Couple of Surgeons’ Student and Intern Guide to Personal Finance

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<u>Couple of Surgeons' Student and Intern Guide to Personal Finance: Part 1</u>

<u>About us:</u> Braden and I are both first year medical residents. We created our Instagram with the goal of sharing our financial decisions during the transition from medical school to intern year (and throughout residency). If you aren't already, you can follow us on instagram [here!]

During our time in medical school, like many other students, we jointly accrued $450K+ in loan debt. As we approached residency, and having a salary for the first time as medical professionals, we worked to better understand finances, budgeting, and planning for retirement. This guide was written from blog and Instagram posts we wrote throughout intern year.

<u>Disclaimer</u>: This is not an exhaustive guide to personal finance. It is just the topics we found most relevant and helpful during medical school and our intern year of residency. We are not professional financial advisors. This guide is based on personal research on these topics.

<u>Barriers to care:</u>

What are common reasons people don't want to learn about personal finance?

- the terms are confusing
- we don't like admitting we don't know what someone is talking about
- we are busy
- our debt is overwhelming

You hear people say:

-"I will never pay off my student loans"
-"It's just a drop in the bucket"
-"I will worry about personal finance when I'm an attending" "

The list of excuses goes on. Whenever I hear these comments, I think a couple things. The first being you've studied biochemistry, the inner workings of the nephron, and the perineum anatomy, I think you've got this. Second, I know you've spent at least thirty minutes researching what restaurant you want to eat at, again, I think you've got this.

You are driven, thorough, detail oriented, and passionate about helping others. So please take the time to read this and help yourself out.

Premed to medical school transition:

A statement I hear frequently from people is “I am overwhelmed by the student loans I am going to have to take out. It's giving me anxiety.” That is totally reasonable and the fact it's giving you pause means you are pragmatic. Unfortunately, medical school is extremely expensive. One counterpoint to that is, as a physician, you will be able to pay back your loans if you “live like a resident” the first few years after graduating residency.

Something hard about medical school is you are 25+ years old and still not making an income. Then, when residency comes around, you are so excited to finally get a paycheck you want to go crazy and reward yourself. I hear the same thing happens when you become an attending, aka the “lifestyle creep.”

The point of these guides is to show you ways you can help yourself out financially. Don’t let the loans get in the way of you crushing it as a doctor. You will be able to pay them back if you put your mind to it. Currently, our goal is to pay off our loans in less than 2.5 years after residency. Follow along to see how we do ;)

Tips for the premed to med transition:

1. You don’t need to buy all the textbooks. The lecture slides and notes are the high yield material and the books are supplemental. Our library had all the textbooks as eBooks that could be accessed and partially downloaded online if needed for reference. Finally, if you really end up needing one or liking one, there is Amazon Prime shipping. We did find BRS practice questions helpful, but these books were borrowed from the Alumni Association or online versions.

2. FirstAid is king. I wish I would have read it more as an MS1. The first part of each chapter is basic information and the second part is pathology. It is helpful for mnemonics as well as to focus on what is more high yield for Step exams.

3. Your school will give you a financial aid letter which states how much aid you can apply for. These loans will be **unsubsidized**, which just means they will accrue interest each year you are in school. This is compared to various loans in undergrad that were subsidized and interest did not begin to accrue until you graduated.

For us, we took out Stafford Unsubsidized Loans and Grad Plus loans. The Grad Plus loans generally have a higher interest rate so you max out the Stafford Unsubsidized first.

4. Budgeting - Budgeting helps you not overspend because you see all your student loan money. Remember that now you are in graduate school, and your loans have a 5-7% interest rate generally. This means if you are spending lavishly because “you deserve it”, your future self will be paying 5-7% x4 years of med school, and x3+ years of residency. I’m not saying be miserable, just be cognizant.

Budgeting app options:

- Mint
- You need a budget (YNAB)
- Chase app (if you bank with them)
- Excel spreadsheet (like this example budget spreadsheet)

Note: In Part 2 of our guide, we will give examples of our budget during intern year and budgeting strategies we used!

5. Cost of living and tuition is something to consider if you are lucky enough to have multiple acceptances. It's not the end all be all, but it is a factor which should be considered. I remember ordering it before starting medical school and felt overwhelmed by how much information was in it. Don’t worry, you will learn it all with time.

