

# INCOME REPLACEMENT BENEFIT

(taxable)

The monthly benefit is designed to provide income support to Veterans who are experiencing barriers to re-establishment in post-service life due to a health problem resulting primarily from service. The benefit is available to Veterans, survivors, for life, and orphans, should they need it.

## WHEN DOES THE IRB COME INTO EFFECT

The IRB is expected to come into effect April 1, 2019.

## ELIGIBILITY

The Income Replacement Benefit is intended to meet the needs of Veterans who have barriers to re-establishment due to physical or mental health problem(s) resulting primarily from service; and are eligible for VAC's Rehabilitation Program.

## HOW THE BENEFIT IS CALCULATED

The IRB is calculated by taking 90 percent of a Veteran's salary at the time they were released from the military (indexed annually to the present day to account for inflation) less offsets (e.g. amounts payable under the *Canadian Forces Superannuation Act*). The IRB guarantees a minimum amount of \$48,600/year.

For Veterans who have a diminished earnings capacity, their salary at the time of release will also be increased by 1% every year until the Veteran reaches what would have been 20 years of service or age 60.

## THIS IS TAXABLE

This benefit is taxable because it is a replacement for income that would have been earned should the Veteran not have had an injury or illness related to service.

## EMPLOYMENT EARNINGS

A Veteran may earn up to \$20,000 in employment earnings per year before any reductions would be made to the IRB. Employment income in excess of \$20,000 will be fully offset dollar for dollar from the IRB amount.

## ELIGIBILITY FOR LIFELONG PAYMENTS

A Veteran who is participating in VAC's rehabilitation program will be evaluated before turning 65 or after the completion of the rehabilitation or vocational assistance program. If the permanent physical or mental health problem results in a Diminished Earnings Capacity (DEC) then the Benefit will be extended for the Veteran's lifetime or until the Veteran no longer has a DEC.

For Veterans who have not yet served a full career in the military, the IRB will be increased by 1% every year until the Veteran reaches what would have been 20 years of service or age 60.

## AFTER A VETERAN TURNS 65 YEARS OLD

If a Veteran has a Diminished Earnings Capacity prior to age 65 the Benefit may be payable for life. After the Veteran reaches the age of 65, instead of 90 percent of the release salary, the Veteran will receive 70 percent of the amount less offsets.



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## IN THE EVENT OF A MEMBER OR VETERAN'S DEATH

The survivor and/or orphan of the member or Veteran may receive the IRB in the event of a member or Veteran's passing.

- **If the member or Veteran's death is service-related and occurs before the age of 65**
  - In this case, the survivor and orphan of the member or Veteran will receive the same amount of IRB as the member or Veteran could have received before offsets (90 percent of salary at release or the minimum amount) less any amounts the survivor receives in respect of the Veteran.
  - Following the month of the member's or Veteran's 65<sup>th</sup> birthday if they had lived, the survivor and orphan will receive 70 percent of the post age 65 reduced IRB amount, less any amounts the survivor receives in respect of the member or Veteran. There are no offsets applied to an orphan's IRB amount.

- **If the Veteran's death is non-service-related and occurs before the age of 65 while the Veteran is entitled to the IRB**
  - In this case, the survivor and orphan of the Veteran will receive a lump sum equal to 24 times the amount that the Veteran received in the month his or her death occurred before offsets.
- **If the Veteran's death occurs after the age of 65 while the Veteran is entitled to the IRB**
  - In this case, the survivor and orphan of the Veteran will continue to receive 70 percent of the post age 65 reduced IRB amount before offsets, less any amounts the survivor receives in respect of the Veteran. Where there is a survivor and orphan, the survivor would get 50% and the orphan(s) would get the other 50%. If no survivor, then the orphan(s) will split the full amount. There are no offsets applied to an orphan's IRB amount.

