

Tax efficient cover to protect your family

If you own your own company and you want to arrange life cover to protect your family, Relevant Life Insurance might be the perfect product for you.



visit our
website or call
01822 855555
for more
advice

Let your business look after your family

Relevant Life Insurance is a tax-efficient term assurance policy on the life of a company director, or employee, that will pay out to their loved ones if they die within the term. The maximum term is to age 75.

It is written into trust and the life assured nominates the beneficiaries. The company will be a trustee and it is sensible to appoint yourself as an individual, and at least one other person, which could be the beneficiary of the policy.

Why Do I Need Relevant Life Insurance?

If you own your own company and you want to arrange life cover to protect your family, this is more tax efficient than taking out the cover yourself and paying for it out of your own after tax and after NI'd (National Insurance) income.

Can I Cover Critical Illness?

Aviva are now offering a limited form of Critical Illness cover, which will pay out on death or earlier diagnosis of a significant illness. This is based upon their interpretation of the legislation (see below), although other providers haven't taken the same view yet.

How Much Can I Cover?

There is no legislative limit, but it should be reasonable. The providers normally limit the amount of cover you can have to 15 or 20 times your remuneration package, but if you are young, you may be able to cover a higher income multiple. If you pay yourself a small salary and dividends, don't worry, this can be taken into account.

What About Health?

When completing the proposal, there will be a medical questionnaire to complete, and the provider could ask your GP for a report. In some cases, providers ask the life assured to attend a full medical, which is normally paid for by the provider. If you have any existing medical conditions or have suffered any in the past, it's your duty to disclose them.

What About Tax?

The tax treatment is similar to a registered Group Death in Service Insurance scheme that a company would take out for employees, with the added advantage that benefits do not impact the Lifetime Pension Allowance. Premiums paid are usually a business expense for Corporation Tax purposes and there won't be any benefit in kind to report on your P11D. The lump sum on death would normally be paid tax free.

For Your Accountant

Further information on the legislation set out in Section 393 of the Income Tax (Earnings and Pensions) Act 2003 (ITEPA) and Section 482 ITTOIA 2005.

To find out more you can visit our website or call us on 01822 855555