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Wed, 7/6 8:51AM 28:24

SUMMARY KEYWORDS

clients, physicians, docs, real estate, asset protection, practice, tax, partners, podcast, wealth management, investment, buy, attorney, couple, pay, wealth, healthcare, lawyer, assets, providers

SPEAKERS

Trisha Talbot, David Mandell

D David Mandell 00:00

That could be real estate, that could be a surgery center, that's tied to real estate medical spa that's involved. We have clients in all areas of medicine doing things. And I think one of the benefits of knowing a firm like yours and other firms who are really a kind of niche and expertise in particular pieces of that, we'd let those people run with it. We say, listen, we can understand it from an asset protection, we can give you some ideas on tax, and then we can see how it fits in the rest of your wealth plan, right? Because this is a piece if they're gonna buy that building and their practice or they're gonna buy a couple of rental units, or they're gonna do with some partners, some kind of building. Okay, let's make sure it fits in. And how does it fit in the rest of your plan to retire at 60 or, you know, get to X, Y, and Z.

T Trisha Talbot 00:56

This is the Providers, Properties and Performance Podcast, the podcast that brings together leaders in healthcare and investment real estate to consider the possibilities and future at the intersection of practicing medicine, and healthcare real estate investment returns. Welcome to the Providers, Properties and Performance podcast. I am your host, Trisha Talbot. As a healthcare real estate adviser to providers and investors, the best solutions occur when the two collaborate together as partners in delivering better patient care. Providers can deliver care to their patients when and where they need it, and investors realize the returns to build and manage facilities. We explore changes in medicine and wellness the future of healthcare and using real estate as a strategic and financial tool. Today's podcast episode is with guest David Mandell, a partner at OJ M Partners. His financial planning company focuses on physician clientele given their high income earning potential. OJM Partners focuses on helping clients plan for the future, protect their assets against liability, such as malpractice insurance claims and strategizing for wealth building, which is what we focus on and discuss the health care asset class as one piece of the puzzle. Thank you for joining to listen to today's episode. David, welcome to the Providers, Properties and Performance Podcast.

D

David Mandell 02:17

Thank you. I'm pleased to be here. Thanks for having me.

T

Trisha Talbot 02:20

So tell me the background of the OJ M Group.

D

David Mandell 02:23

Sure, yeah, I'll tell you about OJM. And I'm going to tell the the kind of story or at least get the descriptions for listeners in a couple of ways. First, I'm going to talk about the history. So as we'll probably get into, I spent the first part of my career as an attorney, and I did through with a colleague at Business School create a wealth management firm. And that's what OJM Group is - a wealth management firm that really focuses on working with physicians. And in the OJM, I'm the M, the J was my other partner at the time who we had since bought out and O, is Jason O'Dell, my partner. So he and I founded the firm. There's three of us originally, and two the last 10, 12 years. And so Jason wouldn't - really starts his career kind of in a traditional wealth management role working with docs, meaning back in the '90s, going to hospitals and fellowship programs and buying people pizza and sitting with them in the fellowship room and in the hospital and, getting to know them and kind of starting with their first investment questions, their first disability insurance policy, their first - giving them a will or something like that. Just helping them initially as they started their career. Well, that was in the early part of the '90s.

D

David Mandell 03:43

So in most of that decade, I was practicing law, finishing my grad work and then practicing law. And we started to meet in the early 2000s, when I had this fledgling wealth management firm along with my law practice. And he was pretty well-established, had been written up in Medical Economics as one of the better financial planners for docs. And I saw him at different conferences, and then we decided to merge up our firm. So we did that and created OJM group 2006, 2007, so about 15 years ago now. So that's sort of the genesis of how it started.

D

David Mandell 04:17

And let me tell you just a little bit about kind of where we are today in terms of what we do. So we've got three divisions. And I'll start kind of in what I consider sort of the back and go to the front, right. So the back is one of the areas one of the businesses wealth is investing. So we manage about \$600 million for physicians. Unfortunately, that number has gone down a little bit since the last time I stated that, just the way the market's been. And we're a fiduciary. We can talk more about that - we're registered investment advisor, we put our clients' best interests first. We don't hold the assets of our clients. We use the largest custodians in the world like Schwab and TD, etc. So they can go into the OJM map and look at investments where they can go on TD or Schwab, etc. And while they manage my money and they manage my parents', physician family, my brother is not a client, who's a cardiologist. And I just said to him,

Listen, if you're not going to use us, you've got to use another firm like us, that has your best interests, that's not going to sell you a proprietary product, that's not going to try to make money in ways you don't understand. We charge a fee, it's very transparent, our clients get it. So that's the investment division. Then we have our insurance and benefits. So we can do life insurance, long term care insurance, disability insurance, 401ks nonqualified plans with a national partner, do it in house, we can do client help clients with homeowners insurance, and their auto, and umbrella, all these kinds of things. And that's great. And we're independent, again, not tied to any one company, one any one product, any one TPA, all of it independent trying to help clients the best way we can. That's second division. And then first division. And I say first is because most clients, you might hear me on your podcast, you might read our book, which your folks can get for free.

