



panacea
FINANCIAL



NEW YEAR. NEW GOALS
FOR 2025

I AM NOT A FINANCIAL ADVISOR



MANY PHYSICIANS MAKE **COMMON MISTAKES**



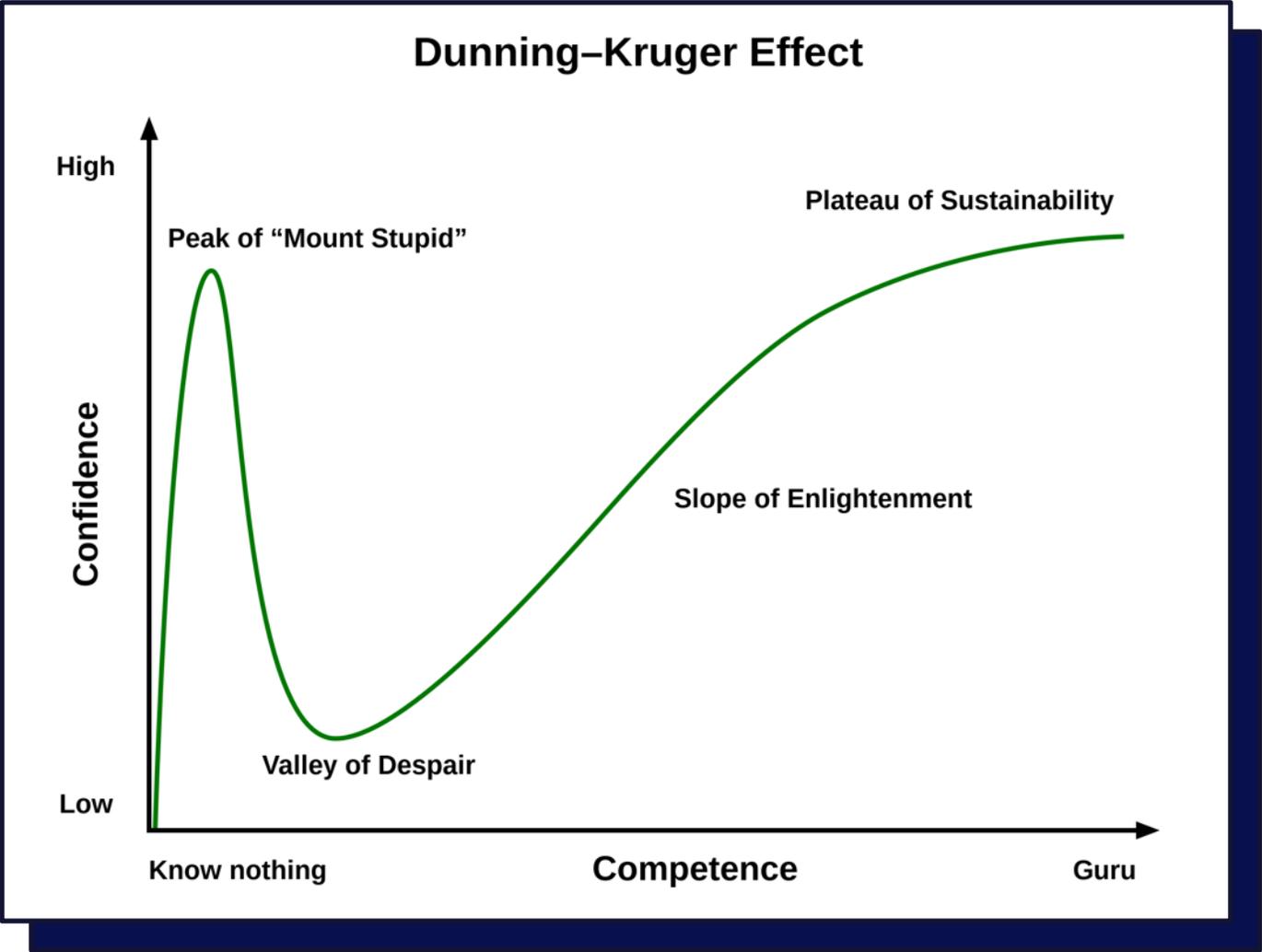
**Ignore
Finances**

vs



**Assume They Are
Experts**

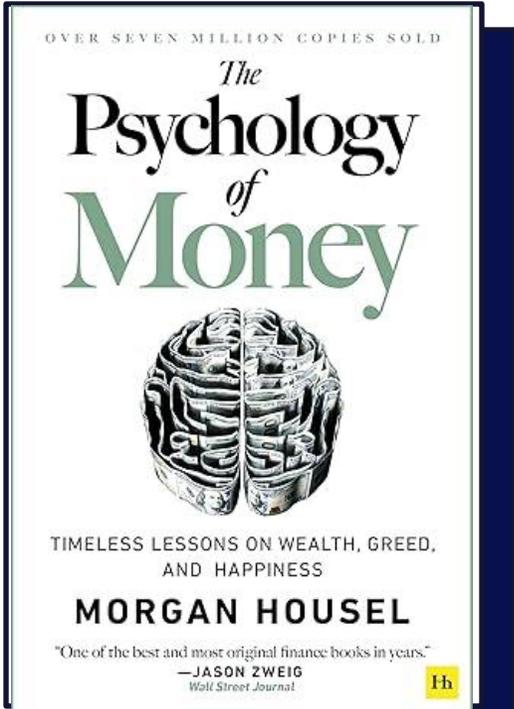
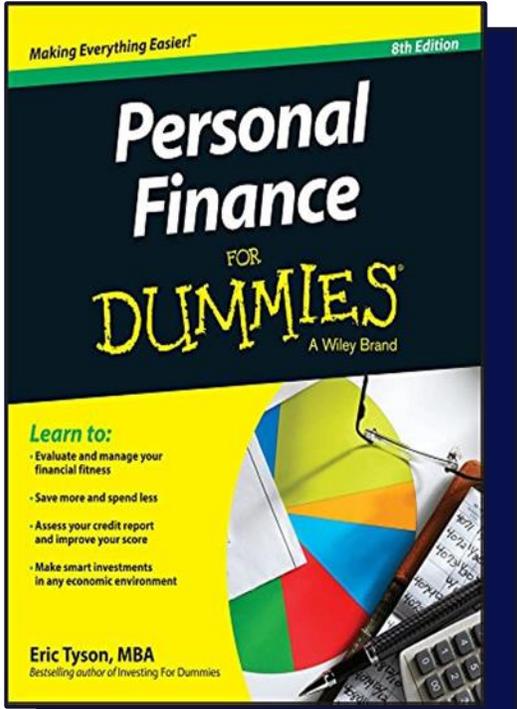
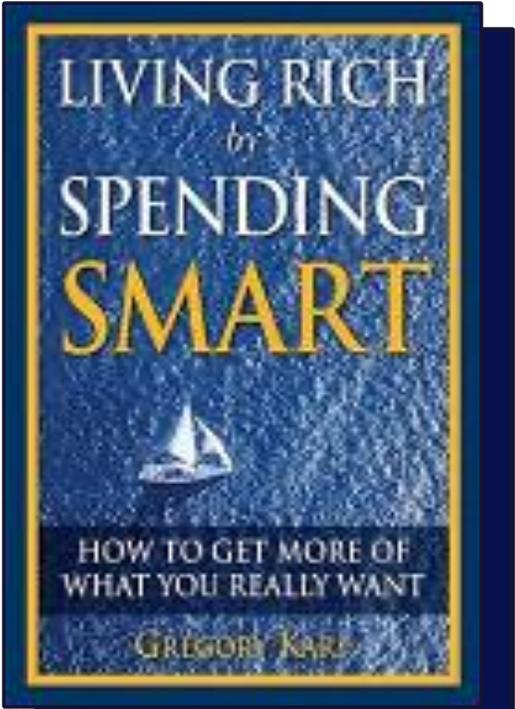
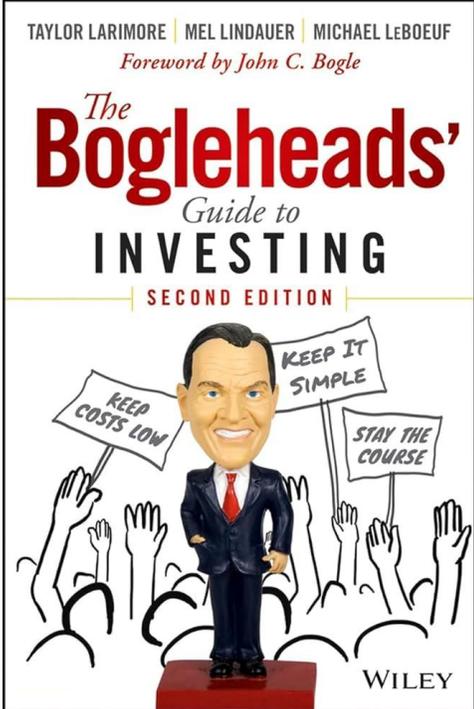
CONFIDENCE-TO-COMPETENCE RATIO



