



# Aesthetic Society News

Quarterly Newsletter of the American Society for Aesthetic Plastic Surgery

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## Aesthetic Surgery Journal Releases Results From New Reader Survey

Foad Nahai, MD, Editor in Chief

In the world of medical publishing, reputation certainly does count for a great deal, but resting on your laurels when your readership feels that you are only as good as your next issue is the quickest way to become obsolete. Traditionally, *Aesthetic Surgery Journal* has always been at the forefront of aesthetic surgery, and cosmetic medicine education

and understanding what our members and readers need from a medical journal—detailed procedures, clinical data and sound scientific studies.

This year we have polled our subscribers again to learn, among other things, how they access *ASJ* articles, if the advertising in the issue is relevant or helpful to their knowledge base, and what percentage of

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## Financial Planning: From Residency To Retirement

Lawrence B. Keller, CLU, ChFC, CFP®



It is no surprise that plastic surgeons are at a disadvantage when it comes to personal financial management. Although they receive the best medical training in the world, they are not provided with the knowledge necessary to

deal with the business realities of the practice of medicine or their financial well-being.

This article will provide an overview of the financial planning process, as well as highlight some areas of concern at each stage of a plastic surgeon's financial life—namely the accumulation, distribution and conservation phases.

### What is Financial Planning?

The term "financial planning" can be used to illustrate many things. It can be a comprehensive plan, focusing on several needs or goals at the same time, or limit itself to specific areas such as establishing a budget, saving for a home, a child's education or retirement.

One of the main benefits of having a financial plan is that you can see how the financial decisions you make in one area will impact the decisions you make in others. Using this information, you can prioritize your goals, implement specific strategies, and choose suitable products or services to help you achieve them.

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## International Programs Generously Supported by Sientra

By Clyde H. Ishii, MD

The ASAPS International Traveling Professor Program and International Fellowship Program, both created to support international aesthetic surgery education, has once again been generously supported by our friends at Sientra. Founder and President Hani Zeini, who shares the Society's vision for education, is providing sponsorship that will financially support both of these programs for the coming year.

International Traveling Professors share their expertise and experience with



Dr. Aina Greig is congratulated by Sientra Founder Hani Zeini on her international traveling fellowship award.

plastic surgery residents and aesthetic surgery fellows in an effort to prepare them for the competitive subspecialty of cosmetic surgery. The professors are provided with

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### A Team Approach

If you are in the market for an advisor, you will want to know the qualifications and experience level of each one that you are considering. Just as you decided to sub-specialize in aesthetic plastic surgery, many financial advisors also specialize in particular areas of planning. Therefore, in most cases, you will rely on the skills of more than one financial advisor, including both Certified Public Accountants and Attorneys. This “team approach” often produces the best results by incorporating financial, tax and legal strategies into your planning.

In the shaded box below is a list with a brief summary of some of the most recognizable designations or certifications that you might see among financial service professionals.

#### Certified Public Accountant (CPA)

Certified Public Accountants provide you with advice on tax matters and help you prepare and submit your income tax returns to the Internal Revenue Service.

#### Personal Financial Specialist (CPA/PFS)

Personal Financial Specialists are CPAs who have demonstrated both knowledge and significant practical experience in the area of personal financial planning.

#### Certified Financial Planner (CFP)

Certified Financial Planner professional™ have completed a series of courses in investments, insurance, income taxes, estate, and retirement planning.

#### Chartered Financial Consultant (ChFC®)

Chartered Financial Consultants have credentials similar to CFP®s. ChFC®s have completed a series of courses and exams covering financial, insurance, and estate planning subjects.

#### Chartered Life Underwriter (CLU®)

Chartered Life Underwriters are insurance agents who have completed comprehensive educational courses and demonstrated expertise in different areas of estate and insurance planning. This designation is specifically designed to enhance the knowledge of people employed in the life insurance industry.

#### Chartered Financial Analyst (CFA®)

Chartered Financial Analysts have expertise in investing and portfolio management.

### Implementing Your Financial Plan

Unfortunately, substantial demands on your time can make it difficult for you to come up with a starting point or allow you to accurately evaluate your financial plan, but, the roadmap below should help focus your attention on areas that should be of concern:

#### Resident, Fellow and “New In Practice” Plastic Surgeons (1-5 Years)—Capital Accumulation

- Purchase and maximize an individual Non-Cancelable, Guaranteed Renewable “Own-Occupation” disability insurance policy with benefits to age 65 or longer, a Residual Disability Rider, a Cost Of Living Adjustment (COLA) Rider and a Future Increase Option (FIO) or Future Purchase (FPO) Rider. This type of policy will provide you with income if you are

disabled and cannot perform your duties as a plastic surgeon—even if you can earn the same or more income in another occupation or medical specialty.

While any one company will issue a policy with a monthly benefit of \$15,000 or \$16,000 per month, by combining at least two companies, a plastic surgeon can reach up to \$20,000 or \$25,000 per month, depending upon their state of residence.

