



RETENTION STRATEGY PARTNERS

SAMPLE ENGAGEMENT DELIVERABLE

Sample Physician Retention Strategy Blueprint

See how a customized physician retention program can be evaluated, structured, implemented, and supported.

PREPARED FOR	Oak Valley Medical Group (fictional)
PARTICIPANT	One key W-2 physician (hypothetical)
ILLUSTRATIVE ALLOCATION	\$250,000 per year, 3 years, \$750,000 nominal
DOCUMENT TYPE	Educational sample, not a proposal

Oak Valley Medical Group is a fictional organization. This document does not describe an actual client, an implemented program, or any real result. All figures are illustrative assumptions, not a recommended incentive level, a guaranteed benefit, or demonstrated savings. Not legal, tax, accounting, investment or ERISA advice.

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About This Sample

This blueprint shows the structure and depth of the written report a medical employer could receive during a formal retention planning engagement with Retention Strategy Partners. It uses a **fictional practice**, Oak Valley Medical Group, and **hypothetical assumptions**. It does not describe an actual client, an implemented program, or a real result.

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Hypothetical assumptions used throughout

Assumption	Illustrative value
Organization	Physician-owned medical group (fictional)
Participant	One key W-2 physician
Annual retention incentive allocation	\$250,000
Illustrative period	3 years
Total nominal incentive allocation	\$750,000

Important: These numbers are illustrative only. They are not a recommended incentive level, a guaranteed benefit, or demonstrated savings. Employer obligations, funding, vesting, tax treatment and regulatory compliance depend on the specific arrangement and must be reviewed by qualified legal and tax professionals.

SECTION 01

Executive Summary

Oak Valley Medical Group (fictional) is a physician-owned multispecialty practice that wants to strengthen the long-term commitment of one highly productive W-2 physician. Leadership is concerned that competing offers from hospital systems and private-equity-backed groups could lead to an unplanned departure.

This sample evaluates a service-based retention incentive in which the group allocates a hypothetical \$250,000 per year for three years to a deferred benefit that the physician earns by remaining with the group and meeting agreed conditions.

Key observations

- A deferred, service-based incentive may complement, rather than replace, current salary and productivity compensation.
- A graded vesting schedule can connect the value of the benefit to continued service over the illustrative period.
- The employer commitment is distinct from any assets the group may choose to set aside to help finance it (see Section 07).
- Plan design, documentation, tax treatment and regulatory compliance require review by the group’s legal and tax advisors before any decision.

Item	Illustrative summary
Program type	Employer-funded deferred retention incentive (W-2)
Allocation	\$250,000 per year x 3 years = \$750,000 nominal
Vesting (example)	Graded: one-third per completed year of service
Payment (example)	After vesting, per written schedule
Status	Hypothetical. Not implemented. Not a recommendation.

SECTION 02

Medical Group Objectives

A retention engagement begins by documenting what the organization wants to achieve. For this hypothetical group, leadership identified the following objectives during a discovery conversation.

Objective	Why it matters to the group	How a plan might address it
Continuity of patient care	Established patient panels and referral relationships depend on the physician.	Service-based vesting rewards continued tenure.
Revenue stability	The physician contributes a significant share of group collections.	Deferred value grows with years of service.
Competitive positioning	Larger systems can offer higher base salaries.	Adds long-term value without permanently raising base pay.
Leadership succession	The physician is a candidate for future leadership.	Can be paired with leadership milestones.
Budget predictability	Owners want a defined, plannable annual commitment.	Fixed annual allocation with documented terms.

Objectives are recorded in the group's own words and reviewed with owners before any plan design work begins.

SECTION 03

Physician Recruitment and Retention Challenges

The report then outlines the pressures the group faces. These are general market considerations, not findings about a real organization.

Challenge	Description	Relative concern (example)
Competing employment offers	Hospital systems and consolidated groups recruiting established physicians.	High
Recruiting time and cost	Search fees, signing bonuses, credentialing and ramp-up time for a replacement.	High
Productivity ramp-up	A new physician may take time to rebuild a full patient panel.	Medium
Team disruption	Added workload and morale impact on remaining clinicians and staff.	Medium
Limited cash flexibility	Owners prefer not to raise fixed salaries significantly.	Medium

Questions an engagement would explore

- Which physicians would be most difficult or costly to replace?
- What has the group experienced in prior departures, in time, cost and patient impact?
- What competing offers are physicians in this specialty and market typically receiving?

SECTION 04

Existing Compensation Considerations

A retention incentive should be evaluated alongside the physician's current compensation so that the combined package is coherent, documented and reviewed for compliance with applicable requirements.

