7 Irrefutable Principles of White Coat Millionaires

[Editor’s Note: This is a guest post written by Dave Denniston, CFA, who has previously advertised with me. He describes himself as “an author and authority for physicians providing a voice and an advocate for all of the financial issues that doctors deal with.”]

As you read through wonderful blogs & websites like The White Coat Investor, you may be thinking “Cash flow is easy for him! That’s not me! I’m struggling with paying down debt. I wonder if I am ever going to be able to retire.” Alternatively, you may be thinking, “I don’t have time for extra stuff! How can I find the time to fit one more thing in??” The fact is that other physicians do and many of them reduce their clinical hours to do so.

Regardless of your situation, Dr. Dahle and other doctorpreneurs, and millionaire physicians like him are following a very specific set of principles. In meeting and talking with hundreds of investors, a pattern emerges from this haze of wealth creation. Like Napoleon Hill summarized in Think & Grow Rich, I have created a list of “seven irrefutable characteristics” that millionaires, especially white coat millionaires, seem to possess. Explore these with me.
Principle# 1- Being Personally Debt Free

The most wealthy physicians (& others) I know have absolutely no personal debts. They went about a very specific debt management process.

- First, they paid off their consumer debts.
- Secondly, they paid off their student loans.
- Third, they paid off their mortgage.
- Fourth, and most importantly they bought anything else they needed in the future IN CASH so that they never needed debt again. Their cars, their boat, and cabins were paid for in cash. If they weren’t paid for in cash, then they quickly paid off the debts.

Don’t get me wrong. Debt & leverage have their place. In my opinion, making a business acquisition is a great place to do that. Let’s say you want to acquire a surgery center or you want to acquire a practice or buy into equity in a large physician practice. I think all of those places are wonderful ways to deploy capital and to use debt. Many physicians (and investors in general) love rental real estate. Again, that’s a wonderful place to use debt (as long as it is a fixed debt- with a nice 20% down payment or you know how to flip houses with blood, sweat, and tears).

However, when it comes to your personal life- GET RID OF DEBT AS QUICKLY AS POSSIBLE!

There’s many resources out there to refinance your debts and reduce the interest rate- SoFi, CommonBond, DRB, and Credible just to name a few.

Principle# 2- Owning a Business
The American tax code is set up to benefit one person— the business owner. If you want to take advantage of the tax system and work its loopholes (legally), check out line 12 of the 1040 and Schedule C. There are many expenses that business owners can take advantage of. I know that all of us are so busy and you may not have a single extra second to dedicate towards another money-making venture.

Consider that there are three different ways to own a business:

- Be a partner in your practice (or own it outright)
- Doing locums to create 1099 income
- Having a side hustle

Being a partner is pretty self-explanatory. Passive income and equity can be a great way to do that. Locums is a great way to earn extra dough & be treated just like a business owner. However, in addition to those two, I strongly encourage you (or a spouse) to start your own side hustle. You may start off with a blog like Dr. Dahle or Amanda Liu or PhysicianOnFire. If you like to speak, you can host a podcast like Nii Darko or Ryan Gray.

The key here is to do something YOU are passionate about. Maybe it’s comic books or movies or knitting or underwater basket weaving. Something that brings you joy and you’ll do it even if it doesn’t bring you immediate profits. What are your talents? What are your passions? What is something that wouldn’t take a whole lot of time and have a low barrier to starting up?

**Principle# 3- Passive Income Streams Rivers**

The wealthiest physicians I know have loads of passive income. They don’t just have like trickling, bubbling streams… they have frothy rivers brimming with passive income. They are usually diversified:

- They have rental income coming in from passive real estate investments (or sometimes active real estate investments). It could be commercial, industrial, or multi-family holdings.
- It’s not unusual for them to loan money and receive interest (but NOT to family unless they are willing to lose the money). They might do this
with a contract for deed or personal loans or crowd-funding platforms.
• They have dividends and income streams from their investments.
• They receive interest from the bank.
• They get cash distributions from passive business investments. One couple that I work with owns a huge percentage in a chain of hardware stores. They are on the board of directors and have a hand in decisions. They get cash flow of tens of thousands of dollars every year from these investments.
• As mentioned previously, they may have blogs or podcasts or books or they write articles or they sell courses.

