



# TIAA Profession Insight Series

# Physicians



BUILT TO PERFORM.

CREATED TO SERVE.

# The unique perceptions and needs of physicians

Recent quantitative studies sponsored by TIAA indicate that physicians have a unique set of perceptions, experiences and needs that differ significantly from other TIAA participant groups. We believe that by better understanding these unique circumstances we can more effectively help physicians pursue financial well-being throughout their lives.

To capture key factors that drive the physician's experience, we conducted in-depth interviews with physicians on the TIAA Life Stage Research Panel. This custom panel was formed in 2014 to follow people as they journey through the various stages of career and life. Our objectives were as follows:

- Explore the reasons, motives and beliefs behind the perceptions and needs of physicians.
- Examine the influence of profession, life stage and career stage on saving and investing for the future.
- Identify ways to increase awareness and appreciation for the employer-sponsored savings plan.

The study yielded profound insights into the mindset of physicians and provided greater understanding of the challenges and opportunities physicians face.

## Our research

### The TIAA Life Stage Research Panel\*

Our panel comprises both current and former TIAA participants as well as noncustomers. The panel is as diverse as our participant base. It represents a wide range of ages, geographies, industries, attitudes, ethnicities and lifestyles.

The many research studies conducted with our panel afford deep insights into our participant and prospect base, revealing far more than what is typical in three-party (employee/employer/plan sponsor) business relationships. Our knowledge of these individuals continues to grow over time through dynamic tracking studies and the candid and thoughtful responses we receive as a result of our remarkably high response and retention rates.

\*Custom research panels are an effective and dynamic tool to perform in-depth, quick turnaround research. When they are well maintained, custom panels are far more likely to yield the highest quality control of panelists and their responses. Our panel has grown in part from referrals and word of mouth by the panelists themselves. This strongly indicates that the questions we pose are deemed relevant and mutually beneficial.

# Overall findings

## Savings awareness and engagement takes time

Younger physicians are generally unaware of their retirement plan providers and pay little attention to saving and investing for the future. The study revealed that awareness and engagement increase as physicians progress in their careers, particularly as they near retirement. Affinity—feeling connected to and appreciative of their retirement plans—soars when physicians meet face to face with their providers’ consultants and advisors.\*

This mindset is not unique to physicians. Our research with other professions has also shown this. However, the underlying reasons for these attitudes and behaviors provide insight into the physician population.

## What gets in the way of awareness and engagement?

### Being taught medicine, not finances

Medical schools typically do not provide financial literacy or business skills as part of their curriculum. After years of schooling, medical students are plucked from the academic setting and placed into the real world with little preparation for managing living expenses and finances.

### Experiencing a high debt to income/savings ratio

Since a medical degree program can take years longer than other degree programs, physicians feel they experience a late start in all aspects of life, including earnings and savings. With the burden of school loans, young physicians have little discretionary income compared to their friends in other careers. This can cause them to delay major life milestones (e.g., purchasing a home, having children, taking a vacation). The bottom line is that low savings, high debt and growing living expenses make the notion of saving for retirement seem impractical and irrelevant at this life stage.

*“My entire adult life has been about science and medicine. I am unaware of the most basic financial concepts and terms.”*

*“When I started my first job, I made the same amount as many peers who got a job right out of college.”*

\*Some employers, particularly in the education sector, promote saving for retirement as a key benefit and highlight it during early employment. These organizations make attendance at meetings about retirement savings a condition of employment.

*“It was a moment during a crazy time, so much transition. I was moving, getting to know a new city, starting a new job.”*

## Facing too many decisions during life transitions

Physicians face important benefit decisions as soon as they start their first job or change employers. Many physicians describe this phase as a “blur,” with the decision about their employer-sponsored plan just one of many. They are starting a new life on many levels—moving to a new location, leaving behind friends and family, adjusting to a job—after years in academic and clinical settings.

Part of the reason for their lack of engagement with their employer-sponsored plan is that they view it more as a trusted, institutional benefit than a personal choice. They are also unengaged because payroll deductions are automatic and issue free.

