**EPISODE 208: Plan for Retirement Now to Maximize Your Freedom Late**

**With guest Dr. Carolyn Mcclanahan**

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CM: “The first thing people need to think about, especially physicians, because so much of your life is wrapped up in what you do, is what are you going to do post-retirement? People need to be cautious about retiring early, and instead make sure they love what they're doing, maybe do less of it so they can enjoy more of life along the way.”

HF: Welcome to The Doctor's Crossing Carpe Diem podcast. If you're questioning your career in medicine, you've come to the right place. I'm Heather Fork, a former dermatologist and founder of The Doctor's Crossing. As a master certified coach, I've helped hundreds of physicians find greater happiness in their career, whether in medicine, a nonclinical job, or something else. I started this podcast to help you discover the career path that's best for you and give you some resources and encouragement to make it happen. You don't need to get stuck at the white coat crossroads. So, pull up a chair, my friend, and let's carpe that diem.

Hey there, and welcome back to the Doctor's Crossing Carpe Diem podcast. I'm your host, Heather Fork, and you're listening to episode number 208. Before we dive into today's topic on financial planning for retirement, I want to touch on something that could be helpful if you're thinking about changing up your career now or before fully retiring.

If you're considering some changes, converting your CV to a resume can help open doors. It's also really important to know how to navigate LinkedIn for finding new opportunities and getting noticed by recruiters.

To help you with that, I'm offering a special Black Friday deal starting today, Wednesday, November 27th through midnight on Monday, December 2nd, 2024. You can get 50% off my resume kit and LinkedIn course. Just use the discount code BLACKFRIDAY50. That's BLACKFRIDAY50 at checkout.

If you want to learn more about the resume kit and LinkedIn course, you'll find links in the show notes, or you can head to doctorscrossing.com and hit the products tab. This is a great opportunity to set yourself up for success as you explore a new career path while planning for retirement.

Now onto today's episode. If you've been following along, you know we're doing a four-part series on retirement planning for physicians. This is the fourth and the final episode, and we'll be focusing on the financial aspects of retirement. In case you missed them, here's a quick recap of the series so far, and I will also have them in the show notes.

Episode 195 tackled ageism and how to get hired later in your career. Episode 202 featured Dr. John Jurica, where we discussed part-time work options as you approach retirement. Episode 204 was with Dr. Dike Drummond, and we focused on navigating the psychological aspects of retirement.

Today, we're zooming in on finances. I'm honored to welcome a very special guest, Dr. Carolyn Mcclanahan. Dr. Mcclanahan transitioned from medicine to become a certified financial planner after 10 years of practice. She's now a highly regarded expert who regularly speaks at the intersection of health and financial planning, especially around aging, chronic illness, and long-term care.

In addition to running her own financial planning practice, Dr. Mcclanahan serves on the CNBC and Investopedia Financial Advisor Councils and contributes to major outlets like Forbes, The Washington Post, and The New York Times.

Today, we'll be covering a variety of essential topics, including how much money do you really need to retire, long-term care insurance, do you need it, and where to find it, what to do if you want to retire early, and tax planning strategies, and more. Without further ado, it's my true honor and pleasure to welcome Dr. Carolyn Mcclanahan to the podcast. Hi, Carolyn. Welcome.

CM: Well, thank you for having me. It's a pleasure to be here.

HF: Well, as you know, we've been doing this series on retirement, and the money issue is a big part of it, and I was so excited to find you because you are a physician. You understand what we face and ins and outs, and you also are an expert in this area, so thank you for your time.

CM: Oh, my pleasure. It's always good to educate the public, especially my fellow physicians.

HF: All right. Well, I'm sure some of the listeners are curious as to how and why you made this big change.

CM: Well, kind of a long story. I'll make it super short, though. I actually was interested in finance when I was in college. I was going to be an actuary, which sounds real sexy, but I realized it was pretty boring, and I was also an athletic trainer in college. I said I should become a physical therapist, and then I realized how hard you had to work to get into physical therapy school. I thought, forget that. If I got to work that hard, I want to be the boss, so people didn't boss me around, so I went to med school. And I loved it, actually. I did two residencies. A long story behind that, I did pathology and then realized I liked people more than I thought I did and turned around and did family medicine, but concentrated in emergency medicine. So, that's what I mostly practiced was emergency medicine.

