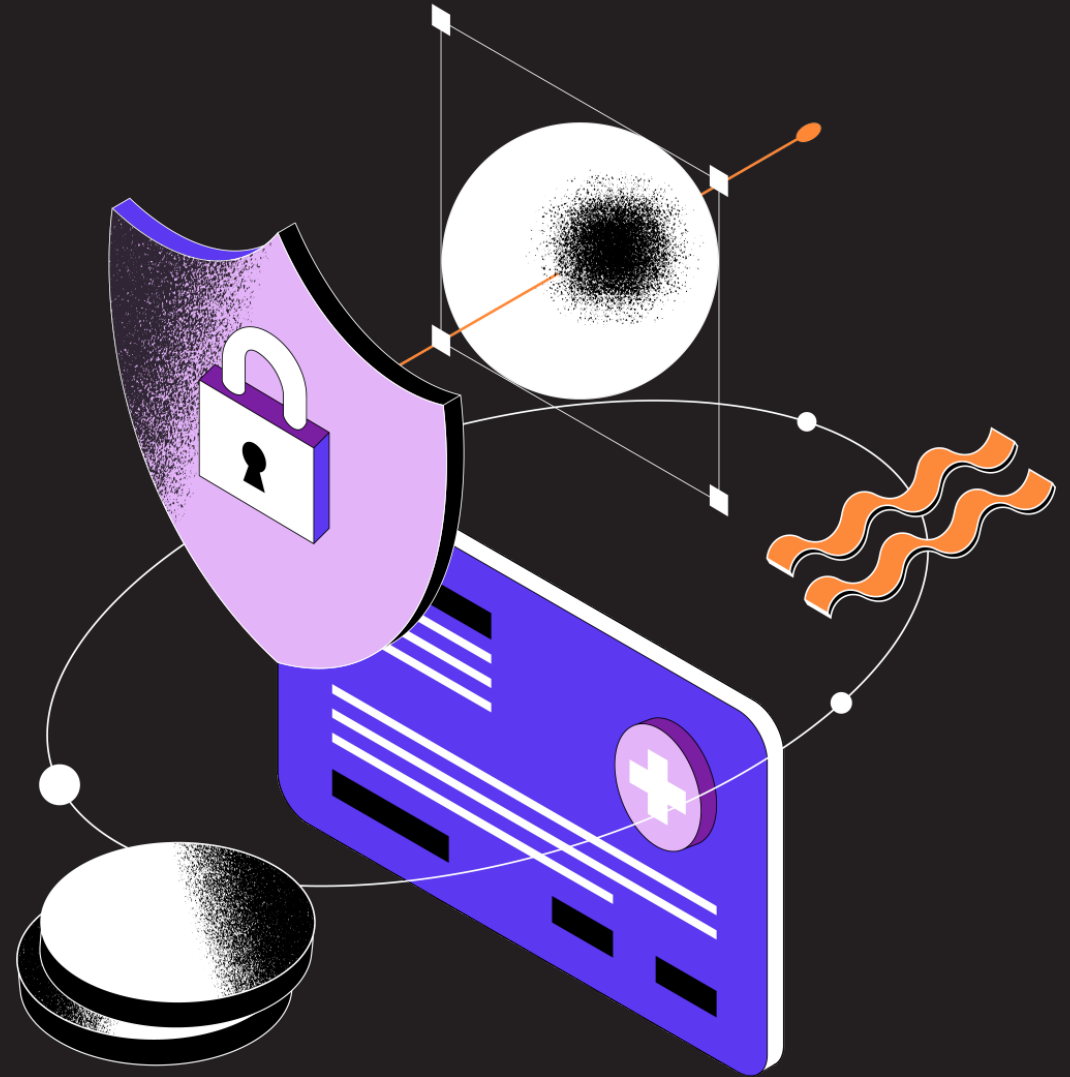


broadbench

Your Guide To Relevant Life Insurance

A Death-In-Service Benefit
For Business Owners And
Their Employees



broadbench.co.uk   

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Why Consider Life Insurance?

Protecting those you love when you're no longer around isn't easy, but it could be one of the most important conversations you have. Looking ahead gives you peace of mind that the people who matter most will be provided for. For that reason alone, purchasing life insurance is an important part of your personal finance plan.

Simply put, life insurance provides your loved ones with a one-off payment (or monthly payments) should you pass away. It means your family won't face the worry of paying bills, keeping a roof over their head or putting food on the table and provides you with control over how your finances will be managed after your death.

Furthermore, a standard life insurance policy can be enhanced to become more tax-efficient if you're a contractor or director running a limited company – this is what's known as Relevant Life Insurance.



