Financial Wellness

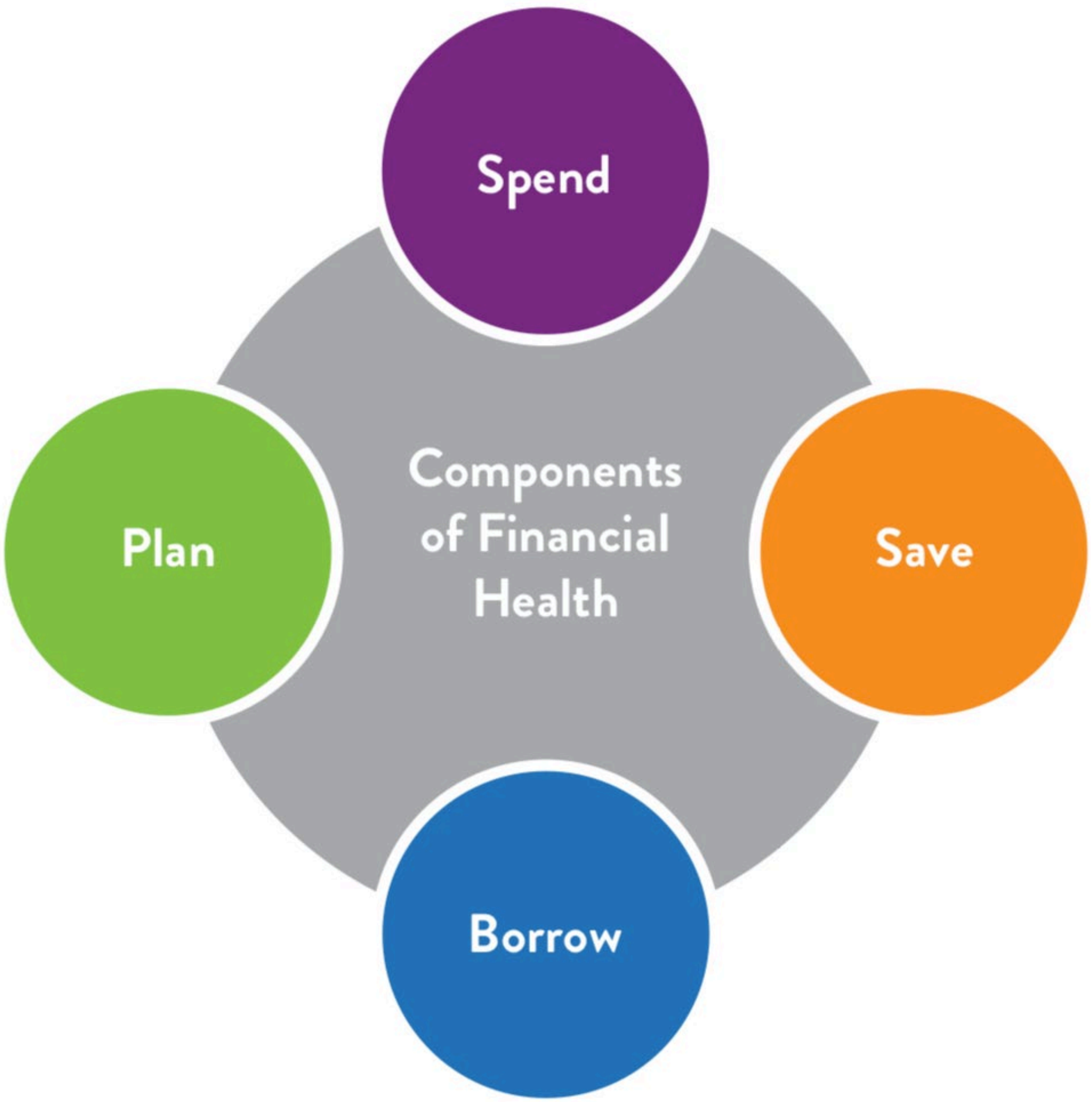
Steven Fleischman, MD, MBA, FACOG
Associate Clinical Professor
Yale University School of Medicine
Associate Chief
Department of Obstetrics and Gynecology
Yale New Haven Hospital

