

The Myth Of The Rich Doctor – Why Doctors Fail Financially

By Yves Schoof- [Affluence Private Wealth](#)

Many people believe that all medical professionals GP's, Doctors , Dentists and Surgeons must be incredibly wealthy and financially successful. Unfortunately, this is often not the case.

As a Medical Professional you dedicate your entire life to helping people stay or become healthy, but in the process you often ignore your own financial health.

You start to work and accumulate wealth later in life and may be repaying big student loans, which means you miss out on the benefits of compounding.

You will also find it quite challenging to manage your own finances, because for many years you focus on becoming an expert in a particular field, and have very little time for anything else.

At no time during your studies do you learn about how to manage your money, or how to run a successful medical practice. This often leads to costly financial mistakes, many of which could have been avoided with the right knowledge or advice.

We specialise in working with medical professionals and have first-hand experience with the most common financial mistakes medical professionals make:

1) Having too much bad debt

Many medical professionals carry a substantial amount of debt, most of which is usually related to the family home. I believe that if you cannot repay your home mortgage in approximately 10 years, you have borrowed too much and are putting your financial future at risk. Are you in this position?

2) Not having a plan

You cannot afford to waste any time when it comes to creating wealth, as you are already starting from a disadvantaged financial position. Without a plan, you mostly end up making ad hoc decisions, which may be predominantly tax-driven or based on promised investment returns. However, this often leads to costly mistakes and/or investment losses, which puts you even further behind.

If you are trying to manage your own financial affairs, it's worthwhile considering whether you have the required time and money management skills to do this properly. Have you thought about engaging a specialist adviser?

3) Not having control over your cash flow

I believe that your high income gives you a false sense of security. It is natural to increase your lifestyle as your income goes up (we call this 'lifestyle creep'), but the danger is that you never fully have control of your cash flow.

If you run a private practice, you may never really get a sense of what you own/owe in terms of money in the bank, as your tax and other obligations will be a moving target. Then there are private school fees, holidays, and a generous lifestyle. Saving and investing for retirement often becomes an afterthought, which is why many doctors need to keep working well into their sixties.

As a result of these mistakes, many medical professionals are under a significant amount of financial stress and suffer in silence, which is compounded by the frustration of paying high amounts of tax.

[So what can you do about it?](#)

1. Educate yourself

First of all you need to acquire a minimum amount of financial knowledge to be able to make smarter money decisions. A good financial adviser will educate you throughout their advice process, but there are also other options. We have bundled our practical expertise in an online learning platform called Medico CFO www.medicocfo.com.au, which offers online personal finance and business courses that have been accredited by various Colleges.

2. Seek advice and plan

As a doctor your time is so valuable that you should be outsourcing the management of your finances to a trusted adviser. There are too many risks in trying to do it yourself, and you will most certainly miss out on strategies and opportunities that you are not familiar with. Above all, it is the accountability that an adviser will demand of you, which will lead to positive action and outcomes.

Do you want to make sure you don't become another medical financial casualty?

For further information, case studies, free eBooks and weekly financial tips, please go to www.affluenceprivate.com.au.

Or if you would like to discuss your personal circumstances in private, we would love to offer you a complimentary 60-90 minute Strategy Session.

Please contact us on 08 6160 5918 or online via our website www.affluenceprivate.com.au.

We work with medical professionals across Australia, in public and private practice, between the ages of 25 and 75 and are the leading medical financial specialists in Australia.