



Personal Wealth Planning at all Career Stages by Cather McKay, MD

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By Cather McKay MD, FAAD

Financial planning can be a daunting task for busy physicians. With the help of Riley Adams, licensed CPA, creator of the successful personal finance website [Young and the Invested](#) (and soon to be [WealthUp!](#)), and not to mention husband of board-certified dermatologist Dr. Lily Adelzadeh, this month's editorial breaks down simple steps to take at each career stage.

Q: What advice do you have for residents interested in establishing a solid financial foundation?

Riley Adams (RA): As a medical resident, you've earned yourself a ticket to an enviable position in life: You get to work at the intersection of something you find extremely rewarding (helping people) and being paid well for it. And why shouldn't you? You've worked long and hard to get where you are, this is the least you should expect from choosing such a career path.

Establishing sound money management skills when the money at-risk is less is more likely to lead to long-term financial stability. Here is some advice for residents looking to start their financial lives off on the right foot:

- **Create a budget:** Creating a simple budget is a great place to start your financial journey. Start by tracking your income and expenses to understand where your money is coming from and where it's going.
- **Build an emergency fund:** Building an emergency fund is a safe way to keep you covered should unexpected expenses crop up. Typically, the fund is enough money to cover three to six months of expenses, such as rent, utilities, and food.
- **Pay off high-interest debt:** While not always practical if you're living on a resident's salary, you might be able to start paying off debt with high-interest rates, such as credit cards.
- **Invest for the future:** It's never too early to consider investing in a retirement account, such as an IRA. This can help you build wealth over time and achieve financial independence in the future.

Q: What advice do you have for early career dermatologists?

RA: After residency comes the long-awaited opportunity to receive a return on your education. If you've borrowed money to get here and you're going the fellowship route or staying in the public sphere, you've likely had your eye on the Public Service Loan Forgiveness program. And you'd be smart at least to consider it! To qualify for Public Service Loan Forgiveness, you must:

- be a full-time employee of a U.S. federal, state, local, or tribal government or not-for-profit organization (federal service includes U.S. military service);
- have Direct Loans (or consolidate other federal student loans into a Direct Loan);
- repay your loans under an income-driven repayment plan; and
- make 120 qualifying payments.

If you make payments through internship, residency, and fellowship, you're likely over halfway to qualifying for forgiveness. Continuing with an employer that qualifies you for the remainder of your required payments might be a savvy financial move, depending on the amount of student loans you've accrued.

If you've avoided student loans or have a reasonable enough balance to pay them off through other employment, you have more options available to you in the early years of your career.

Q: Do you have tips for employed dermatologists? What about those on partnership tracks?

RA: Being one of the more coveted specialties in medicine, you can more easily choose how to spend your time while still earning a very respectable salary. Some points to consider:

- **Understand (and negotiate) your compensation package:** Make sure you fully understand your salary, bonus structure, and benefits. I strongly recommend consulting a legal professional familiar with employment contracts for your specialty and in your state. Also understand any timelines for when certain changes in compensation may occur.
- **Manage your workload:** Ensure that your workload is manageable and allows you to maintain a healthy work-life balance. Consider negotiating for additional support staff or flexibility in your schedule.
- **Plan for career growth:** Identify areas where you can grow professionally and consider pursuing continuing education or training to expand your skill set.

For those inclined to pursue a partnership track you, you'll want to consider yet more items:

- **Understand the partnership agreement:** Make sure you fully understand the terms of the partnership agreement, including buy-in requirements, partner compensation, time to vesting, out clauses, and more. Hiring a legal professional during this time is well worth it.
- **Prepare financially for partnership:** Begin saving for the buy-in requirements as soon as possible. Treat this money being set aside as another investment you make as part of your broader portfolio.
- **Build relationships with partners:** It's important to build strong relationships with current partners and demonstrate your value to the practice. If you didn't have the option available when you first started, this may help increase your chances of being offered a partnership position down the road.

Q: What about those planning to open a practice?

RA: Opening a practice can be a challenging yet rewarding endeavor. Just like starting any other small business, you will need to wear several hats simultaneously and make a long-term commitment that requires a lot of your time. Here are some pieces of advice to consider:

- **Develop a comprehensive business plan:** Outline your goals, budget, and marketing strategy. This can help you stay on track and make informed decisions.
- **Secure financing:** Consider your options for financing your practice, such as taking out a small business loan or seeking investment from partners.
- **Choose a location carefully:** Choose a location for your practice that aligns with your target patient demographic, has adequate parking, and is visible from the road. Consider the cost of rent or owning a building in the location you choose.
- **Invest in technology:** Invest in technology and software systems that help you run your practice efficiently and effectively.
- **Build a strong team:** Hire staff members who are skilled and passionate about providing excellent patient care, and who align with your practice's values and culture.

- **Market your practice:** Develop a marketing plan to help promote your practice and attract new patients. This can include advertising, organic search, social media marketing, and outreach to referring physicians in your area.

Overall, opening a practice requires careful planning, dedicated effort, and a willingness to take calculated risks. By focusing on your goals, working hard, and seeking guidance from experienced professionals as needed, you can build a thriving practice that provides high-quality care to your patients.

Q: Any tips for dermatologists nearing retirement?

RA: As you near retirement, you've got a few final items to check and review before hanging up the dermatoscope one last time:

- **Review your retirement plan:** Make any necessary adjustments to ensure you are on track to meet your financial goals. Consider working with a financial advisor to develop a personalized retirement plan if needed.
- **Consider part-time or consulting work:** If you're not ready to retire fully, consider transitioning to part-time or even consulting work. This can help ease the transition into retirement, providing not only a source of income but a meaningful way to stay mentally engaged.
- **Review your insurance coverage:** Review your health, life, and disability insurance coverage to ensure you have adequate protection in retirement. Consider purchasing long-term care insurance if appropriate.
- **Evaluate your investments:** Evaluate your investment portfolio to ensure it aligns with your retirement goals and risk tolerance. Consider transitioning to more conservative investments as you approach retirement.
- **Consider social security and Medicare benefits:** Review your Social Security and Medicare benefits and determine the optimal time to begin taking them based on your individual circumstances.
- **Sell or transition your practice:** If you own your practice, consider selling it or transitioning ownership to a trusted colleague or partner. Plan ahead to ensure a smooth transition for your patients and staff.

Overall, nearing retirement is a time to carefully review your financial plan, evaluate your practice or work situation, and plan for a fulfilling retirement. By taking a proactive approach and seeking guidance from experienced professionals as needed, you can achieve a comfortable and secure retirement.

On behalf of the Women's Dermatologic Society Editorial Committee, I'd like to thank Riley Adams for his thoughtful responses for this month's editorial. Some responses have been edited for length and clarity. For more financial advice, please visit Riley's websites [Young and the Invested](#) and [WealthUp!](#)