CONTINUE FINANCIAL

EDUCATION

HOW TO TRAIN YOURSELF



HOW TO TRAIN YOURSELF



PHYSICIANS ON FIRE
Financial Independence, Retire Early
physicianonFIRE.com

Physician on FIRE
9.5K followers • 22 following

Posts About Photos Videos

Intro
Financial Independence, Retire Early. I created a blog to educate and entertain fellow physicians and other people who may have similar circumstances.

Page · Blogger
@PhysicianOnFIRE.com

Physician on FIRE
Marginal Tax Rates vs Effective Tax Rates: What's the Difference?



the
Prudent Plastic Surgeon



Welcome to the Bogleheads® wiki
Investing Advice Inspired by John Bogle
1,056 articles

Personal finance

Personal finance covers not only investment decisions but day-to-day finances, budgeting, insurance, taxes, estate planning, and retirement.

For US investors:

- [Personal finance planning start-up](#) - Start here.
- [Financial planning](#) - The first thing

decisions by tuning out... andful of simple, core... s:ful over time. Although... not always easy... etting started" below... at our new articles.



THE BEST OPTION IS **NOT...**



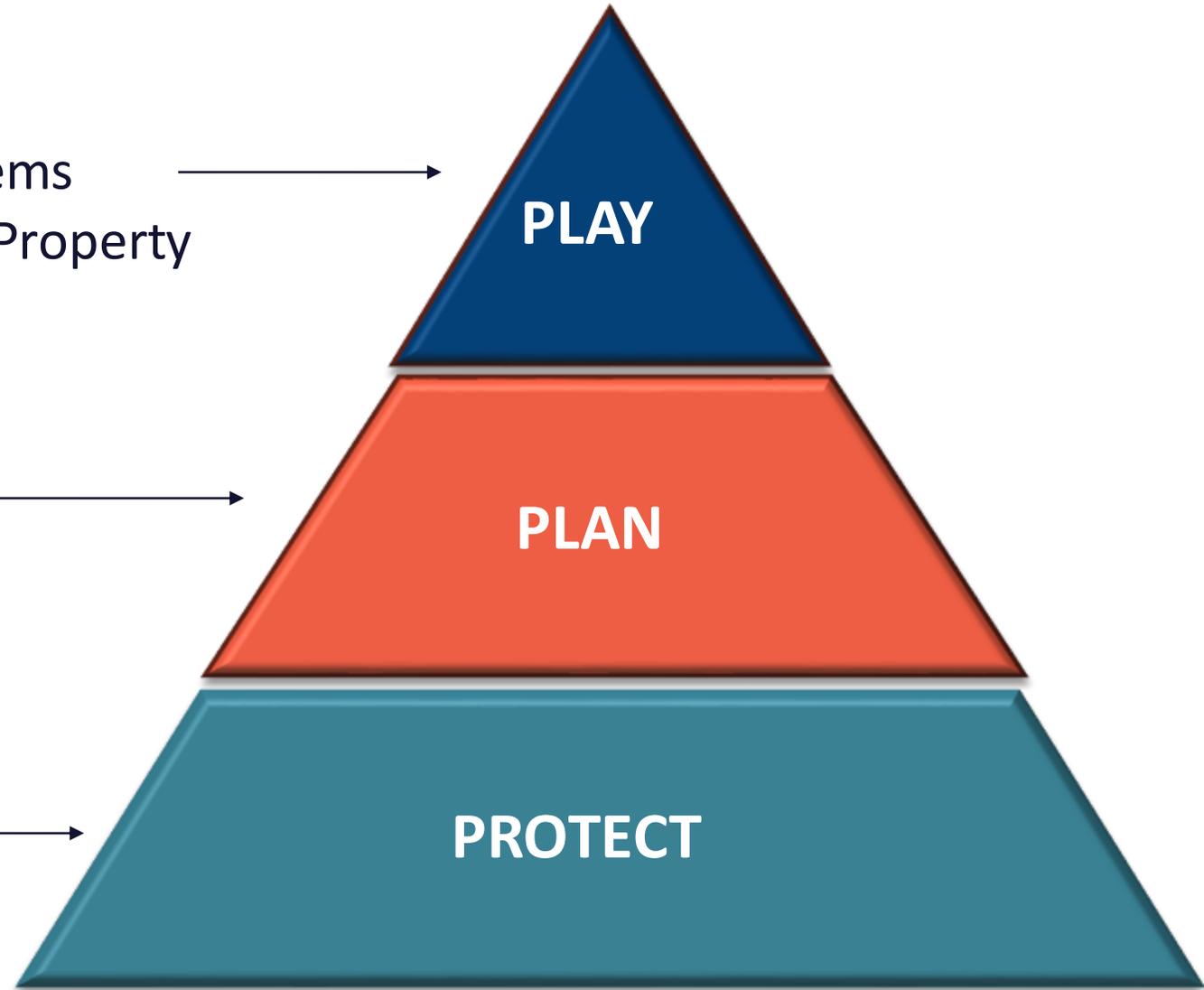
GET PRIORITIES **IN ORDER**

Most of Tonight's Discussion

- Savings Plan
- Student Loan Plan
- Retirement Planning
- Other Debt Planning
- Investment Planning

- Travel
- Luxury Items
- Vacation Property

- Disability Insurance
- Life Insurance
- Will



BEFORE WE START...CONTRACT **RED FLAGS**

TERM+ TERMINATION

Notice timelines for termination should be mutual for both parties.

