



FEDERAL INCOME TAX SUMMARY FOR EMPLOYER SPONSORED GROUP BENEFITS

Group Benefit	Employer Cost Tax Deductible	Employee Contributions Tax Deductible	Employer Contributions Confer Taxable Benefit to Employee	Benefit Taxable Income to Recipient
- Life Insurance	YES	NO	(1)	NO
- Survivor Income	YES	NO	(2)	(3)
- Accidental Death & Dismemberment	YES	NO	NO	NO
- Short Term Disability	YES	NO	NO	(5)
- Long Term Disability	YES	NO	NO	(5)
- Extended Medical (Including Vision Care, Hearing Aids, Drug Plans and Administrative Services Only contracts)	YES	(4)	NO	NO
- Dental Care	YES	(4)	NO	NO
- Critical Illness	YES	NO	NO	NO

(1) Effective July 1, 1994, all Employer contributions are considered to be a taxable benefit to the employee.

(2) Employer contribution to cost treated as taxable benefit on same basis as Group Life insurance

(3) Interest element only.

(4) Subject to Income Tax limitations, i.e. amounts exceeding 3% of net income.

- (5) • Benefits paid from a plan to which an Employer has made any contribution are taxable.
- Benefits paid from an employee-pay-all plan are non-taxable
 - In lieu of deducting the employee's share at source an Employer may, at his or her option, add the equivalent cost to each employee's regular weekly or monthly gross income and subsequently deduct the full monthly disability plan premium for remittance to insurer. Under this arrangement, benefits would not be deemed a taxable benefit to employees. However, it is to be noted that the Employer's share of the cost added to the gross income is subject to all normal payroll deductions (eg. CPP, WCB, EI).