Aether Financial Group
seeking rare air

How APPs Can Catch Up on Wealth Building

For Advanced Practice Providers (APPs), entering the workforce often comes later than for many other professionals. While peers in other industries may begin earning in their early 20s, APPs typically do not start earning significant income until their mid-to-late 20s or early 30s. This delayed start means there are fewer working years to accumulate savings and investments, a shorter runway for compounding interest to work in your favor, and competing priorities like student loan repayment, home buying, and retirement that all converge at once.

This can feel overwhelming. However, the good news is that an intentional approach to wealth building can make up for lost time. The key is to be proactive, prioritize saving early, and use smart strategies to fast-track your financial security.

The Delayed Earnings Curve

Unlike many professionals, APPs spend years in school, training, and clinical rotations before earning a full salary. By the time they reach six-figure incomes, their peers in other fields may already have years of savings and investment growth behind them.

That said, APPs generally enjoy higher income potential, which means that—while there is catching up to do—a focused and aggressive strategy can accelerate wealth-building faster than someone earning a lower salary over a longer period.

Accelerating Wealth Building

Utilize Tax-Advantaged Accounts

One of the best ways to make up for lost time is by maximizing contributions to tax-advantaged retirement accounts.

- **401(k) or 403(b) (Employer-Sponsored Plans):**
  - 2025 Employee Contribution Limit: $23,500 (if under age 50)
  - Employer matching is free money—always contribute enough to get the full match
  - Some APPs may be able to contribute to both a 403(b) and a 457(b), effectively doubling tax-advantaged savings opportunities
- **Backdoor Roth IRA:**
  - APPs often earn too much to contribute directly to a Roth IRA, but the Backdoor Roth IRA* strategy allows for tax-free growth and withdrawals in retirement
  - 2025 Roth IRA Contribution Limit: $7,000 ($8,000 if age 50 or older)
- **Health Savings Account (HSA)**
  - If enrolled in a High-Deductible Health Plan (HDHP), contribute to an HSA for tax-free growth and tax-free withdrawals for qualified medical expenses
  - 2025 HSA Contribution Limit: $4,300 (individual), $8,550 (family)

** A Backdoor Roth IRA is a strategy that allows high earners to get money into a Roth IRA despite income limits. It involves making a non-deductible contribution to a Traditional IRA and then converting that amount to a Roth IRA. While the contribution itself isn't tax-deductible, once converted, future growth and withdrawals (if qualified) can be tax-free. It's important to avoid having other pre-tax IRA balances, as the IRS's pro-rata rule applies when converting, which can create unexpected tax consequences.*

Invest Aggressively Early to Maximize Growth

Time is your greatest ally in wealth building—but with a late start, you may need to invest more aggressively in the early years to take full advantage of it.

It's common for APPs to feel cautious early on, especially if they are unfamiliar with investing. However, being too conservative—holding too much cash or allocating heavily to bonds—can limit growth. Early in your career, a well-diversified portfolio with a healthy allocation to equities can help create the momentum needed to achieve long-term goals.

Use Income Growth to Your Advantage

APPs typically see meaningful income growth in the first 5 to 10 years of practice.

As your income rises, it's important to decide how much of those increases should fund your financial future versus your current lifestyle. Being intentional with these decisions ensures you enjoy your earnings today while still preparing for tomorrow.

The key is to avoid unintentional lifestyle inflation and instead commit a portion of each raise to savings and investments.

Prioritize High-Impact Debt Payoff

While it may be tempting to aggressively pay down all debt, prioritizing is important.

Paying off high-interest debt offers a guaranteed return on your money. For example, eliminating credit card debt or private student loans with rates above 7-10% is often more valuable than investing, since you'd need to take significant risk to match those returns in the market.

Focus on:

- High-interest debt first (credit cards, personal loans, high-rate private loans)
- Balancing lower-interest debt repayment with investing for long-term goals

Build a Wealth Accumulation Plan Beyond Retirement Accounts

Once you're maxing out tax-advantaged accounts, consider building wealth in other vehicles.

Options may include:

- Brokerage accounts (flexible, no contribution limits, access to a broad range of investments)
- Alternative investments (if appropriate for your situation)
- Real estate (as part of a diversified portfolio)

As always, ensure any additional investments align with your risk tolerance, investment knowledge, and long-term goals.

Final Thoughts

Starting later doesn't mean falling behind—it means being intentional and strategic with your income and savings approach.

- Maximize retirement contributions early
- Invest in high-growth assets without being overly conservative
- Use income growth to accelerate savings and avoid lifestyle creep
- Pay off high-interest debt while balancing investing for the future
- Diversify beyond traditional retirement accounts when possible

With smart planning, aggressive saving, and disciplined investing, APPs can overcome the challenges of a later start and still build a strong financial future.

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