

2026



CANADIAN GROUP BENEFITS

Benchmarking report

The 2026 Canadian group benefits benchmarking report explores fully insured group benefits plans to help organizations evaluate their benefits strategy.



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This benchmarking report offers a snapshot of the Canadian group benefits landscape, examining what employee benefits organizations are offering through fully insured plans. By understanding current market trends, employers can make informed decisions about their benefits programs, strengthen their talent strategy, support employee well-being, and enhance organizational performance.

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1 Why group benefits matter

1



Attract and retain top talent

A competitive benefits plan can be a powerful tool for attracting and retaining employees. For job seekers, benefits are often an important factor when evaluating employment opportunities. For existing employees, access to meaningful benefits can contribute to greater job satisfaction, helping organizations build a more engaged and committed workforce.

2



Support employee performance and wellbeing

Employees who feel supported in their health and well-being are more likely to be productive, engaged, and motivated at work. A comprehensive benefits plan can help employees access the care and support they need, enabling them to perform at their best and contribute to stronger business outcomes, customer experiences, and innovation.

3

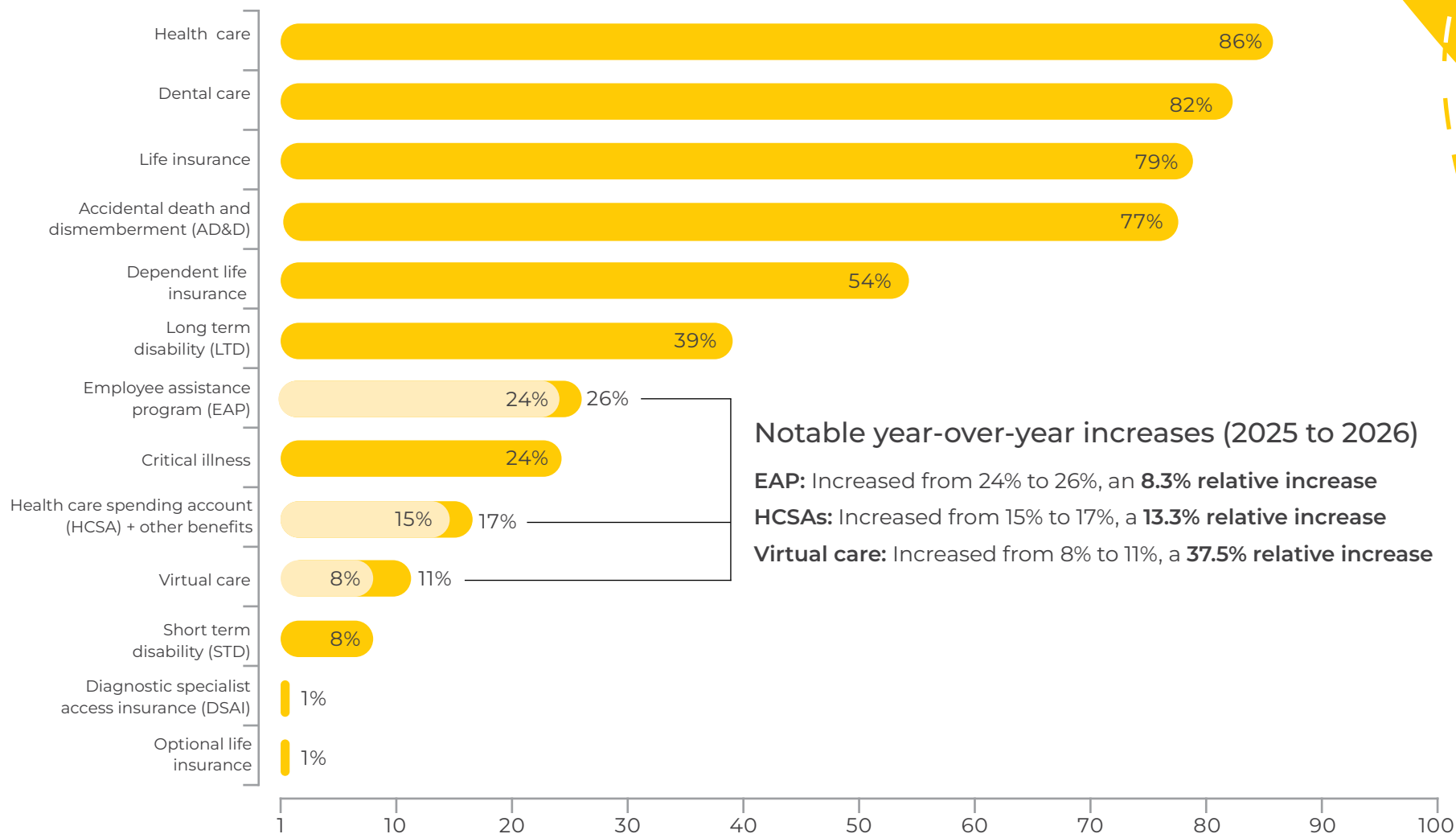


Provide tax-effective compensation

Group benefits can be a tax-efficient way to enhance employee compensation. While salary increases are generally subject to payroll and income taxes, many health and dental benefits are received tax-free by employees. In addition, employer-paid premiums are typically considered a tax-deductible business expense, helping organizations maximize the value of their compensation investment.