One should also look for a policy with a “multi-life” or medical association discount. While this can provide male plastic surgeons with a savings of 10%-15% off of their policies, female plastic surgeons can save as much as 60% off of their policies if a gender neutral or “unisex” rate is available.

- Purchase a Business Overhead Expense (BOE) Disability Policy. This type of policy will provide you with the monies necessary to pay the fixed expenses associated with running your practice—including rent, staff salaries, malpractice insurance, etc. The premiums for this coverage are also income tax deductible to your practice.
- Purchase a level premium term life insurance policy with a death benefit of at least \$1,000,000. If you have a family history of cardiac or cancer (mother, father, brother, sister) but you are still healthy, that alone may be a reason to purchase coverage even if you are single. If you are married, have a mortgage and/or have children, it is all the more reason to purchase life insurance. As your financial situation changes, you can re-evaluate the amount and type of insurance you own. A good general rule of thumb is to insure yourself for 7-10 times your gross income.
- Purchase auto, homeowner’s/renters and umbrella (“Excess Liability”) policies. These policies will protect you and/or your assets and future earnings. Make sure your deductible is at least \$1,000 and that the liability limits of your auto and homeowner’s insurance match. Additionally, if they are all with the same company, substantial discounts may be available.

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- Start contributing to IRAs, 401(k)s, 403(b)s, Profit Sharing and other types of income tax advantaged retirement plans—especially if your employer or hospital provides you with a matching contribution. If you are moonlighting or receive 1099 income as an Independent Contractor, consider establishing a SEP-IRA. You have until April 15, 2011 to make a contribution for 2010.
- Save for a down payment and purchase a home. The mortgage interest for up to \$1,000,000 of indebtedness is income tax-deductible. Up to \$100,000 of indebtedness on a home equity line of credit (HELOC) is also income tax-deductible.
- Establish a Last Will and Testament, Durable Power of Attorney, Healthcare Representative Appointment and Living Will with an estate planning attorney. Don't forget to also discuss a Bypass or Credit Shelter Trust and Irrevocable Life Insurance Trust (ILIT) with your attorney.
- Begin the payment of student loans. Some lenders will reduce your interest rate if your payments are automatically deducted from your checking account. Also see if you can have the interest rates lowered on your credit cards by calling and asking.
- Save for your child or children's college education(s). Consider tax savings that may be available when building a college fund. Section 529 plans may be a good choice since they are not subject to income limitations.
- Establish and fund a Buy-Sell Agreement if you are in practice with other plastic surgeons.
- Establish an emergency fund (3-6 months of your expenses).

### Practicing Plastic Surgeons (5 Years—Retirement)—Accumulation and Distribution

- Hire your children to work for your practice. The wages you pay will be income tax deductible by your practice and taxable to your children in their own, presumably lower, tax brackets. You can then use the monies to fund a Roth IRA and begin building a nest egg for their retirement.

- Continue to maximize your disability insurance based on your rising income.
- Consider converting some of your term life insurance to permanent insurance and/or increasing your life insurance coverage based on your rising income.
- Make sure to maximize your investment returns while minimizing risk. Often,

### Summary

Despite the fact that plastic surgeons are extremely well-trained in their field, they often lack the time and desire to plan for their financial futures. While the above article should give you an idea of some areas that you should be concerned with at each stage of your career, it is not a substitute for seeking the help of qualified advisors. You've spent a long time acquiring and maintaining expertise in your field, and your patients rely on your specialized knowledge. Doesn't it make sense for you to do the same when it comes to your financial planning?

investors will follow market trends as an alternative to seeking out sound advice. But, trying to achieve financial goals by pouring all of one's assets into emerging markets today, telecommunications tomorrow, and Japanese small-cap stocks next week is not a guarantee for achieving a sound financial plan.

Ultimately, the most important step in the investment process is deciding how to allocate assets among broad asset classes such as stocks, bonds and cash. This process has come to be known as asset allocation.

- Investigate strategies to maximize your retirement plan contributions while minimizing those that must be made by your practice for the benefit of your staff.
- Continue to save money for child or children's college education(s).

- Invest in mutual funds, stocks, bonds and annuities in addition to your retirement account(s). Focus on tax management to help control tax implications within your portfolio and to help you enhance after-tax returns.
- Establish an asset protection plan with an attorney that specializes in that area of law—you need an expert. Be sure to take advantage of the statutory protections given to various assets by the state legislature. These are known as “exempt assets” and may include exemptions for homestead, annuities, life insurance and qualified plans. A current list of state-by-state exemptions is maintained at [www.creditorexemption.com](http://www.creditorexemption.com).

Personal assets are for trusts.

Business assets are for business entities. Avoid putting personal assets into business entities, as this makes them more likely to be disregarded by the courts for liability purposes on alter ego and similar theories.

If you own rental property, make sure to have it owned by a separate entity such as an LLC instead of owning it in your own name. The same is true for your office building. Do not have your practice own the building in which your practice is located.

