ROYAL LONDON

Workplace pensions and business protection

A guide to working with business owners

Introduction

Running a small or medium-sized business (SME[1]) places constant demands on business owners - from meeting legal obligations and managing cash flow to attracting and retaining the right people. On top of this, they must make sure their business can manage unexpected events such as illness, loss of key employees, or sudden changes in the market.

Business continuity risk, employee wellbeing and regulatory requirements all need careful planning. But business owners don't have the time or resources to deal with this alone.

This guide helps you support business owners by introducing workplace pensions and business protection to safeguard their business, support their employees and build financial resilience.

At the start of 2024, there were 5.5 million[2] businesses in the UK, with SMEs making up 99.8% of these.

[1]SMEs are businesses with fewer than 250 staff, typically with a turnover under £44 million.
[2]www.gov.uk, Government statistics for business population estimates, 2024.

What's inside

About Royal London

Our people are driven by a passion to help grow your business and deliver value for your clients.

There for you every step of the way

As a mutual, we're customer-owned. This means we're not owned by shareholders or investors. We design products and services to help customers build financial resilience for the long-term.

And, as a champion of financial advice, we design services that support your advice and help you deliver value for your clients.

Grow your business

When you partner with us, you'll have access to a wide range of support, products, tools and technical expertise to help grow your business.

Do business easily and efficiently

We've designed our products, solutions, and services to help save you time, make your processes more efficient and reduce your cost to serve.

Deliver value for your clients

Help your clients build financial resilience with tailored, flexible products and services designed to meet their specific needs.

Clients can access flexible pension and protection solutions, and valuable extras like ProfitShare and ongoing investment governance (for pension and ISA clients) and our Helping Hand service (for protection clients).

Why workplace pensions business is valuable

Workplace pensions business could offer significant benefits for advisers. It provides a stable and recurring revenue stream through ongoing scheme management and employee engagement services.

It also gives you the opportunity to build long-term relationships and provide your clients with the right support and guidance.

Attract and retain talent

Offering a strong benefits package can help your client's business stand out in competitive job markets.

77% [1] of **UK SMEs** plan to revamp employee benefits to tackle economic pressures, improve workforce wellbeing, and attract talent.

Offer salary exchange schemes

Another way to help boost employee pension contributions, which could help deliver better customer outcomes. As the exchanged amount isn't paid as a salary, neither the employer or the employee pays National Insurance (NI). So, your clients can use these savings to increase the contributions they make to their employees' pensions or re-invest into their business.

Meet legal obligations

Automatic enrolment is a legal requirement for eligible employees. This could introduce compliance challenges, creating demand for financial advice. By helping business owners understand pension regulations you could help them avoid penalties, compliance notices and even legal action for non-compliance.

85% [1] of **SMEs** offer a workplace pension, but **15%** are non-compliant with pension legislation - risking fines.

Maintain tax efficiency

Employer pension contributions are typically tax-deductible, helping to reduce the company's overall tax bill - an area where you can offer valuable advice and support.

Support succession planning

For owner-managed businesses, pensions can play a role in succession planning. They provide a financial cushion for retirement, enabling business owners to step back gradually or exit the business with confidence.

Mitigate increased costs and risks

Missed salary exchange savings, high scheme charges and poor employee engagement can increase your clients' costs and risks. You can help manage this by supporting with regulatory compliance and running financial wellbeing sessions.

[1] Howden Employee Benefit Trends in UK SMEs, December 2024.

Opportunities for your business

Workplace pensions business could present a significant opportunity for you to expand your client base, deliver tailored financial solutions and:

- **Secure a recurring revenue stream -** workplace pensions often involve ongoing servicing - like scheme health checks and tax improvement support - which can lead to recurring income through an ongoing fee retainer and ongoing scheme governance support.
- **Differentiate your business -** offering workplace pensions can help you stand out by positioning yourself as a holistic financial planner.
- **Enhance credibility and trust -** by offering expert advice, providing ongoing support and tailoring solutions to suit your clients' business needs.
- **Improve employee engagement and financial wellbeing -** helping clients improve employee financial wellbeing can foster long-term relationships with them and their employees.
- **Create opportunities for broader financial planning -** by providing financial advice to small groups of employees and running internal workshops.

