

# The First Year Post-Training Decisions That Shape a Doctor's Financial Future

*How laying the right foundation can accelerate your financial future - and help you avoid costly mistakes*

## From Training to Attending: Navigating Your Transition Year Successfully

The idea of delayed gratification is one that has been deeply ingrained in every physician. For those entering the final months of residency or fellowship, the transition year represents the long-awaited shift away from the financial constraints of training.

Years of long nights, weekends, and demanding rotations often leave little room for financial progress. The “money math” rarely works in your favor during this period.

But now, the moment you've been working toward has arrived.

As you enter this next chapter in your career, your financial life is about to change just as dramatically.

One of the most common questions we hear is simple - but difficult to answer succinctly:

**“How do I make up for lost time financially?”**

It's the right question to ask. But the answer requires a multi-faceted approach.

At ArisGarde, we often say this is your opportunity to **“Win the Game of Life.”** That begins with laying the right foundation early.

## Recognizing the Opportunity

What's often overlooked is that, during residency and leading into your transition year, more opportunities exist than may initially appear.

Below are key areas to consider - and the long-term impact they can have:

### Taxes: Say Goodbye to Low Tax Brackets

- Understand your changing income profile
- Plan for higher marginal tax rates
- Consider timing strategies during this transition year

### Debt: Define Your Strategy Early

- Evaluate student loan forgiveness options

- Consider refinancing and understand the trade-offs
- Confirm if any loans have co-signers
- Build a clear plan to manage and eliminate debt

## **Family Planning: Align Finances with Life Changes**

- Consider savings vehicles like 529 plans, UTMA accounts, and other planning tools
- Prepare for childcare costs (daycare, nanny, au pair)
- Balance growing family needs with professional demands

## **Risk Management: Protect Your Future Income**

- Secure disability insurance during training when discounts are available
- Explore guaranteed issue policies where applicable
- Evaluate life insurance needs
- Review liability coverage (auto, homeowners/renters, umbrella policies)

## **Retirement Planning: Start with Intention**

- Utilize Roth accounts and consider Roth conversions
- Evaluate pre-tax options like 403(b) and 457 plans (especially in non-profit settings)
- Coordinate retirement strategy with loan repayment plans (e.g., IBR/REPAYE)
- Begin building long-term investment habits early

## **Cash Flow: Build Structure Before Lifestyle Expands**

- Compare your current budget with your future income
- Understand your tax-adjusted income
- Determine what housing you can realistically afford
- Avoid “lifestyle creep” early on
- Establish an emergency and opportunity fund

## **Short- to Intermediate-Term Planning**

- Relocation and cost of living adjustments
- Buying a home vs. renting
- Starting or growing a family
- Practice buy-in opportunities
- Coordinating finances if a spouse is still in training

## **From Training to Practice**

### ***Financial Decisions Doctors Face in Their First Year***

For most doctors, the transition out of residency or fellowship follows a familiar rhythm.

Training runs on an academic calendar - July 1 through June 30. Each year builds predictably on the last, even as demands increase.

Financially, life during this period is constrained - but relatively simple.

Then, within a short period of time, that structure changes dramatically.

Income may be modest early in the year, followed by a brief gap between roles, and then a meaningful increase once practice begins - all within the same calendar year.

From a tax and planning perspective, this creates a unique and often overlooked scenario.

At the same time, multiple important decisions begin to surface simultaneously.

Again, the most common question arises:

**“How do I make up for lost time financially?”**

It’s a reasonable question - but it can lead to the wrong focus.

The goal of this transition is not to catch up as quickly as possible.

**It’s to build a structure that supports good decisions over time.**

Not everything needs to be solved immediately.

But understanding how each piece fits together - and approaching decisions thoughtfully - can shape outcomes for years to come.

## **A Different Kind of Complexity**

During training, financial constraints simplify decision-making.

After training, **choice replaces constraint.**

Income increases. Options expand. And decisions that could once be deferred now matter.

