DUSTIN KARAS

The doctor's money protocol

Ten money moves,
in the right order.

2026 EDITION



Dustin Karas

Helping doctors win with money.
Protect income. Build wealth.
Create freedom.

dustinkaras.com

START HERE

Almost nobody taught you what to do with a big paycheck.

They max out a 401(k) while a credit card charges them 24%. They buy the house before they own any disability insurance. Each move can make sense on its own. The order is what gets people hurt.

So this is the order I'd follow. Ten steps, top to bottom. Some of them overlap, and that's fine. Just don't jump to step 9 while step 1 is still wide open.

Quick note on me: I'm not a doctor. I've spent my career working around them, and my team at Pattern has helped more than 50,000 doctors understand their disability and life insurance options. I first wrote this plan as a series for my MoneyRx newsletter. This version is shorter and has 2026 numbers.

PROTECT INCOME

1. **Protect your income**
   Disability and term life insurance
2. **Build a starter cash cushion**
   Your biggest deductible

BUILD WEALTH

3. **Grab the free money**
   The full employer match
4. **Kill high-interest debt**
   Anything above about 7%
5. **Finish your emergency fund**
   3 to 6 months of what you spend
6. **Open the tax-free accounts**
   Roth IRA (or backdoor Roth) and HSA
7. **Max out your retirement plans at work**
   401(k), 403(b), 457(b)
8. **Save for the big stuff on purpose**
   The house, college, practice buy-in

CREATE FREEDOM

9. **Invest beyond your retirement accounts**
   Brokerage account, real estate, your practice
10. **Pay off the low-interest debt**
    Mortgage and low-rate loans

The rule Find the first step you haven't finished. That's your step. Ignore the rest for now.

BEFORE YOU START

The Money Workup

You wouldn't treat a patient without a workup. Same goes for your money. Start with two numbers.

- **Your gap.** This is what's left after you live your life. It's the money that buys investments, pays down debt, and someday gives you options. Every step below runs on it. A good starting target is 20% of your gross income. On $400,000, that's $80,000 a year. Retirement accounts, other investing, and extra debt payments all count.
- **Your net worth.** This is what you own minus what you owe, student loans and all. Run yours with my **net worth calculator**, then do it again once a year.

YOUR GAP, PER YEAR

Gross income	$
Target: 20% of that	$
What you put toward wealth now	$
What you're short	$

YOUR NET WORTH, TODAY

What you own	$
What you owe	$
Own minus owe	$

Gap too small? Start with the big three: the house, the cars, and private school. Get those right and the rest barely matters. Get them wrong and cutting back on coffee won't save you.

Next Find your step in about a minute: 12 quick questions at **dustinkaras.com/money-workup**. Or use the tracker near the end of this guide.

STEP 1 OF 10 · PROTECT INCOME

1 Protect your income

Before you invest a dollar, protect the thing that earns all the dollars.

For most doctors, that's your ability to work. The average physician earned $386,000 in 2025. Over a 30-year career, that's more than $11 million. You'd never leave an $11 million asset uninsured on purpose. A lot of residents do it by accident.

- **Disability insurance** pays you a monthly benefit if an illness or injury keeps you from working, as your policy defines it. Look for a true own-occupation definition. In plain English, the policy asks whether you can do **your specialty**, not whether you could do any job at all. The exact wording varies, so read yours.
- **Your plan at work is a start, not the finish.** Group plans usually cover less, often use a stricter definition of disability, and usually don't go with you when you leave.
- **Term life insurance** matters once someone depends on your paycheck. A spouse, kids, a co-signed loan. If nobody needs your income yet, you may not need it yet.
- **A will and umbrella insurance.** Once you have kids, a house, or real savings, get both. A will says who gets what and who raises your kids. An umbrella policy adds liability coverage on top of your home and auto insurance. It isn't malpractice coverage.

Your price depends partly on your age and health when you apply. That's why I tell residents to start early. You'll probably never be younger or healthier than you are today.

This is the part I know best. For the full rundown, read **my guide to disability insurance**. Want your own numbers? Try my **disability insurance calculator** and **life insurance calculator**.

DO THIS

- [ ] **Get your own disability policy with a true own-occupation definition**
- [ ] **Read what your plan at work actually covers**
- [ ] **Add term life if anyone depends on your income**
- [ ] **Add a will and umbrella insurance once you have kids, a house, or real savings**

$11M+ **What the average doctor earns over a 30-year career,** before a single raise. That's the income step 1 helps protect.