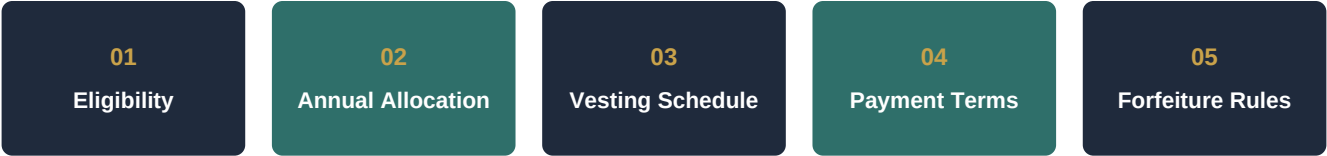
Component	Typical current approach	Retention consideration
Base salary	Market-referenced fixed salary	Retention value is separate from base pay.
Productivity compensation	wRVU or collections-based incentive	Avoid overlap; confirm structure with counsel.
Benefits	Health, qualified retirement plan	Deferred incentive is additional to qualified plans.
Signing or repayment terms	Upfront bonus with clawback	Rewards past hiring, not future service.
Partnership track	Possible future buy-in	Incentive design may align with buy-in timing.

Healthcare compensation can be subject to fair-market-value, referral and other regulatory considerations. Any incentive must be reviewed by qualified healthcare legal counsel. This sample does not assess compliance.

SECTION 05

Proposed Retention Incentive Framework

In this hypothetical, the incentive is organized into five design elements. Each would be defined in a written agreement prepared or reviewed by the group’s attorney.



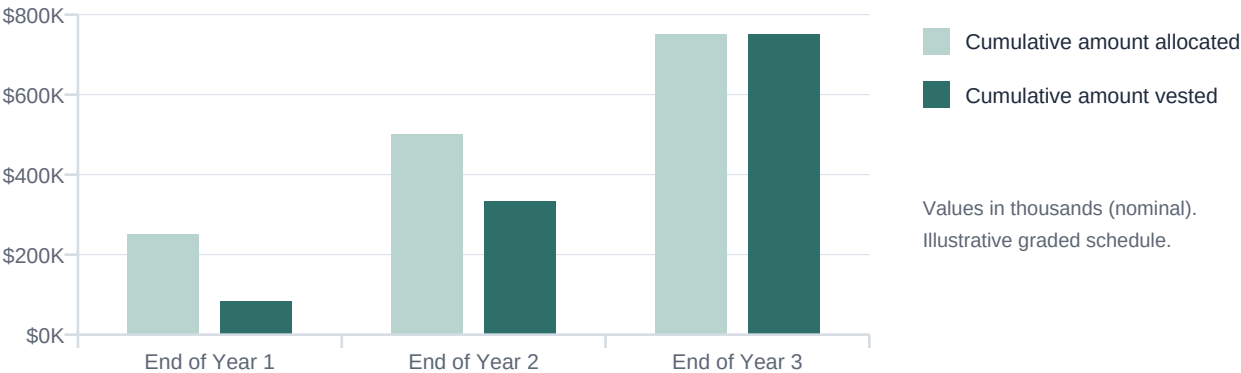
Element	Illustrative design choice
Eligibility	One designated W-2 physician selected by the owners.
Annual allocation	\$250,000 credited to a bookkeeping account at each year end of service.
Vesting schedule	Graded: one-third of the cumulative balance vests per completed year.
Payment terms	Vested amounts paid according to a fixed written schedule after the period.
Forfeiture rules	Unvested amounts may be forfeited on voluntary departure, subject to the agreement and law.

The framework is a starting point for discussion. Alternative designs, such as cliff vesting, milestone-based awards or different payment timing, may be more appropriate for a specific group.

SECTION 06

Illustrative Financial Commitments and Vesting

The chart and table below show how the hypothetical \$750,000 nominal allocation and its vesting could progress over three years. Figures are nominal, exclude any earnings credits, and are not a projection.



Period	Annual allocation	Cumulative allocated	Vested %	Cumulative vested	Unvested
End of Year 1	\$250,000	\$250,000	33.3%	\$83,333	\$166,667
End of Year 2	\$250,000	\$500,000	66.7%	\$333,333	\$166,667
End of Year 3	\$250,000	\$750,000	100%	\$750,000	\$0

Three-year illustrative timeline



Illustrative only. Not a recommended incentive level, guaranteed benefit, or demonstrated savings. Actual commitments, vesting and payment terms depend on the written agreement and applicable law.

SECTION 07

Potential Funding Approaches

The group may choose how, or whether, to set aside resources to help meet its future commitment. Each approach has different cash-flow, accounting, tax and risk characteristics that require professional review.

