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Content in this material is for general information only and not intended to provide specific advice or recommendations for any individual.
Introductions

• 11 years speaking at hospitals and Med Schools
• Focus: Residency to retirement
• Doctors all around the united states
• Specialty: financial literacy for new professionals
• Work as a team

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Session Goals

• What should you be thinking about prior to graduation?
• Understand the financial issues pertinent to a medical student/resident
• Prioritize the issues
• Create an action plan
• Offer a personalized consultation
Benefits

Get you started

Build strong habits now to last a lifetime

Protect your income

Find balance between debt repayment and savings

Understand the importance of planning

Avoid the “doctor traps”
The Financial Pyramid

Protection

Speculation

Insurances – Disability, Health, Home Auto, Life, Malpractice, etc.

Emergency Fund

Estate Planning – Will, Power of Attorney, Trust, Letter of Instruction, etc.

Accumulation

Mutual Funds

IRA

401K

Real Estate

Stock

Speculation

The Financial Pyramid
Budgeting Basics

What comes in

What goes out

The Difference!
Create a Budget

1. Identify your goals (write them down)
2. Estimate income (paycheckcity.com)
3. Understand your liabilities and expenses
4. Earnings - expenses = discretionary income
5. Prepare multiple “trial budgets”
6. Review how decisions impact the result
# Budgeting Basics

## Fixed Monthly Expenses

<table>
<thead>
<tr>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage payment or rent</td>
</tr>
<tr>
<td>Automobile note</td>
</tr>
<tr>
<td>Credit cards</td>
</tr>
<tr>
<td>Life insurance</td>
</tr>
<tr>
<td>Disability insurance</td>
</tr>
<tr>
<td>Renter's Insurance</td>
</tr>
<tr>
<td>Homeowner's insurance</td>
</tr>
<tr>
<td>Automobile insurance</td>
</tr>
</tbody>
</table>

## Discretionary Monthly Expenses

<p>| |</p>
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Other/Public transportation</td>
</tr>
<tr>
<td>Personal care</td>
</tr>
<tr>
<td>Automobile gas</td>
</tr>
<tr>
<td>Entertainment/dining</td>
</tr>
<tr>
<td>Recreation/travel</td>
</tr>
<tr>
<td>Gym membership/Association dues</td>
</tr>
<tr>
<td>Hobbies</td>
</tr>
<tr>
<td>Gifts / Donations</td>
</tr>
<tr>
<td>Miscellaneous</td>
</tr>
</tbody>
</table>

## Variable Monthly Expenses

<table>
<thead>
<tr>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
</tr>
<tr>
<td>Gas</td>
</tr>
<tr>
<td>Telephone</td>
</tr>
<tr>
<td>Water</td>
</tr>
<tr>
<td>Cable TV</td>
</tr>
<tr>
<td>Internet</td>
</tr>
<tr>
<td>Food</td>
</tr>
<tr>
<td>Licensing/Testing</td>
</tr>
<tr>
<td>Clothing</td>
</tr>
<tr>
<td>Laundry</td>
</tr>
<tr>
<td>Child care</td>
</tr>
<tr>
<td>Annual Miscellaneous</td>
</tr>
</tbody>
</table>
Example

$55K of income (after taxes, benefits etc.) = $3,300

IBR payment ($375)

Rent – 1 bedroom apartment ($1,200)

Utilities, groceries, auto gas, cable, cell ($750)

Entertainment, travel, clothes ($250)

Car payment @$10K/5%/5 yrs ($189)

Basic Insurances (auto, renters, disability, life) ($300)

Discretionary Income = $236

For illustrative purposes only

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Example #2 – Importance of trial budgeting

$55K of income (after taxes, benefits etc.) = $3,300

IBR payment ($375)

Rent – 2 bedroom apartment w/ roommate ($800)

Utilities, groceries, auto gas, cable, cell ($650)

Entertainment, travel, clothes ($200)

Car payment @$10K/5%/5 yrs ($189)

Basic Insurances (auto, renters, disability, life) ($300)

Discretionary Income = $786

For illustrative purposes only

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Track Your Budget

Software

Internet

Pen & Paper
Pay Yourself First

Bill to Me!

Short-Term

Mid-Term

Long-Term

Debt Reduction
Protect Your Credit

- Open your mail
- Know your debt
- Occasionally review ALL 3 scores and reports:
  - Equifax
  - Transunion
  - Experian
- Be organized
Debt
Debt

- Everyone has a different situation and philosophy
- Pay off debt without sacrificing savings
- The rule of 72 and compounding interest
- Be organized
- Create a debt consolidation spreadsheet
- Review re-payment options, everyone is different

The rule of 72 is a mathematical concept and does not guarantee investment results nor functions as a predictor of how an investment will perform. It is an approximation of the impact of a targeted rate of return. Investments are subject to fluctuating returns and there is no assurance that any investment will double in value.
Purchase Individual Insurance Before Graduation

- Protect your post residency salary now
- Hospital provided “Group” coverage is not adequate
- “True own occ” vs. “modified own occ” definition based on specialty
- Discounted options often available
Purchase Individual Insurance Before Graduation

- Additional benefits are a must (COLA, Residual, Future Purchase)
- Non-cancellable and Guaranteed renewable
- Company should be relevant in the medical market
- Cost based on age
- Special concessions for residents and medical students
Risk Management

- Life insurance
- Renters insurance
- Health insurance provided by employer
- Malpractice covered by employer
- Property and casualty (Auto, Home, etc.)
Typical Retirement Options

- Traditional IRA
- Roth IRA
- 401K: Employer-Sponsored Retirement
- 403B: Non-profit Employer-Sponsored Retirement
Things to consider

- What is your tolerance for risk?
- What is your time horizon
- What are the expenses?
- How is it taxed?
Should You Work with a Professional?

Three things to consider:

- Time
- Know How
- Interest
What Do I Do Now?

• Create an action plan and get started
  – Review checklist in your folder
  – Take the next few months to “step back”
  – Making decisions in the context of a plan is always best
  – Monitor and review
Consultation

• What ARG offers:
  – Review of your specific situation
  – Create debt strategy
  – Discuss saving vs. paying off debt
  – Create a budget
  – Discounted disability insurance prior to graduation
  – Answer your questions
  – No cost or obligation

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• Please fill out evaluation

• Boxes by each exit

• We are always available for questions

Good Luck!