

Annualized Earnings Exemption (AEE) Limit Calculations – Change in Family Circumstances

Purpose:

This document describes the calculations used to determine the amount of a family unit’s Annualized Earnings Exemption Limit when a change in circumstances has resulted in an increase or decrease in their AEE limit. This document should be used in conjunction with Employment Income Policy & Procedures outlined in the online resource at: https://gww.hsd.gov.bc.ca/intranet/meia/online_resource/verification_and_eligibility/incandex/current/policy.html

Key:

- PWD AEE: PWD client who is using Annualized Earnings Exemptions
- PWD MEE: PWD client who is using Monthly Earnings Exemptions
- DA: Disability Assistance
- AEE family unit: a family unit who is eligible to use the Annualized Earnings Exemption

Note: For the purposes of this document, income received for WCB temporary wage loss is included in the term “earned income”

Links to Detailed Examples:

CTRL + Click on the links below to go directly to the detailed example you are looking for:

1. [AEE family unit leaves DA and returns within the calendar year and family composition has not changed.](#)
2. [An AEE client leaves DA and later returns to DA as part of a new family unit.](#)
3. [AEE family unit leaves DA, separates, and the AEE PWD client later returns to DA as a single person.](#)
4. [Adding a spouse.](#)
5. [Removing a spouse.](#)
6. [A non-PWD spouse in an AEE family unit receives the PWD designation during the exemption year.](#)

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Detailed examples:

1. **AEE family unit leaves DA and returns within the calendar year and family composition has not changed:** When an individual or family using AEE leaves DA and returns later in the calendar year, their AEE limit upon return is prorated because they were only receiving DA for a portion of the exemption year. Earned income while they were previously eligible is deducted from the prorated amount.

Change in Circumstance	Regulation Reference	Annualized Earnings Exemption limit calculation		
PWD AEE leaves DA and returns within the exemption year	EAPWD Sections 3.1(8) and 7.2(9)	\$9,600 prorated based on the # of months the person was eligible for DA and the # of months remaining in the calendar year	<i>minus</i>	amount of earned income while eligible for DA
AEE family comprised of 2 adults both with PWD AEE leaves DA and returns within the exemption year	EAPWD Sections 3.1(7) and 7.2(8)	\$19,200 prorated based on the # of months the AEE family unit was eligible for DA and the # of months remaining in the calendar year	<i>minus</i>	amount of earned income while eligible for DA
AEE family comprised of 2 adults only one of whom has PWD leaves DA and returns within the exemption year	EAPWD Sections 3.1(6) and 7.2(7)	\$12,000 prorated based on the # of months the AEE family unit was eligible for DA and the # of months remaining in the calendar year	<i>minus</i>	amount of earned income while eligible for DA
<p>Sample case: John, a single PWD AEE started with an AEE of \$9,600. He was on DA for 3 months and earned \$1000 each month. John left DA for 3 months for a job outside of BC. He then returned to DA in July (6 months remaining in the calendar year). John’s prorated AEE limit upon return to DA is \$4,200.</p> <p>Calculation: [$\\$9,600 \div 12 \text{ months} = \\800; $\\$800 \times 9 \text{ months (3 months + 6 months)} = \\$7,200$; $\\$7,200 - \\$3,000 \text{ (income)} = \mathbf{\\$4,200}$]</p>				

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2. **An AEE client leaves DA and later returns to DA as part of a new family unit:** When a PWD AEE client leaves DA and later returns as part of a new family unit all within the same exemption year, the new family unit’s AEE will be a combined total of the residual AEE room of both individuals. The portion attributed to the returning PWD client is prorated because they were only receiving DA for a portion of the exemption year. Earned income while they were previously eligible for DA is deducted from the prorated amount. This prorated amount is then added to the AEE limit of the other client. (Note: see example #4 for calculations involving previously separated AEE PWD clients)

