

Retirement Age of Veterans under the *Public Service Superannuation Act*

Brief to the House of Commons Standing Committee on Finance

Submitted by Michael Davie

2 August 2017

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Executive Summary

In order to improve labour mobility within the federal public administration, the *Public Service Superannuation Act* should be amended to take into account the previous service of military and RCMP veterans when determining retirement age.

When determining the age at which an individual can retire, the public service pension plan does not currently account for prior service with the Canadian Armed Forces or RCMP that has been transferred to the plan. As a result, some veterans employed in the public service will be forced to wait five years longer to receive a pension than non-veterans with the same period of service with the federal government. To correct this imbalance, Budget 2018 should amend the *Public Service Superannuation Act* such that the transferred service of military and RCMP veterans is taken into account.

Federal Government Pension Plans

The federal government administers three distinct pension plans for its employees. The pension plan for public servants is governed by the *Public Service Superannuation Act* (PSSA), while the pension plans for members of the Canadian Armed Forces (CAF) and the RCMP are governed by the *Canadian Forces Superannuation Act* (CFSA) and the *Royal Canadian Mounted Police Superannuation Act* (RCMPSA), respectively. When transitioning from the CAF or RCMP to the public service, veterans with at least two years of service have the option to transfer their service from the CFSA or RCMPSA to the PSSA, thus consolidating their pensionable service with the federal government under the PSSA.

As part of the *Jobs and Growth Act, 2012*, the PSSA was amended to divide plan members into two groups: those who joined the plan before 1 January 2013 (Group 1), and those who joined on or after that date (Group 2). Members of Group 1 are entitled to an unreduced pension at age 60, or age 55 with at least 30 years of service, while members of Group 2 must wait an additional 5 years until age 65, or age 60 with at least 30 years of service.

At the time of this change, no provision was made to include in Group 1 those CAF or RCMP veterans who transfer pre-2013 service to the PSSA. As a result, all CAF and RCMP veterans joining the public service on or after 1 January 2013 are deemed to be members of Group 2, even if they transferred pensionable CAF or RCMP service that began before that date to the PSSA .

Affected Persons

Persons negatively affected by the current policy meet the following criteria:

1. Joined the CAF or RCMP prior to 1 January 2013 and served for at least two years;
2. Moved from the CAF or RCMP to the public service after 1 January 2013; and
3. Elected to transfer their pensionable service from the CFSA or RCMPSA to the PSSA.

Information released by Public Services and Procurement Canada under the *Access to Information Act* indicates that there were 68 persons affected as of September 2016, and that this number is growing at a rate of approximately 25 additional persons per year. Given that the implementation of the *Veterans Hiring Act* in March 2015 made it easier for CAF members and veterans to transition to employment with the public service, it is possible that this rate of growth may be higher in the future.

Legislative Precedent

There is an existing legislative precedent for grandfathering federal government employees with previous service into Group 1 under the PSSA.

In June 2013, the *Enhancing Royal Canadian Mounted Police Accountability Act* granted Treasury Board the authority to eliminate the unique category of “civilian members” from the RCMP and to transfer the roles and personnel in this category to the public service. In order to ensure that the transferred persons would retain their same entitlements regarding retirement age, the *Economic Action Plan 2014 Act, No. 2* included a provision to transfer their pensionable service from the RCMPSPA to the PSSA, and to deem the transferred persons to be members of Group 1, despite joining the plan after 1 January 2013.

Proposed Legislation

On 5 June 2017, Member of Parliament Alupa Clarke introduced Bill C-357, *An Act to amend the Public Service Superannuation Act (Group 1 contributors)*, a private member’s bill which seeks to address this issue. The bill proposes to amend the definition of “Group 1 contributors” such that it includes all CAF and RCMP veterans who have elected to transfer their CAF or RCMP service to the PSSA, where that service began before 1 January 2013.

The Office of the Parliamentary Budget Officer is currently evaluating the cost of implementing the change proposed in Bill C-357.

Advocacy Group Support

The National Council of Veteran Associations (NCVA), an umbrella group which includes 65 organizations representing CAF veterans, voted unanimously on 23 November 2016 to include this issue in their legislative program.

The National Association of Federal Retirees (NAFR), which represents 180,000 former public servants and CAF and RCMP veterans, voted unanimously on 16 June 2017 to advocate that this issue be addressed.

The Union of National Defence Employees (UNDE), which represents 18,000 workers supporting the Department of National Defence, will consider a resolution to advocate for this change in August 2017, and the Public Service Alliance of Canada (PSAC) will consider the same resolution in May 2018.

Recommendation

I recommend that the Committee suggests that Budget 2018 include an amendment to the *Public Service Superannuation Act*, such that it includes in Group 1 those CAF and RCMP veterans who have transferred to the plan service which began before 1 January 2013.

The proposed text of this amendment, drawn from Bill C-357, is as follows:

Subsection 12(0.1) of the Public Service Superannuation Act is amended by striking out “or” at the end of paragraph (e), by adding “or” at the end of paragraph (f) and by adding the following after paragraph (f):

(g) a person employed in the public service who made the election provided for in subsection 39(1) for any period of service beginning before January 1, 2013.

References

Public Service Superannuation Act: <http://laws-lois.justice.gc.ca/eng/acts/P-36/>

Canadian Forces Superannuation Act: <http://laws-lois.justice.gc.ca/eng/acts/C-17/>

Royal Canadian Mounted Police Superannuation Act: <http://laws-lois.justice.gc.ca/eng/acts/R-11/>

Jobs and Growth Act, 2012 (Division 23 of Part 4):

http://laws-lois.justice.gc.ca/eng/AnnualStatutes/2012_31/page-71.html#h-121

Veterans Hiring Act: http://laws-lois.justice.gc.ca/eng/AnnualStatutes/2015_5/

Enhancing Royal Canadian Mounted Police Accountability Act (Part 2):

http://laws-lois.justice.gc.ca/eng/AnnualStatutes/2013_18/page-16.html#h-16

Economic Action Plan 2014 Act, No. 2 (Division 31 of Part 4):

http://laws-lois.justice.gc.ca/eng/AnnualStatutes/2014_39/page-72.html#h-105

Bill C-357 – *An Act to amend the Public Service Superannuation Act (Group 1 contributors)*:

<http://www.parl.ca/LegisInfo/BillDetails.aspx?Language=E&billId=8983720>

National Council of Veteran Associations – Legislative Program:

<http://www.ncva-cnaac.ca/en/legislative-program/#PENSIONS>