D.H. Roberts Financial Group Inc.
Creating smart, secure financial futures

Benefits of Group Benefits

Small businesses can struggle to attract and retain top-performers. Are Group Benefits worth the cost?

Executive Summary

There is no doubt about it: Group employee benefits can be a significant expense to a company's Income Statement. On the flip side though, group benefits can be considered an investment in its long-term viability and security.

In addition to the good-will that a benefits program can create, the cold hard facts of cost and benefit must be assessed. Initially, the leaders and owners must ask themselves if $3,000 per employee, per year is the type of investment that they should make to protect themselves, their business and their clients.

What you need to know

Each employee benefit can be tailor designed to honour both the company's situation and employee needs. That is why it is important to recruit a professional benefits consultant who understands new trends and is experienced in adjusting elements within a plan to suit the company's needs.

A group benefits consultant can help establish who should be covered, and what coverage is appropriate. Additionally, a consultant will help you determine if different levels of coverage should be associated with different classifications or levels of staff. For example, office staff can have different coverage from those employees who perform physical labour.

A consultant will also help you to determine the amount of the expense that employees pay themselves. Coverage costs can easily range between $2 and $5 per hour, per employee. As a business owner it is important to ask yourself, 'Do the benefits justify the cost?' Doing so can also help to establish the co-payment matched by the company and the overall effectiveness of the plan.

The Details

Benefits provide effective and tax efficient compensation. When employees incur expenses they have to pay using after-tax dollars. For example, at a 30% rate of income tax, a $225

www.dhrobertsfinancial.ca

dentist bill requires $321 of gross pay. Fortunately, benefits can be set up so that expenses are covered with pre-tax dollars.

Business owners must compensate employees based on worth, and what the employees' work is worth to the company's customers. A benefit plan that is a business expense, like salaries and wages, can easily be a less expensive, yet equally appealing alternative than providing raises.

Protect employees
Thanks to Tommy Douglas, Canadians enjoy socialized medical care. Although healthcare delivery varies by province, the Canada Health Act guarantees that every Canadian has access to healthcare. This coverage, however, is limited and excludes many preventative and restorative procedures and therapies, for example.

A work-based benefit plan can help employees fill that gap by covering expensive prescriptions, physiotherapy, preventative/restorative procedures, medical transportation and devices.

Protect your business
The size of most businesses is classified by the number of employees. Small businesses have small sized staff, so every team member is important. Implementing a group benefits package can help prevent illness or, at the very least, return key employees back to work as quickly as possible following ailment. This practice helps a company to protect customer relationships and maintain operational excellence.

Maintain Productivity
Not only can benefits deliver care and prevention to keep people at work, an employee benefits package has the potential to increase employee productivity. A plan that covers smoking cessation treatment, for example, not only allows staff members to improve their overall health and fitness but it can minimize and possibly even eliminate time wasting breaks and help the company to run more efficiently.

The Bottom Line
Like most professional relationships, a referral is a great way to determine who possesses the Group Benefits expertise that aligns best with your company's needs. A seasoned consultant will determine the ideal base cost of a plan and then tailor the package to ensure the package will benefit both the employee and company.