



# Why you should save for retirement and how to do it: a physician's perspective

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# Saving and Investing Now

- ▶ *It's not what you make, it's what you keep*
- ▶ *Reasons or incentives to start now*

# Reasons to Save and Invest

- ▶ *Why Saving Alone Does Not Build Wealth*
- ▶ *Why Wise Investing Does Build Wealth*
- ▶ *It's a Language and It's a Learning Process*
- ▶ *You Could Do it on Your Own*
- ▶ *You Could Choose a Fiduciary Financial Advisor*

*Money.usnews.com*

# Reasons to Save and Invest

1. Protection against financial loss
2. Dissolve Debt
3. Longevity
4. Children
5. College
6. Occasions
7. Automobiles

# Reasons To Save and Invest

- ▶ 8. Home
- ▶ 9. Retirement
- ▶ 10. Long Term Care
- ▶ 11. Passing the Wealth

# 1. Protection

- ▶ *1. Yourself*
- ▶ *2. Your Family*
- ▶ *3. Injury, Sickness, Death, Lawsuits*

## 2. Dissolve Debt

- ▶ 1. *Owing* >>> *Owning*
- ▶ 2. *Borrowing now \$19.6 T*
- ▶ 3. *Student Loans now \$1.6 T*
- ▶ 3. *Auto Debt \$1.24 T*
- ▶ *Credit Card Debt \$1.1 T*
- ▶ *Mortgage Debt \$15.5 T*

## 2. Dissolve Debt

- ▶ *Cannot Build Wealth When Debt is Large*
- ▶ *Earn vs. Keep*
- ▶ *Personal debt/citizen is \$60,000*
- ▶ *Avoid being out of money before the end of the mo. and Don't outlive your income*
- ▶ *In order to accumulate assets, eliminate debt*

*Usdebtclock.org*

# 3. Longevity

▶ 1776/22 yrs. 1900/47 yrs. Retirement?

▶ DOB 2004/live to 77.

77 yo. today will live to 88 yo.

88 yo.>>>94 yo.

100 yo.>>>103.

45 yo.>>>22<sup>nd</sup> century

*Longer lives/financial planning/\$prediction*

*Professional.voya.com*

# Longevity

- ▶ *Multiple Marriages/Multiple Careers/Extend Rites of Passage(2050, marry at 50 yo., children in 60's, retiring 120's, dying 140. The Truth About Money, 3<sup>rd</sup> ed.*
- ▶ *Money for retirement?*
- ▶ *Saving and Investing with changes in the economy, personal/family needs, expected lifespan.*

## 4./5. Children and Their Cost

- ▶ *Raising a Child to 18 cost \$233,610*
- ▶ *Child care, HSA for unexpected medical expenses, fertility tx.(IVF), Adoption, Have a will and life insurance.*
- ▶ *College>>>529 plans, costs outpace inflation, private school \$47,000/yr.*

*Usatoday/money.com Feb. 2018.*

# 6. Occasions

- ▶ *Weddings*

*\$33,391 U.S. average*

*Range \$17,600---\$76,944*

# 8. Home

- ▶ *Most expensive purchase*  
*Tied to the interest rate*  
*Important factor in the overall economy*  
*Median Home value in Texas=\$196,100*
- ▶ *Affects everything else*  
*Finances, Savings, Investments, college,*  
*retirement*

