Even before the completion of medical school, future physicians have a number hovering over their heads that may shape their future—the balance owed on their medical student loans.

According to data from the Association of American Medical Colleges, the typical medical student graduates with about $200,000 in medical education debt. Those medical student-loan debt figures may inspire some trainees to factor earning potential into their career plans.

For medical students looking to understand the role compensation may play in a career path, here are a few things to keep in mind.

It takes years to realize your earning potential. As a physician, you will not maximize your earnings until the completion of your graduate medical education. The average first-year resident physician makes about $60,000, and there’s not much wiggle room.

Resident salaries are determined by an institution and correlate with training year rather than specialty. So, in a given training institution, all residents who are in their third year of training typically get the same salary, and all in their sixth year are paid the same as well.

Learn some key budgeting techniques for resident physicians.

Surgical specialties typically pay more. The highest-paying medical specialties are generally procedure-based. According to a 2022 online survey of more than 13,000 physicians across 29 specialties by Medscape, the highest-paying medical specialties are:

- Plastic surgery—$576,000 per year.
- Orthopedics—$557,000.
- Cardiology—$490,000.
- Otolaryngology—$469,000.
● Urology—$461,000.

The report found that physicians working in primary care fields earn an average of $260,000, while specialists make $368,000 on average. It’s not surprising, then, that some of the lowest-paying specialties are in the fields associated with primary care, with internal medicine ($264,000), family medicine ($255,000) and pediatrics ($244,000) being listed among the bottom six specialties in annual compensation.

Consult FREIDA’s Specialty Guide for highlights on specialties, Match data and career statistics.

**Lucrative specialties require more training.** Trainees who do pursue a career in a higher-paying specialty may have a smaller window for optimal earning. Those specialties tend to require the most training between residency and a subspecialty-focused fellowship.

The primary care specialties earn less by comparison but require less time in training. With some primary care programs offering pathways for physicians to go through medical school and residency in as little as six years, students in these programs can reduce med school debt and earn more money quicker by spending less time in residency.

Find out why training length shouldn’t be a key factor in specialty choice.

**Compensation is rebounding.** The 2022 survey marked the first time in the 11-year history of the Medscape report that every specialty saw an increase in salary from the prior year’s version. That can, at least partially be attributed pandemic-related declines that took place during the prior year.

With a 13% increase year over year, otolaryngology saw the biggest specialty salary increase. Five other specialties—gastroenterology (12%); dermatology (11%); pediatrics (10%); ophthalmology (10%); and plastic surgery (10%)—also saw double-digit increases in average salary figures.

**More bang for your buck in the South.** Survey respondents indicated that Kentucky and Tennessee, at $364,000, were the top paying states for physicians. Other states in the top five include Alabama ($358,000) and Missouri ($357,000). The report indicates that Southern states have made an extra effort to recruit physicians.

Those four states all rank in the top 20 states in the country in terms of the lowest cost of living. So, if you practice in one of those states you have the opportunity to make more money and it will get you further.

**Ownership can pay off.** The data indicated that self-employed physicians, those who owned a stake of the practice in which they worked, regardless of specialty choice, earned about $385,000. That compares with average earnings closer to $320,000 for employed physicians. One somewhat
unexpected nugget in that data is that, although a relatively small share of the group, physicians under the age of 45 ($404,000) were making more than those over 45 ($381,000) in ownership settings.

The AMA offers a number of resources that offer guidance on the pros and cons of practice settings and general career guidance.