



Essential Insurances

The correct insurance cover is essential

Example:

Bill & Marie are Shareholder employees in B&M Dairy Farm, after expenses etc. their accountant filed \$100,000 to IRD. For tax saving purposes the Accountant split the income 50 / 50.

The annual ACC invoice on \$50,000 for a Dairy Farmer is \$2,587 and if on ACC Standard Cover you would receive 80% = \$40,000 (if you can prove a loss.)

In some cases one of the Shareholders may not be directly involved in any "hands on" farming, such as one of them taking care of administration type duties.

If Cover plus Extra is applied for, there is the flexibility to lower your ACC, for example Dairy Farming would cost (\$2.59 per \$100) = \$2,587 or Office Administration (\$0.28c per \$100) = \$1,121.

The office administration cost for ACC at \$50,000 would be \$1,121 you would receive 100% (less tax) and not have to prove a loss. The payments would be made from ACC until you were back at work full time.

But wait there's more

Depending on circumstances if we took the office administration to the current minimum (\$21,632) instead of the \$50,000 the ACC cost would be \$680. *We strongly recommend your private insurance is in place before any reductions are made via ACC.

Bill	\$50,000	Dairy Farmer	\$2,587
Marie	\$50,000	Dairy Farmer	\$2,587
			Total ACC = \$5,174

Bill	\$50,000	Dairy Farmer	\$2,587
Marie	\$21,632	Office Administration	\$680
			Total ACC = \$3,267

This scenario gives certainty to Marie, she does not have to prove a loss and can return to work whilst receiving 100% of her agreed compensation (less tax).