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Your First Paycheck: Financial Planning, Debt Management, and All Things Money



Soon you will start your new job, and your first paycheck will arrive. When your hard-earned money is finally here, what will you do with it? In this edition of *In Transition*, we highlight online resources to assist you in making smart money management decisions.

General Overview

Let's start with the big picture. In 2001, Dr. Erik Thurnher, an emergency physician who is also a financial planner, wrote [Preparing for Life After Residency: A Financial Planning Primer](#). This primer discusses retirement planning, insurance choices, cash flow and debt management, and investment strategies. To supplement Dr. Thurnher's work, we suggest four online articles. First, [Top Ten Planning Issues When Finishing Your Residency Program](#) written by M. Shayne Ruffing, CLU, ChFC, AEP. Mr. Ruffing, a financial planner, provides an overview of recommended insurance purchases, legal planning tips, and money management philosophies. *

The second article is Dr. Ronald Charles's 1997 work, [Financial Security: Developing a Plan and Sticking to It](#), which addresses everything from investing, insurance choices, retirement planning, and student loan repayment to buying a house or car, and finding financial advisors. A 1997 article, [Financial Planning at Every Life Stage: What To Do When](#), by Bob Evans, vice-president of investment at Smith Barney at the time, reviews the financial focus of an emergency physician as he or she reaches each successive stage of life.

If you're looking for a wealth of resources about financial planning, mortgages, and retirement, check out the book [The White Coat Investor: A Guide to Personal Finance and Investing](#). It's written by James Dahle, MD, FACEP. He's a board certified

Emergency Medicine physician from Utah who was tired of financial professionals taking advantage of him.

Student Loan Repayment

The Association of American Medical Colleges (AAMC) has helpful information on student loan repayment. Their overview page is entitled [FIRST](#) (Financial Information, Resources, Services, and Tools) and has links to list serves, loan consolidation advice, and debt management workshops. In particular we like their Eight Strategies when reviewing your student loans. Strategy #3 discusses grace periods, deferments (including economic hardship), and forbearance options.

EMRA's *EM Resident-Money Matters* series has two more helpful articles on loan repayment; [Why You Should Pay Off Student Loans SLOWLY](#) and [How to Manage Debt and Have a Life, Too](#).

Another effective use of the student loan consolidation program is to use it for "as necessary" deferments without the official deferment paperwork. When you consolidate your student loans, your repayment period is 30 years. You can choose to pay more than is due each month with no penalty, which also saves on accrued interest. Once you're ahead on your payments, you can omit a monthly payment or two if you can't pay for a month or two because of job change, arrival of a new family member, etc. Of course, you must check with your vendor to confirm before skipping any payments. Finally, there are federal programs available specifically for faculty loan repayment. One of them, the Faculty Loan Repayment Program, is for health professional faculty members who come from disadvantaged backgrounds.

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See <http://www.hrsa.gov/loanscholarships/repayment/faculty/> to see if you qualify. The second is sponsored by the National Institute of Health (NIH). You must promise 20 hours a week of clinical research for a 2-year period. See <http://www.lrp.nih.gov/about/extramural/intro.htm> for details. Finally, do not hesitate to contact the student loan office from your medical school. They help medical students and graduates with this issue every day, and can be very helpful.

Life Insurance

There are two basic type of life insurance: term and permanent. Term policies have low premiums, but only last for the term of the policy. Whole policies have high premiums, but last a lifetime. Many business managers recommend term policies for young physicians, because it is thought that one can earn more on other investments if their term policy is inexpensive. Many financial advisers, however, recommend whole policies for young physicians because income only gradually increases over the course of a physician's career. Some advisers recommend variable universal policies, which blend security and investment, so that one can take advantage of gains in the market while having the security of permanent life insurance. No policy fits everyone, and the best advice we can give is to consult with a personal financial adviser.

Disability Insurance

The prudent physician plans for all circumstances, and disability is an unfortunate possibility. The earlier it strikes in your career, the greater the risk that you and your family will not have the necessary resources needed. Purchasing disability insurance is an absolute must for the vast majority of us. In [Disability insurance for emergency physicians: what you need to know-now](#), M. Shayne Ruffing succinctly discusses the need for disability insurance early in your career and explains the different aspects of disability insurance.

Other Resources

EMRA provides resources that address other basics: [Playing the Mortgage Game](#), [Four Easy Ways to Lose Money in the Stock Market](#), [Investing Made Easy: Exchange Traded Funds](#), and [Why You Must Open a Roth IRA Now!](#). The authors, Dr. Mark Reiter and M. Shayne Ruffing, CLU, ChFC, AEP, will assist you in making informed decisions with these timely, brief articles.

Medical Associations

Your financial advisor will offer you many vendor choices for your investing and insurance needs; however, they may not know that certain medical organizations also offer these services. The AMA offers [discounts](#) on banking services, loan consolidation, and credit cards.

The Southern Medical Association (SMA) also offers many of these services and much more such as health insurance and retirement programs; see <http://www.smaservicesinc.com/> for detailed lists. To receive benefits from the SMA or the AMA, you must join their organizations. SMA membership gives you automatic eligibility for these programs that can extend to employees as well. Also, many state medical societies offer these types of services. Check with your state society for more information.

We hope these resources assist you as you plan your financial future. Watch for us next month with *The Information You Need: Old Fashioned Texts Meet the Information Superhighway*.

* Note: The referenced articles contain relevant enduring planning strategies. It is important to note that the financial markets, like all industries, change over time and that specific references to federal dollar limits, tax policy, insurance offers, other information may have changed since the original article was written. For current information, we recommend that you consult the appropriate authors, as follows;

Shayne Ruffing at sruffing@integratedwealthcare.com

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