



Policy Amendment Proposal FA-06 Retirement Benefit

This policy amendment proposal relating to a retirement benefit will reflect the issues consulted on during the engagement for the *Workers' Safety and Compensation Act* (the 'Act') and will align the amendments made in the new legislation.

The new Act comes into force July 1, 2022. The intended effective date of the proposed policy amendments will be July 1, 2022.

The proposed new Retirement Benefit policy will ensure consistency with the provisions of the Act and will detail the calculation of the retirement benefit and when a worker is entitled to receive payment.

The purpose of 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.

Relevant sections of the Act

The following sections of the Act are relevant:

- 109 retirement benefit

Proposed changes to this policy

- minor changes to section references, language and definitions
- new policy title to reflect Act terminology
- new provision allowing the worker to purchase an annuity if the amount is over \$100,000 and requiring the board to pay for the costs of the worker obtaining investment advice
- amendments to reflect the following changes from the Act:
 - payment of the retirement benefit as a lump sum;
 - removal of requirement for designated dependant declaration;
 - clarification of how time is calculated when a worker receives earnings loss benefits for less than a month;
 - removal of requirement for a worker to purchase an annuity if over a certain threshold amount (currently in Board Order 2016/01 and 2016/02, Minimum Annuity Amount);
 - removal of provisions relating to minimum compensation;



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- clarification of recipients in the event the worker dies prior to payment being made; and
- requirement to pay the retirement benefit to the compensation fund if the worker has no spouse or dependents or if left unclaimed after seven years.

Board Orders/Regulations

The following board orders/regulations will be revoked as they are no longer relevant.

- [Board Order 2016/01](#) Minimum annuity amount under section 32(3) of the Act
- [Board Order 2016/02](#) Amends Board Order 2016/01

Current policy

[FA-06 Annuities](#)

The Board of Directors is providing this policy amendment proposal to stakeholders seeking their input, comments, questions and suggestions.

Some questions for consideration:

1. Are there any general comments about this policy proposal?
2. Are there any gaps in this policy proposal?
3. Additional comments?

The views of our stakeholders are important to us. All feedback will be considered prior to the Board of Directors approving any amendments.

Engagement on this policy proposal closes on **February 28, 2022**. Please provide your feedback by:

1. Downloading a [fillable form](#) our website and sending it as an attachment to Policy.Feedback@wcb.yk.ca
2. Emailing comments directly to Policy.Feedback@wcb.yk.ca
3. Receipt in our building by February 28, 2022, by mail or drop off at
*Yukon Workers' Compensation Health and Safety Board
401 Strickland Street
Whitehorse, Yukon Y1A 5N8*

By the end of March a summary of all feedback on this policy amendment proposal will be published on our website at www.wcb.yk.ca



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Preventing work-related injuries is the most important job in any workplace. The *Workers' Safety and Compensation 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.

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.

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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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 1st 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



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- 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.

For retirement benefits that are greater than \$100,000, 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.

For retirement benefits that are greater than \$100,000, if requested by the worker, 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 the board may determine; 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 31st and the accumulated interest for the calendar year.



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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.