Financial Tips for Pre-meds and Medical Students

I was invited to do a guest post for a pre-med student who has been blogging for a while, (The Hero Complex) but just branched out to his own domain. It’s geared at pre-meds and med students. Take a look!

If nothing else, it’s refreshing to hang around some pre-med students a little bit and recapture some of that idealism I used to have.

[Update 3/15/16: This blog is apparently gone, so I’ll just post the post in its entirety here]

Top 8 Financial Moves to Make as a Pre-Med or Medical Student

By Jim Dahle, MD

Choose the cheapest school you can get into

The decision of which school to attend will have a greater impact on your finances for the next 5-20 years than any other decision other than who/if you marry and what specialty you choose to practice. Choose wisely. I’ll give you a hint—Most medical schools in this country provide a pretty comparable education. Most of what you learn in medical school will come from what you teach yourself and the pearls dispensed to you freely by interns, residents, and other doctors you come into contact with. Little of that learning is dependent on the school you choose. Thus, choose the cheap state school if you can get into it. Don’t forget that costs aren’t limited just to tuition and fees, but also to the local cost-of-living. That school in Boston, New York, or San Francisco is going to cost you a lot more than the one in Omaha or Albuquerque.
Consider the merits of “scholarship” programs carefully

There are several organizations that would like to pay for your medical school in exchange for a commitment. The military Health Professions Scholarship Program (link to https://www.whitecoatinvestor.com/personal-finance/should-i-join-the-military-to-pay-for-medical-school/) is the best known, but the US Public Health Service, Indian Health Services, and other private deals also exist. None of these programs is a “scholarship” in the traditional sense of the word, and many a “scholarship winner” has later realized he would have been much better off, personally and financially, if he hadn’t been awarded the “scholarship.” As a general rule, use these programs only if your career goal is to be a military doctor or a rural primary care doctor. Choosing them for the money is almost surely a mistake you will regret.

Minimize your loan burden

Student loans suck and they’re getting worse. Just a decade ago a medical student had access to much lower tuition he could pay with subsidized loans which he could refinance at a low rate shortly after graduation. Now, tuition has skyrocketed, subsidized loans have disappeared, and loan refinancing has become pointless. Now more than ever, you must minimize your loan burden. Every dollar you spend of loan money is like three dollars, since that is what you will need to earn to pay for that dollar of consumption. Take out as little in loans as you can, and spread it as far as you can.

Remember it’s easier to be poor when you’re young

When I was a medical student I was poor, and so were all my friends. We used to drive to Red Rock, outside Las Vegas, to go rock climbing. We would drive an economy car, bring and cook all our own food, and sleep in a ditch out in the desert for free. We’d climb hard for a couple of days, then drive
home. I still go to Vegas to go climbing, but now I arrive in a gas-guzzling SUV, stay in a swanky hotel on the Strip, eat in $35 buffets, and go see $100 shows after the climbs. The whole trip costs me less than a day’s work now, but it would have been a vast sum of money as a student. Now is the time in your life to learn how to live cheaply. Learn how to do without, to budget, and to defer gratification. There IS light at the end of the tunnel, but wait until you get there before you start spending it. Being poor sucks. But it is far better to be young and poor than old and poor. I’m reminded of this every time I interact with a local doctor who hates his job and is old enough to be retired. He’s obviously working because he has to, and that’s an awful way to live out your golden years.

**Don’t cheap out in the wrong places**

Some people, especially pre-meds, but also medical students, cheap out in all the wrong places, such as getting into medical school. Missing a year’s worth of earnings as an attending may cost you several hundred thousand dollars in career earnings. Yet many pre-meds only apply to one or two medical schools because the applications are so expensive. Or they take the MCAT the first time without doing any practice or a prep course “just to see how they’d do.” Do it smart. Do it right. Do it once. Getting into medical school is a numbers game. Don’t be innumerate. If you didn’t get enough interviews that you’re having to turn some down, you didn’t apply to enough schools. If you feel like there’s something else you could have done to prep for the MCAT, you didn’t prepare enough. Sell your car if you need to, but don’t expect to get into medical school if you only applied to one of them, applied late, or didn’t prepare for the only objective measurement available to medical schools.

**Get a sugar momma**

I keep seeing stories in the press about medical students
prostituting on the side to pay for medical school. I hope most of those are urban legends. Nevertheless, don’t underestimate the benefits of splitting living costs with another person, especially one who has a job. Now’s the time for your spouse to work full-time. If he (or she) can cover your living costs, then your loans will be limited to just the cost of tuition. Even if you’re not married, get a roommate or two to help save money, or better yet, live in your parent’s basement. In fact, it is a little known secret that it is possible to hold down a job for much of medical school. I even had a job as a 4th year student doing histories and physicals at a local surgicenter. If you’re taking out enough loans to support a family of six for four years in addition to the costs of education, you will be limited in your specialty choices and future practice opportunities.

Begin your financial education

I advise residents and attendings to read one good financial book a year. You might as well get started as a student. While I wouldn’t recommend you worry much about investing until you get out of medical school, learning about insurance and budgeting could yield some hefty dividends. Here’s my list of recommended books. (link to https://www.whitecoatinvestor.com/books-4/)

Pick a residency in a low cost-of-living city

There’s a lot that goes into how to make a rank list of residencies. Residency pay is pretty similar, no matter where you go. But don’t forget to consider the cost-of-living of the town you will do residency in. I had friends who could easily support their family of 5 in a Midwestern city and others that couldn’t support themselves in the Bay Area.

There isn’t a lot you can do to improve your financial situation as a pre-med and medical school. But don’t let that stop you from doing these 8 things that will improve it.
What do you think? What financial moves are you making as a pre-med or med student? What do you wish you had done? Comment below!