

SUPER WEDNESDAY

ENGAGING MINDS, EMPOWERING SUCCESS.

OPENS 10AM
Risk

Today's Speakers



Cecilia Farrow
Thrive Consulting



Steve De Jong,
Co founder – Intelligent Life



SM8RTHEALTH

ADVISER HEALTH RISK PREDICTOR

For life and health insurance pre-enrolment medical assessment

HOW DOES THE PREDICTOR HELP FINANCIAL ADVISERS

“Conversion goes south once an application goes into a manual underwriting process”

ROI

Qualify your leads with a quick yet accurate health risk assessment

Relationship

Set client expectations from the outset to avoid disappointment

Compliance

Enhance adviser needs analysis and duty of care

RISK PREDICTOR USER CASES

User Case I

Client request for change in cover terms

Scenario: Longstanding client contacts the Financial adviser informing them of a need to decrease premiums. The adviser wants to ensure that there is no change to in the client's health since the in-force policy was written.

Goal: To advise the client of the likelihood of getting the same health cover terms given their increasing age since the policy was first issued.

User Case II

Fact-check a prospective client

Scenario: An inquiry or lead for some health insurance is being entertained. In the fact check, you wish to determine the applicant's health status.

Goal: Determine the likelihood of the application being referred for a manual health review, or medical exclusions due to a pre-existing medical conditions.

WORKINGS OF ADVISER HEALTH RISK PREDICTOR

Login and access Health Risk Calculator

Inputs required

BMI

Smoker status

Family history

Search for pre-existing health conditions and ailments

Sm8rtHealth will auto-prompt for related co-morbidities

The calculator will provide an underwriting outcome based on the inputs provided



MEET OUR TEAM



STEVEN DE JONG

Client and business
development lead



CLIVE BENNETT

Solutions architect
and system
maintenance



DR FARIDA NAGAONKAR

Testing and
implementations



SILVIA LEE

Head of underwriting
and product

CONTACT STEVEN@SM8RTHEALTH.COM OR CALL 021-614846 FOR A
DEMONSTRATION OR MORE INFORMATION

A close-up photograph of a fern frond, showing several unrolled fiddleheads (young leaves) in various stages of growth. The frond is dark brown and covered in fine hairs. The background is a soft, out-of-focus green.

Maximising Insurable Income for the Self Employed

Presented by Cecilia Farrow

AGENDA

- Objectives and principles for maximising insurable income
- Guidelines for allowable add backs
- The calculation tool
- A case study
- Financial Underwriting evidence



PRINCIPLES

The personal taxable earnings of a business owner may not reflect the revenue/income received to them or their household.

A business gives its owners the opportunity to:

- Include what would otherwise be personal expenses into deductible business expenses e.g. home office, motor vehicle, phones
- Pay shareholder salaries to spouses even though the spouses disablement would have no or little impact on the financial performance of the business
- Split the net profit between the shareholders and the business to achieve optimal tax rates for each taxpayer

Insurers recognise that to limit the Income Protection benefit to the personal taxable income of the main working shareholder/s may result in uninsured financial losses.

Addbacks are designed to align the personal income of a business owner more closely to the personal revenue/income actually received through their physical exertion.



COMMON SCENARIO

- SME Trades Business – shares held between Jack, the working owner and his spouse, Jane.
- Jane does 10 hours a week on admin/invoicing & accounts.
- All revenue is generated by Jack
- Business is run from a home office
- Company has 2 vehicles on the books – a van for Jack and a car which is used by Jane
- The company makes a surplus of \$130,000 and is paid out as shareholder salaries of \$85,000 to Jack, \$40,000 to Jane and \$5,000 taxable profit to the company
- Personal taxable income of Jack is \$85,000 and this is basis of ACC levies
- If Jack is incapacitated all business income will cease within a month and therefore all household income as well

OBJECTIVES

- Maximise the gross insurable income for Income Protection for self employed clients by adding back allowable financial 'items'
 - client's best interests
- Be able to implement insurance solutions that match most closely to the financial risk on disablement
- Provide appropriate advice on ACC structure
- Have acceptable validation for financial underwriting to support an insured benefit greater than the personal taxed income



ALLOWABLE ADDBACKS

- Shareholder Salary/Director's Fees/Management Fees
- Income splits to spouses/life partners
- Motor Vehicle Expenses (50%) *
- Home Office Expenses
- Mobile Phones (50%) *
- Losses on Asset Sales
- Donations
- Depreciation*
- Net profit before tax

* There may be exceptions to the standard 50% rule for Mobile Phones and Motor Vehicle Expenses. For these expenses the insurer will require an allocation of the total amount that is reasonable to add back to the shareholders.

