What dental school didn’t teach you...

Five reasons dentists have a love-hate relationship with money

As a dentist, you likely have mixed emotions when you think about money. Having an awareness of why can help you manage it better, says financial planner Reese Harper. Specifically, there are five things you need to think about.

“New car, caviar, four-star daydream, think I’ll buy me a football team. I’m in the high-fidelity, first-class traveling set and I think I need a Lear jet.”

If you like Pink Floyd, you probably recognize these Roger Waters lyrics. He wrote “Money” in 1973, part of The Dark Side of the Moon, which became the third-highest selling album in music history.

Most dentists can relate to these lyrics. The more you earn, the more complicated your financial picture becomes. As the late Notorious B.I.G. reminds us, “Mo money, mo problems.” (I’ll stop quoting songs now.)

In 2011, BBC Labs partnered with some very experienced professors to conduct research on the relationship between people and money. Surveys were compiled on 109,472 people – one of the most extensive surveys ever issued on this subject.

The most insightful takeaway I got from this research was a list of the most common emotions people associate with money. Respondents said that when they think of money they feel “anxiety, depression, anger, helplessness, happiness, excitement, envy, resentment,” in that order.¹

Wow. Read this again. First, I smiled because it sounds a lot like how I feel when I go to the dentist. But jokes aside, money is one of the most emotionally complex subjects people deal with.

Before founding Dentist Advisors and narrowing my focus to dentists, I spent several years working with a cross section of wealthy individuals, most of whom still remain close friends. The emotions listed in the survey are common to many people, but I’ve seen them at an exaggerated level among dentists. I attribute this to a few notable factors.

First, as a dentist, you’re a very high achiever. That’s just what it took to get into school and pass your boards. You’re aware of the success of your peers, especially those from dental school, and you probably have a tendency to compare yourself to them.

Have you ever looked at a friend’s practice, car, house, or vacations and thought, “Wow, they must be doing well?” I worry that many dentists equate nice cars, vacations, and houses with being wealthy. You are inherently competitive, and sometimes it’s easy to compete with others by spending like they do, even if it doesn’t make sense for your situation.

Real financial independence is about accumulating a net worth that outgrows your spending. It gives you peace of mind and great flexibility to live how you want. In order to achieve that end, it requires making hard trade-offs during your career.

Second, you delay income while the people you grew up with are making money. This creates a pent-up demand for spending and improving your quality of life. You have obtained more education, and are waiting longer than your peers to enjoy the payoff.

When you see other people with a lifestyle you want and think about all you’ve sacrificed to get where you are, you give yourself permission to live the life that you feel you deserve.

Third, you experience a sudden boost of significant income. Despite what most dentists would report, they really don’t experience a gradual climb (from below average, to average, to above average income). Instead, they start at above average, and grow to well above average.

The psychology is not that different from professional athletes who go from making $30k to $40k in the minors or D-leagues to six-figure or multimillion-dollar salaries in the pros. Fourth, you don’t have a financial background or experience with money, budgeting, or business – and yet your career demands that you be a manager in all of these areas. It’s pretty unreal if you think about it. MBA students go to school for two years to become experts on finance and business strategy. In fact, they narrow their focus even further by pursuing a specialized track such as marketing or supply chain management because they know it’s difficult to be competent in all areas. But dentists are expected to just figure it out. No wonder it’s so challenging for dentists to manage their wealth.

Finally, being a dentist means you need more to retire than others. Everyone gets used to spending more as they make more, and you’re no exception. Your above-average income gives you a huge opportunity to achieve extraordinary wealth, but a high income can make it even harder to retire successfully.

Why? People are happy with their retirement when they maintain or increase their standard of living. They are dissatisfied when their standard of living declines. Dentists, more than most people, have to worry about this.

The quality of your vacations, food, hotels, houses, and cars are all based on your income. We spend more liberally as we earn more, even though we know we shouldn’t let it get out of control. During your career, you have one of the best incomes, and arguably, one of the best lifestyles.

Your lifestyle expenses steadily increase over time, and consequently, you need more for retirement than many of your peers in order to feel like you aren’t downgrading your life when you hang up on the drill.

But there are two huge problems – you pay more in taxes, and you don’t have an employer who puts together a nice retirement package for you. So you really need to get your act together early in your career when it comes to financial planning; perhaps even more than other people do.

**Conclusion**

Fortunately, in the same study I cited above, the research revealed that financial success is more of a personal problem than it is a financial problem. In other words, as Dave Ramsey puts it, “Personal finance is about 80% head knowledge.”

With one of the highest average incomes in the world, dentists have an amazing financial canvas to work with. There are very few restrictions that cannot be overcome. The trick is to adopt a set of habits that prevent you from becoming a victim of your fortunate circumstances and help build your wealth over time.

**Article written by:**
Reese Harper, CFP, is the founder and CEO of Dentist Advisors. He lives in Salt Lake City, Utah, with his wife and four kids.
dentistadvisors.com/blog