



**Break down the
administration barrier**
and reap the value of group benefits
for your small business

Life's brighter under the sun



Foreword



Small businesses like yours drive the Canadian economy, employing more than 8 million people and producing the majority of business growth in our country.¹ Your success is important to us all, and Sun Life is proud to partner with thousands of Canadian small businesses to help their owners and employees achieve lifetime financial security and live healthier lives.

If you are like the small business owners my team and I speak with, you are passionate about your business, your employees and the impact you are having on your community. The hours are often long, but it's rewarding and you would not be as happy doing anything else. That said, we also understand the challenges business owners face.

A recent study found that Canadian small businesses are spending 100 person-days a year on administrative tasks!² When you started your small business, did you picture yourself running payroll, tracking time sheets or figuring out drug and dental plan eligibility?

I didn't think so. You want to focus more on the "outside" of your business – the external needs and opportunities – and less on the "inside," where the tough work of managing the day-to-day tasks of the business lurks.

The issue is that the "inside" work is vitally important to your business success, as are the employees who work with you. You want them healthy, happy and focused on the tasks at hand. And that's where a group benefits plan can be a significant competitive advantage, both in keeping employees healthy and focused and in attracting and retaining top talent.

It's a fact – employees value their benefits. The vast majority (77%) of individuals having benefits at work say they wouldn't move to a job that didn't have a benefits plan.³ Yet many small businesses do not offer health benefits.⁴ One reason? A worry about the additional administrative burden that adding a benefits plan might entail.

Things are changing fast. Recent cloud-based innovations have greatly simplified administrative tasks – including group benefits plan management – and the results are a game-changer. These are systems designed for small businesses like yours, with solutions that are simple, easy and cost-effective. They take care of human resources (HR), payroll and group benefits administration so you can focus on business growth.

So, please read on. We're excited to help you focus on the opportunities ahead for the health of your business.

A handwritten signature in black ink that reads "Sophie Ouellet". The signature is fluid and cursive.

Sophie Ouellet

Vice President Business Development
Group Benefits, Sun Life Financial



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Reduce your HR administration and reap the rewards

One might think that the commanding presence of the small business sector would yield an equally commanding presence of business supports to ease the HR administrative burden. But until the recent emergence of cloud-based solutions, this hasn't been the case.

While time-saving digital HR administration solutions continue to grow, small to medium-sized employers are often underserved, with HR tech solutions focussed on the large-employer market segment. So when a solution presents itself, it has rarely been scaled and priced to the needs of smaller enterprises.

The result? With most solutions scaled to larger companies, small business administration is often handled internally using a variety of systems. A key issue is that many smaller organizations don't have the resources to hire someone dedicated to these tasks, so business owners and others are left to do what's required to keep things running.

And according to business owners, this arrangement is sub-optimal, with most owners spending much more time than they would like working "in" their businesses (on administration, which they report takes up one-third of their time) instead of "on" their business (doing more strategic activities that lead to growth and greater profitability).⁵

Enter the cloud

The past five years have seen a revolution in digital, cloud-based systems for small businesses. These systems simplify administration, reducing time spent on these tasks – with costs scaled to your business's size and needs.

With a cloud-based system, you have no additional investment in hardware or software – and costs are, for the most part, based on the number of employees you have. The systems don't require any specialized IT knowledge. Designed with usability in mind, they have intuitive interfaces and a user-friendly design.

The leading solutions are truly all-in-one administration solutions, with the ability to handle HR, payroll and more. In addition, they provide access to tools that were previously out of reach due to cost and complexity.

The small business sector is the bedrock of the Canadian economy, employing nearly

70% 

**of the private labour force
(8.3 million people).**

Between 2013 and 2017, the small business sector was also responsible for the majority (67.5%) of net employment growth in Canada.⁶

Functionality has also expanded – **notably to include group benefits administration.** For small and medium-sized businesses that don't currently offer a benefits plan, this represents an excellent opportunity to add a program that helps keep your employees healthy – without any additional administrative burden.