* The allowable addback is calculated as being either 100% of depreciation or 10% or 20% of the net profit after allowable addbacks, whichever is the lesser. Not all insurers allow depreciation addback.

DEDUCTIONS FROM NET PROFIT

The pre-tax net profit of the business (the surplus the business pays tax on) can be added back to the business owner/s personal income.

However, there may be non-trading revenue lines in the financial statements that are generally required to be excluded from the net profit before adding back the net profit.

Deducted items include:

- Interest received by the business
- Dividends paid to the business from a business investment not related to the trading income of the business
- Gains on sale of fixed assets
- Other income – non trading e.g. grants, Covid payments

SPOUSE SALARIES

- It's common for the main working shareholder's spouse to be a shareholder
- Allows the allocation of a shareholder salary to the spouse
- Potentially results in lower income tax rates for each taxpayer
- Spouse is often allocated a higher shareholder salary than is the value of the hours they work in the business
- The number of hours worked is often less than is needed to qualify for Income Protection
- Disablement of the main working shareholder is likely to result in reduction in business revenue and profit and/or the forced sale of the shares
- The income loss to the family will be the main working shareholders remuneration plus the spouse's remuneration
- Where it can be shown that this will be the effect, the spouse's salary can be allocated back to the main working shareholder
- If the spouse works in the business and the business would otherwise have to pay an employee to do the work, then the proportion of the spouse salary that can be added back is the amount in excess of the value of the hours worked by the spouse
- Calculation requires you to know:
 - spouse salary
 - hours worked by spouse
 - market value of those hours



MULTIPLE WORKING SHAREHOLDERS

- Add backs can still be applied where there is more than 1 main working shareholder
- Add backs, but excluding salaries paid to spouses, are allocated across the main working shareholders in proportion to their shareholding or their shareholding group percentage
- The Spouse salary (the allowable portion) is added back to the spouses respective main working shareholder

Step 1 – calculate the **total net** value of all addbacks excluding spouse salaries

Step 2 - allocate the value proportionately to main working shareholders

Step 3 – calculate the allowable portion of the spouse salary that can be added back

DIVIDENDS PAID TO SHAREHOLDERS

- Not generally considered part of add-back calculation
- Dividends distributed from net profit after tax
- Allowable add back includes net profit before tax so potentially double counted if dividends added back
- May not be paid out in the year they were earned so don't relate to current earned income
- If you believe there is a rationale to include dividends discuss this with the underwriter

JACK'S FINANCIALS

- Home office expenses - \$6500
- The business has depreciation of \$15,000 per annum (tools and vehicles)
- The business has motor vehicle expenses of \$20,000 and phone/internet expenses of \$7,000
- The value of Janes hours are estimated to be \$14,400pa (10x \$30x48)



CALCULATION FOR JACK

Financial Statement Data:	31-03-2022	31-03-2021
Net Surplus/Deficit Before Tax (After Shareholder Salaries)	\$ 5,000	\$ 3,500
Other Income (Non Trading) - Not Insurable		
Interest Received		
Dividends Received by Business		
Gain on Sale of Fixed Assets		
Other Income (Non Trading)		
Totals for Add Backs		
Cellphone	\$ 7,000	\$ 7,400
Director Fees		
Donations		
Home Office	\$ 6,500	\$ 6,500
Loss on Asset Sales		
Management Fees		
Motor Vehicle (Total)	\$ 20,000	\$ 18,000
Total Shareholder Salaries	\$ 125,000	\$ 120,000
Total Depreciation	\$ 15,000	\$ 17,000
Depreciaton for Assets of Personal Benefit to the Insured	\$ 5,000	
Depreciation for Assets where Clear Business Expense	\$ 10,000	
Cellphone Add Back Calculation		
Total Cellphone	\$ 7,000	\$ 7,400
Percentage for Shareholder Add back	50%	50%
Total Cellphone Addback	\$ 3,500	\$ 3,700
Motor Vehicle Add Back Calculation		
Total Motor Vehicle	\$ 20,000	\$ 18,000
Percentage for Shareholder Add back	50%	50%
Total Motor Vehicle Addback	\$ 10,000	\$ 9,000
Motor Vehicle Add Back Calculation - Asteron		
Motor Vehicle - Salary Sacrifice/Package Portion	\$ 8,000	\$ 7,000
100 % to max of \$15000 pa	\$ 8,000	\$ 7,000
Motor Vehicle - Tool of Trade Portion	\$ 12,000	\$ 11,000
Market Value of Purchase Price of Vehicle	\$ 22,000	\$ 24,000
Calculation 25% of MV up to 15000 or Default of 7500 to Max 15000	\$ 7,500.00	\$ 7,500.00
Total Motor Vehicle Add Back Asteron	\$ 15,500.00	\$ 14,500.00

