

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%.

Why isn't there a surplus distribution in December 2024?

The WCB Board of Directors considered many factors in making its decision including:

- The expansion of psychological injury coverage, starting January 1, 2025.
- Managing potential market instability.
- Anticipating program and service modernization costs associated with the organization's business transformation initiative.

Other WCB's have announced they are issuing a surplus distribution to the employers in their province. How come there is no surplus distribution in PEI this year?

WCB's across Canada operate independently from one another. Each WCB has their own funding policy and their own program and service priorities. The different Board of Directors make decisions independently of one another.

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.

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

When there is a surplus distribution, active employers whose accounts are current receive a cheque or electronic fund transfer (direct deposit). If an active employer has an overdue account at the time of the distribution, they will receive a credit on their WCB account.

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 a past example:

A = Total Surplus Distribution (\$21 M)

B = Employer Base Premium

$$\frac{2022 \text{ Actual Payroll} \times 2022 \text{ Group Rate}}{\$100} = \text{Employer Base Premium}$$

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?

When there is a surplus distribution, it 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. 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. You can also visit our website wcb.pe.ca