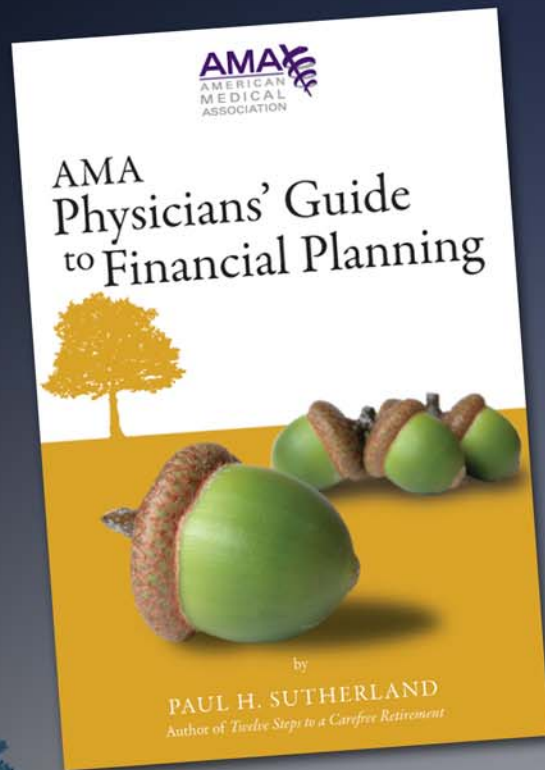


NAPFA's Mastering the **Art** of Serving the Physician Client



by Paul H. Sutherland
32 years in 45 minutes

NAPFA's Mastering the **Art** of Serving the Physician Client ¹

*Paul H. Sutherland, CFP, Author of *AMA Physicians' Guide to Financial Planning**



This chat developed for NAPFA members only is general in nature and is not intended to provide robust investment, financial, retirement, risk management, legal or tax advice. It is not to be recorded and the materials presented can be used only with permission. Much of the specifics about the *hands on* of working with physicians will be available from the AMA's upcoming book titled **AMA Guide to Financial Planning** written by Paul H. Sutherland which will be available through the AMA's web site. A link to the site is available at paulhsutherland.com.



“Doctors don’t know %#&^#&! about money! I know, I’m one of ‘em! We also don’t know anything about business and managing people. They don’t teach it to us in medical school. We have to make a lot of mistakes to learn about finance. Why don’t you write this stuff in your AMA book to help keep us from screwing up?” *

* 55-year old internist sitting across from me at a business luncheon.



Goals

- Assist NAPFA participants in understanding their physician clients so that they can help them to have more enjoyable careers
- Help NAPFA participants avoid mistakes when working with doctors so they and their physician clients can relax and enjoy life



Why did you hire us?

#1 Reason

“I think that you understand me.”



Why do people become physicians?

- Challenge
- Income
- Creative Expression
- Destiny (I was born to be a physician.)
- Enjoyment
- Fulfillment
- Status
- Security



With physicians we could cover a lot of topics, but we need to deal with their immediate needs first.

- Financial and Life Stewardship
- Developing a Productive Relationship with Money
- Getting Specific: Commitment Goals, Priorities and Values
- Budgeting Time and Money
- The Role of Money in Your Life – Money’s job is to support your life!
- Planning Finances with the Family
- Developing A Sustainable Financial Plan
- Risk Management
- Debt Management for Risk Reduction
- Career Issues (Contracts, etc.)



We assist clients on an ongoing basis and our real core competency is absolute return investment management. It (good investment returns) is the first priority or becomes a priority for most clients!

- **Homes and Real Estate**
- **Children and Education**
- **Legacy Planning**
- **Retirement**
- **Wise and Sustainable Investing**
- **Ongoing Investment Management**
- **Ongoing Active Global Investment Management**
- **Ongoing help from FIM Group's employees**
 - 3 Offices (Michigan, Wisconsin, Hawaii)
 - MBA's, CFA's, CFP's, Ph.D , 3 Retirement Specialists, Smart Seasoned Service People, etc.
- **Our goal is to create Client Heaven.**

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Why did you hire us?

