

A CANDID CONVERSATION ABOUT  
A TABOO TOPIC FROM ONE DOCTOR TO ANOTHER

*The*  
**MYTH**  
*of the*  
**RICH**  
**DOCTOR**

**DOCTOR, WHAT IS THE STATE  
OF YOUR FINANCIAL HEALTH?**

**VICKI RACKNER, MD**

*The*  
**MYTH**  
*of the*  
**RICH**  
**DOCTOR**

**DOCTOR, WHAT IS THE STATE  
OF YOUR FINANCIAL HEALTH?**

**A CANDID CONVERSATION ABOUT  
A TABOO TOPIC FROM ONE DOCTOR TO ANOTHER**

**VICKI RACKNER, MD**

*THE MYTH OF THE RICH DOCTOR  
DOCTOR, WHAT IS THE STATE OF YOUR FINANCIAL HEALTH?*

©2017 Vicki Rackner M.D.

All Rights Reserved.

No part of this publication may be reproduced or distributed in any form or by any means, or stored in a database retrieval system, except as permitted under Sections 107 or 108 of the U.S. Copyright Act, without prior written permission of the copyright holder.

[www.MythoftheRichDoctor.com](http://www.MythoftheRichDoctor.com)

ISBN: 978-0-9769430-5-1

Library of Congress data on file with the publisher

Material in this book is for educational purposes only. Neither the publisher nor the author assume any liability for any errors or omissions, or for how this book's contents are used or interpreted, or for any consequences resulting directly or indirectly from the use of this book. For legal advice or any other, please consult your personal attorney or appropriate professional.

10 9 8 7 6 5 4 3 2 1

# CONTENTS

**Introduction: Physicians and Money . . . . .1**

## **PART I: PHYSICIANS' FINANCIAL HEALTH**

**1: Are Doctors Rich? . . . . .9**

- |  |  |
|--|--|
| <b>What Does It Mean to Be Rich?</b>                               | <b>Physicians' Financial Truth</b>         |
| <b>What's the Difference between Being Rich and Being Wealthy?</b> | <b>Money as a Taboo Topic</b>              |
| <b>Why Is Building Wealth Important?</b>                           | <b>Lessons from Our Patients</b>           |
| <b>Thriving Physicians versus Struggling Physicians</b>            | <b>The Investing Landscape Is Changing</b> |
|  | <b>The Systems Problem</b>                 |

**2: Your Financial Health . . . . .31**

- |  |   |
|--|---|
| <b>What Is Your Current State of Financial Health?</b> | <b>What Is Your Pain Personality?</b>     |
|  | <b>What Is Your Mind-Set about Money?</b> |

**3: Your Objective Financial Picture . . . . .49**

- |   |   |
|---|---|
| <b>Your Financial Vital Signs Are You on Track?</b> | <b>What Is the Path to Financial Freedom?</b> |
|---|---|

**PART II: GENERATING MORE EARNED INCOME**

**4: The New Thriving Medical Practice:  
Working Smarter—Not Harder . . . . . 63**

- |   |   |
|---|---|
| Your Income                             | Are You Ready for Money to Enter the Doctor-Patient Relationship?                     |
| Times Are Changing                      | How Do Physicians overcome the Professional and Ethical Barriers to Business Success? |
| Do You Run a Small Business?            |   |
| Do You Need Sales and Marketing Skills? |   |

**5: Are You Leaving Money on the Exam Table? . . . . . 81**

- |   |   |
|---|---|
| Failure to Negotiate Contracts                            | Being Penny-Wise and Pound-Foolish                |
| Failure to Collect What You're Owed for Clinical Services | Failure to Harness the Power of Leverage          |
| Failure to Negotiate Terms of Contracts and Loans         | Failure to Protect against Fraud and Embezzlement |
| Failure to Scrutinize Expenses                            |   |
| Failure to Minimize Your Taxes                            |   |

**6: 10 Ways to Generate More Revenue . . . . . 93**

- |                          |                                 |
|--------------------------|---------------------------------|
| Moonlight                | Educate, Empower, and Entertain |
| Focus                    | Coach and Consult               |
| Leverage Staff           | Assume Physician Leadership     |
| Add Clinical Services    | Start a Company                 |
| Change Practice Settings | What's Right for You?           |
| Consider Moving          |                                 |

**PART III: PUTTING YOUR MONEY TO WORK AND GETTING  
BETTER RETURNS ON YOUR INVESTMENTS**

**7: A New Wealth-Building Approach. . . . . 115**

- |                                 |                            |
|---------------------------------|----------------------------|
| Wealth Building Is an Epic Task | The Threats to Your Wealth |
|---------------------------------|----------------------------|

