



Health Spending Account (HSA)

Group Benefits

Let us help. Here's a quick guide to frequently asked questions about Health Spending Accounts for groups.

A Health Spending Account is an excellent way to pay for medical expenses

A Health Spending Account is a cost-effective alternative to traditional health insurance. The benefit is 100% tax free to you and your employees and 100% tax deductible to your corporation. There are no premiums, hidden fees, deductibles, copay, or complex policies.

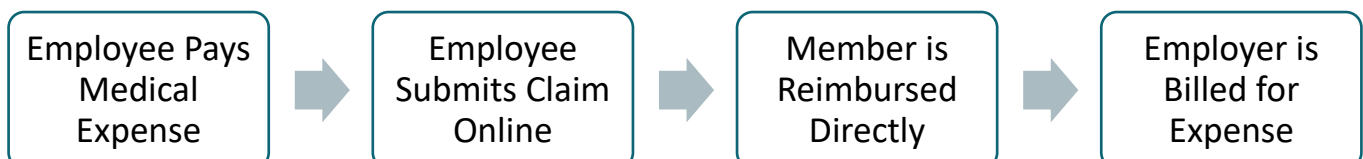
What does it cover?

- Eligible expenses not covered under traditional benefit plan.
- Eligible expenses in excess of plan maximums.
- Co-insurance and Deductibles charged by traditional plan.

HSA eligible expenses are determined by the Canada Revenue at www.canada.ca/en/revenue-agency.html

How does it work?

- Plan Sponsor decides how much to allocate to the employee's HSA for the year.
- The Employee submits claims for medical expenses to be reimbursed from their HSA.
- The insurer processes the claim.
- The Employee continues to submit eligible claims until the HSA balance is zero or is no longer available for use.



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Taxes and Fees

- **Administrative Fees** – This can vary between providers but typically 8-10% is applied to claim.
- **Taxes** - In Ontario, Retail Sales Tax (RST) of 8% will be applied to claims and a Provincial Premium Tax of 2% will be applied to claim amount and the Administration Fee. HST/GST to Administration Fee and other applicable Fees (all provinces).

Options

Balance Carry-Forward – Plan members can carry forward any unused balance remaining in their HSA at the end of the prior benefit period to the current benefit period. Unused balances can only be carried forward to the following benefit period.

'Use It or Lose It' – Plan members forfeit any unused balance remaining in the HSA at the end of the benefit period.

Employer Benefits

- **Cost Control** – A defined amount is allocated to each plan member, allowing you to better predict and control costs.
- **Employee Satisfaction** – HSAs typically increase plan members' awareness and appreciation for the value of their benefit plan.
- **Tax Deductions** – Your contributions to the HSA and the administration expenses associated with the plan are tax deductible (excluding Quebec).
- **Flexible Credit Allocation** – Different HSA allocations can be specified for different classes of employees.

Plan Member Benefits

- **Benefit Control** – Plan members have more control and choice on how to spend their benefit dollars.
- **Flexibility** – Plan members can claim some expenses that might not otherwise be covered under their regular health and dental plan.
- **Non-Taxable Income** – HSA funds are considered non-taxable benefits (excluding Quebec).

For more information please don't hesitate to reach out to us.

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