



# Selling Your Dental Practice

Planning ahead to maximize value, reduce tax, and transition your wealth with confidence

Selling a dental practice is often one of the largest financial events of a dentist's career. The right plan can help you improve the value of the clinic, prepare for due diligence, reduce avoidable tax, and turn the proceeds into a long-term retirement and wealth strategy.

This guide highlights four key planning areas to consider before selling your clinic.

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## 1. Preparing the Clinic for Sale

A successful sale often begins years before the clinic goes to market. Buyers and lenders will usually look closely at profitability, hygiene production, patient retention, staffing, lease terms, equipment, systems, and whether the practice can continue operating smoothly after the owner transitions out.

From a financial planning perspective, this is also the time to review your personal retirement goals, expected sale proceeds, corporate structure, and how much after-tax capital you will need to support your next stage of life.

## 2. Structuring the Sale

The structure of the sale can have a major impact on your after-tax outcome. Most practice sales are negotiated as either a share sale or an asset sale, and the preferred structure can differ between the buyer and the seller.

**Share sale:** The seller sells the shares of the professional corporation that owns the clinic. This can be more tax-efficient for the seller and may allow access to the Lifetime Capital Gains Exemption if the shares qualify.

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**Asset sale:** The buyer purchases selected assets of the clinic, such as goodwill, equipment, supplies, and patient records where permitted. Buyers often prefer this structure, but it may create a less favourable tax result for the seller. The Lifetime Capital Gains Exemption generally applies to qualifying shares, not to a corporation selling its assets.

### 3. Tax Planning Before the Sale

Tax planning should start well before a letter of intent is signed. For incorporated dentists, the goal is often to preserve flexibility, determine whether the shares may qualify for favourable tax treatment, and avoid discovering issues too late in the process.

**Lifetime Capital Gains Exemption:** For Canadian shareholders, the LCGE may shelter a significant portion of capital gains on qualifying small business corporation shares. Qualification is not automatic and depends on specific tests, including active business asset rules and ownership requirements.

**Corporate purification:** If the corporation holds too much excess cash, investments, or other passive assets, planning may be needed to help the shares qualify. This can take time, so it is important to review the structure early.

**Family trusts and estate planning:** A family trust may support succession, estate, and potential capital gains planning if it is established early and structured properly. This should be reviewed with legal and tax advisors before relying on it for a sale.

**Capital Dividend Account:** Certain corporate transactions can create amounts that may be distributed tax free to shareholders. This can be an important part of coordinating corporate tax planning with personal cash flow needs.

### 4. Turning Sale Proceeds Into a Long-Term Plan

After the sale, your financial life can change quickly. Instead of earning practice income, you may be relying on investment income, corporate assets, registered accounts, and planned withdrawals to support your lifestyle.

**A coordinated wealth plan** should consider how much to retain personally or corporately, how to invest the proceeds, how to manage tax-efficient withdrawals, and how the sale fits with retirement income, estate planning, charitable giving, insurance, and family goals.

**Common mistakes** include waiting too long to plan, focusing only on the sale price, overlooking the after-tax outcome, or failing to connect the sale with a broader retirement and estate plan.

### How We Help Dentists Selling Their Clinic

We help dentists prepare for the financial side of a practice sale. We work alongside your accountant, lawyer, banker, and dental practice transition specialists to help coordinate the planning before, during, and after the transaction.

Our role is to help you understand what the sale may mean for your personal wealth, retirement income, tax planning, investment strategy, and legacy goals so you can make confident decisions with the full picture in mind.

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## Pax Portfolio Advisory Team

We're delighted that you are interested in learning more about our services. The name PAX is Latin for peace, and our goal over more than 50 years of combined experience has been to simplify your wealth and provide you with lasting peace of mind



**Trixie Rowein, B.Comm,  
FMA, CFP®, CIM®**  
Senior Portfolio Manager,  
Financial Advisor

Known for her commitment to community and clients for 25 years at Raymond James. Responsible for **investment strategy, client communication, educational seminars, and charitable initiatives**. She specializes in guiding clients through life transitions, including retirement and loss of a spouse. Trixie has two daughters and speaks Spanish. She enjoys travelling, gardening and scrapbooking.



**Taylor Cooper, B.Comm,  
CIM®, TEP**  
Associate Portfolio Manager,  
Financial Advisor

Works closely with clients to implement **comprehensive financial and estate plans**. He also facilitates **portfolio management, trade execution, and conducts stock market analysis**. Taylor previously played semi-professional hockey in the Western Hockey League and later competed as a student-athlete with the University of Alberta Golden Bears.



**Matthew Moellenbeck**  
Licensed Financial  
Advisor Assistant

Responsible for managing **all client account information, coordinating regular income distributions, and developing financial plans**. He's currently working towards his CFP designation and serves as the primary point of contact for all client inquiries. Outside of work, Matt enjoys staying active, whether it's hiking, running, or cross-country skiing, in addition to playing in a band.



**Wendy Hildebrandt**  
Investment Advisor Assistant

Supports the team with **administrative tasks, account openings, and managing documentation**. Her commitment to delivering exceptional customer service ensures that every client receives the highest level of care. Wendy values community and volunteer work, and in her free time, she enjoys crafting and spending quality time with her family.

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