D David Mandell 06:08

Or see me speak or any of our partners, they kind of come to us and say I have some questions, I need some help. But maybe I'm not ready to just have you manage all my assets. Right? So I came from this practice as an attorney, where I was usually getting engaged to do some kind of project for a fee or an hourly basis. So we have a consulting side, and most docs who come to us pay, say, Hey, listen, this is what I need help on it's tax or to asset protection, or it's investing, or it's insurances, etc. And they're working out a flat fee, where they're coming through. And here's the jargon, right? Diagnostic process. Every doc can understand that, before we get to treatment. Right? Right. Most financial people, they sit down here, they just want to treat you, oh, I want to manage your money. I want to sell you insurance, that's all about treatment. Well we try to do is say, hey, let's figure out what you need help on, let's take you through a process that over 1000 docs have come through. It's customized, but you pay us a flat fee, we take you through that process. And that process is customized to what you want. And then maybe there's a role for us to treat you long term, maybe not. But at least you've gotten what you paid for, which is a diagnostic. So long winded way, and that'll be the long, most long winded answer, probably in this half hour. Lawyer in me, but that's sort of the history of OJM and that's where we are today.

T Trisha Talbot 07:33

Okay, so you went to school, you got your law degree, and what were you doing with your law degree? And then how did you get over into wealth management?

D David Mandell 07:41

Sure. Yeah. So I actually did a JD/MBA program. So I did get an MBA while I was in school at UCLA. I was there for a couple of years at law school, very typical, one of my buddies who ended up becoming a CEO of a public company and all this, he said, Hey, we should go to business school too. We'd like being on campus, had been to UCLA, you would know why. Palm trees and girls, and all that kind of stuff. So I ended up getting the - doing the GMAT and staying and doing the four years. He ended up going to practice law and, and he ended up in business anyway. So I had some background in finance and business. But I spent the first kind of 12 years of my career practicing law. And that was in California, and then in New York City. It

started kind of in corporate and moved into tax and estate planning. And then asset protection, which is the one piece I play within the role of OJ M, I still do a lot of asset protection, consulting with clients.

T Trisha Talbot 08:43

Very nice. So you've moved into wealth management. So how did you specifically get to focus on physicians?

D David Mandell 08:49

Right. So well, my grandfather, my brother, and my father are all physicians. I make this joke when I do my lectures that, I was working on my dad's will. And I realized that if I didn't help physicians, I'd be written out of the will. And that's kind of a joke. But certainly, my family is happy that I'm helping physicians since I didn't go to medical school. And so I had that natural inclination. I was working as an attorney in asset protection. I wrote a book in 1998, called the Doctors Asset Protection Guide. And the way I really learned about asset protection was through a mentor early in my career. And the reason I was interested in that is my father was interested in that. He was a radiologist in Massachusetts concerned about being sued. Concerned that he's doing the best brightest patients, but seeing so many X rays, you're gonna miss something over time, and didn't want to have all his wealth at risk if something went south. And so he found this attorney, I was kind of impressed with that area of law and said weighed my practice from group corporate tax into that area. So it really came from my family history, short answer.

T Trisha Talbot 10:06

That's nice. So physicians come to you, and you can advise them on traditional wealth management strategies, stocks, bonds, you know, whole life or term or benefit plans, and get this all set up for them. And when they come to you and physicians in particular, they get to a point where they're like, okay a couple things - one, I would like to make my money work for me, there's only so many hours in the day, so many patients I can see, they tend to be paid really well. And so they want to do something with some extra money that they may have. So they come to you, and, they're like, okay, I want to pay down debt, of course the school loans, protect against malpractice, but when they get all of that set, and they're saying, Okay, what other things can I do to generate wealth? Maybe get to generational wealth, what do you recommend? And I'm specifically leading you towards real estate. But what are some of the other options that they have?