- I have nothing to disclose

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

Financial Wellness

"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

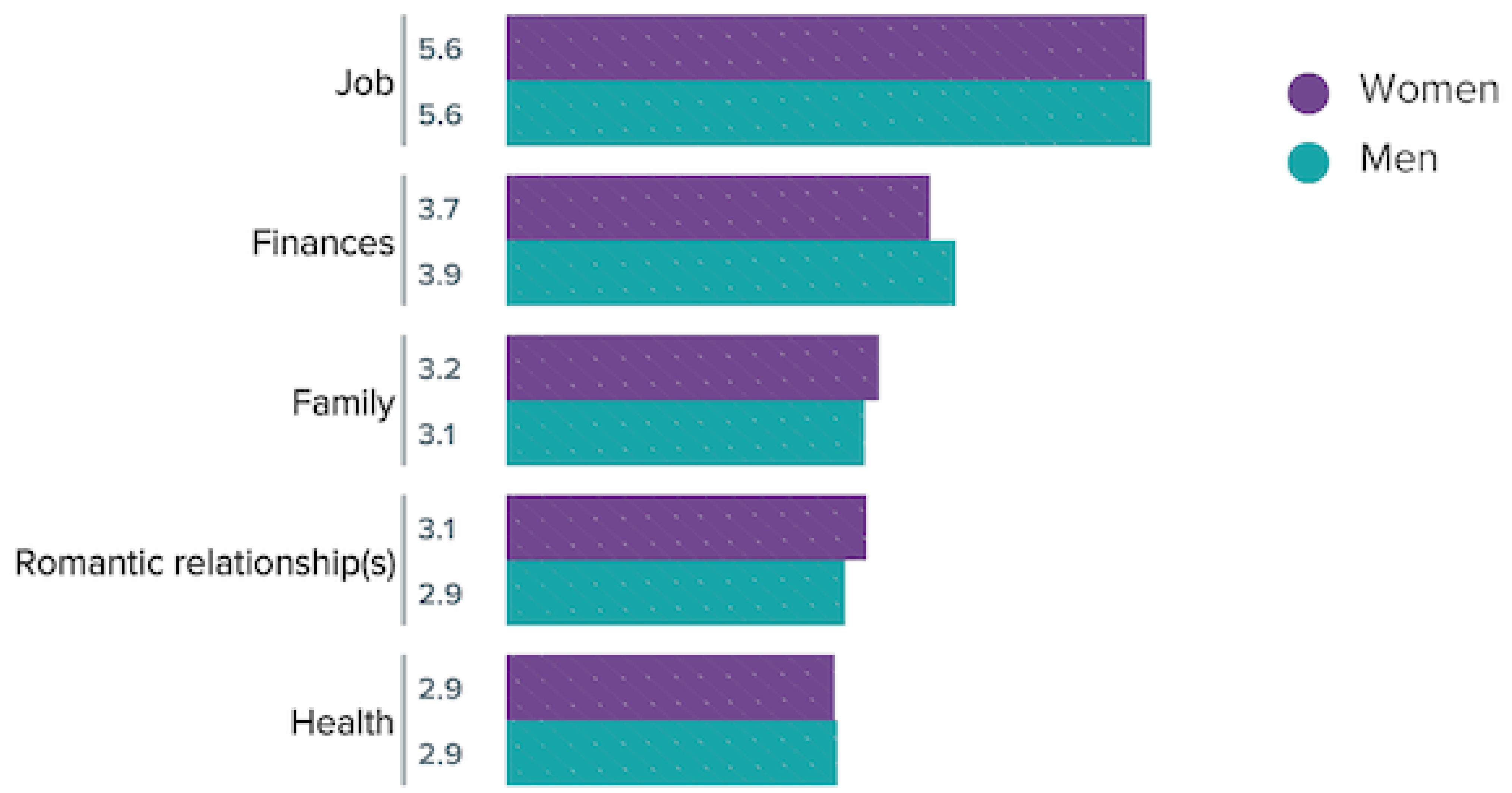
