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# Financial Wellness

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❖ I have nothing to disclose

- ❖ What is financial wellness
- ❖ Burnout and finances
- ❖ Where are you now
- ❖ Where are you going
- ❖ How to get there

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# Financial Wellness

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“The dynamic relationship of one’s financial and economic resources as they are applied to or impact the state of physical, mental, and social well-being” (Financial Health Institute)



## You are financially healthy when you...

### Spend

1. Spend less than income
2. Pay bills on time and in full

### Save

3. Have sufficient living expenses in liquid savings
4. Have sufficient long-term savings or assets

### Borrow

5. Have a sustainable debt load
6. Have a prime credit score

### Plan

7. Have appropriate insurance
8. Plan ahead for expenses

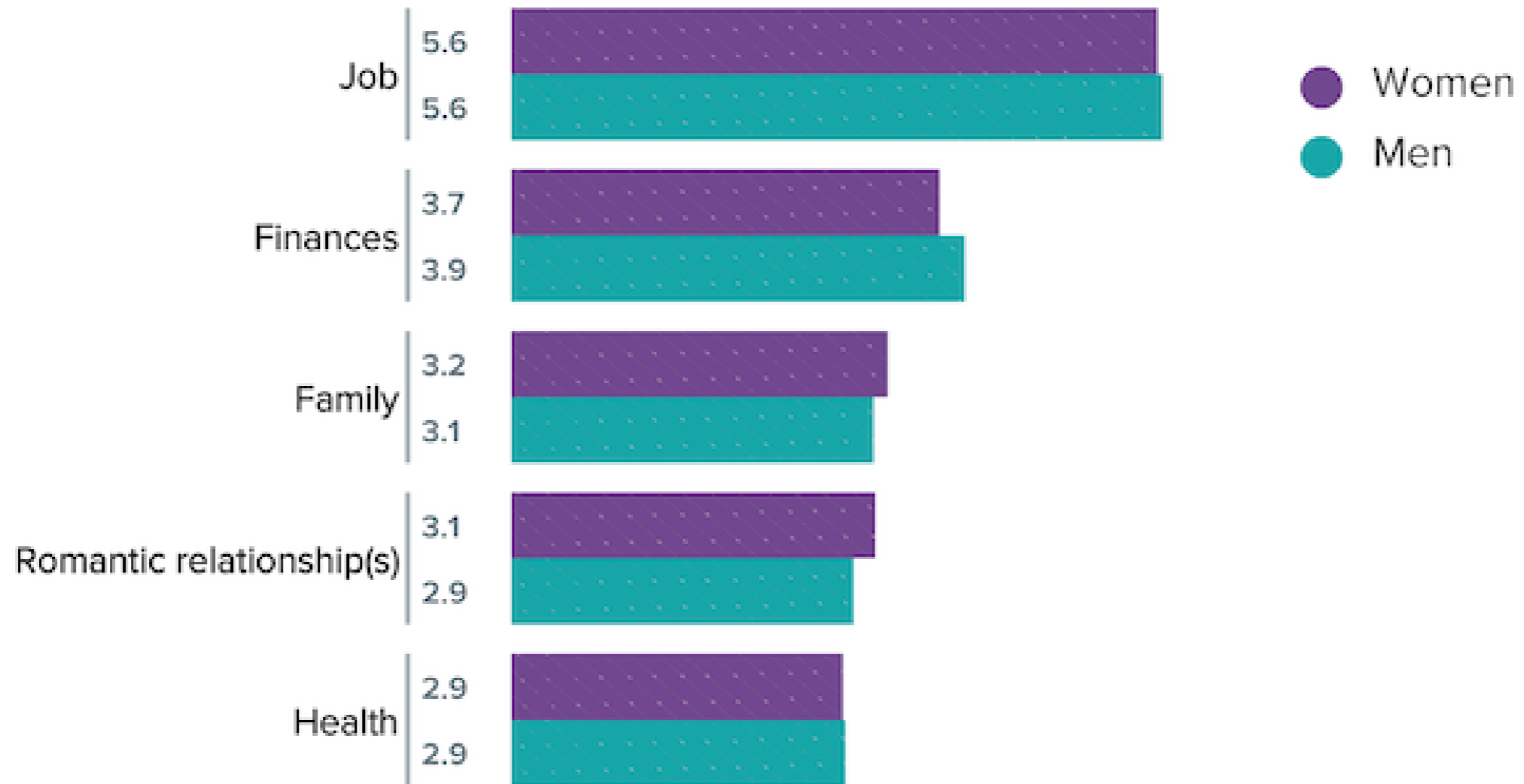
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# Money and Stress

