

July 26, 2017

**To: Benefit Administrators / Human Resource Personnel**

**From: Alana Shearer-Kleefeld**  
**Director, Employee Benefits**

**Re: 6% PST on Insurance Premiums Effective August 1, 2017**

In the March 2017 Saskatchewan provincial budget, the Ministry of Finance announced that 6% PST will apply to insurance premiums beginning on August 1, 2017. Here is an overview of how PST will affect employee and employer contributions to the benefit plans:

#### **Group Life Insurance**

6% PST will apply to both the employer and employee portions of the group life insurance premium. 3sHealth Payroll and Benefits teams worked together to make the necessary changes to iHRIS to charge PST on employee group life insurance premiums collected via payroll deduction.

Premium Remittance forms have been updated to include 6% PST and are available on the 3sHealth website [www.3shealth.ca](http://www.3shealth.ca). The forms have been renamed: *Basic Life Insurance*, *Optional Non-smoker* and *Optional Smoker*.

MemberNet monthly reports have been updated to clearly identify the breakdown of employer premiums, employee premiums, and the applicable PST.

Retirees who have their premiums deducted from their SHEPP pension or by Preauthorized Debit (PAD) will have their premiums automatically increased by 6% PST for the August 1<sup>st</sup> premium payment. Notification letters were sent to all affected retirees.

The changes to PST will be featured on Gateway Online, the 3sHealth website, and a global message will be added to pay slips for the August 11<sup>th</sup> pay. We encourage you to provide additional communication to your employees.

#### **Core Dental Plan**

The 6% PST will not apply to the core dental rate paid by employers.

PST will apply to both the claims paid and the administration fees charged by Great-West Life increasing costs to the plan. As a result we are analyzing the core dental rate and anticipate a rate increase effective April 1, 2018. The new rate, if required, will be communicated later this year.

### **In-Scope Extended Health Care and Enhanced Dental Plan**

The 6% PST will not apply to the in-scope extended health care and enhanced dental plan contributions paid by employers. PST will apply to the monthly premiums the plan pays to Great-West Life increasing the costs to the plan.

### **Out-of-Scope Extended Health Care and Enhanced Dental Plan**

The 6% PST will not apply to the out-of-scope extended health care and enhanced dental plan contributions paid by employers. PST will apply to the monthly premiums the plan pays to Great-West Life increasing the costs to the plan. As a result we are analyzing the out-of-scope extended health care and enhanced dental rate and anticipate a rate increase effective April 1, 2018. The new rate, if required, will be communicated later this year.

### **Out-of-Scope Flexible Spending Plan**

6% PST will apply to claims paid after August 1, 2017 from a health care spending account and to the administration fees Great-West Life charges the plan to pay the claims. The employee will not be impacted by this change.

Lifestyle spending account claims are exempt from PST.

The 10% administration fee for both the health care spending account and the lifestyle spending account is subject to 6% PST beginning August 1, 2017.

As an employer, you will be impacted by these changes. 3sHealth will be adding to your quarterly invoice the 6% PST for health care spending account claims paid to your employees between August 1, 2017 and February 28, 2018. You will also be charged an additional 6% on new health care spending account allocations after August 1, 2017 and the 6% PST on the 3sHealth administration fee. These changes will be reflected on your regular quarterly invoice.

### **Retiree Health and Dental Plan**

Eligible plan members who elected Retiree Health and Dental coverage will be charged 6% PST effective August 1, 2017. Premiums are paid directly to GMS and the insurer has advised participating plan members.

### **Disability Income Plans**

Both the employer and employee contributions to the disability income plans are subject to 6% PST beginning on August 1, 2017. Both the employer and the employee will be impacted by this change.

The employer will be required to remit 6% PST on the employer portion of disability

income plan contributions beginning on the August 2017 remittance.

Additional system work is required to apply the PST to the employee portion of disability income plan contributions. It is anticipated that the system development, testing and promotion of the required changes will be completed by October 2, 2017.

Employee Benefits will provide a further update on PST on employee contributions to the disability income plans in mid-September.

**KEY MESSAGES:**

- Insurance premiums are subject to 6% PST effective August 1<sup>st</sup>, 2017.
- 3sHealth worked with benefit consultants and tax experts to determine how PST will be applied to the benefit plans.
- Tools, including remittance forms and payroll reports have been updated to accommodate the addition of PST.
- Additional system work is required to collect PST on the employee portion of contributions to the Disability Income Plans. The system work is expected to be completed October 2, 2017. Employee Benefits will send additional communication once more information is available.
- It is necessary to increase the cost to employers of the health care spending account by 6% to allow us to pay the 6% PST to Great-West Life at the time the claim is paid.
- PST applies to employees who both work and live in Saskatchewan. If you have an employee who is not a Saskatchewan resident, they will be PST exempt. Batch has been updated to exclude PST for non-Saskatchewan residents by reviewing their postal code. Residents of Lloydminster are required to pay PST.
- Additional information on PST can be found by searching the government of Saskatchewan, Ministry of Finance website at [www.finance.gov.sk.ca](http://www.finance.gov.sk.ca).

If you have any questions about PST, please contact me at [alana.shearer-kleefeld@3sHealth.ca](mailto:alana.shearer-kleefeld@3sHealth.ca) or 306-347-5599.