More than anything else, they have multiple streams of income that lead to a roaring river. It isn’t coming from solely one or two places. Check out the PassiveIncomeMD for more thoughts on passive income streams.

**Principle# 4- Loads of Liquidity**

The wealthiest people that I meet with are constantly looking for opportunities. In order to find those opportunities, they keep a ton of money at the bank. They have a slush fund with six figures that they regularly dip into when the right opportunity presents itself. They will search and search and search for that opportunity. However, once they have it, they will pounce on it and use their liquidity to do so.

Hint: Expect to achieve Principle# 1 and #2 before you can achieve Principle# 4.

**Principle# 5- Read & Listen & IMPLEMENT**

The most successful people that I meet- physician or non-physician- are avid consumers of content. They are looking for the next idea or the next edge. Mark Zuckerberg and Bill Gates apparently read through about 1 book per week. Imagine that. 52 books in a year!

Can you imagine what they are learning?

*(Hint: One hack that I’ve heard is to buy/borrow BOTH the audio book & the physical book at the same time. Listen to the audio book at 2x speed while you read. This way you can better remember what you are reading.)*

**EVEN MORE IMPORTANTLY-** the most successful folks implement and take immediate action when they find a great concept. That’s not saying that they get it all right all the time, but they do take action when they find something that’s awesome.

Here are two fantastic podcasts that I personally utilize that may be helpful to you:

- **Pat Flynn’s Smart Passive Income Website and Podcast**
- **Perpetual Traffic & Digital Marketer**
Here are three great books that I love and recommend:

- *Platform* by Michael Hyatt
- *The 21 Irrefutable Laws of Leadership* by John Maxwell
- *The Millionaire Mind* by Thomas Stanley

**Principle# 6- Tight Inner Circle**

With all of these different wealth creating and time intensive strategies, the millionaire physician doesn’t have time to analyze every last little thing. They have to have a tight inner circle, their own board of directors to lean on. Who those people are depends on what the physician loves and enjoys and their own personal experience. If they love and enjoy financial planning, they don’t need a financial advisor. If they love and enjoy the satisfaction of doing their own taxes, they don’t need a CPA. However, you need to have SOME folks in your inner circle of advisors.

More than anything, these people MUST earn and maintain your trust. That isn’t an easy process. Some folks look to thought leaders. Some folks rely on referrals. Nonetheless, the trust is earned and could be lost. It’s never a bad idea to get a second opinion if you are doing everything on your own. A new perspective with a fresh set of eyes may bring new ideas to the table.

Who is in your tight inner circle?

**Principle# 7- Grand Master Gamers**

For the millionaire physician, wealth become a game and dollars are the way they track the score. Some of the wealthiest physicians I know still balance their checkbook. They HATE seeing their bank balance down. They only want to see it go up. Even in retirement, they love seeing the accumulation of money. For them, it’s a lifestyle.

![Doctors can save $50,615](image)

Money isn’t everything to them. They know that they can’t take it with them to the grave, but it does bring a degree of comfort. They cringe writing large checks. They turn down the heat in the winter. They turn up the
thermostat in the summer. They only buy used cars. They could buy a new car if they wanted to, but they get more enjoyment in seeing their bank accounts grow rather than a new vehicle.

(Truth be told- they still have some guilty pleasures and places that they do splurge on- it may be eating out or golfing or fishing or some other hobby- but it’s usually down to 1 area and even there, they are still the consummate deal hunter).

Money isn’t everything to them. Many of them have charitable interests and the excess money that they don’t need immediately in growth passes on to worthwhile causes.

These are the seven principles I see in physician millionaires.

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What about you? What are you seeing? What have I missed? Comment below!