

Healthcare Spending Accounts (HCSA) for Individual Business Owners

If you own your own business and your family has medical and dental expenses, pay for those expenses in the most tax effective way possible: with a Health Care Spending Account (HCSA).

HCSAs have the broadest definition of eligible expenses of any benefits plan in Canada and are reimbursed at 100%. This allows you to pay for the claims as fully deductible business expenses rather than out-of-pocket after-tax costs. As a business owner you want to make sure these expenses are paid using pre-tax dollars while protecting yourself and your family against the risk of catastrophic medical expenses.

Benefits of HCSAs

- ▶ Set monthly benefit costs (no budget surprises!)
- ▶ Fully tax-deductible expense to the business
- ▶ Claim reimbursements are received tax-free by the claimant
- ▶ You choose how best to allocate your Health Care dollars
- ▶ No internal limits, coinsurance, or deductibles
- ▶ HCSAs can be used to supplement other plans. Claims go through the HCSA last
- ▶ If you are contributing to any other plan, you may claim those health and dental premiums through an HCSA



What Expenses Are Eligible for Coverage?

Any item that qualifies for the Medical Expense Tax Credit is eligible, making HCSA plans the most comprehensive coverage available. For example:

- ▶ Paramedical services (massage therapy, physiotherapy, etc.)
- ▶ Tuition for special needs schooling
- ▶ Eye glasses or laser eye surgery
- ▶ Prescription drugs
- ▶ Medical appliances
- ▶ Major dental including dental implants
- ▶ Orthodontics for children or adults

What Happens to Unspent Funds?

As the business owner, you may choose to carry the balance forward, meaning excess funds simply roll over into the following year. However, if you still have unspent funds from year one at the end of year two, the remaining carry-forward amount is returned to the company. With traditional insurance plans, unspent funds go into the pocket of the insurance company.

An **HCSA** allows you to pay for your medical and dental expenses in the most tax effective way possible.

the
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