

Aspect8



**Big company benefits for
small business owners**

Every business, no matter how small, needs to know it could continue if key people are faced with the unexpected.



Big company benefits for small business owners

It's important for business owners to consider the impact that health issues might have, should they arise, not only on business continuity and cashflow, but also on family life.

Large companies often provide insurances for senior staff and their families, but did you know that many small business owners are able to charge the costs of personal insurance to their business and receive Corporation Tax Relief on these costs?

What kind of personal insurances should small business owners consider?

Everyone's individual needs are different, and costs can vary depending on circumstances, but there are four main areas that Aspect8 can help you consider if you are a business owner:

1. Private medical insurance (PMI)

Can help you avoid NHS waiting lists and cover the cost of private treatment.

2. Income protection

Can provide a regular income benefit to replace earnings if you're unable to work for an extended period due to illness or injury.

3. Critical illness protection

Could pay an agreed amount to you or your family if you are diagnosed with a qualifying illness.

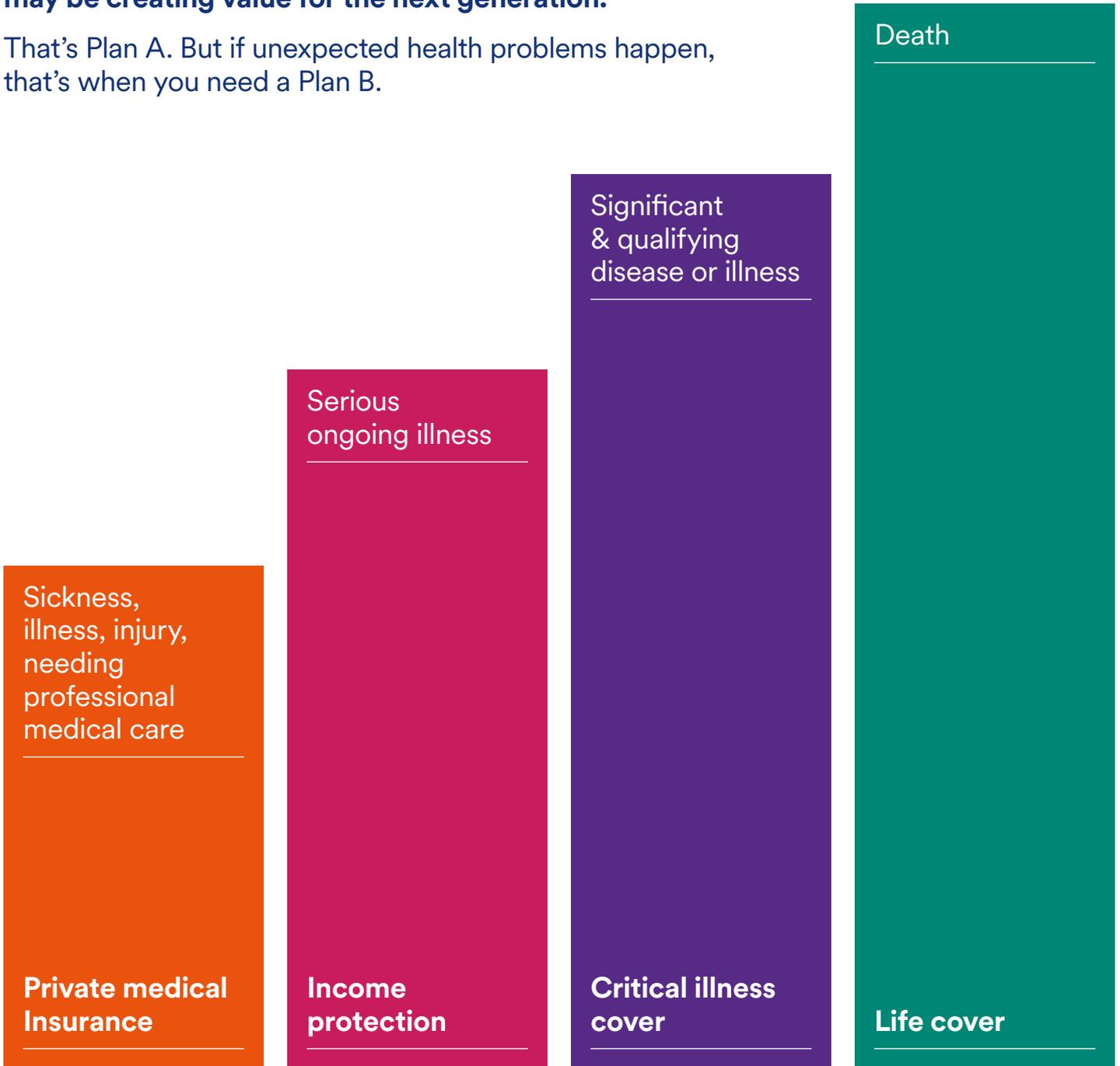
4. Life insurance

Pays an agreed amount if the person covered by the policy dies.

Every business owner needs a plan B

Most business owners are working to a plan. In a fast-growth start up this could be working towards a sale or in an established family business the aim may be creating value for the next generation.