Change in Circumstance	Regulation Reference	Annualized Earnings Exemption limit calculation				
2PWD AEE clients form a couple, and this family unit includes a PWD AEE who was on DA, left and is now returning to DA as part of this new family unit all within the exemption year	EAPWD Sections 3.1(9)(c) and 7.2(10)(c)	Calculation for residual AEE limit for PWD AEE client who left DA				Calculation of AEE limit for other client
		\$9,600 prorated based on the # of months the person was eligible for DA and the # of months remaining in the calendar year	<i>minus</i>	amount of earned income while eligible for DA	<i>plus</i>	\$9,600 <i>minus</i> amount of earned income year to date
a PWD AEE client and a PWD MEE client form a couple, and the PWD AEE was on DA, left and is now returning to DA as part of this new family unit all within the exemption year	EAPWD Sections 3.1(10)(d) and 7.2(11)(d)	\$9,600 prorated based on the # of months PWD AEE client was eligible for DA and the # of months remaining in the calendar year	<i>minus</i>	amount of earned income while eligible for DA	<i>plus</i>	\$800 multiplied by # of months remaining in calendar year
a PWD AEE client and a non-PWD client form a couple, and the PWD AEE was on DA, left and is now returning to DA as part of this new family unit all within the exemption year	EAPWD Sections 3.1(11)(d) and 7.2(12)(d)	\$9,600 prorated based on the # of months PWD AEE client was eligible for DA and the # of months remaining in the calendar year	<i>minus</i>	amount of earned income while eligible for DA	<i>plus</i>	\$200 multiplied by # of months remaining in calendar year
<p>Sample case: Jill, a single PWD AEE started with an AEE of \$9,600. She was on DA for 3 months and earned \$1000 each month. Jill left DA for 3 months for a job outside of BC. She then returned to DA in July with a new spouse, Rob, who is not a PWD client. The new family unit’s combined AEE limit upon return is \$4,200 + \$1,200 = \$5,400.</p> <p>Calculation: Jill [$\\$9,600 \div 12 \text{ months} = \\800; $\\$800 \times 9 \text{ months (3 months + 6 months)} = \\$7,200$; $\\$7,200 - \\$3,000 \text{ (income)} = \mathbf{\\$4,200}$] + Rob [$\\$200 \times 6 \text{ months} = \mathbf{\\$1,200}$]</p>						

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3. **AEE family unit leaves DA, separates and the AEE PWD client later returns to DA as a single person:** When an AEE family unit leaves DA, separates while off of DA and the AEE PWD client later returns as a single person all within the same exemption year, their AEE limit is prorated for the remainder of the year starting from the month of reapplication. Earned income declared in the exemption year prior to the separation is not deducted from the prorated amount. Individuals who do not have the PWD designation who return to assistance will change over to the applicable monthly earnings exemption.

Change in Circumstance	Regulation Reference	Annualized Earnings Exemption limit calculation
An AEE family unit comprised of 2 PWD AEE clients leaves DA, separates and a PWD AEE client returns to DA as a single person, all within the exemption year	EAPWD Sections 3.1(15)(e) and 7.2(16)(e)	<p style="text-align: center;">The prorated AEE limit for <u>each</u> PWD AEE is: \$9,600 prorated based on the number of months remaining in the calendar year</p>
An AEE family unit comprised of a PWD client and non-PWD client leaves DA, separates and a PWD AEE client returns to DA as a single person, all within the exemption year	EAPWD Sections 3.1(14)(e) and 7.2(15)(e)	<p style="text-align: center;">The prorated AEE limit for the PWD AEE is: \$9,600 prorated based on the number of months remaining in the calendar year</p> <p style="text-align: center;">The non-PWD spouse would move to their own file with the applicable monthly earnings exemption</p>
<p>Sample case: An AEE family unit with 2 PWD clients, Rick and Jane, start with an AEE limit of \$19,200. They declared earnings of \$2,000 per month. In May, they leave DA. While Rick and Jane are off DA, they separate. Jane returns to DA in June as a single person. As Jane separated from her spouse, her AEE limit is prorated for the 7 months left in the exemption year. Income earned while she was part of her previous family unit is not deducted from her new AEE limit. Her revised AEE limit is \$5,600.</p> <p>Calculation: [$\\$9,600 \div 12 \text{ months} = \\800; $\\$800 \times 7 \text{ months} = \\$5,600$]</p>		

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4. **Adding a spouse:** Single clients who form a couple in the middle of the exemption year will combine each of their residual AEE room for the remainder of the year. Please read the examples carefully as the calculation will be different if one or both of the PWD AEE clients previously separated from a spouse within the exemption year.

