

Thinking Ahead for Pets, Including Insurance and Trusts

By **PAUL SULLIVAN** – *NY Times*

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My column on the costs of pets apparently struck a chord last week with readers.

There were a fair number of e-mails from people who thought that the points I made were valid but the costs I cited were too high. This may be true, but how people view pet care costs is a bit like how they see a mortgage payment: both are relative to a person's income.

Several other readers felt that I did not consider the return pets give on the money spent caring for them. "Pets can calm fears, disperse depression and increase time spent outside exercising," wrote Ellen Rice, a former wildlife biologist in Olympia, Wash. "A very good investment indeed!"

Tom Sklebar, another wildlife biologist, in Millerton, N.D., noted the fun he had with his dogs. "The companionship is priceless, as are the 30 or more days a year that we are out hunting game birds with our dogs."

As someone with two dogs and a cat, I would never discount the happiness they bring. But the column was focused on the costs of ownership, and quantifying happiness is a tricky thing, particularly when paying for pet care may come at the expense of something else.

The reality is that many people do not think of the responsibility ahead of time. Some five million to seven million animals end up in shelters annually, and three million to four million of them are euthanized, said Julie Morris, senior vice president for community outreach at the American Society for the Prevention of Cruelty to Animals. Ms. Morris said the reasons that pets end up in shelters varied widely but, she added, "There is a certain amount of people not really thinking it through — the work, the consequences and the cost of pet ownership."

Some people simply abandon their animals. "We and our tenants have just adopted two horses which were left by their owner when she moved across the country — she just left them," wrote Jan Sherrill, who raises alpacas in Templeton, Calif. "We found out about them and brought them home. We have four horses already, but to us it wasn't an option to leave these horses to die."

There were two financial areas I did not discuss in the last column that generated comments: veterinary services and money to care for a pet if you die.

CARE If there was one bogeyman in the column, it was what veterinarians charge for care. Many readers complained that the costs were too high and attributed it to some combination of veterinarians' salaries and the pet insurance industry.

"I believe that one of the reasons that the cost of pet ownership is so high is that veterinary costs are high and part of the reason for this is inadequate consumer protections that drive up costs," said David

Burpee, a dog owner in Westchester County. He also questioned why veterinarians were able to profit from selling the medicine they prescribe.

Costs may seem high, but that is not because the veterinarians are padding their bank accounts. The average salary is \$91,000, according to the American Veterinary Medical Association. A first-year veterinarian earns an average of \$71,462 and has an average of \$133,873 in debt after eight years of postsecondary education.

As for selling what they prescribe, David Kirkpatrick, a spokesman for the veterinary association, said, "Veterinarians are trying to provide the best care at one stop at a reasonable price that people can afford." He acknowledged, though, that "there is some sticker shock when you talk about emergency visits."

But Diane McClure, a veterinarian and professor in Pomona, Calif., said the bigger disconnect came from how people now view pets. "The role of animals in our lives has changed," she said. "They used to be in the backyard, now they're in your bed."

This, in turn, has resulted in an increased desire for top health care for those pets. But that comes at a price. "We haven't done as good a job as we need to in communicating the value of veterinarian medicine," Dr. McClure said. "We do care about pets, and that's where it's bled over. People think, 'You care so you should do it for free.' "

Pet insurance was the other issue that readers were upset about. In many cases, pet owners do not understand what is covered by a policy and end up frustrated.

Veterinary Pet Insurance, the nation's largest provider, charges an average of \$30 a month in premiums. But it has a list of procedures it does not cover, including, for example, a common hip ailment, and then it covers a set amount for the procedures it does insure. It pays \$100 toward spaying or neutering a dog or cat, for example, which may not cover the full cost.

"There is the responsibility that every policy holder has to know what's on their policy," said Grant Biniasz, a spokesman for V.P.I. "We also have a responsibility to make sure they understand what's on their policy."

One of its competitors, PurinaCare, has a different model. It prorates its premiums based on the cost of care where the pet lives, with New York the highest and San Antonio, where the company is based, about average. The premiums are higher, but then the insurance covers 60 to 80 percent of the cost of a procedure, depending on the plan.

Regardless of the carrier, pet insurance will often not cover all costs.

BEQUESTS A famous pet care story involves the \$12 million trust that Leona Helmsley, the real estate heiress, left for her dog, Trouble. While it was later cut to \$2 million, it has guaranteed the dog a fine lifestyle.

But setting up a trust is something anyone with a pet can do. On the surface, a trust for the care of a dog or horse is no different from a trust for a child or spouse. What matters is “donor intent” — that the wishes of the person setting up the trust are clearly described and carried out.

The difficult part can be enforcing those wishes. “We can easily send out a distribution for a child at camp, or a rehab center or a boarding school, and we pay it according to the terms of the trust,” said Lori Muhlenberg, senior vice president at National Penn Investors Trust Company. “We could get a bill for boarding 23 retired thoroughbred horses, but it’s a different level of accountability. We’re relying on that boarding facility to be honest.”

She said she knew of several instances where the horse was dead and the barn was still sending bills for reimbursement. She suggested that people setting up trusts for animals include a provision whereby a veterinarian needs to certify periodically that that animal is still healthy and alive.

While many people think that, if they die, a relative or child will care for their pets, they still need to make sure that person has the means to cover the day-to-day costs. And that is where love for a pet meets financial responsibility.