

LOCO Business Network Benefits Plan– Cost Plus

Cost Plus through a Private Health Services Plan can provide you with a tax effective method of reimbursing dental or extended health expenses. Cost Plus can be used in place of a group benefit plan. If you already have a group benefit plan, Cost Plus covers expenses not covered through or in excess of your existing plan and the Medical Services Plan. The reimbursements do not impact your group benefit experience in any way.

Classes can be created to account for different levels of benefit as long as all employees within the same class are treated the same.

Cost Plus can be utilized to reimburse costly expenses such as orthodontics, unlimited extensive dental care, or vision care which Dehoney Administrative Services (DAS) is legally allowed to pay (as stated under 118.2 (2) of the Income Tax Act). The eligible expenses must be reasonable for the service or treatment provided.

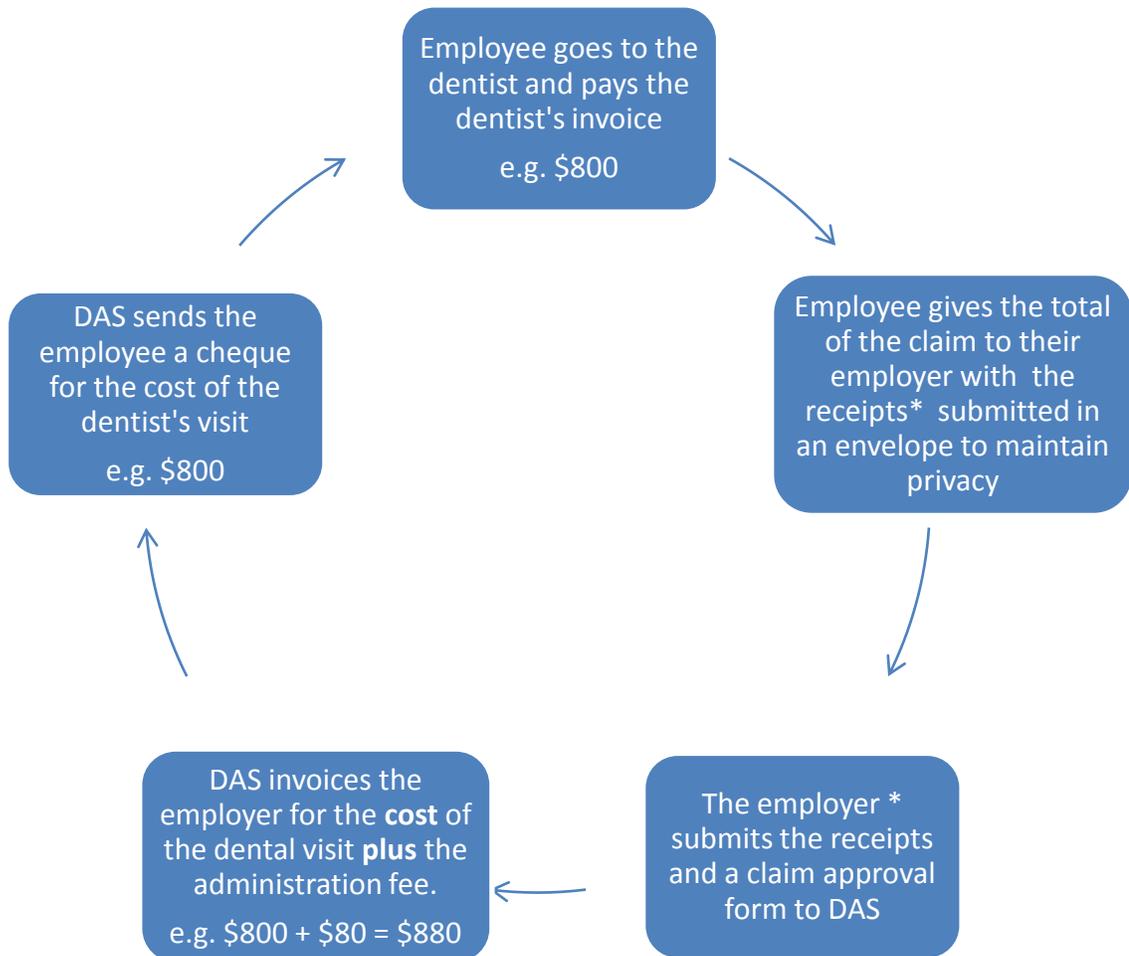
An agreement for the Private Health Services Plan Cost Plus acts as a plan document for the program.

The administrative fees are 10% of the total claims submitted, subject to a minimum of \$35 and a maximum of \$500. There are no setup charges, and fees are only charged on eligible reimbursed claims. Only the administration fee is subject to GST.

Note: Employers are strongly advised to consult their tax advisor before submitting claims through Cost Plus. Depending on the situation, Cost Plus may not be a tax-effective strategy. For example, special tax rules apply to business owners and shareholder-managers.



The following is an example of how the Cost Plus program works.



In the example above, the \$800 is a non-taxable benefit to the employee. The \$880 is a tax deductible health care expense to your company.

If you are a sole proprietor, you are both the employee and employer in the example. Sole proprietors are limited to \$1500 in eligible expenses per calendar year.

The example uses one receipt for illustration purposes however multiple receipts can be submitted under a claim approval form. Receipts can be submitted up to 18 months from date of issue.

**The employee does not need to submit the receipts to the employer. They can submit them directly to DAS along with the employer-signed claim approval form.*

