



FUNERAL SERVICE ASSOCIATION OF CANADA / ASSOCIATION DES SERVICES FUNÉRAIRES DU CANADA

## **House of Commons Standing Committee on Finance – Pre-budget Consultations 2016**

The Funeral Service Association of Canada (FSAC) is the leading national funeral professional association, and represents 85% of all deaths in Canada through numerous funeral homes, cemeteries and funeral service professionals across the country. In the countless services provided by our members, the most important aspect of a funeral is dignity. FSAC has been providing leadership and guidance to funeral providers for more than 80 years and works to improve the profession through advocacy and education. FSAC has a proud history of working with the federal government and its many departments on issues concerning Canadians. Support for FSAC and the work of funeral professionals, is support for communities. The need for funeral services will touch every single Canadian and the recommendations made in this submission represent support for hundreds of small business owners and dedicated professionals in all parts of Canada who work tirelessly to provide quality service every day.

The government has identified a number of priorities for the pre-budget submission this year. FSAC has identified a number of suggestions that fall largely under the umbrella of jobs and taxation. FSAC would make the following 3 recommendations:

- 1. Increase the Canadian Pension Plan (CPP) Death Benefit Cap from \$2,500 to \$3,440 and Index it to Inflation**
- 2. Reviewing the Means Test Limit for the Last Post Fund**
- 3. Support Employment by Encouraging Canadians to Fill Job Gaps in the Funeral Profession through Existing Government Incentives Programs**
- 4. Adjust the Eligible Funeral Arrangements (EFA) Limits to Meet the Needs of Canadians and Index them to Inflation**

### **Increase the Canadian Pension Plan (CPP) Death Benefit Cap from \$2,500 to \$3,440 and Index it to Inflation**

FSAC is concerned about the cap on the Canadian Pension Plan (CPP) Death Benefit. The CPP Death Benefit cap was reduced from a maximum of \$3,580 to a maximum of \$2,500 in 1998. This no longer meets the basic needs for end of life arrangements.

CPP underwent major reforms in 1997 to put it on more sound financial footing. Premiums were increased and benefits decreased. The death benefit went from 6 months' of benefits, up to a maximum of \$3,580, down to a maximum of \$2,500 and it has remained fixed there since, eroded every year by inflation. The main CPP monthly benefit is indexed to inflation to preserve beneficiaries' purchasing power. The death benefit, meanwhile, has lost 37.8 per cent of its real value since 1998 since it has been fixed since then in nominal terms.



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FSAC is suggesting the CPP Death Benefit receive a one-time increase to \$3,440. This reflects the effect of inflation since the cap was last adjusted in 1998. Moving forward, the cap should be indexed.

The reduction was originally made to ensure the fund would be sustainable for future generations, however, due to inflation, the current cap is not sufficient to meet the needs of recipients.

The CPP Death Benefit should also have the option to be dispensed directly to the funeral home. As it stands, funeral homes often extend credit to families of the deceased to pay for the necessary elements of a funeral service on the promise of the CPP Death Benefit. Offering Canadians the option to sign over this Death Benefit directly to funeral homes will reduce red tape and ease the administrative responsibilities for the funeral executor. This will serve to benefit bereaved Canadians and ultimately save administrated costs for the government when the decision can be made and plans can be executed without the need for an executor's intervention.

FSAC would like to recognize that the government has made changes to support Veterans burials by increasing the amount of available funds to eligible veterans. Additionally, private members' Bill C-247, the Main Point of Contact with the Government of Canada in case of Death Act received Royal Assent in June 2015. This was an important achievement that will help Canadians navigate the necessary paperwork following the death of a loved one. FSAC was pleased to work closely with many government departments on both of these issues and remains committed to working with them in the future.

## **Reviewing the Means Test Limit for the Last Post Fund**

FSAC has been an active supporter of The Last Post Fund for many years. The last Post Fund provides dignified burials for Canadian Veterans who qualify. The only problem is that, in spite of some recent amendments, there are still many Veterans who struggle financially who still don't meet the requirements and their families or estate representatives are left to cover often prohibitive costs to provide a proper Veteran's burial.

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FSAC would like to see this service corrected by increasing the current means test limitation for the Last Post Fund to \$17,234.74 and indexing the net asset value to inflation.

In Economic Action Plan 2013, The Last Post Fund received a funding increase for end of life costs to eligible veterans. In 2014, the conflict eligibility was expanded to include modern-day veterans who qualify for the means test. However, the current means test only allows for a veteran and their spouse to have a combined net asset value of \$12,015 or less, reduced from \$24,030 in 1995. This restriction means that, while the fund is available for veterans of modern conflicts, very few will ever have access to this service because of an overly restrictive means test.