Plan

7. Have appropriate insurance
8. Plan ahead for expenses

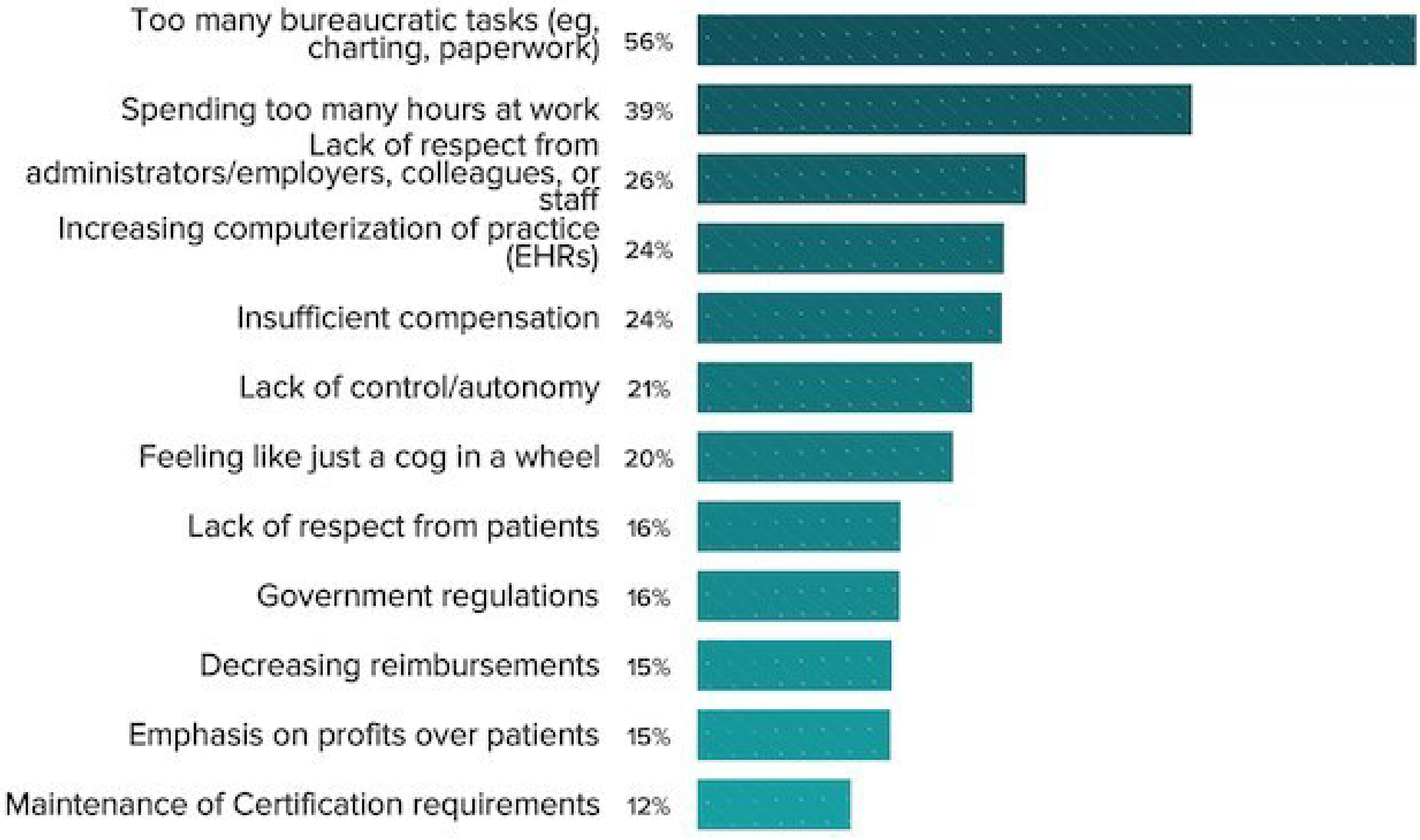
"A state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow enjoyment of life."

