

Business protection



bright grey®

Protection. We make it personal

Let the taxman help pay for your life cover



Let the taxman help pay for your life cover.

If you're a company director and you have life cover to protect your family, you could be paying more tax than you need to.

Relevant life policies are a way of providing death-in-service benefits on an individual basis no matter how small your business is.

What are the benefits?

- Although the company makes the payments, they're not treated as a benefit in kind, and so would not be included in your income tax assessments. This can be a significant saving, particularly for a higher-rate taxpayer.
- Unlike a registered group scheme, the benefit will not form part of your annual or lifetime pension allowance.
- These payments may be treated as an allowable expense for the company in calculating their tax liability, as long as the local inspector of taxes is satisfied they qualify under the 'wholly and exclusively' rules.

Who are relevant life policies suitable for?

- Small businesses that don't have enough eligible employees to warrant a group life scheme.
- High-earning employees or directors who have substantial pension funds and don't want their benefits to form part of their lifetime allowance.
- Self-employed or equity partners' staff.

Relevant life policies aren't suitable for self-employed or equity partners themselves.

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

- You can apply for any amount of cover up to our maximum of £5,000,000.
- The maximum cover Bright Grey will accept is 20 times your remuneration up to age 39, or 15 times your remuneration for age 40 or over. This can include salary, regular dividends paid in lieu of salary and any benefits in kind.

Talk to your adviser

Make sure you have a protection plan that's right for you and your business.



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Are there any limits to the cover I have?

The legislation does have some limits to qualify for the tax concessions, and to ensure these are met:

- The cover must be paid in a single lump sum before the age of 75.
- Only death benefits can be provided.
- Benefits must be paid through a discretionary trust.
- Beneficiaries are normally restricted to family members and dependants.

What are the advantages of using a discretionary trust?

- There are restrictions in the legislation on who benefits can be paid to. The use of the trust is the most practical way to make sure you meet these requirements. The beneficiaries who could be included are usually family members and dependants.
- Having benefits paid through a trust ensures they can't be taxed as part of the company's trading income, nor do they form part of the company's assets.

- The trust is discretionary, allowing trustees to be flexible in who they pay benefits to. However, the person covered can advise the trustees of their intentions by completing a nomination form. Although this is not legally binding on the trustees, it helps to guide them. The trustees will normally be the directors of the company.
- Using a trust also ensures that in most circumstances benefits are paid free of both income tax and inheritance tax.

Remember, we include our unique Helping Hand service with every Bright Grey menu plan. This includes practical support and advice to help find a replacement for your business's key person.

Relevant life policies suit higher paid directors, business owners and other employees who want high levels of life cover, with the tax and other benefits that normally only apply to large group schemes.

Protecting your business. Protecting you.

If you want to know about our relevant life policy, and whether this is suitable for you, please speak to your adviser.

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