

---

MARINER

BUILDING A FINANCIAL FOUNDATION DURING RESIDENCY:

# From early decisions to lasting impact

A financial guide for resident physicians



Resident physicians begin their careers at a uniquely important financial inflection point. You're stepping into a career with strong earning potential, but also a set of decisions that can feel anything but simple—from managing debt and taxes to making sense of benefits and long-term planning. The habits you build during residency can play an important role in shaping your financial independence and career flexibility over time.

At Mariner, we believe this stage isn't about having everything figured out, but about building a thoughtful framework: one that prioritizes intentional decision-making, seeks to avoid common pitfalls and sets the foundation for sustainable wealth creation.

This guide is designed to help you navigate those early choices with more clarity and confidence, turning what can feel overwhelming into a series of practical, high-impact steps across your financial life.

## Cash flow planning

For many resident physicians, residency is the first time earning a meaningful income. However, it comes with competing demands: student loans, taxes, housing and the temptation to upgrade your lifestyle. Building a clear view of your cash flow is not about restriction; it's about intention. When you understand where your money is going, you can make deliberate decisions rather than wondering where your paycheck went.

A helpful place to start is organizing expenses into three categories: fixed obligations (rent, loan payments, insurance), variable necessities (groceries, transportation, utilities) and discretionary spending (dining, travel, subscriptions). This simple framework helps clarify what is flexible versus non-negotiable. Many residents are surprised by how quickly small, recurring expenses can add up over time.

A useful guideline is the 50/30/20 framework: allocating income across needs, wants and savings/debt repayment. While not rigid, it provides a strong starting point. For physicians, the priority is maintaining some level of savings and a debt strategy even when income feels tight.

Small, consistent contributions to retirement or an emergency fund build habits that compound over time.

As you transition from residency to an attending role, your income will likely increase significantly—one of the most important financial moments in a physician's career. Income can increase significantly—sometimes multiple times—over a relatively short period, creating a powerful opportunity to build long-term wealth. However, it's also a point where many physicians fall into lifestyle inflation, rapidly increasing spending in line with income, which can limit the long-term benefits of that earnings jump.

After years of sacrifice, it's natural to upgrade your lifestyle. The key is balance. Physicians who build lasting wealth are not necessarily the highest earners, but often those who maintain a gap between income and spending, especially in the early attending years when compounding has the greatest impact. A helpful way to think about it is this: your new income isn't a signal to upgrade your lifestyle, but rather an opportunity to strengthen your financial foundation.

A practical strategy is to make key decisions before your first attending paycheck. Determine how much will go toward debt repayment, retirement and savings, and automate those contributions.

Be especially cautious with large, fixed expenses like housing. Keeping total housing costs within 25 to 30% of income can preserve flexibility. Similarly, delaying major purchases until your financial base is solid can prevent unnecessary strain.

Finally, avoid comparing your lifestyle to peers. True financial strength is built quietly through consistent, intentional decisions over time.

## Debt management

Most resident physicians begin their careers carrying a significant financial burden, often in the form of student loan debt. This reality can feel overwhelming when paired with long hours, relatively modest residency income and delayed wealth accumulation.

But it's important to reframe this: your debt exists alongside a historically strong and relatively predictable income trajectory compared to many professions. The goal is not to panic or rush decisions, but to approach this strategically and deliberately.



First, it's important to recognize that not all debt is created equal. Federal student loans, in particular, often come with flexible repayment options, potential forgiveness programs and relatively favorable interest rates compared to other forms of debt.

Before paying down loans, it's critical to evaluate the structure of your debt, including loan types, interest rates and eligibility for programs such as Public Service Loan Forgiveness (PSLF). For physicians working in nonprofit hospitals or academic settings, PSLF can be a powerful financial planning tool, potentially eliminating a substantial portion of debt after 10 years of qualifying payments, though eligibility depends on meeting specific program requirements, maintaining qualifying employment and complying with evolving program rules.

During residency, cash flow is limited, so optimizing your repayment strategy matters more than the amount you pay. Many residents benefit from enrolling in an income-driven repayment (IDR) plan, which ties monthly payments to income rather than total loan balance. This can significantly reduce required payments during training years while still keeping loans in good standing and, importantly, counting toward forgiveness programs like PSLF if applicable.

