

Income Replacement Benefit



Income replacement benefit

The income replacement benefit is part of the care and recovery benefits that are available to any British Columbian injured in a crash and too injured to work. Under the former system, these benefits were significantly lower than today's Enhanced Accident Benefits (EAB), and anyone not responsible for the crash was able to sue the responsible driver in an attempt to recover lost wages above the previous income replacement benefit limit.

Based on maximum \$100k gross income

90%

of net income in wage loss

Please see: [Your Guide to Enhanced Accident Benefits](#) for more information.

Under Enhanced Care, suing is not necessary because the benefits are significantly better than the old system, and they're available for as long as you need them, even for your lifetime. If you're injured in a crash and unable to work, you will receive 90% of your net income in wage loss replacement up to a maximum of \$100,000 in annual gross income. It will be paid out in regular, non-taxable payments.

Receiving your income replacement benefit

The income replacement benefit is available to British Columbians injured in a crash in Canada or the U.S. The benefit is paid after all income replacement sources — e.g., employer group benefits, Employment Insurance (EI). Any amount you receive from other policies will be subtracted from your income replacement benefit payment.

Duration of income replacement benefits

The income replacement benefit available under Enhanced Accident Benefits is intended to be a temporary measure to compensate you for your loss of income while you recover from the effects of a crash. Eligibility for the benefit is different if you're severely injured. If you're receiving the income replacement benefit and reach retirement age, a retirement income benefit will be available.

Enhanced Care



You'll get income replacement and care benefits **for as long as you need,** no matter who is responsible.

Note: The information in this publication is intended to provide general information only and is not intended to provide coverage, legal or professional advice. We have used plain language to help you understand Basic and Optional policies. Information in this document is subject to change without notice. You must review and adhere to the more detailed wording and requirements of current applicable statutes, regulations and your insurance policy, even if they contradict the wording and requirements set out in this publication.

Benefit calculation scenario

Here's an example that shows how the income replacement benefits through Enhanced Accident Benefits would work both with and without other income replacement policies:



Jessie is a self-employed marketing consultant who earns a gross annual income of \$75,000. Jessie is 42 years old with two young children. On the way home, Jessie's vehicle is rear-ended by a distracted driver. Jessie suffers soft tissue injuries to the lower back and a mild concussion. Due to the crash, Jessie is unable to work and will probably be off work for about two months to recover.

Note for the charts:

The amount deducted for tax, CPP, and EI is for illustrative purpose only.

Income replacement benefit calculation

Benefit calculation with basic income replacement benefit only	
Actual gross employment income:	\$75,000
EAB maximum yearly insurable income:	\$100,000
Insured gross income:	\$75,000
Deductions (e.g., tax, CPP, EI):	\$15,000
Net income:	\$60,000
Benefit calculation based on 90% of net: $\$60,000 \times 90\% =$	\$54,000
Bi-weekly benefit: $\$54,000 / 52 \text{ weeks} \times 2 =$	\$2,077 bi-weekly

This benefit amount is in addition to the amount received from the private benefit plan. Once the private benefit plan is exhausted, Jessie will be entitled to a \$2,077 bi-weekly payment.

With an employer group benefit plan

Here's an example if Jessie had purchased disability coverage through a private plan. In this scenario, Jessie has disability coverage at 70% of their net income with no cap on insured gross income.

Note: The 70% coverage is used for example purposes only. Disability or group benefit plans may vary.

Benefit calculation including other disability benefits	
Actual gross employment income:	\$75,000
EAB maximum yearly insurable income:	\$100,000
Insured gross income:	\$75,000
Deductions (e.g., tax, CPP, EI):	\$15,000
Net income:	\$60,000
Benefit calculation based on 90% of net: $\$60,000 \times 90\% =$	\$54,000
Deduct private benefits based on 70% of net: $\$54,000 - 42,000 =$	\$12,000
Bi-weekly benefit: $\$12,000 / 52 \text{ weeks} \times 2 =$	\$461 bi-weekly