

Increasing Flexibility in Benefits Programs for Small & Medium- Sized Businesses

Small and medium-sized businesses in Canada are increasingly turning to flexible benefits programs to attract and retain top talent while managing costs effectively.

By leveraging flexible spending accounts and specialty providers, these companies can offer competitive benefits packages tailored to their employees' diverse needs.

THE RISE OF FLEXIBLE BENEFITS

Flexible benefits plans allow employees to choose from a range of options, customizing their coverage to suit their individual circumstances. This approach is gaining popularity among Canadian businesses, as it provides a competitive advantage in attracting and retaining employees.

FLEXIBLE SPENDING ACCOUNTS: KEY COMPONENTS

Health Spending Accounts (HSAs) and **Wellness Spending Accounts (WSAs)** are becoming primary tools for small businesses to offer flexible benefits. These accounts provide employees with a set amount to spend annually on approved health and wellness-related expenses.

HEALTH SPENDING ACCOUNTS (HSAs)

HSAs are non-taxable benefits that allow employees to pay for eligible medical and dental expenses not covered by provincial health plans or other group insurance plans. Key features include:

- Tax-free for employees
- Covers a wide range of CRA-approved medical expenses

WELLNESS SPENDING ACCOUNTS (WSAs)

WSAs are taxable benefits that promote overall employee well-being by covering a broader range of wellness-related expenses. Advantages of WSAs include:

- Flexibility to cover various wellness activities
- Promotes work-life balance and holistic health
- Taxable benefit for employees

WSAs can typically be used for:

- Fitness equipment and gym memberships
- Mental health services
- Nutritional counseling
- Alternative therapies
- Personal development courses

SPECIALTY PROVIDERS ENHANCING FLEXIBILITY

Specialty benefit providers play a crucial role in helping small and medium-sized businesses implement flexible benefits programs. These providers offer tailored solutions that emphasize flexibility and customization.

KEY FEATURES OF SPECIALTY PROVIDERS:

- Personalized approach to benefit design
- User-friendly platforms for easy account management
- Dedicated customer support
- Expertise in optimizing benefits and cost control

IMPLEMENTING FLEXIBLE BENEFITS

To increase flexibility in benefits programs, small to medium-sized businesses can:

1. **Conduct employee surveys** to understand specific needs and preferences
2. **Partner with specialty providers** to design customized plans
3. **Offer a mix of HSAs and WSAs** to cater to diverse employee needs
4. **Educate employees** on the advantages and tax implications of different account types
5. **Regularly review and adjust** the benefits package to ensure it remains competitive and relevant

THE IMPACT ON EMPLOYEE SATISFACTION

Flexible benefits programs have shown to significantly improve employee satisfaction and retention. By offering a combination of HSAs and WSAs, businesses can provide comprehensive coverage while giving employees the freedom to choose how to allocate their benefits.

CONCLUSION

As the Canadian workforce continues to evolve, small and medium-sized businesses must adapt their benefits strategies to remain competitive. By embracing flexible spending accounts, including non-taxable HSAs and taxable WSAs, and partnering with specialty providers, these companies can create benefits programs that are both cost-effective and highly valued by employees. This approach

not only helps in attracting and retaining talent but also contributes to overall employee well-being and satisfaction.



If you have questions specific to your business, or would like additional information, please reach out to your Lloyd Sadd Advisor.

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