3 tips to help resident physicians attain financial wellness

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Brendan Murphy
Senior News Writer

A new year often comes with new goals. One of them, for many resident physicians, may be to get their finances in order and the February doldrums are as good a time as any to reconsider this vital matter.

Alyssa Schaefer is general manager and chief experience officer at Laurel Road, a preferred provider of financial services for AMA members. She examined some of the financial goals and hurdles resident physicians face during an episode of the “Making the Rounds” podcast.

Below, find some of the key takeaways for attaining financial wellness. Listen to the full episode on Apple Podcasts, Spotify or anywhere podcasts are available.

Residency is just the beginning

What you earn as a resident is likely to be a fraction of your salary down the road. Still, your loans are due. Laurel Road accounts for that and offers products that may ease the burden, Schaefer said.

Laurel Road offers “student loan [refinancing] for residents where you can actually pay $100 a month in residency, yet 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, since the rates are so advantageous right now,” Schaefer said.

“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. … I've talked about the fact that it's personalized to doctors, but also 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.”

AMA Member Benefits PLUS makes navigating your financial future easy. Whether it's a home, student, resident or personal loan or insurance, AMA provides the information to align your finances, and prepare for your future in the medical profession.

Have goals and stick to them

During the pandemic, federal student-loan payments have been put on hold for more than two years. Federal student-loan repayment is set to resume May 1. During the loan-repayment holiday, about two-thirds of borrowers who were able to take advantage of the pause have used that money to save and reach financial goals, Laurel Road research indicates.

“A lot of people were actually able to build up their savings. That's definitely something that I would encourage more of,” Schaefer said.

She advocated an approach in which residents build toward financial goals, such as purchasing a home, and forge a clear path and plan to reach them.

Learn about the four keys to home buying during residency.

Consider your refinancing, repayment options

When the loan-repayment holiday ends, rates are likely to be lower on private loans than public loans. Does that mean you should refinance? How should it influence your repayment strategy? The answers to both questions are highly personal.

“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,” Schaefer said.

Saving money you could use to pay off loans is unlikely to be a prudent strategy, she noted. But investing wisely may pay off more than paying down debt immediately. You can subscribe to “Making the Rounds” at Apple Podcasts, Spotify or any service you listen to podcasts.

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