“You make me feel important, accept me and don’t judge me.”

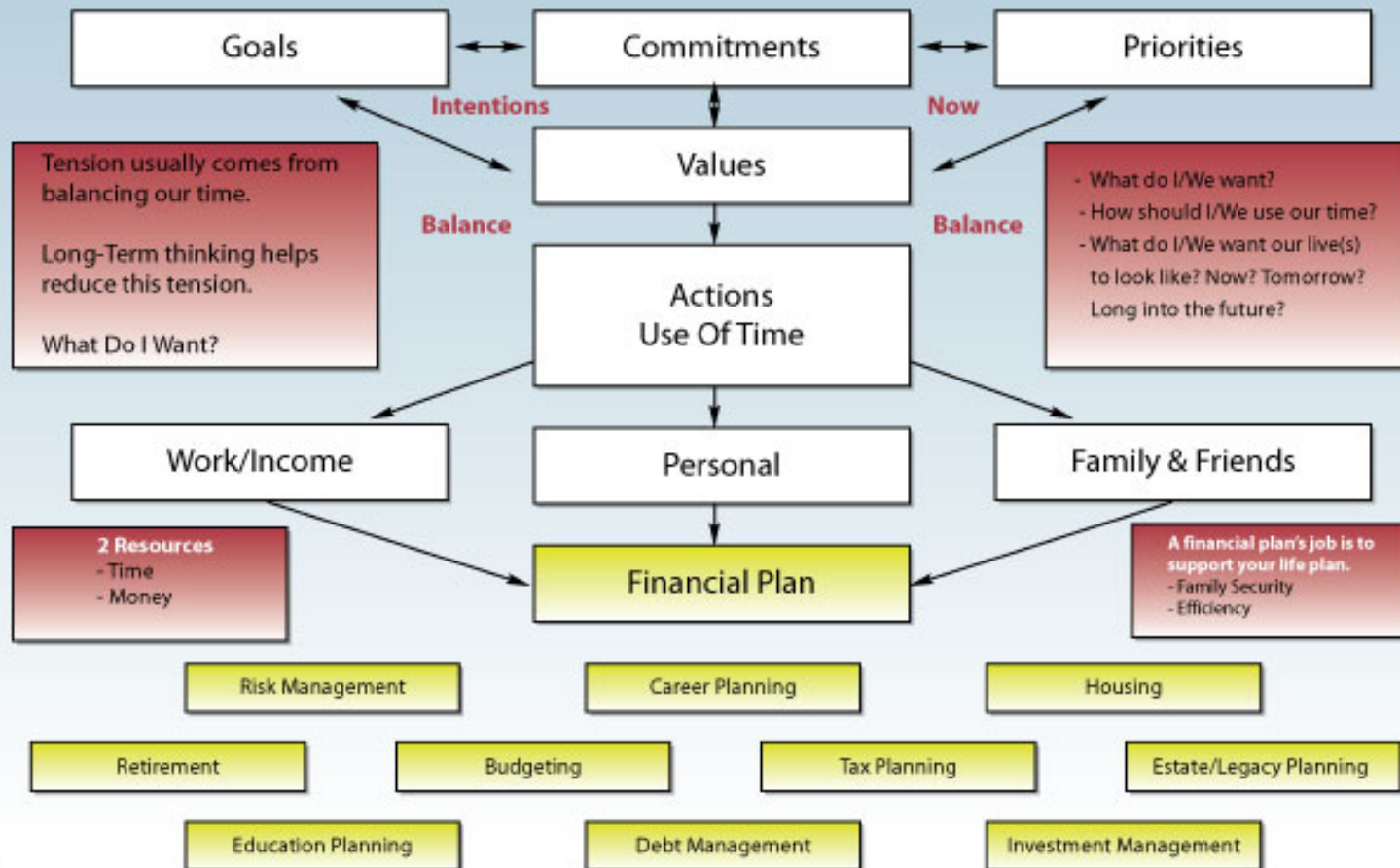


My Way / Our Way Life Plan

www.truthinperformance.com

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IT IS COMPLEX. WE DO NOT NEED TO OVER SIMPLIFY BUT DO NOT OVERWHELM.



