KIMBALL CREEK
PARTNERS

5 PRINCIPLES EVERY SCIENTIST SHOULD KNOW ABOUT PERSONAL FINANCE.

1. Pay Yourself First

Your career began with a massive time and financial investment in your education. When many of us finished our training, we felt behind in our savings because our peers had been in the workforce 5-10 years longer than us.
So start saving right away!

Max out your retirement plan (get the full employer match if offered) and begin to establish an emergency fund. You should be saving at least 10% of your income, but you should target saving 20% if you are more established in your career.

When it comes to your account balance, the amount you save is the factor you have the most control over.

2. Understand Your Worth, Ask For It.

You invested years in your training. Are you getting a good ROI (Return on investment)?

Take the time to learn the financial details of your employment. For example, look at your compensation from multiple angles. If you are paid a salary, estimate what you make an hour. Now factor in commute time. If you can work remotely 2 days a week, try and put a dollar value on that benefit. Ask your HR department to estimate the value of your benefits package.

You will spend ~1/4th of your life at work. You likely began your career because you enjoyed science and that enjoyment sustained you though years of rigorous learning. You can both enjoy your job and see it as a path to financial independence.

Once you know your value, you should feel comfortable asking an employer for fair compensation.

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3. Be Prepared For The Unexpected

If you have a good job and are diligently saving each month, you are on the path to financial security. But security is not guaranteed. Many things can derail you. Having an emergency fund provides a buffer against common financial surprises like broken plumbing, car problems, or job loss.

Events that are rare, but would be financially catastrophic, may require insurance. Prolonged illness, disability, and lawsuits are some examples of insurable risks.

There is a fine line between being adequately insured and being over insured. Consulting with a professional can be a help. Ask your network for a recommendation of a reputable insurance agent.

4. Invest In What Is Probable

We buy insurance to protect against what is possible, and we should invest in what is probable.

In the lab, we would say that 80% of your time should be focused on experiments that should work, i.e. being productive. At most, 20% of your time could be spent on experiments that MIGHT work, or things that would be high impact but are unlikely. Most successful scientists I interreacted with got there because they focused on questions and experiments that where well-reasoned and likely to produce good data. Investing is no different.

We often hear people lament "if only I bought company XYZ when I first heard of them, I would own a fleet of private jets today!" It is less common to hear "I wish I had bought a diversified mutual fund in the 90's" but diversified saving for 30 years is a PROBABLE path to financial security.

Hindsight may be 20/20, but we invest in the future, not the past. Develop a strategy you are comfortable with, and you can stick to during turbulent times.

5. Take Your Finances Seriously

Don't assume your finances will fall into place now that you have started to accumulate money. If you don't have an interest, or don't want to commit significant time, that is fine! However, you should consider partnering with a financial team. The right team can help you make smart decisions and have confidence in your plan.

Scientists are acutely aware of specialization and collaboration. We know our field, and we learn to rely on the expertise of others if needed. It was always a thrill to work with a serious scientist. One who could tell you not only the experiment you needed to do, but how your data could fit into the larger body of literature. Not just when to add the reagent, but the biology & chemistry of what was happening.

You don't have to be an expert on finance, but take the time to treat it seriously.

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