Update in
Anaesthesia

Review

Financial Wellness of Anaesthesiologists

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INTRODUCTION

Financial wellness is often an ignored consideration and should be a crucial objective for all medical professionals, and anaesthesiologists are no exception. Anaesthesiologists run a rat race in life, may it be a salaried job or in freelance practice. Achieving financial independence early in life is the mantra to stay mentally at peace in the later part of life.[1] Anaesthesiology as a financially viable profession has been strengthened by the diversification into services such as critical care and pain management, but crucial phases come up in life when one's financial needs outstrip the income; hence, planning for financial independence is very relevant, especially in freelance practice. The pathway to financial wellness involves effective planning, managing expenses, disciplined savings, and investments to have multiple income streams.[2] In this article, we aim to provide a comprehensive guide for anaesthesiologists to achieve financial independence, thereby ensuring a secure and prosperous future.

WHAT IS FINANCIAL WELLNESS OR FREEDOM?

As per the US Consumer Financial Protection Bureau, financial wellness is the 'feeling of having financial security and financial freedom of choice, in the present and when considering the future'.[1] It reflects the ability to live comfortably without being dependent on a pay check or earnings from professional income, that is, having enough savings, investments, and money in hand to afford the lifestyle you want for yourself and your family. For anaesthesiologists, this freedom also allows the flexibility to make career choices without the pressure of financial constraints, enabling one to focus on personal and professional fulfilment.

INCOME POTENTIAL AND FINANCIAL CHALLENGES

Anaesthesiologists in lower middle-income countries such as India generally are not paid salaries or anaesthesia charges commensurate with their services as compared with other specialities, despite the high-risk nature of the profession. The standards of practice are overall better compared with low-income countries where, unfortunately, the available human resources in terms of numbers and training are far less than accepted standards. Financial wellness thus needs a modified definition for different income category countries.

Key financial challenges faced by anaesthesiologists include

- Delayed start in earnings: Depending on the country, it takes around 10 years to complete training in anaesthesia after passing 12th grade, while other professions finish their education much earlier.
- Lifestyle inflation: Tendency to spend more as income increases is likely with young anaesthesiologists, thereby impeding savings.
- Tax obligations: Due to higher earnings, entry into high-income brackets attracts higher taxes, which necessitates effective tax planning.

STEPS TO ACHIEVING FINANCIAL WELLNESS

Anaesthesia society formations can take initiatives to assist the members at the local and national levels in attempts to correct discrepancies in remunerations for practicing anaesthesiologists. The Indian Society of Anaesthesiologists (ISA), for example, has a sub-formation called the Private Practitioners Forum that has started the discussion at the national level, and each city branch has been advised to decide and set up the minimum remuneration a member should receive for each type of surgery. The remuneration can be on a case basis, hourly basis, or if possible, by applying a relative value guide to calculate the exact amount for each surgery. This is being gradually followed in many cities, hopefully reaching an honourable payment uniformly in the next few years. Despite this, achieving financial freedom is imperative for most and requires careful planning with disciplined financial management. Financial literacy is needed to achieve financial wellness and refers to the knowledge and its application so that the right steps are taken.[2] This article is an attempt to guide everyone towards achieving financial wellness.

1. Debt Reduction

Debts are the biggest trap and hindrance to achieving financial wellness. Younger professionals go on spending

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sprees with the help of loans once they become eligible for them. Expensive laptops, tabs, mobile phones, cars, buying homes, and holidaying are some of the ways the money is spent, and the list is endless. However, they forget that the money taken from the bank or financing company is to be paid back with interest. If one learns to have delayed gratification (waiting for some more time to get something), then he or she will have enough available for savings to achieve financial freedom. Loans are the biggest hinderances in achieving financial wellness. High-interest personal loans and overuse of limits of credit cards are to be avoided. Loans shall be taken only if necessary to avoid bad debts.

