



Cost Efficient Benefit Plan

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Dear Valued Client,

Welcome to Cost Efficient Benefit Plan!

We are very excited to be your Private Health Services Plan provider. As you know, the Private Health Services Plan allows your company to pay for all your medical and dental expenses as a business expense if you go through a third-party administrator, which we are. The Private Health Services Plan is regulated by the CRA in accordance with the Canadian Income Tax Act and specifically defined in Tax Bulletin IT-339R2. Several basic elements are required for the proper setup of your plan. Most of these were accomplished by virtue of your acceptance of the terms of agreement when you submitted your company enrolment form.

To set up your PHSP in accordance with the Income Tax Act, these two items require your attention.

1. The Income Tax Act states that the Private Health Services Plan is eligible to sole owner shareholders only in their capacity as employees of the company. We *recommend* asking your accountant to give you a nominal amount of T4 income to further substantiate your role as an employee of your company.
2. CRA also requires a defined annual dollar limit of coverage provided to you by your company. CRA does not state what that amount should be. It can be whatever you decide but it should be a reasonable amount according to your income. CRA does not specifically define what a 'reasonable' amount is.

Please find below a sample internal policy template you may edit for your specific situation. Once completed, it should be a part of your internal policy and kept with your company documents. We do not require a copy of these documents.

Private Health Services Plan:

“ _____ (Company) will indemnify _____ (Employee) the cost of submitted eligible medical expenses up to (50)% of the annual salary. In the case of a sudden, emergency or catastrophic event, the company will indemnify the cost of submitted eligible medical expenses up to an additional (60)% of the annual salary. Coverage amounts are provided as long as employment is in good standing and will be reviewed for adjustment on an annual basis.”

Enrolment Date: _____