

Money Matters

A series of weekly articles by Quintas Experts

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THE COST OF equality

Women in every socioeconomic class, at every stage of their careers, work hard to meet their responsibilities at work and at home. In today's economy, it seems harder and harder to maintain a balanced lifestyle while simultaneously achieving career nirvana.

Women today are committed to working for a living in an equality based environment. Women are altering the stereotypical role of woman as provider in the home to incorporate woman as a provider in the workplace. The cost to women for achieving this includes reaching a level of impressive multi-tasking and finding the energy to do it every day; and now there will be a financial cost!

From 21 December 2012, insurers will no longer be able to use gender as a factor in the calculations of premiums and benefits, following a ruling by the European Court of Justice. The decision means insurers will have to change the way they price life and critical illness policies, annuities, private medical insurance, travel insurance, motor insurance and other types of cover where data shows that the sex of the insured can have an effect on the risk.

So what does this mean for all of us ladies? This is a difficult question to answer as insurers and life companies are still working out how to deal with these changes, remain profitable and retain customers. At Quintas Wealth Management we predict that insurers are likely to raise the cost of life insurance for women, up to the level of that for men. Women buying life assurance could see premiums rise by up to 20 per cent while men could see a fall of about 10 per cent.

Pension annuity rates will also be affected. The most common option at retirement is to use your accumulated pension fund to buy an annuity from an insurance company. This is a guaranteed income for the rest of your life. The amount of income you receive will be based on, among other things, your life expectancy at retirement – so will vary by retirement age and gender – and the size of your retirement fund!

Costs of valuable protection products, designed to protect families from financial hardship in the event of a loved one dying, have been falling for many years due to the market becoming increasingly competitive. Yet the gender directive, which has serious implications on all life assurance products, has the potential of bringing the costs for protection for women up to the same level that men pay, despite women having a longer life expectancy. Quintas Wealth Management urges women to act now, to ensure they are getting themselves life insurance at much lower costs than those who wait until next year.

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