

**Military/RCMP Veterans  
Against Annuity  
Benefit Reduction at age 65**

**“For immediate distribution”**

## **Campaign Paper**

The purpose of this initiative is to convince the Prime Minister of Canada and Members of Parliament to take action to terminate the unfair, unjust CPP benefit reduction formula that is being applied to Military/RCMP Veterans Annuity when they attain age 65, or sooner if they become disabled. The Government of Canada must right a wrong by amending the CFSA Act and the RCMPSPA Act of a miscalculation in justice and fairness affecting its Veterans and their Families during their Golden Year.

**Bill C-215** – An Act to amend the Canadian Forces Superannuation Act and the Royal Canadian Mounted Police Superannuation Act. (Deletion of deduction from Annuity)

### **History:**

The Canada Pension plan was enacted in 1965/66. Its intention was to provide another source for an “**Income security**” program **supplementing** the old age security plan.

### **The Crux of the issue:**

Veterans maintain that in 1965/66 the Government of Canada has, deliberately or otherwise, imposed on Military/RCMP personnel a gross **injustice and unfairness** by merging rather than stacking their Annuity contributions. They were not given any options. It is a known fact that Military/RCMP personnel were dealt with in a negligent fashion, that Senior Military Officers did not hold “Assistant Deputy Minister appointment” to represent them. Personnel were not briefed of the pitfalls associated with the merging of their contributions. In short, **democracy** did not occur! Veterans always made the required maximum contributions. Veteran’s contributions were always listed separately on their pay guides, therefore, giving them a false sense of financial security.

### **CFSA Facts:**

On January 1, 1966 the Canadian Forces employee’s contribution rate was reduced from 9.3% to 7.5% of gross pay. Hence, a “**so called**” reduced Annuity contribution to our CFSA has accumulated a Military Annuity **surplus of over 20 billion dollars**. It clearly indicates that our contributions to the CFSA were sufficient to pay for our Annuity benefits without a reduction clause.

## **Veterans are getting 100% of what they paid for!"**

Veterans seek no funds from the Public purse! They sure are not getting what they paid for otherwise their Annuity funds would not have accumulated billion of dollars surpluses!

Let us remind you that today a chief Warrant Officer with 38 years of service draws an Annuity smaller than that of a serving Private's income.

Veterans retiring in the year 1970-80 today receive an annual annuity of \$15,000. The annual average payment to annuitants was \$21,684 dollars for the year ending 31 March 2009. (2009 annual pension report)

## **Depletion of CFSA surplus funds:**

### **2003/04 CFSA annual pension report:**

The Government of Canada has depleted 16.5 billion surplus dollars from the Military Annuity funds to pay down the National debt. This amount is part of the 30 billion dollars ongoing lawsuit. Take note that the 2003/04 CFSA pension report indicated that a further 630 million dollars was also retired from our Annuity account. The 2004/05 Pension report indicated that no funds were "Withdrawn" from the account and that there was a surplus of 1.099 billion dollars recorded that year. Surplus funds have accumulated and were sufficient to pay for the termination of the Veterans CPP benefit reduction formula.

### **2009 annual report:**

The 2009 annual pension report indicated that they were 86,406 Military annuitants. 39,192 were over the age of 65. The total annual cost of the CF Vets annuity benefits for the year 2009 was \$2.391 billions. The CF pension plan assets recorded for 31 March 2009 was **\$6.94 billions**. More than sufficient funds to terminate the CPP benefit reduction program.

## **CPP Facts:**

The Government of Canada enacted the Canada Pension Plan (CPP) in 1965 and the plan came into force on January 1, 1966. Its intention was to provide another source for an "Income security" program **supplementing the Old Age security pension plan**. Military/RCMP Veterans maintain that in 1966 the Government of Canada deliberately or otherwise imposed on them a gross injustice and unfairness by merging rather than stacking their Annuity & CPP contributions and benefits and not providing them with any other options.

With regards to the CPP, the employee and the employer each paid half of the required contributions. In 1966, the Government levied rate of contributions for Military personnel were: 1.8% of basic earnings. Over the years, the rates substantially increase to 4.95%. Military/RCMP personnel have always made the required separate maximum contributions to the plan. Recently the plan investment board advised that the CPP fund is fiscally healthy with a surplus of over 148 billion dollars.

It is a known fact that Veterans were dealt with in a negligent fashion! In those past years, Senior Military Officers were not appointed "Assistant Deputy Minister" to represent them. Veterans were not properly briefed on the pitfalls associated with the merging of their contributions. In short, democracy did not occur! They were not given any options. They always made the required maximum contributions. Veterans contributions were listed separately on their pay guides, therefore, given them a false sense of financial security.

### **Bridge benefits:**

These words have not been heard of prior to the establishment of our campaign of Annuity justice and fairness. They are not listed in the Financial Counsellor's manual A-FN-109-001/ID-001 and/or the pension Act. The CPP benefits can be applied for at age 60 and they are subject to a 30% penalty. By age 73 the Government has recovered all of its paid out funds and yet it continues to apply the 30% penalty for the rest of their lives.

