

assureflex

health spending account

the evolution of health and dental care benefits ©


Savings Comparisons

Assureflex Corporation
Post Office Box 81, Strathroy, Ontario N7G 3J1
telephone: (519) 245-3283 local to London and area
toll free: (866) 928-6511 in Ontario only

website: <http://www.assureflex.com>
email: mailroom@assureflex.com

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Savings Options

The following is a comparison of Employer expenses (per \$1,000.00) for various options to provide Employees with tax free benefits for Health and/or Dental Care. If an Employer is going to provide Health and/or Dental Care benefits to Employees (including themselves), the Assureflex HSA option will always be less expensive.

Assureflex Option

providing Employee with \$1,000.00 Tax Free benefit

\$1,100.00 Premium less \$100.00 Administration = \$1,000.00 for Claim
Employer Expense = Cost of Claims plus 10.000% (plus Ontario Taxes)

Ontario Taxes are:

13% HST is charged on Assureflex Administration Fees.	equals \$ 13.00
8% PST is charged on total Claims submitted and processed.	equals \$ 80.00
2% Premium Tax is charged on Claims plus Administration.	equals \$ 22.00
Total Ontario Taxes:	equals \$115.00

\$1,100.00 Premium plus \$115.00 Ontario Taxes = \$1,215.00 total expense
Employer Expense = Cost of Claims plus 21.500% (incl. Ontario Taxes)

13% HST is usually recoverable as Input Tax Credit (ITC), so total expense equals:

\$1,100.00 Premium plus \$102.00 Ontario Taxes = \$1,202.00 total expense
Employer Expense = Cost of Claims plus 20.200% (incl. Ontario Taxes)

Assureflex Option is always less expensive than Employer Payment/Refund Options, Group Insurance Options or Non-refundable Medical Expense Tax Credits Options.

Employer Payment/Refund Option

providing Employee with \$1,000.00 Tax Free benefit

1. Net Earnings up to \$39,020 = 20.05% Marginal Tax Rate:
\$1,250.78 Salary less \$250.78 Income Tax = \$1,000.00 for Claim
Employer Expense = Cost of Claims plus 25.078% (plus Payroll Taxes)
2. Net Earnings \$39,020 to \$42,707 = 24.15% Marginal Tax Rate:
\$1,318.39 Salary less \$318.39 Income Tax = \$1,000.00 for Claim
Employer Expense = Cost of Claims plus 31.839% (plus Payroll Taxes)
3. Net Earnings \$42,707 to \$68,719 = 31.15% Marginal Tax Rate:
\$1,452.43 Salary less \$452.43 Income Tax = \$1,000.00 for Claim
Employer Expense = Cost of Claims plus 45.213% (plus Payroll Taxes)
4. Net Earnings \$68,719 to \$78,043 = 32.98% Marginal Tax Rate:
\$1,492.09 Salary less \$492.09 Income Tax = \$1,000.00 for Claim
Employer Expense = Cost of Claims plus 49.209% (plus Payroll Taxes)
5. Net Earnings \$78,043 to \$80,963 = 35.39% Marginal Tax Rate:
\$1,547.75 Salary less \$547.75 Income Tax = \$1,000.00 for Claim
Employer Expense = Cost of Claims plus 54.775% (plus Payroll Taxes)
6. Net Earnings \$80,963 to \$85,414 = 39.41% Marginal Tax Rate:
\$1,650.44 Salary less \$650.44 Income Tax = \$1,000.00 for Claim
Employer Expense = Cost of Claims plus 65.044% (plus Payroll Taxes)
7. Net Earnings \$85,414 to \$132,406 = 43.41% Marginal Tax Rate:
\$1,767.10 Salary less \$767.10 Income Tax = \$1,000.00 for Claim
Employer Expense = Cost of Claims plus 76.710% (plus Payroll Taxes)
8. Net Earnings over \$132,406 = 46.41% Marginal Tax Rate:
\$1,866.02 Salary less \$866.02 Income Tax = \$1,000.00 for Claim
Employer Expense = Cost of Claims plus 86.602% (plus Payroll Taxes)