My Happiest Clients

5:00-5:30 am	Breakfast, Treadmill, News
6:30-9:00 am	Office – Hospital – Office – Hospital
12:00-12:30 pm	Lunch
12:30-7:00 pm	Office – Hospital – Office – Hospital
7:00-8:00 pm	Maybe Dinner
7:00-9:00 pm	Review Day, Plan Next Day, Phone Calls
9:00 pm+	Dinner
9:00-11:59 pm	News, Read, TV, Movie (while waiting for pager to go off)
3 - 4 vacations a year and maybe a few long weekends	

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“I know I work too much, but I really enjoy it! Is that pathetic?”

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My Happiest Clients

Client #1

7:30 am - 5:30pm

Work: 5 PA's / Sees patients every 4 minutes

Never misses kids' events (school plays, sports, homework), dinner with family and date night

9:30 - 10:00 pm

Works from home

Client #2

8:30 am 4:30 pm

Sees 1 patient every ½ hour to 1 hr. (not a psychiatrist), spouse is receptionist

Client #3

Retired at 55 (father at ...)

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We Emphasize:
**Your work is to help
support your life goals.**

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We chat about the fact that you can have it all, but YOU must define “ALL.”

- Young Physician - Think Long Term!
- Early Enthusiasm – “Survival” Work!
- Work! Work! “Burnout”
- “Mid-career Burnout”
- Mellow Maturity . . .
- Getting to reality and able to RELAX & ENJOY LIFE
- Physicians - Lots of Choices



TIME! Everybody wants the physician's TIME!

- CAREER
- HOSPITAL DEMANDS
- IN-LAWS
- FAMILY
- FRIENDS
- PATIENTS
- KIDS
- CO-WORKERS
- TAXES, PAPERWORK, INSURANCE AGENT, BROKERS ...

THEY ALL WANT TIME!

A good financial advisor adds time, saves time!

(Delegating to trusting and competent fiduciaries is hard for anyone.)

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Why do you keep us hired?

“You respect my time.”

“I get clear answers (leadership) quickly and without a bill, editorial or ‘on one hand and/but on the other hand.’”



We tell our clients:

- **Work, career, finances and money's job is to support your "life."**
- **The hard part is what do you want your life to look like?**



PHYSICIANS ARE:

- High Functioning
- Smart
- High Energy
- Believe there is a BEST ANSWER
- Believe in EXCELLENCE



Physicians, I think, will “try” the indexing – asset allocation – own everything – diversify till it hurts story that champions mediocrity in the name of MPT or Gibson but . . .

. . . I think it is inconsistent with their core beliefs.



They are about doing their absolute best and they are trained to find and apply the best practices and not say to the patient's kids, "Well everyone on average dies so don't feel badly. Your dad can still see through one eye and move his left foot. At least he is alive!"

What's my point?



POINTS

- **We obsess over (life) insurance, so if coverage over \$500,000 = 2 policies, if over \$1,000,000 = 3 policies**
- **We obsess over (disability) with usually 2 or 3 policies**
- **We talk about event driven (estate) distributions. We work with their CPA's and attorneys.**
- **We help with confidentiality planning**
- **We talk about their job and career.**



Point

Will we really help with Risk Management?

AN OUNCE OF PREVENTION:

- When In Doubt
- Embarrass Me
- Reputation Risk



POINT

We help with Risk Management!

AN OUNCE OF PREVENTION:

- *ERISA Risks*
- *School Board Risks*
- *Hospital Board Risks*

Do you know what your clients' real risks are?

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Point

We listen to their goals, wants, needs, give scenarios, and help guide them to see that chocolate ice cream exists.

We don't dumb down their retirement plan to what the broker/service provider has as a “sort of one size fits all.”

- **We can chat about business form – taxes, offshore trusts, and do.**
- **We help make sure their debts are managed appropriately.**
- **We will discuss and guide home issues and 2nd home issues.**
- **We will provide leadership.**



Point

We believe in investment management excellence and that all portfolios should be actively and globally managed. We believe having any strategy that says you “gotta” own anything all the time violates our fiduciary oath!

