

Your Guide To

Human Business Asset

Financial Protection.

Are Your Key Assets Correctly Insured?



Your Buildings



Your Operations, Machinery
& Vehicles



Your People

Cornwall Finance & Investment Services Ltd



Director Mark Ridgment - Registered in England No. 596144 - Authorised and regulated by the Financial Conduct Authority



We are Cornwall Finance and Investment Services Ltd Independent Financial Advisers, CF&IS.

We know that business people are naturally optimistic and for some this is not an easy subject. But then nobody plans to fail, they only fail to plan. The failure to adequately protect the right asset, can spell disaster to any business. From our many years advising business clients we know that business-people are great at protecting physical assets, e.g. buildings, plant, tools machinery and vehicles.

In the UK 99.9% of Business are Small Medium sized Enterprises SMEs. Of these, more than half, have no financial protection in place should the Business Owner, Shareholder, or Key Person be lost to the business.

(source Legal and General)

We have produced this booklet to help business owners and decision makers understand the risks to your business and your options and the methods to protect your company's greatest asset, yourselves and your important personnel.

The first step is to visualize the problem and to create a Disaster Aversion Plan which we can help with. In short a good Aversion Disaster plan should contain the following points:

Plan objectives - What disaster you are planning to avoid, e.g. Death of a profit essential worker.

Plan scope - What is the size of the potential disaster? What is the minimum monetary value that would solve the problem? Which staff members are involved? What is the potential term period this problem will exist for? What is the budget to solve this problem? What is the action plan should disaster strike? Where the plan is to be kept?

Budget - Naturally all solutions must be cost effective and affordable

Plan review - How often should this be reviewed? Who is going to do this? e.g. Cornwall Finance & Investment Services Ltd.

Roles and responsibilities - Who is responsible for building and maintaining this plan?

Internal External contacts - Who to contact if disaster strikes

We have prepared a template disaster plan, we would be delighted to send this through to you, please contact us by email at mark@cfislive.co.uk for your free copy.

Income Protection

Who needs this:

Each year close to a million people find themselves unable to work due to a serious illness or injury. (source HMG)

Most self employed incomes stop, when they stop trading due to incapacity. If you are a business with employees, you may also need to fund a replacement for a sick employee whose role is vital to your operations and manage the return to work of the stricken staff member.

For the Sole Trader the help from Government is meagre, usually via the National Insurance contribution-based benefit, the Employment Support Allowance ESA. The basic allowance is **£73.10 per week** (Sept 2016)

This may entitle you to claim other means tested benefits; but in total they are not enough to provide a life of reasonable 21st Century standard.

How CF&IS Can Help:

Calculate the exact level of protection you need to maintain your lifestyle after state benefits.

Advise on the best type of cover for you, we normally recommend Permanent Health Insurance as this offers a comprehensive solution to this problem.

Broker the best premium for you.

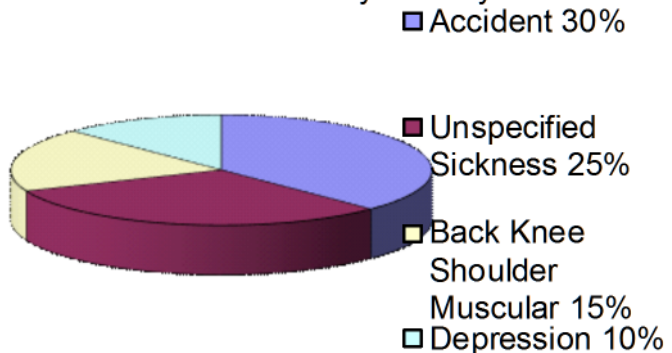
Arrange the underwriting and application and issuance of your Income Protection cover.

Assist with any claims.

The Risks

Most Common Reasons For Health Insurance Claim

Source:- Cirencester Friendly Society



Relevant Life Plan

There are very few tax breaks and it is beholden on all of us to legitimately reduce our taxation where we can. A Relevant Life Policy is such a potential tax break.

