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# *Background*

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October 6, 2011

## *Enhanced New Veterans Charter Act*

Effective October 3, 2011, the *Enhanced New Veterans Charter Act* will offer significant improvements to the supports available to Veterans who are ill or injured. The enhancements address concerns that have been raised by Veterans, their families, as well as members of Veterans' organizations, advisory groups and parliamentary committees.

With these enhancements, the Government of Canada has:

- Improved access to the Permanent Impairment Allowance and the Exceptional Incapacity Allowance for seriously injured or ill Veterans;
- Introduced a new monthly \$1,000 supplement—payable for life—to help our most seriously injured or ill Veterans who are unable to be suitably, gainfully employed; and
- Provided flexible payment options for receiving a disability award.

Also, by amending regulations governing the New Veterans Charter, the Government has also established a minimum pre-tax income of \$40,000 a year under the Earnings Loss Benefit for all ill or injured Veterans in the Rehabilitation Program or, if they are unable to be suitably and gainfully employed, until age 65.

### **Improved access to the Permanent Impairment Allowance and the Exceptional Incapacity Allowance:**

When the New Veterans Charter was implemented in 2006, it resulted in some unforeseen gaps between the New Veterans Charter and the *Pension Act*, which had previously served all Veterans. As a result, a number of severely injured Veterans found themselves ineligible for either the new Permanent Impairment Allowance under the New Veterans Charter or the Exceptional Incapacity Allowance under the *Pension Act*.

By correcting eligibility barriers between the two systems, as many as 3,500 Veterans will now qualify for either the Permanent Impairment Allowance or the Exceptional Incapacity Allowance over the next five years. Some Veterans may have previously applied for the Permanent Impairment Allowance but were not eligible at that time. If these Veterans now meet the expanded eligibility criteria, they are being contacted by the Department and offered an opportunity to re-apply.

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**Introduced a new monthly \$1,000 supplement for permanently and severely injured Veterans:**

Severely injured Veterans who are receiving the Permanent Impairment Allowance and are unable to be suitably, gainfully employed will now receive an additional \$1,000 per month—payable for life. This will be added to other financial supports they may receive, such as the minimum, pre-tax income of \$40,000 a year available through the Earnings Loss Benefit.

Eligible Veterans will need to apply for the new supplement. The Department is currently in the process of contacting Veterans who are considered seriously injured and are receiving the Permanent Impairment Allowance. It is anticipated that approximately 500 Veterans will benefit from this change over the next five years.

**Providing payment options for the Disability Award:**

The Disability Award is designed to recognize and compensate for the pain and suffering of an injury or illness. It is in addition to other financial supports such as the monthly Earnings Loss Benefit and the Permanent Impairment Allowance which recognize the ongoing economic impacts of an injury.

The tax-free Disability Award was previously a one-time payment. With the *Enhanced New Veterans Charter Act*, CF members and Veterans now have payment options for receiving their disability award. These options are:

- equal annual payments spread out over the number of years of their choice (with interest);
- a partial lump-sum payment with the balance paid out in annual instalments over any number of years (with interest); or
- a single lump-sum payment.

Veterans will also have the option—at any time—to receive the balance of their disability award in a final lump-sum payment.

**Introducing a minimum annual Earnings Loss Benefit:**

In addition to the legislated changes outlined above, the regulations which govern the New Veterans Charter have been amended to include a minimum annual, pre-tax income of \$40,000 for recipients of the monthly Earnings Loss Benefit. This enhancement should, over the next five years, increase the monthly financial support available to approximately 2,300 Veterans who either left the Canadian Forces while still at a low military rank or when military salaries were much lower than they are today.