



Dr Good Money

Your WealthCare Specialist

Newsletter Vol.1 July 2022

Financial Planning for Doctors

What to Expect?



WHY Financial Planning for Doctors is Important??



ARE DOCTORS DIFFERENT?

You Earn Well, You Live Well, You are in the most Respected, Noble and Stable profession which will not be Impacted by any Recession or Economic slowdown. So why is there a Need of Financial planning for Doctors?

The Answer to this lies in the Question Itself. You Earn well, so the money should work for You and be used properly. You live well so the money should ensure that Your Lifestyle should not be Compromised even when you are not working. Your Recession Free Profession expose You to many Easy Loan options, and make you go overboard on some avoidable options. You are Human and many times behave like Your Patients. The Time Crunch you have makes you Vulnerable to Missellers. You need Professional help

Welcome!

My name is Manikaran Singal. I am MBA Finance (Gold Medalist), CFP, CTEP Professional and SEBI Registered Investment Advisor.



ABOUT ME

Having 17+ years of experience in Financial Services space, I manage clients across the globe. I run two personal finance blogs with name and URL www.goodmoneying.com and www.drgoodmoney.com, which are well received and being followed by 15000+ readers across different channels. In the latter i write specifically for medical professionals.

I am a Regular contributor in various Media Publications too.

I have also authored a book titled "**The Art of Being Good with Money**", published by CNBC network 18 bestsellers. This is available on Amazon and Flipkart.

This small e-book is a collection of few of my articles written on drgoodmoney.com with an intent to encourage doctors to follow Financial Planning to get organized in their financial life and also equip them with basic knowledge to Ask Right Questions, so not to get misled in their financial journey. Hope you like it. Do share your feedback and help us improve.

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Manikaran Singal

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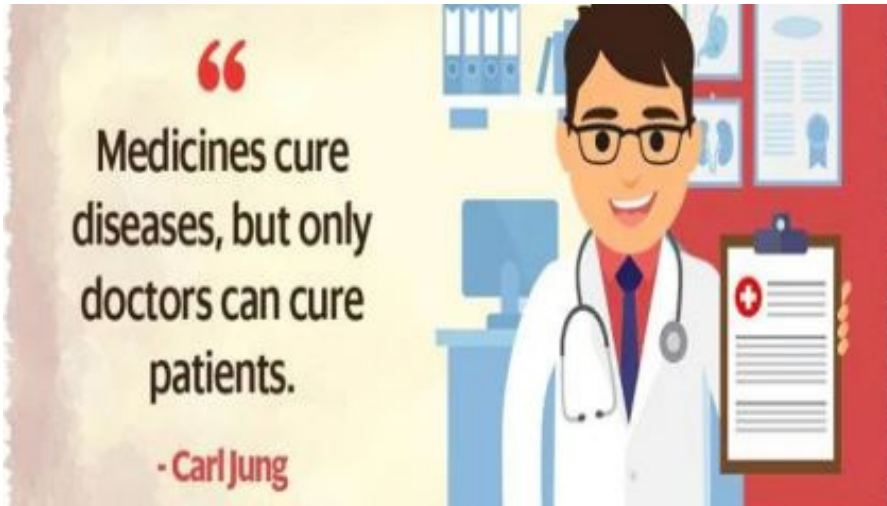
Financial Planning for Doctors- What to Expect?



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HOW AND WHEN DOCTORS BEHAVE LIKE THEIR PATIENTS?



There is a very common complaint among doctors that patients approach them for treatment after trying all kinds of medications which they have heard, read, or have been recommended on the internet, or by friends and families.

In consequence, by the time they seek the help of a medical professional, they not easily treatable. It happens. Because of the noise around and Free information available on the internet. Each and every person first acts on it without thinking and then, after things get worse, looks for professional advice.

Doctors calls this IDIOT (Internet Derived Information Obstructing Treatment) Syndrome.

Well, Doctors are also not immune to this problem.

Because they too are human & have behavioural biases when it comes to things other than medicine. Personal financial management is one of them.

With so much of the information available for free, in the form of star ratings, reviews, newspaper articles, blogs, TV shows, and even friends and family with some knowledge of Investment management, even doctors are hesitant to take help from professionals.

Many times it is unintentional because they don't know who to turn to for such advice. Often, however, cost plays an important role here as well.

