



MEMBER BENEFITS PROGRAM

Arranged by:



Private Health Services Plan Application – Self Employed

CLIENT ACCOUNT INFORMATION

Name of Self-Employed Individual	
Contact Person (if different than above)	Phone Number ()
Mailing Address _____ _____ City Province Postal Code	Fax Number ()
	Cell Number ()
	E-mail Address
Fiscal Year End December 31 st	Type of Business (check one) (Note: if you have arms-length employee(s), please call for Small-Group App) <input type="checkbox"/> Proprietorship (no arms-length employees) <input type="checkbox"/> Partnership (no arms-length employees)
How do you wish to fund the Health Care Plan? (check one) <input type="checkbox"/> Option A – Payments are included with submission of claims <input type="checkbox"/> Option B – Monthly by pre-authorized cheque <i>Note: Claims submitted with funds in excess of \$5,000 will be held for five (5) business days</i>	
Unused benefits for each fiscal year will be forfeited if not claimed on or before June 30 th of the calendar year following the expense. Expenses for each fiscal year must be submitted prior to Income Tax preparation.	

EMPLOYEE INFORMATION

Medical/Dental “Deductible Schedule” for the Self Employed

Benefits will be pro-rated for first plan year.

Owner of business \$1,500

Spouse of owner \$1,500

Dependents \$750 (each)

Please Note: Inclusion of an *arms length employee to your plan requires special consideration.

Please consult with your Olympia Trust representative for details.

**Arms Length – anyone not related by blood relationship, marriage or adoption*

LISTING OF DEPENDENTS: Please list all of your dependants that will be covered under this Plan (Attach separate listing if required)

Relationship	Name	Date of Birth mm/dd/yyyy	Benefit Limit
Owner of Business		/ /	\$1,500 <input type="checkbox"/>
Spouse		/ /	\$1,500 <input type="checkbox"/>
Dependent #1		/ /	\$750 <input type="checkbox"/>
Dependent #2		/ /	\$750 <input type="checkbox"/>
Dependent #3		/ /	\$750 <input type="checkbox"/>
Total Annual Benefit Level			\$

Dependents of an Eligible Self-Employed Individual are defined as follows:

- a) A spouse who is either:
 - i. legally married to the Self-Employed Individual, or
 - ii. living with the Self-Employed Individual and is publicly represented as the Self Employed Individual’s spouse or partner
- b) Any financially dependant member of the Self-Employed Individual’s household with whom is connected by a blood relationship, marriage or adoption

Please call 1 (866) 527-0123, ext 1 if you have any questions.

Arranged by:



Benefit Plan Administration

ADMINISTRATIVE SERVICES AGREEMENT

BETWEEN:

OLYMPIA TRUST COMPANY, of 2300 – 125 9th Avenue SE
Calgary, Alberta T2G 0P6 (hereinafter called “Olympia”)

– and –

(Self-Employed Individual, hereinafter called “the Employer”)

WHEREAS:

- (A) The Employer has established a Private Health Services Plan, a summary of which is included in this document, for its employees and their dependants (hereinafter called the Employee Health Care Plan); and
- (B) Olympia is engaged in the business of providing financial, administrative and trustee services;

NOW THEREFORE Olympia and the Employer hereby agree as follows:

Responsibilities of Olympia

Olympia shall provide the following services to the Employer:

1. Olympia will provide consultation to the Employer with regard to requirements to establish an Employee Health Care Plan for its employees.
2. Olympia will assist the Employer with implementing the Employee Health Care Plan.
3. Olympia will administer and manage the Employee Health Care Plan on an ongoing basis.
4. Administration of the Employee Health Care Plan will include but not be limited to the following:
 - a) Establishing Accounts for eligible Employees, as authorized by the employer.
 - b) Confirming that claims meet eligibility requirements.
 - c) Monitoring claim pools to ensure account maximums are not exceeded.
 - d) Establishing client reporting procedures.
 - e) Processing elections on year-end account balances.
 - f) Processing and distributing claims from accounts.
 - g) Arbitrating contestable claims between Employee and Employer.
5. Olympia will follow the guidelines and procedure manuals set forth by respective Provincial Health Information Acts and the Federal Freedom of Information and Privacy Protection Act.
6. Olympia will hold all monies received from the Employer in trust, which bears no interest to the employer.
7. Olympia will be entitled to all interest earned on trust funds.

Responsibilities of the Employer

1. The Employer will ensure that the plan remains funded as outlined in the attached Fee Schedule, in a manner necessary to meet its obligations to its employees and Olympia. In the event that the employer fails to fund the plan as required, Olympia is under no obligation to, and will not pay out claims submitted by the employees.
2. The Employer shall provide Olympia with a current record of all eligible employees and dependants covered under the plan.
3. The Employer shall notify Olympia immediately about changes affecting the eligibility of any employees and/or dependants in a manner that is satisfactory to Olympia.
4. The Employer shall maintain a registry of all eligible employees signifying which employees are participating in the Employee Health Care Plan and which employees are opting out.