What Is Relevant Life Insurance?

Take control of your protection by moving your monthly life insurance payments from your pocket to your limited company expenses. It's very tax efficient!

Relevant Life Insurance is a type of life insurance that is designed specifically for business owners and company directors. It's a tax-efficient way for companies to provide death-in-service benefits to its employees.

Instead of providing group life cover, the employer can provide a Relevant Life Policy on an individual basis.

Why Is It Called "Relevant"?

Because the benefits paid out are relevant to the employee and his or her family, rather than to the employer. The premiums are paid by the employer, but they are treated as a business expense and are therefore tax-deductible.

The death benefit is paid out to the employee's nominated beneficiaries and is generally free from inheritance tax.



The Important Stuff

Reasons To Choose Relevant Life Insurance

1. Death-In-Service Benefit

Relevant Life Insurance gives business owners and their employees a fantastic death-in-service benefit, keeping your team engaged and feeling valued.

2. You See Immediate Savings

By paying for life insurance through your business, you can reduce your personal outgoings by hundreds if not thousands of pounds per year.

3. There's No Impact On Existing Benefits

Relevant Life Insurance isn't treated as a benefit-in-kind.

All statements concerning the tax treatment of products and their benefits are based on our understanding of current tax law and HM Revenue and Customs' practice. Levels and bases of tax relief are subject to change.

4. NI Doesn't Apply

Relevant Life Insurance premiums aren't subject to National Insurance payments.

5. You Can Claim Tax Relief

Your business can claim Corporation Tax Relief on your monthly Relevant Life Insurance premiums.

6. It's A Flexible, Tax-Free Payout

There is no tax to be paid on Relevant Life Insurance benefits and no restriction as to what the payout is used for.

The Important Stuff

Your Broadbench adviser will be able to walk you through the specifics of the policy you choose, however, there are some details you should be aware of when choosing Relevant Life Insurance.

- You are only covered for the duration of the policy.
- The cover only lasts while you keep up your monthly payments.
- You have to be a salaried director or an employee of a limited company and resident in the UK.
- Traditional life insurance can be subject to inheritance tax. Relevant Life Insurance, when set up as a trust, means there will likely be no tax surprises in the lump sum you intend to leave your loved ones.
- There is no benefit in kind charge.
- The personal savings to you (by moving the cost of your personal life cover to your company expenses) could be significant and help to pay for the holiday, car or house extension.
- You should regularly review your cover, especially if your circumstances change.

In terms of costs, Relevant Life Insurance premiums are generally lower than traditional group life insurance policies, making it a cost-effective option for both employers and employees.



Protect What You Love

Relevant Life Insurance Can Support You And Your Loved Ones In A Number Of Ways

Getting this right will give you the peace of mind that your family will be covered when you're no longer around to provide an income.

1. Mortgage Protection

Overwhelmingly, clients come to us at Broadbench looking to secure life insurance that simply covers the outstanding amount left on their mortgage. However, it's vital to consider any other debts in addition to your mortgage when establishing the amount of cover to secure.

2. Paying Off Outstanding Debt

Many believe that their debts cease to exist when they do, but the reality is very different. Assuming their assets don't exceed them, any debt is handed over to their next of kin. That's why, in order to truly protect what you love, it's important to consider debts beyond your mortgage.

3. Income Protection

Keeping your family protected after your death is about more than leaving them debt free. It's also important to consider the loss of income they will suffer when you're no longer around. What changes would that mean to your family's lifestyle?

4. The Cost Of Raising Children

The cost of supporting a family and bringing up children is also something many people overlook when considering life insurance. Research conducted in 2021 by the Child Poverty Action Group found that the basic cost of raising a child to age 18, excluding housing, childcare and council tax, is £160,692 for a couple. £193,801 for a single parent or guardian. And that research only accounts for the basic cost of raising a child. What about the lifestyle your family is accustomed to?

FAQ's

What is Relevant Life Insurance?

It's not a nice thing to think about, but if you're a contractor and you pass away, how would your loved ones survive? This is where Relevant Life Insurance can provide the answer. It pays out a large one-off sum to help your family live after you've gone. Plus, a Relevant Life policy offers some very special advantages to limited company business owners and contractors looking for life cover. The headline benefit is tax efficiency.

While the life cover is personal to you, the policy counts as a legitimate business expense, so it is tax deductible. Learn more about how a Relevant Life Policy could be suitable for you by contacting us.

How do I pay for my Relevant Life Insurance policy?

You can pay your premiums monthly by Direct Debit.

Am I eligible to take out a Relevant Life Insurance policy?

