

Submission for the 2015 Federal Budget Priorities

National Association of Federal Retirees

Executive Summary

The National Association of Federal Retirees, formerly known as FSNA, is the largest national advocacy organization representing active and retired federal employees, their partners and survivors, from the Public Service of Canada, the Canadian Armed Forces, the Royal Canadian Mounted Police (RCMP) and federally appointed judges. The National Association of Federal Retirees is a not-for-profit association with more than 185,000 members across Canada, including more than 50,000 veterans. It is one of the largest Veteran's representation organisations in Canada.

This submission focuses on:

- making retirement income secure by expanding the Canadian Pension Plan; creation of a long-term/home-care and pharmaceutical strategy to lower the costs of health care;
- increased support for health professional training; continuing support for Age Friendly Communities;
- resolving key financial deficiencies of the New Veterans Charter; increasing the maximum disability award for injured Veterans;
- resolving the current inequity with regards to Earnings Loss Benefit for Class A and Class B Reservists for service attributable injuries;
- funding to support the establishment and sustainability of Canadian Institute for Military and Veteran Health Research (CIMVHR) as an independent national research institute for all Veterans and their families;
- a reduction in the minimum drawdowns from Registered Retirement Income Fund and similar account; and,
- tax credits for employers who hire Veterans.

Balancing the federal budget to ensure fiscal sustainability and economic growth

The National Association of Federal Retirees believes that one of the keys to ensure fiscal sustainability and economic growth is by making sure that one of the most important segments of the population continues to contribute to the economy: retirees. At the moment, median retirement income, according to the federal census, is \$20 100 for women and \$30 100 for men. As the median age in many communities continues to climb it is important that we guarantee secure retirement income, through public measures such as the Canada Pension Plan.

The Association knows secure, adequate retirement income is intrinsically tied to better quality of life – and better health outcomes. But many Canadians are not saving enough – the Royal Bank of Canada and Ipsos Reid found that over 77% of non-retired Canadians have not determined the amount of money they will need for a comfortable retirement. Rates of personal savings are low, and RRSPs are severely underutilized. As of 2011, 85% of all available RRSP contribution room was unused.

We also find ourselves in a tougher savings environment – it's estimated that it could take \$1-million in investments today to generate the same retirement income as \$500,000 would have generated five years ago. According to a recent EKOS national poll performed for our Association, the Canadian public supports expansion of the Canadian Pension Plan – more than 63% are in favour of it.

Two thirds of Canadians believe that it is an urgent priority to improve pensions for the majority of Canadians who have little or no pension coverage (EKOS, Jan 22-27). According to Frank Graves of EKOS, Canadians are receptive to a more effective and active government—the overall trend is away from support for lower taxes and smaller government and instead we see a strong public appetite for ambitious new public works measures. These findings are contrary to what we've heard from the federal government who continues to state that now is not the time to expand public programs such as the CPP.

It is the Association's position that the CPP is sustainable and fair and that should it should be expanded. The most recent solution to attempt to address retirement income security for all Canadian seniors – Pooled Registered Pension Plans (PRPP) – is insufficient. To ensure that many Canadian communities' economies continue to be sustainable, we must make certain that retired Canadians have the means to financially contribute to the economy.

Supporting families and helping vulnerable Canadians by focusing on health, education and training

In 2011, without prior consultation, this federal government, presented to the provinces the new terms for federal health funding transfer payments. The former Canadian Federal Parliamentary Budget Officer, Kevin Page, estimates these new terms will translate into cuts to spending of \$31 billion between 2017 and 2024. This funding shortfall will certainly place our health care system at risk. Our Association strongly advocates for the maintenance and improvement of our present health care system as established by the Canada Health Act of 1984. The federal government should sit down with the provinces and work to establish a new Health Accord that works to ensure a sustainable harmonious high standard of health care for all Canadians.

Many seniors face the unfortunate situation in which they are forced into long term care facilities, or into lengthy hospital stays. It is the preference of 90% of seniors to stay in their homes as long as possible. Home care is a less expensive alternative compared to lengthy hospital stays in acute care beds and maintenance of long-term care institutions. Home care also provides a better quality of life for seniors. The Association recommends federal, provincial and territorial governments collaborate in the development of a National Home Care/Long Term Care Strategy. In fact, when polled by Ipsos Reid, 93% of those surveyed said seniors should be kept at home for as long as possible to lighten the load on hospitals, hospices and long-term facilities. Once home care is no longer viable, long-term care institutions are a preferable option to hospitals. Former President of the Canadian Medical Association, Dr. Anna Reid, has stated that it costs \$126 a day to provide long-term care versus \$842 a day in hospital. The Association recommends that resources be allocated to research best practices on home care/long term care so these practices can be adopted nationally, and recommend participation of seniors on

consultation committees for the development of a National Home Care/Long Term Care Strategy.

