Promoting financial literacy in minority first-generation medical students
Making the Rounds

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Featured topic and speakers

The financial reality of attending medical school can be particularly jarring for students from historically marginalized racial and ethnic groups who represent the first in their family to attend medical school.

In this episode of Making the Rounds, first-generation medical students cover topics around financial literacy, debt management, different types of loans and repayment plans, building generational wealth, types of retirement plans and more in an effort to financially empower medical students.

Speakers

- Kabir Grewal, medical student, Florida State University
- Sanjay Sharma, MD, MS, MBA, retina specialist professor, ophthalmology, Queen’s University; editor-in-chief, MEDSKL
- Michael Sweeney, MD, MBA, director, surgical residency; associate professor, clinical science, Florida State University

Hosts

- Tiffie Keung, second year medical student, Michigan State University, MSS
- Todd Unger, chief experience officer, American Medical Association

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Transcript


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Unger: Welcome to Making the Rounds, a podcast by the American Medical Association. In this episode, medical student Tiffie Keung moderates a panel of physician experts who discuss promoting financial literacy in minority first-generation medical students. She’s joined by medical student Kabir Grewal, Dr. Michael Sweeney, director of surgical residency and associate professor of clinical science at Florida State University, and Dr. Sanjay Sharma, retina specialist professor of ophthalmology of Queen’s University and editor-in-chief of MEDSKL, an online learning platform for medical students and physicians. Here’s Tiffie Keung.

Keung: Hello, my name is Tiffie Keung and I am a second-year medical student at Michigan State University. And I am a part of the American Medical Association Medical Student Section, as part of the minority issues committee. And today we are doing a recording for the program entitled “Promoting Financial Literacy and Debt Management in Minority First-Generation Medical Students.” The purpose for writing this program was because I'm very interested in how first-generation medical students acclimate to medical school, and I know that we have certain financial obstacles when it comes to either raising money for medical school or just getting through medical school and having large amounts of debt. So for today we have three speakers with us and we will be doing a question-and-answer style. So first off we'll have an introduction from Kabir.

Grewal: Hi, thanks for having me. My name is Kabir Grewal, I'm finishing up my third year of medical school at the Florida State University College of Medicine. I want to be part of this committee because I was an economics major in college, I served as the president of the business and medicine organization at the FSU College of Medicine. And I also help publish a research article about how FSU is utilizing a personal finance elective to help educate our own medical students about personal finance.

Keung: Next up we have Dr. Sweeney.

Dr. Sweeney: Yes, thank you. It's Mike Sweeney from Florida State University College of Medicine. My background is as a vascular surgeon, practiced for years. When I quit my clinical practice, I had been involved in some local physician, regional physician organization development and some business development. Had a few sort of entrepreneurial years running a business and decided I really hated that, and got an opportunity to come back into medicine on the faculty. Currently, I teach primarily preclinical medical students and also I'm the director of surgical education for the college. I am the curriculum development director of our surgical residency program, and it's been about five years ago I combined with the College of Business to create this personal finance elective for our fourth-year students. Currently we have probably about 90 percent plus or minus of our fourth-year students now take the elective and it’s been pretty well-received. Kabir is former president of the business and medicine group and I’m faculty advisor, so it's kind how we got started working together. Happy to be here.

Keung: Thank you. Next up we have Dr. Sharma.
Dr. Sharma: Hi, I'm Sanjay Sharma. I guess I wear a few different hats. I'm a retina specialist professor of ophthalmology of Queen's University in Canada. I'm someone who's super passionate about medical education, have created a series of online platforms. MEDSKL is probably the most prominent one. We're an open-access platform that now reaches students from over 400 universities. Increasingly we are creating some assets around kind of finance 101 because I think while we do a fantastic job teaching medical students how to be great doctors, at the end of the day you're running a small business and a lot of people don't really quite realize that. I've been involved in a number of things in the sort of finance world from an angel investor to creating a series of companies. So happy to talk to anyone about finance and what important financial habits are for medical students.