DUTIES

All details are determined by the employer, with no input from you.

RESTRICTIVE COVENANTS

The time of restriction is longer than the length of the contract. A patient is not able to choose their own provider.

COMPENSATION

Your compensation is not clear throughout the whole contract. Your employer can change your compensation at will.



**LACK OF
TRANSPARENCY is
the biggest
red flag**

RISK

You are taking on all risk, and the employer has none.

BENEFITS

Promised benefits that are not mentioned in the contract.

A SIMPLIFIED FINANCIAL APPROACH

Live below your means to generate savings
(and time)

Choose a Student Loan Strategy
(pay off quickly vs pay as little as possible)

Prioritize employer match
(if available)

Optional: Hire a **fee-only financial** advisor (fiduciary) with doctor expertise.

Pay of high interest debt

Max out tax advantaged retirement accounts

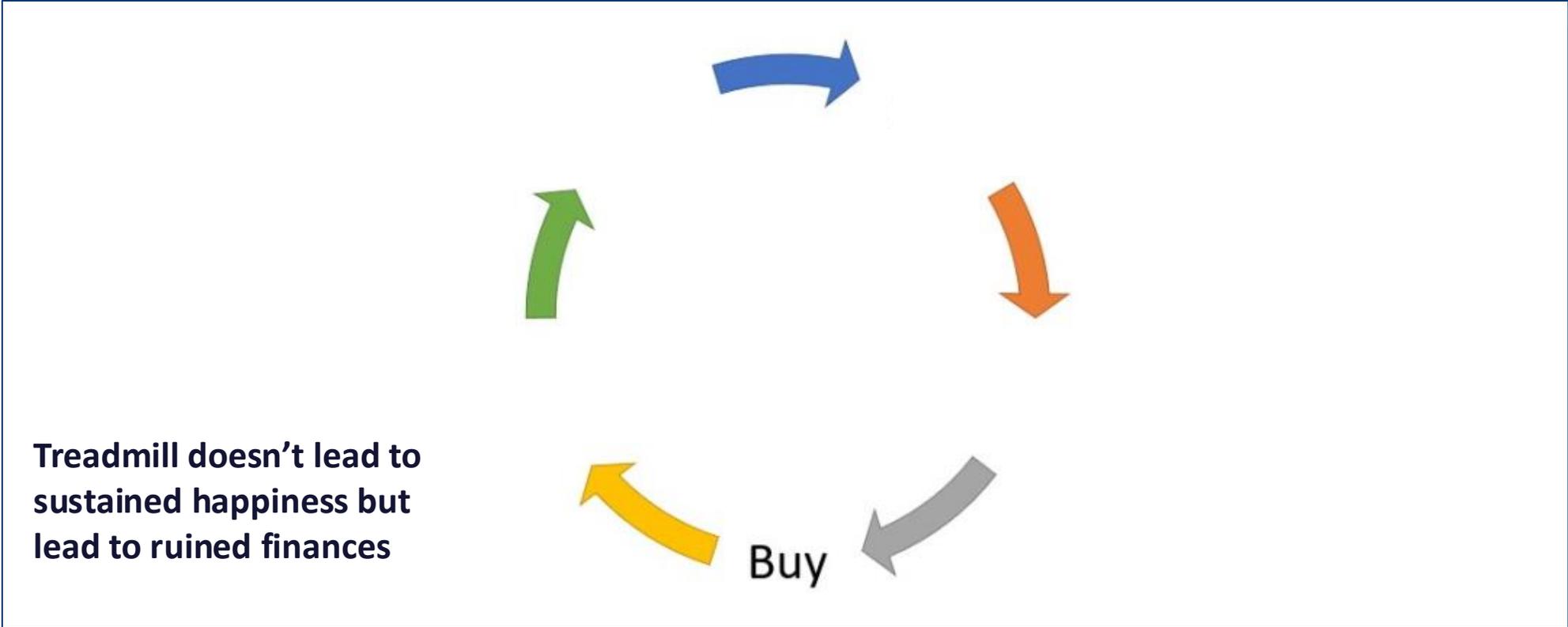
Balanced approach at paying off low interest debt vs. investing

