

Your role as benefits plan administrator

A practical guide for small business corporations that sponsor a group health, dental, life and disability plan.

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Who's who in your plan

Plan sponsor

Your corporation. It holds the group contract, decides who is eligible and how costs are shared, and is accountable for how the plan is run.

Plan administrator

The person the corporation names to run the plan day to day — often an owner, office manager or bookkeeper. That is you.

Insurer

The company that underwrites the plan. It issues the contract and employee booklets, and decides and pays claims.

Benefits advisor

Your licensed advisor. Designs and markets the plan, reviews each renewal and helps resolve problems with the insurer.

1 Core administrative duties

The group contract sets the rules; the administrator makes sure they are followed — on time, every month. Most problems in small plans trace back to a missed deadline or an out-of-date record, not to an unusual claim.

Enrol new employees on time

Track each hire's waiting period and submit enrolment as soon as they are eligible. Late applications can require medical evidence and may be declined for some benefits.

Reconcile and pay the monthly bill

Check the bill against payroll every month — additions, terminations, salary changes — and pay within the grace period. Unpaid premiums can end coverage for everyone.

Keep salaries current

Life and disability amounts are usually based on earnings. Report raises promptly, or employees may be under-insured when they need to claim.

Communicate with employees

Hand out booklets and benefit cards, explain how to claim and whom to call, and give notice before any plan change takes effect.

Apply eligibility rules consistently

Use the contract's definitions of class, minimum hours, waiting period and actively-at-work. Don't make exceptions the contract doesn't allow.

Set up payroll deductions

Deduct each employee's share of premiums and add taxable benefits, such as employer-paid life insurance, to payroll so year-end slips are right.

Maintain secure records

Keep enrolment forms, beneficiary designations, waivers of health and dental coverage, change requests and termination dates.

Support claims — don't decide them

Complete employer statements for disability and life claims promptly and refer employees to the insurer. The insurer decides whether a claim is paid.

GOOD PRACTICE

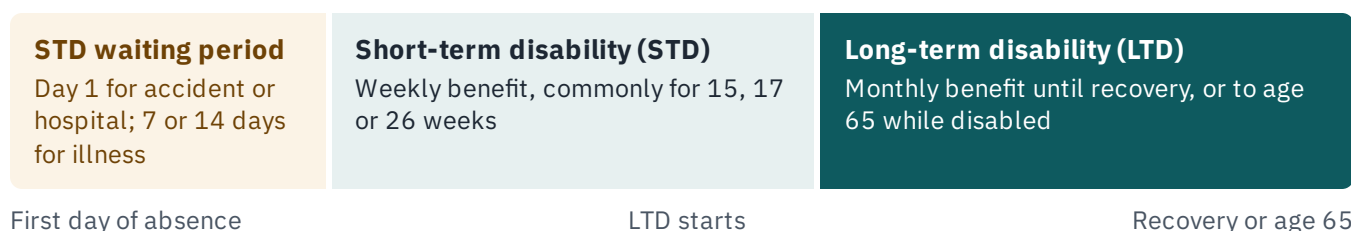
Keep a one-page admin record for each employee: eligibility date, enrolment date, coverage chosen, beneficiary on file, salary on file and termination date. Ten minutes at bill time each month prevents most costly errors.

2 Waiting periods and life insurance

Two design choices shape what employees receive when something goes wrong: how long they wait for disability income, and how their life insurance amount is set. Both depend on the administrator's dates and salaries.

Income protection: waiting periods

LTD elimination period — e.g. 119 days, or matched to the end of STD



- **Longer waits cost less.** A longer waiting period lowers the premium, but employees carry more of the early absence.
- **Leave no gap.** Match the end of STD to the start of LTD. With no STD plan, employees rely on EI sickness benefits (up to 26 weeks) until LTD begins.
- **EI premium reduction.** A qualifying STD plan can lower the employer's EI premiums — ask your advisor whether your design qualifies.
- **Your part:** record the first day of absence, send claim forms promptly and track the date the elimination period ends.