Where Life Assurance premiums are paid by a business through a Relevant Life Plan they can, in most cases, be treated as an allowable business expense by the HMRC. With Corporation Tax relief available to the business and no additional income tax or NI to pay for the relevant life and with us finding the most cost effective tax efficient life assurance protection, it's good for your business and for your employees.

In short what makes this so good for company directors:

- You can effectively make a saving on life cover compared with paying for it personally.
- Premiums are normally classed as a business expense
- Keeping the plan in trust offers the potential to plan for Inheritance Tax and ensure prompt payment of benefits
- Offers a cost effective way to provide life assurance with terminal illness

Source Legal and General

	<u>Non-Relevant Life Plan</u>	<u>Relevant Life Plan</u>
Annual Premium	£1000.00	£1000.00
Employee National Insurance Contribution, (assuming 2%)	£34.48	£0 None
Income Tax	£689.65	£0 None
Gross Earnings Needed	£1,724.13	£1000.00
Total Gross Cost	£1,962.06	£1,000.00
Less Corporation Tax (assuming 20%)	£392.41	£200.00
Tax Adjusted Total Cost	£1,569.65	£800.00

How we help

- Liaise with members to calculate the exact level of protection they need to maintain their lifestyles.
- Advise company on the best Relevant Life provider.
- Broker the best premium for the plan.
- Arrange the underwriting and application and issuance of your Relevant Life Plan and Trust
- Ongoing service when your protection needs change

Key Person Cover

What is it?

Put simply, Key Person Protection (also known as Key Man insurance) is a method for a business to insure itself, against the financial loss it would suffer, if a Key Person in their business died or were diagnosed with a specified critical illness (if chosen), during the length of the plan.



How does Key Person Protection Work?

Key Person Protection is a policy of life assurance or life assurance and critical illness cover, taken out to cover the life of a Key Person within your business. The policy is owned and paid for by the employer, so any pay out is payable to the employer.

Why do I need Key Person Protection?

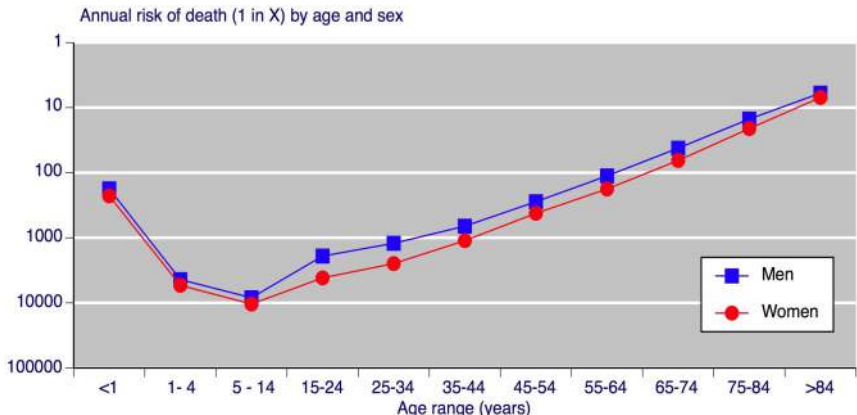
The loss of a key person in your business could have a severe impact. The business could suffer badly, with sales and profits falling and increased workloads for the remaining staff.

Key Person Protection is designed to pay out a lump sum on the death or critical illness of the insured key person, during the length of the policy. It is paid as a lump sum and could significantly help the business to recover. The proceeds can be used to help replace lost profit or finding and hiring a replacement.

The key criteria is the value of the Key Person as a percentage of the company profits.

THE RISK

Annual risk of death by age and sex in the UK



Source: Bandolier/Mortality statistics 2005. National Statistics Series DH2 no.32

Shareholder Protection Plan

The last thing anyone wants when one is running a business, after a friend and co director or business partner dies suddenly or is stricken with a critical illness; is for their widow/widower to demand their rights. The immediate payment of their share of the company, or worse they demand an active role in the decisions of the firm.

