

Are You Spending Enough To Enjoy Life?

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Op-Med

Voices from the Doximity Network



It is relatively certain that you will earn a decent amount of money as a physician. But, what does money mean and how much is important? I enjoy asking physician families: "What is the money for?" Also, "If money were no object, what would you do differently?" The answers point to goals that may or may not be achievable just by accumulating money and not focusing on the reasons why.

An early decision is just how much financial risk is tolerable. Two families might have completely different emotional responses to changes in investment portfolio prices. It is important to mesh this “risk tolerance” with long-term goals. In many physician families, the income is enough (especially two income families) to allow a less volatile portfolio, probably resulting in less emotional stress. Even in single physician families, keeping spending in line should allow a wide variety of savings approaches.

My career in Critical Care Medicine showed me over and over how ephemeral life can be. Things put off might never happen. We also know that studies suggest that people value experiences more than “stuff.” This makes sense, as memories result from shared time and events with those we love and value. We can carry our remembrance and learning from an experience for life, long after something more material is tossed away. But, some of us do indeed get a great deal of pleasure from material things as well — a special car, or boat, or even some really nice clothes.

Figuring out the timing of buying these experiences and material objects is part of financial planning. Physicians have had to deal with delayed gratification, often not making a decent income until after all training is completed in the third or fourth decade of life. Often significant as well is the student debt, which accumulates during medical school and perhaps also during residency. It is common during the accumulator years (early in the job and family life) to put off spending in order to build security. But, we can get into habits of too much spending or too much saving during those years. Of the two, too much spending is the worse habit, but I find many physician families that are not enjoying the fruits of their labor and saving efforts due to long-formed habits.

One of my favorite examples of trading “life” for money is the decision process in withdrawal rates in early retirement. Rather than stick to a safe rigid withdrawal percentage, a better process is to then reexamine what goals are still not achieved. Has the entry into retirement now allowed that spectacular long trip dreamed about for a lifetime? If so, maybe spending to accomplish this with the understanding that some belt tightening might be needed later on when poor health and age prevents the travel may be appropriate. A favorite discussion topic with physicians nearing retirement is the idea of “working less and working longer.” This approach allows a transition from a full time profession as a trusted advisor making daily important decisions, rather than an abrupt stop. It also greatly increases financial security and decreases financial stress when compared to a physician who suddenly retires and then watches his/her retirement portfolio fluctuate.

Of course, there are extremes of spending that risk impoverishing a family, and this must be avoided. But there can also be too much saving. I think every physician family should periodically go through the discovery process of what is yet to be done with their lives, and then determining how to best accomplish that goal financially. Make sure you buy a life with your earned money.

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