

Pediatric Nephrologists on FIRE : Financial Independence and Retiring (Early)



A Webinar sponsored by the ASPN Workforce Committee
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Moderator: Danielle Soranno, MD



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Disclaimer

- ▶ I am not a financial advisor and this webinar is not financial advice
- ▶ I am not (yet) financially independent nor retired
- ▶ Most of what I know I learned from Google, reading books & blogs and listening to a lot of podcasts – if you can prescribe dialysis, you can understand this stuff!



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Learning Objectives

At the conclusion of this learning activity, participants should be able to:

- ▶ Formulate a plan to tackle finances and prioritize goals
- ▶ Understand the account types for retirement and other savings goals
- ▶ Be familiar with various strategies to calculate retirements savings amounts



Personal Finance Case Study:



Dr. Ima Nephrologist



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Personal Finance Case Study:



Dr. Ima Nephrologist



Acute GN
CRRT
Hypertension
Nephrotic syndrome



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Personal Finance Case Study:



Dr. Ima Nephrologist



Acute GN
CRRT
Hypertension
Nephrotic syndrome



Med School Loans



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Personal Finance Case Study:



Dr. Ima Nephrologist

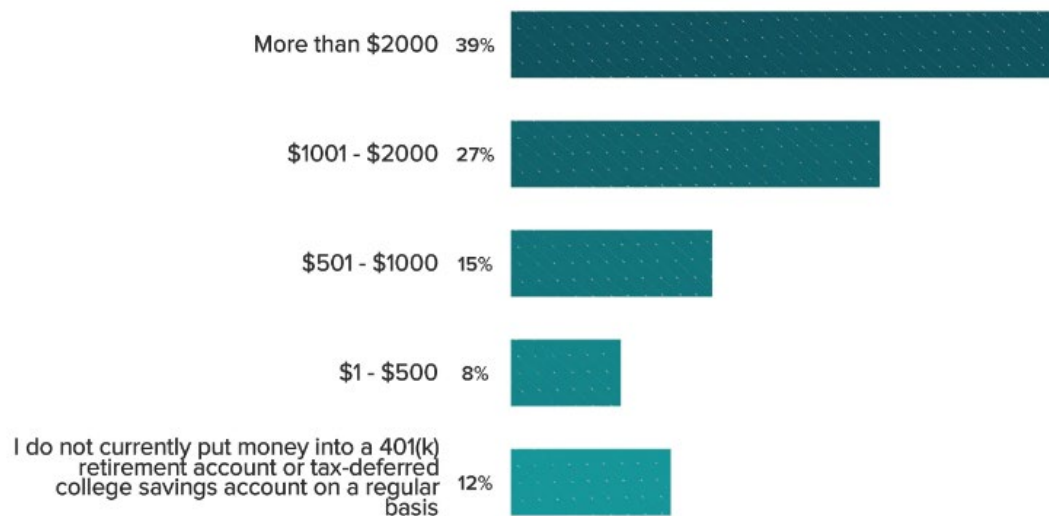


Retirement plans
403b
457b
Roth
Investments
HDHP
HSA
FSA

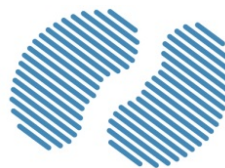


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How Much Do You Put Into a Tax-Deferred Retirement or College Savings Account Each Month?

