



## Group Benefits Tax Changes

At Group Insurance Solutions we would like to take the time to inform you of an important tax change for your benefits plan effective January 1, 2013:

As part of the 2012 Canadian Federal Budget, **employer-paid** premiums for **Accidental Death & Dismemberment (AD&D)** and **Critical Illness (CI)** Insurance will become taxable benefits to employees across Canada, effective January 1, 2013. Accordingly, your employees' payroll deductions may have to be adjusted. It is recommended that your employees pay 100% of these benefits.

Please note that employer-paid premiums for private health services plans (including health, drug, dental and health spending account plans) are not included in this, and will continue to be non-taxable benefits for federal income tax purposes.

Please visit [www.budget.gc.ca/2012/plan/anx4-eng.html#PITM5](http://www.budget.gc.ca/2012/plan/anx4-eng.html#PITM5) for more information.

## Applying for Optional or Excess Insurance

### WHAT IS OPTIONAL INSURANCE?

**On the Employee Enrollment Form, employees have the optional to apply for additional Life and AD&D Insurance over and above the amount included in your standard plan offering.**

- Life Insurance can be selected for the employee or spouse in units of \$25,000 to a maximum of \$250,000.
- AD&D can also be selected in units of \$25,000 to a maximum of \$250,000 and comes in an employee only or family option.

Rates are based on the individual demographics and smoking status of the employee/spouse applying. **If you are interested in a quote please contact your Customer Service Representative.** If an employee is interested in applying for optional coverage a Declaration of Health Condition Form must be completed and submitted to Group Insurance Solutions.

### Plan Administrator

Western Financial  
Group Insurance Solutions  
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Winnipeg, Manitoba R3G 0R5  
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1-800-665-8990  
Fax: (204) 943-5531

### Website

[www.WestGUARD.ca](http://www.WestGUARD.ca)



## WHAT IS EXCESS INSURANCE?

**Additional Life Insurance or Disability Insurance coverage above your plan's Non-Evidence Limit (NEL) but below your plan maximum.** This would apply if the insurance coverage is based on the employee's salary and if the employee is eligible for excess coverage. In these situations, Group Insurance Solutions will advise you and the employee by letter.

### EXAMPLE OF LONG TERM DISABILITY (LTD) EXCESS COVERAGE:

- Employee's annual salary = \$40,000
- If the LTD benefit is 60% of the employee's monthly salary, the calculation is:

$$\text{\$40,000} \div 12 \text{ (months)} \times 60\% = \text{\$2,000}$$

If the NEL were \$1,500, the member would receive \$1,500 with no questions asked. However, if the member is interested in applying for the additional \$500, a Declaration of Health Condition Form must be completed and submitted to Group Insurance Solutions. Until the additional coverage is approved, the member will be insured for a maximum of the NEL amount.

## WHEN AN EMPLOYEE APPLIES FOR OPTIONAL/ EXCESS INSURANCE

**Once the Declaration of Health Condition Form has been received and reviewed, if eligibility cannot be determined based on the information provided, the insurance carrier or Group Insurance Solutions will request additional medical information.**

- **If the application is approved:** A letter will be sent to you (the plan administrator) advising of the decision. Please note that the additional coverage will result in a change in premium, so you must look at the monthly invoice and deduct the premium from the employee accordingly.
- **If the application is declined:** A letter will be sent to you (the plan administrator) advising only of the decision. A personal letter from the insurance carrier will be sent directly to the employee marked "private and confidential" which states the exact reason for the decline.
- **If additional information is required:** A letter from the insurance carrier will be sent directly to the employee marked "private and confidential" requesting the required information. Once the insurance carrier receives this additional information, a decision to approve or decline excess coverage will be made and notification sent accordingly.

**If you have any questions about Optional or Excess Insurance, please contact your Customer Service Representative.**