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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

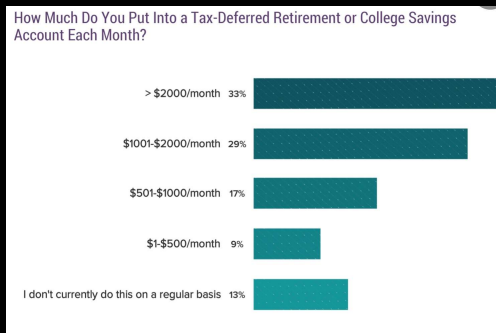
THE IMPORTANCE OF FINANCIAL PLANNING

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



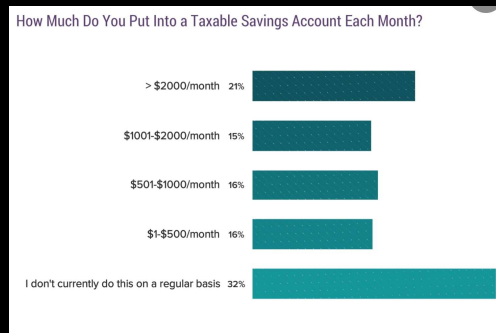
TAX DEFERRED

HOW MUCH ARE WE SAVING?



POST TAX

HOW MUCH ARE WE SAVING?



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

Save for Retirement Step 3

Your Goal

Your title: [change](#)

Your goal amount: [to estimate this goal](#)

Your current balance: You have saved

Amount needed: You still need

Your Plan

Your planned date: Feb. 1, 2044 (2 years away)

Your monthly contribution: \$6,167 you have \$0 remaining in your budget

Projected Date

You are ahead of schedule! By saving \$6,167 per month, we project that you will reach your goal 2 years, 11 months before your planned date of February, 2044.

Save for Retirement

I'm planning for...

Current age: 41

Age at retirement: 65

Annual income desired during retirement: \$250,000 in today's dollars

▼ [More assumptions](#)

Assumed inflation rate: 3%

Assumed life expectancy: 90

My investment style is

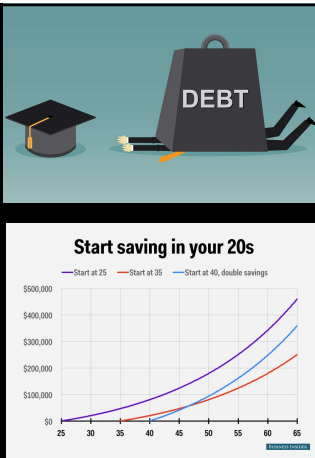
Short Term
Conservative
Balanced (5%)
Growth
Aggressive Growth
Most Aggressive

How much will you need?

Based on your desired retirement age, you'll need **\$9,972,406** in order to retire at age 65. This assumes you'll contribute **\$5,162,468** and earn **\$4,809,938** in investment gains.

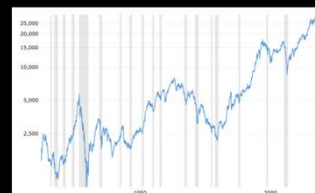
IS THIS DIFFICULT?

- 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

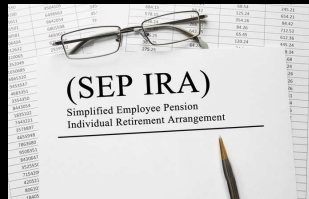


WHAT ARE THE DIFFERENCES?

