

ACCOUNTING ERROR FROM 2003 OWING MONEY TO UPWARDS OF 270,000 VETERANS

- Our Government is committed to supporting Canada's Veterans and their families, and values the significant contributions that Veterans have made protecting Canadians.
- When the government learned about this error, we took action and corrected the calculation.
- After a detailed review of all records between 2003-2010, we found that upwards of 270,000 Veterans, survivors, RCMP members and Veterans still required compensation for this adjustment. In some cases the payments will need to be made to estates.
- The Department has secured a source of funds of up to \$165 million for retroactive payments.
- Most individuals will receive a few hundred dollars, while the maximum amount to be paid would be several thousand dollars.
- The Department has begun issuing payments to living Veterans, however more complex cases will take longer to process and pay. Individuals representing estates will be able to apply for corrective payments beginning in 2020.
- We are committed to ensuring that Veterans receive the respect, support, care, and economic opportunities they deserve.

CLASS-ACTION LAWSUIT

- With respect to the class-action lawsuit filed against the Government, the matter is before the courts, and it would be inappropriate for me to comment further.

BACKGROUND – VETERANS AFFAIRS CANADA ACCOUNTING ERROR FROM 2003 OWING MONEY TO UPWARDS OF 270,000 VETERANS - COMPENSATION FOR CORRECTIVE ADJUSTMENTS TO ANNUAL DISABILITY PENSION CALCULATIONS BETWEEN 2003 AND 2010

- Under the *Pension Act*, Veterans Affairs Canada's Disability Pension program provides a monthly tax-free payment to eligible War Service Veterans, or their survivors, and the Department also administers Disability Pensions on behalf of the Royal Canadian Mounted Police.
- Section 75 of the *Pension Act* prescribes two methods of calculating the annual escalation adjustment: using either the Consumer Price Index or the Annual Wage Calculation, with the method applied being the one that provides a greater benefit to the Veteran/survivor.
- In the early 2000's, the Government of Canada introduced a change to the personal tax exemptions under the *Income Tax Act*. Unfortunately, this change was not incorporated in Veterans Affairs Canada's annual adjustment calculations until January 2011 and on a go forward basis only.
- Approximately 270,000 Veterans, survivors and members of the RCMP who received Veterans Affairs Canada's Disability Pension payments from 2003 to 2010 are impacted and will receive a retroactive payment. The estimated value of the error is approximately \$165 million.

Class-action Lawsuits:

- With respect to the five class-action lawsuits filed against the Government, the matter is before the courts.

Veterans Affairs Canada's Action:

- The Government agrees and has committed to provide corrective payments to impacted individuals.
- It is expected that approximately 90% of payments to living eligible Veterans and RCMP will be made automatically using existing systems. The remaining cases may require more manual intervention due to their complexity.
- Estates of deceased Veterans will have the opportunity to apply for a retroactive payment. This application process is required because the Department does not maintain contact information for estates.
- Payments to estates are more complex and will require more time to process.

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