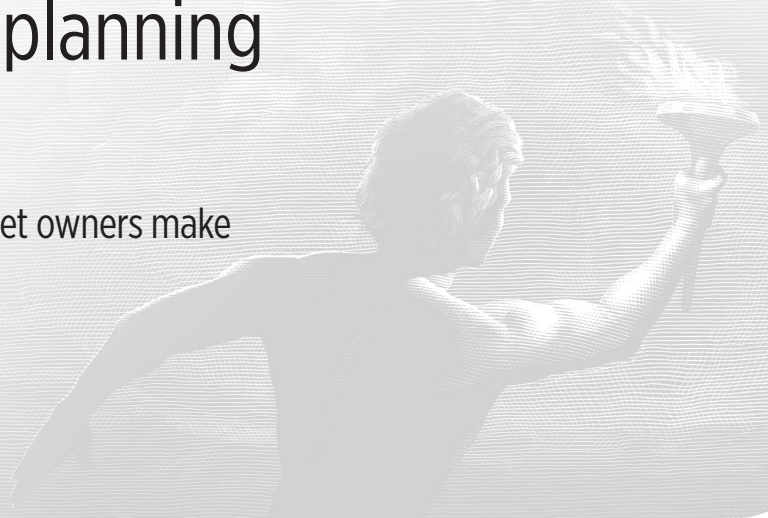


# Pet heirs: Financial planning with pets in mind

Securian's survey shows 40 percent of pet owners make financial plans for pet care.



The U.S. pet industry has more than tripled in 20 years, with pet expenditures rising from \$17 billion in 1994 to an estimated \$59 billion by the end of 2014<sup>1</sup>. In a survey conducted by Securian Financial Group, more than 903 U.S. pet owners estimated the amount they spend to maintain their pets and how much they would spend to save their pets' lives. The numbers show that pet owners invest significantly in their dogs, cats, birds, fish and other domesticated animals, demonstrating their affection and concern for these so called family members.

## Methodology

The survey was conducted online by Securian Financial Group in May 2014 and taken by 903 U.S. pet owners. The purpose of the survey was to determine:

- Whether owners make financial plans for pet care if the owner dies or becomes disabled.
- How much they spend per year for pet care.
- How much they would spend to save their pets' lives.
- Bills they would not pay or savings they would forego to keep a pet or save its life.

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<sup>1</sup>U.S. Pet Industry Market Size & Ownership Statistics, 2014, American Pet Products Association, [www.americanpetproducts.org/press\\_industrytrends.asp](http://www.americanpetproducts.org/press_industrytrends.asp)

## Pets as family

Research shows that pets are growing in importance in many peoples' lives.

- Pet ownership among people who are divorced, widowed or separated rose nearly 18 percent from 2006 to 2011. Among single men it rose nearly 28 percent.
- Single people increasingly turn to pets for a sense of family, according to research conducted by the American Veterinary Medical Association.<sup>2</sup>
- A 2011 online survey shows that more than 80 percent of American dog owners consider their dogs to be members of the family. More than three-fourths talk about their dogs as if they are human family members.<sup>3</sup>

## Cost of care

When asked about ongoing pet expenses, more than half of the respondents in the Securian survey say they spend up to \$1,000 annually on non-veterinary expenses (figure 1). About three-fourths spend up to \$1,000 per year on vet bills (figure 2). For many, that's a significant expense. One thousand dollars a year in food, grooming, boarding and vet bills is \$10,000 for a pet that lives 10 years.

When it comes to the single largest pet expense they've paid, nearly half of all respondents say it was \$500 or less while one-third have paid \$1,000 or more (figure 3).

Adding a couple of emergency expenditures gives an appreciable boost to the 10-year cost of keeping a pet, even when the owner's spending falls at the low end of the range.

Figure 1. (n=899)

Excluding veterinary bills, approximately how much do you spend each year on general care for your pet(s) (e.g., grooming, boarding, toys, etc.)?

