

Asia Pacific Financial Education Institute (APFEI)

The State of Financial Literacy, Financial Practices and Risk Attitude of Family Medicine Resident Physicians : The Unrealized Practice Management Goals

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Family & Community Medicine

Cebu, Philippines

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Outline

- Motivation/Related Literature
- Primary Research Objective
- Methods
- Data
- Concluding Remarks
- Recommendation

Motivation

- Doctors are at a disadvantage when it comes to starting a career
 - Thanawala (2017), Farouk (2016)
- Long training period
 - Starting earning later than peers of their age (almost 30 years old)
 - Most start their first employment in their early twenties
- Long erratic working hours impacts financial life
 - Most don't have much time to plan their finances
- Further compounded that financial education is generally not offered in the curriculum

- Doctors are at a disadvantage when it comes to starting a career

- Initial phase involves repaying educational loans, starting a family and setting up a practice
- A need for accelerated asset management
- The physician as a profession is notable for its rigorous and protracted extents in academics and training.
- But is the current financial knowledge of trainees prepared for the practice of medicine today?

Motivation

Practice Management

American Academy of Family Physicians (c2021), Tallahassee Memorial HealthCare Hospital (c2021)

- One of the foundation courses in Family and Community Medicine.
- Focuses on the “business” of medical practice.
- Competencies includes understanding personal financial management and business operations of future clinical practice such as:

Cash, insurance needs, investment portfolios, retirement planning, use of financial advisors, contracts, fraud prevention, taxes (income and estate), billing and claims.

Related Literature

MD Physician Financial Literacy (2020)

483 Total respondents

72 Medical residents

411 Physicians

162 Specialists

249 General practitioners

Years of medical practice up to 16+ years



Mean Test Score

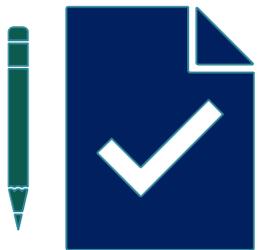
54.9%

- Report that physicians' financial literacy is quite low
- Concluded that both physicians-in training and practicing physicians need more high-quality financial guidance at every career stage to better secure their financial futures.

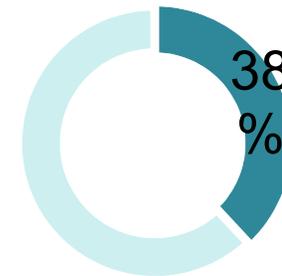
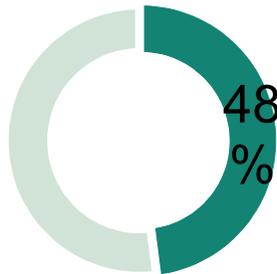
Related Literature

Ahmad et. al (2017)

- 422 residents and fellows at two US academic medical centers:
 - Washington University School of Medicine in St. Louis
 - University of Arizona College of Medicine
- Revealed low financial literacy and low investment risk tolerance, high debt, and deficits in their financial preparedness.



52%



Financial Literacy score Owed over USD \$200,000 Reported no retirement savings

Intended Contribution

- Addition of limited available literature
 - Little to none on financial literacy of Asian physicians
 - *As of writing of paper
 - No studies on Filipino physicians
 - Even for those in Family Medicine practice
 - Despite having practice management
- Can answer if the learning goals of Practice Management was met
- Findings can be used as a platform for Financial Literacy Advocacy
- Implication to include Financial Education in medical school and residency training curriculum.

Primary Research Question

Family Medicine Resident Physicians in Cebu

- Aimed to measure the level of financial literacy
- Determine financial practices
- Determine risk attitude

Methods

- Descriptive cross-sectional study
- Convenience sample of Family Medicine Resident Physicians in Cebu, Philippines
 - * Second largest metropolitan in the country
- Conducted via web-based survey sent thru e-mail address

Methods

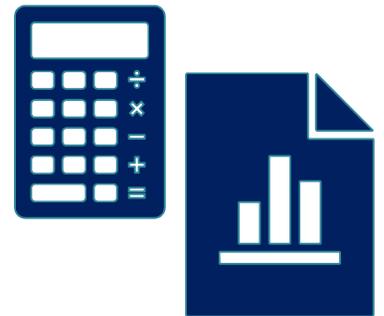
- All Family Medicine resident physicians currently training in Cebu-based institutions were invited to participate in the survey
- Those who consented to the study were included, likewise those who did not consent were excluded.
- 8 from the 11 training Institutions responded to the study participation
 - * N=103 resident physicians

Methods

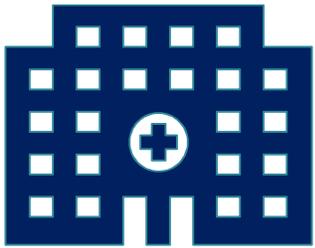
The mean values of the components of basic & advanced financial literacy were plotted according to the demographic characteristics

Frequency distribution of the individual items for financial practices

Mean for the risk attitude was tabulated.



