

Relevant Life Policies

How to get the taxman to help pay for life cover!



"Directors and employees of small, medium & large companies have traditionally benefited from the protection of a 'death in service' scheme where a lump sum of normally 3 or 4 times annual salary is paid out to beneficiaries in the unfortunate event of premature death. The establishment of a Relevant Life policy now brings this important benefit within the reach of individual business owners and Directors."

Rob Cresswell
Managing Director

Contact Us

To find out more now, contact our protection team on **0161 643 7078**

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Where a company has only a small number or even one employee 'death in service' schemes are not available. Therefore any company director looking to provide protection for their family in the event of death would have to put in place a personal life policy and pay the premiums from taxed income.

However, little known changes made to pension rules in 2006 have meant that an opportunity exists where cover can be put in place by a company and attract generous tax treatment at the same time.

The company can set up a 'Relevant Life Policy' as a solution to the problem.

This can be very effective for a number of reasons:

- There are no P11D benefit tax charges to be paid by the employee/director
- The premiums can be set against corporation tax (saving nearly 48%)
- There is no statutory limit to the amount of benefit unlike the 4 times salary limit on employer death in service.
- The schemes can also be used to top up existing benefits, where for example the definition of salary may not include bonuses, overtime or offshore allowances
- Any benefits are paid free of income tax and generally free of inheritance tax.

Flexibility is also key, if the director/employee leaves the company it is possible to transfer the plan to the new employer or the trustees can appoint the benefits back to the employee.

Single life 'Relevant Life Policies' are not suitable or appropriate for equity partners or sole traders, however for high earners, small companies with few or even one employee the Relevant Life Policy can be very useful.

What are you waiting for - get in touch.