

REVIEW OF VAC INCOME REPLACEMENT BENEFIT FOR DISABLED VETERANS WHOSE FINAL RELEASE IS FROM THE RESERVE FORCE

For Veterans Ombudsman

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Date 4 June 2019

- Edited and reduced version
- Released to Reserves 2000 for information and discussion purposes
- Will meet with OVO 4 Jun 2019 and will release the more refined and longer version before Sep 2019

Executive Summary

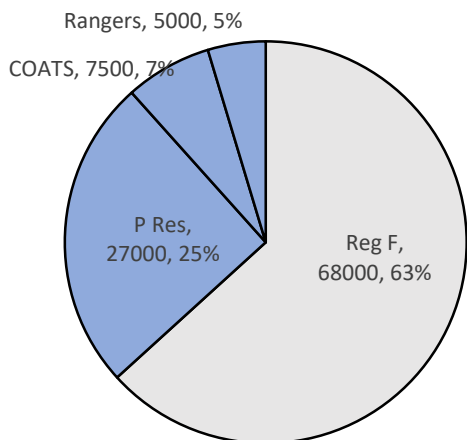
- **Service-related injuries are component-blind** - Regardless of subcomponent or class of service, members of the Res F incur service-related injuries or illnesses. Res F members place civilian career, employment, and income – plus their family's standard of living - at risk while fulfilling their terms of service
- **In-service compensation for Res F members is one-dimensional and limited** - Severely injured Res F members are swept into the CAF Reserve Force Compensation program which provides a full-time military salary during recovery and rehabilitation. CAF RFC does not recognize or compensate fully for consequences to prospective careers for students or family standard living for those with civilian professions and employment
- **GECA is a unicorn** - There is a narrative that GECA is an alternative for disabled Res F members and Veterans for rehabilitation and income replacement. GECA and its related policies do not clearly state Res F members are eligible or ineligible and CAF does not have policies or practices to enable GECA for Res F members
- **Long-term rehabilitation is component-blind** - Disabled Veterans whose final release is from the Res F may be eligible for VAC Rehab and IRB if their service-related injury or illness presents a barrier to re-establishment in civilian life
- The number of disabled Veterans whose final release is from the Res F is non-trivial.
 - As many as 1,000 of the over 13,000 IRB recipients may be disabled Veterans whose final release was from the Res F
 - 89 per year with approx. 30/year with injuries sustained on Class A or B and 59/year from Class C
- **Inequity continues between IRB amount for disabled Reg F and Res F Veterans** - Depending on the salary at the time work ceases, prospective salary of students, the salary at the time of the injury, and the time lapsed since the original injury, the majority of disabled Res F Veterans would receive an IRB much less than 90% of their earnings from all sources of income at the time they are unable to work in their profession or civilian job. Some disabled Res F Veterans could receive a monthly benefit higher than their pre-release monthly earnings.

Breakdown of Veterans by CAF Component

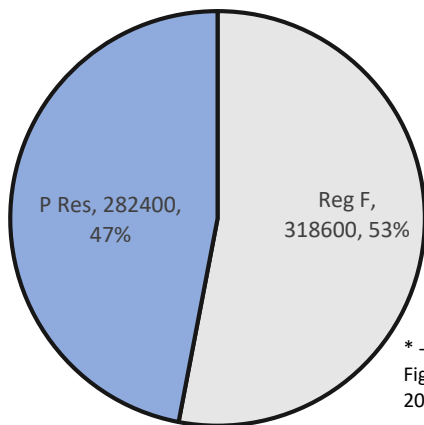
The Reserve Force:

- 37% of the serving CAF
- 47% of CAF Veterans
- Res F Vets are small % of VAC Clients

