

# 2025 Physicians: Financial & Tax Challenges

**Let's Turn Your Challenges into Opportunity  
Live Your Best Life and Thrive**

**Published by Cobalt PacWest | CPAs & Tax Advisors**

Physicians, specialists, and healthcare professionals enjoy exceptional earning potential. Yet from residency through retirement, financial security and long-term wealth building often fall by the wayside—delayed by demanding schedules, lack of time, or limited financial expertise.

Without a strategic, multi-year tax and financial planning approach, many physicians make reactive or ad-hoc financial decisions, leading to inefficiencies, stress, and avoidable overpayment of taxes.

At Cobalt PacWest, we help physicians take control through integrated, physician-focused planning designed to align financial decisions with long-term goals.

## 1. High Effective Tax Burden

- Federal + state income taxes often exceed 45% marginally
- Limited ability to deduct expenses as W-2 employees
- Alternative Minimum Tax (AMT) in high-tax states (e.g., CA, NY)
- Additional Medicare tax (.9%) and Net Investment Income Tax (3.8%)
- SALT deduction cap limits (\$40,000 or \$10,000) restrict relief in high-income states

*Strategy:*

- Multi-year strategic tax planning to reduce AGI and smooth taxable income
- Maximize funding of layered retirement and benefit plans
- Establish S-Corp, PSG, or real estate entities to convert income into lower-taxed sources

## 2. Fragmented and Uncoordinated Income Streams

- Mix of W-2, 1099-NEC, 1099-MISC income
- Investment interest, dividends, capital gains, and K-1 income
- Retirement distributions and unsuspended passive income (e.g., real estate)

### *Strategy:*

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- Organize income and streamline financial structures for efficiency
- Apply tax planning across multiple years to smooth tax brackets and reduce AGI

## 3. Reactive or Nonexistent Tax Planning

- Spontaneous financial decisions with unreversible tax consequences
- Avoidable overpayment of income taxes
- Penalties and interest from underpaid estimated taxes
- Year-end surprises disrupt cash flow

### *Strategy:*

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- Annual and multi-year tax projections aligned with financial goals
- Quarterly updates to factor in income changes, life events, or tax law updates

## 4. Delayed Wealth Building

- High medical school debt (\$200K–\$500K+)
- Late start on retirement savings

- Lifestyle inflation slows long-term savings

*Strategy:*

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- Cash flow mapping and budget alignment
- Student loan repayment optimization
- Early Roth IRA, Mega-Backdoor Roth, and defined contribution plan strategies

## 5. Asset Protection Gaps

- High liability exposure from malpractice or lawsuits
- Coverage may be insufficient or improperly structured

*Strategy:*

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- Asset protection trusts, LLCs, and FLPs for real estate and investment assets
- Net-worth aligned umbrella liability insurance

## 6. Retirement Planning Inefficiencies

- Underfunded 403(b)/457(b) hospital plans
- Overlooked defined benefit or solo 401(k) plans
- Disorganized or uncoordinated retirement distributions

*Strategy:*

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- Model multi-plan and multi-year funding options for tax efficiency
- Coordinate Roth conversions, tax bracket management, and distribution timing

## 7. Practice or Side Business Tax Inefficiencies

- Poor entity selection or outdated tax elections

- Lack of accounting and tax oversight inflates taxable income

*Strategy:*

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- Quarterly tax planning and income strategy alignment (salary vs. distribution)
- Evaluate QBI and PTET options to minimize state and federal taxes

## 8. Poor Integration Between Advisors

- Gaps between tax, legal, and financial professionals
- Missed opportunities and inefficient execution

*Strategy:*

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- CPA-led quarterback model to unify tax, legal, insurance, and financial guidance
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If you're a physician juggling your finances, you don't have to navigate it alone.

### Ready for Strategic Tax Clarity?

At **Cobalt PacWest | CPAs & Tax Advisors**, we specialize in *strategic tax planning, tax compliance, CPA-level comprehensive financial planning, and advisory services* tailored for physicians, medical specialists, and healthcare families committed to minimizing taxes and building a secure financial future.

Whether you're navigating the complexities of hospital employment, managing side practice income, optimizing student loans, planning for your family's financial legacy, or growing long-term wealth—our integrated approach combines:

- **Proactive tax strategy**
- **Comprehensive financial planning**
- **Flawless year-end tax preparation**

...to help you align today's financial decisions with tomorrow's goals.

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**Feeling uncertain about your current financial path—for yourself, your family, or your business?**

**Wondering if there's more you could (and should) be doing to reduce taxes and accelerate progress toward the life you've envisioned?**

**Let's talk.** Schedule a complimentary 45-minute consultation with us. We'll take the time to understand your unique needs—and help you move forward with confidence, clarity, and care.

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