This home/long term care strategy must be in line with a national strategy on professional health resources in Canada. There is an evident need for increased training of a greater quantity of geriatric specialists to meet growing demands. The Association recommends federal, provincial and territorial governments collaborate to develop a National Professional Health Resources Strategy to address the shortage of health professionals in Canada. The Association also recommends training standardization and certification of personal care workers in senior health and long-term care facilities and home care providers nationally. The strategy should also include incentives for nurse practitioners to fill gaps in professional health resources.

Many of the most vulnerable Canadians, particularly seniors, also must contend with increased medical expenditures, especially related to pharmaceuticals. Moving towards the establishment of a National Pharmaceuticals Strategy could help alleviate that burden, as well as help many Canadians use those funds towards other ventures that would benefit the economy. The Association recommends federal drug policies and legislation to ensure continuous access and supply of medically necessary and life sustaining drugs for Canadians, and bulk buying from diverse drug suppliers which not only benefit the public payers but private, payers in Canada.

Veterans and their families have served their country and deserve to be treated fairly, equitably and with dignity. Our Veterans and their families need to know that when they have been injured attributable to their military service that the Government will provide the programs and services to ensure a supportive transition to civilian life with reassurances of a life-long quality of life including financial stability, rewarding career, good health and well-being and a strong family. This is the Federal Government's obligation.

Since 2006, Veterans groups, the Veterans Ombudsman, the New Veterans Charter Advisory Group and two reports from the House of Commons Committee on Veterans Affairs have all stated that there are significant deficiencies within the New Veterans Charter. It is now time to resolve the key financial deficiencies of the New Veterans Charter:

- The Earnings Loss Benefit must be improved to provide 100% of pre-release income, continued for life, and include increases for projected career earnings for a Canadian Armed Forces member.
- The maximum disability award must be increased consistent with what is provided to injured civilian workers who receive general damages in the court of law.
- The current inequity with regards to Earnings Loss Benefit for Class A and Class B (less than 180 days) Reservists for service attributable injuries must cease.

Increasing the competitiveness of Canadian businesses through research, development, innovation and commercialization

The Canadian Institute of Military Veterans Health Research has established itself as an unprecedented and independent leader in Veterans health research in Canada. With the support of 33 universities, the Department of National Defence, Veterans Affairs Canada and Allied

partners it has become the national centre of expertise on Veterans Health Research. The Centre engages existing academic research resources, facilitates new research, increases research capacity, fosters knowledge translation and provides coordination and engagement with the academic community on priority research issues.

The long term impact of independent research on military and Veterans health research is significant as it informs and shapes government policy and programs to ensure that Veterans and their families experience a successful transition and a life-long quality of life including financial stability, rewarding career, good health and well-being.

Funding to support the establishment and sustainability of CIMVHR as an independent national research institute for all Veterans and their families is required.

Ensuring prosperous and secure communities, including through support for infrastructure

The Association commends the Government for the funding support provided to enable the Veterans Affairs Canada partnership with Veterans Emergency Transition Services (VETS) Canada, an innovative and grassroots organization, to better deliver assistance 24 hours a day, 7 days a week to Veterans in need. Through Veterans Affairs Canada's At-Risk Veterans Outreach Initiative, VETS Canada will provide assistance to at-risk and homeless Veterans, and ensure help gets to those who need it. Support of this type must become more common place. While these funds will help, there are still many at-risk and homeless Veterans who require help.

The Association also advises continued support of Age Friendly Communities where the development of policies, services and structures related to the physical and social environment are designed to support and enable older people to live in security, enjoy good health and continue to participate fully in society.

Improving Canada's taxation and regulatory regimes

The Income Tax Act forces individuals to withdraw annual amounts from their registered retirement income funds (RRIFs); a certain percentage per year based on the individual's age. According to the CD Howe Institute, the rules requiring mandatory minimum withdrawals from RRIFs and similar accounts have not kept pace with increased life expectancies in Canada and with decreased return on investment compared to 1992. This means that a larger number of seniors are outliving their "nest-egg". Many retirees will face dramatic erosion of their savings. Our Association would like to see a reduction in the minimum drawdowns from RRIF and similar account. The Association would also like to see an increase of the age at which minimum drawdowns become mandatory. Particularly in light of the recent changes to the age of eligibility for OAS.

Maximizing the number and types of jobs for Canadians

The Veterans Affairs Canada 2010 Life After Service Study confirmed that 25% of Veterans experience difficulty in transitioning to civilian life. More recently the 2014 Life After Service Study confirms that 16% of Regular Force Veterans, 13% of Reserve Class C and 25% Reserve

Class A/B experienced a drop in income in the post-release period. The rates were higher among younger Veterans, those who were involuntarily released or were released at lower rank levels. To lessen this risk it is important that all veterans have the opportunity to transition to meaningful employment following their service to their country. To encourage private employers to provide meaningful employment, employers that hire Veterans should receive a tax credit from the federal government.