The key is to think of residency not as a time to eliminate debt, but as a time to position your debt correctly for the future.

**When it comes to actually paying down debt, there are two primary strategies to consider:**

- **Strategic forgiveness path**

For those pursuing PSLF or other forgiveness programs, the objective is not to pay the debt as quickly as possible, but to pay the least amount required while qualifying for forgiveness. This means

enrolling in an IDR plan, keeping payments low during residency and early career years, and ensuring your employment qualifies.

Every extra dollar paid beyond the required amount is a dollar that may not need to be paid at all if forgiveness is achieved. This approach requires discipline and confidence in the program, but for many physicians in nonprofit or hospital systems, it can result in substantial financial benefit.

- **Aggressive repayment path**

For residents who are not pursuing forgiveness, typically those entering private practice or higher-income specialties, the focus shifts to eliminating debt efficiently. This often involves refinancing to a lower interest rate once income stabilizes and then committing to accelerated payments.

Within this approach, two common methods include prioritizing the highest interest loans first (the avalanche method) to minimize total interest paid, or paying off smaller balances first (the snowball method) to build momentum. The right choice depends on whether you're more motivated by mathematical efficiency or behavioral wins.

Another important consideration is interest management. For those not pursuing forgiveness, refinancing through private lenders may offer lower interest rates, especially as income rises post-residency.

However, this decision shouldn't be made prematurely. Refinancing federal loans eliminates access to federal protections and forgiveness options. A thoughtful approach is to delay refinancing until your career path, income trajectory and long-term plans are more certain, typically after training is complete.

Ultimately, the most effective strategy is intentional alignment: your repayment plan should reflect your career path (academic vs. private practice), your expected income trajectory and your broader financial goals. Debt is a factor, but it shouldn't define your financial life. When approached with a clear strategy, it becomes a manageable component of a much larger and more promising financial picture.

## Risk management

When resident physicians think about wealth, the focus is often on income growth, debt repayment and eventually investing. An often overlooked but important pillar is protection.

Early in your career, you may not yet have significant assets, but you're building something incredibly valuable: your future earning potential. Protecting that future, along with the people who depend on you, is just as critical as growing your wealth.

First, understand that as a physician, you operate in a higher-risk environment than many other professions. Exposure to malpractice claims, personal liability and unexpected life events means that one adverse event could materially impact your financial trajectory.

While your employer will typically provide malpractice coverage, it is important to understand what that coverage actually includes and, more importantly, what it does not. Claims that exceed policy limits or fall outside coverage could still expose your personal assets, which is why protection should be layered rather than relying on a single policy.

That leads to the foundation of a strong protection strategy: insurance as your first line of defense. In addition to malpractice coverage, resident physicians should strongly consider personal liability protection through an umbrella policy.

These policies are relatively inexpensive and can provide an additional \$1M to \$5M or more of coverage above your home and auto policies. Given the visibility and perceived risk of the medical profession, this is an efficient way to protect against large, unexpected claims.

Equally important, and often underappreciated, is disability insurance. Your ability to earn income as a physician is your greatest financial asset, especially early in your career.

An injury or illness that prevents you from practicing in your specialty could have long-term financial consequences. An own-occupation disability policy ensures that if you cannot perform the specific duties of your specialty, you can still receive benefits, even if you choose to work in another capacity. Securing this coverage during residency can be advantageous due to lower costs and fewer medical underwriting hurdles.

In addition, life insurance plays a critical role in a comprehensive protection plan. While it may feel early to think about this, life insurance is fundamentally about protecting others from the financial consequences of your absence.

If you have a spouse, children or even co-signed debt such as private student loans, life insurance ensures those obligations do not become a burden to others. Like disability insurance, purchasing coverage early can lock in lower premiums and protect your future insurability.

Beyond insurance, asset protection also involves how assets are structured and prioritized. Certain accounts such as employer-sponsored retirement plans like 401(k)s often have strong creditor protections under federal law. IRAs may also have protections, though they can vary by state. Being intentional about directing savings into these protected vehicles adds another layer of defense over time.

As your career evolves, you may also need to think about separating personal and professional risk. Future opportunities like moonlighting, consulting, real estate investing or private practice ownership introduce additional liability. Structuring these activities appropriately, often through legal entities, can help contain risk and prevent exposure from impacting your personal financial life.

