

Adviser guide

Relevant Life Cover

For UK financial advisers only



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Why choose LV=?

Our experienced team are here to support you and your business whether it's answering technical questions, pre-sales advice or marketing ideas and support.

We also offer:

- Free business legal adviser and tax and VAT advice for the policyholder.
- LV= Doctor Services for the person insured and their spouse provided they live at the same address.
- Personal advice line for all policy owners and people insured, offering access to a team of legal advisers who can provide advice about legal rights and how to deal with various legal situations.
- Expert sales support and advice, helping you get started and tackle those trickier cases.
- Dedicated Business Protection underwriters – each application will be treated with the highest priority.
- Online tools and easy-to-understand client literature to support your recommendation.
- Our online quote and apply system, Fastway, provides instant decisions and partially underwritten quotes.
- Our online trust tool to help you to write your client's policy in trust.

What is Relevant Life Cover?

This is a tax-efficient life insurance policy allowing businesses to offer death-in-service benefits for their employees (including salaried directors). The cover pays out a tax-free lump sum if the person insured dies (or is diagnosed with a terminal illness).

Benefits over a group scheme

Relevant Life Cover is arranged on an individual basis with the employer as the policy owner, and the employee as the person insured. The employer pays for the policy and, unlike group schemes, HM Revenue & Customs usually consider the premiums a business expense provided they are satisfied they qualify under the 'wholly and exclusively' rules. What's more, the proceeds won't count towards the employee's annual or lifetime pension allowance.

Who might want to take out Relevant Life Cover?

- **Small businesses** wanting to offer life insurance to their key people, but might struggle to cover the costs associated with group schemes.
- **Members of group life schemes** who want to top up their benefits. Some group life schemes are very restrictive. Relevant Life Cover can be used to provide an additional benefit in a tax-efficient way.

How does Relevant Life Cover work?

This is a tax-efficient life insurance policy allowing businesses to offer death-in-service benefits for their employees (including salaried directors). The cover pays out a tax-free lump sum if the person insured dies (or is diagnosed with a terminal illness).

Employer insures employee

Relevant Life Cover is only available to employees, including salaried directors. Relevant Life Cover is not available to sole traders, partners or members of a Limited Liability Partnership.



Relevant Life Cover is written in trust

This ensures the money is paid to the correct beneficiaries quickly and the proceeds are tax-efficient.



Employee dies (or is diagnosed with a terminal illness)

The next of kin (or beneficiaries) make a claim.



LV= pay the proceeds to the trustees

The trustees are responsible for looking after the contents of the trust, on behalf of the beneficiaries.



The Trustees pay the beneficiaries

Proceeds are paid and because the policy was written in trust, inheritance tax doesn't normally apply.

What type of trust is needed for Relevant Life Cover?

A discretionary trust should be set up alongside a Relevant Life Cover policy, as it will name the potential beneficiaries. These could include a spouse, children or grandchildren, or specific individuals, who are known as 'the discretionary beneficiaries'.

Inheritance tax arrangements

Although the proceeds are generally free from inheritance tax, there are some situations where charges could be applied:

- A periodic charge may apply on each 10th anniversary from the date the trust is created.
- An exit charge may apply when the proceeds are paid.

Any charges are based on the value of the trust assets at the time. However, they are unlikely to apply if the proceeds are paid at claim (charges are usually applied if the proceeds continue to be held in trust after the claim has been paid to the trustees, but not the beneficiaries).

Can discretionary trusts be used in Scotland?

Yes, but the laws of England and Wales will apply to our Relevant Life Cover trust.

For more information on Relevant Life Cover visit



www.LVadviser.com/business-protection/relevant-life-cover

You can find out more about trusts for business protection at



www.LVadviser.com/business-protection/trusts

Relevant Life Cover from LV=

How much cover can your clients have?

There is no minimum amount of cover (only a minimum premium of £5 a month). If your client wants cover of more than £3.5m for their employee, we'll require evidence of earnings.

