How to plan for the end in the beginning

Only 28% of physicians are very confident about their financial decisions. Additionally, over half of physicians are concerned about having enough money to retire. Financial preparedness is not just about investing in the right funds; it’s about finding the right job and negotiating well. It’s about tackling debt aggressively, including student loans, while not neglecting retirement planning. For residents and fellows, it’s about creatively and purposefully putting a limited paycheck to work instead of waiting until finally finishing training. It’s also about being prepared for job interviews and protecting a physician’s potential with the right coverage. According to the 2015 MGMA compensation report, the median annual earning potential of a cardiologist is $476,376 and an interventionist is $566,370. These earning potentials illustrate the compelling reason why when planning for retirement, proper diversification goes far beyond having an investment allocation spread out among various asset classes. A truly diversified investment strategy also takes into consideration the impact of taxes both today and when retirement is reached. A diversified investment strategy provides physicians the ability to minimize tax liability in order to optimize the tax efficiency of their portfolio both today and in retirement years. Traditionally, individuals rely solely on their 401(k), IRAs or other tax-deferred vehicles for savings. However, this one-dimensional savings strategy provides little to no flexibility when an individual reaches retirement. Diversification involves spreading investments among tax-deferred, tax-favored and taxable accounts during a physician’s working years so they can plan to optimize their tax situation in retirement. Whether discussing contract negotiation, interviewing, debt management or retirement planning, the remedy to this concerning statistic is to universally "plan for the end in the beginning."

Biography

Justin Nabity has been a Financial and Career Development Advisor to physicians since 2005. He is from two families of physicians and financial planners with over 200 years of collective medical practice and financial experience. As a result, Physician Advisors solely caters to the needs of physicians. He has been a guest speaker to nearly 200 institutions and associations. He is a Board Member of the Entrepreneurs Organization (EO), a Board Candidate of the National Association of Insurance and Financial Advisors (NAIFA), listed on 2014 Best Financial Advisers for Medical Economics and is a member of the Mayo Fellowship Association (MFA). He has authored dozens of lectures on contract review, financial planning, disability insurance, physician job search, debt management, retirement planning, and wealth planning.

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