

# Make sure you and your loved ones are adequately protected

## Advice: Key steps limited company contractors should take to shield themselves from unforeseen events

Government reforms of off-payroll working rules (known as IR35) are forcing many contractors operating personal service companies to review their options when it comes to covering the most basic need of all – protection.<sup>1</sup>

As an experienced financial adviser in the Aberdeen and Aberdeenshire area, Steven McKnight has encountered many clients, working for themselves in the oil industry, who tend to write themselves a poor contract.

“Many of my clients are so busy that they don’t look after themselves,” says Steven.

### Health check

For time-short limited company contractors, an annual medical is an excellent way of checking on health, when even making a doctor’s appointment for a minor illness tends to be avoided.

### Life assurance

Protection through a Relevant Life Plan is a tax-efficient way to provide life assurance and can include serious illness cover. The plan itself is established and paid for by the company on the life of the director. Furthermore,

any benefits from the plan are paid to a discretionary trust. The beneficiaries of the trust will be your family members and dependants. A deductible business expense, this plan can provide up to 30 x salary, including dividends, as life cover. With contributions to these plans paid for by the company, they will not be treated as a benefit in kind and will not be taxable

**“Many of my clients are so busy that they don’t look after themselves”**

on you – as the life assured for whom the plan has been established.

### Income protection

Retaining 12 months trading income in your business account is also prudent for any unforeseen time off you may need to take at short notice, or indeed a loss of contract. When considering protecting your income for the longer term too, contracts with deferral periods of less than a year can be very expensive, so

this valuable benefit can be much more affordable as part of your overall financial planning.

### Trading regulations

There are also new rules contractors should be aware of around liquidating limited companies. You are unable to close the company and trade again in the same capacity while still receiving 10% entrepreneurs’ relief.

If you operate as a limited company, you are in the fortunate position of extracting profits from your business to fund your retirement.

### In conclusion

We believe you should plan to protect yourself and your family in the most tax-efficient way possible. To do so, you need an adviser who understands the gaps you face as a contractor, rather than a company employee, and will work with you to ensure you are not caught short, should the unthinkable happen.

The levels and bases of taxation, and reliefs from taxation, can change at any time and are generally dependent on individual circumstances.

<sup>1</sup> Source: [www.gov.uk](http://www.gov.uk), April 2019



TOP TIPS: Steven McKnight is an experienced financial adviser in the Aberdeen and Aberdeenshire area

## BESPOKE FINANCIAL ADVICE FOR YOU

Steven McKnight is a Principal Partner of St. James’s Place Wealth Management, supporting limited company contractors in the north-east of Scotland. With over 20 years’ experience in financial services, Steven and his team specialise in the increasingly complex area of corporate financial planning.

To provide Steven’s clients with added peace of mind and reassurance, St. James’s Place Wealth Management guarantees

the suitability of advice given by Steven when recommending any of the wealth management products and services available from companies within the group. More details of the guarantee can be found on the group’s website at [www.sjp.co.uk/products](http://www.sjp.co.uk/products).

For a no obligation meeting with Steven, or to sign up for his E-Briefing service, please contact Steven on the details below.

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