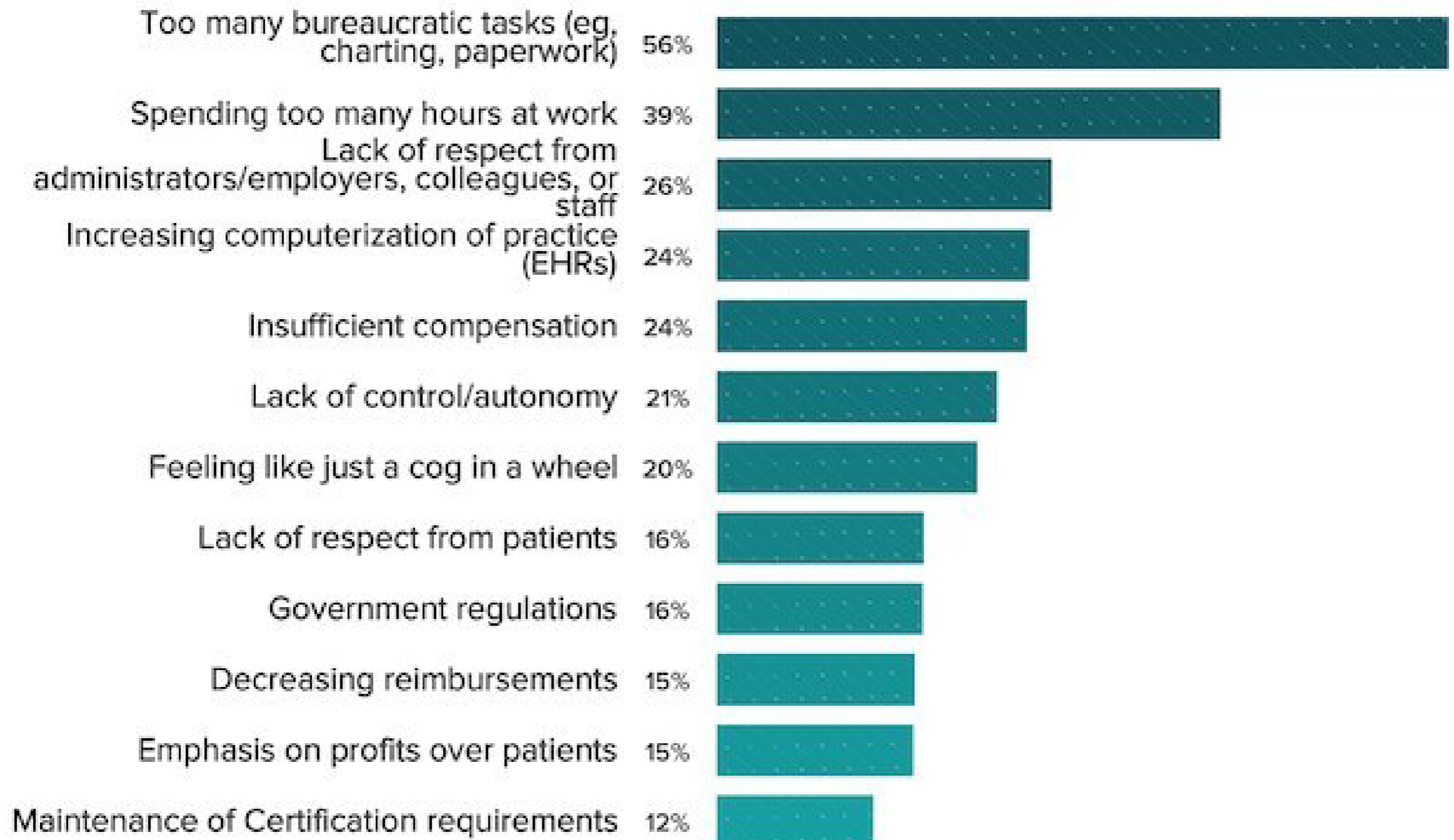
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- ❖ According to the APA - Money is top cause of stress
  - ❖ Survey in 2015
  - ❖ 72% of Americans in past month stressed about money
  - ❖ 77% all respondents feeling considerable anxiety about finances
    - ❖ Arguing with loved ones
    - ❖ Feeling guilty about spending on non essential items
    - ❖ Worrying and feeling anxious
- ❖ Leading causes of divorce
  - ❖ Lack of commitment
  - ❖ Financial Challenges
  - ❖ Infidelity