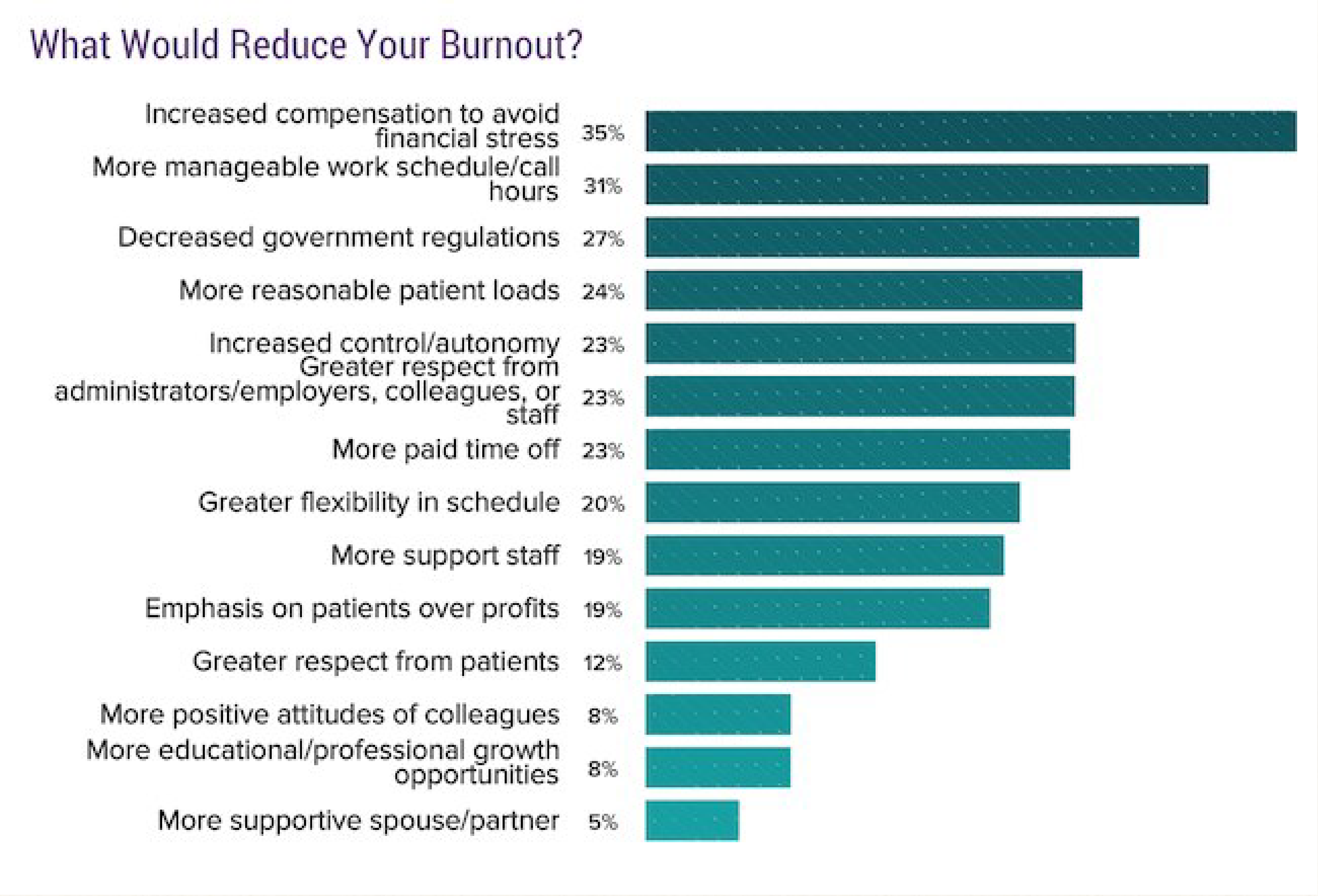
Four elements	Present	Future
Security	Control over your day-to-day, month-to-month finances	Capacity to absorb a financial shock
Freedom of choice	Financial freedom to make choices to enjoy life	On track to meet your financial goals

What Contributes to Physicians' Depression?



