WEALTHCARE FINANCIALS

Protecting the Income Behind the Loan: A Lender's Guide to Dental Borrowers

Why Income Protection Matters in Dental Lending

When a lender extends a practice acquisition loan, equipment financing, or real estate credit to a dentist, the repayment model rests almost entirely on one asset: the dentist's ability to work. Unlike a commercial real estate deal backed by a building, most dental loans are effectively underwritten against a single clinician's hands, eyes, and health. That concentration of risk deserves a closer look.

The Exposure Is Real

According to the Social Security Administration, a working person faces roughly a 1-in-4 chance of experiencing a disability before retirement. Yet data from the 14th Annual Guardian Workplace Benefits Study (2025) found that only 43% of working Americans owned disability insurance that year. In practical terms, a meaningful share of dental borrowers on any lender's book may be carrying significant income risk without adequate coverage in place.

A disability that sidelines a dentist — even temporarily — can interrupt cash flow well before a practice has reserves deep enough to absorb the gap. For lenders, that translates directly into servicing risk on loans that otherwise look clean on paper.

What Bankers Can Do With This Information

Raising income-protection coverage as part of the borrower conversation is not about selling insurance — it is about responsible underwriting dialogue. A few practical considerations:

- Ask during due diligence. Incorporating a question about individual disability insurance into your standard financial review signals to borrowers that you take practice sustainability seriously, and it surfaces a gap that may need to be addressed before or shortly after closing.
- Understand what "own-occupation" means in this context. Dentistry is a specialty practice. A policy that defines disability based on the borrower's specific occupation — rather than any occupation — provides meaningfully different protection than a group plan layered into a benefits package. Borrowers may not know the difference.
- Recognize that group coverage often has gaps. Many dentists, especially practice owners, do not have employer-sponsored disability benefits at all. Even those who do may find that group plan benefit caps, taxability of benefits, or portability limitations leave their loan obligations exposed.
- Connect borrowers to qualified advisors early. Individual disability insurance involves underwriting and lead time. A dentist who waits until a health change occurs may find coverage harder or more expensive to obtain. Early referrals serve the borrower and reduce the lender's downstream risk.

Some dental borrowers are early in their careers — recent graduates carrying educational debt and entering their first practice arrangement. Certain insurance programs are specifically designed for residents and fellows at participating institutions, allowing them to obtain individual disability coverage without medical underwriting, often at a discounted rate that can remain with the policy long-term. Borrowers in this window have a narrow opportunity that closes once training ends.

Working With Wealthcare Financials

Wealthcare Financials, founded by Kris Schwartz in 2019, works with dental professionals at every stage of their careers — from residency through established practice ownership. As an agency of The Guardian Life Insurance Company of America with access to more than 40 carrier relationships, the firm can help borrowers evaluate income-protection options that fit their clinical specialty and financial profile.

If your lending practice includes dental clients and you would like to discuss a referral arrangement or educational resources for your borrowers, Wealthcare Financials welcomes the conversation.

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