# What Contributes to Physicians' Depression?

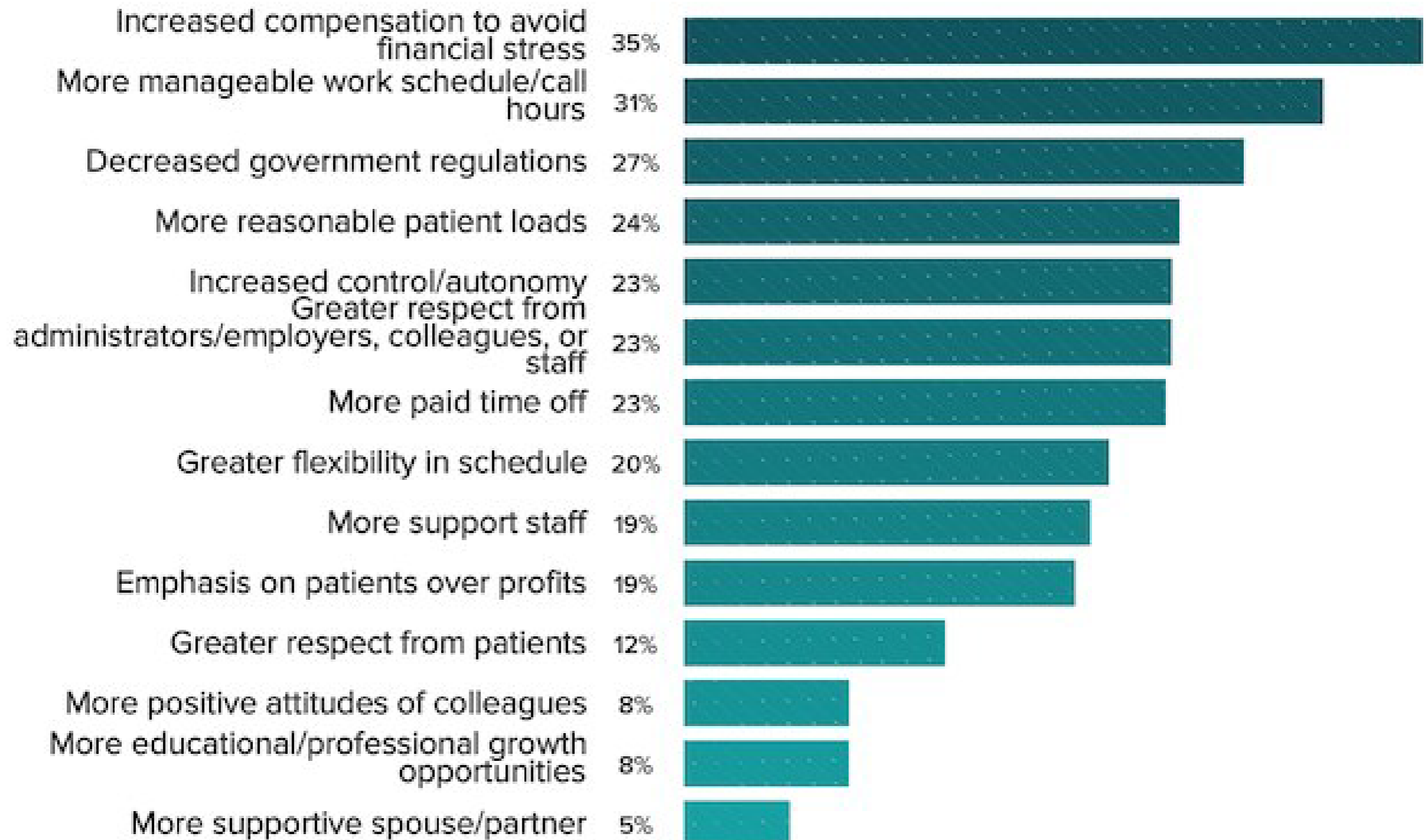


## What Contributes to Physicians' Burnout?





## What Would Reduce Your Burnout?



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# Will more money make me happy