Life insurance: flat amount or a multiple of earnings

Option A · Flat amount

Everyone in a class has the same benefit, for example \$25,000 or \$50,000. Simple to run, and it doesn't change when pay changes.

Option B · Multiple of annual earnings

The benefit is a factor of salary — commonly 1× or 2× — up to a plan maximum. **Example:** \$62,000 × 2 = \$124,000 of coverage. It keeps pace with pay, so salary updates matter.

Non-evidence maximum (NEM). Coverage up to the NEM is automatic; any amount above it needs medical evidence approved by the insurer. When a raise lifts an earnings-based benefit over the NEM, send the evidence form right away — until it is approved, only the NEM is in force. A higher multiple also means a larger taxable benefit on the T4.

3 Employer contributions and tax

The corporation decides how premiums are shared. That choice affects take-home pay, how each benefit is taxed and whether disability payments are taxable.

Employer pays 100%

Simplest to run and most valued by staff.

Fixed split

For example 50/50 or 80/20 across the whole plan.

Split by benefit

For example, the employer pays health and dental; employees pay LTD.

Insurers normally require a minimum employer share and minimum participation — check your contract before changing contributions. A common small-business design: the employer pays health, dental and life; employees pay 100% of LTD so any disability income is tax-free.

How employer-paid premiums are taxed (outside Quebec)

Benefit	Employer-paid premium	What it means for employees
Extended health and dental	Not a taxable benefit to the employee	Claims are reimbursed tax-free.
Life, dependent life, AD&D, critical illness	Taxable benefit — added to T4 employment income	Employees pay tax on the premium value; payouts are generally tax-free.
Short- and long-term disability	Not a taxable benefit when paid	If the employer pays any part, disability income is taxable (less employee contributions). If employees pay 100%, it is generally tax-free.
Health spending account	Not taxable if it is a valid private health services plan	Reimbursements of eligible health and dental expenses are tax-free.

Premiums the corporation pays are generally deductible — confirm with your accountant.

SHAREHOLDER-EMPLOYEES

An owner's benefits are tax-free only when received as an employee: the owner must actively work in the business, and coverage must be reasonable and comparable to what arm's-length staff in a similar role receive. A class that covers only the owners and leaves other staff out risks CRA taxing the owners' benefits as shareholder benefits.

4 Legal and compliance in BC

No single statute governs a small employer's insured benefits plan in BC. The administrator works within the group contract and several laws that touch it.

The group contract

The contract and employee booklet are the governing documents: coverage, eligibility, deadlines and termination rules come from them — not from memory or promises. An administrative error, such as not enrolling an eligible employee, can expose the corporation to a claim for the lost coverage.

Personal Information Protection Act (PIPA)

Enrolment forms and benefit records are employee personal information. Designate a privacy officer, collect only what is needed to run the plan, tell employees how it is used, store it securely, and let employees see their own records.

Canada Revenue Agency

Report taxable benefits, such as employer-paid life and AD&D premiums, on each T4. Every T4 must also show a dental-access code in box 45, based on the dental coverage the employee could access on December 31 — even if they waived it.

Employment Standards Act

Employment is treated as continuous during statutory leaves such as pregnancy and parental leave. The employer must keep making its benefit plan payments during the leave unless the employee chooses not to continue coverage. Tell the insurer about the leave — don't cancel coverage.

Keep medical details out

Employees send claim and medical information directly to the insurer. The administrator does not need — and should not ask for — diagnoses or treatment details.

When employment ends

Obligations on termination can depend on the employment contract, the ESA and common law, not only on the insurance contract. Get advice before setting a coverage end date for a terminated employee.

CONSISTENCY PROTECTS YOU

Apply eligibility, waiting-period and class rules the same way for everyone. Case-by-case exceptions are unfair to other employees and can leave the corporation paying for coverage the insurer won't honour.

5 The employee lifecycle

Every employee passes through the same stages. Each has a deadline, and each deadline belongs to the administrator.

