

## Surplus Distribution Questions & Answers

### **Q: How is the WCB funded?**

A: Serving Prince Edward Island's workers and employers, the WCB is an independent organization funded entirely by Island employers. We provide no-fault workplace injury and illness insurance, and promote workplace health and safety for all Islanders.

### **Q: What triggers a surplus distribution?**

A: In accordance with our Funding Policy a surplus distribution may be considered if the funding status is greater than 140%. As a result, the Board has approved \$20 million surplus to be distributed to employers

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

Given that investment portfolios and benefit obligations can fluctuate from year to year, the Board will continue to review these factors annually, when considering a surplus distribution, in accordance with their funding policy. At this time, it is not anticipated that a surplus distribution will occur in 2020.

### **Q: Does this mean that WCB is collecting more premiums from employers than it should?**

A: No, the surplus was created as a result of higher than expected investment returns.

### **Q: How will the surplus be distributed?**

A: The surplus distribution that the Board approved to be distributed back to employers is \$20 million. This amount will be distributed to eligible employers by cheque/bank (EFT) or a credit to their WCB employer account.

### **Q: Will all employers receive part of the surplus distribution?**

A: At the time of the distribution, active employers whose accounts are current will receive a cheque /bank (EFT) or If an active employer has an overdue account at the time of the distribution, they will receive a credit on their WCB account. Active employers, for the purpose of the distribution are defined as employers who reported 2018 actual payroll. If an employer has not reported an actual payroll for 2018, the employer will have to report the actual payroll by December 31, 2019 or will not be eligible to participate in the surplus distribution.

### **Q: How will you determine how much each employer receives?**

A: The distribution is based on 2018 assessments. We determine the distribution amount by dividing your base premiums in 2018 (based on the industry rate, before discounts or

surcharges are applied) by the total base premiums of all eligible employers in 2018. Then we multiply this amount by the \$20 million available for the surplus distribution.

A = Total Surplus Distribution (\$20 M)

B = Employer Base Premium

$$\frac{\text{2018 Actual Payroll}}{\$100} \times \text{2018 Group Rate} = \text{Employer Base Premium}$$

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

D = Individual Employer Surplus Distribution

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

**Q: When will the surplus be distributed?**

A: The surplus distribution is expected to be distributed to eligible employers in December 2019.

**Q: Is the Surplus Distribution taxable?**

A: As this distribution is a return of a 2019 year tax deductible expense it is taxable.

If you have questions or concerns about the surplus distribution, please contact Employer Services at 902-368-5680 or toll-free at 1-800-237-5049. You can also email us at [Safetymatters@wcb.pe.ca](mailto:Safetymatters@wcb.pe.ca).