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- ❖ Study out of Princeton in 2010 found that the amount of money needed to be happy was between \$75,000 and \$90,000, above that no further improvement
- ❖ Purdue Study found similar numbers
- ❖ Happiness comes from being able to do what we want with our time
- ❖ Lifestyle “creep”
- ❖ Keeping up with the Jones
- ❖ FOMO
- ❖ We are spending more on stuff than ever before and anxiety and depression continue to rise

May your life someday be as  
awesome as you  
pretend it is on  
Facebook.



your  e cards  
someecards.com

WIKIMEDIA

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# Know Where You Are

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- ❖ Figure out your spending
  - ❖ Mint, your banks aggregators
- ❖ Calculate your net worth
  - ❖ All of your assets - all of your liabilities = Net worth
    - ❖ Assets - checking, savings, house, car, etc
    - ❖ Liabilities - mortgage, student loans, credit card, etc
- ❖ Get all of your accounts in one place

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# Where Do You Want To Go

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- ❖ The most important thing you can do is have a plan
  - ❖ Write them down
- ❖ Short term goals
  - ❖ Emergency fund, pay off credit cards, save more, etc
  - ❖ Charitable giving
- ❖ Long term goals
  - ❖ What is your retirement “number”
  - ❖ Pay off student loans, save for house, retirement, college savings, etc
  - ❖ Charitable giving/legacy giving
- ❖ Annually review

# How To Get There

## The Pyramid Approach to Financial Planning

**Nice to Do  
(Greater Wealth Potential)**

**Aggressive  
Investments**

Speculative  
Investments

**Should Do  
(Strive to Beat Inflation)**

**Wealth  
Accumulation**

J. Strong Growth  
Investments

I. Conservative Retirement  
Investments

**Must Do  
(Save for  
Opportunities)**

**Capital  
Accumulation**

H. College Education Funding

G. Savings (3-6 Mos.), Vacations, Etc..

F. Home Ownership

**Absolutely  
Necessary  
(Survival)**

**Risk  
Management**

Insure the "What If's"

A. Medical Coverage B. Disability Insurance C. Life Insurance  
D. Auto/Homeowners/Liability E. Emergency Cash Fund  
F. Debt Management G. Early Retirement Planning H. Estate Planning

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# The Basics

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- ❖ Emergency fund
  - ❖ 3-6 months of expenses
  - ❖ Liquid investment
    - ❖ Not meant for stocks or bonds
    - ❖ Money market fund or bank savings
- ❖ Credit card does not replace emergency fund
  - ❖ Never carry any balances

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# Insurance

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- ❖ Risk management - insure the big stuff, self insure the small stuff
- ❖ Health Insurance - HSA
- ❖ Liability insurance - occurrence vs claims made
- ❖ Life Insurance - term vs whole life
- ❖ Disability insurance
- ❖ Homeowners, auto, umbrella



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# Retirement planning

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- ❖ Never too early to start - but make sure you have a goal
  - ❖ Nerdwallet - retirement calculator
- ❖ 403b, 401k, IRA, etc
  - ❖ “Compound interest is the 8th wonder of the world”  
Albert Einstein
- ❖ Roth versions - pay tax now or later
  - ❖ Tax diversification
- ❖ Take advantage of all matches

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# Retirement Planning

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- ❖ 4% Rule
  - ❖ Debated, but a good starting point
  - ❖ You can withdraw 4% of your retirement savings annually without running out of money
- ❖ Retirement Savings Target =
  - ❖ Annual income required x 25

