

Attract and retain valuable employees with group benefits

You've worked hard to build your business into the success it is today and it's important for you to exceed your current level of success. Whether you have three employees or three hundred, a comprehensive group benefits plan can help.

An employee benefits plan is an important part of the financial security plan of your business. Group insurance is an arrangement, under a single contract, to share financial risk associated with such events as loss of life, disability and health-related expenses priced based on the lives of a group of people. With a group benefits plan, when a member of the group dies, becomes ill or needs healthcare services, the plan provides compensation according to the terms of the contract.

Investing in group benefits for you and your employees can help you to:

- Better attract and retain employees which can also help you to reduce costs related to high staff-turnover
- Access insurance for you and your employees at a reduced cost (as compared to many individual insurance plans)
- Deduct your premium as a business expense from your taxes, providing a tax-deductible alternative to a salary increase
- Provide 24-hour coverage for all benefits, including disability insurance
- Improve morale and decrease incidences of absenteeism, thereby increasing productivity, by providing financial security and support for your plan members when they need it most

Essential features available under a group benefits plan

- Basic coverage does not require proof of insurability.
- For life, health and dental coverage generally there are no exclusions or limitations for pre-existing conditions.
- Healthcare and dentalcare benefits can help your plan members bridge the widening gap between provincial health insurance plans and the coverage your members and their families need.
- Wellness and disability benefits offer a collaborative approach to managing wellness and disability in the workplace. Drawing on a comprehensive menu of services, this coverage helps protect you and your employees against the financial impact of income loss due to an accident or illness. Critical illness benefits can provide your employees with a one-time, lump-sum benefit if they are diagnosed with a critical condition as defined in the policy, as long as they satisfy the survival period.
- Life and accidental death and dismemberment (AD&D) benefits can provide financial support for your plan members and their families in the event of a death or other specified losses as a result of an accident, helping ease the burden of unfortunate situations.

- International benefit plans provide benefits to employees who are U.S. residents, are Canadian residents working temporarily in the U.S. or overseas, or are new to Canada, and not yet eligible for provincial healthcare benefits.

Group benefits instead of a salary increase

An attractive overall compensation package can help protect an employer's most valuable asset: your employees. With government cutbacks and increasing drug, hospital and paramedical costs, giving your employees a pay increase isn't always the most cost-effective compensation method.

A raise in salary can cost you more than you think. Consider a three per cent increase on a \$35,000 salary for an employee in Manitoba, versus an equivalent premium allocation:

From the employer perspective:

As illustrated in the example below, it can cost you \$139.36 more per employee to implement a three per cent salary increase than to provide group benefits:

Sample Illustration:	Raise	Group Benefits
Enhancement	\$1,050	\$1,050
Employment Insurance ¹	\$25.43	N/A
Canada Pension Plan ¹	\$51.98	N/A
Workers' Compensation Board ²	\$16.80	N/A
Payroll Tax ³	\$45.15	N/A
Total	\$1,189.36	\$1,050

¹EI and CPP as per 2009 CRA rates. ²Using WCB of Manitoba's \$1.60 per \$100 average assessment rate for 2010. ³Payroll tax of 4.3 per cent for total yearly payroll between \$1.25 million and \$2.5 million. For your actual Workers Compensation rate and payroll tax, please speak to your tax advisor or payroll department.

From the employee perspective:

Having the company purchase benefits on behalf of employees increases purchasing power when federal and provincial income tax rates are taken into account, as seen in the following example:

Sample illustration:	Raise	Group benefits ⁶
Enhancement	\$1,050	\$1,050
Employment Insurance ¹	-\$18.16	N/A
Canada Pension Plan ¹	-\$51.98	N/A
Federal tax ⁴	-\$157.50	N/A
Provincial income tax ⁵	-\$133.87	N/A
Net value	\$688.49	\$1,050

¹EI & CPP as per 2009 CRA rates. ⁴Federal tax rates for 2009. ⁵Provincial /territorial tax rates – Manitoba 2009 (does not include assumptions for personal exemptions or credits). ⁶Assumes the value of non taxable benefits only.
<http://www.cra-arc.gc.ca/tx/ndvdl/fq/txrts-eng.html>

Contact your financial security advisor or group broker

Your people are likely your most important asset and provide you with a competitive edge. Creating the group benefits plan your business needs takes experience and knowledgeable advice. Contact your financial security advisor or group broker to find out more about how group benefits can help make your business more successful.

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