31-03-2022				
Percentage of Net Profit & Addbacks allocated to Shareholder Group	Salary paid to main working shareholder	Salary paid to Spouse	Market Value of spouses hours	Value attributed to main working Shareholder
100%	\$ 85,000	\$ 40,000	\$ 14,400	\$ 25,600
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
100%	\$ 85,000	\$ 40,000	\$ 14,400	\$ 25,600

31-03-2021				
Percentage of Net Profit & Addbacks allocated to Shareholder Group	Salary paid to main working shareholder	Salary paid to Spouse	Market Value of Spouses hours	Value attributed to main working Shareholder
100%	\$ 80,000	\$ 40,000	\$ 14,400	\$ 25,600
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
100%	\$ 80,000	\$ 40,000	\$ 14,400	\$ 25,600

OUTCOME

- Gross Insurable Income range across insurers
 - \$134,700 - \$147,950
- \$62,950 higher than personal taxable income of Jack
- Best case – income protection insured benefit could be \$110,962 (75%) or \$92,468 (62.5%)
- Compared to \$63,750 (75%) or \$53,125 (62.5%) if based on personal taxed income
- ACC – Injury to Jack - 80% of \$85,000 = \$68,000 less tax - circa \$58,540 pa of benefit
- If Income Protection is based on taxable income of Jack there would be no top-up from IP if he was on an ACC claim



DUTY OF CARE

- Understand the client's financial situation
- Be aware of what income is at risk
- Get all the relevant information
- Know how to optimise the insurable income
- Provide advice that is suitable for the client need





Thank you



LOGAN SMYTHE

AND ASSOCIATES



Boost your efficiency and compliance with technology

Dean Logan



Introduction

- **Embracing change and incorporating new technology**
- **Starting small and making incremental changes**
- **Sharing our journey and the steps we followed**

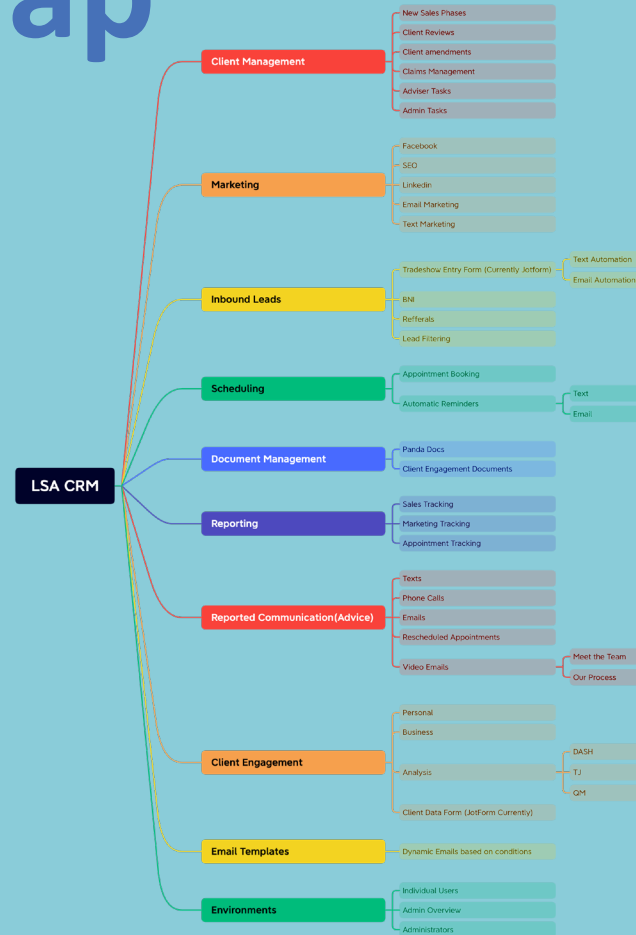


Mind Mapping Your Process

- Create a visual representation of your current processes.
- Identify areas for technology integration or process improvements.
- Establish priorities.