It can also help you attract and retain talent, because the demand for benefits protection is there. More than 70% of employees expect employers to support both their physical and mental health⁷ – and 77% of employees who have benefits say they would not move to a job that did not have a benefits plan.⁸ More than one-third say they would look for another job if their employer stopped providing a benefits plan.⁹

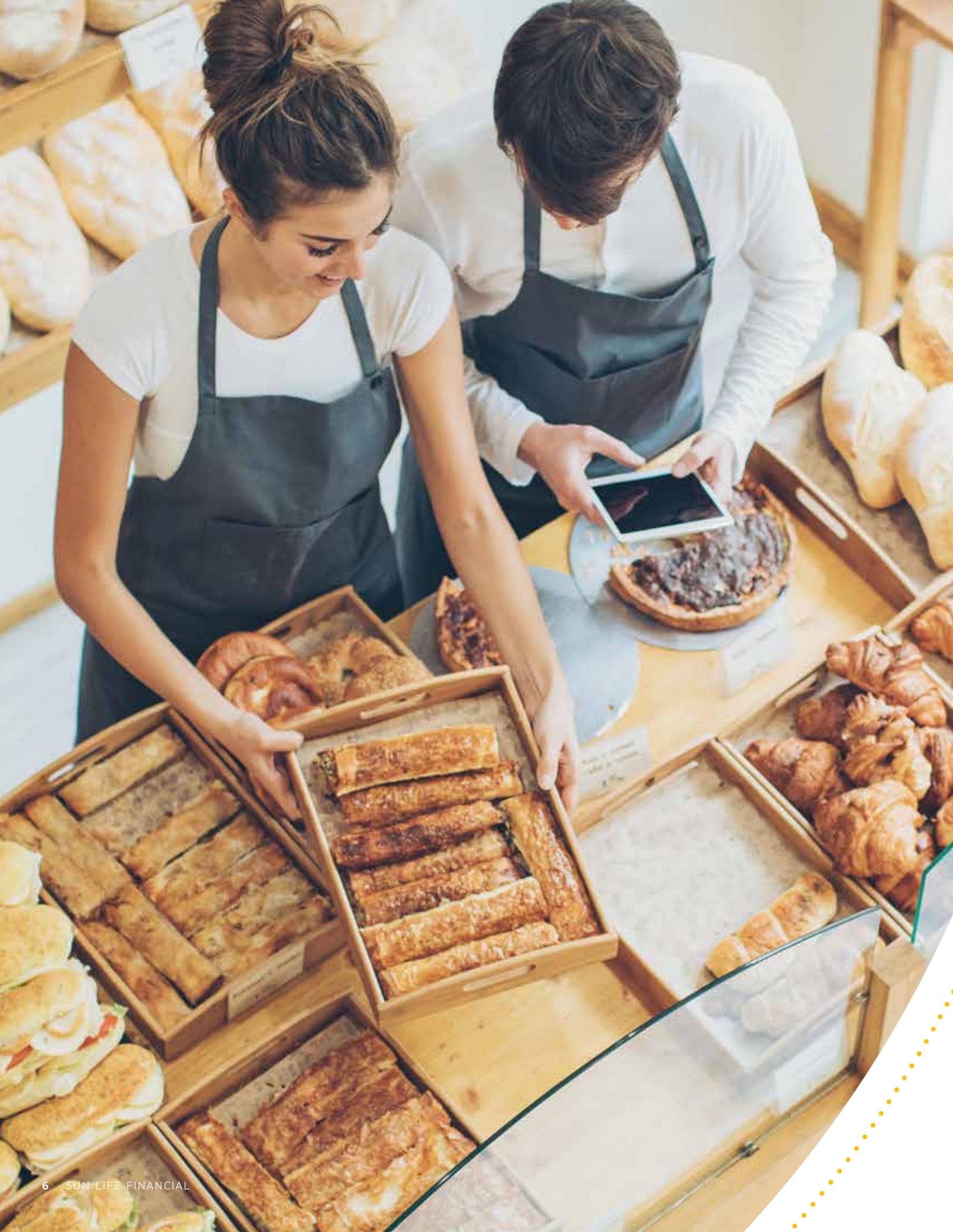
5 reasons why cloud-based administration makes sense for small businesses

1. No investment in hardware or software
2. Priced according to the size of your business
3. Easy to implement
4. No IT expertise required
- 5. Frees up time and resources to work on growing your business!**