# Savings factors to help you on your journey to retirement

Save "x" your starting salary



### Retirement details

Current age

40

Annual pre-tax income

\$300,000

Current retirement savings ⓘ

\$300,000

Monthly contribution ⓘ

\$2,500

10% of monthly income

Monthly budget in retirement ⓘ

\$10,000

53% of pre-retirement income

Other retirement income (optional) ⓘ

\$0

### Retirement savings at age 67

What you'll have

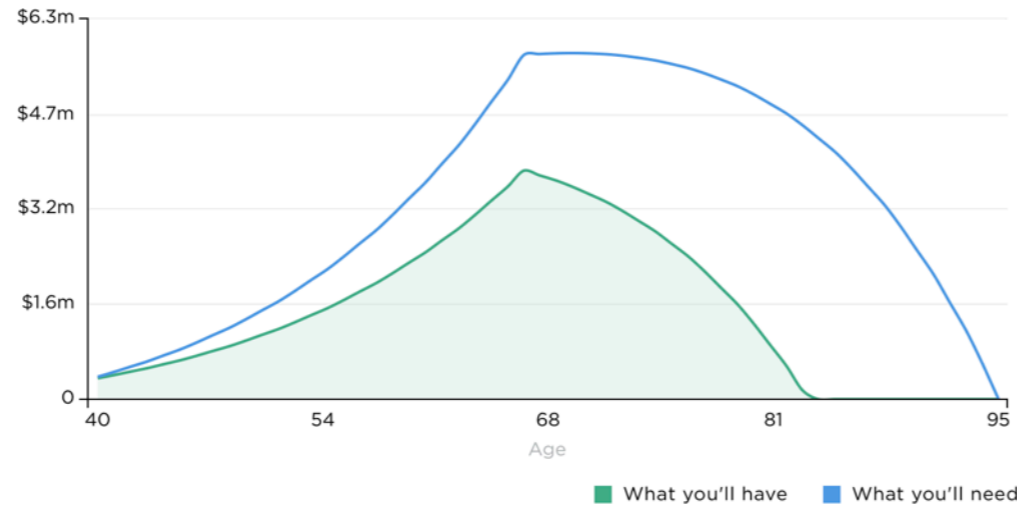
**\$3,783,298**

What you'll need

**\$5,697,354**

[How did we calculate your results?](#)