6. You don’t have to take out all your student loan money awarded in the financial aid letter. We estimated how much we would need and went from there. During third and fourth year I underestimated what I needed and ended up requesting more loan money. It took less than a week to get processed and get the loan money disbursed into my account.

7. When the student loan money processed and was ready to be disbursed, I left the majority of it in the student finance portal and disbursed $5,000 at a time.

Note: I find if I have larger amounts sitting in my checking account, I am more likely to overspend. If you are prone to overspending, you could choose to disburse increments of $2,500 or whatever you felt.

8. Just being cognizant and budgeting helps you save money. Great job on already being ahead of the game!

Medical school finance advice:

Credit cards - MS1-MS4

If you are reading this as an MS1, then this is perfect timing! Although it seems far away right now, soon enough you will be submitting your application for residency. After you submit your app, you then get to fly around the country interviewing during the most expensive time of year to fly: Thanksgiving to Christmas season!

One way to be proactive is to open up a Southwest or similar travel credit card and start putting all your purchases on it and pay it off each month. Make sure you time opening the credit card to a big purchase you are already making, that way you get the sign-on bonus. You then save all the points throughout MS1-MS3 and then use all the travel points during interview season! Go you!

Also, you can place your Step 1/2/3 purchases on your credit card. You are going to pay it anyway with your debit card, so might as well get those bonus points!

What Braden did which was great was he timed opening a Hilton credit card with our honeymoon vacation. We ended up getting so many points that we didn't pay for hotels during interview season. You can time life events such as weddings and take advantage of credit cards as well! Just make sure you can pay it off each month! We have all our credit cards on autopay, just in case we get busy and forget to pay them earlier.

Note: This is for financial responsible individuals. This means you pay off your credit card each month and you are not prone to overspending. If you are unsure about this, just stick to a debit card. Remember, credit card interest rates are around 18% or higher, so if you don't pay the entire payment each month consumer debt accrues terrifyingly quick!

Credit card ideas: Here is the link to my blog post on credit card ideas! Options discussed include: Chase Sapphire Preferred, Southwest, Alaska, Hilton, Delta, American Airlines, and United.

These promotions may change, but I'm sure similar options will be there in the future.

Note: If you get rejected, don't be discouraged. You either put in the numbers wrong, were too honest, or you can try to recruit your parent or sibling to open you a card and add you as a joint user. (Then you can just treat it like your own account).

Credit card summary: (see blog post for further details of the nitty gritty)

- if you are a med student traveling on interviews and not planning on spending $4,000 in 3 months, I would go with the Southwest card and get the sign up bonus ($1,000 in the first three months of opening).

- If you are planning to spend $4,000 in 3 months, I would get the Chase Sapphire preferred and book both hotels and flights through the Chase Sapphire travel portal. Similar concept with the Chase Sapphire Reserve which has more perks, but the annual fee is more. If you are spending between $4,000 – $8,000 maybe consider the Chase Sapphire and the Hilton Honors American Express.

- Finally, if you are planning to spend $8,000 in purchases and can make it within the time frame of the sign up bonus, I would first get the Chase Sapphire and the Hilton Surpass credit card because you get the chase travel discount through the travel portal and the free weekend night through the Hilton card.

Note: When I say planning to spend this amount, I mean you already have some big purchases lined up. I'm not encouraging you to find reasons to spend $4,000 in 3 months just for the credit card sign up bonus.

Budgeting:

(Repeat from above in case you missed it:)

Budgeting helps you not overspend because you assign each money a job (see YNAB free videos for more details).

Note: In Part 2 of our guide, we will give examples of our budget during intern year and budgeting strategies we used!

Remember, now you are in graduate school and your loans have a 5-7% interest rate generally. This means if you are spending lavishly because "you deserve it", your future self will be paying 5-7% interest x4 years of med school and x3+ years of residency. I'm not saying be miserable, just be cognizant.

