Top personal finance tips from experienced physicians

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If you could turn back the clock to your residency days, what changes to your personal financial planning would you make? In hindsight, the majority of physicians say they would have made major changes to their approaches to finance. Use these six lessons from physicians over 60 to avoid regret later in life.

A recent survey of retired physicians lends some insight on the financial challenges that one must confront before and after retirement. These tips from a number of senior physicians over the years may offer a good starting point for young physicians as they begin planning for retirement.

Start saving as soon as possible. The survey found that most retired physicians today started saving for their retirement in their first few years of practice; those who started saving midcareer or later in their career are less satisfied in their retirement.

“My goal when I finished my residency was to be able to walk away from medicine at age 55—knowing I never would, but having the financial security to do so,” said Louis Weinstein, MD, professor and former chair of obstetrics and gynecology at Thomas Jefferson University Hospital.

Work with a trusted financial adviser. According to the survey, only 12 percent of physicians planning to retire consider themselves “ahead of schedule” in their retirement financial plans. Nearly three out of four retired physicians work with a professional financial adviser.

There is, of course, no reason to wait until you are retired to work with a finance professional. Such advisers are there to make sure that all the T’s are crossed and I’s are dotted when it comes to financial plans, say retired physicians.

Don’t skimp on disability insurance. Being adequately insured to cover you during times of disability during your working years is integral to ensuring that your financial retirement plans stay on track.

Review and update your estate plan. The survey from AMA Insurance found that 38 percent of physicians are very or somewhat concerned that they may not have the right estate plan in place. Work with your financial adviser to have the minimum in place—a will, plus end-of-life and medical directives—so that the responsibility to make those decisions is not the only thing inherited by your family members.

“Get your ?nancial house in order,” said Bill Zelenik, CEO of Millennium Brokerage Group. “Don’t leave these items for when you have time. Make the appointment with the lawyer and get it all done at once.” Every state has law on how your property is distributed if you die without a will, Zelenik noted, “and you may not like” it. “Keep your bene?ciary designations up to date,” he adds.

Know your investment options. Physicians younger than 60 are frequently unsure which investments they should make, which often results in no investments at all. Spend time with your adviser learning about your options, and make time to work on your personal finances quarterly or monthly.

Educate yourself on your own finances. “I started reading about finances and investing very small amounts of money,” said Dr. Weinstein. “Doctors can be really dumb about finances, but it’s only because they never taught themselves.” Be sure you know how your money is working for you.

Besides these tips, a piece of advice from Barbara Schneidman, MD, clinical professor of psychiatry and behavioral sciences at the University of Washington School of Medicine is to manage credit cards wisely.

“Always pay off credit card debt each month,” she said. “If it isn’t possible, stop charging things.”