



Relevant Life

Product Factsheet

v1.0

www.plusprotect.co.uk



Overview

In simple terms, Relevant Life Insurance is a cost-effective way of taking out life insurance for you or your employees. It's designed to pay out a lump sum on death or diagnosis of a terminal illness. Straightforward and cost-effective, Relevant Life Insurance can also be tax-efficient for both the business and the employee.

The cover is paid for as an expense through the business.



Who it's for

Any employee of a UK business including Self-Employed Limited Company Directors.



What it does

It provides Life Cover for an employee/Director whilst they work for the company.

The Company pays the premiums on behalf of the employee/Director.

It provides a more cost-effective and tax-efficient way of arranging Life cover.



How it works

The company takes out a Relevant Life Plan on behalf of the employee/Director

The Relevant Life Plan is placed in Trust by the employee/Director

If the employee/Director dies during the term, a claim is made by the Trustee(s)

The Relevant Life Plan pays out the to the Trustee(s).



Why it's so tax-efficient



- ✓ It's usually cheaper than arranging cover privately.
- ✓ Premiums are normally classed as a business expense and are therefore tax deductible.
- ✓ Placing it in Trust may avoid any potential Inheritance Tax Liability on the benefit payable.
- ✓ The premiums are paid by the business and not from the employee/Directors' net income (from which Income Tax and NI contributions are taken first).
- ✓ Under current rules, the benefit from a Relevant Life Plan doesn't count towards someone's lifetime pension allowance (unlike a Group Death in Service Scheme).

Information regards taxation levels and basis of reliefs are dependent on current legislation, individual circumstances are not guaranteed and may be subject to change.



What you can save

The unique way in which Relevant Life Plans are established mean you may be eligible for considerable tax and cost savings. This table shows the comparative total costs for the same plan taken out as a normal life insurance policy versus a Relevant Life Plan assuming the policyholder is a salaried Director of their own business.

	Normal/Non-Relevant Life Policy	Relevant Life Plan
Annual Premium	£1,000	£1,000
Employee NI Contributions (assuming 2%)	£34.48	N/A
Income Tax (assuming 40%)	£689.65	N/A
Gross earnings required	£1,724.13	£1,000
Employer NI Contributions (assuming 13.8%)	£237.93	N/A
Total gross cost	£1,962.06	£1,000
Less Corporation Tax (assuming 20%)	£392.41	£200
Tax-adjusted total cost (annual)	£1,569.65	£800

This example is fictitious and provided for illustrative purposes only. It assumes that the policyholder's Relevant Life Plan gets full tax relief and qualifies as an allowable business expense. Actual premiums will depend on individual circumstances. As with all insurance policies, exclusions and limitations may apply.



This cover is ideal for

Limited Company Directors (PAYE)
Employees of UK Limited Companies, Partnerships,
Limited Liability Partnerships or Sole Traders



This cover is not designed for

Business owners of Partnerships,
Limited Liability Partnerships or Sole Traders
(in their capacity as owner).
Those residing outside of the UK



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PROTECT



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