Reduction of Disability Pension, Pain and Suffering Compensation (PSC) and Death Benefit

Issuing Authority: Director General, Policy and Research
Effective Date: 1 April 2019
Document ID: 1572

Formerly known as Reduction of Disability Award, Death Benefit or Disability Pension (November 28, 2013)

Table of Contents

Purpose
Policy
Pension Act
Veterans Well-Being Act (VWA)
General
References

Purpose

The purpose of this policy is to identify the situations where it is necessary to reduce or withhold the amount of a disability pension, Pain and Suffering Compensation (PSC) or death benefit, because amounts are payable from another source for the same disability or death.

Policy

Pension Act

1. A disability pension payable to a member or Veteran shall be reduced by a monthly amount if, in respect of the same disability or death for which the pension is payable:
    a. an amount arising from a legal liability to pay damages is collected by or in respect of the pensioner; or compensation is payable to or in respect of the pensioner under:
        i. the *Merchant Seamen Compensation Act*,
        ii. the *Government Employees Compensation Act*,
        iii. any provincial workers' compensation legislation,
        iv. a compensation plan established by any other legislation of a similar nature, whether legislation of Canada, a province or another jurisdiction, other than a compensation plan to which the pensioner has contributed, or a compensation plan that provides a payment or payments that are in substance a continuation of the pay or benefits of a member of the forces, or
        v. a compensation plan of a similar nature established by the United Nations or by or under an international agreement to which Canada is a party, other than a compensation plan to which the pensioner has contributed, or a compensation plan that provides a payment or payments

that are in substance a continuation of the pay or benefits of a member of the forces.

2. Deductions from pension are based upon one-half of the amounts received by the pensioner except in cases of judgments against the Crown when the entire amount will be taken into consideration.
3. Lump sum payments under section 25 of the *Pension Act* are calculated on the basis of the life expectancy of the pensioner as found in the Life Tables, Canada and Provinces issued by Statistics Canada without any interest factor being used.
4. When a survivor or orphan receives a lump sum payment of a year's pension, such sum shall be calculated, using the actual pension in payment after the required reduction has been made.
5. In an interpretation hearing dated March 28, 1984 the Pension Review Board ruled that pension payable to a dependent under subsection 34(6) and 45(2) of the *Pension Act* (full pension) is subject to the provisions of sections 25 and 26. Conversely, the Board ruled that a proportionate pension or bonus payable to a dependent under subsections 34(7) and 45(3) are not subject to the provisions of adjudications under the aforementioned subsection as on 1 November 1984.

Veterans Well-Being Act (VWA)

6. For information on reducing PSC, see the Pain and Suffering Compensation Policy.
7. A Death Benefit shall be reduced in the same manner as PSC. See the Pain and Suffering Compensation Policy.

General

8. The Service Income Security Insurance Plan (SISIP), the General Officers Insurance Plan (GOIP) and the Reserve GOIP are not considered one of the sources indentified in paragraphs 1 and 6. Therefore, a disability award/death benefit is not to be reduced by an additional amount paid or payable under one of these plans.

References

Pension Act, sections 25, and 26

Veterans Well-being Act, sections 50, 51, 56.3, 56.4, 57 and 58.

Government Employees Compensation Act

Merchant Seamen Compensation Act