

## Resolutions: Taking control of your financial wellbeing

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# MAKING THE ROUNDS

AMA

## Making the Rounds

### Taking control of your financial wellbeing

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### Featured topic and speakers

In this episode of Making the Rounds, Bukky Ajagbe-Akingbola, MD, and Laurel Road's general manager and chief experience officer, Alyssa Schaefer, discuss simple strategies to help AMA members reach their savings goals and get on the road to financial peace of mind.

### Speakers

- **Alyssa Schaefer**, general manager and chief experience officer, Laurel Road
- **Bukky Ajagbe-Akingbola, MD**, PGY-1 in OB-GYN, University of Minnesota

### Host

- **Todd Unger**, chief experience officer, American Medical Association

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### Transcript

**Unger:** Have you thought about your 2022 savings goals? In this episode of Making the Rounds, Dr. Bukky Ajagbe-Akingbola speaks with Alyssa Schaefer, general manager and chief experience officer with Laurel Road. Laurel Road is the AMA's preferred provider in supporting you with navigating your financial future. They discuss simple strategies to help physicians, residents and students reach their

savings goals and get on the road to financial peace of mind. Here's Dr. Ajagbe-Akingbola.

**Dr. Ajagbe-Akingbola:** Thank you so much for joining. I am Dr. Bukky Ajagbe-Akingbola and I am currently a PGY-1 or first-year OBGYN resident. I have a personal, vested interest in all things medical education and that definitely includes the finances associated with that. Today, I have joining me is Alyssa Schaefer. She is the chief experience officer of Laurel Road. Hi, Alyssa.

**Schaefer:** Hi. How are you? Thank you so much for having me.

**Dr. Ajagbe-Akingbola:** I'm doing well, of course. If you could just provide us with a brief introduction to yourself and an overview of what you do with Laurel Road and Laurel Road for Doctors.

**Schaefer:** Sure. So Laurel Road for Doctors is a digital banking platform. We're actually a brand of Key Bank but we're a digital banking platform specializing in products and services geared towards doctors and dentists. And what that means is when you think about lending products in particular but also savings products, deposit products, we really take the journey of doctors into account when we develop our underwriting criteria and all of our products that doctors may need for all of their banking.

So our products are very much geared towards the doctor and dentist and really your financial journey as you think about residency and onto being attending physicians. So we're really proud of what we've done to bring to market, just in March, actually, a whole host of new offerings for doctors and dentists. So glad to be here. And as far as myself, chief experience officer at Laurel Road can mean a lot of different things but at Laurel Road, it means basically all the customer touch points are under my remit here. So from marketing and our website and our products online and our customer service on the phones, if you ever need to call us, to products, design and pricing, all of those things is wrapped up into my chief experience officer role.

**Dr. Ajagbe-Akingbola:** That is so great. I have really been looking forward to our conversation today. I think as I have made this journey from graduate student to medical student and now to first-year resident, one thing that has always kind of been a big center for me throughout this is all of the finances associated with it. It is a very expensive process. I happen to be first in my family to go into medicine and didn't have a whole lot of help from my parents. So when it came to preparing for board examinations, paying for the actual boards themselves, I actually just paid for Step 3, which was \$895.

It just seems like all different parts and facets of becoming a doctor is very expensive. And now that I'm finally out of the actual medical school portion of that, and now a resident in making for the very first time in a very long time, a paycheck, I've put a lot of thought recently into how do I will go from needing to be very strict about budgeting to now, having a steady paycheck that's regular coming in and needing to take care of all of the things that need to be taken care of from loans, to day-to-day expenses, to now, rent and thinking about planning, maybe buying a home and all the adult things now that I'm in residency.

And I think one thing that is probably impacted everyone has been this pandemic going on now two years, which is so crazy to say. I still remember when it was two weeks. But a question I had for you is very specifically, how did the pandemic impact physician financial journeys? And do you have any recommendations for how physicians can better prepare for the future?

**Schaefer:** Sure. So first of all, I somewhat can identify with your journey. Also, I am not in medicine, nobody in my family either is in medicine. I am married to a physician and we've been together for quite a long time from undergrad actually, through medical school, residency, fellowship. And obviously, now he's an attending doctor. So I know a little bit about what that journey is like, just the sacrifices and the hours that you put in. And I have flashbacks to when you mentioned Step 3 and costing almost \$900 for that.

