

**Beyond the Employment Agreement:  
The Life-Cycle of a Dental Practice Entity  
From Buy-In to Buy-Out**

*A Practical Approach to the Major Issues  
View from the Practice and the New Owner*

A Presentation For:

**Mercer County Dental Society**

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**Diamonds Restaurant**

# OVERVIEW

- General Considerations
- The Buy-in
- Anatomy of a Purchase or Subscription Agreement
- Ownership Documents - Operating Agreement or Shareholders Agreement
- The Buy-out
- Deferred Compensation Agreements



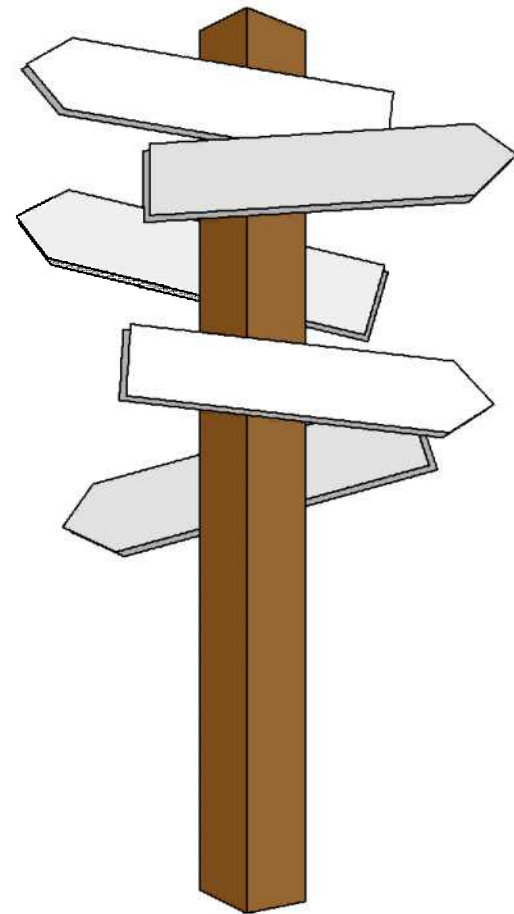
# GENERAL CONSIDERATIONS

- Which perspective do you look at the transaction from?
  - The dental practice (“Practice”)
  - The dentist joining the Practice
  - A younger owner
  - An older owner
  - The President of the Practice



# GENERAL CONSIDERATIONS

- What are your goals?
- Each party should have his or her own counsel, accountant and other necessary professional(s)
- Know who are the parties' and the Practice's professionals
  - Accountant
  - Attorney
  - Outside practice management consultants



# THE BUY-IN: *Due Diligence*

- Type of entity
  - General Partnership
    - Unlimited liability
    - Pass-through taxation
  - Professional Corporation
    - “C” Corporation
      - Limited liability
      - Possible double taxation
    - “S” Corporation
      - Limited liability
      - Pass-through taxation
  - Limited Liability Company
    - Limited Liability
    - Pass-through taxation



# THE BUY-IN

## *Governance Documents*

- Corporation
  - Stockholder Agreement (a/k/a Buy-Sell Agreement)
  - Bylaws
  - Employment Agreement
  - Deferred Compensation Agreement
- Limited Liability Company
  - Operating Agreement
- Partnership
  - Partnership Agreement



# THE BUY-IN: *Due Diligence*

Documents, agreements and contracts relating to the Practice should be reviewed

- Certificate of Incorporation / Formation
- Bylaws
- Operating/Stockholder Agreement
- Organizational minutes
- Tax Returns
- Payor agreements