**8: Financial Habits of Wealthy Physicians. . . . . 133**

What is Your Path to Wealth?	Worksheet
Resources (to be downloaded at <a href="http://www.MythOfTheRichDoctor.com">www.MythOfTheRichDoctor.com</a> )	Your Assessment and Plan: Your Holistic Wealth-Building Worksheet
Your Financial Health Worksheet	Your Financial DNA: Get Your Assessment
Your Practice Financial Health	

**Resources . . . . . 157**

**About the Author . . . . . 159**

**Acknowledgments . . . . . 161**

**Take the Next Step. . . . . 163**

# INTRODUCTION: PHYSICIANS AND MONEY

**A**re you in a financial position to do what you want to do when you want to do it?

Could you afford to invest in your medical practice, take time off to care for a sick family member, or make a substantial donation to your favorite cause?

This book is your invitation into a frank conversation about physicians' ultimate taboo topic—money.

Why dive into the discomfort? Just as gas fuels your car and oxygen fuels your cells, money fuels your life. Every choice you make carries financial consequences. The scarcity or abundance of money drives purchasing choices. Money enters into decisions about whether to volunteer in a medical mission, bring in a new partner, or launch a blog.

Further, many physicians—perhaps even you—find themselves at a crossroads contemplating big changes to position themselves for success in the era of the Affordable Care Act. A solid and secure financial foundation gives you more options.

## Why Did I Write This Book?

The goal of this book is simple—I want to help you see a more hopeful future.

This means breaking the conspiracy of silence and telling the truth about physicians' ultimate taboo topic—physicians and their relationship with money.

The ideas in this book are intended as a therapeutic intervention to alleviate the suffering of physicians imprisoned by the pandemic of despair. I know this sounds dramatic. However, think about the conversations you have with your colleagues. Take a look at the critically high rates of physician burnout.

Virtually every physician with whom I speak experiences acute financial pain, regardless of his or her income. Earning less hurts, no matter how much you make. Paying ever-increasing taxes hurts. Worries about market volatility keep physicians up at night, regardless of the size of their portfolio.

Financial security—and financial insecurity—impact every dimension of a physician's life. Constructing a firm financial foundation is the first step toward achieving the personal and professional goals that attracted you to a career in medicine. Wealth gives you the freedom to do what you want to do, when you want to do it.

In this book we'll explore

- The forces that shape physicians' relationship with money,
- Common financial mistakes physicians make,
- Habits that separate wealthy physicians from struggling physicians, and

- A process to assess your financial health, and a plan to work toward greater wealth.

This is not your standard primer on investment strategies. Here you'll see how you can apply the principles, skills, and tools that help you take care of patients to make consistent, informed financial choices. Let's develop financial standards of care for your money that parallel clinical standards of care for your patients.

You optimize your financial health and build wealth the same way you manage your patients' medical care.

### ***Here's My Story***

I recognize that I am not the logical candidate to lead this charge. I've made virtually every financial mistake you will read about. I've trusted the wrong people. I've lost money in DDDs—dumb doctor deals. I've mismanaged money by not knowing what I didn't know, or acting on things I thought I knew that turned out to be wrong.

So why read this book?

Over the past fifteen years, I've indulged my intense curiosity about physicians and their relationship with money.

You will benefit from trends I identified by personally listening to money stories of hundreds, if not thousands, of physicians on all ends of the wealth spectrum. You'll see what I've learned about the financial habits that separate the wealthy physicians from the struggling physicians.

You will also benefit from what I have learned through working with hundreds of professional financial advisors who hire me to learn more about physicians' financial needs.

I decided to become a physician in my twenties when I woke from a life-saving operation and started medical school in 1984. Over my surgical career, I've had the honor of treating many, many patients in my private practice and serving as a clinical faculty at the University of Washington, School of Medicine.

In 2000, I started a business helping physicians get better results. It quickly became obvious that unless—and until—physicians had financial security, money worries ran their lives.

Then 2008 rolled around. This is when I came to see more clearly the scope of physicians' financial vulnerability. I started talking with physicians across the spectrum of financial security—those with great wealth to those near bankruptcy.

Further, I saw how the bad financial advice that physicians got from the wrong people exacerbated their problems.

I decided to groom a community of trusted financial services professionals dedicated to serving the unique financial needs of doctors. Through my company, Targeting Doctors, I deliver training courses and offer coaching to help advisors gain greater insights about physicians' relationships with money and their unique financial needs. I've spoken at financial services meetings.

Remember the saying, "You can never be too thin or too rich?" I've seen as many wealth-building strategies as diets. And some are ineffective and downright dangerous.