Data



8 of 11
Academic Institutions



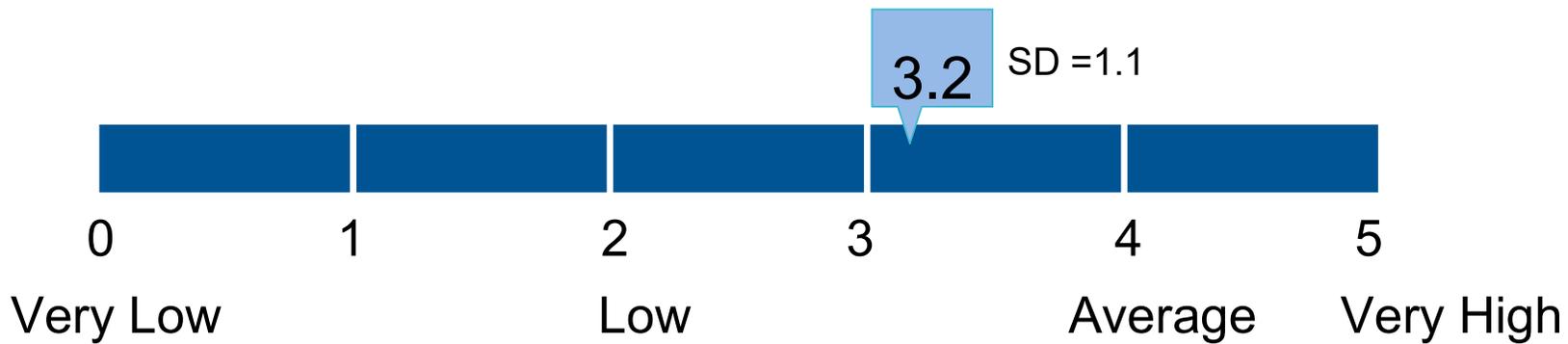
Respondents
N=103



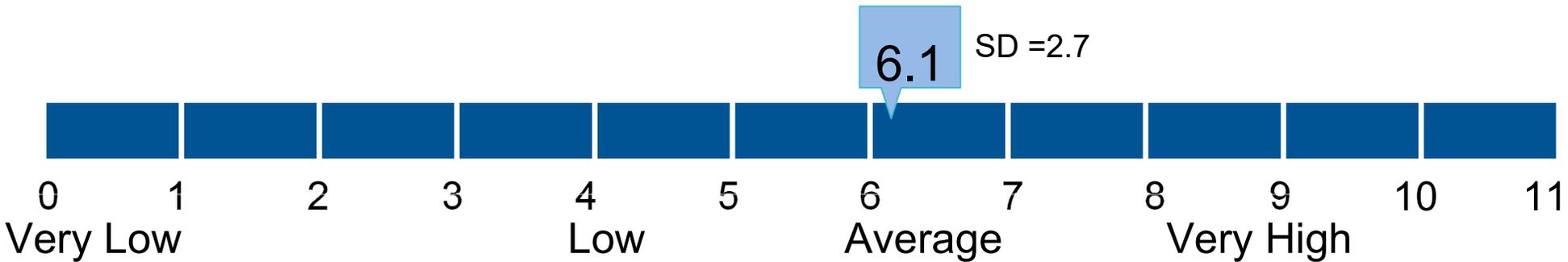
55%

Passed the financial literacy
questionnaire

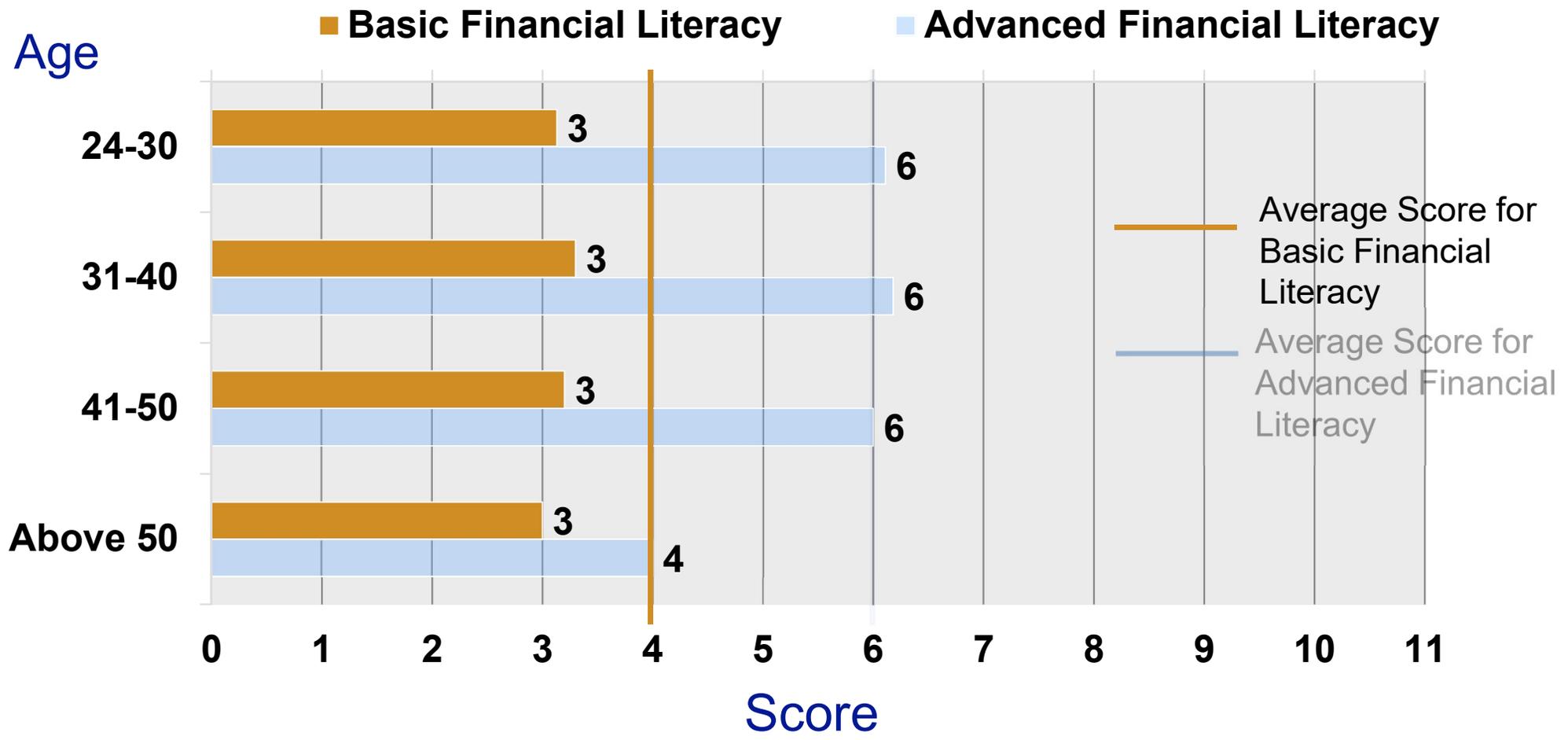
Basic Financial Literacy mean



