



How Surgeons Can Prepare for a 'Work Optional' Retirement

By

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Declining profits combined with growing feelings of dissatisfaction and powerlessness among surgeons has many considering early retirement. Surgeons often find themselves competing with insurance companies and hospitals for the same dollars and subsequently have less time to spend with their patients. Consider that 39% of physicians indicate they will accelerate their retirement plans due to changes in the healthcare system, according to the *2014 Survey of America's Physicians, Practice, Patterns and Perspectives*, by The Physicians Foundation, a nonprofit 501(c)(3) organization that seeks to empower physicians to lead in the delivery of high-quality, cost-efficient healthcare.ⁱ

Leading surgeon complaints include increasingly complex workloads, declining reimbursement rates, and a loss of authority. At the same time it is becoming apparent that their training and education have not adequately prepared them to deal with a new set of financial challenges.

Deloitte's 2013 survey of over 20,000 physicians' notes that six in ten surveyed physicians say: "it is likely that many physicians will retire earlier than planned."ⁱⁱ According to the survey, perception is fairly uniform among all physicians, irrespective of age, gender, or medical specialty.ⁱⁱⁱ

While most surgeons have a noble drive and commitment to help others it is a growing inability to satisfactorily manage the so-called "business side" of medicine that is prompting many to consider early retirement. A growing number of surgeons have considered breaking with tradition and exploring different opportunities, such as leaving their current practice to join hospitals or merging with other large practices. The main concern expressed by those interviewed as to whether to join a hospital was what will the RVU's (relative value units) based income be when the contract expires. Economics may bring about changes in the future of medicine.

Based on results from a 2013 Deloitte Survey of U.S. physicians, physicians are concerned that the future of the medical profession, with many changes that are occurring in the market, to be a threat.^{iv} They believe that the performance of the US health care system is suboptimal, but the Affordable Care Act is a good start to addressing issues of access and cost according to the 2013 Deloitte Survey of US Physicians.^v

Similarly, the Survey of America's Physicians finds that 81% of physicians surveyed describe themselves as either "overextended" or at "full capacity," up from 75% in 2012 and 76% in 2008. Only 19% say they have time to see more patients.^{vi}

Physicians' frustration with the business side of medicine is no longer a secret. In an online article one orthopedic surgeon said, "The biggest issue facing orthopedic surgeons is the challenges of the rapidly changing healthcare environment which include: increasing capital costs, lower reimbursements and increased data-reporting requirements. We would prefer to focus our attention on what we do best, which is taking care of our patients. However, in order to successfully run our practices we need to deal with the business of medicine."^{vii}

One in four doctors will reach retirement age in five years is cause for enough concern, notes Dr. Jan Gurley, in his Center for Health Journalism report: Whether retiring or fleeing, doctors are leaving health care, March 2104 (www.centerforhealthjournalism.org).^{viii} Then, there's the well-documented doctor shortage coming down the pipe simply because not enough new doctors are being trained to meet the needs of the U.S. population. But do impending changes within the medical industry stand to drive doctors into early retirement? There's evidence to indicate that it will.

Interviews with surgeons echoed what Daugird and Spencer originally identified in "Physician Reaction to the health care revolution: a Grief

Model Approach,"^{ix} original research sourced in "Surgeon Frustration: Contemporary Problems, Practical Solutions,"^x several distinct "loss areas," the most notable being: financial security, status, independent clinical decision-making, freedom of specialty choice, practice location, power in hospital governance and collegiality.

The 'Work Optional' Option

According to one of my interviews, many surgeons continue to maintain demanding schedules. Some meet with 50-75 patients per day amounting to 9,000+ per year, annually performing some 900 surgeries over a 20+ year career.

"Many of us think we are going to perform surgery forever," said one physician. "This thought process has deterred us from thinking about our financial futures." Surgery is physically and mentally demanding. As this surgeon added, "We have a finite amount of time to earn a living." This leads to a new possibility not considered by previous generations -- can work be made optional?

Enter the Wealth-Management Approach

While many physicians today earn above-average incomes -- some of them well above average -- given all the uncertainty in healthcare, financial challenges remain.

Each of us looks forward to retirement. Making "work optional" means that you have adequately saved and invested throughout your career that if you want to completely stop working or pursue a different career path or lifestyle you can afford to do so. Whether you decide to leave your private practice to work for a hospital or remain in private practice, each option has its challenges. Once the necessary steps are

taken and a realistic plan is in place, the idea that you can one day make work optional can be an extremely gratifying feeling.

The important thing is to begin taking a thoughtful, systematic approach to addressing your financial challenges while continuing to serve your patients' needs.

Meeting the “Work Optional” Challenge

When it comes to meeting the work optional challenge, what most of us usually need are careful investment selections based on our personal goals, risk tolerance and time horizon, (i.e., years to go before retirement). But each of us is unique. What’s suitable for one individual may not work for you. That’s why it’s important that your financial advisor gets to know you.