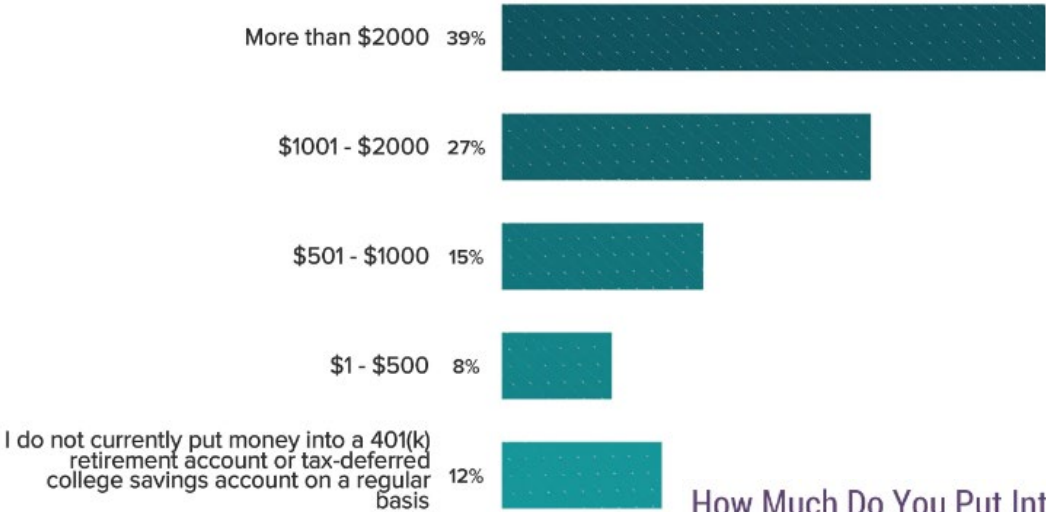


Source: Medscape Physician Wealth and Debt Report 2020

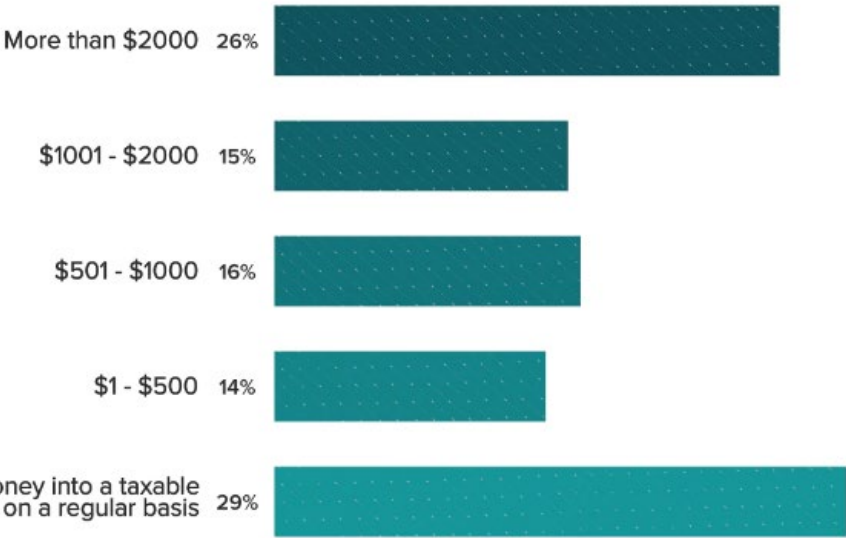


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How Much Do You Put Into a Tax-Deferred Retirement or College Savings Account Each Month?



How Much Do You Put Into a Taxable Retirement or College Savings Account Each Month?



Source: Medscape Physician Wealth and Debt Report 2020

Physician Net Worth by Gender



Source: Medscape Physician
Wealth and Debt Report 2020



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Physician Net Worth by Gender



Net Worth =
What you OWN – what you OWE
(Assets – Liabilities)

Source: Medscape Physician Wealth
and Debt Report 2020



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Poll Question 1:

▶ I know how much money I need to retire...

1) Yes

2) No



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How much do I need to retire?

- ▶ Just save a percent of income and it will be ok
 - 15% of your gross income should be saved for retirement, assuming retirement age of 65+



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How much do I need to retire?

- ▶ Income-based milestones



Savings factors to help you on your journey to retirement

Save "x" your starting salary



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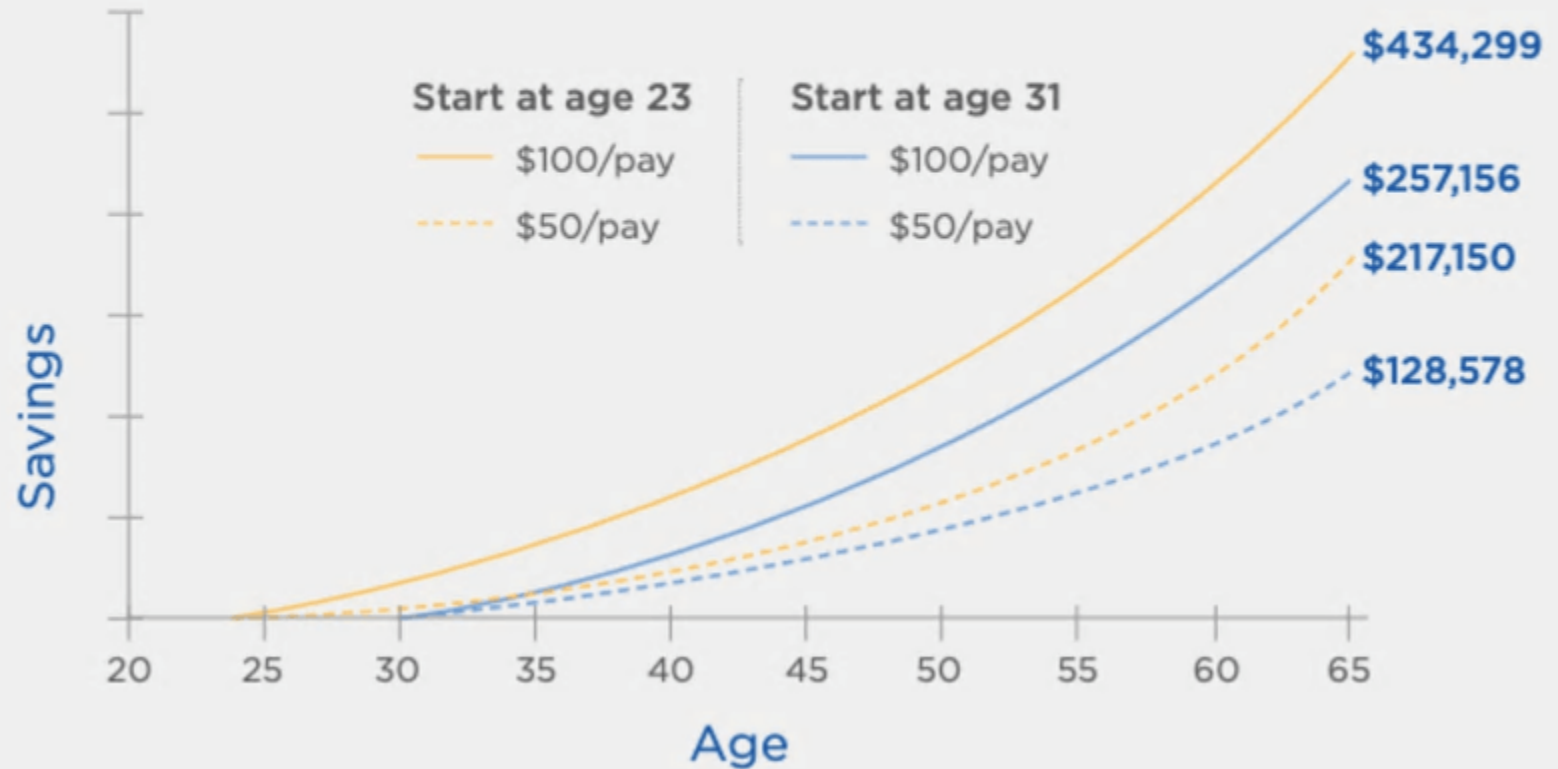
How much do I need to retire?