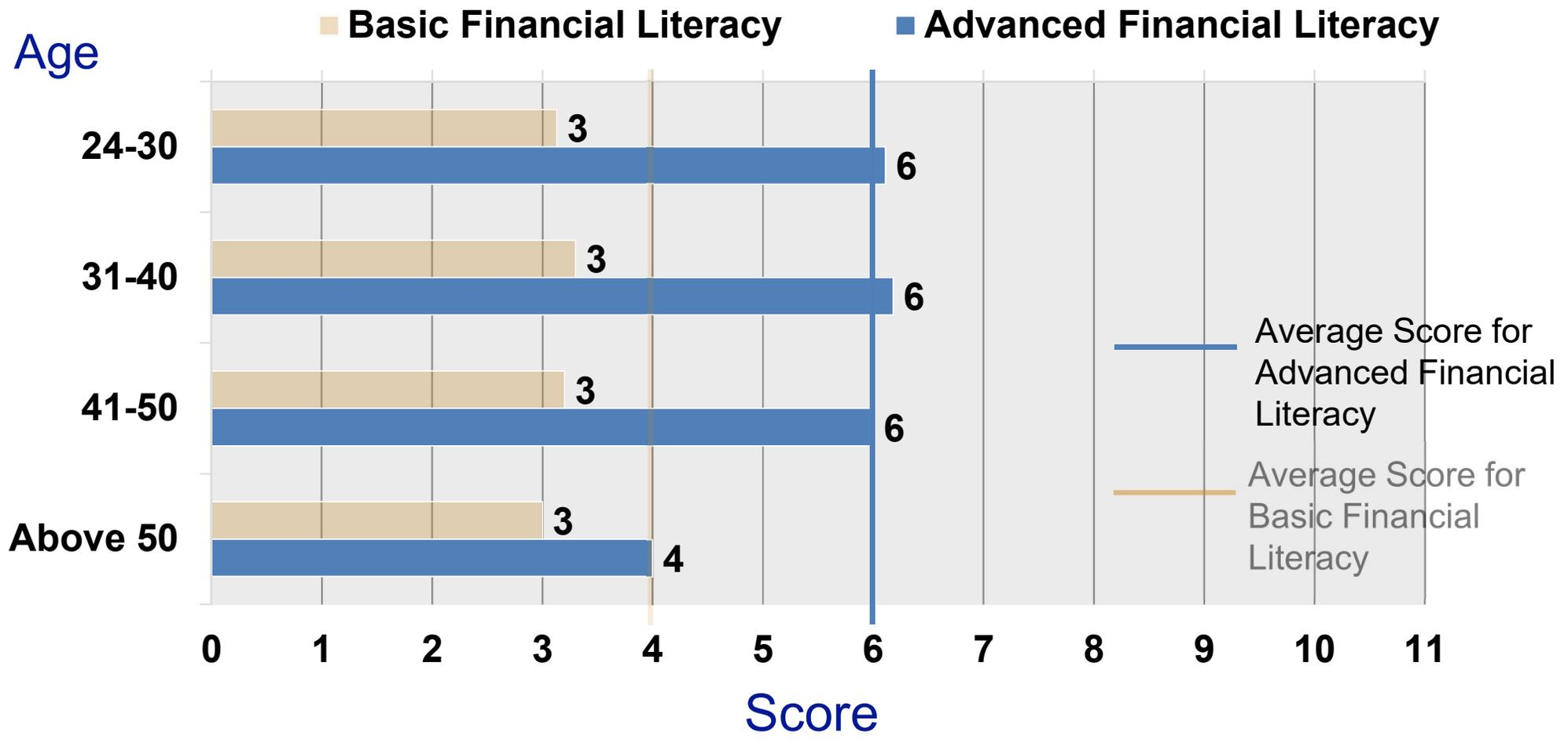
Advanced Financial Literacy mean



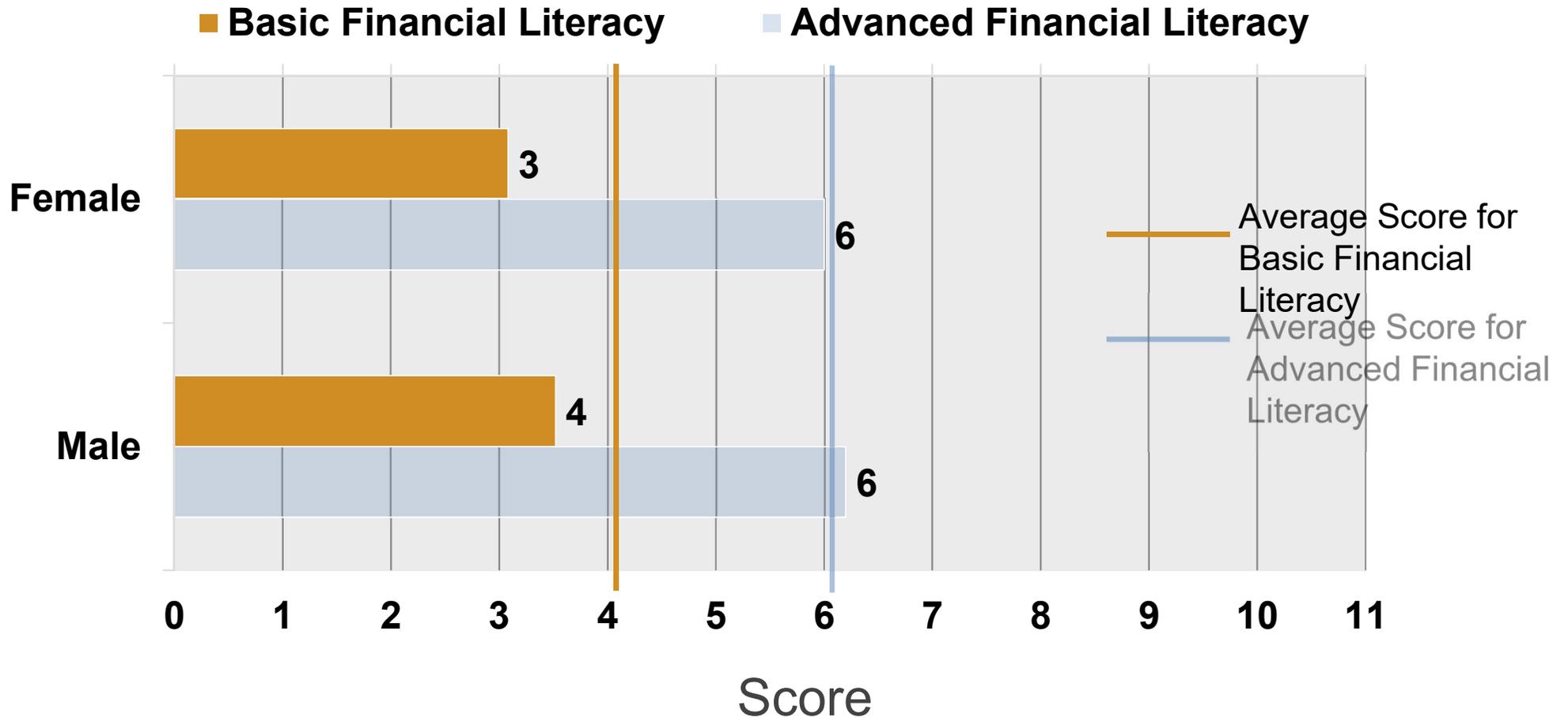
Mean Basic Financial Literacy according to Age



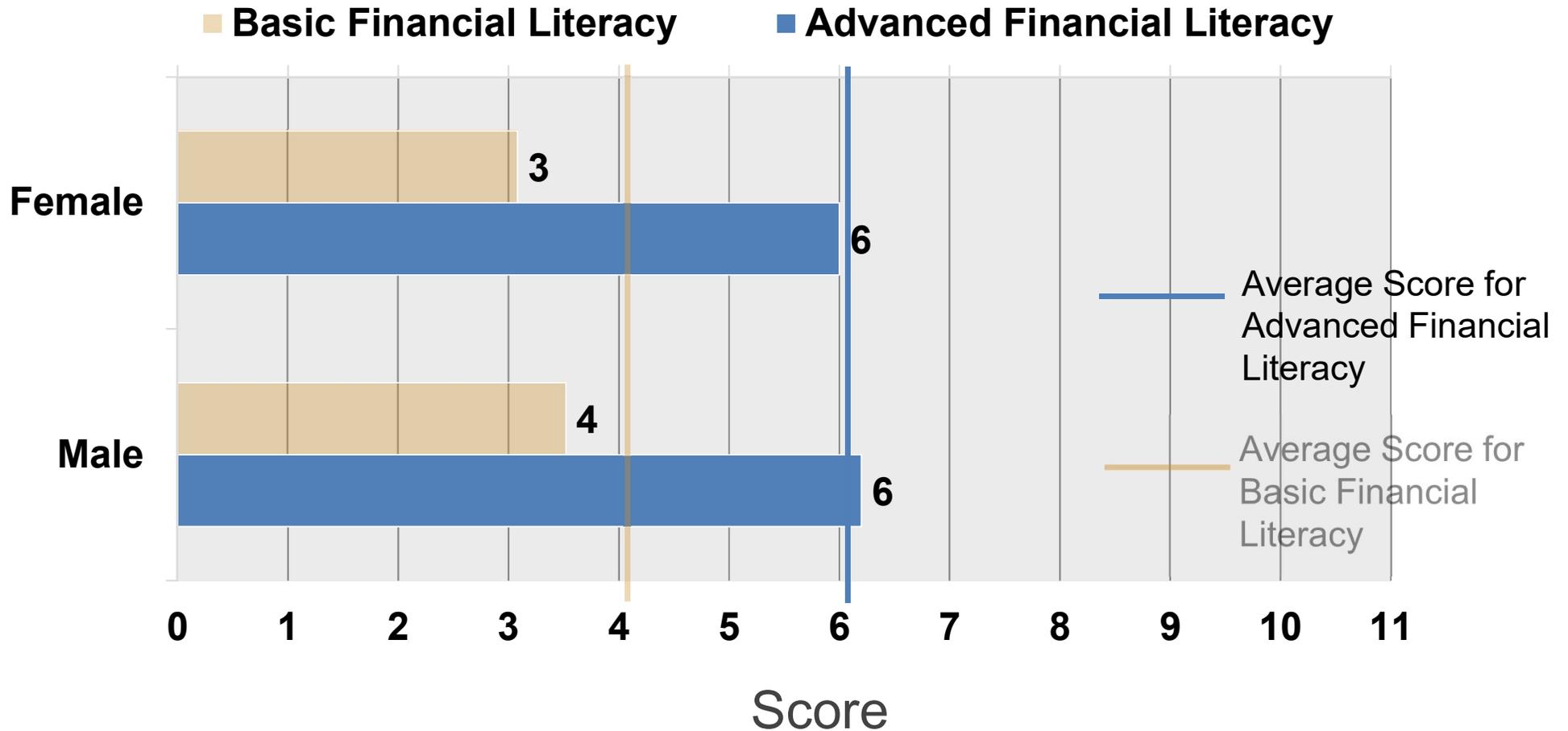
Mean Advanced Financial Literacy according to Age