**GRAPH VIEW** SUMMARY VIEW



Current age

40

Annual pre-tax income

\$300,000

Current retirement savings ⓘ

\$300,000

Monthly contribution ⓘ

\$5,000

20% of monthly income

Monthly budget in retirement ⓘ

\$10,000

53% of pre-retirement income

Other retirement income (optional) ⓘ

\$0

**ADVANCED DETAILS** ▾

What you'll have

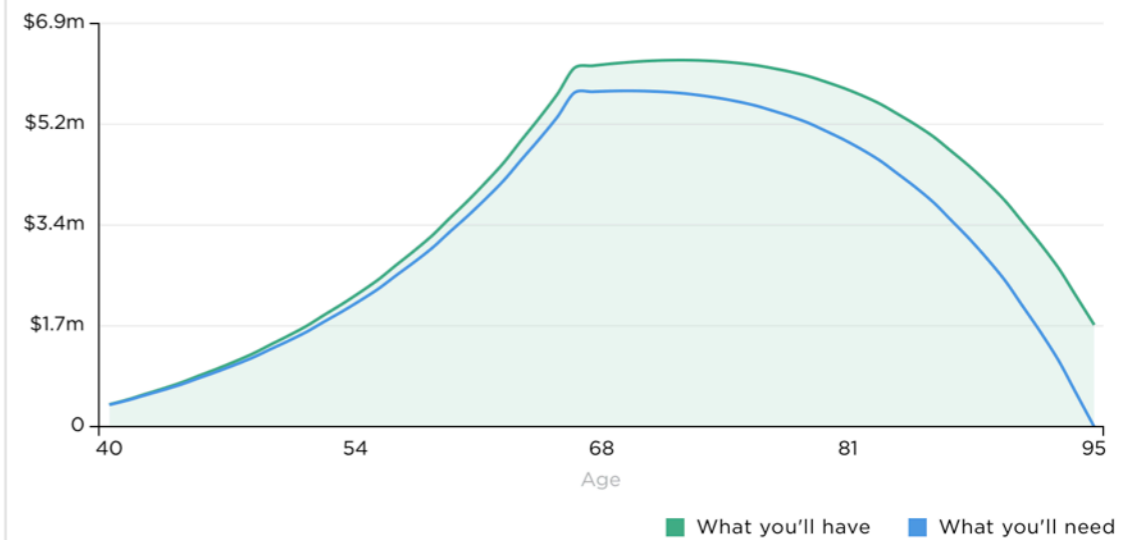
**\$6,119,893**

What you'll need

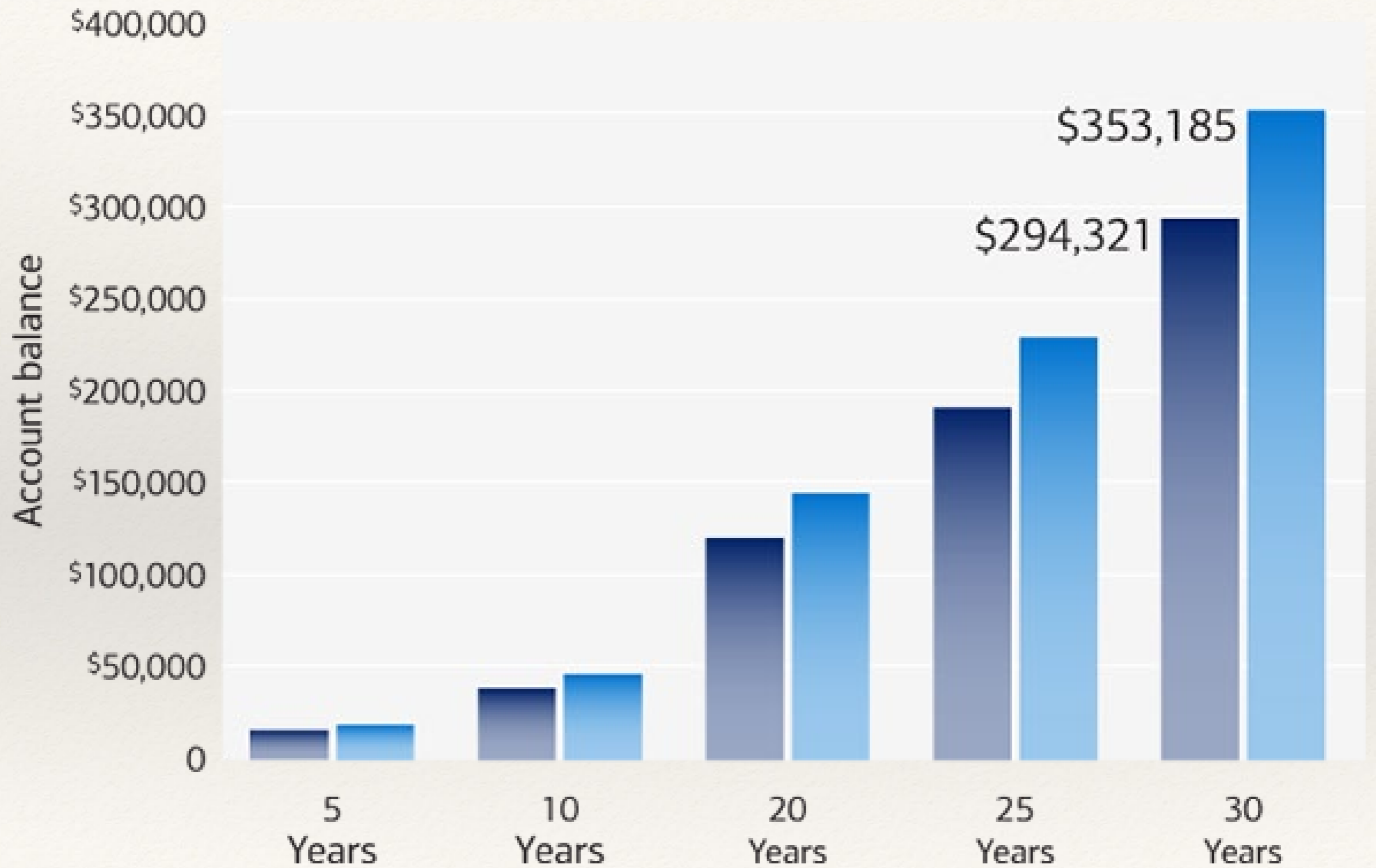
**\$5,697,354**

[How did we calculate your results?](#)

