

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

Campaign Paper:

Aim:

The purpose of this initiative is to convince the Prime Minister of Canada take action to terminate the CPP Benefit Reduction formula that is being applied to our Military/RCMP Veterans Annuities when they attain age of 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 that now affects the financial dignity of our retired Veterans and their Families during their Golden Years.

History:

Encouraged by a number of Veterans, on February 21, 2005 a letter was send to Mr. Peter Stoffer, MP Sackville-Eastern Shore seeking his support towards a private member's bill to resolve Veterans Pension issue. After meeting with him, I received a letter of support on April 28, 2005. Very soon after a committee was formed with John Labelle-Campaign Coordinator, Roger Boutin, Pr/Member, and Mel Pittman, Web Master/Member. While this Committee has completed its work, other committees are forming across Canada. Bill C-441, Bill C-221, Bill C-502 and Bill C-201 have been introduced in the House of Commons by Mr: Peter Stoffer, MP! (NDP) He also introduced to the House, on November 2, 2006, a Veterans First 5 points-Motion. A private member motion M-362 was presented to the House of Commons on November 8, 2007 by Mr Bill Casey, MP, (Independent). Mr. Peter Stoffer, MP will introduce other Bills to the House of Commons. **This veterans pension issue will not die!**

Back Ground:

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** old age security pension 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** to members of the Canadian and RCMP Forces by merging rather than stacking their pension contributions. It is a known fact that Military/RCMP

Veterans were dealt with in a negligent fashion, that Senior Military Officers did not hold “ Assistant Deputy Minister appointment” to represent the m. Veterans were not properly briefed of the pitfalls associated with the merging of their contributions. In short, **democracy** did not occur and they were not given any options. Veterans always made the required maximum contributions. Veterans contributions were always listed separately on their pay guides, therefore, given them a false sense of Financial Security.

Public Service Unions did not go along with the Government plan to integrate rather than stack their pension contributions.

CFSA Facts:

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

“**Veterans are getting 100% of what they paid for!**” Well they sure are not getting what they paid for otherwise their pension funds would not have accumulated large surpluses!

How can we believe Mr. Laurie Hawn. MP statement that it would cost 7.4 billion dollars to terminate the CPP benefit reduction program?

The 2006/07 annual pension Report indicated that they were 84,728 Military pensioners and 12,331 RCMP pensioners. The total payout cost of the CF Vets pension benefit was **\$2.2 billion dollars** and the cost of the RCMP pensions was **\$451 million dollars**. It is estimated that the termination of the CPP benefit reduction program may affect 50,000 pensioned Veterans.

Depletion of CFSA surplus funds:

The Government of Canada has withdrawn 16.5 billion surplus dollars from the Military Annuity funds to pay down the National debt. Take note that the 2003-2004 report indicated that a further 630 million surplus dollars was also retired from our Pension account. The 2004-2005 Pension report indicates that no funds were “withdrawn” from the account and that there was a surplus of 1,099,013,000 billion dollars recorded in that year. Sufficient surplus Pension funds have accumulated and were sufficient to pay for the termination of the Veterans CPP benefit reduction formula.

CPP Facts:

With regards to the CPP, the employee and the employer each paid half of the required contributions. In 1966, the Government levied rate of contribution for Military personnel was 1.8% of basic earnings. Over the years, the rates substantially increased to 4.95%. Military personnel have always made the required maximum contributions to the Plan. Recently the President and CEO of the Canada Pension Plan Investment Board advised that the CPP fund is fiscally healthy. **Today the CPP plan has a reserve fund of over 120 Billion dollars and is expected to grow to 250 Billion dollars in the next decade. “ Again clearly indicating that contributions to the CPP continue to be too high.”**

The words “**Bridge benefits**” are a “**Miff**”! They are not listed in the manual A-FN-109-001/ID-001 and furthermore the manual was never made available to serving personnel. The bridge benefit term is a miff that was never heard of prior to the establishment of our Campaign on pension justice and fairness. A 30% penalty is levied when you request the CPP benefits at age 60. By age 73 the Government has recovered all of its funds and yet continues to collect the 30% gratuity/penalty for the rest of the members life.

