

News & Views



OKDFS Employer Newsletter -
Special Edition

£500,000 of free cover for life assurance

How would you like to be able to obtain up to £500,000 of life cover for each individual director and/or employee of your company without the need for them to answer any medical questions?

A "free cover" level is the amount of benefit that can be insured without any pre-existing medical conditions being taken into account or any medical underwriting being required. Due to our reputation and experience in the corporate market, OKDFS have negotiated preferential free cover terms at inexpensive premium rates for groups of 3 or more company individuals.

In the event of the employee or director's death, the full lump sum benefit would be paid immediately without having to wait for probate. The funds will be paid via the scheme trustees to the beneficiaries without giving rise to any Income tax or Inheritance tax charge. This means that liquidity can be provided to the deceased's family at a difficult time.

This type of policy is known as Group Life cover and is an inexpensive benefit funded by the employer. Although premiums are paid by the employer, the employee has the added advantage that they are not taxed on the premiums as a Benefit in Kind.

OKDFS operate this type of scheme for numerous existing corporate clients. Please contact us for further information and to find out how little the cost can be to provide this first class benefit.



Welcome to this special edition of the OKDFS newsletter for employers. OKDFS provide bespoke advice and services to numerous employers and we would be delighted to have an initial discussion with you.

For full details on our company and our range of services please visit our website
www.okdfs.co.uk



Cut Life Assurance costs by 50%

If you are a business owner or director who wants to provide life cover on your own life for the benefit of your dependants, a Relevant Life Cover contract should be considered. With these contracts premiums are paid by the company and are normally allowable as a business expense; you are not taxed as a Benefit in Kind; and proceeds are normally paid out free of tax.

Compared against individual life insurance cover where you pay premiums out of your net income, a relevant life policy could effectively be up to 50% cheaper. Contact OKDFS now for further information or to get a no obligation quotation.

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NEST is coming

The new National Employment Savings Trust (NEST) is being phased in from 2012. NEST applies to all employers irrespective of size and requires both employers and employees to make compulsory pension contributions.

Employees earning more than the annual personal allowance (currently £7,475 pa) will be auto-enrolled into the scheme.

Employers will only be exempt from NEST if they have a qualifying alternative pension scheme in force. OKDFS are currently working with a number of employers to either "NEST proof" their existing schemes or who are considering establishing their own alternative schemes.

Please contact us if you are an employer who wants to find out more about your options.

How to receive free pension contributions

Many employers we act for have moved their pension provision on to a Salary Exchange basis. Salary Exchange is where the employee gives up part of their salary for an employer pension contribution. As the salary is effectively reduced, this results in a saving in National Insurance (NI) contributions for both employer and employee. The net cost to the employee is therefore the same as if they made the pension contribution directly, but the overall pension contribution would increase.

Let's look at an example: -

An employee currently makes a gross pension contribution of £100 per month to a pension scheme. The actual net cost to them is £80 per month as 20% tax relief is given on pension contributions at source. If the contribution was paid by Salary Exchange, the employee would receive the same net take home pay but the contribution to their pension plan increases from a net £80 per month to between £117.65 & £133.89 per month depending on the amount of the saving in employer NI that is rebated into their pension plan.

If the employee was a 40% tax payer, the net cost to them of their current pension contribution is £60 per month once additional tax relief is claimed through their tax return. With Salary Exchange, full tax relief is obtained at source without the need for a tax return to be completed and the contribution to their pension plan increases from a net £60 per month to between £103.75 & £117.73 per month depending on the amount of the employer NI saving rebated.

The employers OKDFS act for are using a combination of Salary Exchange and the forthcoming NEST pension regulations to relook at the way they provide benefits to their employees, irrespective of whether or not they currently contribute to a pension scheme. Using our years of experience in the corporate market, OKDFS can provide alternatives to NEST that could cost you less and be seen as a real benefit by your workforce.

Salary Exchange is just one example of the ways OKDFS can help you decide what is right for you and your employees. It may be worthwhile to look at paying contributions now to a pension scheme (perhaps in lieu of salary increases) before NEST forces you to do so.

Please contact us for further information and to discuss your specific circumstances.



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