

# I don't own a house, but at least the lien is off my truck

Robert Patterson, MD

**M**y wife was disappointed but understanding when we sold her car, an old beater she had inherited from her parents. Although I had been a doctor for 8 years and she worked part time as a nurse, the cost of insurance was straining our limited budget.

Funny, but I never thought that the challenges of being a physician would include a week-to-week financial juggling act. Today, that juggling is the fiscal reality facing most new doctors.

When I graduated from medical school in 1988 I had accumulated an average amount of debt, but I wasn't worried. The \$27 000 salary I started earning as an intern seemed a huge amount, much more than I had ever earned from a summer job. However, any dreams of carrying around wads of cash were soon dashed: I had to move to another province, pay increased rent and repay my student loans. By the time Revenue Canada was done with my paycheque there wasn't much left for me. "No matter," I consoled myself. "Things will soon improve."

The following year I took a teaching position in the Department of Anatomy at another university, and my income declined to \$24 500. It was about that time I became aware of something called an RRSP — I didn't have one but was told I should. Unfortunately, there wasn't any money to spare. One option was general practice but I wanted to specialize, even if a residency would mean more lean years.

That decision coincided with my 10-year high school reunion. One of my friends had finished his MBA 4 years ago, had a managerial position and was paying off a house in Vancouver. Another was a dentist who worked only 4 days a week. A third owned his own business and told me he was doing very well.

I had more schooling than any of them and more lay ahead. I also had the lowest income by far. My thoughts turned again to my RRSP seminar. The important thing, they told us, was to start saving early. Think of the classic example of the twins: one starts investing right away and the other puts it off for a few years. The moral of the story: even if you earn and save more later in life, you will remain behind the person who had the head start. I was surprised they didn't recruit me as poster boy for all the bad twins.

**T**he next 5 years were spent in specialty training. The salary started at \$28 000, and by year 5 I was earning close to \$40 000, even after the provincial government had imposed a 5% cut on its affluent residents.

By then I'd been a doctor for 7 years and earned an average of \$32 000 annually, but at least the student loan was paid off and I had started a modest RRSP. My financial state left me with mixed emotions. I was nowhere near where I thought I would be or should be, but then I'd witness the grinding poverty in other countries on the TV news and feel quite fortunate. When I looked closer to home, however, I saw people with less training and responsibility who worked fewer hours but were taking home a lot more than me. I was falling farther and farther behind.

While studying for my final exams I took a break as another senior resident told me about his recent recruiting trip to the States. "This hospital is gorgeous — nothing but the best. And the people there were so nice. When they found out my wife just had a baby, they wired her a bouquet of flowers. With this contract, they'll cover all the immigration paperwork, my malpractice insurance and the



*Experience*

*Expérience*

Robert Patterson completed his training in general surgery in Calgary last year. He is now pursuing postgraduate training in medical informatics at the University of Utah, which involves the use of computers in medicine, medical applications of computing and the use of information management technology to solve medical problems. He still practises surgery part time.

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cost of the move, plus pay a signing bonus. The first-year package is worth at least \$398 000 US. Of course, I'll get more than that if I do a little extra call."

I thought I'd heard him wrong — US\$398 000? At current exchange rates, that was worth well over Can\$500 000. My prospects suddenly didn't seem quite as luminous. I had just taken a fee-for-service position in another part of Alberta. I had no idea what the fee schedule paid but believed I would make decent money, even if I didn't make as much as my south-bound friend.

With a month left in training, I got married. It was a joke between us that Lisa's paycheques as a nurse were larger than mine. This was about to change, we thought, as we packed up for yet another move, my fifth in 10 years. Finally we could settle down. We would rent while saving some money and looking at houses, and then move into a place we could call our own. Financial security lay just beyond the horizon.

My first month at work was disappointing. The bills piled up — exam expenses, college dues, office rent, CMPA, the movers. Then more bad news — Lisa was only able to find casual work, so we could no longer count on a second income.

The bottom line that first month: expenses exceeded revenue by \$5000. I gutted our meagre savings accounts to make ends meet, but for the first time in memory I couldn't pay off my credit-card bill. Another month like this would ruin me.