We believe it is proper and good and part of full disclosure to show our 10 year plus actual client investment management performance to all prospective clients.



Point

- We say “NO” to mediocrity and dumbing down. We don't want to be a FEE ONLY broker.
- We say “YES” to what is best.

HEAVEN

So the editorial in all of this is that we believe we have had a great and profitable long-term relationship with our physician clients because we say, “How can we make where they are today heaven and keep them in heaven?”



If your clients followed you around all week, would they say, “Gosh this is who I want to help me with my life and finances?”

We need to be “IT!”

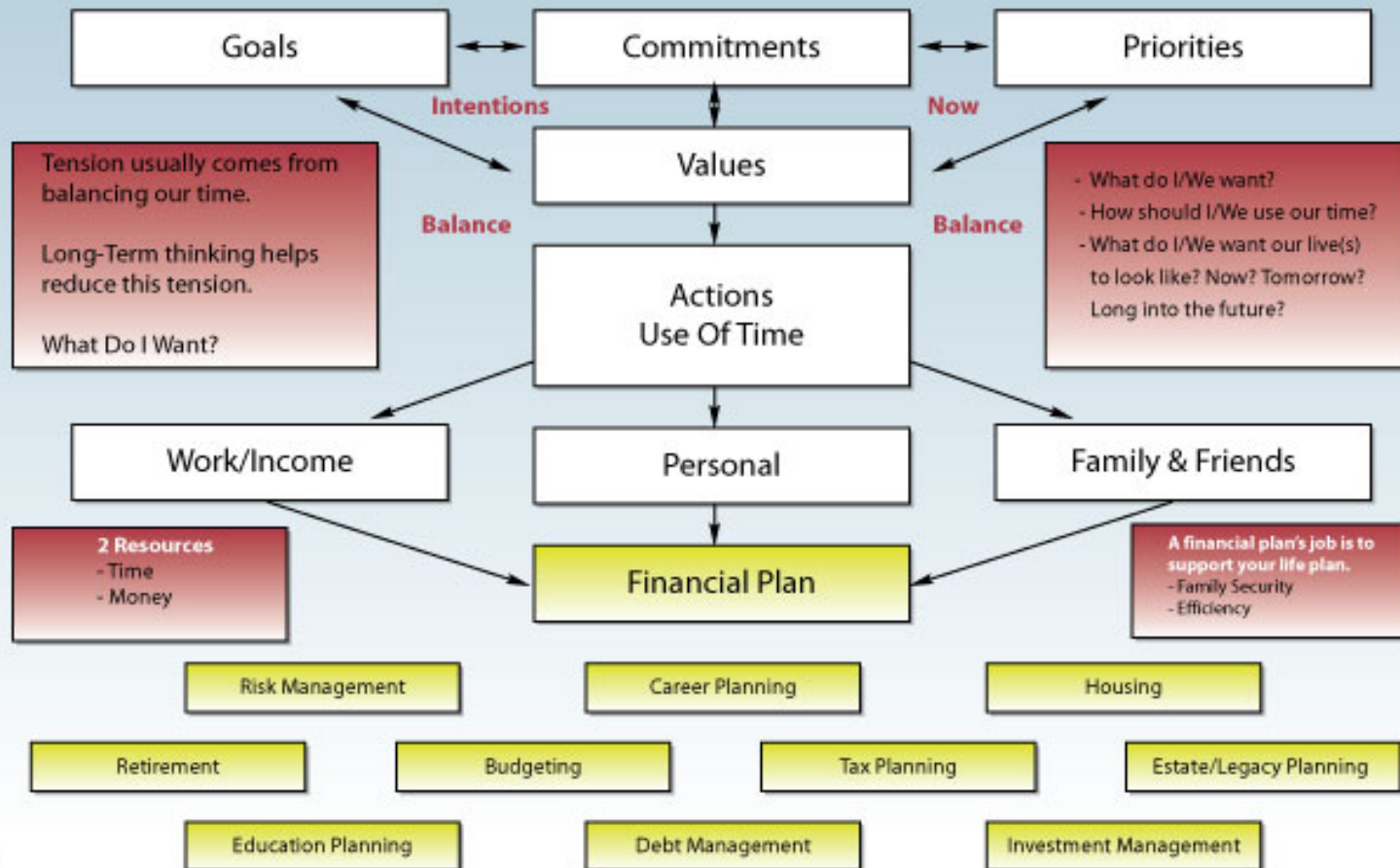


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Over the years, we spend a lot of time at the top of this chart.