- ▶ How is it different for doctors?
 - True earning years start later
 - Probably need to save more due to less time for compound interest to work
 - May also be paying off student loans after training



Starting saving at 23 vs. 31

6% rate of return



Source: Google



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How much do I need to retire?

- ▶ Estimate based on *expenses* and not *salary*
 - The “4% rule”
 - Created from financial modeling of a 30+ year retirement using historical market data
 - Example:
 - Estimated annual expenses in retirement = \$100,000
 - Multiply $\times 25 = \$2,500,000$
 - 4% of \$2,500,000 = \$100,000
 - www.ssa.gov




Investment calculators

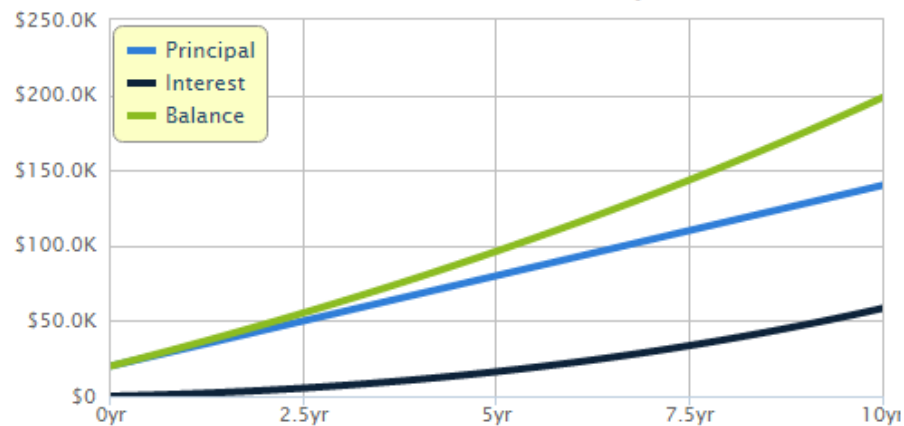
- ▶ [Investment Calculator](#)



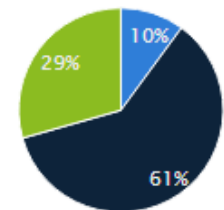
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End Amount	Additional Contribution	Return Rate	Starting Amount	Investment Length
Starting Amount	\$ 20000		Results End Balance \$198,290.40 Starting Amount \$20,000.00 Total Contributions \$120,000.00 Total Interest \$58,290.40	
After	10 years			
Return Rate	6%			
Compound	annually ▼			
Additional Contribution	\$ 1000			
Contribute at the <input type="radio"/> beginning <input checked="" type="radio"/> end of each <input checked="" type="radio"/> month <input type="radio"/> year				
Calculate 				

Balance Accumulation Graph



Breakdown



☒ Starting Amount
☒ Total Contributions
☒ Interest



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Poll Question 2:

▶ I know what retirement accounts I have access to...

- 1) Yes
- 2) No
- 3) I think so...



