INTRODUCTION

This is a comprehensive yet concise guide to and through all the information you need to financially prepare for intern year. Essentially, it's everything and nothing more than what you'll need to succeed financially in your transition to residency – and by extension, in your career. If you read through this guide and follow through on its recommendations, you'll be well on your way to financial success in both residency and beyond.

To be honest, I mostly ignored all things financial until well into MS3 and managed to "survive" just fine – but the truth is that I got lucky, because it was essentially my last chance to learn the basics absent the risk of making any serious financial mistakes. The beginning of residency is the first time that many of us will command a real salary –and with the arrival of that long-awaited earning potential comes, too, the not-so-welcome potential for serious financial harm. By avoiding an education in personal finance, we unknowingly build bad financial habits while we should be building wealth – and in doing so we unnecessarily sacrifice our time, our autonomy, and our happiness. Even worse, we often cede control of our careers and futures to predatory "financial advisors", stockbrokers, and other bad actors who prosper by taking advantage of our high incomes and relative lack of financial education.

For all these reasons and more, I've become incredibly motivated to educate myself in personal finance, investing, and beyond as a means to take back control of both my career and my future. My hope is that this guide will serve to share the knowledge I've gained over the past few years so that we may all succeed in taking control of our financial futures. With any luck, it'll deliver the knowledge every intern needs in order to (1) avoid major financial mistakes now and (2) build the habits necessary for financial success in the future. Such financial success will no doubt bring with it the freedom to work where you want, how you want, and when you want – and ultimately, will mean that more of your time and money can be directed toward what brings you the most joy.

TERMS OF USE

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BUDGETING

1. After Match Day, but before beginning your intern year, it will be important to **develop a written "spending plan"**
   - Take a first pass look at your total income (ideally, after-tax), expected fixed expenses (rent
   - , utilities, internet, insurance, and taxes), variable expenses (groceries, gas, and retirement saving), and discretionary expenses (dining out, entertainment, gifts, subscription services e.g. Netflix/Amazon/Apple Music etc.) after Match Day.
     - Keeping fixed expenses low is likely to have the biggest impact on your overall budget. You're going to be spending a large portion of your time at the hospital anyways, so don't be afraid to "live like a resident" by choosing a modest home or apartment. Ideally, you should aim for a total rent and utilities expense of no more than 20% of your *gross* i.e. pre-tax income.
     - Remember to take into consideration application fees, pet fees, average utility costs, and special rates (i.e. first month's rent free) when comparing the total cost of different homes/apartments
     - Estimate your income low and your expenses high – doing so is setting yourself up for success.
   - Take a second pass look *and reconsider* all of your variable and discretionary expenses, ideally just before you begin intern year (i.e. once you've found a place to live and all of your "new" fixed expenses can be taken into account). What variable/discretionary expenses did you initially forget? Which bring you the most happiness and which do you feel like you could live without? (third and fourth streaming services, anyone?)
     - Some people ascribe to the 50-30-20 rule: aim to spend no more than 50% of your budget on needs (mostly fixed and variable expenses), 30% on wants (discretionary expenses), and *at least* 20% on savings (emergency fund, retirement, etc.)

2. **Track adherence** to your spending plan via a budget for the first few months of intern year and make adjustments as necessary.
   - Can use apps such as Mint (at https://mint.intuit.com/), You Need a Budget ("YNAB" at https://www.youneedabudget.com/), etc. to simplify the process. YNAB actually offers a year-long free trial *for students* that "stacks" with its 34-day free trial for all users (so if you're interested, make sure to sign up while you still have an active IUSM email account). As a bonus tip, Nick True is a Youtuber that makes amazing tutorial videos for YNAB.
   - As you become accustomed to sticking with your spending plan: begin to take savings off the top of each paycheck ("pay yourself first" e.g. immediately put 20% into investment accounts and/or your emergency fund), pay fixed expenses immediately, and simply watch your checking account to track variable and discretionary expenses after that.
   - Remember that if you're barely meeting your spending goals as an intern, you're unlikely to be able to afford your student loan payments once they increase beyond the $0 payments of intern year. To avoid this, you can make a monthly "payment" toward your emergency fund that resembles at least the cost of your PGY2 monthly loan payment. This way, you'll build an emergency fund over the course of the year *and* be more than ready to make those payments when your PGY2 year begins.

3. **Give yourself a break!** Who cares if you forget to write down one small expense or if you go over budget occasionally? The real goal is to build the habit of being financially aware and to spend less than you earn each year. If you're making *progress,* then you're succeeding!

4. **Consider opening one or more high-yield savings accounts to save for short and/or intermediate-term savings goals** (e.g., annual vacations, annual insurance payments, a used car, a down payment on your first home, or even an emergency fund). These typically work well for large purchases planned for 1-5 years in the future.
   - These accounts will allow you to keep track of different savings "buckets" all while receiving a competitive interest rate for allowing the bank to loan out your money. For example, in March 2022 Ally is offering a 0.50%, annual interest rate on a high-yield savings account (compare this to a regular Chase Savings Account offering 0.01%); this rate difference amounts to an interest payment of $50 vs $1 *annually* on an account holding $10,000 (an amount you might, for example, keep in an emergency fund).
   - I recommend Ally Bank at https://www.ally.com/ for the ability to make savings "buckets", their low/non-existent fees, and their very user-friendly app.

STUDENT LOANS

1. **Review the basics and terminology**
   - *Interest rate* – The rate at which a sum of money grows, usually expressed as a percentage. The higher the rate, the faster it grows. This is great for investments but equally less great for your loans. Most quoted rates are an "annual" percentage. So, a $100,000 loan at 5% APR (annual percentage rate) will accrue $5,000 in interest every year.
   - *Capitalization* – Capitalization is when the interest accrued on a loan is added permanently to the "principal" (the loan itself aka the amount that accrues interest). For example, if interest capitalizes annually, then a forbeared/unpaid $100,000 loan with a 5% interest rate accruing $5,000 in unpaid interest would become a $105,000 loan accruing $5,250 the following year. Capitalization is commonly referred to as "compounding" when it works in your favor, such as in an investing account. Capitalization can be triggered by (1) end of grace period / beginning of repayment, (2) end of a period of forbearance or deferment (3) change in repayment plan or consolidation (4) loss of partial financial hardship in IBR or PAYE (5) failure to submit IDR annual income certification on time (6) refinancing and (7) loan default
   - *Public service loan forgiveness* – A program that (currently) offers unlimited *tax-free* loan forgiveness to those working at qualifying non-profit organizations after 120 on-time monthly payments.
   - *Income-driven repayment (IDR)* – An umbrella term for the government's multiple payment plans which tie your monthly payments to your income i.e. payment amounts are determined by your income; they include income-based repayment (IBR), pay as you earn (PAYE), revised pay as you earn (REPAYE), and income-contingent repayment (ICR). These programs are commonly used by students planning to utilize public student loan forgiveness (PSLF) but also offer their own versions of forgiveness *that aren't tax free.*
     - *Income-based repayment (IBR)* – Monthly payments for most borrowers are calculated to be 15% of discretionary income and are capped to never be greater than the amount you would pay monthly on the standard 10-year plan when you first entered repayment. Loans are forgiven after 25 years of payments (but you must pay taxes on the amount forgiven).
     - *Pay as you earn (PAYE)* – Monthly payments for most borrowers are calculated to be 10% of discretionary income and are capped to never be greater than the amount you would pay monthly on the standard 10-year plan when you first entered repayment. Loans are forgiven after 20 years of payments (but you must pay taxes on the amount forgiven).
     - *Revised pay as you earn (REPAYE)* – The new late 2015 addition to the IDR pantheon. Monthly payments are capped at 10% of your discretionary income like PAYE, but half of the unpaid interest

left over after your monthly payment is also forgiven (the "unpaid interest subsidy"). This sounds better than PAYE, and it often is, but REPAYE also closes some loopholes that make PAYE a better choice for some folks (e.g. high-income spouses). Undergraduate loans are forgiven after 20 years, but anyone with graduate loans (e.g. medical school) has to wait 25 years like IBR (and, again, you must pay taxes on the amount forgiven *if pursuing forgiveness through REPAYE alone, not as a means to obtain PSLF*). We'll take a more in-depth look at PAYE and REPAYE in *Step 5* of this section.
    - *Income-contingent repayment (ICR)* – An antiquated, nearly irrelevant program. Don't worry about it unless you have FFEL loans.
- *Discretionary income* – The income amount used to calculate your IDR payments. Discretionary income is calculated as your adjusted gross income (total income before taxes minus deductions) minus 150% of the poverty line. You can find your AGI on your taxes. The poverty line varies by family size (as well as lower 48 vs Hawaii/Alaska).
    - For 2021, 150% of federal poverty line in the 48 contiguous states for (1) individual was $19,320, (2) family of 2 was $26,130, and (3) family of 3 was $32,940. You can find federal poverty line numbers at https://aspe.hhs.gov/2021-poverty-guidelines (just make sure to adjust to appropriate year in url)
- *Private refinancing* – Today, most student loans are given out by the government as part of the Direct loan program (because they're given "directly" by the government as opposed to given by banks but guaranteed/insured by the government, as used to be the case). Some companies do offer student loans, but these are generally less good than the federal offerings. But some offer private refinancing/consolidation, whereby they pay off your existing student loans in exchange for a loan with a lower interest rate. You can save money, sometimes a lot of money, but you also lose the benefits/flexibility/protections of federal loans including possible forgiveness through PSLF or IDR.
- *Deferment* – the ideal way to temporarily not pay off your loans. In a deferment (as opposed to forbearance, covered below), no monthly payments are due on your loans and no interest on subsidized loans accrues (irrelevant because most students nowadays have unsubsidized loans). In practice, the only deferment you are going to get is the one you have while you are enrolled at least part-time in school. In the past, residents were eligible for an economic hardship deferment. That is no longer the case.
- *Forbearance* – is how you can temporarily not make payments on your loans. Most people can only forbear loans for three years, but residents have the use of an unlimited in-training forbearance, so you are never obligated to make payments on your federal student loans while a resident if you feel it's financially unfeasible (though you have to apply annually). The downside is that interest continues to accumulate and then capitalizes at the end of the forbearance period, so your debt balloons more the longer you delay making payments. New attendings who are finally ready to start tackling their student loans are often horrified to see how much their debt has grown after a few years of neglect.
- *Grace period* – the mandatory 6-month period after graduation before you enter repayment. Consolidation loans and PLUS loans do not have grace periods.
- *Delinquency* – occurs when you miss making a payment, even by one day. Reported to credit agencies. This is one great reason to sign up for autopay.
- *Default* – occurs when you don't handle your delinquency. The entire balance is due *immediately*. At this point, your credit score is shredded for at least seven years *and* the government comes after you to get its money. This includes things like penalties and fees, garnishing your wages, seizing social security, and taking your tax refunds. This should never happen (particularly since you can always forbear as a resident). What many defaulting borrowers fail to realize is that IDR payments can be reduced quickly if income falls; bankruptcies from medical illness aside, the payments are designed to never be totally undoable. If your income is low, your payments are low.