In 1996, my husband inherited some money, and I was already interested in finance. I was putting money in my IRA when I was a resident and all that, and so we invested that money. We did quite well. And like a lot of doctors, I thought I was brilliant at finance, but those years were pretty great for the market, so we did well. And around 2000, he's an engineer. He says, I don't want to be an engineer. I want to be a track coach and a photographer. And I'm like, honey, I love you, but I am not going to support you.

So we tried to find a financial planner, and they all were about just doing investments, and I thought, gosh, I'm smart enough. I can do investments on my own. We're trying to find somebody to tell us whether he can change careers. I was in my mid-30s. We were in our mid-30s at that point, and so I went back to school for fun, and I fell in love with it. I saw a huge need for people getting advice, true financial planning advice, not just investment advice. And so, I decided to change careers. I did both for a little bit.

In medicine, I love taking care of patients, but the culture in medicine can be challenging sometimes, and people in finance are much more fun, and so I made the switch, and now I have a great career. My practice has been almost 21 years now, and we're nationally known. It's been a load of fun.

HF: Well, that's quite a story, Carolyn, and that's how you started out thinking about being a physical therapist. And now, in a way, you're a financial therapist for people's financial health, financial fitness. It's very, very interesting. So, what does your husband do now?

CM: He's a photographer and a track coach.

HF: So he got to do it.

CM: Yeah, yeah. Well, he actually coached high school track for 10 years, and then he got actually tired of the parents, so he does stuff for fun in track and field, but for the most part, he does photography, and his main job is actually now taking care of me.

HF: All right, all right. Well, I love it. I did solicit a number of questions that we're going to be talking about from a physician Facebook group, and then I'll be adding in some more, but obviously, a big one is, “How do you know how much money you need to retire?”

CM: This is really a great question, and because I want to first redefine what retirement should be. If you think about retirement, it's kind of invented in the 1930s when they came up with Social Security, and back then, they picked age 65 as the age people retired. Life expectancy back then was 65, and if you lived to 65, the life expectancy at that point, it was 72. So, people didn't live in retirement very long. Now, if you live to 65, good chance you're going to live into your late 80s. And so that's a lot of years to be “retired” when you got a lot of good years left in you.

And so, the first thing I think people need to think about, especially physicians, because so much of your life is wrapped up in what you do, is what are you going to do post-retirement? And I actually think that people need to be cautious about retiring early, and instead make sure they love what they're doing, maybe do less of it so they can enjoy more of life along the way, and work longer. Because you can't count on the stock market to take care of you for 30 years in retirement. You just don't know what's going to happen, so your most important skill is your human capital. That's your most important asset. And so, maintaining that as long as possible is good for many reasons.

To get to your answer though, because it's like, “Well, how much do I need?” The biggest part of the equation in saving for retirement is how much do you spend, and we see this specifically in physicians. You get out of residency. You have all this pent-up demand because you did all that hard work in med school and residency. All of a sudden, your spending explodes. You got to keep up with the Joneses. You're in the doctor's lounge, and everybody's talking about their latest car, their bigger house, and if you need to spend $400,000 a year for your lifestyle, you're going to have to save a heck of a lot more to be able to afford that lifestyle. The better you have maintained your lifestyle under control, then the less you need to save.

I counsel people that they should go to a financial planner, at least, or now there's actually good online financial planning tools you can use. You plug in your spending. What are you going to make for Social Security? Are you going to have any pensions? Hardly anybody has those anymore, but some people still do, and then they'll tell you about how much you would need for retirement.

And for somebody, there's this thing called the 4% rule. Actually, I'm good friends with the man who made up the 4% rule, Bill Bengen. He's retired now, and he's a very sage man. He says, in reality, that's not how life works. When you retire, you're going to have some years you don't spend a lot, and then some years, you're going to want to take a trip around the world and maybe spend $30,000 more on travel, or you're going to need a new roof. Looking at how much you can withdraw each year based on a 4% rule is not really reliable.

