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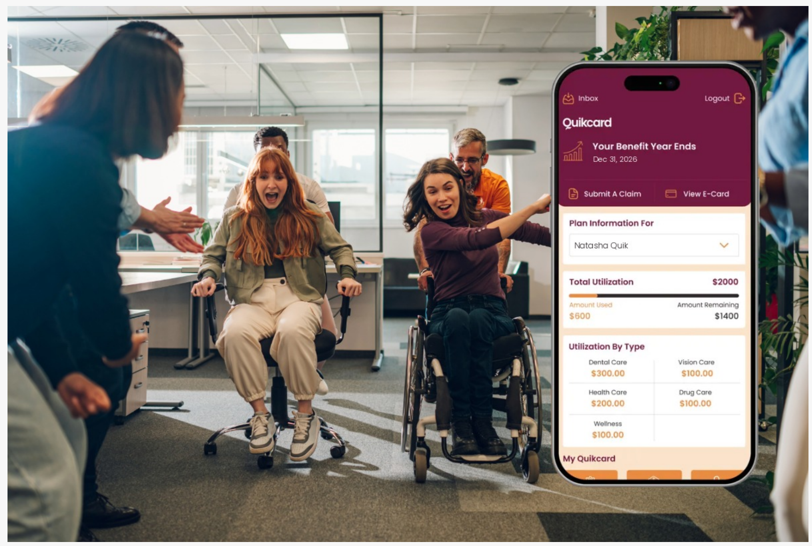
Canadian SMBs Overpay for Employee Benefits by Treating Spending Accounts and Group Insurance as Either-Or Choices

Quikcard's new guide shows how Canadian SMBs can cut benefits costs and improve employee coverage by combining spending accounts with group insurance



Quikcard helps Canadian small and mid-sized businesses offer flexible, tax-efficient employee benefits through health spending accounts and wellness spending accounts.

Quikcard

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EDMONTON, ALBERTA, CANADA, July 21, 2026 /EINPresswire.com/ -- A $1/hour pay raise costs a Canadian employer approximately $2,080 per year per full-time employee. After income tax, the employee takes home around $1,456. A $2,000 health spending account (HSA) allocation costs the same or less, is fully tax-deductible to the business under Canada Revenue Agency guidelines, and reaches the employee completely tax-free.

Quikcard, a Canadian administrator of HSAs, wellness spending accounts (WSA), and employee assistance programs (EAP), has published a guide examining why most Canadian small and mid-sized businesses are not taking advantage of this difference.

The guide, titled "Group Benefits in Canada: Beyond Insurance," addresses a widespread misconception that group insurance and account-based benefits are competing choices rather than complementary tools. The resource arrives as Canadian employers face rising benefits costs alongside increasing employee demand for flexible, personalised coverage. According to the Canadian Life and Health Insurance Association, health and dental benefits claims have risen steadily year over year, with specialty and high-cost drug spending emerging as a key cost driver for businesses of all sizes.

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> *Chris Biddeson, Vice President of Business Development, Quikcard*

The guide distinguishes between traditional group insurance, which covers defined risks such as disability, life insurance, and catastrophic drug events through pooled premiums, and tax-advantaged spending accounts such as the HSA, which allows employers to reimburse eligible medical expenses directly as a deductible business expense. Rather than positioning one model against the other, the resource presents a tiered framework for employers based on workforce size, industry, and coverage priorities.

For employers with five to 20 employees, the guide identifies the HSA as a cost-effective primary benefits vehicle. For organisations above 20 employees, particularly those with diverse workforce demographics or exposure to high-cost drug claims, the guide outlines how a combination of group insurance and an HSA or WSA can extend coverage for expenses that fall outside standard insurance limits. Quikcard data indicates that after the first year, clients utilise approximately 75% of their annual HSA allocation on average, with unused funds either rolling over or returning to the business.

Chris Biddeson, Vice President of Business Development at Quikcard, said: "Most employers are surprised to find that a spending account delivers more value to their employees than a pay raise of the same cost. $2,000 in a pay raise becomes $1,400 after tax. The same $2,000 in a spending account arrives completely tax-free. Once employers see that side by side, it is a pretty easy decision. For most Canadian businesses, insurance and a spending account are not an either-or decision. Structured together, they provide broader coverage than either does alone, and our team walks employers through that with real people, not automated systems."

The guide also addresses the [wellness spending account] as a distinct tool for employee retention, covering expenses such as fitness, mental health support, and professional development that fall outside the CRA definition of eligible medical expenses under a traditional HSA. A comparison framework maps the HSA, WSA, and group insurance models across cost structure, tax treatment, eligible expenses, and ideal employer profile.

The full guide is available at quikcard.com/group-benefits-canada-beyond-insurance/.

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