Budgeting app options:

- Mint
- You need a budget (YNAB) - if you sign up at the end of fourth year and verify you are a student, you can get the student discount and a year for free! Otherwise it costs $84/year.
- Chase app (if you bank with them)
- Excel spread sheet (example budget spreadsheet to be opened on computer)

Side Hustles *During Fourth Year:

I really don't recommend working during first through third year of med school, it's just not pragmatic. But the golden year of fourth year was super fun and here were things we did for supplemental income:

- **Tutored** – we both tutored MS1/MS2s through the our school and made that $$

- **Wag** – dog walking app that essentially is first come, first serve. Walks pop up in real time and you have to be fast and accept it. Be sure to pay attention to where the walks are located, it doesn't make sense to drive 30 minutes away for a 30 minute walk.

- **Rover** – dog walk/sitting and cat sitting. I had one job from this, and it paid really well! I put eye drops in a cute little dog's eye who had glaucoma. It was hilarious to me because I had already matched to ophthalmology and was getting paid $20/hour to put eye drops in for a dog. So cute!!

- **Door dash** – would only recommend doing this if there is an hourly bonus! Otherwise you don't make that enough to justify the time.

- **Uber eats** – Braden did this and Door Dash. One time he got a $40 tip for delivering McDonalds! Pretty crazy.

- **Field agent app** – have never used this one but it sounds fun! You do random tasks and get paid?

Overall, I picked dog walking because I had a blast doing it. Braden did food delivery because he doesn't mind driving. Honestly all in all we made about $1,000 total, so its not really that lucrative. Still, you learn different skills and we had fun.

File your taxes during MS4: ***Very High Yield!***

If you are in your fourth year of medical school, be sure to file your taxes! Despite not making any money, you want to show the IRS (tax people) that you didn't make any money. This is because after graduating you are likely going to be applying for income driven repayment programs which base how much your payments are off of your income from the last year.

You can file your taxes for free with TurboTax.

After you file your taxes and show your adjusted gross income to be $0, they will use this to calculate your initial payments for your income driven repayment program.

If your total salary was $0, then your initial payments will be $0. This is because you demonstrated with your taxes you did not make any money and they base your repayment off of your income from the previous year. This means, because <u>you filed your taxes, your payments during intern year will be $0/month. Hooray!</u>

<u>If you do not file taxes</u>, you will have to put in your resident salary and start paying around $400/month or more for your repayment program during intern year.

<u>Now, why does it make sense to have $0 payments during the first year of residency?</u>

(I've had people ask why I wouldn't pay the minimum on loans).

1) You may have moving expenses to pay for which you didn't account for

2) You may not have accounted for the month off in between graduation where you had to pay for everything including travel, food, and fun experiences. If you didn't have money you likely put it on credit, and you want to get that paid off as quickly as possible.

3) You may want to build an emergency fund

If you sign up for REPAYE (see below), they are paying half your unpaid interest each month. If you are making $0 payments, and your interest is around $1000/month, they will pay $500 of your interest.

If you started residency paying $400/month, the interest left would be $600, of which REPAYE would pay $300. In this scenario, REPAYE pays $200 less of your interest throughout the year.

Additionally, although your payments are $0, you could save up the money you aren't putting toward your loan and wait until you have a large chunk accrued and then put it toward your loan. If you save $400/month in your savings (which you would have paid monthly toward REPAYE if you didn't file your taxes) and then at the end of the year put $4,800 toward your loan, you are 1) taking advantage of REPAYE paying your loan 2) covering the interest for the year and 3) taking down your principal loan amount slightly. You could also choose to overpay toward your highest interest rate loan each month (if you chose to not consolidate - see below).

Those are all my reasons for you to file your taxes during fourth year. Please file your taxes.

<u>Note:</u> When you file your taxes you can upload your tuition bill, aka 1098-T. You go to your student registration portal --> finance --> Tax forms → 1098-T. It shows you paid tuition during that year and maybe you will get money back? I didn't get to try this (because I didn't know about it) let me know if you get any money back!

Student loans

Terms to understand:

They always sound so sophisticated with the terms. So, here are important terms to know: (thank you [Investopedia]())

Deferment – time when you are in school when you are not required to pay the interest that is accruing on your loans. This is why your student loan burden grows substantially during medical school because each year the interest is accruing and you are (generally) not paying the interest that is accruing.

Principal balance: also, called "principal" = the original amount of loan that you borrowed. The principal amount can also increase depending on when your loan capitalizes (see below).

Interest rate – aka annual percent rate, it is the percentage agreed upon by you and the lender and it is essentially the cost of borrowing the loaned money.