GOAL: UNDERSTAND **TRUE WEALTH**

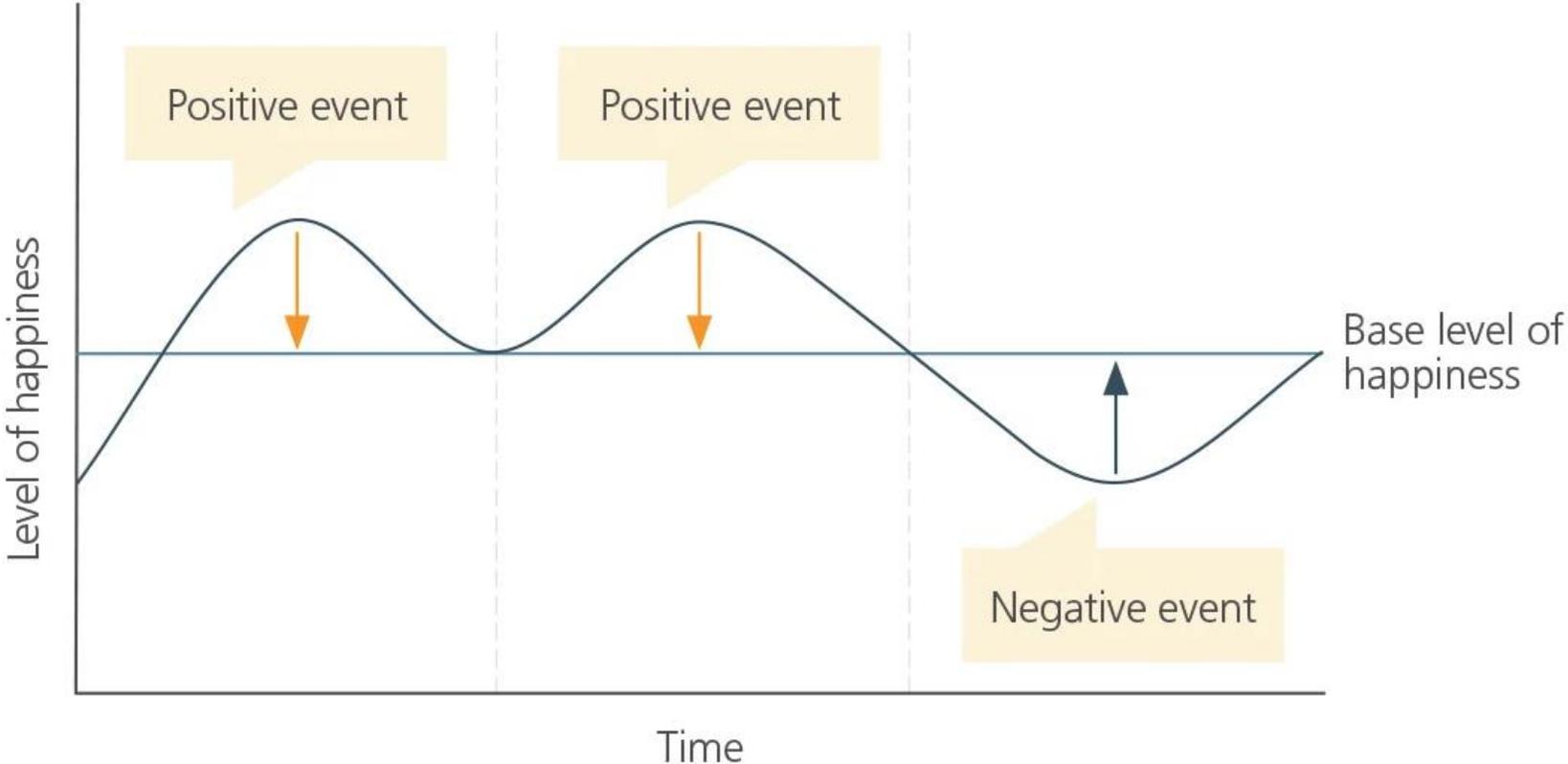
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HEDONIC ADAPTATION

HEDONIC TREADMILL



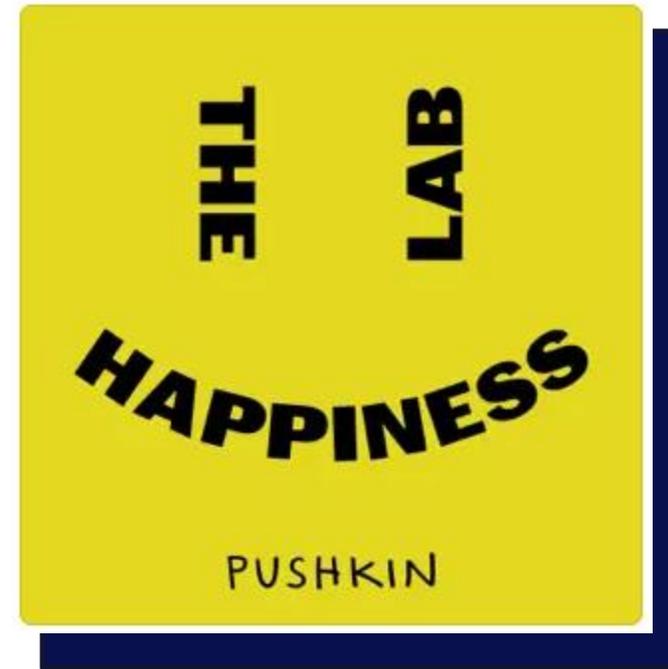
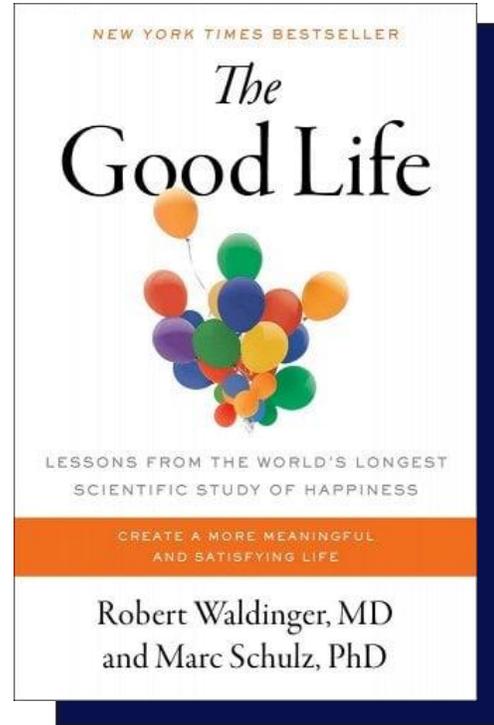
HAPPINESS SET POINT



LIFESTYLE CREEP



GREAT RESOURCES ON **HAPPINESS RESEARCH**



“Good relationships don’t just protect our bodies; they protect our brains” - Robert Waldinger, MD

LIFESTYLE CREEP **EXAMPLE**

Annual Income

\$225,000

Annual Net Income

- \$2,146

LIFESTYLE CREEP **EXAMPLE**

Annual Income – 20%	\$225,000	\$225,000
Income And FICA Taxes	-\$76,146	
Student Loans, \$200K Debt, IDR	-\$36,000	
Housing Payment, \$350K Home	-\$43,000	
Housing Repairs	-\$8,000	
Housing Utilities	-\$7,000	
Cash for Car Payment, Used	-\$11,000	
Car Insurance	-\$4,000	
Vacation	-\$10,000	
Eating Out, \$50/Week	-\$6,000	
Public School, 2 Kids	-\$26,000	
Annual Net Income	-\$2,146	