That's Plan A. But if unexpected health problems happen, that's when you need a Plan B.



The options in more detail

1. Private medical insurance (PMI)

PMI means more choice and more privacy. With the right policy in place for you and your family you can choose your own hospital and own doctor, and have your own private room.

Private medical insurance allows you instant, on-demand access to care. You also have access to a wider range of resources. In some cases you may be able to get treatment that is not available on the NHS at all because it is too expensive or not approved in state hospitals.

When setting up a plan, we can help you to choose the type and level of cover that's right for you.

Overview:

PMI is designed so that if you need medical treatment in future you won't need to worry about NHS waiting lists or paying for the cost of the treatment. It's designed to get you diagnosed and treated quickly, and will offer you a prompt referral to a consultant and admission to a private hospital. PMI can help you:

- Find out what's wrong - if you are unwell and you are referred to a specialist by your GP, you will usually be able to arrange a specialist appointment within a few days.
- Get treated - if you do need any further tests, an operation or treatment, you can arrange this at a time and hospital convenient to you.
- Choose the best facility - most private hospitals have access to up to date technology and offer patients private en-suite rooms, TV and a choice of food from a menu.

Typical cost illustration of PMI – this may vary depending on your individual circumstances.

| Age Next Birthday | Smoker | Single | Single Parent | Family | Excess |
|-------------------|--------|--------|---------------|--------|--------|
| 30 | No | £46 | £64 | £109 | £100 |
| 30 | Yes | £49 | £67 | £115 | £100 |
| 40 | No | £54 | £72 | £125 | £100 |
| 40 | Yes | £57 | £76 | £132 | £100 |
| 50 | No | £71 | £90 | £161 | £100 |
| 50 | Yes | £77 | £95 | £172 | £100 |

Monthly costs using AXA's rate including therapies and underwritten under Moratorium basis at 05/03/2019
Additional Variables. Child was 14 years old throughout. Partner was an exact replica to Member (Smoker Status & Age).

The options in more detail

2. Income protection

How long would your money last if you were unable to work? These days, household finances are often stretched and many families would struggle if they suddenly lost their main income. An income protection policy provides a regular income, rather than a lump-sum payment, for as long as you are unable to work due to illness. For serious conditions this payment may continue until retirement age.

Overview:

An income protection plan will pay a regular monthly benefit, replacing income lost in the event of injury or illness. This can help meet your families financial commitments, without having to rely solely on state benefits.

- Premiums can be Reviewable, Unit Linked or Fixed
- Occupation definition – Any suitable/qualifying occupation, or policy owners own occupation
- Deferred Payment Term – from 1 week to 6 months
- Term of payments – From 12 months to Normal Retirement Date
- Indexation of Premiums & Policies in Payment
- Amount of earnings replaced

Typical cost illustration of PMI – this may vary depending on your individual circumstances.

| Age Next Birthday | Deferred Period | Benefit Level | Smoker | Non Smoker | Term |
|-------------------|-----------------|---------------|--------|------------|------|
| 30 | 13 | £3,000 | £78 | £56 | 65 |
| 30 | 13 | £4,000 | £94 | £74 | 65 |
| 30 | 13 | £5,000 | £117 | £91 | 65 |
| 30 | 26 | £3,000 | £56 | £42 | 65 |
| 30 | 26 | £4,000 | £74 | £56 | 65 |
| 30 | 26 | £5,000 | £92 | £69 | 65 |
| 40 | 13 | £3,000 | £103 | £74 | 65 |
| 40 | 13 | £4,000 | £137 | £97 | 65 |
| 40 | 13 | £5,000 | £170 | £121 | 65 |
| 40 | 26 | £3,000 | £90 | £61 | 65 |
| 40 | 26 | £4,000 | £120 | £80 | 65 |
| 40 | 26 | £5,000 | £149 | £99 | 65 |
| 50 | 13 | £3,000 | £170 | £116 | 65 |
| 50 | 13 | £4,000 | £226 | £153 | 65 |
| 50 | 13 | £5,000 | £281 | £191 | 65 |
| 50 | 26 | £3,000 | £163 | £107 | 65 |
| 50 | 26 | £4,000 | £216 | £142 | 65 |
| 50 | 26 | £5,000 | £269 | £177 | 65 |

Monthly costs using AEGON's rates for Executive Income Protection as at 19/02/2019

The options in more detail

3. Critical illness protection:

Many of us insure our homes, our cars, and our holidays without a second thought – but take a moment to think about yourself and your family. How would you pay the bills or support loved ones should you face a serious illness, injury or disability? Critical illness protection may be able to help by providing a lump sum to help you through a life-changing illness.

Overview

Critical illness protection is designed to provide a tax-free lump sum after the life assured has survived one of a specified list of critical illnesses for 14 days. Typical conditions covered include heart attack, stroke, cancer and Alzheimer's disease. Critical Illness protection can also automatically cover children aged between 30 days and 18 years (21 if in full-time education or vocational training), at no extra cost.

