



# 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).