



Following on from my recent article in **Business to Business** Magazine, the below subject generated a lot of interest. I thought I would share this article with you.



**Richard Hurley**

### **Maybe the Best Investment Ever?**

Now I don't want anyone's eyes to glaze over, but the subject is your ACC policy. I have some very important information for business owners, and the self employed, the majority of whom will know nothing about any of this.

There is a way of dealing with compulsory ACC levies to your absolute advantage and this knowledge could very well save you from financial disaster. Spending time to think about what I am saying, and re-directing your levies could well be the best investment you ever made.

Most Business owners and the self employed are covered by default under the ACC Work Place Cover, or Cover Plus schemes. These arrangements are in essence an insurance policy that says, if you have an accident, you can be paid up to 80% of your last year's income, to a maximum of \$1583 per week before tax ( \$82,337 pa), after a stand down period of seven days.

There are several aspects to the arrangement however that very often cause problems at claim time, resulting in financial hardship to the injured worker.

- Proof of loss of earnings. You don't have an accountant yet or your accountant hasn't completed your tax returns
- Your income fluctuates and last years earnings were lower than usual.
- You have just started in business and you have no income history.
- Your personal income for IRD is not an accurate indication of your earnings because you have split your income with your spouse, or used other options to reduce your income for tax reasons.
- Your business continues to generate income while you are injured

Any of these reasons will cause a delay in receiving income from ACC.

The alternative, 'need to know strategy', is called **ACC Cover Plus Extra**.

This is an agreed benefit policy offered by ACC which will;

- Pay out 100% of the amount agreed with ACC after seven days.
- Remains fixed at a pre-agreed level, even if your business continues to generate income during your time off.
- Continues to pay even if you return to work on a part-time basis.
- Is available for newly self employed, based on industry figures.

Anyone who is self employed, or a non PAYE shareholder, can take up this option and guarantee their income in the event of an accident.



## TANDEM

This is an exciting concept because it empowers you, the consumer. If you have to pay levies to ACC, then why not have some control over how your money is spent?

- You can nominate the amount of cover you want up to the average of your last three years earnings (But capped at \$82,000). The premium rates will be not necessarily be any less, but you can decide how much to spend.
- You could decide that you wish to reduce your ACC premiums down to the very minimum allowable because you have other income available to you.(minimum income \$18,000pa)
- You could decide to adjust your ACC income upwards to have a greater income than your 60/40 tax split.
- Working members of a family business could decide to reduce total ACC levies paid, by each having a low agreed income, on the basis that the family unit would provide in the event of an accident to one of the members.

Making an application to change your present arrangement is straightforward. My advice is to bring some certainty to your life in these uncertain times.

Check it out on [www.acc.co.nz](http://www.acc.co.nz)

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