Miserly Versus Thrifty – From a Resident Perspective

[Editor’s Note: This is a guest post from a regular reader and a pathology resident at the University of Arizona. Originally from Colorado, he is at home in the outdoors. His climbing time, however has been significantly hindered since starting residency, not to mention the impending arrival of twins. We have no financial relationship.]

I would submit the question, is there a single recipe for financial independence? Well, is there a single treatment regimen for (insert disease here)? Of course not, but there are principles which lead to success. With every potential treatment for every disease, we can think of exceptions to the rule, and that’s what makes us doctors. Physicians are expected to come up with innovative, sometimes novel ways to treat a patient. This comes so easily to some, yet I dare say that the majority of doctors lack either the knowledge, desire, or both to manage our own money. I hope to build on our interest in becoming financially independent; something I’m sure we all hope to achieve.

Principles of Financial Success

The financial giants in my life have taught me how resourceful thinking fosters success. These principles are demonstrated by all of the financially secure people that I know, and I think it would serve us well to apply them into our lives. I think that these examples of principles apply just as much to the undergrad pre-med student as to the experienced physician nearing retirement.
Early in people’s lives, they don’t have much earning power, but they do have the ability to be frugal. This brings me to a critical distinction between those who are thrifty/frugal and those who are miserly/cheap. I think that defining these terms is the best way to avoid common misconceptions, and so that we are all on the same playing field.

- **Miser** – a person who lives in wretched circumstances in order to save and hoard money.
- **Thrift** – economical management; economy; frugality.

**Avoiding Wretched Circumstances**

The definition of wretched circumstances is different for everyone. Thrift is getting quality products at a bargain. I have friends that I would consider cheap, they get garbage at a bargain. For example, one friend bought 50-or-so boxes of expired cereal, expired 2 years at the time of purchase, just because it was a $0.25 per box. That falls in the wretched category to me … I guess, one man’s garbage is another man’s treasure.

Most people would rather just pay the higher price for something, then put in the effort to think of creative ways to save money. I was that guy who wore old soccer shoes and rode my bike 15 miles every day to let my wife use the car. I sat in med school all day, and enjoyed taking a break to ride my bike home. I saw it as an opportunity to exercise and have fun rather than as a chore.

Is it miserly to avoid purchasing meals at work or school because you can bring homemade soup and a sandwich for a fraction of the cost? Just because it takes extra effort and it seems like no one else is doing it, doesn’t mean that it’s inherently cheap. Eating a homemade lunch everyday is probably
healthier anyway and you get to choose what’s on the menu. It saves $6-12 per day, or $1,500-3,000 a year on lunch and doesn’t seem like a lot, but making two to three small, simple changes like this will more than fund a Roth IRA for the year.

I’m not saying to withhold all enjoyment. The Hobbit: Battle of the Five Armies comes out December 13, and my wife and I plan see it on the big screen. We only do this maybe once a year, Redbox works for all the other movies. Also, it might just be me, but the movie theater’s sour patch kids don’t taste any better than the kind I can get at the dollar store on the way home, but they do cost about 5 times as much. I can wait or go without them.

My wife and I were approved for subsidized housing during undergrad. Unfortunately, our cheap rent also came complete with upstairs neighbors that fought just about every night. They made up just as loudly, albeit not as often. The police visited for domestic disputes monthly. This was definitely bordering on “wretched”, but taking advantage of this opportunity let us fully fund both of our Roth IRAs while still paying rent and tuition.

**Saving Money on Tuition**

Is there a difference between an ivy league education and a state university education? I think the ivy leaguer may have more renown, but it’s hard for me to believe that my friends got a significantly better undergraduate education than I did, some of whom paid 5-10 times as much. We pretty much got college on sale. I made the choice between one of three universities. There were many factors in my choice, but in the end, it came down to cost. One school’s tuition in 2003 was $1,200 per semester + about $500 in fees + living at home. The other schools were both about $6-8k per semester + fees + living expenses. If the tuition stayed the same (ha ha), then I would be looking at
$48-64k for a 4 year degree + fees + living expenses.

I attended the first school and the tuition more than doubled by my graduation in 2009, but my wife and I still only paid about $20k, with the help of scholarships, for two 4-year degrees. Today, my wife is just as successful as others in her field, and I’m just as much of a physician as any other resident in the hospital, we just paid less to get there. I definitely consider that thrift. The same principle applies to medical school and residency. These monetary concerns should be taken into consideration, but ultimately should never trump your personal happiness.

We worked part time at the university gym during school, which made our inexpensive tuition and cheap rent affordable. Working on campus gave us extra perks, including the ability to study during work, not having to travel far for a job, and seeing each other throughout the day. Some days we opened the gym at 5 am, went to school all day, closed the gym from 5-10 pm, and then had to be back at 5 am the next day. This was exhausting, and fortunately we only had this schedule for two days per week. We knew this was the best we could do in our situation. I considered this “working really hard” but not quite “wretched”.

In closing, I would say that we wouldn’t be in the position that we are in now if it wouldn’t have been for the kindness of others. It never hurts to ask for someone to make an exception, if it is truly warranted. These are just a few examples of how “resourceful thinking” can be used to your benefit.

Cliff’s Notes Version

1. Be thrifty – get quality products you need at a bargain
2. Be creative and save $15 per day – that will fully fund a Roth IRA for 1 year
3. It’s okay to splurge, but keep it within reason and be able to quickly recover financially.

4. Go to, or send your kids to an inexpensive university where the education is good.

5. Work smart and don’t be afraid to work hard at the same time, it’ll usually pay off.

How have you used resourceful thinking to make your own future better? Do you think that it’s advantageous or outrageous to live in almost “wretched circumstances”? How do you make sure you’re frugal, but not cheap? Comment below!