

## Financial Health Module- Learning Objectives

1. Describe the role of financial health in relation to overall health practitioner wellbeing
2. Understand your employment and remuneration entitlements and be able to justify each payment type and deduction
3. Discuss the potential benefits and disadvantages of superannuation strategies, including discretionary employee contributions, industry vs self-managed funds and portfolio investment strategies
4. Outline the potential benefits and disadvantages of salary sacrificing
5. List and justify relevant insurance options for health practitioners, including income protection insurance, trauma insurance and life/total and permanent disability insurance
6. Describe other appropriate instruments to facilitate financial health, including Enduring Power of Attorney for finance matters, Wills, death beneficiary notifications, family trusts, and company structures

### Case 1

*It's halfway through the year, and Sam (an intern) has realised he will need to figure out his tax soon. This is his first real job and although he did his own tax returns as a student, he thinks it might be a bit trickier now he is actually earning "real" money. He asks one of the registrars on his surgical team what she does. "Oh I just get my accountant to sort out all that stuff. The biggest issue is getting all the receipts to her on time. And I can never remember whether I can claim my indemnity insurance or my income protection so I just send her everything!" Sam pauses for a moment and wonders whether now is a good time to ask what the difference between income protection and indemnity, but decides he can figure that out some other time. He's more worried that he hasn't kept any receipts from his overseas ski holiday and doesn't even know what sort of receipts he was supposed to keep...*

### Questions:

1. What advice would you give Sam about his financial matters?
2. Should he have salary sacrificed his holiday?
3. Does he need to worry about indemnity insurance or income protection at this stage in his career?

Most of us can probably relate to this scenario! Getting organized when you start work is really important. Setting up your salary sacrificing (yes it's worth it, but no you can't salary sacrifice your holidays!), your income protection insurance and PRIVATE professional indemnity insurance (i.e. not just relying on Queensland Health to cover you) is essential. Other considerations include trauma insurance (a nice buffer if you can afford it), private health insurance, total and permanent disability insurance and

relevant insurance for cars, house etc. Find an accountant or financial planner and see them early so you get set up well. Although it's not really set and forget, getting all this stuff sorted out early in your career is a great practice to get into. You are less likely to have any difficulty getting insurance personally when you are young, and it's cheap!

Make sure you keep receipts for any expenses related to work, self-education, membership fees, registration fees, tax accounting fees etc. These can all be claimed at tax time. If you're organized throughout the year, come tax return time you will spend a fraction of the time pulling together all your information.

Bottom line is find someone you trust (e.g. is recommended to you) to assist you with your finances.

## Case 2

*Raj has just woken up in recovery. The nurses tell him that he has had an accident when he was driving home after a 14hr night shift in ICU. He doesn't remember the accident at all. "Was it a bad accident? What damage have I done? Has anyone told ICU I probably can't work tonight?" The nurses look at each other and then one of them sits down and takes his left hand (the right one seems buried under a mountain of plaster). "It's going to be a long time before you're going to be back at work Raj. I'm going to get the spinal surgeon to come and talk to you about what has happened..."*

### Questions:

1. What will Raj need to consider while he is recovering from his accident?
2. Is he eligible for Worker's Compensation?
3. If he didn't already have trauma insurance, is it too late for him to get it now?

This is a harrowing case but sadly some version of this will happen to someone you know (or yourself) every year. Sudden, unexpected and life-changing events happen to everyone. The only way you can try to protect yourself against significant financial hardship is to ensure you have put in place mitigations strategies such as income protection insurance. Make sure you understand EXACTLY what you will be covered for (e.g. OWN occupation vs ANY occupation). Consider also whether infections contracted at work e.g. HIV/HCV/HBV are covered. Some policies only pay 75% of base salary and others pay a percentage of true income. Read the fine print and understand what you are signing up for.

Raj will need to find out his diagnosis and prognosis and speak to his financial planner to help navigate his options. There will be different waiting periods for different policies. Most people will have some leave accrued which can be accessed in the first instance. He will also need to consider if he needs to apply to his college for an interruption in training or similar- at least until he has an idea of what his recovery course will be like.

As his accident occurred on the way home from work, Raj may be entitled to some additional financial support/cover for health costs. This area is complicated and Raj should seek legal advice.

Raj may still be eligible for income protection insurance and trauma insurance in the future, but with exclusions based on his current injuries. Again, this would need to be explored by a financial planner.

### Case 3

*Jen has just found out she is pregnant. Although she is excited she is a little bit apprehensive. She is halfway through her fellow year and only has a temporary contract for this year. She has also been helping transition her mum into a dementia-specific residential care facility. "I can't believe how much nursing homes cost! Maybe I can start picking up some locum work now to earn some extra cash in case my morning sickness gets really bad later? I wonder how much childcare costs?" ...*

#### Questions:

1. Is Jen eligible for Maternity Leave?
2. What do you think about Jen's plan to start locuming?
3. What else should Jen consider regarding her mother's financial matters?

