

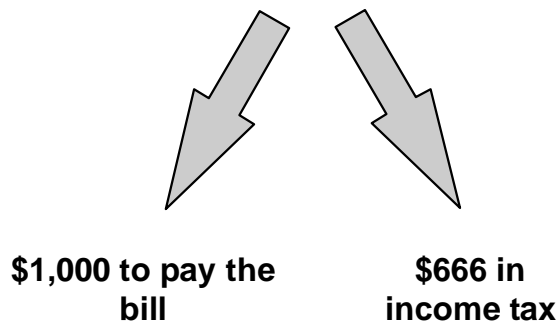
# Tax Savings Illustration – Corporation

You have a \$1,000 health care or dental bill, and you are in a 40% marginal tax bracket.

It is now time to pay the bill. You have two choices on how to do that.

## 1st Choice (without a PHSP)

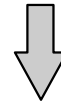
Your company pays \$1,666



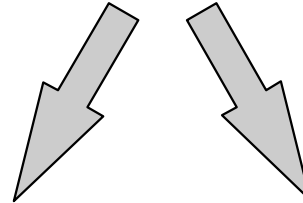
Plus CPP and  
Employment Insurance

## 2nd Choice (with a PHSP)

Your company pays \$1,100



\$1,100 to Olympia Financial  
Group  
(eligible business expense)



\$1,000 returned to  
the employee tax  
free

\$100 admin. fe  
retained by  
Olympia Trus

No CPP and  
No Employment insurance

## Tax Savings Illustrations -- Self-Employed

The first illustration is based on \$40,000 of taxable income with 1,000 in medical expenses

The second is based on \$40,000 of taxable income with 3,000 in medical expense

### Illustration #2

#### Medical Expense Tax Credit

Income \$40,000  
Medical expenses \$1,000  
Manitoba Marginal Tax Rate 35%  
CPP 10%

Non refundable tax credit through the medical expense tax credit -- \$0 (Zero Dollars)

In this case, your medical expenses are less than the exempt amount. The medical expense tax credit does nothing.

#### Private Health Services Plan

Income \$40,000  
Medical expenses \$1,000  
Manitoba Marginal Tax Rate 35%  
CPP 10%

Your business expenses cost plus 10%  
\$1,100

You are reimbursed \$1,000 (non taxable)

Total cash cost \$100

Reduction in tax payable, 45% of \$1,100 is \$495

Savings **\$395**

The choice is clear, **zero dollars** in savings vs. **\$395** on \$1,000 of medical expenses.

# Tax Savings Illustrations -- Self-Employed

## Illustration #2

### Medical Expense Tax Credit

Income \$40,000  
Medical expenses \$3,000  
Manitoba Marginal Tax Rate 35%  
CPP 10%

Non refundable tax credit through the medical expense tax credit \$466.20.

In this illustration you have accumulated enough medical expenses to qualify for some tax relief from the medical expense tax credit of **\$466.20**.

### Private Health Services Plan

Income \$40,000  
Medical expenses \$3,000  
Manitoba Marginal Tax Rate 35%  
CPP 10%

Your business expenses cost plus 10% \$3,300

You are reimbursed \$3,000 (non taxable)

Total cash cost \$300

Reduction in tax payable, 45% of \$3,300 is \$1,485

Savings **\$1,185**

Again, the choice is clear, **\$466** vs. **\$1,185** on \$3,000 of medical expenses.

That's over double the savings!