Workers' Compensation Board – Alberta

Worker
Fact Sheet

Determining compensation rates

Effective for claims with a date of accident on after September 1, 2018.

If you are losing time from work due to a work-related injury, you may be entitled to wage loss replacement benefits.

To pay your wage loss replacement benefits, your adjudicator or case manager will set a compensation rate. This rate is based on the amount of money you were earning at the time of your accident/injury and is usually determined by considering several things:

- Taxable employment earnings (if you were working a second job as of your date of accident, taxable earnings from that job can also be considered).
- Holiday pay (if it is paid out on a regular basis, such as on every pay cheque).
- Statutory holidays (if they are part of your regularly scheduled work week).
- Overtime pay (if it is included in your gross earnings).

Note: Employment insurance benefits are not considered employment earnings.

Your compensation rate is set on 90 per cent of your net earnings at the time of your accident. This is based on Section 56 of the Alberta Workers' Compensation Act.

Net earnings are calculated by deducting probable:

- income tax,
- employment insurance premiums and
- Canada Pension Plan (CPP) contributions from your gross employment earnings amount.

The net earnings deductions are based on tables produced by the Canada Revenue Agency. We use this information to calculate your net earnings for compensation rate setting but do not actively deduct funds from you and do not submit any money to the federal government. This means income tax, employment insurance and CPP contributions are not being made on your behalf.

The general equation we use when calculating a compensation rate is:

- Gross earnings *minus* income tax, employment insurance, CPP *equals* net income.

We then calculate 90 per cent of that net amount.

For accidents on or before August 31, 2018: compensation rates are calculated based on 90 per cent of net earnings subject to the maximum compensable earnings limit in place in the accident year.

Permanent job status and non-permanent job status

Your compensation rate is dependent on whether you were in a permanent or non-permanent job at the time of your accident.

Permanent job status means your job would have lasted for 12 months or more, without interruption. Compensation rates for permanent workers are set based on 90 per cent of net earnings. This is called the **Section 56** rate.

> ***Example:*** *Bill is employed for 12 months per year when he is injured at work. Bill's employer confirms his gross earnings are $60,000 per year.*
>
> *To determine Bill's Section 56 compensation rate, we will use his $60,000 annual gross earnings to calculate 90 per cent of net earnings.*

Non-permanent job status means your job was subject to seasonal breaks, job shutdowns or lack of work layoffs and therefore would not have lasted for 12 continuous months. Non-permanent workers will have two compensation rates – a Section 56 rate and a base rate.

Section 56 rate: Effective from date of accident to expected season end date

The Section 56 rate for a non-permanent worker is set based on 90 per cent of net earnings at the time of the accident. This rate is effective up to the last expected day of employment had the injury not occurred. After this date, the base rate begins.

Base rate: Effective the day following the expected season end date

Base rate is also set based on 90 per cent of your net earnings and is calculated using this formula:

- Section 56 gross earnings *times* the number of months in the employment season *divided* by 12 months per year *equals* the base rate.

Example: *Sue is employed for six months per year, from Jan. 1 – June 30, when she is injured on the job.*

Sue's employer confirms her gross earnings are $4,000 per month. $4,000 x 12 months = $48,000 annual gross earnings.

To determine Sue's Section 56 compensation rate, we will use $48,000 annual gross earnings to calculate 90 per cent of net earnings.

Effective July 1 (after her employment season would have ended), Sue's base rate will be calculated based on the following:

$48,000 (Section 56 gross earnings) times six months employment divided by 12 months per year equals $24,000.

We will use $24,000 annual gross earnings to calculate 90 per cent of net earnings for Sue's base compensation rate.

Recurrence of disability

If you become disabled again under the same claim, your compensation rate cannot be lower than the Section 56 or base rate previously calculated. Under certain conditions, your rate may be increased to reflect higher earnings. Your adjudicator or case manager can tell you if you qualify.