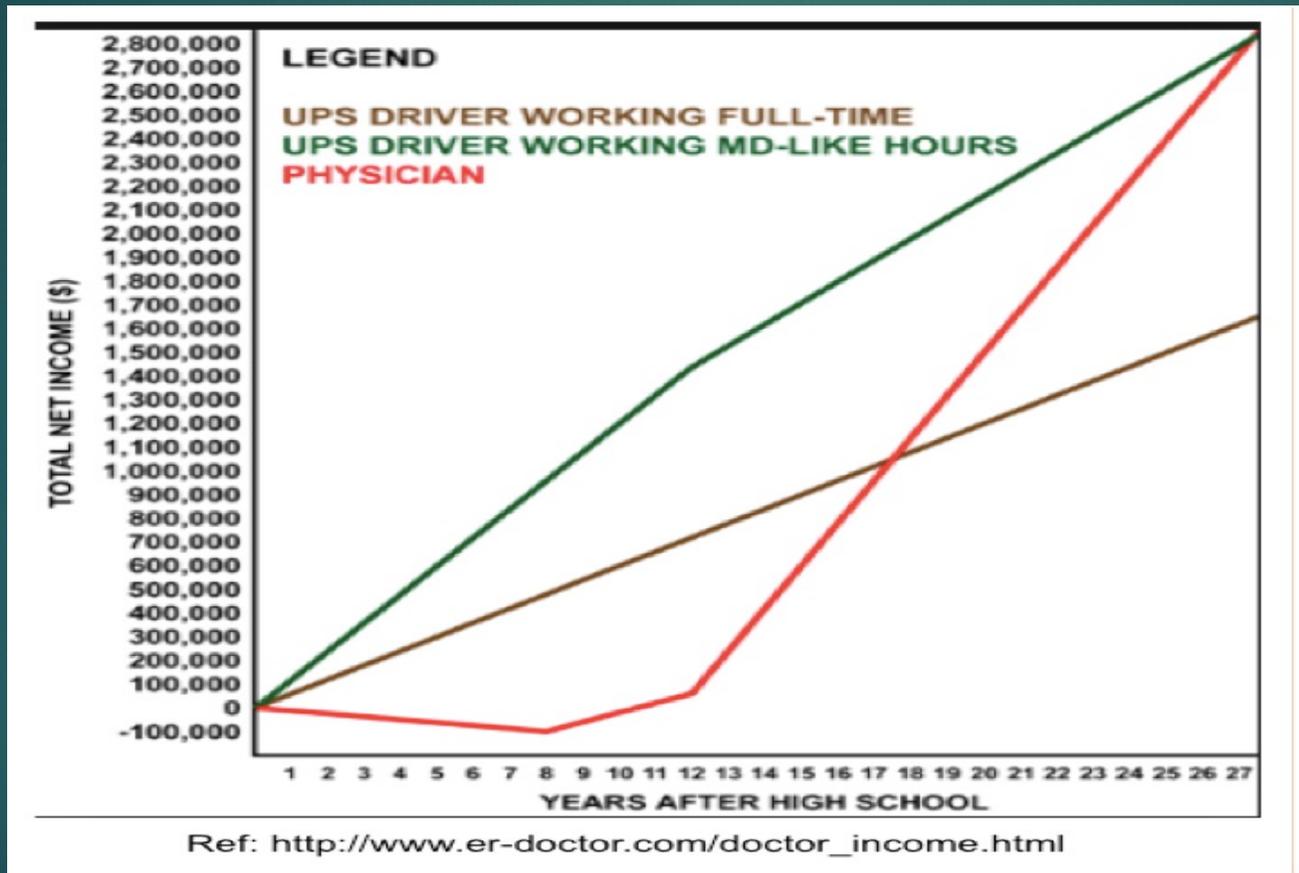
*cnbc.com*

*Zillow.com*

# 9. Retirement

- ▶ *KevinMD.com 9/2016 article: If Doctors wanted to be wealthy, they would have become UPS Truck Drivers.*
- ▶ *Food costs in 30 years of retirement=\$219,000,*
- ▶ *Pensions and SS are not enough*
- ▶ *Money has to last longer.*  
*The Truth About Money, 3<sup>rd</sup> Edition.*

# Physician Work Hours



# 9. Retirement

- ▶ *75% want retirement at 60, 25% think they will achieve that goal.*
- ▶ *Did not plan to fail, they failed to plan.*

*The Truth About Money, 3<sup>rd</sup> Edition.*

# 10. Long Term Care

- ▶ *40% of those that reach 65 will need Nursing home care, 5% will need LTC*
- ▶ *2018 stats, Annual Nat'l Median Costs:  
Homemaker \$48,000//Home Health Aide \$58,336//Adult Day Health Care \$18,720  
//Asst. Living Fac. \$48,000//Nursing Home Semi-prvt. \$89,000*

# 10. Long Term Care

- ▶ *Health Insurance, Medicare*
- ▶ *Cost of LTCI based on age, length of coverage, health, elimination period, max. \$ amount reimbursed for care.*

*LTC calculators*

# 11. Passing the Wealth

- ▶ *Transfer of Wealth: influenced by Longevity (transfer may go backwards)*

# Summary

- ▶ *Everyone will have their own reasons for saving and investing, but retirement planning should be a common goal.*
- ▶ *The biggest obstacle to developing a plan is PROCRASTINATION. You should be engaged in your plan.*

# Summary

- ▶ *The reasons to develop a plan have been given: protect against risk, to get rid of debt, longevity, major expenses(children, college, weddings, cars, homes), satisfactory retirement, protect against LTC costs, transference of wealth.*

