Your Most Valuable Financial Asset

[Editor’s Note: This is a guest post from Jeff at The Happy Philosopher. He originally titled it: “Your mental health may be your most valuable financial asset” and I absolutely agree with his main point. We have no financial relationship.]

I recently wrote an article about a friend from medical school who died by suicide. The article had nothing to do with finance, but a tragedy like this does have profound financial impact. Suicide, depression and burnout have a higher incidence in physicians than the general population and anecdotally it seems to be getting worse. I’ve lost two of my medical school classmates to suicide.

Early retirement or going part-time secondary to burnout is an all too common event in medicine. It happened to me. I burned out less than 10 years into practice and a couple years later reduced my workload significantly. This was the best decision for me, and ultimately one that I don’t regret, but financially it had an enormously negative effect.

I’m not here to argue about the causes of burnout or how we can change the system. There are others more eloquent and knowledgeable than me. But I argue that what many of us fail to fully appreciate is this simple fact: Our ability and willingness to work is our biggest financial asset. This is especially true towards the beginning of our careers.

Hedging Against Burnout?


In 2015 the average salary for a specialist was $284,000 per year. Over a 30 year career this amounts to $8,520,000, not counting the time value of money. We are an enormous money generating machine, and there is no more important investment we can make than protecting that asset. This is why most knowledgeable financial advisors recommend adequate life and disability insurance. While that is a critical first step, what is often overlooked is protecting the mind and mental health of the person generating that income. Most disability insurance will pay a limited amount for ‘mental disorders’ such as depression and substance abuse. Many life insurance policies will have restrictive clauses regarding suicide [typically a 2 year exclusion-ed], or even contest the claim in murky circumstances [never very common, now even less common-ed.]

Bottom line: It is very difficult to hedge financially against burnout, depression or suicide. Prevention is the key. Sometimes I feel this is the elephant in the room. I’ve known physicians who have died by suicide, who have had their careers ended by addiction and substance abuse, and dozens that have either left medicine all together or cut back significantly on workload due to burnout.

When taking these factors into consideration it seems silly to focus only on the details and strategies of personal finance. The decision to invest in a traditional or Roth 401k, which state to fund the 529 in, whether to do an 80/20 or 76/24 stock/bond asset allocation, what to do with a small whole life insurance policy, how you restructure your student loan payments; none of this matters if you put a gun in your mouth at age 42, if you jump off the roof of the hospital in your last year of residency, or if you’re too burned out by 40 to keep working full-time. These financial decisions are very minor compared to working an extra fifteen years full time instead of half time.
No one thinks this can happen to them, but it does happen. It happens with a high enough frequency that we should all pay attention.

Don’t get me wrong. I love the details. I giggle like a school girl when WCI does a takedown of whole life insurance. I love pondering the differences between placing bonds in accounts with different tax treatment and figuring out how to hack the federal income tax code, but these come second to protecting ourselves and our ability to work. Without the ability to work, a lot of the details become that, just details.

Financial Effects of Burnout

The effects of burnout also have negative financial consequences even when it doesn’t end a career. When we are expending all of our energy just trying to make it through the day, our interpersonal relationships suffer and are strained. Our coping mechanisms fail. I don’t have hard data but I imagine the incidence of divorce, substance abuse and poor financial decisions are associated with an unhealthy relationship with our career. We simply have less bandwidth to make sound financial and personal decisions.

Beating Burnout

I think we can do several useful things to decrease the risk of burning out. I’m by no means an expert, but I’ve gone through it and come out the other side stronger. I did none of the things below, but I wish I had; it would have made things easier.

1. **Prepare for it.** My advice to all medical students and residents who will listen to me: You will burn out.
Probably between 40-50 years old, maybe sooner. Know the symptoms and educate yourself before it happens. Just like I believe in continuing financial education, I believe in continuing self-discovery and self-improvement. Immunize yourself against burnout. Optimize your life so you don’t burnout in the first place. Healthy eating, physical activity, good time management skills, a mindfulness or meditative practice, boundaries between work and home life; these are all good hedges against burnout and depression and they cost very little time or money to implement. Develop good habits early in your career. These suggestions will seem very hollow to you if you are in the midst of burnout and they are not perfect. If you never burnout, congratulations, you have still learned healthy habits and coping skills.

2. **Be thoughtful when choosing your job.** Often times we let our job choose us rather than the other way around. There is nothing more effective than the wrong job to crush your spirit. Don’t settle for something that is not sustainable. Don’t tolerate abuse. Don’t be afraid to create your own practice. There are models out there that can work; you just need to seek them out.

3. **Have a mentor or coach.** We all have blind spots; although in my observation physicians are more resistant to admit they have them. At times we are an incredibly delusional cohort of people. A good coach, mentor, or therapist is worth their cost many times over by helping you see your blind spots. With our earning power and busy schedules we are a little like professional athletes. How many professional athletes do you know without a coach?

4. **Seek help early.** We are conditioned to soldier on
without regards to our mental health. This is a direct result of our training, where asking for help or admitting failure was a sign of weakness. This is a mistake. Don’t let yourself get to the breaking point. I wish I could point to reliable resources for physicians with mental health issues to seek help. There are physician advocates and coaches out there; seek them out if you need their help.

Your biggest financial asset is you—your ability to trade your time for money at a very high exchange rate. Given the increasing rates of burnout in our profession, this needs to be protected. Aside from insurance, thinking through these issues when you are healthy and preparing for the possibility may be the best investment you make.

[Editor’s Note: Years ago, long before most of you were reading this blog, I wrote a post entitled 14 Reasons You Shouldn’t Retire Early. The bottom line is that retiring early is really, really expensive and takes a ton of preparation. Burning out is like retiring early without the portfolio or the preparation. Anything you can do to keep the earned income flowing, even part-time, is huge financially.]

What do you think? What have you done to prevent or treat burnout? How do you hedge against it? Comment below!