

## Introduction

### Welcome to Lyons Insights

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Our first article looks at the basics of health insurance in Ireland. Take this as the ABC to health insurance, with explanations of the key features. We then turn our attention to the single biggest expense that we all have - tax. We've set out a few ways we can help you to reduce your tax bill in 2018. Finally we set out a few ways we can help you to manage your money better in 2018.

I hope you find something that is of interest to you.

Best wishes,  
Roisin

## Expert Articles

### Health Insurance in Ireland - what you need to know

*Every day we advise clients across the country, and as a result we see first hand the confusion that exists around Health Insurance. Confusion reigns as consumers are researching the market...*



Every day we advise clients across the country, and as a result we see first hand the confusion that exists around Health Insurance. Confusion reigns as consumers are researching the market coming up to renewal date, to make sure you are on the correct plan for your own needs and getting the best value for money. We often also hear confusion in relation to your existing plan and the benefits available to you. So here are a few basic points about Health Insurance that you should be aware of.

#### What is private health insurance?

Private health insurance is insurance that covers all or part of any medical and hospital costs that you might incur. Other benefits may also be provided as part of your policy. For example, you may qualify for money back on day-to-day benefits such as G.P, dentists and physiotherapists. You may also be covered for maternity benefits and to cover the cost of the likes of MRI, CT and PET-CT scans.

There are a few main benefit areas of Health Insurance, which are explained below.

#### In-patient Cover

This is treatment that is received during an overnight stay in hospital, or treatment received during a hospital stay in a day care bed that does not include an overnight stay.

In these cases, there is a direct settlement agreement in place between your insurer and the hospital. This means

that all you have to do is complete a claim form and the hospital will send the claim to your insurer who then pays the hospital directly. However you should challenge the hospital if you are entitled under your cover to access a private or semi-private bed, but they are unable to provide one yet still ask you to sign a form that states you are being treated as a private patient. In this instance, the health insurer pays the hospital, even though you didn't receive private care - this is a significant factor behind the increase in health insurance costs in recent years. In any event if your plan carries an excess or a shortfall, you will be required to pay this to the hospital yourself on the day of treatment.

It is very important to make sure you contact your insurer prior to having the procedure carried out to make sure you are covered. They will also be able to advise if an excess or shortfall will apply.

With hundreds of plans now available in the Irish market and all of them offering different benefits, it has become very difficult to know what you are covered for if you need to have a procedure carried out. So check with your health insurer or call LFS before you go to the hospital.

Health Insurance plans start at a basic level offering cover in public hospitals only. Some people opt for mid-range plans that will give you cover in a private hospital, while some choose "gold plated" plans that will cover hi-tech hospitals, for example the Blackrock Clinic & Mater Private. The higher up the levels you go, the greater the cost of your Health Insurance.

The majority of policyholders tend to be on mid-range plans. Although these do not offer full cover in all areas, they do however provide a certain level of cover in public hospitals, private hospitals and hi-tech hospitals.

Over the years we have seen the Health Insurers becoming more and more competitive and introduce new and innovative plans. In order to ensure these plans are more competitively priced and are a lot more affordable, excesses are a feature on many plans and in some cases cover is restricted to selected hospitals to keep costs down.

It is important to be aware of the benefits attaching to your chosen plan, and what you risk losing if you decide to switch your cover. Don't make your decision on price alone, instead talk to us before making any decision so that we can make sure your plan will continue to offer you the cover you need.

### **Out-patient Cover**

This is treatment which does not involve an in-patient stay in hospital or day care procedures, and includes the likes of consultations, radiology and pathology etc. You pay these fees to the hospital directly and then send the receipts to your insurer at your next renewal date or indeed some have the facility to submit your receipts for payment immediately. Your insurer will refund you a portion of these fees once you have reached your out-patient excess (if any). Again this cover varies between plans, so talk to us before you switch plans so that you fully understand any changes in your benefits.