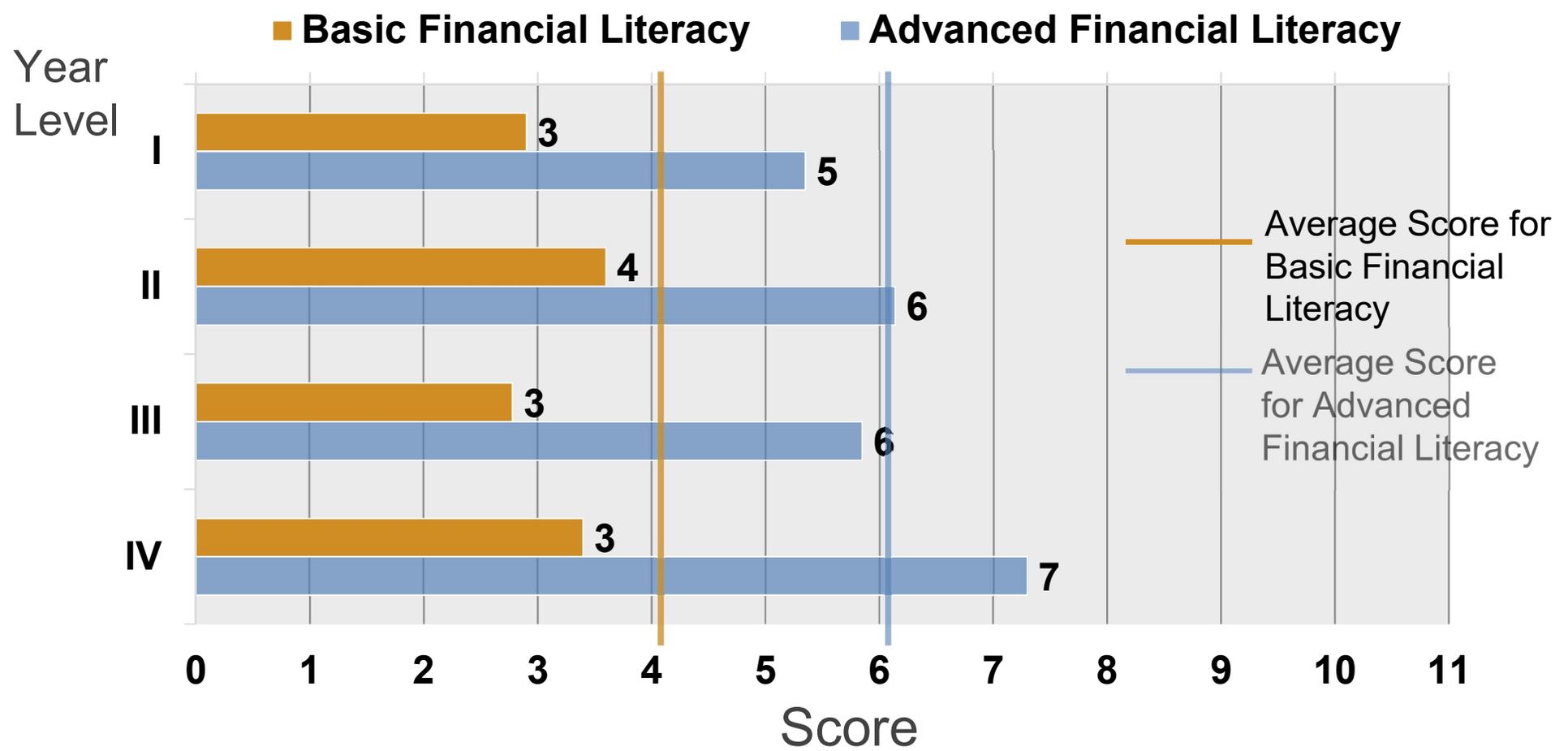
Mean Basic Financial Literacy according to Gender



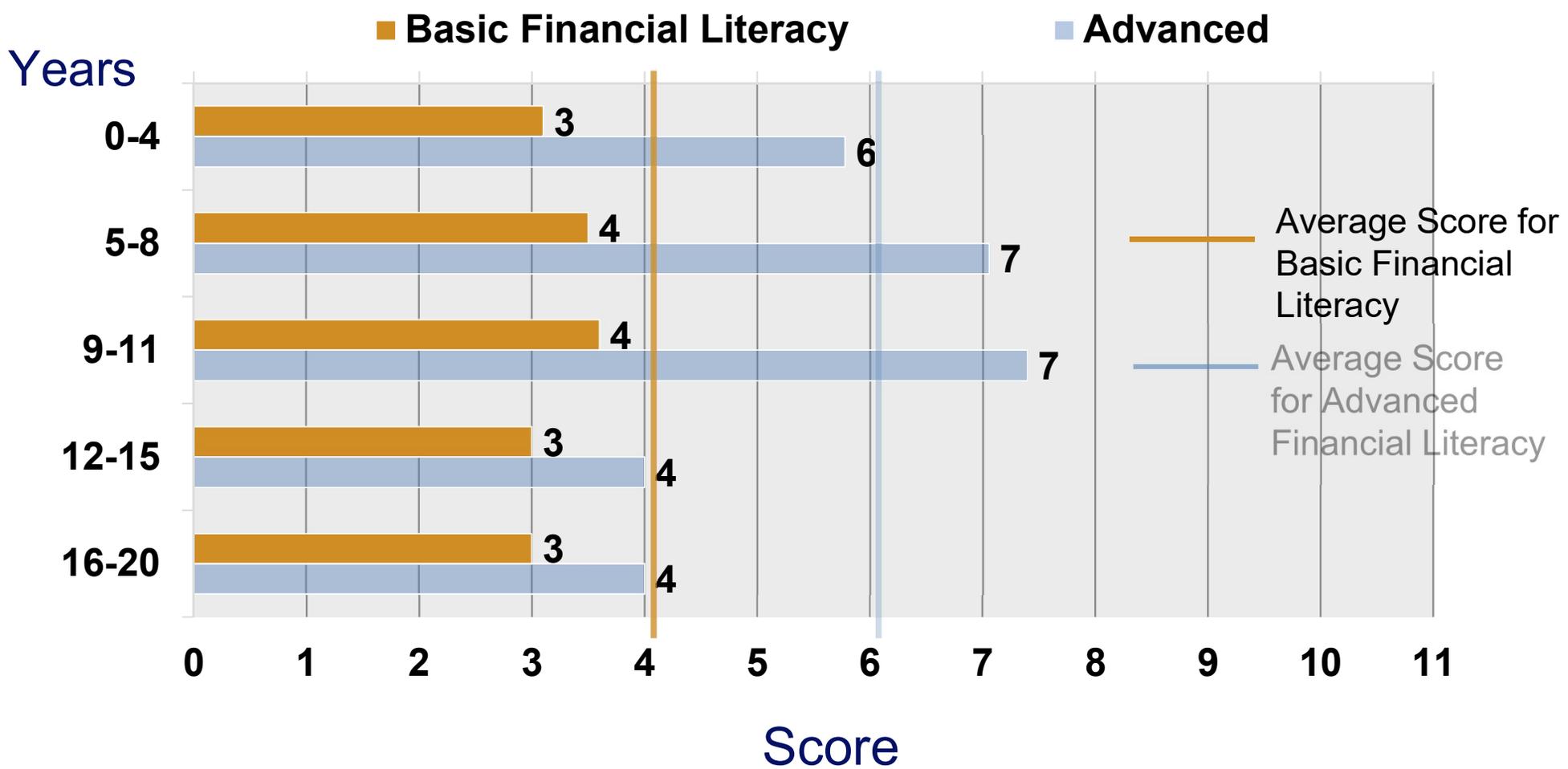
Mean Advanced Financial Literacy according to Gender



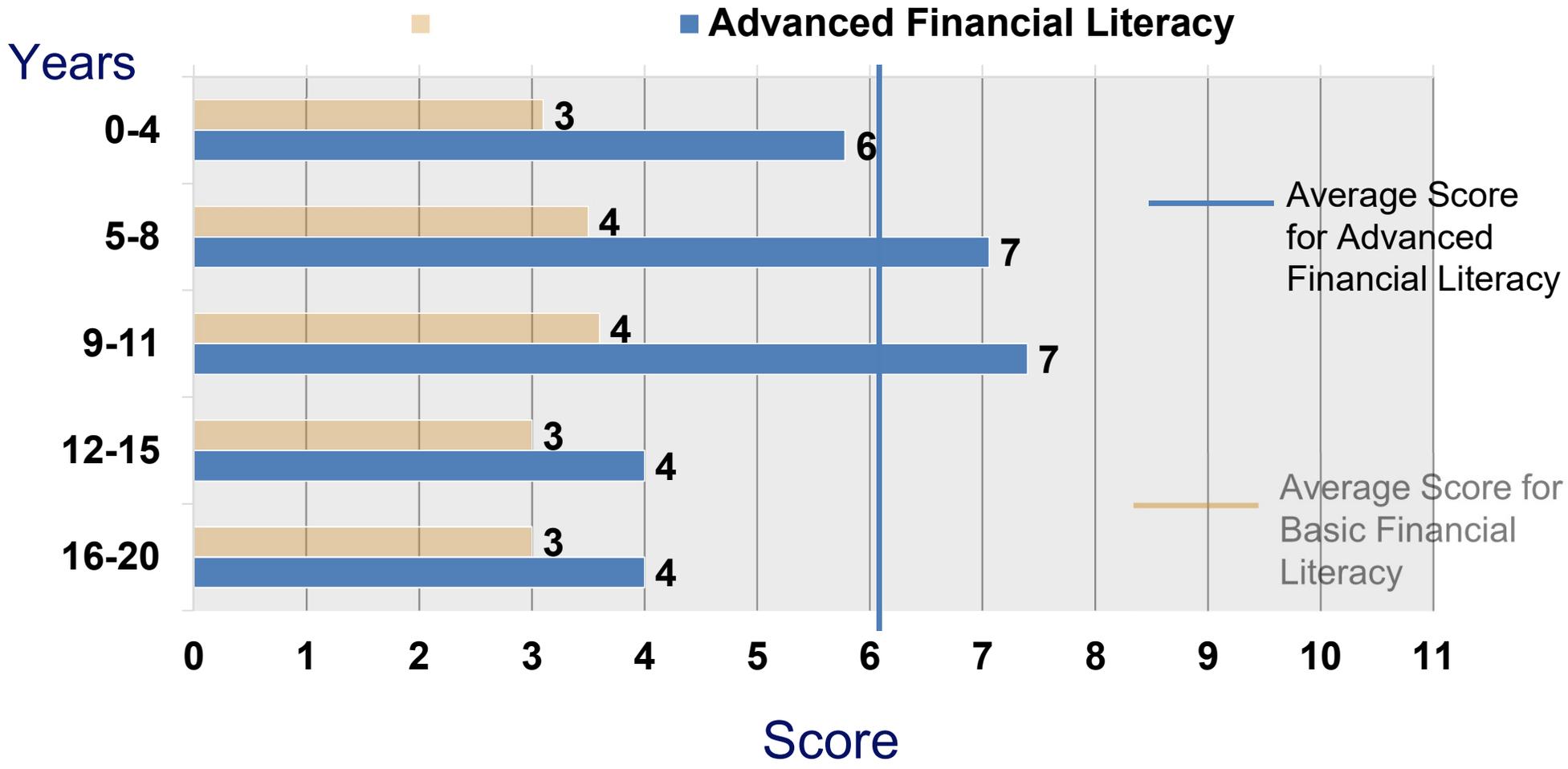
Mean Basic Financial Literacy according to Residency Level



