



COLLEGE of AMERICAN  
PATHOLOGISTS

# Personal Finance

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**You've settled into your new job,  
now what?**

**Weston H. Rothrock MD, FCAP Member**  
**Jaclyn Rudzinski MD, FCAP Member**  
**Alan F. Brown MD, FCAP Member**

**November 12, 2021**

# Weston H. Rothrock MD, FCAP Member

- **Member- New in Practice Committee**
- **Board Certified in Anatomic and Clinical Pathology**
- **Associate Medical Director, Quest Diagnostics, Tampa, FL**



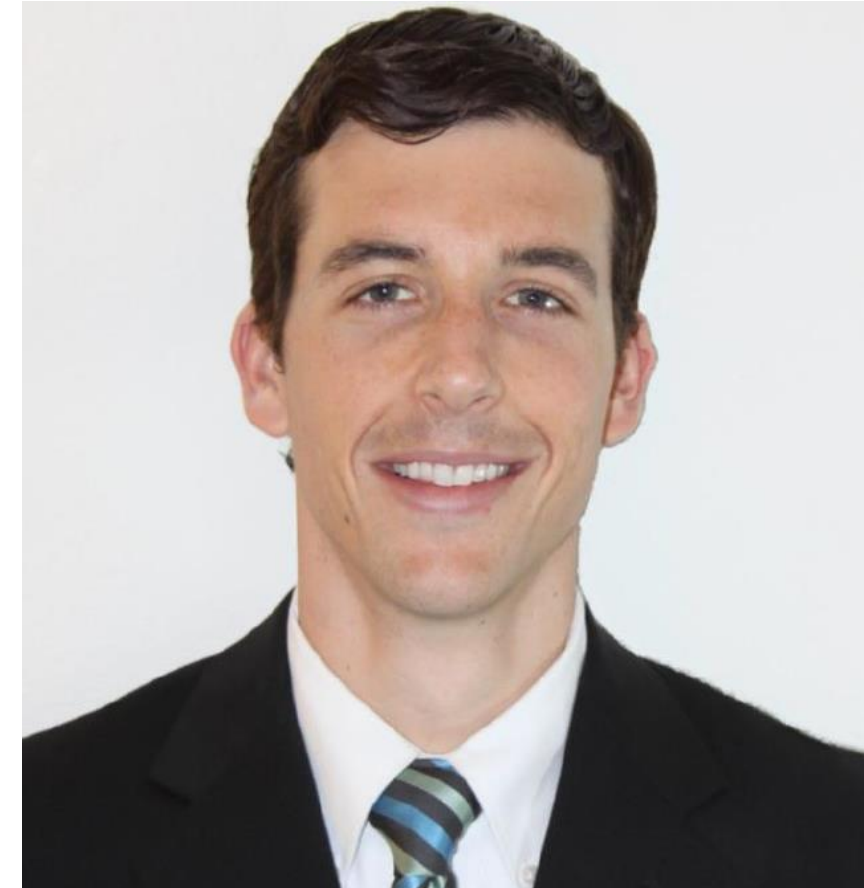
# Jaclyn Rudzinski MD, FCAP Member

- **Member - New in practice committee**
- **Member - Council on education**
- **Board certified in AP/CP and Cytopathology**
- **Fellowships in cytology and surgical pathology**
- **General pathologist and medical director of the consolidated microbiology laboratory for a hospital system in Dallas Texas**



# Alan F. Brown MD, FCAP Member

- **Member – New in Practice Committee**
- **Board Certified in Hematopathology, Molecular Genetic Pathology, AP and CP**
- **Subspecialty: Hematopathologist**
- **Experience focused on molecular genetic testing and stem-cell transplant-related hematology**
- **South Texas Pathology Associates  
San Antonio, TX**



# Disclaimer

**The information presented today represents the opinions of the panelists and does not represent the opinion or position of the CAP.**

**This should not be used as a substitute for professional assistance.**

**The information in this presentation is provided for educational purposes only and is not legal advice.**



# Topic for Today's Discussion

## Personal Finance

- Financial Woes and Rules to Live By
- Tax-sheltered Accounts - Retirement & Beyond
- Emergency Fund – Everyone needs one
- Trending Topics - Cryptocurrencies, Backdoor Roth
- Resources for all Pathologists

# Jaclyn Rudzinski MD, FCAP Member



# Getting to know you



# Alan F. Brown MD, FCAP Member



# Top 5 Money Problems for Americans

## 1. Paying Bills

- Spending more than earning

## 2. Living Now

- Not saving for retirement; starting too late

## 3. Eternal Debt

- Interest burden and easy access to credit

## 4. Poor Usage

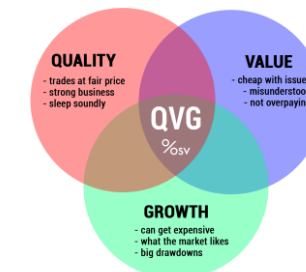
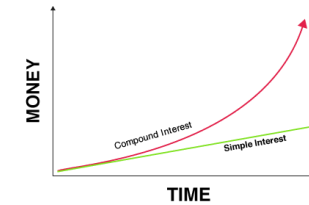
- Low return investments or purchases