Mind Map

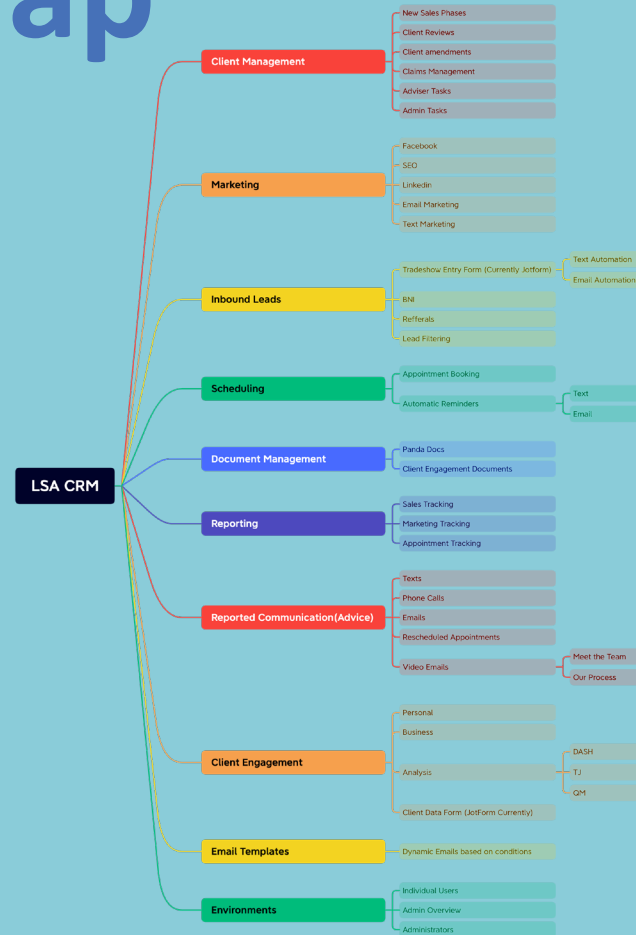


Taking Small, Consistent Steps

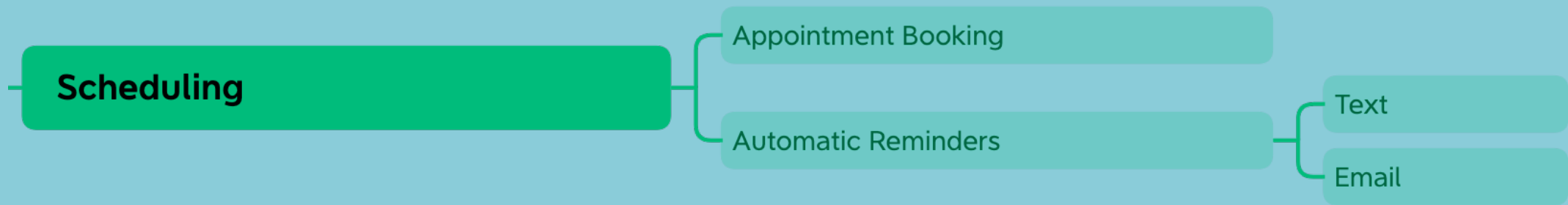
- Focus on one area at a time.
- Implement changes in manageable increments.
- Smooth transition with less overwhelm.



