Business Protection

Protecting Your Business Against The Unexpected.

Spencer Hayes PROTECT

www.spencerhayesprotect.co.uk

Bespoke solutions for your business and employees

Protecting your business against the unexpected is essential. Whether you're a director, shareholder, or key employee, the right cover can safeguard your company's future and your loved ones. Here's a breakdown of three core types of business protection that Spencer Hayes Protect offers.

Relevant Life Insurance

A tax-efficient life cover for employees and directors.

Relevant Life Insurance allows employers to offer individual death-in-service benefits in a tax-efficient way. It's ideal for small businesses or directors who wish to provide life cover outside of a registered group scheme.

Key Benefits:

Tax-Efficient: Premiums are usually treated as a business expense and are not classed as a benefit in kind for the employee. The pay out is typically free from Income Tax and Inheritance Tax.

Lump Sum Pay out: If the employee dies or is diagnosed with a terminal illness during the policy term, their beneficiaries receive a lump sum.

Set Up in Trust: Policies are usually placed in a discretionary trust, ensuring swift, tax-efficient distribution according to the employee's wishes.

Not Treated as a Pension: Unlike group life schemes, this cover doesn't impact the employee's pension allowance.

Who It's For:

Small Businesses that may not qualify for group schemes.

Company Directors seeking personal cover via the business.

High Earners looking for additional benefits without affecting pension limits.

Employees Wanting Extra Cover to supplement existing life policies.

Things to Consider:

- **Age Limits:** Most plans cap eligibility at age 70–75.
- **Medical Underwriting:** Pre-existing health or lifestyle factors may affect eligibility.
- **Trust Requirement:** A trust must be set up for the policy.
- **Not Available to Sole Traders:** Must be an employee of a limited company.

Key Person Insurance

Protect your business against the loss of key individuals.

Key Person Insurance (formerly "Key Man Insurance") provides a financial buffer if a vital employee or director passes away or becomes critically ill.

Purpose:

Covers the financial impact on the business caused by the death or serious illness of an individual crucial to its success.

How It Works:

1. The company takes out a policy on the key person.
2. The business pays the premiums.
3. The company receives a lump sum if the key person dies or is diagnosed with a critical or terminal illness during the policy term.

Business Benefits

- **Revenue Protection:** Offset lost income or profit due to their absence.
- **Recruitment Costs:** Fund the hiring and training of a replacement.
- **Loan Repayments:** Meet financial obligations that relied on the key person.
- **Business Continuity:** Helps maintain operations and stability during a transition.

Who Counts as a Key Person?

- Directors or owners
- Senior managers
- Top-performing sales or marketing personnel
- Employees with specialist skills or knowledge

Shareholder Protection

Safeguard your company's ownership and provide peace of mind.

Shareholder Protection helps ensure a smooth transfer of shares if a shareholder dies or suffers a critical illness, preventing ownership disputes or unwanted third-party involvement.

Purpose:

Provides remaining shareholders with the funds needed to buy back shares from a deceased or critically ill shareholder's estate.

How It Works:

1. Each shareholder takes out a policy on the others.
2. In the event of a claim, the policy pays a lump sum to fund the purchase of the outgoing shareholder's shares.
3. Often supported by a cross-option agreement.

Business Benefits

- **Maintains Control:** Prevents shares from passing to uninvolved family members or competitors.
- **Financial Security:** Ensures the business can afford to purchase shares.
- **Continuity:** Reduces disruption and helps maintain operational flow.
- **Family Support:** Provides fair financial compensation to the shareholder's beneficiaries.

Key Considerations:

Cross-Option Agreements: Legally bind the parties to buy/sell shares upon a qualifying event.

Premium Equalisation: Helps ensure all shareholders contribute fairly to premiums.

Trust Setup: In some cases, policies may be placed under a trust to manage pay out distribution.

Life & Critical Illness Cover: Policies may include both types of protection, based on need.

Get in touch, and Protect your business today!

Contact Us

If you would like more information about our three core types of business protection, simply get in touch, and our dedicated team will be more than happy to assist you.

- 0161 711 0204
- protection@spencerhayesgroup.co.uk
- www.spencerhayesprotect.co.uk

Spencer Hayes PROTECT