## 5. Anxiety

- Overwhelmed by money issues

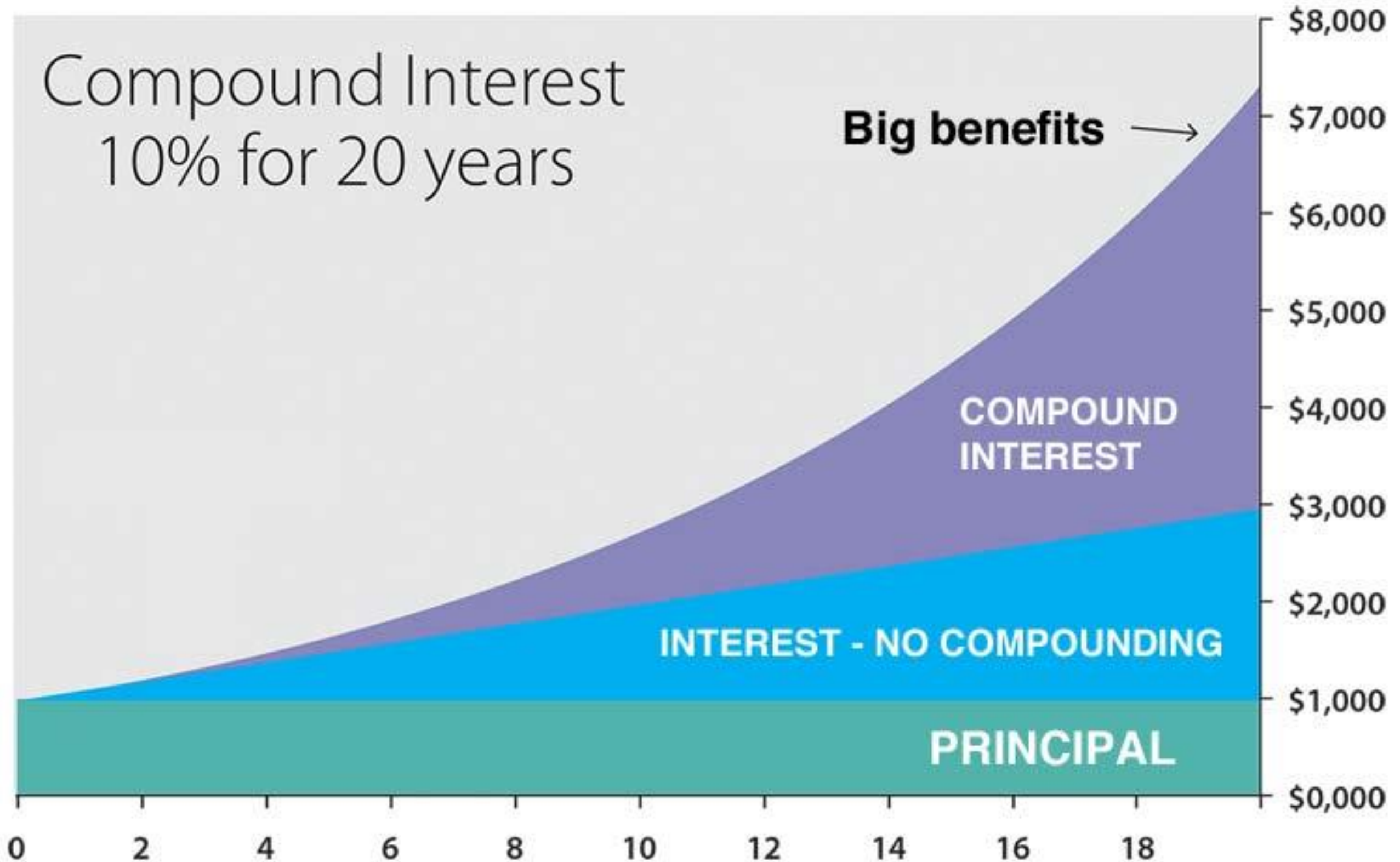
# Rules to live by...

- Compounding interest – Start early and persist
- Use every dollar – spend < make, put them all to work
- Spock It – Remove emotional, gambling and impulsive behaviors
- Diversify – Nothing thrives in a monoculture
- Age-appropriate – are you retiring in 50 years or 5
- Anticipate Major Expenses – kids, house, healthcare, parents
- QVG-focus – Good stuff cost money, Cheap stuff usually stay cheap



Compound Interest  
10% for 20 years

**Big benefits** →



# Insurance

## 1. Emergency Fund (cash – 6-12 months of living expenses)(Revisit)

## 2. Required

- Health (HMO, PPO, EPO; not Medi-share health sharing ministries)
- Automobile (Liability, Comprehensive)
- Homeowner (Escrow, Hazard)
- Malpractice

## 3. Optional (Peace-of-Mind)(Select list)

- Disability (long term income guarantee)
- Life (Term, global)
- Umbrella (liability, property)

**TIP – Increasing coverage limits above standard is often very cheap**



# VOLCANO INSURANCE

Now who's laughing?