2. Insurance (Protection)

One important step before financial freedom is to have adequate professional indemnity, medical insurance, and whole life insurance. Insurance safeguards an individual's capital in case of some calamity in the professional or personal life.

A. Professional Indemnity Insurance

Professional practice is becoming increasingly risky in different parts of the world. The system is in a dynamic state in low-income and lower middle-income countries, where discontent and a sense of victimisation exist among anaesthesia practitioners. It is very difficult to set a limit on how much indemnity insurance one should have, as it is influenced by the anticipated potential for things to go wrong with the work and the possible cost of a compensation claim if found negligent. Calculating the right amount is not an exact science, but getting it right is important. In a country like India, new rules such as the Consumer Protection Act in 2019, which largely favours consumers (patients), and rapid economic progress have resulted in most practitioners in smaller cities insuring for amounts upwards of $120000 (approximately 10 million INR).

The policy ensures that legal expenses and potential settlements are covered by the insuring agency. The amount of the premium can be determined based on the number and types of cases an anaesthesiologist attends to and the country- or area-specific risks of litigation. It is also important to consider a private welfare family trust to safeguard assets in case of a claim (Asset Protection).

B. Health Insurance (Mediclaim)

It is essential for all family members to be covered under medical health insurance schemes due to burgeoning high health care costs in all parts of the world. It is a shield to guard against financial instability during health emergencies, also ensuring peace of mind for all in the family. Uncertainties like COVID-19 have taught us the critical need for medical insurance. Good family health coverage plans can ensure that existing finances are not stretched too much by providing cashless treatments or reimbursements on incurred medical expenses.

Policy Management

It is preferable to obtain single comprehensive policy over base plus super top-up for simplicity and to avoid multiple policies for claim processing efficiency.

Life Insurance

A term life insurance policy is advised to be considered to provide financial security for the family in case of the anaesthesiologist's untimely demise.[3] The sum assured for a term life plan should be around 20 times the annual income of a person so that the claimed amount can be invested in safer monthly income plans to take care of family expenses even if that person is no longer alive. The purpose is to secure financial support for dependents in case of the untimely demise of the insured anaesthesiologist. Coverage calculation also depends upon the human life value, which estimates future earnings minus expenses. A need-based approach considers important factors such as liabilities and education funding.

Who Needs It

Breadwinners supporting dependents; considerations vary based on marital status, financial assets, and dependents. It is advised to choose established companies for stability and to insure, offline preferably, for clearer communication and support. Disability insurance should also be considered to safeguard against loss of income due to incapacitation.

The Benevolent Fund Schemes

One of the ways to cooperate and provide financial succour to an individual or his or her family is through the system of benevolent funds, which can be applied to a group of individuals such as an anaesthesia grouping or Society. A benevolent fund is an institution, including a body of trustees, holding funds on trust, so that financial needs for the defined group of individuals are met.[4] One example is the ISA-supported Family Benevolent Fund (FBF) in India, started in 2001. An anaesthesiologist registers as a member with a nominal fee; the grouping currently has more than 2600 members. In case of the demise of a member anaesthesiologist, roughly an additional contribution (equivalent to $4) is made by all members. So far, 106 families of members who have died have benefitted by this scheme, much more financially than any insurance company would have paid. This scheme has been unique in that the individual member contribution is paltry, but the amount of money transferred to the next of kin is substantial, proportional to the number of members, helping in financial wellness even after the demise of the anaesthesiologist. This has especially worked wonders in cases where young anaesthesiologists have expired.

