

does your client need death in service benefits without a group life scheme?

Who are relevant life policies aimed at?

- High-earning employees who have substantial pension funds and do not want their death in service benefits to form part of their lifetime allowance.
- Small businesses that do not have enough eligible employees to warrant a group life scheme.

How does your client qualify?

The policy must:

- Only provide for a lump sum death benefit payable before the age of 75.
- Only be payable to an individual or a charity.

The policy must not:

- Provide any other benefit.
- Be capable of having a surrender value.
- Be used mainly for the purpose of tax avoidance.

What is the maximum amount of cover under a relevant life policy?

- Your clients can apply for any amount of cover up to our maximum of £5,000,000.
- The maximum multiple of salary an individual can be covered for is 15 times the annual salary of the employee.
- This is equivalent to providing up to 4 times salary as death in service benefits and up to 11 times salary as a lump sum that can be invested to provide an income or buy an annuity as an alternative to a widow's or dependent's pension.

A stand-alone single life policy is an alternative way for employers to provide death in service benefits to their employees or provide a lump sum to buy an annuity.

The policy provides a lump sum benefit on the death of an employee outside of a registered group life scheme.

What are the benefits?

- The benefit won't form part of the employee's lifetime pension allowance.
- The payments made won't form part of the employee's annual allowance.
- The payments employers make aren't subject to income tax because they are not normally assessable on the employee as a benefit in kind.
- These payments can be treated as an allowable expense for the employer in calculating their tax liability, as long as the local inspector of taxes is satisfied they qualify under the 'wholly and exclusively' rules.
- In most cases the benefits are paid free of inheritance tax – provided the benefits are payable through a discretionary trust.

Bright Grey has the knowledge and expertise to support you when you need it.

RELEVANT LIFE POLICIES

Protection doesn't need to be complicated. Bright Grey makes it easy.

How does my client apply for a relevant life policy with Bright Grey?

Your client can apply for a relevant life policy using the Bright Grey Business Protection Menu. The plan must be written on a 'life of another' basis with the employer as the plan owner and the employee the person covered. The plan must only include Life Cover and cannot include any other benefit. The cover can be written on either a level or increasing basis. You can find more information about the Business Protection Menu in the plan details and key facts or by visiting www.brightadviser.co.uk

Support when you need it

We are keen for you to develop the protection market and will provide you with the help you need. We offer **taxation expertise** from our technical support unit, specialist service support, and comprehensive sales material written in clear and simple language.



Where can I find out more?

You can find more information, and details of the legislation that define the rules for relevant life policies in our guide to relevant life policies.

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