



## Income protection

**When you're feeling fit and healthy it can be difficult to plan for an unexpected illness or injury that could leave you out of work. Yet, almost everything in your life depends on your income – your family, your home, your regular outgoings. Could you manage to take care of your bills or loved ones if you couldn't work for a long period of time, ask Mary Goodman and Declan Gahan, Veterinary Ireland Financial Services**

Income protection provides you with a replacement income if you cannot work as a result of an illness or injury after a certain period of time.

### WHO IS INCOME PROTECTION FOR?

You can take out income protection if you are in full or part-time work or are self-employed and earn an income.

**Table 1: Benefits.**

#### Benefits

- Helps you maintain your standard of living.
- Continue to meet your mortgage repayments.
- Pay your household bills.
- Income for your everyday life.

It is important to bear in mind that different products offer different benefits, therefore it is essential to get advice from an independent advisor such as Veterinary Ireland Financial Services Ltd. Choose a policy that gives you choice and security.

**Table 2: Key elements to consider.**

What are the key elements you should consider?

|  |   |
|--|---|
| Guaranteed premium for the lifetime of your policy   | Ensure tax relief on premiums is available on the plan you take out                   |
| Cover up until age 65 or you return to work  | It pays you a regular monthly income, replacing some of your earned income            |
| Premiums waived if you are claiming  | No change in terms once underwritten and issued                                       |
| No need to advise provider if there are changes in your regular activities, eg. if you take up a hazardous sporting activity | You can claim your payment in the event that you are unable to take up own occupation |
| Option where regular increases in cover can be offered for an additional premium, without provision of medical evidence      |   |

Table 3: Income protection example.

| Thirty-year-old vet, who is a non-smoker: | Forty-year-old vet, who is a non-smoker: | Fifty-year-old vet, who is a non-smoker: |
|---|--|--|
| Benefit amount: €30k to age 65            | Benefit amount: €30k to age 65           | Benefit amount: €30k to age 65           |
| Guaranteed premium: €55.33                | Guaranteed premium: €88.86               | Guaranteed premium: €157.92              |
| Net premium: €33.20                       | Net premium: €53.32                      | Net premium: €94.76                      |
| (Assumes tax relief at 40%)               | (Assumes tax relief at 40%)              | (Assumes tax relief at 40%)              |

Cover is limited to:

- The maximum benefit payable is now €250k; where previously this was €150k. Benefits paid are less any State benefits or other income protection plans.
- The maximum benefit payable is 75% of total yearly earnings, less any State benefits or other income protection plans.
- If you do claim on this plan, any incapacity benefit will be treated as normal income and so is assessed for income tax, PRSI and the Universal Social Charge. Self-employed people do not qualify for the State illness benefit, which is something to consider as a large percentage of Veterinary Ireland members are self-employed.

**HOW LONG CAN I WAIT BEFORE I SHOULD START A PLAN?**

Sixty-six per cent of income protection claimants were aged 49 years or under according to claims’ statistics in 2014 from one life assurance provider. We all know somebody whose life has been adversely affected by accident or illness. Income protection provides you with the security and peace of mind of knowing that you have a level of financial security in place, while you are recovering. The longer you delay, the more it will cost and you also risk not being protected when you need it.

**HOW MUCH WILL IT COST?**

Income protection is a lot more affordable, flexible and accessible than you might think. The cost is determined by your age, occupation, health status and the options you choose. Your premiums (subject to limits) also qualify for tax relief of up to 40%. Income protection of €30k for a vet aged 30/40/50 with a 26-week waiting time and a guaranteed premium until retirement at 65 is shown in Table 3.

**WHEN SHOULD YOUR PAYMENTS START?**

The longer you can afford to wait, the more reasonable your premium becomes. Typically, payments commence after three to six months as many people have an emergency fund to see them through the initial three to six months of being out of work. All providers offer a tailored approach so that you can create a policy that is designed around your individual needs.

**TAKE GOOD ADVICE AND MAKE THE RIGHT DECISION**

Your health is your wealth so you should protect it. Ensuring that your financial needs will be taken care of is one of the most important decisions you make. Veterinary Ireland Financial Services provides long-term planning and periodic reviews to assess the suitability and value of these policies over your lifetime. For further information or advice on income protection, please contact:

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**Veterinary Ireland Financial Services Ltd.**

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- Personal & Business Protection
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**We make financial planning simple**

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