

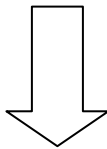
Tax Savings Illustrations -- MB Corporation

You have a **\$1,000** health care or dental bill; assume a 35% marginal tax bracket and annual income of \$50,000.

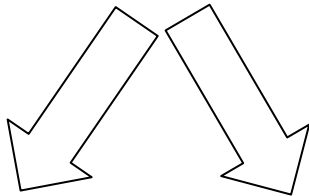
It is now time to pay the bill. You have two choices on how to do that.

1st Choice (without a PHSP)

Your company pays you \$1,562.50



\$1,562.50
In earnings
(eligible business expense)



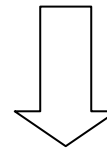
\$1,000 to pay the bill

\$562.50 in income tax

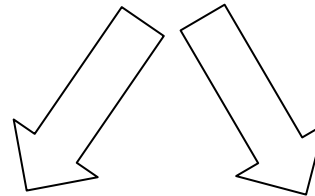
Plus CPP and
Employment Insurance

2nd Choice (with a PHSP)

Your company pays \$1,100



\$1,100
to Serre Financial
(eligible business expense)



\$1,000 returned to the employee tax free

\$105 admin. fee + GST retained by Serre Financial

No CPP and
No Employment Insurance

SAVE \$457.50

Tax Savings Illustrations -- Self-Employed

Illustration #1

Assumption:

- 35% personal tax bracket
- **\$1,000** in medical expenses
 - CPP 10%

Medical Expense Tax Credit

**Medical Expense
Tax Credit
= \$0
(zero dollars)**

With the Medical Expense Tax Credit Option, your medical expenses are less than the deductible. Therefore, the Medical Expense Tax Credit does nothing.

Private Health Services Plan

**Expense
processed
through PHSP is
the cost of the
claim plus 10% =
\$1,100**

(i.e. additional cost of \$100)

Reduction in tax & CPP:

45% of \$1,100 = \$495

Net Savings = \$395

(\$495 less the PHSP net cost of \$100)

The choice is clear, **zero dollars** in savings vs. **\$395** on \$1,000 of medical expenses.

Tax Savings Illustrations -- Self-Employed

Illustration #2

Assumption:

- 35% personal tax bracket
- **\$3,000** in medical expenses
 - CPP 10%

Medical Expense Tax Credit

**Medical Expense
Tax Credit
= \$466.20**

In this illustration, you have accumulated enough medical expenses to qualify for some tax relief from the Medical Expense Tax Credit of **\$466.20**.

Private Health Services Plan

**Expense
processed
through PHSP is
the cost of the
claim plus 10% =
\$3,300**

(i.e. additional cost of \$300)

Reduction in tax & CPP:

45% of \$3,300 = \$1,485

Net Savings = \$1,185

(\$1,485 less the PHSP net cost of \$300)

Again, the choice is clear, **\$466** vs. **\$1,185**
on \$3,000 of medical expenses.
That's over double the savings!