

# Helpsheet

---

## Group Income Replacement Protection

**Group income replacement protection - also known as Permanent Health Insurance (PHI) - provides a company with funds to continue paying a salary should a member of staff be unable to work for a prolonged period of time, often due to illness or disability.**

Establishing the policy is very simple and straightforward – and is sometimes subject to medical underwriting. The policy sum assured is based on the staff member's earnings. A deferment period also applies which can be 4 weeks, 13 weeks, 26 weeks or 52 weeks. The longer the deferment period, the lower the premium.

Contributions are a deductible expense for corporation tax purposes and the policy proceeds in the event of a claim will be paid free of corporation tax. When the proceeds are then paid to the individual they will be subject to income tax and national insurance contributions.

Whilst considered an employee benefit, the premiums paid are not considered to be a benefit in kind for income tax purposes.

### Disclaimer

This publication has been prepared only as a guide and is not intended as advice. No responsibility can be accepted by Menzies Wealth Management for any loss from acting or refraining from acting as a result of any material in this publication.