

3 Major Myths About Financial Freedom



[Editor's Note: Today's post from [Passive Income, MD](#) is about misconceptions that often hold us back from achieving the goal of financial independence.]

It's early July, and this time each year, we have some time to think about our independence and freedom. We also celebrate and spend time to be grateful for those that helped us achieve that.

Everyone reading this certainly has a lot to be grateful for. But I also know that there are those that might feel a bit trapped in their current life situation.

Some might hear the term "[financial freedom](#)" and think it's a pipe dream; unachievable, or something to think about in the far distant future.

Well, I've spent the last five or six years pursuing this seemingly whimsical dream, and I've been fortunate enough to see it to reality. Through my experience, I've also learned some hard-to-shake misconceptions—myths, if you will—about financial freedom.

See if you relate to any of these myths when it comes to financial freedom:

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Myth #1: You Need to Be Debt-Free to Achieve Financial Freedom

Physicians are [no strangers to debt](#). I talk to residents all the time who tell me that they have over \$300,000 in debt. The highest I've ever heard someone mention is \$450,000. It's crazy...

Add in a home mortgage and a few cars and you're talking debt well into the millions. Buy a rental property and your debt could easily cross the \$2 million mark.

But if your goal is financial freedom, then the only way to achieve that is to get rid of all that debt. Right?

Well, not really.

Remember, financial freedom is not necessarily a number. It's the idea that you can do whatever you want, whenever you want, with whomever you want.

If you have \$10,000 in debt payments each month but you have other sources of income that bring in \$20,000 each month, you're still making \$10,000 per month. And if you can live your current lifestyle on that amount, then guess what? You're financially free.

There are those who teach that *all* debt is bad. Personally, I believe there is [good debt and bad debt](#). I think of good debt as an investment; it helps increase your cash flow or net worth. Bad debt is typically used to buy a depreciating asset—meaning that its value goes down with time.

What falls into each category? Well, the debt that you took on for your education or for your rental property is most likely good debt. Bad debt is the debt used for [cars or luxury goods](#).

I'm not saying you shouldn't try to be debt-free. There's definitely a huge mental benefit of not having debt, and I completely get that.

However, I'm trying to go the more balanced route. I use debt as a tool to achieve my ideal life. If it helps me get closer to that goal, then I'm comfortable keeping the debt. If it doesn't, then I [get rid of it as soon as possible](#).

[Editor's Note: There's no doubt that leverage works, but it works both ways and lots of people use the concept of leverage to justify overspending. Don't be one of those.]

Myth #2: I'm Too Young To Be Thinking of Financial Freedom



The path to your specialty wasn't done overnight. You

spent *years* preparing and pursuing it. It took setting goals, [celebrating small wins](#), and a lot of hard work and persistence to get there.

The same can be said for financial freedom. It is in no way an overnight success. Anyone who tells you otherwise is selling you something.

That process starts with figuring out your outcome, why you want it, and then taking actionable steps in order to get there.

The sooner you start thinking about it, the sooner you'll reach that goal.

Do you really want to wait until financial independence becomes a necessity? Don't wait until your job becomes less stable, or life changes, or you're burnt out.

Do you want to have a long, sustainable career? If so, it's worth thinking about from the very beginning. That way, you have a clear path to follow.

Myth #3: You Have to Fully Retire to Reap the Benefits of Financial Freedom

As you may know, I am a big proponent of a [gradual retirement](#). That means that as you create other income streams and supplement your income, you can decrease your time at your day job until you find a happy, sustainable balance.

It's really replacing one income for another. The thing you gain is time and the choice to do whatever you want with it.

I believe that life should be about more than working yourself to death for 30+ years, retire, and only then learn to enjoy yourself.

By planning for financial freedom earlier on, you can start to take less hours at your day job, and slowly transition into retirement.

Actually, my hope is that you never feel the need to retire; that you enjoy what you're doing and do it because it fulfills you and helps you continue to grow and contribute.

Those seem to be the happiest physicians in the hospital – the ones that don't need to work, but do so because they have a passion for it.

If you're financially free, then medicine becomes a well-paid hobby.

Ultimately, as we celebrate our freedoms this year, it's a perfect time to assess where you are in your journey. If you haven't started yet, then there's no time like the present. You don't have to have everything in perfect order to take that first step.



And even if you've already reached financial freedom, take some time to celebrate independence day—in more ways than one.

What are some misconceptions you had about financial freedom? Are you wondering if something you are doing is recommended or advised against? Leave us a comment below to share your story!

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