

**Alberta WCB  
Policies &  
Information**

Chapter:

**BENEFITS**

Subject:

**ESTABLISHING NET EARNINGS**

Authorization:

**BoD Resolution 2020/05/18**

Date:

**November 24, 2020**

**APPLICATION 4: COST-OF-LIVING ADJUSTMENTS**

**1. *How are cost-of-living adjustments determined?***

Cost-of-living adjustments (COLAs) are applied on the first day of January each year, beginning in 1996. The formula for determining cost-of-living adjustments varies over time as described in the following table:

Years	Method
COLA for 2021 and future years  COLA for 2014 to 2017	The indexation formula is based on 100% of the change in the Alberta Consumer Price Index for the 12 months ending September 30 of the year immediately prior to the adjustment, less 0.5%.
COLA for 2018 to 2020	The indexation formula is based on 100% of the change in the Alberta Consumer Price Index (all items) for the 12 months ending September 30 of the year immediately prior to the adjustment.  If the formula results in a negative number, the number is treated as a zero.
January 1, 1996 up to and including COLA for 2013	Effective January 1, 1996, WCB’s Board of Directors approved annual indexation. The annual cost-of-living adjustment, arrived at through the approved formula, was ratified by the Board of Directors prior to its application.  The indexation formula in effect from January 1, 1996 for calculating COLA up to and including the COLA for 2013 is based on 100% of the change in the Alberta Consumer Price Index for the 12 months ending March 31 of the year immediately prior to the adjustment, less 0.5%.
Prior to 1996	COLAs were made on an ad hoc basis, and required either legislative amendment (prior to 1990) or approval of the Lieutenant-Governor-in-Council (from 1990 to 1995).

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**2. *Do cost-of-living adjustments apply to all wage loss and dependency benefits?***

Cost-of-living adjustments apply to permanent disability compensation and dependency benefits specified in the legislative amendment (on or before January 1, 1990), or Board Order (between January 1, 1990 and December 31, 2017), or legislative amendment (between January 1, 2018 and December 31, 2020), or Board Order (after January 1, 2021).

In addition, cost-of-living adjustments are applied to temporary disability benefits under the following conditions:

1. On or before June 30, 1986, cost-of-living adjustments were applied to temporary disability benefits if:
  - a worker was temporarily totally disabled or temporarily partially disabled for more than 12 months, or
  - more than 12 months had elapsed between the day of the accident and the commencement of temporary total or temporary partial disability which results from the accident.
2. On or after January 1, 1990, cost-of-living adjustments are applied to temporary disability benefits if a worker is receiving compensation for temporary disability 24 months after the date of accident.

In both cases, WCB will adjust the compensation by the same percentage as if the worker has been permanently totally disabled at the time of the accident.

The cost-of-living adjustment does not apply to wage-loss allowances paid when a worker is called in for a WCB-directed or approved medical assessment. Refer to Policy 04-02, *Temporary Benefits*, for further information

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*Application to wage loss and dependency benefits (continued)*

on this type of allowance.

Refer to Addendum B, Cost-of-living Adjustments, for a list of approved cost-of-living adjustments since April 1, 1975.

**3. Are cost-of-living adjustments subject to any maximum compensable earnings?**

The adjusted compensation rate (original compensation rate plus cost-of-living adjustment) cannot exceed the equivalent compensation based on any maximum compensable earnings in effect on the date of the adjustment.

**4. When is this policy application effective?**

This policy application (Application 4 – Cost-of-Living Adjustments) is effective January 1, 2021, except when noted otherwise in a specific policy section(s).

**Previous versions**

- [Policy 0401 Part II - September 2018](#)
- [Policy 0401 Part II - April 2018](#)
- [Policy 0401 Part II - January 2018](#)
- [Policy 0401 Part II - August 2015](#)
- [Policy 0401 Part II - March 2013](#)
- [Policy 0401 Part II - January 2006](#)
- [Policy 0401 Part II - January 2, 2004](#)
- [Policy 0401 Part II - January 1, 2004](#)
- [Policy 0401 Part II - June 2002](#)
- [Policy 0401 Part II - June 2001](#)
- [Policy 0401 Part II \(consolidated manual 1st Issue\) - February 1997](#)