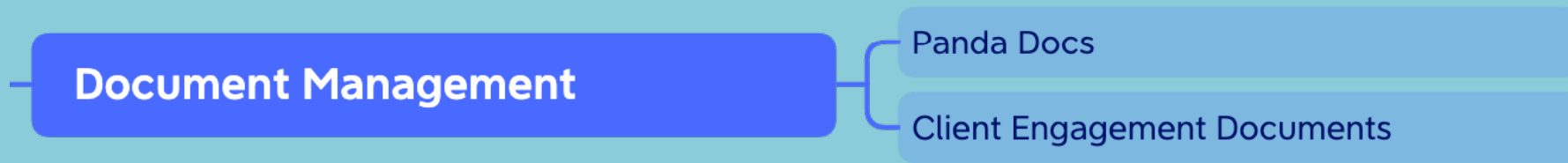
Mind Map



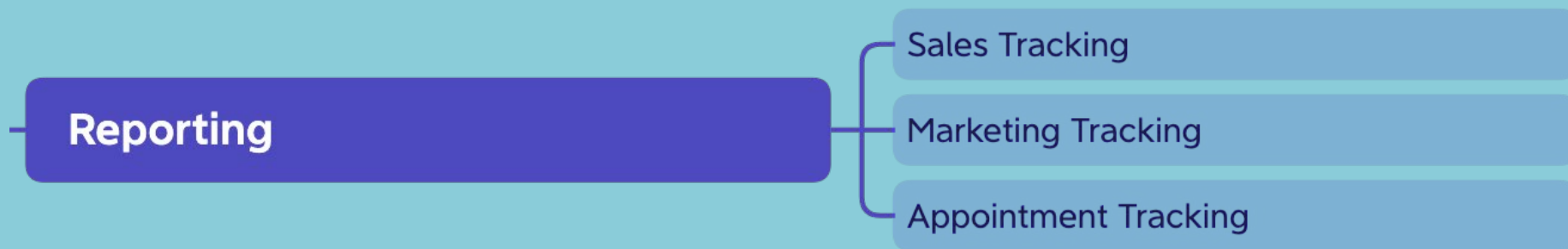
Mind Map



Mind Map



Mind Map

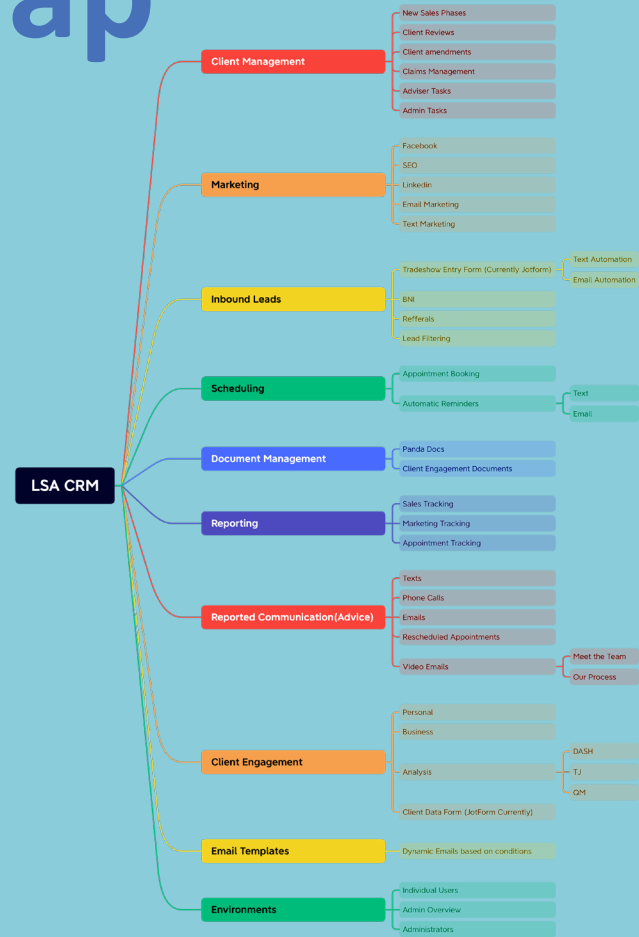


Identifying Opportunities for Change

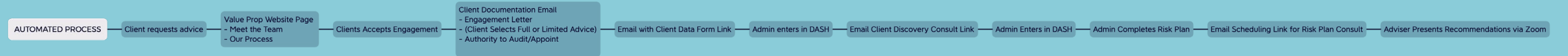
- Examine your mind map.
- Determine areas that could benefit from technology or process improvements.
- Examples: automating appointment scheduling, streamlining communication, enhancing data collection



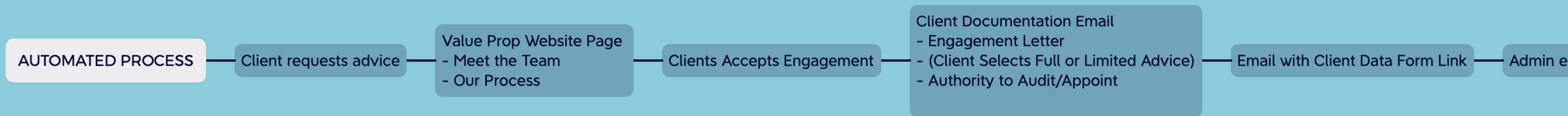
Mind Map



Mind Map



Mind Map



Finding and Integrating the Right Tools

- Research tools that align with your business needs
- Assess compatibility, prioritise customisation, seek recommendations.
- Test before committing, provide training and support.