# Tax-Sheltered Accounts

- Legal monetary accounts that mitigate current and/or future tax liability
- Tax minimization strategy (legal) **VERSUS** Tax evasion (illegal)

1. Retirement (401k/403b, IRA)(Roth-Post-tax or Pre-Tax-deferred)

Roth IRA previously limited to lower-tax bracket incomes (taxed early, distribute later)

2022 Limits - \$6k (IRA), \$20.5k (401k, 403b), ?\$59k (combine 401k)

2. Health (Pre-Tax)(HSA, FSA)

2022 Limits - \$7.3k (HSA+HDHP deductible  $\geq$ 2.8K, OoP  $\leq$ \$14.1k)( $>$ 65 general use w/ FIT)

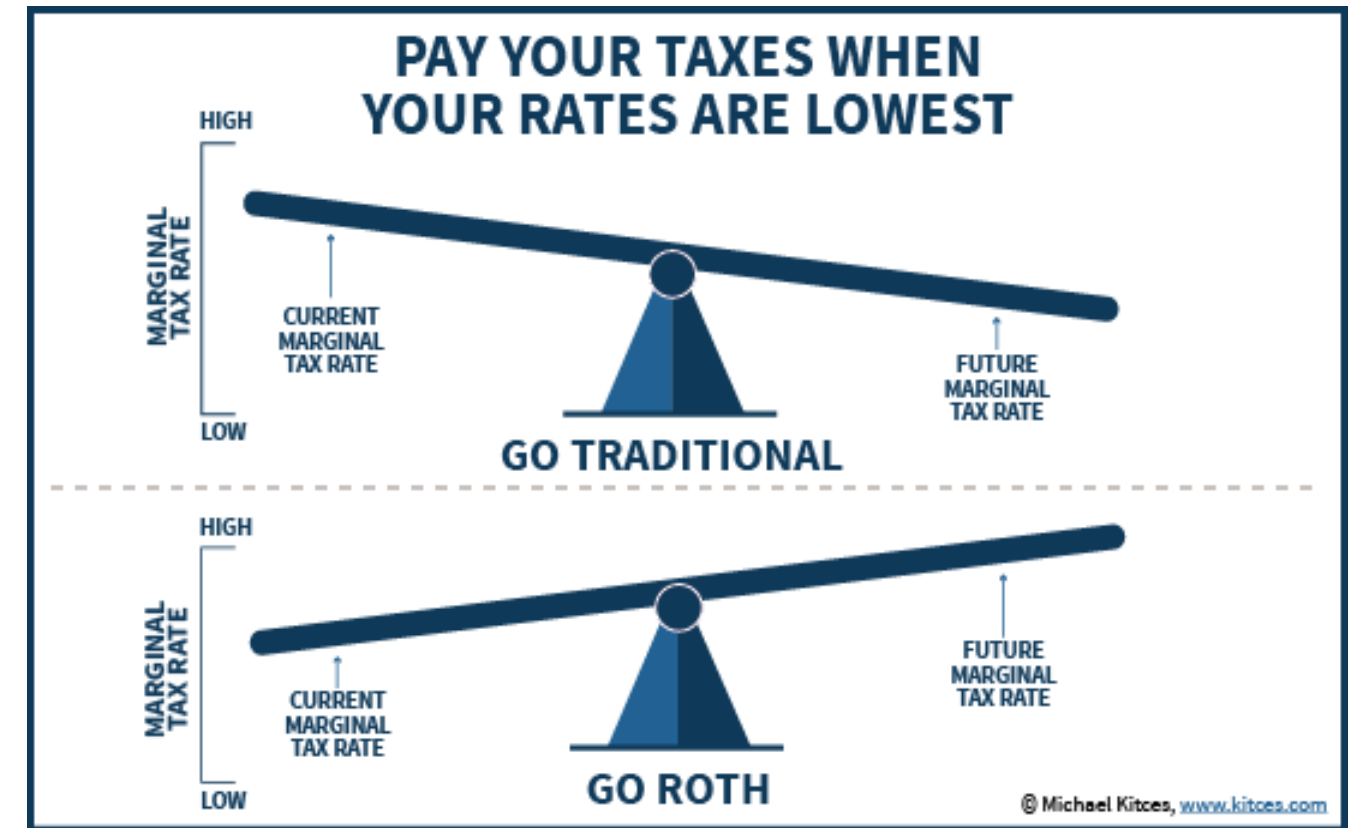
\$2.85k (FSA Individual) or \$5k (dependent)(use-it-or-lose-it\*)

3. Tuition (Post-tax gift) (529)(vs ESA & Custodial UGMA/UTMA)

TIP – Start contributing now for the sake of compounding interest.

