

## Surplus Distribution

### How is the WCB funded?

The WCB is an independent organization funded entirely by PEI's employers. We partner in building safe and healthy workplaces, and support recovery if a work-related injury or illness occurs.

### What triggers a surplus distribution?

In accordance with the WCB Funding Policy, the Board of Directors may consider a surplus distribution if the funding status is greater than 140%.

### As an employer, can I expect to see a surplus every year?

Given that investment portfolios and benefit obligations change from year to year, the Board reviews the situation annually when considering a surplus distribution, in accordance with the WCB's funding policy.

### When there is a surplus, does that mean that WCB is collecting more premiums from employers than it should?

No, the WCB's ability to offer a surplus distribution in any year is directly attributable to the performance of our investment portfolio and the associated financial impact to our funding status.

### How will the surplus be distributed?

The \$18 million surplus distribution approved by the Board will be distributed to eligible employers by cheque, bank electronic fund transfer (direct deposit), or by credit on their WCB employer account.

### When there is a surplus distribution, do all employers receive part of the surplus distribution?

At the time of the distribution, active employers whose accounts are current receive a cheque or direct deposit. If an active employer has an overdue account at the time of the distribution, they will receive a credit on their WCB employer account.

Active employers, for the purpose of the surplus distribution, are defined as employers who have reported their 2024 actual payroll. If an employer hasn't reported their 2024 actual payroll, they will have until December 31, 2025, to report it to the WCB to be eligible to participate in the surplus distribution.

### When there is a surplus distribution, how do you determine how much each employer receives?

The distribution is based on the previous year's assessments. We determine the distribution amount by dividing your base premiums in that given year (based on the industry rate, before discounts or surcharges are applied) by the total base premiums of all eligible employers in that given year. Then we multiply this amount by the amount available for the surplus distribution.

### Here is the calculation:

A = Total Surplus Distribution (\$18 M)

B = Employer Base Premium

$$\frac{2024 \text{ Actual Payroll} \times 2024 \text{ Group Rate}}{\$100} = \text{Employer Base Premium}$$

C = The Sum of all Employer Base Premiums = total of all (B)

D = Individual Employer Surplus Distribution

$$\frac{(B) \times (A)}{(C)} = D$$

### When there is a surplus, when is it distributed?

The surplus distribution usually happens during the month of December.

### Is the surplus distribution taxable?

Yes, a surplus distribution is taxable.

### How can I get more information on the WCB's Funding Policy?

All policies are available to the public on the WCB website [wcb.pe.ca](http://wcb.pe.ca). You can search for Funding Policy (POL-136) in the search bar.

## For more information

If you have questions that aren't covered here or need more information, you can reach us by phone at **902-368-5680** or toll-free in Atlantic Canada at **1-800-237-5049**. You can also reach us by email at [safetymatters@wcb.pe.ca](mailto:safetymatters@wcb.pe.ca). You can also visit our website [wcb.pe.ca](http://wcb.pe.ca)