



Funeral Service Association of Canada Pre-Budget Submission for Budget 2018

August 4th, 2017

About FSAC

The Funeral Service Association of Canada (FSAC) is the leading national funeral professional association that represents funeral homes, cemeteries, crematoriums and funeral service professionals. We provide approximately 85% of death care services for Canadians.

One of the most important aspects of the funeral service profession is caring for the deceased in a dignified manner and guiding the bereaved through the many decisions that need to be made when a death occurs. FSAC has been providing advocacy, leadership and education to funeral service professionals for more than 80 years. We have enjoyed a good working relationship with the Federal Government and its many departments on issues concerning Canadians.

Canada Pension Plan Death Benefit: Helping Canadians with End of Life Arrangements

FSAC is very concerned about the current cap on the Canada Pension Plan (CPP) Death Benefit. CPP underwent major reforms in 1997. Premiums were increased and benefits decreased. The reduction was intended to ensure the fund would be sustainable for future generations. On January 1, 1998 the maximum CPP Death Benefit was reduced from \$3,580 to \$2,500. The death benefit cap has been fixed at a maximum rate of \$2,500 for nineteen years, and erodes every year due to inflation. This rate does not come close to meeting the basic needs for end of life arrangements.

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.

The need for death care services will touch every single Canadian. Our multi-cultural and diverse society necessitates a final tribute that celebrates and honours the deceased in a way that is fitting for that individual, their family, their cultural beliefs and community. Many Canadian families rely on the death benefit to assist with paying funeral and cemetery costs at their time of need.

Allowing Canadians the option to assign the lump sum Canada Pension Plan Death Benefit directly to licensed funeral service providers will also allow for a more efficient and less administratively burdensome system, particularly when no estate, administrator or executor exists.

Recommendation 1

To provide some relief to Canadian families with the financial burden of funeral and end of life services, and ensure dignified services for all Canadians, FSAC recommends that the Government of Canada:

- **Restore the 1997 CPP Death Benefit rate to \$3,580.00;**
- **Apply an annual index to the CPP Death Benefit to keep pace with inflation and;**
- **Provide a mechanism for Canadians to assign the CPP Death Benefit to licensed funeral service providers to offset funeral expenses and reduce unnecessary administration costs.**

Eligible Funeral Arrangements: Encouraging Canadians to be Adequately Prepared

Every year thousands of Canadians contribute to Eligible Funeral Arrangements (EFAs) in order to be prepared for end of life arrangements. Funeral and Cemetery pre-planning is encouraged for Canadians because it allows for the final wishes of the deceased to be fulfilled and helps prevent emotional overspending by the family. EFAs continuously encourage pre-planning as it allows Canadian families to contribute modest amounts at regular intervals to a fund that can be used during the toughest of times.

EFA limits have not increased since 1995. The current system allows for the following amounts to be contributed to a prearrangement per individual for whom a funeral or cemetery service is needed:

- \$15,000 if the arrangement includes only funeral services for the individual;
- \$20,000 if the arrangement includes only cemetery services for the individual;

These amounts allowed Canadian families in 1995 to adequately fund funeral and cemetery services. Services have risen with inflation annually since then and the amount in individual accounts now often surpasses the allowable prearrangements described above. This means individuals will have income tax consequences at what is an extremely emotional time.

If the funeral arrangements Consumer Price Index (CPI) are taken into account, the \$15,000 allowed for funeral services would have increased to \$36,175 since 1995. EFA limits should be increased to assist and encourage consumers to prepay for their funeral and cemetery expenses.

Recommendation 2

To encourage Canadians to be adequately prepared for end of life arrangements, FSAC recommends that the Government of Canada:

- **Increase the EFA limits to \$25,000 for funeral services and \$30,000 for cemetery services. The larger amount for cemetery services is influenced by monument and markers which generally is the largest expense.**
- **Amend the Income Tax Act, in respect to EFAs, to include an automatic annual indexation that would take effect every year based on the previous year's CPI.**

Contact

Should any clarification or further information be required, Janet Ricciuti, Chair of the Government Relations Committee of the Funeral Service Association of Canada, can be contacted at janet.ricciuti@sci-us.com.