

Increase Fulfillment By Eliminating Financial Worries

[This article of mine originally appeared as a guest post for the blog, [Fulfilled Physicians](#), and I thought readers might enjoy seeing. They titled it [A Physician's Guide to Financial Freedom](#). It sounds like a book title, but it's just a quick blog post about how a financially secure physician is ultimately a better doctor and is more fulfilled both professionally and personally. It was subsequently picked up on [KevinMD](#).]

Correlation Between Physician Burnout and Finances



In the 10 years since I graduated from residency, I have noticed an interesting correlation between [burnout and finances](#) among my physician colleagues: The more secure we are financially, the more we enjoy our work. However, physicians working long clinic hours and moonlighting 15 times a month as a hospitalist in order to make alimony payments, boat payments, mortgage payments, or all of the above, are tired, grumpy, and frankly, dangerous to their patients.

Financial Security = Better Doctors

Financial independence requires eliminating financial concerns from our lives. When we are out of debt, adequately insured, and on track to meet our savings and investing goals, such as college and retirement, we are free to practice in the way we see fit. That might mean fewer call nights or fewer shifts. It might mean a slower pace in clinic. It might mean hiring more help such as a PA, a scribe, or an RN instead of an MA. It might mean being able to turn down the hospital trying to buy our practice so we can practice the way we want without being beholden to “the man.” It certainly makes it easier to always do the right thing for our patients. Financial security can actually make better doctors.

It is surprising how many docs do not get much fulfillment from medicine and in fact feel trapped: they have no other way to support themselves and their families in the [lifestyle to which they've become accustomed](#) except to see an ever-increasing number of patients at an ever-increasing pace. These are doctors who would leave medicine if they were financially independent. For these doctors, becoming financially independent often injects a new-found enthusiasm for their chosen profession, but even if it doesn't, it allows them to leave medicine for another profession, for a non-paying or low-paying career, or even simply for early retirement.

Take a few seconds to think about the various changes that would make your career more enjoyable. If you needed one-third or less of your current income, how many of those changes could you implement? Probably all of them, and it would probably cost less than you imagine, especially once you take taxes into account.



Increasing my fulfillment by hanging out with these scouts.

If you are a young physician, chances are that in a decade or two you are going to want the freedom to make some changes in your career. Why not start preparing financially now? Here are some steps you can take now to ensure freedom later.

5 Ways to Increase Fulfillment by Eliminating Financial Worries

1. Never grow into your income.

Always be saving a [significant percentage of your income](#). Many of your colleagues are using 20%, 40%, or even 60% of their gross income to pay down debt, purchase income-producing assets, and save for retirement and college. Even if all you want to do is retire at regular retirement age, it will require you to save 15 or 20% of your income throughout your career. If you get used to spending anywhere close to everything you make, you will not be able to have a comfortable retirement, much less have the freedom to make career changes when you wish.]

2. Live like a resident for a few years after residency.

[“Front-load” your wealth-building activities to your early career.](#) In the first five years out of training you are not yet used to your high salary, and so won't miss it. Continue your resident lifestyle and direct your savings toward your student loans and retirement accounts. Long hours, disruptive patients, frequent calls, bureaucratic hassles, and late-night work do not become less oppressive as the years go by. Assume that when you're 45 you won't want to be working as hard as you presently are and you'll want to be spending more. Put in the time and money now and reap the rewards later.

3. Create a plan.

Written plans have incredible power. [Create a spending plan—a budget.](#) For a physician, a budget shouldn't really feel confining, but rather freeing. It allows you to spend your money on what is most important to you since all of us have a limited income. Also, have a written investing plan that allows you to [automate your investments](#) as much as possible and practice good behavior when your investments have their inevitable periods of poor returns.

4. Insure only against financial catastrophe.



I am often surprised to see that physicians have bought the [wrong kinds of insurance](#). Instead of buying large amounts of health, term life, disability, and personal liability insurance, we often buy whole-life insurance and insurance on our iPhones. Why? We have no concept of the real financial risks in our lives. Build up an emergency fund you can use to pay for relatively minor expenses, like health insurance deductibles, replacement vehicles, and appliances. This not only allows you to avoid financing purchases, but reduces or eliminates insurance premiums. You don't need an insurance plan for your microwave and lawnmower, but if you die young, your family may need millions in life insurance. When life and disability insurance is no longer needed, such as when you become financially independent, cancel it and invest the difference.

5. Save the big money.

Many of us don't realize where the big expenses in our lives are: our homes (including insurance, maintenance, heating, cooling, updating, furnishing, buying and selling the home) and transportation (especially if we've got a habit of buying or leasing a brand new car every two or three years). But one expense that few doctors realize is the [lifetime costs of financial advice](#). It is not unusual for a physician to be paying 2% a year for investment advice and management. For a doctor saving \$50,000 a year for 30 years, and then living off of it for another 30 years, the lifetime cost of financial advice could be over \$7 million, dwarfing even the cost of 60

years of housing! [After 30 years, \$50,000 a year at 8% grows to \$6.1M, but at 6% grows to just \$4.2M. 2% a year of \$6.1M over 30 years adds up to \$5 Million more, for a total difference of \$7 Million.] It is okay to use a financial advisor, but make sure you're getting good advice for a fair price, and realize that the more you can competently do yourself, the sooner you will reach financial independence. In my experience, it is rare for an early retiree (think late 40s or early 50s) to pay any significant sum for financial planning or investment management. Rather than trying to pinch pennies on minor expenses, just get the big expenses right and the rest will take care of itself.

Physician fulfillment is dramatically increased when financial worries are eliminated. Trust me when I say you will enjoy the practice of medicine much more when you no longer "have to go to work". Begin now to optimize your financial life by [learning as much about personal finance and investing](#) as you can. By doing so you will not only be wealthier but more importantly, you will be happier.

Take a few seconds to think about the various changes that would make your career more enjoyable. If you needed one-third or less of your current income, how many of those changes could you implement? Probably all of them, and it would probably cost less than you imagine, especially once you take taxes into account.

Did getting your finances squared away improve your home life? Your work life? Both? How? Comment below!