DELAUNAY wealth

Relevant Life

What is a Relevant Life plan?

- An individual Death In Service life assurance policy available for employees of the company which may include directors
- Your business pays regular premiums based on the level of cover
- If the person covered dies or is diagnosed with a terminal illness whilst in employment during the term, the plan pays a fixed, one-off lump sum
- The plan is designed to meet certain legislative requirements that mean your premiums, benefits and options should be treated tax efficiently

Who can take out a Relevant Life Plan?

- To be eligible for a Relevant Life Plan, the person to be covered must be an employee of the business, which can include company directors who are salaried. Unfortunately, Relevant Life Plans are not available for sole traders, equity partners of a partnership or equity members of a Limited Liability Partnership.
- It's a Single Life Policy, which means each plan covers one person. There's no option to include joint cover in the same policy.

How a Relevant Life policy can cut company costs

Premium		Ordinary life policy £1000	Relevant life policy £1000
Company gross cost	Employees National Insurance contribution at 2%	£34	Nil
	Income Tax at 40%	£690	Nil
	Employer's National Insurance contribution at 13.8%	£238	Nil
		£1,962	£1,000
Company net cost	Corporation tax reliex at 20%	£392	£200
Net cost		£1,570	£800*

* Assume that corporation tax relief is 20% and had been granted under the 'wholly and exclusively' rules. In both cases we've assumed a payment of £1,000 each year for the life cover on an employee who's paying income tax at 40% and employee's National Insurance at 2% on the top end income. We've also assumed that the employer is paying corporation tax at the small profits rate of 20% and will pay the employer's National Insurance at the contracted-in rate of 13.8%.

This summary sheet is purely for illustration purposes and does not constitute an invitation to participate. Any illustrations are not conclusive and do not cover many aspects of these structures. Under no circumstances should an individual consider this a recommendation, nor should they use this summary as an indication as to the potential for participation. The value of investments may fall as well as rise. You may receive back less than the original investment. Any decision to participate should be made with the help of appropriate tax advice.

Delaunay Wealth Management Ltd, Holden House,
57 Rathbone Place, London, W1T 1JU

+44 (0)345 505 3500
mail@delaunaywealth.com

www.delaunaywealth.com