### **Day-to-day benefits**

This benefit covers medical expenses incurred when seeing a doctor/specialist in their own rooms or practice e.g. physiotherapy, GP visits or osteopathy. If your plan includes day-to-day cover, usually you can only claim for a portion of the cost of the visit to your practitioner. For example, a GP's visit may cost €60 but you may only be allowed to claim €20. Again an excess will often apply and again this benefit varies from plan to plan so talk to an expert before switching your cover.

### **Other benefits**

In recent years we've seen the introduction of a whole range of new benefits. Through your health insurance plan, it is now possible to have travel insurance included, a portion of gym fees and personal training sessions covered and even a contribution made towards devices that are used while exercising! There's a huge range of these additional benefits available, so advice is strongly recommended to ensure you find the best plan for your own circumstances.

As you can see from this brief overview, there are lots of moving parts to finding the right health insurance plan for you and your family. But that's what we're here for. We understand all the plans in the market and can guide you safely through the maze to find the right plan at the right price for you.

If you have any specific questions in relation to the health insurance market, please feel free to call us today at 01 8015808.

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## **Pay less tax in 2018**

*Tax is a necessary evil. If we want to live in a country with access to public services,*

*taxation is the system used to pay for these services. We can (and do!) argue and moan about the different levels of tax payable and whether they are levied fairly. But at the end of the day, the money to be used for public services has to be collected somewhere.*



Tax is a necessary evil. If we want to live in a country with access to public services, taxation is the system used to pay for these services. We can (and do!) argue and moan about the different levels of tax payable and whether they are levied fairly. But at the end of the day, the money to be used for public services has to be collected somewhere.

While most people accept that tax must be collected, most people certainly do not want to pay more than their fair share. So we've set out 5 ways that can help you to reduce your tax burden either now or in the future. All of these are perfectly legitimate and are not considered aggressive tax practices – they are simply good tax housekeeping that is sometimes ignored.

### **Claim relief for your medical expenses**

It still amazes us how many people let this one slip by... You can claim standard rate relief (20%) for all the medical expenses that you pay for – typically your own, your family's and in some cases where you pay other people's expenses. Most medical costs qualify and when you add up all those doctor visits, prescriptions, physio sessions, hospital consultations, x-rays etc., they can amount to a tidy sum. On top of this, some dental procedures such as crowns and gum treatments also qualify. Your claim is reduced by amounts claimed back from health insurers.

The process is so simple. You claim as part of your tax return and you can even go back and claim for the last four years. There might be the cost of a holiday coming back to you, to help the recovery from all your ails...

### **Make a pension / AVC contribution**

With this one, you need to make a pension contribution payment in order to gain the benefit, but there is a growing awareness of the need to provide for our own retirement needs. The state pension scheme is creaking at the seams and the state retirement age has already slipped out to age 68 – who knows how much further out it will go? We all need to save our futures, and pensions are usually the most effective way to do so.

Pension contributions attract a number of tax benefits,

1. Your contributions qualify for marginal (higher) rate tax relief within certain limits
2. Your pension fund grows free of all taxes
3. You can take a portion of your fund tax-free at retirement, with other tax mitigating strategies being deployed in relation to the balance.

### **Annual gift exemption**

Another one to save tax in the future. When you die and leave wealth behind you, this often results in tax liabilities for your estate beneficiaries. One of the ways to reduce this tax liability is to gift money to your future beneficiaries while you're still alive. Any person can gift another person up to €3,000 p.a. without a tax liability. So for example, a couple in their later years could **each** gift €3,000 to their children, sons & daughters-in-law and their grandchildren etc. every year. They don't have to be directly related. This could significantly reduce the amount eventually to be inherited and could significantly reduce or remove any tax liability.

### **Be clever with financial protection**

Some people unfortunately still think that all life assurance policies and illness benefits are all the same. They are not. Some can be used for specific purposes while attracting tax benefits – for example Section 60 policies that are used to pay an inheritance tax bill are exempt from inheritance tax themselves. Others such as certain life assurance policies and Permanent Health Insurance policies qualify for income tax relief on the premiums.

