



Election as to Payment of Disability Award

Effective Date: November 28, 2013

Purpose

The purpose of this policy is to provide direction respecting the options available to Canadian Armed Forces members and Veterans regarding the payment of a Disability Award, including eligibility requirements, electing a payment option, and the processing of annual payments.

Policy

Eligibility

1. A member or Veteran may elect a payment option when the Disability Award to be paid is 5% or greater.
2. If the Disability Award to be paid is less than 5%, no election is available and the member or Veteran is to be paid the Disability Award as a lump sum.
3. Survivors or dependent children who are eligible to receive an award cannot elect a payment option; the Disability Award is to be paid as a lump sum.

Time Limit and Manner of Election

4. A member or Veteran has 90 days, from the date of the decision letter indicating the amount of the Disability Award to which they are entitled, to inform the Department in writing of their election.
5. If the member or Veteran fails to make the election within that period the Disability Award shall be paid as a lump sum.

Payment Options

6. An eligible member or Veteran who is to be paid a Disability Award of 5% or greater may receive payment of the Disability Award in one of the following three ways:
 - a. a lump sum payment;
 - b. annual payments; or
 - c. a combination of lump sum payment and annual payments.
7. The total number of annual payments or total amount of any full or partial lump sum payment is at the choosing of the member or Veteran and such choice must be provided in writing.

Interest

8. Interest is not payable on any Disability Award amount paid as a lump sum.
9. A member or Veteran who elects annual payments is entitled to an amount of interest for each year determined in accordance with section 54.2 of the *Veterans Well-being Regulations (VWR)*.

Timing of Payments

10. When a member or Veteran elects a lump sum payment, or is deemed to elect a lump sum payment due to failure to make an election in the prescribed time or manner, the lump sum is paid immediately.



11. When a member or Veteran elects annual payments, the first payment is paid immediately and the subsequent payments are payable each year in the anniversary month of the date of decision by which the amount of the Disability Award was determined.
12. When a member or Veteran elects for a combination of lump sum and annual payments, the lump sum is paid immediately and the first and subsequent annual payments will be paid in the anniversary month of the date of decision by which the amount of Disability Award was determined.

Election to Receive Payout

13. A member or Veteran who elected to be paid in annual payments and who received at least one payment may, at any time, elect to be paid a lump sum in lieu of any annual payments remaining to be paid. The election must be made in writing to the Department.
14. The lump sum payment is calculated in accordance with section 54.3 of the *Veterans Well-being Regulations*.

Payout in the Case of Death

15. A member or Veteran who dies before all annual payments are paid is deemed to have elected, on the day before their death, to be paid a lump sum in lieu of any annual payments remaining to be paid.
16. The lump sum payment is calculated in accordance with section 54.3 of the *Veterans Well-being Regulations*. The lump sum amount is paid in the name of the member or Veteran and does not form any part of an amount that a survivor or dependent child may be entitled to receive under section 50 of the *Veterans Well-being Act*.

Combining of Annual Payments for Subsequent Awards

17. A member or Veteran may be in receipt of annual payments for a previous award and subsequently be granted a new Disability Award to be paid at 5% or greater. The member or Veteran may elect to receive the new award in the form of annual payments or some combination of lump sum and annual payments. In that case, the member or Veteran must combine the outstanding balance of the previous award with the new award.
18. The value of the annual payments remaining to be paid from the previous award is calculated in the same manner as described in paragraphs 13 and 14. That lump sum amount is added to the amount of the subsequent award which the member or Veteran elects to receive in the form of an annual payment.
19. The interest payable for the year in respect to the annual payments from a combined award is calculated in accordance with section 54.2 of the *Veterans Well-being Regulations* as of the date of the subsequent decision in which the amount of the Disability Award was determined.
20. The annual payments related to a combined award will be paid in the anniversary month of the date of the subsequent decision in which the amount of the latter Disability Award was determined.

References

Veterans Well-being Act, section 52.1

Veterans Well-being Regulations, sections 54.1, 54.2, and 54.3