

Plan Administrator Checklist

2023



This information is for reference only. It is not intended as legal or tax advice. You may or may not be affected by any or all of these issues. Changes to interpretations, conventions, legislation, and individual company policies may affect these guidelines. Please check with your insurer, lawyer, accounting, or human resources professional regarding all policies and procedures.

INTRODUCTION

Plan administration continues to be one of the best ways to insulate your business from a variety of risks, it helps keep costs stable, and contributes to the overall smooth operation of your business. That said, when not administered with best practices in mind, it can have the opposite effect.

Despite your benefit & retirement plan being important pieces of your overall compensation program, we understand it's only one of many things you interact with daily, so we've created this guide to help make your life a little easier.

The following is a set of guidelines that are generally accepted as standard operating procedures in benefit & retirement plan administration.

How the plan is administered is ultimately your decision, however we hope you find this helpful in striking a balance between delivering competitive compensation to your employees, while navigating the policy rules in place at the insurer level. If there are any areas where you're still unsure about something, please let your Navacord advisor know so we can assist.

DURING THE HIRING PROCESS

Benefits, especially disability, shouldn't be offered to independent contractors.

Notify employees of the waiting period for benefits. If the waiting period is waived as a condition of employment, note that this must be from day one, it cannot be partway through the normal waiting period.

Do offer the plan to everyone who is eligible. You set eligibility criteria, but be equitable, otherwise discrimination may be a factor.

Don't let eligible employees opt out of the benefit plan for insurance benefits (life, disability, critical illness) as this can create liability.

Only allow waiver of health and dental benefits if the member can prove alternative coverage via a spouse's plan.

We recommend mandatory plans as outlined above, however in rare circumstances, a waiver of all benefits may be required. This waiver should be signed by the employee, and spouse, if applicable. Note that this will not insulate you from liability in court.

Have the employee complete the enrolment form (and overage dependent form if applicable) at hire. Most insurer systems will track the waiting period, so this makes your life easier by taking that off your desk.

If, based on earnings, an employee will be eligible for life and/or disability coverage that exceeds the non-evidence limits, provide them with a declaration of insurability so they can apply for the higher amounts of coverage if they choose.

Outline expectations of premium sharing.

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DURING AN EMPLOYEE'S TENURE

Actively promote the value of your plan to employees.

If an employee has waived health and dental due to spousal coverage, and subsequently loses this coverage, they may need access to your plan. The employee has 31 days from the date they lost spousal coverage to be enrolled in your plan without medical or retroactive premiums.

If an employee changes employment status, their eligibility for the plan may change as well. For example, employees that change from part-time to full-time may now be eligible for the plan when they weren't previously.

Common-law spouse eligibility is generally 12 months. Please refer to the contract to confirm.

Update the insurer right away of any material salary changes that may impact earnings-based benefits such as life insurance and disability.

Other than vacation, maternity leave, and regular sick days, please let the insurer know if an employee is not actively at work.

Ensure premiums are allocated tax efficiently. Generally, the employee portion should include all the premium related to life, disability, critical illness coverages. If it makes sense from a cost perspective, a simple strategy is to have the employee pay 100% of the insurance benefits, and the employer pay 100% of the health and dental.

Employees on maternity leave should have all benefits remain active as if they were a regular employee.

Maintain original copies of enrolment, termination, and change forms. The original enrollment form, or most recent beneficiary change, will be required to accurately pay life insurance claims.

Periodically (every year or two) have employees review beneficiary designations, and update if necessary.

Let your advisor/insurer know of any absences that may lead to a WCB/WorkSafe claim.

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TERMINATION OF EMPLOYMENT

Advise employees in writing of conversion privileges available under the benefit plan at time of termination. Remind terminated employees that the conversion privilege must be exercised within a certain number of days (usually 30), or it's lost. Inform the member of the name and contact information of your advisor to discuss this option further.

Contact your advisor before offering special arrangements, coverage extensions, etc.

Advise terminating employees when their coverage will cease.

Other Important Items

Work with an HR professional or employment lawyer to develop a solid company handbook that outlines protocol on continuation of benefits during sick leave, disability, maternity, etc. This should also outline expectations of premium sharing, duration of benefits continuation, etc.

Obtain plan administrator liability coverage. This is usually available as an attachment to your general business liability policy. We can recommend trusted advisors to facilitate this.

Ensure plan design changes are communicated to employees.

All plans should have a physical or digital drug card, allow online claims, allow claims to be mailed directly from the employee to the insurer, and benefit payments made directly to the employee.

Have employees, not the employer, retain a copy of receipts and claims submitted. Have staff complete (and keep copies for themselves) and forward employee health declarations (if required) directly to the insurer. The employer should not keep copies of this material.

Ensure premiums are paid on time and as billed. Premiums that are in arrears can lead to claim suspension, which increases employer liability. This situation is critical if employees are making contributions to the plan.

In the event of a travel claim, employees should call the insurer immediately. It's also recommended that traveling employees confirm coverage prior to leaving the province/country in the event that medical conditions, medications, or other treatments have changed leading up to the date of travel.

In the event of a medical leave, including workers compensation, employees should apply for group disability benefits and waiver life/LTD premium within the required timeframe, usually 30-120 days from the end of the LTD elimination period. Failure to do this could result in denied disability claims if WC stops, and waiver of premium.

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