

Renting versus owning

Q: *Is it better to rent a place to live or buy a home or condominium while in residency or on a short-term assignment?*

A: Whether you should rent or buy a place to live while you're a resident or on a short-term assignment depends on the length of the position and whether you have long-term plans to remain in the area when it's finished. Gone are the days when you could buy a house in your first year of residency and sell it two years later and make money. With all the costs of buying a house, sometimes it's better just to simply rent. You want to avoid buying a house while in residency or on a short-term assignment and then moving to a new location for a new position and being stuck with two mortgages. If your assignment is going to last four or more years, however, then you may wish to consider buying.



insurance. It's usually inexpensive, relatively speaking, and provides needed protection while the mortgage is high, children are young, and significant assets have yet to be accumulated. These factors usually are in play for residents and fellows. When the income is higher and tax deferral becomes more important, however, permanent life insurance often is a very suitable product to add to your financial strategy. Life insurance products contain fees, such as mortality and expense charges, and

may contain restrictions, such as surrender charges. Be sure to talk with your financial adviser about what is appropriate for your particular circumstances.

RETIREMENT PLANNING AFTER MEDICAL SCHOOL

Q: *Should I contribute to the retirement plan offered during my residency?*

A: If the retirement plan offers an employer match in which you will be vested when you finish your residency, then you may want to consider contributing an amount that enables you to receive the full employer match. If no employer match is offered, or if you will lose the matched portion because you won't be vested by the time your residency ends, then you may want to skip the employer retirement plan and contribute to a Roth IRA instead. The general principle to remember is to aggressively save taxes when you're in a high tax bracket and not worry about tax savings



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when you're in a lower tax bracket. Right now, you most likely are in the lowest tax bracket of your career. Therefore, it may make sense to bypass the tax savings.

LIFE INSURANCE DURING FELLOWSHIP

Q: *What type of life insurance should I purchase during my fellowship?*

A: Generally speaking, most people should consider purchasing term

OPTIONS FOR EDUCATION LOAN CONSOLIDATION

Q: *What are my consolidation options if I already have combined some of my loans during medical school?*

A: If a borrower consolidated his or her school loans while still in school, then the borrower is eligible to reconsolidate those loans with loans that were obtained after the original consolidation. The interest rate of the new consolidation would be the weighted average rate of the previous consolidation and the new loans disbursed after the original consolidation.

Answers to our readers' questions were provided by Todd Bramson, CFP, ChFC, CLU, a financial adviser with CRI Securities LLC and Securian Financial Services Inc., which offer securities and investment advisory services and are members of FINRA/SIPC. CRI Securities LLC is affiliated with Securian Financial Services Inc. and North Star Resource Group. North Star Resource Group is not affiliated with Securian Financial Services Inc. and is independently owned and operated. The answers provided are general in nature and are not intended to be specific recommendations. Please consult a financial professional for specific advice in relation to your individual circumstances. TR: 169552 / DOFU: 4/2010 Send your money management questions to medec@advanstar.com.

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