9 MONEY MISTAKES DOCTORS MAKE

and How You, Doctor, Can Avoid Losing Literally Millions of Dollars

VICKI RACKNER, MD, FACS

FOREWORD BY TRISH (MAINS) MOULTON, M.ED, LUTCF®, RICP®
MAINS FINANCIAL WEALTH STRATEGIES

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THRIVING DOCTORS

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FOREWORD

My father, the Director of Radiology, shaped my relationship with money. He even shaped my career helping physicians achieve financial freedom to do what they want to do when they want to do it. I love him and I honor all the gifts he's given to me.

You might expect that my story will go something like this, "Trish would accompany her father to the hospital on Saturdays, where she completed her homework while he managed the radiology department's operations. Then, over hot chocolate at Starbuck's, her dad explained how money worked. How important it is to respect money and make prudent financial choices. How part of her allowance was to be saved, and another part was to be earmarked for the donation plate at their Catholic Church."

That's not how it happened. Instead, I tell a grittier story. My father taught me how money works indirectly as I witnessed the consequences of his money mistakes. I saw how this smart man's not-so-smart money choices created real world consequences for the people he loved.

I learned the value of money because my dad was often delinquent with child support payments after he left us and started a new life. The few times I visited him, I saw that he spent his money on his big, splashy life with his new family. As an adult, I wonder if my father understood why he made these money choices.

I learned the value of hard work as my father put my mother in the position of raising her three kids on her own. My mother taught me good money habits. I was bathed in the love of my whole extended family.

I had an opportunity to put the lessons from my father's money mistake into action when he died suddenly at a young age, and his life insurance carrier presented my sister, my brother and me with big checks. His wife at the time of his death didn't get a check. My dad neglected to update the beneficiaries on his life insurance policy.

I knew that check represented the possibility that I could give my daughter the financial certainty that I wish I had growing up. To make this dream a reality, I committed myself to learning how to make smart investing choices and avoid money mistakes.

So I invested in my own financial literacy. I saw how much I enjoyed creating financial strategies.

Now I take my daughter to Starbucks. I explained to her how money works over hot chocolate. I tell her how important it is to spend money in ways that align with our values, save and put part of her allowance on the donation plate in church every Sunday. I explain that Mommy spends her days helping doctors make the kinds of choices that will help them take good care of their families and do the things that are important to them.

As I look back, I now see that my father's money mistakes were gifts to me. I'm the person helping doctors imagine the future they want, and make a financial strategy to translate that translates that dream —often early retirement—into reality. I'm the person tending to all the critical small details to make sure my clients' financial strategies reflect their evolving life circumstances. My clients avoid mistakes that could derail financial futures, like the failure to update beneficiaries. I'm now the person presenting life insurance checks to people like the young dad whose wife died in childbirth.

I offer this book of financial mistakes as my gift to you. Dr. Vicki Rackner lays out nine money mistakes that emerged as she sorted through the hundreds of interviews with doctors about their money stories. My fondest wish for you is that you can learn from the mistakes of others so that you, like me and my doctor clients, can take create a life of purpose and meaning and service you imagine. A clear vision of your financial future and healthy money habits can make this possible.

Here's to your financial success!

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INTRODUCTION

Dale, a neurosurgeon in his late fifties, said, "I just don't understand it. I make more in a year than my parents made in their working lifetimes. Now my retired parents are living the dream. I, on the other hand, wonder if I will ever be able to retire. How could I be so successful as a physician but make such a mess of money?"

Every day I hear the financial stories of highly respected physicians and dentists. Some have the financial freedom to do what they want to do when they want to do it. Marci, a pediatrician, could have retired at fifty. She continues seeing patients because it's work she loves. Physicians like Marci have control over their money.

The majority of doctors are not as financially secure as they would like to be. Justin said, "I just let money slip through my fingers. I look back with regrets." Linda said, "If I could only have a financial do-over!" As they tell their stories, the phrase, "If only I had avoided…" came up again and again.

The goal of this book is to help you avoid the number-one killer of doctors' hopes and dreams: threats to your financial security.

This focus aligns with Warren Buffett's wealth-building advice. He has two investing rules, and here they are:

Rule #1: Avoid losses.

Rule #2: Don't forget rule #1.

Here you'll learn how to avoid the nine most common ways physicians and dentists let literally millions of dollars slip through their fingers.

