

# Health Benefit Plan

## Health Benefits Coverage

Designed for the Independent  
Business Owner, Family and  
Employees



For many small to mid-sized business owners, traditional health and dental benefit programs provided by insurers are too costly, and benefits often go unused. A Health Benefit Plan (HBP) offers incorporated professionals and business owners a reliable and economical way to provide expanded medical and dental coverage for themselves, their families and their employees.

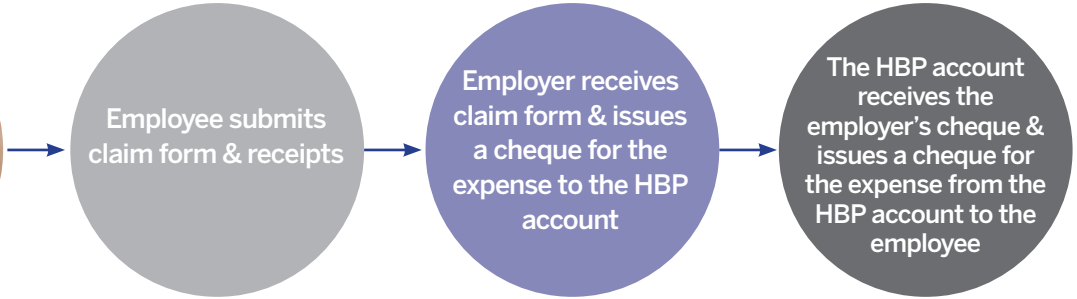
### Are you a good candidate for a Health Benefit Plan?

- Incorporated professionals who are looking for comprehensive health benefits without the expensive premiums.
- Business owners who wish to increase benefits for valued employees as well as attract future employees to join the corporation.
- Business owners who wish to replace traditional group insurance or cost plus arrangements with a flexible, self-administered plan tailored to the needs of the business.

### How a Health Benefit Plan works

To set up a Health Benefit Plan for your business, first set up a chequing account in the name of the HBP at your bank. The process then works as follows:

1. The covered plan member pays for medical expenses in full, up front.
2. The covered member then presents the receipt and claim form for these expenses to the office bookkeeper, who will approve the claim.
3. The corporation then makes a payment equivalent to the approved expense to the HBP account.
4. A cheque is issued from the HBP account to the plan member for 100% of the bill/or the maximum allowed by the Health Benefit Plan.



### Key benefits of a Health Benefit Plan

- Employees enjoy a tax-free benefit
- Out-of-pocket medical costs are turned into tax-deductible business expenses
- No administration costs as the plan is internally administered
- Flexibility in providing additional coverage for employees

### Final things you need to know

- Reimbursement of medical claims under a Health Benefit Plan is an employee benefit, versus a share holder benefit.  
All participants must be in receipt of T4 salary.
- An employer's contributions to the fund cannot exceed the amounts required in order to provide the benefits outlined in the agreement.

- The Health Benefit Plan requires similar treatment for all members within a classification. For example, if the company wishes to make the Health Benefit plan available to managers, then all managers must be included.
- Contributions may be subject to retail sales tax and/or provincial premium tax depending on your province including, Ontario, Quebec and Newfoundland & Labrador.
- A reasonable benefit must be offered to at least one class of arm's length employees when applicable.
- Members should be provided with letters confirming that their benefits and their eligibility for Plan benefits are as a result of their employment with the company.
- Health spending limits are for the current year and cannot be carried forward in the next calendar year.
- Due to privacy laws it is preferable for an outside person to administer the Health Benefit Plan. Otherwise, it is acceptable to appoint a person within the company who is not responsible for hiring or firing employees.



To learn more about how your business can benefit from a Health Benefit Plan, contact a GBL representative today.



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