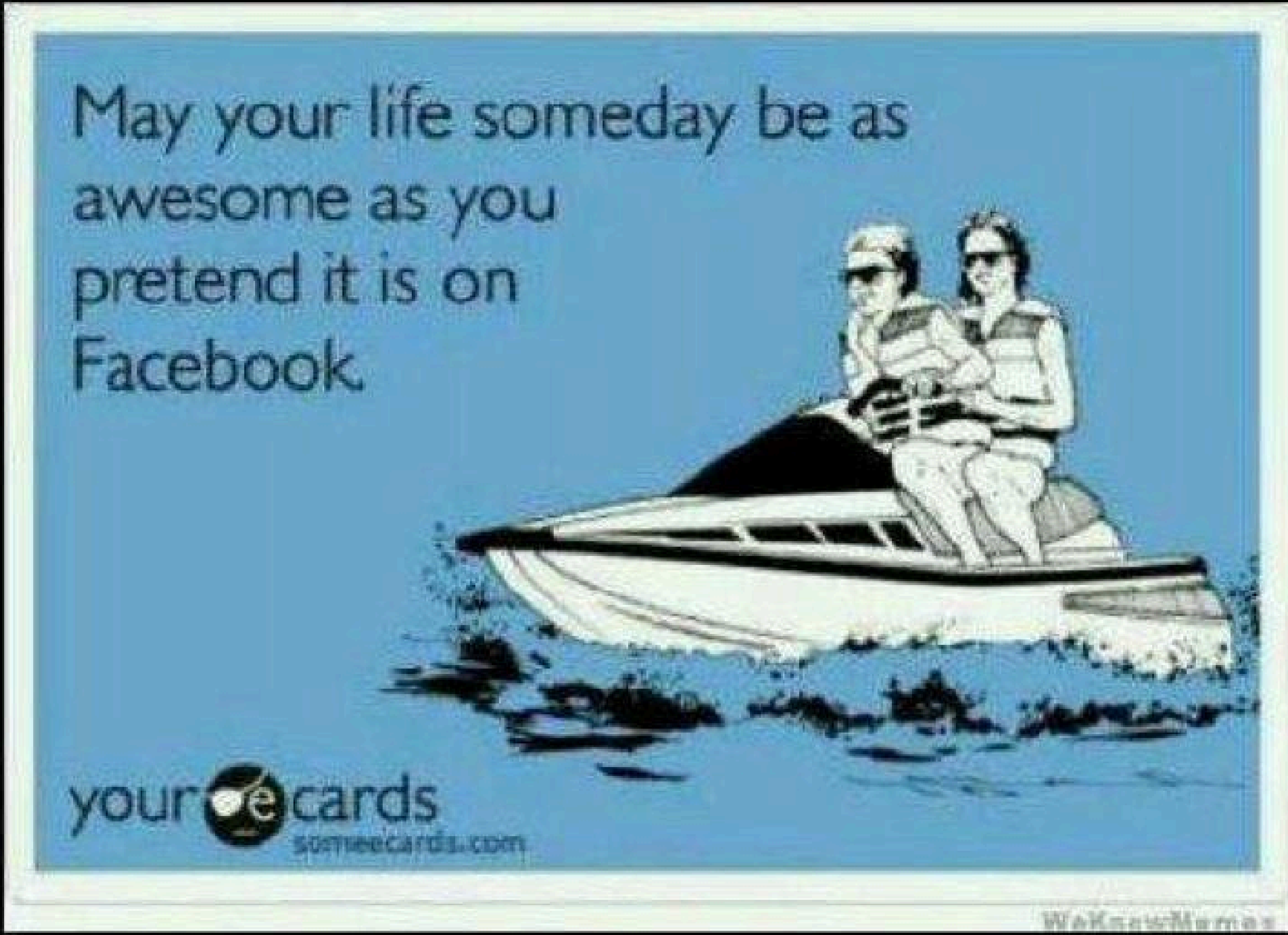
What Contributes to Physicians' Burnout?

