

## Protection that keeps your clients in business.

Most businesses make sure their assets are covered against the effects of fire or theft. But what about that other core asset- people? The absence of a partner, shareholder or key employee could damage a business in several ways. In a moment it could lose key skills, experience, and contacts.

### A range of solutions

#### Key person protection

A 'key person' is an employee whose loss would have a significant impact on the profits of a business. Having key person protection in place provides a financial safety net that can cover this loss as well as any replacement costs in the event of that key person suffering a critical illness or dying.

#### Loan Protection

When a business borrows money, it makes sense that it has some form of cover in place to repay all, or most of that loan should one of the business owners unexpectedly die or suffer a critical illness- having loan protection in place helps a business to achieve this.

#### Trusts and Tax

Trust and tax considerations need to be assessed when setting up protection for a business. A business trust is designed to ensure benefits are paid to surviving or continuing shareholders without giving rise to inheritance tax. With some plans we can access an online business trust form, which means the process is completely signature free. A cross option agreement ensure that the options are put in place for the future ownership of the business as well as agreeing how any interest in the business is valued.

#### Partnership or Shareholder Protection

When a shareholder/business partner dies or retires following a critical illness, the remaining owners will need to work out how to retain control of their business and how they assign fair value. With the right cover in place the remaining owners will be able to purchase the retiring or deceased owner's share of the business.

#### Relevant Life Plans (RLP)

These are a way of providing death-in-service benefits on an individual basis no matter the size of the business. Although the company makes the payments, they're not normally treated as a benefit in kind, so they're not included in your income tax assessments. For a higher rate taxpayer this could be a significant saving. This cover can be taken by sole-traders and company directors.

#### Executive Income Protection

An Executive Income Protection plan would pay the monthly benefit to the business in the event of a valid claim, the business can then use this benefit to fund the employee's ongoing sick pay if they are unable to work as a result of becoming incapacitated due to illness or injury. This can help the employee to meet their financial commitments whilst not leaving them to rely solely on their savings or state benefits.

#### Tarnia Elsworth

Director and Protection Adviser.

**Phone** 01524 920015 **Mobile** 07951113654

**Web** [tpfinancialsolutions.co.uk/protection](http://tpfinancialsolutions.co.uk/protection)

**Email** [tarnia@tpfinancialsolutions.co.uk](mailto:tarnia@tpfinancialsolutions.co.uk)