

Alberta Doctors' Digest

Residents, start saving now!

I get it. You've invested a lot of time and money in medical school and now you're facing the many challenges of starting your professional career as a resident. There's a lot to do, things to figure out – and saving money isn't a top priority.

For young doctors, time is tight, sleep is a luxury and the wallet might feel a bit light. How can you possibly organize yourself to save?

It's a lot easier than you think.

Here are five reasons that I hear all the time for not saving, followed by the strategies I offer in return. Many young physicians have used these strategies to start down the path to financial success.

1. I'm too tired

A day's work as a resident can feel like a series of obstacles between you and some decent sleep. According to one Canadian survey, [70% of residents said they experience prolonged sleep deprivation](#). When you're tapped out, it's easy to forget about things like your finances.

Set up automatic contributions and hit the snooze button:

With automatic contributions, you only have to think about it once. And contributing even a few dollars each week or month to a savings account is enough to get started. You'll be able to rest easy, knowing that you've taken that first step.

2. I don't have time

Your day-to-day includes clinical duties, study, research and volunteer work – plus everything happening in your personal life. Lack of time can seem like a constant barrier in your life.

Get time working for you:

Set up that small automatic contribution we talked about and let time work its magic. The sooner you start, the more you'll benefit from compound growth over time. As busy as you are, time *can* be on your side. Even a small amount, \$25 a week can really add up over time, as you can see in this example. Assuming a 4% rate of return, saving \$25 a week for 10 years will earn you almost \$3,000 from your small investment.

\$13,000 (total contributions)

+ \$2,972 (compound returns)

= \$15,972 (total value)

Check out the [MD compound growth calculator](#) to see what other amounts and contribution frequencies could achieve in savings.

3. I have a family to support

Finding work-life balance is particularly difficult for physicians in training and it's even tougher for those who are parents. Stretching your income to cover immediate needs like child care and other necessities makes saving seem like a low priority.

Choose one family savings goal and make it a priority:

You may have heard of “paying yourself first” when you get your paycheck. This means putting some money aside as savings before dealing with bills, debt or anything else. Focus on saving toward a single family goal for now: down payment on a home, education for your child or a vacation. Whatever it is set aside a certain amount each week or month.

4. I have debts to deal with first

Loans or lines of credit are a reality of medical school. Training-related debt may cast a large shadow over the income you're earning in residency. Shouldn't you repay your debts first before saving?

Remember that you also need to start building your net worth:

Now that you earn income, setting some aside is an important habit to develop, to start shifting your net worth to the positive side. A debt repayment plan is important, but so is establishing a savings base.

You may have some latitude on loan repayments while you're still a resident. The rules differ from lender to lender and also depend on the type of loan or line of credit you have. Note, however, that it's always a good idea to quickly pay off credit card balances, which have high interest rates.

See the article [Should medical residents start saving or pay down debt?](#) for an example of how both can be accomplished.

5. I can start saving later

You can reasonably expect that your earnings as a medical professional will start to rise soon, so it's tempting to rationalize waiting until later to start a savings plan.

Use your early earning years to develop good financial habits:

It's never too early to learn the basics of investing. Starting a savings plan while in residency can help you prepare for the transition to practice. You'll be better prepared to make important financial decisions once you become a practicing physician. Start small and you can always increase the amounts you're putting aside as your income grows.

Start saving today and we'll pitch in

Ready to start your savings journey? We want to help. Through the [Match150](#) program, you can set up a regular savings plan and MD Financial Management will match your first \$150 in contributions!

MD Management Limited – Member – Canadian Investor Protection Fund

The information contained in this document is not intended to offer foreign or domestic taxation, legal, accounting or similar professional advice, nor is it intended to replace the advice of independent tax, accounting or legal professionals. Incorporation guidance is limited to asset allocation and integrating corporate entities into financial plans and wealth strategies. Any tax-related information is applicable to Canadian residents only and is in accordance with current Canadian tax law including judicial and administrative interpretation. The information and strategies presented here may not be suitable for U.S. persons (citizens, residents or green card holders) or non-residents of Canada, or for situations involving such individuals. Employees of the MD Group of Companies are not authorized to make any determination of a client's U.S. status or tax filing obligations, whether foreign or domestic. The MD ExO® service provides financial products and guidance to clients, delivered through the MD Group of Companies (MD Financial Management Inc., MD Management Limited, MD Private Trust Company, MD Life Insurance Company and MD Insurance Agency Limited). For a detailed list of these companies, visit md.cma.ca. MD Financial Management provides financial products and services, the MD Family of Funds and investment counselling services through the MD Group of Companies. MD Financial Management Inc. is owned by the Canadian Medical Association.