



Benecaid Health Spending Account Terms and Conditions*

The Benecaid Health Spending Account Agreement ("HSA") was designed with reference to the definition of a Private Health Services Plan ("PHSP") as set out in the Income Tax Act of Canada ("ITA"). The terms and conditions and administrative practices associated with the HSA are based on Benecaid's understanding of the ITA and related interpretations published by the Canada Revenue Agency ("CRA").

- An HSA is used for the purpose of covering eligible medical expenses, subject to various limitations. Eligibility of expenses is as defined in www.cra-arc.gc.ca/medical/.
- As interpreted by the CRA, incorporated businesses, including employees who are shareholders and all other corporate employees, are eligible to participate in an HSA, subject to CRA requirements and general tax limitations related to business and employee expenses.
- All participants in this HSA must receive these benefits by virtue of their employment and as a term of their employment with the Company, which is evidenced by a T4, and not as a shareholder benefit.
- Corporations with as few as one employee can be eligible so long as the benefits are provided to a shareholder in their capacity as an employee, not as a shareholder.
- In the case of unincorporated businesses or sole proprietors, it is required that the owner must employ, and have as part of the HSA, arm's-length employee(s), subject to certain requirements imposed by the CRA.
- To be deductible, annual contributions must be reasonable. The ITA does not specify how to define reasonability and as a result Benecaid does not issue any guidelines on reasonability. Consult a tax advisor to determine what level of contribution would be deemed reasonable in your circumstances. Benecaid does not assume the risk of an adverse CRA audit related to reasonability of contributions and claims or any other matter.
- In the case of unincorporated businesses or sole proprietors who have met the criteria of having at least 50% arm's length employees covered under the plan, the total amount deductible is capped by and in accordance with rules set out in the ITA.
- At the commencement of each plan year, the "Employer" (also known as the Company or the Account Holder) must declare, via a completed Schedule C within the renewal month, an HSA contribution amount for each plan member (employee). If no Schedule C is submitted, contribution amounts for all employees would remain unchanged from the previous year. This amount cannot be altered during the course of that plan year, unless there has been a life event, such as a change in the number of dependants through birth, death, marriage or a change in eligibility circumstances.

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- The declared amount must be fully funded within the plan year based on a payment schedule included as part of Schedule C, as agreed to between the Employer and Benecaid, the plan administrator.
- Plan members may submit claims related to eligible medical expenses incurred during a plan year at any time during that plan year and for a period of up to 90 days following the end of that plan year. Claims submitted beyond this period will be declined and not reimbursed.
- The HSA is subject to annual fees and/or administrative and claims processing fees.
- Any unused amount related to a contribution made in a plan year will continue to remain available until the end of the subsequent plan year for which the contribution was made. Any balance remaining from the initial plan year will expire at the end of that following plan year. Balances will be forfeited from the plan member's account to the Employer's operational account, net of administrative fees.
- In the event of a plan member's employment being terminated, the plan member will have a period of 30 days post termination date to submit any claims incurred prior to termination. After the 30 day post employment period, all remaining funds will be forfeited and transferred to the Employer's operational account, net of administrative fees.
- Upon termination of the Company's HSA plan, the Employer is obligated to advise all plan members of the effective termination date. All plan members have 30 days post termination date to submit any eligible claims incurred prior to that termination. After that 30 day period, all remaining funds will be transferred to the Employer's operational account. The Employer may request a refund of those remaining balances, net of applicable fees.
- In the event that a Company ceases to continue business with Benecaid in a manner other than a termination of agreement (ie due to bankruptcy or other business discontinuation), Benecaid reserves the right to forfeit any remaining funds related to that Company and their plan members to Benecaid after a 12 month period and after reasonable commercial attempts are made by Benecaid and not responded to.

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