

# Executive Income Protection

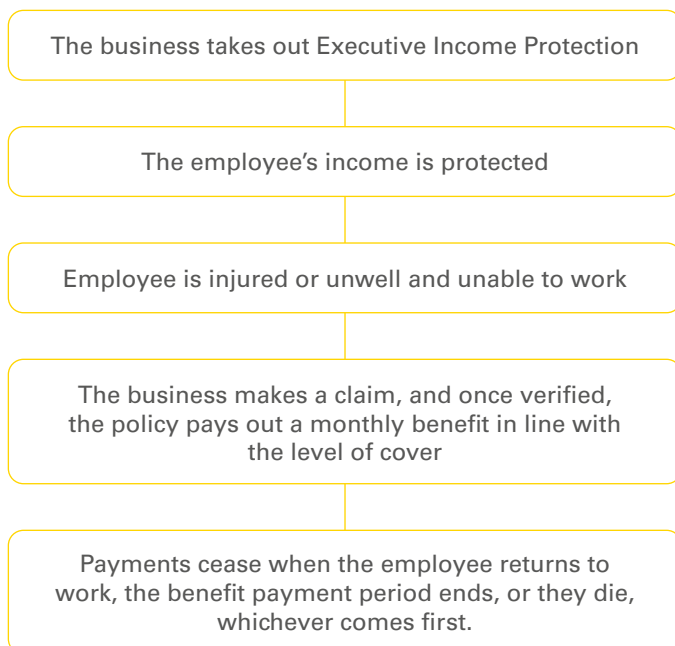
## Quick guide



Executive Income Protection is designed for businesses to help protect against the financial impact of their employee's incapacity on the business.

Businesses can help protect not just an employee's salary, but can also cover dividends and P11D benefits, which form part of their overall remuneration. Additional cover can also be chosen at outset for an extra cost to cover employer's pension and National Insurance (NI) contributions.

### How it works



For full details of the policy benefits and limitations, please see the Policy Booklet.



### What earnings can be covered?

- Salary
- Overtime/Bonuses
- P11D Benefits
- Dividends
- Spouse/registered civil Partner earnings and dividends that cease in the event of the employees incapacity

### Maximum benefits

- 80% of the employees annual earnings up to £300,000 (Level) or £210,000 initially (Increasing Executive Income Protection)
- Employer pension contributions max £40,000
- Employer National Insurance max £42,500

### What are the age limits?

Maximum age at expiry: 70 years old, 65 for driving based occupations and 50 for fitness instructors/dance teachers

### Rehabilitation Support Service

Offers eligible claimants support from a Specialist Rehabilitation Team. They will help the employee return to work by building a structured programme.

## Proportionate Benefit

Following a claim, an employee could return to work in a reduced capacity, different role, or a lower income as a direct result of the illness or injury. In these cases, the monthly benefit will be reduced in proportion to the lower earnings.

## Helps with pension contributions

If chosen for an additional cost at outset, Executive Income Protection can cover employer pension contributions, helping the employee maintain their retirement savings.

## Waiver of Premium

Included as standard, covers the cost of premiums after the deferred period, during a valid claim.

## Flexible benefit payment options

### Deferred period

Choose an appropriate deferred period of 4, 8, 13, 26 or 52 weeks, before the monthly benefit is paid.

### Benefit Payment period

Benefits can be paid for either a limited benefit period (depending on what was chosen at outset), or to the employee's normal retirement age – typically between ages 50-70 years old, for the duration of a valid claim.

## Tax treatment

Normally, 'employer paid premiums' are not treated as a P11D benefit.

If the premiums are classed as 'wholly and exclusively' for the purposes of the business, premiums should qualify as a business expense.

In the event of a claim, the benefit will be treated as a trading receipt. However, it will also be treated as a trading expense, when it is used to fund sick pay for the employee - resulting in a neutral tax position.

The benefit should be paid to the employee through PAYE, after Income Tax and NI deductions. Another option is additional cover for NI and pension contributions.

This information is based on our understanding of current taxation law and HMRC practice; this may change in the future.

## Continuation option

If the employee leaves the business, the policy can be continued by a new employer – see Policy Booklet for full details.



**For more information about Executive Income Protection, speak to your Legal & General Business Development Manager**

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Find out more by visiting: [legalandgeneral.com/execip](https://legalandgeneral.com/execip)

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