3. Budgeting and Expense Management

- Monthly budgeting: An anaesthesiologist is advised, as is any other individual, to create a realistic monthly budget to track income and expenses. It is imperative to identify areas where spending can be reduced without compromising quality of life. Many apps are available for this: 'Money Manager Expense & Budget/Money Manager' (available on Google Play and the App Store) is one such app which helps in budgeting and tracking expenses.
- Emergency Fund: An emergency fund covering 6–12 months of living expenses can be created to cushion against unexpected

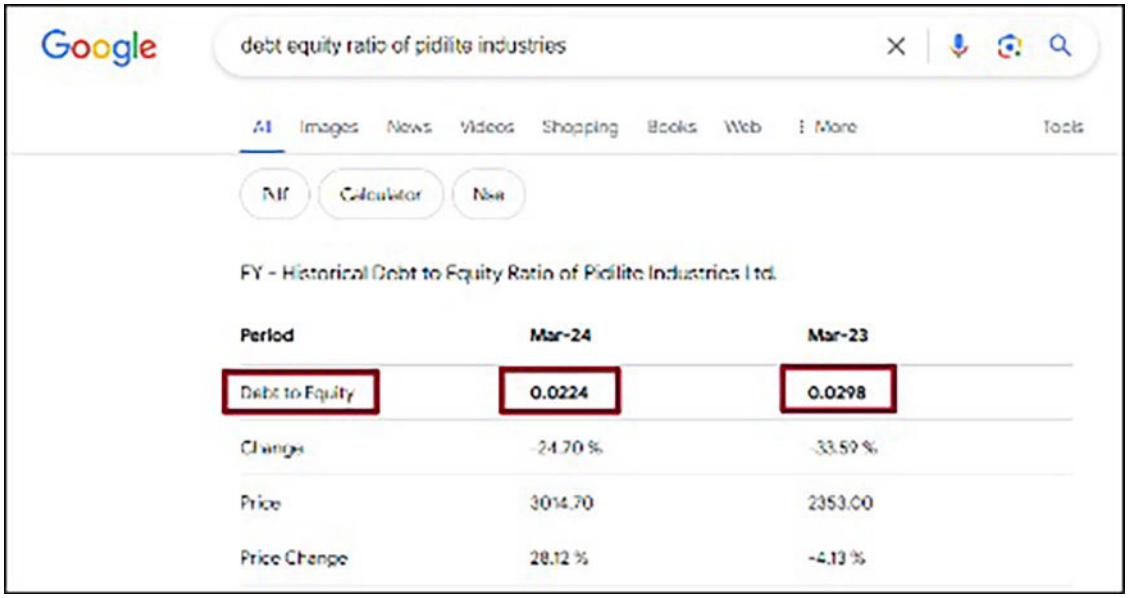

Figure 1 – Understanding debt-equity ratio

financial inadequacy. We all have the latest example of the COVID-19 pandemic period when economic crises gripped many countries and livelihoods were affected.

4. Active Investing

Once all the above basic social security issues are addressed, the next approach to wellness is investment of the 'balance' amount, to increase earnings and try to get more profits on the amount invested. The aim here is to beat inflation by a good margin by improving return on investments.

A. Building Multiple Income Streams to Increase Earnings

Building Upon Professional Talents

- Private practice: Consider part-time private practice or consultancy in addition to a salaried position.
- Teaching and training: Engage in teaching at medical colleges or conduct training workshops for aspiring anaesthesiologists.
- Medical writing and research: Contribute to medical journals, write books, or engage in funded research projects.
- Creation of educational blogs or YouTube channel: This depends on the felicity of the anaesthesia professional in handling contemporary software and networking to propagate and share knowledge.

B. Investing Options

The approaches mentioned above are only possible for a small number of anaesthesia professionals. Many anaesthesia professionals are only adept at practicing anaesthesia in their lifetime, do not find time to explore other talents, and tend to waste time on social media. Thus, it is advised that real-world alternative investment options are learnt and practiced as additional sources of income in achieving financial wellness.

C. Stock Market

High-income and middle-income (lower and higher) countries have stable stock market systems and thus have the option to invest in a diversified portfolio of stocks. Scope may be limited in low-income countries. Stock investments can be risky but, at the same time, can give robust returns if invested the right way in the right company, preferably for the long term.

How to Choose Stocks for Investment?