Interest – the cost associated with borrowing the money, it is based on the interest rate.

Grace Period – six to nine months after your graduate or leave school. It is called the "grace period" because you are not required to make payments during this time; however, your interest is still accruing.

Capitalization – when unpaid interest is added to your principal amount. This happens at specific times, such as when your grace period ends and you enter a loan repayment option for the first time (i.e. when you start residency). The interest that accrued during medical school gets added to your principal or "capitalized" on and now you have a higher principal.

The reason this sucks is from now on you have a higher balance so you end up paying more in interest throughout the remaining life of your loan.

Other times capitalization occurs is if you switch to a different repayment plan, you consolidate your loans, forebearance or deferment ends, loan comes out of default, or you forget to recertify your annual eligibility for income-based repayment (i.e. REPAYE, PAYE).

Refinance – refinance to a lower rate, normally through a third party such as SoFi or Laurel Road.

An example, using the terms above:

At the start of medical school, you take out $50,000 at a 7% interest rate and don't make any payments toward your loan during school because you are in deference. Your loan grows at $3,500 per year based on your interest rate of 7%. At the end of the four years, the total interest on your loan would be $14,000.

You graduate from medical school and enter the grace period of six months. At the end of your grace period, you have an extra $1,750 of interest which gets added to the total interest accrued for a final total of $15,750. You choose one of the income driven repayment programs, enter the program, and your loan capitalizes to a new principal of $65,750 at a 7% interest rate. You now pay $4,602.50 per year for the life of your loan (unless you refinance to a lower interest rate in the future).

*$50,000 x 0.07 interest rate = $3,500 interest per year
**$3,500 x 4 years = $14,000
***6 month grace period so $3,500/2 = $1,750
****$50,000 + $14,000 + $1,750 = $65,750
*****$65,750 x 0.07 = $4,602.50

So, there you have it! I got really angry writing this because it just sucks to see how much money accrues over the time you are in school and then have it get capitalized on. Plus we have time in residency where we aren't really able to max out payments. I think this is a really important conversation, however, because this is your life and your debt and something real we have to deal with.

Public Service Loan Forgiveness

*** everyone should read this**

I wanted to introduce this first because deciding whether or not you are planning to do public service loan forgiveness (PSLF) is an important first crossroad you will make when deciding how to manage your student loans.

Starting in 2007, the concept is after you make 120 qualifying monthly payments in a qualifying repayment program while working full time for a qualifying employer, your debt is forgiven tax free.

Take note of all the “qualifying” in the last sentence and you may understand why certain people are skeptical of this program. In the next few years we will see how many physicians start to get their loans forgiven. The stats on who have received loan forgiveness are available to see.

Another important note is that the forgiveness through PSLF would be tax free, whereas if you simply stayed in an Income driven repayment (IDR) program such as PAYE or REPAYE and you pay the qualifying monthly payment for 20 or 25 years, your student loan is forgiven but it is a taxable event.

Important notes about PSLF and who should consider it (according to the “Physician Philosopher’s Guide to Personal Finance” and “White Coat Investor”).

1. Your debt to income ratio is >1: i.e. you are going into primary care and plan to make $210,000 annually but your debt is $250,000+.

2. Longer residencies such as neurosurgery, ENT + fellowship, interventional cardiology etc. For example, if your future residency is 8 years long, you would have already made ~96 of the 120 qualifying payments during that time. These payments made during residency are substantially less than what you would pay as an attending.

3. You must submit the paperwork to re-certify your employer each year (if I were planning to do this I would do it twice a year in case one got lost). Otherwise, you get no credit for that year!

If you are mistrustful of PSLF, what you could do is set aside money which you would be throwing at your loans and put it in a high yield savings account. Every year you would re-certify and if after 120 payments they do not forgive your loans – no problem because you have been putting money aside for that very scenario! Not ideal, but better than being unprepared for the possibility.

Remember: you must be under a qualifying employer, making qualifying payments with federal direct loans, and be under a qualifying repayment program (i.e. standard or income driven repayment programs). Chapter 6 and 7 in “The Physician Philosopher’s Guide to Personal Finance” breaks this down wonderfully or check out the links below. I would read more about the fine details there if you are considering this option!