So absolutely there's a very unique journey and we try to do a lot to uncover how best we can serve doctors, particularly when you're younger in your careers. Given, we've heard from a lot of our doctor members that once they become attending doctors, that's when they start getting phone calls from private banks or salespeople, financial advisors, all these people that are all of a sudden now interested in you. But we want to be interested in doctors from the very beginning.

So you're right though that the pandemic was obviously very interesting for everyone, certainly for physicians and those in the medical field for so many reasons. But really what we found is that it was a chance for our doctors to reset their finances and focus on their finances even more. So we actually did a survey of 750 physicians and dentists in the country. And we wanted to really find out both from, just a quantitative perspective, what was the impact of the pandemic on their financial practices in their everyday life when it comes to managing their money. And interestingly, about a quarter of them said that they seriously considered leaving their profession altogether, due to being stressed or burned out. And I'm not so sure that that's drastically more than what is typically the case. We don't have that data but I do know that that sentiment was much higher for women at about 40%, versus men at 20%.

So that's interesting. And we heard that from our members just at large, beyond the health care field, that our young professionals that had to make a lot of sacrifices for family and related things as the pandemic sort of dragged on. We also found that about 40% of the doctors had said practicing throughout 2020 and COVID-19 made them realize that they were not as financially prepared as they should be. And it was interesting, again, there was a striking difference between men and women.

It was actually about half women said they were not as financially prepared going into the pandemic and about a third of men said that. So, it did cause people to kind of rethink their finances. Further, about two thirds, now, of doctors plan to be more financially focused in 2021 and throughout 2022 to really take a harder look at their personal finances and security and things like saving for a rainy day to the extent that it's possible. So very interesting stats there that we found as far as the impact of the pandemic on positions, men and women but then also just the realization that they felt like they were on their back foot when it came to managing their finances throughout the pandemic period.

**Dr. Ajagbe-Akingbola:** Wow. Just hearing you recite or kind of give us some of that data and information from that study is truly incredible. Those numbers are just a little bit shocking; I'll be 100% honest. I think definitely not something as the pandemic began and as it continued on, at least throughout the first year, I think maybe not on a lot of people's minds. But I think when you do sit down and you look over your finances, you're like, "Yes, I definitely could be better about this. And probably this is a good time to start being better about this."

I think one thing that has kind of surprised me throughout COVID as it relates to very specifically finance and budgeting was in the early days. At first, I wasn't leaving the house too much. So I felt like I was kind of not spending as much money as I otherwise would have but there were definitely some things that came into play that was very unexpected. I, as a fourth-year medical student last year, I did a lot of my ... not a lot, all of my residency interviews from my living room.

So with that came upgrading our internet to make sure that I had great internet that wouldn't drop or lose connections where I was in a house with others. So there were several people had demand for the internet. Also, I had this old laptop that I was just trying to make it through the end of fourth year before looking at potentially getting another one but forced my hand there on that too, with having to go and get a new laptop to make sure that my laptop could make it through weeks' worth of virtual interviewing.

And then finally Match Day comes and I actually ended up moving across the country from New Orleans to Minnesota in order to start my residency. And I'm sure you can imagine that it also came with a time of spending a good amount of money in order to make that move. And I think one thing, as I am even recounting all of this to you now, that I think a lot about is how exhausting this was. To be 100% percent honest, it's exhausting sometimes to think about finances and budgeting and how are you going to find the money, how are you going to allocate your money or how are you going to save it. So I can imagine that whether it is as a fourth year medical student, a resident, a fellow or an attending, especially in the setting of a pandemic that potentially a lot of others may have also felt, that burnout as it related to sitting down and thinking about a 401k or, "Do I get an HSA?" And all of those things.

And just like you mentioned, when you first started speaking just now about how ... You are 100% right. I got lots of phone calls from financial planners and people wanting to talk about disability or life insurance. And at that time, it was incredibly overwhelming. Just because there was so much happening all at the same time. And then of course, in the back of your mind, I'm just trying to protect myself and my family and not get sick in the setting of this pandemic. So that is all just to say, physicians are very busy as you know from personal experience as well but what are some of the tools that are available to help as we are trying to sit down and really figure out a plan, a good financial plan and then also, as it relates to starting a budget as well?