Just like group life insurance schemes, many employers choose to set the amount of cover as a multiple of salary. We suggest your client selects an amount of cover based on age and yearly earnings, subject to the following maximum limits:

17 – 29 years old	Up to 25 X remuneration
30 – 39 years old	Up to 25 X remuneration
40 – 49 years old	Up to 25 X remuneration
50 – 59 years old	Up to 20 X remuneration
60+ Protection	Up to 15 X remuneration

If the amount of cover your client chooses isn't within the limits set out above, please let us know. The amount of cover available, and the limits that apply, are explained in the Relevant Life Cover policy summary.

Options

Your client can choose:

- The amount of cover
- The term*
- Whether the cover is level or inflation linked*

* The minimum term is 5 years and max term is 50 years, subject to maximum ages at expiry of 75 for level cover and for inflation-linked cover.

Online Trust tool

Our online trust tool is available for you to use on all our protection policies. You will be asked a few basic questions about your client's circumstances, then based on your answers, the tool will provide you with the most appropriate of our in-house trust deeds. Please bear in mind that the tool doesn't provide advice, and the trust deed selected by the tool may not always be appropriate for your client's circumstances. So please make sure that the trust selected is right for your client and their specific needs. If you cannot access the online trust tool, paper trust forms will be available. If you require a trust that doesn't include the employer as a trustee, bear in mind this isn't available on the online trust tool, but we can provide a paper copy.

Business Protection Team

All cases you send to us are important, but we understand Business Protection requires specialist support. So we'll offer you our dedicated team of underwriters for each submitted LV= Business Protection case. The team will:

- Offer pre-sales support, meaning right at the start of the sales process you can clarify any questions you or your client may have. This can significantly speed up the application and ensure your client is covered quickly.
- Operate a piecemeal underwriting service and action each piece of evidence as and when it arrives. We'll aim to review cases on the same day (or within 24 hours) and update you throughout the application process.
- Go that extra mile to make sure your client gets the cover they need, as quickly as possible. For example, if your client needs to see a medical professional but can't take time off work to see their usual GP, we could send a nurse to visit them at home.

Technical support

Writing Relevant Life Cover can be complicated, but our experienced team can talk you through the application process, advising you on the best way to write the cover and which legal documents can support you along the way.

Webinars and sales training

Our webinar training can help you expand your business, network and find new opportunities. You can also use our interactive tools and calculators to work out the amount of cover your client needs.

Marketing

We've developed a range of jargon-free sales aids and easy-to-understand client brochures to help you effectively introduce Relevant Life Cover to your clients.



You can get a quote for Relevant Life Cover at the portals or at



www.LVadviser.com/business-protection/relevant-life-cover

Business support line and more

Once your client takes out LV= Relevant Life Cover, they'll have access to LV= Business Care, our free business advice service. LV= Business Care consists of legal advice, and tax and VAT advice for your small business clients.

Business legal advice line

We've partnered with a firm of solicitors to offer your clients free business legal advice. This service offers advice on a number of commercial issues, including;

- Employment law
- Health and safety issues
- Commercial risks
- Advice on contracts

Business tax and VAT advice line

Our value added services also provide access to tax and VAT experts, including accountants and ex HMRC employees, covering areas such as;

- Tax and VAT relief
- Self-assessment returns
- Changes to tax and VAT rules
- Dividends paid from limited companies

Examples of day-one support

To help show how our advice lines could be used, here are two examples of how your client might use both the legal, and tax advice lines.

Business legal advice example

based on a small business without a dedicated human resource department.

Rachel (Business Owner) and Adam (Cafe Manager) –

Rachel runs a large cafe bistro with 10 employees including a cafe manager called Adam. One of the younger female members of the team complains to Rachel about Adam regarding his constant use of offensive language towards her.

Scenario 1 – Rachel calls the LV= Business Care line and is put through to an employment law specialist.

- Rachel carries out an investigation and suspends Adam for the duration.
- She conducts interviews and records the evidence.
- She has a disciplinary meeting with Adam to discuss the evidence.
- Adam's rights were not infringed. This led to a smooth dismissal.

Scenario 2 – Rachel doesn't seek legal advice and fires Adam.

- No investigation is made or the correct procedures followed.
- Adam takes the business to a tribunal for unfair dismissal.
- The tribunal decides in favour of Adam and is awarded damages of £12,000.