**GRAPH VIEW** SUMMARY VIEW

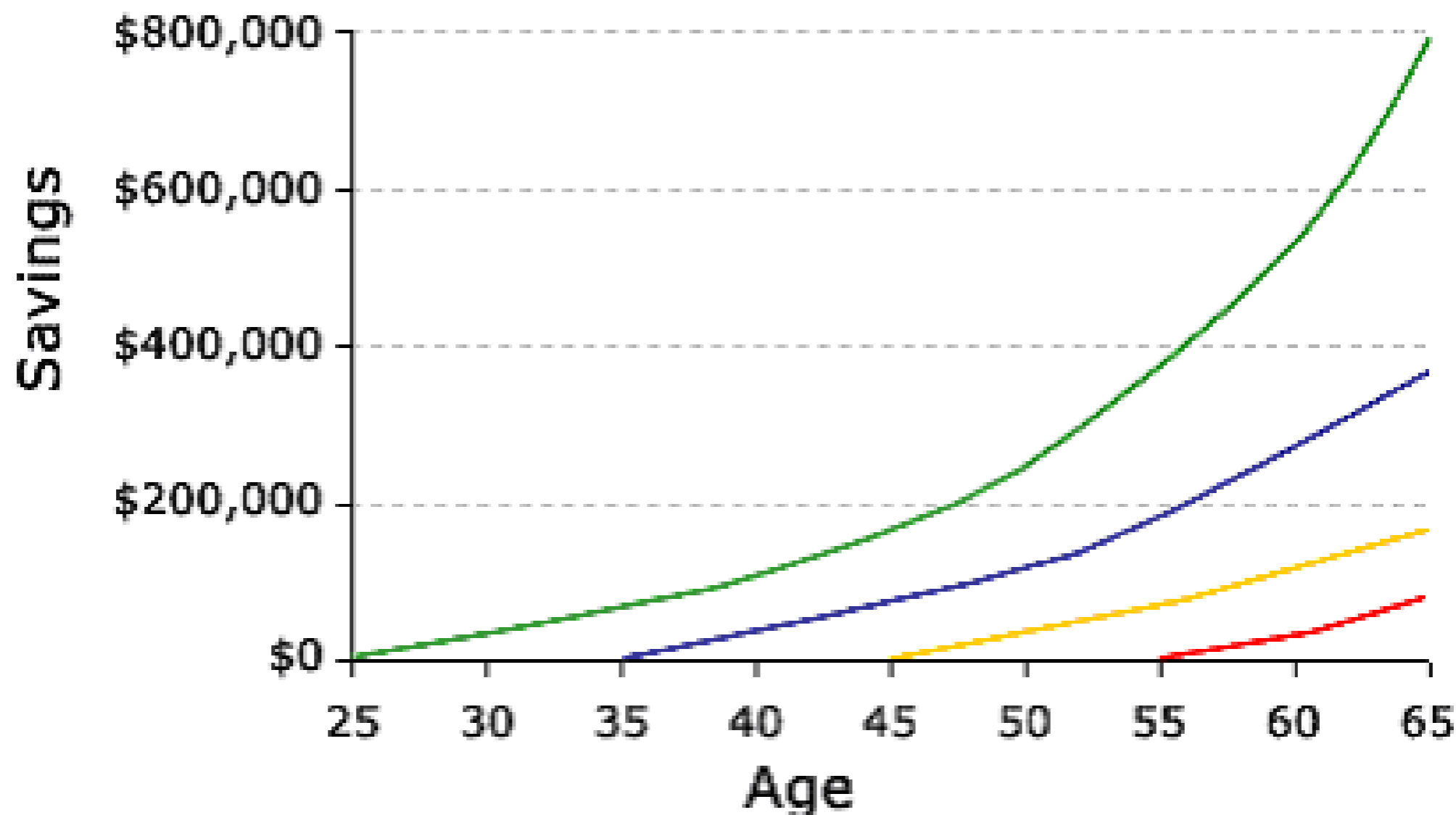


- Save 5% of \$50,000 annual salary
- Save 6% of \$50,000 annual salary



# The Value of Starting Early

\$5,000 invested each year for 10 years, with no additional contributions. Graph assumes an 11% annual return.