# To Roth or not to Roth?..

- Well, it depends but either is better than nothing.
- Traditional allows for use of excess savings but does not have as much post-retirement benefit as Roth. It is therefore *potentially* riskier.
  - Confident investors that are active and savvy *may benefit* from Traditional
  - Passive investors who rely on interest and small safer investments *may prefer* Roth

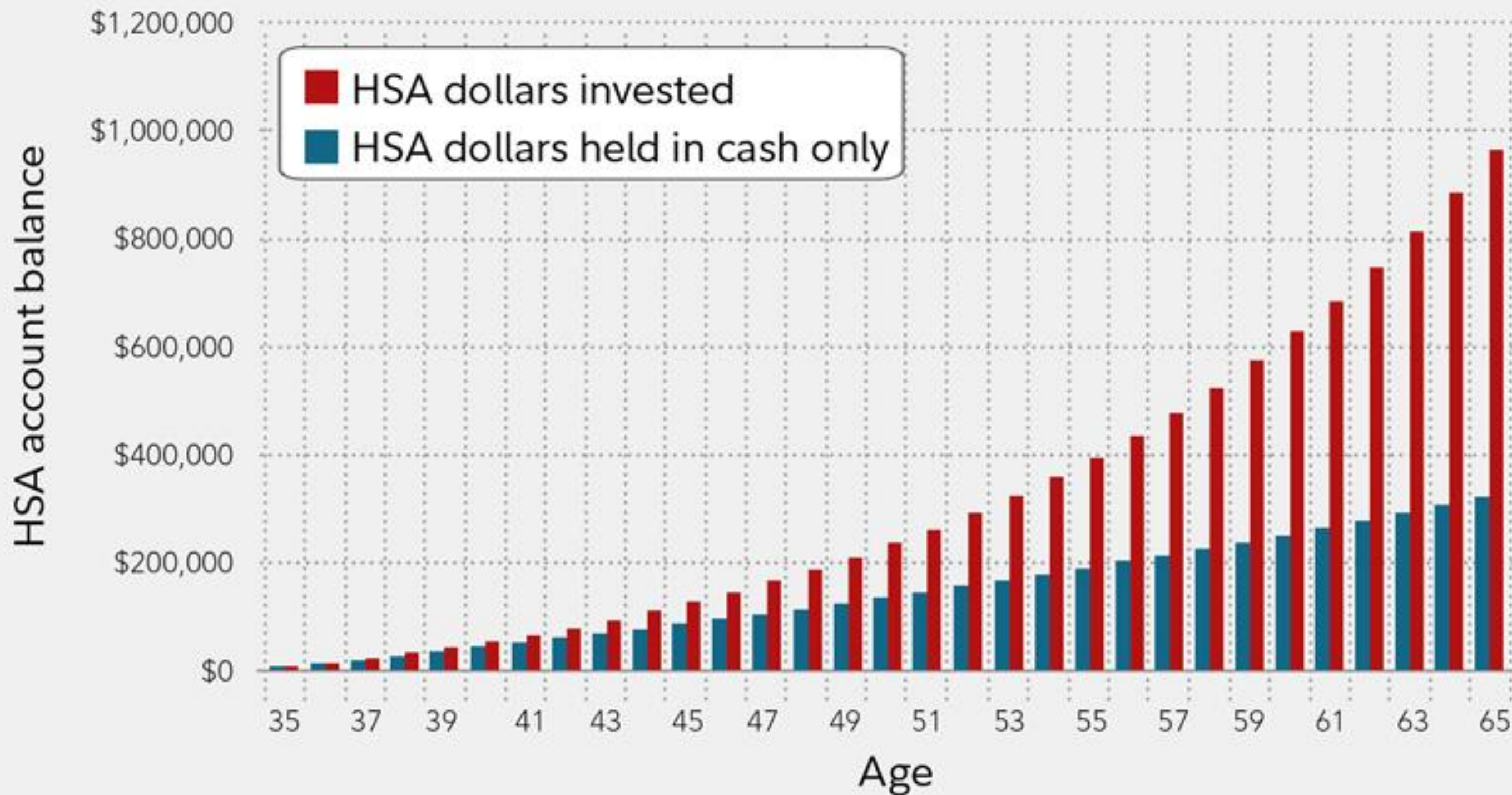


Physicians are typically high earners that retire at or below their current income, thus they may be in a lower tax bracket at retirement.

