

## Take these 7 tips to avoid financial stress

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Over his 40-plus years as a physician, Timothy Harrington, MD, has seen countless changes come to his profession, from how it's taught to how it's practiced to how it's financed. And while he has also witnessed dramatic medical advances, he's concerned by what is happening to aspiring and practicing physicians confronting the lifestyle challenges that accompany a career in medicine. But he has a seven-point prescription for the fiscal woes that ail too many medical students, residents and young physicians.

Dr. Harrington, a rheumatologist, practiced for 35 years and also consulted extensively with physicians and health systems on effective practice. He retired four years ago, at 72, and has enough money for retirement and lives debt-free.

"Fortunately, I was in a very solid practice situation through the '90s, when I was able to maximize my retirement contributions and the financial markets were compounding at the most rapid rate since I was born," he said. "Not like today."

Indeed, Dr. Harrington is part of a generation of physicians who, through much of their careers, enjoyed a financial environment radically different from today's.

"I went to medical school at the University of Wisconsin for \$225 a semester," Dr. Harrington said. "When I graduated, in 1965, few physicians had debt. They were largely in the middle class and had relatively modest incomes and modest lifestyles. Physicians didn't live in big houses and the costs of living and raising a family were modest too."

The vast majority of medical students today graduate with debt, and a lot of it. According to the "2016 Report on U.S. Physicians' Financial Preparedness<sup>®</sup>," by AMA Insurance, 81 percent of physicians in their 30s are still paying medical school debt. Nearly half owed more than \$150,000 in loans when they graduated.

Debt is only one typical financial challenge facing young physicians. According to the report, many in

their 30s also consider themselves behind in saving for retirement, have less than \$50,000 saved for retirement and lack a professional financial planner. At the same time, most physicians feel less than knowledgeable about personal finance.

## New medical era, same solid advice

“Almost nobody talks to young physicians about financial preparedness,” Dr. Harrington said. “The idea is that this is all about how much you know and then everything will take care of itself. But it doesn’t take care of itself, and stress, burnout and interpersonal problems are frequent outcomes.”

In fact, it’s the dissimilarity of his experience to that of successive generations of physicians that led Dr. Harrington to reflect on how he would approach a career in medicine if he had to do it all again. Here are seven suggestions he’s made to his own physician son and younger colleagues:

- | **Choose a specialty you love.** “With increasing debt, young physicians’ specialty choices have become less about their highest interest and more about what makes the most money or is less demanding,” he said. “If you make good financial decisions during your training and downstream, you shouldn’t have a problem paying off your debt.”
- | **Get help with your employment contract.** “You need somebody who’s street smart to advise you on whatever kind of an employment contract you’re going to sign before you sign it. Many of the young physicians who I know sign contracts or decide they’re going to open their own practice without knowing the financial implications relative to their income expectations.”
- | **Find a qualified financial adviser.** “Getting professional advice right off the bat is critical, particularly if you have any debt or any family obligations. This advice should include more than an insurance program.”
- | **Minimize debt.** “The financing of medical education and overblown expectations for income have created a couple of generations of physicians who got behind and never get caught up,” he said. “The rule of holes still applies: If you find yourself in a hole, the first thing you have to do is stop digging.”
- | **Embrace a middle-class lifestyle.** “So many physicians feel that they’ve busted their humps for all those years and now they deserve a grand lifestyle, and their spouses expect it too. But I think living modestly has a lot to do with living happily. On a consistent basis, you have to spend less than you make and put away the maximum when you’re younger, because that compounds.”
- | **Consider changes to your practice model.** “Team-based care, for example, can both reduce your workload and increase your practice’s revenues.”
- | **Seek mentoring.** “I think we all do a lot better when we seek mentoring. It’s amazing to me how each generation reinvents the same problems and explores the same unsuccessful

solutions before figuring it out.”

Dr. Harrington is also concerned about what financial pressures are doing to physicians in the aggregate. By placing doctors under so much financial stress, he said, society now risks having a compromised workforce.

“The North Star for physicians must always be to benefit society and their patients,” he said. “I always viewed my financial success as a derivative of delivering value to my patients. When decisions about career or patient care are influenced by financial factors rather than what’s best for the patient and society, the health care system is on a slippery slope.”

## **Read more about financial planning for younger physicians:**

- | 3 ways to get ahead financially even if you're not an expert
- | What you need to do now to secure a firm financial future
- | 5 financial planning tips every young physician should know
- | How to partner with a physician-friendly financial adviser
- | Top personal finance tips from experienced physicians