2. **Calculate your total consolidated loan principal and interest rate**
    - Login to www.studentaid.gov and click "View Details" in the top right corner of the "My Aid" section. Scroll down to "Loan Breakdown" and click "View Loans" (at the bottom of the page) to see each individual loan with its associated loan type, disbursement date, interest rate, and total balance. Visit https://studentaid.gov/understand-aid/types/loans/interest-rates and scroll down to "What are the interest rates on federal student loans first disbursed before July 1, 2020?" section to apply past interest rates to past loans. Use each loan's balance and specific interest rate to calculate weighted interest rates for each loan; you can add these up to estimate your total "consolidated" loan interest rate. This can be tedious if for those of us with many individual loans, but knowing this number is part of taking responsibility for our finances and will, hopefully, motivate us to stay on top of them going forward! Doing this through https://studentloanhero.com/calculators/weighted-average-interest-rate-calculator/ makes things much easier.
    - For clarity, we'll run through an example: If your first two loans listed for MS1 (disbursed on 07/22/17 in this example) were a $20,500 Direct Unsubsidized Loan and a $11,500 Graduate Plus Loan, you take $20,500/your total loan balance x **0.06** *and then* $11,500/your total loan balance x **0.07** to get the weighted interest rates for each of these loans. Repeat these steps to get weighted interest rates for *every individual loan you have* and then add all of these weighted interest rates together to get an estimate of your total "consolidated" interest rate i.e. the interest rate on your consolidated federal loan (if you chose to consolidate, which is usually the best decision). Remember to round up the final number to the nearest 1/8th of 1% i.e. the nearest 0.125%, which is what happens when you actually consolidate.

Fixed Interest Rates for Direct Unsubsidized Loans and Unsubsidized Federal Stafford Loans [1] - Graduate or Professional Borrowers

First Disbursement Date	Fixed Interest Rate
7/1/19–6/30/20	6.08%
7/1/18–6/30/19	6.6%
7/1/17–6/30/18	6%

Fixed Interest Rates for Direct PLUS Loans - Parents and Graduate or Professional Borrowers

First Disbursement Date	Fixed Interest Rate
7/1/19–6/30/20	7.08%
7/1/18–6/30/19	7.6%
7/1/17–6/30/18	7%

3. **File taxes** for your graduating year *before* you begin residency.
    - As a medical student you will likely report $0.00 in income for the year on your taxes (i.e. you weren't being paid an income), which in turn qualifies you for $0.00 *income-driven* loan repayments for your entire intern year. In other words, because your prior year's income determines the cost of your monthly payments in IDR programs, a $0.00 income as a medical student qualifies you for $0.00 monthly payments as an intern.
    - If you're pursuing PSLF, less money put towards your loans means more to be forgiven at the end of 10 years – so this is a huge benefit.

4. **Consolidate your student loans *immediately* after graduation** at www.studentaid.gov into a single "Direct Consolidation Loan". This step is usually performed in conjunction with applying for an IDR program (*Step 5* of this section) because you'll be asked to choose which IDR program you'd like to use for your consolidated loan *within the Direct Consolidation Loan Application itself.*
    - In short, Direct loan consolidation describes the process of taking several Direct loans (usually Unsubsidized and/or Grad PLUS) and combining them into a single "consolidated" loan with a fixed interest rate based on the average interest rate of the loans being consolidated (you estimated this average fixed interest rate following consolidation in *Step 2* of this section).

- First confirm that your loan status is changed to "graduated" or "grace period" at link above (*after* graduation); if not, contact your medical school and loan servicer to ensure this is changed as it is necessary for your loans to be eligible for consolidation.
    - If considering PSLF, which most should, choose "FedLoan" as your new servicer (you'll be transferred to them as soon as you submit your first PSLF employment certification, anyways, because they handle loans for all students pursuing PSLF). If you're sure you won't be pursuing PSLF, choose "Great Lakes" as they have the best customer satisfaction scores of the other available options.
    - Your servicer should let you know you've entered repayment in ~2 months but you should follow up with them if you don't hear anything within 6 weeks. Since you're most likely to be applying for consolidation in June with ~2 months to carry out the processes of actually consolidating your loans and entering a repayment program, you'll likely only make 9-10 PSLF-qualifying $0 payments during intern year.
- Remember, consolidation allows the repayment process to begin *immediately* after graduation without the typical mandatory "grace period". This elimination of the grace period offers four main benefits:
    - Reduces the amount of capitalized interest on your loan because capitalization occurs immediately rather than following six extra months of interest accrual. This reduces the rate at which your loan balance will accrue interest *for the entirety of residency and beyond*.
    - Temporarily increases the amount of your REPAYE "unpaid interest subsidy"; basically, you're paying *none* of the accumulating interest which means the "unpaid portion" is larger and thus half of that unpaid portion, *which is covered by the unpaid interest subsidy,* is also larger.
    - Helps you achieve loan forgiveness because you're adding 6 months of $0 payments *now* (by forgoing the "grace period") that would otherwise be tacked on to the end of your repayment plan – i.e. would become 6 months of full attending-salary payments later.
    - Maxes out the student loan interest deduction for intern year. This gets complicated, but basically all of that capitalized interest (remember, the outstanding interest on each of your individual direct loans capitalizes when you consolidate) qualifies you for a $2,500 "Student Loan Interest" deduction on your taxes. That's about $550 back at the typical resident tax rate.
- Be aware, if you are not entering repayment for the first time and you've potentially made qualifying PSLF payments on some of the loans prior to med school, you do not want to include those loans in the consolidation (it will forfeit all payments made prior to consolidation and restart the 120-payment term).

5. **Choose and apply for the appropriate IDR program** *immediately* after graduation at www.studentaid.gov (again, you do so within the Direct Loan Consolidation Application).
    - We discussed some of the details of the different IDR programs above in the *Glossary* section, but here we'll take a slightly more in depth look at the two programs you're most likely to use during intern year – PAYE and REPAYE. It gets a little tedious below, but these details are IMPORTANT.
        - Remember that, for both programs, monthly payments are typically calculated to be 10% of your discretionary income. This is the lowest of all IDR programs and the chief commonality between the two.
        - The first *difference* is that REPAYE offers what's called an "unpaid interest subsidy". Most residents' total loan balance is so high, and their monthly payment so low (because of their relatively low income), that their monthly payment is actually less than the interest that's accumulating on their total loan balance each month. In other words, all they're "paying off" each month is a *portion* of the accumulating interest (this means that, unfortunately, a resident's total loan balance is typically *growing* during residency under REPAYE/PAYE; the good news is that this growth is irrelevant if you're pursuing PSLF). The interest that isn't paid off each month is "unpaid" – and half of that amount is covered by the unpaid interest subsidy (i.e. the government is picking up the tab). This effectively *decreases the interest rate on your loan* (which is why, in technical terms, it's decreasing

your *effective interest rate*). In fact, REPAYE often offers effective interest rates lower than those available with refinancing. For this reason, *everyone* should consider REPAYE for at least the first couple of years of residency regardless of their decision to pursue PSLF or private practice.
  - The second difference is that PAYE "caps" monthly payments (i.e. they will never be greater than the amount you would pay monthly on the standard 10-year plan when you first entered repayment). REPAYE, on the other hand, does not. This only becomes important as residents transition to attendinghood, where payments can skyrocket under REPAYE but are somewhat tamed by the payment cap in PAYE. For this reason, most residents pursuing PSLF should switch to PAYE before accepting their first attending position.
  - The third difference is that, if married, REPAYE includes both spouses' income in the calculation to determine a resident's monthly payment, while PAYE does not. This is important for residents with high-income, low debt-burden spouses and will be discussed later in *Couple-Specific Advice* (*Step 9*).
- The two options to consider, generally, should be (1) REPAYE with transition to PAYE at the end of residency if planning for **PSLF** and (2) REPAYE/refinance with (possibly a second) refinance at end of residency if planning to **pay off loans**.
  - The goal in the former strategy is to minimize payments and therefore maximize forgiveness, while the goal in the latter strategy is to minimize your effective interest rate at any given time in order to minimize the total accumulating interest, and in doing so, minimize the total loan balance you'll need to pay off.
- A reminder about PSLF:
  - The Master Promissory Note you sign for each student loan is essentially a legally binding contract stating your qualifying status for PSLF. It is therefore incredibly unlikely that your qualification could be revoked retroactively. Fearmongers about changes to government repayment programs and forgiveness options usually have a vested interest in these changes because any decrease in the quality of government programs or forgiveness will push people into the arms of private refinancing companies – from which those fearmongers earn commissions. There is no evidence or precedent that any future changes will affect existing borrowers as all suggested changes up to this point have involved "grandfathering" current borrowers into the existing repayment opportunities. In other words, you shouldn't worry much about PSLF being "cancelled" in the middle of your 10-year repayment plan. Even if it were, the overwhelming precedent is that you'd be grandfathered into PSLF.

