



2023 Surplus Distribution Questions & Answers

Q: How is the WCB funded?

A: 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.

Q: What triggers a surplus distribution?

A: In accordance with the WCB Funding Policy a surplus distribution may be considered if the funding status is greater than 140%. As a result, the Board has approved a \$21 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 the WCB's funding policy. At this time, it is not anticipated that a surplus distribution will occur in 2024.

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

A: 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. More information is available in the WCB's Funding Policy (POL-136) at wcb.pe.ca

Q: How will the surplus be distributed?

A: The \$21 million surplus distribution approved by the Board will be distributed to eligible employers by cheque/bank (EFT) or by 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 2022 actual payroll. If an employer has not reported their 2022 actual payroll, they will have until December 31, 2023, to report it to the WCB to be eligible to participate in the surplus distribution.

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

A: The distribution is based on 2022 assessments. We determine the distribution amount by dividing your base premiums in 2022 (based on the industry rate, before discounts or surcharges are applied) by the total base premiums of all eligible employers in 2022. Then we multiply this amount by the \$21 million available for the surplus distribution.

A = Total Surplus Distribution (\$21 M)

B = Employer Base Premium

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

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 2023.

Q: Is the Surplus Distribution taxable?

A: As this distribution is a return of a 2022 tax year 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.