It's good to know your cash flow, work with a financial planner to figure out that you're saving enough for that amount, then you've got to decide, “When am I going to retire?” If you're going to pick that magic age 65 that everybody still likes to hang their hat on, then you've got to look at your life expectancy. If you're in good health, you've got to plan for a good 20, 30, maybe even 35 years of living on that money. And so, that's where I would caution you. Just be careful about hanging your hat on a number and saving for that number. Stay flexible and resilient throughout your career. Save for what I call financial resiliency. Don't focus so hard on just that retirement number. Probably not what you wanted to hear, but that's how it works.

HF: Well, I love different opinions, and there never is one size fits all. Everybody's different. Previous guests on the podcast have mentioned the 3% rule, the 4% rule, and for people who aren't familiar with it, is it okay to just use it as a quick way to get some ballpark of what nest egg we're looking at? Because a lot of people don't even have any idea to think about, “Well, do I need a million? Do I need two million? Do I need three million?” Are you okay just using something like that to come up with a number that's sort of a ballpark and then work with the details?

CM: Yeah. If it gets you to say, then go for it, but it's not going to be reliable.

HF: Right. And do you want to just explain what it is, like how you do that math to get the number?

CM: Yeah. There's John Guyton who came up with the 6% rule as long as you use these guardrails. Some people say the 3% rule was when we had lower interest rates, but now that interest rates are back up, the 3% rule probably isn't reliable. And that one really is really tough. What it says is you can spend 3% of your nest egg every year and not run out of money. And the original study by Bill looked at a 30-year timeframe investing in a 60-40 portfolio, and looked at how that looked going backwards. And he said, if you spend 4% of your money, your money will last 30 years.

HF: But you have to have a certain amount.

CM: Yeah. If you have a million, you can spend 440,000 a year. If you have 2 million, you can spend $80,000 a year. 3 million, $120,000. Don't forget, you're also going to have social security. I'm pretty sure any politician that stops social security is looking at losing their next election.

HF: Right. I think it just is also in a sense of just having a little bit of an idea of what am I aiming for in the ballpark? But yes, I understand the caveats. All right. Another question that comes up too is, “Do I need long-term care insurance? And if so, where should I find it?”

CM: The challenge with long-term care costs is you don't know how much you're going to need or how long you're going to need it. The average long-term care need is two to three years. And there's a great website. It's called Genworth Cost of Care. You can look up what care costs in your area. And if you are a healthy person, you have a higher risk of dementia because you're going to live longer. So, people who are healthy and a lot of doctors are healthy and would probably live a long time, they should plan for about five years of long-term care because they have a higher risk of dementia. If you're not healthy, you can plan for that two years of long-term care. First off, you need to understand how much you need. The second thing, you got to decide where are you going to get care? If you say to your children, I want to get my long-term care at home, don't ever put me in a nursing home, 24-hour care in a home can easily cost $240,000 a year. Whereas that's like double the cost of a nursing home. And people don't realize it.

So making sure you control the cost you can control by thinking through the logistics of where you're going to age. Is it going to be at home? Is your home aging-friendly? When would you move into a facility? Is it when it's no longer safe to live in your home or when it just becomes exorbitant cost? And so, you got to think through that first and determine how much you need. Then you have to say, “Can I self-fund?” Hopefully a lot of physicians are saving money. And you said that they have that bucket set aside for at least two years worth of care. And if you know you can do that, you probably don't need long-term care insurance.

Now, if you do need long-term care insurance, one of the challenges with long-term care is early on the policies, they underpriced them. And so, the policies that people were buying back in the 2000s to 2010, they're seeing big premium increases. I think they're more fairly priced now, the traditional long-term care.

But the problem is you might be spending $5,000, $6,000, $7,000 a year on the premiums. Then if you die, it all goes away. A lot of people have a hard time with that. So more people are using what are called hybrid policies. They're a combination of life insurance, long-term care, where you put in a set amount of money. They can't change the premiums because you paid this lump sum amount. And then you get this certain bucket of money when you need long-term care. Those are the ones we're using now.

And if you have an old life insurance policy that you don't really need pure life insurance anymore, you can roll those old, your cash value from those old life insurance policies into the hybrid policies. That's a nice way to segregate a bucket of money for your care to buy that long-term care insurance.

HF: Do you have any recommendations on vetting a good company to get the policy through?

