



# New Physicians – Are You on the Right Financial Path?

At Agili, we work with many new doctors, acting as their Personal CFO and simplifying their financial lives. We understand that early in their careers, physicians may have significant medical school debt and may be behind on retirement savings. We have years of experience helping doctors get on the path to financial independence. Some of our financial planning recommendations for new physicians are listed below.



## Retirement Savings Vehicles

- Don't wait to save for retirement until you pay off medical school debt
- Agili recommends starting to save in retirement accounts right away
- Maximize employer 401(k) or 403(b) contributions
  - › Take advantage of the power of compound interest by contributing early
  - › Establish regular automatic pre-tax contributions
  - › Ideally, save up to the IRS contribution limit
  - › Save at least enough to receive the full match from your employer
- Over time, consider additional financial accounts for retirement savings (i.e., IRAs)



## Medical School Loan Repayment

- Agili can evaluate medical school debt, explore loan forgiveness programs and make repayment recommendations
- Consult a financial advisor before consolidating loans
- Make larger payments on loans with higher interest rates



## Emergency Fund

- Agili recommends opening a money market account for emergency fund savings
- Save between six and nine months of living expenses
- Establish regular automatic contributions



## Insurance

- Supplement employer-provided life insurance
  - › Purchase life insurance to cover future earning potential
- Supplement employer-provided disability insurance
  - › Early in your career, you are more likely to become disabled than to die
- Health insurance
  - › Maximize HSA contributions if you have an eligible plan; HSAs are the only accounts that are triple tax-deferred
- Property and casualty insurance
  - › Make sure your homeowners and automobile insurance policies are comprehensive
  - › Purchase umbrella insurance to provide additional personal liability coverage



## Estate Documents

- Work with an estate attorney to draft and sign a will, power of attorney, advance medical directive, etc.
- Complete beneficiary designations for all retirement accounts and insurance policies



## Tax Planning

- Tax planning strategies should be developed before you file your tax return
- At Agili, we work with clients during the year and over a lifetime to help minimize taxable income and maximize tax-deferred opportunities
- Both short-term and long-term tax planning is important to optimize your future after-tax dollars



## Buying a Home

- How much can you afford?
- Compare conventional and physician mortgages



## Education Savings for Children

- Most doctors will not qualify for future financial aid, so plan accordingly
- Establish tax-advantaged 529 accounts (contributions can be as low as \$25/month)



## Investing Principles

- Think about your risk tolerance and do not invest more aggressively than your comfort level
- Markets have their ups and downs; expect to pass through some down markets during your investing career
- DO NOT try to time the market
- Always diversify your portfolio; having a good mix of stocks, bonds, and other asset classes will go a long way towards helping your portfolio perform well
- Focus on passive, low-cost index funds

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Agili's team of experts would love to act as your Personal CFO and simplify your financial life!

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