

Cost of living allowance

What is a cost of living allowance?

Put simply, a cost of living allowance is a payment intended to help protect you from inflation by maintaining your purchasing power.

How cost of living allowance applies to your benefits

If you receive compensation payments from us, your payments may be affected by a cost of living allowance.

We apply the cost of living allowance every January 1, using a formula set out in provincial government legislation. The allowance can't be greater than 4% or less than 0%, and will never reduce your benefits.

When your benefits may be adjusted

If changes in the Consumer Price Index are very small, or even negative (meaning prices are lower than they were a year ago), your benefit levels won't change. A substantial change in the Consumer Price Index could increase your benefit levels, by a maximum of 4%.

We apply a cost of living allowance every January 1. The date of your injury determines when you will be eligible:

- If you have been receiving payments from us for an injury that occurred more than 12 months prior to January 1, you are entitled to a cost of living allowance as of January 1.
- If your injury occurred within the last 12 months prior to January 1, you are not entitled to a cost of living allowance until the **next** January 1.

Who is affected?

Your payments may be adjusted with a cost of living allowance if you receive any of the following from us:

- Some long-term wage-loss benefits
- Some vocational rehabilitation benefits
- Permanent disability awards
- Other periodic allowances and benefits

How cost of living allowance is calculated

We calculate a cost of living allowance based on a formula specified in Section 25 of the *Workers Compensation Act*. The formula is as follows:

Consumer Price Index - 1% = Cost of living allowance

Here's an example of how the formula works, using a fictitious Consumer Price Index of 3.2%:

3.2% (Consumer Price Index) - 1% = 2.2% cost of living allowance.

In this case, your benefits would be increased by 2.2% when you're eligible.

Statistics Canada sets the Consumer Price Index each year after comparing, over time, the cost of a fixed basket of goods and services purchased by consumers. Governments, many agencies such as the Bank of Canada, and many major employers use the Consumer Price Index to assess the impact of inflation on the economy.

Our maximum cost of living allowance is 4% in a year. The minimum is 0%. We will never use the cost of living allowance formula to reduce your benefits.

Need more information?

Our Claims team is here to assist you. Please call us at 604.231.8888 if you have questions.