2

What employee benefits are Canadian companies taking?



Data represents 3,000 small-to-medium-sized employers and a portion of Benefits by Design's (BBDs) group benefits business. These small- to medium-sized employers reflect a cross-section of industries located across Canada, including construction, manufacturing, retail trade, finance, and more.

3

Who pays the premiums for employee benefits in Canada?

[Cost-sharing](#) is the division of responsibility for premium payment between an employer and an employee. We looked at how our groups are cost-sharing and noted zero changes since last year in how employers and employees are paying for LTD premiums, despite the tax implications. When the employer pays the premiums for LTD, the benefit becomes taxable.

The percentage of employers paying 100% of life, health, and dental premiums decreased slightly year over year. Similarly, the proportion of employers using a 50/50 cost-sharing model declined, while the percentage offering 100% employee-paid coverage increased modestly. This trend may reflect ongoing cost pressures, with some employers opting to preserve benefits by increasing employee cost-sharing rather than reducing plan offerings.

	Employer pays 100% of premium	Employer and employee each pay 50% of premium	Employee pays 100% of premium
Life insurance and other pooled benefits	53%	22%	23%
Long term disability (LTD) insurance	24%	3%	69%
Health care and dental care	55%	26%	1%

**Totals do not equal 100%, since some groups have custom cost-sharing arrangements not included in the above options.*

[Blog: Group Benefits Taxation: What are Non-Taxable and Taxable Benefits?](#)



4

How much of their earnings are Canadians spending on benefits?

The amount Canadians are spending on their employee benefits did not substantially change over last year, when we first started tracking this. There was only a 1.9% increase in annual premiums, or \$69 per employee. Combined with a slight decrease in annual earnings, the percentage of earnings employees paid for their benefits increased marginally from 5% to 5.3%.

Average annual earnings of an employee with fully insured benefits: \$69,425

Average annual premiums for fully insured benefits for one employee: \$3,672

Percentage of earnings: 5.3%

Employees receive a variety of benefits under a fully insured plan, making the 5.3% of earnings a worthwhile investment. Cost-sharing arrangements further reduce the amount.

[Blog: Why do cost-sharing arrangements exist for group benefits?](#)



5 Benefits to consider

Health care

Health care

86%

Data pulled from [chart on page 4](#)

Health care remains one of the most common benefits offered by BBD clients, with **86% of plans including coverage**. As a foundational component of a benefits program, health coverage supports employees across a broad range of needs, including prescription drugs, paramedical services, medical supplies, and emergency travel assistance.

In addition to supporting physical health, health care benefits can play an important role in employee mental well-being. Employers may choose to enhance paramedical coverage, such as psychology or counselling services, to provide employees with greater access to mental health support.

As employee expectations continue to evolve, employers may look to expand health care coverage in areas that support both physical and mental well-being, helping employees access the care and resources they need throughout different stages of life.

[Learn more about health care](#)



5

Benefits to consider *continued***Employee assistance programs (EAPs)**

Employee assistance
program (EAP)

24% 26%

EAP adoption increased from 24% in 2025 to 26% in 2026,
representing an 8.3% year-over-year increase.

Data pulled from [chart on page 4](#)

Mental health remains a significant concern for Canadian employees and employers alike. Rising costs of living, economic uncertainty, financial pressures, and growing demand on Canada's healthcare system continue to affect employee well-being. At the same time, many Canadians are managing chronic health conditions, caregiving responsibilities, and workplace stress, all of which can contribute to mental health challenges. As a result, mental health continues to be a leading cause of disability claims, underscoring the need for proactive support in the workplace.

Employee Assistance Programs (EAPs) remain one of the most effective ways employers can support employee well-being. By providing confidential counselling, mental health resources, and support for a wide range of personal and workplace challenges, EAPs can help employees navigate difficult situations while promoting engagement, productivity, and job satisfaction.

EAP adoption continues to trend upward among BBD clients, increasing by 8.3% year over year, from 24% in 2025 to 26% in 2026. As organizations place greater emphasis on supporting employee well-being and addressing the impacts of poor mental health, we expect interest in EAPs to continue growing in the years ahead.

[Learn more about EAPs](#)



5

Benefits to consider *continued*

Health care spending accounts

Fully insured
benefits + HCSA

15% 17%

HCSA

43%

Data pulled from [chart on page 4](#) and from data of the entire Benefits by Design block of business

Health Care Spending Accounts (HCSAs) continue to be a popular way for employers to enhance flexibility within their benefits programs. Across BBDs block of business, **43% of groups offer an HCSA, either as a standalone solution or alongside other benefits.** In addition, the percentage of groups offering both fully insured benefits and an HCSA increased from 15% in 2025 to 17% in 2026, representing a 13.3% year-over-year increase.

