

Associate earnings: at a standstill or moving backwards?



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Every year for the past 15 years, NASDAL (National Association of Specialist Dental Accountants and Lawyers) has conducted an annual benchmarking statistics survey. The survey provides an insight into typical incomes and expenditures of dental practices and dental associates and also highlights any trends within the dental industry.

The latest survey¹ (2018) showed that fee income (after deducting the principal's share) for a typical dental associate was £86,310 and the net profit was £68,155. The survey conducted back in 2008 showed that a typical dental associate's fee income and net profit to be £83,302 and £70,299, respectively as shown in Table 1.

On the face of it, there appears to have been very little change in the earnings of a typical dental associate, but we must remember that these figures are stated in nominal terms (like the prices we see in the shops and the figures on our salary slips). Inflation can considerably undermine the value of money over time – something that has major implications

for wage negotiations, retirement planning, budgeting, and long-term investment plans. To draw a like-for-like comparison the figures should be adjusted for inflation and compared in 'real' terms. By adjusting for inflation, fee income for a typical dental associate has in fact fallen by 20% in real terms in the last 10 years, and net profit has fallen by over 25%!

Expenses for a typical dental associate include laboratory fees, materials, professional subscriptions, indemnity insurance, CPD courses and other administrative expenses. It is fair to say that over the last decade most of these expenses have increased, but in most instances (perhaps the exception of indemnity/compliance), they have just kept pace with inflation.

The reason earnings for a typical dental associate have fallen so dramatically in real terms over the last few years is due to very little increases in fee income. There are a number of factors at play here, including:

- Static (or falling) UDA rates paid to the associate
- UDA rates paid to practices not keeping pace with inflation

Table 1 fee income for a dental associate. Source: NASDAL.

	2018	2008
Fee income	£86,310	£83,302
Expenses	£18,155	£13,003
Net profit	£68,155	£70,299



- Reduction in associate pay % (due to increased practice costs)
- Economic factors – for instance if there is an ‘excess’ of associates in certain areas such as larger conurbations
- Reduced clinical hours

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What is ‘typical’?

The figures for a typical dental associate are based on ‘averages’ calculated from a sample of approximately 600 dentists. In reality, associate’s earnings can vary significantly, for example, in the latest NASDAL survey, the highest earning dental associate generated a net profit of £201,392, compared to just £9,944 for the lowest earning dental associate. The survey also found that there are regional differences, for example, net profit was highest in London at £75,134 and lowest in Scotland at £55,482.

It would be fair to say that the last 10 years have not been great for dental associates in regard to their earnings. However, it might be that the tide is beginning to turn. In my experience, the UDA rates being offered to associates, that have tended to be static over the last few years, have recently been on the increase. We will have to wait to see if this is backed up by the evidence in the next NASDAL statistics survey.

The NASDAL benchmarking survey is an incredibly useful tool as not only does it highlight trends within the dental industry, it also allows NASDAL members to benchmark their own clients’ results and help identify areas of profit improvement.

Reference

1. National Association of Specialist Dental Accountants and Lawyers (NASDAL). Annual benchmarking statistics (2018). Available online at: <https://www.nasdal.org.uk/press-releases.php> (Accessed August 2019).

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