

Special Dividends

WCB-Alberta's Funded Position is targeted to be 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 levy, while a funding amount in excess of 128 per cent may be distributed to employers in the form of a special dividend.

The speed at which funding is recovered from or distributed to employers is identified in the annual financial plan approved by WCB-Alberta's 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 is the funding range set between 114 per cent and 128 per cent?

This range is intended to absorb the variability of the capital markets and their effect on a \$6 billion (+) investment portfolio, minimizing the need for levies or dividends.

This means that dividends shouldn't be expected on a regular basis, as they are predicated by exceptional investment returns.

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

Better-than-expected investment returns can positively impact WCB's overall funding.

3. Why does WCB issue a special dividend 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 consider issuing a dividend payment to employers.

4. Why doesn't WCB lower employer premium rates instead of issuing a special dividend?

On average, WCB's 2012 premium rates are the lowest in the country. Premiums are set to reflect anticipated claim costs for the coming year as well as anticipated future costs associated with those claims.

This is necessary to ensure that current year claim costs are linked to the current year premium rate. To preserve this linkage, a special dividend is capped as a percentage of the current year's premiums.

5. Do all employers receive dividends?

The majority of employers who paid premiums in the dividend year will receive a special

dividend. However, employers will not receive a special dividend under the following circumstances:

- They only paid the \$200 minimum premium.
- They have not filed their Annual Return by the extended reporting deadline.
- They are subject to a poor performance surcharge (five consecutive years) or have an extreme Small Employer surcharge (10 or more claims).
- Their WCB account is in arrears.
- They have been penalized for a serious breach of the *Workers' Compensation Act* or General Regulations.

6. Will WCB increase worker benefits?

Worker benefits are not impacted by payment of a special dividend. They are protected from increases or decreases in overall funding and are determined through the *Workers' Compensation Act* and policy.

For more information on worker benefit increases, refer to the [Cost of Living Adjustment \(COLA\) fact sheet](#) for workers and the Maximum Insurable Earnings update on our website at [Workers Home > Wage replacement & payments](#).

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