Ultimately, protection is about creating a financial safety net around both your life and your livelihood. By layering malpractice coverage, umbrella insurance, disability insurance and life insurance, while also being thoughtful about asset structure, you create resilience early in your career.

These decisions may not feel urgent today, but they are foundational. As your income and net worth grow, having these protections in place can provide confidence, flexibility and peace of mind.

## Retirement planning

Physicians' retirement planning options differ meaningfully depending on whether they are employees (W-2) or independent contractors (1099). Understanding your compensation structure is critical because it determines what retirement vehicles are available and how contributions are made.

Both W-2 and 1099 physicians have powerful opportunities to save for retirement, often with meaningful tax advantages, but the strategies differ.

- **Retirement planning for W-2 physicians**

Physicians employed by hospitals or health systems are typically W-2 employees. Retirement plans are usually offered through the employer, with contributions made via payroll. The most common plan is the 401(k), which can provide pre-tax or Roth contributions, often with employer matching, making it important to capture the full match.

Many nonprofit institutions offer a 403(b), which functions similarly. Some also provide access to a 457(b), allowing additional pre-tax contributions beyond 401(k)/403(b) limits. For higher-earning physicians, contributing to both can significantly accelerate savings.

- **Retirement planning for 1099 physicians**

Physicians working as independent contractors have more control and responsibility when it comes to retirement planning. Without employer-sponsored plans, they must establish their own accounts.

A common option is the Solo 401(k), which allows contributions as both employee and employer, enabling higher savings limits. Another option is the SEP IRA, which is simpler to administer but offers less flexibility. Some may consider a SIMPLE IRA, though contribution limits are generally lower.

- **IRAs for all physicians**

Regardless of employment type, physicians can contribute to individual retirement accounts (IRAs), including traditional and Roth IRAs. These provide an additional layer of tax-advantaged savings. Physicians can also fund spousal IRAs, effectively increasing household savings. However, income limits may restrict deductibility or direct Roth contributions.



The most important step is selecting the right strategy based on employment structure, income and long-term goals. W-2 physicians should consider maximizing employer plans and matches, while 1099 physicians should proactively establish their own retirement framework.

Both should evaluate how IRAs fit into their overall plan. The earlier a strategy is implemented and consistently funded, the more powerful the potential compounding effect can be, making early retirement planning one of the highest-impact financial decisions a physician can make.

## Income tax planning

Managing taxes as a physician is not just about compliance. It's a key driver of long-term wealth. Given the earning potential in medicine, even small improvements in tax efficiency can translate into meaningful dollars over time. It can be helpful to think in terms of tax diversification, using a combination of pre-tax, tax-free and taxable accounts to create flexibility over your career.

For example, contributing to a Health Savings Account (HSA) can be a highly tax-efficient strategy available, offering a triple tax benefit: pre-tax contributions, tax-free growth and tax-free withdrawals for qualified medical expenses. Similarly, many physicians use a backdoor Roth strategy to fund a Roth IRA when their income exceeds direct contribution limits, allowing for future tax-free growth.

Alongside these, maintaining a taxable brokerage account provides liquidity and flexibility, especially for goals prior to retirement, while still benefiting from favorable long-term capital gains tax rates.

For physicians working as independent contractors (1099), tax planning becomes even more impactful due to the availability of business deductions.

Common deductions may include home office expenses (if applicable), continuing medical education, licensing fees, malpractice insurance, health insurance premiums, retirement plan contributions and certain travel or equipment costs related to their work. These deductions can significantly reduce taxable income when properly documented.

Additionally, 1099 physicians must manage quarterly estimated tax payments and self-employment taxes, which requires proactive planning.

Whether W-2 or 1099, the most effective approach is intentional coordination: aligning income, deductions and investment strategies to minimize taxes over time, not just in a single year.

## Estate planning

Estate planning is often viewed as something to address later in life, but for young physicians, it can be about establishing control and protection early. Even if your net worth is still developing, you likely have meaningful assets, including retirement accounts, insurance policies and, most importantly, future earning potential.