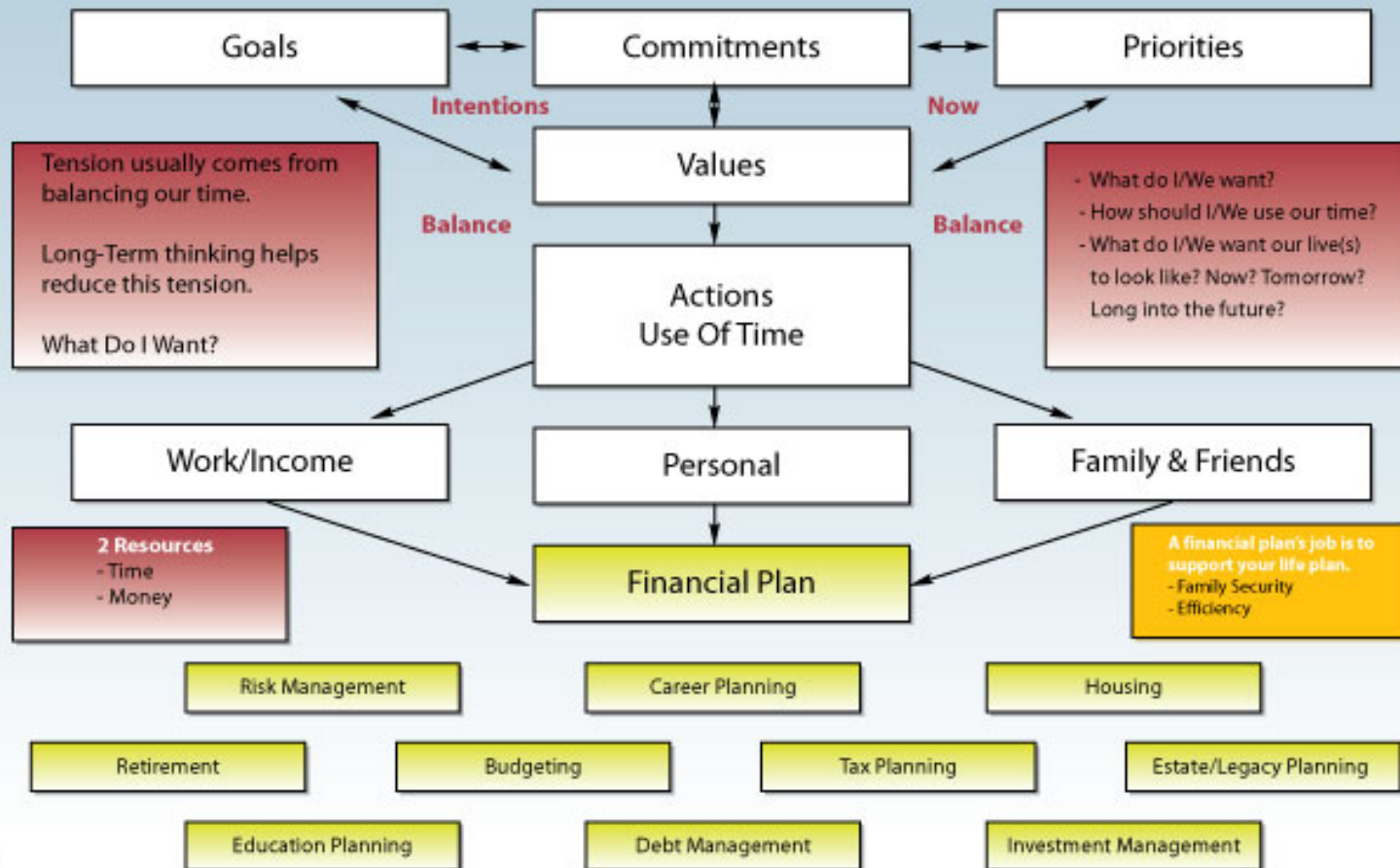


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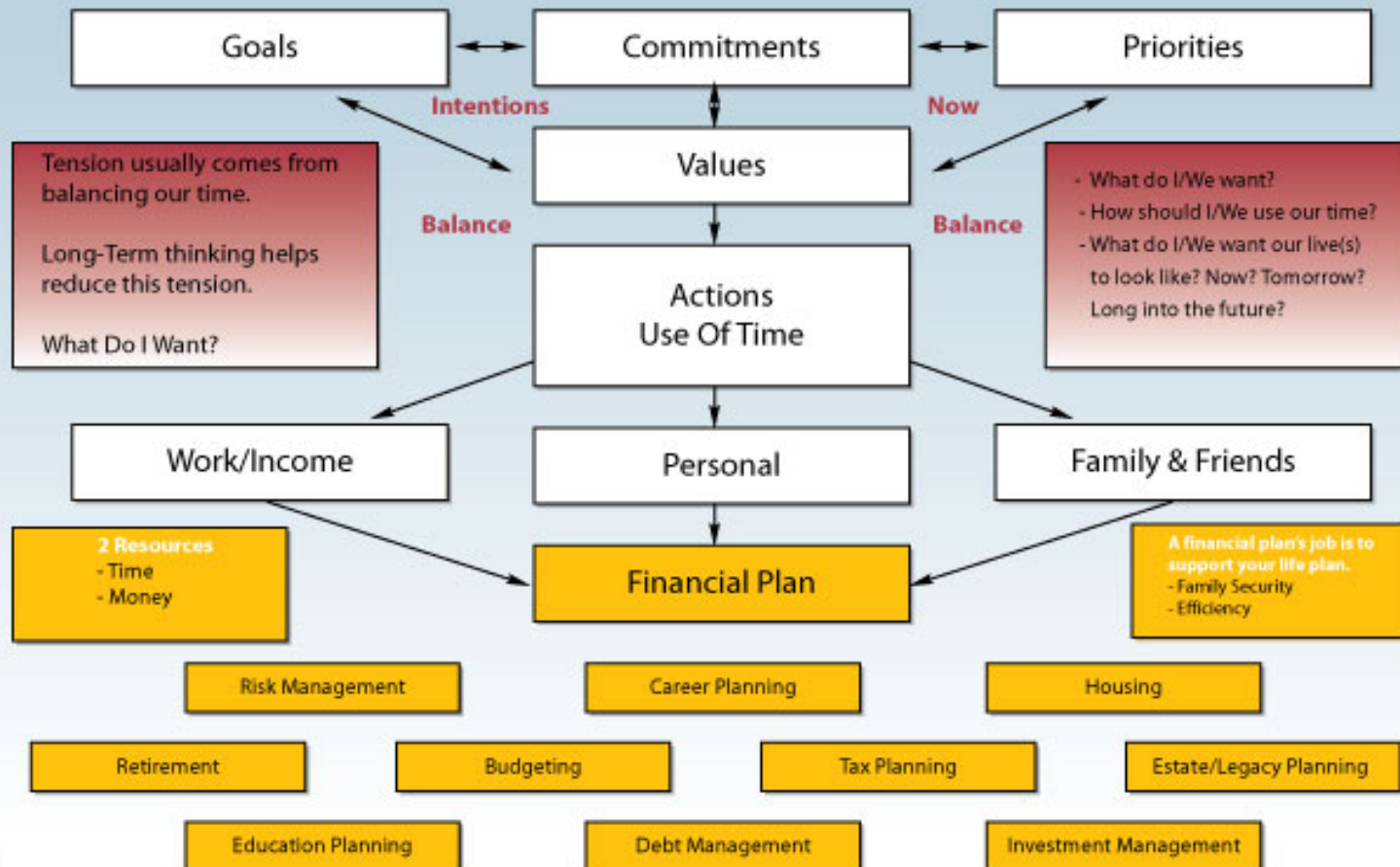
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Initially, however, it seems like a lot of time is spent on the bottom part.



