FMGs and Their Finances – Fresh Off The Boat and Clueless

[Editor's Note: This is a guest post from regular WCI reader and physician Sanghamitra Sadhu, MD. We have no financial relationship. I've been wanting to write some posts about unique issues faced by FMGs and IMGs for a long time, but being neither one of them personally, I lack the expertise and experience to write a solid post. Dr. Sadhu has relieved me of that responsibility and I welcome further guest posts on these issues.]

My title refers to those of us who are foreign medical graduates (FMG). If you think the average resident/fellow in this country is not so well-versed with some of the basics of personal finance, then FMGs are well-behind their American-born and raised counterparts. We originate from different parts of the globe, each with our own cultures and work ethos. A good part of the first year (or two) of training is spent figuring out this cultural divide apart from grappling with what is usually a strenuous work load. So, understandably, personal finance, beyond the basic needs of day-to-day life, is nowhere on the radar of a FMG.

I was there myself, a little over a decade ago. The newness of this country in every single way consumed what little time I had over the first two years I moved to the US, apart from taking the USMLE tests in rapid succession and then applying for residency and preparing for interviews. Once those things passed in a whirlwind, I was flung into internship. And you are familiar with the rest… a blur of years going by. Not a word about personal finance or how to manage it was breathed anywhere by anyone.

Trainee doctors everywhere are disadvantaged in this regard- being short on time, having devoted years to study of their craft, and now honing their skills for the career that lies ahead- where errors or misjudgments are just not an option most of the time. It is hard to spend any time on oneself during these rigorous years, let alone think about money matters. It is just not on the radar, except maybe for the few who are genuinely interested in finance or have received enough coaching at home to know how vital it is for them.

Now imagine one who not only has no financial clue, but is new in the country. The words IRA, Roth, and 529 trickled into my vocabulary within the last few years, well out of training. Maybe it took me even longer than it usually takes because I'm a woman and women are generally known to talk about money matters far less than their male counterparts, even for those outside of medicine. I'd heard of "401(k)" perhaps because all

the big companies in tech and other fields in the news talk about it. I thought it was for those with a real job. Training wasn't a real job, was it? Well, I found the answer to that last week. After all these years, I wrote back to one lady in the Graduate Medical Office, who had been especially nice, asking her if we had had any retirement savings plan available to us when I was in training.
"Yes, we did," she replied.

A 403b, which was optional. I did not want to increase my pain any further by asking whether there had been an employer match. As far as my memory serves me, we were not made aware of its existence at any point in time, without specifically asking for it. It would have been easy to mention it any time during the mandatory two or three day orientation we had, both at the beginning of residency and at the beginning of fellowship.

The two things that really help most of us FMGs be in a good place with money is a strong proclivity to saving and (usually) not having student loan debt. Many of us originate from developing countries around the globe which have a culture of saving rather than the culture of consumerism prominent in the US, especially in the era in which we grew up, before the opening up of developing economies. Culturally, we are also not as comfortable spending money that is not ours, and so don't usually rack up high credit card bills. And I need hardly expand on the student loan bit- the freedom that comes from not being tied to such a huge loan helps us get started on the right footing once we reach attendinghood. One other thing may help, too. Since most of us are not US citizens, immigration law restrictions often require us to take jobs outside of major metropolitan areas. As we know, many of these jobs in areas of less demand have better pay and lower costs of living. Of course, these are broad generalizations of a very diverse group.

If we can combine these benefits with the benefit that comes from sound knowledge in personal finance, we will be in great shape early enough in our careers to afford us many freedoms down the line- with choice of geographic location, nature of job, work hours, and anything else that we prioritize.

I would not suggest anyone choose a training program based on the presence of a retirement plan option or the availability of an employer match; the quality of training and other personal factors matter far more. However, it would be prudent to know enough to ask these questions once you do start training.

Some of this responsibility also rests on the employer; where there is a will, implementation is rarely difficult. At the very least, new trainees should be informed about any retirement plan the employer offers- along with basic details such as employer match, if any. The employer also has a fiduciary responsibility to their employees. This means they are legally required to provide investment options within the retirement plan that are the best in their asset class and are low cost. If more time can be alloted to the basics of personal finance during orientation or even the occasional noon conference, so much the better for young folks embarking on an amazing journey.

What do you think? What unique financial advantages and disadvantages do FMGs face? How do these differ from those faced by IMGs (who know the culture but usually have HUGE loan burdens? Is there anything that can be done to promote financial literacy specifically among these physicians before, during, and after medical school? Comment below!