

Canadian physicians and financial literacy

A new study commissioned by MD Financial Management about physicians and financial literacy suggests most practising physicians in Canada don't feel well-educated about personal finance. In fact, many report feeling "stressed" about making financial decisions.

Financial stresses shift as careers progress

Roughly 90% of respondents said future-present balance, retirement and investment performance were their top financial priorities. However, these shift slightly according to practice experience.

Physicians with five years or less of experience were also focused on increasing savings and financially protecting their families against death or illness. Top concerns were mortgage payments (six in 10) and tax planning (one in two), followed by saving for children's educations, imbalances in government billing and the inability to invest in their corporation to fund retirement.

Physicians with between six and 15 years of experience had nearly identical priorities to the previous group. They differed in the order of concerns. Tax planning was top of mind (one in two), while mortgage payments

concerned just three in 10 respondents.

Of physicians with 16 or more years of experience, 45% said tax planning was a worry, while 23% said they had no concerns at all.

MD insight: *Priorities remain consistent while concerns shift with age. Stress about financial decisions also decreases over time. Meeting with an advisor early on to identify priorities, clearly define goals and develop an actionable plan will help reduce concerns in these and other financial planning areas.*

Most physicians haven't received a financial education

An interesting result from the study is that physician financial literacy is poor, with a 55% average score on the quiz.

Of the younger physicians, 56% said they did not receive financial education

before embarking on their careers. Among the older cohorts, respondents were likelier to say they received a financial education — 60% of those with six to 15 years of experience and 72% of those with 16 or more years of experience.

MD insight: *Most older physicians feel as though they received a financial education, while most of the youngest feel they didn't. Whether this is a change of perception, or a reflection of how physicians are taught about finances, the fact remains: physicians feel they should know more about personal finance.*

Physicians increasingly rely on advisors as they gain experience

There is an interesting inverse relationship between the importance of financial advisors and how much stress respondents felt about their financial situation.

The least-experienced doctors felt more stressed than their more tenured counterparts; they also trusted their peers more and financial advisors less. In the most senior group, 68% of respondents said they relied on advisors to make most decisions regarding their investments and financial planning. Meanwhile, only 35% of these physicians said they felt stressed about making financial decisions.

The answers from physicians in between were a mix of those given by the youngest and the eldest.

MD insight: *Financial planning is deeply personal. Peer recommendations can help young physicians make sense of the financial world, but ultimately, they don't always help when it's decision-making time.*

The inverse correlation between stress and experience hints at a trend of confidence growing with age and experience. "More experienced physicians seek out advice from advisors and have developed trust in them due to the many financial planning needs and market cycles they have been through together. They see the value of working with an advisor," says Mary Ruddock, Wealth Planning and Strategy Lead at MD.

We can help

Working with an MD Advisor* can help attenuate concerns. They can lend guidance and confidence to younger physicians who may not yet have their financial footing, while helping more senior physicians understand how to deftly manage always-changing conditions and work them to their advantage.

To learn more about how MD can help, contact an MD Advisor. For the complete *MD Physician Financial Literacy Study*, visit invested.mdm.ca.



Data source: Environics Research, *MD Physician Financial Literacy Study* (2019).

* MD Advisor refers to an MD Management Limited Financial Consultant or Investment Advisor (in Quebec), or an MD Private Investment Counsel Portfolio Manager.

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