

THOMAS EDWARD DIXON: TYPICAL LIMITED COMPANY CLIENT 'GEORGE'

This case study is for illustrative purposes only.

George's £300,000 Life Cover costs £1,000 a year.

George pays the £1,000 premium personally.

£1,000 (net) for George's cover really costs the company £1,589 (with NI contributions & Income Tax).

George's £300,000 Life Cover costs £1,000 a year.

George's Limited Company pays the £1,000 premium, but instead, this time it is now considered an allowable business expense.

George saved 51% on his Life Cover – Equating to £832.

	Ordinary life policy	Relevant life policy
George's annual premium	£1,000	£1,000
Gross cost to company		
Employee's national insurance	£57	£0
Income tax 40%	£705	£0
Employer's national insurance 15%	£265	£0
Total	£2,027	£1,000
Net cost to company		
Corporation tax relief at 19%	£385	£190
Total	£1,642	£810

THE SAVING IS APPROXIMATELY

51%