# HSA + HDHP

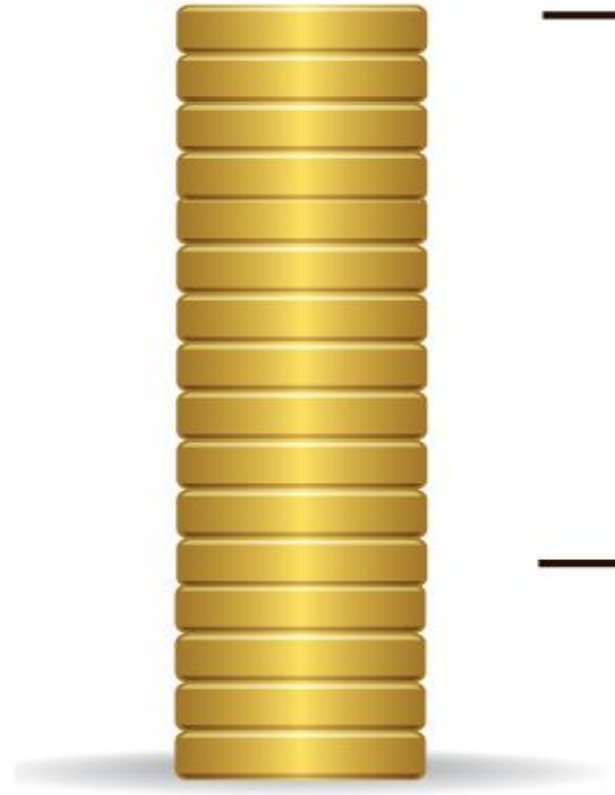
*(HSA contributions compound year-to-year)*

	2021	2022
HSA Contribution Limits	Single - \$3,600	Single - \$3,650
	Family - \$7,200	Family - \$7,300
HSA Catch-Up Contribution (for individuals age 55 and older)	\$1,000	\$1,000
HDHP Maximum Out-of-Pocket	Single - \$7,000	Single - \$7,050
	Family - \$14,000	Family - \$14,100
HDHP Minimum Deductible	Single - \$1,400	Single - \$1,400
	Family - \$2,800	Family - \$2,800





Put your premium savings  
into an HSA to pay for  
qualified medical expenses.



### Traditional Plan

Low or no  
deductible,  
higher monthly  
premiums



### HDHP

High deductible,  
lower monthly  
premiums

### Health Savings Account

# FSA is Flexible

- **Employer-sponsored - You don't pay taxes on FSA funds.**
  - Year-end Un-used funds (12/31) go back to your employer
- ***FSAstore* offers FSA-approved products for sale <https://fsastore.com/>**
- **A dependent care FSA can pay for summer day camp.**
- **All FSA funds must be spent within a specific window of time.**



# Emergency Fund

- **What?**

Liquid Cash in a Checking or Savings account that is readily accessible (FDIC)

- **Why?**

Asset and lifestyle protection against large unexpected expenses

Similar to a saving account but 1) reserved to unexpected, 2) liquid & accessible

- **Who?**

Everyone with something to lose (car, house, credit score, marriage, kids)

