

## Life after residency: Get your finances in order

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As the end of training approaches, residents and fellows are probably looking forward to higher income. But it's important to implement smart finance strategies as soon as possible.

These five top tips from the AMA Resident and Fellow Section's (RFS) "Succeeding from Medical School to Practice" resource can help you prepare for financial life after residency.

- **Consolidate your medical education loans.** Under the Federal Direct Consolidation Loan Program, you can consolidate your loans and benefit from the longest repayment period and at the lowest interest rate possible. Doing so will also allow you to pay the lowest monthly payment.
- **Fund retirement plans to the maximum possible.** Given the tax incentives to fund retirement plans, contributing to your retirement plan may be as important as paying off your medical school loans. Have your contribution deducted from your paycheck directly into your retirement plan so it doesn't feel like giving up expected income.
- **Avoid or eliminate credit card debt.** Credit cards have benefits, but the unpaid balance is revolving debt and can be bad debt if you use the card to purchase disposable items, such as clothes. Paying off the entire balance each month is a great goal but may not be realistic for you. Research a credit card that meets your needs, and be smart about its use.
- **Buy disability insurance first, then term life insurance.** Disability insurance is crucial for physicians. Focus on obtaining that first, then buy life insurance if you have dependents. If you are single without dependents, have loans without co-signers and don't have debts that would burden other people, you may not even need life insurance.
- **Make tax-deductible investments in your practice or investments in your training.** If you become a practice owner, spending money on marketing or revenue-producing skills will have benefits. You can take coding training or other educational courses for high returns on investment, too.

In addition, learn the top personal finance tips from experienced physicians, strategies for managing student debt and mistakes to avoid when borrowing money to finance a practice.



Find more information about transitioning from medical school to residency to practice with resources from the AMA-RFS. Follow the “Life After Residency” series at *AMA Wire*® for more things to consider as you approach the end of your residency.

**Add your voice to this conversation:** What’s next for you in your career path? What are you considering before you make decisions about the next phase of your career? Leave a comment below or visit the AMA Residents & Fellows Facebook page.