Additional articles:
PSLF on studentaid.gov

TPP: Student Loan Forgiveness

Student Loan Repayment Options

There are different options you have to choose from for your student loan repayment when graduating from medical school and entering residency.

Forebearance – absolutely not. You should not do this so I’m not going to even explain this and if you are thinking about doing this, message me so I can personally give you all the reasons not to do this!!!

Re-financing – residents married to a high-income earner might consider this. Additionally, if you have a low debt burden you might consider this. Refinancing is where you choose a company who pays your loan for you and they in turn give you a lower interest rate on your loan. Laurel Road or Sofi offer you quotes and you could see what your interest rate and monthly payment would be. See refinance ladder below.

Income Driven Repayment Programs (IDR):

Note: When deciding the difference between high or low income, or average or high debt burden, I felt the Physician Philosopher explained it best with debt to income ratios (point 2).

PAYE - good option for **high income, average debt resident** if they did not want to refinance their loans e.g. medical resident married to a high earner.

- Caps your monthly payment at the standard repayment plan payment.

  The standard repayment plan is the minimum monthly payment on your loans if you were to start paying them right away. For most graduating residents, the standard repayment is over a third of their resident salary which is why income driven repayment plans were developed.

When they say “caps your monthly payment”, they mean if 10% of your income is over the standard minimum, you pay the standard minimum payment.

This is important because with PAYE there is an upper limit to what they can charge you each month, compared to REPAYE which remains 10% of your income regardless of your income (e.g. good in residency, not as great as an attending).

- PAYE caps the interest that can be capitalized on at $20,000.

- Requires 20 years of payments for your debt to be forgiven, but this debt forgiveness is taxed (unlike PSLF where the debt forgiveness is not taxed).

- With PAYE, there is a stricter definition of “financial hardship” to qualify. I have heard most attendings do not qualify, so if you wanted to be in PAYE you would need to apply during residency.

Note: Someone told me their financial advisor said to enter PAYE first and then switch to REPAYE during residency to avoid capitalization of their medical school interest. This was an error in understanding on the school’s financial advisor’s part. When you graduate from medical school, you automatically enter the grace period. Once you exit the grace period you then automatically enter standard loan repayment at which point your interest capitalizes (Great Lakes, my federal loan servicer, who verified this). You then enter REPAYE or PAYE and your interest capitalizes again (although a few dollars at that point). You want to avoid capitalization as much as possible, and switching repayment plans causes capitalization, it does not save you from it. This story is why it's important to do your own research!

REPAYE – good option for **low income, average debt resident** (i.e. most residents)

- Requires you pay 10% of your discretionary income. After your monthly payment, if there is remaining unpaid interest, <u>half of the remaining unpaid interest is paid by the government</u> (see example below).

- There is no cap, so after residency this is less ideal because 10% of your income would be a lot more as an attending. This is why most people who are aggressively paying off their loans refinance their loans to a lower rate after residency. Because as attendings, they would no longer have unpaid interest (because it is more than the standard repayment) which means no interest subsidy from REPAYE.

- REPAYE requires 25 years of monthly payments, and your debt forgiveness is taxed.

- Effective interest rate: this term is used in conjunction with the REPAYE interest subsidy. It just means if half your unpaid interest is paid each month by this repayment program, this lowers your overall interest rate (or "effectively" lowers your interest rate). Therefore effective interest rate means when you take into account the interest subsidy paying half your unpaid interest, your actual interest rate is lower.

  Example: I filed my taxes during fourth year of medical school. My REPAYE payments are $0/month for my first year with my loans accruing at 6% interest. I have $1,000 in interest on my loans each month. After my $0 payment, I have $1,000 left in unpaid principle, of which $500 is paid by the government. My effective interest rate during intern year is 3%.

This article has a lot of comments that were full of ideas. Additionally, here is an article also describing PAYE vs REPAYE. Finally, on our Instagram profile → pinned story highlights → student loans part 1 &2, I discussed the above concepts in case you prefer someone talking to you about it.

Married couples and tax filing status:

I've had a couple people message me about whether getting married changes which repayment plan they should consider. For us it wasn't too complicated, we fell into the category of two low income, average debt residents with a future debt to income ratio of <1. We chose REPAYE.

If you are thinking REPAYE, it does not matter how you file your taxes, your spouse's income will be a part of the minimum payment calculation. "REPAYE is based on 10 percent of income, but the tax filing status doesn't matter."

