

# Alberta Doctors' Digest

## Canadian physicians and financial literacy

A new study commissioned by MD Financial Management about physicians and financial literacy suggests most practicing physicians in Canada don't feel well educated about personal finance. In fact, many report feeling stressed about making financial decisions.

In partnership with Environics Research, MD polled physicians across Canada. Along with questions about financial priorities and goals, we quizzed respondents to assess financial literacy.

This article discusses key areas of the study and how physicians can better position themselves to gain greater financial control.

### Financial stresses shift as careers progress

Roughly 90% of respondents said future-present balance, retirement and investment performance were their top financial priorities. However, these shift slightly according to practice experience.

**Physicians with five years' experience or less** were also focused on increasing savings and financially protecting their families against death or illness. Top concerns were mortgage payments (six in 10) and tax planning (one in two), followed by saving for children's education, imbalances in government billing, and the inability to invest in their corporation to fund retirement.

**Physicians with between six and 15 years' experience** had nearly identical priorities to the previous group. They differed in the order of concerns. Tax planning was top of mind (one in two), while mortgage payments concerned three in 10 respondents.

**Physicians with 16 or more years' experience**, 45% said tax planning was a worry, while 23% said they had no concerns at all.

**MD insight:** Priorities remain consistent while concerns shift with age. Stress about financial decisions also decreases over time. Meeting with an advisor early to identify priorities, clearly define goals and develop an actionable plan will help reduce concerns in these and other financial planning areas.

### Most physicians haven't received a financial education

An interesting result from the study is that physician financial literacy is poor, with a 55% average score on the quiz.

Of the younger physicians, 56% said they did not receive financial education before embarking on their careers. Among the older cohorts, respondents were more likely to say they received a financial education: 60% of those with six to 15 years' experience and 72% of those with 16 or more years' experience.

**MD insight:** Most older physicians feel as though they received a financial education, while most of the youngest feel they didn't. Whether this is a change of perception or a reflection of how physicians are taught about finances, the fact remains: physicians feel they should know more about personal finance.

### **Physicians increasingly rely on advisors as they gain experience**

There is an interesting inverse relationship between the importance of financial advisors and how stressed respondents felt about their financial situation.

The least experienced doctors felt more stressed than their more tenured counterparts; they also trusted their peers more and financial advisors less. In the most senior group, 68% of respondents said they relied on advisors to make most decisions regarding their investments and financial planning. Meanwhile, only 35% of these physicians said they felt stressed about making financial decisions.

The answers from physicians in between were a mix of those given by the youngest and the oldest.

**MD insight:** Financial planning is deeply personal. Peer recommendations can help young physicians make sense of the financial world, but ultimately, they don't always help when it's decision-making time.

The inverse correlation between stress and experience suggests that confidence may grow with age and experience. More experienced physicians seek advice from advisors and have developed trust in them, thanks to the financial planning – and market cycles – they have been through together. They see the value of working with an advisor.

### **We can help**

Working with an MD Advisor\* can help attenuate concerns. An MD Advisor can lend guidance and confidence to younger physicians who may not yet have their financial footing, while helping more senior physicians understand how to deftly manage always-changing conditions and work them to their advantage.

To learn more about how MD can help, contact Paul Phillips, Regional Vice President, at [paul.phillips@md.ca](mailto:paul.phillips@md.ca).

You can read the [complete MD Physician Financial Literacy Study, here](#).

---

Data source: Environics Research, MD Physician Financial Literacy Study (2019).

\* MD Advisor refers to an MD Management Limited Financial Consultant or Investment Advisor (in Quebec), or an MD Private Investment Counsel Portfolio Manager.

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<sup>®</sup> 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.ca](http://md.ca). MD Financial Management provides financial products and services, the MD Family of Funds and investment counselling services through the MD Group of Companies.