



A Physician's Guide to Financial Planning

Medical professionals bring extraordinary dedication to their patients and communities, yet the same level of complexity they navigate in clinical settings can often show up in their financial lives as well. Years of training and delayed earnings, significant student loan burdens, long and unpredictable hours, variable compensation structures, evolving practice or employment dynamics, and the emotional weight of caring for others can cause proper care for their own financial lives to take a back seat. Providing your financial life with an appropriate standard of care, and taking a proactive approach to organizing and aligning your financial decisions, can provide clarity, reduce stress, and better support both your career and personal well-being.

The enclosed guide is designed to meet you where you are. Whether you're in training, newly practicing, building a family, or navigating practice ownership, the goal is to transform complexity into a practical, confident path forward.



1. Be Deliberate in Managing Student Debt

Student loans are not just a math problem; they're a career and lifestyle decision. The best outcome balances both the qualitative and quantitative aspects.

Income Driven Repayment (IDR): Useful during training and early attending years, especially if you're targeting forgiveness or need cash-flow flexibility. Understand how your AGI affects payments and pay attention to the levers you can pull that can raise or lower AGI.

Public Service Loan Forgiveness (PSLF) & Service Programs: Public Service Loan Forgiveness, programs like NHSC and forgiveness offered state-by-state can be powerful if your employment and timeline align. The key is procedural rigor. Ensure you are making qualifying payments, getting the right employer certification, and taking care when considering consolidation.

Refinancing: Attractive once income stabilizes and forgiveness paths are off the table. Weigh rate savings against loss of federal protections and the repayment options they provide.

Tax Timing on Forgiveness: Many repayment plans have the goal of attaining some level of loan forgiveness. It is important to know that some forms of forgiveness have tax implications; proper planning avoids unpleasant surprises.

Next Step: Identify your primary objective (Lowest total cost, PSLF Qualification, or fastest payoff) and align your repayment plan.



2. Build a Sustainable Foundation

Even high earners benefit from a disciplined baseline; particularly when time is scarce and decisions are constant.

Emergency Fund: Set aside 3–6 months of essential expenses as an emergency fund. Use a high-yield savings account and automate monthly transfers.

Disability Insurance: Properly written “Own-occupation” coverage with adequate benefit amounts and cost-of-living adjustments is critical. When your income is your most valuable asset, you need to protect it.

Life Insurance: If others rely on your income or you have practice obligations, term insurance can be a cost-effective way to provide dependable protection.

Transition Tax Planning: The shift in income from resident to attending can trigger a tax whiplash. Working with a qualified tax professional is a great way to remove friction from your life; more so if you are receiving 1099 income.

Next Step: Dedicate the next 3 months to completing the above steps to help ensure you are on firm financial footing.



3. Invest With Intent

Physicians operate in demanding environments with priorities that demand constant attention; they need their finances to work in the background: and align with their goals.

Automate Savings: Pay yourself first with automatic contributions to retirement accounts and taxable brokerage (if applicable). Busy schedules demand automation.

Catch-Up Strategy: Delayed compounding can be offset with higher savings rates once income jumps. Consult with a tax professional on the use of tax-advantaged versus taxable accounts to create tax-efficient allocations.

Concentration Risk: If a large portion of net worth sits in employer-sponsored retirement plans or hospital stock, manage concentration risk through diversified portfolios elsewhere and a disciplined rebalancing policy.

Lifestyle Creep: Define a cash management plan and stick to it. Big jumps in income can lead to a sprint on the hedonic treadmill.

Next Step: Set a target savings rate and automate contributions across accounts.



4. Employ an Educated Tax Strategy

Strategic tax planning is often the largest driver of after tax wealth for physicians.

W-2 vs. 1099: W-2 physicians focus on withholdings, employer retirement plans, and HSAs. 1099 physicians have broader opportunity (and responsibility): business deductions, SEP-IRA/solo 401(k), defined benefit plans, and quarterly estimated taxes.

*Moonlighting & Side Work: Track expenses, mileage (where applicable), CME, and equipment. Proper entity structure can create more opportunities for deductions and retirement plan contributions.

Retirement Accounts: Coordinate 401(k)/403(b) with 457(b) plans, evaluate governmental vs. non-governmental 457(b) risks, and Consult a professional regarding additional strategies, such as a mega backdoor Roth to understand how these tools can impact your savings.

Quarterly Estimates: Avoid penalties by aligning payments with income spikes, especially during the training-to-attending transition or when adding 1099 income.

Next Step: Map a year-round tax calendar with deadlines and safe harbors) and determine the best retirement plan mix for your employment structure.



5. Plan for Life Outside the Hospital

Balance your near-term needs with long-term flexibility. Translate goals into timelines and funding paths.

Work-Life Balance: Align spending with values and delegate where possible to buy back time and reduce decision fatigue.

Education Funding: Clarify whether you aim to fully fund 529s or just seed them; make sure contributions fit your broader savings priority. Your kids can take loans out for school, there are no loans for retirement.

Home Buying: Physicians can access specialized mortgages, but affordability still matters. Consider total monthly payment, emergency fund sufficiency post-close, and career stability.

Career Flexibility: If early retirement, sabbaticals, or a specialty change are on your radar, reflect that in savings rates, liquidity, and insurance choices.

Next Step: Map your goals out on paper. List your top 3 goals, dates, dollar targets and build your cash-flow plan around it.

Important Disclosures

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