

# Permanent disability compensation

## Permanent disability compensation

If you suffered a work-related injury/illness **on or after Jan. 1, 1995** that permanently impacted you or your ability to work, you may be eligible for **permanent disability compensation**, including any wage loss from your permanent work restrictions. To qualify for permanent disability compensation you must have a permanent clinical impairment and/or work restrictions from your disability that causes wage loss.

**A permanent clinical impairment (PCI)** is the loss (amputation), loss of use (nerve damage), or a permanent change of any body part, system or function. More information about PCI can be found [here](#).

**Work restrictions** mean that you are unable to meet the physical demands of your job.

## Work restrictions—compensation for wage loss

Sometimes, after a work injury, you may have work restrictions. These work restrictions—either temporary or permanent—may result in additional support for you and your employer when we are considering return-to-work options. If your return-to-work options lead to lower earnings, you may be entitled to an additional wage loss benefit.

The table below gives you a snapshot of the three types of wage loss benefits you could be eligible for if you suffer a wage loss upon your return to work:

	Work restrictions		Loss of earnings ability	
	Temporary for up to one year	<u>Permanent</u>	Temporary	Permanent
<b>Temporary partial disability (TPD)</b>	✓ <i>Temporary for up to a year.</i>		✓	
<b>Temporary economic loss (TEL)</b>		✓	✓ <i>Temporary up to five to six years with annual earnings review.</i>	
<b>Economic loss payment (ELP)</b>		✓		✓ <i>A review of earnings is done periodically and at the age of 65.</i>

## The TPD, TEL, ELP payment calculation

The payment calculation of a TPD, TEL or ELP starts by taking your date of accident net earnings and subtracting your net earnings from your new job. We then take this amount and calculate 90 per cent and divide by 12 months. This gives us the monthly amount we can compensate you.

**Here is an example:**

- In 2019 you earned \$60,000 annually.
- This translates into a net income of \$45,516.11.
- After your injury you have work restrictions in 2020 and you are working in a new position which pays less—\$55,000 annually.
- Your net earnings in this new position are \$42,159.66
- You are eligible for compensation (e.g., TPD, TEL, or ELP).

**Here is the formula we use:**

Note: The amount may vary due to the application of a Cost of Living Adjustment (COLA) each year. Please talk to your case manager for more details.

\$45,516.11 <i>(2019 net earnings)</i>	-	\$42,159.66 <i>(2020 net earnings with a new/modified job)</i>	x	90%/12 months in the year	≡	\$251.73/ month <i>(TPD/TEL/ELP benefit)</i>
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**ELPs that continue to normal retirement age**

To recognize the loss of pension income caused by decreased opportunity to contribute to retirement plans, WCB-Alberta will continue paying the ELP beyond the normal age of retirement at an adjusted amount. Due to changes to workers compensation legislation effective Jan. 1, 2018 there are two ways in which these ELPs may be paid.

**If your date of accident/illness was between Jan. 1, 1995 - Dec. 31, 2017:**

During this time period, normal retirement age is considered to be age 65. However, if you are able to provide evidence that you planned to work beyond age 65, your ELP will not be adjusted until the date you were planning to retire. This newly adjusted ELP is called ELP Retirement and will continue to be paid for the rest of your life.

To arrive at the ELP Retirement amount, we first determine:

- The average annual ELP (the last five years of ELP payments or if the ELP is in place for less than five years, we use all of the ELP payments).
- The number of years compensation payments have been paid (maximum of 35 years).

To calculate your newly adjusted payment, we multiply your average annual ELP by the number of years you received payments. We take that total and multiply it by two per cent.

**Here is an example:**

- You were 55 years old when you were injured in 2010.
- After you returned to work you received an ELP of \$262.43 (\$3,149 per year).
- It is now 2020. You are 65 years old and decide to retire. After retirement, your ELP is adjusted to \$52.49/month (\$629.83 per year). This represents lost retirement income due to your reduced earnings as a result of your injury.

\$262.43 <i>(Average monthly ELP)</i>	x	12 <i>(Multiplied by 12 to give us the average annual ELP)</i>	x	10 <i>(This number represents the number of years compensation payments have been paid)</i>	x	2%	≡	\$629.83/ year <i>(Or \$52.49/month)</i>
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**If your date of accident/illness was on or after January 1, 2018:**

**ELP retirement adjustment**

During this time period, normal retirement age is considered to be age 65 or five years after your date of accident, whichever is later. However, if you are able to provide evidence that you planned to work beyond normal retirement age if the injury had not occurred, your ELP will not be adjusted until the date you were planning to retire.

This newly adjusted ELP is called an ELP retirement adjustment and will continue to be paid for the rest of your life.

The ELP retirement adjustment paid is equal to two per cent of your total wage loss compensation. Total wage loss compensation is the sum of all wage loss benefits paid from the date of your accident up to the month in which your ELP/TEL ends. It also includes temporary wage loss benefits.

**Here is an example:**

- You were 55 years old when you were injured in 2018.
- After you returned to work you received an ELP of \$262.43 (\$3,149 per year).
- It is now 2028. You are 65 years old and decide to retire.
- You received a total of \$55,000 in wage loss benefits throughout the course of your claim from 2018 - 2028.

\$55,000 <i>(Total amount of benefits paid for the duration of your claim)</i>	x	2%	≡	\$1,100/yr (or \$91.60/month) <i>(The retirement adjustment is normally paid in 12 equal monthly payments)</i>
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## Pre-retirement benefit

If you received wage loss benefits continuously for a minimum of a 24-month period and these benefits ended prior to your retirement date/normal age of retirement because of a full recovery of your pre-accident earning capacity, you will receive a pre-retirement benefit. This benefit is paid to compensate you for the reduced opportunity to contribute to retirement plans as a result of your injury/illness.

The pre-retirement benefit is equal to two per cent of your total wage loss compensation. Total wage loss compensation is the sum of all wage loss benefits paid from the date of your accident up to the month they end. It also includes temporary wage loss benefits.

### **Here is an example:**

You were injured after January 1, 2018 and received wage loss benefits in the amount of \$500 per week, for a total of 24 months. You will be eligible to receive the pre-retirement benefit at the end of this time period.

### **Here is how we calculate your benefit:**

$\$500 \times 104 \text{ weeks} = \$52,000$ <i>(Total amount of benefits paid for the duration of your claim)</i>	x	2%	≡	\$1,040 <i>(Pre-retirement benefit paid)</i>
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