STEP 2 OF 10 · PROTECT INCOME

2 Build a starter cash cushion

An emergency fund isn't exciting. It's just what keeps a dead car battery or a surprise bill off your credit card.

Keep this one small. Save enough to cover your biggest deductible. Health, auto, or home, whichever is highest.

That's it for now. The bigger cushion comes in Step 5, after you grab the free money and kill the expensive debt.

DO THIS

- [ ] **Find your biggest deductible**
- [ ] **Save that amount in cash**

STEP 3 OF 10 · BUILD WEALTH

3 Grab the free money

If your employer matches your 401(k) or 403(b), put in at least enough to get the full match.

A 100% match adds a dollar for every dollar you put in. Nothing else on this list comes close.

- **Check the vesting schedule.** Some matches only become yours after you've stayed a few years.
- **Have an HSA?** Put in at least enough to cover the medical bills you expect this year. If your employer adds money to it, make sure you're set up to get it.

Notice what I didn't say. I didn't say max out your 401(k). Early in your career, that can wait. The match can't.

DO THIS

- [ ] **Find your match formula and contribute enough to get all of it**
- [ ] **Look up your vesting schedule**

STEP 4 OF 10 · BUILD WEALTH

4 Kill high-interest debt

A big income won't make you wealthy if a chunk of it goes to interest. My line is about 7%. Anything above it goes to the top of the list.

- **Credit cards, car loans, and personal loans.** If the rate is above about 7%, go after it hard.
- **Private student loans.** Same idea. Pay them down fast, or shop for a lower rate.
- **Federal student loans, if you're not going for Public Service Loan Forgiveness (PSLF).** Same rule. New federal loans for med students are 8.07% this year. Older loans have their own rates, so look up yours.
- **Federal student loans, if you are going for PSLF.** This is the exception. Paying extra usually just shrinks the amount that would have been forgiven. My **student loan calculator** shows your payoff date and checks whether PSLF beats paying it off.
- **Your mortgage doesn't count here.** A house can usually be sold to cover the loan. A car loan or a student loan can't. Your mortgage waits for Step 10.

Why push this hard on an 8% loan? Paying it off is a guaranteed 8% return, with no risk. To match that in the market, I'd argue you'd need something like 11% or 12% a year. Taxes alone can take it to about 10% in a regular brokerage account, and the market doesn't promise anything. That balance is also a weight on everything else you're trying to build.

Still in training? You probably can't make much of a dent yet, and that's OK. Make your required payments, then go after the loans hard once the attending paycheck starts.

Be careful about refinancing federal loans into a private loan. Once you do, you lose PSLF and the other federal protections for good.

The federal rules changed a lot in 2026. A court ended the SAVE plan in March, and a new plan called the Repayment Assistance Plan (RAP) opened July 1. Check **StudentAid.gov** before you pick a strategy.

DO THIS

- [ ] List every debt with its interest rate
- [ ] Attack the highest rate first
- [ ] Check your federal loan plan on StudentAid.gov

STEP 5 OF 10 · BUILD WEALTH

5 Finish your emergency fund

Now take that starter cushion and grow it to three to six months of what you actually spend. Not just the must-pay bills. Everything.

- Keep it in a high-yield savings account, where it's easy to reach but not too easy.
- Lean toward six months, or more, if your income bounces around. Locums, 1099 work, a new practice, or one income for the whole family.

There's a doctor reason for this too. Most long-term disability policies have a waiting period, often 90 days, before benefits start. This cash is what pays the bills during the wait.

This money isn't an investment. Its job is to keep you from doing something desperate in a bad month, like selling investments when they're down.

DO THIS

- [ ] **Add up a normal month of spending**
- [ ] **Park 3 to 6 months of it in high-yield savings**

90 days

A common waiting period before long-term disability benefits start. Your policy may be different. This cash is what covers the wait.

YOUR NUMBER

A normal month of spending	$
Times 3	$
Times 6	$

STEP 6 OF 10 · BUILD WEALTH

6 Open the tax-free accounts

Your base is solid. Next come the two accounts where your money can grow and come out tax-free.

Roth IRA

In 2026 you can put in up to $7,500, or $8,600 if you're 50 or older. The money grows tax-free, and you can take it out tax-free in retirement.

Residents and fellows usually earn under the income limit, so a regular Roth IRA is easy. Do it while you can.