Change in Circumstance	Regulation Reference	Annualized Earnings Exemption limit calculation		
Involving 2 PWD AEE clients				
2 PWD AEE clients form a couple, and neither had previously separated from a spouse within the exemption year	EAPWD Sections 3.1(5)(e) and 7.2(6)(e)	\$9,600 <i>minus</i> amount of earned income year to date	<i>plus</i>	\$9,600 <i>minus</i> amount of earned income year to date
2 PWD AEE clients form a couple, and only one had previously separated from a spouse within the exemption year	EAPWD Sections 3.1(5)(c) and 7.2(6)(c)	\$800 multiplied by # of months remaining in calendar year <i>minus</i> total earned income since their separation occurred	<i>plus</i>	\$9,600 <i>minus</i> amount of earned income year to date
2 PWD AEE clients form a couple, and both had previously separated from a spouse within the exemption year	EAPWD Sections 3.1(5) (d) and 7.2(6)(d)	\$800 multiplied by # of months remaining in calendar year <i>minus</i> total earned income since the separation occurred	<i>plus</i>	\$800 multiplied by # of months remaining in calendar year <i>minus</i> total earned income since that separation occurred
<p>Sample Case: 2 single PWD AEE clients, Dave and Sam, become a couple during the exemption year. Dave has been working and has declared \$6,400 earnings year to date. Sam has not been working. The new family unit’s combined AEE limit is \$3,200 + \$9,600 = \$12, 800.</p> <p>Calculation: Dave [\$9,600 - \$6,400 (income) = \$3,200] + Sam [\$9,600 = \$12,800]</p> <p>Sample Case: 2 PWD AEE clients, Lara and Jacob, become a couple in September. Previously, Lara was in another AEE family unit and she split from that spouse in March. As a result her AEE limit was recalculated to be \$800 x 9 months = \$7,200. Since her separation, Lara has declared earnings of \$4,000 giving her an AEE limit of \$3,200 remaining. Jacob’s AEE limit started at \$9,600. He has declared \$4,000 earnings year to date giving him an AEE limit of \$5,600 remaining. The combined AEE for this new family unit is \$3,200 + \$5,600 = \$8,800.</p> <p>Calculation: Lara [\$800 x 9 months = \$7,200; \$7,200 - \$4,000 (income) = \$3,200] + Jacob [\$9,600 - \$4,000 (income) = \$5,600]</p>				