## **How This Book Is Organized**

You will find three sections of the book, organized somewhat like a history and physical.

In Part I you will explore financial health. First, you will see how well physicians as a group do. Are doctors, in fact, rich?

Then it's time to focus on you. What is your current state of financial health? What are your financial goals, and are you on track to get there?

In Part II, you will learn ideas about how you can optimize your revenue while honoring the integrity of the doctor-patient relationship.

In Part III, you will learn the habits that separate wealthy physicians from struggling physicians. You will see the most common financial mistakes physicians make.

You would never offer a diagnosis or a treatment plan to patients you have not personally examined. That would be negligent. Likewise, you want to get your financial advice from a team of professionals that offers you a considered plan based on a complete evaluation. The insights in this book will hopefully point you in the direction of building greater wealth and making a bigger impact.

## **Five Key Money Conversations**

Thriving physicians have acquired the skills and tools to conduct five critical money conversations that I will explore in this book:

1. **Money Conversations with Themselves.** What do you tell yourself about the meaning of money? Is your mind-set around money and your self-talk helping you financially—or harming you?
2. **Money Conversations with Employers and Colleagues.** How well do you understand your value and assure that no one is taking advantage of you financially?
3. **Money Conversations with Family Members.** Thriving physicians assure that they are financially compatible

before making a long-term commitment. They have money conversations with children to assure their kids avoid the many issues that entitled children experience. They have conversations with aging parents about money.

4. **Money Conversations with Patients.** Patients are behaving more like health care consumers. Fees enter into their health care choices and should be a dimension of the informed consent conversations.
5. **Money Conversations with Potential Borrowers, Lenders, and Experts Who Help You Build Wealth.** How do you have empowered conversations with people who want to borrow money or organizations from which you want to borrow money? How do you share sensitive information with members of your financial dream team?



Look for this symbol to find Money conversations throughout the book

## **It's Never Too Late**

You may have made financial choices in the past you regret. I would like to help you replace judgment with compassion and understanding. There are reasons you made the choices you did.

You can make different choices starting today. It's never too late or too early. There is always hope for a better financial tomorrow. Time is money, so let's get started!



# PART I

PHYSICIANS' FINANCIAL HEALTH



# 1 ARE DOCTORS RICH?

**H**ow often do you run into people who think that doctors are “made of money”?

Patients say, “Of course doctors are rich. Just look at the cars in the doctors’ parking lot.”

Public opinion holds that you deserve to be rich. In conversations about ways to control health care costs, you do not hear, “Let’s cut back on physicians’ fees; they’re simply getting paid too much.”

Family, friends, and causes often turn to physicians first when raising funds.

So, are doctors rich?

Most importantly, what is the state of *your* financial health?

## **What Does It Mean to Be Rich?**

We lack precision about the words that are the very tools of a conversation about financial health.

We use lay terms like *rich* and *poor* and *wealthy*. These words, like *obese*, *constipated*, and *demented*, mean different things to

different people. This makes the difficult money conversation even more challenging.

For purposes of this book, please consider this working definition of rich: **If you can comfortably and reliably meet your monthly expenses to support your desired lifestyle, you are rich.**

You've heard the expression "house-rich, cash-poor." Let's define poor as the opposite of rich. If you struggle to pay your bills on a monthly basis, or you are dissatisfied with your current lifestyle, you are poor.

### ***Feeling Rich, Acting Rich, and Being Rich***

There's a difference between feeling rich, acting rich, and being rich.

**Feeling rich.** Some people say, "I'll feel rich when I make enough money." That's like saying, "I'll smile when I feel happy." You can decide to smile whether or not you're happy, and often become happy by the act of smiling. Similarly, you can decide that today you are satisfied with your standard of living.

People who feel rich tend to compare themselves favorably to others who have less. They experience the world as a place of abundance. People who feel poor tend to compare themselves unfavorably to others who have more.

You can feel rich or poor no matter what's in your investment portfolio. Feeling rich is an inside job; it's about perspective and attitude.

The best way to feel rich is to express gratitude for what you have, and give to others less fortunate than you are.

### Who Gives More?

Using IRS data, the *Chronicle of Philanthropy* found that between 2006 and 2012, the lowest-income Americans increased the percentage of their incomes that they gave to charity. However, as their incomes increased, the percentage they gave to charities decreased.

**Acting rich.** Unlike feeling rich, acting rich leaves physical evidence for others to observe. For some, acting rich means living in a huge house, making luxury purchases, or belonging to elite clubs. For others, it means making large and sometimes public donations.