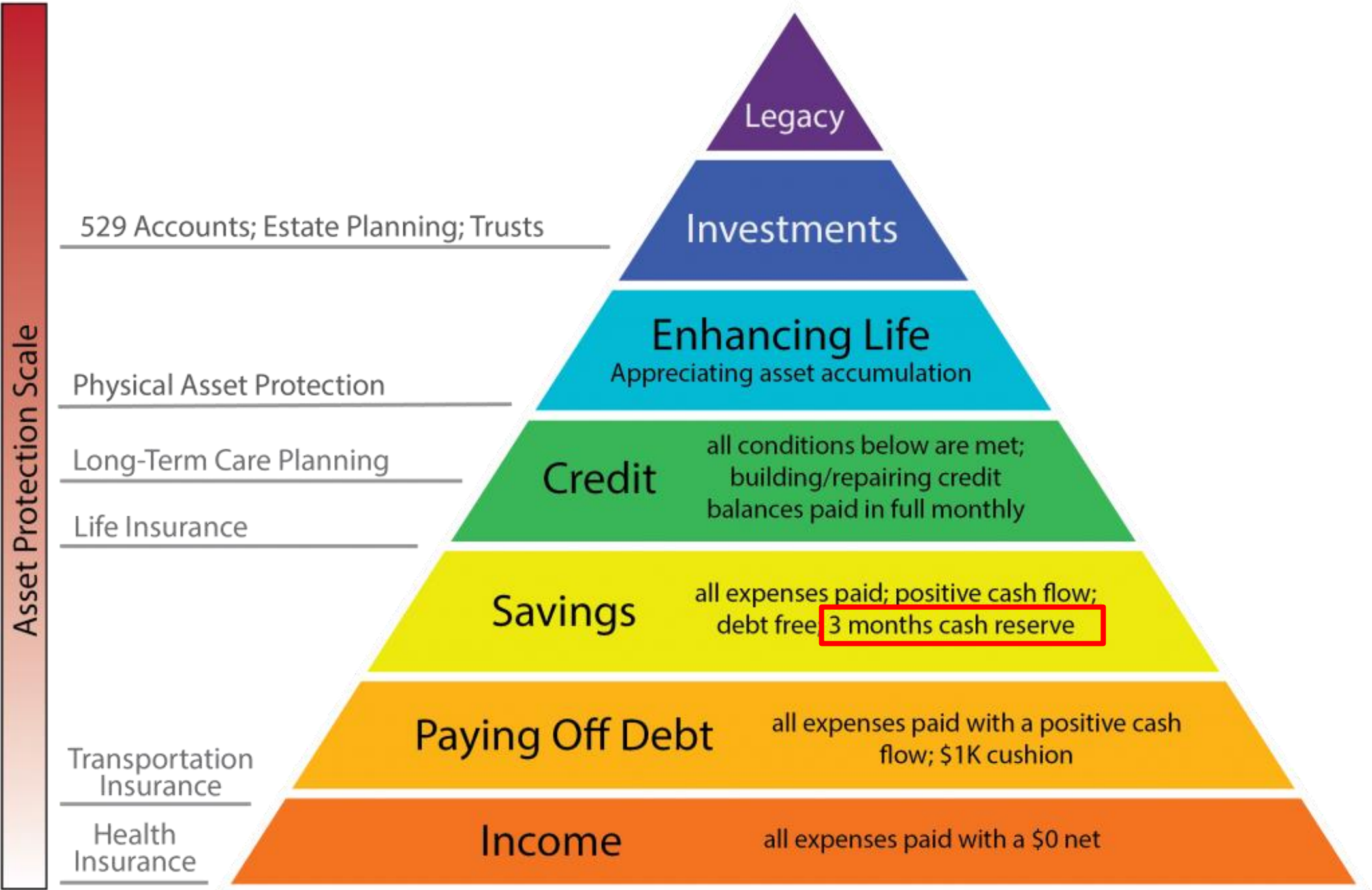
- **How?**

Realistic estimate of total expenses (mortgage, car loan, credit cards) for 6 months

- **Off-limits**

Not part of daily expenses; ideally in a separate account from regular debit/checking

# Financial Hierarchy of Need



# Credit Cards $\neq$ Emergency fund

## Advantages

- Pre-approved loan; Widely accepted
- Some consumer protection
- Can establish credit history

## Disadvantages

- Requires discipline from borrower
- Can have high fees and interest

	TOTAL PRINCIPAL PAID	TOTAL INTEREST PAID	TOTAL MONTHS TO PAYOFF	TOTAL AMOUNT PAID
\$118 minimum payment	\$5,897	\$3,861	83	\$9,758
Double the minimum payment to \$236	\$5,897	\$1,319	31	\$7,216
Triple the minimum payment to \$354	\$5,897	\$813	19	\$6,710
Push the monthly payment to \$500	\$5,897	\$560	13	\$6,457

# Side Items



# “Backdoor Roth” Conversion

(Taxed, but accessible to high earners)

## How to Do a BackDoor Roth-IRA

### STEP 1 CONTRIBUTE TO TRADITIONAL IRA



ANY EARNED INCOME (W2/1099)  
CAN CONTRIBUTE UP TO \$6000  
(\$7000 IF 50+) TO A TRAD-IRA FOR  
THEMSELVES AND ANOTHER  
\$6000 FOR THEIR SPOUSE.  
DEADLINE: UNTIL TAX DAY OF  
THAT YEAR

**\*WE RECOMMEND DOING THE  
FULL \$6000\***

### STEP 2 CONVERT TRAD-IRA TO A ROTH-IRA



THERE IS NO TIME LIMIT ON WHEN  
TO DO THE ROTH-IRA CONVERSION  
BUT BEST TO DO WITHIN 2-3 DAYS

### STEP 3 WATCH OUT FOR THE PRO-RATA RULE



THE BALANCE OF ALL IRAS  
(TRADITIONAL, SIMPLE, SEP) MUST  
BE ZERO BY DECEMBER 31ST OF  
THE CONVERSION YEAR.  
BASICALLY MUST CONVERT ALL  
IRA TO TO ROTH IRAS (WARNING:  
TAX EVENT) OR ROLL ANY LARGE  
IRA INTO YOUR 401K5

### STEP 4 FILL OUT FORM 8606



EACH FORM MUST BE DONE FOR  
YOU AND YOUR SPOUSE ON YOUR  
TAX RETURN. THE LINE ON 15C  
AND 18 SHOULD BE ZERO ON YOUR  
TAX FORM.

