

October 17 2019

Important memo regarding changes to Health and Welfare Trusts.

We have had inquiries lately regarding changes to the eligibility of owner operator corporations setting up cost plus style "Private Health Service Plans" like the ones that we administer for ALL of our clients and in particular the medical and dental professionals with Professional Corporations (PC's) that we serve.

Rest assured that eligibility of our "stand alone" plans and the resulting benefits have not been affected by the changes that are being made where Health and Welfare Trusts are required to be converted to an Employee Life & Health Trust.

Innovative Benefits has received an opinion from a Prominent National Accounting Firm with a large Professional Services Division confirming that a Stand Alone Private Health Service Plan that is NOT set up inside of an Employee Life & Health Trust is not affected by this new legislation.

THE FACTS

1. All Health and Welfare Trusts (HWT's) must be converted to an Employee Life & Health Trust (ELHT) by 2022.
2. ELHT's are required to have arms length employees to be eligible for the same tax benefits as what Private Health Service Plans allow.
3. A stand alone PHSP like the plans that Innovative Benefits administers are NOT a Health and Welfare Trust OR an Employee Life & Health Trust.
4. HWT's and ELHT's are formal Trusts that are required to adhere to Trust legislation within the Income Tax Act.
5. Our plans are a contract in the nature of insurance between an Employer and its Employee's.
6. Therefore our plans are not affected by these new administrative rules for HWT's and ELHT's.
7. It is possible for one of these trusts' to hold a PHSP inside of it. Only in that circumstance would the PHSP have to meet the same requirements as the trust that holds it.

Please contact us at 780-448-0783 or email info@innovativebenefits.ca for more information.

In the event that you currently hold a Health and Welfare Trust or are enrolled in a competitors plan that is held by one of these trusts we will waive all set up fees associated with transferring your Private Health Plan to Innovative Benefits.

Sincerely,

Randy Parish CFP