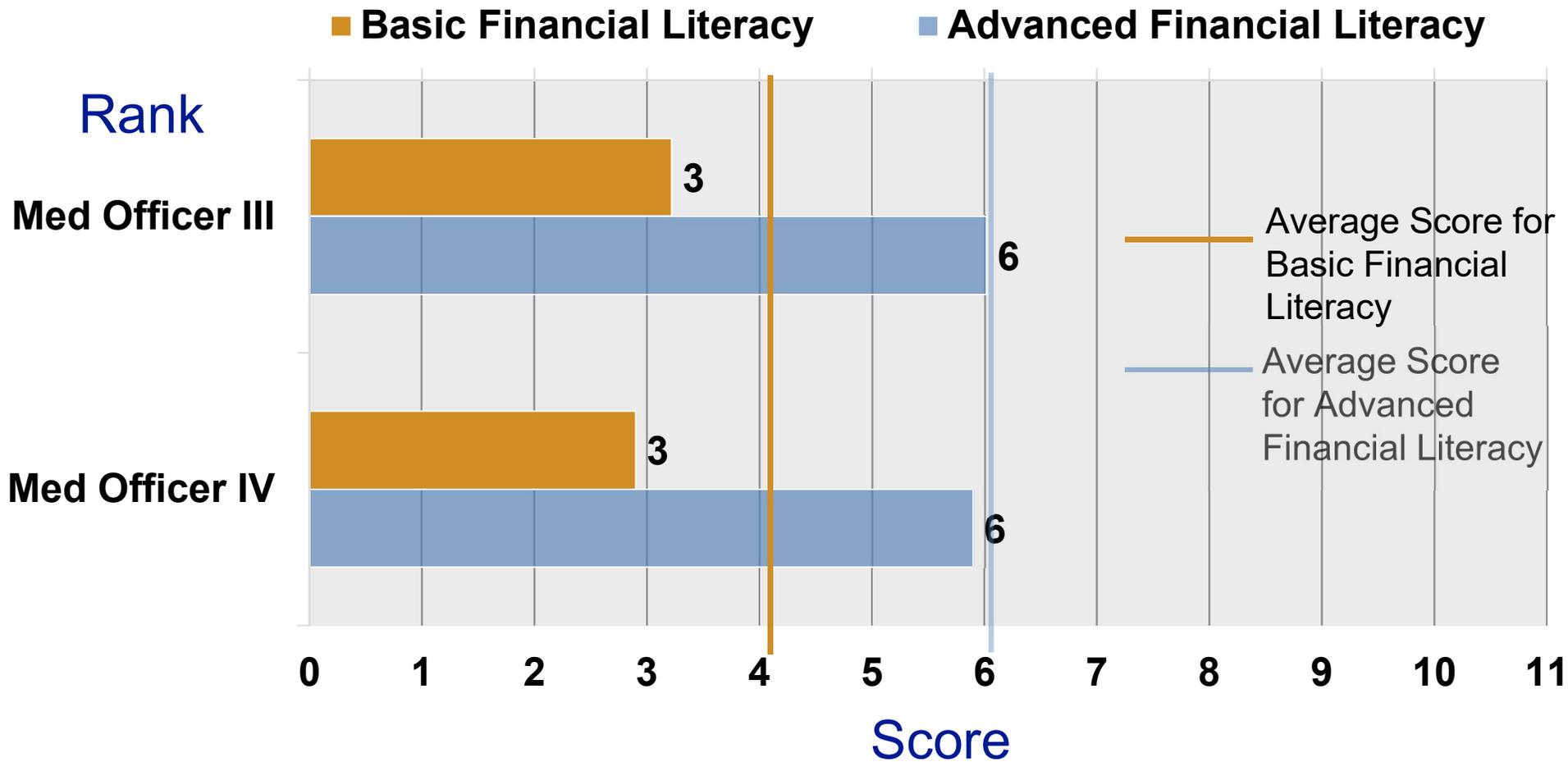
Mean Basic Financial Literacy according to Years of Practice as MD



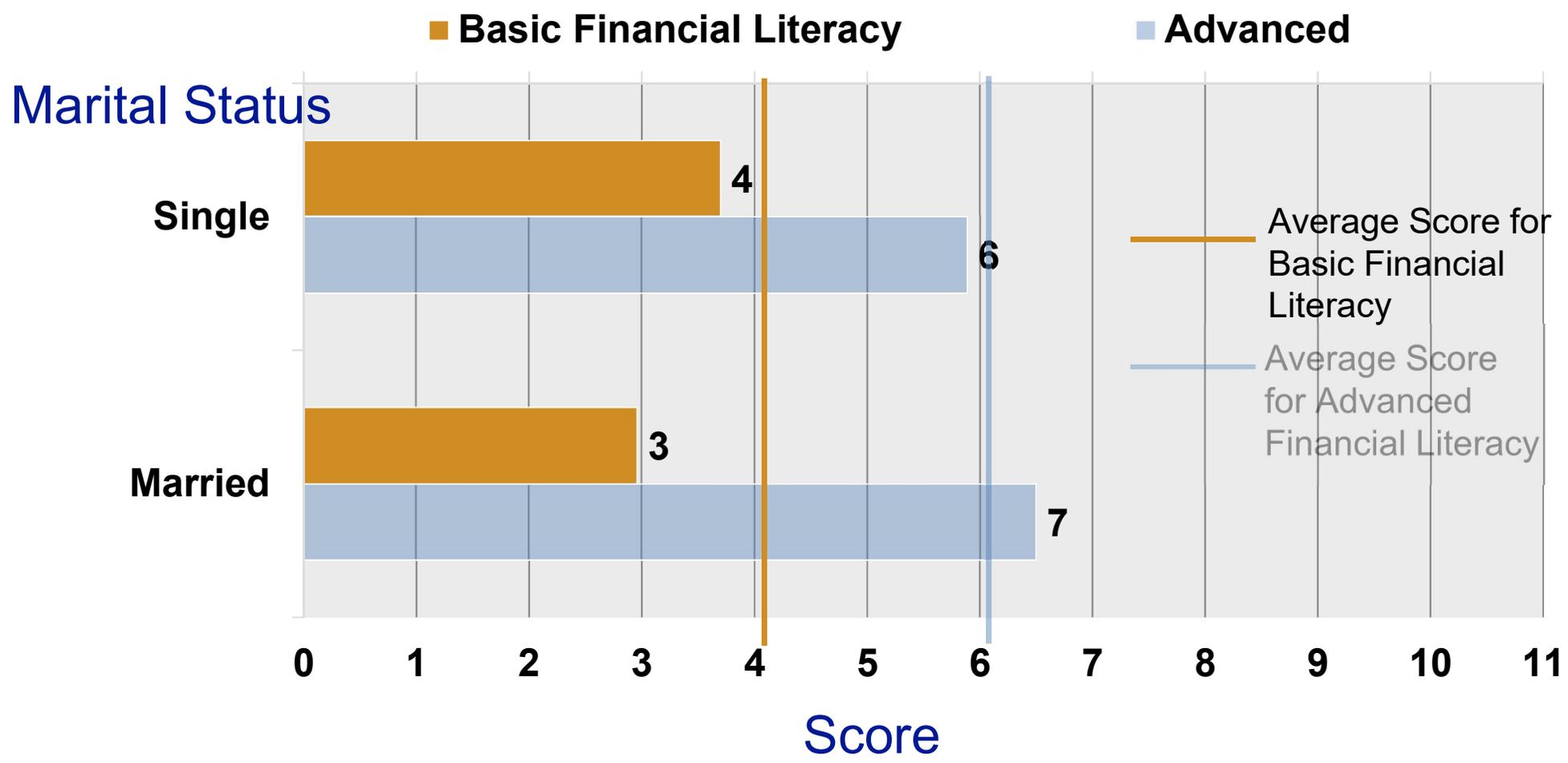
Mean Advanced Financial Literacy according to Years of Practice as MD