The CAF

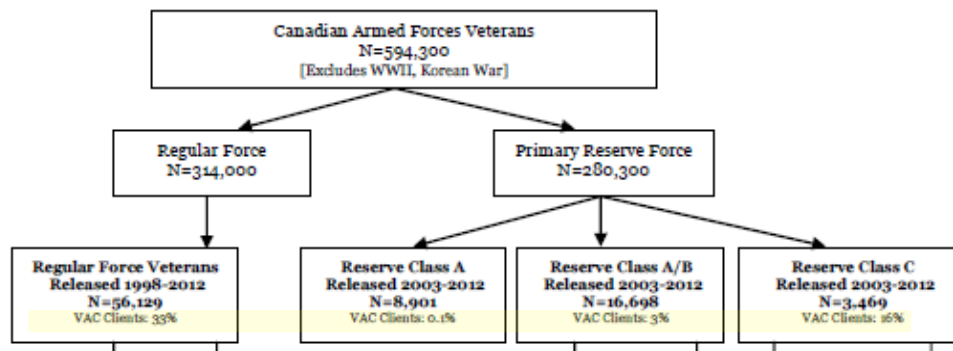


CAF Veterans*

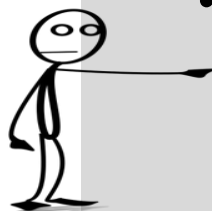


* - VAC Facts and Figures Book December 2018

Figure 1. Life After Service Study Population, March 2013 **



** - 2013 Synthesis of Life After Service Studies July 2014



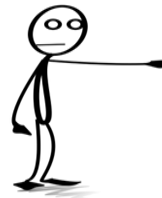
- Reg F Veterans (release 1998-2012)
 - 33% of 56,126 (18,522)
 - 2003-2012 33% of 40,090 (13,222)
- Res F Veterans (released 2003-12)
 - 1,065 of 29,068 (4%) VAC Clients
 - 16.0% of 3,469 (555) with CI C
 - 3.0% of 16,698 (501) with comb CI A/B
 - 0.1% of 8,901 (9) with CI A only
- Ratio of Reg F to Res F VAC Clients 13:1

VAC Benefits - Income Replacement Benefit

- Monthly taxable payment, offset by prescribed sources of income (such as the Canada Pension Plan/Quebec Pension Plan, etc.) to ensure that post-release income does not fall below 90% of the Veteran's "imputed income"
- To be eligible for IRB, Veteran must be
 - released,
 - have a service-related disability creating a barrier to re-establishment in civilian life,
 - have an approved Part 2/Section 8 Rehab Plan
- Act calls upon Regulations to determine the "imputed income" in respect of a class of veterans...
 - "imputed income" is not defined
 - "class of veterans" is not a defined term nor are classes listed

Imputed Income...interesting phrase

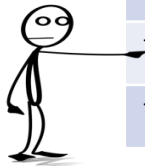
- The Veterans Well-being Act and Regulations do not define “imputed income” other than directing the Regulations to determine it
- Imputed (adjective)
 - Finance – (of a value) assigned to something by inference from the value of the products or processes to which it contributes; estimate
 - <https://en.oxforddictionaries.com/definition/imputed>
- Imputed Income
 - In family law, judge finds that the amount of income a parent discloses is not accurate, the judge may attribute additional income for purposes of calculating child support.
 - <https://www.attorneygeneral.jus.gov.on.ca/english/glossary/?search=l#results>
- Some worker compensation tribunals, esp. in NS, but its different then Well-being Act
 - Assessment of what a disabled worker receiving benefits might receive if employed in an alternate career or trade suitable to the worker’s medical and skills situation. This is then deducted from the benefit to incentivize re-entry into workforce
- Veterans Well-being Regulations
- The imputed income of a veteran referred to in subsection 18(1) of the Act is equal to
 - ...veteran whose final release was from the regular force, ...veteran’s monthly military salary at the time of release ...; and
 - ...veteran whose final release was from the reserve force, if the event that resulted in the physical or mental health problem occurred
 - during regular force service, the ... value of the veteran’s monthly military salary at the time of release from that service...,
 - at any time during Class C Reserve Service... value of the veteran’s monthly military salary on the date of completion of the Class C Reserve Service ..., and
 - at any time during Class A Reserve Service or Class B Reserve Service, ...value of the veteran’s monthly military salary on the date of completion of the Class A Reserve Service or Class B Reserve Service



