

Business Expenses Insurance



MULCAHY & CO

Helping committed clients achieve and maintain financial security.

WHAT IS BUSINESS EXPENSES INSURANCE?

Business Expenses Insurance is designed specifically for the self-employed and ensures their fixed expenses will be paid in the result of an injury or illness where they are unable to work.

The benefit covers the expenses amount less any amounts reimbursed from anywhere else.

TYPE OF COVER

The only type offered is indemnity which will cover the lesser of:

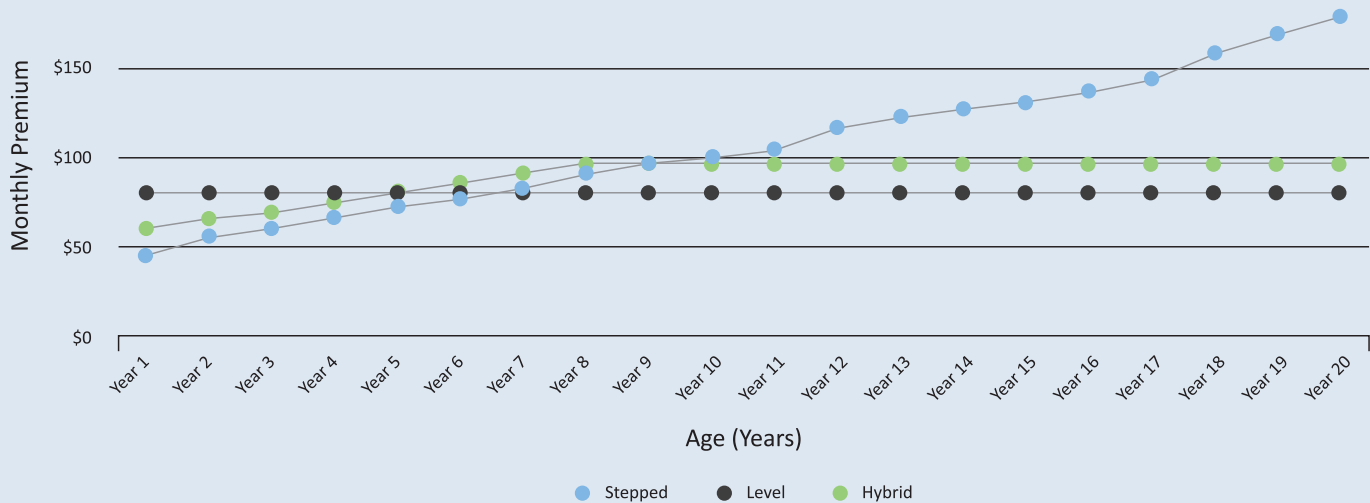
- Your insured monthly benefit.
- The business expenses that are incurred that relate to the period of your disablement less any amounts reimbursed from anywhere else.

BENEFIT PERIOD

Like Income Protection, Business Expenses Insurance pays a monthly benefit to cover your fixed business overhead expenses if you're injured or ill and cannot work.

The benefit generally lasts a maximum period of 12 months.

This table shows the difference in premiums paid over time between the 3.



PREMIUM STRUCTURE

Premiums are usually paid in 1 of the 3 following ways – either a stepped premium which increases each year. A level premium which consists of a consistent payment each year typically to the age of 65 to counteract the perceived risk which increases alongside your age. The third option is a hybrid premium which is only available through a small number of insurers and combines both the level and stepped premiums.

- The stepped premium continues to increase each policy anniversary date due to becoming a year older and ultimately closer to your date of death and more likely to suffer an injury or illness.
- The level premium is initially dearer although remains the same year in year out (minus CPI increases that you can decline if desired).
- The level premium is a hedge against inflation.
- Considering the level premium remains constant this of benefit for cash flow purposes.
- By opting for the level premium, you will lock in the premium rate until age 65.

Generally, the level premium option will work in your favour from a cost analysis if you intend on owning the cover for an extended period of time.

IMPORTANT DISCLAIMER: This document does not constitute advice. Clients should not act solely on the basis of the material contained in this document. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly and we therefore recommend that our formal advice be sought before acting in any of these areas. This document is issued as a helpful guide to clients and for their private information.



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FS360 - What does being financially secure mean?

It means assessing your personal and business goals and developing a plan to achieve these.

We have identified **12 key areas** to help you become financially secure:

- 1. Goals & objectives**
- 2. Estate plan**
- 3. Risk plan**
- 4. Asset protection plan**
- 5. Taxation plan**
- 6. Debt plan**
- 7. Retirement and succession plan**
- 8. Business plan**
- 9. IT Plan**
- 10. Marketing Plan**
- 11. Superannuation plan**
- 12. Investment plan**

Setting goals and objectives and having strategies to achieve these is an essential element of becoming financially secure. Once you know what you are aiming to achieve and how you are going to get there, we then need to make sure you have a strong foundation in place to protect you, your family and other investments.

A strong foundation needs an estate plan, risk, plan, asset protection plan, taxation plan and debt plan. With the foundations in place we can then work on the strategies to achieve your goals and objectives.

It may seem out of order that we have the retirement and succession plan at number 7 rather than 12. It is important that this is considered early and a plan is put in place. This assists to plan for this financially as well as keeping the communication lines open on the topic.

12 Steps to becoming Financially Secure

1. GOALS AND OBJECTIVES

Picture yourself in 10 years time... Where do you want to be? How are you going to get there? Being clear on your goals & objectives ensures you can develop a strategy to achieve them.

2. ESTATE PLAN

“What will happen when I’m gone?” Only assets owned in your name are covered by your will. Your Estate Plan protects your family from the potential threats that your Will does not.

3. RISK PLAN

Your Risk Plan addresses whether you need to save or insure to protect your family’s financial security in the event of an injury, accident or death.

4. ASSET PROTECTION PLAN

An Asset Protection Plan makes sure your assets are owned in the right names or entities so you limit the risk of them being exposed to creditors.

5. TAXATION PLAN

A Taxation Plan structures your affairs so that you legally pay the least amount of tax and retain more of your income.

6. DEBT PLAN

A Debt Plan ensures your assets aren’t over exposed to debt and structures your debt to maximise tax deductibility of the interest.

7. RETIREMENT PLAN

Retirement is setting the date when you can choose to stop work. Your Retirement Plan details the income and assets you need (in addition to superannuation) to retire and outlines the steps to get there.

8. BUSINESS PLAN

Your business value is the one asset or investment that you have full control over. How does the business cashflow, profitability and end value fit with your overall plan? Review the 10 characteristics of what makes a great business to help your business reach it’s full potential.

9. I.T. PLAN

Your data, your email, your devices – they play a key role in the smooth running of your business. Backups, workflow and ongoing maintenance of technology can be a game changer.

10. MARKETING PLAN

Promoting your business to potential clients has many working parts. Generating enquiry and building your brand is key to your business success.

11. SUPERANNUATION PLAN

Many people miss out on the enormous tax benefits of superannuation. A Superannuation Plan will ensure you have a strategy to produce greater wealth at retirement.

12. INVESTMENT PLAN

An Investment Plan will increase your asset base, while focusing on preserving your capital and managing your risks, to meet your personal and financial goals.

We offer a free no obligation meeting to review your situation. Call us today on 1300 204 781 and take advantage of this valuable offer.

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