Taking a Systematic Approach

While these issues can pose significant challenges for some physicians, they can be systematically addressed to help increase the likelihood of achieving their goals.

Given their complex and varied financial needs, physicians can consider a comprehensive wealth-management approach. To define wealth management, I use this formula:

$$\mathbf{WM = IM + AWM + RM}$$

The first element of wealth management (WM) is investment management (IM). As mentioned, this is the major focus of many

financial advisors and can be the foundation of physicians' ability to address their most important goals.

However, my interviews have revealed that many physicians need more than assistance in managing their investments. The second element of wealth management, advanced wealth management (AWM), addresses this concern. Advanced wealth management addresses four major areas of financial concern beyond investments:

- **Wealth enhancement:** mitigating tax burdens
- **Wealth transfer:** helping ensure that heirs are cared for
- **Wealth preservation:** help to protect loved ones and preserve assets
- **Charitable giving:** maximizing the impact of charitable gifts

To fully understand their clients' most important goals, values and challenges—both now and long into the future—wealth managers must cultivate trusting, long-term, consultative relationships with those clients.

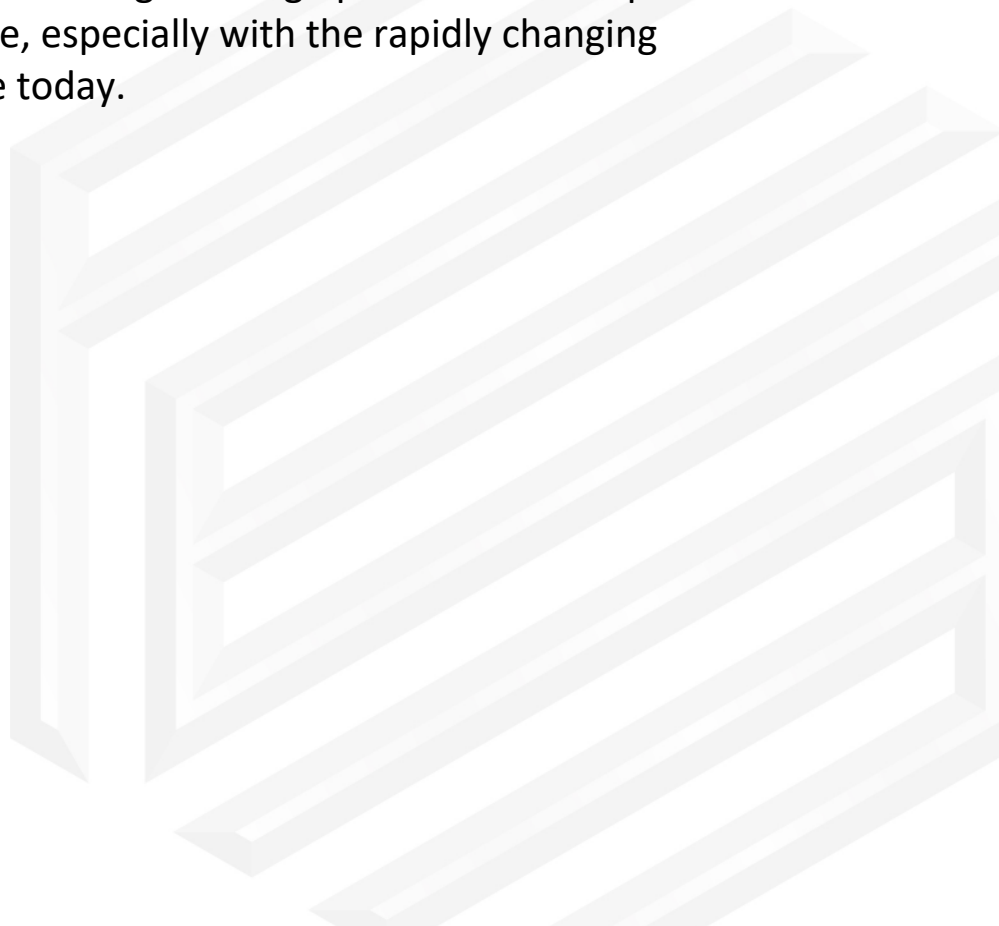
Like a physician who asks patients detailed questions to determine the correct diagnosis, working with a wealth manager is a similar process. Many surgeons are untrained in business basics. Others are understandably too busy to manage their finances. Still others are not aware that a true wealth manager goes beyond stocks and bonds to oversee all aspects of their long-term financial life including items like specialized insurance, trust and estate planning, and retirement. A wealth manager can often be the key to helping surgeons achieve the dream of making work optional.