At a minimum, every resident should have a set of core estate planning documents in place: a will, a medical power of attorney and a financial power of attorney. These documents ensure that if something unexpected happens, the right people can make medical and financial decisions on your behalf, and your assets are distributed according to your wishes rather than default state laws.

If you are married or have children, this becomes even more critical, particularly when it comes to naming guardians and ensuring your family is properly protected.

Beyond the basics, estate planning is about coordination and keeping things current. Beneficiary designations on retirement accounts and life insurance policies often override what is written in a will, so it is important to keep everything aligned.

As your career progresses and your financial life becomes more complex, you may consider additional tools like trusts to provide more control, privacy and potential asset protection. But early on, the priority is simplicity and clarity.

## Employment contracts

Another often overlooked but highly impactful area for resident physicians is understanding and evaluating your employment contract. Your first contract sets the tone for your income trajectory, work-life balance and long-term career flexibility.

While compensation is important, the structure of that compensation and the terms surrounding it often matter just as much. Base salary, signing bonuses, relocation assistance and student loan repayment programs can vary widely, but so can productivity incentives. It is important to understand not just what you are being paid today, but how your compensation can grow over time and what levers you control to influence that growth.

Equally critical is evaluating the fine print around restrictions and obligations, particularly non-compete clauses. Many physician contracts include provisions that limit your ability to practice within a certain geographic radius for a defined period after leaving an employer.

While these may seem standard, they can significantly impact your future mobility, especially if you plan to stay in a specific city or region long term. Understanding the scope, including distance, duration and enforceability based on state law is essential before signing.

In addition, pay close attention to termination provisions, both for cause and without cause. Knowing how either party can exit the agreement, and what happens to your compensation, bonuses and benefits in those scenarios, is key to protecting yourself.

It's also important to carefully review benefits and support structures included in the contract, ideally with a qualified attorney. This includes malpractice coverage (and whether tail coverage is provided if you leave), retirement plan access, health benefits, continuing medical education allowances and call schedules. These elements have both financial and lifestyle implications.

For example, a slightly lower salary with strong benefits and manageable call expectations may be more valuable than a higher salary with burnout risk and limited support.

## Final thoughts

As residency comes to a close and your career accelerates, the financial decisions you make will only grow in complexity and importance. The goal is not perfection, but progress: building a plan that evolves with your income, your family and your priorities.

By approaching your finances with intention and leveraging the right strategies early, you can create flexibility, reduce stress and focus more fully on what matters most: your patients, your career and your life outside of medicine. At Mariner, we're here to help you navigate this journey with clarity, discipline and a long-term perspective.



For more information visit: [mariner.com](https://mariner.com)

This material is provided for informational and educational purposes only. It does not consider any individual or personal financial, legal, or tax circumstances. As such, the information contained herein is not intended and should not be construed as individualized advice or recommendation of any kind. Where specific advice is necessary or appropriate, individuals should contact their professional tax, legal, and investment advisors or other professionals regarding their circumstances and needs.

Any opinions expressed herein are subject to change without notice. The information is deemed reliable, but we do not guarantee accuracy, timeliness, or completeness. It is provided "as is" without any express or implied warranties. The strategies discussed in this guide are general in nature and outcomes can vary significantly based on individual circumstances, including income, specialty, employment setting, market conditions and applicable program rules. Certain strategies, including loan forgiveness and investment planning, involve requirements and risks that may impact results over time. Certain retirement or other accounts may be subject to taxes and penalties for early withdrawals, depending on applicable rules. Insurance benefits are subject to the issuing insurance company's claims-paying ability.

There is no assurance that any investment, plan, or strategy will be successful. Investing involves risk, including the possible loss of principal. Past performance does not guarantee future results, and nothing herein should be interpreted as an indication of future performance.

Mariner is the marketing name for the financial services businesses of Mariner Wealth Advisors, LLC and its subsidiaries. Investment advisory services are provided through the brands Mariner Wealth, Mariner Independent, Mariner Institutional, Mariner Ultra, and Mariner Workplace, each of which is a business name of the registered investment advisory entities of Mariner. For additional information about each of the registered investment advisory entities of Mariner, including fees and services, please contact Mariner or refer to each entity's Form ADV Part 2A, which is available on the Investment Adviser Public Disclosure website ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)). Registration of an investment adviser does not imply a certain level of skill or training.