

Catering to physicians: Specialized financial services firms find a niche

Some advisers are pitching their business exclusively to doctors and their unique needs. Other firms are getting wiser about the physician market in response.

By [Katherine Vogt](#), AMNews staff. April 24, 2006.

When David Hill, MD, started looking into purchasing disability insurance, the orthopedic surgeon turned to an online forum for information. From there, he came into contact with a certified financial planner and insurance underwriter who happened to specialize in working with physicians.

Dr. Hill, who is doing a fellowship in New York, was impressed by the adviser's knowledge and unique understanding of his needs. After several weeks of communication, he bought a policy from the adviser, who ran a firm called Physician Financial Services.

With this article

- [What to ask](#)
- [Medical associations may have financial services, too](#)
- See [related content](#)

"Having someone specialize in physicians really made a big difference," Dr. Hill said. "He was able to recommend things specifically to me being a surgeon that someone who's an internal medicine doctor might not necessarily need."

Dr. Hill is among a growing number of physicians who have turned to niche financial services firms that cater to physicians. Some have names containing terms such as "physician adviser" and "medical resource," and they are marketed exclusively to physicians. Others aren't quite as obvious, perhaps functioning as a "health care group" within a larger firm and relying on their established client base for new physician referrals.

These firms claim to have a special understanding of physicians' financial needs. They might specifically bill themselves as experts on financial issues of unique importance to physicians, such as asset protection, or they simply might bank on their overall experience in working with physicians to develop niche expertise. Some might offer more practice management services to draw medical practices, while others are designed solely for the personal financial needs of physicians.

It is unknown whether physicians are better off using these types of firms than traditional firms, because it depends on each individual's needs and each firm's capabilities. Some experts would argue that physicians are best served simply by using a financial planner with whom they have an established, trusting relationship, regardless of whether that person caters to their profession.

But physician-focused firms are trying to make a case that they understand physicians' needs better than others and they can bring that perspective to a whole range of financial topics from taxes to retirement planning.

For example, some point out that physicians tend to need more asset protection than other clients because of the risk of liability lawsuits. Others note that physicians need more disability insurance, because their jobs can require such high levels of physical and mental skill. Still others point to the sensitivity physicians tend to have toward saving for college for their children, because many of them had to cope with large educational debts.

Mary McGrath, an accountant and financial planner in Champaign, Ill., believes that physicians are simply different from the general population and should be treated accordingly.

"They work longer hours, so they have less time; they come into the work force at an older age and with debt; they also go from being a resident or fellow to practicing. In the corporate world people work their way up a ladder, but in medicine they go from one end to another without much between," she said.

"If you really want to serve the medical field well, you really need to know what issues they face."

That's why three years ago, McGrath and other advisers already serving physician clients decided to form a financial services firm called Physician Advisory Resources. The firm has more than 100 physician clients.

McGrath said clients don't pay any more for the tailored services than they would at a traditional financial services firm. But she believes they can get more specialized advice at a niche firm. She said it is analogous to a patient with a heart condition being able to get treatment from a primary care physician but more specialized care from a cardiologist. "We don't have to focus on everything," she said.

But Richard Cosentino, a financial professional with AXA Advisors of New York, said such specialization is not necessary as long as the firm can offer services and expertise that meet all of a physician's needs.

"Individuals feel more comfortable in coming to a firm with expertise in all areas as opposed to a one-man band," said Cosentino, who said 40% of his business is in the medical field. "I would say you want to work with a firm that has expertise in all the financial planning industry."

Kathy Muldoon, senior vice president of Dallas-based Carter Financial Management, said her firm doesn't specialize in serving physicians. But she said it has become important for her to learn about physicians' needs, because so many of her clients are in the profession.

"Would I say that they have to go to a firm that specializes in physicians? No. As long as there is experience in the firm with physician needs," she said. "If there is experience in working with doctors, then you know where the vulnerabilities are and really where some practice leverage can come from as well."

Medical associations enter mix

Richard Sperry, MD, PhD, an anesthesiologist, professor and associate vice president for health science at the University of Utah Health Sciences Center, said the financial counseling he received through UMA Financial Services, a subsidiary of the Utah Medical Assn., raised physician-focused issues that had not occurred to him.