In a Parliamentary Budget Office report, it was noted that in just the past four fiscal years, the Fund has unused budget in excess of \$14 million. The report also indicates that applications for Last Post Fund assistance will decrease in the years to come as veteran mortality decreases. The percentage of successful applicants did increase in 2013-2014, but the absolute number of beneficiaries was lower in 2013-2014 than it was in 2011-2012 due to the declining age of current veterans.



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FSAC would like to see a review of the eligibility requirements for the Last Post Fund, as well as indexing of the means test threshold to inflation. If the asset value limit of \$12,015 had been indexed in 1995, it would currently be at \$17,234.74. The Last Post Fund asset value limit should continue to be indexed moving forward.

According to a report by Veterans Affairs Canada, the reduction in 1995 was done to return the program to its original intent, to support veteran's burials for those who could not afford them. At that time, the revised estate exemption of \$12,015 was close to the Low Income Measure (of a single person before tax) of \$12,178. However, the estate exemption has not increased since 1995. The low-income measure would predictably be well over \$20,000 by now and is a comparable tool for other government programs directed by the financial needs of Canadians.

Veterans remain the responsibility of the government and these brave men and women deserve to receive the appropriate recognition for their sacrifices through the dignified burial. The government needs to review the eligibility requirements of the Last Post Fund to bring the means test into line with the financial realities of the 21<sup>st</sup> century. Canadian veterans make the ultimate sacrifice for our country often facing mortal danger and spending extended periods of time away from their families.

This demographic reality of an ageing veteran population and millions in unused funds means that the Last Post Fund has the fiscal room to reform eligibility criteria significantly within current budget parameters; the best way to support our veterans within the program would be to increase the maximum income cut-off for eligibility, and to index it to inflation thereafter.

### **Support Employment by Encouraging Canadians to Fill Job Gaps in the Funeral Profession through Existing Government Incentives Programs**

Members of the Funeral Service Association of Canada report that the profession is being affected by Canada's aging population. This means Canada requires more funeral directors than are being trained. It is expected that one quarter of the Canadian population will be over the age of 65 by the year 2051. This will inevitably translate into more Canadians requiring funeral services. In fact, Statistics Canada estimates that the number of deaths in Canada will roughly double in the next half century. It is both imperative to meet the growing needs of Canadians and fiscally responsible to support the needs of the growing funeral profession.

Certification of funeral directors is under provincial jurisdiction, however, the federal government should partner with the provinces to create incentives for people to enter into the profession to ensure that the high level of service expected by Canadians can continue. FSAC is committed to being a leader in this field promoting best practices across the country and encouraging career-long learning. FSAC believes it is not only a fiscally responsible decision for the federal government to promote employment in the profession through existing skills training and education incentive programs, but that it will also succeed in a growing need for Canadians by maximizing the number of jobs for Canadians.

The funeral service profession is made up of both large and small businesses and employs tens of thousands of Canadians in communities of all sizes across the country. In the profession, there is a shortage of skilled workers. The federal government is committed to connecting Canadians with jobs and, by including the funeral service profession in its employment incentive programs, the government would address the shortage of workers in a field with available, high quality jobs in a secure profession.



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FSAC believes that existing skills training and employment programs such as the Canada Jobs Grant would benefit both job seekers and employers in the funeral profession. The Canada Jobs Grant encourages employer, provincial and federal participation which would be in keeping with the funeral profession regulatory governance. Currently, infrastructure related careers are largely promoted by federal employment programs, but these are not the only areas where jobs exist and employees are needed. FSAC would like to see opportunities for employees seeking to further their skills and enter a stable employment within this framework.

### **Adjust the Eligible Funeral Arrangements (EFA) Limits to Meet the Needs of Canadians and Index them to Inflation**

The current limits in place for Eligible Funeral Arrangements (EFA) have not been adjusted since 1999. FSAC is convinced that several minor changes can be made that will allow for EFAs to be more effective in meeting the needs of funeral professionals and of the Canadians in general.

The current funeral services contribution limit for EFAs is \$15,000, with the cemetery services limit of \$20,000, which makes for a total contribution limit of \$35,000. Given that funeral costs are often very substantial, FSAC recommends that the funeral services contribution limit be increased from \$15,000 to \$20,000, while the cemetery services limit remain at \$20,000, making for a total contribution limit of \$40,000.

Lastly, because EFA limits are eroded every year due to inflation, FSAC recommends that both limits be indexed to inflation in \$1,000 increments starting in 2016, similar to how TFSA indexation is structured in \$500 increments.