There are also cultural impediments to focusing on retirement savings. Physicians describe a work culture that emphasizes short-term goals instead of long-term planning. Their perception is that concerns about money counter the essence of being a physician.

*“I have no control of my schedule. A patient comes in late, someone cancels, there is an emergency, a patient needs more time.... Scheduling anything during the workday is not possible.”*

## Working under pressure and with crammed schedules

Once their workday begins, physicians say they have little control over their schedules. There’s limited time to think about anything but their jobs, much less meet with a consultant or advisor. Technology is a mixed blessing, allowing for continuous patient care with more prompt intervention but making it difficult to disengage from work.

## Waiting until later in their careers

Our research shows that for many Americans the concept of retirement is shifting to later years, giving rise to the “70 is the new 40” thinking. This trend is magnified for physicians, given their delayed start due to schooling. As physicians enter the late or concluding stages of their careers, we’ve seen a marked increase in awareness of and engagement with their retirement savings and plan providers. For some, the amount they’ve accumulated in their retirement savings is a welcome surprise.

*“It took hitting 60 to make retirement more of a reality. Now I am paying attention.”*

# Summary of a physician's journey

## Five common life stages

Resident ①	Early career ②	Midcareer ③	Late career ④	Semiretired or retired ⑤
<b>Dollar Stretchers</b>	<b>Life Builders</b>	<b>Accumulators</b>	<b>Transitioners</b>	<b>Established</b>
All work and no (time for) play	Profound, multi-dimensional life and career transition	Hitting their stride; rose-colored glasses off	Seeing the light at the end of the tunnel	Glory days!
<ul style="list-style-type: none"> <li>▪ Significant debt, minimal savings, long hours and first-time living expenses</li> <li>▪ Technology contributes to a job that is 24/7</li> <li>▪ Not seeing light at the end of the tunnel; in fact, not seeing the end of the tunnel</li> </ul>	<ul style="list-style-type: none"> <li>▪ Often involves a relocation, affecting their lives and the lives of those around them</li> <li>▪ Enrolling in a retirement plan is one of many work/life decisions</li> <li>▪ Debt greatly eclipses assets, delaying savings</li> </ul>	<ul style="list-style-type: none"> <li>▪ Debt is lower, savings begin to accumulate</li> <li>▪ Some disillusionment with realities of career/income</li> <li>▪ Long hours, little time for outside interests</li> </ul>	<ul style="list-style-type: none"> <li>▪ New phase of confidence and maturity</li> <li>▪ Tuition debt is repaid (but not necessarily their children's)</li> <li>▪ Growing concerns about maintaining their own health/stamina/dexterity</li> </ul>	<ul style="list-style-type: none"> <li>▪ Culmination of significant experience/accomplishments</li> <li>▪ Enjoying the job with lower debt and significant retirement savings</li> <li>▪ Assuming good health, physicians may continue working full or part time well into their 70s</li> </ul>
<p><i>"Right now, I am in an emotional, psychological, physical jail. ... Residents are barraged with... requests all night and throughout the weekend. There is no break."</i></p>	<p><i>"I am not really thinking about something [retirement] that is so far off. My financial focus is on reducing my mountain of debt."</i></p>	<p><i>"I love being a doctor...but the administrative and bureaucratic demands are incredible and extend well past my working hours."</i></p>	<p><i>"We are in a pretty good financial state.... As a doctor, I am deeply aware of the impact of health problems, our mortality and the flip side—the potential for outliving our savings."</i></p>	<p><i>"You don't get to enjoy the whole doctor thing until much later in your career.... It is later in your career that it starts getting fun."</i></p>

*“It is a selfless profession. There is very little encouragement to do for yourself, to take care of yourself. Your life is consumed with taking care of others. The cost of becoming a doctor is astronomical. You owe the equivalent of a large mortgage when your peers are out of college and able to buy a house. You want to pay off your debt, but you initially make such a low income.... There is no financial training in medical school, no business training, no exposure to the decisions most adults routinely make.”*

