

## Financial Tips For New Professionals

Written by Cary Yates

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Graduation is the start of huge changes for students who have spent years studying and training for a professional job – for example, doctors, dentists, lawyers and various business and other health care careers. After years of frugal living and racking up substantial student loan debt, a graduate embarking on a professional career likely anticipates major income potential.

Yet the high income often comes with major expenses, especially in the beginning – setting up a practice, for example, equipping it and many other start-up essentials. The challenge: When you're carrying heavy debt because of student loans, where do you turn to help fund the start of your new career?

There are several steps a new professional can take – before and after graduation – to be financially prepared for a career launch. They include:

Maintain thorough records. Throughout the college years, it's important to keep accurate records of income, tax returns, student loans and other debt. Then when it's time to apply for a loan to open a new dental office, a law practice or buy a home, you will have the information that will be required for a loan application.

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Save during the college years. While it may be challenging to save money while you complete a professional degree, it's important if you intend to open your own business or practice. Whether you plan to start a business or buy into or acquire an existing practice, you will need funds as an offset to your student loan debt and to establish a more balanced financial picture.

Don't live beyond your means. You may not have had much choice while in school, but when the first big paychecks start rolling in, resist the urge to go out and buy a luxury car or start shopping for a "mini-mansion" in the 'burbs. Create and stick to a reasonable budget for living expenses and a savings plan. Also, establishing an investment plan will demonstrate to a loan officer that you are considering both your short- and long-term financial health.

Be prepared for the career launching process to take some time. If you intend to start your own practice or acquire an existing one, the process can take months. Business plans need to be developed, valuations completed, transition plans and closing dates set. Each step will take a great deal of your time and most likely will require other professionals, such as tax advisors, attorneys and accountants.

Character still counts. One of the most important factors when seeking a loan – whether you're a high school graduate or a newly graduated orthopedic surgeon – is what lenders call a "clean character." Do you have a good credit history? Are you paying down your student loans in a timely manner? Are there any lawsuits or pending judgments against you? Are there any restrictions on your professional license that would affect your career?

Talk with your banker and other advisors – before and after graduation – to learn more about how to best launch your new professional career and to maximize the earnings potential you've worked so diligently to achieve.

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