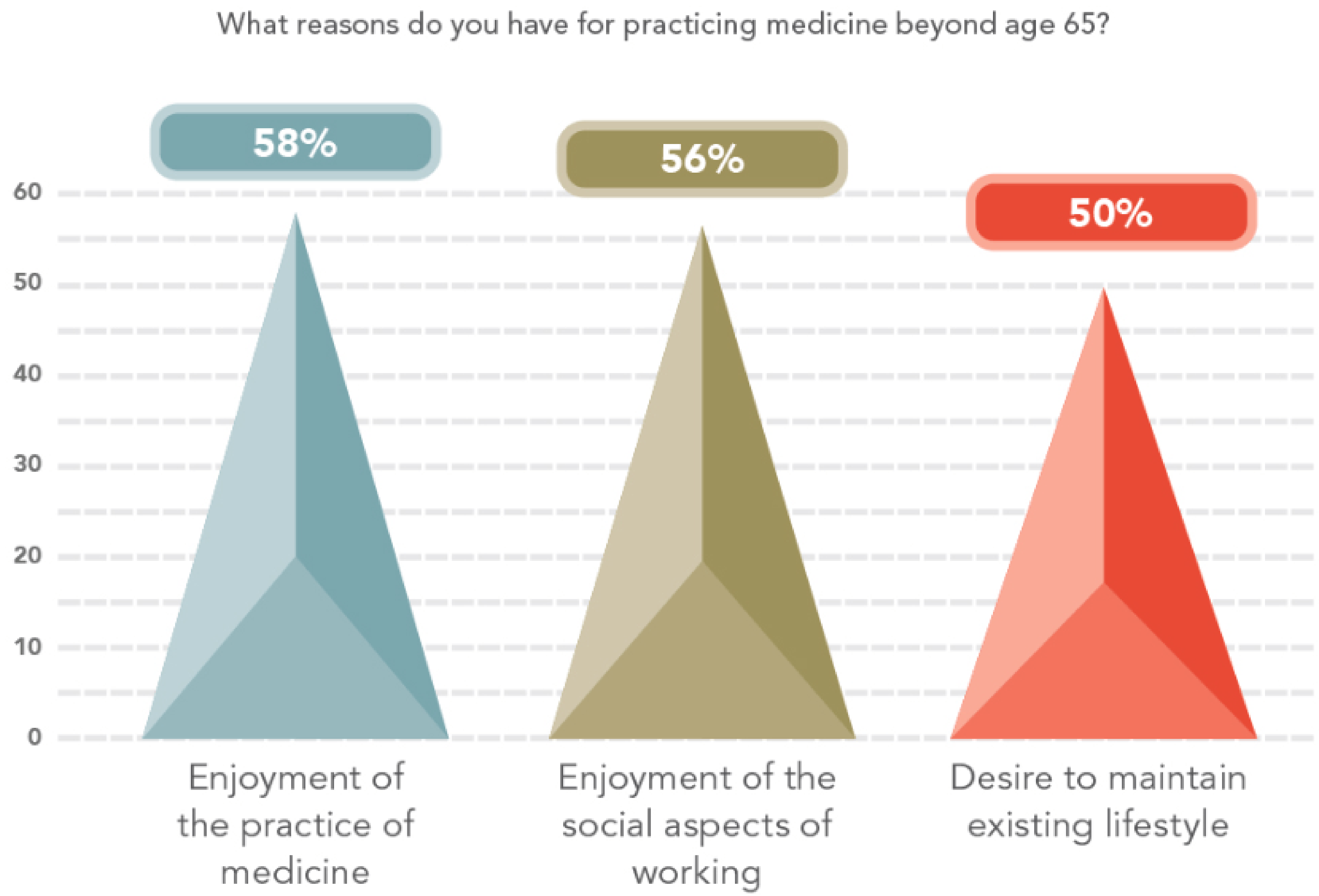



What Would Reduce Your Burnout?
Increased compensation to avoid financial stress 35%
More manageable work schedule/call hours 31%
Decreased government regulations 27%
More reasonable patient loads 24%
Increased control/autonomy 23%
Greater respect from administrators/employers, colleagues, or staff 23%
More paid time off 23%
Greater flexibility in schedule 20%
More support staff 19%
Emphasis on patients over profits 19%
Greater respect from patients 12%
More positive attitudes of colleagues 8%
More educational/professional growth opportunities 8%
More supportive spouse/partner 5%

Will more money make me happy

- 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 ecards
someecards.com



What reasons do you have for practicing medicine beyond age 65?
58%
56%
50%
60
50
40
30
20
10
0
Enjoyment of the practice of medicine
Enjoyment of the social aspects of working
Desire to maintain existing lifestyle