Because doctors earn generous incomes, they can afford to spend more. The more you spend, the richer you appear to others.

**Being rich.** Here are the two qualities of physicians who truly are rich

1. They celebrate what they have and decide that they are satisfied with their current lifestyle.
2. They spend within a designated budget.

The unhappy doctor held hostage by recurrent thoughts such as, “If I only made more money, I would be able to buy that \_\_\_\_\_ (you can fill in the blank), and then I would be happy.” is not rich, no matter how much he makes.

Further, the doctor making seven figures who is losing sleep wondering how he will make payments on his leased Mercedes S550 is not rich.



### Action Step

Want to feel rich right now? Reach out and help someone less fortunate than you are. Remember, though, *feeling* rich and *being* rich are two different things.



People who surround themselves with luxury items may look rich and feel rich. However, if they cannot afford their luxury purchases, they are living the myth of the rich doctor.



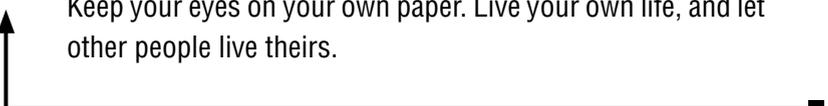
### ***How Do You Compare?***

It's easy to look around, see physicians living a more luxurious lifestyle, and say, "I wish I could trade places!"

Please remember three things:

1. If you knew what others' lives were really like, you might conclude that you're better off than they are!
2. There will always be people with more than you have.
3. You earn more than about 95 percent of Americans, and 99 percent of the world's population!

I've spoken with physicians who tell themselves they don't have enough. They can be as unhappy and as stressed as physicians who cannot pay their bills.



Keep your eyes on your own paper. Live your own life, and let other people live theirs.

### ***How Many Doctors Really Are Rich?***

How do you know who is rich and who is poor? We have objective tax data about physicians' incomes. However, income is only part of the story.

Being rich is about (1) a relationship between income and expenses; and (2) the level of satisfaction about your current financial reality.

In other words, the metrics by which being rich is measured include both objective and subjective elements. You become rich by making choices about your thoughts, your feelings, and your financial actions. That means that you will only know with certainty whether or not one individual is rich—yourself!

Based on my conversations with physicians over the past fifteen years, I can tell you that looks are often deceiving. You cannot distinguish between physicians who are living the myth of the rich doctor and others who are, in fact, rich.

John, a retired cardiothoracic surgeon, projected the very image of success. He owned an exquisitely appointed mansion and vacation home, drove luxury cars, belonged to exclusive clubs, wore designer clothing, and jetted off on exotic vacations.

Yet, upon his death, John's family discovered his shameful secret. He left his wife and children nothing but debt. As they say in Texas, John was "all hat and no cattle."

Mary, on the other hand, lives in a modest house, drives a ten-year-old car, and takes "stay-cations" instead of going to Europe. She could retire at age fifty if she so chooses. She doesn't look rich, but her frugality and disciplined investing have paid off, literally. She's the millionaire next door.

## **What's the Difference between Being Rich and Being Wealthy?**

Please consider this working definition: **You are wealthy if you can comfortably and reliably meet your monthly expenses to support your desired lifestyle—even if your earned income ended today.** You measure your level of wealth by the duration of time you could sustain your desired lifestyle without earned income.

Most physicians budget their way to becoming rich, and then invest their way to becoming wealthy.

### ***Are Physicians Wealthy?***

Physicians' high incomes do not reliably translate to high net worth and the freedom wealth buys.

Roughly 40 percent of senior physicians are actively engaged in patient care. Some continue to practice medicine because of the ongoing professional rewards.

I overheard a conversation at a meeting between two gray-haired surgeons. One said, "Did you hear that Joe died in the OR?"

The other responded, "I didn't know that he was sick!"

The first said, "He wasn't. He was scrubbed and stepped away from the OR table waiting for the frozen section. He just slumped over. They couldn't revive him. Joe always told me that's the way he wanted to go."

Here's the dirty little secret. Many physicians will be economic slaves to their practices well into their retirement years. They are not positioned to replace their earned income with investment income at age sixty-five or even seventy-five.

The AMA's Council on Medical Education invested resources to explore the complex task of creating guidelines and standards to assess the clinical competency of aging physicians.

## **Why Is Building Wealth Important?**

**Your financial security impacts every part of your personal and professional life.**

**Financial security opens doors to professional possibilities.** Wealth gives you more choices as you consider how you position yourself for success in the era of the Affordable Care Act.

**Financial security helps you avoid distracted doctoring.** Money worries serve as a constant source of distraction. Just as you wouldn't text and drive, similarly, you should avoid distractions when treating patients.