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Account vs. Investment

- 401k
- 403b
- IRA
- 529
- 457
- 401a
- HSA



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Account vs. Investment



Investments:

- Stocks
- Bonds
- Cash
- Real Estate
- Mutual Funds
- Index Funds



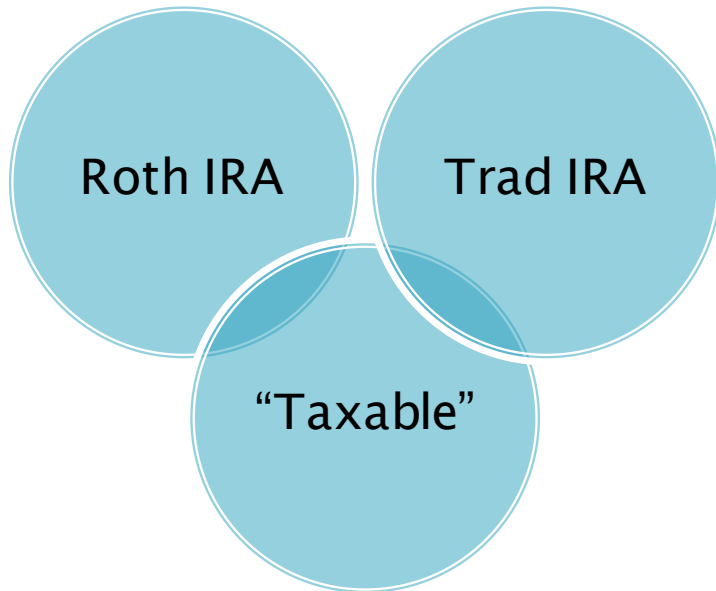
Account



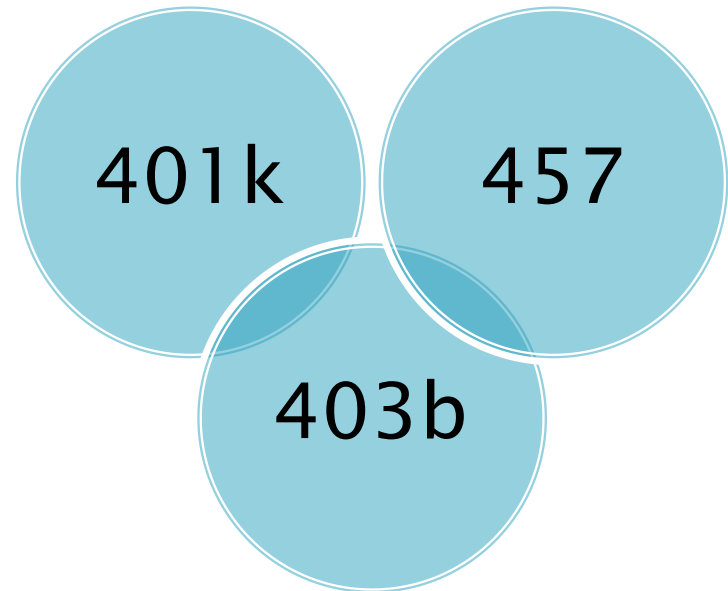
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Types of Retirement Accounts

Individual



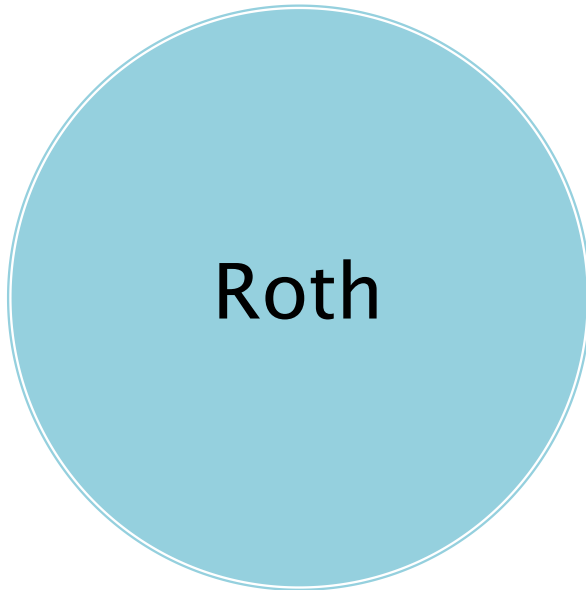
Employer-Based



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Types of Retirement Accounts

Post-tax = “tax-free”



Pre-tax = Tax-deferred



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2021 Contribution limits

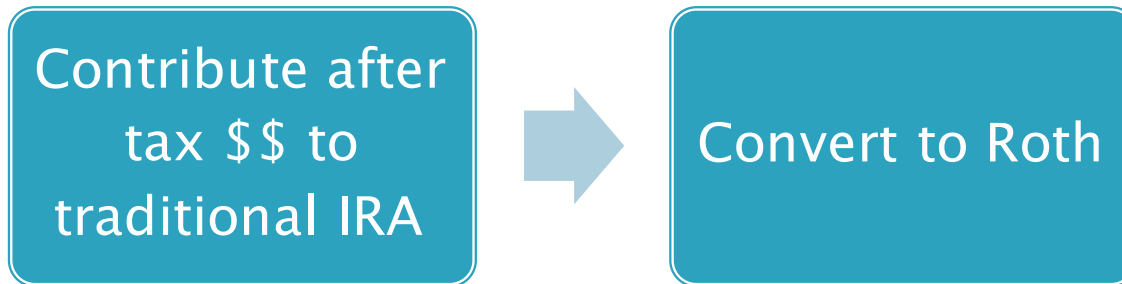
	Individual	Employer-based
Post-Tax	<p>Roth IRA</p> <p>\$6000</p>	<p>Roth 401k/403b</p> <p>\$19,500</p>
Pre-Tax	<p>Trad IRA</p> <p>\$6000</p>	<p>401k/403b</p> <p>\$19,500</p>



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More about IRAs...

