

# Physician's MONEY DIGEST

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## Sing a Song of Your Own Wealth Creation

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**T**he Italian proverb says, "A fool and his money are soon parted." Why do some create wealth while others don't? Because they understand generating capital is more than just saving money. It's about maximizing opportunities occurring through your business and personal relationships.

### It's Too Late, Baby

Most of us disregard retirement until it's too late. Sure, we'll set aside funds in retirement accounts, but then foolishly borrow it all out to have the cash on hand. If you are socking away money just to save a few income tax dollars, then you are saving for the wrong reason. *The right reason:* to have something other than debt when you retire.

If your goal is to accumulate wealth, convert your high-income-earner status into a high-net-worth situation by following these suggestions:

■ **It's a family affair.** Many of us have spouses or significant others. They are more than just family; they are business partners. Successful business partners aim for the same bull's eye — accumulating a high net worth. They establish common goals and take specific steps to achieve them. This perspective makes it easy to say to your business/family partner, "We're taking actions that aren't in sync with our goals, and we need to revisit them." This approach is much more productive than being confrontational and

starting a family war.

■ **Living on the edge.** We're an ostentatious society living at the edge of our means. It's not sexy to have an enormous savings account if your colleagues can't see it in the form of fancy cars and houses. Instead of looking for status by spending every penny on the latest, greatest whatever, move away from the edge and learn to live within your earnings.

■ **When I'm 64.** The majority of Americans are taken care of by someone else through retirement plans. Most physicians are self-employed and have to care for themselves. Your attitude about handling your business and money must be different. It's dangerous to live at the edge. Eventually, you will fall off, and no one will be there to catch you then.

### Taking Care of Business

Physicians go to medical school, not business school. They know how to manage patients, not necessarily their medical practices. Here are some solutions for avoiding common business pitfalls:

■ **Lean on me.** Many physicians are afraid to spend money on qualified personnel to take care of billing and collections. Yet, over the long term, hiring the right person saves you money. So, how do you do a better job at finding the perfect personnel? Talk to high-net-worth associates with successful practices (and lives) and interview their office

managers. Learn from someone else's success. Investigate the possibility of using these office managers to interview your prospective candidates. This simple investment in your practice can yield high returns.

■ **Money, money, money.** When the money is flowing, many immediately convert the increased income into a grander lifestyle. If this sounds like you, try reinvesting the extra cash back into your business or personal-net-worth growth instead. Grow your business when you have the ability to do so, not when you are forced to do so.

■ **Good vibrations.** A physician's personal financial affairs are inseparable from business affairs. They are best managed by hiring good advisors with good vibrations. In other words, hire CPAs, attorneys, and financial planners who can help predict your future. Usually, by the time you're aware of a problem, it's too late to do something about it. Good advisors with good vibrations mean advisors who see the little red flags along the way. A skilled advisor has the benefit of learning from others' mistakes to help you avoid life's hazardous land mines.

If you're singing one of these songs in your business and personal dealings, take note of the ideas and hum a different tune. Through vigilant preparation, you too can "take the money and run" down the path into your golden days.



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