REPAYE vs PAYE when thinking PSLF is more tricky. I read one article that said he is doing PSLF but still favors REPAYE because the risk vs reward is less for REPAYE.

Times I would consider PAYE is if your spouse is a high income earner and you're thinking PSLF. This is because there is the PAYE cap on payments and you also wouldn't benefit from the REPAYE subsidy since likely there wouldn't be any unpaid interest left since your monthly payments would match the standard payments.

If you are married to a high income earner and not planning on PSLF, then I would consider refinancing.

The White Coat Investor has a myriad of [refinance options.]

Consolidating your loans to end the grace period:

If you are planning to:

1) Pay off your student loans as quickly as possible or
2) Planning to go for PSLF then consolidation is something you should consider!

Note: With the current Coronavirus scenario and interest being frozen until September 30, I personally would not consolidate this year (June 2020) unless thinking PSLF. The reason is you could keep up with interest from October - December and then keep the option to pay down your highest interest rate loan!

Loan consolidation is when all your government loans are combined and the new interest rate on the loan is the average of your previous interest rates.

We chose to consolidate our loans because the grace period is the worst. It is six months where your interest grows on your loans, you do not make payments, and at the end of that time period your interest is capitalized.

So 1) your principal is now larger and 2) you pay more in interest each month.

Consolidating is great for PSLF because the name of the game is 120 qualifying payments. If you consolidate your loans you get 6 extra payments of $0 (if you filed your taxes during fourth year like you should). Since you consolidated and skipped the grace period, that is 6 less payments you need to make as an attending.

Consolidating also may be for you if you are planning to pay off your loans quickly. You may not be paying toward your highest interest loan during residency that often, simply because keeping up with interest is a difficult task. Furthermore, we plan to refinance once we become attendings and therefore would not need to attack our highest interest loan (because it will all be refinanced to a lower interest rate).

Additionally, when you sign up for autopay on your loan, you get an extra 0.25% decrease on your interest rate. So, if your interest rate was 6% after consolidating, like mine was, it really is 5.75%. Furthermore, Braden and I chose REPAYE, and as we discussed previously, REPAYE pays half your unpaid interest each month. Thus, with my $0 payment each month, my effective interest rate is slightly less than 3%.

All in all, we saved ourselves around $12,000 in interest which would have been capitalized on at the end of the grace period. Furthermore, REPAYE paid $650/month in interest for me during what would have been the grace period and Braden has a similar story. By consolidating our loans we have saved a ton of money!

One caveat is when you consolidate your loans you lose the option to pay down your highest interest rate loan. This means if you make extra payments, you lose out on part of the interest subsidy.

A way to work around not being able to pay down your highest interest rate loan after consolidating is to make large lump sum payments during residency. In theory, this would maximize the REPAYE interest subsidy during the other months of the year.

Looking back on the year, as a two resident couple nearing the end of intern year, we could have put $7,000 toward our highest interest rate loan if we overpaid. Instead, we are not overpaying our highest interest rate loan in exchange for the savings from ending the grace period early.

We are currently putting extra money in a taxable market account in case we want to make a lump sum payment during residency. There are other options we could have chosen, such as putting money into our 403b, but I will explain that in Part 2 of our guide.

Student Loan Refinance Ladder

This was a really cool idea posted by the Physician Philosopher. Essentially, when you refinance your student loans there is a soft check on your credit score. This means you can refinance multiple times and not have it count against your credit. You can use this to your advantage by refinancing multiple times throughout the time you are paying down your student loans and take advantage of the refinance bonuses as you go.

This isn't to say you refinance multiple times in a week (although I assume you could). It is more for at points where you have paid off a chunk of loans and maybe want to shorten the life of the loan. I haven't tried it yet since we are in residency, but if you have, feel free to message your experience and I can add it in!

