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One less worry... Make sure your family are protected

Q&A

Shock at huge jump in quote

Q I AM diabetic and want life insurance – as I'm aware of the health risks diabetes poses and have two young kids. I went to a firm that found me a really good deal, but they called later and said I had to go to a doctor for some tests. I did and was then told the insurance would be €103.50 per month instead of the €34.50 I was originally quoted. Don't I have any right to the initial price?

A Unfortunately, in a life insurance application, you're not entering a contract once you fill in the form but after you get medically underwritten. It looks like you got 'loading', which means they're offering the insurance only at an increased price. Make sure you hang on to any existing insurance you have. If you need extra information, you can email me.

Try to work out the assurance you need

LIFE assurance isn't generally expensive compared to the potential payout you would receive.

And because death is a wealth-killer, you should have it if you have people who are financially dependent upon you.

But dying young is the least likely event as you're four times more likely to have a serious illness and survive than you are to simply croak.

So remember, if you can afford it, consider specified illness cover, permanent health insurance or ASU (accident, sickness, unemployment) cover.

Specified illness cover pays a tax-free lump sum if you have one of a list of medical conditions. Permanent health

insurance is an income replacement if you can't work and usually kicks in after 13 weeks, plus it qualifies for tax relief.

ASU tends to be written side-by-side with debt repayments for mortgages or other outstanding loans.

But the question is: do you think it's worth spending five per cent of your income to protect the other 95 per cent?

If you do, then get a full financial review, measure the risk and cover as much as you can at an appropriate price.

Be sure to use the money-saving tips mentioned in the main article and ensure that your advisor is a QFA (Qualified Financial Advisor). To check that out, log on to qfaboard.ie.

Don't gamble on your loved ones' futures



IT MAY sound obvious – but the single greatest wealth-killer for families is death.

Traditionally, a death does more damage to a family's finances than any other event.

It has a massive effect on future income – so the best thing you can do is protect yourself and your loved ones from the financial impact if one of you died.

If you thought your most valuable asset was your house, car or pension plan then think again – it's your future earning potential.

The trick is to not get ripped off in the process.

YOUNG

Young single people generally don't have a great need for life assurance. Typically the first need for life cover arises with the birth of a child or the purchase of a property – and then your life cover needs spike upwards.

But it's worth noting the best time to get life assurance is when you are young because it's cheap.

So is buying when it makes the least financial sense a good idea?

In theory yes, but in practice that doesn't happen, because people obviously don't like dealing with the idea of their own demise.

Just think: who'd you

RUN FOR COVER!

rather answer the door to – an evangelist looking to convert you, an angry thug or a life insurance salesman?

Suffice to say, many of us would end up getting converted or beaten up!

There are broadly two types of cover, term assurance or whole of life.

A term runs for a certain amount of time and the level of insurance can either decrease or remain the same.

There are options like increasing cover over time (indexation) or the right to take a policy again (conversion), but usually there's a set start and end date.

Whole of life is the Rolls Royce of assurance – and is priced accordingly.

It doesn't have a set end date and you can often add on and take away benefits.

How much is enough? A simple rule of thumb is

10 times your income not including mortgages, which should be covered in full separately.

However, you should get a financial review from your preferred provider.

They'll calculate the total income lost and factor in widower's pension (if you're married) to find the lump sum needed to sustain your income in line with your current standard of living.

CHEAPER

To get cheaper cover, you'll need to know how much you're buying – if you dealt with a professional advisor, they should've given you this figure.

Then you just have to get quotes based on the advice.

Sometimes your advisor can do this for you or you can Google 'cheap life cover' and you'll find lots of

companies in this area.

Some companies – in particular brokers and internet brokers – can offer up-front discounts or 'under the counter' prices, because they can control the cost to you by controlling the commission they receive.

This is only for the first year though, so remember that promotional price won't last forever.

Make sure your provider quotes the entire market for you and see if the insurer will do a 'price match'.

This way you get the best product and the best price. If your provider doesn't deal with at least five insurance companies then drop them. The main reason they won't is because it involves more work for them!

● **Disclosure:** Karl Deeter is a broker

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