



MEARNS  
& COMPANY  
CHARTERED FINANCIAL PLANNERS

## LIFE ASSURANCE Decision Making Guide

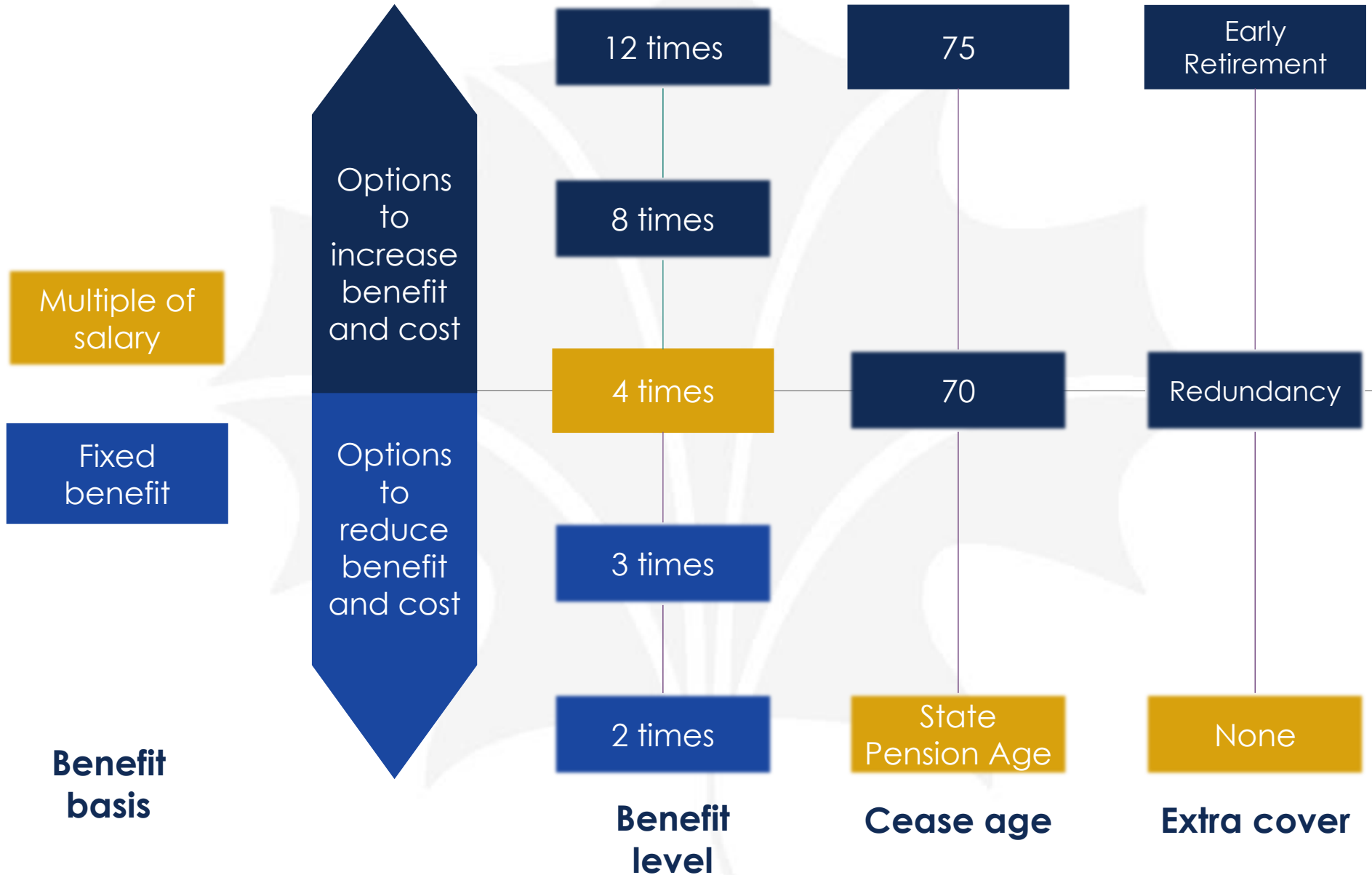


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# Life Assurance



## Life assurance

Benefit type	Benefit basis	Benefit level
<ol style="list-style-type: none"> <li>Lump sum</li> <li>Dependent pension – payable to either a spouse, child, or financial dependent. <i>(not available through an excepted life trust)</i></li> </ol>	<p style="text-align: center;"><i>Lump sum</i></p> <ol style="list-style-type: none"> <li>Multiple of salary;</li> <li>Fixed benefit</li> </ol> <p>The fixed benefit basis favours lower paid employees – they receive a higher multiple of salary relative to higher paid employees.</p> <p><i>Dependent pension</i> – a proportion of salary only.</p>	<p style="text-align: center;"><i>Restrictions</i></p> <ol style="list-style-type: none"> <li>Individual provider limits – although these are typically between £1million and £10 million.</li> <li>Lifetime allowance (<i>applies to registered life assurance</i>) currently £1.0731 million. Exceeding this limit will result in a tax charge.</li> </ol>
Cease age	Redundancy	Early retirement
<p>The age at which employees will no longer be covered by the scheme.</p> <p>Due to age discrimination legislation, this must be set at State Pension Age at minimum. The maximum cease age is 75.</p>	<p>Allows employees who are made redundant to retain cover for up to two years, or until they find alternative employment – whichever is earlier.</p>	<p>Allows employees who retire before the cease age to retain benefits.</p> <p>Sometimes restricted to those who are in receipt of disability pension from an occupational pension scheme.</p>