Starting workplace pension conversations

Whether you're speaking to new or existing clients, it's important to know how to start the conversation. From positioning workplace pensions as a recruitment tool to simplifying scheme management, there are several ways to engage business owners and help them deliver better outcomes for their business and their employees.

Lead with the business benefits

Position a workplace pension as a strategic tool for recruitment and retention, not just a legal obligation. Business owners often overlook how enhanced pension schemes can make them more attractive to prospective employees.

Highlight tax efficiencies like salary exchange and employer NI savings, which can make pension contributions more cost-effective than salary increases.

Use clear language

Avoid technical pension jargon. Use easy to understand language like 'investing for the future' or 'boosting your pension savings' to strengthen engagement.

Tailor to the business owner's needs

Understand the business owner's workforce. For example, if they have low earners, you could recommend schemes with relief at source to help them benefit from tax relief.

Reviewing your workplace clients' current schemes

For many business owners, workplace pensions were set up to meet their automatic enrolment responsibilities.

Whether you're assessing scheme performance, exploring salary exchange options, or benchmarking providers, a well-structured review conversation can turn workplace pensions from a tick-box exercise to a strategic asset.

Some questions you might want to ask:

What were your original goals when setting up the workplace scheme?

Helps assess whether the scheme still aligns with the business objectives.

Have your employee demographics or business priorities changed since the workplace scheme started?

Identifies whether the scheme still suits the current employee profile.

How do you currently communicate pension benefits to employees?

Reveals engagement levels and potential for improved education.

Are you making use of salary exchange (salary sacrifice) to reduce company and employee NI contributions?

Explores cost-efficiency opportunities.

Do you know the total cost of your workplace scheme, including provider fees and administration charges?

Encourages transparency and cost benchmarking.

When was the last time you reviewed your pension provider's investment performance and fund options?

Ensures the scheme's fund options (including default investment) continue to deliver value and remain competitive.

Are you confident your workplace scheme meets all automatic enrolment and re-enrolment duties?

Checks for compliance and risk mitigation.

Do you have a process for re-enrolling eligible employees who have opted out?

Ensures ongoing compliance with automatic enrolment duties.

Do you offer financial wellbeing support or pension education sessions?

Explores ways to improve employee outcomes and could be a potential revenue stream for your business.

This scheme health check questionnaire can support these conversations.

Workplace pensions business made easy

Our workplace pension solution can help add value to your clients' benefits package and support their employees' financial resilience. Plus, our five-star rated service[1] and dedicated teams make scheme management easy.

Affordable investment solutions designed by investment experts

A scheme default that meets DWP guidance

The Balanced Lifestyle Strategy (Drawdown) is part of our range of target lifestyle strategies. It's designed to reduce investment risk as members get closer to retirement.

It's designed to meet the Department for Work and Pensions guidance on defaults for automatic enrolment pension schemes, so you and your clients can feel confident that the investment solution they're offering members is in line with the regulator's recommendations.

Multi asset portfolios, designed to match your clients' employees' attitude to risk

For employees saving for retirement, our Governed Portfolios (GPs) offer a range of options with different levels of investment risk.

Make investment decisions based on risk profile

Our Lifestyle Strategies are designed for employees who have a specific retirement goal in mind - whether that's taking a regular income, buying an annuity or taking cash.

Help deliver sustainable retirement income

Designed for employees in drawdown, our Governed Retirement Income Portfolios (GRIPs) factor in the level of risk employees need to take for their desired level of income.

Investment expertise and governance at no extra cost

Our Investment Advisory Committee (IAC) oversees the design of the Governed Range portfolios and reviews this on an ongoing basis to make sure each portfolio continues to meet its objectives.

Investing responsibly

Our workplace pension offers responsible investment and strong governance built in - at no extra cost.

Straight forward and flexible scheme management

Supporting your clients with efficient scheme management

From useful calculators to online client reviews, our workplace pension tools are designed to help save time and reduce cost and business risk - like our salary exchange calculator which produces statements that detail savings, contributions and take-home pay.

[1]Corporate Adviser Provider Service Ratings Report, 2025.