Buying medicines (Read Investments) from Chemists (Read Bankers/Agents) and ignoring doctors (Read Advisers) seems cost-effective when the focus is on the products and not the process.

Sometimes you behave like patients, when, in the hope of earning fast returns, you invest in unsuitable, risky investments that, rather than getting you high returns, put your money at the risk of capital loss.

This behaviour can be compared to when a patient takes antibiotics and steroids unnecessarily, believing they will get better faster.

Overuse, however, can have more adverse effects than positive ones, and eventually, the body gets resistant to them.

Furthermore, when you are completely risk-averse, you invest in only debt products such as PPF, bank fixed deposits, bonds, etc. This may work when your income growth is so high that even if you don't earn an inflation-beating return, your investment can still help you reach your goals.

“
ITS NOT HOW MUCH MONEY YOU
MAKE, BUT
HOW MUCH MONEY YOU KEEP, HOW
HARD IT
WORKS FOR YOU AND HOW MANY
GENERATIONS
YOU KEEP IT FOR
- ROBERT KIYOSAKI
”

Generally, however, it doesn't work this way.

High income leads to a high-end lifestyle, but not many savings. You need equity-oriented investments to beat inflation and accumulate enough to cover up the lifestyle expenses in your old age or Retirement.

In order to achieve financial freedom as soon as possible, it is advisable to add equity to the portfolio. It would be more harmful to avoid it completely.

In case of Risk averse Investors we see patients who rely heavily on Homeopathy and Ayurvedic medicine for all treatments.

It may be successful when you have a very simple diet and exercise habits, as well as an active lifestyle. However, if the disease requires strong intervention for a proper recovery, or if surgery is required, allopathic physicians cannot be completely avoided.

Stress cannot be removed from life, however. Stress must also be managed, just like diabetes.

Hence, in addition to medicines, doctors also advise on diet, exercise, walking, meditation, etc.

Visiting a doctor is all about recovering faster as a patient. When medicines do not result in fast recovery, doctors get the blame.

It is because of this that sometimes some doctors themselves choose to put patients on strong medicines from day one to make themselves popular with patients, which is a bad idea.

Doctors tend to behave the same way when it comes to personal finances.

You must agree with me that Personal happiness is necessary for professional wellness. Despite their high income, even the richest people cannot maintain happiness.

The expectation that high investment returns will solve all your personal issues is a sign of some mismanagement somewhere in life. In order to truly enjoy the wealth you have and want to accumulate, you need a holistic approach to wellness.

Conclusion:

Even doctors behave like their patients when it comes to managing their personal finances. It's the human nature to expect others to deliver results, and it's hard to work on self, since that demands changing routines and habits.

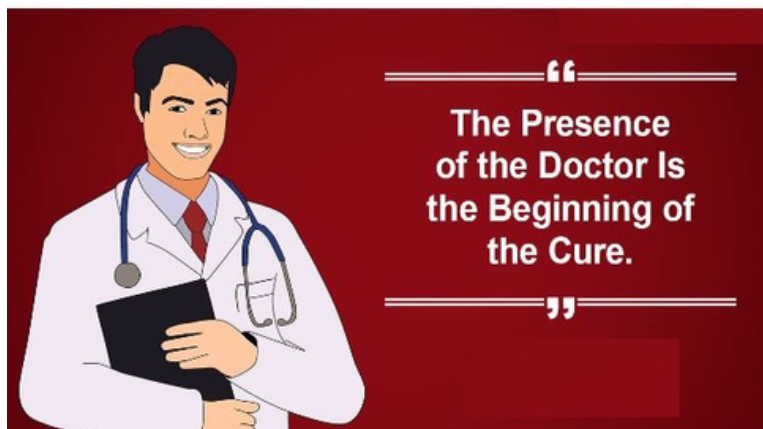
We find it difficult to accept change. It is advisable to strive for change when the intention is to enhance one's well-being . In the beginning, it may seem difficult, but when you see the positive results in your life, you will appreciate it.

Only those patients respond well to medicine who surrender themselves to the professionals and follow the advice without question, but with understanding and discussion with confidence.

Additionally, only those with a good professional by their side tend to stay healthy and avoid medicines most of the time.

Therefore, it is advisable for even the doctors to have a financial professional as their advisor since the noise around will never let them to concentrate on what is important.

Plus the busy schedule will make them fall prey to many mis-sellers. Your mantra should be not to behave like your patients if you are sincerely seeking financial wellness.





