



CALCULATION OF WAGE LOSS BENEFITS

The Workers Compensation Board of Manitoba (WCB) pays wage loss benefits based on your loss of earning capacity.

How does the WCB calculate my benefit rate?

The WCB calculates your wage loss benefits in four steps:

Step 1: Gross earnings are calculated

The WCB uses your earnings with your injury employer to calculate your gross earnings and will use either regular earnings at the time of your injury or average yearly earnings, choosing the formula that best represents your loss of earnings. If, as a result of your injury, you are losing income from other sources, these will be included in your gross earnings.

Step 2: Net earnings are calculated

To determine net earnings the WCB applies probable deductions and tax credits. Calculations are based on standard deductions and tax credits used by Canada Revenue Agency (CRA), with reference to the *Income Tax Act*.

Probable deductions include:

- income tax,
- Canada Pension Plan (CPP),
- Employment Insurance (EI) premiums, and
- other deductions the Board of Directors may establish by regulation.

Tax credits include those claimed for basic personal amounts, spouse or common-law partner amount (if they are not working), dependent children, childcare expenses and support payments if you report these credits on your income tax return.

NOTE: Probable deductions represent the estimated amounts you would expect to pay; however, no payment is actually made on your behalf for income tax, CPP contributions or EI premiums.

Step 3: WCB benefit rate is determined

The net earnings determined in step 2 are used to calculate your wage loss benefit rate:

- In most situations your WCB benefit rate is based on 90% of net earnings.
- If your net earnings are less than or equal to minimum average earnings, your benefit rate will be 100% of net earnings.



- If 90% of your net loss of earnings is less than what you would receive based on 100% of minimum average earnings, the WCB will use this higher rate when determining your benefit rate.

The minimum annual earnings in effect as of October 1, 2020 are \$24,752 and this amount remains the same as of January 1 2021.

Step 4: Tax rebates (sheltering) are factored into the benefit rate

WCB benefits are non-taxable. To offset the tax benefit created by your reduced taxable income, WCB reduces the benefit rate to more closely reflect your yearly loss of earnings.

SAMPLE BENEFIT CALCULATIONS

Single, no Dependants Benefit Calculations				
Gross Weekly Wage	Gross Annual Wage	100% Net Actual (Weekly)	90% Net Sheltered (Weekly)	100% Net Sheltered (Weekly)
\$ 150.00	\$ 7,800.00	\$143.29	n/a	\$142.41
\$ 200.00	\$10,400.00	\$189.87	n/a	\$188.91
\$ 476.00	\$24,752.00	\$390.28	n/a	\$374.16
\$ 600.00	\$31,200.00	\$476.01	\$414.64	n/a
\$ 900.00	\$46,800.00	\$678.37	\$593.94	n/a
\$1,200.00	\$62,400.00	\$869.87	\$759.51	n/a

Married, Spouse not Working, Two Dependants				
Gross Weekly Wage	Gross Annual Wage	100% Net Actual (Weekly)	90% Net Sheltered (Weekly)	100% Net Sheltered (Weekly)
\$ 150.00	\$ 7,800.00	\$143.29	n/a	\$142.41
\$ 200.00	\$10,400.00	\$189.87	n/a	\$188.99
\$ 476.00	\$24,752.00	\$447.02	n/a	\$446.14
\$ 600.00	\$ 31,200.00	\$547.32	\$481.51	n/a
\$ 900.00	\$46,800.00	\$746.77	\$638.14	n/a
\$1,200.00	\$62,400.00	\$935.34	\$801.08	n/a

It is extremely important that you report the correct tax information to the WCB because of the significant difference it makes in the benefit calculation.



Please note:

The tax credits and/or tax deductions applicable as of the date of the injury, and referred to in step 1, will remain in place for the first two years, even if your status changes during that time.

One exception is if your information is unavailable at the time the claim is accepted, in which case our calculations will be based on "single with no dependents" until the information is received. Payments will be adjusted at that time, retroactive to the date you began receiving wage loss benefits. This ensures that the lack of information does not delay payments on a claim.

If you are unwilling to supply the tax information, you will be classed as single with no dependents and no adjustment will be made for a two year period.

Support payments do not qualify in determining dependants. However, these payments will be used to reduce the amount of income subject to the income tax calculation.

Are there any exceptions to the procedure used to calculate loss of earning capacity?

Yes, 'apprentices', 'youthful workers' and 'declared workers' are exceptions. In certain cases, *The Workers Compensation Act* allows us to look to the future to establish average earnings based on your probable loss of earning capacity. This approach can only be applied in the exceptional circumstances found with apprentices and youthful workers (someone under 28 who sustains a long term loss of earning capacity).

Declared workers are any persons or class of persons declared to be workers employed by the government and covered under *The Workers Compensation Act*. Benefits in this case will be based on no less than half the Industrial Average Wage at the time of the injury.

Note: All sections relating to calculation of benefits apply to workplace injuries and related recurrent injuries occurring on or after January 1, 2006. All injuries occurring before 2006 and related recurrent injuries will continue to be paid according to the legislation, policies and procedures that predate Bill 25 – *The Workers Compensation Amendment Act*, passed in 2005.

For additional information about the calculation of benefits, please call your Adjudicator or Case Manager.



This publication is provided for general information. It is not intended to be legal advice, and should not be relied on as such. For more specific information, see *The Workers Compensation Act and Regulations and WCB Policies*. These documents are available on the WCB website at wcb.mb.ca.