MINISTER'S POLICY ADVISORY GROUP

FINANCIAL COMPENSATION MODEL – A WORK IN PROGRESS

BACKGROUND - WHO WE ARE

- We are 9 members including Veterans and representatives from Veterans organizations
- We have had 4 face-to-face meetings and 4 teleconferences since February
- We are unique in that we are Veteran led with support from VAC
- Our focus has been to develop recommendations for the Minister for Budget 2017
- **We are a "work in progress"**

SCOPE

- Task
- Goals and Outcomes
- Deficiencies and Challenges
- Objectives
- **Chapter One - Recommendations**
  - **Strategic communications**
  - **Income Support**
  - **Pain and Suffering**
  - **Support to Families**
  - **Support to Low Income Veterans**
  - **Summary of our Model**
- **Chapter Two – One Veteran One Standard**

OUR TASK FROM THE DEPUTY MINISTER

- Review the current financial compensation provided to all ill and injured Veterans and their families
- Identify deficiencies and challenges
- Make recommendations to ensure life-long income support and recognition of pain and suffering

GOAL AND OUTCOMES

Goal – Ensuring life-long financial security and fair compensation for pain and suffering for all veterans and their families

Category	Outcome
Income Support	Reasonable financial security for life for those that can no longer work Receive what a Veteran would have received had they served a full career in the CAF with due regard for normal career progression
Pain and Suffering	Fair compensation for the effects of a service related injury or death and compensation for exceptional incapacity Recognition of sacrifice
Education and Rehabilitation	Engage and participate in meaningful education and rehabilitation programs based on member's need to achieve full potential. This is good for the member, their family as it is for the nation.

KEY DEFICIENCIES AND CHALLENGES (1)

- **Fairness:**
  - There is a disparity between the financial compensation in the *Pension Act* and the NVC
  - The offset and taxation requirements of NVC benefits results in a further disparity with *Pension Act* benefits
  - Disability Pension is based on level of disability, while ELB is based on salary at release
  - There is no monitoring of outcomes to determine program effectiveness and impact on veterans and their families

- **Pain and Suffering:**
  - There is a lack of compensation for exceptional incapacity within the NVC as compared to the *Pension Act*
  - The eligibility requirements (98% disabled) of the Exceptional Incapacity Allowance in the *Pension Act* is too restrictive
  - Critical Injury Benefit eligibility criteria is too restrictive focused only on physical injuries
  - The Death Benefit is provided only to the survivors of married Veterans

KEY DEFICIENCIES AND CHALLENGES (2)

- **Income Support:**
  - There are different standards/ requirements between the SISIP LTD and VAC VOC REHAB programs
  - There is a lack of compensation in the NVC for loss of career progression
  - There is a need for an incentive to encourage employment while participating in the voc rehab program to permit a Veterans to find meaningful purpose.
  - Post age 65 income support in the NVC is insufficient
  - Survivor benefits in the NVC are inadequate

- **Family Support:**
  - The NVC does not provide compensation to caregivers or recognize the impact of injuries on the family

FINANCIAL COMPENSATION MODEL – OBJECTIVES

- Resolve the disparity between *Pension Act* and NVC
- Ensure no Veteran under the NVC would receive less than a Veteran under the *Pension Act* for the same disability or incapacity
- Ensure benefits and programs that are fair and meet the needs of all ill and injured veterans and their families
- Implement a "One Veteran – One standard" approach to benefits

Communicate to CAF members, veterans and their families using Veteran-centric plain language

STRATEGIC COMMUNICATIONS

- The evolutionary changes to Veterans benefits in 2006 needed to be proceeded by an extensive communications approach to create a level playing field for the positive impacts of change and establish success for veterans and their families
- **However, the introduction of the NVC in 2006 was a hasty process, absent by a communication strategy and a solid communication plan, and as a result doomed VAC to a perpetual reactive status**
- The result was an almost total lack of credible information available to both internal and external stakeholders and the messaging was overtaken by the most vocal critics
- The majority of veterans (and Canadians) would have been pleased with the wellness focus of the NVC but never had a chance to learn about it