START WITH SOME **BASICS**

1

Build an Emergency Fund

3-6 months of expenses

2

Save at least 20%

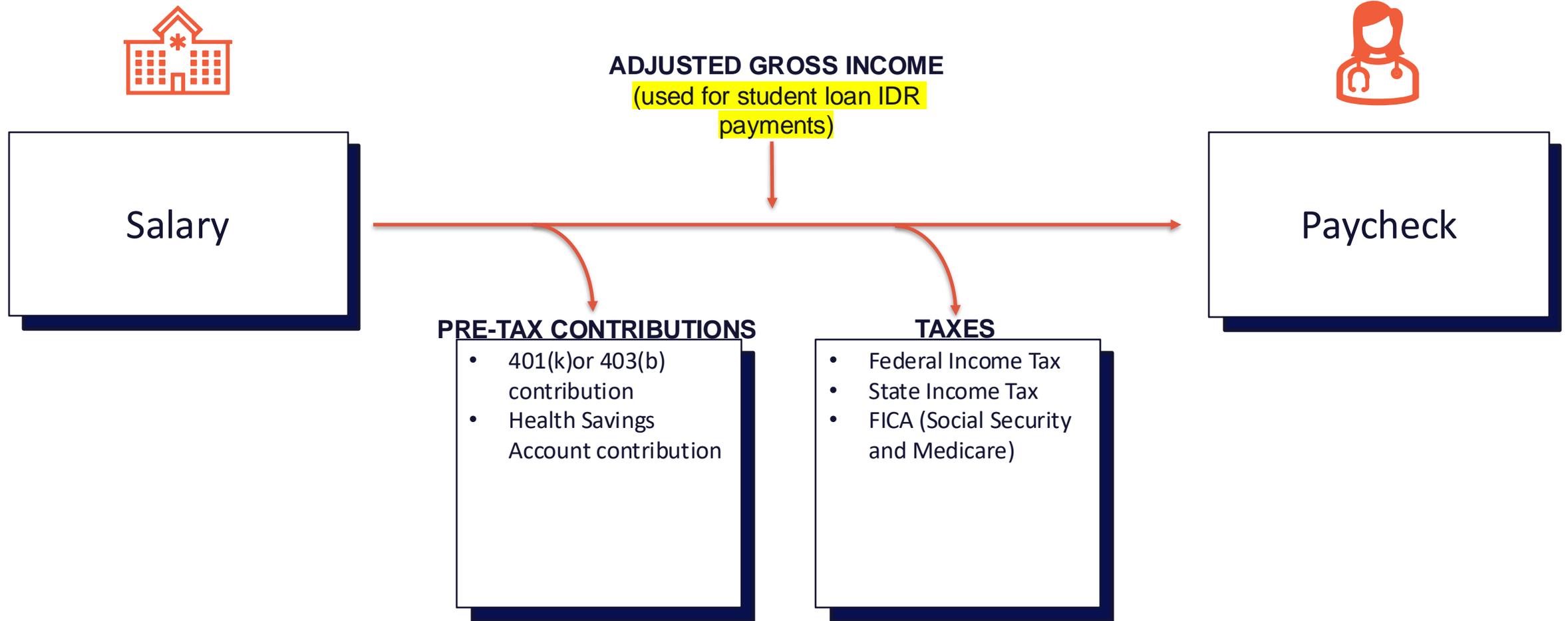
of your salary

3

Set A Budget

and stick to it

KNOW YOUR MONTHLY INCOME. SET A BUDGET



PRO TIP

- Use a take-home pay calculator online to get a good estimate of what your take-home payments will be.
- Check with your employment on frequency of pay (could be once every 2 weeks or once a month)

A SIMPLIFIED FINANCIAL APPROACH

Live below your means to
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Choose a Student Loan Strategy
(pay off quickly vs pay as little as possible)

REPAYMENT **OPTIONS**

Standard Repayment

- Default plan
- Set to pay off in 10 to 30 years

Pros

- Pay less interest over time
- Predictable, steady payments

Cons

- High monthly payments
- Not good for PSLF as loan paid off in 120 payments
- No loan forgiveness unlike IDR

Graduated Repayment

- Start low
- Increase every 2 years
- Set to pay off in 10 to 30 years

Pros

- Pay less interest over time
- Payments start out low & go up

Cons

- High monthly payments
- Not good for PSLF as loan paid off in 120 payments
- No loan forgiveness unlike IDR

Income-Driven Repayment

- Multiple options
- Discretionary income
- Great for PSLF

Pros

- More affordable payments
- Great for PSLF
- Forgiveness after 20-25 years

Cons

- Keep up with recertification
- Can have a large tax bill



FORGIVENESS **OPTIONS**

Public Service Loan Forgiveness

- Full forgiveness of remaining balance after 10 years of payments in an IDR plan working for qualified employer
- Forgiveness is not federally taxed as income

Income Driven Repayment

- Full forgiveness of remaining balance after 20-25 years in repayment.
- Forgiveness is taxable as income

PROS

- Tax Free
- Shorter time period
- Easy for some specialties to qualify

- Does not depend on employer
- Do not have to complete annual employer paperwork

CONS

- Restricted by employer type
- Annual paperwork needs to be completed

- Could result in a large personal tax bill
- Pay a larger amount over time compared to PSLF

LOAN PAYMENT STRATEGIES

 Pay off loan as fast as possible

 Have low monthly payment

 Pay lowest total amount over time

Federal Loans

Private Loans

Forgiveness (PSLF)

Standard Repayment

Income-Driven Repayment. No PSLF

Refinance



- 10 years of not-for-profit work in IDR
- Tax-Free Forgiveness

- Paid off in shortest amount
- Minimize interest accrual
- **High monthly payments**

- Longer repayment time
 - Forgiven in 20-25 years
- Higher interest accrual (but could be covered)
- **Low monthly payments**

- Can lower interest rate
- Could lower monthly payment
- Choose repayment length
- Avoid Federal Changes

A SIMPLIFIED FINANCIAL APPROACH

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Prioritize employer match
(if available)



