

FINANCIAL CONSIDERATIONS POST RESIDENCY

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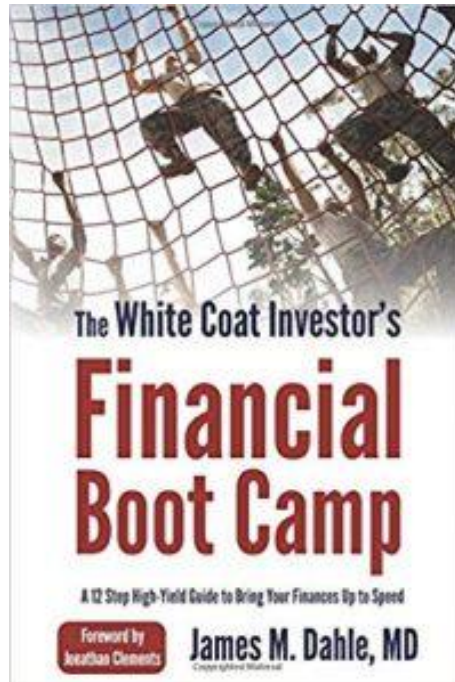
MCEP Emergency Medicine Life After Residency Event

1

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2



3

Overview

- Student Loans
- Disability Insurance
- Life Insurance
- Physician Mortgage
- Estate Planning

4

Student Loans

- Overview
- PSLF
- Plan
- Refinance or Not
- Example

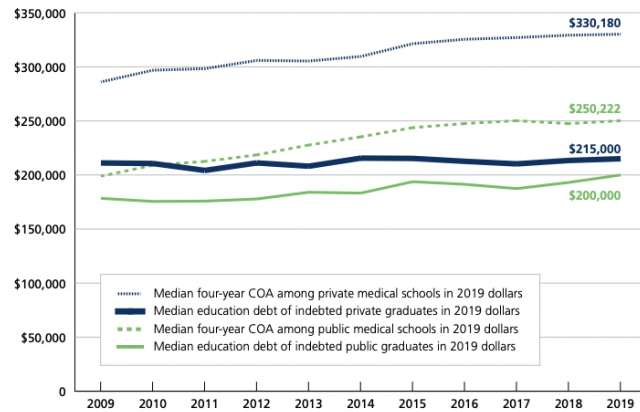
5

Student Loan Information

- Median Public \$200,000
- Median Private \$215,000
- The average medical school graduate owes **\$241,600** in *total* student loan debt.
- Private versus Federal
- Interest Rate- Distributed after July 1, 2023
 - ▣ Grad Subsidized 7.05%
 - ▣ Direct Unsubsidized 8.05%

6

Cost of Attendance



Source: AAMC Medical School Graduation Questionnaire (GQ) and Tuition and Student Fees Questionnaire (TSF).

Figure 2. Median four-year cost of attendance (COA) and education debt of indebted medical school graduates by public or private school, 2009-2019 (in constant 2019 dollars).

7

June 30th, 2023

- Biden Student Loan Forgiveness Blocked by SCOTUS
- Student Loan Moratorium End September 30th 2023
- New RePAYE

8

Average Student Loan Debt Audience

- 1. >\$300,000
- 2. >\$200,000
- 3. >\$100,000
- 4. <\$100,000
- 5. None

9

Refinance During Residency

- Private versus Public Student Loans
- Financial Goals
- Rate Examples(7/26/23)

Company	Cash and Bonus	Variable Rates	Fixed Rates	Residents?
laurel road	up to \$1349 †	1.89%-6.20% APR	3.49%-6.30% APR	Yes
splash financial	up to \$1299 †	1.74%-11.05% APR	2.59%-8.44% APR	Yes
SoFi	up to \$1299* †	1.74% - 7.99% APR	3.49% - 7.99% APR	Yes
credible	up to \$1799* †	1.86%-9.23% APR	2.40%-9.73% APR	Yes

10

Do you plan to use PSLF?

- Yes
- No
- Unsure

11

Did you refinance in Residency?

- Yes
- No

12

Refinance after Graduation and PSLF

- 2 Questions
 - 1. Do you work for 501(c)3 group/hospital/organization?
 - 2. Have you made Qualified payments during residency?

- No to either one Refinance

13

Class of 2024 Example Assumptions

- \$200, 000 Median Student Debt
- Started Residency 2020
- Covid Executive Order Student Loan Pause 3/20
- No payments made during this time
- October 2023 to October 2024 IDR Program
- Single

14

Class of 2024

- First 2.5 years at 0% Amount \$200,000
- 0.5 years at 6.8% Amount \$206,800
- Enter 10 year repayment Plan
- Monthly Payment
- Total repayment Amount \$295,293.18
- Total Interest \$88,493.18

15

Class of 2024 Refinance

- Upon completion of residency \$206,800
- Refinance to 4.99%, 5 year term
- Monthly Payment \$3901.62
- Total Repayment Amount \$234,097
- Total Interest \$27,297

16

Refinance Savings

- 10 Year Plan(6.8%)
 - ▣ Total 295,293.18
 - ▣ Interest \$88,493.18
- 5 year Plan(4.99%)
 - ▣ Total \$234,097
 - ▣ Interest \$27,297

Savings \$61,196.18

17

Students Loans Overview

- September 2023
- PSLF
- Research Refinance
- Plan

18

Student Loan Resources

- <https://studentloanadvice.com/>
- <https://www.studentloanplanner.com/>
- <https://www.whitecoatinvestor.com/student-loan-refinancing/>

19

Disability Insurance

- Important Part of Financial Plan
- Definition
- Types
- Riders
- Amounts

20

What percent of physicians will use disability insurance?