Zoom

Explore the apps

Whether you're looking to improve collaboration, engage your team, or build customer relationships, these apps integrated right into the Zoom Meetings experience offer new resources to grow and manage your business.

Productivity & collaboration

Team activities & workshops

Sales & customer relationships



Zoom – sales and customer relationships



Gondola

Improve your customer relationships and turn every meeting into a win with relevant insights in Zoom Meetings

- ✓ Manage relationships with one single click in Salesforce, Hubspot, and SugarCRM
- ✓ Follow up with customers in seconds with collaborative workspaces that include files, meeting recordings, tasks, and more



Warmly

Impress your customers with a memorable virtual business card directly in your meetings

- ✓ Add a professional and personal touch to help you build a strong connection
- ✓ Make it more likely to get to the second meeting with a prospect
- ✓ Access premium features with your own company logo to a Zoom background LinkedIn information on people you are meeting with

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- ✓ Create shared awareness around time with visual and audio cues so meetings consistently end early
- ✓ Use pre-designed activities like icebreakers, brainstorming, and votes to promote inclusivity and engagement within your team
- ✓ Access premium features with unlimited participants in your meetings

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Zoom – Product

collaborative

Compare Plans

Features	Free	Pro	Enterprise
Meeting Assistant & App			
Meeting Tools & Metrics ⓘ	5 full metrics / month	Always full metrics	Always full metrics
Participant Level Metrics ⓘ		✓	✓
Custom Branding ⓘ		✓	✓
Meeting Report			
Automated Meeting Notes ⓘ	5 meetings / month	Unlimited	Unlimited
Transcription ⓘ	5 meetings / month	Unlimited	Unlimited
Audio / Video Playback ⓘ			✓
Participant Level Metrics ⓘ		✓	✓
Dashboard			
Meeting Reports ⓘ	✓	✓	✓
Recommendations ⓘ	✓	✓	✓
Speaker Coach ⓘ	5 meetings / month	✓ - No Video	✓
Meeting Manager ⓘ	✓	✓	✓
Collaboration ⓘ	✓	✓	✓
Meeting Policy ⓘ	✓	✓	✓
Custom Reports ⓘ		✓	✓
Other			
Workspace ⓘ		Up to 10 people	Unlimited people
Benchmarks ⓘ		✓	✓
Smart Scheduler ⓘ	✓	✓	✓

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- ✓ Let meeting participants
- ✓ Turn meeting attendees
- ✓ Access premium removal of the P

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Taking Charge and Starting

- Collaborate with your team
- Establish clear expectations and set achievable goals
- Refine your approach as you learn and grow

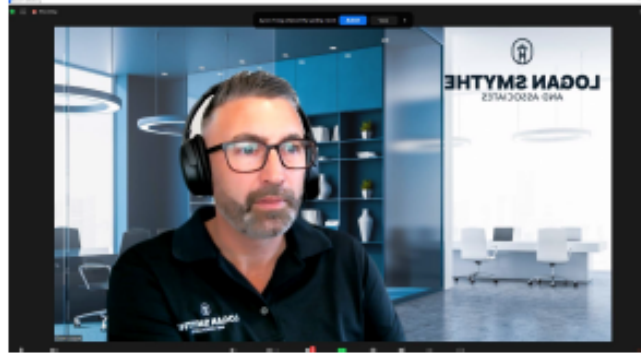


Zoom



Personal Risk Consultation Meeting | Aaron Tong | Dean Logan

April 29, 2023



Dean Logan and Aaron Tong discussed Aaron's financial requirements and insurance solutions. They discussed the different types of human capital risk and how to manage them. They also discussed the different life events that would be covered by insurance, such as premature death, permanent disability, and major trauma events. They discussed the financial requirements for Aaron and his family, such as debt repayment, grieving funds, funeral legal costs, and ongoing living costs. They also discussed the income protection options and the five star rating system. Finally, they discussed the next steps, such as sending in pay slips, evidence of mortgage, and blood tests. [see more](#)

[View full report](#)

[Share Report](#)