As workforces become increasingly diverse, employees bring a wide range of health needs, priorities, and life circumstances. Traditional benefits plans may not address every individual's unique situation, leading many employers to explore more flexible approaches to benefits design.

HCSAs provide employees with greater choice in how they use their benefits dollars while giving employers predictable annual costs.

Employee expectations continue to evolve, with flexibility and personalization playing an increasingly important role in benefits design. As a result, we expect interest in HCSAs to remain strong as employers seek to provide benefits programs that accommodate the diverse needs of their workforce.

[Learn more about HCSAs](#)

5 Benefits to consider *continued*

Virtual care

Virtual care  8% 11%

Data pulled from [chart on page 4](#)

Virtual care adoption continues to grow as employers look for ways to improve access to healthcare and support employee wellbeing. Among BBD clients, the percentage of groups offering **virtual care increased from 8% in 2025 to 11% in 2026, representing a 37.5% year-over-year increase.**

Virtual care helps address barriers to healthcare by connecting employees with medical professionals remotely, making it particularly valuable for those in rural, remote, or underserved communities.

As access to primary care remains a challenge in many parts of Canada, virtual care can serve as an important complement to traditional healthcare services. In addition to improving access to care, virtual care may help support employee well-being, reduce absenteeism, and encourage proactive management of both physical and mental health concerns.

As employers continue to prioritize employee health, convenience, and access to care, we expect interest in virtual care solutions to remain strong in the years ahead.

[Learn more about virtual care](#)



6

Looking ahead

The 2026 Benefits by Design Benchmarking Report highlights the continued importance of employee benefits in attracting, supporting, and retaining talent. Despite ongoing economic pressures, employers remain committed to providing core benefits such as health, dental, and life insurance, recognizing the important role these plans play in supporting employee well-being.

At the same time, organizations are adapting their benefits strategies to meet changing workforce needs. Mental health continues to be a key area of focus, reflected in the growing adoption of EAPs and enhanced access to supports that address both physical and psychological wellbeing. Employers are also embracing more flexible solutions, such as HCSAs and virtual care, to provide employees with greater choice and improved access to care.

The data also suggests that many employers are balancing rising costs with a commitment to maintaining coverage. Rather than reducing benefits, some organizations are exploring alternative funding approaches and increased cost-sharing arrangements to sustain their programs while managing financial pressures.

While the benefits landscape continues to evolve, one thing remains clear: **employers recognize the value of investing in their people.** From core benefits and mental health support to flexible spending options and virtual care, organizations are adapting their programs to help employees thrive both at work and beyond.



7 Insurance definitions



[Life insurance](#) – Provides financial assistance to an employee's family in the event of a covered employee's death.



[Accidental death & dismemberment \(AD&D\)](#) – Provides financial assistance to an employee's family in the event of bodily harm as a result of an accident.



[Business assistance program \(BAP\)](#) – Owners and people managers can get help to resolve business dilemmas by accessing experts who can provide legal, human resource, and financial advisory.



[Health care](#) – Provides support and services for good health through extensive coverage designed to supplement provincial health care plans.



[Travel insurance](#) – Protects your employees in case of emergency medical costs while travelling within Canada or abroad. Travel Insurance is embedded within the health care benefit, or is available as an add-on through a secondary provider for those without health care coverage.



[Dental care](#) – Provides coverage for eligible dental expenses including, basic, major, and orthodontic services.



[Dependent life insurance](#) – Provides tax-free financial assistance in the event of a covered dependent's death. Dependents can be a spouse or child.



[Disability insurance](#) – Protects your employees from income loss if they become ill or disabled and cannot work.



[Critical illness insurance](#) – Provides financial support to protect employees and their families from the unforeseen expenses that come with a life-altering illness.



[Health care spending account \(HCSA\)](#) – Offers health and dental benefit choice and self-service for employees. Only pay for what employees claim.



[Employee assistance program \(EAP\)](#) – Helps employees manage personal and work-related problems with a confidential, short-term counselling service.



[Diagnostic Specialist Access Insurance \(DSAI\)](#) – Provides the ability for employees to skip the line for an MRI, CT scan, or specialist appointment and get treatment faster.



[Virtual care](#) – Provides timely access to online care from Canadian-licensed general practitioners to help with managing acute and chronic health issues from anywhere, anytime.

About Benefits by Design (BBD)

Benefits by Design (BBD) is a proud Canadian success story. Established in 1996, we are on a mission to help working Canadians promote and protect their health, wealth, and happiness by delivering employee benefits by design.

The intent of this report is to provide you with general information regarding the current landscape within the Small and Medium Enterprises (SME) employee benefits environment. The data does not constitute recommendations or other advice regarding employee benefits programs and the user is in no way obligated to use any of this information within their organization. The decision to utilize this information rests with the user. BBD recommends that the user consult with their advisor or tax authority regarding any plan design changes.

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**You have the data — now let us
help you put it into action.**

Contact our Business Development team to learn more about employee benefits: businessdevelopment@bbd.ca



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