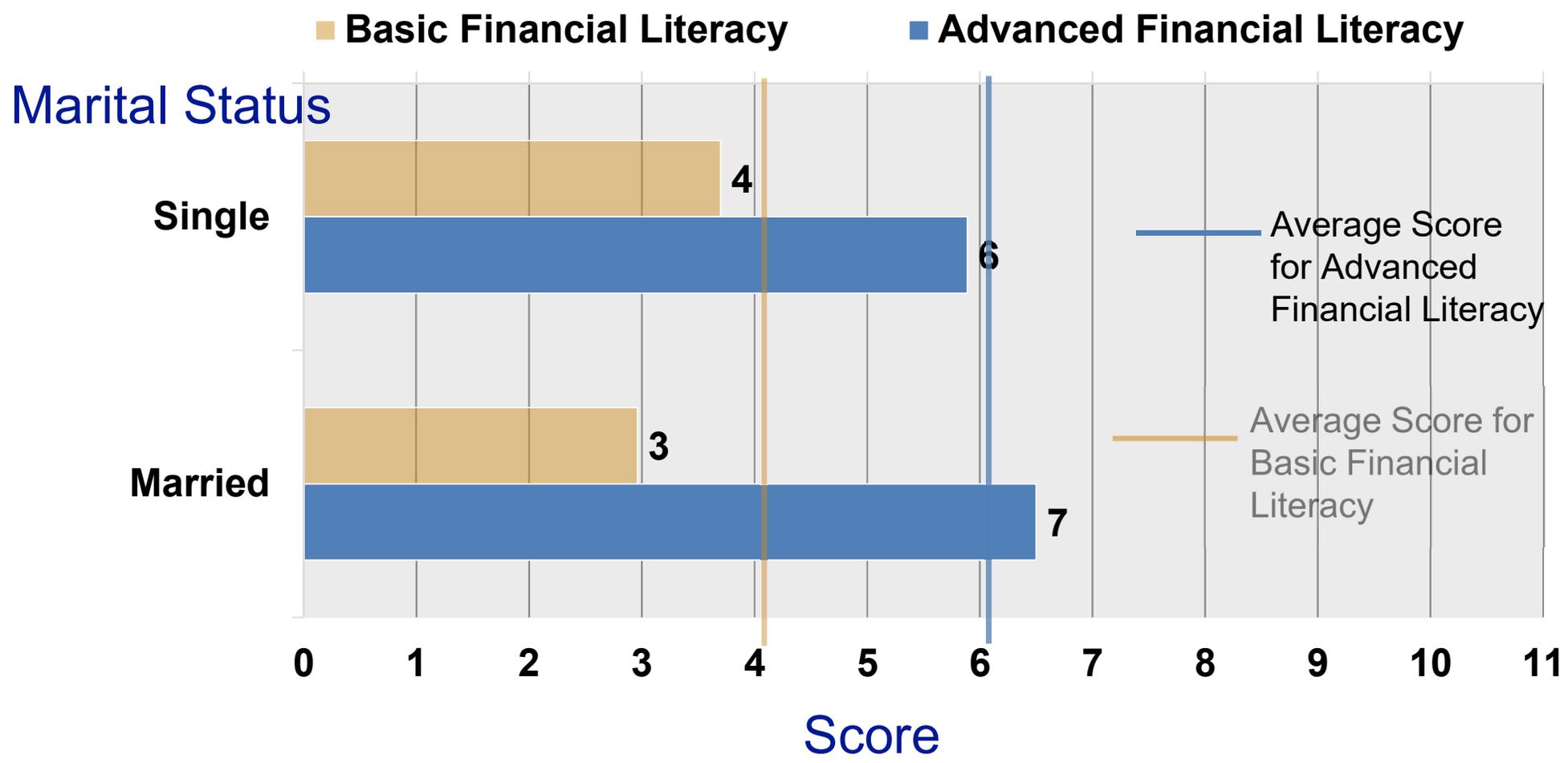
Mean Financial Literacy according to Medical Officer Rank



Mean Basic Financial Literacy according to Marital Status



Mean Advanced Financial Literacy according to Marital Status

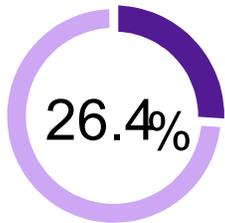


Financial Practices



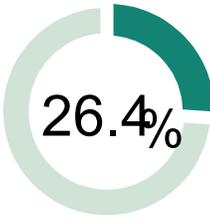
Asked a financial professional for advise in past 5 years

N = 30



Attended financial planning seminars

N = 19

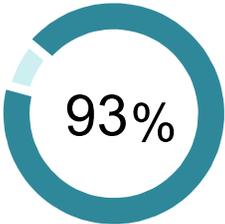


Have No Life Insurance

N = 19

*Challenge to make up for the loss of physician's income

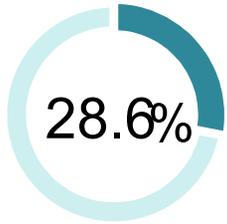
*Exposure of the physician to greater occupational hazard risks while serving the front lines



Do not have a will

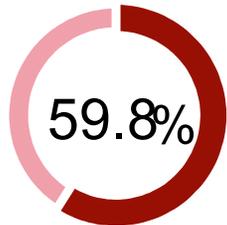
N = 67

Financial Practices



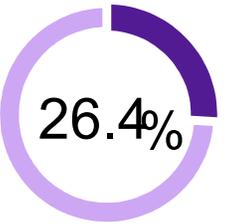
Have money set aside for children's education

