It's that time of year again. The e-mails, the letters, and the cold call voicemails are beginning to arrive. They all pretty much sound the same. "Dear Dr Ackerman: I am the best thing ever, so hire me. PS: I need to be paid $1,500 per day to start, and you need to finance my ultimate purchase of your practice because I am dead broke. PPS: I am coming to your town regardless of whether you hire me, and I will be happy to work as an itinerant orthodontist for multiple general dental practices as long as they pay me what I want."

Beautiful. These annual missives don't give you a whole lot of warm and fuzzy feelings about the future of the orthodontic specialty. The first two questions that come to mind when I read one of these letters are 1) who advised this person to study orthodontics in the first place; and 2) how much has this person borrowed to become a university-trained orthodontist? Well, after a few years of thinking about it, spending 3 years teaching in one of the most expensive orthodontic residency programs in the United States, reading some 2011 survey data,1 and doing some elementary-school math, I think some answers to these questions are self-evident.

The current orthodontic resident population (in the US, Puerto Rico, and Canada) is 1,035. After they complete residency, their plans include the following:

purchase a practice (54%);
work as an employee (25%);
launch a startup (11%);
go into academics (4%);
enter the military (3%), and
other (3%).
Among this same population, first-year income expectations are as follows:

8% expect less than $100,000;
37% expect $100,000 to $150,000;
41% expect $150,000 to $200,000; and
14% expect more than $200,000.
Meanwhile, orthodontic resident debt at graduation is well into six figures:

26% owe less than $100,000;
15% owe $100,000 to $200,000;
22% owe $200,000 to $300,000;
19% owe $300,000 to $400,000; and
18% owe more than $400,000.
Right now, the AAO Practice Opportunities Services listings include 457 orthodontists seeking a practice and 153 practices offered, for a shortfall of 304.

Reality Check
Let's look at two possible scenarios. Orthodontic Graduate A has $250,000 debt at 7% interest with a 10-year repayment.

Gross income: $150,000.
Net income per month: $8,250.
Debt repayment per month: $3,000.
Money for living per month: $5,250.
Ability to borrow for a practice or home purchase: marginal.
Orthodontic Graduate B has $500,000 debt at 7% interest with a 10-year repayment.

Gross income: $150,000.
Net income per month: $8,250
Debt repayment per month: $6,000.
Money for living per month: $2,250.
Ability to borrow for a practice or home purchase: unlikely.

The Facts
There are more orthodontic graduates per year than jobs available.
The mean debt of graduates is very high and rising.
Compared to the traditional 10-year loan payback, new graduates are looking at loan repayment over 20 years or longer.
Tuition at public and private universities has increased at a greater rate than the consumer price index.
There are approximately 65 accredited orthodontic residency programs in the United States, with more 3-year programs than 2-year programs.
The number of residency positions has significantly increased in the past decade.
There are two tiers of orthodontic residency programs. First-tier programs pay residents a stipend or charge a lower tuition, while second-tier programs charge up to $80,000 per year for tuition.
Individuals are not the only buyers of orthodontic residency positions. Some schools have initiated programs with foreign governments to reserve positions for international dentists at a "premium" tuition.
Some fiscally mismanaged dental schools and universities are dependent on orthodontic tuition revenue to keep their doors open.
So who can afford to be a university-trained orthodontist in 2012? I would argue that, conservatively speaking, about two out of three current orthodontic residents could actually afford it. In fact, if an expert in finance were to sit down and calculate a 30-year net present value (present value of future cash flows) of an orthodontic education for each of the current residents in the United States, he would probably come up with a neutral or negative net present value for at least a third of them.

Why? In simple terms, you cannot rack up enormous debt that causes large year-over-year future cash outflows, have a modest amount of future cash inflows for the first 5 to 7 years of practice, and at the same time want to live a lifestyle that includes early practice ownership, home ownership, and hobbies requiring disposable income. So essentially, if the prospective orthodontic resident borrowed the same amount of cash but invested it in something that gave a return of 7% rather than investing in a dental/orthodontic education, he or she would have a better chance of reaching the desired lifestyle and financial targets for retirement.

An orthodontic resident who recently attended the AAO lobbying junket in Washington, DC, related the following encounter. In one of the breakfasts with senior leadership, he confided in a well-known orthodontic politician that he was deeply concerned about his impending $600,000 debt at graduation. The senior leader responded, "I have never met a poor orthodontist, so don't worry!"

As they say in Alcoholics Anonymous, the first step in recovery is to admit that you have a problem. I suggest we start discussing student debt transparently and in large public forums that include organized orthodontic leadership, academic dental leadership, and the lending industry. If not, you can rest assured that in a short time, annual missives from soon-to-be graduates will stop coming to orthodontist's inboxes and start arriving in far more sinister places.