### STEP 5 REPEAT FOR NEXT YEAR



CONTINUE THIS PROCESS EVERY  
YEAR FOR MAX TAX-FREE GROWTH

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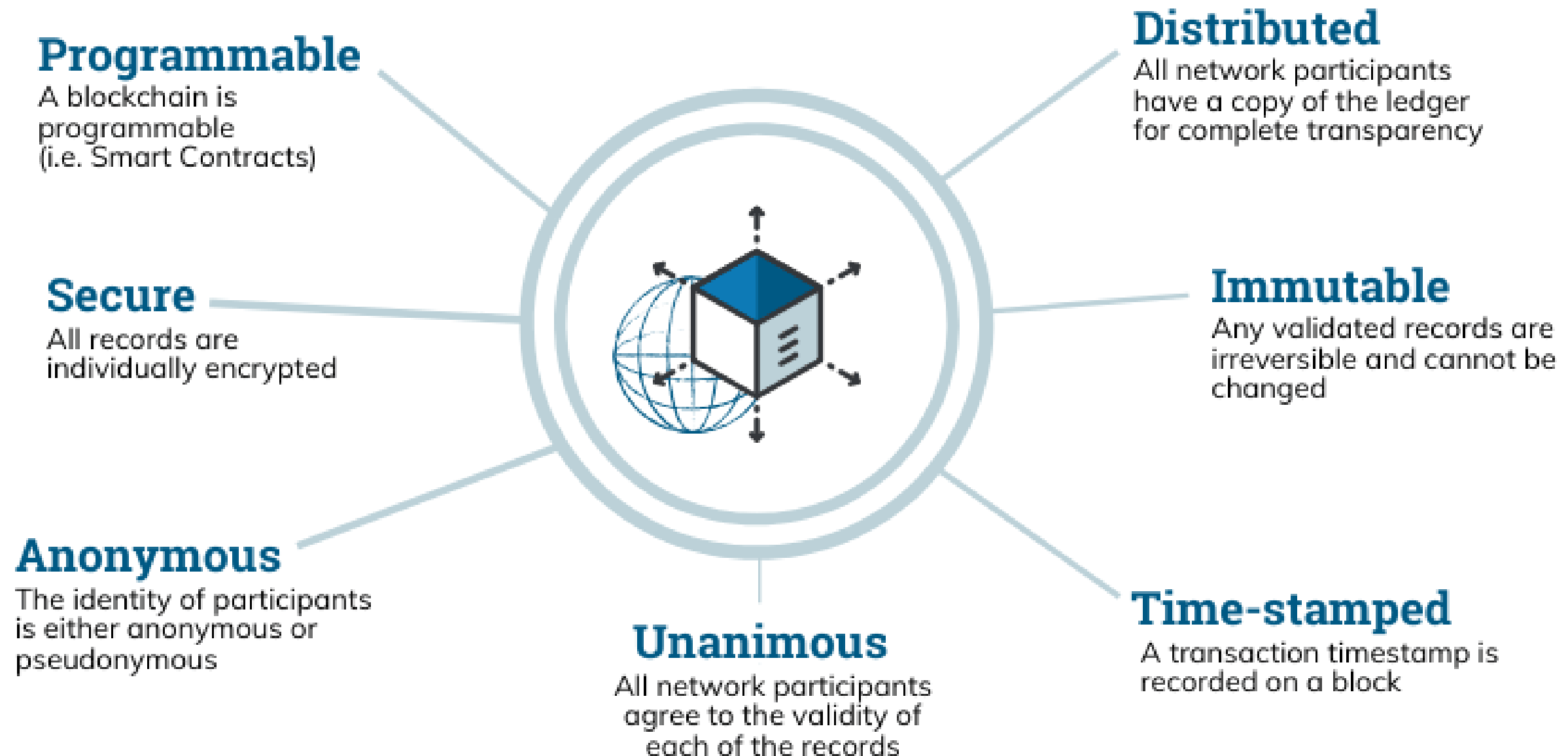
ODs on Finance