CM: Absolutely. I would use an independent long-term care insurance agent that can sell multiple companies. You don't want to go to a captive agent that can only sell one company. Find an independent agent. And then you want to make sure that you understand how it's going to pay out. Now that I have clients that are actually claiming long-term care, companies hate to pay it out.

And so, there's two types of policies in how they pay. There's the reimbursement where you have to turn in all your receipts. You have to use approved providers to provide your care, and then they reimburse you. So you pay the provider. The long-term care company reimburses you. I prefer the indemnity policies.

And what that means, as soon as you qualify for that long-term care insurance to start paying out, they send you a check every month. They don't care how you use it, who you're hiring to take care of you. I prefer indemnity policies to reimbursement policies. So, ask for that when you're looking at long-term care insurance.

HF: Those are great suggestions. This is an area I know nothing about, so this is very helpful. Another question is around not having enough money to retire for whatever reason. For example, a physician could have gone on disability and it's really not paying them enough, and they face being 65, not getting their disability anymore, but not really having enough money. It could also be they went through a nasty divorce and they don't have anything near what they thought they would. And everybody's situation is different. Some people have the illness, the disability. But any way to start approaching this difficult situation, Carolyn?

CM: Well, gosh, the challenge is, again, the number one equation for successful retirement is controlling spending. And if you become disabled and you're on disability insurance, it's important to curtail your spending and understand what you actually need to spend and then save as much as you can for when that disability insurance runs out.

The other thing, and I always make sure physicians get own occupation insurance, and that if you have true own occupation insurance, you could ideally do another job while collecting your disability insurance. So, go ahead and look for other avenues of income. Look for other things that you can do. Any bit of money helps. And so, start saving, make sure you're minimizing your debt, paying your house off so that you don't have to have that increased cash flow when your disability stops to have to continue those house payments.

HF: Those are really excellent suggestions. And it's something we talk a lot about on the podcast because our sponsor is PearsonRavitz and they offer disability policies and really stress physicians being financially savvy about those policies so they don't get into that kind of trap.

CM: Right.

HF: Now this next question is, “How do you plan for aging parents and college-bound kids while working towards retirement?” A lot of financial considerations here.

CM: Yeah, that's the sandwich generation and it's just rampant, especially now with long-term care costs being so high and people living longer. It's important for people to talk to their parents long before their parents run into trouble. And so, we have in our practice what we call aging planning conversations when people start turning 60, late 50s, early 60s. And if they have parents that are in that age group or even older, it's like talk to your parents early and find out, it's amazing how families don't talk. What do you already have in place? What are your financial resources? Where do you want to age? Have you done advanced directives? That's a huge one.

Even with doctors, they're horrible about talking to family members about having good quality of life, advanced directives, so you understand when to say when. And there's a talk I do on planning for chronic illness and I call it the medical treadmill. That last year or two of life is when money just goes out the door. And usually the reason is because people aren't communicating. So, you keep going to the doctor when maybe you should be in palliative care or hospice because your quality of life isn't going to improve, but everybody's afraid to talk about it.

It makes me sad for all the doctors listening out there. I wish you would talk more to your patients about what truly is attainable as far as quality of life. I was so proud. I just had a client recently who's a medical professional and she has metastatic esophageal cancer. She was thinking about going to get more chemo. And I was so glad the doctor said to her, don't do any more chemo. We need hospice now. And so, I was like, wow, that's rare because you learn just informational and they let the patient make the decision. And that didn't happen here. People don't like to talk about end of life and money, but in reality, that's the most costliest time. And so, that's what you can do to help on the parental side.

On the children's side of the sandwich generation we're seeing a lot of kids just failing to launch. A lot of studies out there showing that kids are living with their parents age 25, 30, even longer. And the challenge that you have is housing costs are out of control. Wage inflation has not kept pace with price inflation and housing inflation. So, it's hard for kids to get jobs where they can afford to live. Or especially if their parents are physicians that are used to this higher quality of life, they don't want to go live in the apartment with four other people. And so, you've got to set expectations for the kids.

And we actually have families create contracts with the kids about what you're going to do, when you're going to do it and make them pay rent. They've got to learn some responsibilities and start adulting so that they can successfully launch.

