

Relevant life Insurance

Relevant Life Insurance is a type of life insurance policy that is designed specifically for small business owners and company Directors. It provides a tax-efficient way for businesses to offer life insurance to their employees, particularly for individuals who may not have access to a group life insurance scheme, such as employees of small businesses or those who are not part of larger employee benefit programs.

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Benefits of Relevant Life Insurance

Individual Coverage: each policy covers one individual life, which means it can be tailored to the needs of specific employees or directors.

Death Benefit: in the event of the insured person's death during the term of the policy, a tax-free lump sum is paid out to the nominated beneficiaries. This payout can be used to provide financial support to the deceased person's family or dependents.

Tax Efficiency: one of the main advantages of Relevant Life Insurance is its tax efficiency. The premiums paid by the employer are usually treated as an allowable business expense, reducing the company's taxable profits. Additionally, the policy payout is usually paid tax-free to the beneficiaries and are free of inheritance tax as does not form part of their estate.

Portable Coverage: the policy is not tied to employment, meaning that if the insured person changes jobs or leaves the company, they can take the policy with them.

No Impact on Pension Allowance: the premiums for Relevant Life Insurance typically do not count towards the employee's annual pension allowance, which can be beneficial for high-earning individuals who want to maximize their pension contributions.

Medical Underwriting: the application process may involve medical underwriting, but the premiums are often based on the individual's health and lifestyle factors.

Helping you choose the right Relevant Life Insurance

It is important to note that Relevant Life Insurance is not suitable for every situation. For larger companies with many employees, traditional group life insurance policies might be more cost-effective. However, for small businesses and directors looking to provide life insurance as an employee benefit, Relevant Life Insurance can be a valuable option due to its tax benefits and individualized coverage. As with any financial decision, it is important to consult with a qualified financial adviser to determine the most appropriate insurance solution for specific needs.