When you combine your high earning potential with the commitment to avoid costly mistakes, you are in an excellent position to build wealth.

Why is the conversation about money so critical?

As you think about how to design your career and your life, money buys choices. Financial security gives you options about how long you continue to see patients, indulge a passion, or create an endowment. It gives you the freedom to put your family first or take a business risk.

Conversely financial insecurity limits choices. I met a physician who had a vision for a holistic integrative weight loss clinic. But she could not move forward because she was living paycheck to paycheck.

The reason to build wealth is to have the freedom to do what you want to do when you want to do it. Wealth helps you design a career and life that bring you satisfaction. I call it "living in your sweet spot."

Why are conversations about money so difficult for physicians and dentists?

Conversations about money are difficult because money is the ultimate taboo topic for doctors.

In the world of business, money is the metric by which success is measured. Business people invest in skills to help them build and grow money. They take pride in their profitability and announce it to their shareholders.

We doctors, on the other hand, use patient outcomes to measure our professional success. Never in our training did most of us get any information about how to build wealth or run a profitable organization. In fact, for many doctors, wealth is a four-letter word.

While managing finances is outside of our day-to-day experience, we are skilled at assessing and treating disease. So let us call on our medical knowledge to understand finances.

Financial health/disease mirrors cardiovascular health/disease.

- Just as oxygen fuels cells, money fuels lives. When demand outstrips supply, there's pain.

- There is a spectrum of health and disease. You can be anywhere on the financial health spectrum between wealth—the financial freedom to do what you want to do when you want to do it—and bankruptcy.

- In a mild form of financial insufficiency, you only feel the pain under exertion, like when you're paying for college for three kids when a fourth announces her engagement. As insufficiency progresses, financial worries may wake you up at night. Late-stage financial disease erodes joy and contributes to the epidemic of burnout.

- Financial disease can be embarrassing. In early stages of financial disease, you may feel social embarrassment about not being able to enjoy the lifestyle you expected. Financial professionals use the term financial embarrassment—the condition in which the lack of money causes problems. In late stages of financial disease, you might experience the medical interpretation of the word embarrassment as in "cardiac embarrassment." You find it difficult to function as a result of the disease.

- Known risk factors contribute to disease. Replace smoking, a sedentary lifestyle, and hypertension with overspending, procrastination, and a vulnerability to investing in Dumb Doctor Deals (explained later in this book), and you see the parallel.
- Knowledge is not enough to prevent and treat disease. People generally don't develop heart disease because they lack knowledge; they develop heart disease because of the difficulty in making healthy moment-to-moment choices. Most people know how to build wealth: Spend less than you earn. Start saving and invest early. Don't lose money. Easier said than done!
- We are resilient. We can recover from financial setbacks just like we can recover from a heart attack.

Sometimes Bad Knowledge Is the Problem

Fifty years ago, my mother's doctor gave her a prescription to help her lose weight and relieve her back pain: start smoking. Now that physicians know the health impacts of tobacco, they make different recommendations.

There are things you think you know about building wealth. What if some of those so-called facts were wrong? What if you didn't know what you didn't know? How soon would you like to know?

Three Financial Truths

Consider these three financial truths:

Truth #1: High incomes do not protect you from financial pain.

We physicians have the opportunity to earn millions of dollars over our medical careers doing work that we love. But income isn't the whole financial story. The ability to build wealth is about a relationship among earning, saving, and investing.

When you manage an ICU patient, for example, you look at the I's and O's. A singular focus on income when building wealth is like a singular focus on input when managing an ICU patient; it's an incomplete picture.

You might have read about Oseola McCarty. Oseola worked as a washerwoman for seventy-five years, saving every penny she could. After her death she left a trust of $150,000 for scholarships.

On the other hand, you can outspend your income, no matter how much you earn.

Financial Reality for Doctors Today

- According to the US Department of Labor Statistics, nine out of the ten top earners in the US call themselves "doctor."
- Half of physicians say they are behind in retirement planning.
- Financial concerns contribute to the epidemic of physician burnout.
- The AMA convened a task force to assess competency in older physicians. Why? Many physicians were working well into retirement years out of need.
- Very few physicians will translate their high incomes into true financial freedom.

Truth #2: Physicians are not immune from outside economic and social forces.