Time crunch – the high cost of administration

A recent study found that the average Canadian small business spent more than 100 person-days a year on tasks related to administration, including payroll, human resources and accounting.¹⁰

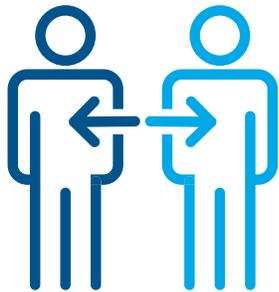


The benefits advantage

Why does it matter that employees want group benefits and health support? Because small and medium-sized Canadian businesses are already having difficulty finding and keeping talented employees, and giving them what they want goes a long way to locking in talent.

The high cost of replacing employees

Annual Salary \longleftrightarrow Cost to Replace
\$50,000 \longleftrightarrow **\$16,650**



Source: Lindsay Sears, Retention Report, Work Institute, 2017.

The battle is a tough one. According to the Business Development Bank of Canada (BDC), almost 40% of small and medium-sized Canadian businesses are struggling to find new workers,¹¹ a figure that rises to 60% for businesses requiring highly skilled workers.¹² This situation is not likely to improve. With an aging population and baby boomers retiring, the growth in Canada's labour force is forecast to remain near zero for the next decade.¹³

The hiring struggles of small businesses can have a direct impact on the bottom line. The BDC's analysis indicates that a firm that is more affected by labour shortages is 65% more likely to be a low-growth company (defined as having annual sales growth of less than 10%).¹⁴

Talent recruitment can be especially high stakes for smaller employers. Losing a key contributor can have a significant and lasting impact on business success. And even if a replacement is found, the costs, not to mention time, associated with hiring and training a new employee are estimated to be 33% of the employee's salary, with this cost rising dramatically for employees with greater skills and experience.¹⁵

Keeping employees healthy, productive and at work is another great reason to offer a benefits plan. With Canada's aging workforce and the trend towards less healthy lifestyles, chronic diseases are on the rise. A benefits plan can be key to supporting an employee's health and wellbeing.

5 reasons benefits plans ARE for small businesses

Benefits plans:

- Are flexible, affordable
- Are highly valued by employees
- Require no additional administration from you
- Keep employees healthy and productive
- Help level the playing field with larger employers when recruiting talent

*"Group benefit plans are an important investment for an organization – and the right design helps ensure the most value is attained for the dollars spent."**

Group benefits can also provide great value in terms of your overall compensation package. Benefits tend to "punch above their weight" in terms of what they cost an employer versus how much employees value them. **Two-thirds of group benefits plan members said they would choose to keep their benefits plan rather than receive a \$5,000 increase in salary.**¹⁶

Further, benefits plans are a non-taxable benefit for employees in most provinces and, unlike salaries, are not subject to payroll taxes and deductions for employers.

Despite these advantages, many small businesses do not offer health benefits to employees (industry surveys place the incidence at between 26% and 40%).¹⁷ The reasons why? A Sun Life survey of small business owners across Canada found that 50% felt that their business was simply "too small" for benefits (the top reason), followed by cost at 34%.

The fact is that there are benefits plans especially designed for small businesses, and these can be tailored to the health needs of your employees and the cost certainty and budget needs of your business.

With many small businesses still not offering their employees a group benefits plan, your organization has a significant opportunity to stake out a competitive advantage.

These plans also help level the playing field when competing against larger employers for talent. It's not only a cost-effective strategy for employee attraction and retention, it also helps ensure a healthier, more productive workforce.

A great place to start is a group benefits advisor, as many specialize in serving the needs of small and medium-sized businesses. Their expertise can help you build a competitive plan that fits your company's specific needs.

Employees highly value group benefits

- More than 70% of employees expect employers to support both their physical and mental health
- 77% of employees who have benefits say they would not move to a job that did not have a benefits plan
- More than one-third of employees say they would look for another job if their employer stopped providing a benefits plan
- 67% of employees would keep their benefits plan over receiving a \$5,000 increase in salary

Sources:
Sun Life Barometer Survey, 2016.
Sanofi Canada Health Care Survey, 2015.
Attitudes Toward Group Plans Among Ontario Businesses, Abacus Data, March 2018, conducted for CLHIA.