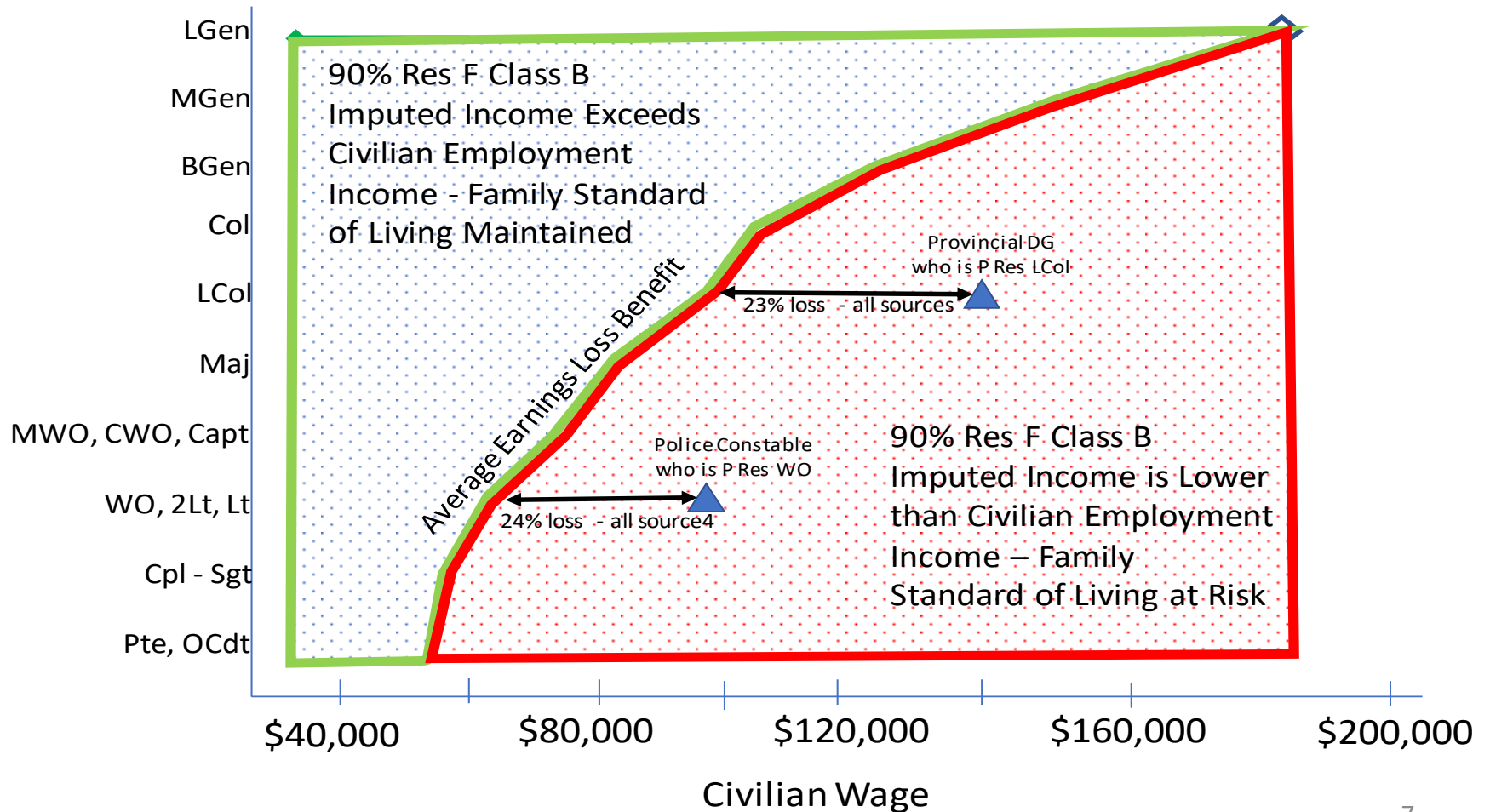
Estimated Number of Res F Veterans Receiving IRB

- 14,870 current IRB recipients (Dec 2018 VAC Facts & Figures Book). Assume the DA 13:1 ratio Reg F:Res F applies to IRB, then 14,870 IRB recipients splits to
 - Reg F 13,808 recipients : Res F IRB 1,062 recipients***
 - Assume the number of new Veterans whose final release is from Res F starting IRB is approx. 89
- From OVO Report June 2013 - Improving the New Veterans Charter - Less than 30 new ELB clients per year are Veterans who were part-time Res F members **
 - Therefore, between 2006 to 2018, approx. 360 recipients are Veterans injured while on Class A or B service and approx. 702 injured on Class C service
- As discussed in the Life after Service Study of 2013, 79% of the Res F release by age 31. Experience allows assumption that half of the 79% are students (i.e., 40% of Res F releases while a “Student”) and that “Professional” and “Casual” workers split evenly at 30% of Res F releases per year. Assume that this distribution of civilian occupations applies to Veterans of the Res F who receive the IRB*
- Table outlines potential breakdown of total Veterans by type of pre-injury civilian occupation who were released from the Res F who were injured while on Class A, B, C service

	Students	Casual & Unskilled Workers	Professionals	Total	Approx. new IRB per year
*Percentage of releases	40%	30%	30%	100%	
**New IRB per year of part-time Res F Veterans	12	9	9	30	30
***Estimate of total receiving IRB in 2018	425	319	318	1062	89
Total IRB recipients injured on Class A or B	144	108	108	360	30
Total IRB recipients injured on Class C	281	211	210	702	59



The ELB (IRB) Line for Disabled Res F Veterans



Next steps....

- Confirm hypothesis of reduced IRB for disabled Res F Veterans
 - (VAC) Number of Disability Award recipients whose injuries occurred on Res F service, class of service, and year of injury
 - (VAC) Number of IRB recipients broken down by year starting receipt, year of injury, Class of service when injured (or Reg F), salary of injury event, adjustment, etc.
 - (Other) Breakdown of IRB recipients by those who were students when injured and the total income from all sources from year of injury, at release, and each year after release
- Confirm & agree to the factors which drive equity between the method to determine IRB for Veterans whose final release is from the Reg F and Res F. Review equity compared to other Canadian profession
- Consider whether IRB method to determine amount supports Charter of Rights and Freedoms
- Propose regulatory and policy alternative
 - Res F IRB based on the best of
 - 90% of all income when injured adjusted to current year
 - 90% of all income at the when disability prevents earnings adjusted to current year
 - 90% of prospective earnings for students permanently disabled and unable to enter the profession of their education program