“Why are Pensioner’s indexing revenues clawed back at age 65?”

“Why are Disabled Veterans Pension clawed back?”

“Why claw back the Disabled Veterans Pension indexing revenues?”

“Why establish the CPP plan if it benefits no one?”

Old Age security facts:

The Old Age Security plan is a **separate plan** that should not be confused with the Military/RCMP Annuities and/or the CPP plan. Contributions are not made to the Old Age Security plan. It is simply absorbed into your income tax rate. Be advised, that the Canada General Income Tax Guide for 2008 states: “You may have to repay all or part of your OAS pension if your net income is “**More**” than \$64,718”. In the next decade retirees at age 65 may be receiving more than one retirement income IE. (CFSA, RRSP, CPP, OAS,) therefore they may be subject to repay all or part of the OAS benefits.

Suggested solutions:

The following steps can easily resolve the situation:

- ?? Stop depleting the surpluses in our pension account;
- ?? Have the Government top up our pension account to allow our pension surpluses to grow again and/or return the billion dollars that was depleted from our pension account;

- ?? Temporary transfer 15% of serving personnel EI contributions to the CFSA pension account as 99% of our personnel receive no benefits from the EI account;
- ?? Establish a temporary pension contribution increase of 1% to serving personnel has it will affect their pension later on; and/or
- ?? Retroactive payments are not requested.

Endorsement of the Campaign:

We have received very positive comments of support from our Former Senior Officers. They included: Major-General (ret'd) Lewis MacKenzie, Colonel (ret'd) Don Ethell, Commodore (ret'd) David Cogdon, RCMP Deputy Commissioner (ret'd) Larry R. Proke, Mr Bill Gidley, Executive Director, RCMP Veterans, Chief Warrant Officer (ret'd) John Marr, former CF Chief Warrant Officer, LT (N) (ret'd) Joe Fillion, former Maritime Command Chief Petty Officer, and Chief Petty Officer, first class (ret'd) D.H. Brown, former Maritime Command Chief Petty Officer. A great number of Senior Officers have clearly supported the initiative that Military and RCMP Veterans have been mistreated and that the situation needs to be rectified. This worthwhile initiative continues to grow; over 112,500 Supporters have pronounced their support. Approximately 500,000 members of the Royal Canadian Legion, The Army Navy and Air Force Veterans (ANAVETS) of Canada (20,000 members), and The Air Force Association in Canada (12,000 members) adopted resolutions at their Annual General meeting in 2006 in full support of our initiative. The late Captain Ed Halayko, National Chairman of the Armed Forces Pensioner's Association of Canada and the new National Chairman of the AFP-AAC CWO (ret'd) AE (Tony) Huntley support our 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 declared their support of the Objective. We also have received the support from Veterans living in 18 Countries. **"Veterans from England, Mexico, Germany, CYQQ Forces, Florida, Warsaw Poland, Syrian Arab Republic, Greece, UK, USA, Cayman Island, Afghanistan, South Africa, Iraq, Thailand, Sarajavo Bosnia, Italy, and Japan."**

Different Government Provider:

General Rick Hillier, Previous Chief Of Defence Staff

Quote " We're not the Public Service of Canada, we're not just another department. We are the Canadian Forces, and our job is to be able to kill people." July 2005 Unquote!

General Walter Natynczyk, New Chief Of Defence Staff

**Quote “Our business is different” Our program is to produce men and women in uniform who go into dangerous places and do risky missions.”
Unquote!**

To date, 121 Former Colonels and Generals Officers have signed our Veterans Petition
It includes the signature of 54 Former Generals/RCMP Superintendents.

A Calais Legion Branch # 162 resolution was unanimously adopted at the Dominion Command of The Royal Canadian Legion Annual Meeting in 2006.

On the 6 May, 2008 Mr. Jack Frost, Dominion Command President of the Royal Canadian Legion, has sent a letter to the Minister of National Defence with circulation copies to The Prime Minister of Canada and The Minister of Veterans Affairs, expressing his grave concerns regarding the issue of fairness pertaining to the Claw Back portion of the CFSA.

