



FINANCIAL PLANNING CHECKLIST: A GUIDE FOR PHYSICIANS

From residency through retirement physicians have unique financial planning needs. Use this guide to help manage financial milestones throughout your career.

□ **CREATE, UPDATE AND STICK TO A BUDGET**

Start good financial habits early, while you're in training, by tracking and controlling your spending using the following guidelines. Continue to monitor and adjust your spending habits as your career or practice grows.

- 25 percent for savings and investing
- 55 percent on essential expenses
- 20 percent on discretionary expenses

□ **BUILD AN EMERGENCY FUND**

Out of the 25 percent mentioned above for saving and investing, prepare for unexpected expenses by creating an emergency fund. Make this a top priority! Generally we recommend \$20,000- \$40,000 in an emergency fund once you are attending.

□ **CREATE A PLAN FOR STUDENT LOAN REPAYMENT**

For both undergraduate and medical school loans, it's important to select a repayment option that's right for you. Refer to the [American Association of Medical Colleges guide](#) for tips on repayment plans, deferment and forbearance options and forgiveness programs.

□ **PAY DOWN DEBT AND BUILD GOOD CREDIT**

If you have debt, prioritize payments by paying off the debt with the highest interest rate first. Be sure to make payments on time, or it could hurt your credit.

□ **PROTECT YOUR PAYCHECK**

An injury or illness could limit your ability to practice. Check your employer's disability income insurance coverage; it usually only covers a portion of what you earn if you become sick or injured. Supplemental insurance options are available specifically for medical professionals. Finally, remember to update this coverage as you grow in your practice.

□ **PUT ADDITIONAL PROTECTIONS IN PLACE**

As your career grows, explore the various "what ifs" and get the right insurance to protect against potential impacts to your budget.

- Medical malpractice insurance
- Life insurance
- Renters/homeowners insurance
- Auto insurance
- Umbrella insurance

□ **SAVE AND INVEST FOR RETIREMENT**

Start saving, even while you're in training. If your employer offers to match a percentage of your retirement savings contributions, set aside enough to obtain the maximum employer match. If they don't offer a match, put your money into a Roth IRA. Use a Roth option on your retirement plan whenever possible. Most common retirement vehicles used by physicians:

- Employer Sponsored Retirement Plans: 401(k), 403(b), 457(f) or 457(b)
- Traditional or Roth IRA's
- Brokerage Accounts
- Real Estate

□ **EXPLORE PROFESSIONAL SERVICES**

Attorneys

- Protect your assets against malpractice or liability claims.
- Review your employment contract to understand terms, liability and malpractice coverage needs, deferred compensation and exiting options.
- Develop an estate plan that includes a will and medical directives.
- Educate you on how your estate planning needs change as income and assets grow.

CPA's

- File your taxes. (Highly recommended if you have 1099 income).
- Set up your business structure.
- Educate and assist in reducing personal and business taxes.

Financial Planners

- Financial planning can feel overwhelming, but it doesn't have to be. A financial planner can help you design a plan and implement strategies to meet your specific goals with confidence.

□ **START A COLLEGE SAVINGS PLAN**

You certainly know the value of a good education – and the cost of getting one! If paying for a child's education is a priority, start saving now. There are many [education savings plans](#) available, including 529, Coverdell and UGMA/UTMA plans.



Schedule An Introductory Call with Shawn D. Erickson, CPA

