

## Annuities - Always Shop Around

When you retire, it can be tempting to succumb to the first fixed rate, level annuity quote you receive. However, with the average life expectancy now between 80 and 85, your annuity might have to pay out for more than 20 years - and inflation could really impact upon your spending power over that time.

It is therefore sensible to shop around - and there are various options to choose from if you want to make the most of your money. For example, there is an index-linked annuity, which is tied to the rate of inflation, and there is also an escalating annuity, which rises at a fixed rate each year, regardless of inflation (in other words, some years the rise may be greater, some years it may be less). For the more adventurous, you could even link your income to the ups and downs of investments (providing you are prepared to take the risk). All of these options are likely to offer a lower starting income than the equivalent level annuity, but over the long term, your ability to afford the same lifestyle could be better protected.

Of course, your circumstances may mean a mixture of annuities is appropriate. Or, depending on your appetite for risk, and size of your fund, you might even have the option to defer the annuity purchase. If you can leave that until later in life, or if you suffer from poor health, the potential for higher income from a level annuity may outweigh other criteria. Whatever you decide, make sure you shop around. You can't change your annuity once you've bought it, so pick the right one!



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## Income Protection

Regardless of whether you are single or you have a small army of dependants, if you are suddenly unable to work, your income disappears. Yet, while many of us cover our lives to protect our families, very few take the time to protect our health. Permanent Health Insurance (PHI) is less well known than life insurance but potentially has many more applications. It will pay up to a maximum of 60% of your salary (depending on the insurer) if you are unable to work, minus any sick pay that you may be entitled to. Although it can appear to be expensive, it is available with a choice of deferment periods and extending this can reduce the cost of cover. The more savings you have, the longer you can fund yourself before a claim needs to start paying out and therefore the cheaper the policy will be. Income under a claim will be paid until retirement age, until you are able to return to work or until the end of the policy term whichever is the earlier\*. Therefore, while you are rehabilitating or coming to terms with changes in your life, it stabilises your financial position, ensuring you can pay your bills. Such cover can be of particular benefit to single people and for the self-employed as a lack of sick pay or financial support from a partner makes you even more vulnerable to a break in your income. It can also reduce the need for payment cover which might be offered when you take out mortgages or loans. (\*Note: payment would also cease on death of the claimant, if applicable).

## Inflation or Deflation

Despite the much publicised "Green Shoots of Recovery" the Governor of the Bank of England remains relatively pessimistic with regard to the prospects for the UK economy. The recent quarterly report pointed out that the economy could contract by as much as 4.5% throughout 2009 and only returning to marginal growth in 2010.

Inflation as measured by the Consumer Prices Index could fall as low as 0.4%, well below the Government target of 2% with the Bank of England forecasting that it could take until 2012 before this target is then achieved. The OECD has released a report revising the global slowdown from -4.3% to -4.1% with marginal growth in 2010 which is more positive than in the past.

The Bank of England appears to be at loggerheads with the exchequer with the former seeing deflation as a significant threat and the latter perhaps being over optimistic with regard to growth prospects. The deflation argument remains an issue but has perhaps become less likely with the massive economic stimulus undertaken by UK Plc.

Uncertainty remains the watchword and the next 6 months will hopefully give us all a clearer sense of the direction we are heading. What remains certain is that deflation will increase the real value of debt and inflation will result in increased costs of servicing debt, the current benefits of low interest rates on those with high mortgage debt are likely to be short lived.

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# Waveney Group

Insurance Programmes for Medical Practitioners



## Welcome

The Waveney Group offers a local service with 80 staff operating from 4 offices throughout East Anglia.

Established in the 1960's growth continues to be organic with clients happy to recommend our expertise based on the personal advice process and high level of service and knowledge.

As well as providing a general commercial insurance service we are able to negotiate special terms in certain areas, having built relationships with insurers over the decades. This allows us to offer bespoke solutions to certain professionals and industrial sectors on terms which are difficult to access elsewhere.

