

lifeVantage TPD Case Study

Overview

Client 1 faced a life-altering event, suffering a debilitating injury that rendered them eligible for a Total and Permanent Disability (TPD) insurance payout of \$170,000 (this totalled the client's account balance to \$370,000). This substantial sum aimed to provide financial security during a challenging period. However, such windfalls can be bewildering, leading many to seek guidance. Typically, lawyers recommend engaging a financial advisor to navigate the complexities of managing this significant payout, with the primary objective being to minimise the tax payable.

Client Referral

Recognising the intricacies involved in managing personal injury payouts, we partner with legal professionals in a collaborative approach to ensure that your clients receive expert financial advice, and are therefore able to make informed decisions about their financial futures.



Our Approach

Our initial approach is to gather all the pertinent information from a superannuation fund(s), where the TPD insurance payout was held. With this data in hand, we can provide the client with factual information about their options moving forward, including providing a calculation on the estimated tax payable from their Superannuation account.

An example of how we have recently assisted a client is shown in the following table:

	Before receiving tax advice		After receiving tax advice	
Tax payable on withdrawal				
Total Gross Benefit	\$370,920.83		\$370,920.83	
Tax Payable	\$81,236.75	21.9%	\$34,341.27	9.3%
Total Net Benefit	\$289,684.08		\$336,579.56	
Tax Saved			\$46,895	12.6%

This case study illustrates the critical role financial advisors play in helping individuals like Client 1 make sense of overwhelming insurance payouts. With our advice, they have now saved 12.6% of Tax, equating to almost \$47,000 in their name. The collaboration between legal and financial experts ensures clients receive comprehensive support during challenging times.



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Disclaimer: The information discussed above is of a general nature only and has been prepared without consideration of your individual objectives, financial situation or needs. The tax examples discussed are for illustrative purposes only. We recommend you see a financial adviser, registered tax agent or legal adviser before making any decisions based on this information.

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