- ▶ Income limits* for IRAs in 2021
 - \$140,000 single
 - \$208,000 married filing joint
- ▶ “Back Door Roth”



- ▶ Open your own Roth IRA at many investment companies (Vanguard, Fidelity, Schwab)

Source: IRS



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How to do a BD Roth



[Backdoor Roth IRA 2021: A Step by Step Guide with Vanguard – Physician on FIRE](#)



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Other accounts

▶ 457

- Deferred compensation plans (pre-tax) offered by:
 - Government
 - Non-profit employers
- 2021 contribution limit = \$19,500
- Different rules apply to access money at retirement than for 401k/403b accounts

▶ 401a

- Non-profit, government, education
- 2021 limit = \$57,000 combined



Other accounts

- ▶ HSA = Health savings account
 - Must have a HDHP (high-deductible health plan)
 - 2021 contribution limits
 - \$3600 Individual
 - \$7200 Family
 - Pre-tax contributions, but not taxed again if used for health care
 - “Triple tax advantaged”



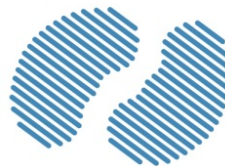
Other accounts

▶ Taxable account

- Can open anywhere (Vanguard, Fidelity, Schwab, TD Ameritrade)
- No tax benefits
- No restrictions on when you can access your money
- No limits

▶ 529

- College savings account
- Some state income tax benefits
- Tax-free withdrawals if used for education



Poll Question 3:

▶ I am comfortable picking among the investment options in my retirement plan...

- 1) Yes
- 2) No
- 3) Maybe?



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Investments

▶ Stocks

- You are buying a small piece of a company



- You make money when the stock value increases and if the company pays a dividend to shareholders
- Higher risk
- Higher returns



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Investments

▶ Bonds

- Essentially a loan to a company or government with defined terms for payment of principal and interest back to the lender
- Sometimes called “fixed income” because interest rate is set
- Less volatile
- Typically lower returns than stocks



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Investments

- ▶ Real estate – many options here
 - Purchase and own real estate
 - Real estate investment groups or syndicated deals
 - REITs



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Investments

▶ Mutual funds

- Investment vehicle composed typically of stocks and/or bonds
- Investors pool their resources to buy into the chosen investments
- Annual fees = expense ratio
- May have commissions
- Can be *actively* or *passively* managed



Investments

- ▶ Index fund
 - Passively managed mutual fund
 - Typically track an established index (S&P 500)
 - Known for lower fees



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Investments

- ▶ Target date fund
 - Can be both passively or actively managed
 - Named for anticipated retirement date
 - Ratio of stocks:bonds adjusts over time without any action on the part of the investor