WHAT WOMEN DOCTORS WANT?

Why Money Management is important for a Woman? Do all Women feel the same way and seek financial freedom or are the reasons different for professionals like Doctors? It is a common notion that Women are more careful with money but do they feel confident in the Money matters?

When we talk specifically about Women doctors, how do they feel about their Finances? How well they do their Investments, do they follow some spending budget, do they participate in family financial planning? How confident are they with their finances? Do they also depend on their male counterpart to manage their money for them? What Women (Doctors) Want ?

The above are some of the questions that I was trying to find answers to while asking them to some of my doctor contacts.

It's not a Survey, but just wanted to understand, when they earn well, live well, spend well, what are their feelings on "Managing Well"?

How good they feel about their own financial planning and what are their thoughts and advice to the Peer group.

On Women's day, I published some views of Women doctors on my Blog <https://drgoodmoney.com> . I have shared the same in the next few pages

You will definitely find the difference in thoughts depending on their respective life stages and experiences.

But the two common things that you find in these opinions are Financial wellness and Financial Freedom.



DR. MEENAKSHI MANDAL

PGI, Chandigarh

Amidst the never-ending tug of war between “I need to save money” and “We only live once “, most of us either compromise on our dreams at an early stage or are rendered helpless during indispensable situations.

I started planning my finances about a year ago, when, after having been on a regular salary/stipend for over 2 years, I realized that I would always be on an opening account balance by the end of every month.

And now, for me, money management is as important as earning it. To be able to channelize my money for my dreams and goals gives immense satisfaction.

As a woman, my financial independence is as important as my social independence. Being a young medical professional too, we have to invest in ourselves and our health- to be able to give our best. And of course, it comes with a cost.

Gone are those days when a woman's money would be managed by her husband/father/son. So, ladies, keep a track of those account statements, learn about those taxes you're paying, venture into those mutual fund investments which seem gibberish to you, and discover a better, more confident, and empowered version of you

DR. ADITI GOEL

New Delhi

Good Money Management is very important to be Independent in True Sense. When you are working hard to earn money, your money should also be working hard to provide you the comfort and peace that you expect from your life.

You should invest it well and be totally aware of its whereabouts, without your Husband's help Life is uncertain, you need to be better prepared for unexpected situations like spouse's demise or Accidents or situations like COVID-19 that we have recently experienced. Good financial planning will support you to handle such situations with confidence. In today's scenario of gender equality, women cannot or should not be "Parasite" on her man for her financial needs.

Career goals are as important as Money Goals, and I consider them as a part of my Financial planning as we doctors need to stay updated always with the medical developments.

And when your husband also understands this and would like you to be part of the Financial journey, and always discuss with you the WHY of What he is doing, the confidence doubles, and the journey becomes smooth.

Have Common Goals and work towards Important goals like old age planning, but if you have independent goals too then do not ignore them. Plan to achieve them too for real happiness.

DR. RUPINDER KAUR SETHI

Nawashehar

Money management for me is saving a big part of my earnings and investing the savings as wisely as I can. Everyone, be it a man or a woman, should save first and judiciously spent whatever is left after that. And when you have enough savings to provide you with the confidence to manage any uncertainty, judiciously Invest your money towards your goals.

Now, for a single woman money management is as important as it is for a man, but for a woman who is also a mother the importance of it increase many folds as motherhood does come with the additional responsibility of every kind including financial.

The important goals for money management for mothers is coverage of all kinds of emergency situations, which includes medical treatment of self and children and be prepared for the important milestones of your children, like higher education, moving for a job, etc. and at the same time have enough saved for a peaceful retired life.

And Money management does not just start and end with yourself, feel responsible towards your kids and make them understand the basic nuances of Financial Planning and discuss with them the family financial matters so they should be in a position or at least be aware of the things to manage well, in case of any eventuality. Remember you are not always going to be with your kids, so strive to make your daughters as financially independent as you want yourself to be.

DR. SHOBHA KANSAL

Mohali

It is imperative that women especially professionals manage their financial affairs on their own.

Making time for this is as important as the profession, as well as the duties of the family life. Usually, women became complacent regarding financial management and fall back on their life partners as other demands of life take over (esp. motherhood).

But managing finances themselves will not only lend confidence but will also secure their future monetarily.

I will propound this advice to every married and single women. Even as a daughter, if you know the family's financial status, then mismanagement, mishandling, and fraud can be easily avoided, if a calamity befalls.