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Sometimes the 2nd things are 1st and we get to reality as a client discovers possibilities and trust develops. WHY?



Sustainable Financial Plan & “IF”

“IF” a sustainable financial plan’s job is to support a client’s life plan and allow the client to relax and enjoy life, then adding efficiency is key.

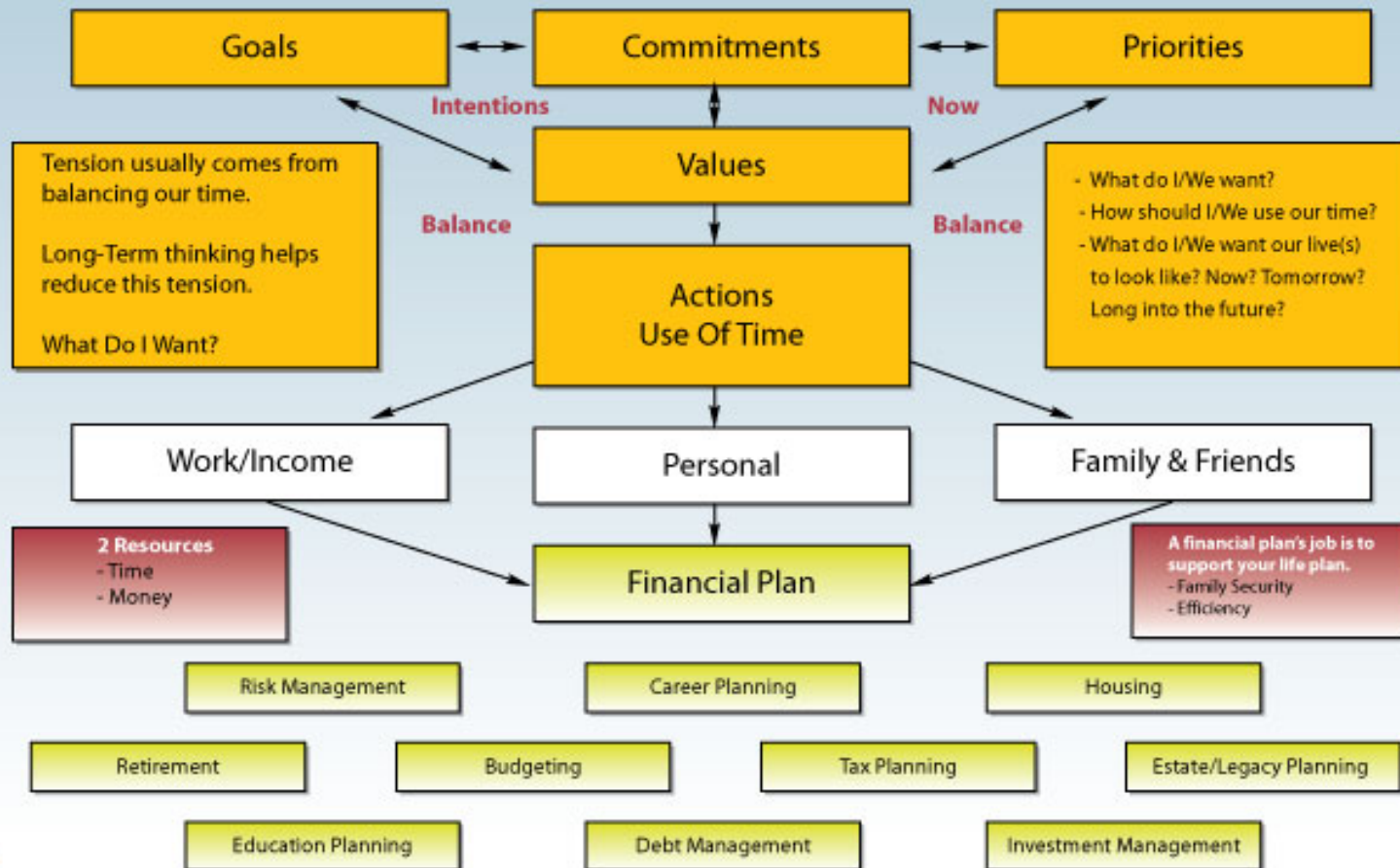
Over time it is only logical that the client and planner will discover new WANTS-NEEDS-VALUES-PRIORITIES as things change and maturity and situational constraints subside BECAUSE . . .



