

Protect your family and your business

It's not something any of us really likes to think about but, when it comes to the lottery of life, we all need to think about the financial cover we have in place should the unexpected happen, write Mary Goodman Mehigan and Declan Gahan, Veterinary Ireland Financial Services

Many of us do not realise the financial impact that an unexpected serious illness, injury or premature death can have on our family or practice.

It is important to have adequate cover to protect your family, your business and your income in case of illness, death or disability. Most of us think that it will never happen to us and that we are too young to need insurance. Take a look at the claims statistics in 2014 from one leading life assurance company:

66%	37%	11%
66% of income protection claimants were aged 49 or under.	37% of individual serious illness claims were for people aged 49 or under.	11% of individual life cover claims were for people aged 49 or under.

PERSONAL LIFE PROTECTION

Having life cover in place is a way of ensuring that your family's way of life is secured should the worst happen to



you. At the outset, you can decide on the amount of cover and how long you need it for. Term assurance is available on a level or increasing basis, and can be convertible or non-convertible, depending on your needs, circumstances and budget.

INCOME PROTECTION

Your income is your most important asset. Unexpected illness or injury can arrive at anybody's doorstep. A period out of work could mean real financial hardship. How soon would your finances and lifestyle begin to suffer? The chances are that it wouldn't be long. The answer is income protection.

With income protection your lifestyle won't suffer if an accident or illness leaves you unable to work and earn an income. Instead, your policy will pay you a replacement income of up to 75% of your income – enough to cover your most pressing needs while you recover.

The Veterinary Ireland Financial Services Income Protection Plan, in conjunction with Friends First, is designed to:

- Pay an income until you return to work or retire, or the policy reaches its end date;
- Can be adapted to fit the level of benefit you want – up to 75% of your income;
- Enjoy tax relief at the highest rate you pay – up to 40%; and
- Guarantee that your monthly premium will remain the same for the lifetime of the policy, if you choose this option.

SPECIFIED ILLNESS

The chances of a serious illness striking at a young age are a lot higher than you may think. In 2014, New Ireland Assurance paid the following:

€23 million	Age 27	32%
€23 million was paid out in serious illness claims in 2014.	The youngest serious illness claimant was 27 years old.	32% of individual serious illness claims arose from policies less than 10 years old.

When you take out life cover you also have the choice of adding specified illness cover to your policy. This provides you with a lump sum if you are diagnosed with any of a specific set of illnesses.

The Veterinary Ireland Financial Services Specified Illness Plan, in conjunction with Friends First, will provide:

- Full cover for 47 specified illnesses;
- Partial payments for another 21 illnesses, including early stage breast and prostate cancer, as well as serious

accidents such as road traffic accidents. A partial claim still allows you make a full claim at a later date; and

- Your children are provided with specified illness protection completely free.

‘IT WON’T HAPPEN TO OUR BUSINESS’

The chances of one partner in a two-person or three-person practice dying or becoming seriously ill are probably a lot higher than you might think, so it is important to protect yourself against these events which can threaten the viability of the business. While standard life policies are used, the way in which they are put in place is very important.

PARTNERSHIP PROTECTION

If you are a partner in a practice then you should consider partnership protection. This protects the financial security of a business partnership by compensating a deceased partner’s estate for their share of the partnership. This plan can give peace of mind to both your business partners and your family, as they may not wish to become involved in the business. For the deceased partner’s next of kin the problems that can arise are:

- An illiquid asset. If the practice is not sold, the next of kin may be left holding a ‘paper asset’ producing little or no income. The position could be even more serious if it also gives rise to an immediate inheritance tax liability for the dependents;
- No ready market for shares. The next of kin could therefore be forced into a ‘fire sale’ of the business to the other partners at a low price in the absence of any other realistic offer for the business.

KEY PERSON PROTECTION

A key person might be a business owner or an employee, whose sudden absence from the business would have a financial impact. The cover required is the estimated financial loss that the business would suffer, plus the costs of replacing the key individual. Key person cover is life assurance effected by an employer on the life of a key employee to protect the practice against the consequences of that individual’s sudden death or serious illness.

WHAT CAN THE PROCEEDS OF A KEY PERSON PLAN BE USED FOR?

- The business would use these funds in any way it chooses:
- Repayment of bank loans, particularly any to which the key individual has given a personal guarantee;
 - Repayment of any loans the key person may have made to the practice;
 - Recruitment of a successor; and/or
 - Investment in the business.

THE VETERINARY IRELAND FINANCIAL SERVICES PROTECTION PLAN

Financial planning is what secures your and your family’s financial future. The Veterinary Ireland Financial Services Protection Plan, in conjunction with Friends First, is designed exclusively for vets.

While we all hope, and often believe, it won’t happen to us, the reality is that families throughout Ireland are affected by premature death, serious illness and accidents every day. The true value of having financial protection in place really hits when something happens. Don’t put it off until it’s too late.

Veterinary Ireland Financial Services is a truly independent advisory company and this allows us to offer you the most suitable solution to match your specific circumstances. Our protection advice service entails long-term planning and periodic reviews to assess the suitability and value of these policies over your lifetime. Ensuring that your financial needs will be taken care of is one of the most important decisions you will ever make.

If you would like more information on any of the protection cover outlined in this article please contact:

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