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# THE PROFESSIONAL ADVISORY

FOR DENTAL PROFESSIONALS

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# Save 30-40% on Health Care Costs (And Grow Your Practice At the Same Time!)



DR. IAN WEXLER

www.protect-ins.com

How would you, your dependent family members, your staff, and even a number of your patients like to completely deduct medical AND dental expenses not covered by OHIP or a group healthcare plan? Today, all of this can happen by starting a Health Spending Account or HSA. A HSA is a uniquely designed "bank account" established exclusively for healthcare spending and is designed to comply with Canada Revenue Agency guidelines of the Income Tax Act 339 and 85 R2.

Setting up an HSA allows the funding of health expenditures by using **pre-tax dollars**, thereby greatly reducing the "bottom line cost!" This can translate into a savings of 30%- 40% per year for medical and health related services, which is far beyond the savings you would receive from a medical tax credit. In addition:

- Contributions are recognized as a 100% business deduction in the year in which they are contributed;
- Unspent contributions are not lost at year-end - they carry forward for spending the following year;
- It can be layered on top of traditional health benefit group plans to cover services not covered by the plan;
- Providing HSA information to your patients who have their own business can result in a higher level of accepting dental care when cost is an issue. An HSA will:
  - Supplement their existing dental benefit plans;
  - Make dental care "more affordable by allowing the deduction of dental care fees 100%!" This includes everything from implants and crown/bridge, to endodontics and orthodontics...and even whitening and other cosmetic procedures!
  - This is not an insurance product and therefore

you are not subjected to traditional medical or financial underwriting.

## Types of HSAs

There are two different Health Spending Accounts available - one for incorporated individuals or employees of a corporation (Health and Welfare Trusts - HWT) and one for self-employed individuals (Personal Health Savings Plan - PHSP). Here are the differences:

### 1. Health and Welfare Trust (HWT)

- Incorporated businesses
- No annual maximums
- Funds roll over indefinitely
- Two or more employees

### 2. Private Health Services Plan (PHSP)

- Non-incorporated/sole proprietor:
- Annual maximums based on family size
  - o \$1,500 / sole proprietor
  - o \$1,500 / dependent over 18 years old
  - o \$750 / dependent under 18 years old
- Two year forfeiture of funds from date of deposit



## Eligible expenses through a Health Savings Account

Physicians and Surgeons	Audiologist Services	Prescription Glasses
Physiotherapist Services	Contact Lenses	Naturopathic Services
Psychologist Services	Fertility Drugs	Chiroprapist Services
Dental Hygienist	Denturist Services	Massage Therapists
Cosmetic Surgery	Diabetic Pumps	Pharmacist Services
Overseas Medical Services	Orthodontic Care	Dieticians
Respiratory Therapists	Medical Radiation Treatments	Elderly Parent Care
Medical Lab Services	Laser Eye Surgery	Nursing Services
Assistive Devices	Anti-Aging Treatment	Dental Surgeon
Hair Removal Treatments	Hair Replacement Surgery	Occupational Therapist

## General Q & A

### 1. What are some other HSA Benefits?

- Employee appreciation
  - o Instead of typical bonuses and raises, this is a tangible benefit that can be carried over into future years and is portable.



- Dependents are covered. This includes children AND any other family members (parent, grandparent, uncle, sister or anyone else dependent on you for support)
- High level of flexibility and control in terms of covered services/procedures
- The entire process is easy and simple to implement (no annual paperwork logjam at tax time)

## 2. How does a HSA plan actually work?

Your practice or professional corporation makes a contribution on behalf of an employee(s) into a Health Spending Account to be used on medical or other qualifying expenses incurred. It is a non-taxable benefit for the employee and a 100% business deduction for the company. Contributions are determined at the start of the program for each employee enrolled.

## 3. What are the costs associated with opening a HSA?

This will vary depending on how you implement the plan. Some administration companies charge a large "upfront fee" to set up the program, while others charge a 10% administration fee on all contributions plus applicable taxes with no set-up fee.

## 4. How do I get additional questions answered and how do I set up an HSA?

You may wish to speak to your accountant, insurance advisor, or check various websites to learn more. My firm Protect Insurance has set up a dedicated website for HSAs... <http://protect.benecaid.com> At this site, you can read comprehensive details about how

HSAs work, there is a complete Q & A section, and you can even set up a program on-line. At Protect, we even have two HSA specialists, Ashley Paris and Andrew Duckman, who would be pleased to answer any questions you have. Their emails are [aparis@protect-ins.com](mailto:aparis@protect-ins.com) and [aduckman@protect-ins.com](mailto:aduckman@protect-ins.com).

## 5. How do I make my patients aware of Health Spending Accounts?

Depending on how and where you set up your HSA, you may wish to find out what additional services are provided in order to educate your patient. At Protect, we provide our dentist clients as well as other professional clients with customized brochures for the patients of their practices, explaining how they can benefit from HSAs in obtaining services at that office.

## 6. Why haven't I heard about HSAs before?

Although they have been around for a while, HSAs have not been widely advertised or promoted. They appear to be getting more press and more and more individuals are finding out about them. At the end of the day, everyone who qualifies to set up an HSA should have one! PA

*Dr. Ian Wexler is Canada's leading authority on insurance issues for dentists. He is the President of Protect Insurance Agencies Inc. in Toronto which provides specialized expertise in life, disability, critical illness, long term care, annuities, and other insurance products and services to professionals, executives, and business owners across Ontario. He can be reached for questions or other enquiries at (416) 391-3764 or [drwex@protect-ins.com](mailto:drwex@protect-ins.com)*