

## Cost Plus

Your plan provides you with comprehensive, cost-effective group coverage. Cost Plus allows you to increase your health, dental and vision coverage with tax savings. Cost Plus may be used at the discretion of the employer as often or as little as required.

### Advantages:

- Cost Plus expenses are paid with pre-tax funds from the business, not disposable income from the employees
- Reimbursements are not a taxable benefit to the employee

### Example:

- The child of an executive requires an orthodontic procedure.
- The procedure will cost \$1,500
- The executive pays 50% in person income tax
- The corporate tax rate is 22%

### **Without Cost Plus:**

- The executive would need to earn \$3,000 in order to have \$1,500 of disposable income to pay for the procedure

### **With Cost Plus:**

- The company sends the carrier a cheque for \$1,500 plus a 10% administration fee.  
(TO A MAXIMUM OF \$150)
- The \$1,500 (plus administration fee) is tax deductible for the business
- The employee receives \$1,500 in non-taxable benefits

### Sample Calculation

Claim Amount	\$1,500.00
8% Administration Fee	\$ 120.00
2% Premium Tax	\$ 32.40
8% Ontario Retail Sales Tax	\$ 129.60
7% GST on Admin Fee	\$ <u>8.40</u>
<b>Total</b>	<b>\$1,790.40</b>