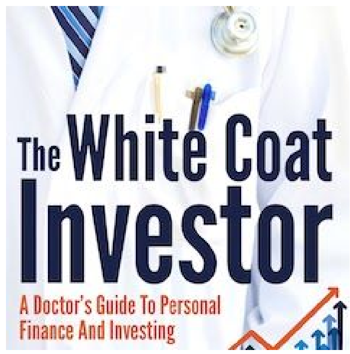
https://thephysicianphilosopher.com/student-loan-refinance-ladder/
https://www.studentloanplanner.com/refinancing-ladder-student-loans/
https://thephysicianphilosopher.com/student-loan-refinance-ladder/
https://www.whitecoatinvestor.com/tag/student-loan-refinance-ladder/

Further reading:

Books to Read:

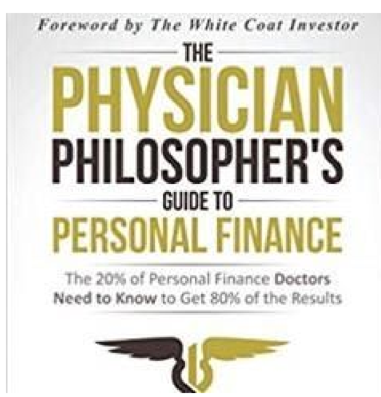
Learning personal finance during MS4: (or before if you want but MS4 is when you have the most free time)

Note: I buy the Kindle versions because they are cheaper and readily accessible on my phone whenever I want to look something up.



"The White Coat Investor**:** A Doctor's Guide To Personal Finance And Investing" by James M. Dahle, MD

– Many students/residents have heard of this book or have read it. The book description is "a high-yield manual that specifically deals with the financial issues facing medical students, residents, physicians, dentists, and similar high-income professionals. Doctors are highly-educated and extensively trained at making difficult diagnoses and performing life saving procedures. However, they receive little to no training in business, personal finance, investing, insurance, taxes, estate planning, and asset protection." Therefore, this book is to help give you the basics in understanding these topics a little more and start your personal finance journey.



“The Physician Philosopher's Guide to Personal Finance: The 20% of Personal Finance Doctors Need to Know to Get 80% of the Results” by James D. Turner, MD

– This book is similar to White Coat Investor but I think is better geared toward the new resident. He thoroughly explains the different student loan options and how to decide between them. Furthermore, he repeats aspects of White Coat Investor, so the fundamentals really sink in.

These are two awesome books I HIGHLY recommend for starting your personal finance journey. They are not expensive, and they will save you a lot of money in your life. These authors also have blogs which I personally subscribe to. If you’re starting out, I would go to the White Coat Investor blog. There is a tab labeled “start here” which is where I started. There are also intermediate and advanced sections so you can progress as you want.

Important takeaways from the above authors:

High Yield Points:

- Live like a resident both during residency and during the early years as an attending until your loans are paid off.

-Financial literacy, becoming debt free, and saving enough for early retirement gives you the power to fight burnout. When you are in control of your finances and have a financial nest egg, you are no longer beholden to hospital administration. This is because you are not living paycheck to paycheck. Instead, you work because you enjoy your specialty as well as giving back to the community.

- Have a high savings rate – key for letting compound interest do the heavy lifting in your portfolio.

- Learn the basics of personal finance – this will allow you to decide 1) how much of a role you want in your retirement plan and 2) how to tell a good financial advisor from bad ones.

- Max out your Roth IRA during residency as you will not be able to contribute to this fund in the future as an attending since you will be over the income limit (unless contributing through the Backdoor Roth IRA).

- Diversify your retirement portfolio through low cost index funds. These have been repeatedly proven to beat out even the top financial advisors.

- Use a “fee only” advisor if you want to use one at all. They will charge you hourly and give you advice which you can implement to your retirement plan (Note: “Fee only” is not the same as “fee-based.” Fee-based charge a fee AND commission.)

- Financial advisors who take a percent yield from your investments essentially take a large part of your money over time which is not good.

Ultimate Guide to Student Loan Debt Management For Doctors

Intern Financial Survival Guide

If you enjoyed Part 1 of our Student and Intern Guide to Personal Finance, stay tuned for Part 2! In the second guide, we will focus more on personal finance and how to successfully set yourself up for crushing intern year financially!

If you found this helpful, please share with your medical school classmates and class facebook pages! We purposely made it free with the goal of reaching as many people as possible.

You can follow us on our journey here!

Or on our blog!

There is more content then what we have here! So feel free to check it out <3

Acknowledgments: Thank you to Moghaddampour family, Mattison family, The White Coat Investor, and The Physician Philosopher for all the inspiration and amazing advice.