



# 2018 Living Wage Calculation and Employer Benefits



A living wage is the hourly wage a worker needs to earn to cover their family's basic expenses within their community. It is a practical tool for employers to reduce poverty through paid work. In Waterloo Region, the 2018 Living Wage rate is \$16.10 an hour.

The living wage includes expenses such as food, clothing, shelter, childcare, transportation, medical expenses, recreation and a modest vacation. The living wage does not include retirement savings, debt repayment, home ownership, savings for children's education, or anything other than the smallest cushion for emergencies or hard times.

To calculate the living wage rate for an employer we take into account their employees' total compensation package (wages + benefits). Where employer benefits cover some or all of the costs of goods and services in the living wage calculation this is taken into account in when determining the hourly rate of pay needed to reach the living wage threshold. Employer benefits that are not included in the living wage calculation (RRSP payments or pension payments, for example) do not affect the living wage determination.

The chart below lists the hourly equivalent of benefits that may be provided by employers.

<u>Employer Provided benefits</u>	<u>hourly equivalent</u>
Extended Health	
100% employer paid	\$ 1.26
50% employer paid	\$ .63
Bank fees	\$ .09

How to use the chart.

For an employee who receives no employer paid non-mandatory benefits, the living wage rate of pay is \$16.10. For employees who receive employer paid non-mandatory benefits, the value of those benefits contributes to the total hourly compensation. For example, where extended health insurance premiums are paid for by the employer, the living rate is calculated in this manner:

- 100% Employer paid health premiums: \$ 1.26
- plus Hourly pay: \$14.84
- **equals Living wage rate \$16.10**

## [Notes on employer provided benefits](#)

### **Non-OHIP health insurance.**

The living wage calculation assumes that employees purchase their own extended health insurance to cover dental, vision, prescriptions, etc. Employer provided extended health benefits offsets the cost of the premiums.

### **Bank fees**

Where bank fees are covered by an employer, that expense is reduced in the living wage calculation.