You participate in a global, national, regional, and local economy. The financial health of institutions and people around you contributes to your own financial health in many different ways.

- Consider how your own personal net worth is tied to the performance of the stock market and real estate prices.
- Consider how your patients' personal finances impact their choices about when they seek medical care, whether they take medication as prescribed, or how long it takes them to pay their medical bills.
- Consider how the security of your income is tied to the financial health of the organization in which you practice medicine.

Consider how the financial hardships of aging parents, an alcoholic sibling, or a brother-in-law getting back on his financial feet after his business failed impacts you. Chances are you will feel compelled to help, and this offer comes with consequences.

A decade after the global financial meltdown we are still in the recovery phase. Every year since 2013, the Federal Reserve Board issues a report on the economic health of US households. In the 2017 survey, four in ten adults said that if faced with an unexpected expense of $400, they would either not be able to cover it or would cover it by selling something or borrowing money.

This past year the Feds started collecting data on opioid use in this survey. Could people be turning to opioid use to mask financial pain?

Further, we live in a culture of consumption. We are bombarded with messages that self-worth is tied to the things we buy. This drives the overspending that is the major risk factor for financial insufficiency.

These forces are even stronger for physicians, as we are subject to the “standard of care conundrum.” We are taught to systematically observe the clinical practices of physicians in our communities and uphold the standards of care. While these medical standards guide clinical choices, we also observe the cars in the doctors’ parking garage, the private schools to which colleagues send their kids, and the size of their vacation homes. Keeping up with the Dr. Joneses is in a sense woven into the fabric of medicine and dentistry.

Warning: Many People Live Financial Lies

Experience has taught me that you cannot assess a person’s financial health by looking at their level of consumption. Many people are living a financial lie.

Last, we are becoming increasingly impatient. Attention spans are shorter than ever. We want what we want and we want it NOW. Think about how annoyed you are when a web page does not load immediately, or your text is not returned in 30 nanoseconds.

Wealth-building involves giving up something today for a better tomorrow. The current cultural expectation of immediate gratification makes it even harder.

Truth #3: Biology impacts behavior.

We would like to think we all make considered, rational choices that promote our enlightened self-interests.

The Challenge of Making Choices that Lead to Health

Your patients make choices about their health much like you make choices about your wealth. In both cases, the observed behaviors may appear irrational. However, there are reasons that patients and investors make predictable mistakes.

The biggest breakthrough in promoting physical and financial health may well be the fine art of helping patients make consistent choices that lead in the direction of health.

It appears that biological forces that have kept our species alive shape our behavior in ways that undermine our best intentions. The part of our brain activated when tempted by a second piece of chocolate cake has a difficult time connecting today's actions—spending or saving—and tomorrow's consequences.

Humans have triggers for behaviors, but we fail to plan for them.

People who go through rehab are advised to avoid people and places associated with the substances they abused. They avoid the triggers that increase the risk of recurrence.

Triggers for spending lurk in your blind spot. Knowing what they are and how to avoid them can promote your financial health.

Saving is a habit of wealth. It's also hard! You can make it much easier when you automate it, so that you never see the money that is getting saved.

Part of building wealth is managing the challenge of connecting our current behaviors with future consequences. This brain wiring just isn't there for some people.

We fail to have a healthy respect for the challenge of change. If you want to transform the state of physical or financial health, you have to make different choices. Change is not easy; we fight our biology in order to make changes, even when the current reality makes us miserable. Women will leave abusive partners, for example, six times before they leave for good.

Steve Martin Talks Money

Have you ever heard comic Steve Martin tell audiences, "You can be a millionaire…and never pay taxes! You say, 'Steve, how can I be a millionaire and never pay taxes? First, get a million dollars. Then when the tax man comes knocking at your door and asks why you haven't paid taxes, you say, 'I forgot.'"

My Story

I spend my days helping physicians design careers and lives that work for them. Again and again I saw that past financial mistakes limited their personal and professional options. Many of these physicians thought they were alone in making these mistakes. Because of their money shame, they suffered in silence.

It's time to break the silence!

In the spirit of full disclosure, I am not a financial advisor. I neither sell financial products nor promote an investing philosophy. In fact, I have no formal training or expertise in money management.

My main qualifications for writing this book are this: I've listened to the stories of hundreds of physicians and observed trends. I've also made almost every financial mistake I write about.