This area can be quite complex. Give us a call and we'll simplify it all for you and find the most tax efficient route for you.

### **And then there's the rest ...**

And still there are many more reliefs and exemptions available, some of which may apply to you. So make yourself aware of all of the reliefs available. Whether you've kids in college, have spent money renovating your home, are taking a training course or are commuting on public transport or cycling to work, there are potential tax saving opportunities out there for you. A little bit of research or a conversation with us just might help you to reduce that unwelcome tax burden that you are shouldering.

## 5 ways we can help you with money in 2018

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### **Take a strategic view with your money**

We all get sucked into focusing on the day-to-day and short-term challenges of our financial situation. Should we borrow to change the car? Are we saving enough for an upcoming holiday or should we just use the credit card for a few months? These are important challenges, but thinking only about these diverts your attention away from the longer-term picture.

We see our role as helping you to lead the life you want to live, both today and in the future, and that money is simply an enabler of this lifestyle. So we will help you take a longer-term view of your finances, looking at your income, expenditure, assets and liability. We might challenge you on your short-term budgeting, but with a view to helping you to achieve long-term goals! And we'll help you actually identify those goals, and then work with you into the future to make sure you achieve them and live the life you want.

### **Stick to the plan**

Particularly when investment markets are very volatile, there can be a huge temptation to ignore your financial plan, stay out of the markets and just keep your money in cash. And particularly with events like Brexit and other political uncertainties around the globe, there has certainly been a lot of volatility and uncertainty around!

However we will help you keep focused on your plan and not react to every bump in the road. Because we've seen that these events typically only cause short-term impacts. Take the US elections of a year ago as an example. Excluding 2008 when there was an unusually deep recession (with little to do with the election cycle), the average return of the S&P 500 index in US presidential election years going back to 1960 has been 9.1% versus 8.8% for all other years. Not much of a difference there! So we'll keep you focused on the plan to achieve your financial goals, rather than reacting in a knee jerk fashion to every market shock.

### **Make more informed choices**

We all make choices every day in relation to money. Most of these are relatively small and while we can help you with overall budgeting, these are choices you'll make on your own each day! However we can help you with the big financial decisions that typically will be based on desired lifestyle or other life goals. For example, how will you decide whether you'll retire early, or whether you'll buy a place in the sun when you retire, and what's the relative financial cost of each? Or what impact will a 2<sup>nd</sup> annual holiday have on being able to privately educate your kids, if that's what you want? These can be hard questions to answer, but we can help you at least to understand the financial picture of all of these choices.

### **Manage risk**

This is one we constantly talk to our clients about. We don't want you lying awake worrying about your investments. That's why we place a lot of emphasis on fully understanding your risk profile. If you're not fazed by your investments going up and down frequently, then we may guide you towards a portfolio with risk in it, once you have the capacity to live with that risk. However if you are going to sweat over every movement in the markets, we are more likely to suggest that you minimise the impacts that these movements will have on your portfolio.

We'll ensure that you manage your money, rather than your money managing you!

### **Build your confidence**

This is probably the most valuable impact that we can have. We can bring a realistic picture to manage any financial insecurities you might have. For example, we had a client recently who was worried that she wasn't paying enough into her pension plan. However when we analysed this client's situation and her lifestyle objectives, it became very clear that not only was her pension funding adequate, in fact she will be able to retire earlier than she had thought and still achieve her chosen lifestyle.

You may be faced with a simpler financial decision and be unsure which way to proceed. In all of these instances we'll be delighted to provide a 2<sup>nd</sup> opinion to help you reach your decision, and bolster your confidence in the process.

Yes, we will make sure you have the best value financial products and we will help you maximise the impact of every euro invested. But we hope that our impact on your money goes far deeper than this. Talk to us, we're in your corner.

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