"One piece of advice they gave me that I think is good advice is that I need to purchase an umbrella policy to protect my personal assets in the event of a lawsuit, not necessarily from my medical practice but because I might be viewed as some rich doctor who could be targeted," he said.

Dr. Sperry, a former president of the Utah Medical Assn., is board chair of UMA Financial Services. He said the firm's focus is providing independent, sound financial advice.

"The staff at the medical association financial services company understand the financial position and the life cycle of a physician better than the average financial counselor would. You probably could find someone out there equally in tune, but maybe not if you just plucked an average broker-dealer on the street," he said.

Martin Watkins, chief operating officer of UMA Financial Services, said the firm, established in 1993, serves nearly 1,400 physician members of the Utah Medical Assn. Because it has a "marketing advantage" through that relationship, Watkins said the firm is able to offer its services for less than its competitors.

Medical associations in a handful of other states have launched similar financial services as well. Some of those remain in house and others offer services in subsidiaries such as UMA Financial, though they are not widespread.

Watkins said such firms have a strategic advantage that sets them apart from traditional financial services firms. "The success of this company testifies that specialization of labor has been appreciated," he said.

More than financial counseling

Other firms hope to bundle financial counseling with other types of services doctors might need. The Health Care Services group at the Miami-based accounting firm Morrison, Brown, Argiz & Farra offers everything from tax and estate planning to practice management and valuation.

Ron Finkelstein, an accountant and partner in charge of the group, said offering all services together makes sense in the medical world where physician's financial lives often are closely tied to the health of their practices. "Typically what's integrated in the physician's planning isn't just their individual planning," he said.

One of Finkelstein's clients, Curtis Johnson, DO, an otolaryngologist in Fort Lauderdale, Fla., said having financial planning for himself, his practice and his other business interests performed by the same company makes a big difference.

"The pass-through is all to me ultimately. You've got one person doing you personally, professionally in your practice, as well as other health care proprietaries ... so he knows exactly how it's going to affect you," Dr. Johnson said. "There's a price to pay. It costs more for those services, but I think it's worth it."

Finkelstein's firm markets itself by providing a quarterly newsletter geared to physicians, being active in a national organization for health care CPAs and engaging in a lot of public speaking. Perhaps as a result, revenues from the health care group have increased about 25% per year the past six years, he said.

Muldoon said word-of-mouth and referrals can help spread the names of firms that have physician expertise.

And in turn, she said, such niche firms might be able to help put physicians in touch with attorneys, accountants or other professionals who also serve their niche.

McGrath said some of her physician clients are so time-deprived they need an adviser who can do everything from investments to taking care of the lease on their cars and helping their children with financial advice.

The demand for such services appears to be growing based on the number of niche firms popping up in states across the country. And Dr. Sperry said some of the traditional financial services companies in his area have taken notice and are starting to specifically compete for their clientele.

Watkins said the success of the niche firms is a testament to their prospects.

"I do think niche firms have a great future ahead, because in trying to provide services to professionals, you need to be able to relate to them and teach them. And if you can teach in a way that they understand as you're walking them through their finances, you can be more effective," he said.

[Back to top.](#)

ADDITIONAL INFORMATION:

What to ask

Here are basic questions experts recommend that you ask of any financial adviser who claims to be focused on a physician clientele:

- ? How much experience do you have working with physicians?
- ? Do you specialize in particular services?
- ? Do you provide all of the basic financial services I might need? If not, can you refer me to other resources?
- ? Are you paid by fee or on commission for certain products?
- ? Are your fees comparable to your competitors?
- ? Can you provide me with testimonials from other physicians?

| ? Are you affiliated with any medical organizations?

[Back to top.](#)

Medical associations may have financial services, too

More and more state and local medical associations have formed business alliances with financial services firms to help members find advice from experts familiar with physicians' needs, often at a discounted fee made possible by the medical society.

Medical associations and affiliates in Arizona, Massachusetts, Wisconsin and other states have joined with investment firms or created subsidiaries to roll out such services to members.

Local associations such as the Alameda-Contra Costa Medical Assn. in northern California have taken on the challenge as well. The American Medical Association also offers sponsored banking and financial services.

[Back to top.](#)

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