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Adding a spouse, continued				
Change in Circumstance	Regulation Reference	Annualized Earnings Exemption limit calculation		
Involving 1 PWD AEE client and 1 PWD MEE client				
a PWD AEE client and a PWD MEE client form a couple	EAPWD Sections 3.1(4)(e)(ii) and 7.2(5)(e)(ii)	\$9,600 minus amount of earned income year to date	<i>plus</i>	\$800 multiplied by # of months remaining in calendar year
a PWD AEE client and a PWD MEE client form a couple, and the PWD AEE had previously separated from a spouse within the exemption year	EAPWD Sections 3.1(4)(e)(i) and 7.2(5)(e)(i)	\$800 multiplied by # of months remaining in calendar year <i>minus</i> total earned income since their separation occurred	<i>plus</i>	\$800 multiplied by # of months remaining in calendar year
<p>Sample case: In June, a PWD AEE client, William, becomes a couple with Marie, a single PWD client who has a monthly earning exemption (MEE). William has been working and has declared \$6,400 earnings year to date. Marie has also been working and using her monthly exemption. The new family unit’s combined AEE limit is \$3,200 + \$5,600 = \$8,800. Calculation: William [\$9,600 - \$6,400 (income) = \$3,200] + Marie [\$800 x 7 months = \$5,600]</p>				
Involving 1 PWD AEE client and 1 PWD MEE client				
a PWD AEE client and a non-PWD client form a couple	EAPWD Sections 3.1(3)(e)(ii) and 7.2(4)(e)(ii)	\$9,600 minus amount of earned income year to date	<i>plus</i>	\$200 multiplied by # of months remaining in calendar year
a PWD AEE client and a non-PWD client form a couple, and the PWD AEE had previously separated from a spouse within the exemption year	EAPWD Sections 3.1(3)(e)(i) and 7.2(4)(e)(i)	\$800 multiplied by # of months remaining in calendar year <i>minus</i> total earned income since their separation occurred	<i>plus</i>	\$200 multiplied by # of months remaining in calendar year
<p>Sample case: In June, a PWD AEE client, Oscar, becomes a couple with Susan, a non-PWD client who has a monthly earning exemption (MEE). Oscar has been working and has declared \$6,400 earnings year to date. Marie has also been working and using her monthly exemption. The new family unit’s combined AEE limit is \$3,200 + \$1,400 = \$4,600. Calculation: Oscar [\$9,600 - \$6,400 (income) = \$3,200] + Susan [\$200 x 7 months = \$1,400]</p>				

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5. **Removing a spouse:** When couples separate in the middle of the exemption year, the individuals move onto their own cases and no longer share an AEE limit. Each PWD AEE client will have their AEE limit pro-rated for the remainder of the year, starting the month after they couple separates. Earned income declared in the exemption year prior to the separation is not deducted from the pro-rated amount. Individuals who do not have the PWD designation and remain on assistance will change over to the applicable monthly earnings exemption.

Change in Circumstance	Regulation Reference	Annualized Earnings Exemption limit calculation
An AEE family unit comprised of 2 PWD AEE clients separates within the exemption year	EAPWD Sections 3.1(12)(e) and 7.2(13)(e)	The prorated AEE limit for <u>each</u> PWD AEE is: \$9,600 prorated based on the number of months remaining in the calendar year
An AEE family unit comprised of a PWD client and non-PWD client separates within the exemption year	EAPWD Sections 3.1(13)(f) and 7.2(14)(f)	The prorated AEE limit for the PWD AEE is: \$9,600 prorated based on the number of months remaining in the calendar year The non-PWD spouse would move to their own case with the applicable monthly earnings exemption
Sample case: A 2 PWD AEE family unit separates in September. Effective October, each PWD AEE client will have an AEE limit of \$2,400 for the remainder of the exemption year.		
Calculation: [\$9,600 ÷ 12 months = \$800; \$800 x 3 months = \$2,400] No <u>previous</u> earned income is deducted.		

6. **A non-PWD spouse in an AEE family unit receives the PWD designation during the exemption year:** If a non-PWD spouse applies for and receives the PWD designation during the exemption year the family unit’s AEE room will increase by \$600 x the # of months remaining in the calendar year.

Change in Circumstance	Regulation Reference	Annualized Earnings Exemption limit calculation
The non-PWD spouse receives the PWD designation during the exemption year	EAPWD Sections 3.1(16)(c) and 7.2(17)(c)	\$12,000 <i>minus</i> amount of the family unit’s earned income year to date <i>plus</i> \$600 multiplied by the # of months remaining in the calendar year, beginning the month <u>following</u> the approval for the PWD designation
Sample case: This family unit started the exemption year with a \$12,000 AEE limit. They have declared a total of \$3,000 in earned income up to April. On April 10th, the non-PWD spouse receives approval for the PWD designation. As a result, effective May 1st the family unit’s remaining AEE limit will increase by \$4,800 (\$600 x 8 months).		
Calculation: [\$12,000 - \$3,000 (income) = \$9,000; \$9,000 + \$4,800 = \$13,800]		