The 6 Top Financial Planning Mistakes Physicians Make

Planning for your financial future is a priority for most physicians, but ensuring that you will maintain your lifestyle is a complex process fraught with risk. As a vetted expert in finances specifically for physicians, we are sharing the top mistakes doctors make—and ways to ensure they don't derail you from your financial goals.

Know what not to do

1. **You don't do an annual checkup.**
   You should treat your retirement and your finances like you would your health – by doing a full review at least once a year. The problem is that many physicians don't regularly meet with a financial professional to go over their current financial situation which can change significantly over time. That means that physicians may make errors that could be prevented, such as allocating their savings without the appropriate diversity that would keep them from being exposed to too much risk.
2. **You manage and invest your finances on your own.**
   Many doctors make the mistake of handling their own money. That's kind of like performing surgery on yourself. Also, you may have several different professionals that you work with, with the burden of connecting them on your shoulders. Instead, physicians need a good financial advisor who can look at their whole financial world and help make wise overall decisions. For instance, an advisor would be able to tell you if your mortgage is out of sync with your other investments or if you need to put greater emphasis on paying down your debt.
3. **You don't know how to choose a financial advisor you can trust.**
   Getting a friend or colleague's recommendation of an advisor who specializes in working with physicians is a good start, but it's also important to find someone that you feel completely comfortable with. In addition, long-term relationships with a financial advisor can be really beneficial—as they come to know your family and your goals.
4. **You don't involve your spouse in the planning and decision-making.**
   Physicians often don't include their spouse enough. It's important that you both understand your shared goals and what you're trying to accomplish. And there's another benefit beyond being on the same page – many times, involving a spouse helps to keep things more conservative.
5. **You don't maximize your tax benefits.**
   Tax-deferred retirement plans are the biggest tax deduction we see doctors routinely miss out on. A lot of doctors do not max out all the retirement account options available to them – some because they simply don't save enough money, but many simply don't realize just how much money can put into these accounts with huge tax benefits. An experienced advisor can help you understand the significant tax benefits and the difference in tax deductions offered with various qualified and non-qualified plans.
6. **You don't know how to access your funds during retirement.**
   Having sufficient funds for retirement is a big achievement—but it's only part of the equation for a secure financial future. Another major component is understanding how to take that money out during retirement. You need to understand what the most efficient ways are and the answer is not always to take it out of your retirement plan. A good financial advisor should be able to help you make these decisions as well.

Fewer than 5 percent of physicians consider themselves "very knowledgeable" about personal finances and retirement planning, according to recent research by AMA Insurance. If you think you need to learn more about strategies to secure your financial future, you're not alone.

Want to learn more?
Call me to learn more about our solutions for physicians and their families.

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