



Frequently Asked Questions About the Executive Health Fund

Why do I want an Executive Health Fund?

It will save you money.

Company benefit plans, even if you have one, or access to one through your spouse, do not cover all health and dental expenses. Executives incur after-tax costs due to deductibles, co-pays, limits and exclusions and even premium contributions.

We convert these costs into a tax deductible corporate expense and allow the executives to receive the benefits, tax free. We do this by utilizing a provision in the Income Tax Act called a Private Health Services Plan.

What is a Private Health Services Plan?

The Income Tax Act specifies a type of arrangement where your Company can deduct the cost of a Benefit Plan that reimburses employees for their Health and Dental Expenses. The money received by you, as the employee, is not taxable income. The Company has the right to define what expenses are eligible and how much the Company will pay. The technical details of this provision can be found in IT 339R2

What is the WellSpent Executive Health Fund?

The Executive Health Fund is the name of our Private Health Services Plan. It covers the widest range of expenses allowable by law. Your Company decides the Annual Benefit that the Plan will pay for the key employees participating in the Plan. Every year you can decide what your Annual Benefit will be; you can increase or lower the Annual Benefit based on your needs.

Is this service the same as Health Insurance?

No. An insurance product pays for certain expenses, subject to the Plans exclusions, limits, deductibles and co-insurance provisions. This is why most contracts use more space telling you what is not covered than what is provided. This service is different. You can spend your benefit allocation on anything that is eligible under the Income Tax Act, but when the account is spent, no more expenses can be reimbursed until the next Plan Year. It is a Health Spending Account, not an insurance plan.

How is it Funded?

Your Company funds the Benefits. The Plan is a corporate promise to its key employees; it is a fixed liability as the Company always knows the maximum amount that it has to fund in any given year. Money is not transferred from your Corporate Account to WellSpent until after the actual claim has been incurred and submitted. We call this "Pay-as-You-Go" funding.

What if I, as the Employee, do not spend all the Money?

If at the end of the Plan Year employees have not spent all their entitlement the Company's liability ceases. A new Benefit level is determined every year.



What Benefits does WellSpent cover?

You can spend your money on any health expense allowed by the Income Tax Act. The definition of expenses is much more liberal than conventional group insurance plans. The Plan can be used to top up the group insurance benefits available through your own Company or a spousal Plan. A summary of the eligible expenses are included in our on-line booklet or the actual details can be viewed in IT 519R2

How do I submit claims?

Many Executives have access to a Company Health or Dental Plan. Submit your claims to these plans first and then forward unpaid bills to your Executive Health Fund for reimbursement. We deduct the cost of the eligible expense from the Company and reimburse you, directly to your bank account, using Electronic Funds Transfer (EFT).

How much Income Tax will I save?

Your savings are determined by 2 things...your marginal tax rate and the amount of your claims. The following table shows how much you, as an employee, will save using the Executive Health Fund

Taxable Income	Claims			
	\$1,500	\$2,500	\$5,000	\$7,500
\$50,000	\$678	\$980	\$1,572	\$2,165
\$75,000	\$1,150	\$1,796	\$3,175	\$4,554
\$125,000	\$1,299	\$2,043	\$3,670	\$5,301

What are my Company's administrative costs?

We charge an annual fee based on the Annual Benefit selected for each individual. Our schedule of fees is as follows

Annual Benefit	Annual Administration Fee
Up to \$2,500	\$199
\$2,501 to \$5,000	\$299
\$5,001 to \$7,500	\$399
\$7,500 to \$10,000	\$499
For amounts greater than \$10,000 ask us for a quote	

The administration fee is paid by your Company. There is a claims processing fee of \$5.00 for each submitted expense. This fee will be deducted from the employee's Account. Government taxes are in addition to our expenses and are billed directly to the Company.

What is the Value Guarantee?

Most individuals will have eligible expenses; however there may be instances where one of the key employees, though eligible for the benefit, has little or no out-of-pocket health expenses in the year. If they do not submit any claims we do not bill the Company for the administration fee for that individual.

Will I have to spend a lot of time administering this program?

No. We deduct your required contributions through a pre-authorized debit from your Company bank account. We provide each participating employee with an access code to our secure web site where they get all the information they need to maximize the new service. The web site provides a running total of your Account balance and provides the details of all claims that have been processed and deposited electronically to your personal account, tax free.



Why would I offer this to Key Employees?

There are two reasons. They are both very practical.

If you do not include a non-significant shareholder employee as part of this program you will be prevented from enjoying these savings.

Secondly this is the most tax-effective way of compensating an employee who has unfunded health care expenses. It can supplement a spousal plan or your own Company Plan. If the key person does not need the money, the funds stay within your Company.

Many Companies do not want to increase their Benefit costs by providing enhanced Vision or Dental Plans to all their employees; WellSpent is designed to supplement the needs of the key employees.

Who is WellSpent?

WellSpent is a division of Wellknit Services Inc (www.wellknit.ca) David Mitchell, the President, has been part of the employee benefits industry for over 30 years. He has worked closely with consulting firms, insurers, employers and health care providers. Prior to leading WellSpent, he was a Senior Vice-President with Canada's largest organization providing claims adjudication outsourcing services to many of Canada's leading Group Health Insurers.

Dr. David Imrie is WellSpent's Privacy Officer as well as our Medical Director. Dr Imrie opened his family practice in 1968. In 1978, Dr. Imrie limited his practice solely to Occupational Medicine, working with industry on issues such as the prevention of illness, disability and cost management. During this period, he authored three books on back pain and stress and produced award-winning films and videos on the same subjects. His Back Power Program, a preventative and rehabilitative exercise program was distributed throughout North America by the U.S. National Safety Council.

In the 1990's, he specialized in combining expert medical and nursing skills with best practice processes from business and medicine. He then applied technology to create a series of efficient and effective medical services. In the mid '90's, he became President of Assure Health Management providing automated preventive and disability services to employers. Since selling his business to BCE Emergis in 2001, Dr. Imrie has become an angel investor and strategic and operational consultant to emerging information related businesses.

Why was WellSpent created?

Many executives of large corporations enjoy the tax advantages of an Executive Health Spending Account. Entrepreneurial employers are eligible for the same benefits under the Income Tax Act but there have previously been no programs that extended both the tax and technology advantages that larger companies enjoyed. The principals identified this under-served market and created a boutique operation catering to the successful entrepreneurial market.