

Importance of Updating Employee Earnings

Did you know it is the responsibility of the Plan Administrator to ensure each Plan Member's insured earnings is accurate?

In the event of an earnings change, the RWAM Plan Administrator must ensure prompt reporting and updating of earnings to RWAM so that benefit coverage is current to avoid possible discrepancies in the event of a Life or Disability claim.

If it is found that a Plan Member's earnings has been understated, an employee can be under-insured for benefits. If it is found that a Plan Member's insurable income has been overstated, benefit coverage will be reduced accordingly.

Updating Earnings

Plan Administrators should update earnings immediately at the time of the earning change by using the [RWAM Plan Administrator Services website](#).

RWAM requires:

- the effective date of the change in earnings
- the new earnings rate (excluding any bonuses, overtime pay, dividends, expense allowances or other extra compensation)
- any increase or decrease in earnings due to a change in hours worked per week, or for any other reason

A Maximum 90 day retroactive adjustment will apply to changes in earnings for active Plan Members.

RWAM cannot accept retroactive earnings increases on employees who are not actively working due to disability.



What Is Insured Earnings?

Insured Earnings refers to a Plan Member's regular annualized earned income paid by the employer and reported to RWAM by the employer; and for which premiums have been paid. It is solely this income which is insurable.

Commissioned Employees

If regular annualized income is derived in whole or in part from commissions, the insured earnings include the average of the commission income earned over a 12 month period, reported annually to RWAM by the employer.

Excluded Income

In all instances, income received from any bonuses, overtime pay, dividends, expense allowances or other extra compensation is excluded and not insurable.

Verifying Insured Earnings

At the time a claim is incurred, if the Plan Member has been employed for less than one year, insured earnings will be determined by averaging regular income earned during the period from the date first employed until the date the claim is incurred.

The insurer reserves the right to verify any salary, wages or earnings reported to RWAM as insurable income, by reviewing payroll and/or tax records such as T4-T4A slips, before the claim is payable.