6. **PSLF-Specific Advice**
   - Confirm your residency program and/or employer qualifies as a 501(c)3 organization at http://501c3lookup.org/
   - Remember, also, that you must have eligible "Direct" loans and be enrolled in an eligible IDR (income-driven) repayment plan. You can then consolidate and choose to opt out of the six month grace period as described in *Step 4* of this section.
   - Must fill out PSLF Employee Certification Form (to confirm you qualify) and submit to FedLoan Servicing right after beginning employment as an intern – and repeat *annually*. You'll want to submit another employment certification any time you change jobs as well (important to do if you move from a preliminary/transitional year program to an advanced program).
   - You'll also want to submit an IDR Income Verification Form (to confirm continued eligibility for your IDR plan and to calculate your monthly payments) *annually,* but not until the end of intern year (for PGY2)
     - For this first year (for most students), income is verified *during loan consolidation* as $0 based on the tax return you submitted per *Step 3* of this section. Because you want to maintain your $0 payments

for this year *and you only need to verify your income once per year*, you should wait to submit this form until next year if you choose to consolidate. If you don't consolidate upon graduation, however, make sure to complete the form this year as well.
    - Can complete at https://studentaid.gov/app/ibrInstructions.action
    - This form will be sent to Federal Student Aid *and* your loan servicer; your servicer will use this form to calculate your monthly payments for the upcoming year (until the *next* Income Verification Form is sent in).
- Keep detailed records – of everything!
    - You should keep copies of each of these employment and income certifications, of the responses to them (confirming that each certification was received and accepted), and of your annual payment history file (showing every transaction in your account). For intern year, the qualifying $0 payments will be automatically applied to your now-consolidated Direct loan (there's nothing to do on your end), but make sure to keep record of all those payments for future reference.
    - FedLoans and the PSLF program is, unfortunately, a bit notorious for having terrible customer service. Hopefully that changes as more and more students participate, but there are steps to take if you encounter problems or discrepancies. You can:
        - Enlist the help of the Federal Student Aid (FSA) ombudsman group, an impartial third party that may help resolve any issues (https://studentaid.ed.gov/sa/repay-loans/disputes/prepare).
        - File a complaint with the Consumer Finance Protection Bureau (https://www.consumerfinance.gov/complaint/). This is especially helpful when dealing with the repeated miscounting of qualifying payments (again, keep detailed records of everything).
- REPAYE is likely best for most borrowers, but PAYE may be best for residents with a high-earning, low debt-burden spouse (discussed in *Couple-Specific Advice* below).
- Switch to PAYE immediately prior to taking an attending position to avoid skyrocketing monthly payments secondary to REPAYE's lack of a monthly loan payment "cap" (discussed above in *Step 5* of this section)
    - Remember, because REPAYE has no monthly payment "cap", a skyrocketing attending income can also mean a skyrocketing monthly payment… unless you switch to PAYE beforehand. This allows you to take advantage of the payment cap, thus minimizing your monthly payments and maximizing total forgiveness.
    - It's important to complete this switch, and likewise to submit your annual IDR income certification, before you take your first attending position. This is because such a large income increase as an attending could mean forfeiting your "partial financial hardship" status, which would in turn prevent you from qualifying to participate in PAYE.
    - Such a switch will cause all of the interest that accumulated during residency (i.e. since you consolidated) to capitalize, but that is irrelevant if you still plan on pursuing PSLF; you want to instead prioritize obtaining the lowest possible monthly payments, which will increase your overall forgiveness.

7. **Uncertain PSLF vs. Refinance Advice**
    - For most residents uncertain of the 501(c)3 status of their future employer as an attending, and thus of their future eligibility for PSLF, REPAYE is the most flexible option (i.e. it's the best way to hedge your bets for both PSLF and paying off your loans). This is because the unpaid interest subsidy provides an effective interest rate lower or at least as low as refinancing while still remaining eligible for PSLF *and* paying an affordable 10% of your monthly income in monthly payments.
    - If you choose a 501(c)3 non-profit position after residency, switch to PAYE immediately prior to taking that position as stated above in *Step 6* of this section.

- If you choose a private practice position or to work as an independent contractor, you must decide between staying in REPAYE or refinancing your consolidated loan with a private lender ("private refinancing") to hopefully decrease your interest rate further.
    - REPAYE has no payment "cap" so your attending salary will mean increased payments far beyond the standard 10-year payment and the end of any interest subsidies (essentially, your payments are so large now that you're paying off all of the interest and then some, so there is no "unpaid" interest left over to subsidize) but unlike with refinancing the interest that accumulated during residency won't be capitalized.
    - You must now compare the likely higher interest rate in REPAYE with its absence of capitalization *against* the likely lower interest rate of refinancing with its presence of capitalization. It will likely be of benefit to hire a fee-only financial advisor or student loan planner to help make this calculation. Essentially, you'll need to run the numbers to see which scenario leaves you paying the least over the total course of repayment. See *Step 11* of this section on pg. 12 for advice on choosing a trustworthy student loan advisor.

8. **Refinance-Specific Advice**
    - There's really no good reason to refinance as an intern because the effective interest rate in the REPAYE plan is likely as low or lower than what comes with refinancing to a private loan, but with the added benefit of remaining PSLF-eligible.
    - That being said, there are some situations in which refinancing makes sense during PGY2/3 for students that *know for sure* they're going into private practice. These students will want to start in REPAYE for the first year to take advantage of the $0 payments and thus receive the full unpaid interest subsidy – and then refinance with a private lender once the offered interest rate beats the effective interest rate in REPAYE. If you can't calculate this yourself, seek out some assistance from your employer's financial assistance team or a personal financial advisor.
        - As is the case just above, you must *theoretically* take into consideration the fact that all of the interest that accrues during PGY1 will capitalize when you refinance a year later… but in this case the effect is much smaller since we're considering the capitalization of only a year's worth of interest rather than an entire residency's worth. Feel free to hire a student loan advisor to make this calculation, but in this case, I'd be surprised if it was worth the cost.
    - Find a reputable private lender (whether refinancing in PGY2/3 or at the end of residency).
        - Can do so at https://www.whitecoatinvestor.com/student-loan-refinancing/ or benwhite.com/refinancing although WCI usually has better kick-backs to the students (which you should immediately put towards paying off your loans).
    - Give preference to a five-year, variable-rate private loan if you want to minimize the total amount you pay in interest (and thus put into student loans overall) over time.
        - Variable interest rates are usually lower than fixed interest rates because they have the potential to increase (i.e. they're more "risky") but this risk is fairly small over the short five-year term, and beyond that, interest rates typically need to rise both quickly and dramatically for their fixed equivalents to have ended up being a better deal.
        - It's always good to be prepared. Have a plan in place to put more income toward your loans, and thus pay them off more quickly, should your variable interest rate rise soon after starting your term.
    - A five-year, fixed-rate private loan can also be a great option in the case of student loans because, essentially, you can refinance as often as you'd like – i.e. any time interest rates go down. If they go up? Just keep the fixed rate you've already locked in. Variable rate private loans will almost always get you a lower rate, but they are slightly more risky. The decision of variable vs. fixed rate should be based on your

personal risk tolerance, but know that variable rate loans often come out ahead *in the short term (i.e. five years or less).*

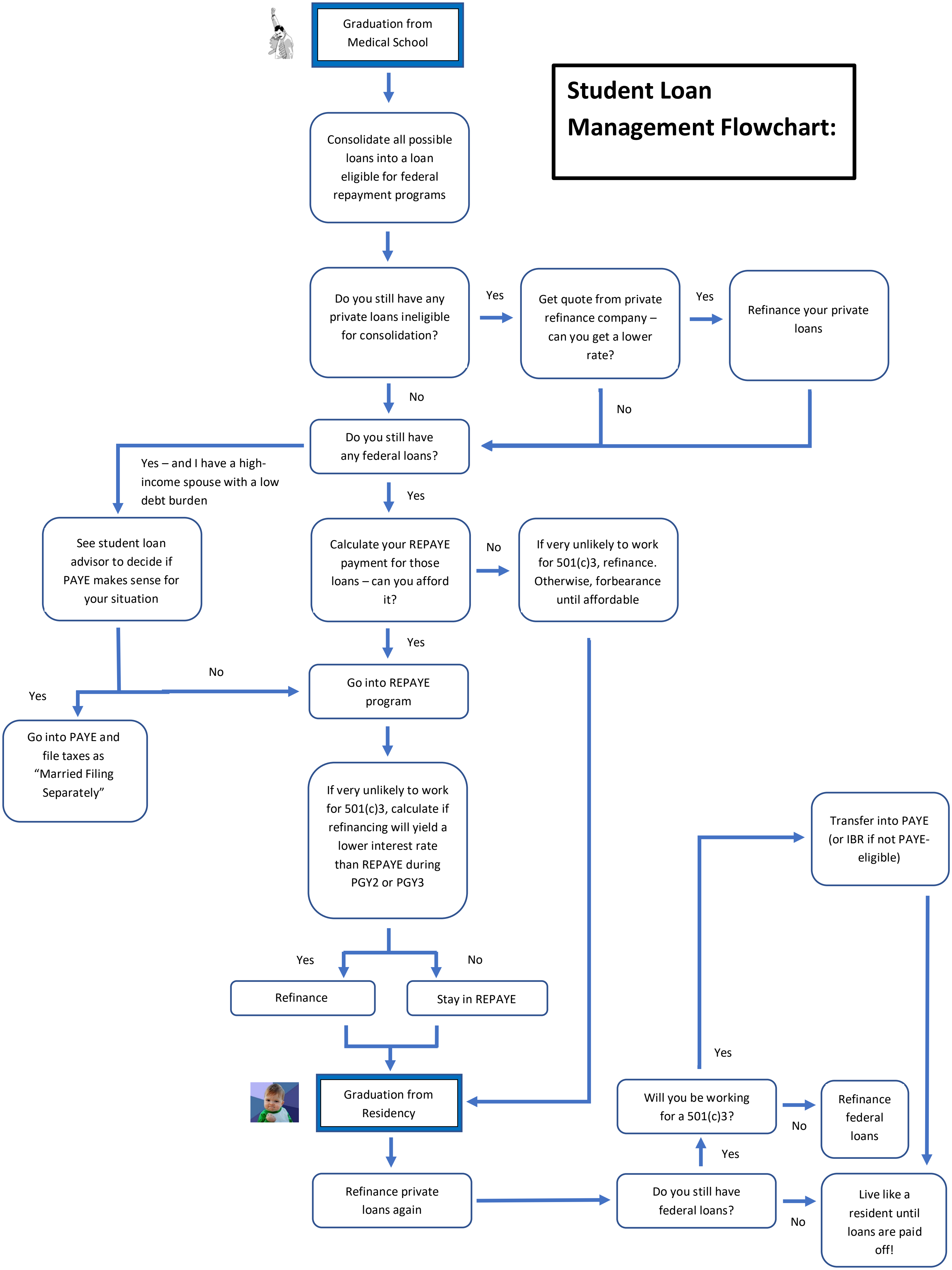
- Refinance *often*, especially if interest rates go down in general or your credit score improves.
    - The only downsides to refinancing are (1) interest capitalization (which shouldn't matter as, at this point as an attending, you should be rapidly paying off any accumulating interest *and* chipping away at the principal balance on your loan… which means there should be no unpaid interest left over to capitalize). The other downside is (2) the hit to your credit score. With regards to the latter, just make sure not to refinance within several months of a big purchase like a car or house. Otherwise, refinancing just means more cash bonuses (which you should put towards your loan balance) and lower interest rates.