Keung: Thank you so much for those introductions. So this program is geared towards first-generation minority medical students, but I hope that what we discuss will also be helpful for all medical students whether or not you identify with those two groups. So being a minority and/or first-generation medical student can present with some unique challenges which build one's character. How can certain character traits be useful when tackling finances during medical school?

Grewal: Specifically as a student, I think that some of the character traits that can definitely help here first most is long-term planning. Like anything in medicine, the financial aspect of it is a really long-term game, and it's not something that can happen overnight. And I think the best way to really feel like you have control and really tackle your financial obligations and debt and other issues like that is to create a long-term plan and kind of just stay on track and to have confidence in your planning and your ability to stay on course for many years.

Dr. Sweeney: At Florida State we have a mission that really is dedicated to increasing enrollment among minority applicants and students from underserved communities. What I find is oftentimes these students have a strong work ethic. They have a lot of self-reliance. Often they come from backgrounds where they didn't perhaps get the guidance that students from other backgrounds have. And they've had?many of them?experience with the importance of the connection, if you will, between hard work and success, both financial and academic.

Dr. Sharma: I just would like to add one other thing. I would say resourcefulness as well. So I look at it, there's lots of opportunities out there. We're transforming in a lot of different ways. I'd say in the past 10 years things have been dramatically different in terms of technology. We're moving into a web 3.0 world. So I think sort of leveraging your own unique area in terms of your culture might also open a lot of opportunities as an investor, or someone who may want to create a business as well. And so I always recommend to our students that don't just look at medicine as the end game, and that's sort of a linear thing, also think of some of the other opportunities that are out there that you can leverage with your expertise to open up other doors, too.

Keung: Thank you for all those wonderful answers. I completely agree with you and I think that the challenges that first-generation students have had going to medical school can definitely be very
useful for surviving and thriving in medical school.

So the second question I have is, during medical school, what aspects of financial literacy should a student prioritize? For example, should they prioritize investing, paying down interest, cutting down on expenses, helping out family or spending on one's wellness?

**Dr. Sweeney:** I would be glad to offer an opinion on that. I would say that the most important thing for medical students is to focus on budgeting, cash flow management. The biggest issue that I see in our graduating students with large debt loads is that it’s the approach that most students take, which is how much can I get per semester per year. In fact, what they should do is create a budget first, how much do I need, and then restrict their borrowing. We’ve had students do a lot of crazy things with borrowed money, including invest one semester’s check in Bitcoin. And again, especially students who come from maybe underprivileged backgrounds and don’t have any experience personally with financial management to give them a large check on the first day of the semester without any preparatory budgeting education or cash management education is really a tough thing, and in some ways almost unfair in my opinion. So that’d be my first recommendation for medical students, is determine how much you absolutely have to borrow and then only borrow that much.

**Dr. Sharma:** Yeah. I'd love to also kind of echo that. And especially we're moving into an era of certainly higher interest rates. So just managing your debt I think is going to be absolutely critical. And then I think once you're moving in the right direction, I remember reading a phenomenal book called “The Wealthy Barber,” and there’s three words in that book that really stuck with me and that’s "pay yourself first." In this sense, no matter what your paycheck is, make sure that you keep some of it, and then you can A, pay down debt, or B, just use that cash flow in terms of purchasing some kind of a good investment or asset. But yeah, it kind of makes me very nervous in terms of people taking on increasingly large amounts of debt knowing that interest rates are going to be rising.

**Grewal:** I think something else to add on is that a lot of students should remember this?even without any sort of financial experience?is that a dollar borrowed today is not a dollar paid back. It's very important to remember that for most medical students they're not going to be able to pay back most of their loans until maybe 6-10 years after when they take out those loans. And besides the recent interest rate freezing, this can be upwards of 6% a year. So over 10 years, if you borrow a dollar today, you’re going to be paying back $2 then, and that’s post-tax money. So to pay back $2 then is going to be making almost $3 or more than $3. So a hundred thousand dollars today might not seem like a lot to some people based on their future income, but remember that they're going to have to earn two or three times that to pay back every dollar.