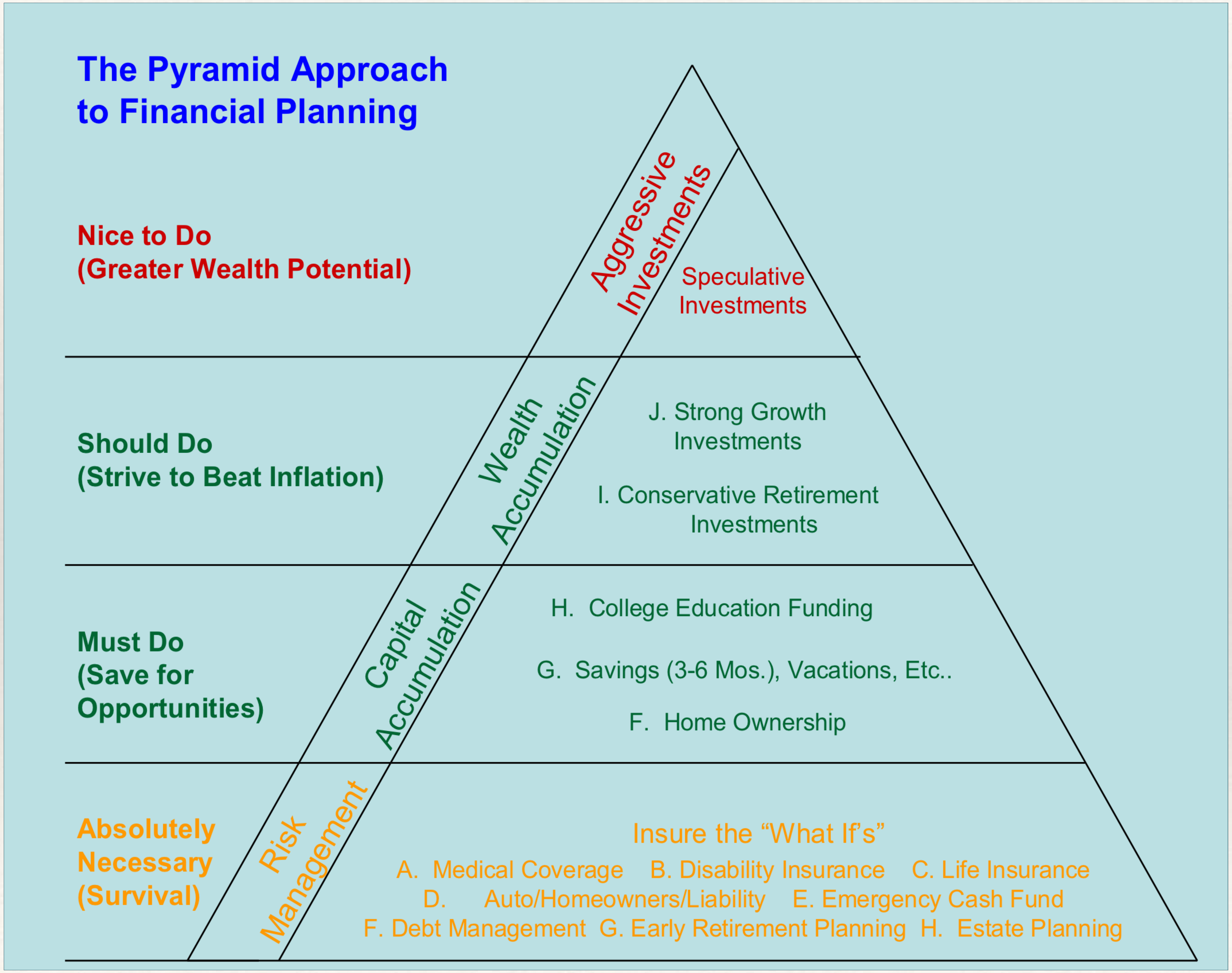
Know Where You Are

- 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

Where Do You Want To Go

- 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
  - Pay off student loans, save for house, retirement, college savings, etc
  - Charitable giving/legacy giving
- Annually review

