



SSC # 64 - HEALTH & WELFARE TRUSTS AND HEALTH & WELFARE SPENDING PLANS

This course is eligible for:

4 Life & A&S CE Credits for BC, SK, MB & ON.

4 A&S ONLY CE Credits for AB.

Target Audience

This course is designed for licensed Canadian insurance advisors, group benefits specialists, financial planners, and tax-aware professionals who advise employers on the design, funding, and governance of supplemental health benefit programs. It is also suitable for professionals working in human resources, payroll, and plan administration who require a deeper understanding of the legal, tax, and compliance frameworks governing employer-sponsored health benefits. Advisors serving incorporated business owners, unionized workplaces, multi-employer groups, or organizations transitioning from legacy trust structures will find this course particularly relevant.

Course Overview

Employer-sponsored health benefits play a central role in the Canadian healthcare ecosystem, filling the substantial gaps left by provincial health insurance plans. While Canada's public system covers medically necessary physician and hospital services, it does **not** mandate coverage for prescription drugs, dental care, vision care, mental health counselling, or paramedical services. As noted in the course material:

“Approximately 30% of total health expenditure in Canada is funded through private sources, including employer-sponsored benefit plans, individual insurance, and out-of-pocket payments.”

This course provides a comprehensive examination of the structures employers use to deliver supplemental health benefits, including group insurance plans, ASO arrangements, Private Health Services Plans (PHSPs/HSAs), and trust-based vehicles such as Employee Life and Health Trusts (ELHTs). It also explores the historical Health and Welfare Trust (HWT) framework, the policy rationale for its elimination, and the statutory requirements governing ELHTs under section 144.1 of the Income Tax Act.

Through a combination of legislative analysis, tax interpretation, and practical plan-design guidance, advisors will gain the knowledge required to evaluate employer needs, recommend appropriate benefit vehicles, and ensure compliance with CRA rules and provincial regulatory expectations.

Course Purpose

The purpose of this course is to equip advisors with the technical competence and practical frameworks needed to guide employer clients through the increasingly complex landscape of supplemental health benefits in Canada. *Specifically, the course aims to:*

- Clarify the distinction between public healthcare entitlements and privately funded benefits
- Explain the strategic, financial, and tax motivations behind employer-sponsored plans
- Provide a detailed understanding of the legal and tax rules governing ELHTs, including their role as the legislated successor to HWTs
- Strengthen advisor capability in plan design, compliance oversight, and employer communication
- Support advisors in identifying legacy HWT arrangements and assessing transition risks

By the end of the course, advisors will be able to deliver compliant, evidence-based recommendations that align with employer objectives, workforce demographics, and CRA requirements.

Learning Objectives

Upon successful completion of this course, participants will be able to:

1. Understand the Canadian Healthcare Landscape

- Describe the coverage provided under the Canada Health Act and provincial health insurance plans
- Identify major gaps in public coverage that drive demand for employer-sponsored benefits
- Explain the role of private funding in Canada's healthcare system

2. Analyze Employer Motivations for Offering Health Benefits

- Evaluate how benefits support talent attraction, retention, productivity, and employee well-being
- Explain the tax efficiency of employer-sponsored plans for both employers and employees

- Recognize the influence of collective bargaining and corporate social responsibility

3. Compare and Evaluate Benefit Delivery Vehicles

- Distinguish between group insurance, ASO arrangements, PHSPs/HSAs, ELHTs, and hybrid models
- Assess the advantages, limitations, and administrative requirements of each vehicle
- Recommend appropriate structures based on employer size, workforce demographics, and budget

4. Understand the Historical and Current Trust Frameworks

- Describe the origins, structure, and administrative rules governing Health and Welfare Trusts (HWTs)
- Explain why HWTs were phased out and replaced by ELHTs
- Identify legacy HWT arrangements and assess compliance risks

5. Apply ELHT Rules Under Section 144.1 of the Income Tax Act

- Define “designated employee benefits,” “eligible beneficiaries,” and “key employees”
- Explain the statutory requirements for ELHT qualification, governance, and residency
- Analyze employer contribution deductibility, pre-funding limits, and surplus rules
- Understand the tax treatment of benefits provided to employees

6. Conduct Advisor-Level Benefits Planning

- Perform needs assessments for employer clients
- Evaluate compliance obligations and audit readiness
- Support employers in vendor selection, plan communication, and annual plan review
- Identify red flags in existing benefit structures, including non-arm’s-length concerns and over-funding