Group Insurance Option

providing Employee with \$1,000.00 Tax Free benefit

1. 80.00% Target Loss Ratio
groups of about 50 plus participants

\$1,250.00 Premium less \$250.00 Administration = \$1,000.00 for Claim
Employer Expense = Cost of Claims plus 25.00% (plus 8% PST in Ontario)

Whether Claims increase or decrease, at the 80.00% Target Loss Ratio,
Premium Expense = Cost of Claims plus 25.00% (plus 8% PST in Ontario)

2. 75.00% Target Loss Ratio
groups of about 25 to 50 participants

\$1,333.33 Premium less \$333.33 Administration = \$1,000.00 for Claim
Employer Expense = Cost of Claims plus 33.33% (plus 8% PST in Ontario)

Whether Claims increase or decrease, at the 75.00% Target Loss Ratio,
Premium Expense = Cost of Claims plus 33.33% (plus 8% PST in Ontario)

3. 66.67% Target Loss Ratio
groups of about 10 to 25 participants

\$1,500.00 Premium less \$500.00 Administration = \$1,000.00 for Claim
Employer Expense = Cost of Claims plus 50.00% (plus 8% PST in Ontario)

Whether Claims increase or decrease, at the 66.67% Target Loss Ratio,
Premium Expense = Cost of Claims plus 50.00% (plus 8% PST in Ontario)

4. 60.00% Target Loss Ratio
groups of about 3 to 10 participants

\$1,666.67 Premium less \$666.67 Administration = \$1,000.00 for Claim
Employer Expense = Cost of Claims plus 66.67% (plus 8% PST in Ontario)

Whether Claims increase or decrease, at the 60.00% Target Loss Ratio,
Premium Expense = Cost of Claims plus 66.67% (plus 8% PST in Ontario)

note: Target Loss Ratio equals Claims as % of Premiums,
and varies depending primarily on group size.

Tax Credits Option

Some individuals feel that they can already receive reimbursement for their Medical Expenses by claiming Non-refundable Medical Expense Tax Credits on the individual Income Tax Form. However, waiting for the once per year opportunity to calculate that nothing (or next to nothing) is available, is a less than satisfactory process.

This is an example of claiming Medical Expenses (as a Medical Expense Tax Credit) on individual Income Tax Forms (at year end), as compared to claiming the Expenses through Assureflex (as incurred). Waiting for up to one year to get the refund is not as effective as receiving about 10 to 20 times the amount immediately from Assureflex.

Medical Expense Tax Credits could be claimed when completing Income Tax forms. The Claim is the amount that Qualifying Medical Expenses exceed 3% of Net Income, or \$2,052 for 2011 (\$2,109 for 2012) whichever is the least, times the lowest tax rate. Most individuals will find that this Tax Credit results in little or no actual refund.

Example of Tax Credit and Assureflex Refund at \$30,000 Net Income

Medical Expenses	\$ 2,500.00	less \$900 (3% of Net Income) equals
	\$ 1,600.00	at 15.00% (lowest Tax Rate) equals
Medical Expense Tax Credit of	\$ 240.00	compared to
Assureflex © Non-taxable Refund	\$ 2,500.00	

Example of Tax Credit and Assureflex Refund at \$45,000 Net Income

Medical Expenses	\$ 2,500.00	less \$1,350 (3% of Net Income) equals
	\$ 1,150.00	at 15.00% (lowest Tax Rate) equals
Medical Expense Tax Credit of	\$ 172.50	compared to
Assureflex © Non-taxable Refund	\$ 2,500.00	

Example of Tax Credit and Assureflex Refund at \$60,000 Net Income

Medical Expenses	\$ 2,500.00	less \$1,800 (3% of Net Income) equals
	\$ 700.00	at 15.00% (lowest Tax Rate) equals
Medical Expense Tax Credit of	\$ 105.00	compared to
Assureflex © Non-taxable Refund	\$ 2,500.00	

Medical Expense Tax Credits: Medical Expenses less 3% of Net Income (or \$2,052 if less), times the lowest Tax Rate; never equals Assureflex Non-taxable Refund at 100% of Medical Expense. Any Medical Expense at less than 3% of Net Income (or \$2,052 if less) results in no Medical Expense Tax Credit, instead of the 100% Assureflex Non-taxable Refund.