**Schaefer:** Absolutely. Yeah. I can imagine what that was like for you and so many others doing your residency interviews all remotely. It's been such a journey. For us in our household, I'm actually still working from home most days but was completely working from home for a very long time. And I remember my husband doing a lot more telehealth visits. He's a cardiologist, by the way, and it lasted about two or three weeks where we were in the same, relatively small house in Hoboken, New Jersey, where houses are relatively small. And we were both working from home. And I thought, "How long is this going to last where he has to talk to his patients over the phone or via Zoom?"

**Dr. Ajagbe-Akingbola:** Oh my goodness.

**Schaefer:** So luckily that part didn't last very long. Although as you know, we had a tough time here with the pandemic in the New York City area. But we have a lot of tools specifically for that journey that you talked about. And it's just so interesting that you mentioned all of those things. If you mentioned doing your residency interviews, which are normally, of course in person. You mentioned moving to your residency program and really starting to sit down and think about your finances, probably spending a little bit more time in there, given, like you said, at the beginning of the call, you're getting a paycheck now for the first time in a while.

And you're probably starting to think about, "Okay, when I'm done with residency, then what? And how am I going to manage my finances?" So couple things that we offer is really anything and everything that you might need along the journey that you mentioned. We actually offer a very specialized personal loan product geared towards residents that they really need funding to go on all their in-person interviews and/or move to their residency program.

We also offer student loans for residents where you can actually pay \$100 a month in residency but lock down a very low rate so that when you get out of residency, you already have that rate locked in, which of course, now is a great time to do that, given, the rates are so advantageous right now.

Another thing that we have is a high yield savings product. That's actually really only available for our doctor members or prospects who are not yet members but it's a high yield savings product, that's about 10 times the national average of the savings rate. It's a 0.75% rate that you get. So a lot of times we get the question of like, "Okay, I just started making money," or, "I just started making some good money as an attending and do you have a vehicle for me to help with my savings?"

So everything is really geared towards one of the biggest needs, or I should say, the biggest needs we hear from our doctor members is, "Help me with my loans. I've got \$150,000, \$200,000, \$300,000 of debt now. I haven't had to worry about paying it off but now I do. Help me." And then we have a number of things that really are meant to just guide and help doctors as they go along this journey. And of course, doctors don't have the same journey but oftentimes they have similar debt levels. So we know what they want. You guys are savvy people at the end of the day and smart people. So really hope I've talked about the fact that it's personalized to doctors it helps meet the need along the

journey. Not just when you're an attending but throughout all the steps of residency, fellowship and finally being an attending.

**Dr. Ajagbe-Akingbola:** So I just have so many thoughts but I think there are so many different things that you brought up and it is very clear that you must have talked to physicians and residents and medical students. One thing in particular that you touched on is that high yield savings. I think as a medical student, it was very hard personally for me to save during that period of time only because I wasn't really making money.

So it's hard to save money if you're not really making it during that time. But as I sat down, now being a resident, looked at my resident paycheck and what some of my goals are for the future, I think savings is something that has really come to the fore front, especially at present because I hope to buy a home someday in the future. And I know that there's a lot of costs that come with that, whether that's a down payment or closing costs, et cetera.

So hoping to really start creating a good nest egg and savings to go towards that. And of course, that's all separate from potentially having a family and all of these things that I have not thought about very seriously for several years, because I was in this ... Medical school sometimes can feel like this weird holding pattern of sorts, as you're just trying to pass your boards, pass your classes, get through rotation and get to a residency position. So I kind of felt like as I'm coming out of this holding pattern, what does opening a 401k now look like and really start preparing for retirement? Though I can't even imagine that at this point in time quite yet because of how many years I have yet to go for that to come. But it's definitely important to start thinking about. And as I kind of mull that over, I'm also wondering what other advice would you give to medical students and residents that could help better prepare their financial future?

**Schaefer:** Sure. So this is a very, very general rule but we sometimes talk about this 50-20-30 rule. Again, it's general but if you can, this is a good recipe to think about it. So 50% of your income should go towards living expenses and essentials, such as rent, groceries, gas, et cetera. 20% of your income should go towards savings, investments and/or paying down any debt. And I'll get to that in a second. And then the 30% should go towards really living and doing the things that you want but don't necessarily need or making charitable contributions. So that 50-20-30 rule is a good one to live by. About the 20%, so 20% should go towards savings, investments or debt. A lot of times we get the question about, "Well, should I pay down my student loan faster or should I save money?" And of course, it's a completely personal decision.

