

Information Update

Income Tax Act changes: Accidental Death & Dismemberment and Critical Illness Plans

The amount of premium an employer contributes to an Accidental Death & Dismemberment (AD&D) plan or a Critical Illness (CI) plan is **proposed** to be considered taxable income to the employee.

On March 29, 2012, Finance Minister Jim Flaherty delivered the federal budget and proposed a change to the Income Tax Act. Any employer premium contributions made after March 29, 2012 for AD&D or CI benefits that apply to 2013 coverage will be a taxable benefit to employees.

Example: Premiums paid in December 2012 for January 2013 coverage, are deemed a taxable benefit.

Result: Employers will need to reflect these premiums in the taxable benefit calculations for employees for 2013 and future tax years.

At the time of this communication, the proposed changes have not been passed into law; however, they are before parliament and are expected to be passed.

The draft legislation can be viewed on the [Department of Finance Canada website](#).

Should you have any questions regarding the impacts to your plan, please contact your [Group Business Development Manager](#).