You must have a limited company to benefit from the tax savings that a relevant life insurance policy offers. If you do not have a limited company then standard Life Insurance will offer you the protection you need.

Do I get any money back if I don't die before the Relevant Life Insurance policy term ends?

No. There's no cash value at any time. Just like standard Life Insurance at the end of your Relevant Life Insurance policy term you stop making payments and your cover ends.

Can my mortgage be covered with Relevant Life Insurance?

If you have an interest-only mortgage, your outstanding mortgage loan stays the same until you repay it at the end of the mortgage term. Level Relevant Life Insurance could cover this type of mortgage.

How do I know what the right policy for me is?

If the unexpected happens, you'd want your family to be taken care of. You'd want the mortgage paid off and enough money for them to live. It's important to get this right, which is why we work closely with you, making sure the cover fits your needs but is also affordable for you. The policies we recommend are handpicked for contractors, and we'll cut through any jargon, so you know exactly where you stand.

FAQ's

How does Relevant Life Insurance work? What do I need to know?

Like standard Life Insurance, it provides your loved ones with a large tax-free, one-off payment, or monthly payments if you pass away. It can be used to pay the mortgage off or help your family with living expenses. You are covered only for the duration (term) of the policy and cover only lasts while you keep up monthly premiums. Monthly payments can be reduced by combining this with a Critical Illness policy.

The key difference between Life Insurance and Relevant Life Insurance is that with Relevant Life Insurance the cost of the premiums is moved from your own pocket to your company expenses. This saves you tax and reduces the cost of your monthly premiums.

Additionally, this is not treated as a benefit-in-kind; the premium is not included as a P11D benefit, nor are premiums subject to National Insurance payments for the employer or employee.

There is significant tax relief with a Relevant Life plan and your business can claim Corporation Tax Relief on the premiums. Plus, the payout itself is tax-free.

Will my payments on my Relevant Life Insurance policy change?

If you choose level or decreasing cover, your monthly payments are guaranteed to stay the same for the duration of your policy. For decreasing Relevant Life Insurance, premiums are set at the start of the policy to consider the decreasing amount of cover you'll need during the policy term. Premiums for decreasing cover are often cheaper than other types of life insurance.

With level cover, if you choose to help protect your payments from the effects of inflation, so the lump sum won't be worth less in the future, your monthly payments may rise. The maximum annual increase would be 15% to your premiums and 10% to your cover.

Can I cancel my Relevant Life Insurance policy at any time?

Yes. You have a 14-day cooling-off period from your policy start date, or from when you get your policy documents (whichever is later), to change your mind. If you want to cancel within this time, we'll refund any premiums you've paid. Remember, there's no cash value and, if you cancel your policy, you won't be able to make a claim.

FAQ's

Is Terminal Illness Cover included in a Relevant Life Insurance policy?

Many Life Insurance policies have the option to include Terminal Illness Cover. Your Broadbench adviser will go through all of the available options with you to ensure the policy meets all of your requirements.

What is Terminal Illness Cover?

Terminal Illness Cover will pay out when you contract an illness/ disease that has no known cure or has progressed to a point where it cannot be cured, and you aren't expected to live longer than 12 months.

What does my Relevant Life Insurance policy cover me for?

You can find out what you're covered for in the policy documentation. If you're not sure please contact us.

What's Relevant Life Insurance with decreasing cover?

If you have a Relevant Life Insurance Plan with decreasing cover, the cover amount decreases over time, broadly in line with the repayment mortgage or long-term loan that you're repaying. Your premiums stay the same during the term of the policy, unless you make changes to the cover. Decreasing cover usually costs less than level cover.

The policy will pay out if you die, or are diagnosed with a terminal illness and aren't expected to live longer than 12 months, during the policy term. The policy only pays out once and has no cash value at any time.

What's Relevant Life Insurance with increasing cover?

If you have a Relevant Life Insurance policy with increasing cover, the level of cover, and your monthly payments, may increase over time to help protect your cover amount from the effects of inflation.

The policy pays out a lump sum if you die during the policy term, or are diagnosed with a terminal illness and aren't expected to live longer than 12 months. The policy will only pay out once, so if you make a successful terminal illness claim, a second claim can't be made. There's no cash value at any time.

FAQ's

What's the difference between Relevant Life Insurance and Over 50s protection?

The main difference is that Relevant Life Insurance is a tax-efficient term policy, so it covers you for a specific amount of time, while over-50 life insurance is a whole of life policy, so it covers you for the rest of your life.