The Waveney Group offers access to the following services:-

- Schemes Division, providing access to specialised insurance solutions for certain sectors.
- General Insurance Solutions from our four offices.
- Financial Planning offering detailed cash flow analysis, technical expertise and investment planning.
- Specialist knowledge of the needs of Medical Practitioners and Dentists via our Norwich and Ipswich Offices as demonstrated by the testimonials on page 3.

Hopefully you will find this Newsletter useful and we hope to speak to you over the coming months.



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## MEDICAL PRACTITIONERS LOCUM / PRACTICE CONTINUITY PROTECTION

Practices will usually take care to insure their business equipment, stocks, buildings and liabilities on the most comprehensive basis possible. An area often overlooked is the need to protect the business against the loss of perhaps the greatest assets, the very people that keep the practice going. It is important to consider the financial impact to your business if a practitioner or key member of staff has prolonged absence from work due to accident or illness. As Medical Practitioners are all too aware, accident and illness can affect anyone with those in high-pressure environments being particularly at risk. Long term absence has

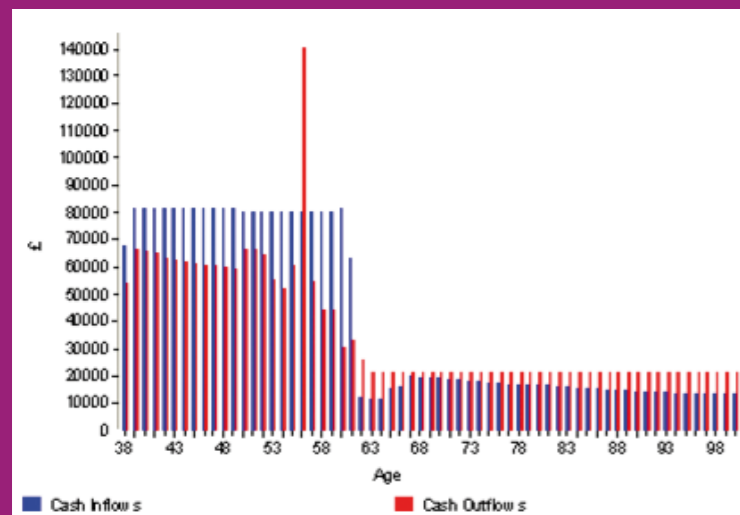
potentially a greater effect on smaller practices with a limited number of practitioners. Where larger practices have the human resources to cover for absence, this burden usually comes at the cost of extra remuneration, but for how long can this be sustained and at what extra cost? Locum/Practice Continuity Insurance pays a practice a fixed weekly benefit amount when a specified practitioner or key member of staff is absent due to accident or illness. In the event that a locum or temporary staff member is not employed as a replacement, the policy will still pay the weekly benefit amount specified for that person.

The cost of this cover is minimal compared to the potential cost to the practice of long term absence. Just £10.38 per week provides £1000 per week benefit to cover a practitioner or key member of staff. A practice can insure a practitioner or employee for as much as £2,500 or as little as £100 per week and will receive this benefit whether or not a replacement member of staff is employed. We have access to very competitive and comprehensive insurers, having negotiated an arrangement on terms which we believe offer excellent value in the marketplace. Please call Andrew Cooper on 01603 728607 for further information.

## Financial Planning

Within Waveney we feel that financial planning and financial advice are very different. The former relates to really knowing our clients, where they are now, what they want to achieve and what plans they have in place at the moment to get there. In depth knowledge allows us to

look at lifetime cash flow forecasts which can include school fees, weddings, buying your child their first car, helping them with expenses as well as your own more traditional retirement needs.



## Pilot Trusts

Estate planning is an important objective for many people. Often life cover and pension death benefits as well as death in service lump sums are nominated in favour of a spouse.

This simply increases their estate which is either assessed for care funding purposes or which is subject to inheritance tax on the death of the last surviving spouse. As well as writing life cover in trust, an option which is often ignored is to nominate a stand alone or series of trusts as the beneficiary for funds rather than having

these paid in favour of a surviving spouse.

The funds do not then form a proportion of the survivor's estate and are instead taxed in accordance with a lifetime transfer into a discretionary trust. Provided the trust fund is kept below the nil rate band (and if required several trusts can be established) then no inheritance tax liabilities should arise although the trust will be liable to income and capital gains tax—depending on the investment structure used.

