

What is Key Person Insurance?

Protect your business from financial ruin if you lose a key person

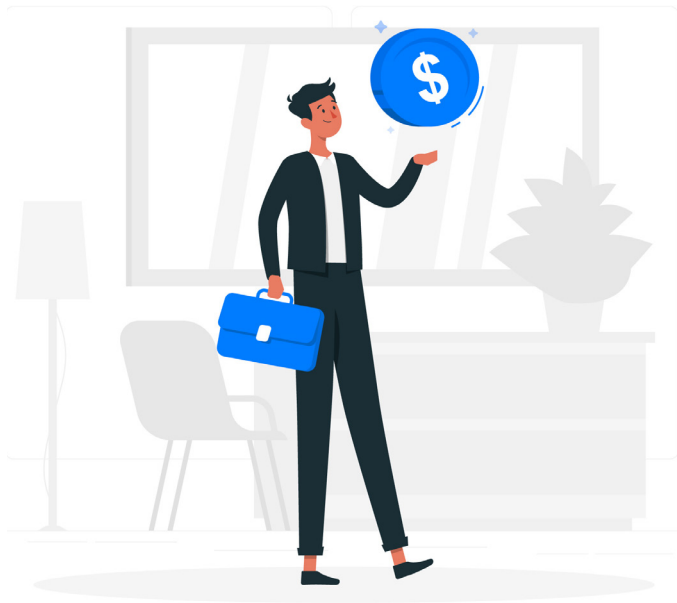
One of the most valuable assets in a business is its key people.

If they were to suddenly pass away, be diagnosed with a serious illness or become permanently disabled how would the business cope?

Would it be able to operate?

How long would it survive financially?

Rather than face such a catastrophe, protect against it.



Key Person Insurance provides a lump sum payout to reduce the financial strain a business may suffer following the unexpected loss of a key person.

Who is a Key Person?

A key person is an indispensable player in the ongoing success of your business.

Without their skills, knowledge, experience or reputation your business would be financially impacted.

It could be a founder, director or partner, a high performing sales person or someone with a unique skill set that is hard to replace.

The risks covered by Key Person Insurance

The three main risks to a Key Person that is covered by this Insurance includes:

Suffering a trauma or critical illness such as heart attack, stroke or cancer (Trauma / Critical Illness)

Becoming totally and permanently disabled (TPD Insurance)

Passing away unexpectedly (Life Insurance)

What is the purpose of the cover?

The benefits from Key person insurance can be used for revenue or capital purposes, or both.



Revenue purposes such as:

- Finding a replacement
- Training costs
- Reduction in sales or profits
- Bad debts

Capital Purposes such as:

- Paying off business loans
- Retaining the business credit rating
- Offsets for the loss of goodwill



The Tax Considerations

The purpose of your cover should be agreed, documented and reviewed each year as it impacts how the insurance premiums and claim proceeds are treated for tax purposes.

Who owns the Policy?

Typically the policy is owned by the business therefore the business pays the premiums and receives the proceeds from a claim.

How much cover is needed?

The amount of cover depends on the circumstances of your business and the contribution from its key people.

There is a lot at stake so it's important to get advice before taking out Key Person Insurance.

Don't let the loss of a key person ruin your business financially.

To find out how we can help you please call (03) 9551 2822 or email us at wealth@ashfords.com.au

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