

## PERSPECTIVES

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# Understanding the Unique Financial Needs of Physicians

David Burgio JR  
Service Advisor

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### ***The Significance of High Income and Human Capital in Physicians' Financial Planning***

At Custom Wealth Strategies, we recognize that physicians are often known for their high level of income, which is a direct result of their extensive education and the valuable services they provide. However, this high income also means that physicians need to take a proactive approach to protecting their wealth and ensuring the financial future of their families. One essential aspect of this protection is selecting the appropriate disability and life insurance policies, tailored to meet the specific needs of medical professionals. This includes policies that cover not only their occupation but also their particular specialty, as well as multiple types of life insurance to cater to various financial objectives.

### ***Overcoming the Challenges of Delayed Investment Strategies***

Unlike other professionals who typically begin investing in their retirement in their early twenties, physicians often do not start until they are 30-35 years old. This delay can lead to missed opportunities for compounded investment returns and may force physicians to invest more capital later in their careers, work longer hours, or take on higher-risk investments. At Custom Wealth Strategies, we help physicians prioritize saving and investing early on, even if it means making sacrifices in other areas of their financial lives.

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### ***Mitigating the Risks of Being a Common Target for Litigation***

Physicians are at a higher risk for litigation due to their high-income levels, high-risk professions, and perceived wealth. To protect their assets from potential creditors, Custom Wealth Strategies works with doctors to implement a comprehensive asset protection plan that includes personal liability "umbrella" insurance policies, malpractice insurance, and various tools to shelter assets from creditors' claims, such

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as retirement accounts, 529s and UTMAs, certain trusts, life insurance, and limited liability companies.

### ***Navigating the Pitfalls of Financial Solicitation***

As high earners, physicians are often approached with investment opportunities from friends, family members, or private equity and hedge funds. Custom Wealth Strategies helps doctors ensure that they are maintaining a balanced financial portfolio and that further investments won't hinder their ability to contribute to retirement accounts, life insurance policies, or meet other short and long-term financial needs.

### ***Addressing Higher Taxes for Physicians Compared to Other High-Earning Professionals***

Physicians often face a higher tax burden than other high-earning professionals due to the nature of their income, which is primarily taxed as earned income. Custom Wealth Strategies helps doctors offset this tax burden by maximizing workplace retirement solutions such as 401(k) and cash balance plans, which can help shelter income and defer taxes to the future.

### ***Adapting to the Constantly Evolving Healthcare Industry***

The dynamic healthcare industry presents numerous financial challenges for physicians, including increased student loan debt, compliance and regulatory pressures, decreased reimbursements from health insurance companies, and increased burnout. Custom Wealth Strategies helps doctors create a comprehensive financial plan that includes early and consistent saving habits, maximizing workplace retirement plans and benefits, balancing liquid and illiquid investments, and automating and maximizing disability and life insurance programs.

### ***The Importance of Specialized Financial Professionals for Physicians***

Physicians' unique financial circumstances require specialized knowledge and expertise. At Custom Wealth Strategies, our financial professionals have experience in the healthcare industry and are dedicated to developing tailored strategies to set and achieve short and long-term financial goals, ensuring the ongoing financial wellness of our physician clients.

### ***In Summary***

Physicians encounter a distinct set of financial hurdles and prospects due to their substantial income, postponed investment approaches, heightened risk of litigation,

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susceptibility to financial propositions, elevated taxes, and the necessity to keep pace with a constantly evolving industry. Custom Wealth Strategies provides personalized financial planning solutions to help physicians navigate these challenges and achieve financial stability and success.

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