How To Get There



The Basics

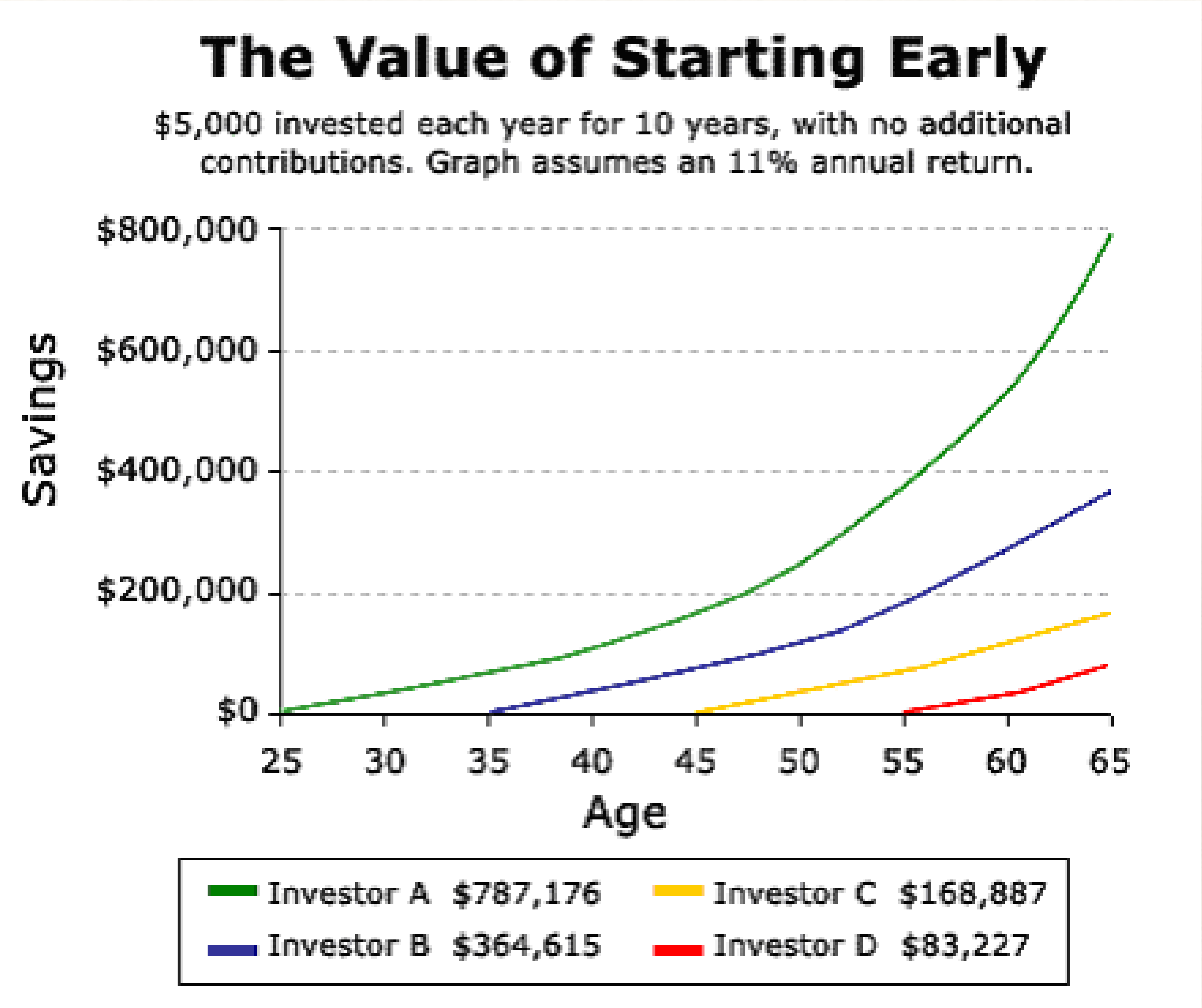
- Emergency fund
    - 3-6 months of expenses
    - Liquid investment
        - Not meant for stocks or bonds
        - Money market fund or bank savings
- Credit card does not replace emergency fund
    - Never carry any balances

Insurance

- 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

Retirement planning

- Never to early to start
- 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


The Value of Starting Early
$5,000 invested each year for 10 years, with no additional contributions. Graph assumes an 11% annual return.
Savings
$800,000
$600,000
$400,000
$200,000
$0
25
30
35
40
45
50
55
60
65
Age
Investor A $787,176
Investor B $364,615
Investor C $168,887
Investor D $83,227

Estate Planning

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

College Expenses

- Loan repayment
  - Too much for this talk - be careful, explore options
- Children’s college saving
  - 529 plans - www.savingforcollege.com

Investing Basics

- 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

Investing

- 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 - age = % of stocks
  - 48 year old = 62% stocks/38% bonds
  - Just guidance - needs to be based on your goals and your risk tolerance

Investing basics

- 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

Donating to charity

- 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

Donating to charity

- 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

Summary

- 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

Summary

- 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?