

TRANSITION TO PRACTICE: TOP 3 MONEY MANAGEMENT HABITS

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As you move towards the completion of residency, there are money management habits that you can put into practice today, that will help you have greater control of your finances throughout your medical career.

My team and I, at Financial Literacy Counsel, have been coaching doctors for the past 18 years and we continue to hear that managing money is becoming increasingly confusing, for resident doctors. This is primarily due to the abundance of conflicting financial information out there, which is not geared towards new-to-practice doctors.

Whether you are completing residency training this year, or simply planning ahead, this article will give you the three foundational money management habits necessary, to optimize your finances.

Habit #1: Buy more cash cows, than cash pigs

COVID-19 taught doctors throughout Canada that, although their income may be recession proof, it may not be pandemic proof.

Doctors who had income producing cash cows throughout the pandemic were in better financial shape than those who relied solely on their clinical practice income. When clinics reduced hours and elective surgeries were cancelled, having other sources of income gave doctors with cash cows, additional financial security.



Cash cows are investments, such as stocks and real estate assets, that can go up in value and produce passive income; therefore, making money while you sleep. Cash pigs on the other hand, depreciate in value, and diminish your ability to buy cash cows.

Habit #2: Act like a doctor, think like a business owner

The transition, from being an employee in residency to being self employed in practice, is designed to help you develop the discipline and mindset of a business owner.

Business owners prioritize protecting their ability to earn money by safeguarding their profit centers. Your profit center, as a doctor, is your physical health and mental acuity.

Do you have adequate insurance to protect against loss of income in your practice? When was the last time you reviewed your insurance needs?

Before the end of residency, we encourage you to review your disability, critical illness, and life insurance options to ensure you have a plan that will meet your changing needs in practice. Not only will this give you peace of mind, but it will also increase your financial resilience throughout your medical career.

Habit #3: Increase your financial literacy and build your financial dream team

Financial planning is not a one-time event; rather, it is an ongoing process. It will require you to continually increase your own financial literacy and assemble a team of experts who

understand your unique journey as a doctor.

As a doctor, you will need to hire the services of a financial planner, accountant, lawyer, and banker to help you reach your life goals. It is important that each of them specializes in advising doctors and that they collaborate, as a team, to help you optimize financial opportunities throughout your career.

Have you started the process of meeting with financial, tax, legal and banking professionals?

As you approach the completion of residency, prioritize expanding your knowledge of finances by attending UBC academic half-day workshops, joining a study group, or reading a book on finances. We also encourage you to speak to your trusted colleagues and preceptors and meet with the professionals they trust to help them manage their finances.

By practicing these 3 habits as you move towards the completion of residency, you will be on your way to building a solid foundation for managing money.



It is also important to remember that help is around the corner if you need assistance in navigating your financial planning options.

Please feel free to reach out to Financial Literacy Counsel to book a financial coaching session before the end of your residency training. Contact us at 604.620.6630 or email us at contact@flci.ca

You can also use the QR code below to book your coaching session.



ABOUT THE FINANCIAL LITERACY COUNSEL

Financial Literacy Counsel (FLC) is a boutique financial education and financial planning company committed to “building a financially literate world of stronger families and communities”. FLC began educating doctors in 2003 through the UBC Faculty of Medicine and was contracted in 2011 by VCH Employee Wellness to increase the financial literacy of resident doctors and healthcare professionals. Their programs are delivered through RDBC, UBC MBA, UBC CPD, BC Anesthesiologists’ Society, Chartered Professionals Accountants of BC (CPA-BC) and Continuing Legal Education Society of BC (CLE-BC).

FLC is the winner of the 2020 IFSE Institute Financial Literacy Champion of the year award.

Learn more about FLC by visiting www.flci.ca