



Trustees of the Southern Interior Health & Welfare Plan

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January 4, 2021

To: Participating Employers

Re: **2021 Taxable Benefits – Group Life and AD&D**

Section 6 (4) of the Income Tax Act requires that employer paid premiums for group life insurance coverage be included as a taxable benefit and reported on an employee's T4.

The amount of taxable benefit is calculated by applying the actual costs per employee for the most recent calendar year to the benefit levels of the coming year.

For 2021, the monthly value of taxable Group Life premiums for each covered employee is calculated at a cost of 24.7 cents per \$1,000 of coverage, or \$34.59 monthly for the \$140,000 benefit. In addition, the Plan made a deficit payment for Group Life insurance equivalent to \$20.71 per covered employee per month for a total taxable Group Life premium per month of \$55.30.

The Accidental Death & Dismemberment (AD&D) benefit is \$140,000. The AD&D premiums remain unchanged at \$7.84 per employee per month.

Summary

The following table shows the monthly Group Life and AD&D taxable benefits for 2021.

<u>Period</u>	<u>Life and AD&D Insurance Benefit</u>	<u>Taxable Group Life premium per month</u>	<u>Taxable AD&D premium per month</u>
Jan – Dec 2021	\$140,000	\$55.30	\$7.84

It should be noted that the premium rates are subject to change as they are due to renew on June 1 annually. An additional letter will be issued if the premium rates change for the upcoming renewal.

Please make any necessary adjustments to your payroll records.

Sincerely,

Naveen Kapahi
Plan Administrator
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cc: Trustees, Advisors and Local Unions