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IRVINE, CALIFORNIA

FINANCIAL PLANNING STRATEGIES FOR
THE SMALL RETINA PRACTICE:

American society of retina specialists -
business of retina 2024

OR (HOW TO BUY A TESLA
MODEL X FOR 50% OFF)

FINANCIAL DISCLOSURES

• no relevant disclosures
THE IMPORTANCE OF FINANCIAL PLANNING

- average lifespan ~85y/o
- retirement age ~65y/o
- pre-tax income in retirement: ???

TAX DEFERRED

HOW MUCH ARE WE SAVING?

How Much Do You Put Into a Tax-Deferred Retirement or College Savings Account Each Month?

- > $2000/month 32%
- $1001-$2000/month 21%
- $501-$1000/month 11%
- $1-$500/month 4%
- I don't currently do this on a regular basis 10%

POST TAX

HOW MUCH ARE WE SAVING?

How Much Do You Put Into a Taxable Savings Account Each Month?

- > $2000/month 24%
- $1001-$2000/month 13%
- $501-$1000/month 11%
- $1-$500/month 9%
- I don't currently do this on a regular basis 12%
**HOW MUCH DO I NEED?**

- if you haven’t already, sign up for a financial planning app/service
- holistic view of your accounts
- estimate your needs based on the income you desire

**IS THIS DIFFICULT?**

- excessive debt burden from student loans
- lost time from medical school and training for compounding interest
- delayed gratification when we finally get an income stream

**NOT IMPOSSIBLE**

- practice ownership allows for tax efficient and large contributions to retirement funds at relatively low cost
  - 401k
  - SEP-IRA
  - Simple IRA
  - Defined Benefit Plan
### WHAT ARE THE DIFFERENCES?

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Traditional IRA</th>
<th>SEP IRA</th>
<th>SIMPLE IRA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax-deductible contributions</td>
<td>Yes, if you meet income limits</td>
<td>Yes, but contribution limits are lower</td>
<td>Yes, but contribution limits are lower</td>
</tr>
<tr>
<td>Retirement savings</td>
<td>Yes, but contribution limits are lower</td>
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</tr>
<tr>
<td>Eligibility</td>
<td>Participants</td>
<td>Participants</td>
<td>Participants</td>
</tr>
<tr>
<td>Contributions</td>
<td>$59,000</td>
<td>$59,000 (or $65,000 if age 50 or older)</td>
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</tr>
<tr>
<td>Withdrawals</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Required minimum distributions</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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### SEP-IRA
- good starter plan < 2y in practice, or with just a few employees, or part time employees
- limits are the same as profit sharing plans
- eligible employee all match at the same percentage

### DEFINED BENEFIT PLANS
- aka pension plan
- higher limit - 230k
- increased cost due to increased employer contributions
- excellent choice for aging practice owners who need to catch up for retirement
401K

- relatively low cost
- administration
- profit sharing
  - new comparability testing
  - key or highly compensated employees
  - safe harbor for “regular” employees

PROFIT SHARING

- maximum at 25% of income
- up to 69k total with all employee contributions and safe harbor
- percentage calculated only on the first 345k of income

COST SAVINGS-NEW COMPARABILITY

- compliance
  - 3% safe harbor match requirement for all employees
- restrictions
  - work hours
  - vesting period
  - cost share for maintenance
  - longevity
  - a smaller proportion of HCE/key employee percentage for profit share
## TYPICAL 401K

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<th>Additional Contribution</th>
<th>Interest Rate</th>
<th>Starting Amount</th>
<th>Investment Length</th>
<th>Total Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Results</td>
<td>$3</td>
<td>7.5%</td>
<td>$1,000</td>
<td>10 years</td>
<td>$100,000</td>
</tr>
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</table>

### Balance Accumulation Graph

### Breakdown

## A DIFFERENCE OF 3 MILLION

## PROFIT SHARING 401K

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### Breakdown

## STARTING LATER

## PENSION PLAN

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### Balance Accumulation Graph

### Breakdown
SIMPLE IRA

- qsep plans
- tax credit for employer contributions
  - minimum contribution of 50%
  - maximum = 100%
- hsa plans
- triple tax protected

HEALTH INSURANCE

- pass through corporations pay tax on profit at the regular income tax level of the owners (excluding Medicare and Social Security)
- whether or not it is actually distributed
WEAPONIZE YOUR DRUG FLOAT

- Aim “profit” for close to zero except section 179 deductions
- Prepay next year’s drug float in current tax year (December 31st)
- Save ~37% of profit by not paying taxes on said profit

BE CAREFUL

- Threading through two loopholes
- I’m not a CPA
- Use at your own risk

SECTION 168 AND 179

- We’ve all heard about section 179
- Hummer loophole: section 168
  - GVWR > 6,000 lbs
  - Bonus depreciation in year 1
  - 100% of the cost of the vehicle
  - Prior to the TCJA it was 25% in the first year
  - Only when bought
  - Only when “new to you”
BUSINESS USE?

- pre-tax business expense for eligible business travel
- commuting is not business travel
- ... unless

HOME OFFICE LOOPHOLE

- multiple locations/jobs
- conducts certain activities exclusively in home office
- business to business travel may be deductible

RESOURCES

- soloeyedocs/soloretinadocs - email forum - email me at drvaidya@retinaoc.com
- requires $500 donation to surgical scope fund or ophthPAC or other organized ophthalmology group
- young retina forum - telegram - contact Hemang Pandya
THANK YOU