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Business Protection Decision Tree

For advisers only. Not for use with customers.

Does the business have a keyperson?

YES

- Calculate loss of profits if a keyperson dies or is off work long term due to serious illness
- If the business is a company (or a limited liability or scottish partnership) effect plan with business as applicant on the life of the keyperson
- If the business is a partnership (other than as above) the keyperson effects the plan on his/her own life under trust for other business partners
- Write to HMRC to confirm tax treatment

NO

Does the business have 'unprotected' loans including director's loan accounts?

YES

- Confirm loan amount and term
- Effect plan level or decreasing term as appropriate
- If the business is a company (or a limited liability or scottish partnership) effect plan with business as applicant on the life of the designated life insured
- If the business is a partnership (other than as above) the designated life insured effects the plan on his/her own life under trust for other business partners
- Write to HMRC to confirm tax treatment

NO

Does the business employ individuals that it would like to provide protection for in the event of their long-term sickness?

YES

Consider Executive / Group Income Protection

NO

What rules govern the business and how shares will be dealt with on death?

Articles of Association

What type of share transfer agreement is in place?

- 'Table A' transfer to estate → Obtain professional valuation. Consider 'building in' a Double Option → Obtain professional valuation. Consider Business Protection Plans under Business Trust
- Double Option → Obtain professional valuation. Consider Business Protection Plans under Business Trust
- Other / Not Clear → Obtain a copy for clarification

Partnership Agreement

What type of share transfer agreement is in place?

- Double Option → Obtain professional valuation. Consider Business Protection Plans under Business Trust
- Automatic Accrual → Obtain professional valuation. Consider own life personal cover under Discretionary Trust
- Other / Not Clear → Obtain a copy for clarification

No written rules

- Explain the impact of the Partnership Act 1890
- Suggest written agreement drawn up
- Look to build in a Double Option agreement (then follow flow from Double Option box to the left)

For more information please contact our dedicated Business Protection team in Preston on: 0845 6026181

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