

WHAT ARE THE COST SAVINGS?

Consider the following circumstances:

- Salary \$100,000
- Personal Marginal tax rate 36%
- Corporate tax rate of 14%
- \$3500.00 combined health and dental expenditures

WITHOUT AN IB CORPORATE COST PLUS PLAN

The employee would have to earn \$5468.75 before tax to net \$3500

With a 36% tax rate, their tax cost is \$1968.75

\$3500.00 is left over to pay their bills

A medical expense tax credit of \$199.35 is available.

Total Tax Burden to pay these bill was \$1769.40

Total cost of \$5269.40

WITH AN IB CORPORATE COST PLUS PLAN

Submit a claim to IB for \$3500.00. IB will invoice the company for \$3794.00 representing the \$3500.00 + 8% claims adjudication fee and 5% GST on the fee.

After paying the invoice the full amount of the claim (\$3500) is reimbursed. This amount is non-taxable.

The company is able to deduct the full \$3794.00 as an employee benefit business expense.

With a tax rate of 14% \$3794.00 represents a net cost of \$3262.84. Therefore the total tax cost was reduced by \$2006.56, a 38% savings.