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From the Masthead

In order to serve you better

To assist you with your employee benefit plan, we are continually updating our website. Located at:

www.mainstayinsurance.ca

The site provides easy access to many insurance company's websites and to the health and dental claim forms you utilize on a regular basis. We have also added links to the log on pages for members (employees) in order to provide quick entry to other websites.

If you use a form that is not on our website and would like it added, please send us an e-mail at:

Dave@mainstayinsurance.ca

Did you know that...

Students who are attending school in the US can no longer count on Canadian benefit provider's coverage going forward. Due to changes to US legislation the "emergency" type of care provided by our plan, does not meet the new minimum coverage criteria.

That said, everyone should still be contacting OHIP to obtain a coverage extension before their student leaves for school to ensure they remain covered for gov't healthcare.

The best option for students may be the student health insurance program provided by the school for all students as it takes both federal and state legislation and carriers into consideration.

Mainstay Insurance Brokerage Inc. Phone: (905)886-9203

What happens to staff still working at age 65

Many of our clients are turning 65 this year and/or have staff who are at or approaching this milestone.

Reaching age 65 brings with it a number of changes to the insurance plan how benefits are provided, and the process of how claims are adjudicated.

The first change is that the life insurance benefit often decreases by 50% of the pre-age 65 amounts an employee had. An example: if an employee had a $50,000 life insurance benefit at age 64, it would drop to a $25,000 benefit at age 65. This is due to the insurers lack of experience with "working seniors" and the unbalanced effect it has on rates. To many these are not big issues, but one they must be made aware of.

The second issue confronting those age 65 is the loss of Long Term Disability coverage, which terminates 120 days prior to age 65 in almost every case. This presents a benefit loss that is very difficult, if not impossible to replace. Many employers also choose to "self insure" the disability of someone in senior management, or a key executive, by providing an internal salary continuance. This approach can ultimately pose challenges in deciding when the disability and the salary continuance ends and retirement begins. As the general population ages, we will see more of these types of issues. Of great concern is the extension of benefit termination ages where employees may choose to work until disability instead of retirement as they have in the past.

Age 65 is also the most common age for people to decide to retire. The Canada Pension Plan (CPP) provides a monthly pension benefit to eligible Canadians as early as age 60. You can apply for and receive a full CPP retirement pension at age **65** or receive it as early as age **60** with a reduction, or as late as age **70** with an increase. For more information regarding this benefit, the amounts and the application process reference Service Canada offices and web site.

Another issue is regarding the health and dental coverage that many people depend on. Many plans terminate these benefits at age 65; others at 70, some as late as age 85 and a few have no pre-set termination ages. Upon reaching a plans termination age, these group benefits cease. Originally this was geared to age 65 mandatory retirements, but as times have changed and mandatory retirement was eliminated, the benefits coverage has been extended. This can significantly increase costs to the employer as staff reaching higher ages tends to have more health issues. If providing coverage for these staff is a need, we can often amend plans or chose carriers that have higher termination ages in order to continue coverage.

For those employees who are located in Ontario, turning age 65 means that most residents will be covered by the Ontario Drug Benefit (ODB) program that provides drug coverage to seniors.

This program covers a great many of the commonly prescribed generic prescription medications. It usually has a $100 deductible with a $6.11 co-payment each time you get a prescription filled. This plan is considered "first payer" and is integrated with your insurance plan. In many cases, the ODB plan will pay for the generic drug with your benefit plan paying for the deductible and/or co-pay and any other drugs that are not covered by the ODB formulary.

If you are turning 65 in the near future, or have any questions about the changes noted above, please consult your plan booklet for details specific to you plan, or give us a call.

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Note: This side of the newsletter is intended for you, the plan administrator. The information on the 'front' is generally targeted more to your staff and can be copied and distributed for their reference.

Just in case you were wondering…

All our benefit plans are structured as "Mandatory Enrolment" to help protect the employer. This means that all eligible full time employees MUST be enrolled in the plan within 31 days of becoming eligible with NO exceptions. Staff who have spousal coverage are enrolled but may "waive" the health and dental coverage if and only if, they have a spousal plan that covers them and any dependants. Please call if you have any questions.

Is your Payroll provider your friend or enemy?

Many small businesses use external payroll providers to outsource paying their staff. These firms allow the low cost automatic deposit of employees' pay, and tracking and reporting functions to ease end of year administrative requirements.

In recent years we have seem some very predatory practices conducted by one of these firms. Clients have been approached to move their group benefits from Mainstay to their payroll provider. Initially this was based on the value added proposition that by combining the benefits and payroll, new hires, salary changes or terminations would be updated on both the payroll and insurer systems. This was sold as a real time fully automated process long before it was actually available. We'll be the first to say that it is a compelling sales pitch and actually won them a fair amount of business.

The question that remains unanswered in the total equation is "What kind of service do you get and what are you really paying for it?"

One of our clients changed to this provider for benefits only to switch back to Mainstay a year later. During that time, they reported that service and responsiveness was less than they had become accustomed to from Mainstay. That failure resulted from the constant change in staff that this payroll company had on the case. The bigger concern with this switch was their in commission for a standard "Crown Scale" that paid about 3.5% to a flat 12% commission. This company intentionally re-wrote the policy to hide the fact from the client and to pad their pockets in the short term. We find this type of activity to be unconscionable and in violation of the insurance act where we must put clients' needs first.

If this were not enough to make one wary about dealing with this particular payroll company, they have continued to make it worse in recent months.

Not content to passively attract new clients, they are now approaching their existing payroll clients with an offer to upgrade their payroll systems. This upgrade makes for a much easier and user-friendly interface that clients immediately prefer.

The HITCH?? They will provide the upgrade ONLY if the client moves their benefit plan to them. We are not alone in being extremely concerned when a firm uses tied selling techniques to force new business onto their books. Banks are in fact prevented from taking this type of sales approach by law.

An option to consider may be moving to a Canadian payroll provider with a better user interface, a higher degree of client service, lower prices and no desire to tie your business to them other than by earning it.

Payworks is one example of a Canadian payroll provider. It was founded in 2000 to provide customers with an alternative to traditional payroll firms.

*"**Payworks** provides cloud-based time management, payroll, and human resources solutions, including employee and manager self service functions, to businesses of all sizes.*

Our unique and compelling value offering encompasses the latest in computer technology combined with a truly customer-centric service philosophy. The key to Payworks is the single unified database design and dedicated service representative service model."

Payroll services can be quoted online and as an example, a 10 person firm doing bi-weekly pays would only pay $31/pay + taxes.

If you would like more information visit their website at: www.payworks.

We hope clients are not unduly influenced by predatory payroll firms and appreciate the work we at Mainstay do to service your account. Call if you have any questions, anytime.