

PENSION FOR LIFE



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- The Government of Canada announced the Pension for Life (PFL) on December 20, 2017.
- It includes changes to some of the benefits currently available in the New Veterans Charter (NVC).
- Other benefits that came into effect under the NVC will continue to be available from Veterans Affairs such as:
 - Rehabilitation and Vocational Assistance services,
 - Death Benefit,
 - Clothing Allowance,
 - Critical Injury Benefit and
 - Detention Benefit.

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Pension for Life – Benefit Overview

Benefit	Description
Pain & Suffering Compensation (Non-Economic Benefit - non-taxable)	<ul style="list-style-type: none">• Replace Disability Award with monthly Pain and Suffering Award• \$1150 maximum monthly, tax-free, payment for life
Additional Pain & Suffering Compensation (Non-Economic Benefit - non-taxable)	<ul style="list-style-type: none">• New non-economic benefit to recognize severe and permanent service-related impairments• 3 grade levels of \$500, \$1000, \$1500; monthly payment, tax-free, payment for life.
Income Replacement Benefit* (Economic Benefit - taxable)	<ul style="list-style-type: none">• Consolidate 6 benefits and create the Income Replacement Benefit at 90% of pre-release salary - indexed annually.• Permit \$20K in allowable earnings• Increase survivor's benefits from 50% to 70%• Recognize lost career progression potential with 1% annual increase

*VAC Rehabilitation Program and Canadian Forces Income Support eligibility will be limited to those with service-related rehabilitation needs

Pain and Suffering Compensation (PSC)

- This new tax-free monthly benefit compensates for pain and suffering associated with service-related disability and is expected to come into effect April 1, 2019.
- The monthly amount (max \$1150) can be cashed out for a lump sum payment (max \$360,000 indexed to 2019).
- The benefit will replace the Disability Award and will be payable for life. Both the lump sum and monthly amounts are indexed annually to the Consumer Price Index (CPI).
- Any remaining balance at time of Veteran's death will be cashed out to survivors & dependent children.
- Survivors & dependent children can apply for the PSC that the Veteran could have applied for prior to their death.

Retrospective PSC (Additional Monthly Payment)

- Veterans who have already received the Disability Award from April 1, 2006 to implementation of the PSC may be eligible for an additional monthly amount, which would be payable for life.
- On April 1, 2019 an estimated 74,300 will have a calculation made to determine if they will receive an additional monthly amount on top of the Disability Award they already received. It is anticipated that 60% of them will receive an additional monthly amount.
 - this amount will be adjusted annually (indexed) in the same manner as other NVC benefits.
- Payments are determined based on a Veteran's individual circumstances, for example:
 - amount of lump sum Disability Award(s) previously received,
 - amount of monthly PSC payments they could have received if option existed back to 2006,
 - annuity factor: Age, inflation, interest, etc.

Additional Pain and Suffering Compensation (APSC)

- This is a new tax-free monthly disability benefit expected to come into effect April 1, 2019.
- The benefit will recognize and compensate Veterans for their barriers to establishing themselves in post-service life as a result of service-related permanent and severe impairment.
- This benefit is payable to Veterans who have one or more disabilities caused by a service-related injury or illness that is:
 - Creating a permanent and severe impairment; and
 - Creating a barrier to re-establishment in post-service life; **and**
 - For which the Veteran has received a Disability Pension, Disability Award or PSC.

Additional Pain and Suffering Compensation (APSC) - Continued

- There will be 3 grade levels based on the Veteran's extent of impairment:
 - Grade 1 = \$1,500 per month
 - Grade 2 = \$1,000 per month
 - Grade 3 = \$500 per month.
- Veterans cannot receive both the Exceptional Incapacity Allowance under the *Pension Act* and the APSC at the same time – if eligible for both, eligibility for the APSC must be determined first.