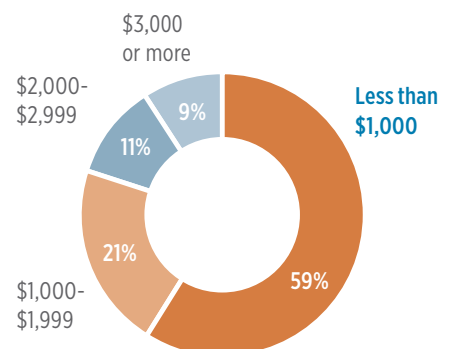


Figure 2. (n=899)

Approximately how much do you spend each year on medical care for your pet(s) (e.g., veterinary bills, medicine, insurance, etc.)?

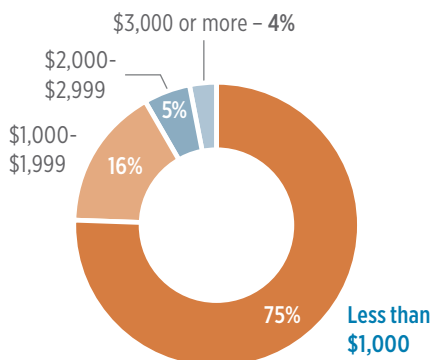
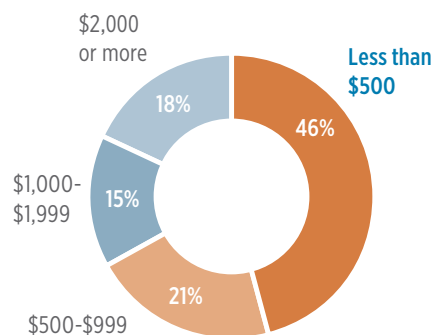


Figure 3. (n=901)

What is the largest pet-related expense you have had to pay?



<sup>2</sup>U.S. Pet Ownership & Demographics Sourcebook, American Veterinary Medical Association, [www.amva.org](http://www.amva.org)

<sup>3</sup>The Milo's Kitchen™ Pet Parent Survey, June 2011.

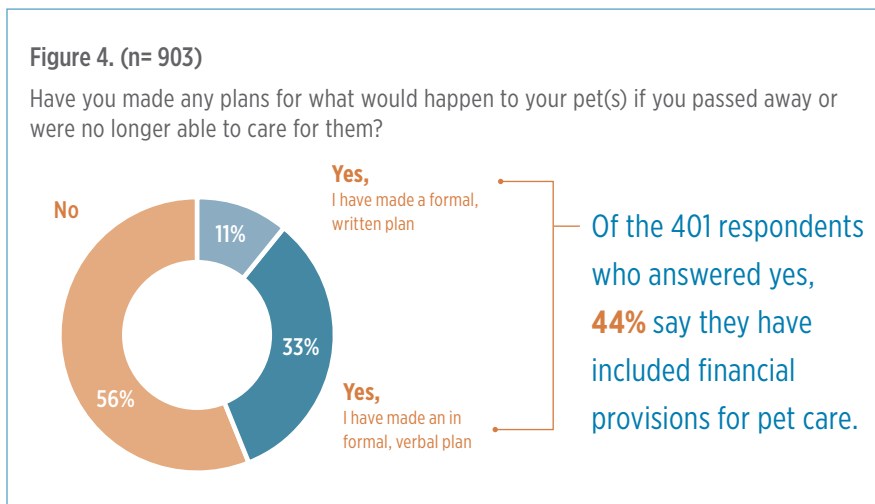
[www.ilovedogs.com/2011/06/surveys-say-dogs-are-official-family-members/](http://www.ilovedogs.com/2011/06/surveys-say-dogs-are-official-family-members/)

## Life insurance, annuities and cash

Given the strong bond many Americans share with their pets and the cost of ongoing maintenance and veterinary services, some owners take steps to ensure their pets are well cared for in any eventuality.

Forty-four percent of the 903 pet owners who took Securian’s survey say they have made financial plans for their pets’ care if they pass away or are no longer able to care for them. One-third have informal, verbal plans but 11 percent have formal, written plans (figure 4).

