Income Protection – Keeping it specific

Jon Drysdale says double check what is covered in your income protection policy...

**Claims** - Based on recent claims statistics, insuring your income in the event that ill-health prevents you from practicing dentistry may be a wise decision. Leading income protection provider Dentists’ Provident paid claims totaling £3.2 million in 2009 with an average of 151 claims per month. Musculoskeletal claims rank the highest with psychiatric disorders following a close second. One of PFM’s clients felt strongly enough to endorse the benefits of income protection: "I took an income protection policy out, I slipped a disc in my neck and was unable to perform my dental duties and so had to claim unexpectedly. The insurer paid the claim for the full period I was off from work, eventually (approximately seven months on) when I planned my return to work they were very flexible and aided in a phased return to work."

Male dentist aged 26, North West.

**Age demographics** - The largest group claimants are female and aged between 36 and 45, with the highest proportion of male claimants between age 46 and 55. This 'age demographic' points to the benefits of taking out a policy early in your career. This argument is further strengthened when you accept that monthly premiums tend to be age-related.

**Cover levels** - Many dentists sign up to a policy on qualification, or even as a final year dental student. Whilst this is advisable, the level of cover can soon be outstripped by earnings. Dentists who have not reviewed their cover since this time are unlikely to be adequately insured. With claims limited to 60 per cent of income (with no tax payable) it is recommended that dentists take out the maximum level of cover available.

**Policy options** - An independent financial adviser will advise you on the most suitable policy options, guiding you through decisions on ‘deferred’ periods, index-linked cover and guaranteed/reviewable premiums. Occupation specific cover is strongly advised given the relatively minor ailments that could prevent you from practising dentistry.

**Advice options** - A specialist dental independent financial adviser will be able to select the most appropriate policy from a number of suitable insurers. A common misconception is that premiums will be cheaper if you go direct to the insurer. In the case of Dentists’ Provident and the other occupation specific insurers this is not the case. However please check that your adviser is independent and is suitably experienced in advising dentists before taking their advice.

**About the author**

Jon Drysdale BA (Hons) Cert PFS is a qualified independent financial adviser and director of Practice Financial Management Ltd (PFM). PFM offers specialist independent financial advice for dentists in England, Scotland and Wales. For further information contact Jon Drysdale at PFM on 01904 670820, jon.drysdale@pfmdental.co.uk or visit www.pfmdental.co.uk.

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