PAX PORTFOLIO ADVISORY | RAYMOND JAMES®

# Optimizing Cash Flow and Building Wealth as a Physician

## A practical planning guide for physicians balancing personal and corporate finances

Physicians often manage demanding professional schedules alongside competing financial priorities: paying down debt, saving for retirement, investing inside the corporation, supporting family, and planning for the future. The right plan helps you turn your professional income into long-term wealth while maintaining the lifestyle you have worked hard to build.

This guide outlines the key cash flow and wealth-building strategies for physicians.

---

## Managing Personal and Corporate Cash Flow

**Pay yourself with purpose:** Determine how much income you personally need each month and consider leaving the excess inside the corporation where it can be taxed at a lower corporate rate.

**Plan your tax payments:** Whether through quarterly instalments personally or corporately, building a disciplined tax payment schedule helps avoid surprises at year-end.

**Maintain an emergency reserve:** Physicians benefit from holding 3-6 months of personal expenses in a high-interest account, plus a separate corporate working capital reserve.

## Building Wealth Inside the Corporation

**Corporate investing:** Retained earnings can be invested inside the corporation, allowing pre-personal-tax dollars to compound toward long-term goals.

---

**The $50,000 passive income threshold:** Investment income above $50,000 annually inside a corporation reduces the small business deduction. Strategies such as permanent life insurance, tax-efficient ETFs, and timing of capital gains can help manage this exposure.

**Corporate-owned life insurance:** Permanent life insurance can shelter surplus corporate cash, provide a tax-efficient death benefit, and create Capital Dividend Account room for future tax-free distributions.

## Personal Wealth Strategies

**RRSP:** Provides a tax deduction and tax-deferred growth. Most useful for physicians taking salary that generates RRSP contribution room.

**TFSA:** Offers tax-free growth and withdrawals. Generally should be maximized every year regardless of corporate strategy.

**FHSA:** For physicians who do not yet own a qualifying home, the First Home Savings Account combines RRSP-style deductions with TFSA-style tax-free withdrawals.

**Non-registered investments:** Useful once registered accounts are maxed out, especially for tax-efficient holdings like Canadian dividends and capital gains.

## Insurance Protection for Physicians

**Disability insurance:** Your ability to earn income is your largest asset. Specialty-specific own-occupation coverage is critical, especially early in your career.

**Critical illness insurance:** Provides a lump-sum benefit on diagnosis of a covered illness, which can complement disability coverage.

**Life insurance: T**erm coverage protects family during peak earning years, while permanent coverage can serve estate and corporate tax planning purposes.

## How We Help Physicians Build Wealth

We help physicians align practice income, corporate investments, personal savings, insurance, and tax planning into one coordinated strategy. The goal is confident decisions today while building meaningful long-term wealth for tomorrow.

## Pax Portfolio Advisory Team

We're delighted that you are interested in learning more about our services. The name PAX is Latin for peace, and our goal over more than 50 years of combined experience has been to simplify your wealth and provide you with lasting peace of mind.

### Trixie Rowein, B.Comm, FMA, CFP®, CIM®
Senior Portfolio Manager, Financial Advisor

Known for her commitment to community and clients for 25 years at Raymond James. Responsible for **investment strategy, client communication, educational seminars,** and **charitable initiatives**. Shespecializes in guiding clients through life transitions, including retirement and loss of a spouse. Trixie has two daughters and speaks Spanish. She enjoys travelling, gardening and scrapbooking.

### Taylor Cooper, B.Comm, CIM®, TEP
Associate Portfolio Manager, Financial Advisor Associate

Works closely with clients to implement **comprehensive financial** and **estate plans**. He also facilitates **portfolio management, trade execution**, and conducts **stock market analysis.** Taylor previously played semi-professional hockey in the Western Hockey League and later competed as a student-athlete with the University of Alberta Golden Bears.

### Matthew Moellenbeck
Licensed Financial Advisor Assistant

Responsible for managing **all client account information**, coordinating **regular income distributions**, and **developing financial plans**. He'scurrently working towards his CFP designation andserves as the primary point of contact for all client inquiries. Outside of work, Matt enjoys staying active, whether it's hiking, running, or cross-countryskiing, in addition to playing in a band.

### Wendy Hildebrandt
Investment Advisor Assistant

Supports the team with **administrative tasks, account openings,** and managing **documentation.** Her commitment to delivering exceptional customer service ensures that every client receives the highest level of care. Wendy values community and volunteer work, and in her free time, she enjoys crafting and spending quality time with her family.

PAX PORTFOLIO ADVISORY | RAYMOND JAMES®

10060 Jasper Ave, Suite 2300 – Rice Howard Place, Edmonton, AB T5J 3R8 • 780-414-2550 • paxportfolioadvisory.ca