



A E G I S L I F E

F I N A N C I A L S E R V I C E S L T D

GUIDE TO
**EXECUTIVE INCOME
PROTECTION & RELEVANT
LIFE INSURANCE**

AFFORDABLE, TAX EFFICIENT PROTECTION
PLANNING FOR SMALL BUSINESSES

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Registered in England & Wales. Company Number: 11259488 | Authorised and Regulated by the Financial Conduct Authority

SMALL BUSINESS EMPLOYEE BENEFITS PACKAGE

Executive Income Protection and Relevant Life Plan

Executive Income Protection with a Relevant Life Plan, provides both the business and the employee with peace of mind. If an employee is unable to work due to incapacity caused by illness, injury or death, these policies could reduce the financial impact on both their family and the employer.

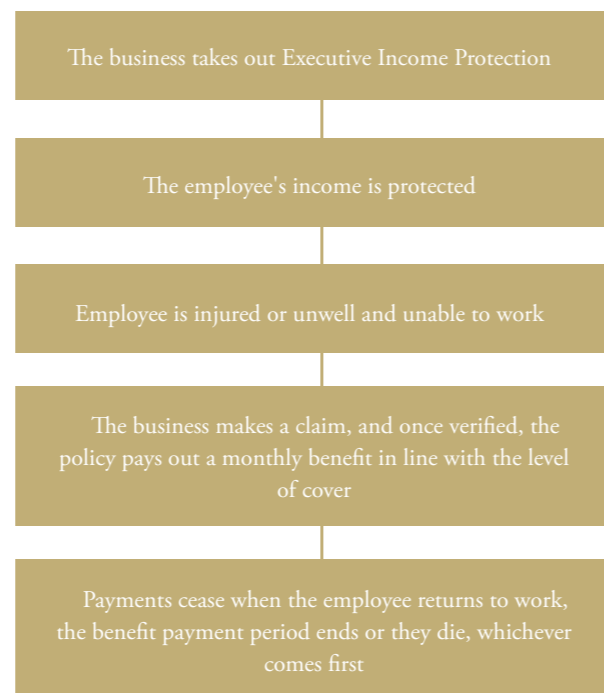
Executive Income Protection

An Executive Income Protection plan pays a monthly benefit to the business when an employee is absent because they are unwell or injured. The monthly benefit the business receives in the event of a valid claim, can be used to help fund the employee's ongoing sick pay. The benefit helps the employee to meet their financial commitments, ensuring they do not need to rely solely on their savings or state benefits.

Executive Income Protection plans are designed to help protect businesses against financial impact should an employee be unable to work due to illness or injury. Businesses can help protect not just an employee's salary, but also their dividends and P11D benefits which form part of their overall remuneration. Additional cover can also be arranged to cover costs such as employers National Insurance and employer pension contributions. Executive Income Protection provides financial reassurance when a business is faced with financial uncertainty due to employee illness or injury.

Who can take out cover?

The person covered must be an employee of a UK business, which can include salaried company directors. The product is designed to predominantly cover employees of Limited Companies.



Relevant Life Plan

Relevant life is a life insurance policy available to employers to provide an individual death-in-service benefit for an employee.

- It can help smaller businesses attract and retain high-calibre staff by offering them attractive benefit packages in a tax-efficient way.
- It can also be a tax-efficient way for directors to make provision for their family and have their life insurance paid for by the company.
- It allows employees, who are members of group life pension schemes, to top up their life cover without affecting their annual and lifetime allowances.
- The cover must be paid in a single lump sum before the age of 75.
- Relevant Life Plans are written into trust from inception and thus provide a tax-efficient lump sum pay-out to the beneficiaries if an employee dies or is diagnosed with a terminal illness, while employed.

Who can apply for a relevant life policy?

An employer takes out a relevant life policy on the life of an employee. The following could apply for a relevant life policy, as an employer:

- A Limited Company (Directors will often be employees);
- A Partnership;
- A limited Liability Partnership;
- A Sole Trader, or
- A Charity.

The cost savings of a Relevant Life Plan versus an ordinary Life Policy

| | Non-relevant life plan policy | Relevant Life Plan |
|---|-------------------------------|--------------------|
| Annual Premium | £1,000 | £1,000 |
| Employee National Insurance Contribution (assuming 2%) | £34.48 | None |
| Income Tax (assuming 40%) | £689.65 | None |
| Dividend Tax | None | None |
| Gross earning needed | £1,724.13 | £1,000 |
| Employer National Insurance Contribution (assuming 13.8%) | £237.93 | None |
| Total gross cost | £1,962.06 | £1,000 |
| Less Corporation Tax (assumin 19%) | £372.79 | £190 |
| Tax-adjusted total cost | £1,589.27 | £810 |

This example is provided for illustration purposes only. Actual premiums and tax relief will depend on individual circumstances. The information is based on our understanding of current legislation, taxation law and HM Revenue & Customs (HMRC) practice, which may change.

Want to discuss your options?

Just as every client is unique, so is the service we build around them. We are here to support you through life's unexpected events and difficult times and can provide the right solutions for every step of the way.

**To discuss your specific requirements, please contact us -
we look forward to hearing from you.**

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