Share protection is an agreement between owners of a company, for the sale and purchase of the company shares, should a director or partner die or be stricken with a critical illness and no hope of return to active participation. To allow this to be effected without disruption to the company activities or requirement to sell assets. A sum of money is created through a claim on a life assurance policy in Trust. This money is held in trust and distributed to the widow/widower in accordance to the owners agreement in lieu of the deceased's or critically ill director's partner's share of the business. This is known as a Double Option Agreement.



Loan Protection

Do not be under any illusion as to the rapidity that Banks demand payment of outstanding debt when a firms principle dies suddenly. Many, many good firms that could have gone on and thrived have been crushed and ultimately failed because of Bank demands.

Loan protection is designed to help pay off any outstanding loans the business may have should a main shareholder, Director, Partner or key individual be diagnosed with a critical illness or die.

THE RISK -

TOP 5 REASONS FOR CLAIMING

AVERAGE AGE OF CLAIMANTS

CRITICAL AND TERMINAL ILLNESS

CANCER	48
HEART ATTACK	49
STROKE	45
MULTIPLE SCLEROSIS	41
TOTAL PERMANENT DISABILITY	44



Cornwall Finance & Investment Services Ltd

How we help

We advise you on the appropriate level of cover

Every business is different and has different needs. At Cornwall Finance & Investment our ethos is to treat all clients as individuals, our advice is therefore built around your business circumstances and goals. We take the time to meet with you; to understand your business and its needs and create Financial Plans that are of true value.

Advise your company on the best provider.

We research the entire UK financial services market to find the best value for money products that will deliver on your needs. Our due diligence research includes claims history and the financial strength of the company providing the cover.

Broker the best value premium for your plan.

Our research will ensure that the provider recommended offers the most competitive premium over the full duration of the cover, which may be long term i.e. over 10 years.

Arrange the underwriting and application and issuance of your Cover.

We will assist you in the management of the whole application process, we will liaise with the product provider to ensure your cover is put in place swiftly and accurately.

Assist in the creation of your Trust and Double Option Agreements

We will assist you in the creation of Trusts and Double Option Agreements this is normally included in our service without additional charge.

Your ongoing Services

In order to ensure that your Financial Plan achieves it's goals Cornwall Finance and Investment Services offer ongoing service packages so that we can be on hand to assist when protection needs change, or Key Persons change to assist with other aspects of financial planning and to handle claims.

Value for Money

For business protection we offer either a commission or flat fee. Details of our fees and charges are available on request or through our website.

Who We are & How to reach us

We are Cornwall Finance & Investment Services Ltd.

We are a firm of qualified Independent Financial Advisers (IFA), not tied to any bank, building society or insurance company. Directly authorised by the Financial Conduct Authority (FCA). We are members of the Personal Finance Society part of the Chartered Insurance Institute CII and annually certified competent to provide advice and arrange financial services in the following areas:-

**Corporate Financial Planning
Pre-Retirement Planning
Post Retirement Planning
Investment Planning
Estate Planning
Mortgage Advice
Life Assurance
Health Insurance
Regular Savings**

YOUR FIRST MEETING IS AT OUR EXPENSE - We travel to meet our clients, at their homes or a convenient location of their choosing and are always available online or at the end of the phone to ensure a hassle-free service. We do not charge any fee or require any obligation for the first meeting. Our ethos is to treat all clients as individuals, our advice is therefore built around your circumstances and goals. Cornwall Finance and Investment Services specialise in making sure that our clients have a clear financial plan in order to achieve their personal financial goals. We then research the entire UK financial services market to find the best value for money products that will deliver on your needs.

For full details of our service please see our website, email us or simply call us:

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www.cfislive.co.uk



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