One sad thing I see is parents who continue to coddle their kids and the kids never become financially capable. And that just hurts them in the long run. So you just got to put your foot down, and ideally teach them good financial skills from early childhood on so that they're prepared for the real world.

HF: Oh my gosh, there's so much in here. And I have to say, I talked to so many physicians when I do coaching who are financing a parent and an elderly parent or a sibling that maybe didn't quite make it the way they did. And then their kids too, I've seen these conversations. One of my clients just had a conversation about, “I can't pay your rent for you and your fiancé anymore.” And you make such a great point too about how the children of physicians have often been accustomed to a lifestyle that you don't have when you leave college and then have to make it on your own. So there's a big change that comes. And I think you're so right in saying we have to have some difficult conversations.

CM: Right. And prepare them early on. Say to them, “This is what you get now, but this is not what it's going to look like in the future.” And you've got to stick to your gun. So many parents enable their children and the children just beg them or plead, make them feel guilty. And they give in. It doesn't work. You've got to set your boundaries, stand your ground because you know that it's going to be painful, but in the long run, they're going to do much better.

HF: And I know I talk a lot on the podcast about how much I love Chat and Chat GPT is a great resource. And this is a place you can start. You can actually put in your situation with your child, your sibling, your parent, whatever it is, tell Chat what it is and say, “Can you give me some advice on starting this conversation?” And you will get actually very good advice and it can start to feel doable when you have this resource that can help you step-by-step navigate these conversations.

CM: Yeah. To have a good framework to start from. There's a book I recommend to everybody. It's called Fierce Conversations by Susan Scott. To me, I've read the book four times and it teaches you, it's a business book, but not really. It teaches you how to have hard conversations and to leave everybody feeling good about having had those conversations.

HF: Absolutely. We will put that in the show notes. And it also reminds me of Crucial Conversations, which I love as well. So, Fierce Conversation guide that will be in the show notes. All right, Carolyn, we're moving on here. Now we can't dive too deeply into this, but there was a question about tax strategies when you're considering retirement.

CM: Yes. For me, I call the age, age 60 to 70, the golden years of tax planning for retirement. And the reason why is when you're 59 and a half, you can start taking money out of your IRAs, your retirement plans without penalty. Also, you can ideally take capital gains if you can keep your income low enough. You can take tax-free capital gains if you can stay in the 12 percent tax bracket, which a lot of people, if they do it right, it's pretty easy to do. And the reason I say to age 70 is because ideally you're going to claim Social security at age 70. That's the best answer for most people. Don't claim Social security earlier because now you have the income coming in that's being taxed. Between 60 and 70, you have no other income. So you can pull money out of your retirement plans and low tax brackets. You can take tax-free capital gains. If you retire before 65 and need health insurance, you can actually manipulate your income so that you can get tax credits to pay for your health insurance through the ACA.

There are a lot of great tax planning tools you can do, especially in early retirement, that are going to save you a lot of money. Nothing breaks my heart more than to see a tax return that has a negative income because people don't, they live on their taxable accounts or their savings. They don't take money out of their retirement plans. They get their $30,000 standard deduction and they hardly had any income. They have negative income, plus they've wasted the 10 percent, the 12 percent tax bracket that you can't beat those tax brackets for pulling money out of your retirement plans.

HF: Do you have a book that you recommend for thinking about tax strategies for retirement?

CM: I should write a book. There are a lot of good articles out there on that. And in fact, I think I've written a few. I have a blog at Forbes that I'm pretty darn sure I've written about that strategy on my blog.

HF: That's awful because there are a lot of details and it sounds like you want to be careful about doing the right thing at the right time.

CM: Well, one thing, just so for your listeners, we're not currently taking new clients, so I'm not trying to get clients, but saving money for retirement, being in the accumulation phase is actually quite easy. It's being in the distribution phase where you have to start living on your money that it gets difficult. I stress to everybody, at least when you're getting ready to retire, hire a financial planner, pay the money and have them go through with you what the tax strategies could be or accountants can help you.

Accountants come in two flavors. The majority, I would say 95%, just want to do taxes, but there is a minority out there that will actually help you do good tax planning to maximize your income during retirement. Most accountants though are very much on saying how much money can we save you in taxes now without thinking through the whole picture of your future tax picture. So you just got to be careful with that. And so, the big takeaway for your listeners is always utilize the low tax brackets, at least the 10 and 12% tax brackets, never let those go to waste.

