Personal Finance for FITs & Early Career Professionals: One Cardiologist's Advice

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Why Personal Finance?

- Relocation
- Grants
- Building a practice
- Papers
- Work/life balance
- Personal health
- Family
- RVUs
- Burnout
Why Personal Finance?

32

$190,000*
Why Personal Finance?

FIT

Salary
$70,000 a year

EC

Taxes
$70,000 a year
Why Personal Finance?

Family

Housing

Retirement

Loans

Childcare

Vacation
Fun

Emergencies

Housing

Vacation
Fun

Car

College

Healthcare

Insurance

Loans

Vacation
Fun

Emergencies

Insurance

Phone
Utility
Clothing
House Maintenance
Internet

AMERICAN COLLEGE of CARDIOLOGY
What Fellows Talk About

Loans
Moonlighting
Being “broke”

and

Bitcoin
Tesla
Small pharma stocks
Why Listen to Me?

I’ve been there...and I am there

Nothing to sell

A bit about me
A Brief Timeline

- 2000: All Stocks Sold
- 2001: College (-$11k)
- 2002: Med School (-$110k)
- 2003
- 2004
- 2005
- 2006
- 2007
- 2008
- 2009
A Brief Timeline

- 2009: Residency
- 2010: Married
- 2011: Roth IRA
- 2012: Fellowship
- 2013: Daughter
- 2014: NYC Rent
- 2015: Attending
- 2016: Cars
- 2017: Daycare
What I’ve Done Wrong (So Far)

NYC rent for 7 years

Didn’t save for retirement in residency

Financed two cars

Not as charitable as I’d like
Principle 1

You need a plan
Principle 2

Budgeting is the first step of all plans
Principle 3

Debt haunts most of us

You will probably need to sacrifice (for now)
Life With Loans (Usual)

Budget

- Taxes
- Loans
- Retirement
- Everything

Total Budget: 150,000

- Taxes: 30,000
- Loans: 30,000
- Retirement: 90,000

Everything: 30,000
Life With Loans (Better)
Life With Loans (Severe Debt)

- Budget:
  - Taxes: 90,000
  - Loans: 130,000
  - Retirement: 5,500
  - Everything: 74,500
Loans

Know the details of each loan

Triple check everything

PSLF

Legislative risk
Principle 4

Don’t buy what you cannot afford
Fixed Expenses

Housing
  – Location matters!

Car/Transport

*Childcare/Education

Insurance
Variable Expenses

Food
Clothing
Vacation
Technology
Savings
Giving
Challenges

Your expectations

Expectations of others

Hedonic adaptation
Principle 5

Save 20% of your gross income for retirement

(or aggressively pay off high-interest student loans first)
Principle 6a

You will need to invest your money or plan to work forever
Principle 6b

No one manages your money for free
Principle 6c

Taxes and fees will erode your returns
Retirement Accounts (basic)

Tax-exempt – Roth IRA
  – Backdoor Roth

Tax-deferred – 401k, 403b, SEP-IRA, traditional IRA, (457)

“Taxable” – brokerage
Retirement Accounts Strategy

FIT – contribute to Roth IRA and any matched account first

EC – Max tax-deferred/exempt
Investing Principles

Don’t invest in what you don’t understand

Diversify

Index Funds are the core
Principle 7

We pay a lot of taxes - so it’s worth learning about them
# Tax Brackets

## For Single Filers:

<table>
<thead>
<tr>
<th>Marginal Tax Rate</th>
<th>Taxable Income Range</th>
<th>If Your Income Falls Between This Range, Your Income Tax Is..</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>$0-$9525</td>
<td>10% of your taxable income</td>
</tr>
<tr>
<td>12%</td>
<td>$9,525-$38,700</td>
<td>$952.50 + 12% of the amount over $9,525</td>
</tr>
<tr>
<td>22%</td>
<td>$38,700-$82,500</td>
<td>$4,453.50 + 22% of the amount over $38,700</td>
</tr>
<tr>
<td>24%</td>
<td>$82,500-$157,500</td>
<td>$14,089.50 + 24% of the amount over $82,500</td>
</tr>
<tr>
<td>32%</td>
<td>$157,500-$200,000</td>
<td>$32,089.50 + 32% of the amount over $157,500</td>
</tr>
<tr>
<td>35%</td>
<td>$200,000-$500,000</td>
<td>$45,689.50 + 35% of the amount over $200,000</td>
</tr>
<tr>
<td>37%</td>
<td>Over $500,000</td>
<td>$150,689.50 + 37% of the amount over $500,000</td>
</tr>
</tbody>
</table>
Taxes 2018

A lot less is deductible

Standard deduction has increased – weakens the tax case for buying a house
Principle 8

You will be OK if you act now

It will be harder if you don’t
Resources

White Coat Investor

William Bernstein’s “If You Can” (2014)

Bogleheads wiki

Vanguard
Questions