Support for you

Recommend five-star rated products and services

Our workplace pensions service has been recognised with a five-star rating from Corporate Adviser[1] and Defaqto[2] for high service and quality standards.

Quickly create a financial plan

Powered by Moody's, our financial planning tool gives clients' employees a clear picture of their income sources and how their needs might change over time.

Enrich your conversations with data and insights

Data and insights are essential for any well-run firm. Our Business Development Managers use our rich data to save you time and help you spot opportunities to offer advice, improve client outcomes and prevent foreseeable harm.

Conduct a cost-effective review service

Create branded, visual reports that explore the year-on-year performance of members' plans and provide insights into their future with our client review service.

Showcase your expertise

Our retirement and lifestyle planner highlights opportunities for you to offer advice and gives your clients a fast, tailored overview of employees' projected pension income, noting gaps and options to align solutions with their goals.

[1] Corporate Adviser Provider Service Ratings Report, 2025.
[2] Defaqto 5-star rating for workplace pensions, 2025.

Support for your clients

Access scheme guidance and insights in one place

Whether your clients' employees are looking for guidance on managing their scheme, diving into insightful articles, or exploring our latest research reports, our Help Centre is their one stop shop.

It's designed to support them with clear, practical information and expert insights to help them make informed decisions and keep on top of their employer duties.

Implementation service and hub

Our dedicated implementation managers oversee the set-up and smooth running of your client's workplace scheme. This includes hands-on support, admin guidance, and training on the online service tools.

Manage ongoing employer duties

Included as part of our online service, eligible schemes get access to our automatic enrolment dashboard – helping your clients manage their ongoing duties and carry out tasks, like adding new employees and making contributions.

Talk confidently about workplace pensions

We can help your clients talk confidently to their employees about pensions, tax, investments and retirement planning with our ready-made campaigns and educational support material.

Engaging extras for your clients' employees

Boost employees' pensions and investments

We believe our customers should share in our success. That's why when we do well, we'll aim to boost their pension and investments by adding a share of our profits to qualifying plans each year. There's no guarantee that we'll be able to award ProfitShare every year.

Find out more about ProfitShare and the awards we've made.

Pension plus ISA

Our Stocks and Shares ISA offers a flexible way for employees to build for the future – helping them take control of their finances both in and beyond the workplace. It's available to all members of Royal London workplace schemes.

Help build financial resilience

Start meaningful client conversations about building financial resilience and preparing for the future with our financial wellbeing service. It provides education and guidance to help your clients' employees feel more confident about their financial future.

Why business protection is valuable

Business protection helps businesses prepare for the unexpected, ensuring they can keep going if something goes wrong. It's a way to protect a business if key individuals become critically ill or die, safeguarding the future of the business.

There are several areas that can significantly impact the continuity and stability of your client's business. You can help them protect their operations and plan for the future.

Some questions you might want to ask if the worst should happen to a key person or shareholder:

Consider loan protection
How would your business repay any financial commitments - like a director loan account or bank overdrafts?

Avoid loss of revenue
How would the business cope with any revenue lost if a key employee dies or can't work because they're critically ill?

Offer meaningful employee benefits
Small businesses often don't have the scale to qualify for group-risk schemes. Have you considered alternatives?

Planning for the future of the business
Have you discussed what you want to happen to your partner or shareholder's share of the business?

Would funds be needed to buy back the shares from the critically ill shareholder or their estate?

Build contingency plans
Do you have backup plans in place if the business owner or a key employee dies suddenly or becomes seriously ill?

How would your business continue to operate and generate income?

Business protection can help safeguard the future of your client's business. For many business owners, their business isn't just their main source of income - it's also their pension.

By helping them consider business risks, you'll provide advice that could lead to better outcomes.

Opportunities for your business

Business protection helps business owners stay resilient by helping to safeguard the future and continuity of their business.

Discussing business protection can help position you as a trusted partner, supporting these clients through growth, succession, and unexpected challenges.

- **Stand out in the market -** offering business protection can help you differentiate yourself and build credibility with business owners.
- **Build recurring revenue -** protection policies often need yearly reviews, creating opportunities for repeat business and ongoing commission.
- **Strengthen and build relationships -** by understanding the benefits and risks of business protection.
- **Create opportunities to grow your business -** by advising business owners on succession planning and intergenerational planning.