Other Terms

1. The Employer authorizes Olympia to apply payments from the Employer’s account in settlement of eligible benefits payable to employees under the Employee Health Care Plan and settlement of administration fees due to Olympia, and to make adjustments to accounts to comply with the Fee Schedule of this agreement.
2. Olympia trust shall not be liable in the event that it has paid a benefit for which an employee was not eligible because the Employer failed to supply Olympia with timely or accurate information in a manner satisfactory to Olympia.
3. This agreement can be terminated immediately by either party upon written notice to the offices of the other party. Termination of this agreement constitutes termination of the Employee Health Care Plan.

In the event this agreement is terminated, Olympia shall have no obligations under the Employee Health Care Plan beyond paying claims incurred prior and including the date of termination. The Employer shall be required to fund its obligations under this agreement, including fees and applicable taxes due to the administrator, up to and including the date of termination.
4. In the event that there has been no activity for a period of thirty (30) consecutive months, Olympia reserves the right to terminate this agreement by written notice mailed to the Employer’s address.
5. This agreement, together with the Employee Eligibility Profile, the Client Account Information File, Optional Insurance Forms (if applicable) and the Sole Proprietorship Information Circular; copies of which are attached and made a part hereof, constitutes the entire agreement.

No agent or other persons has authority to waive any conditions or restrictions of the agreement; to make or modify the agreement; or to bind Olympia by making any promise or representation or by giving or receiving any information.
6. Time is of the essence in the agreement.
7. In addition, Federal and Provincial sales taxes will be levied on fees when applicable. Olympia Trust G.S.T. Registration #R898780739.
8. In the event that the actual number of eligible employees at start up should differ from the number indicated on this schedule, an adjustment will be made to the employers account.
9. Each additional Employee subsequently added to the plan will be subject to a forty dollar (\$40.00) plus G.S.T. set up fee. Employees dropped from the plan will be deleted at no charge.
10. Additional thirty dollars (\$30.00) will be charged for all NSF cheques.

SOLE PROPRIETOR INFORMATION CIRCULAR

The federal budget brought down by Paul Martin, then Finance Minister, in February 1998, announced that amounts paid or payable as a premium to a private health services plan would be deductible in computing the income of a self-employed individual or unincorporated business person (full details are contained in new section 20.01 of the ITA).

As a result of this budget announcement, Olympia Trust, as administrator, entered into contracts with self-employed individuals and unincorporated business persons in a manner commensurate with guidelines outlined in the budget.

In April 1999, a technical interpretation letter from CRA (Document Number 9904155E) relative to the above legislation indicated that CRA's opinion was that a contract between a proprietor and an administrator in which the administrator agreed to reimburse the proprietor for eligible medical expenses where no arms length employees are involved does not qualify as a private health services plan and the income received from the plan would be taxable income.

Olympia Trust challenged this interpretation (Document 9904155E) on the grounds that the intent of the legislation was ignored. It had several exchanges of information and discussions with senior CRA officials. In the end, it was clear that neither CRA nor the federal Department of Finance wanted sole proprietors without arms length employees to avail themselves to the tax planning opportunities announced in the 1998 budget.

Olympia Trust made legal representations to CRA supporting that the private health services plan, as set up and administered by Olympia Trust, does properly meet the necessary requirements of the ITA. Olympia Trust invited CRA to defend their technical interpretation letter in the courts.

The response by CRA was to visit Olympia Trust and review its operations, contract, and customers. Five of these customers were examined by CRA in detail, including a review of our legal submissions made to CRA, and eventually the income received from the private health services plan was received on a tax free basis by the Olympia Trust customers subject to the examination.

Olympia Trust has now waited three years and has continued to process claims for its existing sole proprietors but has not contracted any new ones. In the three years, there has been no effort on the part of CRA to deny the tax-free status of payments received by the plan holders. It appears that CRA does not wish to defend their technical interpretation (DN9904155E) in the courts. As a result of everything that has transpired, Olympia Trust will now accept applications for the administration of private health services plan for sole proprietors with no arms length employees.

Olympia Trust is prepared to challenge, in court, the technical interpretation issued by CRA in April 1999 (DN9904155E), but such a challenge is not without risks.

A sole proprietor who applies for and uses a PHSP is at risk that the amounts received from the plan will be considered taxable income. If this should happen, the taxpayer should generally be able to re-file his or her tax returns for the appropriate year(s) and claim the medical tax credit. The sign up fee and administration fee should generally be deductible as a business expense.

I, _____, a sole proprietor with no arms length employees, have read the above information circular. I understand the attendant risk and possible loss of applicable tax deductions for health and dental expenses.

Signed

Date

Please print name

In order for this contract to be valid, this document must be attached to and form part of the Administrative Services Agreement, the Client Account Information Form and the Employee Eligibility Profile.