Recommendation

- A tailored communication strategy and plan be developed, tested and implemented that will frame the pending changes in terms of veterans wellness particularly in areas where programs did not exist previously or were ineffective in achieving their aim
  - The messaging needs to reach all Canadians, Veterans and their families

REHABILITATION AND INCOME SUPPORT

Income Support and Rehabilitation Programs (SISIP and VAC)

- While in 2006 CAF/VAC committed to harmonize the two programs, today there are two programs with different funding models, different eligibility criteria, different assessment models and the benefits are not aligned
- Eligibility for VAC Voc Rehab provides benefits for service and non-service related releases within 120 days of release and after 120 days to those with a barrier to re-establishment related primarily from service
- **If universality of service is a CAF mandatory employment requirement, then medical release under this condition must be considered a service related factor for Regular Force members**
- The programs do not provide incentives to work and develop self fulfillment

Recommendation

- Eliminate SISIP LTD/VOC Rehab and place all LTD and VOC Rehab under VAC **for all service attributable and non service attributable medical releases** with no premiums – ONE PROGRAM/ ONE SERVICE DELIVERY MODEL
- For ELB permit a minimum threshold of earned income to encourage work and remove this disincentive

IMMEDIATE – SHORT TERM

VAC ELB/SISIP LTD

- **The Policy Advisory Group sent a letter to the Minister of Veterans Affairs on 14 July to express concern with the impact of the 1 Oct 2016 90% increase to ELB benefits on SISIP recipients**
  - This issue - The expectation of veteran stakeholders is that an increase to ELB would apply equally to **all SISIP LTD recipients** regardless if the medical release is service related or non-service related
  - The intention of VAC is to "top-up" the SISIP LTD payments through the ELB program provided the veteran's release is SERVICE RELATED and is in receipt of SISIP LTD benefits from post 2006.
  - Different standards of compensation is not supportable given the nature of military service and mandatory requirement of universality of service

Recommendation

- **This is unfair, discriminatory and must be resolved** - Harmonize SISIP LTD and ELB to 90% for all recipients immediately.

INCOME SUPPORT

Permanent Impairment Allowance (PIA)/ Career Impact Allowance (CIA)

- Budget 2016 expands access to higher grades of the PIA and renames the benefit "Career Impact Allowance" to better reflect the intent of the program and provide compensation for loss of career progression
  - This change to PIA does not provide guidance as to how veterans will be compensated for loss of career progression
  - Canadian Courts apply the concept of future loss of income – Why should an injured Veteran receive less than a civilian?

Recommendations

- Short-term to reflect Budget 2016 changes - establish a simple methodology to determine "loss of career progression"
- Long-term for Budget 2017 - **consolidate ELB and CIA (previously PIA and PIA(S)) income support benefits to provide a single stream of income, include a "projected career earnings" approach and non-taxable (to parallel the *Pension Act* benefits)**
  - The concept should reflect - what would the veteran have earned if the veteran had not been injured
  - Access to the benefit should be available throughout the lifetime of the veteran providing a safety net that includes both pre and post release income
  - **Continue for life and eliminate RISB** (next slide)

INCOME SUPPORT POST AGE 65

Retirement Income Security Benefit (RISB)

- This benefit provides only 70% of what the veteran had been receiving from VAC less offsets, it **does not provide sufficient financial security post age 65**
  - Even with the Budget 2016 enhancements to the PIA and ELB veterans at age 65 will still be disadvantaged
- Under the NVC the impact on **surviving spouses** is even more adverse by applying a 50% formula to reduce benefits at age 65

Recommendation

- ELB/CIA payments continue for life as is the case for *Pension Act* benefits and eliminate RISB
- **Surviving spouses should be entitled to 70%** of this amount parallel to the CFSA Survivor benefit in the Mandate Letter

PAIN AND SUFFERING

Disability Award/Exceptional Incapacity Allowance

- Budget 2016 increased the Disability Award to a maximum $360,000.00 which now parallels the maximum that the Canadian Courts award for non-economic damages, and as recommended by Veterans organizations, the Equitas Lawsuit and the Veterans Ombudsman
- There is no compensation in the NVC to recognize veterans who have suffered an exceptional incapacity with life-time health effects similar to the Exceptional Incapacity Allowance in the *Pension Act*

