As a medical student transitioning to residency, you will prepare professionally for the next phase of your career by bolstering your knowledge. In a similar vein, it is wise to prepare for the next phase of your life financially by understanding your fiscal picture.

An AMA Insurance Agency survey of U.S. medical residents released in 2017 found that the group has numerous financial concerns. Those include repaying medical school debt, being properly insured against illness or injury and even that you might not have enough money to retire.

AMA Wire® has spoken to both residents and financial experts over the years. Here is a look at some of the best tips we have gleaned from these conversations.

**Understanding your debt is a good place to start.** Residents shouldn’t “try to take on a whole personal financial checklist at once,” said Allan Phillips, Certified Financial Planner™ with Taylor Wealth Solutions. “Instead, strive to make sound decisions in a few key areas.”

Taylor Wealth Solutions is a member of the AMA Insurance Physicians Financial Partners program, launched in 2011 to give doctors access to a nationwide network of independent, local and experienced professionals who have undergone a comprehensive due-diligence process by AMA Insurance.

One of those decisions is sure to be debt-related. Per that 2017 report, 34 percent of residents said they were “very concerned” about paying off their student loans, making it the top financial concern among residents.

As burdensome as loan debt can be, paying off medical school loans as quickly as possible should not necessarily be the top priority. Instead, Phillips suggests saving 15 percent of one’s income in an emergency fund and prioritizing payment of debt with the highest interest rates—including mortgages, car loans and consumer debt.
Identify your disability insurance needs. Most employers’ disability insurance policies will cover roughly 60 percent of your current income. If you are earning $60,000 as a resident and you experience a disabling accident or injury, you will receive an annual benefit of $36,000.

The subtleties of disability insurance policies are numerous, so physicians need to identify one that is best suited to their needs.

“Much like car or health insurance, disability insurance policies vary widely in cost, coverage and benefits,” said Brian Farmer, national account executive at AMA Insurance. “That’s why you need to research your options and understand what to look for in a policy.”

Create a budget and follow it. The average yearly salary for a first-year resident is about $52,000 in the United States, according to the recruiting website Glassdoor. But that does not mean that you will have $4,333 each month to spend as you see fit. According to certified financial planner Chad Chubb, the likelihood is that your net monthly income, after taxes and employer deductions, will be about $1,000 less.

Residents who lived on a salary in that range advise that it is critical to create a budget and stick to it. Doing so is going to require compromising and prioritizing.

McKinley Glover IV, MD, MHS, is a fellow in diagnostic neuroradiology at Massachusetts General Hospital, who completed his five years of residency in Boston. He was determined to adhere to a budget and “pay myself for retirement,” he said, explaining that it was important to him to save money from the get-go.

So instead of coughing up $2,500 a month to live solo in a studio or one-bedroom in a fashionable part of the city, he opted to share a three-bedroom, one-bath townhouse with two roommates. There, his share of the rent came to $800 a month.

“That was a tradeoff,” he said. “While some of my colleagues definitely had nicer places, I felt that I could not afford not to put away savings for retirement.”