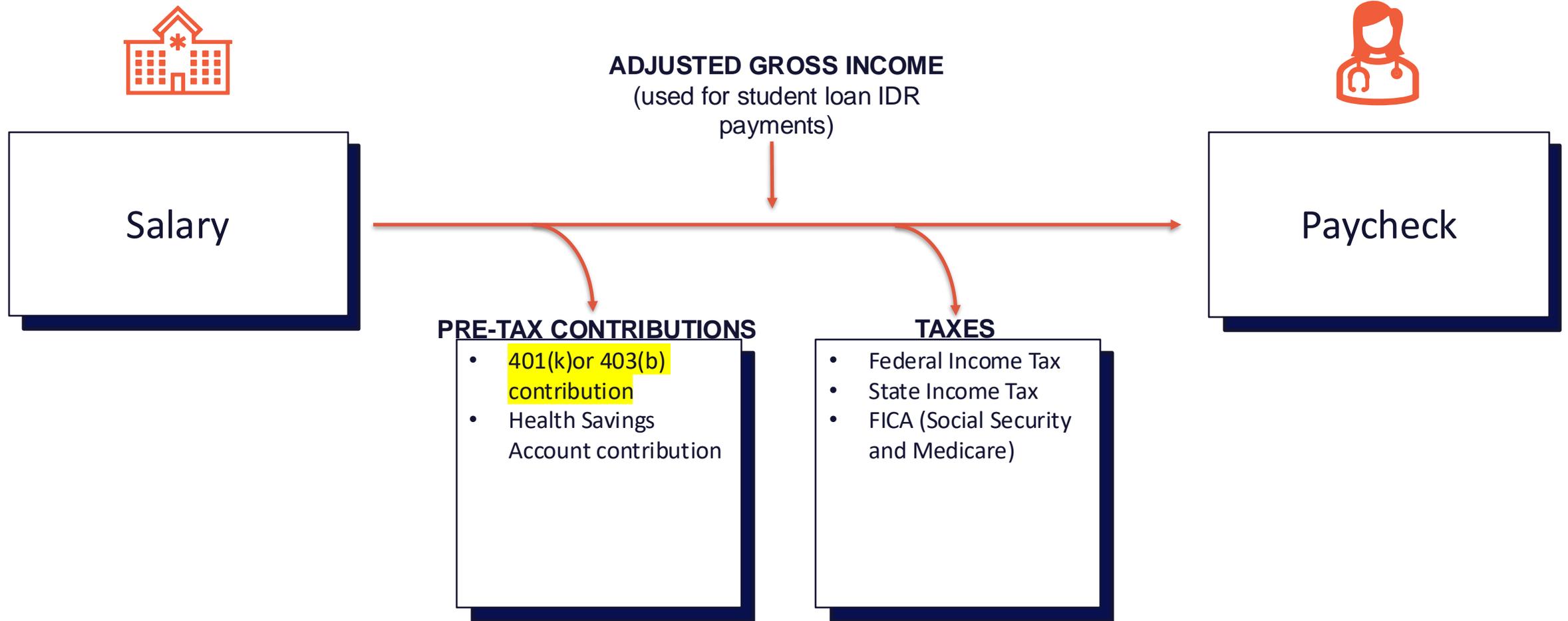
MAX OUT TAX ADVANTAGE RETIREMENT

	401(k)	403 (b)	Solo 401(k)
Eligibility	<ul style="list-style-type: none"> Employees of private sector companies 	<ul style="list-style-type: none"> Employees of public organizations or not-for-profits 	<ul style="list-style-type: none"> Self-Employed or Business Owners
Contribution Limits	<ul style="list-style-type: none"> Employee: Up to \$23,500 Employer: Combined up to \$70,000 	<ul style="list-style-type: none"> Employee: Up to \$23,500 Employer: Combined up to \$70,000 	<ul style="list-style-type: none"> Employee: Up to \$23,500 Employer: Up to 25% of comp up to \$70,000

- Example:
 - Dr. Jones has a salary of \$200,000
 - Employer will match up to 5% of their salary (\$10,000) annually into a 401(k)

	Employee Contribution	Employer Match (free money)	Total Contribution
Contributes 3% of salary	\$6,000	\$6,000	\$12,000
Contributes 5% of salary	\$10,000	\$10,000	\$20,000
Contributes 7% of salary	\$14,000	\$10,000	\$24,000