* For more information about plan designs for small business, you can download our comprehensive report on plans for fewer than 50 employees at SunLife.ca/DesignedForHealth.



Flexible plans for small businesses

Research shows that choice and flexibility in group benefits are highly desired by all generations of employees, from the youngest to the oldest.¹⁸

Sun Life offers benefits plans designed specifically for small businesses to ensure core health protection needs are met (such as catastrophic coverage in the event of a serious illness or accident) while offering employees choice and flexibility.

This can be done by using health spending accounts (HSAs) or personal spending accounts (PSAs) as part of your group benefits plan. There is no additional administration involved – employees access their accounts online to make claims and have the flexibility to decide for themselves which areas of health they want to focus on.

- **Health Spending Accounts (HSAs)** are individual employee accounts that are funded by you. Employees use the money in their accounts to pay for health-related products and services, such as

dental, drug and therapeutic expenses like chiropractic or massage therapy – anything considered a medical expense under the Income Tax Act. HSA claims are non-taxable benefits for employees and are a 100% business deduction for employers.

- **Personal Spending Accounts (PSAs)** are also individual employee accounts funded by you for your employees, but you as the employer choose what health or wellness-related expenses are eligible for employees to claim. The list of possible covered expenses is wide-ranging, from gym memberships to exercise or sports equipment, to weight-loss programs. PSA claims are treated as taxable income for employees and are not a business deduction for employers.

Plan designs that use an HSA and/or a PSA have grown in popularity among small business clients, providing employees with flexible access to health and wellness solutions and direct control over where they spend their health benefits dollars.

The new Sun Life solution – bringing admin and benefits together with Rise

More than one million Canadians already enjoy exceptional benefits coverage under our Sun Life Financial group benefits plans for small businesses. And we've now brought "exceptional" to a new level.

Our recent equity partnership with Rise People Inc. (Rise) fills a critical market niche for our small and medium-sized business clients. Rise is the company that introduced Canada's **first all-in-one, in-house digital HR platform – bringing HR, benefits and payroll together.** This platform is now seamlessly integrated with SunSolutions and SunAdvantage – our product offerings designed for small and medium-sized businesses.

If you're seeking administrative simplicity and a comprehensive benefits package for your employees, the Sun Life + Rise solution is available today.

- **Simplified online enrolment:** Employees can enrol from any mobile device, laptop or desktop. And with a rules-based platform, the system automatically understands what benefits are available to each plan member.

- **Single-entry accuracy:** The risk of human error is greatly reduced with the single entry of information across all platforms – HR, payroll and benefits. This means that with any benefit change or information update, premiums and deductions are automatically adjusted and all information is synced with HR and payroll. It couldn't be easier.

- **A single login – and a consistent employee experience:** Employees have instant, single sign-on access to **mysunlife.ca** and the Rise platform. Everything is at their fingertips – plan member booklets, drug and travel cards, claims management – from a single, easy-to-use dashboard.

- **Automated premium management:** Rise manages all premium calculations and collects premiums directly from payroll. You receive just one monthly invoice and make one monthly payment – with Rise handling the remittance of all payments to Sun Life on your behalf.

It's a precision-driven platform that provides you with peace of mind, knowing that all scenarios have been addressed and that all actions comply with provincial laws, tax guidelines and contract terms.

To learn more, visit **BenefitsMadeEasy.ca**.





ANOTHER **BRIGHT PAPER**[™] BROUGHT TO YOU BY SUN LIFE FINANCIAL

- 1 Plum Consulting, Sweating the Small Stuff: The impact of the bureaucracy burden, September 2017.
- 2 Innovation, Science and Economic Development Canada, Key small business statistics, January 2019. https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03090.html
- 3 Sanofi Canada Health Care Survey, 2015.
- 4 Indeed/Censuswide survey of Canadian small business owners, 2018; The Building Blocks of the Canadian Employee Benefits Market, LIMRA, 2012.
- 5 TAB, Small Business Pulse Survey, December 2015.
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- 18 Generations Survey, Sun Life Financial, 2016.

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Group Benefits are provided by Sun Life Assurance Company of Canada, a member of the Sun Life Financial group of companies.

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