Personal Legal Advice Line

Our free Legal Advice Line is run by a team of legal advisers who can talk to the policyholder or the person insured about their rights and how to deal with various legal situations. They can provide advice on a number of areas including general law, property related issues, wills and probate and family law.

Becoming an LV= member

When the business owner takes out this policy they, as the policyholder, agree to be a member of Liverpool Victoria Financial Services Limited (LV=). Being a member means they will have access to a range of LV= benefits designed for them, their family and their life. It's our way of saying thank you for choosing us.

Please note that under Relevant Life Cover only the business owner as policyholder can agree to become a member, and not the life being insured (the employee).

We review our LV= benefits from time-to-time so they may change or be removed in the future.

Tax and VAT example

based on a company looking to sell their products in France and are unsure about the way in which VAT should be paid and accounted for.

Smith Textiles Ltd – Smith Textiles Ltd enter negotiations to start selling their high end window covers to a company in France. This is the first time they are dispatching any of their products outside of the UK and are unsure about the way in which VAT should be paid and accounted for.

Scenario 1 – Smith Textiles Ltd contact the LV= Business Care helpline and speak to a qualified VAT specialist.

- The VAT specialist confirms the VAT rules for selling goods to other EU countries.
- They also confirm how this should be recorded on the VAT return and other reporting requirements.
- Smith Textiles Ltd are confident to proceed with selling abroad.

Scenario 2 – Smith Textiles Ltd don't contact the LV= Business Care helpline.

- Smith Textiles Ltd don't feel confident selling abroad.
- They pay extra for a new accountant with specialist knowledge.

LV= Doctor Services

Once your client has taken out business protection with us, the insured employee and their spouse or partner (providing they live at the same address) can use LV= Doctor Services. This provides fast, convenient access to UK based doctors and medical specialists through six expert medical services:

- 24/7 remote GP
- Second opinion service
- Prescription service
- Remote physiotherapy service* (x5)
- Remote psychological services* (x5)
- Discounted health MOTs

* These services are capped at 5 sessions and are shared between the insured employee and their spouse/partner.

In addition, where the insured employee is the parental guardian, their children up to age 16 are covered for the Remote GP, Prescription Service and Second Opinion service.

The six services are provided by our partner, Square Health and accessed via one simple app or phone call. This helps the life insured keep their own health in check whatever their medical concern and wherever they are – at home, at work, or away on holiday.

LV= Doctor Services is a non-contractual benefit and can be changed or removed at any time.

LV= Doctor Services and the services provided by our Business legal and tax advice line, and personal legal advice line are provided by third party companies. These services are not regulated by the Financial Conduct Authority or the Prudential Regulation Authority.



Relevant Life Cover – an example for a small business

Amanda Wilkins is a partner of a small graphic design consultancy, AW Design

Amanda works full-time, and employs two designers; who have both been at the company for a number of years.

Amanda is proud of the business she's built and values the roles that Emma and Leo have played.

Amanda feels that she should provide life cover for herself and her employees and speaks to her financial adviser who suggests that she considers LV= Relevant Life Cover for all three of them. The adviser also mentions that setting up a group life scheme would not be appropriate due to the administration costs involved and size of her business.

All policies are written in trust and Amanda, Emma and Leo each name their beneficiaries (their next of kin).

If one of them died whilst working at AW Design Ltd, the claim would be paid to the trustees, before the tax-free proceeds are paid to the beneficiaries.

This is how the costs would work, assuming that the premiums qualify as an allowable business expense.

	Amanda	Emma	Leo
Monthly premium	£90.00	£65.00	£42.00
Employee National Insurance Contribution	N/A	N/A	N/A
Income Tax	N/A	N/A	N/A
Total company gross cost	£90.00	£65.00	£42.00
Less Corporation Tax (assuming 25%)	£22.50	£16.25	£10.50
Tax-adjusted total premium	£67.50	£48.75	£31.50

These figures are for illustrative purposes only. Tax calculations are based on 2024/25 tax rules and may change in the future. The information assumes that the same rate of Income Tax/ National Insurance applies to the whole of the premium. It may be affected by individual circumstances.

If you'd like us to send you this document or any future correspondence in another format, such as Braille or large print, please just let us know.

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