When it comes to practice management, according to the Wolters Kluwer Health 2013 Physician Outlook Survey,^{xi} increasing practice efficiency will be the number-one physician focus area over the next

three to five years. Exploring the financial considerations and impacts of different business models, such as mergers or becoming part of a hospital system may be best made by working with a wealth manager. The business side of health care can be daunting. Each day can be consumed with administration tasks or negotiating with insurance companies over payment rates. Instead surgeons should be asking:

- Am I on track to retire on my terms?
- If I were to die or become disabled, who would help my family?
- What am I doing to mitigate taxes?
- How I will efficiently transfer my wealth?
- Are my assets adequately protected?

From my experience as a wealth manager, asking a series of questions to gain a deeper understanding of what is most important to you, what you would like to accomplish and what keeps you awake at night, are incredibly important. In addition, determining where you are now, where you want to be and any gaps or obstacles that stand in the way of making working optional are all important steps surgeons can take, especially with the rapidly changing dynamics in healthcare today.



Five Questions to Ask a Financial Advisor

1. **How do you work with your clients to help them reach their financial goals?** The advisor should be able to describe to you a clear, systematic approach for identifying and addressing client needs.
2. **Do you help clients address financial goals beyond investments?** While many advisors provide only investment management, you may need assistance in the four advanced planning areas of wealth enhancement, wealth transfer, wealth preservation and charitable giving.
3. **Do you specialize in working with certain clients?** If you are a physician, the financial advisor should fully understand the specific challenges you and other physicians face.
4. **Do you work with specialists?** The financial advisor should be able to access the full range of knowledge required to address your concerns. This may be through a team at his or her firm or through an outside network of professionals.
5. **Why did you become a financial advisor?** The answer should reveal whether the advisor has a true passion for what he or she does.

Addendum

The Scorecard: Employed Physicians vs. Private Practitioner*

The Employed Physician

1. Loss of independence/autonomy
2. Medical practice taken over by corporation
3. No administration worries
4. More free time
5. Malpractice insurance is part of the contract, making asset protection less of an issue (except for gross negligence).
6. Security? What happens when your contract is up? Will your income remain the same?
7. Focus on what you're trained to do – care for patients and not worry about day-to-day business affairs.

The Private Practitioner

1. Control / Own boss
2. Autonomy
3. Tax benefits

4. Downside: stress of running a business, lower reimbursement fees due to lack of leverage that hospitals have.
5. Private-practice management can be a time-consuming, administrative challenge.
6. Most surgeons and other medical professionals are trained in specialty areas and do not have adequate business-management skills. Meeting with patients, operating, post-operating appointments and running a business are challenging. Those who do this well have a turnkey system in place, often including a capable office manager and support personnel.

ⁱ The Physicians Foundation. "Practice Patterns & Perspectives - An Examination of Professional Morale, Practice Patterns, Career Plans and Perspectives of Today's Physicians Based on Over 20,000 Survey Responses." *2014 Survey of America's Physicians*. September, 2014. Print.

ⁱⁱ Deloitte. "Deloitte 2013 Survey of U.S. Physicians - Physician perspectives about health care reform and the future of the medical profession." *www2.deloitte.com*. 2013. Date of access: 5/31/2016

ⁱⁱⁱ Deloitte. "Deloitte 2013 Survey of U.S. Physicians - Physician perspectives about health care reform and the future of the medical profession." *www2.deloitte.com*. 2013. Date of access: 5/31/2016.

^{iv} Deloitte. "Deloitte 2013 Survey of U.S. Physicians - Physician perspectives about health care reform and the future of the medical profession." *www2.deloitte.com*. 2013. Date of access: 5/31/2016.

^v Deloitte. "Deloitte 2013 Survey of U.S. Physicians - Physician perspectives about health care reform and the future of the medical profession." *www2.deloitte.com*. 2013. Date of access: 5/31/2016.

^{vi} The Physicians Foundation. "Practice Patterns & Perspectives - An Examination of Professional Morale, Practice Patterns, Career Plans and Perspectives of Today's Physicians Based on Over 20,000 Survey Responses." *2014 Survey of America's Physicians*. September, 2014. Print.

^{vii} Guadio, Nick. "What's the Most Pressing Issue Facing Orthopedic Surgeons in 2015?" *The Centers for Advanced Orthopedics*. 2015 The Centers for Advanced Orthopaedics, 28 Jan. 2015. Web. 05 July 2015. Date of Access: 6/1/2016.

^{viii} Gurley, R. Jan. "Whether retiring or fleeing, doctors are leaving health care." *www.centerforhealthjournalism.org*. March 27, 2014 *Center for Health Journalism*. Web. Date of access: 5/31/2016.

^{ix} Daugird A, Spencer D. Physician reaction to the health care revolution: a grief model approach. *Arch Fam Pract*. 1996;36:497-501. Print.

^x Cohen, K and Peetz, Michael E. "Surgeon Frustration: Contemporary Problems, Practical Solutions." *www.contemporarysurgery.com*. Vol. 59 No 2/Feb 2003. Date of access: 5/31/2016.

^{xi} Q Wolters Kluwer. Wolters Kluwer. "Health 2013 Physician's Outlook Survey." 2013. Print

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