How Your Dental Clinic Tenant Lease Could Make Or Break Your Retirement Plan
Have You Considered the Impact Your Tenant Lease Could Have on Your Retirement Plans?

Dentists have long recognized the importance of location in establishing and growing their practice. When the time comes to sell their business, they know location matters just as much as a solid patient list and a well-equipped clinic.

But in spite of their belief in the “location, location, location” mantra, dentists often overlook a critical component that can have a tremendous impact on their finances and retirement plan: their tenant lease. In fact, 83 per cent of all dentists have leases which can prevent them from selling their practice, while 76 per cent could be forced to move their practice any time their landlord wishes.

As a result, many dentists on the eve of retirement are surprised to learn that, because of the terms of their lease, their practice is worth much less than they had anticipated.

To make matters worse, about 20 per cent of landlords structure leases that let them collect 20 per cent of proceeds when a practice is sold.

In some cases, retiring dentists who are not selling their practice but simply want to surrender the lease to their landlord have had to spend thousands of dollars restoring their clinic space to its original configurations – because their lease required them to.

How do you ensure this doesn’t happen to you?

Structuring Your Lease for Retirement: 5 Effective Tactics

**Don’t wait until it’s too late.**
Ideally, you should structure your lease for retirement many years before you plan to retire. At Cirrus, we encourage our clients to take this step around the age of 40.

**Go for a long-term, flexible lease.**
We recommend a 10-year term with an option to renew for another 10 years.

**Include an early retirement provision.**
Insist on an early retirement clause stating that, should you wish to retire early a few years into the lease, you have the right to terminate the agreement with notice.

**Factor in death and disability.**
Be sure your lease contains a death and disability clause that will terminate the lease should something happen to you. Without this clause, your landlord could force you or your family to continue paying rent even if you are no longer able to practise.

**Make sure your lease can be assigned.**
Without a proper assignment clause, you could find it difficult to sell your practice since your landlord could deny permission to transfer your lease or will agree to do so only at a much higher rental rate.