

## Why Implement a Benefits Plan?

### What Is it and How Does it Work?

Group Benefit Plans are a tax-effective way to compensate employees so they can have peace of mind that you are helping them offset Medical and Dental expenses and, in some cases, provide financial relief for loss of life or disability. There are 4 common ways to set up a Benefits Plan:

1. Traditional Group Insurance (TGI)
2. Health Care Spending Accounts (HCSA)
3. Administrative Services Only (ASO)
4. Flex Benefits (FB)

### Do I have to fill out a Medical Questionnaire?

Typically, you do not have to complete a Medical Questionnaire but there could be pre-existing conditions clauses.

### What Does it Cover?

Benefit Plans are typically set up to reimburse the Health & Dental expenses of employees. In some cases, there is also the option to include "Peace of Mind" coverage such as Life, Disability, Critical Illness, and Employee Assistance Programs. You can have different levels of coverage by category of employee (Management, Salaried, Hourly, etc...).

### How much Does it Cost?

A Benefits Plan can cost as little as \$51 per month per employee for an HCSA...or as much as you want to spend. Typical TGI and FB plans are going to cost anywhere from around \$1,000 per year per employee upwards of \$5,000 per year per employee...all depends on what type of coverage you would like to put in place. ASO is rated somewhat similar to TGI.

### Will the Cost Ever Increase?

If you go the HCSA route, then you decide if you want to increase the contributions. If you go with a TGI plan, then your Carrier will typically want to increase your rates at the end of each year...really depends on how much you and your employees claim vs how much you paid in premium. If you choose ASO, then your contributions will increase/decrease depending on exactly how much you contributed vs how much was claimed. The FB option usually has a 2-year rate cycle.

### Can I add Optional Coverage?

With the HCSA, you can add Travel and/or Catastrophic coverage. Usually with TGI you can have Optional Life and Optional AD&D coverage. The FB inherently has options built into the program. An ASO program does not typically have optional coverage.

### Pay Increase or Have a Benefits Plan?

It's important to remember that if you increase someone's salary by \$1,000, it's going to cost you more than \$1,000 with CPP, EI, etc...and the employee is only going to receive around \$600. A \$1,000 investment in a Benefits Plan is going to be at least a \$1,000 in an employee's pocket and an eligible business expense for you that is net of CPP, EI, etc...

### Next Steps:

1. You do not currently have a plan...in order to get you quotes, Sharkey Group Insurance (SGI) will need the demographics of your employees (age, sex, marital status, occupation, and hire date). In the case, where you want to look at including Disability coverage, you will also need to share their salaries. SGI will then request quotes from the Carriers that it works with and then provide a Market Analysis of the various Benefit Options.
2. You currently have a plan...The Insurance Carriers require the employee demographics along with some financial information (Rate History, Premium and Claims History) that should be available in your Recent Renewals. If you don't have immediate access to this information, SGI can make it easy for you by you signing a Letter of Authorization that provides permission for SGI to secure the necessary information to provide you with quotes from an extensive list of other Carriers interested in underwriting your business. SGI will then ask for quotes from the Carriers and present a Market Analysis so you can make an informed decision.