More than two-fifths of those with any kind of plan say they’ve made financial provisions for pet care (figure 4). Thirty-eight percent say they listed the future caregiver as a beneficiary of a life insurance policy and 35 percent say they raised their life insurance coverage to provide funds for pet care. More than one-tenth say they purchased an annuity with the future caregiver as the beneficiary. The largest group (73 percent) plans to give the pet’s caregiver cash (figure 5).



**Figure 5. (n=175)**

What kind of financial provisions have you included? (select all that apply)

Response	Percent	Count
Cash gift to pet’s caregiver	73%	127
Added pet’s caregiver as a beneficiary to my life insurance policy	38%	67
Added more life insurance to my policy	35%	62
Purchased an annuity with pet’s caregiver as beneficiary	13%	23
Other	2%	3

## Financial priorities

All 903 respondents answered the question about which financial priorities they would set aside to afford to keep a pet or save its life. Many indicated a willingness to forego making loan payments.

When asked to select all that apply, nearly one-fourth say they would skip credit card payments, 15 percent would skip car payments, and 15 percent would skip other loan payments in favor of maintaining or saving a pet.

Nearly three-fourths say they would spend vacation money and more than half say they would give up other long-term savings. For 22 percent, retirement contributions, and for 16 percent, life insurance premiums would also get the ax.

Only one-tenth of respondents say they would not change their spending or savings priorities to maintain their pets or save their lives (figure 6).

## Pricing a pet's life

Ask a devoted pet owner how much he or she would spend to save a pet's life, and the answer may be, "Whatever it takes." The respondents in Securian's survey were asked to attach a dollar figure. Many are willing to spend considerable sums to keep their pets alive.

Sixteen percent say they would spend \$10,000 or more to save their pets. More than one-fourth would spend \$2,000 to \$5,000. Only 15 percent say they would spend no more than \$500 to save a pet (figure 7).

**Figure 6. (n=903)**

Which of the following would you be willing to give up if it meant being able to afford to keep your pet or saving your pet's life? (select all that apply)

	Percent	Number
Vacation money	73%	657
Savings for another long term goal	52%	469
<b>Credit card payments</b>	<b>24%</b>	<b>220</b>
<b>Retirement contributions</b>	<b>22%</b>	<b>200</b>
<b>Life insurance premium payments</b>	<b>16%</b>	<b>140</b>
<b>Car payments</b>	<b>15%</b>	<b>137</b>
<b>Other loan payments</b>	<b>15%</b>	<b>132</b>
College savings for my kids	14%	122
None	13%	117

**Figure 7. (n=902)**

How much would you be willing to spend to save your pet's life?

	Percent	Number
Less than \$500	15%	133
\$500 - \$999	16%	143
\$1,000 - \$1,999	15%	138
\$2,000 - \$2,999	14%	123
\$3,000 - \$3,999	8%	73
\$4,000 - \$4,999	7%	60
\$5,000 - \$9,999	9%	84
<b>\$10,000 or more</b>	<b>16%</b>	<b>148</b>
Total Responses	100%	902

## Planning tools

Ongoing maintenance, occasional veterinary emergencies, and lifesaving procedures could add up to a significant financial burden for anyone who agrees to care for a pet when its original owner is out of the picture. Regardless of good intentions, high costs could land the pet in the animal shelter unless funds are provided for its care.

Much as parents are encouraged to plan for their families' financial security in case of death or disability, the American Society for the Prevention of Cruelty to Animals urges owners to set up formal or informal plans for their pets. Families can work with their financial advisors to add line items for future pet care.

Many tools are available. Policyowners can specify that beneficiaries use life insurance benefits and establish annuity payments for future pet care. There are also "pet trust" laws on the books in 46 states. Pet protection agreements, wills, powers of attorney and letters of instruction may also be available to help ensure that pets do not end up in the animal shelter when their owners are no longer in the picture.

## About Securian Financial Group, Inc.

Since 1880, Securian Financial Group and its affiliates have provided financial security for individuals and businesses in the form of insurance, investments and retirement plans. Now one of the nation's largest financial services providers, it is the holding company parent of a group of companies that include Minnesota Life Insurance Company.