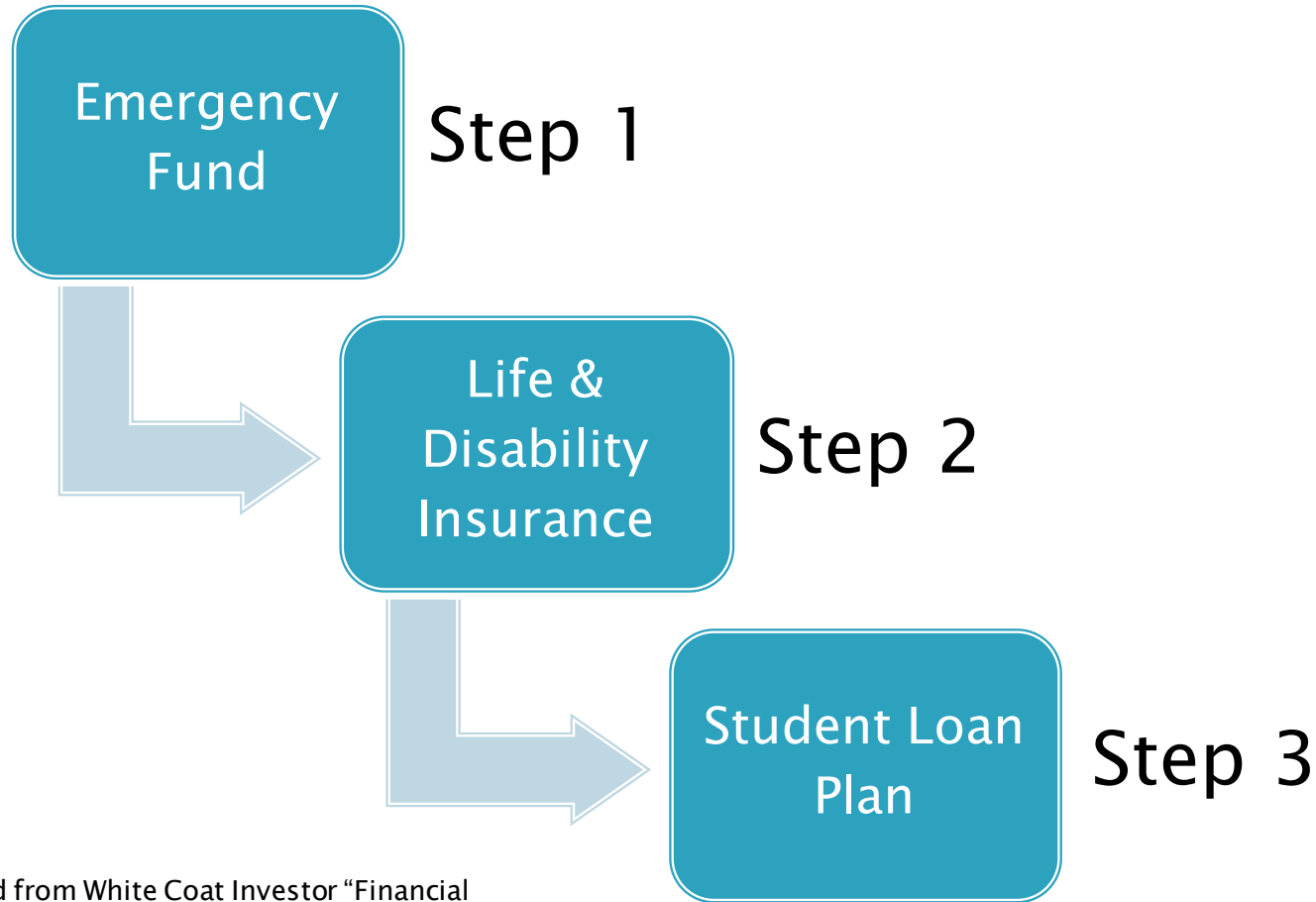


Poll Question 4:

- ▶ Which of the following describes you:
 - 1) There are so many competing demands for my money and I'm not sure where to start
 - 2) I've got the basics down but am not sure where to go from here
 - 3) I have a written investment plan and know exactly where my money is going
 - 4) I'm totally winging it



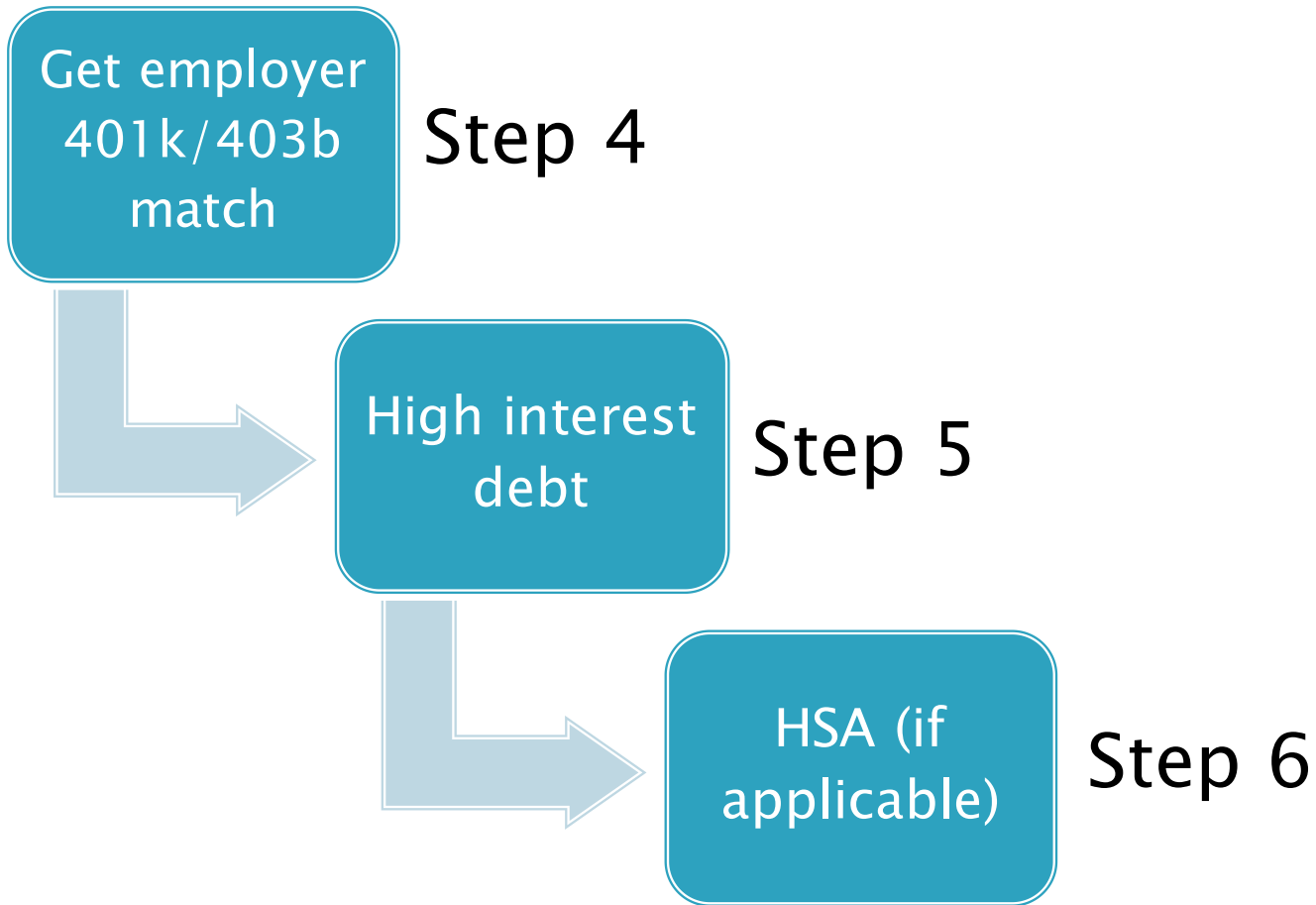
So...what should Dr. Nephrologist do first?