Please do not read this book for specific financial advice; read this book to make a list of topics you discuss with members of your financial dream team.

I want to help you avoid the obvious and costly mistakes I see smart, successful physicians make. Here is my story.

I remember it like it was yesterday. In a quiet moment between patients—and there were lots of them in the months after I completed my surgical residency and launched my own private practice—I sat at my desk enjoying the summer sun as it bathed my face.

Suddenly I felt a jolt of cold fear run through my body. Some women have hot flashes. I was experiencing what I came to recognize as a flash of money worries.

I worried about the immediate future. Would I be able to meet my payroll this month? How long would it be until my income was in the same ballpark as the average general surgeon? How in the world was I going to pay back my $100,000 medical school debt?

I contemplated my financial future. In the next few years, what standard of living would my family enjoy? I also knew that one day I would want to retire, but that seemed so far away it was hard to even contemplate.

Looking at the cars in the physicians' parking lot, I had the impression that everyone had made it. When would my husband and I be a two-Porsche family?

I loved taking care of patients. I hated worrying about money. What I most wanted was to get to the point in which I felt in control of my money—rather than having money have control over me.

The problem was that I neither had the financial literacy nor the financial plan to get to financial independence.

Over time I came to understand that I was not alone in my money worries. Some of those physician Porsche owners were also concerned about money. In fact, often the physicians who purchased the trappings of wealth were experiencing the biggest financial pressures.

Exploring physicians and their relationship with money became a passion of mine. I've listened to the financial stories of hundreds of physicians and dentists. I've asked myself, "What separates struggling physicians from thriving physicians?" The trends I identified are in my book The Myth of the Rich Doctor. I encourage you to read that next.

But, here, in this book I want to help you avoid the common costly financial mistakes that set physicians back. I set forth nine of them.

How This Book Is Organized

As I reflected on my conversations with physicians, dentists, and business people, a trend became clear. Quite simply, successful people avoid costly mistakes better than struggling people. Further, they have built systems to minimize their losses when luck is not on their side.

Three categories of mistakes emerged:

- Failure to embrace habits of wealth: The wealthy know how to put their money to work making money.
- Failure to embrace sound business practices: The wealthy know how to optimize their income potential.
- Failure to plan for costly and improbable disasters: The wealthy know how to avoid and bounce back from adversity.

These are the three sections of the book. I offer my insights in hopes that this knowledge will help you do the following:

- Avoid letting millions of dollars slip through your fingers.
- Avoid regrets.
- Treat yourself with more compassion as you understand why you made the choices you have in the past.
- Form healthier financial habits.
- Help your patients get better medical outcomes as you bring some of these ideas about how to make choices that lead in the direction of health to the practice of medicine.

Let's learn from other doctors who have made mistakes with money and see if applying some of the powerful principles in this book will help you live your dreams.

PART I

FAILURE TO EXECUTE HABITS OF WEALTH

MISTAKE #1: FAILURE TO PLAN FOR THE BIOLOGY OF BEHAVIOR

Key Ideas

- Your financial habits shape your financial destiny.
- Managing your money begins with managing yourself.
- Managing yourself is harder than you might think.

The past president of the American Heart Association was a guest on a national news show to discuss what's new in heart disease. This cardiologist started with the good news: Treatment of cardiovascular disease is highly effective.

Then he delivered the bad news: The incidence of heart disease is increasing. The cost of treatment doubled from $200 billion to $400 billion in the decade that preceded the interview. He concluded that if we do not make a transition to promoting heart health, treatment of this disease will bankrupt us.

The interviewer asked, “Why is treatment so expensive?” The cardiologist pointed out that two thirds of that cost is associated with hospital care for treatment of a heart attack. Yet, a year after the acute cardiac event, only 40% of patients are taking the prescribed three daily medications. The 60% of patients who don't take their medications or fail to take care of themselves come back to the hospital with their next heart attack.

The interviewer ended the interview with this question: “What's the one question you want to see answered?” This distinguished cardiologist opined that we need to solve the behavioral question of how to inspire people to do the things they know they should do to keep themselves healthy.

This chapter is about how to avoid the mistakes that keep you from doing the things you know you should do to build wealth. But this chapter is not as much about money as it is about the biology of behavior. You will take away some ideas from the evolving field of behavioral finance that explain how your own thoughts, feelings, and habits around money contribute to your financial destiny.