Different businesses face different risks

The right protection can make a difference if something unexpected happens. From covering the loss of a key person to helping with succession planning or safeguarding loans, business protection can help provide financial security.

But no two businesses are the same. Limited companies, partnerships, limited liability partnerships (LLPs) and sole traders have different needs. You can provide valuable advice and help business owners understand their options.

For more details on the types of cover available, for example, loan protection, shareholder protection and key person protection, and how they work for different business structures, visit our business protection resources.

Speaking to your clients about scheme switching is another way for you to generate new business opportunities, as shown in this case study.

Starting business protection conversations

It's very likely that you have business owners in your existing client bank. You may already be engaging with them about their workplace pension. They may already have personal protection in place. You could talk to them about protecting their business too.

Business protection gives you a great opportunity to develop client relationships, expand your business and increase your revenue.

Understanding the business

Start by learning about the business and where it's headed. This helps you understand what matters most to the owner.

- Who runs the business, and what do they do day-to-day?
- What are their plans for the future - growth, stability, or something else?
- What are their retirement plans - who will run the business, and would the business continue?
- If the plan is to grow the business, how will they pay for that growth?
- If they've already grown their business, are they happy with how things are going?

Business borrowing

Most businesses borrow money at some point. It's important to understand how much they owe and who's responsible for paying it back.

- How much money has the business borrowed, and from where? E.g. commercial or personal loans, credit cards etc.?
- Is anyone personally responsible for making sure the loans get paid?
- Has anyone used their home or other assets as security for the loan?
- Does the director owe the business anything?

Business ownership and succession

It's important to understand what would happen to the business if the business owner dies.

- What's the business worth today, and how might that change in the future?
- What's your current business continuity plan in the event of your death?
- Would you want your family to be involved in the business, or receive the value of their shares in the business?
- If your family want to join the business, do they have the right skills — and how would that be handled?
- How important is the value of the shares in this business to the financial future of your family?
- If the other owners wanted to buy the shares, where would the money come from? Could the remaining owners afford to buy those shares? Would they need a loan? Could they get a loan easily?
- Would a competitor be interested in buying into the business?

Key people in the business

Some businesses rely heavily on one or two people. If something happened to them, it could seriously affect the business.

- Who are the key people in the business – the ones it couldn't run without?
- Thinking about those people, what would happen if they couldn't work or died?
- What would the impact be on your customers? Your suppliers? Operations? What would happen to your cash flow?

Personal protection for owners and directors

While talking about business risks, it's also a good time to ask about how the owners and directors protect themselves and their families.

- Does the business have a plan to pay employees if they're off sick?
- Is there a plan in place if an employee dies while working for the business?
- Are the owners and directors personally protected if something happens to them?
- Could the business pay for this protection in a tax-efficient way?

Building professional connections

New business protection clients can also come from referrals from other professionals, such as solicitors, accountants and general insurance brokers.

Solicitors are involved in business succession so they could introduce you to clients when they draw up shareholder and partnership agreements.

Accountants usually see their clients more regularly than solicitors and they'll be aware of the gross profits and fixed costs of a client's business. They can refer clients to you to discuss the risks associated with losing key people.

These professionals have a duty of care to their clients – so they should welcome your advice and expertise. If their clients are happy everything's being done to protect their business, this could reflect well on them too.

Have you considered social media as a referral tool?

For example, you could use LinkedIn to search for professional job titles such as 'Accountant' or 'Solicitor' in your local area and reach out to them offering your services.

Business protection made easy

When it comes to business protection, we have the expertise and solutions to help protect your clients' businesses.

Experts to guide you through the process

Access to corporate protection specialists
On hand to support you with training and sales development - whether you're new to business protection or need a refresher. They can also help with individual cases.

Direct contact with our dedicated large case team
With experienced case managers and underwriters our large case teams are experts in handling larger cases with complex financial underwriting requirements.

On hand tax and trust support
Our specialist team are available to support you with questions and individual client situations.

