

Talking To Residents About Financial Planning



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[Conference Update: It's been a week since registration opened for [The WCI Conference](#), and it has essentially filled. We are now registering names for the waiting list. We expect to take 20-50 off that list. So you may continue to register, but don't send us money (or buy a plane ticket or book a hotel room) if you weren't registered before 11 am MST on 7/18 until we contact you. If you registered prior to that time, get your money in before your spot is given away. Note that we now have preliminary approval to offer 6 CE credits for dentists.]

[Editor's Note: This is a post written by a practicing physician, Matthew Pirotte, MD, FACEP, an assistant residency director in the Northwestern Memorial Hospital Emergency Medicine Residency Program. You can follow him on Twitter @[MJP_MD](#). I have been fortunate to have WCI grow as quickly as it has, and that is primarily due to word of mouth growth as attendings tell residents, residents tell interns, interns tell students, and students tell attendings all about it. There are literally thousands of "WCI Apostles" out there spreading the word and I am very grateful for it. This guest post is from one "apostle" to the others with a few tips about how to get this information into the hands of those who most need it. As one who gives similar presentations a couple of

dozen times a year in various formats, I wholeheartedly agree with his recommendations. Dr. Pirotte and I have no significant financial relationship.]

As a committed academic emergency physician and budding financial planning guru, I have begun to peddle my wares around my city (Chicago), my specialty, and my hospital. I have a one hour grand rounds that I give that I call “Basic Financial Life Support” in which I cover salary, taxes, retirement planning, savings rate, and some basics of student loan repayment. I end on a controversial topic by advising residents to be very cautious about engaging with professional financial planners who “specialize in physicians.”



Matthew Pirotte, MD

I have given this talk to residents in pediatrics, emergency medicine, and anesthesia and have given it at 3 different medical centers. It has been accepted both regionally (local ACEP) and nationally (Council of Residency Directors in Emergency Medicine). Talking to residents is an interesting ball game. In some ways they are your hardest audience. Unlike medical students who are generally more awed by faculty, residents will start playing Candy Crush on their iPhone the second you lose their attention. Unlike faculty at a paid CME event, residents are usually being forced to be at conference and have had this topic selected *for* them instead of *by* them. These facts have led me to some interesting conclusions. Here

is what I have learned over the years.

Residents Are Starving For This Information

They don't hear this anywhere else other than when, as senior residents, they get bombarded by requests for "no obligation" steak dinners with the local financial professional. I would give myself a B+ as a public speaker; I am certainly no great orator. I lecture on other topics and do not see near the level of engagement as when I start talking about how to retire on time. I use the "iPhone test" to gauge my speaking – how many residents are playing on their phone or laptop? When I talk about central lines, it's about 20%. When I talk about tax-protected retirement accounts there is often not a single phone visible in the room. I recently gave a voluntary lecture to a group of anesthesia residents and had at least 20 people show up. They want this stuff.

You Can't Be Too Basic.

When speaking to residents about personal finance, assume no baseline level of knowledge. This is based on my experience and in no way meant to be pejorative; they will not know what we as faculty don't teach them. I start my BFLS talk by defining lots of simple terms (401k, 403b, stock, mutual fund, expense ratio) and explaining some critical but often misunderstood concepts (federal income tax brackets, concept of tax-deferral). I used to worry that this would be perceived as insulting or pandering, it isn't. You need to start at the very bottom and work your way up.

They Value Transparency



As teaching faculty I think we should be radically transparent with our trainees when possible. I usually start by telling them how much money I made last year and my net worth. Given that neither of these numbers are earth-shattering it helps to break the ice. I often pull up my investment and retirement website on the screen and take them through it. They need to see where I am to decide if they are going to trust me. I also point out that due to some interesting things in 2016 (maybe worth another guest post), that big number on the screen is slightly below where it should be. I get consistent feedback that the transparency is useful. The next step for me is to host a physician panel for my residents with other faculty who are also willing to be transparent, for example I have another partner who *really* needed his disability policy and is willing to talk to the residents about it. I'm really looking forward to that.

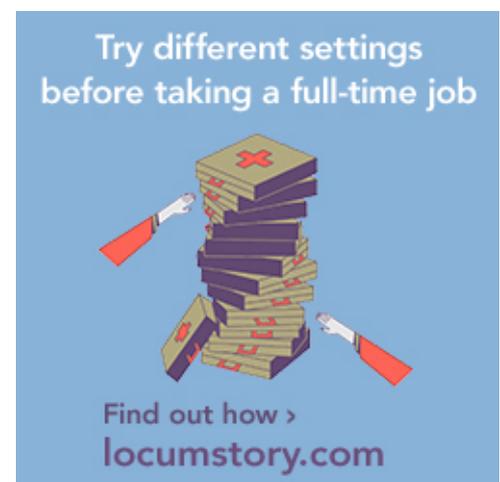
Financial Literacy Among Residents Is On The Rise

There will usually be one or two residents in the room with quite a bit of knowledge on this topic. Many read WCI or other blogs and some have had extensive discussions with friends or family in the financial industry. I am impressed by how many of my residents have started putting at least a matchable amount into our 401k and by how few are in deep credit card debt. The message is getting out (thanks Jim).

Their Biggest Questions Are About Student Loans

While I try to encourage them to have a clear plan for when those fat attending paychecks start to hit their account, the most common questions are about student loan management. This is challenging because in contrast to the decision to max out a tax-protected retirement account, student loan management is much more of an individual discussion. The first point is to advise them to get all their loan information together in a spreadsheet and understand exactly what they are dealing with. I generally try to give them ideas about debt/income ratios and advise them to put their specific information into calculators to see if PSLF is even going to be an option for them. The interesting thing is that it does not seem that residents have a clear sense of what are good and bad positions in this space. I recently had a mid-level resident in a high paying specialty with a debt-free physician spouse ask me what I thought he should do with his loans. When I asked how much he had he said "\$70,000" and I almost laughed out loud. *[For those who don't get this little joke, it's funny because this couple should have these loans paid off within 2 or 3 months without doing any sort of refinancing or enrollment in a government program-ed]*

A surprising number of residents have saved a surprising amount of cash



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The resident couple with \$18,000 in a savings account as PGY2s, the couple living on one paycheck and saving the other, the single resident living on half his income, the graduating senior with no credit card debt who is trying to decide if she should put her extra money towards a Roth IRA or make a loan payment – all impressive young docs I have met in the last year. I sometimes feel embarrassed that it took me so many years and so much reading to get to where some of these residents seem to be instinctively.

Much like bedside teaching, lecturing to residents is a unique and special joy and privilege.

What do you think? If you are a resident, what financial topics are you most interested in right now? If you have since graduated, looking back what do you wish your faculty would have told you? Comment below!