Is this a fluff chapter? Consider this: In both 2002 and 2017, the Nobel Prize in economics was awarded to researchers for their contributions to behavioral economics. This may well be the most important chapter in this book.

Further, I hope some of the ideas in this chapter can help you increase compliance among your patients!

Biology vs Wealth-Building

Wealth-building is not rocket science. Save. Start early. Invest wisely.

Why, then, are half of doctors behind in retirement planning?

Being human poses a barrier to building wealth. Please allow that thought to sink in for a minute. The nature of the human condition makes it hard to act in a way that leads to wealth. We behave in predictably irrational ways.

If you manage your money by acting on your biological urges day after day, you will not build wealth. In fact, this is how people go broke.

Your financial habits—the balance between your spending and your saving, as well as the risk you assume when investing—determine the rate at which you build wealth.

Failure to recognize and plan for the biological forces that shape behavior represents a barrier to building wealth.

Here are a few tidbits about what we know about the intersection between biology and wealth:

- **Born spenders and savers.** When you decide about whether to purchase something you want, the nucleus accumbens—a portion of the brain involved in reward and addiction—lights up. Conversely when you are concerned about the cost, the insula—a part of the brain that activates in times of fear—lights up. Neurologists suggest that spenders and savers are wired to be more sensitive to one part of the brain than another, much like being biologically programmed to be right-handed or left-handed.

- **Born risk takers.** Studies of skiers and snowboarders show that those willing to take more risks on the mountain had specific variations of the DRD4 gene. The propensity to assume risk has clear financial consequences.

- **Illness and financial choices.** Overspending seen during episodes of mania, compulsive gambling, and dementia lead to devastating consequences.

When research subjects are put in functional MRIs and asked to make choices, it's not the cerebral cortex that usually lights up; it's the limbic system.

In other words, emotion drives motion. The limbic system does not connect today's choices with tomorrow's consequences. Our animal instincts are all about the here and now.

You may do some research before you buy your next car; however, when you arrive at the dealership, the salesperson's comment, "You look great behind the wheel of that car!" can lead you to make an impulse purchase.

Have you ever felt the inner conflict when your feeling brain says, "You deserve a treat; buy it!" and your thinking brain says, "Let's save this to build wealth more quickly"? Usually the emotional brain wins.

Squirreling Away Resources

Squirrels do not need to be taught to stash acorns for the winter. Their biology leads to the behavior of "scatter hoarding" or "larder hoarding." Foxes, moles, and mice also save for the winter.

Unfortunately, we are not one species biologically programmed for saving.

Humans and Monkeys

Laurie Santos, a professor of psychology at Yale, studies the "spending and saving" behaviors of monkeys. She begins by teaching the monkeys how to trade tokens for food "sold" by human vendors. Then she teaches the monkeys that different vendors offer different value. One vendor may exchange a single grape for a token, while another exchanges two grapes for a token.

Santos finds that the monkeys prefer the vendor who delivers the highest value. Further, monkeys don't save. They often steal from one another and from the vendor.

What if we humans were subject to similar biologic forces as these monkeys?

Our thinking brains know that we can and should be different than the monkeys by saving more and spending less; however, the emotional brain—not the thinking brain—makes the bulk of the day-to-day financial choices.

How Biology Leads to Costly Financial Choices

Here's how your biology undermines your efforts to build wealth:

Immediate gratification. We live in a time of immediate gratification. "Buy now and pay later" has become a national anthem as well as an advertising slogan.

I am a passionate gardener, and I love to buy plants. That's my version of the story. My son tells a different story: "Mom, you're like a crack addict when it comes to plants. You just keep buying and buying." He now refers to nurseries as my "crack houses" and recommends I just stay away.

Buying plants feels good right now. Spending elicits a release of dopamine. Still, my son has a good point.

Procrastination. The easiest way to build wealth is to save and invest early and let the power of compound interest over time do its magic. Compound interest is often called the eighth wonder of the world. You will learn more about this in the next chapter.

Now consider this. Imagine your freshman college roommate was a computer science major and went to work for Microsoft right after completing his undergraduate degree. Further, he started saving 10% out of every paycheck.