Military/RCMP Veterans and Forces personnel where and are a distinct and different Government provider who encounter a varying number of issues on a regular basis!

- ?? Loss of Spousal income opportunities, therefore loss of Spousal CPP benefits;
- ?? Loss of member’s second income opportunities;
- ?? Loss of ability to purchase a home and be mortgage free during a career;
- ?? Veterans where a distinct Government provider, they served far abroad on numerous 24/7 operational requirement without overtime pay;
- ?? Veterans often face, dangerous conditions, health hazards, extended family separation, with elevated levels of stress; and
- ?? Canadian Forces/RCMP personnel were prepared to give the ultimate sacrifice to our Country Canada.

Decline of Veterans Benefits:

Why did the Government of Canada unfair/unjust policies allowed Veterans Benefits to deteriorate to the following unacceptable levels!

- ?? Why are Member’s of Parliament exempted from the claw back to their pension at age 65 and Military/RCMP Veterans are not?
- ?? Why are Member’s of Parliament exempted to pay employment insurance premiums and Military/RCMP personnel continue to pay premiums into the IE plan with no possibility of collecting benefits?

- ?? Why are Military Pensioner's Pensions permitted to diminish to a level where today, a retired Chief Warrant Officer with over 38 years of service receives an Annuity smaller than the salary of a serving Private?
- ?? What consideration is given to our Military/RCMP spouses? Many of them loss their career aspirations following us around the world, their dedication resulted in a loss of their CPP benefits;
- ?? Upon death, why does a widow of a Member of Parliament receive 65% of the member's Annuity while a Military/RCMP widow, 65 and older, receives less than 50% of the member's reduced Annuity?
- ?? Why does the Public servant receive a \$10,000 paid up Supplementary Death Benefit and Military/RCMP Veterans only receives a \$5,000 policy? And;
- ?? Did the Government forget the 1983/84, 6 and 5 percent restraint program when we loss 6.9% indexing income, that continues to affect Military/RCMP Veterans income today?

Why are Military/RCMP Veterans so unjustly/unfairly treated?

Conclusion:

The Government of Canada needs to fairly treat its Veterans and embrace them throughout the year, not only during Remembrance week!

It is time for all members of Parliament to put their politics aside and demonstrate their recognition and appreciation, in a tangible way, to the men and women who have served and are currently serving our Country. The Government of Canada must right a wrong by amending the CFSA Act and the RCMPSA Act of a miscalculation in justice and fairness that now affects our retired Veterans and their Families during their Golden Years. It has been over 40 years and now is the appropriate time to take action to terminate this undemocratic, misguided policy that affects our Veterans. It was imposed on Veterans without fair and open consultation and it affects the lower rank Veterans and their families the most. With all due respect, Military/RCMP Veterans and their Families have given far more of themselves than any other segment of the population to the security of our Country, therefore in their Golden Years they deserve to be treated with fairness, justice and dignity! Consider the years of isolated operational requirements were Veterans often faced dangerous conditions. Health hazards, extended Family separation with elevated levels of stress and were prepared to give the ultimate sacrifice, they deserve nothing less than to spend their Golden Years with the pension financial Dignity they and their Family have earned and paid for in so many different ways. 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. The Government of Canada must renew the broken trust with Veterans use their surplus pension funds and terminate this undemocratic, unfair and unjust pension injustice levied at Canada's finest Military/RCMP Veterans.

Military/RCMP Veterans have gallantly served our Country Canada! Veterans deserve our gratitude and respect, both while serving and in retirement! They deserve nothing less than to spend their Golden Years with the Financial Dignity they and their Families have paid for in so many different ways!

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

God bless our Military/RCMP Veterans, for it is their sacrifices that gave us freedom today! Let's appreciate and remember them in their Golden Yeras!

Sincerely,

John Labelle
Veterans Advocate
florencejohn@ns.sympatico.ca

Important Site:
www.veteranvoice.info

Revised: February 8, 2010