A high proportion of people who suffer from illnesses such as cancer survive for many years after diagnosis. A critical illness plan focuses on paying the sum assured on diagnosis of specified illnesses, helping to support you and your family financially so that you can get back on your feet.

Typical cost illustration of Critical Illness Protection – this may vary depending on your individual circumstances.

| Age Next Birthday | Cover | Smoker | Non Smoker | Term |
|-------------------|----------|--------|------------|------|
| 30 | £50,000 | £26 | £18 | 65 |
| 30 | £100,000 | £49 | £34 | 65 |
| 30 | £250,000 | £121 | £76 | 65 |
| 40 | £50,000 | £42 | £26 | 65 |
| 40 | £100,000 | £81 | £48 | 65 |
| 40 | £250,000 | £198 | £114 | 65 |
| 50 | £50,000 | £75 | £42 | 65 |
| 50 | £100,000 | £148 | £80 | 65 |
| 50 | £250,000 | £377 | £193 | 65 |

Monthly costs using AEGON's rates for Critical Illness guaranteed cover as at 19/02/2019

The options in more detail

4. Life insurance

For most of us, life is a series of important milestones that may cause us to think about the future. Inevitably, this often leads to thinking about what may happen to the people we leave behind when we're no longer around. Would your dependents be able to cope with your outstanding debts, if you have them, or expenses like childcare costs, a mortgage or even a funeral?

Even if you have been careful with your finances and have no outstanding debts, you may simply wish to leave a legacy to your loved ones, help to contribute to the future cost of living for any dependents or give a small sum as a gift.

Overview:

A life insurance policy is designed to provide a sum assured to the policy owner's family upon death of the life assured to help deal with the financial effects of death.

Relevant Life is a life insurance policy available to employers to provide an individual death-in-service benefit for directors and key staff in a tax-efficient way.

Typical cost illustration of Life Insurance – this may vary depending on your individual circumstances.

| Age Next Birthday | Cover | Smoker | Non Smoker | Term |
|-------------------|------------|--------|------------|------|
| 30 | £250,000 | £23 | £14 | 65 |
| 30 | £500,000 | £40 | £24 | 65 |
| 30 | £1,000,000 | £76 | £41 | 65 |
| 40 | £250,000 | £38 | £19 | 65 |
| 40 | £500,000 | £69 | £33 | 65 |
| 40 | £1,000,000 | £133 | £61 | 65 |
| 50 | £250,000 | £74 | £31 | 65 |
| 50 | £500,000 | £139 | £57 | 65 |
| 50 | £1,000,000 | £273 | £108 | 65 |

Monthly Costs using AEGON's rates for guaranteed cover at 19/02/2019



Case study 1

Keeping plans on track

At 63 Hannah has been a high-end dressmaker for 40 years and now runs three boutiques in mid-Sussex, with regular clients amongst the best connected people in the county. She has a small team of loyal staff, many of whom have been with her for all their working life. The business has been carefully managed and her plan has always been to sell it to the team and step into a strategic role.

That plan changed 18 months ago, when she had a stroke, and although she has made a good recovery her full rehabilitation may take some time. She can't lead the busy life she had before.

Luckily she's always been prudent with her financial affairs has paid for Critical Illness cover and Personal Medical Insurance for many years. She'd discovered that the business could cover the cost of the insurance and she could even claim tax relief on the payments.

She received a lump sum at the time of the diagnosis, which meant she could switch her salary to pay a new manager for the business. She's also been able to pay for treatment and medical costs whenever she needs them, which minimises the time spent away from the business.

The change at the top is now bearing fruit. Despite a small downturn when she was first diagnosed, business is back up to normal levels. Hannah still wants to sell up, but the insurance has bought her some breathing space and allowed her to keep her options open.

Case study 2

Protecting the future in a busy start up

At 44 Ben has seen his IT business grow at an astonishing rate in the past five years. Based in Brighton he has an amazing set of blue chip clients, many of which are in the financial sector.

The hours are long but times are good and he's now planning an exit strategy that will transform his life in his 50s.

With business booming Ben's decided to take a look at the benefits he can set up for him and his family. He knows that even though the team is strong there is little chance of the business achieving the valuation he wants unless he is still involved.

He's also keen to balance his personal and work commitments. He spent his early career in retail banking and got used to the perks of a corporate life. He needs to protect the business but he also wants his family to benefit from the sort of protection he gave up when he switched to the life of a start up.

He spoke to his financial planner and was surprised to discover that a lot of the cover he'd thought about can be paid for through the business. This includes life cover, sick pay, medical insurance and critical illness.

Having reviewed the costs, they agreed the priorities and Ben's financial planner was able to pull together the details into a neat, tax efficient package.





Talk to Aspect8 to find out how we can help you plan for the unexpected

Any well-planned strategy needs a long-term view and looking after you and your family should you be unable to work, either temporarily or for a longer term, is no different. Aspect8 is a multi-award winning Chartered Financial Planning business, the gold standard in financial services. We can help you review your options, provide illustrations of the likely costs and explain how tax efficient planning can help you mitigate these for you and your business.

**For more information
about your options contact
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