



Relevant life tax advantages

Relevant life policies provide a tax-efficient way of arranging death-in-service benefits for employers and employees. Here we show you how a relevant life policy can help small business owners and their employees save money.

		Life policy			Relevant life policy		
Rate of tax ¹		20%	40%	45%	20%	40%	45%
Policy payment £		100	100	100	100		
Tax							
	Income tax £	29	69	85	0		
	Employee National Insurance (NI) contributions ² £	18	3	4	0		
	Employer NI contributions (13.8%) £	20	24	26	0		
	Total tax cost	67	96	115	0		
		167	196	215	100		
Less	Corporation tax relief for employer (19%) ³ £	(32)	(37)	(41)	(19)		
Total cost £ (paid by employee)		147	172	189	–		
Total cost £ (paid by employer)		135	159	174	81		

1 This example shows the rates of income tax that apply to UK taxpayers. Scottish rates of income tax are different.

2 The employee NI contribution rate applied is 12% for a basic rate taxpayer and 2% for a higher or additional rate taxpayer.

3 Assumes corporation tax relief at 19% has been given under the 'wholly and exclusively for the purposes of the business' test. However, the employer should check the availability of this tax relief with their accountant, who may liaise with HM Revenue & Customs (HMRC) for confirmation.

Use our [Relevant Life tax calculator](#) to see the potential tax savings for UK and Scottish taxpayers using a relevant life policy compared to a non-relevant life policy.

These figures are for illustrative purposes only. The information is based on our understanding of current legislation, taxation law and HMRC practice, which may change. The value of any tax relief depends on the individual circumstances of the investor.

To find out more about our Relevant Life policy, get in touch with your usual Aegon sales representative. You can also find additional support and information in our [business protection toolkit](#).