



## Relevant life cover

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### *Tax efficient life cover*

If you are a business owner, and you are paying for Life Assurance personally, you may benefit from a review of your arrangements. Many business owners choose to pay for protection via their companies, which enables them to make both tax and National Insurance savings.

### **Advantages**

Provided the arrangement meets the criteria below, a relevant life policy has a number of advantages:

- The benefit **won't form part of the employee's lifetime pension allowance**.
- The premiums paid **won't form part of the employee's annual allowance** (the amount that can be contributed by, or on behalf of, an individual to any registered pension scheme with the benefit of tax relief). So the employee is still able to make full use of their annual allowance to make contributions to a registered pension scheme.
- Premiums paid by employers are **not normally assessable for employer or employee National Insurance contributions**.

### **What is Relevant life cover?**

Relevant life policies are primarily aimed at businesses that don't have enough eligible employees to warrant a group life scheme.

Relevant life policies can also be used by directors of the company.

## Taxation

Premiums paid by employers are not normally assessable on the employees as a benefit in kind so they're not subject to income tax.

The premiums may be treated as an allowable expense for the employer in calculating their tax liability provided that the local inspector of taxes is satisfied they qualify under the 'wholly and exclusively' rules.

## How easy is it to arrange?

Speak to your adviser who we will assess your needs and offer you an initial consultation.

Should you decide to go ahead we will handle the whole process for you from start to finish.

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## Find out more

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