Adapted from White Coat Investor "Financial Waterfalls"



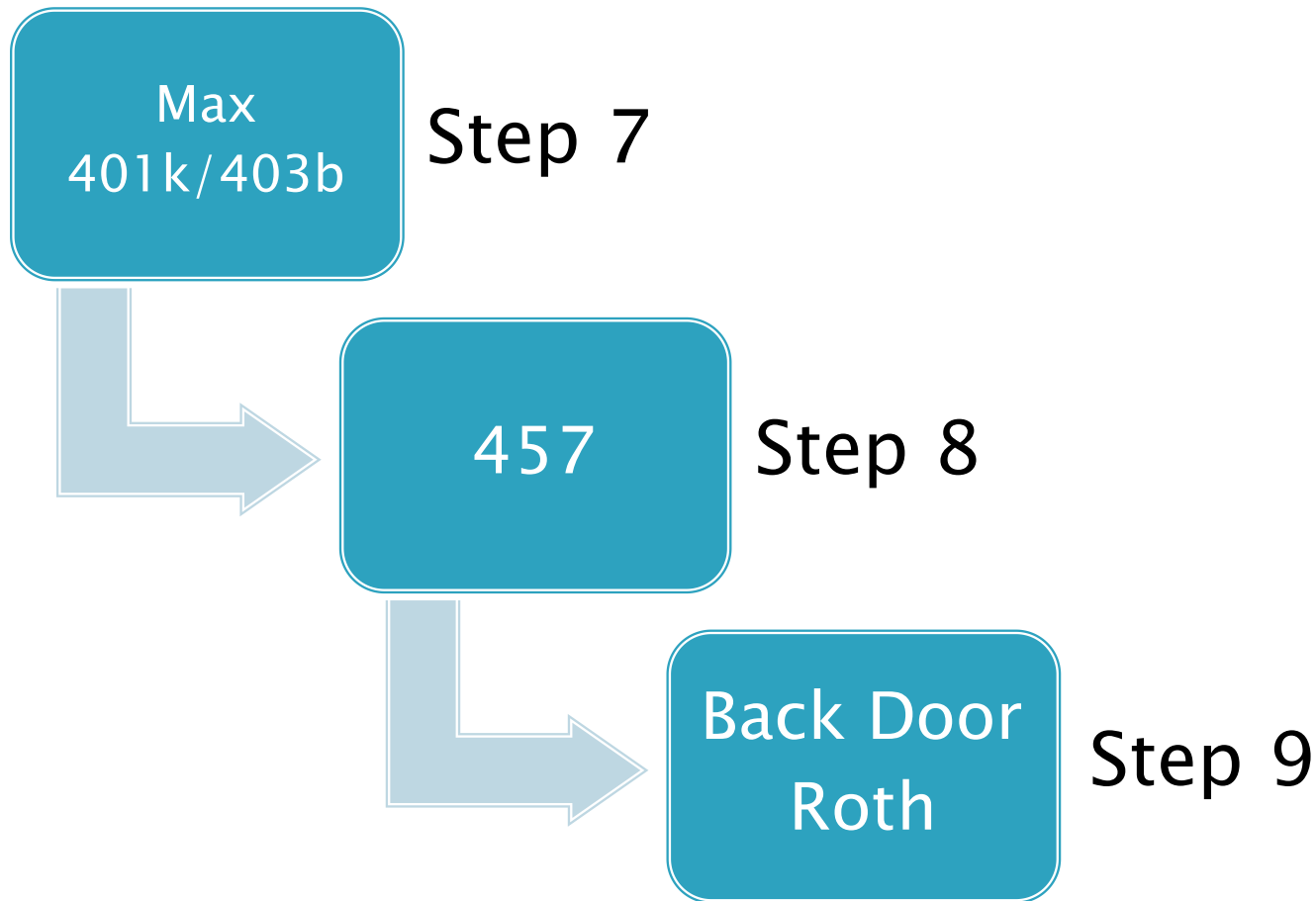
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Adapted from White Coat Investor "Financial Waterfalls"



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Adapted from White Coat Investor "Financial Waterfalls"



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Step 10:

- ▶ Pay extra on student loans
- ▶ Bigger emergency fund
- ▶ Save for home / pay extra on mortgage
- ▶ Invest in taxable account
- ▶ Contribute to 529 plans
- ▶ Other savings goals?



