Top 11
Ways to de-risk your Group Benefits Plan

CAPITAL ESTATE PLANNING CORPORATION
Provider of your Voluntary Benefits Program

*Capital Planning Education Series - **Group Benefits***

Liability Issues

- **Do not** have a plan that allows employees to **fully opt out**. At the very least maintain Life and Disability coverage as mandatory.
- Many plans will **not allow subcontractors** to be included without a separate class, if at all. Only full time T4 generating employees can be enrolled. This could be a factor in the CRA declaring a contractor as an employee or Personal Services Corporation
- Enroll **new hires within the waiting period** (usually 3 months) and notify insurer within 30 days of all status changes (e.g. marriage, common-law, separation, birth, salary change, spousal coverage loss etc.) Otherwise there could be liability from coverage being declined or limited.
- If **Cost Plus** is used, **define the amount and class** of employees eligible for this benefit. Check with your accountant regarding use by shareholders. Note: CRA issues can arise unless Cost Plus is available to some employee classes (other than just the shareholders).
- Obtain **Plan/Benefits Administrator liability coverage**. This is available as a rider to your general business liability policy from your Property & Casualty/General /Business Insurance broker, often at little to no cost.
- Confirm that employees receive the **maximum Life & LTD** amounts that they are eligible for using the definition of earnings shown in your policy. Obtain a signed waiver from the employee if they choose not to apply for additional Life or LTD benefits (above the Non-Evidence Maximum).
- Advise your employees in writing that the company **reserves the right to discontinue** or alter employee benefits at any time.

Taxation Issues

- Long Term Disability benefits are not taxed when received if the premium is **100% paid by the employee**. LTD benefits are taxed **if the employer pays ANY portion of the premium** unless it is shown as a regular taxable benefit (check with your accountant).

Privacy & Confidentiality Issues

- All plans should have a drug card, allow online claims submission, and allow claims to be submitted **directly from the employee to the insurer** and cheques returned privately to the employee – the employer shouldn't have access to health history, claims experience by employee, etc.

Administrative Issues

- Obtain a **signed letter** from each employee acknowledging that employee benefits are mandatory and allowing payroll deductions if the premium is shared. In most cases, total premium must be at least 50% paid for by the employer.
- Remind staff that they **MUST call the insurer IMMEDIATELY** in the event of an **out of province/country emergency**. Some group insurers have instituted health stability clauses, pre-existing medical conditions and travel restrictions that can leave staff with NO coverage if they have changed meds, have outstanding tests or results, or are travelling to areas with government travel advisories.

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