Not All Who Wander Are Lost  
Part 1

[Editor’s Note: This is the first post of a two part guest post from frequent blog commenter “Dr. Mom,” a female physician who wishes to maintain her anonymity for now. The title is hers, and since I like Tolkien at least as much as she does, I kept it. We have no financial relationship.]

This guest post is in response to requests from several regular blog readers. WCI was gracious enough to humor them and me. First, I am not a finance professional. I am not selling anything to you, or buying anything from you. I am simply a wife, mother, and female pediatrician who is self-educated in finance through my own family’s personal journey, which I share for your perusal. I share it with you in hopes of motivating you. Our story is not particularly special in any way. We simply decided to take control of our finances. I will remain anonymous as Dr. Mom because who I am is not pertinent. Also, we don’t want patients to Google our name and have my blog post pop up.
My husband and kids love the quote from J.R.R. Tolkien, “Not all who wander are lost.” I think it sums up our financial story pretty well. I present today a time line of our story. Some of the numbers in the initial years are vague, but we honestly weren’t paying attention financially. I will post tomorrow some of the take away lessons I have learned. I am curious to see if yours are similar, as well as if the male and female takeaways are different. I am also open to suggestions, as you will see we have made plenty of mistakes along the way.


The Residency Years

1991 – I graduate medical school age 25. Our debt load is in low to mid 100’s with rates between 5 to 9%. He starts ophthalmology residency. I start OB/GYN, which I rapidly realize was a mistake for me. We are making about 60K together. Student loans grow.

1992-1999 – I finish internship in OB/GYN, pass boards, leave program, and work as a General Practitioner in a public health clinic while he finishes. We are still making about 60K. Enter Child One in 1993 and Child Two in 1994. We used an in-home sitter while I worked. Loans are still growing.
I start Pediatrics residency in a new city making about 30K. He starts ophthalmology job in a multi-specialty group with a starting salary of 80K and hope for bonuses that never came to be. We took on a mortgage of 150K. We used live-in daycare at first through an agency, then au pairs. We used daycare centers between the girls. In fall of my internship, husband diagnosed with Type I Diabetes which was probably our clarion call to start paying attention to finances. We had over 20K in credit card debt. After a round of bouncing checks due to our inattention we had had enough. We put a chart on the refrigerator with all the credit card debt and decided the total would decrease every month no matter what. Student loans were still getting deferred if possible or minimum payments if not. By the end of my residency we were out of credit card debt and had even saved a little. We invested a little in individual stocks through DRIP accounts and lost money. He had a small retirement account through work.

**Job Changes and House Changes**

By the end of my residency, the multi-specialty group he was in was having financial trouble. We relocated. He joined an ophthalmology group and I joined a pediatric group. Our combined income was middle to upper 100’s. Thankfully the first house sold. The new house added a mortgage of 211K. The jobs didn’t work out. The kids were in daycare and/or starting school. During this period we made minimum payments on student loans and did start small retirement accounts through our jobs as well as traditional IRA’s. After about 18 months we relocated again. Luckily the house sold quickly.

**1999-Present** – This time my husband bought a small solo practice. I continued to work part time as an employee
doctor. We downsized in house to about 140K and started attacking the rest of the student loans which still totaled in the low to mid 100’s. He started a SEP-IRA and funded it fully from the first year. Eventually he changed to a 401K which allowed him to save more. We were making in the low to mid 200’s together. Enter Child Three in 2001. The older two kids were in school. We used an in-home sitter for the baby.

When the student loans were paid off we upgraded our lifestyle a little. We sold our home and bought an older, larger home that we renovated. Our mortgage was 464K. I have refinanced it over the years. We always sent in at least one extra payment annually toward principal. We are now at a balance of 290K on a 15-year at 3.125%. We are a couple of years into it. We paid off the practice loan in 4-5 years.

Waking Up

At this point I woke up and realized we were wandering around financially. The first financial book I read was Smart Couples Finish Rich by David Bach. By 2004, which is when I started tracking net worth, we were at 488K. We were making in the low 300’s. We were 39 and 40.