Once you earn more, you get phased out. In 2026 that starts at $153,000 of income if you're single, or $242,000 if you're married filing jointly. Above that, most doctors use a backdoor Roth: put money into a traditional IRA, then convert it to a Roth.

One warning. If you have pre-tax money in a traditional, SEP, or SIMPLE IRA at the end of the year you convert, the backdoor can create a surprise tax bill. It's called the pro-rata rule. Get help the first time you do it.

HSA

If you have a health plan that qualifies for an HSA, try to max it out. For 2026 that's $4,400 for just you, or $8,750 for a family. Add $1,000 if you're 55 or older.

An HSA is tax-free going in, tax-free while it grows, and tax-free coming out for medical bills. If you can, pay small medical bills from checking and let the HSA money stay invested.

DO THIS

- [ ] **Fund a Roth IRA (or a backdoor Roth) every year**
- [ ] **Max your HSA if your health plan qualifies**

THE BACKDOOR ROTH IN TWO MOVES

1

Put money in a traditional IRA. You don't take a tax deduction for it.

2

Convert it to your Roth IRA. It works cleanly when you have no other pre-tax IRA money at year-end.

STEP 7 OF 10 · BUILD WEALTH

7 Max out your retirement plans at work

Now fill up the big retirement accounts at work. Pre-tax contributions lower your taxable income today.

- **401(k) or 403(b):** up to $24,500 in 2026. If you're 50 or older, add $8,000. If you're 60 to 63, add $11,250 instead.
- **Earned more than $150,000 in wages at that job last year?** Starting in 2026, your catch-up has to go in as Roth, after tax. If your plan has no Roth option, you can't make a catch-up there.
- **Got a 457(b) too?** A lot of hospitals offer one next to the 403(b). It has its own separate $24,500 limit, so you may be able to fill both.
- **Careful with a non-governmental 457(b).** Legally, that money is still your employer's until it pays you. If the employer runs into money trouble, creditors can go after it. Read the plan rules before you go all in.
- **Self-employed or 1099?** Look at a solo 401(k) or a SEP IRA.

The sooner money goes in, the longer it has to grow.

DO THIS

- [ ] Max your 401(k) or 403(b)
- [ ] Add the 457(b) if the plan is safe and it fits

$49,000 **What you could put in from your paycheck in 2026** if your employer offers both a 403(b) and a 457(b). That's before any catch-up.

SAVE THIS PAGE

The 2026 numbers

Everything from steps 3, 6, and 7 in one place. These limits change every year.

401(k) or 403(b)

$24,500

What you can put in from your paycheck

457(b)

$24,500

A separate limit, on top of the 401(k) or 403(b)

Catch-up, age 50+

+$8,000

Ages 60 to 63: +$11,250 instead

IRA (Roth or traditional)

$7,500

Age 50+: +$1,100

Roth IRA phase-out starts

$153,000

Married filing jointly: $242,000

HSA (just you)

$4,400

Family: $8,750. Age 55+: +$1,000

IRA total at 50+

$8,600

$7,500 plus the $1,100 catch-up

Two jobs?

One limit

The 401(k) and 403(b) limit is per person, not per plan. The 457(b) limit is separate.

Earned more than $150,000 in wages from your employer in 2025? Your 2026 catch-up must go in as Roth. Roth IRA limits are based on modified adjusted gross income, and the phase-out ends at $168,000 single or $252,000 married filing jointly. The age 60 to 63 catch-up replaces the age 50 catch-up. Sources: IRS, Nov 13, 2025; IRS Rev. Proc. 2025-19.

STEP 8 OF 10 · BUILD WEALTH

8 Save for the big stuff on purpose

Big expenses are coming whether you plan for them or not. Planning just means you pay cash instead of interest.

- **The house:** this is the big one. Save the down payment on purpose. A physician loan may let you put down very little, and it will often lend you a lot more than you should borrow. That approval number isn't advice. A guideline a lot of doctors use: keep the price to about two times your gross income.
- **Kids' college:** a 529 plan grows tax-free when you use it for school. Many states give you a tax break for using theirs.
- **Practice buy-in:** if a partnership is in your future, start saving years ahead.
- **The fun stuff:** a vacation home, a sabbatical, a year of working part-time. Put them on the plan and fund them like bills.

DO THIS

- [ ] **Name your big goals and put a monthly number next to each**

STEP 9 OF 10 · CREATE FREEDOM

9 Invest beyond your retirement accounts

Your retirement accounts are full and your big goals have a plan. Now extra savings can go to work somewhere else.

