

# Stupid Doctor Tricks Part 4 – Money Mistakes and the Doctors Who Make Them

This is part 4 of 4 of Stupid Doctor Tricks. Check out part 1 [here](#), part 2 [here](#), and part 3 [here](#). These were compiled from a long thread on Sermo, a physician-only forum. It's the equivalent of a financial M&M conference.

## Loans

- 1) Taking out too many student loans
- 2) Taking too long to pay off student loans
- 3) Lending money to in-laws who just declared bankruptcy
- 4) Lending money to friends (\$4K from one poster, \$100K from another)
- 5) Getting too big of a mortgage
- 6) Taking out enormous student loans
- 7) Loaning \$10K to my younger brother for investment. It tanked.
- 8) Medical school debt
- 9) Borrowing money on paid for house to play stock market with full service commission trades just before the "dot.com" crash and to buy other single family dwellings with nonpaying renters a year or two before the subprime real estate induced recession we are in now
- 10) Loaning \$30 K to step-father in law to fix up his townhouse to sell for \$500,000 or so (he thought). Market

tanked & it couldn't be sold. Then he got demented and was robbed blind by drug-using "friends." So far he's paid back on 3K, and likely that's all we'll see

11) Loaned "Alan's" business 10k – return = 0; loaned "Rose" 5k – return= pennies on the dollar; loaned a family member a house – return=less than zero (i pay the damn prop tax); loaned another house to an in-law right before she had a massive attack of transverse myelitis – return = less than zero (but she has mostly recovered so I AM grateful).

12) Taking out loans for medical school that I did not need. All paid off but, money wasted

Two commons themes here. First, don't loan money to family. Make it a gift. You're less likely to give as much as you'd loan, and in the end, you'll be out less money. Second, [minimize your student loans](#). Last, don't treat your house like an ATM.

## **Bad Investments**

1) Lost \$60K in a franchise deal

2) Lost \$16K investing in a surgical center

3) Investing in family member's ideas

4) Paying too much due to ignorance of its true value or lack of patience

5) Various dumb doctor deals

6) Investing in Nutrition Superstore Dot Com back in the late 1990's...They stole 10 grand from me

7) Bought a truck repair business to get my son in law mechanic set for life... I found out that the reason he remains a mechanic is because he isn't a self starter but a wrench turner. It cost me \$125K.

8) Built a 50,000 square foot medical center in my underserved community when lots of docs were looking to move into the area. As construction was underway, the health care reform debate started. All docs that were interested in moving / expanding their practices pulled out, frightened by what the future would hold. Now on the hook for \$11 million facility at 50% capacity. (fortunately, I am a minority partner)

9) Going in with HCA on a surgery center a few years ago. Play with snakes and you will get bit

10) Being caught up in the Rare Coin and Gold investment mania of the 70's

11) Investing in savings certificates in a company dealing in sub-prime loans in 2002 before the bad publicity hit. It went under, I lost 250K

12) Investing in Mezzanine financing of condos before the crash...3 projects paid well, last one a total loss

13) Private placement apartment real estate limited partnership with debt assumption—general partner went bust and after bankruptcy, the “forgiven debt” came back to limited partners as PHANTOM INCOME, with the IRS demanding \$80K taxes due within 30 days

14) Investing in an office building—construction was very delayed, tenants dropped out and I was left holding the bag

15) Buying 2009 season tickets to the St. Louis Rams. I live in Kenosha WI, so I'm hundreds of miles away. I ended up donating most of the \$3000 worth of tickets to the Rams' charity. It seemed like a good investment for reselling at the time

16) Investing in a limited partnership in the 80s

17) Investing in 3DFx and a hotel in Costa Rica

- 18) Bought an airplane as an investment (I don't even fly it)
- 19) I sold all my stocks my grandmother gave me to invest in the Ambulance Service I worked for. When it went bankrupt I lost my job and my savings
- 20) I twice purchased small farms; big, big mistake. Lost mucho dinero.
- 21) Investing in an oil well on the advice of a friend
- 22) Once only, I thought it was ok to take a flyer (gamble) on an oil well for \$48,000
- 23) I got involved in a partnership diagnostic center. I lost a lot of money in it.

This is one of the most fascinating sections of this series. There are an unbelievable number of "dumb doctor deals" out there. Keep your investments simple. As a doc with a relatively high income, you've already won the retirement "game." You can save 20% of your income, invest relatively conservatively, and retire well. You don't need to be investing in stupid stuff. [Most investments presented to doctors don't treat the doctors fairly](#) according to one financial adviser interviewed on this site.

### **Miscellaneous**

- 1) Having a relative do my taxes
- 2) Not taking my dad's business and building it into a local household name
- 3) Having ego
- 4) Believing the military HPSP "Scholarship" actually was a scholarship, and not just a particularly restrictive employment contract
- 5) Staying longer in the private sector than I should have

6) Getting a loan tied to mortgage for a start up distributorship business which I did so my hubby has something to manage – but apparently is not REALLY interested in



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Returns by Prosper Rating range

5.52 to 12.03%\*

\*Seasoned returns since July, 2009      Notes by Prospectus

7) Not taking some business courses in college

8) Giving up my public safety pension to go to Med School. Although the ex would probably have gotten half anyway, I am now working harder in my 50's while all my contemporaries at the time are retiring at 75% salary

9) Staying in the military when civilians were getting paid like real doctors and retiring and working in private practice now when we aren't

10) Taking 10 years to wise up regarding how aggressively to work to maximize the profitability of my labor

There you have it. 175 different ways your colleagues have lost money. I'm sure there are 175 more ways to lose money. Share yours below.