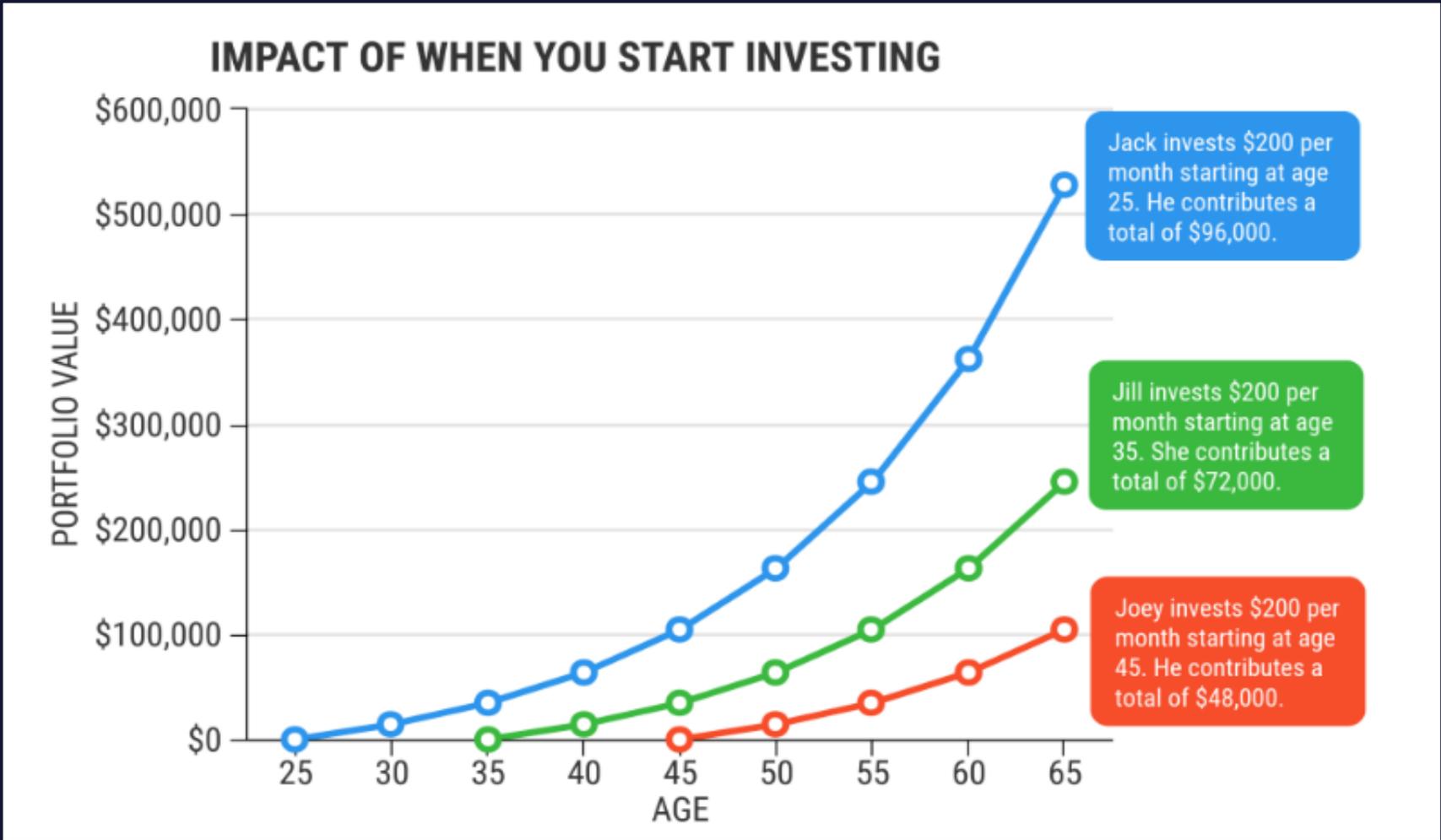
KNOW YOUR MONTHLY INCOME. SET A BUDGET



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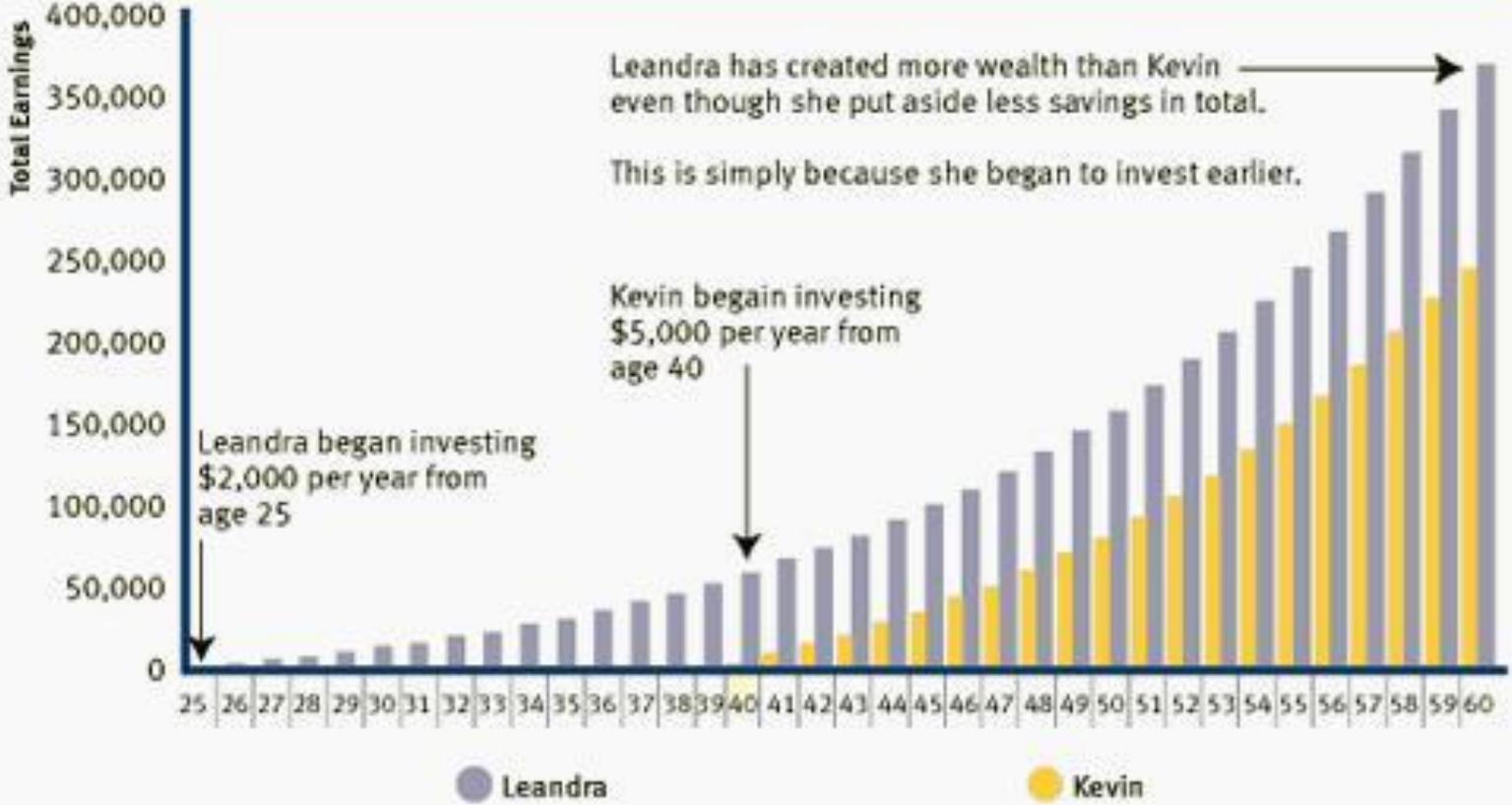
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START TODAY, NOT TOMORROW



START TODAY, NOT TOMORROW

The graph demonstrates the growth of both investors' wealth over time and highlights the benefits of investing early. Leandra's savings have grown well in excess of those of her fellow investor, even though Leandra put aside \$30,000 less in savings.



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Pay of high interest debt



OTHER DEBT PRIORITIZATION STRATEGIES

	PROS	CONS
Debt Avalanche Paying off highest interest first	<ul style="list-style-type: none">Saves the most money in interest over time and gets you out of debt faster.	<ul style="list-style-type: none">Can be harder to stay motivated, as higher-interest debts often have larger balances, meaning it may take longer to see progress
Debt Snowball Paying off smallest debt first	<ul style="list-style-type: none">Provides quick wins and psychological motivation, which can encourage adherence	<ul style="list-style-type: none">You may pay more in interest over time, as you're not targeting high-interest debts first
Balanced Split extra funds between debt and investing	<ul style="list-style-type: none">Allows for financial growth while tackling debt, providing a balanced financial approach.	<ul style="list-style-type: none">Progress may feel slower in both areas (debt reduction and investment growth), as you're dividing resources

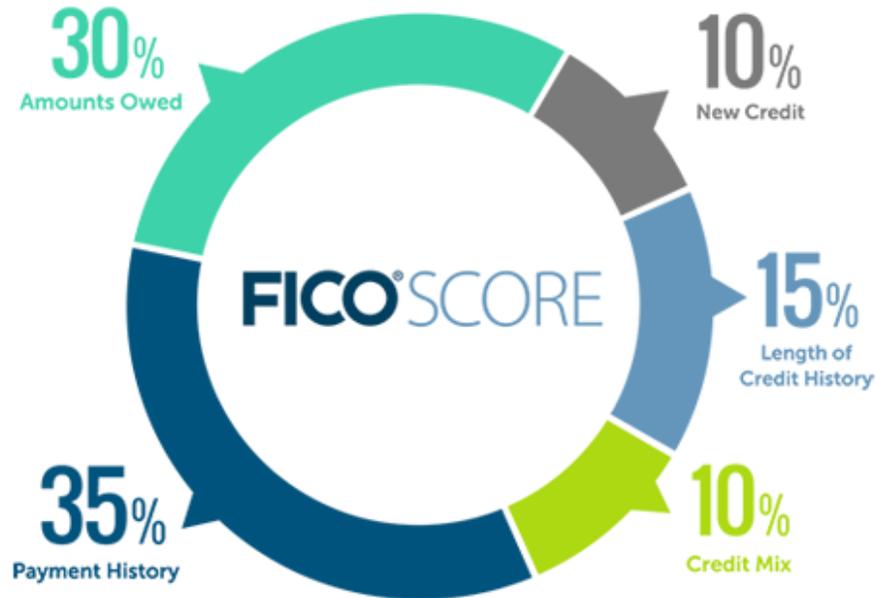
HOW DEBT AFFECTS **CREDIT SCORE**

AMOUNTS OWED

- Utilization of credit cards (individual and total)
- Amount of installment loans owed (ie car loan)
- Number of accounts with a balance