n = 6



Have No Retirement Savings

n = 43

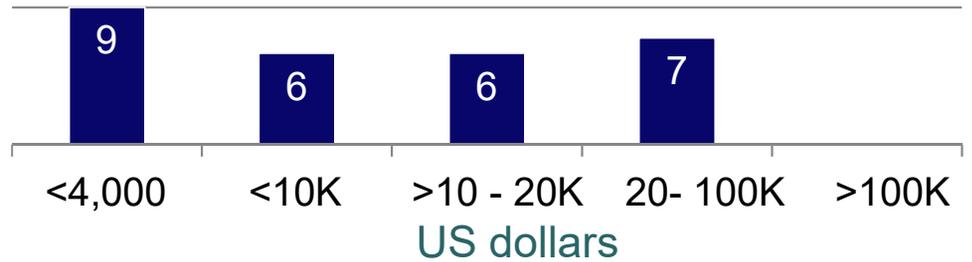


Attended financial planning seminars

N = 19



Those with Retirement Savings



Financial Practices



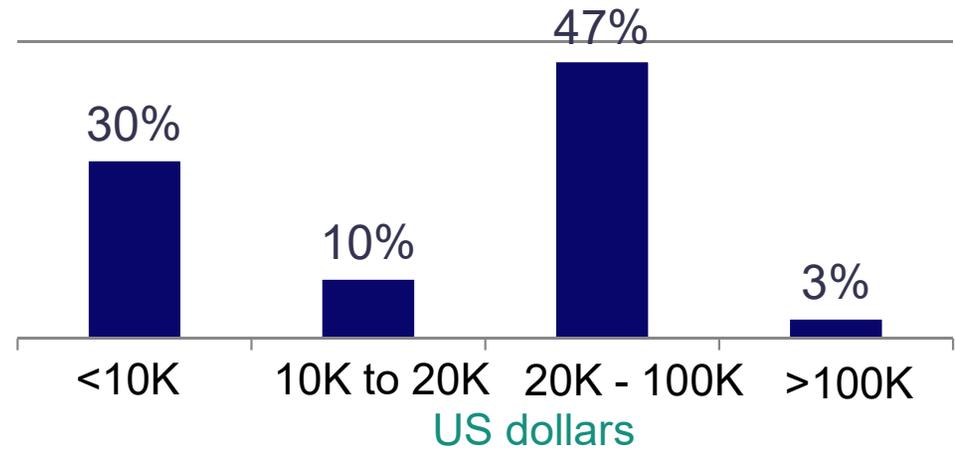
Having loans/mortgage



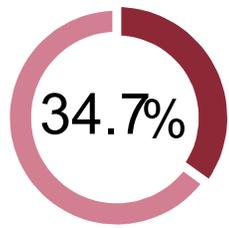
Who had credit card debt owed more than US \$1,000



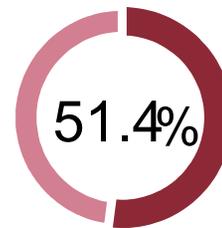
Could cover a US \$2,000 unexpected expense within the next month



