RISK ASSURED
LIFE INSURANCE SPECIALISTS

RELEVANT LIFE INSURANCE
TAX EFFICIENT LIFE INSURANCE FOR BUSINESSES, DIRECTORS AND EMPLOYEES
MAY 2024

Relevant life insurance provides a straightforward, cost-effective and tax-efficient way for businesses to provide life insurance to directors and employees.

Employer benefits

- Can be used instead of, or in addition to, group life insurance (death-in-service).
- Premiums paid by the company qualify as a tax-deductible business expense.
- No employer NI contributions on the premiums paid.
- Provides valuable death benefits for employees.

Director or Employee benefits

- Premiums paid by the company do not count as a P11D benefit.
- No employee NI contributions on the premiums paid.
- Portable to a new company or a personal policy at any time.
- Proceeds on death do not form part of estate.

Who can benefit?

- Available to a maximum expiry age of 75.
- Available to any director or employee of a limited company and salaried partners of a partnership.
- Available sum up to 30 times remuneration (including salary, bonuses and dividends).

Example

Assumes income taken as salary only, income tax rate of 45%, employee's NI rate of 2%, employer's NI rate of 13.8% and corporation tax rate of 25%.

	Non-Relevant Life Policy	Relevant Life Policy
Monthly premium	£1,000	£1,000
Employee NICs	£38	£0
Employee Income Tax	£849	£0
Employer NICs	£260	£0
Total gross cost	**£2,147**	**£1,000**
Corporation Tax	(£537)	(£250)
Total net cost	**£1,610**	**£750**

Cost per year for £1 million of relevant life cover

	SINGLE LIFE			
AGE	10 YEAR TERM GUARANTEED PREMIUM	20 YEAR TERM GUARANTEED PREMIUM	TO AGE 65 TERM GUARANTEED PREMIUM	TO AGE 75 TERM GUARANTEED PREMIUM
30	£298	£330	£445	£594
35	£365	£456	£573	£774
40	£532	£706	£789	£1,051
45	£842	£1,075	£1,054	£1,426
50	£1,300	£1,732	£1,458	£1,990
55	£1,968	£2,456	£1,890	£2,671
60	£3,035	-	£2,135	£3,680
65	£4,455	-	-	£5,072

All premiums are indicative only and assume standard rates for clients that are non-smokers and UK resident. Source Iress. This information is intended for professional advisers only.