Budgeting

- ▶ Calculate your Net Worth
- ▶ Pay yourself first & start small
- ▶ Track your spending

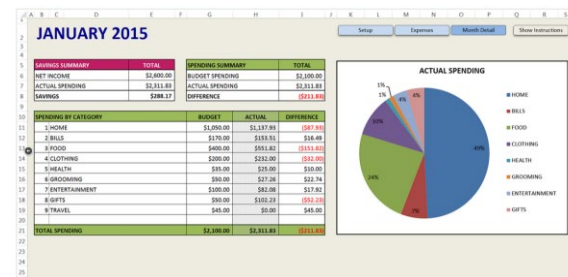
personal
CAPITAL

YNAB.




MONTHLY BUDGET

ITEM	BUDGET	ACTUAL	DIFFERENCE ±
Rent	\$1,200.00	\$1,200.00	\$0.00
Food	\$675.00	\$726.45	+\$51.45
Gas	\$100.00	\$09.15	-\$10.85
Entertainment	\$225.00	\$174.38	-\$50.62
	\$150.00	\$150.00	\$0.00



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Getting Advice

Understand how financial advisors get paid:

- ▶ *Fiduciary* – required to put your interests first
- ▶ Fee-only vs. Fee-based
- ▶ Fee structures:
 - Hourly rate or retainer
 - Flat fee
 - AUM
- ▶ Commission
- ▶ Robo-advisors



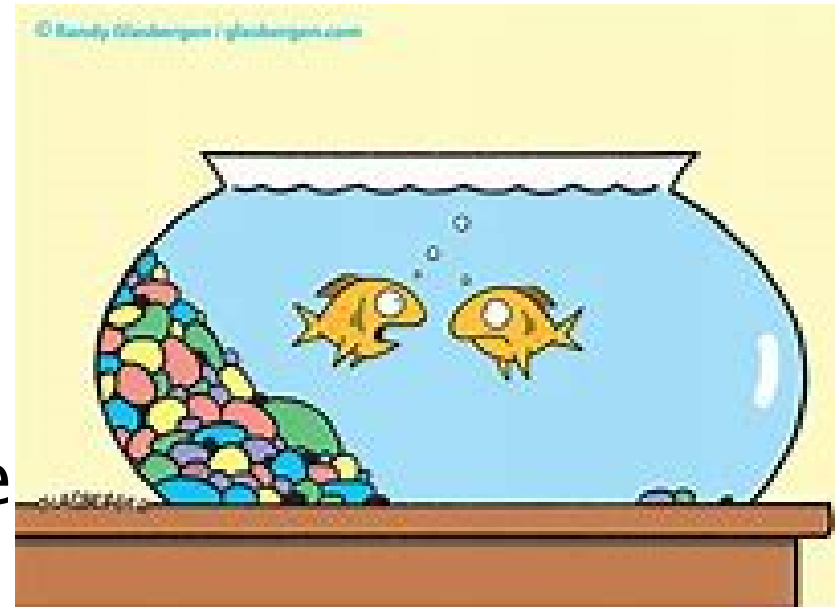
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Wrap up

Don't outsource your thinking about money!

No one will ever care about your money as much as you do.

Getting your financial house in order means freedom and options.



"It's not my fault that you didn't put more stones aside for your retirement!"



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“To achieve financial independence: spend less than you earn and invest the difference”



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Sources

- ▶ Google
- ▶ Investopedia
- ▶ Books:
 - “Work Optional” by Tanja Hester
 - “The Simple Path to Wealth” by JL Collins
 - “The Millionaire Next Door” by Thomas Stanley
 - “Quit Like a Millionaire” by Kristy Shen & Bryce Leung
 - “Your Money or Your Life” by Vicki Robin



Sources

- ▶ Blogs & Websites:
 - White Coat Investor
 - Physician on FIRE
 - Afford Anything
 - Rich and Regular
 - Bogleheads – forums are a treasure trove of information



Sources

▶ Podcasts

- White Coat Investor
- Financial Residency
- Afford Anything
- Her Money

▶ Other Social Media

- @personalfinanceclub
- #debtfreecommunity
- #financialindependence



Poll Question 5:

- ▶ Our next money topic should be:
 1. Budgeting
 2. Home-buying and mortgages
 3. Insurance (life, disability, etc)
 4. Money mistakes we've made



Pediatric Nephrology in a Small Group Webinar Series

Establishing a Hypertension Clinic



Expert: Kevin Meyers, MD

Moderator:
S. Sudha Mannemuddhu, MD

Date and time
May 11, 2021, 3-4 PM EST

If you are interested, please reach out to and send your
questions to pednephSG@gmail.com

Joann, Sudha & Ashley

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