**Keung:** Absolutely. So the next question we have is, for students of a minority and or first-generation background, what are some cultural aspects one must consider prior to entering medicine?
Dr. Sweeney: Well, I think it's a little bit hard to answer this question, only because there's so many different variables. Medicine has its own culture. And I think that a person who's adaptable and open-minded and interested in expanding their experiences is well-prepared to become a physician. Certainly, we have respect and concern for unique cultures that people have from their backgrounds. And I think it's important and terrific when we have physicians who can relate on an experiential level with those cultures. But I think probably the thing I most emphasize is that medicine is a new culture for most people. And unless you happen to come from a family of physicians, and even if you do, you probably don't really have insight understanding of what that culture is going to look like, feel like, just what it's going to do to change you as a person over time.

So flexibility, resilience, self-reliance, all the things that make a good student can make a good doctor, as long as they maintain the effort and the dedication and the focus on their new career. This I don't think makes that much difference, if you will, with reference to the person's background. I think we all have to go through this huge cultural transition from college student to becoming a physician. That's just my opinion on that.

Dr. Sharma: I'm happy to chime in in regards to this. I look at it from two different ways. I think that being culturally sensitive, you want to pay respect to wisdom maybe that's being imparted from your elders, which I think is very important. I also think that there's a lot of opportunities to invest in your own community that are creating new businesses and things like that. So I certainly see a big push in terms of innovation and supporting innovation on that front.

The other side of the coin though, is I feel fundamentally that things are moving very, very quickly in terms of technology. And so we've talked a little bit about Bitcoin, and NFTs, and we're kind of moving into just this new potential era. And so while I think it's important to listen to elders and be rooted maybe into some traditions, I think it's also extremely important to be open-minded and try to understand where things are going. And that allows you to think in very innovative ways which could unlock a lot of financial potential for you as well.

Grewal: Speaking culturally, something from a little different angle is that a lot of cultures and other nationalities, and especially among first-generation students, debt is viewed as a very bad thing and sometimes a predatory thing. I know certain religions and certain cultures view debt as something that must be avoided at all costs, and this kind of is totally at odds with how most students are able to attend medical school. So I think it's important to remember that any sort of debt that you do take on is an investment in your own education, in your own future and career, and earning potential as well.

Keung: I appreciate all the varied views on this topic, from the culture shock that we all go through when going through medical school, to the cultural sensitivity, to the taking on of debt, so I appreciate all those varied opinions there.
So the fourth question is, when it comes to finances in medical school, what is the biggest misconception that students have or what is the biggest mistake students make that can be detrimental to their financial future?

**Dr. Sweeney:** I think the biggest mistake is borrowing more money than you absolutely need, borrowing money to do things other than get your education. If you look at medical school debt in general, student loan debt, but specifically medical school debt, it's really an investment debt. And investment debt, conceptually to me, is a little different than say, consumer debt, or car loan debt or something like that. If you borrow $250,000 to go to medical school and depending on your specialty, your earnings from that borrowing on the basis of your degree might be anywhere from, say, five to $12 million or more life-long, compared to a similarly educated person in another field. So investment debt actually is not bad debt. The problem is making it larger than it needs to be, number one. And probably the other biggest mistake is sources of debt, particularly some of the private and plus loan things are very difficult to deal with because of the higher interest.

**Grewal:** Jumping off of what Dr. Sweeney said, I kind of alluded to it earlier, but the average debt among medical school graduates in the U.S. is in the ballpark of around 250,000 a year. And when most medical students consider this, they think that's what they're going to pay back. But after residency in medical school and any other sort of training, you're going to be paying upwards of maybe close to double that. And then as I said earlier, this is post-tax income. So people I feel like don't tend to really understand the gravity of how much they have to pay back and when. And that's something very important to remember.