This was not how I had envisioned life as a staff physician. Another doctor suggested a visit to the hospital CEO. Off I went, cap in hand, to ask for a loan. He was sympathetic and agreed, but only if I put my truck up as collateral. Great. Not only was I losing money but now I risked forfeiting my vehicle as well.

The next 30 days weren't much better, but I did make enough to cover the month's bills. By the third month I actually had a small surplus, enough to pay off outstanding debts from the first 4 weeks. After my first quarter of self-employment I was not a penny further ahead than when I started. In essence I had worked 3 months for free, with all income going to cover the costs of doing business.

My situation was not unique. A classmate told me he works 5 days a week in the office but has a hard time meeting expenses. He also does shifts in a local emer-

gency department — otherwise he couldn't afford to stay open. I suspect that he and I are not alone. Between the low fees and high expenses, it's difficult to stay afloat.

As for buying a house, we went looking but got no further. Strange thing about banks - when it comes to mortgages, they base their calculations on how much you actually make, not on what you figure you should be paid.

They would only pre-approve us for a pittance, certainly not enough to get a decent house in a decent neighbourhood.

Another banker, my father-in-law, reviewed our finances. "You would be crazy to buy right now. The two of you might be able to make mortgage payments as long as there

wasn't a baby, but you wouldn't have a penny left over. Keep renting until you're more established."

Until we're more established? How long will that take? Would we ever be able to afford our own home, let alone put money aside for retirement?

I was mulling these questions over in the doctors' lounge when someone mentioned a letter from a former staff urologist who had moved to Kentucky 6 months ago: "He just loves it — says he should have moved years ago." Then someone mentioned a neurologist who had gone to Arizona. Same story. The list of names grew, and not an unhappy soul among them. A family-medicine resident then spoke up. Of the 16 people who were about to graduate in his program, 9 had signed contracts in the US. Why stay in Canada when there are better deals elsewhere? This sentiment was reinforced when I received a copy of my medical schools news and read about the alumni. Dr. E has moved to Los Angeles. Dr. L is now in San Francisco. Dr. K can be found in North Dakota. Dr. R calls Wisconsin home. Dr. S is on staff at a Boston hospital.

As my first year in practice drew to a close I examined the balance in my bank book. It had not been a banner year. The hospital told me know it was very happy with my work and wanted me to stay. The CEO even took the lien off my truck. But was the grass greener elsewhere? One option was a fellowship in the States; another was to move back to British Columbia.

The latter choice disappeared when I learned of the "Physician Supply Measures" section of the euphemistically named Medicare Protection Act that was now in place in BC. Depending on where I practised, I could receive only 50% of the amount billed during the first 3

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years of practice. (To see how discriminatory policies are affecting new graduates, see *Can Med Assoc J* 1997;156:616.)

The math was simple. Fifty percent withheld by the government, 40% to overhead, 10% to me. I'd earn less than when I was a resident. By the time the 3 years at half pay were up, I would be 40, with no house, no savings account and precious little in the RRSP. We had planned on having children by then. How could we afford to do that?

The frustration grew. I was angry at politicians for the callous way they treat physicians. I was angry that medical associations have favoured policies that cripple new graduates while protecting the incomes of older physicians. And I couldn't see a silver lining. I've spent 15 years in university, and for most of it I had believed that "just a little while longer,

and things will improve." Last year, I stopped thinking that things would improve.

Lisa and I had a long talk, and that helps explain why this is being written from south of the 49th parallel, where I am completing a fellowship. Whenever I compare fee schedules with my

American colleagues, they just shake their heads in disbelief (see *Can Med Assoc J* 1997;156:960). "Canada sounds like a good place to be a patient," one of them told me, "but I doubt you could convince any of our graduates to practise there."

I still don't know what the future holds. We would like to live in Canada. We return frequently for visits.

Our friends and family are in Canada. We would prefer to raise our children as Canadians. Canada is our home, and I would love to practise there.

I just don't know if I can afford to. ?

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