

Hold the salary, up the benefits

There's an alternative form of compensation you may have overlooked: a group benefits plan that provides health protection for your employees – and cost effectiveness for you.

Group benefits plans and your business

Group benefit plans ensure that affordable health care services are there when your employees need them – and can play a key role in providing you with a healthy, productive workforce.

Employees who have current group benefits coverage highly value this protection.¹

And it's not just older employees who value these benefits. Sun Life research found that Millennials (made up of employees currently 28 - 43) valued their group benefit plans as much as plan members older than 43.



72% say they appreciate their benefits plan more today than they did before the pandemic.²



86% say a benefits plan is an important factor when deciding on a job offer.³

Better value

Tax effectiveness is one reason that benefits are highly valued. Health and dental coverage – which is a key component of most group benefits packages – are a non-taxable benefit to employees in most provinces. So while many employees will pay up to 40% or more of any pay raise in taxes (depending on their earnings level), **they keep 100% of the value of their health and dental group benefits.** Other benefits, where employer contributions are a taxable benefit – such as group life insurance – provide valuable protection that employees both need and value.

There's a cost advantage for your business as well. While you pay provincial sales tax on group benefits plan premiums that you cover for employees located in Ontario, Quebec and Manitoba, this usually amounts to less than the additional costs associated with a pay raise.

Here's an example for an employee who reports to work in Ontario earning a \$50,000/year salary. The employer is considering a 4% pay raise for the employee versus contributing the same amount for new health and dental coverage under a group benefits plan for the employee.⁴

¹ Benefits Canada Healthcare Survey, 2020

² Benefits Canada Healthcare Survey, 2021

³ Benefits Canada Healthcare Survey, 2023

⁴ For Ontario-based employment, with 2024 payroll deductions & contributions.

⁵ Plan Sponsors should obtain the advice of their professional advisors (legal & tax)

⁶ The Blue Cross Small Business Benefits Study, 2023

Note: Prices may change after the first year based on the group plan's claim experience.

For your business	Pay raise	Group benefits contributions*
Compensation increase/benefit coverage contribution	\$2,000.00	\$2,000.00
Canada Pension Plan	\$119.00	n/a
Second additional CPP contributions (CPP2)	\$0.00	n/a
Employment Insurance	\$46.48	n/a
Total**	\$2,165.48	\$2,000.00

* Contributions paid towards Health & Dental premiums and Ontario sales tax of 8%

** This excludes additional costs that may occur in other business expenses, such as Worker's Compensation premiums, Ontario Employer Health Tax and other taxes where payroll is used to calculate the amount payable.

For your employees	Raise
Compensation increase	\$2,000.00
Canada Pension Plan	-\$119.00
Second additional CPP contributions (CPP2)	\$0.00
Employment Insurance	-\$33.20
Income taxes	-\$423.75
Net increase	\$1424.05

The result? By contributing the same amount to a group benefits plan for an employee versus a pay raise, you will not only save \$165.48, but your employee will also receive something that they will value. Adding a group benefits plan (such as health and dental coverage) could help your bottom line and help ensure a happy, healthy and productive employee.⁵

Small size is no barrier to group benefits

The largest barrier to group benefit plan adoption for small businesses without a current plan is often the simple belief that their organization is "too small" for group benefits.

That perception is far from reality – with a number of group benefits products and services designed specifically for the small business market. For example, Sun Life's **SunAdvantage** is an easy, flexible and affordable group benefits package for small businesses with **fewer than 50 employees**. And there is little time commitment required to launch and maintain a group benefits plan.

Advantage: group benefits

Group benefits plans are becoming a competitive imperative with seven in ten Canadian small businesses now offering a group benefits plan to their employees.⁶ The opportunity to stake out a competitive advantage in the marketplace is significant. A group benefits plan can yield significant dividends for your organization – by providing a cost-effective strategy for employee attraction and retention, and by helping to ensure a healthier more productive workforce.

For more information on how a group benefits plan can meet your business needs, visit www.sunlife.ca/valueforyou today.