

Should you expect a signing bonus in your first job after residency?

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As a resident or fellow pursuing a post-training career opportunity, compensation packages are going to be a key factor—perhaps, even, the key factor—in determining where one begins working as a practicing physician. A signing or commencement bonus is likely to be part of that package.

In 2018-19, the average signing bonus for physicians is \$32,692. That data comes from the health care search and consulting firm Merritt Hawkins.

Michael Belkin, a divisional vice president of recruiting at Merritt Hawkins, said most physicians will receive some sort of signing or commencement bonus.

“The signing bonus is not exactly like a car radio where it’s absolutely expected and to be assumed,” he said. “But it’s pretty close. If you’re in the job, you can pretty much expect that there’s going to be some sort of signing bonus.”

When examining how signing bonuses typically take shape and what candidates entering the job for the first time should know about them, Belkin offered some insight.

No signing bonus before working

Professional athletes often get a signing bonus the second they put their name on the dotted line. The same cannot be said for professional physicians, who typically don’t get paid that chunk of money until their first paycheck.

“More often than not you’ll get a commencement bonus within your first paycheck,” Belkin said.

“Most clients that offer a signing commencement bonus tie that dollar amount to time. It’s usually an additional promissory note where the candidate has to agree to stay for a certain amount of years. As a rough example, if a candidate gets a \$20,000 signing bonus, that candidate is required to work for the client for two years. There is a tax advantage because the money is not technically yours until it’s all forgiven. So in that example, you are only taxed on \$10,000 per year.”

Geography affects signing bonuses

The cost of living is a factor in signing bonuses, but not in the way one may think. Typically, areas with lower cost of living are less desirable to physicians in the job market, so those opportunities need to offer more competitive incentives.

“For someone coming out of training, the consideration is what’s most important?” Belkin said. “Is it where they want to live or is it up-front money or loan forgiveness? For those candidates that are geographically motivated who want to live in an LA or Atlanta, you’re not going to get the optimum compensation package and commencement bonus.

“If you go work at a primary care provider in a rural community, you may be looking at a \$50,000 signing bonus. There are clients in West Texas, for instance, where a family physician will get that kind of money,” he added.

Specialty and practice setting

Geography is more likely to influence signing bonus than specialty. That said, just like base compensation packages, highly specialized physicians will generally get higher signing bonuses than those who are in fields with a larger workforce, such as primary care.

In 2018-2019, Merritt Hawkins’ five most requested specialties offered a similar average signing bonus:

- Family practice: \$26,071.
- Psychiatry: \$22,955.
- Obstetrics and gynecology: \$30,115.
- Internal medicine: \$29,308.
- Radiology: \$27,045.

For practice settings, Belkin said, “Private practice models have a harder time offering a signing bonus because that money comes from the practice. If there’s an urgent need, or if a private practice has

identified its losing opportunity by not having a position, then they are going to be more motivated to fill it.

“We’re seeing less [and lower signing bonuses] in private practice and a much higher percentage [of practices] offering them in health systems, hospital systems and even community health centers. Especially with health systems and hospital systems, we’re seeing close to 100% offering signing bonuses,” he added.