1	Hire	Record the start date and the date the waiting period ends. Give the employee enrolment forms and explain the plan and cost share.
2	Becomes eligible	Submit enrolment promptly — insurers commonly allow 31 days before an application is treated as late. Collect a beneficiary designation, and a waiver with proof of other coverage if health or dental is declined.
3	Life events	Marriage or common-law, birth or adoption, separation, a child aging out or leaving school: submit changes within the contract's time limit, often 31 days. Late changes may need medical evidence or be refused.
4	Changes at work	Report raises (earnings-based life and disability amounts change with them), changes in hours or class, and leaves of absence. Dropping below minimum hours can end eligibility.
5	Disability or death	Record the first day of absence, complete the employer statement quickly and track the STD waiting period and LTD elimination period. Keep premiums paid while a claim is assessed.
6	Leaves the company	Tell the insurer the last day of coverage and stop deductions. Give the employee written notice of conversion options — such as converting group life to an individual policy — and the deadline, often 31 days.

THE MOST EXPENSIVE MISTAKE

Forgetting to tell a departing employee about conversion rights. If they later become uninsurable, or die within the conversion window, the corporation may face a claim for the coverage they lost.

6 Your insurer, advisor and the renewal

You aren't expected to know everything — only whom to ask. Route each question to the right place and note the answer.

Who to call

For...	Contact
Claims, coverage questions, benefit cards	Insurer — employees can call directly
Enrolments, changes, terminations, billing	Insurer's plan administration team or online portal
Plan design, renewals, cost concerns, disputes	Your benefits advisor
Payroll, taxable benefits, owner benefits	Your accountant
Leaves, terminations, employment contracts	Employment lawyer or the BC Employment Standards Branch

The annual renewal, step by step

1 Renewal notice

Before each plan anniversary the insurer issues new rates, usually with a summary of premiums and claims for the year.

2 Review with your advisor

Find what drives the change: claims, ages and headcount, and rising drug and dental costs. Small groups are often pooled, so rates can rise even when claims are low.

3 Weigh the options

Adjust deductibles or maximums, revisit waiting periods or the life multiple, add a health spending account, change the cost share, or market the plan.

4 Communicate and update

Tell employees about changes before the effective date, update payroll deductions and file the new rates and any contract amendments.

TIP

Diarise the plan anniversary two months ahead to leave time to review options.

Your plan at a glance

Fill this in from your group contract and keep it with your plan records. Update it after each renewal.

Insurer and group policy number	
Plan anniversary (renewal) date	
Benefits advisor and contact	
Insurer administration contact or portal	
Classes of employees	
Minimum hours and waiting period	
Employer / employee cost share	
Life insurance: flat amount or × earnings	
Life maximum and non-evidence maximum	
STD waiting period and benefit period	
LTD elimination period	
Late-application and change deadlines	
Conversion deadline after termination	
Premium due date and grace period	
Privacy officer	

The administrator's calendar

Every month

- Reconcile the bill with payroll
- Process hires, changes and terminations
- Check deductions match current rates
- File forms securely

At year-end

- Report taxable benefits on T4s
- Enter the box 45 dental code on every T4
- Send updated salaries to the insurer
- Review waivers and dependant status

At renewal

- Review rates and claims with your advisor
- Decide on design or cost-share changes
- Give employees notice of changes
- Update deductions and records

Common pitfalls to avoid

- Late enrolments and missed life-event changes
- Raises over the NEM with no evidence form sent
- No written notice of conversion rights at termination
- Benefit classes that cover only the owners
- Salaries on file that are years out of date
- Paying premiums for people who have left — retroactive credits are often limited
- Covering people who aren't eligible, such as contractors
- Mixing up STD and LTD waiting-period dates on a claim

Where to learn more

- CRA guide T4130, *Employers' Guide – Taxable Benefits and Allowances*
- BC Employment Standards Branch — leaves of absence and termination
- Office of the Information and Privacy Commissioner for BC — PIPA guidance for employers
- Your group contract and employee benefits booklet

This brochure is general information about administering a group benefits plan in British Columbia, current to September 2026. It is not legal, tax or accounting advice. Your group contract and employee booklet govern your plan; confirm specific situations with your insurer, benefits advisor, accountant or employment lawyer.

QUESTIONS ABOUT YOUR PLAN?

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