



Employer-paid Group AD&D and Critical Illness Become Taxable Benefits

December, 2012

Changes to Taxability of Employer Contributions Effective January 1, 2013

In March of 2012 the Federal Government announced that effective January 1, 2013, **employer-paid** premiums for Accidental Death & Dismemberment (AD&D) and Critical Illness (CI) for group insurance plans will become taxable benefits in the hands of employees for federal income tax purposes.

This is similar to how **employer** contributions to group Life and Dependent Life insurance premiums are currently handled. They are considered taxable benefits in the hands of employees.

Payroll systems may need to be revised to accommodate this change in tax legislation. Since each employer has their own employee/employer cost-sharing formula, employers will need to review the formula to ensure that it complies with the new legislation.

Please note that premium and applicable tax billed and paid for the 2013 fiscal year for AD&D and/or CI (if included in your group plan) will be included in the RWAM summary for T4 purposes sent to all RWAM clients each year with their December billing statement, commencing November, 2013.

If you have any questions please contact your group insurance advisor or RWAM.