9. **Couple-Specific Advice**
    - Married residents with similar student loan/debt burdens – REPAYE.
        - To keep things simple, if you have a spouse with a similar salary and similar debt burden, payments are calculated such that you're essentially in the same boat as an individual. If, however, your spouse makes a reasonable amount more than you or has a reasonable amount less in student loans than you, see the next point.
    - Married resident with a high-income, low debt burden spouse – PAYE MFS *or* REPAYE/refinance and start paying off loans with your spouse's salary (consider hiring a student loan advisor).
        - Residents with a high-income, low debt-burden spouse may benefit more from PAYE than REPAYE – this is because PAYE will only consider *your* income (and not your spouses) for the monthly payment calculation, meaning much lower payments *if you file your taxes as "Married Filing Separately" ("MFS")*. If you were to choose REPAYE, however, your spouse's high income would be considered in the monthly payment calculation *regardless of filing status,* meaning a much higher monthly payment that would (1) decrease your total forgiveness over time and (2) minimize or even eliminate the unpaid interest subsidy benefit. All that being said, you should probably hire a student loan advisor (see *Step 11* of this section on pg. 12) to determine whether the lower monthly payments in PAYE save more than you lose in tax benefits by filing MFS. The better choice is often situation-specific and can be difficult to determine on your own, so again, I really recommend hiring a student loan advisor to determine which is right for you.
        - This is a bit in the weeds, so only look into further if it applies directly to you - but remember that any couple filing taxes MFS must fund a Roth *through the backdoor* because the Adjusted Gross Income (AGI) limit for contributing *directly* to a Roth account changes to $10,000 for those filing MFS. For more information on how to make *backdoor* Roth IRA contributions, listen to WCI Podcast 194 ("The Backdoor Roth IRA Made Easy") and then visit www.whitecoatinvestor.com/backdoor-roth-ira-tutorial for a step-by-step guide.
    - Married resident with low-income spouse or spouse that doesn't work outside of the home – REPAYE
    - Refinancing with a spouse (at beginning, middle, or end of residency).
        - Refinancing *your* student loans can affect your partner's ability to qualify for PSLF by eliminating their qualification for partial financial hardship (PFH), or at the least, it can drastically increase their payments. This is because, while your *joint income* remains unchanged, your total "debt burden" is technically decreased since the Feds *only consider federal loans in their IDR calculations (not refinanced now-private loans)*. Your previous IDR payment (that was due on your joint loans based on your joint total income) would stay the same (because, again, your joint total income is unchanged) but would now be due on *just your partner's loan*. In the meantime, you'd have to start putting money towards your monthly now-private loan payment as well. You're effectively adding

another monthly loan payment on top of what you were already paying before *and* likely disqualifying your partner's eligibility for IDR, and thus, PSLF.

- For all these reasons, if one spouse plans on refinancing then the other should be prepared to switch from REPAYE to PAYE and file separately i.e. MFS. This effectively "separates" your incomes, and in doing so, (1) keeps your spouse eligible for PSLF but also (2) keeps their payments affordable – despite the fact that you've refinanced your own student loans.
- If you want to, you can *later* re-file "Married Filing Jointly" aka MFJ (by amending your prior tax returns) and recoup the initial tax losses that resulted from filing MFS (you have *three years* to do so, which feels pretty generous).

Student Loan Management Flowchart:



10. **Job-related Payments/Stipends**
    - Sometimes an employer will make payments directly to your servicer, which is considered a *taxable* benefit. This is actually bad if you're going for PSLF (i.e. getting paid through a 501(c)3 organization) because you're paying taxes on money that would've been forgiven anyways.
    - Instead (if pursuing PSLF), try to (1) negotiate to get that money paid directly to you and then use it to pay your IDR payments, (2) negotiate to have it changed to a retirement contribution if the former doesn't work, or (3) try to waive it if neither of the prior negotiations pan out.

11. **Other Student Loan Tips**
    - If you still feel uncomfortable with choosing the appropriate payment strategy for residency and managing your student loans going forward (or if you fall into one of the more complex situations mentioned above), consider paying for situation-specific student loan advice. You can find a list of reputable, *fee-only* student loan advisors at https://www.whitecoatinvestor.com/student-loan-advice/ (I personally recommend working with Travis Hornsby at Student Loan Planner)
    - Setting up automatic monthly withdrawal payments (from a checking or savings account) yields a 0.25% interest rate deduction and, more importantly, helps prevent missing a monthly student loan payment. This is important because missing student loan payments by even *one day* can put your loans into delinquency, which is reported to credit agencies and very likely to have a negative impact on your credit score.
        - Unfortunately, you can't get this reduction in interest rate until you're paying a non-zero payment (i.e. you can't get it during intern year) but setting up automatic withdrawals is good practice.
        - Remember, though, that auto-debit withdrawals do create a risk of paying high payments should you forget to renew IDR and lapse into a standard payment plan.
    - Remember to (1) change your address upon moving for intern year at www.studentaid.gov and (2) contact your current loan servicer whenever changing addresses or phone numbers for intern year and in the future.
    - Remember to work towards developing a good credit score during residency. A good credit score can make it easier (and likewise a bad credit score can make it more difficult) to get a low interest rate on what would become a private loan should you choose to refinance your consolidated student loan towards the end of residency.

EMERGENCY FUND

1. You typically want to save up enough funds to cover three to six months of *expenses* (not income) saved as an emergency fund for things like unexpected medical bills, home or car repairs, disability, etc. For a resident, $5K-$10K is usually sufficient (lower end if you have lower expenses and/or you're more risk-tolerant, higher end if you have more expenses and/or you're more risk-averse)
2. You want to make sure that you can, at the very least, live off of your emergency fund for the length of your disability insurance waiting period i.e. the amount of time that it takes for your disability benefit to kick in should you become disabled. For most residents, this length of time should be 90 days i.e. about 3 months.
3. Keep this money in a high-yield savings account or money market account, so that it is still available to you (i.e. "liquid"), but able to grow at a slightly faster rate than it would be in, for example, a typical savings or checking account.

DISABILITY INSURANCE

1. **Recognize that disability insurance is *VITALLY* important to your financial security.**
   - Remember, your ability to earn an income is the only thing allowing you to pay down debt, build wealth, and ultimately support yourself and/or loved ones. Purchasing disability insurance is, unfortunately, the only effective way to protect your income-earning ability.
   - Disability insurance is *especially* important to physician's early in their career (read: interns) who have spent hundreds of thousands of dollars and often over a decade of their lives investing in their future ability to earn a high income. You're at the highest risk of future income loss as a resident and won't be completely free from the need for disability insurance until you reach financial independence.
   - Studies estimate anywhere from **15-25%** of physicians will become disabled during the course of their career. This is not a longshot but a very real possibility – and choosing to forgo coverage could spell financial disaster, if disabled, to medical students who have already (1) lost a decade of earnings and (2) amassed hundreds of thousands of dollars in debt – often with the expectation that a high future earning potential would make such financial sacrifices worth it in the long run.
   - Beyond being at the highest risk for future losses as a resident, you should get a policy immediately upon graduating from medical school because (1) residents often receive a discount, (2) you want to purchase a policy *before* developing any health conditions that could drastically increase the cost of a policy, and (3) you want to purchase a policy, in the case of female physicians, *before getting pregnant.*
     - Insurance companies consider pregnant women to be at considerably higher risk of disability from complications of pregnancy, so you're very unlikely to obtain coverage for pregnancy-related complications *if already pregnant*. If bought during pregnancy, your policy will either (1) exclude pregnancy and all related complications from the policy until 30 days after delivery *or* (2) won't issue the policy at all until 30 days after delivery.

2. The majority of residency programs offer a *group* disability policy, but in most, if not all, cases these **(residency-based group) policies are really poor policies that offer minimal protection.**
   - Weaker definition of disability (not "own occupation") that may leave you without a benefit.
   - Usually not secure i.e. the program can change or cancel the policy at any time.
   - Almost never portable, meaning you have to get another policy upon finishing your training – which completely negates the benefit of getting disability insurance while you're young and healthy.
   - These policies are cheap for a reason. If it costs 10% of a good individual, own-occupation, specialty-specific policy… you shouldn't expect it to provide the same protection.

3. **Purchase an individual policy** from a *reputable, independent* insurance agent (i.e. an agent that can sell you policies from many different insurance companies) at https://www.whitecoatinvestor.com/websites-2/insurance/. Obtain two separate quotes and choose the best.
   - Because you can typically only insure ~60% of your salary, residents are *vastly* underinsured compared to their future earning potential as attendings. For this reason you want to get a **"post-tax"** policy, if possible. This means that you pay premiums post-tax and, similarly, your benefit is paid to you post-tax. You qualify for the same amount of benefit both pre-tax and post-tax, but a post-tax benefit is worth more money (because it's not being taxed and then paid out to you) so residents can technically get more coverage with this type of policy. For example, getting a post-tax policy of $50K/yr will actually pay out $50K for each year you receive the benefit, while a pre-tax policy might pay out only $35-40K/yr *after*

taxes. In essence, this is a creative way to pay a bit more for a bit more coverage because, again, residents are vastly underinsured relative to their future earning potential.