You, on the other hand, made different choices. Instead of saving and investing at age twenty-one, you took out loans to attend medical school. This is a prudent financial choice that left you with a different financial reality than your college buddy. First, you're on the losing side of compound interest as you manage your student loans. Second, you lost about a decade of earning during your training, and you launched your career with debt.

You made an investment for your career as a physician or dentist. This is a prudent investment, even though this career choice robs you of the wealth-building power of a decade of time and compound interest.

Here's where biology makes things worse. After all the years of deprivation, you tell yourself, "My family and I deserve nice things now that I'm making some money." The desire for immediate gratification—even though your gratification has been put on hold for many, many years—puts you even further behind.

Burnout and Spending

I was at a medical meeting delivering my talk The Myth of the Rich Doctor. I stayed to listen to the next speaker: a Harvard psychiatrist who spoke about burnout. He talked about the evidence that excessive stress is toxic to the brain, and one of the vulnerable spots was the nucleus accumbens. This is the same portion of the brain activated in pleasurable spending. Could this be the biological answer that helps explain why many stressed people find that "retail therapy" is therapeutic?

How Biology Leads to Costly Investing Mistakes

Economists Daniel Kahneman and Richard Thaler, both winners of the Nobel Prize in economics, know that investors behave irrationally.

For years, economists made projections based on models in which ideal investors made logical choices that promoted their highest self-interest. They could change the variables, like tax rates and project what would happen.

Kahneman asked whether he could take the model and retrospectively predict the tech boom and bust. He could not. It was only when he paid attention to the actual observed behaviors of the real live investors that things made sense.

Real investors made different choices than ideal investors. Kahneman wondered if there was a way to understand, explain, and predict what appear to be the irrational investing choices of the real investors.

Here are some of the predictable investing errors Kahneman describes are these:

- **Loss aversion.** We will take greater risks to avoid loss than to experience gains. We hang onto stocks as their value falls because we hate to sell at a loss; hanging onto the stock usually results in even greater losses. Investors predictably take risks at the time they should be erring on the side of safety.
- **Over- and underreactions.** Investors tend to behave with optimism when the market goes up, and become much more pessimistic when the market goes down.
- **Overconfidence.** Investors tend to overestimate their ability to beat the market and underestimate investing challenges.

- **Relativity.** Investors see the world through the eyes of relative experience. Imagine how you would feel if someone gave you a gift card. Now imagine how you would respond if someone gave you two gift cards and took one back. You have the identical outcome in each case, but it feels much different.

Part of the human condition is the propensity to let emotion drive investing choices. This usually results in costly errors as investors buy and sell at the wrong time and fail to recognize the real investment risk.

A physician said, "The main thing my financial advisor does is protect me from myself!"

Your Childhood Lessons about Money Matter

Alex is a highly respected clinician who attracts patients from a five-state area. This leaves her life partner wondering why she makes such irrational choices about money.

Through their disciplined approach to saving and investing, this couple built an investment portfolio worth about $9 million. Still, Alex refused to spend money. They had staycations instead of the international travel Alex's colleagues enjoyed. They drove ten-year-old cars. When the refrigerator finally died, Alex rejected the idea of upgrading their kitchen with stainless steel kitchen appliances, even though they both enjoyed cooking.

Alex's partner said to me, "Alex has a fear of being a bag lady one day. On some level she knows this fear is irrational; sometimes I remind her that even if we tried, we would not be able to spend $9 million in our lives. Still she carries around this money fear all the time. She's in private practice, and if she has a low patient load in any given week or month, she gets frantic because of the loss of income. I wish we could avoid the regular fights we have about money."

Why does Alex—a physician with excellent clinical judgment—make spending choices that defy logic?

The clues are in her childhood. Alex grew up in a series of foster homes, and money was always tight. As she thinks about her kitchen remodel, she is not responding to today's financial reality; she is responding as the nine-year-old who worried about whether she would get enough to eat. Alex suffers from financial PTSD.

Children have a biological propensity to grow into adults who recreate their parents' financial reality, with or without childhood financial trauma. They absorb their parents' beliefs about the meaning of money and the ways in which money works.

It does not have to be this way.

Jenifer said, "I watched my parents struggle with money. It's like they had holes in their pockets, spending every penny they got. In high school, I got tired of having our power turned off, so I got a job and paid the electric bill myself. I vowed I would learn how to manage money and build wealth." And she has! She practices in an office building she owns and bought a home for her mother.