D David Mandell 11:11

Sure. Well, I think for us, it's really all about diversification, and allocation. Certainly real estate is a big piece of a lot of our clients' portfolio. And we support that, and do we bring real estate deals to our clients, we do, but they're really kind of private REITs, or a couple of relationships that we built with, real estate based private equity deals, or even debt deals that we kind of add in and bring to clients, right? But there's a ton of docs who want to buy the property, where

are my practices, I want to expand all that kind of thing. And we know enough to know and this is, I think one reason people like to work with us is what we are experts in but what we're not experts in, so when a Doc might come to us and say, Hey, listen, I want to buy the property where our, let's say our practice is. We'll say, Okay, well we can look at it from I'll look at from an asset protection point of view, okay, you're not gonna have that in your own name, right? We don't want that in the name of the practice the PC, we don't even want it in a corporation. We want an LLC with this bells and whistles, and then leasing it back to the practice. Right? I'm thinking that's my expertise. And I can look at it from that angle, right? My partner, Carol, she's a tax person, CPA, 30 years of tax experience, right? Does a bunch of people's returns still, including my own.

D

David Mandell 12:40

And so she's gonna look at hey, let's be smart about how you're going to use depreciation. And should this LLC be taxed as a partnership? Probably? Not every time but probably right? And how you're going to write off the loans and things like that, right? So all of those things. So we're gonna support them in the areas we can, but we can't say we're not on the ground, because our docs, I should say, are all over the country. Right? So we have our main offices in Cincinnati, I'm in Fort Lauderdale, we have an office in Phoenix, but our clients we can get a doc in Alaska saying, hey, what do you think about this building I'm gonna buy? Well, we can't make any comment on whether the building is a good deal. But we can say, Okay, once you've determined with your local advisor or expert like you to say, Hey, this is the right price for this is the way we can cash flow, etc. Then we come in and say, Okay, how does it fit with the rest of your wealth management? And are you doing the right things, asset protection wise? Are you doing the right things tax wise, etc. So we're very supportive of that. And we have clients who kind of run the gamut from, really don't have a lot of real estate outside their home to a lot of investment in various real estate related to their practice.

T

Trisha Talbot 13:57

So usually, you know, physicians, that not always because some of them do syndication, some of them are only passive investments and things like that, but if they are private practice, typically, I think that the it's sort of common sense to at least explore the opportunity to purchase the building they practice in. And so if they come to you, and they say, He, I'd like to do this, what are some of the steps you walk them through?

D

David Mandell 14:24

Well, we've got to make sure they have good advisor advising them locally on a, from a real estate point of view. Right? And that could be your firm like yours, etc, from a legal point of view, right? I mean I'm a lawyer, so it's like, okay, you're gonna do this real estate deal. Do you have a lawyer? Because you're gonna need one to negotiate the contract and make sure, all the due diligence the things that need to be done. So, we try not to and we don't, we're very kind of careful not to overstep our expertise. That could be real estate, that could be a surgery center, that's tied to real estate medical spa, that evolved. We have clients in all areas of medicine doing things. And I think one of the benefits of knowing a firm like your's and other firms who are really kind of niche and expertise in particular pieces of that, we'd let those

people run with it, you know, we don't, we say, Listen, we can understand it from an asset protection, we can give you some ideas on tax, and then we can see how it fits in the rest of your wealth plan, right? Because this is a piece if they're gonna buy that building in their practice, or they're gonna buy a couple of rental units, or they're gonna do it with some partners, some kind of, you know, building, okay, let's make sure it fits in, and how does it fit in the rest of your plan to retire at 60? Or, you know, get to X, Y, and Z? That's where we're at.

T Trisha Talbot 16:00

Do you help them with 1031 exchanges? I mean, obviously, you're not a third party intermediary. But if they say, Hey, you know, I think I want to do a 1031 - Do you help them through through those?

