

Special Dividends

The current targeted range for WCB's Funded Position is between 114 per cent and 128 per cent inclusive (as of July 1, 2008). A shortfall in the Accident Fund is recovered through the premium rate as a funding policy requirement, while any funding amount in excess of 128 per cent is distributed to employers in the form of special dividends.

The speed at which the funding is recovered from or distributed to employers is identified in the annual financial plan approved by the Board of Directors. For more specific information about WCB's funding policy refer to the [Funding Position \(Policy 01-01, Parts I & II\) fact sheet](#).

FAQ about Special Dividend Payments

1. Why and when does WCB issue special dividends to employers?

WCB is required by legislation to be fully funded in order to safeguard worker benefits into the future. If WCB surpasses its required funding level, the funding policy directs the organization to issue dividend payments to employers.

2. How does WCB's funding become higher than the required levels?

A funding surplus is primarily a result of better-than-expected investment returns and strong corporate performance.

3. Why doesn't WCB lower employer premium rates?

Premiums are set to reflect anticipated claim costs for the coming year as well as anticipated future costs associated with those claims.

A special dividend is based on prior years' operating results. In determining the amount available for distribution, consideration is given to the amount of the special dividend in relation to the premium rate. This is necessary to ensure that current year claim costs are linked to the current year premium rate. To preserve this linkage, the special dividend is capped as a percentage of the current year's premiums.

On average, WCB's 2010 premium rates are the lowest in the country.

4. Will all employers receive dividends?

All employers with a WCB account will receive a special dividend except when:

- they have been penalized for a serious breach of the Alberta Workers' Compensation Act or general regulations
- they are subject to a poor performance surcharge for five or more consecutive years or have a small employer surcharge and have had ten or more claims
- they paid the minimum premium of \$200 the previous year

- they did not complete their annual return by the end of February (annual return information can be submitted online using online services)
- their WCB account is in arrears; these employers will have their dividends applied to the debt owing before a distribution is made.

5. Will WCB increase worker benefits?

Worker benefits do not increase or decrease to reflect WCB's funding status.

Workers' compensation benefits reflect the *Alberta Workers' Compensation Act* and policy. They are reviewed regularly to ensure they remain fair and are funded through yearly employer premiums.

You can reference the *Alberta Workers' Compensation Act* at:
<http://www.wcb.ab.ca/public/policy/legislation.asp>