

# Alberta Doctors' Digest

## Sponsored article: Delegating your financial responsibilities

Giving up control doesn't always come easily for physicians. After all, you've worked hard to achieve professional success and you might be hesitant to trust others with your hard-earned money.

Dr. Murray Erlich, a former psychiatrist who provides life and career coaching for doctors, speculates that the issue often comes down to personality or a belief they can do it themselves.

"Doctors are smart people, and for some maybe there's the illusion that if you're smart at medicine, you can also be [smart at investing](#)," suggests Dr. Erlich. "I think there's opportunity there for physicians to realize that delegating their investment portfolio to a financial advisor, much like they would refer a patient to a specialist, can reduce their stress and free up some of their time."

### Physician burnout can be a money issue

Financial stress is often a key contributor to physician burnout, and it can take root as early as medical school when physicians begin to take on significant debt. It can feel overwhelming and stressful to think about paying back that debt while trying to build wealth and save for retirement. On top of debt concerns, physicians also face other unique challenges when managing their finances.



You've worked hard to achieve professional success and you might be hesitant to trust others with your hard-earned money.

## **Practice management**

If you own or manage your own practice, you need to know how to manage the financial side of running a business and navigate tax intricacies. Historically, though, most doctors don't have formal business training. They aren't taught business management skills or entrepreneurship in medical school and get little, if any, on-the-job training.

## **Work pressure**

The medical profession is stressful, and physicians often have little time or energy to make sound financial decisions. Time scarcity can lead to quick or rash money decisions that don't factor into a [long-term financial plan](#).

## **Income**

Because doctors enter the workforce later than other professionals, their total earning years are shorter. Not only that, the income jump doctors experience as they move from residency to practice can mean "lifestyle creep" as spending surpasses saving and debt repayment.

## **Incorporation**

Physicians' high earning potential also comes with a heavy tax burden. [Incorporating your practice](#) can help you defer and reduce personal income taxes, but it also means additional costs and complexity.

## **Compensation**

Physician compensation models have become more varied and complex – salary, dividends or a mix of both – and deciphering these structures requires specialized expertise.

## **Financial complexity**

As your career advances, student debt, irregular income streams, tax implications and unique investment opportunities demand specialized knowledge and professional monitoring.

## **Five reasons why delegating your finances can be a smart choice**

Self-reliance served you well in medical school, but it's not always the best approach to managing your finances – especially as demands on your time continue to grow. While it may go against your natural inclination, delegating the management of your finances has clear advantages.

## **1. Benefit from professional guidance**

Just as patients gain from your expertise, entrusting your finances to an advisor means you'll benefit from a plan that takes into consideration all the facets of your financial health. An advisor will help you make the most of your finances, freeing up time to focus on what matters most to you.

## **2. Tap into tax efficiencies**

Taxes can significantly impact your overall financial well-being; an advisor will work with your accountant and/or tax specialist to consider tax-efficient strategies to reduce tax liabilities and preserve more of your income.

## **3. Ensure accountability**

Tracking your progress is a critical component of financial success. Your advisor will establish clear, achievable financial goals based on your unique circumstances, make shifts if there are changes in your life or financial situation, and help you stay the course so you don't derail your long-term plan.

## **4. Make rational investment decisions**

When markets fluctuate, emotions can get in the way of your investment strategy. A financial advisor offers a level-headed, objective approach to making decisions based on research, data and your long-term investment strategy.

## **5. Buy back your time**

Time is a precious commodity for physicians. While you could choose to go it on your own, self-directed investing requires significant time and effort to research and stay updated on market trends, economic indicators and individual investment opportunities.

### **Put yourself first.**

Delegating financial management can provide relief. And remember, delegation doesn't mean losing control.

If you'd like to talk, contact me at [Shannon.Freitas@md.ca](mailto:Shannon.Freitas@md.ca).

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