D David Mandell 16:12

Well, what we'll do is say exactly what you said, say, okay, maybe it makes sense, Carol, probably more so getting in depth on it from a tax point of view. Why are you thinking about that? What's the benefit, etc? We don't want tax wagging the economic dog, which a lot of docs oh, that's a terrible investment, but I'm going to get a tax break out of it. So you don't say that, but that's what happens right in when Carol was to say, like, a 40% deduction is not worth 100 cents on the dollar loss or, you know, a big thing. So, when a client we have clients certainly do, like kind exchanges, we know, a couple of intermediaries, and we kind of hand the ball off there. You know we can't really help them with the intermediate or make the judgment of is this new property a good deal? Right, right. Right. Sometimes it's better to say

T Trisha Talbot 17:09

So they're selling a building, and they're like, I'm getting these proceeds, but I want to 1031 them into another investment? Do you help guide them through some of the financial decision making points of

D David Mandell 17:20

Yeah, I think the decision making points because the decision making point would be okay, if you don't do that, you're gonna pay the tax, and you're gonna get put in something and get some kind of return maybe other different kinds of real estate, maybe more illiquid portfolio? Maybe a second home, whatever it is, versus you're going 1035. Okay, what are they telling you when you have something lined up? Or what do you think that growth rate would be or rate of return and kind of run the numbers to help them make a decision? Yeah.

T Trisha Talbot 17:55

I kind of advocate being a proactive real estate investor, which means that you keep the money moving forward, and you have an exit strategy when you purchase the property, and then you go forward. It's a challenge when you are in a property and you're like, Okay, I want to sell it,

but you didn't buy it with the exit strategy in mind. So now they've got kind of a mess of a rent roll and some other issues. But if they talk to you, and they're like I really probably should sell this piece of real estate, but they're emotionally attached to it as a, an emotional asset versus a financial asset, which I'm sure you see, some things that they get attached to, too. But do you talk through that with them through this since you are advising them on a bigger kind of overall scale of their finances?

D David Mandell 18:42

Yeah, for sure. I think what's helpful there, we use some software that kind of maps out the big picture, right? We obviously you've been talking with our team, talking to clients, the issues on their mind now is the fact that, a lot of the equity markets and all of our bond markets are down even. So it's okay, let's step back and say we're really are about goal based planning, right? So I say this all the time in lectures is a 6% return a good one, quote, unquote, is an 8% Return good one. Right? Well, all depends, right? What are you trying to get? And what kind of risk are you taking? And I learned that in my MBA, that there's risk and reward so you can't have one without the other but but the point is that, to answer the question, or get big picture, get them out of an emotional thinking is to say, Okay, where are we trying to get? Right?

D David Mandell 19:35

And we have a best case medium case, worst case plan and where are we and how we've been doing, and where does this particular decision sell by investigator fit on that and again, we have clients who we're helping them get to where they want to get to but they have their own pocket of that and that it'd be a big piece or a small piece where they're doing it themselves and making those decisions, and that's fine. And that can be anything from a pet real estate project to Dogecoin to anything in between. We just try to keep them on the main ship on the right direction. It's their money, they earn it. So they can obviously make and should be able to make decisions on it. But we usually, especially when there's two spouses, try to get the buy in of everyone a borrower, we're trying to get go, what our role is, and then we can be hands off on some of the stuff. But if you do that, and you focus on the big picture, sometimes the emotion comes down. Yeah. Because you realize, hey, yeah, I'll take a little hit on this, or it didn't work out. Exactly, but I'm still on track.

T Trisha Talbot 20:54

Right. Exactly. Yes. Great. Did you want to add anything that I might have missed?

D David Mandell 20:58

No, I think that really the key concept. And you've probably talked about this before. But I do mention is kind of highest best use opportunity cost, and whether it's real estate or investing it's to me there's something in a law that says I think goes back to Abraham Lincoln, but it's basically says an attorney who represents himself has a fool as a client. And a lot of physicians are very smart, and they could figure out how to do real estate without somebody like you, they couldn't figure out how to manage assets or asset protection or tax without some firm like

ours, it's kind of multidisciplinary. But oftentimes, the question is what's their highest best use, and you only have so many hours in the day, and I can't play with your daughter or son are taken to practice, but you can't, but I can manage your assets in a way that gives you the time to do that. Right. And so I think there are docs who are completely kind of delegators, and a lot of them, we have gotten clients like that. And we have some clients who are there folks who are kind of completely do it yourself, and then not really a good fit for us.

D David Mandell 22:16

I mean, they might have used me as a lawyer, because most docs will at least realize, I'm not going to write my own will, or do my own agreement, although that's not always true. But so as a lawyer, I didn't get that too much in our space, and probably in your space, too. There's people in middle, who liked to do some things themselves, but also struggle with you know, you know, also see the value of expertise. And I guess the one takeaway, I would say, to folks listening is really think about where you can add value as the doc and where you can hire around. And usually, that'll pay dividends for you long term, not only financial dividends, but actually time and psychological dividends, which, oftentimes even more important.

