



CHRISTIAN SCHOOLS  
INTERNATIONAL

## CSI Canada Insurance Plan & Trust Fund

# UPDATE

Date: October 19, 2005

To: Participating Boards and  
Covered Employees

• New Option – Healthcare Spending  
Account

From: Howard Van Mersbergen  
Executive Secretary/Treasurer

### New Option – Healthcare Spending Account

CSI is pleased to announce a new optional feature that will be available with Flex Plans 1,2,and 3, effective September 1, 2006. This is called a Healthcare Spending Account – HSA for short.

HSAs are the latest innovation in employee benefit plans and are becoming very popular as a tax-effective way for employers and employees to partner in benefit plan cost management. As the name implies, they are pre-tax accounts set up in the names of employees, funded by employers, and administered by insurers. Employees authorise payments from the accounts for expenses that are not covered, or only partially covered by the insurance plans. Things like the other 50% of major dentistry, or chiropractic expenses beyond the plan limit are covered, as are payroll deductions for health and dental plans and coverage for dependents not eligible under the group plan.\* HSAs are tax-smart because they are funded with pre-tax money, and payouts from them are not taxable to employees (outside Quebec).

The CSI HSA is intended to enhance the flexibility of our flex plans, by making it possible for people to use benefit dollars exactly as they see fit. Our arrangement enables each member school to set up exactly the right arrangement for them, and to make changes each year, if desired.

Here is how it will work for schools that decide to implement an HSA:

- § The HSA plan year will be from 1 September to 31 August.
- § A member school will decide to offer an HSA to all or some of its staff. The school can define one or more eligible groups of employees, such as teachers.
- § The school will select the annual funding level for the HSA. The level can be any multiple of \$50, with a minimum of \$100. The same amount is to be applied to all employees in an eligible group. A different amount can be applied to employees in a different eligible group, if desired.

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(More)

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- § The school will remit one-twelfth of the funding level, plus the administration fee of 6.5%, to CSI every month.
- § Eligible employees will be able to claim reimbursement of eligible expenses, using a standard Manulife claim form.
- § If employees claim in advance of the funding being in their account, the claim will be progressively reimbursed as the funding occurs. Manulife's minimum reimbursement is \$10.00.
- § If employees leave the member school before the end of the plan year, they forfeit further contributions to their account. They have 60 days from their termination date, to submit claims against their account.
- § At plan year-end, unused balances are carried forward to the following year and applied to the first claims that are presented. If a balance from one year remains unused at the end of the following year, it is forfeited and returned (net of administration expenses) to the member school.
- § A school can elect either of the following arrangements:
  - The school chooses one flex plan for all employees and associates the HSA with it, or
  - The school enables all employees to choose their own flex plan and associates the HSA with one or more of the flex plans.
- § Premium-sharing arrangements for all CSI plans except the HSA are completely flexible. The HSA must be funded with employer money.

\*HSAs are regulated by the Canada Revenue Agency (CRA). Eligible expenses are defined in the regulations, and are more comprehensive than those items covered by any group insurance plan.