HF: All right. Excellent. Here's another question from the Facebook group. Would love to hear about Coast-FIRE. Financial Independence Retire Early. And there's this subset of post where you're not actually retiring, I think, but you might be still having some income, but not as much as before. It seems very common in other industries, but is less talked about in medicine.

CM: My attitude towards this is, again, the biggest determinant of financial independence is how much you spend. If you have a person that spends $40,000 a year, which is kind of tough to live on these days, but they don't need that much money to be financially independent. But if you retire early, your 30s, 40s, then you're counting on your investments to take care of you for a very long time. And what happens if we have a depression? The stock market was sunk for 20 years. That's rare. Most recessions last two to three years. The Great Recession was three years.

And so, I always tell people, I get very nervous about people quitting and giving up their human capital. If Coast-FIRE still continues to do something, I think that's fantastic. And so, if you can save and feel like you can live on your money, then that gives you a lot of freedom to go do different things.

I actually sort of did that. I was very lucky in that my husband inherited money that we turned into a nice bucket of money. And that's what actually allowed me to comfortably be able to change professions. When I started my own company, I was part time in the emergency room. And I'll bring a little bit of the sexism women face in medicine. One of my friends had become a partner. And he said, as soon as he became a partner, he had access to financials. He said, Carolyn, you're the most productive physician and they pay you the lowest. And that was very disheartening. And I should have known there's something to that when the boss said to me when they hired me that women should be home having babies. But you get used to that crap in medicine. That was 20 years ago.

And so, I was at this point where I just started my practice in financial planning. I was going to just take care of my ER buddies and my running partners. I'm a runner. And that was it. And then when that happened, I'm like forget this. I'm going to ask for a raise. And if I don't get it, I'm going to quit. And that's what I did. I asked for a raise. Didn't he said? Nope. I'm like, I quit. And I was able to do that because we had a nice chunk of savings that would last us for three to four years.

And we cut our spending. We paid our house off, cut our spending. And so, that savings would easily last us three to four years and actually a little bit longer than that. But that gave me a lot of freedom to be able to go build my business and create something new. And I never let my medical license go just in case I failed. I volunteered in a homeless shelter for 13 years in a clinic for the working uninsured. Because I love patient care still. I just hated the culture of medicine and the business of medicine. I always so I've always had that in my back pocket in case my business failed. And now I have four careers, actually, because I also speak at conferences. I get paid to write. All that adds up. And so the more you can improve your skillset, the better off you're going to be. Long answer to your Coast-FIRE but I think it's really a brilliant idea.

HF: Right. And there's so many great pearls in here that you dropped. I think a big one is to be able to diversify your income because so many people are burning out so early from medicine. As you talk about, the culture is what's hurting people. They still love patients. They still love being able to help people.

CM: It breaks my heart.

HF: Right. So many people say that it's sucking their soul out of them to do this work. And that's not right for anybody. And one thing that came to mind, too, when you were talking about that comment about women should be home and having babies and you were being paid less. And so, there's that, too, which we need to take empowered action to understand the compensation that we're getting and advocate for ourselves. It also brought up another thing that I see, too, which is that our programming from childhood about money can really affect decisions we're making. For example, I talked to a physician the other day who had a very, very difficult childhood.

And so, there's this belief that she doesn't really deserve to be paid what she should be paid. And she's thinking about having her own business. And she said, “Well, I have a hard time really charging people. And then I could have the sliding scale if people need it.” We really have to work on the mindset around money because a financial planner can tell you what you need to do. But until your own belief about yourself says that you deserve this or you should take better care of your finances because this is what's right for you, the changes won't be made.

CM: Right. If you don't take care of yourself, you can't take care of anybody else. And so, financial stability is so important. And to be able to know what the market is for your services and at least charge what the market is paying. And if you're excellent at what you do, which a lot of physicians who change careers, we're all driven and we're taught to be excellent. You're probably better than everybody else out there if you're doing a new career, then you should make sure you charge for that. And the people who find the value are going to pay that.

