Retirement & Financial Planning among Doctors

Collated by Dr Jimmy Teo, Editorial Board Member

I asked several doctors some questions related to financial planning and retirement. Some were reticent while others straight up said: "I have no plan!" Others shared what they had done, what they would like to do or how they would have done better. Some "outsourced" their planning to their more interested spouse, children or bank relationship managers! Here is what they have to say.

I believe that retiring well means having the freedom to pursue interests, set our own pace of life – however fast or slow we want it – and discover and explore new countries. I know that to retire comfortably, it is crucial to invest in order to protect ourselves against inflation and earn enough passive income down the road. Investing earlier means that we have less financial obligations and can also leverage more on compound interest. However, that is about as much financial literacy I have, and I am still quite lost as to where and how to put my money in areas that can give reasonable returns. It shall be one of my New Year's resolutions to research more on investment options and be one step closer to achieving retirement goals!

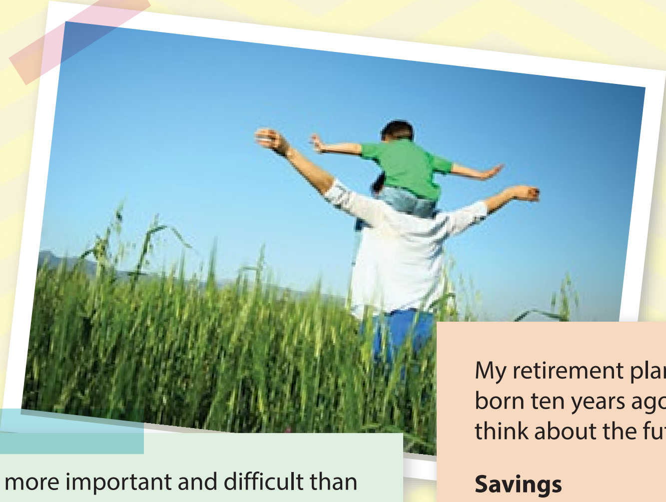
– A senior resident in training at National University Hospital (NUH)

I was first introduced to the idea of investing by my dad, who often reminded me that leaving savings in a savings account would only yield low returns due to low interest rates. I have since gained some knowledge from reading investment articles and, with guidance from my dad, am managing a portfolio in various real estate investment trusts and stocks. My goal is to be able to build up a significant portfolio of passive income with property rental and high-dividend securities. With prudent spending and wise decision-making, I hope to one day be able to retire comfortably, preferably not at too late an age.

– Dr Chua Yan Ting, senior resident in the Division of Nephrology, NUH

I think that it is important to have a diverse investment portfolio and assets. Some options include stocks, savings bonds, blue chips and investment-linked insurance. If you can afford the down payment, get a housing loan and rent out the unit while you are young. Needless to say, cash is still king. Therefore, it is equally important to stow away some spare cash (in the bank – not under your pillow!) for whatever rainy day that lies ahead. I was willing to empty part of my pocket to purchase a two-door sports car because other than home (I live in the east) and hospital (which is in the west), my car would be the third place in which I spent most of my time. I was also able to live with the idea of owning a depreciating asset for a couple of years because I did not have time to spend my salary due to my long working hours, and the next window of opportunity of owning one would probably be 30 years down the road when there are a few more "zeroes" in my bank account. Now that I am based in Seattle for my research fellowship, I travel everywhere by foot or Uber. I don't own a car and only rent one on an "as needed" basis.

– An associate consultant on an overseas research fellowship



Retirement planning is more important and difficult than career building. Unpredictable global economic turmoil and potential health or care-related challenges, with or without residual disabilities including time to demise, are some challenging confounders. Holistic planning demands ongoing careful thought, discussions with spouses or loved ones, and hard work.

Doctors "doctor" fine. They generally struggle to perform well elsewhere; exceptions prove the rule, at times, of course. Intelligent choices of (perhaps) picking up a new hobby and having enough practice to make it "second nature", similar to "membership" preparations, are essential, but admittedly easier said than done.

In regard to financial aspects, I believe that regularly saving a third of one's mid-career or peak earnings may suffice. Adequate health insurance, with a good "dollop" of discipline and self-expectation management, is indispensable. Rent from tangible (fixed) assets (eg, residential/commercial property) is reassuring, as well as interests from bonds (low-risk ones offer 3% to 4% only, in the present low-interest environment). A regular flow of hard cash, should serious infirmity or neurodegenerative disease strike, needs serious consideration too. Some examples that can help by offering regular cash include the Central Provident Fund (CPF), other allied policies and real estate investment trusts (possible with Supplementary Retirement Scheme investments), or products by reputed agencies (eg, NTUC, Singapore Government bonds or acclaimed international companies). Last but not least, though considered "economic nonsense" by some, I believe that a legacy policy is worth looking at. This is especially true if one's life gets "too" long and that last push of lump sum cash may see one or one's spouse through!

– Dr Rajat Tagore, Head of Renal Medicine at Ng Teng Fong General Hospital

My retirement plan kick-started when my child was born ten years ago, predominantly due to having to think about the future of my family.

Savings

Most of my salary goes into savings parked in term deposits as the rates have been good recently. The local banks have always been creative in attracting funds (<$100, 000) with a higher interest if you deal with them (ie, deposit monthly pay, spend using their credit cards, purchase their insurance plans or take a home loan). The way they package their products is not only convenient but also beneficial for us to earn the top-tier interest rate.

Bonds

Bonds are good for a longer term (eg, ten years) basis. Recently, Singapore Bonds are attractive, especially when one is able to withdraw without penalty before the ten-year mark. It gives one stability in terms of interest guarantee and flexibility of withdrawal if there is an emergency.

Investments

I invest in US stocks, mainly in pharmaceutical companies, as the news and data is easier to analyse as a physician.

Housing

I am currently paying off my condominium loan over the maximum period. Potentially, in around five years, my wife and I may consider buying another condominium. If we are able to, the best result is to be able to keep our current condominium and rent it out for passive income and to service the outstanding loan. One has to be careful not to over-leverage.

Retirement funds

My CPF is the mainstay. However, I do realise that the monthly projected payout may not be sufficient. One of the possibilities is to move to another country where the cost of living is lower than that of Singapore's.

If I could do things differently, I would have started thinking about retirement when I first began working and been more active in reading up about investment strategies. When the time is right, I plan to teach my children the importance of making their money work for them! ◆

– A consultant in medicine at Changi General Hospital