- You want *first and foremost* a policy **with a strong definition of disability:** "own-occupation, specialty-specific" i.e. it pays out *regardless* of your ability to find other "gainful" employment outside of your specialty.
    - Principal, Guardian, Ameritas, The Standard, Ohio National, and Mass Mutual are the only six companies that offer these types of policies. As an important note, Northwestern Mutual claims they have an own-occupation, specialty-specific policy – but their policy's definition of disability is not consistent with that described above; in short, their disability policy is inferior and misleadingly labeled as "own-occupation".
    - Such a definition usually reads, roughly, as, "Total disability is the inability, due to injury or illness, to perform the material and substantial duties of your occupation, even if you are gainfully employed in another occupation." Furthermore, some companies will also add the following: "If you have limited your occupation to the performance of the material and substantial duties of a single medical or dental specialty, your specialty will be deemed to be your occupation." Just to note: I'm including a detailed description here because, in this instance, it's very important that your policy has a definition with similar or even verbatim wording.
- You want a policy **that's guaranteed renewable or non-cancelable**. Guaranteed renewable means the company can't cancel the policy if you pay the premiums but *can* raise rates if it does so for everyone else in your age/gender/state/specialty group. Non-cancelable means the company can't cancel the policy or raise rates. Non-cancelable is *better* - but because raising rates is relatively rare, you might want to get a guaranteed renewable contract *if* it comes with a substantial discount
- You want a **long-term policy with a 90-day waiting period** (30d is more expensive but doesn't offer much benefit; 180d means you need a 6-month emergency fund which can be difficult to amass). A 90d waiting period means you want *at least* a three-month emergency fund.
    - You can buy short-term disability insurance to cover those first 90 days, but this is exactly what an emergency fund is for. As a general rule, don't insure against a risk you can afford to take yourself.
- You *may* want graded premiums if you plan on becoming financially independent sooner rather than later. Graded premiums mean that your premiums are lower during the early policy years (when you're living on a resident's income) and then increase later. This works out especially well if you are able to cancel your disability insurance upon becoming financially independent in your 50s – just as premiums are about to increase substantially.
- **"Unisex" policies for women and "gender-specific" policies for men**, because disability insurance is generally more expensive for women.

4. If you can, you should **attempt to purchase a benefit of roughly $60K/year**, which should cost roughly 2-5% of the annual benefit/year i.e. $1,200-$3,000. Disability insurance is so expensive because disability is much more common than, for example, death (as we discussed in the beginning of this section).

5. **If you plan on moving for residency**, check with your insurance agent *before* moving to **see in which state disability insurance is cheaper**.
    - The cost of disability insurance can vary *considerably* from state to state – for example, it can be as much as 30% more expensive in California as compared to New York. Make sure to check which state is cheaper *before* moving for residency.

6. **Ask your agent specifically, “Am I eligible for any discounts provided by other agents that you cannot offer? Are we sure we’re getting all discounts available?”** Discounts are *very important* in disability insurance. Don’t leave them on the table.
    - Some companies offer an “Annual Payment Discount” where you receive a discount for paying in a lump sum once per year. Simply put 1/12 of your payments aside each month and pay when your payment becomes due.
    - A “Preferred Producer Multi-Life Discount” is an option if your agent has sold disability insurance to other individuals working for your employer.
    - A “Trainee Discount” is available through many residency programs/institutions.
    - A “Unisex Discount” for women is offered by Principal and MassMutual; usually 10-30% off for women
    - Ohio National offers an “AMA Member Discount” of 10% off.
    - Ameritas offers a “Residency Discount” and “Radiology/Neurology Preferred-Occupation” discounts.

7. **Purchase specific “Riders”** to augment your policy.
    - “Own Occupation, specialty-specific” benefit may be a rider you need to add on in some cases
    - Cost of Living Rider – allows benefits to increase in order to keep pace with inflation, although it unfortunately doesn’t start “adjusting” until you become disabled .
    - Future Purchase Option Rider – allows you to purchase a higher monthly benefit later (typically upon finishing residency) without medical re-qualification. Usually increases benefit from 5K/mo as a resident to ~12K-15K/mo as an attending.
        - You generally want to purchase your attending-level disability insurance before starting your first attending job, since the amount of individual disability insurance you can purchase may be reduced by a group policy offered by your new employer.
    - Partial/Residual Disability Rider – allows for partial disability with partial benefits while recovering. It’s important to realize that *many* disability claims either start or end as a partial/residual claim, so this rider often becomes vitally important.
    - Do NOT purchase a catastrophic disability rider unless it’s *very* cheap
    - Do NOT purchase a retirement benefit rider

8. **If you have pre-existing conditions, be honest in your application and discuss specifically with your insurance agent.**
    - It’s very important to avoid being denied by a company because it makes getting a policy from any company exceedingly difficult. Be sure to discuss any concerns you might have with your insurance agent, so they can help to give you the best shot of being accepted on your first attempt. This is especially true for applicant’s suffering from collagen vascular disorders or other serious chronic illness that may increase the likelihood of disability in the future.
    - In most circumstances, pre-existing conditions will result in “exclusions” within your policy. For example, someone with a history of carpal tunnel syndrome of the right wrist/hand may not qualify for disability if they’re rendered disabled by any accident or illness involving the right hand.
    - Importantly, some exclusions can be lifted if the policyholder has gone a certain length of time without suffering symptoms from or continuing treatment for a specific disease/disorder. For example, someone with a “mental/nervousness” exclusion for a diagnosis of depression may be able to have that exclusion removed after 2 or more years off medication without a symptomatic episode.

9. **If you're part of a two-physician couple, aim to spend about the same amount of money a single-physician couple would spend on disability insurance – or less.**
    - In this situation, each spouse is effectively functioning as the other's disability insurance. It's still reasonable to purchase *some* amount of disability insurance, but the need is dramatically less than that of a single physician supporting a stay-at-home or otherwise low-earning spouse. In other words, one physician in a two-physician couple becoming disabled isn't the financial catastrophe it would be for a single physician whose family relies on her. Again, don't over-insure against a risk you can afford to take yourself.

LIFE INSURANCE

1. **Review the basics and terminology.**
    - Term life insurance is designed *only* to protect your dependents in case you die prematurely *for a fixed period of time i.e. a fixed "term"* (10, 20, 30 years, etc.) If you have a term policy and die within the term, your beneficiaries receive the payout. The policy has no other value.
        - Term life insurance is simple and, essentially, a commodity. This means you can shop for the cheapest policy (for the level of coverage you want) and buy it – because all policies offer essentially the same protections.
        - Monthly payments aka "premiums" are very, very cheap.
        - You only receive the "death benefit" if you die *during the term.* This is perfectly okay, though, because most people don't need life insurance after achieving financial independence (more on this in the next bullet).
    - Whole life insurance mixes life insurance with investing. The policy covers you *until you die* and includes a low-returning investment vehicle referred to as the policy's "cash value", which grows in a tax-deferred account (so you don't have to pay taxes on the account's gains while they're accumulating).
        - Whole life insurance is complicated and is a poor financial product. Any advantages are often exaggerated by the insurance *salespeople* masquerading as insurance agents and are dwarfed by the high fees and other hidden expenses associated with these policies. They're sold to you, simply put, because the aforementioned salespeople reap high commissions for doing so.
        - Also known as "permanent", "cash value", "variable", "universal", or "variable universal" life insurance. If you're considering a whole life policy, ask yourself why any decent product would need to obscure itself with such extensive re-branding.
        - Premiums are *very expensive*. It wouldn't be unusual for whole life insurance premiums to cost 10x more than term insurance premiums for the same amount of coverage. In short, most residents aren't be able to afford the coverage they need with whole life insurance *because it's so expensive.*
        - The death benefit is guaranteed i.e. you're covered until you die. In all reality, however, this is *unnecessary* – you only need to insure against death *prior to becoming financially independent*. Most physicians approaching retirement age will have paid off their mortgage, sent their children to college, and built up a reasonable retirement nest egg. They'll have no loved ones, children or spouse, relying on their income – and thus will have no need for continued life insurance coverage.
    - Term life insurance is all you need for adequate coverage *and* is much cheaper than whole life insurance. Whole life insurance combines insurance with investing to the detriment of the owner; it's only sold to you because those selling it receive high commissions for doing so. Avoid whole life insurance, *and anyone who tries to sell it to you,* like the plague.
        - The typical characteristics of a term policy include a length of 25-30 years (long-term) with level premiums (premiums don't increase over the course of the policy).

    - The ideal size of a policy is roughly 10x your annual income. For a resident, this means obtaining a policy with a total benefit of $500K to $1M, which should cost you $20-$40/mo per million dollars of coverage for a total cost of roughly $500 or less per year. You can consider increasing the benefit size when you transition to attendinghood.
- Who needs a life insurance policy?
    - Any residents that have others who depend on their income.
    - Any residents who anticipate having others that depend on their income in the future – and want to purchase life insurance now in order to hedge against developing a disqualifying medical condition during residency (essentially, you're weighing the extra protection against the extra costs that might accompany purchasing a policy a few years before you absolutely *need* it).
    - Any resident with plans to become pregnant (insurance companies will either massively increase the policy's cost or refuse to offer you a policy outright if you seek out life insurance while pregnant).

2. **Purchase long-term, level-premium term life insurance**. Do NOT purchase whole life insurance or take advice from anyone offering it to you.
    - First, compare prices at www.term4sale.com, which gives you a list of similar policies offered by several dozen companies.
    - If you're healthy, print said list and contact a reputable, independent life insurance salesperson from www.whitecoatinvestor.com/websites-2/insurance/ to sell you the cheapest policy on your list.
    - If you have prior conditions that may affect your ability to get life insurance, your agent will earn their commission by helping you to "shop around" with several insurance companies in order to get you the best price.

3. **Other Considerations**
    - You can consider "layering" term life insurance when you graduate from residency and have access to more disposable income to put towards insurance. Read through a review of this strategy at https://www.whitecoatinvestor.com/layering-term-insurance-can-save-you-thousands/
    - I'd also like to say again that, upon reaching financial independence, you no longer really *need* life insurance to ensure your family is taken care of (this is one of the many reasons not to purchase whole life insurance). If you plan to reach financial independence in your mid-fifties, it might make more sense to start with a 20-year or 25-year term policy as opposed to a 30-year one.

OTHER INSURANCE

1. **Increase the liability limits on your automobile and renter's/homeowner's insurance to $300-500K**
    - These policies essentially cover everything outside of malpractice claims. Some may argue that, because residents often don't have much in terms of assets, they can just file for bankruptcy in the case of a large claim against them – and avoid this step altogether. It's important to remember, though, that an umbrella policy protects you from liability, not property loss. You have just as much liability now as you will later. Even if you declare bankruptcy (i.e. you only end up losing your very limited assets) a lawsuit could still seek to garnish your future earnings. This represents another potential financial *catastrophe*, and thus, it's something you should insure against. It's likely that such claims are rare, though, so I'll leave it up to you and your personal risk tolerance to decide if it's worth the modest added cost.
    - As a cost-saving measure, you should consider choosing the highest deductible policy you can comfortably afford (e.g. $500 or $1,000 deductible on your auto insurance instead of $100). Remember, don't pay more to insure against a risk you can afford to cover yourself (typically, through an emergency fund).