Women should take interest in the financial investments also, so they are not easily misled.

With the changing structure of the society and increasing divorce rates, financial independence and management are of the prime importance for them.

DR. SHILPA MALHOTRA

Noida

To me, education is the key.

We doctors are not trained in Financial management, I feel if I had learned about this subject in the younger years of my life, my present would have been very different. Money Management is a broad term, it's more of management than Money.

Born and Brought up in a Small town of Punjab, I learnt this a hard way, as post my father's untimely demise my mother was not aware of what my father has saved and invested for our future.

And whatever we found, to our shock most of the products did not have proper nominations mentioned on it. This experience is so ingrained in my mind that now I make sure that I should be part of each and every discussion on family financial matters, and have a good hold on it.

Since I am into my own Practice, Financial planning works on both levels i.e. Personal and Professional. The covid experiences have taught that even doctors' income can go for a toss, and you can't always be sure about the future.

You need to plan for the eventualities and save in the right products for your goals. ... Contd.

...CONTD.

Also have my apprehensions on the Product seller's front. The conflict of interest is clearly visible these days and it is difficult to trust any advisor with your hard-earned money.

But that should not stop us from learning. Yes, this is a hard way, and you cannot be an expert overnight. But we have to take charge. Ask questions, Read on Financial topics, there are so many Investor education-related videos available on youtube, watch them, follow good blogs.

All this not to do the investment yourself (like we advise our patients, not to self-medicate) but to prepare yourself with the questions to get the right answers.

I had started saving 50% of my Income from the first salary itself, but I did not know anything about investment. If I had invested my money well, I would have been in a much better position today. But better late than never, investing money well is also an important step in achieving financial freedom.



TO CONCLUDE...

It is all about being clear and convinced on the WHY part of Financial Planning. How it is to be done and What actions to take are the next steps where you can ask for professional help.

Women should take interest in the Family's finances. Not only for the family's wellness and avoiding any mismanagement or mishandling of money but also for the betterment of her own life.

Doctors are an educated lot. Women doctors are already Empowered ones. And have their own independent income. They do not need any success stories to be inspired from. They just have to realize, like Physical health, good Financial health is also important, and for that, you need to have disciplined goal-oriented money management in place.

It is more about being comfortable and confident in your money matters. Knowledge simplifies life. Good money management should always help you generate more time for you so you can do what matters to you most.

Doing what you love is the only definition of Freedom and when there are no monetary pressures on you, when responsibilities are being taken care of when you do not have any liabilities on your head, and things are simplified, life's journey becomes more beautiful.

FINANCIAL PLANNING FOR DOCTORS- WHAT TO EXPECT?



I often hear from doctors that they have never tried any financial planning services, so they actually do not know how to move ahead, what to ask and what to expect.

Yes, probably this is the reason, most of the doctors do not approach any financial planner but are being approached and get sold into unsuitable products by their banking relationship managers, Insurance agents, and others.

Also, this could be the reason many doctors have lots of real estate in their portfolio, as they have never looked at their finances holistically and neither has gone deep into their actual requirements.

Financial Planners as a profession have been in existence for more than 2 decades now, but still, the awareness about them is limited to only a few.

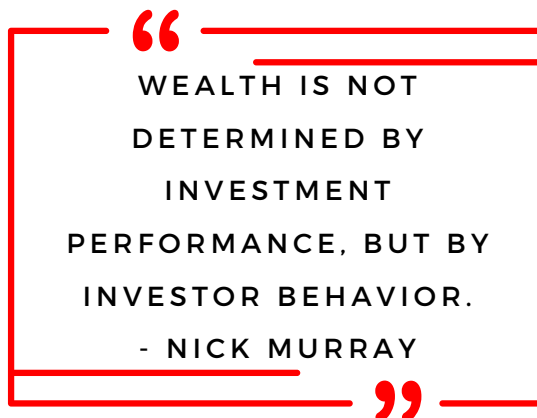
By Profile, they are just like you (the doctors), and never advise without a diagnosis.

These are fee-only professionals who have a legal responsibility to act as Fiduciary to their clients. These professionals do not earn commission from Product manufacturers but charge fees from their clients so there should not be any conflict of interest in the advisory.

When you are really concerned but could not attend your financial health, though understand that your profession demands lots of your time and energy, it's wise to outsource the Personal Money Management to a finance professional, as Building Wealth and Managing wealth both are equally important.

