



**Gary Webb**  
RFC® & CEO

# In the Press:

Physicians' Financial News®

## Doctors Must Plan for a Quality Retirement

Ed Rabinowitz, Monday, 14 January 2008

**38%**—Percentage of physicians (age 50-65) who plan to retire from practice as soon as possible.

(Merritt Hawkins, 2007)

Retiring without a plan? Retiring without a safety net or sufficient nest egg? That doesn't make sense. Yet, that's the position many physicians find themselves in, having put off the planning and the saving until it's almost too late. It's a strategy, or rather a lack of strategy, that has many financial advisors surprised.

"Not because physicians are affluent, but because they're smarter," explains Gary Webb, a registered financial consultant and CEO of Minnesota-based [Webb Financial Group](#).

"They made it through medical school, so they have to have a pretty good head on their shoulders. Maybe they think, 'Hey, I make so much money, I'll be fine.'

Unfortunately, that's not always true."

### How Much is Enough?

Michael Gold, CFP, with Wachovia Securities, says that one of the biggest reasons why long-term planning is critical in retirement strategies is because people are living longer today.

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"It's not like previous generations where if you retired at 65 you were dead by 70," says Gold. "Now if you retire at 65 you could live until 90. I

try to teach every one of my clients to think that even after you retire, you probably have another 25 years of an investing lifetime where your money needs to grow. You need to make sure you have enough money to maintain your standard of living so you're not going to the early bird special when you're 62 years old."

Gold asks each of his clients, no matter what age they are at the present time, when do they want to retire? And perhaps more importantly, what is the lifestyle in which they want to live? Once a clear retirement picture is painted, Gold calculates the cost of retirement and how much his client is going to have to save in order to fund that retirement lifestyle, then factors in 2 to 3% a year for inflation. Sometimes, to make the numbers and timeframe work, clients

might need to cut back on their spending.

“Instead of eating lunch out five days a week where you’re spending \$20 a day, pack lunch twice a week and save \$40 right there,” Gold suggests. “Those little things add up, and can cost hundreds of dollars a year. There’s an IRA contribution right there.”

### **The Right Attitude**

Dollars aside, Webb encourages his clients to think about the emotional side of retirement; to be ready to make the adjustment after 30-plus years of working.

“What I find happens, and maybe it’s because physicians are so tied to people, is that when they retire, if they do it in quick fashion, they get depressed quite often, especially during the first year or two,” Webb explains. “It’s such a shock to the system. Now you’re at home with your spouse, if you’re married, your kids are all gone, and all the people you knew aren’t around anymore because you aren’t going into the office every day. People get depressed quite often, and that depression creates stress. But it could all be avoided if

Physicians thought more about the emotional side of retirement.”

Webb suggests physicians, especially those who own or are partners in a practice, consider a phased-in retirement. If they’re currently working 40+ hours a week, arrange to work a 30-hour week for a two-year period. Then, cut back to 20 hours a week for a couple of years—in effect, phasing out work and phasing in retirement. Doing so, says Webb, allows physicians to get prepared for the major transition to full-time retirement.

### **Plan, Plan, Plan**

Webb says he has seen many situations where he sits down with a couple, and they’ve come up with

numbers—an age at which they’d like to retire, and a dollar amount they feel they’ll need. So, they have numbers in their heads, but no plan.

“It’s just as important as having a medical plan,” Webb suggests. “If a doctor is going to perform surgery but doesn’t know on what part of the body, that’s not a good thing. So, we take what the couple wants to do into

consideration, and then look at reality in developing a plan.”

That reality includes involving the entire family, where the relationship within the family is strong. Make sure that everyone is on the same page, and that there are no surprises. “That’s good for everyone,” says Webb.

And above all, set up a safety net. “I don’t care how much money you make, everyone should have a safety net,” Webb stresses, adding that approximately six months of living expenses is standard. “Ask yourself, ‘What’s the worst emergency that could ever happen?’ Then keep that amount of money in a safety net. Most people never need that much, but it’s critical to have. It’s a piece of asset allocation. It’s a piece of diversification. And it’s peace of mind.”

*Ed Rabinowitz is a veteran healthcare reporter and writer. He welcomes comments at [edwardr@ptd.net](mailto:edwardr@ptd.net). This e-mail address is being protected from spam bots, you need JavaScript enabled to view it.*

*“The question isn’t at what age I want to retire, it’s at what income.”*

*—George Foreman*