributions
- Members over the age of 65 are still required to meet a work test each year in order to make contributions



- You can make catch-up concessional contributions for up to 5 years where you did not maximise the \$25,000 limit. The first year you are allowed to make a catch-up contribution for is the 2019 Financial Year.

For example, it is currently March 2022 and Dr Smith is assessing his contributions made over the past four financial years.

He has determined that he has only had his Superannuation Guarantee Charge of \$5,000 contributed each year from the employers he temporarily worked in over the years. He had not made any additional contributions for himself in those financial years.

This means that he has unused concessional contributions of \$80,000 (being \$20,000 each year for 2019, 2020, 2021 and 2022).

Being unsatisfied with this lack of super, Dr Smith decides to make a \$80,000 contribution into his superannuation fund and claims a tax deduction for the amount.

Assuming Dr Smith is taxed at his marginal rate of 47% (including Medicare levy), the tax saving of the deduction would be \$25,600 ($\$80,000 \times 47\% - 15\%$ tax paid in the super fund).

However, to be eligible you must satisfy the following criteria:

- You must have unused concessional contributions from a previous year
- You can only use the previous five years of unused concessional contribution cap amounts (with the first eligible year being the 2019FY)
- You must have a total super balance of less than \$500,000 (as of 30 June in the previous year)

Now is a great time to start thinking of your long-term plans.

If you believe that this could be an effective strategy for you, consult your financial advisor to start planning the most beneficial strategy for your financial and personal circumstances.

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