My first financial act was opening and managing three 529’s. We poured much of what had been our student loan payments into 529’s for the kids. I opened an account for each child in three different states. Our state plan was miserable. One plan was with Vanguard, one with T. Rowe Price, and the third with Fidelity. Fidelity’s returns were pitiful compared to the other two. So now we are down to two at Vanguard and one at T. Rowe Price. By college entry each child had or will have 90K ready to go. We finished funding our third child’s by his 6th grade year. He is now in 8th. The other two are a junior and a senior in college.

Becoming a Stay At Home Mom
When my group wanted me to change to full time in a satellite clinic 45 minutes away, we decided to let me try staying at home. So, now that I had more time I started reading more and more about finance. Who knew I would actually enjoy it? My favorite teachers were Jack Bogle, Edward Chancellor, and Burton Malkiel. Of course, I can’t forget William Bernstein. I tried to bite off little bits of information at a time that I could apply directly to our life. My education was not for academic reasons. It had to have direct clinical relevance to our lives and help me, in my mind anyway, be at peace with the loss of my income. My husband’s practice had grown by this point so we never took a real hit in income. Our adjusted gross has never crossed 400K.

After setting up the 529’s, I moved on to cleaning up our mess of retirement accounts. I consolidated everything into as few accounts as possible. We have my Traditional IRA as well as his SEP-IRA and 401K. I can manage them easily with online tools as one large entity. I slowly went through our holdings and looked at their performance and fees. I was livid when I learned what a 12b-1 fee was! I was floored when of all funds PIMCO Total Return had one. So, I fired Bill Gross. Our core investments are index ETF’s and a few active funds whose fees are low and have long term histories of limiting losses in down markets.

We crossed the 1M net worth in 2007 only to watch it dissipate in the Great Recession. But, listening to Warren Buffett, I was greedy when others were fearful. I just kept investing and doubling down when I could throughout the entire market fall. I saw it like a 50% off sale. I stopped looking at net worth for a couple of years though to protect myself. By 2010 when I checked net worth again we were 1.3M. I continued to read, learn, and soak up as much financial information as I could. One of my favorite investment strategists to read or listen to is Liz Ann Sonders. Her advice helped me stay
steady through the Global Financial Crisis.

Health Crisis

In early 2013 my husband had a subarachnoid hemorrhage. Watching him flown off in a helicopter was beyond anything I can describe. The two older kids drove me two hours to the tertiary care center not knowing if we would see him alive when we arrived. Thankfully his bleed was a perimesencephalic nonaneurysmal SAH, which is apparently the “good” kind of SAH. His prognosis was excellent. Spending a week and a half with him in the ICU waiting to see if he had a secondary stroke was life altering, as it should have been.

So, here we sit at present. He is fully healed and back in full swing in his practice. I am debating going back into practice. Our net worth crossed 2M this year. Our senior in college is graduating in Chemical Engineering. She had thought about medical school but has opted to enter the workforce. Our junior in college is set on medical school. Our baby is in 8th grade. Their financial education has begun already.

I found WCI while searching for information on William Bernstein a couple of years ago and continued to follow the blog to learn more about what issues my kids might be facing if they chose medicine. I have enjoyed reading the posts, especially the comments.

[Editor’s Note: Tomorrow, Dr. Mom will continue her guest post with her lessons learned and tips for others. For now, comment on what you found most interesting about her family’s pathway to wealth. For my part, I found three things interesting about the post. The first was the unique perspective that you get from women. For instance, at every stage of life and career, she comments on who was caring for the kids. Male financial bloggers tend to gloss over that kind of stuff. The second was just how many crises came along- multiple job changes,
multiple house changes, and a serious health scare. It really illustrates the importance of health insurance, disability insurance, life insurance, an emergency fund, saving for retirement and college early just in case, and generally living below you means. The third thing I found interesting was just how low their two physician income was in the 90s. Doctors often talk about how the golden age of medicine is long past. Well, if the golden age was a two physician family earning just over $200K, I’ll take what we have now and be just fine with it, even after adjusting for inflation.]

What did you find interesting about Dr. Mom’s story? Any similarities or differences to your life? Comment below!