Protection options tailored for your clients' needs

Comprehensive cover for your client's business
Our Business Menu Plan allows you to apply for up to 10 covers in a single plan for a number of shareholders or owners within the same business.

Choose from Life Cover, Critical Illness Cover, Life or Critical Illness Cover, Income Protection, Key Person Income Protection, and Waiver of Premium (Sickness).

Peace of mind with immediate cover
Underwrite Later gives clients immediate assurance knowing their business is protected while we handle the paperwork. We can provide up to six months of Life Cover, ranging from £1 million to £3.5 million. This cover is available immediately while we wait for your client's medical information, following an underwriter's initial assessment.

Employee benefits for key individuals
Our Relevant Life Plan lets business owners provide employees (including directors) with tax-efficient death in service benefits outside of a registered group life scheme.

Protection solutions, designed to be flexible
You and your clients can relax knowing their cover can adapt to the changing needs of their business. For example, a key employee may leave the business or retire for health reasons, or the company may take on a new loan to help with expansion plans.

Straightforward signature free trust process
You can complete an online trust as part of the online process completely signature free, making sure the money from the protection plan ends up in the right hands, at the right time as quickly and tax-efficiently as possible.

Added value to your client conversations

Practical tools and resources to guide client conversations
We offer a range of tools and support, including:

- Business protection calculator to identify the right cover.
- Equalisation calculator to work out a fair distribution of costs for business protection.
- Relevant life calculator - shows the difference in cost of a life policy taken out through an employer rather than individually.
- Trust literature, including guides, trust forms, and cross option agreements.

Help clients stay healthy and supported - at no extra cost
Our Helping Hand service gives clients access to expert support for their wellbeing and their business, including:

- Access to a range of hand-picked early medical services, to stay fit and healthy.
- A recruitment specialist to help recruit a temporary replacement if a key employee is seriously ill and can't work.
- Independent legal advice to provide support on all aspects of employment law, such as understanding their position if an employee is absent for a period due to serious illness.

Helping Hand is a package of support services, and each service is provided by third parties that aren't regulated by either the Financial Conduct Authority or the Prudential Regulation Authority. These services aren't part of our terms and conditions and don't form part of your client's insurance contract with us, so can be amended or withdrawn at any time. This means that your client or their family's access to these services could be amended or withdrawn by us in the future.

Bringing workplace pensions and business protection together

Combining workplace pensions and business protection in your client conversations can be a great way to show the value of your advice. Business owners don't just have a need for one or the other.

Our case study below shows an example of how bringing workplace pensions and business protection together works in practice.

Workplace salary exchange savings - opening the door to business protection

A client who has a majority share in a limited company has decided to implement a salary exchange pension arrangement for employees. The directors are also interested in providing themselves with some death in service cover and finding out how Relevant Life Plans could provide them with this. In addition, they're keen to find out how other protection insurance, funded by the salary exchange savings could benefit the business.

During the discussion around their plans for the business, they show interest in exploring options to cover the value of their individual shareholdings, to enable the surviving directors to have the funds available to buy their shares from their estate should they die unexpectedly.

The business has also just taken out a ten-year loan for £250K to fund their growth plans and would like the loan balance to be repaid if one of them died unexpectedly.

	Shareholder protection based on their % holding	Loan protection £250K decreasing cover	Relevant Life Plan £1m*	Total commission @140% Lautro
Director 1	£257.05	£24.47	£169.71	£9044.78
Director 2	£88.45	£9.72	£76.07	£3,492.13
Director 3	£19.87	£7.92	£58.08	£1,715.76
Monthly cost	**£365.37**	**£42.11**	**£303.86**	

All monthly premiums include £2.60 plan fee

Total monthly premium = £711.34

*The figures above provide cover to retirement at age 67 for the Relevant Life Plan and shareholder protection and decreasing life cover with an interest rate of 8% for loan protection.

Critical illness cover isn't included in these figures but is available for shareholder and loan protection at an additional cost.

We can provide help and support for you with technical guidance for the set up, structure and tax considerations of putting protection solutions in place for businesses.

More information

Get in touch with your usual Royal London contact to find out more. If you're new to Royal London, you can request a call back.

We're happy to provide your documents in a different format, such as braille, large print or audio, just ask us when you get in touch.

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