Approach	How it works	Considerations
Pay as you go	Benefits paid from operating cash when due.	No assets set aside; cash-flow planning needed at payout.
Corporate reserve or investment account	Group sets aside funds in an account it owns.	Assets typically remain the group's; investment risk applies.
Corporate-owned life insurance	Group owns a policy that may help finance obligations.	One possible option, not required; costs and suitability vary.
Combination	Blend of the above approaches.	Requires coordinated review by tax and funding specialists.

SECTION 07 (CONTINUED)

Employer Commitments vs. Assets Set Aside

A frequent source of confusion is the difference between the **promise** to pay a benefit and any **assets** the employer holds to help pay it. They are related but not the same thing.

EMPLOYER COMMITMENT

A contractual promise to pay a benefit if conditions are met.
Defined by the written agreement.
The employer remains obligated.

VS

ASSETS SET ASIDE (OPTIONAL)

Funds or policies the employer may hold to help finance the promise.
Typically remain employer assets subject to the arrangement.

- **The commitment** is created by the written agreement. It defines what the employer owes, when, and under what conditions.
- **Assets set aside**, if any, are a financing decision. In many nonqualified arrangements they remain employer assets and may be subject to the claims of general creditors.
- Setting assets aside does not by itself change the employer's obligation, and not setting assets aside does not eliminate it.
- How assets are held, and the resulting tax and accounting treatment, depend on the specific arrangement and must be reviewed by qualified professionals.

SECTION 08

Legal, Tax, and Regulatory Considerations

Retention Strategy Partners does not provide legal, tax, accounting or ERISA advice. The topics below are typically reviewed by the group's attorneys and CPAs before an arrangement is adopted.

Area	Topics typically reviewed	Reviewed by
Deferred compensation rules	Timing of deferral elections and payments; documentation requirements.	Tax counsel / CPA
ERISA	Whether the arrangement is a plan subject to ERISA and any filing obligations.	ERISA counsel
Healthcare regulation	Fair-market-value and referral-related considerations for physician pay.	Healthcare counsel
Employment law	Enforceability of service conditions and forfeiture provisions under state law.	Employment counsel
Tax treatment	When the employer deducts and when the physician recognizes income.	CPA / tax advisor
Accounting	Recognition of the liability and any assets on financial statements.	CPA

Employer obligations, funding, vesting, tax treatment and regulatory compliance depend on the specific arrangement. No tax, regulatory or retention outcome is assumed or guaranteed in this example.

SECTION 09

Implementation and Administration Responsibilities

Retention Strategy Partners leads and coordinates each phase of the engagement, working with the group and with independent professionals where their expertise is required.

Phase	What happens	Coordinated by	Involves
1. Discovery	Objectives, participants and budget documented.	Retention Strategy Partners	Group owners
2. Strategy development	Design options and illustrations prepared.	Retention Strategy Partners	Group owners
3. Professional review	Legal and tax review of the selected design.	Retention Strategy Partners	Attorney, CPA
4. Implementation	Agreements executed; funding set up if chosen.	Retention Strategy Partners	Attorney, funding specialist
5. Ongoing administration	Recordkeeping, statements, periodic reviews.	Retention Strategy Partners	Plan administrator

Ongoing responsibilities (illustrative)

Activity	Frequency (example)
Participant account statements	Annually
Vesting and service tracking	Annually
Plan and funding review with owners	Annually
Coordination of required filings, if any	As required
Benefit payment coordination	At payment dates

The employer remains responsible for paying any benefit it has promised under the written agreement.

SECTION 10

Recommended Questions and Next Steps

Questions for the medical group's owners

- Which physicians or professionals would we most want to retain over the next five years?
- What annual commitment could the group sustain comfortably, including in a slower year?
- Should the incentive reward service only, or also performance or leadership milestones?
- How should the benefit be treated if the physician leaves, retires, becomes disabled or dies?
- Do we want to set assets aside to help finance the commitment, and if so, how?
- Which legal and tax advisors should review the arrangement?

Typical next steps in an engagement

Step	Description
1	Complimentary introductory conversation about the group's goals.
2	Discovery and data gathering under a written engagement.
3	Customized design options and illustrations.
4	Review by the group's legal and tax professionals.
5	Implementation and ongoing administration support.

Discuss a strategy for your medical group. Schedule a complimentary conversation at retentionstrategypartners.com/schedule, or email david@retentionstrategypartners.com.

Disclosure. This document is a hypothetical example prepared for educational purposes only. Oak Valley Medical Group is fictional. The program described has not been implemented for any actual client, and no results are claimed. Figures are illustrative assumptions, not a recommended incentive level, a guaranteed benefit, or demonstrated savings. This is not legal, tax, accounting, investment or ERISA advice. Life insurance is not required. W-2 and 1099 arrangements involve different considerations. Qualified legal and tax professionals must evaluate any arrangement.