It is a dictum that one should invest in companies whose business the investor understands. One needs to shortlist stocks (based on our capacity to understand the business of that company) to make sure that the company is debt free. The debt status of any company can be known by internet search, e.g. 'debt-equity ratio of [name of company]' in Google. If the debt-equity ratio of that company is 0 or less than 0.1, then we can consider that company safe to invest our hard-earned money. In Figure 1, we can see that the debt-equity ratio of Pidilite Industries is 0.0224, meaning it has very little debt (it is like purchasing a home worth $10 million and taking a home loan of $0.224 million).

a Advice: Do not do tip-based investment, but follow all such markers to know the profitability of that company before investing. Avoid trading in futures and options (derivatives), which can be a double-edged sword; if one knows how to use them, they can give good profits, but for others, it can be a huge loss-making weapon.

b Real estate: Investing in real estate can provide good rental income and potential appreciation, but the only limitation is that liquidity is poor if one needs money in some unforeseen emergency situations.[5]

c Mutual funds: This is a pathway to diversified investing. Mutual funds are an accessible and effective way for individuals to invest in diversified portfolios managed by financial experts.[6]

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Table 1 – Financial planning for different stages of career

Stage	Planning
1. Early career (1–5 y)	• Focus on debt repayment: Prioritize repaying student loans and other high-interest debts • Start investing early: Begin investing in retirement accounts and mutual funds • Live below your means: Avoid lifestyle inflation and focus on saving and investing
2. Mid career (6–15 y)	• Maximize earnings: Seek opportunities for additional income through private practice or consultancy • Increase investments: Gradually increase contributions to retirement funds and other investment vehicles • Plan for major expenses: Save for children's education, home purchase, and other significant expenditures
3. Late career (16+ y)	• Diversify investments: Ensure a balanced portfolio with a mix of equities, debt, and real estate • Prepare for retirement: Review and adjust retirement plans to ensure adequate savings • Estate planning: Create a will and consider setting up trusts to manage wealth transfer

Mutual funds pool money from multiple investors to invest in a diverse range of assets such as stocks, bonds, and money market instruments. Each investor owns units, proportionate to their investment,[7] which represent a share in the fund's holdings. Three types of mutual funds exist.[8] Equity funds: Investment is predominantly in stocks, offering potential for high returns over the long term but with higher risk. Debt funds: Investment is primarily in fixed-income securities, like government bonds and corporate bonds, providing stable returns with lower risk. Hybrid funds: Investments are a combination of both stocks and bonds to balance risk and return. The key benefits of mutual fund investment are the diverse profile of investment, professional management, accessibility for varied amounts, and flexibility in liquidity conversion.

In most countries, the local regulations guarantee investor protection with transparent operability (e.g., mutual funds in India are regulated by the Securities and Exchange Board of India). Mutual funds empower investors to participate in the financial markets with managed risk and potential returns. By diversifying investments across various asset classes and sectors, mutual funds offer a balanced approach to wealth accumulation aligned with individual financial goals.

5. Retirement Plans

Some countries offer contributory plans of retirement financial benefit (e.g., Public Provident Fund, National Pension System, and Employee Provident Fund in India) ensuring postretirement financial stability.[9,10] Such systems also offer tax benefits and help in long-term wealth creation, generating higher returns over the long term and enhancing the retirement corpus.

6. Tax Planning

The anaesthesia professional is advised to closely follow and invest such that tax-saving investments are exploited to the fullest as per the native country's mandates. Many countries provide waivers or rebates on expenses incurred to a medical professional for attending academic sessions (continuing medical education, conference, workshops, and for journal subscriptions). Thus, an anaesthesiologist would do well to keep up with the academic advances, simultaneously claiming tax benefits. Contributions to charitable institutions are exempt from income tax in many countries, and this route will also satisfy the individual's sense of service to fellow human beings.

7. Estate Planning—Ordered Legal Plans for the Next Generation of the Individual

Estate planning involves strategically managing and distributing assets of an individual to ensure the welfare of legal heirs, in the event of his or her death or incapacitation.