1. 1/10
2. 1/7
3. 1/5
4. 1/4

21

Disability Insurance

- Insure your wage/earnings against your ability to earn income
- Specialty specific, own occupation
 - EM specific
 - Own occupation- policy will pay even if you can find work in another occupation



22

Disability Insurance

- Group vs Individual Policies
- Waiting Period
- Guaranteed Renewal vs Non-Cancelable

23

Disability Insurance

- How Much?
 - ▣ Cover Living Expenses and retirement savings
 - ▣ Attending ~10-15K/Month
 - ▣ [ACEP Calculator Group Policy](#)

24

Disability Insurance

- Riders
 - Partial/residual Rider
 - Cost of Living Rider
 - Future Purchase Option Rider
 - Catastrophic Disability Rider
 - Retirement Riders

25

Disability Insurance take home points

- As soon as possible
- Individual Policy
- Group Policy
- “Own Occupation, Specialty Specific”
- Review Riders
- \$10-15K/month

26

Life Insurance

- Types
- Amount
- Term

27

Life Insurance

- Who? Anyone with Dependents
- Term Life Insurance- pay out upon death during specified term
 - Only type physician should need
 - Avoid whole life, variable life, cash value life insurance
 - Commissioned product
 - Never mix insurance and investments

28

Life Insurance

- Amount
 - ▣ Simple Answer- 3 million
 - ▣ Complex Answer
 - Add up- Monthly expenses x 12 x 25 + remaining mortgage + Estimated college costs + Large ticket items + Remaining Student Loans
 - Subtract- Current nest egg + current college Savings

29

Life Insurance Amount

Liabilities

Monthly Expenses-
 $\$8000 \times 12 \times 25 = \2.4 Million
 Remaining Mortgage- \$400K
 Estimated College- \$300K
 Large Ticket Items- \$100K
 Student Loan Balance- \$300K

Assets

Current Nest Egg- \$100K
 Current College Savings-
 \$40K
 Round up= 200K

Life Insurance Needed(Million) = $(2.4 + .4 + .3 + .1 + .3) - (.2) = 3.3$ million

30

Life Insurance Term

- Most Common 20 year to 30 year
- Calculate number of years to financial Independence
 - ▣ 25 years- previous example assuming following
 - \$50,000 towards retirement each year
 - 5% return
 - \$100K current nest egg
 - \$100K spending per year in retirement

$$NPER=(5\%,-50000,-100000,100000*25,0)$$

31

3 million 30 year Policy

TERM4SALE
TERM LIFE INSURANCE QUOTES

Home More Information News & Reviews Calculators Trends For Life Agents About Us

Gender: Male Birthdate: July 12th, 2023
 Birthdate: December 15th, 1992
 Health Class: Regular Plus Non-Smoker
 Actual Age: 30 Nearest Age: 31
 State: Michigan
 Amount of Insurance: \$3,000,000
[Modify Your Quote](#)

Can you qualify for these premiums?
 If you will tell us more about your health and lifestyle, we can tell you more about whether the products you see here are available to you.
[Health Analyzer](#)

[Spreadsheet Results](#)

LIFE INSURANCE NEEDS CALCULATOR

30 Year Level Term Guaranteed A.M. Best Ratings as of: Jul 7 2023

Penn Mutual Life Insurance Company Non-Convertible 30 Year Term (eApp ONLY)	A.M. Best Rating: A+ Select Non Tobacco R+	\$2,934.70 /yr or \$252.38 /mo	How to Purchase
Cincinnati Life Insurance Company Termsetter 30	A.M. Best Rating: A+ Standard Plus Non-Smoker R+	\$2,955.00 /yr or \$260.04 /mo	How to Purchase
Banner Life Insurance Company OPTerm 30 - 30 Year Term	A.M. Best Rating: A+ Standard Plus Non-Tobacco R+	\$2,964.00 /yr or \$251.94 /mo	How to Purchase
American General Life Insurance Company Select-a-Term - 30 Year	A.M. Best Rating: A Standard Plus Non-Tobacco R+	\$2,986.90 /yr or \$252.39 /mo	How to Purchase
Illinois Mutual Life Insurance Company Path Protector Plus Term Life 30	A.M. Best Rating: A- Standard Plus Non-Tobacco R+	\$2,990.00 /yr or \$263.12 /mo	How to Purchase

32

Life Insurance Take Home Points

- Important for anyone with dependents
- 20-30 years
- 2-5 million policy
- \$100-200/month
- Consider Ladder Policy for additional savings

33

Physician Mortgage

Mortgage for physicians and other high income individuals to secure mortgage with less restrictions and fees.

34

Key points of Physician Mortgage

- Stable Job
- Rent vs Buy
- How Much?

35

Pros of Physician Mortgage

- No down payment
- Contract as verification of income
- Student Loans
- Higher Limit
- No Private Mortgage Insurance

36

Cons of Physician Mortgage

- No Down Payment
- Higher Limits
- Higher Interest Rate

37

Overview of Physician Mortgage

- Stable Position
- 2x Income
- No PMI
- Plan and Research

38

Estate Planning

- Will
- Living Will
- Trust
- Probate
- Life Insurance

39

Review

- Student Loan Plan
- Disability Insurance
- Life Insurance
- Physician Mortgage
- Estate Planning

40

Please Stop by IEP Booth for More Information

41

Questions

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42

Resources

- White Coat Investor 12 step guide
- ACEP disability
- Term4sale.com
- Dahle, J. What you need to know about Estate Planning.
<https://www.whitecoatinvestor.com/introduction-to-estate-planning/>.
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