



## **Expert to your clients; but not to yourself**

*Highly educated professionals lavish a great deal of care and attention on their clients but seldom near enough care on themselves and their own financial management, writes Chris de Klerk, Corporate Actuary of the Professional Provident Society (PPS).*

We see it again and again! Lawyers are a cornerstone of our business, which consists of 185,000 graduate professionals. These are people who have studied long and hard to gain their qualifications and reach the pinnacle of their professions. To their clients they are superstars. Yet they frequently have to be nagged or even bullied to apply themselves in the same way to their own financial affairs.

More than 5,000 of our clients are lawyers and we know they are extremely busy; but we also know a lot about them. For example, the average age of a lawyer with PPS is 38, 46% are female and their estimated annual income is around R500,000. But only 55% of lawyers with PPS have PPS life cover, with an average value of around R1.4m. The life cover alone falls far short of the ten-times income multiple minimum recommended by the Life Offices Association (LOA) surveys. Just seven per cent have critical illness cover with PPS and from our own figures we can see that the lump sum needed on disability assessments is also underinsured by a number of members.

Some tell us that they view spending time on their own finances as time that could be spent more productively on generating income. But the figures above show that reverse is true. Needs change, businesses change, new members of the family arrive and so on. This makes it imperative for lawyers and all graduate professionals to review their insurance portfolios on an annual basis, with a fully qualified adviser, to make the most effective use of their time.

A recent survey by the LOA revealed that South Africa as a nation is under-insured by some R10 trillion. This supports PPS' own findings set out above that graduate professionals are especially vulnerable in this area of under-insurance.

Lawyers have, through years of intense study and training, invested a great deal of time in their careers. Their intellectual assets are carried with them wherever they go, but those assets need just as much protection and care as any other. Put an annual mark in your diary – the New Year, a birthday, an anniversary – it doesn't matter – but use that mark as a reminder for an annual review of your financial plan.

Lawyers also realise that risk levels and profiles are different for people at different stages of their lives. It is frightening that many of our members can go for periods of 10 years or more without revisiting their benefits and investments.

Are we exclusive? Some people see PPS that way, but we believe, rather, that there's no such thing in financial planning as 'one-size-fits-all'. With our unique knowledge of the graduate professional market, our fully trained and qualified advisers are in the perfect position to assess the distinctive needs of the kind of people who make up our customer base, being exclusively graduate professionals.