



# BENEFIT QUESTIONS

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## Plan Administration

**Let us help. Here's a quick guide to frequently asked questions from plan administrators.**

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### **Can members waive coverage?**

If a member, or their dependents are covered for Extended Health Care, and or/Dental Care under another insurance contract they may choose to waive such benefits.

Upon waiver of Health and Dental, it is mandatory that the employee still applies for Life Insurance, AD&D, and all applicable Disability Benefits.

Please be sure to have employees complete an enrolment form even if they are opting out of Health & Dental.

### **What if an employee wishes to refuse coverage?**

Small group plans are mandatory, and all eligible members must apply for coverage. In some cases, plans may have a 75% enrolment rule so some employees may opt out.

If an employee does not have spousal coverage and they choose to refuse benefits they must refuse ALL benefits - they cannot pick and choose.

If they wish to apply for coverage at a later date, medical evidence will be required to determine proof of good health. Health Benefits may be declined, and limitations may apply. Limitations on Dental coverage will apply for one year.

### **What is Coordination of Benefits?**

Coordination of Benefits applies to members who are covered by more than one Health and Dental Care plan. Coordination of benefits helps ensure that members covered by more than one plan will receive the benefits they are entitled to while avoiding overpayment by either plan.

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#### **What is a late enrolment?**

Each Employee Benefit Plan has a particular waiting period indicated in their contract. At the end of the waiting period, coverage for a new employee should become effective.

According to the terms of most contracts, you have thirty-one (31) days beyond the end of this waiting period in which to enroll a new employee. If an employee is not enrolled within this timeframe, he/she is considered a "Late Enrolment".

Medical evidence will be required to determine proof of good health. Health Benefits may be declined, and limitations may apply. Limitations on Dental coverage will apply for one year.

#### **Are Short Term Disability and Long-Term Disability benefits considered taxable income?**

If the employer pays all or part of the premium, disability benefits are subject to income tax. If the employee pays 100% of the premium, disability benefits are income tax free.

#### **What other benefits are considered Taxable?**

##### Group Life, Dependent Life, and AD&D

Employer paid premiums are a taxable benefit to the employee and added to the employees T4.

\*Death benefits are not taxable to the recipient.

##### Extended Health Care, Vision, Dental

Employer paid premiums are not a taxable benefit.

#### **Can I extend benefits as part of a severance package?**

Benefits may be extended as part of a severance package due to layoff, or termination. Employers must notify the insurance company prior to termination and for approval should they wish to extend benefits beyond 8 weeks.

Employers should also seek legal advice prior to terminating an employee.

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#### **How long do I have to extend coverage for someone who is on Long Term Disability?**

Unfortunately, there is no definitive answer, and each situation must be examined on an individual case basis.

We recommend that all employers develop a formal corporate policy with respect to continuation of benefits for disabled employees. This policy should be written and signed at time of hire.

We also suggest that employers seek legal advice should an employee become disabled.

[https://www.labour.gov.on.ca/english/es/pubs/brochures/br\\_leaves.php](https://www.labour.gov.on.ca/english/es/pubs/brochures/br_leaves.php)

#### **What happens when an employee goes on Maternity/Paternity leave?**

If the **employer** pays 100% of the premium, then coverage must remain active while on Maternity Leave.

If the **employee** pays a portion of the premium, they can choose to refuse the benefits that they contribute to while on leave.

\*They must refuse coverage for ALL coverage that they pay a portion of.

\*They must refuse for the entire term of Maternity/Paternity Leave (refusal of part of the leave is not permitted).

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

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