**Financial security helps you put your family's needs first.** A colleague decided to cut back on her ER shifts when her children became adolescents. She knew she wanted to be there to guide her kids through that tricky stage of development. She also knew that she could afford it.

**Financial security immunizes you from burnout.** Insufficient income is one of the top five risk factors for developing burnout. Further, insufficient savings and debt correlate with burnout.

**Financial security helps you treat burnout.** You may decide to cut back on your hours, create a specialty focus in your practice, or launch an entrepreneurial venture like writing a blog or building a company around a medical invention you made.

**Financial security helps you put the patients' needs first.** You may remember the case of the Michigan oncologist who was found guilty of a \$35-million Medicare fraud scheme. The doctor harmed, and in some cases killed, his patients by administering chemotherapy that the patients did not need for his own financial gain. I remember the hushed whispers about the orthopedic surgeon who was performing surgical procedures that were only marginally indicated because he needed the income.

**Financial security helps you leave a legacy and serve in a bigger way.** The greater your wealth, the greater impact you can make for your family and for worthy causes you're passionate about.

## Thriving Physicians versus Struggling Physicians

Some physicians build significant wealth. Like Mark (not his real name or for that matter any other names here have been masked, the stories are real), a practicing anesthesiologist in his early sixties, who just donated several million dollars to a cancer research organization.

Or Marge, the widow of an ophthalmologist who knows with certainty that she will never outlive her money. In fact, she has paid for all of her grandchildren's college educations.

Or Jill, a dermatologist in her seventies who continues to see patients. It's not because she has to; she has complete financial security. She volunteers her time at a local free clinic and participates in medical missions because she loves her work.

Other intelligent physicians with excellent clinical judgment make poor financial choices. Like my brilliant medical school classmate who confided that filing for bankruptcy might be his only option after his divorce.

Or my dear friend who moved her mother and physician father into an in-law apartment she constructed in her home. When I commented on her generosity, she said, "Vicki, you don't seem to understand. My parents *had* to move in with me. They ran out of money."

Or my medical colleague who had her entire nest egg stolen by her "trusted" office manager.

### ***The Reasons Physicians Fail to Build Wealth***

What keeps physicians from building wealth? Here are the reasons usually cited that we will explore in greater detail:

- Medical school debt
- Late start on earning and savings
- Failure to protect assets against known and overlooked risks
- Poor tax planning
- Getting investment advice from the wrong people
- Fraud and theft

This is like saying patients become obese because they eat too many donuts. It may be true, but it fails to tell the whole story.

Further, it fails to lead to sustained solutions that deliver different outcomes. Budgets work about as well as diets.

### ***The Real Causes of Unrealized Wealth***

What separates thriving physicians from struggling physicians living the myth of the rich doctor? Do thriving physicians come from wealthier families? Do they begin their careers with less debt? Are they more likely to have an MBA?

Here's what I found to be the defining difference: Thriving doctors have a healthier relationship with money. They invest time understanding how money works and treat their money with respect. They have clarity about what's most important to them and assure that their financial choices reflect their values. They assemble a team of experts to help them achieve their desired outcomes.

I believe that physicians' failures to build wealth are a symptom of a deeper financial ill—their dysfunctional relationship with money.

Physicians as a group are busy, competent people who

- Tend to overestimate their ability to manage money, and underestimate the level of difficulty of the challenge.
- Lack insight about what they do and do not know.
- Lack awareness about the complexities physicians face as they build wealth.

## Physicians' Financial Truth

Here is the economic reality you face: Physicians who practiced medicine around the time of the inception of Medicare didn't need to master the money conversation. Admission to medical school was like a golden ticket to wealth. Physicians could afford to make and recover from big financial mistakes.

For physicians practicing medicine today, the rules are different.

1. **It's harder to make money.** The Affordable Care Act translates to clinics' rising expenses, increasing administrative burdens, and falling fees. While employed physicians are shielded from acute financial pressures, their salaries remain tied to their employers' ability to generate profit.
2. **It's harder for your money to make money.** Our slow economic recovery means that your investments may not generate the kinds of returns they have in the past.
3. **It's harder to know whom to trust to help you manage your money.** How do you make sense of often contradictory investment recommendations? How can you evaluate investment opportunities and assess the competency of the "financial experts"?

## ***Physicians are Top Earners***

According to the US Department of Labor, nine out of the ten top earners in the United States call themselves “doctor.”

As a group, physicians earn more than 90 to 98 percent of the American population. Further, we get paid doing meaningful work we love; I often said that I would work for free.

