

Building a secure ethical future

By Julian Parrott of ethicalfutures

So *how much* do you love your family? A bit of an insult to ask you that isn't it – but from where I see things (as a financial adviser) I sometimes wonder where peoples priorities lie.



Parents may feel that their days are so busy ferrying their children to drama or football classes and making sure they've got the latest fad that often the simple, basic things that would help to keep family life together in adversity are forgotten about. As an adviser, I'm always talking to clients about setting good foundations to their lives but I've lost count of the number of 'immortals' that I've met, who won't die, will never be ill and know that the family '*will cope*'; so 30 years on from her election, perhaps it's timely to remind you of the words of one Margaret Thatcher.

“.....there is no such thing as society. There are individual men and women, and there are families. And no government can do anything except through people, and people must look to themselves first.”

Margaret Thatcher, 31 October 1987

This article is not so much about investing ethically but rather about encouraging you to act ethically towards your family and your future. I'm no cheerleader for Maggie, but as an observer of economics, I've watched the radical changes in our economy and witnessed the slashing of basic income tax by nearly 40% and with it the radical dismantling of the welfare state affecting the family at all its stages.

The basic weekly state pension is just £90.70, statutory sick pay is just £79.15 per week, and if you die there is no state pension death benefit under the age of 45. Today, with no real state safety net, we are a society that is more reliant on dual income households, working longer hours, paying for more services (such as child care and health) and living longer but suffering more illnesses. Life for families today is a lottery and in case you are wondering what the odds are – here are some stats:-

- Research shows the Value of Dad to be £23,296 and Value of Mum £32,812
- More than 1 in 3 people in Britain will develop cancer at some time in their lives.
- Every two minutes, someone in Britain suffers a heart attack.
- The State will not pay you mortgage benefit if you have over £8,000 in savings and they wont pay it to anyone for the first nine months.
- You are 19 times more likely to be off work for more than six months due to illness than you are to die before the age of 65.

We have kidded ourselves that tax cuts equal personal choice and the benefits of a consumer society but fail to grasp the magnitude of what would happen if we fall and find that the safety net isn't there.

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When you build a house, you put down foundations and when you start a family, that's what you should do as well. There are a few really simple things you should do:-

1. Make a will – you need to write down what you want to happen if your not there. This is even more important if the parents aren't married.
2. Unmarried parents – make a parenting agreement and make a will
3. Work out your family budget so you know what's coming in and where it's going to.
4. Plan for the worst - build a cash reserve for short term emergencies.
5. Think about what would happen if you became ill or died. - *How would your family cope?*

6. Check to see what cover you do have from state, insurance and work – is it really enough – don't kid yourself to save a few pennies.
7. If there isn't enough, work out what you would need to bridge the gap.

The answer probably comes down to insurance, but that's not such a bad thing and it can be sourced ethically. Insurance is quite a 'ethical' activity really - it pools the risk to provide money to those unfortunates who need to claim whilst the others have the peace of mind that they are covered should their turn ever arise.

People are often reluctant to pay a premium that only pays them something if they are suffering – understandable as few of us like to face our own mortality. What you are 'buying' with an insurance policy is not a sum of money but choice. Choice for you or your dependants to decide how they live their lives from that point onwards, giving time to cope with grief, space to remake a life or career change or simply helping make life in the future that much more bearable.

If you put down good foundations, your house won't fall down and then you can go on to enjoy it and plan for an ethical future you always dreamed of.

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