A sustainable financial plan must be guided by our clients' values, our clients' goals, our clients' priorities, and our clients' commitments in order to work long term.



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So eventually clients must get to first things first. They can have it all!



TA-DA!

*“The financial part
is the easy part if you
know what you want.”*



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Responsible Delegation

(Actual Slide from Physicians Presentation)

Questions for Potential Professionals or Current Professional Under Review:

- Describe business, clients, specialized areas, history and future plans. What determines pricing and fees?
- Access to documents – Who has it? Me? Your staff?
Confidentiality?
- Thoughts on bombs, tobacco, alcohol, ethics and sustainable investing?



Responsible Delegation To A Competent Fiduciary

(Actual Slide from Physicians Presentation)

Some mothers in developing countries feel that it is logical to stop feeding their infants when they get diarrhea.

Some physicians in developed countries think it is logical to get helpful objective advise from a non-fiduciary who earns a living on commissions.



Educating Kids

(Actual Slide from Physicians Presentation)

We are currently preparing students for jobs that don't yet exist . . .

Using technologies that have not been invented . . .

In order to solve problems we don't even know are problems yet.

Karl Fisch – The FischBowl Blog

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Investing Without Borders Process

(Actual Slide from Physicians Presentation)

- **A portfolio of complimentary investments**
- **Not an “investment du jour” portfolio**
- **All investments bought and still at favorable risk-adjusted prices, managed in such a way as to avoid owning speculative securities, and structured to own bargain priced investments that compensate you for the risk!**

Investing Is Active – “Art and Science”



Investing Process

(Actual Slide from Physicians Presentation)

- *Portfolio Construction*
- *Your Goals/Risk Tolerance/Constraints*
- *Calculate VALUE AT RISK / WORST CASE*
- *Remember, it is about making money, keeping it, and managing it.*
- *It is not passive; it is not indexing; it is active and serious!*



Summary

1. *Money = freedom; therefore, concentrate on building net worth effectively.*
2. *The financial part is much easier once you know what you want.*
3. *Use retirement plans and their tax advantages.*
4. *Get good objective advice.*
5. *What do you want?*



Slides Available at:

www.paulhsutherland.com

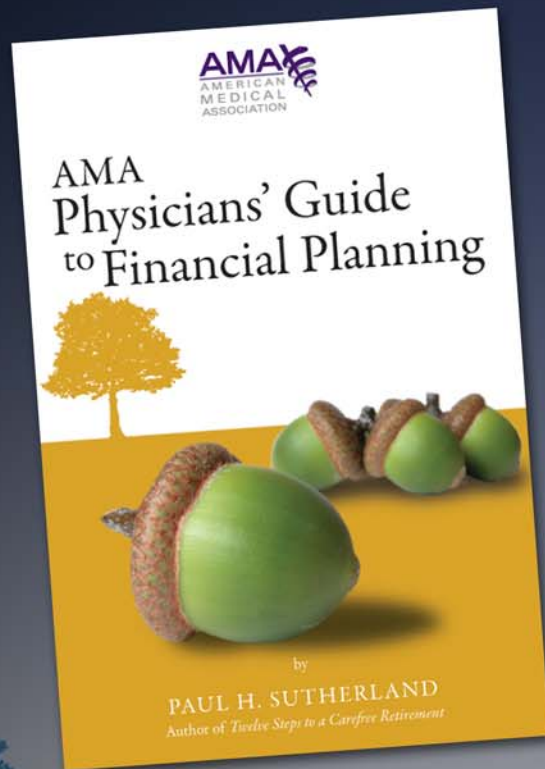
Don't forget the "h"

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??? *QUESTIONS* ???

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