



ACC

Clear strategies to make sure your ACC is going to work for you.

For a lot of people starting out on their own, the concept of an invoice arriving for ACC levies is completely foreign, and can give them a bit of a fright! Perhaps their only interaction with ACC before has been when they have gone to a physio to seek treatment for an accident. To start with, we all pay ACC levies, if you work for someone else, this is deducted before you see the

money in your bank account, like your tax. If you're self-employed, you will receive an invoice after you have filed your tax return, so the amount you pay will be dependent on how much you've earned, and how risky your job is. For example, a Builder will pay more than an Accountant, as it is deemed they are more likely to have an accident that will stop them working.

1

Lock down that cover

You're self-employed, or own your own business, you know as well as us that cash flow doesn't happen evenly – there are good weeks / months and even years, and bad weeks, months, years.

Why does this matter?

If you go to claim, ACC will look at your last 12 months taxable earnings. No taxable earnings = no claims – so why have you been paying levies all of your life for it not to work?

The good news for you is that you can take out ACC Coverplus Extra, where you can 'lock-in' an amount of cover in case you are off work because of an accident. If you're starting out, there is a maximum that you can have, but it's better than your last 12 months self-employed earnings of zero! If you've been in business a while, use provide business and personal tax accounts and prove how much you earn.

2

Proving that income

We see one of the biggest issues for people that are self-employed is that if they have to claim under ACC on the default plan, they will have to prove their income.

Not only is this an extra cost for you, it's also on inconvenience and less certainty of what you are going to receive. ACC will likely start paying you out based on last year's earnings, but once the income has been proven, if this is lower than they have been paying out, they will likely try and get this back off you.

With ACC Coverplus Extra, you don't have to prove your income at claim time, as you have already provided it.

3

Get that code right

Many family-owned businesses have both partners owning and working in it. Let's take the common case of the husband being a builder, and the wife managing the accounts for the business. They both take a salary from the Company, and receive their ACC invoices.

Hold on, why are they both at the rate of a builder?

With ACC Coverplus Extra, you have the flexibility that the occupation code of the wife could be changed from a building code to an administrative code.

What does this actually mean? YOU PAY LESS!

4

Adjusting your cover amount

With ACC Coverplus Extra, not only are you locking in the amount of cover you have, but you have the flexibility to lower the amount of cover if you wish. This can be suitable in situations where you have a comprehensive income replacement policy, and have enough income to see you through your waiting period.

There are some situations where we would never recommend this:

- Exclusions on your income replacement policy for injuries that would be covered by ACC.
 - Participation in high risk activities – ACC doesn't discriminate against people who take part in high risk activities, meaning they're covered, whereas private cover may.
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5

Topping up your ACC cover

High Earner? Generally what we find is that people's needs adjust to the amount of income they earn.

ACC will only cover you up to approximately \$130,000 of income. This is where income replacement cover can help, to make sure you get as much income as you need if you can't work.

6

Supercharge your cover

We're really lucky in New Zealand to have ACC – a lot of other countries have nothing like this in place. But it's important to keep in mind what ACC does and does not cover.

So what does it cover? Accidents. There has to have been an 'event' that leads to an accident. So that sore back that has been bothering you is unlikely to qualify, unless there is something specific that lead to the soreness.

What doesn't it cover? Stress, Mental Health, Cancer, Stroke, Heart Attack...think of all the other things that can keep you off work rather than just accidents. Research shows that Kiwis are 1.8 times more likely to be off work for more than 6 months due to illness rather than accident.

What can you do?

Starting out business is hard, particularly for cash flow. By combining your ACC with income replacement cover, you can have a comprehensive plan which means those absences from your business are covered, and your family still have income.

7

Death cover

A little gem about ACC that not many people know of – there is accidental death cover included for the surviving spouse and children.

Another reason why reducing the ACC down to the minimum to save some cost now might not be appropriate for you and your family.

A bit of prior planning for the self-employed and business owners can remove a whole heap of heartache if there is something that stops you working. If you've recently become self-employed, or just pay your ACC bill every year without really knowing what it's their for, please contact us and we can have a discussion around what your options are, and what it might mean for you.