APSC – Transitional Groups

- Veterans will be eligible for the APSC and will have their Career Impact Allowance (CIA) grade level protected if:
 - they are already in receipt of the CIA as of April 1, 2019; or,
 - they subsequently become eligible for CIA in respect of a period of time prior to April 1, 2019.
- Serving members who applied for the CIA prior to April 1, 2019 and are still members on that day will automatically be considered for the APSC. They will not receive a protected CIA grade level.

Income Replacement Benefit (IRB)

- The Income Replacement Benefit (IRB) is a new monthly benefit expected to be implemented April 1, 2019.
- Consolidates 6 Benefits into 1:
 - Earnings Loss Benefit (short-term and long-term);
 - Retirement Income Security Benefit;
 - Supplementary Retirement Benefit;
 - Career Impact Allowance (CIA); and
 - Career Impact Allowance Supplement.
- The IRB is for Veterans with barriers to re-establishment due to physical or mental health problem(s) resulting primarily from service.
- Participation in Veterans Affairs Canada's (VAC) Rehabilitation Services and Vocational Assistance Program is required unless it will not improve the Veteran's earnings capacity.

Income Replacement Benefit (IRB) – Continued

- The Benefit is equal to 90% of the Veteran's pre-release salary (indexed until the benefit is payable) or a minimum amount (\$48,600/year in 2019) less offsets.
- Veterans determined to have a diminished earnings capacity prior to age 65 may receive the benefit for life.
- The benefit includes recognition for loss of career progression - a 1% fixed rate to the earlier of 20 years of service or age 60 for Veterans with a diminished earnings capacity.
- The IRB will allow recipients to earn up to \$20,000 per year from employment before the benefit is adjusted. Employment income in excess of \$20,000 will be fully offset dollar for dollar from the IRB amount.
- The IRB amount reduces to 70% (of the 90% amount) before offsets, after the 65th birthday.

Income Replacement Benefit (IRB) - Survivors

- Service-related death of member or Veteran before age 65 regardless of IRB entitlement:
 - Survivor & orphan(s) will be eligible for the same IRB that the member or Veteran could have received until age 65 (90%).
 - The month after the 65th birthday, the benefit reduces to 70% of what the member or Veteran would have received post-age 65 (70%). This is an increase from the current 50%.
 - Income amounts received by the survivor in respect of the member or Veteran are an offset, no offsets for orphan(s).
- Non-service-related death of Veteran in receipt of IRB prior to age 65:
 - Survivor & orphan(s) may receive a lump sum payment equal to 24 months of the amount the Veteran received in the month before he or she died. This is an increase in eligibility
- Death of a Veteran (non-service-related/service-related) after age 65 while entitled to IRB:
 - Survivor & orphan(s) receive 70% of the Veteran's post-65 IRB (70%) before offsets in the month of the death.

Income Replacement Benefit - Transition

- No Veteran will receive less than the amount(s) of Earnings Loss Benefit, Retirement Income Security Benefit, and Career Impact Allowance Supplement they were eligible for prior to the implementation of IRB.
 - These amounts will be protected on implementation and will include annual indexation.
 - Applications in progress prior to implementation and active review rights will be actioned after implementation.
- Survivor & orphan(s) amounts will also be protected with annual indexation until the division of the benefit changes (e.g. new orphan is identified after implementation) or they are no longer eligible (e.g. orphan turns 18 & does not continue education).
- The Supplementary Retirement Benefit will be paid out to eligible Veterans and survivors after implementation.

VAC's Rehabilitation Services and Vocational Assistance Program

- On April 1, 2019, the Medical Release – 120 day eligibility for the VAC Rehabilitation Program and vocational assistance will close; ending rehabilitation, vocational assistance and income replacement benefits from VAC for Veterans who medically release for non-service related reasons.
- A 5-year temporary gateway will be created to allow non-service related medically released Veterans to receive medical or psycho-social rehabilitation ONLY from VAC. Vocational rehabilitation and income support will be provided through Canadian Armed Forces – Long Term Disability.
- Veterans entitled to VAC's Rehabilitation Program and vocational assistance as a result of the Medical Release – 120 day eligibility prior to April 1, 2019, will continue to receive benefits on transition.