Based on the Internal Revenue Service’s 2010–2014 database, here’s how much the top-earning Americans make:

Top 0.1%: \$434,682

Top 1%: \$380,354

Top 5%: \$159,619

Top 10%: \$113,799

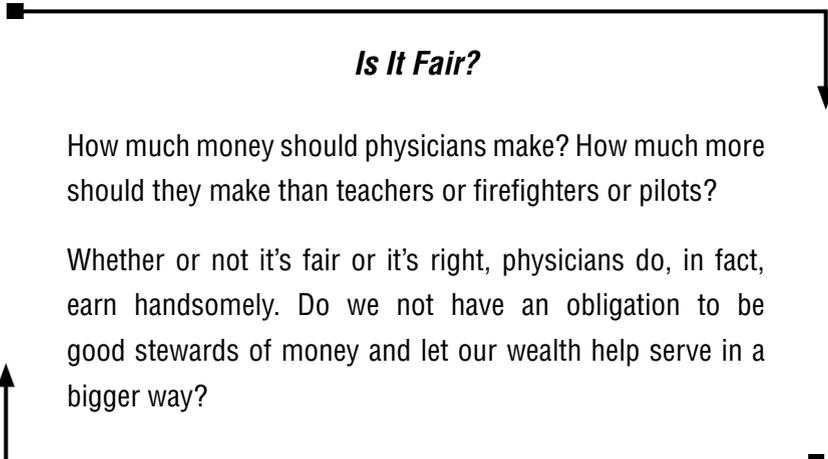
Top 25%: \$67,280

Top 50%: >\$33,048

This single fact has a number of natural financial consequences that further set us apart from the average American.

- **The financial advice for the average American earning the average income has limited utility for top earners like you.** Just as medical recommendations change whether your patient is eight or eighty, so, too, financial advice needs to be customized to an individual’s unique situation.
- **Physicians fall in high tax brackets.** As you will see, taxes are your single biggest expense. Your ability to proactively manage your taxes determines how quickly you build wealth.
- **Physicians are more likely to be approached for financial support from relatives, friends, and philanthropic causes.**

- **Physicians are recognized as having “deep pockets”** and are named by lawyers in lawsuits in our litigious society.
- **Physicians are more likely to be the targets of scams, fraud, and embezzlement.**
- **Physicians have more investing options** open to them, as they qualify as accredited investors.
- **Physicians have easier access to credit** and “other people’s money” they can leverage to build wealth.
- **Physicians have more to lose if they become disabled.**



*Is It Fair?*

How much money should physicians make? How much more should they make than teachers or firefighters or pilots?

Whether or not it’s fair or it’s right, physicians do, in fact, earn handsomely. Do we not have an obligation to be good stewards of money and let our wealth help serve in a bigger way?

Here are some truths:

- **Half of doctors are behind in retirement planning.** Many physicians wonder if and when they will ever be able to retire.
- **Half of doctors work with professional financial advisors.** The other half are financial do-it-yourselfers. As a group, physicians who work with the financial experts feel more prepared for retirement.

- **Financial stresses contribute to burnout.** A 2016 Medscape survey suggested that burnout among US physicians has reached a critical level. The highest percentages of burnout occurred in critical care, urology, and emergency medicine—all at 55 percent. However, burnout rates for all specialties are higher.

Physicians say that insufficient income is one of the top five contributing causes of burnout.

### ***White Coats versus Suits***

Physicians have a different relationship with money than business-oriented people.

One of the biggest differences between you—a “White Coat”—and your friends in the business community—let’s call them “Suits”—comes down to your relationship with money.

*In the world of business, money is the metric by which you measure success. Profitability is openly discussed. Businesses invest to learn new ways to become profitable.*

*In the world of medicine, service is the metric by which you measure success.*

The phrase, “He’s focused on profits” can be a compliment or an insult depending on whether you are a Suit or a White Coat.

A Suit would say, “Of course I’m focused on profits. That’s what the board and stakeholders expect of me. After all, successful businesses generate healthy profits.”

A White Coat would be insulted to be described as someone “in it for the money.” White Coats want to be known for making a difference in patients’ lives.

However, it's not quite that black and white. Neither Suits nor White Coats can afford to focus exclusively on one or the other. Businesses will not be profitable unless they provide value to their customers; clinicians cannot serve patients unless they generate profit to keep the lights on and staff paid.

As you think about building wealth, you are leaving the world of medicine and stepping into the world of business. These two worlds are wired differently, and you are wired differently than Suits.

A recent episode of the reality TV show *Shark Tank* offers insights about the cultural divide.