- **A regular brokerage account.** No contribution limit and no age rules for taking money out. Simple and low-cost is a good default. Want to see how it can grow? Try my **investment calculator**.
- **Real estate.** It can add income and spread out your risk. It can also become a second job. Go in with your eyes open.
- **Own a practice?** This may be where investing in your own business makes sense.

This is the step most doctors want to start with. It works a lot better as step 9.

DO THIS

- [ ] **Set up an automatic monthly transfer to a brokerage account**

STEP 10 OF 10 · CREATE FREEDOM

10 Pay off the low-interest debt

By now, your mortgage and maybe some low-rate student loans are the only debt left. This step is last on purpose.

On paper, paying off a 3% mortgage early usually loses to investing. I won't pretend otherwise. At a rate near 7%, it's a much closer call. Either way, owning your home free and clear changes how much you need to earn. Lower bills mean more choices. Cut back to part-time, or take the job you love that pays less.

Money won't give your life meaning. It can give you options. That's what all ten steps are for.

DO THIS

- [ ] **Pick a payoff date for the mortgage and any low-rate loans**

WHERE TO START

The order matters more than the speed.

Find the first step you haven't finished. That's your step. Ignore the rest for now.

Use the tracker on the next page. Check off what's done. The first open box is where you start.

Want to go deeper on step 1? My free guide to disability insurance covers what to buy, what to skip, and how to pay less. **dustinkaras.com/guides**

YOUR TRACKER

Where are you right now?

Check off what's done. The first open box is your step. Come back to this page once a year, or any time your income changes.

☐	1	**Protect your income** Done when: You have your own disability policy, plus term life if anyone depends on you.	DATE
☐	2	**Build a starter cash cushion** Done when: Your biggest deductible is saved in cash.	DATE
☐	3	**Grab the free money** Done when: You're getting every dollar of your employer match.	DATE
☐	4	**Kill high-interest debt** Done when: Nothing left above about 7%, not counting your mortgage or loans you're clearing with PSLF.	DATE
☐	5	**Finish your emergency fund** Done when: 3 to 6 months of your full spending sits in high-yield savings.	DATE
☐	6	**Open the tax-free accounts** Done when: Your Roth IRA is funded this year, and your HSA is maxed if you have one.	DATE
☐	7	**Max out your retirement plans at work** Done when: Your 401(k) or 403(b) is maxed, plus the 457(b) if it fits.	DATE
☐	8	**Save for the big stuff on purpose** Done when: Your big goals each have a savings plan on autopilot.	DATE
☐	9	**Invest beyond your retirement accounts** Done when: Money goes into a brokerage account (or other investments) every month.	DATE
☐	10	**Pay off the low-interest debt** Done when: Your mortgage and low-rate loans have a payoff date.	DATE

ABOUT ME

Hi, I'm Dustin Karas.



I help doctors win with money.

I'm not a doctor. I've spent my career working around them. I co-founded Pattern, an independent insurance broker, and my team has helped more than 50,000 doctors understand their disability and life insurance options.

Along the way I noticed the same thing over and over. Smart, high-earning people doing the right things in the wrong order. This protocol is my fix for that.

I also write MoneyRx, a free newsletter with simple money advice for doctors.

Co-founder & CEO, Pattern · Husband · Dad x4 · Jesus follower

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THE FINE PRINT

This guide is general education, not advice for your situation. Tax rules and limits change, and these are 2026 numbers. Insurance features and prices vary by policy and state. Talk with a tax pro or advisor about your own plan. Dustin Karas is co-founder and CEO of Pattern, an independent insurance broker that is paid by insurance companies when clients buy a policy. Nothing here is a promise about any insurance policy or claim. Read your own policy and plan documents.

SOURCES (CHECKED OCTOBER 2026)

- IRS: 401(k) limit increases to $24,500 for 2026, IRA limit increases to $7,500
- IRS: Rev. Proc. 2025-19, 2026 HSA limits
- Mayer Brown: 2026 benefit plan limits, including the Roth catch-up wage threshold
- IRS: Non-governmental 457(b) deferred compensation plans
- Medscape Physician Compensation Report 2026 (Advisory Board summary)
- Federal Student Aid: 2026-27 Direct Loan interest rates
- Bradford Tax Institute: 2026 capital gains rates
- Edfinancial (federal loan servicer): Repayment Assistance Plan and the end of SAVE
- Federal Student Aid: Public Service Loan Forgiveness