



## Table of Contents

	<b>Page</b>
Preface.....	i
Introduction.....	i
Chapter 1.....	1
Critical Evaluation .....	1
Chapter 2.....	4
Length of Associate Period.....	4
Chapter 3.....	7
The Values Involved.....	7
1. "Hard Assets" .....	7
2. Accounts Receivable.....	8
3. Goodwill Value Generally .....	11
4. Other Values .....	18
5. "Semi-Personal Assets" .....	19
Chapter 4.....	21
The Stock Purchase.....	21
1. Timing of Stock and Income Buy-in .....	21
2. Valuing the Practice Stock/Equity .....	21
3. Selling/Buying the Practice Stock .....	23
4. Paying for the Purchased Equity Interest.....	24
Chapter 5.....	25
Senior Partner's Protection.....	25
1. General Protection .....	25
2. Practical Implications .....	26
3. Timing of the Option .....	26
4. Other (Senior) Protection(s).....	26
5. Other Issues.....	26
Chapter 6.....	27
Income "Buy-in" .....	27
1. Defining "Net Income" .....	27
2. Basic Income Division Arrangement(s) .....	29
3. "Buy-in" Discounting.....	30
Chapter 7.....	35
Tax Structuring/Decoupling .....	35
1. Tax Issues .....	35
2. Favoring "Inexact Method".....	36
3. "Decoupling" the Buy-in.....	36
Chapter 8.....	39
Other Buy-in Details.....	39
1. Paid Absences .....	39
2. Required Buy-out.....	40

3. Restrictive Covenant.....	40
4. Other Provisions .....	41
Chapter 9.....	43
Separation Arrangements.....	43
Chapter 10.....	46
Pay-out Upon Retirement, Death or Other Departure .....	46
Chapter 11.....	47
Uniformity of Arrangements .....	47
Chapter 12.....	48
Funding with Insurance .....	48
Chapter 13.....	50
The Values Involved.....	50
Chapter 14.....	52
Stock Repurchase.....	52
Chapter 15.....	53
Deferred Compensation .....	53
1. Structuring the Pay-out .....	53
2. Tax Structuring .....	53
3. Setting the Amount .....	54
4. Contract Provisions.....	55
5. Calculating the Payment .....	56
6. Extending the Payments.....	58
7. Other Issues.....	61
Appendix 1.....	65
Promissory Note .....	65
Appendix 2.....	67
Stock Option .....	67
Appendix 3.....	69
(Form of Portion of "Inter-Doctor Letter Agreement" as to Young Member's Income Buy-in).....	69
Appendix 4.....	72
Double Taxation is Not Nice .....	72
Background.....	72
Prevention .....	73
Conclusion .....	75
Appendix 5.....	76
(Form of Portion of "Doctor New Letter" Setting Forth Separate Stock Purchase .....	76
and Income Buy-in Details).....	76
Appendix 6.....	79
Shareholders' Agreement .....	79
Appendix 7.....	82
Employment Agreement .....	82