A doctor entrepreneur entered the Shark Tank asking for a \$3 million investment to grow his medical device company selling synthetic cadavers. He painted the picture of an ideal investment opportunity, complete with an innovative product, a huge proven market, and \$10 million in sales.

As I listened, I thought, "He could get a five-Shark deal!"

However, things quickly fell apart during Q&A. Here are snippets from the exchange sparked by the Sharks' inquiries about his sales and profits:

Doctor: "We could be making quite a bit of money if I wanted to. I'm not all that interested in the money. It's a tool I use to hire people."

Lori Greiner: "You're not interested in making money?"

Doctor: "It's not my motivation. Medical training is very important. It's a way of saving lives."

Kevin O'Leary: "What about profits? Do you care about this?"

Doctor: "I will at some point."

This entrepreneur left the Shark Tank without a deal.

To build wealth, you are declaring that you *do* care about money. The reason to care is simple: the bigger your wealth, the bigger your impact.

## Money as a Taboo Topic

Every day, you speak with your patients about topics that cause them discomfort. I call them the “embarrassing P’s”: peeing, pooping, and procreating. I had a patient literally die of embarrassment. This woman was too embarrassed to tell her doctor about the blood in her stool. By the time the colon cancer that took her life was diagnosed, it was widely metastatic.

We physicians have our own embarrassing P: paying. For us, money is the ultimate taboo topic. And we see the impact on our financial health.

### *Why Do Physicians Avoid Conversations about Money?*

Here are three reasons why most physicians shy away from conversation about money.

1. **The culture of medicine:** Just as the government calls for the separation of church and state, medical ethics calls for a separation between patient care and a patient’s ability to pay. Physicians are expected to make medical choices blinded to financial concerns. As a practicing surgeon, I often thought that ordering medical services was like ordering a restaurant meal off a menu without any prices. Small wonder health care costs spiraled out of control.
2. **Low financial literacy:** Physicians get no formal training in business or finances in medical school or residency.

3. **Vulnerability:** In nature, an animal is either predator or prey. Physicians experience themselves as financial prey. We are the targets of frequent pitches by people who want to work with the “rich doctors.”

## Lessons from Our Patients

Promoting health and building wealth are parallel processes.

Think about patients who say that they want to avoid a second heart attack or lose weight or stop smoking. What percentage of your patients achieve their stated medical goals? What stands in their way?

Many of those same obstacles apply to physicians who say that they want to build wealth.

**Compliance:** Patients know they should take their medication as prescribed just as physicians know they should be saving and investing for retirement. Only about half of patients comply with doctors’ orders, and only about half of physicians are on track to retire.

**Confusion and conflicting advice:** I remember the dean welcoming us on our first day of medical school, saying, “I have some good news and some bad news. The good news is that at least half of what you’re about to learn is true. The bad news is that we don’t know which half.”

What if only half of what we believe to be true about wealth building—or economic recovery—is right?

Patients want to know answers to specific questions like, “Should I eat eggs or not?” or “Should I take supplements, and, if so, what’s the right dose of vitamin E?” Physicians want to know, “Should I invest in real estate or not?”

**Complexity:** A physician friend was recently diagnosed with breast cancer, and it was not your standard case. For starters, the tumor did not show up on her mammogram. The pathology report delivered surprises. This left many questions about the treatment plan and the protocol for ongoing surveillance.

At virtually every point on the decision tree, her treating physicians could only speculate about the risks and benefits of each alternative.

She read all the medical literature and was left with the question, “How does this information apply to ME?” In the absence of clear right answers, whom should she trust to answer this question?

My friend made very different treatment choices than I would have made had I been in her shoes. This reflects our differences in the ability to live with uncertainty, and our beliefs about whether to err on the side of undertreating or overtreating.

Replace “breast cancer treatment” with “your financial plan,” and you will see what you, as a physician, are up against as you build wealth.

How much confidence do you have in your current financial plan? How well do you tolerate market volatility? How much can you afford to lose?

The conventional wisdom holds that you take big risks for big gains. Would you prefer to err on the side of protecting what you have, or on the side of growing what you have?

Then again, could the conventional wisdom be wrong? Do you really need to take big risks to get big gains?

## **The Investing Landscape Is Changing**

You regularly learn about new diagnostic and therapeutic tools that help you get better medical outcomes.

It should be no surprise that the financial tools to build wealth evolve too. Had you ever heard about “loan-default swaps” before 2008?

### ***Financialization of America***

Increasingly, the business of America is building wealth. In her book *Makers and Takers*, Rana Foroohar reports that Apple borrowed \$17 billion with the intention of leveraging the loan to make money. She said, “The fact that Apple, probably the best-known company in the world and surely one of the most admired, now spends a large amount of time and effort thinking about how to make more money via *financial* engineering rather than by the old-fashioned kind, tells us how upside down our biggest corporations’ priorities have become.”