PAYMENT HISTORY

- On time payments (<30d past due)
- Amount in delinquency
- Number of past dues
- Number of accounts being paid



NEW CREDIT

- New hard credit checks in last 12 months

LENGTH OF CREDIT HISTORY

- Age of oldest account
- Age of newest account
- How long since account was used

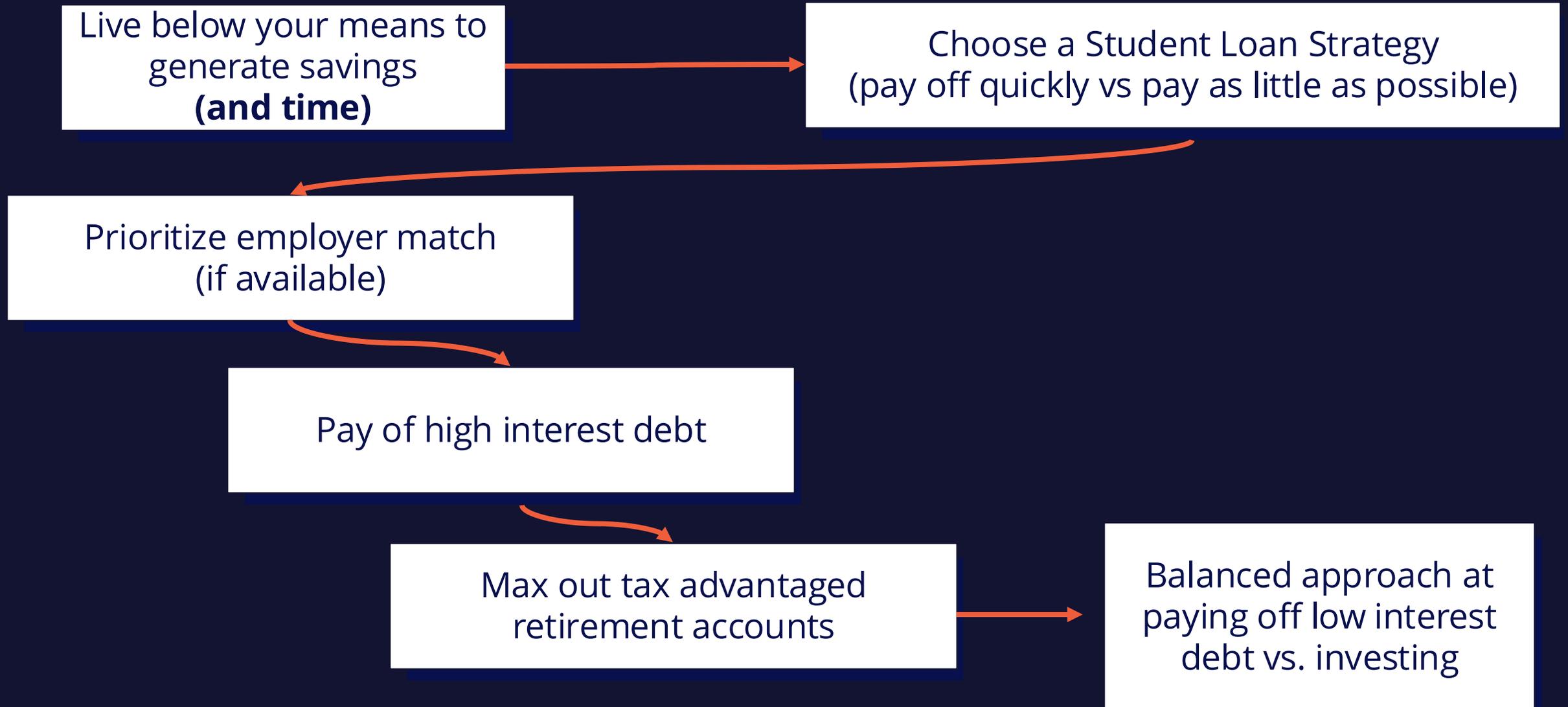
CREDIT MIX

- The mixture between revolving credit (credit cards) and installment credit (loans)

CREDIT UTILIZATION EXAMPLE:

Your credit card has a balance of \$2,000 but you can borrow up to \$10,000. Your utilization is 20%

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Tax Treatment	<ul style="list-style-type: none"> <i>Traditional</i>: Pre-tax contributions; taxes on withdrawal. <i>Roth</i>: After-tax contributions; tax-free withdrawals in retirement. 	<ul style="list-style-type: none"> <i>Traditional</i>: Pre-tax contributions; taxes on withdrawal. <i>Roth</i>: After-tax contributions; tax-free withdrawals in retirement. 	<ul style="list-style-type: none"> <i>Traditional</i>: Pre-tax contributions; taxes on withdrawal. <i>Roth</i>: After-tax contributions; tax-free withdrawals in retirement.
Investment Options	<ul style="list-style-type: none"> <i>Target Date Funds</i> <i>Index Funds</i> <i>Actively Managed Funds</i> 	<ul style="list-style-type: none"> <i>Target Date Funds</i> <i>Index Funds</i> <i>Actively Managed Funds</i> 	<ul style="list-style-type: none"> <i>Typically more options than 401(k) and 403(b)</i>

LOW INTEREST DEBT: **MORTGAGES**

How Much **SHOULD** I Afford?

Mortgage
Loan

<

2.5x Yearly
Salary

MORTGAGE OPTIONS

Mortgage Type	Pros	Cons
Conventional / Conforming	<ul style="list-style-type: none">• Down payment could be as little as 3%**• Most mortgage term options• Most lenient on property conditions/repairs	<ul style="list-style-type: none">• Requires more money down. Also requires private mortgage insurance if your down payment is less than 20%• Higher FICO and lower debt-to-income requirements than government loans

HOW DOES A **DOCTOR LOAN COMPARE?**

	DOCTOR MORTGAGE	CONVENTIONAL
Down Payment	0-10%	3-20%
Private Mortgage Insurance	No	Yes if equity <20%
Interest Rate	Higher than conventional	Lower than Doctor Mortgage
FICO Minimum	720	680

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A BASIC PLAN FOR INVESTING (BOGGLEHEADS)

BASED ON VANGUARD FOUNDER JOHN BOGLE AND NOBEL PRIZE WINNING RESEARCH

CREATE A PLAN

- Diversify
- Keep it simple
- Index funds when possible
- Minimize tax/costs

MAINTAIN A PLAN

- Don't get distracted by trends

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FEE-ONLY FIDUCIARY **WITH DOCTOR EXPERIENCE**

Thank You!
Any Questions?