



IMPORTANT NOTICE – ACTION REQUIRED!

The Government is Considering Taxing Our Health Benefits!!

Except for life insurance benefit premiums in excess of \$25, our health care (drugs, paramedical, etc.) and dental benefit premiums are currently not included as part of our taxable income (except in Quebec). This may change!

As part of the federal governments' efforts to boost their tax revenue, they are actively considering including employer-paid health and dental premiums as taxable income for Members. In the case of the premiums we collect on behalf of your Members, these are considered employer-paid premiums and they would be targeted for tax if this new tax was implemented.

As is typically the case, the details of what specifically is being proposed has not been communicated by the federal government however they have estimated that making your Members (and the rest of Canadians!) pay tax on this part of their wage package will result in almost \$3 billion of additional tax revenue.

Various sources suggest that because only some of Canadians are covered by private benefit plans, that those individuals are being subsidized by taxpayers that are not part of a benefit plan. Apparently, the Government seems to forget that private benefit plans like ours cover nearly \$30 billion annually in healthcare costs for over 20 million Canadians and their families! This represents almost a third of all national health-related spending which would otherwise be loaded onto the already over-burdened and under-funded provincial health care systems.

How does this affect our Members?

“Employer-paid” health and dental insurance premiums would be reported by Union Benefits on a Member’s T4-A slip and would be considered taxable income for the Member. This would be in addition to any employer-paid premiums for Basic Life, AD&D and Dependent Life insurance, which are already considered as taxable income. To put this in perspective, if the cost of health and dental benefits was about \$350 per month, a Member would be taxed on an additional \$4,200 per year of “income”!

If this tax on our private benefit plans premiums came into effect, it would have seriously negative consequences for your Members including:

- A significant number of members would fall out of benefit coverage putting themselves and their families at risk. This is especially the case for individuals in the middle and lower income levels and who rely on employer-sponsored benefits plans to keep themselves working and their families healthy;
- The threat of having to cut benefit coverage levels to lower costs and thus lower the resulting additional tax burden on your Members;
- Higher costs being absorbed by your Members – especially for essential and preventative healthcare needs not covered by Canada’s public healthcare system; and
- Eventually, higher costs being imposed on our already stretched healthcare system and negative health outcomes for all Canadians!

Stand up for what is right for Members and fight this!

The federal government needs to hear loud and clear that your Locals' Members need to maintain the tax-free status of employer-provided healthcare benefits or else they are at risk of losing coverage!

A decision has not been made (or at least announced) for this new tax but it is expected that if a change is made it could be imposed as soon as the 2017 Federal Budget normally tabled at the end of February. So, we need to act as quickly as possible to make sure our voice is heard

While a number of organizations are against this initiative, one broad based campaign can be found at:

donttaxmyhealthbenefits.ca

This site is sponsored by a number of healthcare associations including the Canadian Life and Health Insurance Association, Canadian Dental Association, and other paramedical Associations. Members can use this site to lobby their local MP and voice their objection to this unfair and punitive tax.

Also, we recommend writing or calling your local MP or The Honourable William Morneau, Minister of Finance, House of Commons, Ottawa, Ontario, Canada K1A 0A6 (email: Bill.Morneau@parl.gc.ca). Union Benefits has sent a letter to The Honourable Bardish Chagger, MP who is the current Leader of the Government in the House of Commons and Minister of Small Business and Tourism and the Member of Parliament for the riding of Waterloo. (NOTE: Mail may be sent postage-free to any Member of Parliament.)

Take Action NOW!

If you have any questions or comments about this issue, please contact Union Benefits at 1-800-265-2568 for more information:

Gail Lieberman, Senior Manager Trust Fund Relationships,

Will Justason, Manager, Trust Fund Relationships, or

Paul Gillis, President, Union Benefits