Enough

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Enough. Understanding the concept of enough and living by its tenets can allow one to achieve financial peace. Enough is a multifaceted philosophy. It means as much as needed … period. One needs enough food to thrive and survive; too little he starves, too much he feels bloated and fat. Likewise, we need enough money to live a good life. We need enough for the basics for sustenance, but we also need a little more to feel financially secure. The absolute value of enough varies per person. Some "need" to fly business class or buy a second home, while others are content with more humble needs.

It is critical to remember that enough is absolute, and not relative. It is so tempting to compare yourself to others who may make more or have more than you. This comparison can influence your definition of enough for yourself. Do not fall into this trap. Your enough is absolute, not relative to the next person. Once you make enough, or have enough, the rest is gravy. You can certainly spend or do more if you have extra discretionary resources, but your happiness and sense of contentment should be fulfilled with your absolute level of enough, while any excess is a bonus. If you are constantly trying to make or have more, constantly chasing a moving target, it is impossible to enjoy the peace inherent to having enough. Peace is a mindset, and a choice.

As healthcare professionals, we invest a whole lot of time and energy to practice our trade. Most of us incur significant financial debt and stress laboring through school in the hopes of matching into our desired residency or job. There is no such thing as a time debt, as the time we spend training is spent and does not return later; time is a nonfungible asset that we choose to invest into our professions. Ultimately, most doctors are rewarded both by the satisfaction of helping others and with a

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decent salary. But, perhaps shockingly, most doctors are not rich. Doctors make an average of $300,000 per year but the majority have a net worth less than $1,000,000. How could this be? There are likely numerous factors that contribute to our modest net worth. Doctors start their attending jobs later in life due to the years of medical school and training, and they do so with an average of $200,000 in debt. Further, we are ingrained with the concept of delayed gratification throughout medical school and residency, perhaps leading to explosive spending when we start earning an attending's salary. Societal expectations may also play a role in influencing doctors to live a doctor's life. Further, docs get little formal education in financial planning during their training.

You are familiar with the FIRE movement, or Financially Independent Retire Early. It is sad testimony about the field of medicine if one spends all that effort, time and money slogging through medical school and residency only to retire prematurely. Enjoy the ride, it only gets better. Perhaps a better movement is FINS, Financially Independent No Stress. We encourage you to achieve financial independence early in your career so that you may practice medicine on your own terms, without the stress of working for a paycheck. This will mean different things for different people. It might mean spending more time with less profitable endeavors, like mission work, teaching, or research. For us, it meant writing a book entitled *Financial Freedom Rx*, and teaching young doctors the formula to financial security. Or it could mean working fewer hours or fewer days, spending more time with family, friends, and your golf caddy. They say couples fight about many things, but it typically falls within three categories: family, intimacy, and money. With financial security, you can focus on the first two.

There are many financial uncertainties in life and in medicine. The COVID-19 pandemic impacted many fields of medicine, causing reduced patient volumes and revenue. Reimbursements tend to drop over time, and do not necessarily grow commensurate to inflation. Private equity acquisitions have infiltrated some fields, cutting future earnings in as much as half or more for young doctors. Mental and physical health can impact a physician's productivity. For these reasons, and undoubtedly more to come in the future, it is important to plant a money tree soon after medical school.

What is financial independence? It is freedom from a paycheck and from the financial stresses inherent to life. It is traditionally defined as accumulating 25 times one's annual expenses, which allows a 4% draw for 30 years. The sooner in life one achieves financial independence, the greater she must accumulate or the less she must draw.

How does a healthcare professional achieve financial independence? The traditional business model for healthcare professionals is to trade time for money. Work more, see more patients, do more procedures. All of this leads to a bigger paycheck. But this model is not sustainable. We get older. Reimbursements can drop. Overhead can rise. And before you know it you are running to stand still. We each need to plant a money tree that grows and bears fruit as we approach the middle and end of our working years. For most of us, this requires developing and nurturing a diversified investment portfolio.

With the same discipline that got you through school, you can achieve financial independence as a healthcare professional. The formula is not complex, just like losing weight = calories in calories out. Financial independence starts with budgeting so you understand your income and expenses. Then, determine how large you want to live and adjust your saving (and spending) rate appropriately. If you start your job with $250,000 of debt and save 20% of your gross earnings at a 4% real (inflation adjusted) rate of return, you will hit financial independence in 33 years. A 30% savings rate drops the interval to 21 years.

Of course, one's savings rate is inversely correlated with one's spending rate. If you save 20% ($60 K) of a $300 K paycheck and pay $40% in taxes ($120 K), you can spend the remaining 40% ($120 K) with impunity. But if you save 30% ($90 K) on a quest towards earlier financial independence and a more modest lifestyle, and pay the same amount in taxes, you are left with 30% ($90 K) to spend. This shrinks your lifestyle by 25%, or $30 K ($120 K - $90 K). That is a lot. But it comes back to the concept of enough. If you value the security of financial peace at a younger age, then you might also brown bag your lunch, metaphorically speaking, and live a happy life on a lower budget. But even if you "only" save 20% of your gross, you can sleep well knowing you are on track to achieving financial independence, likely around a traditional retirement age, while maximizing your lifestyle throughout your working years.

Healthcare professionals have the privilege of helping other people, often on patients' darkest days. As satisfying as this can be, it can also be draining after years of hard work and sacrifice. Healthcare professionals must care for themselves, physically, emotionally, mentally, spiritually, and financially, if they wish to care for patients. Our careers, though born through the sprints of medical/nursing/pharmacy/dentistry/veterinary school and residency, take the form of a marathon when we ultimately finish our training. To succeed, we must pace ourselves, keep our chin up, and lungs full. Even just a small amount of financial planning—saving and investing 20%—allows one to live well on the remainder while having the peace of mind afforded by financial security. To achieve the happiness and contentment incumbent to enough, we must define enough for ourselves in absolute terms and enjoy the ride.