The key points include

- Creating an inventory of assets: Create a comprehensive list of all your assets, including properties, bank accounts, investments, and personal belongings.[11]
- Drafting a will: Consult with a legal expert to draft a clear and legally binding will, specify how you want your assets to be distributed after your demise.
- Setting up trusts: Depending on the individual's financial situation and goals, trusts can be set up. They can help protect assets and provide for specific beneficiaries.
- Assign power of attorney: This consists of designating a trusted relative or friend to manage your affairs if you become incapacitated. This ensures continuity in decision-making. Remember that estate planning is crucial for securing one's legacy and minimizing disputes.

Financial Planning for Different Career Stages and Financial Freedom

Ultimately, choosing the best type of investment depends on the stage of one's professional career to ensure an enjoyable financial freedom (Table 1; Figure 2).

Technology and Financial Management

The anaesthesiologist of today must be tech savvy and updated with contemporary technologies to enhance personal financial management. Many countries have personal finance apps fulfilling local regulations, local practices, and preferences ('Plum™' in UK, '22seven™' in South Africa, 'Quicken Simplifi™ in USA, 'ET Money™' App in India, 'Moneycontrol™'

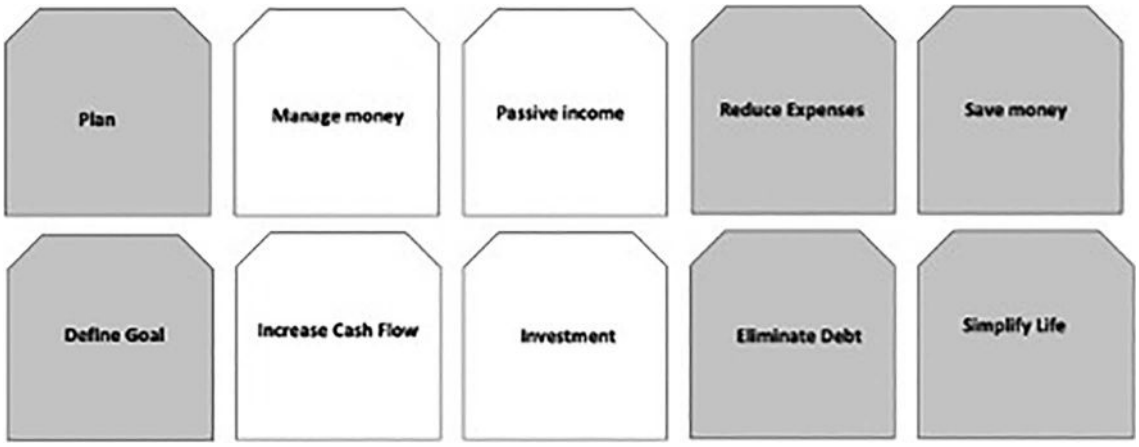

Figure 2 – Balancing the needs and the resources for enjoyable life

App in Asia), which can help track expenses, budget, and manage investments. Familiarity with investment platforms for access to seamless investment in stocks, mutual funds, and other securities (e.g., Zerodha™, Groww™ in India or ET Money™) and online tax-filing platforms for efficient and accurate tax management (e.g., ClearTax™ or H&R Block™, SARS MobiApp™ in South Africa) can help in trouble-free and zero-stress management of the personal finances of anaesthesiologists.

SUMMARY

Achieving financial freedom is a realistic and attainable goal for anaesthesiologists with the right strategies and disciplined approach. By managing debts effectively, budgeting wisely, investing prudently, planning taxes efficiently, securing appropriate insurance, and creating multiple income streams, anaesthesiologists can ensure a financially secure future. Additionally, leveraging technology for financial management can streamline the process, making it easier to track progress and make informed decisions. Financial freedom not only provides peace of mind but also empowers anaesthesiologists to make choices that align with their personal and professional aspirations, ultimately leading to a more fulfilling and balanced life.

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