- Probably want *only* liability insurance on your personal automobile if it's worth less than $10K (i.e. you can skip out on collision and theft coverage).

2. **Buy a $1-2 million umbrella policy on top the aforementioned policies, if you can afford it** (a S1 million umbrella policy should usually cost you $200/yr or less, so most can).
    - Most umbrella policies require that you insure both your home (renter's or homeowner's insurance) and your vehicle (automobile insurance) through the same company but this is recommended anyways because it will usually result in the best deal.

HOUSING

1. **Owning vs. Renting**
    - Don't just compare the monthly mortgage payment to the monthly rent. A mortgage payment is *supposed* to be much cheaper than rent – how else would a landlord make a profit? If you want to make a fair comparison, you have to consider all the other costs of ownership.
        - These costs include purchasing costs (~5% of the total cost of the home), closing costs (~10%), monthly mortgage interest, utilities, property taxes (~1% annually), maintenance and repairs/upgrades (~2-4% annually), homeowner's insurance, HOA fees, and lawn care/landscaping. You'll likely need a 20% appreciation simply to *break even* on your home purchase as compared to renting. This is difficult to achieve in less than five years.
        - For a comprehensive comparison between owning and renting, read the articles at https://affordanything.com/is-renting-better-than-buying-should-i-rent-or-buy / and https://www.nytimes.com/2016/04/02/your-money/to-buy-or-rent-a-home-weighing-which-is-better.html

2. **Most residents should rent during training.**
    - (1) Residency is fairly short. Overall, there's roughly a 33% chance of achieving adequate appreciation to break even if you own for 3 years and a 50% chance if you own for 5 years. These are not good odds.
    - (2) It can be very difficult to keep up with maintaining a home on a resident's schedule. Doing so can be a huge hassle, especially when the most likely outcome is simply breaking even on your investment and ending up right where you would be if you'd have rented. Life would be much simpler if you could just tell your landlord to take care of it. Instead, you could be spending two of your four days off any given month fixing a broken appliance or renovating the bathroom of your "fixer-upper".
    - (3) You don't see many of the tax benefits that come with home ownership as a resident – especially with the new higher standard deduction.
        - Itemized deductions must be higher than the standard deduction to save you money, which is difficult to get with the size of house that will be affordable for most residents.
        - Residents are in a relatively low tax bracket, meaning they receive less benefits *even if they do* exceed the standard deduction.
        - It's likely that one broken appliance could wipe out the modest tax benefits of owning a home as a resident.
    - (4) Residents don't live in attending houses. You're very likely to want to move into a nicer home or area following your training, whether it be for an upgrade in lifestyle or shorter commute to a new job, meaning you're less likely to stay in your "residency" house long enough for appreciation to make it financially worthwhile.
    - (5) Physician mortgages aren't a great deal.

- They allow you to avoid private mortgage insurance aka "PMI" (this is insurance *for your lender* against you defaulting on your loan, so it is simply an extra expense with no benefit to you) but still sticks you with higher mortgage payments, higher interest rates, and higher fees than you'd have if you saved up for a 20% down payment.
- Another important consideration is that, without a sizable down payment, you lose the protection it provides against a decline in the value of your home. As we learned in 2008, home values don't always go up – sometimes they go down. If your home's value drops by more than the amount of your down payment, you'll find yourself "underwater," meaning that you'll owe more than the house is worth. If you've put 20% down, it's pretty unlikely that you'll find yourself in this situation. But if you've only put 5% down, even a small decline in house prices could dunk you. If you find yourself in a position where you're finishing up residency and need to sell your home, but are still "underwater" on your mortgage i.e. you owe more than the house is worth – you'll either have to (1) wait to sell your home or (2) pay your lender the difference between your home's selling price and what you owe on your mortgage (this could be on the order of tens of thousands of dollars).

3. **For those that choose to own a home**, be sure to make choices that maximize your chances of coming out ahead or, at the very least, breaking even.
   - (1) Most importantly, purchase a home *that you can afford.*
     - Calculate how much home you can afford in a few easy steps. (1) Calculate your net monthly salary (i.e., your monthly "take-home" pay after taxes), (2) multiple your net monthly salary by 25%, (3) determine extra monthly expenses (such as mortgage interest, utility fees, property taxes, estimated maintenance and repair fees, homeowner's insurance, and HOA fees, and finally(4) use a mortgage calculator to determine your maximum mortgage payment. You can walk through these steps at https://attachments.convertkitcdnn.com/45583/7da2c0b0-f693-45c7-9240-a023c8c30bf7/How%20Much%20Home%20You%20Can%20Afford..pdf
     - Note that the amount of home you can afford has everything to do with your personal finances and *nothing to do with how much the bank is willing to loan you.* A bank will loan you as much money as it trusts you'll be able to pay back in the long-term, which is not necessarily the amount of money you can reasonably afford to spend on a home. Banks are incentivized to loan you more money than you can reasonably afford (as long as you can keep making payments) because a higher principal loan balance means higher interest payments – and higher interest payments mean the bank can make more money off of you over time.
     - Remember that the smallest house in a relatively affluent neighborhood is likely a better investment than the biggest and/or nicest house in a less affluent neighborhood as home prices are impacted significantly by the price of surrounding homes. It stands to reason that a less valuable home surrounded by more valuable homes may have more room to benefit from appreciation from small renovations or other changes.
   - (2) Choose an experienced, reliable real estate agent.
     - Ideally, you'll choose an agent that has experience working with physicians specifically; they'll be able to appreciate your circumstances much more thoroughly and help you navigate the process of obtaining a physician's loan more thoughtfully. You should (1) ask how many physicians they've worked with in the past and (2) ask who they recommend for a physician loan. If they aren't familiar with what a physician loan is and/or don't have specific recommendations on lenders, I would look for another agent.

    - It's also prudent to choose an agent that's available i.e. isn't already stretched to thin with work. Call to leave a message and see how long it takes them to get back to you; if it takes them more than 24 hours to reply, they might be too busy for you.
    - I've heard really great things about *Dr Moves* (https://drmoves.com/) and *Curbside Real Estate* (https://www.curbsiderealestate.com/). Both will match you with an agent in your local area who has experience working directly with physicians. Dr Moves, specifically, promises to match you with an agent for free within 24 hours and will even re-match you if you don't love the first agent they provide.
- (4) Once you've paid a reasonable portion of the mortgage over time (e.g. 20% or equivalent to a typical down payment), make sure to refinance your mortgage to get better terms i.e. a better interest rate.

RETIREMENT SAVINGS

1. **Review the basics and terminology.**
    - Actively managed mutual funds vs. passively managed, indexed mutual funds.
        - You generally want to invest in *low cost, passively managed, broadly diversified "indexed" mutual funds.* These funds are low-to-no-fee ("low cost") collections of a wide variety of stocks that essentially invest in *the entire stock market ("broadly diversified"),* and therefore *track the market return ("indexed")* instead of trying to "outperform the market" by picking specific stocks. Because they invest in a little bit of everything, there is no stock *picking* i.e. active management (so they're "passively managed").
        - Actively managed funds, on the other hand, seek to pick specific stocks that will ideally provide returns larger than that of the average stock market return itself. Study after study has proven (some of which are Nobel prize-winning), though, that after fees (which are considerable as compared to passively managed index funds), actively managed funds essentially never outperform the market (and thus never outperform passive, indexed mutual funds) in the long-term.
    - There's a difference between "average" returns and "real, annualized" returns. The latter considers inflation, taxes, and fees – and thus gives you a better estimate of your actual returns in the stock market.
        - Real return is only around 4-6% and maybe as low as 3% depending on portfolio risk, NOT 10-12% as many claim. It's important to realize, therefore, that for the most part your retirement nest egg will be determined by your *savings rate*, which you can control, rather than a market return that you largely cannot control. Knowing this typical real return is also particularly important when deciding upon what savings rate you'll need to meet your retirement goals.
        - You must take enough risk to combat inflation and boost returns but must also seek to minimize fees (via passive investing) and taxes… if you want to maximize your returns.
            - Actively managed funds (1) charge sales fees, (2) charge administration fees, (3) incur significant trading fees due to increased trading frequency, and (4) incur tax costs due to tax inefficiency that results, again, from increased trading frequency (although this last point is not relevant within tax-benefitted retirement accounts). Passively managed index funds, however, suffer from none of these drags on return.
    - Retirement accounts are a type of tax-advantaged account in which you can invest *in indexed mutual funds* to save money for retirement (i.e. they are the investment *vehicles* for the investments themselves).
        - These accounts can provide tax benefits in a variety of ways. They can be pre-tax vs tax-deferred vs triple-tax free.

        - Roth accounts are pre-tax accounts i.e. you pay taxes on the contributions (the money you're putting into them) now rather than when you withdraw the money in retirement.
        - Traditional 401(k)s or 403(b)s are tax-deferred i.e. you pay taxes on the contributions when you withdraw the money in retirement rather than paying them now.
        - HSAs are triple-tax free i.e. you don't pay taxes on them now or when you withdraw the money (the third tax break is one from which all of these accounts benefit – tax-free growth while in the account).
- The overall risk, and thus overall return of your investment portfolio, is largely dependent on its *asset allocation* i.e. the percentage of the portfolio that goes into various types of investments (asset classes).
    - The ratio of stocks to bonds in your portfolio will matter much more than which stocks or bonds you select.
    - Generally, you want to invest 110 minus your age in stocks i.e., your age minus ten in bonds. I'm personally of the opinion that – given my desire for simplicity during residency, the relatively small amount of money I'm investing as a resident, and the long time-horizon with which I'm looking to invest prior to retirement – an allocation with minimal to no bonds is reasonable. Please note, however, that this preference for stock funds is an *opinion* and may simply represent a relatively higher-than-average tolerance for risk.
        - I would recommend, for simplicity's sake, a single index fund tracking the entire US or worldwide stock market, such as Vanguard's Total Stock Market Index Fund (VTSAX) or Total World Stock Index Fund (VTWAX).
        - If you would like to invest in a bond index fund, a variety of those are available through the listed companies as well. Some funds, however, have minimum contribution amounts that can complicate the process of setting up your ideal asset allocation from the start. For example, Vanguard's Total Bond Market Index (VTBLX) requires a minimum initial purchase of $3,000. If your ideal asset allocation (within your Roth IRA, for example) was 80% stocks and 20% bonds, you'd first need to invest $12,000 into a total stock market index fund such as VTSAX *and then* invest your next $3,000 into VTBLX ($3K out of $15K yields a bond allocation of 20%). On a resident's salary, and with maximum Roth contributions limited to $6,000 per year, many residents wouldn't be purchasing a bond fund until at least PGY3. It's a bit more complicated than sticking solely to stocks, but if you think you might be at risk of pulling everything out of your retirement account during a down market (please, don't), your effort might be worth the peace of mind a bond allocation can provide you.
    - It's less important to get this exactly right as a resident and more important to focus primarily on building good savings habits such that you're putting *something* aside into your retirement accounts during residency.