After all, yours is also an ever demanding profession and you have to keep abreast with many latest developments which consume lots of your time.

This article is to prepare yourself with the broad concept of financial planning for doctors, so to make you ready to ask the right questions.



What to expect from Financial Planning and How it benefits?

It's about your Goals and Habits:

Please do not confuse Financial Planning with Wealth Management or something where you will get some investment advice to make your money grow.

Though these aspects are definitely looked into, it comes at the last stage of the whole process

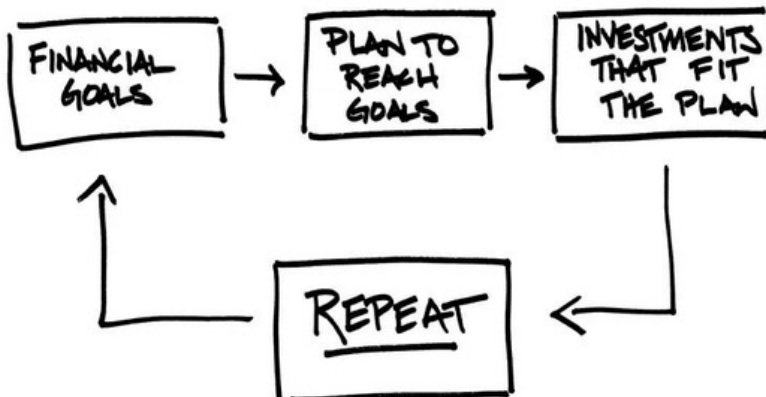


Image Courtesy: Behaviourgap.com

In fact, in financial planning, the whole focus is on Life and Financial Goals, and Investment returns are part of the process.

Once you follow the process with discipline and stay focused on your goals, returns are just a by-product.

The Process revolves around 3 areas – Goals, Plan, and Portfolio.

The Plan has the basis of Goals and the Portfolio has the basis of the Plan. The destination and direction have to be very clear before we choose the vehicle to drive.

In medical terminology, the disease has to be diagnosed first, then only medicine can be prescribed. And if there's no disease then the process ensures wellness not cure, which is the ultimate goal.

You know it well, it's not only the medicines that cure you but Diet and Rest are also equally important. The same goes with Money management & financial planning for doctors as well.



Money behaves the way you behave with it. So if you want your money to be good with you and help you lead a Rich and Happy Life, then you first have to be Good with Money.

MANIKARAN SINGAL

Helps in Cash Flow Management:

The Financial planning exercise starts from cash flow and ends with cash flow.

It looks at your Current Income and Expenses, which reflects your lifestyle. Make arrangements from the surplus you are generating towards savings and investments, so you end up having enough corpus to generate the same cash flow adjusting to the inflation when you do not have or choose not to have an active working life.

In the whole journey, it also makes possible arrangements for the Lump Sum money towards other important goals that come from time to time.

If the cash surplus generated is not enough for the other requirements, then the financial planner analyses the numbers and helps in weeding out the unfit products like High-Interest Loans, Low paying Insurances, rationalizing expenses, etc.

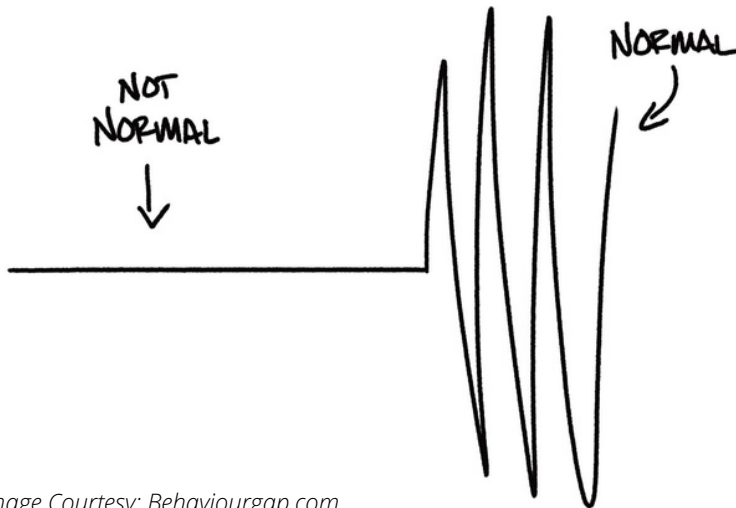


Image Courtesy: Behaviourgap.com

It Uncomplicates:

The moment you get your first salary in hand, the decision you have to make is whether to spend the money or invest it somewhere Or how much to spend /save.