### **Military service consideration:**

#### **What financial values can we associate to the following issues that affected Veterans and their Families?**

- ?? Loss of Spousal income opportunities, therefore loss of Spousal CPP benefits;
- ?? The unavailability to be able to celebrate anniversaries, birthdays, and family gatherings;
- ?? Loss of overtime revenues with the loss of the member's second income opportunities;
- ?? Loss of availability to purchase a home and be mortgage free during a career;
- ?? Veterans were a distinct Government provider, they served far abroad on numerous 24/7, 16 hour days of operational requirements;
- ?? Veterans often faced dangerous conditions, health hazards, extended Family separation with elevated levels of stress; and
- ?? Canadian Forces and RCMP personnel are committed to an unlimited liability and they were prepared to make the ultimate sacrifice to their Country Canada.

## **Endorsement of the Campaign:**

A great number of Senior Officers have clearly supported the initiative that Military/RCMP Veterans have been misled and that the situation needs to be rectified. They include comments from former: Major-General Lewis MacKenzie, Commodore David Cogdon, Colonel Don Ethell, RCMP Deputy Commissioner Larry R. Proke, Mr. Bill Gildley, Executive Director, RCMP Veterans. Former Canadian Forces Chief Warrant Officer John Marr, former Maritime Command Chief Petty Officer Lt (N) Joe Fillion and Chief Petty Officer First Class D.H. Brown. We have also received support from Veterans living in 18 different Countries.

This worthwhile initiative continues to grow! Over 112,500 Veterans have pronounced their support. To date 121 former Colonels and Generals have signed our Veterans petition. It includes the signature of 54 former Generals Officers and RCMP Superintendents.

The Dominion Command of the Royal Canadian Legion, The Army Navy and Air Force Veterans (ANAVETS) of Canada, and The Air Force Association in Canada have adopted resolutions at their Annual General meetings in 2006 in full support of our Annuity initiative. We have received support regarding our mission from Mrs. Lillian Morgenthau, Founder and President of CARP (Canada's Association for the 50 plus). Numerous other Military Associations have also declared their support of the objective.

In 2011, the Yukon and Nova Scotia Provincial standing Committee on Veterans Affairs unanimously passed motions in support of Military/RCMP Veterans Annuity issues.

## **Conclusion:**

Mr. Harper, Prime Minister of Canada, In the 2005 election campaign you stated that: "When a motion passes the democratic elected majority of the House of Commons, the Government shall honour that motion!" (Hansard 2005). On May 5, 2010 for the fourth (4) time, Conservatives MP's were directed to vote against Bill C-201. The bill's count was successful and the final vote recorded was 149 yeas and 134 nays. The speaker of the House of Commons then declared that Bill C-201 was carried, but he also discharged it from the Parliament agenda because you Sir, as Prime Minister of Canada, refused to request a Royal recommendation. Dictatorship was the order of the day and Bill C-201 died on the order table.

Members of Parliament must recognize that this issue is not a political one but rather it is very much a Military/RCMP Veterans Annuity deduction issue. It is pertaining to the undemocratic, unjust, unfair CPP benefit reduction levied at their Annuity at age 65 or sooner if they became disabled. During the past six (6) years, the Committee has clearly explained the issue. This Annuity benefit reduction has been imposed on them without fair and open consultation and it now affects the welfare of their Families.

## **Bill C-215:**

On June 15, 2011, for the fifth time, Mr. Peter Stoffer, MP introduced Bill C-215 seconded by Mr. Pat Martin, MP in support of their Military/RCMP Veterans Annuity issue. Veterans are attempting to correct a historical wrong. Surely, the Government has a solemn obligation to treat its Veterans fairly and justly during their Golden Years. They and their Families have committed to an unlimited liability to serve Canada. They have an expectation that Canada will treat them fairly and with dignity for they have given far more of themselves than any other segment of the population. Give them the financial dignity they deserve and paid for in so many different ways.

Mr. Prime Minister the rumour is that you will not allow a Conservative democratic vote and that Bill C-215 will be defeated at its second reading/debate. How much longer will the Government of Canada turn its back on Canada's Military/RCMP Veterans and their Families with regards to their unjust, unfair Annuity issue? Veterans and their Families have sacrificed a great deal to ensure Canada's freedom. They have served Canada with Honour and Dignity!

Prime Minister of Canada 54 former Generals Officers and RCMP Superintendents can't all be wrong! You are requested to permit a democratic free vote as you have previously promised in the 2005 election campaign.

God bless our Military/RCMP Veterans and their Families, for it is their sacrifices that allow us to speak freely today! Let us never forget them, as we ourselves do not wish to be forgotten in our Golden Years!

It has been an Honour and privilege to serve "Our Country Canada" and we continue to serve today!

We shall remember them!

Sincerely,

John Labelle  
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Revised November 23, 2011