- Consider purchasing Long-Term Care (LTC) insurance for yourself and/or your parents. If you are in a larger practice that is a C Corporation, you can take an income tax deduction for the premiums and not have the benefits taxed upon receipt if you need to collect on the policy. You can also pay the premiums for only ten years to maximize your income tax deduction and guarantee that you will have coverage in place for the rest of your life.
- Establish a gifting program to shift income to your children and other family members.
- Consider IRA rollovers and Roth IRA conversions.
- Continue to repay your student loans.

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## Financial Planning

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- Make sure you are in touch with the hospital(s) you trained in prior to April, 2005. On March 2, 2010, the IRS announced that it has made an administrative determination to accept the position that medical residents are exempted from FICA taxes based on the student exception for tax periods ending before April 1, 2005

### Practicing Plastic Surgeons (Retirement)—Distribution and Conservation

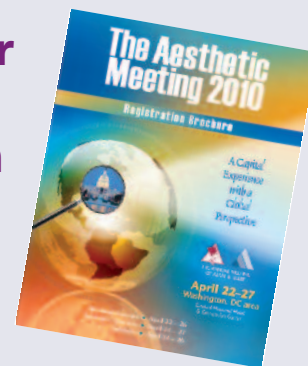
- Plan for the sale of and transfer of your practice. Make sure to tell any prospective purchasers that you will continue to work in the practice and help make the transition of existing patients to the new plastic surgeon. This will maximize the value of your practice for purposes of the sale.
- Plan for the proper distribution of income during retirement to maintain your lifestyle and minimize income taxes. This includes using charitable giving strategies such as direct gifts, Charitable Remainder Trusts, Charitable Lead Trusts and others.
- Conduct a periodic review of your estate plan to incorporate the smooth distribution of assets at death to your heirs. Make sure to take Income in Respect of a Decedent (IRD) into consideration.
- Plan to minimize your estate taxes. Since plastic surgeons typically earn substantial incomes, you are likely to have sizeable estates. Review your estate plan and legal documents to take advantage of any tax legislation and/or changes in your personal situation (divorce, grandchildren, sale of your practice, etc) into account. Don't forget to provide for children from a previous marriage, if applicable.

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## Member Webinar Held on “Best of Hot Topics” from The Aesthetic Meeting 2010

Clyde H. Ishii, MD



A problem I undoubtedly share with countless ASAPS members every year at the Aesthetic Meeting is the scheduling conflicts I have with interesting, cutting-edge panels like the Hot Topics Panel. After missing this every year, my only other option was to purchase the DVD when it became available through the Aesthetic Society. While that is always a great option and I am grateful for the recordings, life gets busy back at home with the practice and many things like DVD-watching, slip through the cracks. I am sure this scenario sounds familiar to many members who are racing from course to course and the exhibit halls to try to get everything done in such a short time.

This year, the Webinar Subcommittee combined forces with the Program Committee and Education Commission to attempt to remedy this problem. The Best of the Hot Topics is one of the most popular panels and has a great deal of new, exciting off-label information packed into a short 45-minute span of time. This year in Washington DC was no exception—we had great panelists who presented updated information on: biofilms in relation to breast implants and fillers; filler complications; ATX-101—an injectable drug to reduce localized fat; and an update of past Hot Topics. Moderators, Dr. William P. Adams, Jr and Dr. Joe M. Gyskiewicz then agreed to host the Webinar and answer any attendee questions that came in.

Through the latest Webinar technology, we were able to run video of this highly rated panel over the internet to all of our members who registered and for the first time, also give additional CME credit. Over 130 surgeons registered for this online course and we received a 42% turnout which is well above the industry standard of 25% for a webinar. As always, as a member service we offer all of our

webinars as downloads on the website at: [www.surgery.org/professionals/webinars](http://www.surgery.org/professionals/webinars). “Best of the Hot Topics” is up there right now available for download.

The quick survey at the end of the session showed a 4.5 out of 5 approval rating and most doctors strongly agreed that this webinar met their expectations and educational needs. One doctor commented, “I went to hot topics in Washington DC still enjoyed the rerun and learned something. Perhaps we should open this up throughout the year to include best/top lectures—free if you attended the meeting as you can never see it all! Thanks!”

The CME survey showed even greater promise—each doctor had over 2 new strategies after participating in the webinar and the top 2 areas were “breast procedures” and “patient safety.” The only challenges that would prevent them from implementing these new strategies would be “time,” “expense” and the “economy,” which is something that affects us all.

The webinar world is still new to us as this is now only our second year with interactive, online programming, and we have just begun to see how far and what directions we can go in with this technology. In the ASAPS initiative to be leaner and greener with our meetings and planning, while going bigger on education and patient safety, we have the perfect vehicle in webinars to drive us to both of those destinations. In terms of interactivity, costs, reach and platform—we couldn't ask for a better one. On behalf of the Webinar Subcommittee—thank you for participating and we look forward to planning more and hearing your feedback.

*Clyde H. Ishii, MD is an aesthetic surgeon practicing in Honolulu, HI. He is Commissioner of the Aesthetic Society's Membership Commission.*