

Financial Independence on a Low Income

[Editor's Note: The following guest post was submitted by an anonymous veterinarian who has accumulated a net worth of over \$3 million in his mid-40s with his biology professor wife. Their financial advisor informed the couple that they are now "work optional". Financial independence isn't just for the highly paid physician but [can be achieved on a much lower income](#) than many of us typically assume. We have no financial relationship.]



Veterinarians share many of the same financial and life challenges faced by physicians, dentists, and other medical professionals. [Financial Wellness DVM's](#) excellent post "[How to Fix the Veterinarian Student Loan Debt Problem](#)" highlights the financial implications of choosing a career in veterinary medicine.

As reported, the average DVM graduates with a six-figure student loan burden and a five-figure starting salary. DVMs have the highest debt to income ratio among the health professions. Every veterinarian I know chose the profession as a calling, most often at a very young age and with the knowledge that it would not be a lucrative career. However,

in recent years the math to make it work financially is even more daunting and many recent graduates face a less than comfortable existence.

Despite the downsides, I was always determined to achieve my dream of becoming a veterinarian without taking a trip to the poor house. In high school, I realized that a long and expensive education awaited me with a modest salary at the end. Veterinarians told me "You will be comfortable, but you'll never be rich." I wondered if I might be able to [challenge that statement](#) someday, and I held onto a rumor of a veterinarian in the next state who made over \$100K!.

How I Achieved Financial Independence on a Low Income

#1 Debt Aversion

I was raised in a debt-averse family and did what I could to minimize educational costs. Free college courses during high school enabled me to start vet school at 20 years of age after 2 years of undergraduate work. I was fortunate to earn a full-tuition undergraduate scholarship and several smaller scholarships throughout veterinary school. I applied and was accepted to the only public university in my state with a vet school. My summers and breaks were spent working to defray my costs and I made small contributions to a Roth IRA during high school and college. I was fortunate to have parents and grandparents contribute to my education. However, the amount of financial help was a finite and relatively modest amount (around \$15K total) by today's standards.

I was lucky to be in vet school when tuition cost was substantial but not yet exorbitant. I walked across the stage with my DVM diploma 6 years out of high school, with \$0 in debt and a net worth of about \$1000. Throughout my education, I did not take out a student loan and never carried credit

card debt.



I made \$18,000 during my internship year, subsisting on Hotpockets and frozen burritos. I was able to cover my living costs during that year and finished with a small balance in savings and remained debt free. My starting salary as a first-year attending veterinarian (approx. 20 yrs ago) was \$45,000, but it felt like I had won the lottery.

#2 I Bought and Rented Out a Mobile Home

Upon acceptance to vet school, I convinced my parents that loaning me money for a mobile home was a “good investment”. I rented out a spare room, which covered most of my utilities and lot rent. The entire home rocked a bit during the washer spin cycle and I had to keep an eye on the sky during tornado warnings. Overall it was not a bad place to live for four years almost rent-free. Due to the prime location of this mobile home, it sold with a few thousand dollars of profit which allowed me to repay my parents entirely (plus interest) upon graduation.

#3 I Passed on Whole Life Insurance and Started Investing

During that first year of practice, I was taken out for a steak dinner and given the pitch for [whole life insurance](#).

Fortunately, I was skeptical and said “no”. I enrolled in my employer’s [SIMPLE IRA](#) as soon as I was eligible, obtained the company match and maxed out annual contributions. I knew very little about investing and initially chose a single conservative Vanguard fund simply thinking I didn’t want to risk losing money. At least I was investing early, avoiding the typical sales-oriented advisors, and making my own financial decisions.

#4 I Married My Wife

I soon made the best decision of my life in proposing to my wife. Marrying the right person allowed everything else to fall into place. My wife and I have always been best friends, work well together, and are on the same page financially. We paid for our own wedding at a total cost of \$5,000. Our simple honeymoon was at a lakeside cabin in the off-season.

#5 We “Lived Like Residents”

As a veterinarian, I have never felt the societal pressure to live in a wealthy neighborhood, drive a luxury vehicle, or wear expensive clothes. This is the one secret weapon of the veterinarian; there is no societal expectation for us to appear wealthy. In our area, the pet-owning public seems put off by veterinarians showing any evidence of wealth. My wife and I never expected the high life and were content “[living like a resident](#)” for the first several years out of training.

#6 We Rented

We rented a tiny home for the first few years until our jobs were stable.