SIGNIFICANT QUESTION



Sat, Apr 29, 2023 | 2:02-2:25 pm

Recap Deep Dive Coaching

Notes Transcript



Summary

Dean Logan and Aaron Tong discussed Aaron's financial requirements and insurance solutions. They discussed the different types of human capital risk and how to manage them. They also discussed the different life events that would be covered by insurance, such as premature death, permanent disability, and major trauma events. They discussed the financial requirements for Aaron and his family, such as debt repayment, grieving funds, funeral legal costs, and ongoing living costs. They also discussed the income protection options and the five star rating system. Finally, they discussed the next steps, such as sending in pay slips, evidence of mortgage, and blood tests.

Chapters & Topics

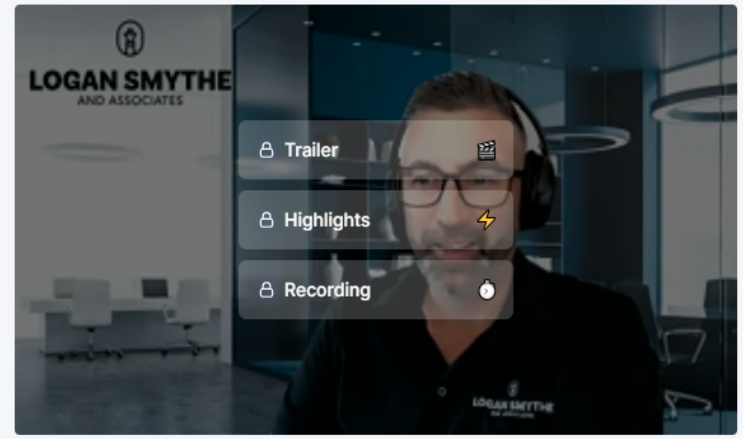
Chapter descriptions

- Discussion of Risk Management Strategies for Financial Security 2:47
 - Risk Plan
 - Human Capital Risk
- Understanding Financial Requirements and Insurance Options 12:18
 - Financial Requirements
 - Insurance Requirements
- Discussion of Authority to Proceed and Next Steps 17:57

View less

Action Items

- Click on the Authority to Proceed link 18:04
- Email 3 latest payslips, evidence of mortgage, contract agreement, or last 3 bank statements 21:07



- Highlights 12 Chapters 3
- Reaction 2:47 Jump to

Increase in Engagement
Dean Logan said: "Aaron, how are you? Very good. Has had the rest of your week go since ..."
 - Reaction 2:56 Jump to

Increase in Sentiment
Aaron Tong said: "Hey, how are you? not too bad. been flad out today,"
 - Topic 4:26 Jump to

Risk Plan
 - Topic 5:51 Jump to

Human Capital Risk
 - Key Question 10:42 Jump to

What is a major trauma event?

- Zoom Apps Upgrade Plan 349 DAYS REMAINING
- Create Workspace
- Meeting Policy
- Meeting Reports
- Coaching
- Recommendations
- Dashboard
- Meeting Manager
- Collaboration
- Calendar

Zoom – Meeting Reports



- [Trailer](#) | [Highlights](#) | [Recording](#)
- [Chapters](#) | [Topics](#) | [Action Items](#) | [Key Questions](#)
- [Download Meeting Summary](#) | [Transcript](#) | [Video](#)



Zoom – Coaching



- **Clarity – Talking Pace (WPM) | Filler Words**
- **Inclusion – Non-inclusive terms | Interruptions**
- **Impact – Bias | Charisma | Questions asked**



Maintaining Security and Privacy in the Digital Age

- **Prioritise cybersecurity, data privacy, and compliance**
- **Choose reputable software and service providers**
- **Educate yourself and your team**



Monitoring Progress and Adjusting

- **Continuously evaluate the impact of implemented changes**
- **Monitor KPIs and client feedback**
- **Adjust your approach as needed to optimise results**



Maintaining a Focus on Soft Skills

- Importance of building strong relationships with clients
- Balance efficiency with personal touch
- Soft skills remain crucial in a technology-driven world



Overview

- Transform your advisory business through compounding effort
- Embrace the journey and focus on providing exceptional service and value to clients
- <https://www.linkedin.com/pulse/power-compounding-effort-small-steps-transform-your-advisory-logan>





LOGAN SMYTHE
AND ASSOCIATES

**THANKS FOR
JOINING**

