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In November 2006, we first introduced DocOnomics to you as a compendium of practical insights and tools designed to enhance the personal wealth of physicians and other healthcare professionals. DocOnomics is a work in progress. There is nothing for sale here. The objective of the authors is to keep medical practitioners in the black. With 80 million aging Baby Boomers beginning to queue up for larger and larger dosages of healthcare services, we are going to need every last medical professional on the front line. In this war, we cannot afford to take casualties.

Our supporting thesis is that entitlement programs such as Social Security, Medicare and Medicaid are becoming increasingly stretched due to the massive debt loads that already plague our Federal, state and local governments. There are few angels of mercy in Washington, DC and even fewer political solutions to the problems at hand. As a result, we fully expect that compensation to providers of expert medical services will continue to shrink well into the future. This means two things. First, fewer college students will choose medicine (especially primary care) as a career, thus exacerbating a shortfall of high-quality healthcare personnel. Second, healthcare professionals need to start micro-managing their financial assets, liabilities and risk in order to improve their odds for survival and prosperity. Nothing should be left to chance. Again, we can't afford to take casualties with 80 million aging Baby Boomers on the approaching docket.

We hope that you will read our missives and that we don't bore you. If indeed you do find us boring, please let us know and we'll throw in a few jokes. However, what we are facing over the next couple of decades is no joke. The authors of DocOnomics already are losing sleep over the prospect that one day soon Dr. Wal-Mart will be taking their vital signs.

BOOMER SOONER – ACT II

At the conclusion of Boomer Sooner - Act I, we urged our readers to reflect upon the imminent arrival of the aging Baby Boomers and to engage in some forward thinking. In terms of our AARP framework, it is time to react and determine how best to accumulate, allocate and protect assets under economic, political and social pressures that will begin to manifest themselves within the next 5 years. Assuming that our ultimate desire is to live as long as possible in a relatively good state of physical, mental and spiritual health, we must have sufficient financial resources to assist us throughout our journey. This will require paying closer attention to the principles of AARP (accumulate, allocate, react and protect), especially in a world that is changing as rapidly as ours.

In anticipation of the aging Baby Boomer demographic wave heading toward our shores, allow us to make a few broad observations and recommendations worthy of your consideration:

1. Depending on the US Government for anything of significance is likely to be a losing bet. Quite the opposite, Federal, state and local governments will be looking for more and more ways to take our money in order to cope with record debts and deficits that cannot be sustained. As time marches on, the political beast is going to become increasingly desperate for cash and likely will tax anything that moves. Politicians will not stop at taxing our incomes and consumption of goods and services. Accompanying the tax grab will be a deliberate policy of monetary inflation, known in layman's terms as "counterfeiting." This occurs when any government creates money at a rate exceeding the growth in goods and services demanded by its constituents. Prices tend to rise as more money chases the supply of goods and services. If incomes and investments do not keep up with the rate of monetary inflation, the result is a loss of purchasing power. This has the exact same effect as an income or sales tax except that it is largely hidden from the consumer. Wealth taxation

also will be in the government crosshairs. It is highly unlikely that Congress will permanently repeal the Federal estate tax when the statutory sunset provision is reached at the end of 2010. Since the states are running short on funds, it will be important to watch for states implementing their own version of wealth transfer taxation. Approximately 20 states already have initiated their own estate taxes, so there is ample precedent for our concern. ***Our advice: react by accumulating wealth via strategies and vehicles that emphasize (1) low marginal tax rates, e.g., dividends and long-term capital gains; (2) tax-deferral, e.g., qualified retirement plans and equity-based annuities; (3) asset protection, e.g., cash value life insurance and trusts and (4) inflation protection, e.g., assets that are in relatively fixed or tight supply.***

2. We cannot overemphasize the fact that people need to accumulate the financial resources to become entirely self-sufficient for future health care needs. Quality health care is destined to become very expensive as the health insurance system is being calibrated by our politicians to increasingly serve a lower common denominator. We are on a long march toward socialism whereby the politicians will guarantee health care benefits to everyone and force the service providers to share in the cost of subsidization. This already is being manifested in declining reimbursement rates to physicians. The highly sought-after physicians can be expected to depart the current system for the world of concierge medicine, where they will be paid directly by consumers at rates that greatly exceed what they will receive from the private insurance and government networks. This means that quality healthcare is going to become scarcer and thus more expensive, and those of us interested in living as long as possible in a quality state will need extra financial resources to gain access to those doctors, medications, procedures and therapies that can advance one's life expectancy. ***Our advice: react by (1) taking a much more aggressive approach to collections and expense controls within your professional practice; (2) investigating concierge medicine as a business alternative and (3) cutting back on your personal consumption in order to accumulate additional savings for your future medical care.***
3. Latin America is poised to experience a reverse population migration. The low-cost labor that traditionally has come north in search of jobs will be accompanied by savings-challenged aging Baby Boomers heading south of the border in search of a more affordable cost of living. Certain destinations within Mexico and Central America offer relatively convenient proximity for many of our population centers with the additional benefit of temperate climates, political stability, improving health care delivery and transportation systems, good telecommunications and in many cases a long history of assimilating expatriates into the local cultures and economies. A boon for this reverse migration is the increasingly unstable and destructive weather patterns in the Atlantic and Gulf of Mexico coastal regions that traditionally have been destinations for American retirees. Both Mexico and Central America offer abundant Pacific coastlines with warm year-round climates. ***Our advice: react by (1) becoming better educated on the maturing political environments of Mexico, Belize, Costa Rica, Panama, Argentina, Brazil, Chile and Uruguay; (2) allocating some financial assets to Latin American fixed-income and equity investments as well as to Latin American real estate that can be developed into expatriate retirement communities and (3) contemplating a major lifestyle change that will incorporate your own practice of medicine south of the border as a means to capture the growing expatriate population, fewer government regulations and lower business and personal expenses.***