Alex's dysfunctional childhood lessons about money helped her accumulate wealth, but prevents her from enjoying it.

Jenifer could have followed in her parents' dysfunctional financial footsteps. It's easy to spend more than you earn. However, she got the help she needed to create a different financial reality for herself.

If you see yourself or others making irrational money choices, consider whether childhood money lessons could be part of the problem.

You Feel Worthy of Wealth?

Many physicians express mixed feelings about building wealth. One doctor said, "Wealth feels like a four-letter word." One one hand, they want the freedom and security that wealth brings; on the other hand, they have difficulties reconciling their commitment to service with the reality that those services generate profit.

Your financial health impacts every part of your personal and professional life. Here are some reasons to build wealth:

- **Financial security opens doors to professional possibilities.** Wealth gives you more choices as you consider how you position yourself for success in the political climate of dramatic change.
- **Financial security helps you avoid distracted doctoring.** Money worries serve as a constant source of distraction. Just as you wouldn't text and drive, similarly, you should avoid distractions when treating patients.
- **Financial security helps you put your family's needs first.** A colleague decided to cut back on her ER shifts when her children became adolescents. She knew she wanted to be there to guide her kids through that tricky stage of development. She also knew that she could afford it.
- **Financial security immunizes you from burnout.** Insufficient income is one of the top risk factors for developing burnout. Further, insufficient savings and debt correlate with burnout.
- **Financial security helps you treat burnout.** You may decide to cut back on your hours, create a specialty focus in your practice, or launch an entrepreneurial venture like writing a blog or building a company around a medical invention you made.
- **Financial security helps you put the patients' needs first.** You may remember the case of the Michigan oncologist who was found guilty of a $35 million Medicare fraud scheme. This doctor harmed, and in some cases killed, his patients by administering chemotherapy that the patients did not need

for his own financial gain. I remember the hushed whispers about the orthopedic surgeon who was performing surgical procedures that were only marginally indicated because he needed the income.

- **Financial security helps you leave a legacy and serve in a bigger way.** The greater your wealth, the greater impact you can make for your family and for worthy causes you're passionate about.

Just Do It

If you have been procrastinating with your savings, don't beat yourself up. Just do it! They say the best time to plant a tree is twenty years ago. The second best time is today.

Decide Who's the Boss—You or Your Emotions

Have you ever known a family in which the children run the house? The parents will do anything the kids want because the core family value, I guess, is keeping the kids happy.

Letting your emotions determine your choices is like asking your kids to assume family leadership.

One of the most important interventions for building wealth is moving beyond your biology and making choices that are divorced from emotion. Make your financial choices in your thinking brain—not your feeling brain. In other words, set up systems that will make it easier to take the actions that help you build wealth.

You will have emotions that will stir up impulses and longing. That's okay. You can just observe them. Don't let your emotions control you and your choices. Stay in control of your actions, regardless of what you are feeling. You don't have to feel like doing the right thing to do it.

The Challenge of Change

A *New York Times* best-selling author tells me why she has the same meal every Monday night, saying, "I get paid to imagine things. Since I can only imagine so many things, I don't want to waste my efforts imagining what I'll cook for dinner on Monday night."

Our brains are wired to put activities on auto-pilot so we can attend to novelty in the environment. Think about how hard you had to concentrate to make a left turn when you were learning how to drive. Now you can easily drive to your office while listening to the radio or considering the patient in the ER you are driving to see.

Your habits shape health outcomes. The habit of eating healthy foods supports weight loss. Just as regular exercise promotes cardiac health, the habit of regularly saving 10% of your income supports financial health.

Conversely, unhealthy habits erode financial health. To promote health, you want to replace unhealthy habits with healthy habits.

Here's the problem. Replacing unhealthy habits with healthy habits is no easy task. How many times have you ever kept a New Year's resolution?

Here are some ideas about how to make changes a little less painful:

- **Have a vision of your goal.** If, for example, you want to increase your savings rate, imagine what it will feel like when work is optional. Make it a multisensory vision and live in your thoughts when the going gets tough.
- **Don't rely on willpower.** This is a limited resource.
- **Understand the triggers for bad choices.** I, for example, decided to shop at a different grocery store so I didn't drive by my favorite nursery when I went to buy cat food.

