About CJM Wealth Management

Founded in 2003 by our CEO, Charles Massimo, CJM is one of the nation's leading wealth management firms. We offer a diverse suite of advisory services to wealthy individuals and families, with unique expertise serving doctors. On the strength of each client relationship, we have grown assets under management to nearly half a billion dollars.

After two decades at leading financial firms, Mr. Massimo left Wall Street behind. He built CJM on a passion for people, not profits. That's why at CJM, the "human side" always comes first. We build empathy, trust and transparency into everything we do. Especially our relationships. And we invest in an entirely different way, by employing the most advanced methodologies and tools on your behalf.

Not only do we practice what we preach, but our CEO wrote the book on it. In *Getting Off the Street – Sane Investment Advice from One of the Nation's Leading Wealth Managers*, Mr. Massimo shares his experience and perspectives on what Wall Street doesn't want you to know.

When it comes to your family's wealth, it's essential to choose a proven investment advisor.

Find out how we can help you protect and grow your wealth. **Contact us today.**

Whether you are contemplating a sale or actively selling your practice—or even if you have already completed a transaction—we can help you optimize your financial strategy.

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The 5 Essential Steps Doctors Should Take When Selling a Practice

Taking an informed approach before, during and after your deal can save you millions of dollars in taxes and expenses, and increase your future income.

Medical practices have become one of the most sought-after merger and acquisition candidates.

According to a 2017 survey by *HealthLeaders Media*, 59% of respondents said their organizations were interested in pursuing some type of partnership with doctor practices.

Most private practitioners have invested decades in building and growing their practices. And a doctor's office is often his or her most valuable asset. This, combined with such an active buyers' market, makes monetizing your medical practice an attractive opportunity.

For those actively selling a practice, or even contemplating a sale, taking the following five steps can not only optimize your transaction, but save you millions of dollars in taxes and expenses, and improve your future investment returns.

1. Define Clear Goals

It sounds simple, but many doctors do not clearly articulate the personal and financial goals they hope to achieve. What's your motivation to sell? What lifestyle do you aspire to live? If you plan to retire, when and for how long? Transitioning from working full-time for yourself to becoming an employee, or retiring, is a huge change. Are you emotionally prepared?

You can ease the transition by clearly defining what you want your new wealth to do for you, and documenting your goals. This will help you focus on what's most important to you and your family, and assure that your assets can fund your current and future lifestyle choices.

2. Get Your Finances in Order

Make sure your financials are in excellent shape. Dr. John Dicapua, an anesthesiologist who now works with an acquisition firm that has purchased twenty-two practices, says, "Clean up your books and be prepared to defend them. You need to be able to show at least a three-year trend." This three-year data should include both financial and compliance information.

Make sure your practice's books are in order, showing at least a three-year trend.

You also won't be able to run personal expenses through the business anymore. So not only will these expenses have to come from your own finances – which affects your post-sale income—they also must be correctly accounted for in the valuation of your practice.

3. Understand and Minimize Costs

A key place to focus is on the tax impact of the transaction. According to CPA Jeff Kramer (who works primarily with healthcare clients) your best bet is to maximize capital gains, since those rates are much lower than ordinary tax rates. The ultimate "cost" here can vary greatly depending on the tax strategies you employ. You will also incur legal and accounting fees, so you will need to plan for them. And using a banker to negotiate the deal adds expense, but if they are good the benefits will more than offset the cost.

Many doctors fail to plan properly before they sell, often costing them millions of dollars in taxes and expenses.

Another important point, according to Dr. Dicapua, is that your cost won't just be in dollars, but also in time. "Without a doubt, it's a huge investment of time," he says. "It can be distracting to your core business, and you need to be prepared for that."

4. Assemble the Right Team

As we have said, failing to structure your deal properly can be costly. That's why you need experts to help you navigate the transaction, and make sure you're not leaving money behind. All too often, doctors either don't hire these critical advisors, or wait too long to get them on board.

First, Dr. DiCapua strongly urges practices to hire a banker to negotiate the deal. "Our experience has been that groups that try to do a sale without a banker often are slower transactions because the group doesn't necessarily know how to present the data that the acquirers routinely ask for." Next, you will need an attorney to write the contract, and an accountant to help you organize your books and minimize taxes. And, you'll want to engage a reputable investment advisor.

Crucial to the success of your sale, says Kramer, is the communication between team members. For example, "sometimes the attorney doesn't consider tax implications, so I would advise the contract be reviewed by the accountant to make sure it makes sense from tax and post-merger operational perspectives."

5. Invest Intelligently

Kramer and DiCapua agree on one important point: you need to make smart investments with the sale proceeds to "future-proof" your income. "Certainly, you want to invest the money," says Kramer. "The cost of living is always increasing, so if you don't invest, it doesn't earn return, and the value of the proceeds will decrease with inflation. That's why you need expert advice."

"The key to investing is understanding that no one can pick stocks and investments or time the market better than anyone else", adds Charles Massimo, CEO of CJM Wealth Management. This approach leaves you exposed to market volatility, where you are at higher risk for losing rather than growing your capital. On the other hand, investing in indexes that mirror the markets helps you offset volatility, but can also limit returns. Massimo continues, "the best investment plans optimally balance risk and return over the long term". And if you have already concluded your deal it's not too late to optimize your financial position.