

Relevant Life Plans ... slightly boring but oh so useful

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YOU want the best for your family and your business ... you want to protect them but you don't know how best to do this ... you might just find that a Relevant Life Policy could be the answer you're looking for.

Life insurance cover for your family paid out tax free with the premiums paid by the company and benefiting from Corporation Tax Relief!

The aim of a Relevant Life Policy is to provide a lump sum payment on the death of a single employee and their use effectively removes the need for a company to set up a registered group life scheme. The plans are primarily aimed at high-earning employees or company directors who have substantial pension funds and don't want their death-in-service benefits to form part of their Lifetime Allowance and small



businesses without enough eligible employees to warrant a group life scheme. Providing the arrangement meets certain criteria a Relevant Life Policy has several advantages, chief amongst which are that the benefits don't form part of the employee's Lifetime Allowance, that the premiums paid don't form part of the employee's Annual Allowance and that premiums paid by

employers are not normally assessable for either employee or employer National Insurance contributions.

To qualify as a Relevant Life Policy plans must usually only provide a lump sum payment on death payable before the age of 75, they must generally not be capable of having a surrender value, any benefit must only be payable to an individual (or a charity) and the main purpose of the policy must not be tax avoidance.

In terms of taxation benefits, premiums paid by employers are not normally assessable on the employees as a benefit in kind so they're not subject to income tax. Premiums may also be treated as an allowable expense for the employer when calculating their tax liability providing HMRC is satisfied they qualify under the 'wholly and exclusively' rules. As the benefits are payable through a discretionary trust, in most cases the benefits are paid free of Inheritance Tax as the payment is not considered to be part of the individual's estate (although it should be noted that the trust will be subject to the normal rules).

It's clear to see the benefits of this type of protection so, if you want to protect your employees and your family in a simple and effective manner, Relevant Life Plans might just be the way to go.

Please note: Taxation and policy conditions are subject to change. This article is for information only. No action should be taken based on this information alone.

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