

Top 10 Tips for New White Coat Investors

[Editor's Note: This guest post is written by Douglas Segan, MD, JD. Dr. Segan has a special interest in medical-legal issues and physician wellness. He currently teaches at Zucker Medical School at Hofstra University in Long Island, NY. His "[avuncular](#)" advice" should sound pretty familiar to most readers of this blog. We have no financial relationship.]

Avuncular Advice to the Newly Minted White Coat Investor



I recently attended the [annual ACEP \(American College of Emergency Physicians\) meeting](#) in Washington DC. Attendees can testify that this ingathering of emergency medicine folks is a delightful whirlwind of education, marketing, schmoozing, culinary overindulgence and commiserating.

The sobering low point of the conference for me was learning about the pervasive level of [burnout](#) in the house of medicine. [The rates vary with different specialties](#), ranging from about 40 – 54%, with my fellow emergency physicians having one of the highest rates.

The highlight of attending this meeting was the White Coat Investor reception. Dr. Dahle delivered an erudite and entertaining talk to a medical audience that was eager to achieve financial serenity. While there were a few seasoned physicians (like me) at this soiree, most of the attendees were eagerly embarking on their professional career. I have a genuine concern for the welfare of the next generation of physicians. I am heartened by their optimism and compassion to their patients. They think they will change healthcare for the better and I have faith that they will. Their energy and drive give me hope for the future of humanity.

I am writing this guest blog because I believe that the med students that I work with in New York and the ones that I met at the WCI reception from all over the country deserve to be financially stable. I think that a financially secure physician is less likely to suffer burnout compared to a physician who is unable to get out of debt and is constantly worried about overdue bills. I believe that a financially secure physician is more likely to be able to focus on caring for their patients.

A guest blog that I wrote for Physician on Fire, [*From Hubris to Humility – Dr. Segan’s Top 17 Investing Mistakes*](#), was my mea culpa for some of the many investing blunders that I have made. My hope is that others would learn from my errors and not squander their wealth by repeating my mistakes.



This guest blog has a positive spin in the hopes that new WCIs can also learn from a few of the financial steps that I did correctly. I have not earned the right to brag because most of the “smart” financial moves that I have made in my life were the result of serendipity, fortuitous timing, or the kindness of strangers.

Dr. Segan’s Top 10 Investing (and Life) Tips

1) [Practice In a Low Cost of Living Town](#)

Decades ago when I was graduating medical school, there were very few emergency medicine residency programs. It is an odd quirk of medical education history, but the early EM programs were in smaller towns and not in big coastal cities. I deserve zero credit for this decision but it was a financial blessing for me. I ended up in Lansing, MI for my training and for several decades in practice. If there had been a residency in NYC when I graduated med school in 1978 I would have probably gone there and would probably still be paying for a much higher cost of living.

The current starting salaries in many medical specialties allow new attendings to pay off their debts, build a nice nest egg and live an upper-middle-class lifestyle if they live in a

reasonably priced town. On the other hand, if you move to Manhattan or San Francisco you will have a much more challenging time becoming financially independent.

2) Live Modestly



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A corollary to living in a less expensive town it to live a [modest lifestyle](#).

Thankfully, I don't have the gene that many physicians have that directs them to drive the fanciest car, live in the biggest mansion and demand first-class accommodations at all times. Living below your means is not easy when you spend a decade in training and your first big paycheck as an attending arrives and you have that huge feeling of entitlement. But, living modestly is the path to financial independence for most docs.

3) Maximize Your Retirement Plans

At different stages of your career, review with your accountant which retirement plans you and your partner qualify for and then fully fund them. There are very few [gifts from the federal government](#) but this is a huge one for a myriad of reasons. It will force you to save a substantial portion of

your income, your money will grow tax-free and, in most states, it will provide you with some serious [asset protection](#).

4) Invest in Low-Cost Index Funds and Diversify Your Portfolio

I was late to this commandment of investing but I am a believer now. Very low-cost index funds should be the foundation of your investment portfolio. Have lots of exposure to the US stock market but also have some bond and international exposure.

5) Diversify Your Income

Practicing medicine will be your main income source but [look for other avenues of income](#). For some, it is [real estate](#). I could have done better in this area but I did do some medical – legal consulting and teaching.

6) Do Not Sell at the Bottom of a Bear Market

It is tough to explain to young investors who have never lived through an ugly bear market how stressful this can be and how tempting it can be to sell at the bottom. There were sickening days on Wall Street about a decade ago where I would [lose a year of retirement savings at the market opening](#). It is very challenging to not panic sell at the bottom of a bear market when it feels like the economic sky is falling. No one can predict when the next bear will arrive but prepare for it now.

7) Get a Basic Education in Investing

Your financial security is one area of your life that you can not totally outsource. There are too many sharks out there

committed to targeting you and your money. You have to know enough to even ask the right questions. Reading the WCI blog and books on the [recommended reading list](#) is a great way to get up to speed.

8) If You Get Divorced Don't Fight and Do Not Have Serial Marriages and Divorces



I salute my colleagues who will be [happily married to one spouse](#) for their entire life. I am a little jealous of folks like this. After one marriage and one [divorce](#), I realized that I am not excellent at this life skill.

Thankfully, I had a wise divorce lawyer who told my future ex-spouse and me that "someone will decide all these issues, so it might as well be you two." An amicable divorce is no picnic, but at least we did not spend a fortune on legal fees. If you are not wired for marriage, then find out early on. If you end up getting divorced, save years of legal fees by not fighting.

Most readers of the WCI know that the mantra of "[live like a resident](#)" for 2- 5 years after your residency is critical to financial success. Do not overlook the fact that your significant other must be singing this mantra also.

9) When You Are Getting Burnt Out, Make a Change

Change is not easy but if you are not thriving in your current workplace take a leap and find something more suitable. I am a change-a-phobic and I worked in same ED for decades and knew it was time for me to move on, but moving seemed too tough. Thankfully for me, my group lost the contract that we had at our hospital for decades. Losing our hospital contract was a disaster for my partners, but a blessing for me.

[After a failed two month taste of retirement.](#) I became a locums ED doc and had a series of wonderful gigs in a variety of venues. Medicine became a fun, rewarding adventure again. So, if you are in the 40 – 50% of doctors that are experiencing burn out, take the leap and try something different. The abundance of [locum jobs](#) now makes it very easy to test out a new practice setting in a new town.

10) Take Better Care of Yourself



If our physicians are not mentally and physically healthy, the adverse consequences will go far beyond the physician and will impact their families, their co-workers, and their patients. [Physician wellness is finally becoming a serious priority.](#) Your most important financial asset is your ability to

function well as a physician. Take good care of yourself and find out what that means for you.

I neglected exercising for over two decades because I thought I was too busy. Do not make my mistake and wait until your 50s to make exercise a priority.

Develop tools and habits and resources now that will increase the chance that you will thrive in your challenging medical careers.

What do you think about Dr. Segan's advise to those just beginning their professional and investing journeys? What advise would you add? Comment below!