By undertaking this route a significant level of assets can be kept outside of the survivor's estate whilst allowing them access to capital by way of interest free loans to be repaid on death, with potentially significant inheritance tax savings being achieved.

The graph (left) is an example of lifetime cash flow forecasting:-

In this example the individual's mortgage is due to be repaid at age 55 with income ceasing from age 60, there is a slight increase in income from age 65 as the state pension commences although the client needs to either reduce expenditure or increase their income as income is insufficient to meet expenses in retirement. "What ifs" can be built into the planning process and in this case the client would have sufficient income if they downsized their home for example.

This analysis is also undertaken assuming a partner dies or becomes disabled so that any life cover or disability insurance shortfall can be ascertained.

## Testimonials

"I have always found Waveney Insurance provides value for money and a really efficient and high quality service. When we had a problem with an accident on our premises that service was invaluable – I simply rang Andrew to let him know what had happened and it was all taken care off. Throughout the claim process I was kept informed at regular intervals. It made what could have been an extremely stressful occurrence much more manageable."

**Rachel Arkleson -- Managing Partner** -- Drayton St Faiths Medical Practice

"When I took over as practice manager nearly five years ago I was told by my predecessor that I could trust Andrew Cooper at Waveney Insurance Brokers to be both competitive in price and to offer a service second to none. This I have found to be true. The service offered is superb, Andrew looks after our business as if it were his own, I trust his advice implicitly, and I have had no hesitation in recommending Waveney Insurance to other medical practices."

**Sue Preston – Practice Manager,** Holt, Blakeney & Melton Constable Practices

"Our experience with Waveney has been a very positive one. We have found the Company friendly, efficient and competitive. We were particularly impressed with the way they administered a claim which became completely 'hassle free'."

**Louise Burrows – Practice Manager** – Thorpewood Medical Practice Norwich

"Thank you for your recent support, advice and achievements on our behalf, in particular the recent change of provider for our locum policy. I know how much extra work this caused you but this was achieved with efficiency, no impact on my time and without objection."

In the ten years I have managed this Practice, the insurance needs have been one aspect of the job which I have not had to worry about. You always look to our interests, offer practical advice, respond to queries efficiently and effectively and most importantly, understand the unique needs of general practice and the specific areas of the business which require policy inclusion, many which I would not recognise to be of relevance without your professional guidance. I find the annual meeting where you take the trouble to discuss all aspects of the policy and explain the intricacies of insurance language, very helpful. We are given comprehensive information as to the available options and recommendations based on a combination of value for money and reliability of the company. I have been happy to endorse Waveney Insurance and yourself to other colleagues in the past and would not hesitate to make recommendations to any other healthcare organisation."

**Grace Yorke – Practice Manager** – Acle Medical Partnership

## MEDICAL PRACTITIONS SURGERY PROTECTION

(Assets and Liabilities)

As a specialist surgery provider we arrange a number of structured competitive Surgery Insurance contracts through well known Insurers.

We appreciate that, in your professional field, time is of the utmost importance but it is also critically important that cover is tailored exactly to your individual requirements.

We are able to secure competitive rates and terms compared with our competitors.

Some of the main highlights of this cover include:

- Buildings/Contents – All Risks of Loss or Damage, inc. Full Theft and Subsidence
- Stock Seasonal Increase Flu vaccines
- Specialist Medical Equipment away from Premises
- Business Interruption – Gross Revenue/Additional Cost of Working/Increased Cost of Working
- £10,000,000 Limit of indemnity for Employer's Liability
- £5,000,000 Limit of indemnity for Public Liability/Products
- Money
- Deterioration of Stock
- Extensions
- Legal Expenses - inc. Employment, VAT and Inland Revenue Investigations
- Computer Equipment

Please call Andrew Cooper on 01603 728607 if you wish to discuss any aspect of the above or of your current/future arrangements

If you have no objection we will make contact with you in the next two weeks to discuss whether we can assist your practice with any aspect of the above.