Typically to take out a Relevant Life Insurance policy you need to be aged between 18 and 77 to apply, and your coverage stops at the end of the policy term. You choose a cover amount, and if you want your cover to remain the same, be protected from the effects of inflation, or decrease over time broadly in line with a repayment mortgage or loan. You can take out a single or joint life insurance policy.

If you're not sure which one might be right for you, speak to a Broadbench financial adviser.

What's the difference between Relevant Life and Life Insurance?

Life Insurance is cover that you pay for with your own money. However, if you are set up as a limited company, you can pay for your Life Insurance through your business, as a tax-deductible expense, saving you 20%. This is known as Relevant Life Insurance.

How can I set up a Relevant Life Insurance policy?

If you're looking to set up your Life Insurance, our advisers can help you find the right policy for you and your family. Get in touch.

Who do I notify in the event that a policyholder passes away?

You should notify the claims department of your insurer, you will find this contact info on the policy documents or their website.

I've moved house, how do I update my address details for my Relevant Life insurance policy?

You should notify your insurer's customer services team or your broker so that your policy doesn't lapse. For Broadbench clients, you can update this information on our client portal.

What do I do if I change my name?

You should notify your insurer's customer services team or your broker so that your details remain up to date. For Broadbench clients, you can update this information on our client portal.

Why Broadbench?

Many of us decide on what insurance to go for (whether it's for your car, your house or your life) that fits the monthly premium we want to pay. Of course, you could go to a price comparison site and very quickly find the cheapest quote on the market, but would it be the best solution for you and your family?

Our advisers have the skills and knowledge to offer you bespoke and impartial advice, taking in a holistic understanding of your circumstances and combining it with a deep knowledge of what different providers offer. Not only that, but they know how to quickly navigate the insurance minefield and set up exactly what you require, taking the hassle out of your hands.

The Benefits Of Using Broadbench:

- Bespoke and impartial advice.
- You deal with a human, not a computer.
- The hassle is taken out of your hands.
- Access to expert market knowledge.



4 Simple Steps

How We Make Your Life More Manageable

1. We Listen To You

Getting to know you, your requirements and how you work enables us to find the perfect products for your needs.

2. We Study The Market

Leveraging our network of lenders and insurers, we scour the intermediary market to find the best options and dig into the detail to make sure they're the right fit for you.

3. We Do The Boring Bits

You just want to sign up with the right provider, not be buried in forms and red tape. That's why we run you through the details and fill out all the paperwork ahead of your final approval.

4. We Stay In Touch

We don't just recommend and walk away. We'll regularly check whether your product is right for your current circumstances and, if not, find a new one that is.

Our Services

Business Protection

- Relevant Life Insurance
- Key Person Insurance
- Executive Income Protection
- Business Healthcare
- Shareholder Protection
- Business Loan Protection
- Professional Indemnity

Personal Protection

- Life Insurance
- Whole Of Life
- Critical Illness Insurance
- Private Healthcare
- Personal Income Protection
- Buildings & Contents

Mortgages

- First Time Buyer
- Home Mover
- Remortgages
- Buy to Let

What Our Customers Say

We are passionate about our customers and providing the very best service. Take a look at our latest reviews on Trustpilot.

“Great service! – I've been using these guys for years for my mortgage options as a contractor. Great service and knowledge. I've also got a few other products with them. Looking forward to many more years of great service. ”

★★★★★ by Alexander Delaney

Rated 4.9 / 5 | 384 reviews

★ Trustpilot

“Brilliant, as always – I'm a returning client of Broadbench, and I'm always impressed by their professionalism. Mike was incredibly helpful, and knowledgeable, and made the entire process smooth and stress-free. He took the time to ...

★★★★★ by Ali

Rated 4.9 / 5 | 384 reviews

★ Trustpilot

“Highly reccommend! Extremely helpful and took the time to explain and give all options for life insurance and income protection. Made the whole process very quick and smooth.”

★★★★★ by George Gordon

Rated 4.9 / 5 | 384 reviews

★ Trustpilot

“Extremely helpful organised and knowledgeable. All the information required was conveyed concisely in a personable manner. ”

★★★★★ by Liam

Rated 4.9 / 5 | 384 reviews

★ Trustpilot

“Contractor guidance. We have used the services of Broadbench for many years now and have always found the team to be highly professional. As a contractor, Tom and Emily have been excellent at securing the best deals for my ...

★★★★★ by MJ

Rated 4.9 / 5 | 384 reviews

★ Trustpilot

“Exceptional service and advice from Broadbench. I really appreciate the fantastic independent advise given and effort to get the positive outcomes in setting up the right Insurance policies for me and my business. Would recommend Broadbench ...

★★★★★ by Steve

Rated 4.9 / 5 | 384 reviews

★ Trustpilot

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