2. **If your employer offers a "match"** toward your retirement account (e.g. your program offers a 100% match up to 5% of your salary in their employer-sponsored 401(k) or 403(b)) **then contribute up to that match**. This is essentially part of your salary that you're otherwise leaving on the table.
    - Go to the HR department, ask for your retirement "plan document", see if there is a match, and determine how much you must contribute to get it.
    - In this document, make sure to make note of the fees you're paying, particularly the mutual fund expense ratios and the 401(k) expenses, and potentially advisory fees from active management (can find mutual fund contents and expenses on www.morningstar.com). This is simply good practice in being aware of what you're invested in *and how your investments are structured*.

3. **Contribute to Health Savings Account (HSA) up to limit *if one is available to you*** (i.e. you are using a high-deductible healthcare plan aka HDHP).
   - You must first choose a healthcare plan that is right for you.
     - If you use a lot of health care, then you're likely better off with a low-deductible plan.
     - If your employer subsidizes a low-deductible plan, then use that and skip the HSA.
     - If the best healthcare plan for you is an HDHP *and one is available*, then use an HSA.
   - If an HSA is right for you, it's a great option because it is "triple-tax free". This means that (1) you can make tax-free contributions, (2) your invested contributions can grow in a tax-free manner, and (3) you can withdraw your contributions tax-free in retirement *as long as you spend the money on healthcare*.
     - If you don't end up spending it on healthcare, it still ends up acting like a 401(k) where it's taxed at a lower tax bracket in retirement.
   - The lowest cost HSAs are found at Fidelity and Lively; if your employer doesn't offer an HSA through these providers, you can do a transfer to one of these institutions (up to once per year).
     - See list of providers at www.whitecoatinvestor.com/the-best-health-savings-account/
   - The 2021 annual contribution limits are $3,550 single and $7,200 married (if under 55 years old)
   - Small note that HSA contributions aren't deductible on California or New Jersey state income taxes but are for all other states as of 2019.

4. **Contribute to your employer-offered 401(k)/403(b) (beyond the employer match) *or* to a Roth IRA** if you plan on contributing to retirement accounts beyond your employee match.
   - Most residents will be limited by their modest income and thus not able to contribute much beyond the match. However, if you find you're able to save enough to put more towards retirement, you absolutely should. This is because investing in retirement accounts provides the BEST tax break you can get as a physician whether it be in residency or attendinghood. Not only do you get a large tax deduction, but you also get to keep the money for your future self (rather than having to *spend it* to get the deduction).
   - Can contribute to a Roth IRA or Roth 401(k)/403(b)
     - Probably the best choice for most residents. Obtain savings from paying taxes on retirement contributions while in a lower tax bracket (likely the lowest you'll ever find yourself in) rather than a higher one. These savings are immediate and guaranteed
     - If investing in a personal Roth IRA, you'll have to purchase stocks/bonds (the investment *itself*) after opening your Roth IRA (the investment *vehicle*) and placing money in it. I will briefly discuss my approach to choosing the appropriate investments *themselves* in *Step 5* of this section.
   - Can contribute to Traditional 401(k)/403(b)
     - May be a reasonable choice for *some* residents, particularly those determined to pursue PSLF. Obtain savings from lower loan repayment premiums that result from lowering your taxable income with these "pre-tax" 401(k)/403(b) contributions. These savings are ultimately dependent on achieving PSLF, so they're not immediately guaranteed.
     - If in REPAYE, a lower loan repayment premium does guarantee a lower effective interest rate (so this is an exception to the above statement) because it leaves a larger amount of unpaid interest left over each month. Because half of that unpaid interest is paid by the government via the REPAYE "unpaid interest subsidy", you're essentially increasing the subsidy itself when you lower your monthly payments.
     - In this case, you'll need to place your money in the 401(k) account and then either (1) choose specific investments from the stock/bond funds available within the 401(k) or (2) default to whatever option is selected for you. As noted above, these stock/bond funds are the investments

themselves, which sit within the retirement accounts (the investment *vehicle*). And again, I will discuss my approach to selecting specific investments in *Step 5* of this section, below.

- If you have a high-income, low debt-burden spouse and are filing MFS as a loophole to keep monthly loan payments loan through PAYE, you're in a special situation.
  - Unfortunately, the income limits for contributing to a Roth IRA in this situation are *very low*, definitely too low for you to contribute directly.
  - However, there's *another* loophole you can take advantage of – contributing to a Roth IRA "through the backdoor". For a comprehensive discussion and walkthrough of this process, listen to Episode 194 of The White Coat Investor's podcast (available for free with Apple Podcasts) and visit www.whitecoatinvestor.com/backdoor-roth-ira-tutorial for a step-by-step guide on completing this process.
  - **Importantly, the "Backdoor Roth Conversion" might be made illegal should the Build Back Better Act pass with its language (as it relates to this measure) remaining unchanged.**

5. **Prioritize these retirement savings over saving in a 529 College Savings Account** for your current (or future) child.
   - You can plan to put more money towards your child's college savings when you have more disposable income. Ultimately, your children can finance a college education by taking out loans – but you cannot finance your retirement (or if you can, please let me know who's willing to lend you the money so I can put them on my short list).

TAXES

1. **Review the basics and terminology.**
   - Marginal versus effective tax rates:
     - Marginal tax rate is essentially your tax “bracket”. It’s the rate at which you would pay taxes on the next dollar you earn. If earning another $100 increases your tax bill by $45, your marginal tax rate is 45%.
     - Your effective tax rate is even easier to calculate – you simply take the amount of taxes you paid in a year and divide it by your gross income during that same year. It’s essentially the *average* tax rate you pay on each dollar you earn. It’s not unusual for someone with a marginal tax rate of 45% to have an effective tax rate of only 25%.
     - But why is effective tax rate so much lower? It’s because, when you bump up into the next tax bracket, only the money *in that bracket* is taxed at that rate. For example, if the first two tax brackets are as follows: the first $10K is taxed at 12% and the next $10K (up to $20K in gross income) is taxed at 15%, someone with a gross income of $21K doesn’t have their entire income taxed at 15%. Rather, the first $10K in gross income is taxed at 10% and the latter $11K is taxed at 15% - so their marginal tax rate would be 15% but their effective tax rate would be somewhere between 10-15%.
   - Tax deduction versus tax credit:
     - Deductions reduce your taxable income (thus saving you a *percentage of the qualifying amount* based on your marginal tax rate, likely around 22% for most resident).
     - Credits, on the other hand, are a dollar per dollar back. A $2500 deduction saves about $550 while a $2500 credit saves $2500 (i.e. credits are better).

2. **Take advantage of the tax deductions and credits available to you as an intern**
   - **Lifetime Learning Credit:**
     - Can claim $2K in educational CREDIT (not deductions) by completing Form 8863 and submitting with your 1040/1040a when you file your taxes next year (this credit will be based on the tuition you paid in Spring of MS4).
     - The credit is technically for "20% of the first $10,000 of tuition and fees for individuals making up to $65k and married couples up to $131k", which is usually maxed to $2K for PGY1s using their MS4 Spring tuition to obtain the credit.
     - Make sure to obtain your 1098-T from your school for 2020. If you graduate from medical school in 2021 you most likely won't receive a 1098-T for that year – only for 2020 (when Spring 2021 tuition was actually billed). You can still take the lifetime learning credit for 2021, though, because that’s the year in which your tuition was actually paid. Look for the checked box on the 1098-T saying it is for tuition billed for school year 2020-2021.
   - **Student Loan Interest Payment Deduction:**
     - The first $2,500 you pay in student loan interest each year is tax-deductible. Most interns qualify for the full deduction based on how the IRS treats capitalized interest upon federal loan consolidation (i.e. if you have more than $2,500 of interest capitalized when you consolidate, you qualify for the full deduction). Basically, the IRS considers your new consolidated loan to have "paid off" all of the uncapitalized interest that accrued while you were in school - so you technically have paid off more than $2,500 in interest during PGY1 year and thus qualify for the entire deduction.
     - This interest will be reported on a 1098-E and you can deduct up to $2,500 on your 1040 "above the line" meaning you can take it *in addition to* taking the standard deduction. This will save you about

$550/yr while you qualify (because you're not paying a 22% marginal tax rate typical for resident salaries on $2,500). It will also reduce monthly student loan payments the following year by about $20/mo by decreasing your taxable income, which are used to calculate monthly student loan payments.
    - The 1098-E will be issued by your "former" loan servicer, so you may have to call them or set up a login (so you can download a copy) if you don't get a paper version in the mail by next January.
- Saver's Credit:
    - 10%, 20% or 50% of the first $2000 you invest in a Roth IRA is returned to you in credit form; the percentage returned depends on your taxable income
    - Can't claim as intern because you'll have been a "student" for >5mo of the year before but should consider for PGY2+ *if you have a non-working spouse.* The latter is because you're only likely to qualify if you're a married couple living on a single income as there's a $63K MFJ income limit and a $31K single filer income limit.
- Moving Expenses Deduction:
    - Check Form 3903 to see if you qualify for this deduction.