Financial Practices

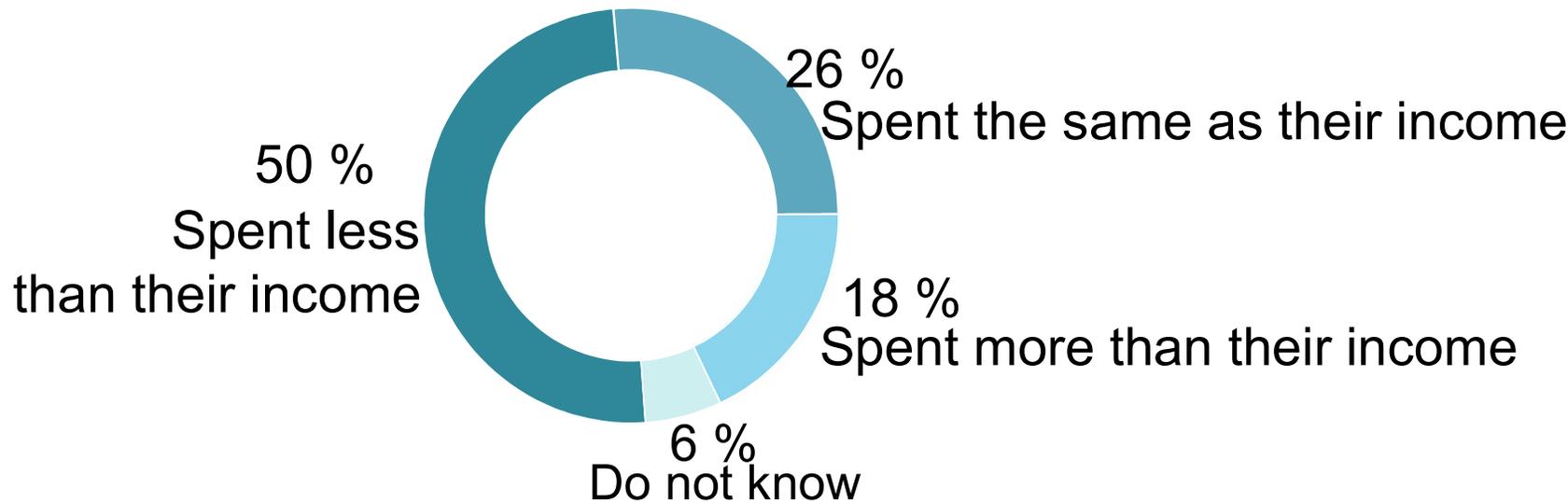


Do not have an emergency fund *covers expenses for at least 3 months

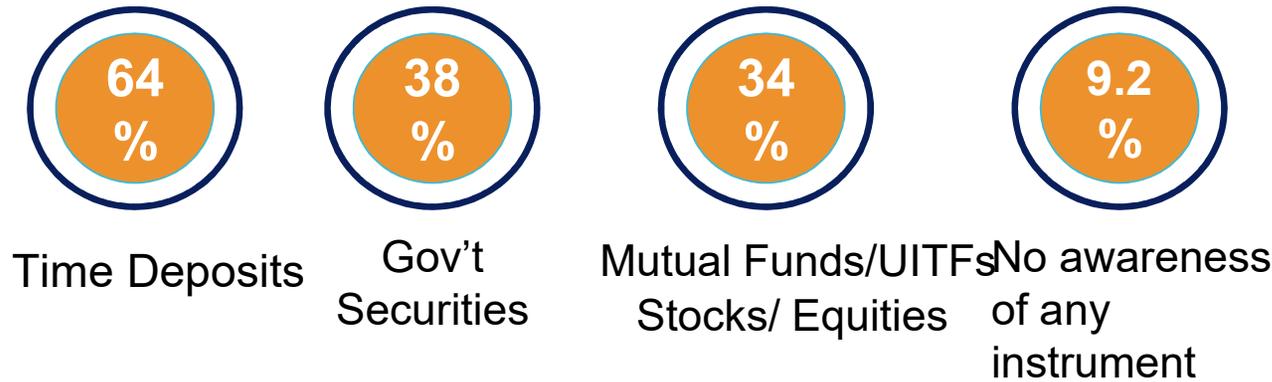


Reported a difficulty meeting monthly expenses

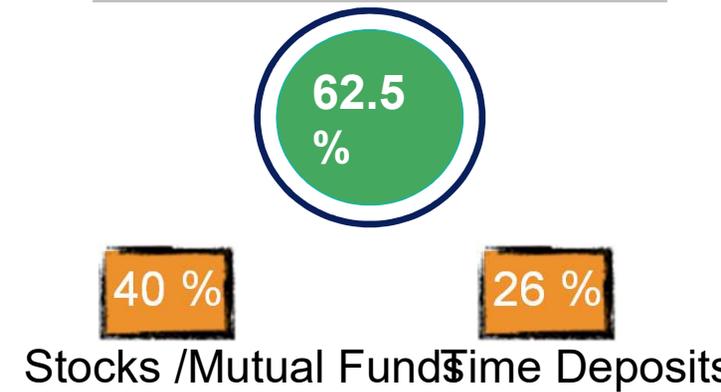
Money spent in relation to annual



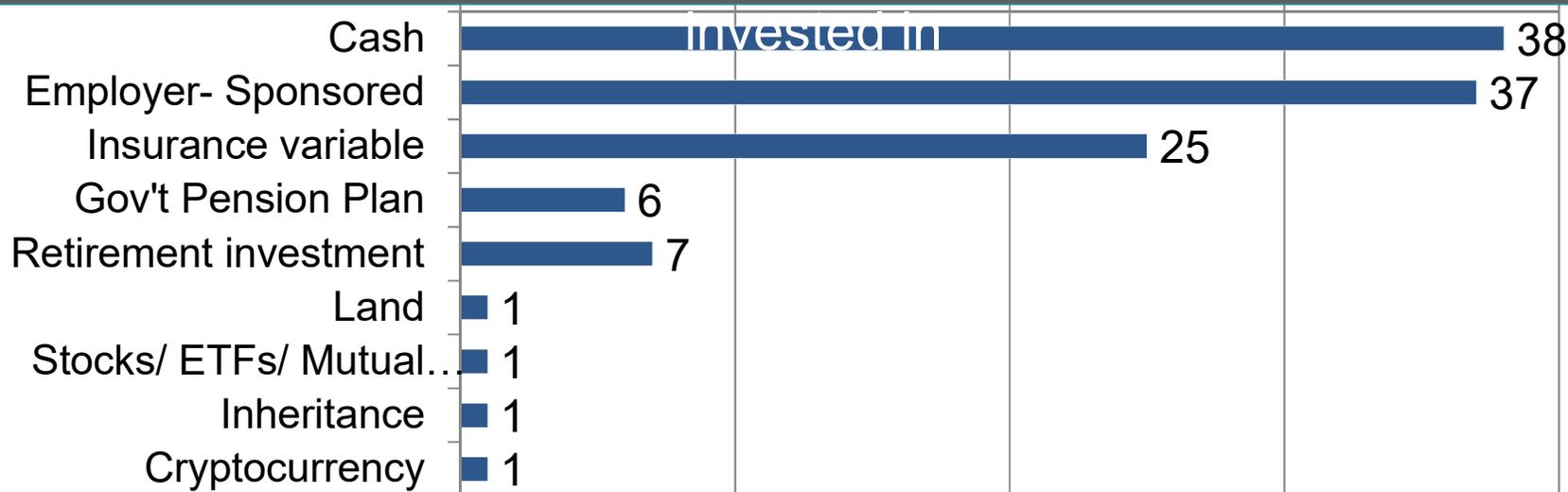
Basic knowledge of Financial



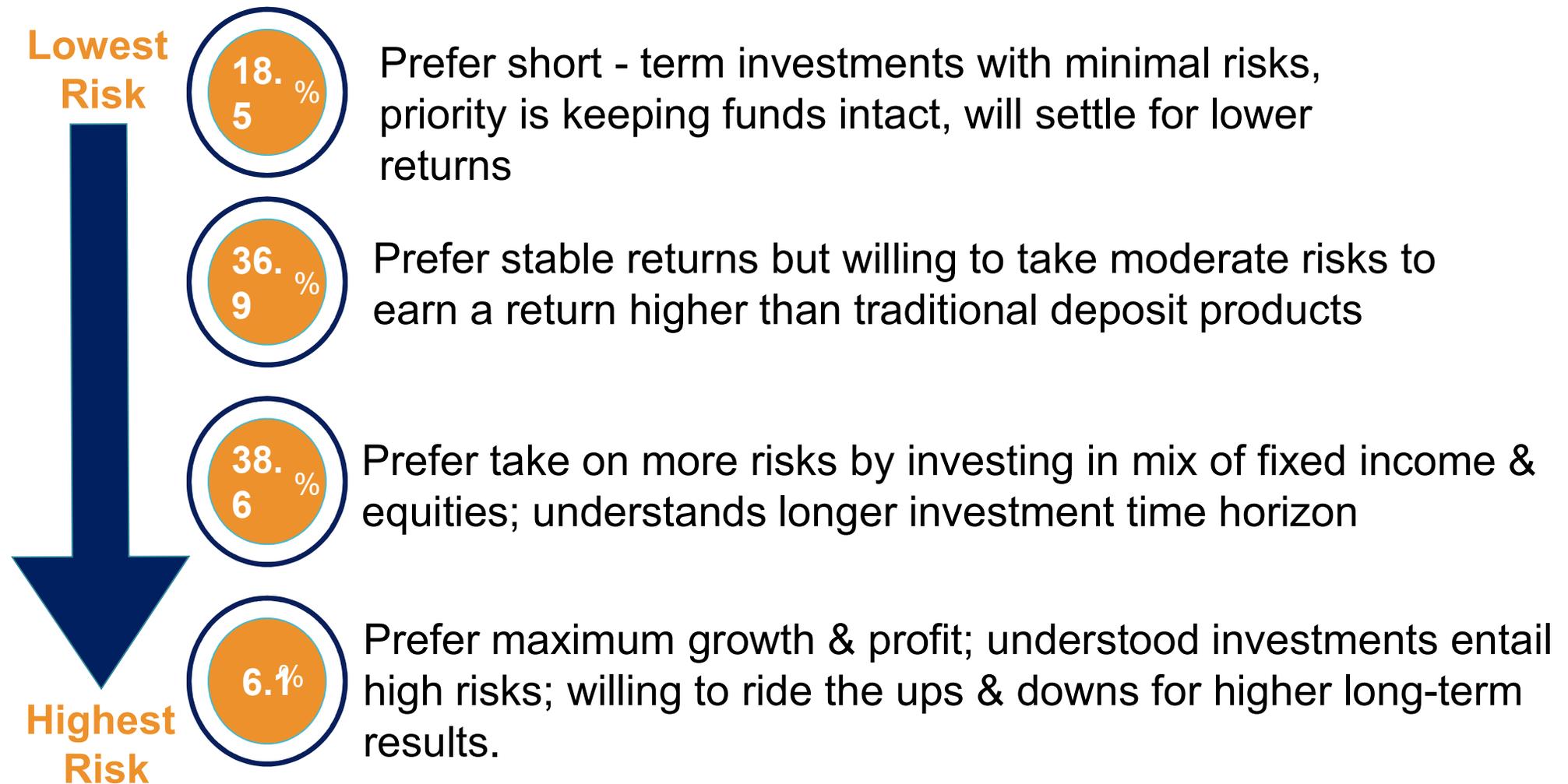
Invested in instruments



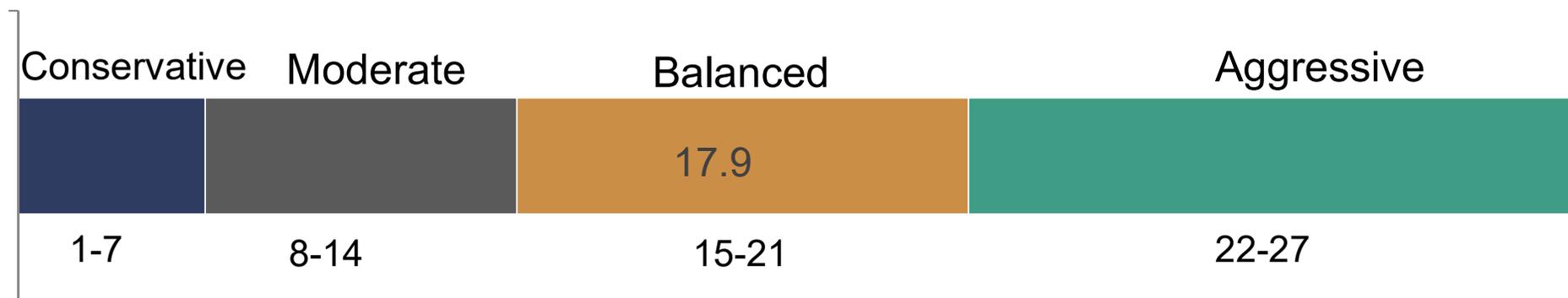
Financial instruments for Retirement that Residents are currently



Risk Attitude of Family Medicine Residents



Risk Attitude of Family Medicine Residents



Have no experience with investing and most excess funds are mainly parked in bank savings accounts

Concluding Remarks

- **Significant inadequacies** in financial knowledge and financial practices
- **Personal finance is overlooked** by the medical education system
 - Physicians are mostly deficient in financial knowledge.
- **Increased challenges** in this time of pandemic
 - On average earn US \$600-700 monthly
- Possibility for **detrimental outcomes of financial stress**
 - Work productivity & psychological health
- Integration of financial education to medical school and residency training is **logical** and provides **significant impact** to over-all well-being

Recommendation

- ✓ Inclusion of financial education to the medical curricula is of **priority**
 - ▶ Physicians start earning later compared to their non-medical peers due long training period
 - ▶ **Basic personal financial planning** relevant to medical practice
 - ⊙ Compensation, estate planning, health & property insurance, investment strategies, retirement & tax planning
 - ▶ **Evaluation for the efficacy** in improving financial knowledge & developing financial-planning skills

Recommendation

- ✓ Encourage more activities to foster and strengthen Practice Management
 - ▶ Financial literacy activities in other industries have evidence
 - ▶ Enhance financial decision-making and perceived wellness.
- ✓ Promoting and advancing financial literacy
 - ✓ Can offer to improve present financial condition
 - ✓ Have imminent and continuing impact on well-being
 - ✓ and can influence the resident doctors' future financial goals.

Thank You for your Time and Attention