



O'LEARY
FINANCIAL PLANNING



BUSINESS OWNERS & COMPANY DIRECTORS

Key Person Protection

At O'Leary Financial Planning we provide a comprehensive financial planning service for Business Owners, Company Directors & Senior Executives that will help you organise your financial affairs, ensure you and your business is protected, avail of relevant tax reliefs, understand the choices available to you and help you to make the best possible decisions to safeguard your future financial wellbeing. We can tailor the nature and scope of our Executive Financial Planning Service to suit your preferences.

WHAT'S THE PLAN TO ENSURE YOUR BUSINESS CONTINUES TO SURVIVE AND THRIVE IF THE UNTHINKABLE HAPPENS?

WITHOUT PLANNING, YOUR BUSINESS COULD FACE BEING SOLD TO A COMPETITOR, BE THE SUBJECT OF A DISPUTE, OR FACE LARGE BORROWINGS IN THE EVENT OF THE DEATH OF ONE OF ITS OWNERS.

YOUR BUSINESS' MOST VALUABLE ASSETS ARE ITS PEOPLE.

Key Person Insurance is designed to protect the business against the financial consequences of losing a key employee whose death or serious illness would have a significant impact on the financial or strategic position of the business. The company pays the premiums and receives the benefits.

In a small business the Key Person is usually the owner, co-founder or a key employee. These are the people who are crucial to the business and whose absence would have a serious impact on the future of the business.

Key Person Cover can be taken out at any stage of your company's existence. The premium is paid on a regular basis, based on the cover that is required.

Key Person Cover can provide an immediate lump sum payment to offset any financial losses incurred by the company. The company could use these funds in any way it chooses.



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Amount of Cover

In determining the appropriate amount of cover, an insurable value must be put on the potential financial loss the company would suffer on the death of a key individual (or serious illness) plus the cost of replacing the key individual. Estimating the financial loss can be extremely difficult. The level of cover is normally related to either the person's salary or to the company's profitability. In the case where salaries are not being taken, we can only estimate what the loss of either party would be to the business.

Monthly Premiums

Generally speaking Key Person cover premiums are 'not' admissible deductions for Corporation Tax purposes. Any death benefit received by the company will be taxable. However, under certain limited conditions, the company can claim corporation tax relief on the premiums.

We recommend that the company pass a board resolution recording their intention to affect Key Person cover. The resolution should cover the purpose for which the plan is being taken out.

Other Considerations

- If your business partner died – what would happen to their share of the business?
- How would you feel about a shareholder's family joining your business if she/he died suddenly?
- What's the plan if something happens to you, your business partner or your key person?
- How will your family survive financially?
- What is the contingency plan to buy the shareholding off the deceased's estate?

Arranging adequate business protection ensures the necessary funds end up in the right hands at the right time, helping to preserve the continuity of your business and the protection of you family.