

Relevant Life Plans – Tax Efficient Life Assurance

What is a Relevant Life Plan (RLP)?

A Relevant Life Plan is a term assurance plan available to employers to provide an individual death in service benefit for an employee. It pays a lump sum if the employee dies. It will also payout if the employee, whilst employed, is diagnosed with a terminal illness and meets our definition at any time during cover. An RLP is paid for by the employer.

What makes it cost effective?

Relevant Life Plans are similar to other types of life cover except they aim to provide a tax efficient benefit provided by an employer for an employee.

- A Relevant Life Plan (RLP) is an individual Death in Service plan.
- The policy is available to employees, which can include Directors of Ltd Companies on PAYE.
- RLPs are not available for partners, members of an LLP.
- RLP is taken out by the employer on the life of the employee.
- The plan cannot go beyond age 75.
- The plan can only provide life cover and no additional benefits (other than terminal illness benefit during employment).
- The plan must be written under a discretionary trust. The beneficiaries of the trust are the family of the person covered.
- Benefits from the policy should normally be paid free of inheritance tax.

- Premiums for a RLP can often be viewed as an allowable business expense by HMRC so the premiums should qualify for full income tax relief, national insurance relief and corporation tax relief.
- Premiums and benefits do not count towards annual or lifetime pension allowances, because RLPs are not registered group schemes and do not come under pensions legislations.



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