- **Create a system that makes it easier to change.** Automate savings by having the amount automatically transferred into a brokerage account. Create a family rule that you will not spend over a certain amount before checking with others. Make a public commitment. Then let members of your community help hold you accountable.

- **Know where each penny goes.** I joined my son's powerlifting team celebration after a meet. I sat next to a powerlifter who is a retired state supreme court justice. At the end of the meal, she took out a pocket notebook and started writing. I asked what she was doing, and she told me she kept track of every penny she spent. She said she started doing this because she had no idea where her money went. She found, however, that the simple act of recording her spending changed her spending in healthy ways.

- **Understand who influences your choices.** You have read about mirror neurons. We are literally wired to connect and fit in. Online retailers like Amazon know the choices of people who are like you and who will influence the choices you make; that's why ratings are so important. Choose your friends wisely. Understand that you will want to do what they do.

- **Know that change is possible.** I have personally seen physicians and dentists who transformed their financial lives. No matter where you are today, there's a more hopeful tomorrow.

Your Biology Is Not Your Destiny

Your biology does not condemn you to making these predictable wealth-building errors. You can find ways to manage yourself—your own thoughts, feelings, and actions around money—to promote your financial health.

You may not be able to change the circuitry in your brain. I know that I will never get rid of my urge to stop at nurseries and go on spending sprees. Yet I do now this: The more insight I have about my brain wiring, the more likely I am to make better choices. The more I can simply be a witness to the choices I make, the more likely I am to have control over those urges.

Action Steps

- Ask your financial advisor to project your financial future if you maintain your current habits of saving, spending, and investing.
- If your current financial habits are not helping you get to the financial finish line as quickly as you would like, explore ways to tweak your financial habits.

Consider these questions:

- What are your triggers for spending?
- What systems can you put in place to spend less and save more?
- What systems can you put in place to remove emotion from investing choices?

DOCTOR, WOULD YOU LIKE TO READ THE ENTIRE BOOK?

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Vicki Rackner, MD, FACS, calls on her thirty-plus-year medical career as a practicing surgeon, as clinical faculty at the University of Washington School of Medicine, and serial entrepreneur to help her doctor clients achieve the personal, professional and financial rewards that attracted them to a career in medicine through her company www.ThrivingDoctors.com.

As a nationally noted author, speaker, and consultant, Dr. Vicki builds the bridge between the world of business and the world of medicine. She's the expert quoted in publications ranging from the *Wall Street Journal* and *Washington Post* to *Physician's Money Digest* to name a few. She is the author of multiple books, including *The Myth of the Rich Doctor* and *The New Thriving Medical Practice.*

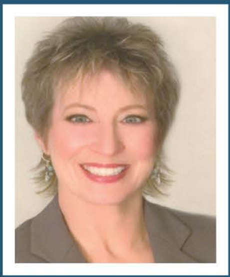
CNN Senior Medical Correspondent Elizabeth Cohen says, "Don't miss Dr. Vicki Rackner."

DOCTOR, DON'T LET MONEY SLIP THROUGH YOUR FINGERS

Would you like to achieve the financial freedom to do what you want to do when you want to do it? To build wealth, you want to address questions like these:

- Do you know what your number-one expense is?
  Hint: it's not your house or your kids' college education.
- How does biology impact your ability to build wealth?
- Are you paying more than your fair share of taxes?
- Are you optimizing your earning potential?
- Do you know how to protect yourself from financial predators?
- Do you have a plan for potential disasters?
- How do you protect yourself from Dumb Doctor Deals?

Read this book to anticipate and avoid the 9 most common money mistakes doctors make.



VICKI RACKNER, MD, FACS, calls on her experience as a practicing surgeon, clinical faculty at the University of Washington School of Medicine, and serial entrepreneur to help physicians and dentists achieve the personal, professional, and financial goals that attracted them to a career in medicine. She is the author of several books including *The Myth of the Rich Doctor, The New Thriving Medical Practice,* and *Get More Patients Starting Today*. Dr. Rackner, a nationally noted expert on doctors and their relationship with money, delivers keynote addresses and coaches physicians who want to thrive.

TRISH (MAINS) MOUTON, the daughter of a Director of Radiology, helps health care professionals take charge of their financial future with tax efficient strategies. She runs a family business-literally, her mother is in the business. And Trish is the proud mother of a budding entrepreneurial daughter.

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