



## What They Don't Teach Doctors in Medical School

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A former dean of a medical school once reflected on the failure of teaching medical students about personal financial management. There was a common theme that doctors as a whole were poor business people often led down the proverbial primrose path.

“They are very naïve when it comes to investments, planning and risk management,” the dean said. How come? Anecdotally, over the years I have come to deduce that doctors rely upon hearsay from colleagues, friends or salespeople who make things sound so simple.

I am not saying doctors are not intelligent, but that more often than not doctors seem to be easy prey. They may have had basic courses in college concerning accounting, finance, math, etc. Once they get to med school it seems they learn more from observation than formal training. When it comes down to it, more than one doctor has said to me something along the lines of “They taught me be doctor, but not about how to run a business or manage my finances.”

From my perspective the real issue is whether a physician has an independent consultant who doesn't have a hidden agenda or are they working with somebody who's not always trying to sell something. Doesn't it make sense to have an independent review?

Doctors need to discuss their personal and professional concerns with someone other than medical cronies. Frankly, it's a big mistake to NOT do so.

I once read an article from a well-known attorney discussing how business owners should have life insurance and proper beneficiary designations. The lawyer implied he was familiar with insurance products used for this purpose. Something didn't seem quite right, so I contacted him to ask if, in fact, he had ever read an insurance contract. His answer was that he relied upon the insurance agents to give him the appropriate products with any supporting paperwork. I asked how he knew that the contract would perform based upon reality rather than that of projections, and what did the contractual guarantees provide. His answer was a bit belligerent: “How could you ask such a question?”

My rationale was simple. Based on guarantees the policy might implode. The suggested premium may not even support a minor reduction of projected internal returns. Also, policy holders need to be aware of any options if the health of the insured changes to the point that it's impossible to get a new policy. Sometimes a policy may be convertible but would the convertible options be reasonable or was it limited to a far less desirable product? I told the lawyer that these are all real concerns that doctors – or anybody who owns a business – need to consider.



On another subject, I once met with a group of physicians who were concerned about retirement plans. One doctor said he lost a million dollars from his retirement; another one said his retirement account lost a whopping \$100,000 in one month alone. But they were all still being charged maintenance and transaction fees. Sure the market always fluctuates, but what especially hurts is when a fund manager buys and sells equities, makes trades and otherwise racks up a thousand dollars in transaction fees in a single month. Two percent in management fees is outrageous for a multi-million dollar account. One guy said what was especially stinging is that a colleague referred him to the broker who was bilking him for all he was worth.

I once heard from a physician who thought it was great that he could obtain disability insurance greater than the standard industry norm. After a review it was determined that his policy had an offset and that the physician would receive only \$50 from a second policy that was costing \$7,000 annually. A friend sold him the second policy. Ouch! Thanks to involvement by LifeAuditors we quickly surmised that the policy needed a make-over.

Doctors especially have been misled by misrepresentation and omission of facts. They sometimes just don't have the expertise and rely too often upon good buddies as authorities. When they seek out an independent, objective opinion from LifeAuditors, cost savings are substantial, and peace-of-mind is a welcome respite to constant worry.

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