It’s not just Apple getting caught up in the trend of “financialization.” She also pointed out that airlines can generate more revenue speculating on oil futures than by selling seats.

You are competing with sophisticated investors who have access to ever-more-sophisticated investing products and services.

### ***What Do the Banks and Warren Buffett Know about Making Money?***

As I spend more time with the financial elite, I see that they play the wealth-building game differently than the average American. It’s like the difference between a Little League game and the MLB play-offs.

Banks are in the business of making money. What do they know and what do they do differently than the average American?

How does Warren Buffett invest his own money?

Wouldn’t you like to play the investing game more like the elite?

## The Systems Problem

Physicians like yourself face a systems problem in your efforts to build wealth. Wealth building is a complex task. You have a lot to lose—and little time and training to attend to the task. Further, you are competing against ever-more-sophisticated investors.

Still, physicians do win at the wealth-building game. Would you like to be a member of that group?



“The surest way to ruin a man who doesn’t know how to handle money is to give him some.”

—George Bernard Shaw



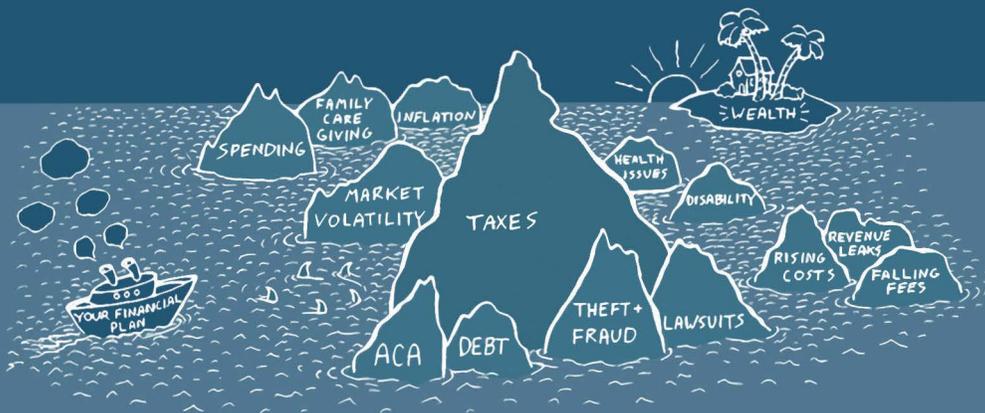
**Would you like to read the rest of this book?**  
**Go to [www.MythoftheRichDoctor.com](http://www.MythoftheRichDoctor.com) and place your order.**

## ABOUT THE AUTHOR

Vicki Rackner, MD, calls on her thirty-plus-year medical career as a practicing surgeon, as clinical faculty at the University of Washington School of Medicine, and serial entrepreneur to help her clients achieve better clinical and business outcomes.

As a nationally noted author, speaker, and consultant, Dr. Vicki builds the bridge between the world of business and the world of medicine. She's the expert quoted in publications ranging from the *Wall Street Journal*, *Washington Post*, and *Physician Money Digest* to name a few. She is the author of multiple books, including *The New Thriving Medical Practice*.

CNN Senior Medical Correspondent Elizabeth Cohen says, "Don't miss Dr. Vicki Rackner."



## DOCTOR, CAN YOU NAVIGATE THE DANGEROUS WATERS TO REACH A FINANCIAL POSITION TO DO WHAT YOU WANT, WHEN YOU WANT?

For even high-earning physicians, wealth-building is fraught with complexity.

Read this book to gain insights about

- The forces that shape a physician's relationship with money,
- Common financial mistakes physicians make,
- Habits that separate wealthy physicians from struggling physicians,
- A process to assess your financial health, and
- Elements of a physician's wealth-building plan.

**CNN SENIOR HEALTH CORRESPONDENT SAYS,  
"DON'T MISS DR. VICKI RACKNER."**



Vicki Rackner, MD, calls on her experience as a practicing surgeon, clinical faculty at the University of Washington School of Medicine, and entrepreneur to help physicians achieve the personal, professional, and financial rewards that attracted them to a career in medicine. She is the author of several books, including *The New Thriving Medical Practice*, is a nationally recognized keynote speaker on doctors and their money, and is a coach for physicians who want to thrive.

[www.MythoftheRichDoctor.com](http://www.MythoftheRichDoctor.com)

THRIVING DOCTORS PRESS

ISBN 978-0-9769430-5-1



9 780976 943051