TROST

FINANCIAL CONSULTING

Financial Strategies & Tips, Just for Docs

HOW TO KEEP MORE MONEY IN YOUR (LAB COAT) POCKET

This E-Booklet Includes...

Debt Repayment Strategies

The Association of American Medical Colleges reports:

73%

73% graduate with debt

$203,062

is the average amount of student loans med students graduated with.

$2,291/mo

With a $203,000 balance, you'd owe $2,291/month assuming a 6.36% average interest rate.†

Sound fun to you? We think not.

Here are 3 debt repayment strategies to consider...

Repayment Strategy #1:

Did you know you can use your 401(k) or 403(b) to borrow and pay off your debt?

With a loan from one of these accounts, you may borrow money from your account, and then pay yourself back with interest. This can allow you to pay off your student loan debt in one chunk and pay interest to yourself rather than to a credit card company.

Repayment Strategy #2:

Do you have good credit and a steady job? Consider refinancing your student loan.

This step can help you pay off your student loans more quickly without making extra payments. A lender can replace multiple student loans with a single private loan at a lower interest rate. For example, refinancing $50,000 worth of student debt from 8.5% interest to 4.5% could get you out of student loan debt nearly two years sooner. It will also save you about $13,000 in interest, even with payments that stay about the same. †

Repayment Strategy #3:

Even though you've done nothing wrong, you can be forgiven!

Student loan forgiveness can be an option! The Biden administration recently announced it would look to forgive student debt of borrowers who experienced "financial hardship."

The following are a few of the student loan forgiveness programs we recommend looking into:

1. Public Service Loan Forgiveness
2. State Loan Repayment Programs
3. National Health Service Corps Loan Repayment Program
4. National Health Service Corps Students to Service Loan Repayment Program
5. National Health Service Corps Substance Use Disorder Workforce Loan Repayment Program
6. National Institutes of Health Loan Repayment Program
7. Indian Health Service Loan Repayment Program
8. Military Loan Repayment Programs

Wait...there's more!

Contact a Trost Financial team member to talk through additional debt repayment strategies.

Consider These Ways To Save For Retirement

Retirement may seem like a million years away, or it may be right around the corner. Either way, planning for retirement should be a top priority.

Here are 4 retirement plans that all doctors should consider...

1. SEP CONTRIBUTIONS

A Simplified Employee Pension Individual Retirement Arrangement is a variation of the Individual Retirement Account used in the United States. SEP IRAs are adopted by business owners to provide retirement benefits for themselves and for their employees. Contributions are tax-deductible, including those made to employee accounts.

HINT: Contributions to a SEP IRA cannot exceed the lesser of:

- $69,000 in 2024 (please consult your CPA or financial advisor for annual contribution limits)

2. DEFINED BENEFIT PLAN

A defined-benefit plan is an employer-sponsored retirement plan where employee benefits are computed using a formula that considers several factors, such as length of employment and salary history. The company administers portfolio management and investment risk for the plan.
Benefits paid are typically guaranteed for life and rise slightly to account for increased cost of living.

3. 401(K) - DID YOU KNOW THERE IS MORE THAN ONE?

- **Individual 401(k)** – A retirement savings plan that allows you to save and invest a piece of your paycheck before taxes are taken out.
- **Traditional 401(k)** – Contributions are made pre-tax, reducing taxable income for the year.
- **Roth 401(k)** – Contributions are made with after-tax dollars.
- **Employer-Sponsored Plans (401(k), 403B, 457)**

4. IRA CONTRIBUTIONS

- **Traditional IRA** – Tools used to set aside and invest savings for retirement.
- **Roth IRA** – Contributions are made with after-tax dollars and are never deductible. ††

How to Protect Yourself

You already know that insurance is a necessity in your line of business. Protecting your income, especially if it's the primary source for your family, cannot be overlooked.

Here's the coverage that all doctors should consider investing in...

1. LIFE INSURANCE

Most doctors are the main source of income for their families. Consider inexpensive life insurance options such as term insurance. A 20-year term policy can replace the potential loss of income. A good face amount calculation is the death benefit multiplied by 5% to equal the annual payout from insurance. (i.e. $5,000,000.00 X 5% = $250,000.00 of Annual Income)†

2. DISABILITY COVERAGE

Disability insurance can protect your income in the event that you are no longer able to perform your medical specialty due to injury or illness. There are a plethora of options under this type of insurance, offered by many different organizations. The rules and qualifications can be overwhelming. We recommend speaking with a financial advisor to help you choose suitable coverage for your needs.

3. LONG-TERM DISABILITY COVERAGE

This is similar to generic disability coverage though covering a longer period (typically 6 months or more). This type of policy has a period that one must be disabled before that individual is able to start receiving disability benefits, referred to as an elimination period.

4. GROUP DISABILITY COVERAGE

This type of coverage is taxable and typically not portable if you leave your employer. Group disability benefits are reduced by social security disability and workman's compensation payments, while individual policies are not.

5. OWNED OCCUPATIONAL RIDERS

This type of insurance policy covers individuals who become disabled and are unable to perform the majority of the occupational duties that they have been trained to perform. This type of insurance policy is contingent on the individual being employed at the time the disability occurs. Owned-occupation insurance policies are also known as a "pure own-occupational policy."

Investment Tips You Need to Know

An intelligent investment strategy can provide income in retirement to offset earnings during your working years.

Here are 5 investment practices to keep in mind...

1. Use your investments to pay off loans for gains

2. Research peer-to-peer lending for better rates

3. Make sure your investments match your risk tolerance and time horizon

4. Monitor investment results on a quarterly basis including your group plans such as 401(k) and 403(b)

5. Hire a professional to assist with your investing management and financial planning. Expect complete transparency and ongoing communication about your investment strategy and planning.

According to Bloomberg, the entire worlds stock exchanges have a capitalization of $80 trillion USD (trending up from $25 trillion in 2009 - a **320% increase**). The U.S. stock exchanges (NYSE & NASDAQ) combined make up **39%** of the entire global stock market value – with a market capitalization of $31 Trillion USD. *

Congratulations!

You've taken the first step in getting on the right financial track – educating yourself.

The next step is working with a financial advisor who knows the ins and outs of financial success strategies for doctors.

Trost Financial Consulting takes it a step further. We work to create financial confidence and personal fulfillment through financial clarity, personal direction and working toward independence.

We call it whole-person success.

What more could you ask for?

Contact Us To Get Started

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Registered representatives are with securities and advisory services offered through LPL Financial, a Registered Investment Advisor, Member FINRA/SIPC.

*All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and may not be invested into directly.

†This is a hypothetical example and is not representative of any specific situation. Your results will vary. The hypothetical rates of return used do not reflect the deduction of fees and charges inherent to investing.

††This material was created for educational and informational purposes only and is not intended as ERISA, tax, legal or investment advice. If you are seeking investment advice specific to your needs, such advice services must be obtained on your own separate from this educational material.

Contributions to a traditional IRA may be tax deductible in the contribution year, with current income tax due at withdrawal. Withdrawals prior to age 59 ½ may result in a 10% IRS penalty tax in addition to current income tax.

The Roth IRA offers tax deferral on any earnings in the account. Withdrawals from the account may be tax free, as long as they are considered qualified. Limitations and restrictions may apply. Withdrawals prior to age 59 ½ or prior to the account being opened for 5 years, whichever is later, may result in a 10% IRS penalty tax. Future tax laws can change at any time and may impact the benefits of Roth IRAs. Their tax treatment may change.