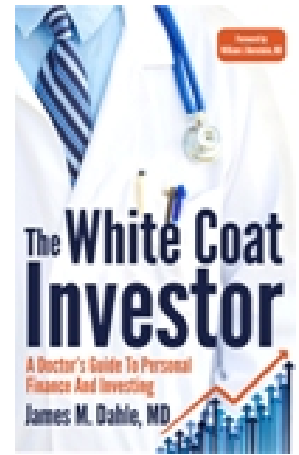


The Deceptive Income of Physicians



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Benjamin Brown, MD, author of a book about the US medical system called *Informed Consent*, has a website entitled [The Deceptive Income of Physicians](#) in which he argues that physicians really aren't paid much more an hour than teachers. While I don't agree with all of his assumptions, I think his basic points are valid.

His argument basically goes like this. A teacher spends four years in school, then begins earning a salary with a nice set of benefits, working about 9 months a year. After retirement in 20-30 years, the teacher has a nice pension. The physician on the other hand, spends 8 years in school, the last four years of which are extremely expensive and time consuming. Then the physician trains for 3-6 more years at a rate of less than \$10 an hour. Following this, the doctor makes a nice salary, but a large portion of it is consumed by taxes and debt repayment. He has to purchase his own benefits, and fund

his own pension out of that salary. In residency, the doctor essentially works two jobs, then after residency, about a job and a half (60 hours/week). When you add it all together, they both make about \$30 an hour. (According to his calculations and assumptions, a dentist makes about twice that, thanks to a shorter period of training.)

What I love about his arguments is that he points out to the general public that the loss of 10 years of income at the beginning of a career is a huge detriment to total earnings. It is also quite eye-opening to someone who doesn't understand just how progressive our income tax system is to realize just how much a doctor pays in taxes. The other major factor, of course, is the skyrocketing cost of higher education, including medical school.

This is his basic formula:

$$\text{Adjusted Net Hourly Wage} = \frac{(\text{Net Annual Income} \times \text{years worked}) + (\text{Residency Income}) - (\text{Student Debt})}{(\text{Avg hours worked per week} \times \text{weeks worked per yr} \times \text{years worked}) + (\text{Hours Training})}$$

I thought some of the assumptions he made in his calculations were a bit exaggerated, however, so I thought it would be an interesting calculation to run the numbers for myself and my career. I expect my overall hourly wage won't be quite as low as the internist for which he ran the numbers given that I don't work that many hours, but it should be an interesting exercise.

Net annual income: We'll use the average emergency physician income from a recent survey of \$250,000. Since I would put about \$50K into a retirement plan, and I'm married with children, my federal, state, and payroll taxes on \$250K would be about \$73,200. (You can use this [cool IRS calculator](#) to help figure this out). Let's subtract out about \$15,000 for malpractice and another \$15,000 for the benefits package I'll be buying myself, So let's say net income is \$146,800.

Years worked: Let's say 22 years post-residency, as that is when I expect to be able to retire

Residency Income: Let's say \$120,000, which was about what mine was

Student Debt: I didn't have any due to taking a military scholarship, but that came at a cost of an income significantly less than the average emergency physician for four years. The difference in income was about \$130K/year x 4 years, so \$520,000. We'll subtract say 25% of that for taxes, leaving \$390K. And the military did pay for medical school and fees, about \$20,000 a year, and provide me with a stipend of about \$12,000 a year, so we'll subtract that as well. Since there is a certain time value of money, we'll add on a factor for that, say another \$50,000 as a rough estimate. That'll leave me with a debt of \$212,000, which I'll consider to be at 0% and paid off over just 4 years.

Average hours worked per week: I work about 33 on average.

Weeks worked per year: Given that I don't work any fewer shifts when I take vacation (just squish the monthly shift count into fewer weeks), I essentially work 52 weeks a year, at an average of 33 hours per week.

Years worked: Again we'll use 22.

Hours training: He used 34,000 hours for his internal medicine physician. As a resident, I worked 60-65 hours a week for half my residency, and about 80 for the other half, and had a month off each year. So we'll say 70 hours a week for 48 weeks x 3 years for a total of 10080. I think I probably spent about 40 hours a week, 8 months a year for four years in undergraduate, so 5120 hours there. I probably spent 40 hours a week as a medical student for two years 11 months a year. Then an average of 60 hours a week for two years for about 11 months. So medical school gives me another 8800 hours. So total hours in training for me was about 24,000.

So, doing the math, my adjusted net career hourly wage would be \$50.81. Not quite as dire as Dr. Brown suggests, but emergency docs also have some of the highest hourly (not total, which is about average) pay in all of medicine. If I worked another 10 years, that would increase to \$58.36 an hour. But you can quickly see how some physicians could easily have a figure less than that of a teacher (which he calculates out at \$30 an hour). Consider a relatively poorly paid pediatric subspecialist such as a pediatric endocrinologist who spends 14 years in college, med school, residency, and fellowship and only earns \$130,000 a year. Imagine also that he went to an expensive medical school and graduated with say \$320,000 in debt. Not unheard of these days. A few quick assumptions bring me to a figure of about \$23 an hour. Wow! Sobering isn't it.

These figures illustrate the importance of not living an upper class lifestyle. Physicians these days are decidedly middle class, so if you spend as though you are not, you're destined to never reach financial success. Don't get me wrong, I fully believe that most if not all middle class earners can retire early as millionaires with frugal living and a wise investing plan. But don't assume that having a couple of letters after your name will get you there automatically. You're going to have to scrimp, save, and invest like everyone else if you want a comfortable retirement someday.

Do you think physician income is deceptively high? Or do you think Doctor Brown has skewed his analysis? Comment below!