

Issues facing FSNA members

Surviving Spouse Benefits

Survivor benefits are paid to the spouse of a pensioner if they were married (or in a common-law relationship):

- Before the Public Servants (PS) or Judges pensioner retired or
- Before the Canadian Forces (CF) or RCMP pensioner turned age 60

Prior to Bill C-55 (1992) there was no provision for benefits for survivors of post-retirement marriages. Bill C-55 permitted retirees to purchase a limited survivor pension for the Marriage After Retirement (MAR) spouse at the cost of a significant reduction in the retiree's actual pension. FSNA considers that the MAR survivor benefit should be provided in full with no reduction in the retiree's pension.

FSNA continues to advocate for the following improvements:

- Full survivor benefits for post-retirement or post age 60 marriages without any reduction in the pension of the retiree

Note: It is important to be aware that where no survivor benefit exists, the surviving spouse is not deemed a pensioner and therefore loses all entitlement to both the PSHCP and the PDSP coverage.

Supplementary Death Benefit (SDB)

In 1999, Parliament passed Bill C-78 - an Act, which established the Public Sector Pension Investment Board and amended the PS, CF and RCMP Superannuation Acts. One highlight of this bill dealt with the Supplementary Death Benefit (SDB) for PS members only. As of September 13, 1999, the Act increased the paid-up PS SDB amount to \$10,000 for all PS pensioners who were previously covered by the \$5,000 paid-up SDB coverage.

In addition, the act also delayed the start of the annual 10% reduction of the initial SDB amount from the time that the pensioner reaches age 61 to start at age 66 for PS members only.

These changes did not apply to the SDB for CF pensioners. With reference to the SDB for CF pensioners, the paid-up amount remains \$5,000 and the decrease of the initial SDB amount starts at age 61. Although there were no changes made to the SDB for CF pensioners, the Act now stipulates that changes to the SDB for CF pensioners can now be made by regulation rather than through a new Act of Parliament.

FSNA continue to advocate for the following improvements to the SDB for CF members:

- To delay the age at which the 10% annual reduction of SDB is applied to the initial SDB amount at retirement (2 times salary) from age 61 to age 66
- To increase the SDB paid-up amount \$5,000 to \$10,000

Commencement of CF and RCMP Indexation

Currently CF and RCMP members who qualify for an immediate annuity are not entitled to have indexation applied to their pension until the earlier of:

- Age 60 or
- Between age 55 to 60 if and when their current age plus service years is greater than or equal to 85

Once satisfying one of the above criteria, the cumulative indexation rate since their retirement date is applied only to future superannuation payments.

FSNA continues to advocate for the following improvements:

- That full indexing be applied immediately to the CF and RCMP superannuation benefits

Annual Statement of Benefits

In early February of each year, the various federal government pension offices provide an annual statement of benefits to pensioners (and surviving spouses in receipt of survivor benefits). Currently the annual statement illustrates only the gross amount of pension, the deduction for income taxes purposes and the pension indexation increase for the current year.

FSNA is advocating for the following improvements:

- That pensioners be provided with a personalized statement that details the following:
 1. Newly indexed pension before income taxes
 2. Amount of income tax deducted
 3. Pension net of income taxes
 4. Actual indexation percentage
 5. Pension reduction at age 65 as a percentage of the indexed pension
 6. Amount of survivor's benefit after pensioners' death
 7. Supplementary Death Benefit
 - a. Premium
 - b. Current amount of benefit
 - c. Designated beneficiary
 8. PSHCP and PDSP
 - a. Premium
 - b. Coverage (single/family, hospitalization level etc)

These improvements would result in pensioners' better understanding their benefits. Such detail would also provide more information (amount of reduction at age 65, amount of survivor's allowance, etc...), which would contribute to better estate planning.

Indexation of the SDB paid-up portion

FSNA is advocating for the following improvements:

- That the paid-up portion of the SDB be subject each year to the indexation increase applying to superannuation pensions

Expanding the Remedy Regarding Erroneous Superannuation Advice

FSNA has advocated for the following improvements:

- That an efficient appeal mechanism be made available free of charge to all members of the PS, CF, RCMP and federally appointed judges to protect them against the detrimental effects of any superannuation-related erroneous advice given to them by any government officers (such as employees of the concerned human resources departments and agents of the superannuates directorates) involved in the administration of the superannuation plans.

Superannuation Coordination with CPP/QPP

FSNA has advocated the following improvements:

- Embedding the grandfathering clause (coordination related) found in the PSSA into the CFSA and the RCMPSA
- In the case of a disability, delaying the coordination (reduction) to age 65

Allowing More Than One SDB Beneficiary

FSNA advocates the following improvements:

- To allow the designation of more than one SDB beneficiary

Increasing the SDB Benchmark Age

FSNA advocates the following improvements:

- To increase the SDB benchmark age from 65 to 70 while attempting to maintain pre-65 costs and amount coverage