FINDING A RELIABLE FINANCIAL ADVISOR

1. It's unlikely you need to hire a financial advisor at the beginning of intern year, but **you should almost certainly do so upon graduation from residency**. This will give you the chance to develop a comprehensive *written* financial plan for your future.
2. **Hire a fee-*only* (NOT fee-based) financial advisor** to assist with financial planning including student loan management, insurance, investment planning, tax planning and preparation, simple asset protection planning, housing, and estate planning. These advisors will *never* attempt to sell you insurance products.
    - Typical costs would be an hourly fee of $200-$500 or single flat fee that approximates that; alternatively, may also charge via an "asset under management" fee that shouldn't be more than 1% or $1,000-$5,000 per year as assets grow (whichever is less i.e. charging 1% to manage a portfolio whose total assets are greater than or equal to $500K *is charging too much.*) Fees should never be more than four figures per year.
    - Fee-only advisors cannot, by definition, earn a commission for selling you certain financial products. This helps to eliminate any financial incentives to give you bad advice.
3. **Hire a *fiduciary* financial advisor**, meaning the advisor is obligated by law to act in your best interest as they manage your assets or money.
4. **Hire an advisor with one or more meaningful designations**: CFP, CPA/PFS, or CFA are meaningful, others likely aren't.
5. **Hire an experienced advisor** with at least fifteen years of experience (e.g. an advisor that has managed funds through a major bear/down market such as the 2008 financial crisis) and is physician-specific. Be aware, however, that many advisors who claim expertise in dealing with physicians are simply experts in *marketing* to them.
    - You can look into a particular advisor/planner's background (e.g. if they've ever been disciplined for dealings with other investors) at www.nasaa.org, www.advisorinfo.sec.gov, or http://pdpi.nasdr.com/pdpi/
    - Find a physician-specific, WCI-vetted, fee-only advisor at https://www.whitecoatinvestor.com/best-financial-books-for-doctors/

BUILDING CREDIT

1. **Review the basics and terminology.**
   - A credit score is a single number that represents how creditworthy you are from the perspective of someone who would lend you money. If you haven't proven yourself trustworthy, your credit score will be low; on the other hand, if you repeatedly show yourself trustworthy, your credit score will be high.
   - "Credit reporting agencies" collect information about your financial behavior (from companies that offer credit cards, loans, etc.) to determine your "trustworthiness", which is ultimately used to calculate your credit score. The three main credit bureaus in the US are Experian, Equifax, and TransUnion.
   - Everyone has many different credit scores, but the two most commonly used credit scores are the FICO score and the VantageScore, each of which can range from 300-850.
     - FICO is the single most commonly used credit score. It gathers financial information (i.e. payment history, amounts currently owed, length of credit history, etc.) from the three main credit bureaus.
     - Scores for FICO and VantageScore are broken down into rough categories: 300-650 (poor credit), 651-700 (fair credit), 701- 759 (good credit), and 760+ (excellent credit)
   - Your credit score is affected by a number of factors relating to your financial behavior as alluded to above.
     - Payment history (35%) - Tells potential creditors whether you've paid your bills on time. Foreclosures, collections, bankruptcies and the like will also cause your credit to take a hit here, if applicable. Your score will reflect how late you were making payments, how many times you've been late, how much you owed, and how recently you missed them.
     - Amounts owed (30%) - If you've used too much of your available credit, that signals to potential creditors that you could be spreading yourself too thin. How much you owe on all of your accounts as compared to your total credit limit — as well as what you owe on certain types of accounts, such as credit cards versus installment loans — are among the factors that can affect your score in this category.
     - Length of credit history (15%) - A long credit history makes you less risky as compared to someone who has only recently opened their first credit account(s). Your credit score reflects the age of your accounts as well as how long it's been since you've used them.
     - New credit (10%) - Opening too many new credit accounts at once can hurt your score. So can too many *hard* inquiries into your credit when you're shopping for a credit account.
       - A hard inquiry occurs when a financial institution, such as a lender or credit card issuer, checks your credit when making a lending decision. This type of inquiry appears on your credit report (and usually remains for up to two years) and can influence your credit scores.
       - A soft inquiry occurs in cases where you check your own credit, when your credit is checked during a background check, or when a lender or credit card company checks your credit to preapprove you for an offer. Soft inquiries *do not* impact your credit score.
     - Types of credit (10%) - Potential creditors like to see a variety of credit accounts instead of just one type. In particular, they like to see both revolving credit lines, which allow you to borrow money again and again after repaying it (such as credit cards), and installment debt, or a loan disbursed in a lump sum and repaid in fixed payments for a fixed period of time (such as a car loan or student loan). Fortunately (or unfortunately), most of us will satisfy both of these preferences.
   - Having good or excellent credit is important because it makes life easier. How?
     1. You can get a home or auto loan in the first place
     2. You can get *better terms* (i.e. better interest rates and loan options) on those home/auto loans
     3. You can also get better contracts/terms on credit cards, insurance, utilities, phone bills, etc.
     4. You can get better interest rates when refinancing student loans
     5. You can get better rates on business loans should you decide to open up your own practice or otherwise expand your business dealings in the future
     6. You're more likely to get *or keep* a job (as more and more employers are checking credit scores)

2. **Check your credit report.**
   - Will allow you to spot any errors or instances of fraud that are artificially dragging down your score and dispute them. It can also give you an idea of where your credit score is and how much you need to improve it.
   - Visit https://www.creditkarma.com/ or https://www.experian.com/consumer-products/free-credit-report.html for **free** credit checks but note that you will *usually* not be seeing your actual FICO score, which is what most lenders see and use - and typically will only see a score based on information from one credit bureau, not all three.
   - Visit My Fico at https://www.myfico.com/ for a **paid** credit check. You can opt for a one-time credit score and report from a single credit bureau of your choice for $19.95, or you can get your scores and reports from all three bureaus for $59.85.
   - If you spot any errors in your credit report, consider disputing it with the credit bureau. See tips on how to go about doing so at https://www.creditkarma.com/credit-cards/i/dispute-error-credit-report
   - Sign up with Credit Karma at https://www.creditkarma.com/ to get alerts when your credit is "dinged". This is a more active way to keep from missing errors or instances of fraud *going forward* after reviewing your most recent credit report.
   - Note that www.wallethub.com is a helpful site for *softly* tracking your credit score and keeping up on the best credit card offers.

3. **Apply for a credit card, make all of your payments in full and on time each month, and *never* carry a balance of more than 20-25% of your credit limit** (the maximum amount you can charge to your card) **at any time**.
   - Easiest to start with secured credit cards or retail credit cards.
   - If you approach using 15-20% of your credit *before* your monthly *statement date*, pay it off immediately or stop using the card until you do so.
   - Please take note that your statement date is just as important as your payment/due date because you need to be carrying a balance of less than or equal to 15-20% of your credit limit *on your statement date* (this is when credit card companies document your balance for their records) to avoid a decrease in your credit score.

4. **Don't incur too many hard inquiries on your credit in a short period of time** i.e. don't apply for too many credit cards at once.
   - Could lead lenders and credit card issuers to consider you a higher-risk customer, as it suggests you may be short on cash or getting ready to rack up a lot of debt
   - There can be exceptions when you're shopping for specific types of loans like car loans, student loans, or mortgages. In these cases, it can actually be beneficial to do all of your shopping in a short time frame e.g. 14 days because, even if multiple potential creditors pull your report in a two-week span, FICO will count this as just one inquiry rather than several.
   - Make sure to regularly check your credit score to make sure any hard inquiries are ones you really initiated and not potential signs of fraud

RECOMMENDED READING/BIBLIOGRAPHY

Topic-Based List

For a focused education in financial literacy - try to read one from each.

1. Student Loans
   - "Medical Student Loans: A Comprehensive Guide" by Ben White available for free download at benwhite.com/studentloans
   - Travis Hornsby's blog posts at www.studentloanplanner.com
2. Physician-focused
   - "The White Coat Investor" – Jim Dahl
   - "The White Coat Investor's Financial Bootcamp" – Jim Dahl
   - "The Physician Philosopher's Guide to Personal Finance" – James Turner
3. Personal Finance
   - "The Only Investment Guide You'll Ever Need" – Andrew Tobias
   - "The Millionaire Next Door" – Thomas Stanley and William Danko
   - "Living Rich by Spending Smart" – Gregory Karp
4. Investing
   - "If You Can" – William Bernstein
   - The Investor's Manifesto" – William Bernstein
   - "Common Sense Investing" – Rick Van Ness
   - "The Boglehead's Guide to Investing" – Taylor Larimore
5. Behavioral Finance/Investing
   - "How to Think About Money" – Jonathan Clements
   - "The Five Mistakes Every Investor Makes and How to Avoid Them" – Peter Mallouk
   - "Your Money and Your Brain" – Jason Zweig
6. Taxes
   - "Taxes Made Simple" – Mike Piper
   - "The Overtaxed Investor" – Phil DeMuth
7. Contract Negotiation and Private Practice Management
   - "The Final Hurdle: A Physician's Guide to Negotiating a Fair Employment Agreement" – Dennis Hursh
   - "The Business Side of Medicine" – Tom Harbin

Curated Reading List

For a guided and physician-focused, yet well-rounded education in financial literacy.

1. "The White Coat Investor" – Jim Dahl
2. "The White Coat Investor's Financial Bootcamp" – Jim Dahl
3. "The Physician Philosopher's Guide to Personal Finance" – James Turner
4. "If You Can" (IYC) – William Bernstein
5. Re-read IYC Chapter 1
6. "The Millionaire Next Door" – Thomas Stanley and William Danko
7. Re-read IYC Chapter 2
8. "Common Sense on Mutual Funds" – Jack Bogle
9. Re-read IYC Chapter 3
10. "Devil Take the Hindmost" – Edward Chancellor
11. "The Great Depression: A Dairy" – Benjamin Roth
12. Re-read IYC Chapter 4
13. "Your Money and Your Brain" – Jason Zweig
14. Re-read IYC Chapters 5 and 6
15. "How a Second Grader Beat Wall Street" – Allan Roth
16. "All About Asset Allocation" – Rick Ferri

Final Thoughts

The end of a document might seem an odd place to introduce oneself, but I wanted the focus of this guide to be, first and foremost, on its content. Nevertheless, my name is Gage Howard – I'm a graduate of IU School of Medicine Class of 2021 and will be pursuing an advanced residency in Diagnostic Radiology. As you might have guessed, I'm really passionate about personal finance and investing. I put this guide together with the goal of helping my classmates and hopefully many others to start off their careers on the right financial footing, so that they may be successful in achieving financial independence as physicians.

Please feel free to share this guide with anyone and everyone that you feel might benefit from its contents – pre-medical students, medical students, and even PGY1/2 residents. It was made to be free and easily accessible for just that purpose. If you have any questions, concerns, criticisms, or corrections – I'd love to hear from you and can be reached at gagetylerhoward@gmail.com.

Remember, if you have the determination and discipline to make it through medical school, you also have what it takes to find financial success. I wish you all the best of luck in your future careers as healers and in your personal journeys to financial independence.