**Dr. Sharma:** The only other thing I would add to that is the people who are lending you the money have a vested interest in terms of you taking on more and more debt. So banks, they're in the business of lending money, and so they're going to incentivize you to take these larger and larger loans. So just be careful to sort of take as much money as you need, and only as much money as you need, because you're going to need to service that debt, pay it back. And as Kabir has mentioned, that kind of balloons, and especially if interest rates increase, it can increase significantly.

**Keung:** Right. So what I'm getting at is that most students need to be aware of the amount that they're borrowing, because it will definitely balloon in the future in terms of interest rates over time. So that's the main takeaway from that question there.

Alright, so the fifth question is how can the current financial climate in the U.S. be improved so that those with financial barriers or those who don't have physicians in their families can pursue medicine?

**Grewal:** With regards to at least pursuing medicine, I think we talked a little about it earlier, but the way that education costs in the country have been rising, and how financial institutions have been able to just allow for such high amounts of debt and student loan burden, something that I think is pretty difficult for first-generation minority students to try and get into medical school, is just the amount of
costs that there are to even apply. And this is even before any of these medical school loans can get dispersed or anything. Because I remember even just trying to get the materials necessary to take the MCAT study for the entrance exam, applying to medical schools, buying plane tickets for all the interviews and going to these interviews was definitely in the thousands of dollars. And I think that this is something that can hopefully be kind of adjusted to try and make it so that a broader group of students can successfully apply for medical school without being turned away due to financial reasons.

Dr. Sweeney: My response is it's hard to change a financial system, but I think that if we can develop some type of funding support that would help students afford the cost of application, interviews, travel, et cetera. I also think that spending more time with students from underserved backgrounds, for example, I usually at least once or twice a year will give talks to the minority association of pre-med students here on campus, or undergraduate program in medical sciences pre-med, and try to recruit as part of a recruiting effort, and we have several other programs on campus to do that. Many of them do come with some kind of financial resources that will support or help support the application process. I will say it's much more difficult coming from out-of-state than it is in-state, as one might expect since we're a state-sponsored medical school.

Dr. Sharma: I would just add a couple of points. I agree with what's already been said. Clearly, allowing or getting more underrepresented people into medical school is kind of a multifactorial thing. So a hundred percent, we need to have stronger role models in the various underrepresented communities who are actually showing what it's like to be in medicine. And so we're actually working in Canada with a number of underrepresented kids in communities, in high school actually, to sort of help them rotate through a virtual program, to show them what it's like in 11 different disciplines. But without a doubt, I think that even in our country in Canada, there's a lot of financial barriers to getting into medical school. And so I think lowering those barriers, whether it's through scholarships, or bursaries, I think is very, very important. But again, the more that we've got role models that truly represent those communities, I think we'll pull more of this next generation into the field.

Keung: Right. I completely agree with all the speakers' points there, from having more role models from underrepresented communities to having more financial support for students who are applying to medical school. And that goes into applying for residency as well.

So the sixth question is kind of twofold. So what is your greatest takeaway for students who have large amounts of debt from medical school? Or, do you have any fun stories about how you've taken control of your finances as a medical student, resident or attending?

Grewal: I think my greatest takeaway would be to budget now, get in the habit of kind of making a financial plan, how much you're going to borrow, how much you're going to spend, and on what. Continue this, and once you start making money, to allocate a set amount that you budget to pay back loans every payment and to really pay yourself first. And when I say pay yourself, basically paying the
debt. And if the debt's wiped out, to pay your investments and savings before you kind of allocate money for other things. And if you stick to this, you should be golden financially.