T Trisha Talbot 23:02

Absolutely. And there's a difference in being involved and informed and hands on doing do it yourself, right? If they come in, and they're like, hey, you know, I really want to understand the details of this process. That's fine if you don't, but if it doesn't have to be all or nothing, I guess is right, kind of if you want to be wrong you want to try to understand, then you really want to understand the details. But like you're in the financial markets every day for me, I'm in the real estate markets every day, I'm negotiating deals. And you know, it's hard for them to know where some of these negotiations can be flexed,

D David Mandell 23:43

I guess is Yeah, exactly. are also we know, I've seen this before, it's not here. I mean, like it was some of the lawyers I know, work without contracts. But you can contract say, Hey, listen, it's not just what's in the contract is what I know. That's not in there. That shouldn't. Right. So. And that's experience. I mean, there's that old saying, we pay this Picasso to do this painting, and it only takes 15 minutes. He said, hey it took you 15 minutes. He said, No, ma'am, it took me a lifetime to paint that in 15 minutes. So that's part of experience. Yeah.

T Trisha Talbot 24:17

Well, we're gonna move on to the Q&A part of the interview to get to know you a little bit. What is your, what was your first job?

D David Mandell 24:23

It's kind of apropos, first year up in high school, going to a chiropractic office picking up X rays, bringing him home to my father to read the X ray and on a audio cassette. And then in the

bringing him home to my father to read the X ray and on a audio cassette. And then in the morning before school, driving that audio cassette to the X rays back to the chiropractic office. That was my job every day since I had a car paid for my car.

T Trisha Talbot 24:46

Yeah, absolutely. What else do you think you could be doing for a living?

D David Mandell 24:52

Well, the easy answer would be just continue to be a practicing law right? I mean, I could, that's something that I still have my law practice my entity and all that. If I had stayed in California, my first area of law was entertainment, which I found to be really interesting, a lot of contracts, property. So if I didn't go down this path, I'd probably still be in LA as an entertainment lawyer.

T Trisha Talbot 25:13

Nice. What are you, who are you reading or listening to right now for news, information or inspiration?

D David Mandell 25:19

So a couple of podcasts I listen to, they're very popular. So I'm not, very unique on this. But Tim Ferriss has a really good one. I think he interviews a lot of kind of ultra performers, and kind of hacks that they have or ways they look at the world. Very interesting stuff. He's the one who wrote like Four Hour Work Week and Four Hour Body and some of that, that he's got a bunch of stuff. So very popular podcast. And then another one on meditation and mindfulness is Sam Harris, he is a very good one. And I tried to incorporate a lot of that into my life. So those are two I would recommend.

T Trisha Talbot 25:59

What is one thing you do every day for healthy self care?

D David Mandell 26:01

Try to work out every day. I try to meditate every day. And I'm pretty good about both. And that's not 100%. But pretty close to it.

T Trisha Talbot 26:10

Do you think leaders are born or trained?

D

David Mandell 26:12

That's interesting. I saw that question, it is interesting. I mean, I think the answer is they can be either, but there's a saying, "Leaders are readers." And I truly believe that you have to, I mean there's so much knowledge of what's come before. And if you're going to lead any big organization of any size really you should learn from other people's mistakes. And so I think even if you're born as a leader, you should be reading. Yeah.

T

Trisha Talbot 26:42

That's great. Well, thank you. How can people get ahold of you if they want to reach out to you?

D

David Mandell 26:47

Yeah, so a couple of things. First of all, my email, I'm happy to take any questions if something came out of here, which is Mandell@OJMgroup.com. And OJ M group.com is a place where you can find everything about us. We have a podcast also, which you'll be coming on, called The Wealth Planning for the Modern Physician. It's the same name of our book. And we've had a lot of great guests on there. We have a lot of physicians telling their stories, what they've learned about wealth management over the years or mistakes, they've made things they've done well. We have experts like you, attorneys, CPAs, investment bankers, private equity folks. It's obviously a lot of transactions going on in healthcare. So come to our website, check that out. And then also, we have a bookstore, OJMbookstore.com. And that's where our books are. And you can get them for free as being a listener here. And we'll make sure Trisha that you have, you know, on your material, like a code that they can see. And so they can get the books for free.

T

Trisha Talbot 26:48

Awesome. Well, thank you. This has been a great interview. I appreciate your time.

D

David Mandell 27:46

Excellent to be here.

T

Trisha Talbot 27:54

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