And then once you start making the money that you deserve to be made, not because you're entitled to because you're excellent, then you can give back in other ways. Or you can do pro bono work, but clearly call it pro bono work. Don't do sliding scale. You have a certain set amount of time that you dedicate towards that pro bono work.

HF: That's absolutely right. And so, I think those words will be really helpful to people who need that nudge. All right. We have two more questions that I want to get to. And I know we're getting close to time here. This one is, “Do you have to have your home paid for?”

CM: You do not need to have your home paid for. But now we're going to get into asset protection. Depends on where you live. In Florida your home is 100% protected asset from creditors. It's crazy not to pay off your home because physicians they're a high liability that nobody can take that away from you. That's why for people old enough to remember OJ Simpson, as soon as he was charged, he bought a huge home in Florida because he knew they could never take that away. And so, yeah, know the asset protection laws in your state. Again, because that should drive it a little bit. But plus, the nice thing about having a home paid off is that that's less cash flow that you need. It's your safety valve.

Especially the older you get, when you're younger, you can be very aggressive with your investments. And maybe it is better to save more to investments and have a mortgage.

But the older you get, you should start becoming more conservative with your investments because you're going to have to start living on your money, when it's time to start living on your money.

And so your home, to me, is a conservative part of your portfolio. Ideally, I don't treat homes as an investment, but I treat them more as a safety valve in case something ever happens. So, it's a personal decision. When your mortgage was 2.5%, hard to argue not keeping that mortgage. But if your mortgage is now at 6%, 7% that is still a lot of money, even if you get a tax break on it. And so, you have to decide for yourself whether you can mentally and financially afford to pay off the house or whether you want to put investments elsewhere.

My firm, we are passive investors. For anybody who understands investment philosophy, there's active, where you think you can beat the market and pick the best companies versus passive, where you know you can't. So you buy the index, keep costs low and stay tax efficient. So many physicians just think they're going to find the next best thing. They're going to beat the market. They're going to do these crazy things. And they don't. And I've seen them lose their pants.

And especially when they're doing venture capital, private equity, it's amazing how physicians are taken care of. I always caution physicians that do a lot of that stuff. Make sure you have a safety net and that you're doing some things that aren't going to go away.

HF: Great advice, Carolyn. All right. The last question is, “In terms of estate planning, how do I support the next generation without money being wasted?”

CM: Well, you can't control from the grave. The best way if you want to leave money to your kids is make sure you do a good job while you're alive, teaching them the value of money, how to take care of the money, teaching them financial independence for themselves. And then if you make sure they can stand on their own two feet and that they've created a world for themselves without you having to lift them up all the time, it's more likely that they're going to do a good job taking care of any money that you leave behind.

HF: That's a great quote. You can't control things from the grave.

CM: I didn't make that one up. That's a common saying in finance.

HF: That's really great. And often it feels probably like you can't do it, like before the grave, do sometimes with people with decisions that they're going to do and once you separated from your children, whatever, they're making their decisions, but they're also living by the consequences, too.

This has been a really great episode. I know you said you're not taking on new clients. Is that something that's going to be forever? Or do you want to let people know how they can find you to reach out to you if and when you do open up?

CM: My company is lifeplanningpartners.com, just like it's spelled. I am hiring some new people and we'll probably start mid-next year taking more clients. We work as a team for all the clients. My other website is carolynmcclanahan.com. That's my speaking and writing website. That's if you want to find out what I'm speaking and writing about, that's where you go for that.

HF: All right. We will put those links in the show notes as well as the book that you mentioned, Fierce Conversations. Thank you so much for coming on the podcast. I know you're very busy and I really appreciate your time.

CM: Yeah, my pleasure. It was fun.

HF: All right, my dear listeners. I just wanted to remind you about the Black Friday special on the resume kit and the LinkedIn course. You can find out more about them at doctorscrossing.com and go to the products tab at the top of the page. The discount code to use at checkout is BLACKFRIDAY50. That's BLACKFRIDAY50. That will be in the show notes. And these resources have a money back guarantee. So if you try the resume kit and the LinkedIn course, know that there is no risk at all.

I hope you have a wonderful Thanksgiving with your family and friends and loved ones. And we'll see you in the next episode. Don't forget to carpe that diem and I'll see you soon. Bye for now.

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Podcast details

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