#7 We Paid Off Student Loans

She started a career as a college educator, with a modest salary but excellent benefits including a pension plan. In the first two years of our careers, we paid off her \$18,000 in student loans.

#8 We Didn't Move Around

We chose jobs that fit us well and we both maintain a passion for our careers. Staying in one location allowed my reputation and caseload to grow consistently over the years. I enjoy working in a practice which shares my philosophy, and my wife chose a career that gives her great purpose.

#9 We Have Inexpensive Hobbies

We enjoy experiences over material goods and the greatest gift we share is time together in the great outdoors. Camping, hiking, paddling, and road-tripping have been the mainstay of our vacations. Exercise (especially outdoors) is the best free health insurance we have found.

#10 We Purchased a Modest Home in a Low COLA and Paid it Off Quickly

When it came time to buy a home, we resisted the temptation of what we called "McMansions" and the huge loans being handed out to peers in the early 2000's. Instead, we purchased a modest home close to my work and [paid off the mortgage in 5 years](#). We chose to start our careers and settle down in a part of the country with a low cost of living. All repairs and home improvements were paid for with cash and we still enjoy living in the home. The adage "[One house, one spouse, one job](#)" carries a lot of wisdom.

#11 We Didn't Buy Fancy Cars

About 5 years into our careers we replaced our [worn-out college cars](#) with new reliable non-luxury vehicles and expunged our car loans in short order. We drove these vehicles for over 10 years each (mine is 14 years old and going strong, hers was replaced after 12 years on the road).

#12 We Stayed the Course



While watching our investments plummet during the Great Recession we took a deep breath and continued to invest on the same schedule within and outside of retirement accounts.

We took our first tropical vacation late in 2008 and were perplexed by the scant numbers of tourists and a restaurant sign posting reduced "Recession Hours". We felt a little pride along with some guilt that we were doing o.k. during a difficult time in economic history.

#13 We Learned the Concept of Financial Independence

At my vet school graduation post-commencement dinner, our keynote speaker (a favorite professor) spoke about following our passion within the profession. He also spent a substantial portion of his talk emphasizing the vital

importance of [saving early for retirement](#) and developing an exit strategy. He brought up the likelihood that most of us will face burn-out at some point and recommended we prepare financially and professionally to make changes if needed. In retrospect, he was ahead of his time. No one was discussing burnout as an issue in the profession at that time. I now consider this last lecture to be among the most important of my education.

Several years into our careers, the passion we felt for our work became strained. We were frustrated with employment contracts, long working hours and the day to day grind. I remembered that keynote speaker from vet school graduation, and thought about saving more money in case of burnout. I became motivated to learn more about personal finance with a goal to one day have greater negotiating leverage and control of our financial destiny.

I hadn't heard the term "[financial independence](#)" at that time, but some part of me yearned for it. We wanted to make working for pay a choice, not a requirement. I started reading financial books including [Personal Finance for Dummies](#), [The Millionaire Next Door](#) and [Smart Couples Finish Rich](#) among others. (When I discovered White Coat Investor, it rapidly became my primary resource for personal finance information).

#14 We Maxed Out Tax-Advantaged Retirement Accounts



Want to know how work optional feels? Look at that grin.

We began maxing out my wife's 403b to take advantage of another tax-deferred account. We also started investing in a taxable account using a simple tax-friendly [three index fund portfolio](#). We never attempted to time the market, making simple twice monthly [automatic investments](#) to take advantage of [dollar cost averaging](#).

While most of our investments have been in [Vanguard](#) index funds, my wife's 403b was limited to loaded actively managed funds. We made the mistake of letting the assigned "advisor" chose the funds. While not ideal, the 403b reduced our annual tax burden and gave us another tax-sheltered account. We are currently working on reallocating these funds to minimize costs within the confines of the 403b. We should have been utilizing a [backdoor spousal Roth IRA](#), which we have finally started this year.

Up until recently we had an excessive number of savings and checking accounts at three institutions. We never had a written financial plan, and never received any formal financial advice. Although we had a somewhat unorganized and imperfect portfolio, we managed to live below our means and increase our savings rate.

#15 We Found Ways to Increase Our Salaries

Many DVMs like myself are paid a base salary plus a percentage of production. Thanks to this model, as I became more clinically proficient we did better financially. I dedicated myself to continuing education, mastered new procedures, and acquired additional credentials. With time, dedication and hard work, I found that I could indeed make a consistent “physician-like” salary. My wife’s salary has increased more gradually with promotions, cost of living increases and seniority.

