

California Healthcare News

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Articles, Interviews and Statistics for the Healthcare Executive

VOLUME 2, ISSUE 1

JANUARY 2010

Money and Medicine: How Better Financial and Retirement Planning Can Benefit Physicians - and Their Practice

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Introduction by Author: After reading the Modern Healthcare October 12, 2009 special report that discusses the intense competition in physician recruiting, I believe a strong case can be made for innovative tactics that enhance the personal value-add for physicians in the recruiting process. Financial planning—which integrates the personal financial success of a physician with the overall success of his or her healthcare organization—is one particular value-add tactic

that can set your organization apart from the competition.

Being a physician has always been challenging. But today it's tougher than ever. In addition to focusing on the best medical outcomes for patients, doctors must cope with the wealth-shrinking impact of last year's financial meltdown as well as the potential consequences of healthcare reform, which could force them to significantly alter the way they practice.

Many physicians prefer not to think about money. They'd rather concentrate on medicine. And if they do fret about their finances, they tend to do so quietly—they don't like to ask too many questions about retirement, estates, or investments, and they're deeply cynical about all the financial services salesmen who keep pounding on their door with new and improved products.

Yet the fact is, doctors—and the practices, clinics, and other organizations they belong to—can benefit from the right kind of financial planning.

If a medical practice offers its physicians a plan that provides financial peace of mind and a clear road map to a prudent retirement, it's obviously good for the doctors. If

the plan is implemented early on, it leaves them with multiple options and ways to pursue their financial goals. In addition, a well-developed plan can help physicians avoid a personal financial crisis. And by becoming fiscally fit, rather than worrying about their future, physicians can put all their energy and focus into their job.

But what many organizations may not realize is that personal financial planning is also good for the practice. In the race to attract talented physicians, organizations that link personal success with the success of the organization—and that demonstrate that they care about their people—will have a competitive advantage. It also facilitates continuity for the practice or clinic, easing succession planning when physicians retire and giving younger doctors a clearer career path.

Offering a comprehensive, well-developed plan to physicians can be a useful tool to help differentiate your organization as a great place to work—one that invests in the success of its people.

One of the common problems doctors face when they decide to address financial and retirement planning is that they have too

many advisers surrounding them with conflicting advice. This is counterproductive because it pulls the doctor in too many strategic and tactical directions that don't add up to a smart and well-planned financial future. They end up with separate tax plans, insurance plans, household finance plans, investment plans, estate plans, and so on.

To be effectively protected and cared for, doctors need a single, holistic approach formulated by one advisory firm that seamlessly integrates all these plans into a unified framework or blueprint. The physician leads one life, not a series of lives, and so his or her financial and retirement planning must be well-coordinated. Good financial planning looks at all aspects of the financial picture and is not about solving problems in isolation.

Doctors deal with life-and-death issues every day, so they're continually forced to develop and weigh contingency plans for their patients—just in case. Physicians need to do the same thing for themselves when assessing and analyzing their own financial and retirement planning issues. As every clinician knows, there's no substitute for the right preparation.

And preparation means considering all the "what if" questions in the beginning of the planning process: "What happens if there's sickness in the family?" "What if I get sick or am disabled?" "Can I afford to send the kids to private colleges or universities?" "How do I handle estate taxes so my survivors aren't excessively burdened?" "Will my practice or clinic be able to thrive without my daily presence?"

Once a doctor has completed and

implemented a comprehensive financial plan, his or her work isn't over. If they're crafted properly, these plans are designed to be fluid—revisited and revised on a regular basis to make sure the short-term goals have been met, shortfalls have been accounted for, and the plan is still on track to help the physician reach his or her longer-term goals.

Doctors do so much for others. The least they can do for themselves, their families, and their clinics and practices is plan for a secure future. There's no certainty in medical science or financial planning, but if physicians apply the same thought process to their financial plan as they do to their patients' needs, their retirement years will be as successful as their practice years.

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