Normally, one goes with the former. But after a few months of regular spending when you realize that there have to be some savings too, or when the employer's accounts department asks for the Tax saving Investment proof, that is the time generally one starts looking for investment options.

This is the time you tend to make mistakes and get into the wrong products in haste.

Better be organized and proactive to search for a good financial planner yourself, else slowly and gradually you keep complicating your life. And whichever life stage you are at, whether you have already made some decisions and have already done lots of investments, without giving a thought, or about to make decisions, a professional approach will always help.

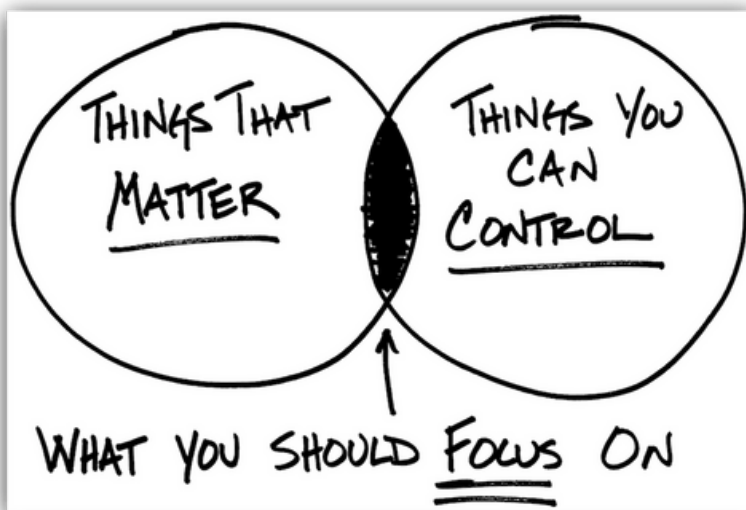


Image Courtesy: Behaviourgap.com

Preserve – Manage – Distribute:

Financial planning for doctors does not end with making a Plan and suggesting investments.

It helps you look at your financial life holistically and guides you in Tax and Estate Planning too.

Estate planning consists of writing WILL or the creation of a private trust, in other words, it is about Preserving, managing, and distributing the estate.

It's not only about you but your family too. You need them to be protected in your absence, you need your money to be managed well in case of disability, you want your money to be distributed to your legal heirs properly and conveniently in case of your demise.

So, there are so many aspects that may get ignored if you only consider Investments as the only solution to wellness.

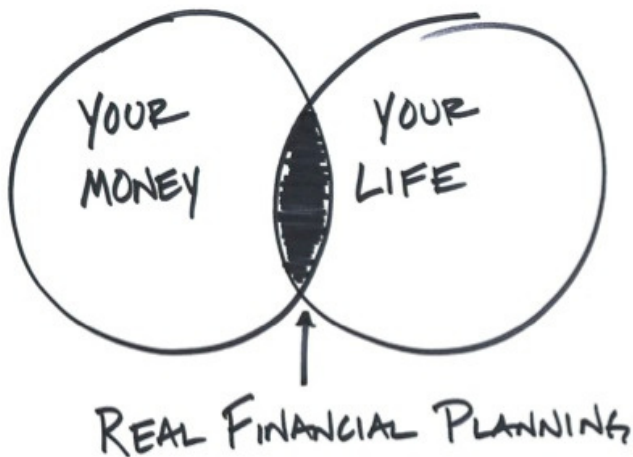


Image Courtesy: Behaviourgap.com

To Conclude:

"It's too overwhelming". This is why I do not consult a financial planner", said a doctor friend.

My agent tells me about a product and I buy it. It's too simple.

I replied, and this is why you don't know where actually your money is going and what product you have invested in, and for what goals.

And this could be the reason many patients prefer to take advice from a Chemist and not from a doctor.

The doctor asks a lot of questions and advises on some diagnostic tests too, whereas the chemist just listens and gives medicines.

It saves both money and time. Every professional advice has to be backed on sound information and that too for the benefit of the client/patient. And we both know that what is good for long-term health be it financial or physical.

So, my friend, it is better to be organized soon, be in touch with professionals or repent later.

May you always be Good with Money!



Questions?



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