

# 8 Things to Consider When Changing Jobs

Q.

Have you given any thought to a post on financial issues for docs to consider when changing jobs? Many of us employed docs are often on the move.



A.

I've written before about [the perils of job change](#), when I lumped it into other financial perils such as divorce. However, those perils are much smaller for employed doctors than for a practice owner, especially if the employee can avoid having to move and can minimize any gap between jobs. Here are some considerations for those in this situation.

## 8 Things to Consider When Changing Jobs

### #1 Read Your Contract

[Contracts](#) are generally pretty useless until something goes wrong. My employment contract for my current group simply

didn't matter much, because they liked me and I liked them and [I moved on to partnership](#). The purpose of a contract, however, is for when things do not work out. If you're changing jobs, things by definition aren't working out, so your contract may be the best place to start.

Figure out how much notice you're required to give, and what happens if you don't give it. Also, consider if there is some buyout or bonus you will lose by leaving. Perhaps sticking around a few more months will allow you to get that. Be sure to read the section about malpractice insurance.

If you have an occurrence policy, great. If you have a claims-made policy, better figure out how much tail will cost and who is going to pay it. In Emergency Medicine, tails can cost upwards of \$50K, which may make that new job considerably less appealing than the old job.

## **#2 Get Your New Contract Reviewed**

Many people change jobs because they mistakenly got into a bad job last time. Try to avoid being a repeat offender. Have your contract reviewed by a local health care attorney or a national service such as blog advertiser Jon Appino's [Contract Diagnostics](#). It's not that expensive, even if you hire these guys to do your negotiating for you.

## **#3 Try To Avoid Moving**

Moving is expensive. Try to avoid it. A much longer commute (even an airplane commute) may be worthwhile to avoid the financial and personal costs of moving. Expect to pay 10% of the value of your home to sell your old one, and 5% of the value of your home to buy a new one. Plus moving costs. Plus the lost earnings. It adds up in a hurry.

## #4 Try to Minimize the Unemployment Period

Just as moving is expensive, so is being [unemployed](#), although you may turn it into a sabbatical of sorts. Ideally, you walk out of your old job on Friday afternoon and walk into your new one on Monday morning. But it can take 6 months to get licensed in a new state or credentialed in a new hospital. So plan ahead to minimize this gap. You may also be able to fill it with some [locums work](#). If you have to pay moving expenses and cover months of no income, you're going to need a big emergency fund.

## #5 Retirement Plan Issues

Check into the retirement plan at your new job. You may not be eligible for the [401\(k\)](#) for a year or more. If that is the case, be sure to max out your old 401(k) and other retirement accounts before leaving the old job. You don't want to lose that opportunity. Otherwise, you may be limited to using [Backdoor Roth IRAs](#) and a [taxable account](#). Truthfully, you'll probably need the cash to pay for the change in houses, the unemployed period, and other moving-related expenses.



You will also need to figure out what to do with your old retirement accounts. 401(k)s and 403(b)s are relatively easy. The old answer was to just transfer them into an IRA. However,

with the advent of the Backdoor Roth IRA, that's [likely to screw up your pro-rata calculation](#). The solutions are either to convert it to a Roth IRA, leave it with the old 401(k), move it to the new 401(k), or move it to your [individual 401\(k\)](#) (you do have one, right? Surely you had some 1099 income somewhere along the way.)

When deciding between your old 401(k) and your new one, consider the benefits of keeping things simple as well as costs and investment options available in each one. For example, I still have my military TSP account due to its rock-bottom expense ratios and unique investing options. I roll money into it periodically so keeping it is worth the additional hassle to me.

[457s](#) are more complicated. Read your plan document. You may be able to transfer it to a 401(k) or another 457. Alternatively, you could be forced to take that money out over a very short time period. Look at your available options, and choose the best one. Every 401(a), [cash balance plan](#), and pension plan has its own rules. Learn them BEFORE giving your notice.

## **#6 Health Insurance**

If your employer was providing your health insurance, and your new employer will also be providing it, be sure to cover the gap. One great way to cover it is by COBRAing your current insurance. Although often expensive, there is a little loophole worth knowing – you can do it in retrospect. If you don't get sick or hurt, don't pay COBRA. If you do, then pay for the COBRA. Stupid law, I know, but might as well take advantage.

## **#7 Don't Burn Bridges**



Unless you're the lead dog, the view never changes. Christian Feinauer, MD, trying not burn his bridge while canyoneering

I've been surprised to see many doctors leave employment only to return a few months or years later. If nothing else, you may need references down the road. While it may be tempting to tell your boss off, now is probably a good time to maximize your professionalism.

## **#8 Work Out 1099 Income**

Even if you will be an employee (paid on a W-2) at your new job, see if you can't work out a way for you to get at least some of your income on a 1099. The biggest benefit is being able to open an individual 401(k), but there are [plenty of others](#).

*What do you think? What advice do you have for a physician changing jobs? Comment below!*