**Dr. Sweeney:** Yeah. I would add to that as far as the takeaway for students, don't panic over the debt. Panic is the worst thing you could do. Because often we have students that don't even know how much they owe or to whom they owe it. And if you approach it that way, sort of the head-in-the-sand technique, that will spiral and the beauty of compound interest is working against you in this case as Kabir pointed out earlier. And so my response is, don't panic. Panic is somebody who's borrowed $250,000 and has a degree in, I don't know, art history or something, which is a good field, but there's no way that you'll ever pay that back at the salary level. No matter what specialty our physicians our graduates choose, if they manage their debt appropriately, even with the accrued interest that'll occur over the years of training, et cetera, they will be able to manage that debt load. And either pay it back or at the very least pay it back to the level to satisfy the public student loan forgiveness requirements.

So I really think the main takeaway is, don't panic. Don't take out any more debt than you need, but don't panic over what you had to borrow to get through medical school. It was an investment debt that will pay off in the end, and it will create a debt load, service debt servicing requirement for you going forward that you will be able to manage. And that's my biggest advice and recommendation to our students.

**Dr. Sharma:** Yeah. I'm going to highlight a couple of stories that really speak to the concept of building kind of financial muscle because we're all attuned to reading books and studying super-hard or hitting the gym to increase our strength. But funny enough, I'm going back like 25-plus years ago when I was a fellow. And so I'm a retina specialist, I trained in Philadelphia. And my oldest son was born in Philadelphia, and I remember driving from Philadelphia to Jersey, and this may not be applicable anymore, but we would drive to Jersey to get tons and tons of diapers for him because there was actually no sales tax in Jersey. And again, I don't know if it's a reflection anymore.

And then secondly, when we moved back and we bought our first house, we literally financed room-by-room. So we lived in kind of like a two-bedroom thing and we bought furniture for those two rooms. And then six months later after we paid that off we furnished the next room, and that may be a little too austere for today's reality, but I mean that was a reality. We paid off things right away as best we could. And I really do think we do need to get in the habit. If there's one thing that I could recommend to medical students and residents, is just start to get into the habit of, if you've borrowed money, you've got to pay it off. And the quicker you pay it off, the faster you're going to get out of debt. And think of it like a muscle.

And I guess the other last thing I would do is, be very aggressive in terms of learning, in terms of learning finances, right? So read some books around it, just basic investing skills. Again, whether it's in the stock market, whether it's various assets, just try to learn as much as you can about it, because the faster you master these techniques, the faster A, you're going to get out of debt, and B, be a
successful investor. And I think that opens up a lot of doors for you.

Keung: Thank you for those personal stories, Dr. Sharma, and the advice is learn as much as you can. Dr. Sweeney’s advice is don't panic. And then Kabir’s advice is to budget early. Are there any last comments that any of the speakers want to provide?

Dr. Sharma: If I could, just because I read it this morning. Warren Buffett was asked about how he felt about these inflationary times. And one of the things that he said was, try to be the best person in your city, or your town, in what you do. In the sense that where money is dramatically losing value in high inflationary times, we could potentially go back to a barter system, and that's probably very, very unlikely. But the point simply is this: you've invested, you've got a medical degree, which is outstanding. The people who should be very concerned at times like this are people who are like SoundCloud rappers, and potentially TikTokers, because there's not necessarily a very strong skill set associated with that. You guys have made the investment, it's been in a long haul, but you have phenomenal skills. And those skills are always going to be in demand, especially as the population is aging. So I would sort of echo something that Dr. Sweeney said, don't panic, not only because of the debt that you've may have accumulated, but you've invested in incredible skills that are always going to be marketable.

Keung: Thank you so much. I do agree that medical school is truly investment of our time and energy, and we've sacrificed so much to get here. And I want to thank you so much to all the speakers, Kabir, Dr. Sweeney and Dr. Sharma, for taking time out of your busy days to be a part of this program. Once again, this is part of the AMA Medical Student Section under the Minority Issues Committee and thank you so much for spending your day with us.

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