#16 We Saved 30-40% of Our Income

As our income increased substantially, we embraced the concept of “paying yourself first”. Between retirement and non-retirement savings, we [saved between 30% and 40% of our income](#) annually over the past 10 years (currently at 40% savings rate). I tend to manage the big picture investments, while my wife is the master of tracking our spending, net worth, and filing taxes.

#17 We Purchased a Rental Property

Several years ago, we purchased a single-family home as a rental property. This is our only small “side hustle” and does not take too much time and energy to manage.

#18 We Invested in Our Relationship

We continue to spend \$11 on our weekly date night dinner and enjoy a few luxuries such as nicer and longer vacations, monthly massages, and home improvements. Vacationing together is an investment in our relationship. We also enjoy contributing more to charities.

#19 We Hired a Fee-Only Financial Advisor



We recently decided to enlist the help of a fee-only [financial advisor](#), WCI sponsor [Aptus Financial](#). While we have done well overall, it felt like the right time to do a comprehensive financial review. We are working with Aptus to simplify and improve our portfolio, develop a comprehensive investment plan and strategize for future goals. We will likely use this service on an as-needed basis in future years.

Financially Independent – Work Optional

Based on our spending (about \$75K/yr) and net worth (\$3 million) we have been told that we are now “work optional” or “financially independent”. Both terms are great, but we like the sound of “work optional”.

While we may look to cut back on work in the coming years, we still enjoy our careers and expect to continue full-time work for at least 5 to 10 years. I also like the idea of having a buffer to weather market ups and downs, and to increase our flexibility.

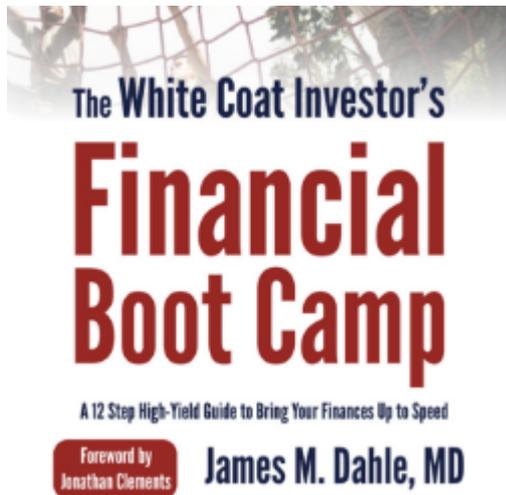
To be honest, practicing and being paid for work is still rewarding. I can't personally say that financial independence

makes working easier. The stresses and annoyances have not magically gone away. There are still times we resent aspects of our work. Nevertheless, being “work optional” is a great comfort. It’s like looking forward to a vacation, but that vacation could last indefinitely. Work is starting to feel more like a choice. Financial independence does make it easier to foster a sense of gratitude toward work. I agree with Dr. Dahle that financial health makes one a better doctor/professional and frees mental energy to better care for our patients.

We did some basic things right with consistency and avoided major financial pitfalls. This allowed us to reach a net worth of \$1 million in our mid-30s and \$3 million by the age of 44. We still use coupons and like saving money where we can. To us, money is a resource like energy, food, or water and should not be wasted.

To those WCI readers out there who might not be making a physician salary (veterinarians, pharmacists, physician assistants, nurse practitioners), rest assured that financial independence is within your reach. For you students, interns, and residents: [become allergic to debt](#) and don’t be afraid to live a spartan life. Take on as little debt as possible and pay it off as quickly as you can.

Within reason and when possible, embrace the concept of “[One house, one spouse, one job](#)”. If you are married/engaged/committed – invest in your relationship. A good relationship is the most valuable asset in your portfolio. Find a way to communicate about money and develop a savings plan that works for both of you.



[Educate yourself about personal finance](#) and [follow the principles of WCI](#). Although you don't have to do everything right, try to do most of the things WCI recommends and avoid most of the [big mistakes](#). Invest in yourself and look for ways to do extra training and increase your salary. Live below your means, pay yourself first. Be boring and consistent with your investing plan and let time work its magic.

What do you think? Are you a veterinarian, nurse practitioner, physician, dentist, or other health care practitioner in a low-paying specialty? Do you think financial independence on a low income is a possibility for you? Why or why not? Comment below!