



Subscribe to free newsletter

Thursday, August 25, 2011

Leasing | Development | Buying | Selling | Finance | Design | Technology | Legal | Expert Commentary
Facilities Management | Sustainability | Products | People | Research/Case Studies | E-Newsletters

Search:

10 Things Your Banker Won't Tell You

By Daniel Casciato

The world of banking and finance can be very alien to those who aren't intimately involved with it. Like most – more often than not – relatively uninformed when it comes to business loans, letters and lines of credit, retirement planning and many other financial aspects.

While healthcare professionals can shore up their lack of knowledge in many different ways, *MOT* has tackled and finance experts the secrets of their business. Here, we delve into 10 things you really need to know about banking and finance, but your banker won't tell you.

1. We're going to try to confuse you with financial jargon.

Like any industry, banking and finance has its own set of terms and descriptors that can exclude outsiders. This intimidating. You should make sure you find someone who can easily explain things to you in basic terms.

"If you don't have someone who can explain the important points in an efficient manner, you will have trouble down the road in some fashion," says Paul Gabrail, a financial planner for high-net worth individuals in Cleveland, Ohio, and co-founder of Select Investment Group.

As the son of two doctors, Gabrail has first-hand experience with the disconnect between healthcare providers and the world of finance. "Yes, you are smart. You finished med school, which I consider the hardest profession to enter. But you don't know everything. Don't be afraid to ask for help."

2. You should get a second opinion.

When looking for the right banker to work with, second opinions are valuable. In the medical world, it's not uncommon for patients to seek a second opinion. "Why is it that if a patient want to get a second medical opinion, doctors not only support that decision but will suggest it or send their patient to a specialist?," asks Mandy Williams, an author, publisher, and columnist from Houston.

Yet, when it comes to their own finances, physicians often just find a banker and/or financial advisor, and then hand-off the responsibility. If your banker or advisor has a deal that sounds too good to be true, it usually is.

"Ask questions, lots of questions – pretend to be one of your most inquisitive patients – in order to get the information necessary to make a smart, conscious decision," Williams advises, pointing out that the same process is used to diagnosis patients.

3. Do your homework on us.

The financial services sector is one of the largest industries in the world, and because of the size and scale, you have to be careful, Williams warns. Remember almost anyone who offers financial recommendations can appear as if they are financial advisors – accountants, bankers, insurance agents, stockbrokers. "The key is understanding how they make their money, and realizing that may influence the advice they give you," she points out.

When first selecting a bank to work with, do your homework. Ask people you know, and trust, for recommendations. And then interview the bankers or financial professionals you would be dealing with.

"There are guidelines and checklists available to help make your decision," says Williams. "The key is to understand what you are paying for, what they are qualified to do, and also their motives."

4. We have never worked with a medical practice.

Don't hesitate to ask if your banker has worked with a medical practice, hospital or other healthcare facility before. "Your banker may not tell you if they have experience [working with] physicians," says Brent Adams, executive vice president and senior banking officer at Private Bank of Buckhead in Atlanta who has long worked with physicians about their banking needs. "Ask if they have that experience."

Further, Adams says to ask if they have physician clients who have provided testimonials and if they have any physicians among their board or shareholders or advisors. Because healthcare providers have more specialized banking needs, working with a banker who has other healthcare-related clients may make things easier.

5. It's time for your annual checkup.

Physicians are always looking for new and creative ways to remind their patients about their annual checkup. While doctor appointment reminders are commonly received via snail mail, along with email and text messaging, when is the last time you received a nifty postcard from your banker to remind you when it's time to review your account?

"Doctors should routinely meet with their bankers, quarterly or semi-annual, to keep them abreast of any changes or future needs," Adams says. In addition, bankers should offer a comprehensive review of the medical practice's merchant services and other ancillary products and services, he adds.

6. You need a line of credit – now.

Think you don't need to get a line of credit right away? Big mistake if you don't get one, says Adams.

"Your banker may not tell you to put a line of credit in place before you need it," he says. "Discuss a line of credit with your banker that can be used for short term working capital. Also, your banker may also not tell you that, typically, banks will lend a higher percentage, loan-to-value, to doctors for purchasing office equipment and buildings."

7. You have great bargaining power.

Looking to secure a loan? Remember that you hold some tremendous bargaining power over the banks.

"Banks are on the lookout for businesses that have remained profitable, well-managed and stable despite the downturn," says Kon Theodoridis, a small business lender in Northern California's East Bay. "Physician practices – more often than not – fit all of those criteria."

Because of that, you should know that you hold a lot of bargaining power when you approach your bank for new funding or a renewal of your facilities. "They can flex that power by securing better rates and terms on their facilities," adds Theodoridis. "Negotiating hard now can save thousands of dollars in the coming years."

8. You can save money in other areas.

In addition to being a highly desired client by the banks, physicians are able to save money in other areas. Usually your largest funding needs are for new equipment, commercial property and or buying a practice.

"While I agree with the premise that doctors would rather be spending more time with their patients than worrying about their finance options, right now can be the time they can secure their financial success in five to 10 years down the road," says Theodoridis.

With all three of these big dollar spends, Theodoridis says to negotiate hard, save money, and build your personal wealth. "Rates are extremely low at the moment and doctors should spend the time now to review their position and take advantage of the current situation," he says. "In 12 to 18 months, when there is more certainty in the market, fixed rates would have risen and physicians may find themselves a step behind the quick movers."

9. We won't give you permission to access your portfolio.

Beware of the two Ps – permission and penalties – related to your financial portfolio, says Rodney D. Ballance, Jr., a professor with the Financial Leadership Academy in Branson, Mo.

Ballance contends that the most important thing to remember when thinking about your money is that people who have access to and control over their own money always prevail during challenging economic times. "Don't place the foundation of your portfolio where you have to request permission to access it, or be assessed a penalty to use it," he advises.

10. There are other investment opportunities outside of our bank.

When it comes to your finances, there is an array of non-traditional investments you can make through self-directed retirement plans. "Whether they choose traditional, Roth IRAs or self-employment plans (SEPs), there is a whole world of investments that savvy account holders can make through a self-directed IRA – investments that are not available in plans offered through banks or brokerage houses," says Jaime Raskulinecz, CEO and founder of Roseland, N.J.-based Next Generation Trust Services, which specializes in comprehensive account administration and transaction support for self-directed retirement plans.

Raskulinecz says that these tax-advantaged plans allow you to make many alternative investments, not just stocks, bonds, and mutual funds. "These plans can help them grow their retirement wealth more aggressively through investments they know and understand," she says.

 [Email this Article...](#)

[Back to Top](#)