# Cryptocurrency

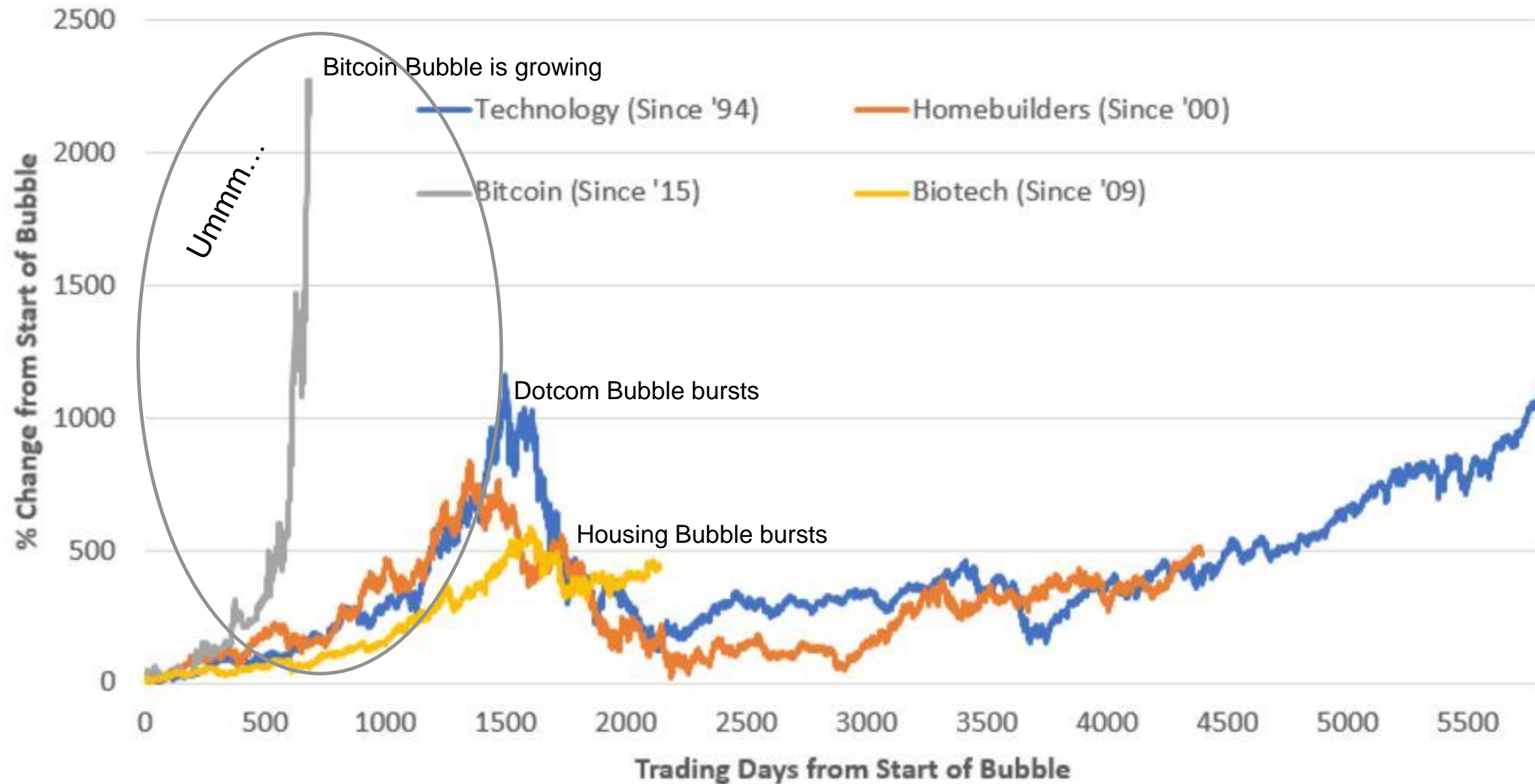
- **Obtaining** – Win block, gifted/paid, buy on exchange (beware)
- **Fiat Currency** – a currency with no physical backing, usually backed by a country's/company's economy and scarcity.
- **Block Chain** – online multi-nodal transaction approval ledger
- **Asset** (generates\$), **Commodity** (raw use S/D), or **Currency** (x\$)
- **Valuation** (highly speculative) – scarcity, mineability, relative value, transactional volume & velocity, bubble mentalities.
- **Federalization** – paper dollars are antiquated and easily counterfeit but both can be stolen (hacked); Crypto is potentially more efficient, cheaper to bank, and more taxable
- **Many Challenges** – valuation, stability, oversight, efficiency, security



# The Properties of Distributed Ledger Technology (DLT)



## Major Bubbles Since 1990 vs. Bitcoin: Percentage Change



<https://www.marketwatch.com/story/heres-how-bitcoin-is-dwarfing-housing-and-dot-com-bubbles-2017-08-30>

Data from Aug 2017 when Bitcoin price (\$4,000)

**“Compound interest is the eighth wonder of the world. He who understands it, earns it ... he who doesn't ... pays it.”**

*\*Possibly true*

**- Albert Einstein -**

# Resources

- **Passive Investing → Acorns, Yieldstreet, Dividend and REIT stocks**
- **Robo-advisors → Betterment, Personal Capital, Schwab**
- **Net Worth Management → Personal Capital, NerdWallet**
- **Budgeting → Truebill, Simplifi, Old-fashioned Excel (GoogleDoc)**
  - [https://docs.google.com/spreadsheets/d/1rx6fEsm-fj\\_fNRPJ3szSr4oryXtVSQwahxUy3IcT-jo/edit?usp=drivesdk](https://docs.google.com/spreadsheets/d/1rx6fEsm-fj_fNRPJ3szSr4oryXtVSQwahxUy3IcT-jo/edit?usp=drivesdk)

# Additional Resources

- White Coat Investor - <https://www.whitecoatinvestor.com/>
- Investopedia (variable, extensive) - <https://www.investopedia.com/>
- Dave Ramsey Financial (simple)- <https://www.ramseysolutions.com/>
- Bogle Heads Wiki (it's a wiki...so)
  - [https://www.bogleheads.org/wiki/Bogleheads%C2%AE\\_financial\\_literacy\\_project#Member\\_supplied\\_material](https://www.bogleheads.org/wiki/Bogleheads%C2%AE_financial_literacy_project#Member_supplied_material)

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