

BENEFITS OF PRIVATE HEALTH SERVICES PLANS/ HEALTH & WELFARE TRUSTS

ADVANTAGES	
<i>Employer – Owner</i>	<i>Employee</i>
<ul style="list-style-type: none"> ❖ Cap or fix ongoing benefit costs ❖ Vary benefits for different classifications of employees (i.e. owner vs. manager vs. staff) ❖ Deduct all cost at corporate level ❖ Avoid CPP, UIC payments and payroll taxes on deposits ❖ Vastly expanded list of acceptable expenses (as per IT bulletin 519R2) ❖ No deductible or co-insurance payments ❖ Save 2% premium tax on deposits ❖ Owners have “magic wand” to allow for exceptional circumstances ❖ Critical Illness coverage can be fully tax deductible ❖ Post-retirement plans are available 	<ul style="list-style-type: none"> ❖ Knows exactly what annual benefits are ❖ Healthy (low usage) employees can carry forward unused benefits (like a health savings account) for future use ❖ Vastly expanded list of acceptable expenses (as per IT bulletin 519R2) ❖ No deductibles or co-insurance payments ❖ Benefits received by electronic fund transfer usually in two days ❖ Benefits are non-taxable

DISADVANTAGES	
<i>Employer – Owner</i>	<i>Employee</i>
<ul style="list-style-type: none"> ❖ Plan may run into shortfalls during initial 3-month start up period, if heavy claims are experienced. 	<ul style="list-style-type: none"> ❖ Critical Illness benefit payments must be used to pay health related expenses.