



## Business Protection Cover

---

### Why Business Protection?

It's one of the best ways to safeguard the future of your business, by protecting the people who matter most to the business' success. With Business Protection, it gives the company an extra degree of long-term stability and reassurance, by protecting key employees and shareholders, should something ever happen to them.

### What is Key Person Protection?

It's simply a business insuring itself against the financial loss it may suffer because of the death (or critical illness if chosen) of a key person. A key person is an individual whose skill, knowledge, experience, or leadership contributes to the continued financial success of the business.

### Why Key Person Cover?

With many small and medium sized companies dependent on a few key people, Key Person Protection is designed to help protect the business in the event of death (or critical illness if chosen) of one or more key employees. If such an event happens, the plan pays out a lump sum to cover any loss in revenue or profits – helping to keep their business on track.

### What is Shareholder Protection Cover?

If a business owner dies, their share of the business usually passes to their beneficiaries. To regain control of that share, surviving business owners may need to buy that individual's part of the business. Many businesses don't have the money to do this, and it can be costly to borrow.

### What is Business Protection Cover?

*Many businesses rely on certain key people to trade, without whom they would struggle financially. Just as a business insures its assets against fire and theft, it should also consider protecting itself against the death, serious illness, or disability of its key people.*

### Why Shareholder Protection Cover?

Shareholder Cover will pay a lump sum if a business owner dies or suffers a terminal illness. This provides the capital to enable the surviving business owners to buy that individual's share of the business – allowing them to keep control.

### What is Relevant Life Cover?

It's a 'death in service' benefit that pays the employee's family a lump sum in the unfortunate event they were to die while employed.

### Why Relevant Life Cover?

When a business takes out a Relevant Life Plan for an employee, they can make tax savings of nearly 50%, in the form of a tax-deductible business expense and no National Insurance contributions.

## Why a Shareholders' Agreement/Partnership Agreement?

There are many reasons as to why a Shareholders' Agreement or Partnership Agreement, depending on your business set-up, is encouraged. Important factors include the option to offer the shares of an outgoing shareholder to remaining shareholders, what happens in the event of illness and/or death of a partner/shareholder and what happens in the event of a business deadlock as to how decisions are made, or business dispute. We encourage you to check your Shareholders' Agreement or Partnership Agreement on a regular basis to ensure your business is prepared with regard to succession planning and protecting your business.

## Business owner financial health checklist

Our clients work extremely hard to build up their business and owners often focus purely on its day to day running. This may mean them inadvertently overlooking the immediate and longer-term risks that could affect their business.

Addressing some or all the issues below will help them take action that may reduce their overall tax bill, help them become less dependent on their business and protect it against unforeseen events that could affect its future value and saleability. This includes the ability to pass the business on to other family members or co-owners.

**Please consider the below questions to see if there is anything we need to address for them:**

- 1 Does the Business Owner have a written exit strategy or succession plan for their business?
- 2 Does the Business have employees who are fundamental to maintaining its growth and profitability and whose sudden death (or severe illness) would seriously impact its cash flow and/or future profits?
- 3 Is the Business owner paying for their family life assurance policy through their own personal bank account?
- 4 Would the Business be able to continue to pay the owner if he/she suffered a serious illness or became incapacitated?
- 5 Has the Business reviewed its Partnerships'/Shareholders' Agreement within the last 18 months?
- 6 Who will inherit the business should an Owner die?
- 7 Does the Business have Private Medical Insurance?  
When did they last review it?

### Find out more

T: 01903 534 587

E: [info@carpenterboxfa.com](mailto:info@carpenterboxfa.com)

[www.carpenterboxfa.com](http://www.carpenterboxfa.com)



### Key contact



**Tim Dunn**

Protection Adviser

E: [tim.dunn@carpenterbox.com](mailto:tim.dunn@carpenterbox.com)