And a lot of times it does make sense to build up a little savings for a rainy day. But from a financial standpoint, if you're just looking at what makes the most sense to do with my money and you have all the job security in the world. What makes the most sense is to get the lowest rate possible on your student loans. So, in many cases that will entail a refinance and then pay off that student loan as fast as you can. So, let's say you have a 7% rate that you got on your federal loans but you can refinance



that to a 4% rate for those monthly payments. Some people ask us, "Well, should I do that or should I split what I was going to pay, have a longer term loan where my monthly payments are lower and put the rest of that money in savings?"

Let's say you're paying that 4% after you're refinanced, unless you think you can make that 4% up in investments or do better than that, certainly there's no savings account that will do better than that or anywhere close to that. But if you think you can make that up in investments, then it would make sense to kind of split it and do a mix. But really, if you don't have certainty in that, then it makes the most financial sense to pay off that debt as soon as you can. And that's just really from money over time out of your pocket. That's what that means when I say makes most financial sense. So that's kind of a rule of thumb, the 50-20-30. And like I said, we get so often that question of, "Should I pay down my debt as soon as I can, or should I save?" The reality is you really should try to pay off that debt with the lowest interest rate possible as soon as you can. And then have more of a mix of investments.

**Dr. Ajagbe-Akingbola:** Wow. Thank you so much for going over that as well. I think something that I spend more time thinking about is loans and exactly what am I supposed to do with them. Should I ... just basically all of the things that you just brought up. So that was a very good overview, especially for this 50-20-30 rule for saving as well. As I think about currently, again, only given because the pandemic is still here and this is something that we're still kind of going through, it was a good time to really sit down and think about all the things that I spent money on that were maybe, I don't want to say useless necessarily but ways I previously used to spend money comparatively to now. And of course, obviously now as a resident, I'm getting a paycheck but I think another quick question I had for you is what financial practices do you suggest that everyone should consider adopting as we continue to go through this pandemic right now, and really deep into 2022?

**Schaefer:** Well, it's interesting because we did another survey. You could tell, we like data and surveys here but we did another survey called "Cashing in on lost time." And this was not doctor specific but a survey 2000 Gen Z and millennials across the country. And undoubtedly, there were a number of doctors in that survey. But 6 in 10 felt more financially confident now than they were before the pandemic. And I know there's been a number of things that have helped with that. Certainly, the student loan payments holiday has helped and we found that two-thirds of the people that were able to take advantage of the holiday and not make student loan payments, two-thirds of them actually put that money or most of that money into savings. So, a lot of people were actually able to build up their savings. That's definitely something that I would encourage more of. Find a way if your student loans are going to be due soon. But do find a way to keep being financially responsible. I think people were actually pretty financially responsible throughout the pandemic. Build some financial goals. You had mentioned the goal of having a home and a family and all those things and just like anything else, those things need to be planned for financially. So budget, avoiding the overspending, all the things that makes sense, just like our eating and exercising. All the things that make sense. But sticking to that plan will really help you get to those goals and help you really reach them, just like you reach any

other goal. Right? And obviously, you and the rest of the AMA members know all of what it's like to reach goals that you aim for. But we're really aiming to be along with you in that journey.

And our mission at Laurel Road is treating doctors to financial peace of mind. And again, serving you with all those products based on your journey, your unique situation, we hope provides financial peace of mind but you could do that yourselves too, as you do your own research and set goals and the financial plan to get there.

So that's really who we want to be for you and your colleagues but it certainly helps a lot when people are cognizant about the spending and do have a budget and the goals that you talked about.

**Dr. Ajagbe-Akingbola:** Wow, Alyssa. Thank you very much. I really do like that mission, I must say it's been very, very informative and enlightening, really, to talk to you today. I'm really appreciative of your insights and a lot of the questions that I think many of us have right now. So thank you so much for joining us today.

**Schaefer:** Absolutely. Thank you so much for having me. I appreciate it.

**Unger:** For more information on Laurel Road, visit the AMA's website. You can subscribe to Making the Rounds and other AMA podcasts anywhere you listen to yours or visit [ama-assn.org/podcasts](https://ama-assn.org/podcasts). Thanks for listening.

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