



5 STEPS TO BUILDING FINANCIAL SECURITY



Planning for the future can feel overwhelming. Here's how to make it simpler.

BY CHRISTOPHER LOPEZ, OD

In today's world, optometry is perceived as a relatively lucrative and low-stress career option. Although it is true that our expertise as optometrists can translate into substantial earnings, building wealth requires more than just a high salary. Achieving financial freedom means balancing significant student loans and other financial challenges with smart money management and investment.

Considering that optometrists rank low on the doctor compensation spectrum, and the cost of attendance for doctorate programs continues to grow out of control, it's no wonder so many of our OD colleagues find themselves in precarious financial

positions. Fortunately, building wealth and achieving success is still within our grasp. This article highlights five steps to help guide you along the road to financial freedom.

STEP NO. 1: UNDERSTAND YOUR FINANCES

The first step in any financial journey is to obtain a comprehensive understanding of your individual financial situation. This includes analyzing your debt, reviewing your compensation, and keeping track of your expenses.

Debt Analysis

For most students, optometry school comes with hefty loan

payments. It is crucial to understand the terms of your loans, the interest rates, and the duration of payments. Before taking out any loans, take some time to comprehend the variety of programs available so you can make the most informed decision for your situation. For example, federal loans may have forgiveness options available, and some income-driven repayment plans may be more suitable for certain optometrists.

With today's ever-increasing interest rates, some ODs may wonder whether refinancing their student loans is worthwhile. Check out *Refinancing Resources* for information that may be helpful to you in navigating this process.

Income Assessment

Income is important. Having provided services for hundreds of contract reviews and negotiations for optometrists across the country, I have seen income for associate ODs range from \$60,000 to \$300,000 per year. The biggest mistake an OD can make in negotiating for higher wages comes down to one thing: simply not asking. Analyze your salary, bonus, and benefits package before initiating negotiations for a raise to fully understand your overall compensation package. Use this information, in addition to the revenue that you're generating for



the practice and the intangible value items that you possess, to decide how best to negotiate for higher earnings. Intangible value can include skills such as speaking multiple languages, having an uplifting attitude, training employees, educating staff, and exhibiting phenomenal bedside manner.

Expense Tracking

Document your expenses (eg, groceries, utility bills, rent/mortgage, childcare, etc). You would be amazed at how much money you may be spending without even realizing. Gaining a clearer picture of where your money is going and comparing this with the income assessment you performed in the previous step can empower you to make better financial decisions.

In Case of Emergency

Establish an emergency fund prior to making big investments or paying off student loans, as unexpected events can occur anytime and may change your circumstances rapidly. Work on accruing an emergency fund of about 3 to 6 months' worth of your living expenses to provide a comfortable safety net.

STEP NO. 2: SEEK PROFESSIONAL ADVICE

Many of our colleagues are graduating with more than \$200,000 in

student loan debt—and even owing as much as \$300,000 is no longer a rare occurrence. It can be overwhelming when just 6 months after graduation, you must begin paying \$2,000 to \$3,000 a month to meet your student loan obligation. The best thing you can do during this period is seek advice, which is a main reason why ODs on Finance was launched.¹ This educational platform consists of more than 25,000 optometrists who enjoy helping their colleagues navigate their personal, professional, and financial journeys. Better yet, we collaborate with the brightest financial minds in the industry.

STEP NO. 3: INVEST WISELY

Financial guidance is best offered on an individual basis. With that in mind, this article will not delve into single stock picks or describe which investment vehicle is best. That said, however, there is a relatively generalizable investment option that has helped millions retire wealthy: index funds. Investing in low-cost index funds provides an opportunity to own an inherently diversified portfolio with low expense ratios. Using index funds means you won't achieve the high earnings from picking individual stocks that skyrocket; however, you also won't face the risk of losing your entire investment if a single stock tanks in value. The

premise of index fund investing is to offer a simple and affordable solution for the novice investor, whose retirement account will grow as long as the stock market performs well.²

It is worth noting that everyone should evaluate their individual financial situation to understand which investments make the most sense to achieve their goals. Although index funds can serve many investors well, they are not a panacea for ODs who wish to retire wealthy. Future articles will include discussion of 401(k)s, individual retirement accounts (including Roth vs traditional plans), bonds, real estate investment trusts, and more.

STEP NO. 4: LIVE BELOW YOUR MEANS

The key to building wealth is not how much money you earn but how much you keep. Living below your means, especially those first few years after graduation, can help set a foundation for financial independence earlier on in your career. The message is simple: Spend wisely, avoid "lifestyle creep," cut out unnecessary expenses, continue driving your older vehicle, and forgo the Rolex. Continue down the path of delayed gratification for a while and funnel your excess funds into investments or debt repayments. Your future self will thank you.

STEP NO. 5: CONSIDER PRACTICE OWNERSHIP

Associate optometrists can make a good living; however, there is no question that optometry practice ownership can offer a much higher financial ceiling than can be attained by associates. Due to high demand and a true need for valuable and affordable guidance, ODs on Finance launched the Cold Start Accelerator program geared toward helping ODs cold start the optometry practice of their dreams. Those buying existing practices are also welcome to join.³ Reach out for expert consultation

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AT A GLANCE

- ▶ The biggest mistake an OD can make in terms of negotiating for higher wages is simply not asking.
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advice from professionals who are in the trenches every day helping our colleagues succeed. Services include competitive bank financing, real estate assistance, equipment deals, buildout direction, and more. Best of all, the program is free to ODs (ie, there are no charges from ODs on Finance; fees are

only due to the companies with whom you decide to work).

FORGE YOUR PATH

Your financial goals will evolve as you move through different life stages, so remember to keep reassessing and realigning your strategies accordingly. Most importantly, invest early and

let time work its magic. As Albert Einstein said, “Compound interest is the eighth wonder of the world. He who understands it, earns it; he who doesn’t, pays it.” ■

Author note: I am thrilled to author the inaugural article of this new collaboration between Modern Optometry and ODs on Finance. The MOD Money Matters column will be featured in ongoing editions of Modern Optometry with the goal of exploring topics that contribute to the financial well-being of our optometry colleagues throughout the industry.

REFINANCING RESOURCES



ODs on Finance has negotiated some of the best student loan refinancing rates in the industry.



Check out our guide to achieving financial freedom to learn more about loan refinancing and find the best quote for you.



1. The optometrist owner's guide to financial freedom. ODs on Finance. Accessed October 16, 2023. odsonfinance.com/
2. 8 reasons why every optometrist should invest in index funds. ODs on Finance. Accessed October 16, 2023. odsonfinance.com/8-reasons-why-every-optometrist-should-invest-in-index-funds/
3. Cold starting can be overwhelming. We've curated 9 essential resources to help you begin leanly & efficiently. ODs on Finance. Accessed October 16, 2023. practice.odsonfinance.com/cold-start-accelerator/

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- Financial disclosure: Consultant for ODs on Finance. Some companies involved in the Cold Start Accelerator program may have a revenue share relationship with ODs on Finance.