*“I plan to work until I am at least 70. Some people have to. I want to. I paid off the mortgage, got my kids through school, and I am still putting money away. Now I get to enjoy my job!”*

# The person behind the white coat

## Our research led us to a number of observations about physicians

### Finances

- Physicians are about 10 years behind their nonphysician peers in terms of savings and traditional economic milestones.
- Age 60 seems to be the “alarm clock” birthday to start thinking about retirement.
- They rely on career and financial advice from seasoned physicians and administrators in their organization.
- They’re inadvertently sound investors with a set it and forget it approach to automatic deductions, effectively riding out the highs and lows of the market.
- They may benefit from a shift in investing strategy and ancillary financial products if they’re more mindful of their savings.

### Motivation

- Physicians are very principled, value-driven and deeply committed to their work.
- They’re engaged with their peers and willing to offer advice and guidance to younger physicians.
- They self-identify with their profession more than the nonphysicians we’ve studied in our profession-based research.
- They can successfully repurpose their lives in retirement if they engage in other interests outside of work during their career.

### Professional journey

- Older physicians recall starting in private practice.
- Residency is difficult, daunting and, for some, depressing.
- Female physicians have unique needs and network with other women (online and offline) for support.
- It’s a long, tough road to become a physician, followed by some disillusionment before experiencing true job satisfaction and the means to live the way they want later in life.

# What physicians say they want



A primer on financial literacy during residency with ongoing “refreshers” during their career



Guidance and recommendations from experienced physicians and administrators at work



Periodic presentations by investment consultants and advisors arranged by their employer



Proactivity from their plan provider and employer to facilitate face-to-face meetings



Inclusion of partners/spouses in face-to-face meetings, whether or not they have assets with the same provider



Concrete strategies to manage tuition debt early in their career



Services tailored and relevant to specific life and career stages (e.g., paying off medical school loans in early career and paying off children’s school loans in late career)



Guidance specifically geared toward women



Check-ins during life’s major transitions, such as:

- Change in marital status
- Change in address
- Change in beneficiary
- Promotions/change in title
- Milestone birthdays
- (Just) before turning 60



Reassurance that their finances will improve as their careers progress (i.e., highlight the typical range for that turning point and provide fact-based examples)

# More insights and information

## Our repository of studies

Summaries from the many studies we've conducted with our panel are available, including *Women's Financial Confidence*, *The Financial Moments that Matter*, *Financial Well-Being During Times of Transition*, and *Crossing the Threshold to Retirement*. We're happy to share our findings with you.

## Our library of stories

We've documented the stories of individuals across life stage, career stage and profession. These stories chronicle some of the men and women on our panel and illustrate the forces that shape their attitudes toward life, career, finances and the future. Our panelists' stories are deeply moving and provide great insight into the exceptional people we serve. Contact your TIAA representative to learn more.

## Your feedback is important to us

We hope this summary provided you with some insight into the physician population. We'd love to hear from you with any comments or questions. Please contact your TIAA representative if you'd like to discuss this research or other studies that may be helpful to you and your organization.

This material is for informational or educational purposes only and does not constitute investment advice under ERISA. This material does not take into account any specific objectives or circumstances of any particular investor or suggest any specific course of action. Investment decisions should be made based on the investor's own objectives and circumstances.

TIAA-CREF Individual & Institutional Services, LLC, Teachers Personal Investors Services, Inc., and Nuveen Securities, LLC, Members FINRA and SIPC, distribute securities products. Annuity contracts and certificates are issued by Teachers Insurance and Annuity Association of America (TIAA) and College Retirement Equities Fund (CREF), New York, NY. Each is solely responsible for its own financial condition and contractual obligations.

**For institutional investor use only. Not for use with or distribution to the general public.**

©2018 Teachers Insurance and Annuity Association of America-College Retirement Equities Fund, 730 Third Avenue, New York, NY 10017