We are seeing more and more "young" people experiencing the 'carer sandwich' i.e. caring for elderly or unwell parents as well as for their own children. Jen is in a precarious position. Provided she has worked for a public service (e.g. public hospital) for at least 12 months, she is entitled to access maternity leave. This will be paid for 14 weeks (at least in Queensland) at the average rate of pay prior to leave. There are also federal paid parental leave schemes, but these are limited and seem to change regularly (but worth exploring). Jen will be faced with a bigger issue though- she will need to secure a contract with a public hospital (e.g. a Queensland Health hospital) if she wants to maintain her accrued entitlements (such as sick leave and long service leave). If she hasn't found a job before her maternity leave finishes, she will be "separated/terminated" and everything will be paid out. This may work in Jen's favour if she needs quick cash, but in general the rate that leave is paid out is much less than what you would get paid if you were actually taking the leave (because you don't get the leave loadings and other add-ons). Depending on when Jen actually goes on leave, she may still be able to return for some time to complete her fellow year. This would need to be negotiated however.

Jen needs to consider her options, and although locuming may be an attractive short term option, it is unlikely to help her for long. She will probably start to feel the effects of her pregnancy soon, especially in a demanding clinical field such as emergency medicine. She also has a commitment to her first (full-time) employer to ensure she is fit for duty so picking up extra shifts could impact on this.

Finally Jen needs to sort out her mother's affairs as soon as possible before she needs to focus on her own needs. Who is her mother's enduring power of attorney for health and financial matters? Is there a family home to sell? Are there other siblings who can help? Does her mother have an advance health directive? All these things can be very time (and emotionally) draining so better to get onto it as soon as possible.

## Case 4

### Questions:

1. What are the rules regarding accessing long service leave and professional development leave?
2. How can Kerry find out how much super she have accumulated and what contribution plan she is on?
3. Should Kerry stick with the industry super fund or should she move her super into a self-managed fund?
4. (Bonus question- how would Kerry find out what her super fund is invested in e.g. tobacco, alcohol, weapons?)

Rules and regulations regarding accessing leave will vary from jurisdiction to jurisdiction and even at a department level. As Kerry is working in a busy regional centre, backfilling her leave may be an issue so she should discuss her plans as soon as possible with her director. Whilst employees are entitled to access leave, there is usually a stipulation regarding it being “reasonable” and “subject to operational requirements” which is basically a way of saying you can’t take too much leave and if it’s too busy your leave may be denied. Most directors will recognised that ensuring employees have access to leave can help protect against burnout and also staff turnover, so hopefully this would be facilitated. (1)

Accessing the super balance should be a simple matter of contacting the super fund and requesting a current statement. In reality this may mean a bit of time the phone which Kerry may not have. Kerry could delegate access to her financial planner who can do this for her, and would also then be in a position to provide advice on what contribution plan she is on as well as the performance of her current super fund against other market leaders. There are various options which Kerry could consider, based on her level of motivation and comfort regarding self-management. She should also review who her nominated beneficiaries are- her ex-partner may still be listed as a beneficiary which would probably NOT be what she was intending. If she hadn’t nominated her children already, now is the time to do so.

Finally, working out what Kerry’s super fund is invested in could be a bit difficult. Kerry should enquire and explicitly state what she DOES NOT what to invest in e.g. tobacco etc. Super funds which include index funds (i.e. a “slice” of all the companies listed on the stock market) will include tobacco companies. Most super funds (especially government industry super funds) are moving away from investing in tobacco and other ethically challenging companies, however it is work checking. Tobacco free portfolios (<http://www.tobaccofreeportfolios.org/>) is a fantastic global initiative which strives to eliminate pension (super) fund investment in tobacco. It was founded in Australia by Dr Bronwyn King, a radiation oncologist, who was horrified when she realized her super was invested in tobacco.

Kerry is at a good time of her career to stop and take stock of her financial health and make some important decisions regarding her retirement planning.

## References and resources for Financial Health Module

1. Shanafelt TD, Noseworthy JH. Executive Leadership and Physician Well-being: Nine Organizational Strategies to Promote Engagement and Reduce Burnout. Mayo Clin Proc. Mayo Foundation for Medical Education and Research; 2017;92(1):129–46.
2. <https://www.lifetimeadvice.com.au/2017/04/financial-planning-doctors-e-book/> This is targeted at GPs but has some great general information
3. [http://www.amafinancialservices.com.au/\\_data/assets/pdf\\_file/0019/37810/AMAEssentialFinAdviceInsuranceTipsforDr\\_PressReady8.pdf](http://www.amafinancialservices.com.au/_data/assets/pdf_file/0019/37810/AMAEssentialFinAdviceInsuranceTipsforDr_PressReady8.pdf) A great overview of financial planning and insurance considerations for doctors.
4. <http://blog.ercast.org/the-white-coat-investor/> An excellent interview by Rob Orman with the White Coat Investor- Dr Jim Dahle
5. <https://www.whitecoatinvestor.com/> Jim Dahle's website covering all things finance and medicine- North American focus
6. [https://www.health.qld.gov.au/\\_data/assets/pdf\\_file/0030/440868/your-payslip-explained.pdf](https://www.health.qld.gov.au/_data/assets/pdf_file/0030/440868/your-payslip-explained.pdf) Factsheet on how to read your payslip- Queensland Health specific
7. <http://www.asnofnsw.org.au/latest-news/your-payslip> NSW specific information on how to read your payslip
8. <https://ama.com.au/article/junior-doctors-employment-guide> Guide to awards and entitlements throughout Australian health systems