	Small plan 401(k)	Individual 401(k)	SEP-IRA	SIMPLE IRA
Benefits	<ul style="list-style-type: none"> Best option if you're looking to offer your employees all the tax, savings, and retirement benefits of a typical 401(k) plan. 	<ul style="list-style-type: none"> Excellent method to maximize tax deferral. Can contribute as employer and employee. Vanguard is one of the few investment companies to offer a Roth 401(k) option. 	<ul style="list-style-type: none"> Works well for business owners who prefer to provide a retirement benefit to all employees (including themselves) by making solely employer contributions. 	<ul style="list-style-type: none"> Great starter plan that encourages contributions from employees.
Participants	<ul style="list-style-type: none"> All eligible employees. 	<ul style="list-style-type: none"> Sole proprietors or partners with no common-law employees. 	<ul style="list-style-type: none"> Anyone. 	<ul style="list-style-type: none"> Business owners with 100 or fewer employees.
Employer contribution limit	<ul style="list-style-type: none"> For 2019, employer plus employee contribution limit is \$56,000 (\$62,000 if the employee is age 50 or older). Contributions are deductible as a business expense and are not required every year. 	<ul style="list-style-type: none"> For 2019, employer plus employee contribution limit is \$56,000 (\$62,000 if the employee is age 50 or older). Contributions are deductible as a business expense and are not required every year. 	<ul style="list-style-type: none"> For 2019, up to 25% of the employee's compensation or \$56,000, whichever is less. Contributions are deductible as a business expense and are not required every year. 	<ul style="list-style-type: none"> Option 1: Match up to 3% of each employee's compensation or \$3,000 for 2019, whichever is less. Option 2: Contribute 2% of each eligible employee's compensation up to \$5,000 for 2019. Contributions are deductible as a business expense.

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



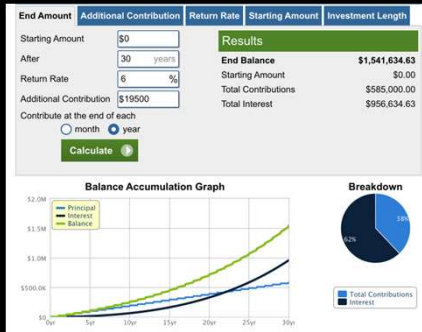
COST SAVINGS-NEW COMPARABILITY

- 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



NOT BAD

TYPICAL 401K



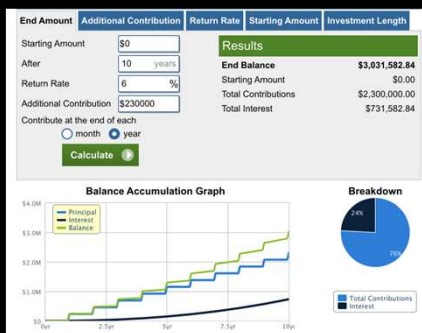
A DIFFERENCE OF 3 MILLION

PROFIT SHARING 401K



STARTING LATER?

PENSION PLAN



LOWER COST, SMALLER BENEFIT

SIMPLE IRA



HEALTH INSURANCE

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



MINIMIZE CORP TAXES

- 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 years 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



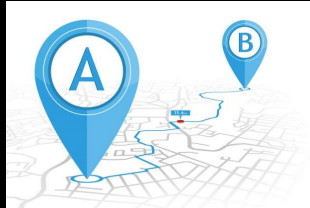
SECTION 168 AND 179

- we’ve all heard about section 179
- hummer loophole - section 168
 - GVWR > 6000lbs
- 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

Example 3.
Paul is a self-employed anesthesiologist. He spends the majority of his time administering anesthesia and participating in on-site local hospitals. One of the hospitals provides him with a small shared office where he could conduct administrative or management activities.
Paul very rarely uses the office the hospital provides. He uses a room in his home that he has converted to an office. He uses this room exclusively and regularly to conduct all the following activities:

- Contracting patients, surgeons, and hospitals regarding scheduling.
- Preparing for treatments and presentations.
- Maintaining billing records and patient logs.
- Satisfying continuing medical education requirements.
- Reading medical journals and books.

Paul's home office qualifies as his principal place of business for deducting expenses for its use. He conducts administrative or management activities for his business as an anesthesiologist there and he has no other fixed location where he conducts substantial administrative or management activities for his business. He chose to use his home office instead of the one provided by the hospital does not disqualify his home office from being his principal place of business. His performance of substantial non-administrative or nonmanagement activities at fixed locations outside his home also does not disqualify his home office from being his principal place of business. He meets all the qualifications, including principal place of business, so he can deduct expenses subject to certain limitations, required solely for the business use of his home.

<https://www.irs.gov/publications/p587>

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

