Educator's Podium

Personal Financial Planning in the Optometric Curriculum

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Ample evidence affirms that student indebtedness is a major challenge facing graduates of health professions schools.[1] The cost of education has increased for nearly all health professions programs while reimbursement for providing care has decreased. Data from the Association of Schools and Colleges of Optometry (ASCO)[2] show optometry school graduates with loans owed $174,165 on average in 2017 (not including undergraduate indebtedness), while the U.S. Bureau of Labor Statistics reports a mean income for employed optometrists of $119,980 per year.[3] The latter figure is based on data from 37,220 optometrists.

None of this is a secret. The high debt-to-income ratio in healthcare professions can be easily ascertained on the Internet in a matter of minutes by anyone with an interest in doing so.[4] This, along with other factors, has arguably led to a crisis in pharmacy education.[5] Online forums are replete with posts admonishing prospective pharmacy students to think twice about entering a profession with such a low return on investment.

While the desire to help others is a strong motivating factor for optometry students, so is a desire for financial security. Increasing student indebtedness challenges the profession like never before to address student expectations for financial stability. Although there are no easy solutions to this challenge, educators can take steps to help better prepare students for the financial challenges they may encounter. Foremost among these is to ensure graduates are financially literate by teaching them the basic aspects of personal financial planning.

What is Personal Financial Planning?

Optometry programs have traditionally offered courses in practice management, many of which include elements of personal financial planning. While integration of personal financial planning topics into practice management courses is a welcome initial step, such an approach can lead to conflation of the principles underlying these distinct disciplines.[6]

Practice management deals with contracts, billing, patient insurance, business loans and other items related to running a business whether it be a solo or group practice or an independent contractor scenario. It also addresses employment as an optometrist. Practice management is essentially business management applied to professional optometric practice. In contrast, personal financial planning is concerned with how people manage their financial resources regardless of the source of their income or wealth. It includes topics such as the time value of money, investment vehicles, retirement, asset protection, real estate, debt management, personal budgeting and tax planning.[7] These topics are as important to the success of a teacher, plumber or lawyer as they are to the success of an optometrist. Personal financial planning is a well-established academic discipline and profession.

Status of Personal Financial Planning Education in Optometry Programs

Optometry programs recognize a need for education in personal financial planning and have taken steps

to provide students with relevant information. As mentioned above, practice management courses often cover certain topics relevant to financial planning. Student affairs or other offices sometimes arrange talks and programs for students that are delivered by financial planners.

These efforts, while important, may not be sufficient. Given the decreasing number of healthcare practitioners who operate their own practices, the importance of personal financial planning vis-à-vis traditional practice management has increased. Including personal financial planning as a component of a larger practice management course may neither reflect current practice patterns nor address current student needs and expectations. Practice management and personal financial planning are distinct disciplines, and each requires its own set of learning objectives as well as knowledgeable and skilled instructors.

Extracurricular programs provided by financial planners can be problematic. There are many financial planning professionals who would be eager to give lectures or talks to optometry students. However, such professionals often, but not always, derive income from selling products or steering clients toward certain investment vehicles.[8] This creates a conflict of interest that is incompatible with sound pedagogy.

Components of a Personal Financial Planning Course/Module

The basic components of a course or module on personal financial planning are well-established[7] and include:

- Time-value of money
- Use of a simple financial calculator
- Personal budgeting
- Investment vehicles
- Retirement savings vehicles and retirement projections
- Debt management, including student debt
- Asset protection
- Real estate
- Tax planning

Many books and online resources are available to support student learning. It’s important, however, for educators to be cognizant of the source of these materials and the possibility for conflicts of interest that may result when authors promote investment products in which they have a financial interest.

The selection of the instructor for a personal financial course is critical. Not only must the material be treated with the same level of rigor as other topics in the curriculum, which argues for an instructor with formal training in the field, caution must be exercised to ensure the instructor does not have a conflict of interest or bias with respect to investment products. This is particularly important when considering outside or guest speakers who are employed within the financial industry and/or sell financial products.

Conclusion

Personal financial planning skills have always been important to graduating health professionals, but with increasing levels of student loan indebtedness, education in this field is no longer optional. The emphasis optometry programs have historically placed on practice management, while important, does not substitute for nor preclude separate instructional courses or modules on personal financial planning. It is hoped this article will encourage the development of such courses/modules at schools and colleges of optometry. Formulation of a standardized personal financial planning curriculum for the profession would be helpful.

References

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