

# HEALTH & WELFARE EXCESS FUNDS DIRECTION FORM

## HOW YOUR CONTRIBUTIONS WORK

Health & Welfare hourly contribution are negotiated as part of the total wage package and contributed to PSBT by the employers as required by the collective agreement. Canada Revenue recognizes that contributions sent to a Multi-Employer Benefit Trust Fund and designated for the purchase of benefits can be remitted from pre-tax dollars. Under the PSBT structure these contributions are deposited into individual member accounts. Monies accumulated in the accounts are used to purchase Health & Welfare benefits on the member's behalf. Over time the balance in the account will fluctuate depending on the number of hours worked by the individual member. During periods of extended absence or unemployment the account balance may be depleted and to continue on the benefit plan members are required to make payments directly to the Plan. For CUSW members please visit [www.cusw.ca](http://www.cusw.ca); for all other members please go directly to [www.psbtc.ca](http://www.psbtc.ca) for individual account balances.

## YOU CAN DIRECT EXCESS CONTRIBUTIONS

The Power Sector Benefit Trust has a policy that members can request a refund, or transfer funds into their RRSP account, from the benefit plan when the member account balance has accumulated to an amount greater than 9 months of coverage for their type of plan (i.e single or family). Providing access to refunds is a policy decision by the Trustees and is not a legal requirement. There are several reasons as to why leaving more money in your Health & Welfare account, rather than withdrawing your funds, is considered beneficial to the member and the membership as a whole:

## WHY BUILD A BENEFITS CUSHION?

- In times of unemployment (and limited income), such as lay-offs, disability or illness (LTD) and retirement, the excess funds remaining in your Health & Welfare account will be used to pay for future benefit coverage
- All monies allocated to the benefit plan are contributed out of total wage package ***before tax***
- All monies refunded from the Health and Welfare account become ***taxable as income***
- Members who wish to remain on coverage after exhausting all their Health & Welfare funds (due to various reasons of unemployment) are required to pay directly into the plan and must do so with ***after tax dollars and pay 8% PST***. LTD coverage is not available to members that "pay direct" for their benefits.
- Income earned on accumulated member balances can be used to pay the operating expenses of the Benefit Program and so reduces the cost of the plan to the membership. This leaves more of the money from premiums to pay for benefit claims.

## TRUSTEE RECOMMENDATIONS

The Trustees are recommending that members should have at least two years of benefit coverage in your account balance. The allocation that you select now will remain on file and will be used from year to year. Members must notify the Benefit Trust of any changes ***prior to December 31st*** of each year in order to have their selection take effect for February of next year. ***Refunds are issued in February of each year.***

## MAKE YOUR CHOICE

Please make a selection from the 3 choices below, complete all applicable parts and return to the Power Sector Office:

### PART 1 – Distribution of Excess Funds (please check your selection)

- Option 1** - Please do not issue a refund for my excess contributions. Please leave funds for future use.
- Option 2** - Please issue a refund. I understand that this money is taxable income and that a T4A Supplementary Income slip will be sent to Revenue Canada at year-end with a copy to me to be reported as income. ***You will have to pay the tax on this money at year-end.***
- Option 3** - Please transfer my excess contributions to my RRSP. I understand that these monies will become part of my annual RRSP contribution. To eliminate the risk of over-contribution it is my responsibility to ensure that I have the contribution room for my RRSP, as shown on my last Notice of Assessment (issued by CRA). A T4A will be issued at year-end. London Life will issue a tax receipt; and the funds will not become taxable unless I withdraw the money from my RRSP at a later date.

*\* If you selected option 2 or 3, complete part 2 below*

### PART 2 – Level of Excess (this level is left in your Health & Welfare account)

- I wish to withdraw all monies in excess of 9 months of benefit coverage
- I wish to withdraw all monies in excess of 2 years of benefit coverage **\* TRUSTEES RECOMMENDATION \***
- I wish to withdraw all monies in excess of 3 years of benefit coverage

## AUTHORIZATION

Name: \_\_\_\_\_

SIN: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

***\* No response to this form will indicate that all funds will be used to purchase future benefit coverage***

**PSBT&RP**

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