

# Alberta Doctors' Digest

## Sponsored: Retirement readiness

When physicians contemplate their future retirement, one of the biggest worries is whether they'll have saved enough money — and wondering whether they'll be able to retire comfortably. How are you feeling about retirement? And how do you compare with your peers?

MD Financial Management commissioned a study in March–April 2021 to find out how Canadian physicians are feeling about retirement. The findings are based on survey responses from more than 400 full-time medical specialists and family physicians age 40 and over.

Here are some of the key findings. Where do you see yourself? How would you answer the survey questions?



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### How much do you currently have (financial assets, excluding home)?

- less than \$1 million: 25%
- \$1 to \$2 million: 23%
- \$2 to \$3 million: 9%
- \$3 million or more: 25%
- don't know/didn't say: 17%

### How much do you need before you can retire comfortably?

- less than \$1 million: 10%

- \$1 to \$2 million: 14%
- \$2 to \$3 million: 16%
- \$3 million or more: 36%
- don't know/didn't say: 24%

### **What is your annual household income?**

- less than \$250K: 26%
- \$250K to \$500K: 44%
- \$500K to \$750K: 13%
- \$750K to <\$1 million: 4%
- over \$1 million: 3%
- don't know/didn't say: 11%

### **What factors are influencing your expected timing of retirement?**

- the state of my own health/energy: 77%
- the size of my retirement portfolio: 54%
- needing to pay for my children's education/help with their lifestyle: 27%
- once I've decided what I want to do in retirement: 26%
- timing of my spouse's/partner's retirement: 26%
- once my mortgage has been paid off: 20%
- when I can find another physician to take over my practice: 19%

### **What are some of your worries about retirement?**

- health and aging: 63%
- losing an important part of my identity: 45%
- being aware that I'm in the final years of life: 39%
- getting by on a reduced income: 38%
- running out of money: 36%

### **Other key findings**

Despite the pandemic, 84% of the physicians surveyed were confident in their ability to retire, though many still had concerns about the impact of unexpected expenses on their financial plan, and nearly half of respondents under 60 said they find it hard to save for retirement due to other expenses.

But having a concrete financial plan goes beyond having enough money to retire comfortably. Here's what our survey showed when it comes to investments, insurance and estate planning, and what you might need to do.

#### **Investments**

About half of the surveyed physicians (46%) said they look at their investments from time to time. Male physicians were more likely to follow their investments closely than female physicians (43% versus 12%). Physicians with more than \$2 million in assets were also more likely to follow their investments closely (47%) than those who have less: only 20% of physicians with \$1 million to \$2 million and 22% of those with under \$1 million follow closely. Remember, a financial advisor can help you manage your investments with retirement in mind.

## Insurance

A large majority of physicians surveyed said they have life insurance (82%) and disability insurance (72%), while just 50% have critical illness insurance. Physicians under 60 years old are more likely to have life and disability insurance than those 60 and older. Albertan physicians who need disability and critical illness insurance can get it through AMA's ADIUM Insurance Services.

## Estate planning

Of physicians surveyed, 72% have an up-to-date will, while 65% have a power of attorney. Only 33% have a trust for tax and estate planning. There are many ways to optimize your estate plan, which will help you leave a larger legacy to your beneficiaries and reduce the stress and costs of settling your estate.

## Physician retirement readiness

When it comes to feeling ready for retirement, how do you compare with your peers? About a third of physicians (36%) say they have a concrete set of plans and goals for retirement. Half of those surveyed (54%) said they have a general notion of where they are going but no specific plans. Another 7% haven't given it much thought.

If you're like two-thirds of your peers and you feel less prepared for retirement than you would like, here's a quick list of things to consider doing. These are all things that have helped other physicians who *do* feel ready for retirement:

1. Make a concrete plan for retirement, including both financial and non-financial aspects.
2. Understand where retirement ranks among your financial priorities and save accordingly.
3. Know who will support you emotionally and practically in retirement if you need it.
4. Know how you will spend your time in retirement.
5. Look beyond investments, and have a plan for emergencies, your estate and changes to your health and/or mobility.
6. Get in touch with the [Alberta Medical Association](#) for resources on transitioning to retirement, including closing your practice.

Contact an [MD Advisor](#)\* for help mapping out your most important goals, your desired lifestyle and the strategies that need to be put in place (and adjusted regularly) to get you there.

You can download the MD Physician Retirement Readiness Study at <https://invested.mdm.ca/e-books-and-whitepapers/2021-md-physician-retirement-readiness-study>.

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