Death Benefit

- The Death Benefit is provided only to the survivors of married Veterans

Critical Injury Benefit (CIB)

- The eligibility criteria is too restrictive, focused only on physical injuries

Recommendation

- **Extend EIA to NVC recipients to recognize veterans who suffer an exceptional incapacity**
- Lower the eligibility criteria for EIA to cover those veterans under 98% disabled and who are confronting extraordinary incapacities as a result of their service-related disabilities
- Improve the eligibility criteria for CIB to include mental health injuries
- Extend eligibility of the Death Benefit to the families of all deceased Veterans

SUPPORT TO FAMILIES

Caregiver Benefit

- The **FCRB does not provide adequate financial support** for veterans where significant needs of care must be provided by an informal caregiver who is often the spouse or parent
  - Attendance Allowance, under the *Pension Act,* recognizes this support and provides up to $20,000 a year of non-taxable benefits to those veterans in significant need of attendance

Support to Families

- Under the NVC there is no income support provided to the family similar to that which is provided under the *Pension Act*

Recommendations

- Introduce a modernized attendance allowance payable to informal caregivers to recognize and compensate for the significant effort and economic loss to support injured veterans and ensure access reflects consideration for effects of mental health injuries

- Introduce a new Family Benefit for all veterans in receipt of a Disability Award that would compensate for the size of the family similar to the benefit provided in the *Pension Act*, Disability Pension

SUPPORT TO LOW-INCOME AND HIGH RISK VETERANS

- **Currently, there is no financial safety net for those veterans who are low-income or at high risk of homelessness or homeless**
  - War Veterans Allowance was established to provide a financial safety net to all low income veterans (for WWII and Korea War veterans only)
  - CF Income Support Program under the NVC provides a financial safety net for veterans who complete the rehab program and cannot find work

Recommendation

- Establish a financial safety net for all low income veterans to recognize their sacrifice and service to the country

CHAPTER ONE - OUR MODEL

Category	Benefit
Pain and Suffering	• Disability Award • **Exceptional Incapacity Allowance** • Critical Injury Benefit • Family Caregiver Relief Benefit • Clothing Allowance • Detention Benefit • **Death Benefit to all Veterans**
Income Support	• **Single stream - ELB/CIA benefit** ✓ ELB baseline income replacement – 90% and taxable ✓ CIA with compensation for career impact, **payable for life and non-taxable** ✓ **Opportunity to earn a minimum income with no offset** • **Monthly Family Benefit** • **Caregiver Benefit (Attendance Allowance)** • Survivor Benefit – **70% of Veterans "single stream of financial income"** • **Low Income Support Benefit** • ***Eliminate RISB, SRB, and CFIS** **Note - Bold text highlights recommendations**

CHAPTER ONE - SUMMARY

- The enhancement of ELB/CIA as a single stream of income **for life**, the addition of EIA, Attendance Allowance, a new monthly family benefit and a new benefit for low-income veterans will ensure **all veterans receive the care and support they deserve, when they need it and through their lifetime**

- Plus, the elimination of SISIP LTD and voc rehab program will ensure **all veterans have streamlined and simple access to voc rehabilitation and income support when they need to focus on wellness and re-establishing self-fulfillment**

- By bridging the best parts of the *Pension Act* and the NVC and enhancing or adding new benefits, **our Chapter One**:

✓ ***represents a good first step to addressing the disparity between the New Veterans Charter and the Pension Act***

✓ ***provides a form of "life-long pension" for those veterans who qualify for the benefits proposed in our model***

CHAPTER TWO – ENSURING ONE VETERAN - ONE STANDARD

The Elephant in the Room is the disparity between the *Pension Act* and the NVC

- To achieve "one veteran one standard" it is our ongoing task to ensure that **no veteran under the New Veterans Charter should receive less compensation than a veteran under the *Pension Act* with the same level of disability or incapacity:**
  - We are concluding that there are better options than simply returning to the *Pension Act and we will continue to look for the best solution to eliminate the disparity and achieve one veteran - one standard*

QUESTIONS