



Indexation Payments

October
2019





OVERVIEW

- In the early 2000s, 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 (VAC) annual adjustment calculations until January 2011 and on a go forward basis only.
- In 2017, the Office of the Veterans Ombudsman completed an analysis of VAC's historical payments and concluded that the change in calculation should have been retroactive. As soon as the Ombudsman brought this matter to VAC's attention, the Department started making plans to secure the resources needed to compensate those affected.



BACKGROUND

- 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 are eligible to receive a corrective payment.
- Approximately 180,000 of the 270,000 are deceased.
- The total estimated amount of the issue is \$165 million and the Department has secured a source of funds to cover these payments.
- *redacted*



CURRENT STATUS

- In September 2019, the Department began issuing payments to impacted living Veterans, members of the RCMP, and survivors.
- Veterans who currently receive a pension or other benefits from us, do not need to apply. Payment will be issued automatically.
- Some complex cases will take longer to process and pay.
- Individuals representing estates will be able to apply for corrective payments beginning in 2020.
- Each scenario is different. Most people will receive a few hundred dollars.



CONSIDERATIONS

- In December 2018, the Office of the Comptroller General initiated an audit of the Escalation Process. Draft audit results outline the circumstances that lead to the historical error and confirm that key controls are now in place. Results are expected to be released publicly early in 2020.
- There is currently a class action lawsuit filed with the federal court regarding this issue.



NEXT STEPS: CRITICAL TIMELINES

- Individuals representing estates will be able to apply for corrective payments beginning in 2020.
- As of October 28, 2019, payments have been issued to almost 65,000 of the 90,000 living/in-pay clients. We continue to process cases manually and anticipate that many will be paid by December 31, 2019. The more complex cases will take longer.