

PENSION FOR LIFE



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Pension for Life – Benefit Overview

Benefit	Description
<p>Pain & Suffering Compensation (Non-Economic Benefit - non-taxable)</p>	<ul style="list-style-type: none"> • Replace Disability Award with monthly Pain and Suffering Award • \$1150 maximum monthly, tax-free, payment for life
<p>Additional Pain & Suffering Compensation (Non-Economic Benefit - non-taxable)</p>	<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.
<p>Income Replacement Benefit* (Economic Benefit - taxable)</p>	<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.
- Payments are determined based on a Veteran's individual circumstances.

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.

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
- 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.
- 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%) which is an increase.
- 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.

Why the Delay?

- The PFL must first go through Canada's legislative process.
- 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.

Delivering Commitments

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

* Accrual Program Investment

Budget 2017 – Implementation April 1, 2018

- **Education and Training Benefit** - Provides up to \$80,000 in funding while Veterans attend 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.
- **Veterans Emergency Fund** – Provides VAC flexibility to support Veterans and survivors with access to financial support.

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)** - 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.
- **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.