

Group life insurance provides your employees reassurance that in the event of their death, their dependants will receive a tax-free lump sum. It offers life insurance protection to multiple individuals under a single policy, often at a lower cost compared to individual life insurance policies.



We believe Group Life Insurance is an essential employee benefit. In 2021, group life insurers received 13,479 claims, valued at more than £1.57 billion. Across these, the average claim was £116,414 and the main causes of claim were cancer (33%) and heart disease (16%).

The amount of life insurance cover provided to an employee is typically a multiple of their salary, for example four times salary, or a fixed sum, for instance £50,000.

You can mix and match benefits across the workforce, for instance providing new joiners with a fixed sum and more long-standing employees with a more generous multiple of salary.

The coverage amount is typically a fixed multiple of the employee's salary or a predetermined amount. In the event of the insured person's death, the policy pays out a death benefit to the designated beneficiaries.

## What are the benefits of life insurance to your employees?

Firstly, you are protecting your most valuable asset - your staff!

Offering life insurance to employees can provide several benefits, both to the employees themselves and to the employer. Here are some of the key advantages of providing life insurance as part of an employee benefits package:

**Financial protection for employees' families:** Life insurance provides a financial safety net for an employee's loved ones in the event of their death. It helps ensure that dependents, such as spouses, children, or other beneficiaries, are provided for in terms of ongoing living expenses, mortgage payments, education costs, and other financial obligations.

**Peace of mind for employees:** Knowing that they have life insurance coverage can give employees peace of mind, reducing their financial worries and allowing them to focus on their work and personal lives.

**Attracting and retaining top talent:** Life insurance is a valuable benefit that can help attract and retain high-quality employees. In a competitive job market, offering comprehensive benefits, including life insurance, can differentiate you as an employer and make you more appealing to potential candidates.

**Employee loyalty and morale:** Providing life insurance demonstrates that you as an employer cares about the well-being of your employees and their families. This can foster a sense of loyalty and goodwill among employees, leading to increased job satisfaction and higher morale within the organization.

**Tax advantages for the employer:** Under current UK tax laws, your premiums normally qualify as an allowable business expense, and therefore tax-deductible. This can result in potential tax savings for you the employer, making it a cost-effective benefit to offer.

**Enhanced employee financial wellness:** Life insurance can be an important component of an overall financial wellness program. By offering life insurance, employers can support their employees' long-term financial security and help them plan for the future.

## How we can help

Group Life Insurance policies vary across the market and as Ellis Bates are an independent advisory firm, we can research and select from the whole marketplace of life insurance options that best meet your requirements.

We will also help with the legal set up and maintenance of your scheme, for example setting up Trusts to ensure the proceeds of any life insurance pay out do not form part of the employee's estate upon their death. Doing this means there's no inheritance tax to pay and the beneficiaries receive their money quickly and without having to wait for probate.

## Group rates and ease of enrolment:

Group Life Insurance can cost as little as 1% of your company's salary costs, making it an affordable employee benefit.

Group life insurance plans typically offer lower rates compared to individual policies, as the risk is spread across a larger pool of employees. Moreover, group life insurance often simplifies the enrolment process, making it easier for employees to access coverage without undergoing extensive underwriting or medical exams.

It's important to note that the specific benefits and features of life insurance policies can vary, so it's important to consult with an Ellis Bates financial adviser to design a plan that best meets the needs of both employees and the organization.