Investor A	\$787,176	Investor C	\$168,887
Investor B	\$364,615	Investor D	\$83,227

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# Estate Planning

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- ❖ Not just for the wealthy
- ❖ Wills
- ❖ Health care proxies
- ❖ Updating your beneficiaries on all insurance and investment accounts

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# College Expenses

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- ❖ Loan repayment
  - ❖ Too much for this talk - be careful, explore options
- ❖ Children's college saving
  - ❖ 529 plans - [www.savingforcollege.com](http://www.savingforcollege.com)



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# Investing Basics

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- ❖ Stock - proportional ownership in company
- ❖ Bond - ownership of debt of a company or government
- ❖ Mutual Funds - A mutual fund is a type of investment vehicle consisting of a portfolio of stocks, bonds or other securities.
- ❖ ETF - An exchange-traded fund (ETF) is a basket of securities that trade on an exchange, just like a stock.
- ❖ Real Estate Investment Trust (REIT) - a company that owns, operates or finances income-producing properties.
- ❖ Commodities - A commodity is a basic good that is interchangeable with other commodities of the same type. They are generally used in the production of goods and services
  - ❖ Gold, crude oil, lumber, natural gas, cotton, etc

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# Investing

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- ❖ Most important determinant of investment returns is the asset allocation
  - ❖ Refers to the amount of money invested in the various asset classes
  - ❖ The more stocks the higher the risk, bonds reduce risk
  - ❖ The more stocks the higher the return, the greater the risk
- ❖ Rule of thumb  $110 - \text{age} = \% \text{ of stocks}$ 
  - ❖ 48 year old = 62% stocks/38% bonds
  - ❖ Just guidance - needs to be based on your goals and your risk tolerance

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# Investing basics

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- ❖ Investing greats - Bogle, Buffet, Swenson
- ❖ All have one thing in common - index investing
- ❖ Index Fund - Index funds are considered to be passively managed. The manager of an index fund tries to mimic the returns of the index it follows by purchasing all (or almost all) of the holdings in the index. Hundreds of market indexes can be invested in via mutual funds and exchange-traded funds.
- ❖ Active fund - The portfolio manager of an actively-managed fund tries to beat the market by picking and choosing investments. The manager performs an in-depth analysis of many investments in an attempt to outperform the market index, like the S&P 500.
- ❖ *Over 15 years - less than 8% of active managers outperform the index*

### 100% bonds



Historical Risk/Return (1926–2016)	
Average annual return	5.4%
Best year (1982)	32.6%
Worst year (1969)	-8.1%
Years with a loss	14 of 91

### 20% stocks/ 80% bonds



Historical Risk/Return (1926–2016)	
Average annual return	6.6%
Best year (1982)	29.8%
Worst year (1931)	-10.1%
Years with a loss	12 of 91

### 50% stocks / 50% bonds



Historical Risk/Return (1926–2016)	
Average annual return	8.3%
Best year (1933)	32.3%
Worst year (1931)	-22.5%
Years with a loss	17 of 91

### 80% stocks / 20% bonds



Historical Risk/Return (1926–2016)	
Average annual return	9.5%
Best year (1933)	45.4%
Worst year (1931)	-34.9%
Years with a loss	23 of 91

### 100% stocks



Historical Risk/Return (1926–2016)	
Average annual return	10.2%
Best year (1933)	54.2%
Worst year (1931)	-43.1%
Years with a loss	25 of 91

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# Donating to charity

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- ❖ People who donate to charity are happier and live longer
- ❖ Multiple studies have proven that when people are given the option to spend money on themselves or on others, areas of the brain are activated for longer periods of time when spending on others
- ❖ Spending on others has longer lasting impact on happiness than spending on self

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# Donating to charity

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- ❖ Make it a family affair
- ❖ Be thoughtful
- ❖ Give where you can make a difference
- ❖ Set up a donor advised fund
- ❖ Donate appreciated securities
- ❖ Donate from your IRA

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# Summary

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- ❖ Gather your data on where you are
- ❖ Set your goals
  - ❖ Write it down
- ❖ Implement your plan
- ❖ Automate everything
- ❖ It's not a competition
- ❖ Don't be afraid to ask for help

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# Summary

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- ❖ Earn a decent paycheck
- ❖ Live a lifestyle that spends less than you earn
- ❖ Save the difference between what you make and what you spend and invest it in the market so your money can earn more money.
- ❖ Make charity a component of your financial plan



“You make a living by what you make, you make a life by what you give.”

- *unknown*

Questions?