

**Chapter: Benefits**

**Legislative authority:** section 109

***Prevention statement***

*Preventing injuries is one of the most important responsibilities in the workplace. The Workers' Safety and Compensation Act (the 'Act') establishes the responsibilities of all workplace parties to work together to ensure the physical and psychological health and safety of workers. When injuries do occur, workers and employers must continue to work together to facilitate an injured worker's early and safe return to health and work.*

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## Purpose

This policy is to explain what a retirement benefit is, who is eligible to receive a retirement benefit and when an eligible worker is entitled to receive a retirement benefit.

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## Definitions

**Appeal Tribunal** means the appeal tribunal continued under Part 5 of the Act

**board** means the Workers' Safety and Compensation Board

**dependant** means a member of the family of a worker who is wholly or partially dependent on the worker's earnings for the ordinary necessities of life or who, but for the worker's work-related injury, would have been so dependent

**employer** means every association, corporation, individual, partnership, person, society or unincorporated organization or other body having in their service one or more workers in an industry and as further defined in section 77 of the Act

**interest rate** means the 10-year Government of Canada bond rate, being the effective yield of the bond rate on the first business day of the year, as reported by the Bank of Canada

**spouse** in respect of a worker means the individual who, at the date of the worker's death, cohabitated with the worker, and (a) to whom the worker was legally married at the date of the worker's death, or (b) with whom the worker had cohabitated as a couple for at least 12 months immediately before the worker's death

**worker** means a person who performs work or services for an employer under a contract of service or apprenticeship, written, or oral, express or implied and as further defined in section 77 of the Act

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**Effective date:** July 1, 2022

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## Policy statement

### 1. General

A worker who has received loss of earnings benefits for a cumulative period of 24 months for the same work-related injury is eligible for a retirement benefit.

A worker who receives any amount for loss of earnings benefits in a particular month is considered to have received loss of earnings benefits for the full month.

The board sets aside an amount required to pay the retirement benefit to eligible workers until time of entitlement.

### 2. Amount of retirement benefit

The retirement benefit is an amount equal to 10% of the loss of earnings benefits paid to the worker during the qualifying 24 month period and 10% of additional loss of earnings benefits paid to the worker for the same work-related injury.

Interest begins to accrue after the qualifying 24 month period and is added to the amount set aside.

If a worker receives earnings loss benefits as a result of a decision of the board or Appeal Tribunal that are retroactive, the earnings loss benefits are considered to be received in the relevant period of entitlement and not at the time of payment.

### 3. Calculation of interest

On January 1<sup>st</sup> of each year, interest at the interest rate will be applied to a worker's retirement benefit. Interest will be compounded annually.

If a worker's retirement benefit is paid out during the year, the interest rate will be applied proportionally to the part of the year, up to the date the worker is eligible to receive the retirement benefit.

Interest stops accruing when a worker becomes entitled to receive the retirement benefit.

#### 4. Date entitled to receive payment of retirement benefit

A worker is entitled to receive payment of the retirement benefit on the later of:

- a. the date the worker becomes entitled to receive benefits under the *Old Age Security Act*; and
- b. the date that loss of earnings benefits cease to be payable to the worker.

The amount will be paid as a lump sum payment.

There is no eligibility to receive a payment at an earlier date.

A worker may request that the sum be paid on behalf of the worker directly into an annuity that the worker has arranged with a financial institution.

The board may reimburse the worker for expenses paid for a consultation with a financial investment advisor related to the payment of this benefit, up to an amount determined by the board.

#### 5. Death of a worker before payment

If a worker dies before becoming entitled to receive the retirement benefit or before payment is made, the retirement benefit will be paid as follows:

- a. to the spouse;
- b. if there is no spouse, to the worker's dependants in such a manner as determined by the board; and
- c. if there is no spouse and no dependants, to the compensation fund.

#### 6. Unclaimed retirement benefits

If a retirement benefit is unclaimed for seven years after the date on which the worker or their spouse or dependants become eligible to receive the benefit, the retirement benefit will be paid into the compensation fund. During that time the board will make every reasonable effort to locate the worker or worker's dependants.

## 7. Reporting

The board will provide an annual statement to workers who are eligible for a retirement benefit which will set out the retirement benefit as of December 31<sup>st</sup> and the accumulated interest for the calendar year.

## 8. Transition for annuities accruing under former Workers' Compensation Acts

On or after July 1, 2022, an annuity that has not been paid out to a worker must be paid, when the worker is eligible, as a lump sum payment.

Eligibility for an annuity under former Workers' Compensation Act(s) is governed by the legislation and policies in force at the time of the injury.

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## History

FA-06 Annuities, effective July 1, 2008, revoked July 1, 2022

FN-06 Annuities, effective October 1, 2006, revoked July 1, 2008

FN-06 Annuities, effective July 12, 1994, revoked October 1, 2006