



Financial Checklist - For Young Physicians

As you start your career, your focus is on patient care, but it is also the time to establish a solid financial foundation for your future. Use this checklist as a start for your financial planning to-do list.

BUDGETING, SAVING AND DEBT MANAGEMENT

- o Begin with an emergency fund of \$1,000 in a savings or money market account – eventually increasing this amount to 3-6 months of living expenses.
- o Track your expenses and develop a budget, utilizing software or online options such as Mint.com or Quicken.
- o Be sure to take advantage of any retirement plan match that your employer may provide, and continue saving regularly. At this stage in your career, the habits you form are more important than the dollars you save.
- o Speak with a financial professional to review your student loans and repayment options. Don't just assume you're on track. Instead, ensure you're taking all the right steps to pay off your debt in the most cost effective way.

MANAGE RISKS

- o Disability: Protect your earning power with specialty-specific disability coverage. This is especially important in residency, as existing coverage may only be based on your residency pay.
- o Death: Term life insurance provides inexpensive peace of mind that your family will be taken care of in your absence. Later, as your net worth rises, you may need less life insurance.
- o Liability: Malpractice insurance is essential and your employer should cover this. Personal liability protection is also important and often overlooked.

MINIMIZE TAXES

- o Take full advantage of the retirement savings plans available through your employer. While Roth may provide for tax-free growth, pre-tax savings can greatly reduce your taxable income today. This could be significant under one of the federal student loan income-driven repayment options.
- o Plan proactively each year to minimize your tax liability. Take advantage of all deductions and credit opportunities and avoid a surprise balance due on April 15th. An experienced accountant can help you with tax planning.

HOUSING – RENTING VS. BUYING

- o Consider the many variables unique to each housing decision. Are you living alone or do you have a family? What is your expected length of time in one place? How much cash do you have available for a down payment?
- o Experts suggest spending no more than 30% of your gross income on housing related expenses.

INVEST WISELY

- o Keep your portfolio diversified and avoid trying to predict what the market will do. The best way to achieve long-term investment success is to start saving early.
- o You're very busy – don't be afraid to delegate and consider having a financial professional oversee your investments for you.