These include:

- Income allocation
- Student loan strategy
- Contract evaluation
- Risk protection
- Lifestyle decisions

Individually, each decision is manageable. But they are rarely independent.

A student loan decision impacts taxes.

Tax strategy affects cash flow.

Cash flow influences lifestyle.

Lifestyle affects long-term flexibility.

Over time, it’s not a single decision - but the **interaction between them** - that matters most.

## **The Emotional Shift**

This transition is not purely financial.

Many physicians experience:

- Relief after years of training

- Pressure to finally enjoy a higher income
- A sense of being financially behind
- Expectations from family or peers

At the same time, there is often limited time and energy to think through decisions carefully.

This combination - **increased complexity and reduced bandwidth** - is what makes this period uniquely challenging.

## Key Areas to Think Through

Without a clear framework, decisions are often made by default rather than with intention.

Approaching this transition strategically is critical.

### 1. Income & Cash Flow

The shift to attending-level income is significant - but structure matters more than income alone.

Consider:

- What does your after-tax income look like during this transition year?
- How will you organize saving and spending from the start?
- How do housing decisions fit into your broader plan?
- Are you maintaining flexibility in your cash flow?

Because income may vary within the same year, timing can create meaningful planning opportunities.

### 2. Student Loans

For many, student loans remain one of the largest financial obligations.

Key considerations:

- Viability of loan forgiveness programs
- Timing and implications of refinancing
- Interaction with income and tax strategy
- Balancing flexibility with long-term cost

Your strategy should reflect not just your current situation - but your future trajectory.

### 3. Taxes

This transition introduces a new tax reality.

A common pattern:

- Lower income early in the year
- Higher income later

This creates opportunities for:

- Strategic tax planning

- Adjusting withholdings
- Coordinating retirement contributions
- Leveraging lower-income periods

Proactive planning can help avoid unnecessary surprises.

## 4. Risk Management

As you transition, financial responsibility shifts to you.

Focus on:

- Disability insurance aligned with your future income
- Life insurance, where appropriate
- Liability protection (home, auto, umbrella)

Securing coverage early - especially during training - can provide significant long-term advantages.

## 5. Retirement Planning

One of the biggest questions: *Will I be able to retire?*

The answer: **Yes - if you plan effectively.**

Early years in practice create an opportunity to build long-term wealth.

Key considerations:

- Roth vs. pre-tax contributions
- Employer-sponsored plans (401k, 403b, 457)
- Tax implications over time
- Coordination with debt strategy

The goal is not perfection - but establishing a sustainable trajectory.

## 6. Lifestyle & Personal Planning

This period often overlaps with major life decisions:

- Moving to a new city
- Renting vs. buying
- Starting or expanding a family
- Managing dual-career households

Taking time to think through these decisions can prevent reactive choices that limit flexibility.

## 7. Your First Contract

Your first employment agreement is more than just compensation.

Evaluate:

- Compensation structure and growth
- Productivity expectations

- Partnership or ownership opportunities
- Non-compete clauses
- Geographic flexibility
- Clinical vs. non-clinical responsibilities

These factors shape both income and long-term career direction.

## Bringing It All Together

These decisions are often approached independently - but they are deeply connected.

Not everything needs to be decided immediately.

Very little needs to be perfect.

What matters most is developing a **coordinated approach over time**.

The transition year is one of the few periods where multiple aspects of life and finances change simultaneously.

Handled thoughtfully, it can serve as a strong foundation for future success.

## A Structured Way to Navigate the Transition

For many physicians, the challenge isn't a lack of information - it's knowing how to organize it.

We've developed a **Doctor Transition Planning Checklist** to help simplify this process.

It covers:

- Income and cash flow
- Student loan strategy
- Tax planning
- Insurance and risk management
- Contract considerations
- Short- and intermediate-term planning

## Next Step

[\*\*Download the Doctor Transition Planning Checklist: ArisGarde Guide for Transitioning Doctors\*\*](#)

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