Why the Delay?

- The PFL must first go through Canada's legislative process, meaning acts and regulations around the current NVC must be amended, and new sections of legislation created (Winter/Spring 2018).
- Next, funding approvals will be sought from Treasury Board (Summer of 2018).
- After funding is obtained, VAC will need to review the files of Veterans who are already receiving benefits and contact them about how the new benefits will affect them, as well as develop systems and processes needed to efficiently deliver the new benefits when they come into force on April 1, 2019.
- On April 1, 2019 an estimated:
 - 74,300 clients will have a calculation made to determine if they will receive a monthly amount on top of the Disability Award they already received; and
 - 17,800 clients previously in receipt of the Earnings Loss or Retirement Income Security Benefit will transition to the IRB; and
 - 10,800 Veterans will transition to the new APSC benefit from CIA.

Delivering Commitments

- In Budgets 2016 & 2017, the Government invested more than \$6 billion into services and benefits administered by VAC, including the increase to the Disability Award to a maximum of \$360,000 (from \$314,723).
- This investment makes improvements to the NVC, while further structuring benefits & services to be in line with the new well-being model. Added benefits, such as up to \$80,000 for education for all eligible Veterans and more help for caregivers of Veterans who are ill or injured further support this approach.

Delivering Commitments – Continued

Budget 2016 - \$5,600M*	Budget 2017 - \$603M*
<ul style="list-style-type: none">✓ Reopen 9 + 1 VAC service offices & expand outreach in the North✓ Hire 400 staff & reduce client-to-case manager ratio to 25:1✓ Provide 90% of pre-release salary & and index it (Earnings Loss Benefit)✓ Expand access to higher grades of the Permanent Impairment Allowance✓ Increase Last Post Fund funding & streamline funding access for commemorative activities	<ul style="list-style-type: none">✓ Suicide prevention strategy✓ Support families of Veterans: Caregiver Recognition Benefit; Expanded access to Military Family Resource Centres✓ End time limit for surviving spouses to apply for vocational rehabilitation✓ Centre of Excellence on Post-Traumatic Stress Disorder & Related Mental Health Conditions✓ Enhanced Career Transition Services✓ Veteran and Family Well-Being Fund & Veterans Emergency Fund

Budget 2017 – Implementation April 1, 2018

- **Education and Training Benefit** - Provides up to \$80,000 in funding to cover tuition, fees materials, and some incidentals and living expenses for participants for most types of formalized educational programs, while they are attending school.
- **Caregiver Recognition Benefits** – A new tax-free benefit of \$1000 per month, paid directly to a Veteran’s informal caregiver (replaces Family Caregiver Recognition Benefit).
- **Redesigned Career Transition Services** – Replaces current Career Transition Services grant program; removes time limits to access services; offers expanded and personalized employment services based on individual needs, and provided by third party(ies).
- **Veterans Emergency Fund** – Would provide VAC flexibility to support Veterans and survivors with access to financial support, quickly and efficiently, to ensure their well-being in urgent circumstances. It will provide immediate assistance while mid-to-long term solutions are found.

Budget 2017 – Implementation Continued

- **End Time Limits for Vocational Assistance** - Veterans and survivors would have no time limit in applying for the rehabilitation program while dealing with disability or death of a loved one.
- **Veterans and Family Well-Being Fund (VFWB)** - The VFWB will be used to improve the quality of life for Veterans and their families by funding research and develop a wide range of innovative programs and services that will make a positive difference in their lives.
- **Veteran Family Program** - Expanded Military Family Resource Centre programming to include additional services tailored to medically releasing members and their families' transition needs.
- **Mental Health Centre of Excellence** - Creates a new Centre of Excellence in Veterans' care, specializing in mental health, post-traumatic stress disorder and related issues for Veterans.