



National Association
of Federal Retirees

Association nationale
des retraités fédéraux

Pre-Budget Consultations in Advance of the Fall 2025 Federal Budget

Submitted by the National Association of Federal Retirees

Recommendations

The National Association of Federal Retirees is the largest national advocacy organization representing active and retired members of the federal public service, Canadian Armed Forces, Royal Canadian Mounted Police and retired federally appointed judges, as well as their partners and survivors. Federal Retirees has advocated on behalf of our members and all retirees since 1963. In collaboration with our volunteers and close to 170,000 members from coast-to-coast, we continue to advocate for good policy that improves the lives of all Canadians in their retirement, and to protect our members' hard-earned pensions and benefits.

[Over seven million Canadians \(7.8 million\) are aged 65 and older](#) and Canada's population over 65 is expected to reach 11 million within two decades. Canada is at its best when we all move forward together and when no generation is left behind in our response to escalating global economic risks. Policies and funding to support aging, and healthy, active and financially secure retirements, are crucial as Canada moves forward.

On behalf of its members, Federal Retirees submits the following recommendations to the Finance Committee, in its study and deliberations in advance of the Fall 2025 federal budget:

- Recommendation 1: Safeguard and improve pensions
- Recommendation 2: Act on equitable outcomes for veterans
- Recommendation 3: Fix shortfalls impacting federal retirees
- Recommendation 4: Commit to positive, healthy aging

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Safeguard and improve pensions

This government must continue strengthening the framework for secure retirements, including effective, sustainable public pensions; protecting the investment independence of pension funds; and expanding access to defined benefit pension plans.

According to the 2024 [Power of Pensions](#) study, workplace pensions in Canada paid \$84 billion – more than all other retirement income sources combined, and more than Canadians received from employment income and the Canada Pension Plan (CPP). A \$1 increase in pension income returned 41 cents in tax revenue and reduced need for seniors' supports. Government contributions to their employee pension plans provide major results – every \$1 contributed to worker's pensions generates \$2.38 in returns. In 2025, federal coffers will be boosted by \$24.5 billion thanks to workplace pension income supporting seniors across the country. Provincial budgets will be improved by \$16.2 billion. Governments must harness the economic power of pensions to strengthen Canada's response to external economic pressures.

Calls for an Alberta Pension Plan have threatened the CPP's independence and unity, putting the retirement security of millions of Albertans and Canadians at risk. Canadians depend on public pensions, such as the CPP and programs like Old Age Security (OAS) and the Guaranteed Income Supplement (GIS), which should be enhanced to ensure no senior is left living in poverty.

Proposals to mandate pension funds to invest in Canadian equities have increased. This would benefit shareholders while risking the retirement income security of working and retired Canadians as well as those with disabilities. Pensions must remain independent and focused on supporting Canadians' retirements for decades to come and cannot be used as political bargaining chips.

Defined benefit (DB) pensions are the most reliable source of guaranteed retirement. Research shows that DB pension plans reduce the GIS by \$2 to \$3 billion each year, eliminating a substantial financial commitment from the federal government.

Canada needs a strong policy environment that encourages DB pension innovation. Models like OPTrust and CAAT Pension Plan allow employers to offer DB pensions to employees, extending retirement security to more Canadians. With the right policies, Canadians will be able to retire with security and to continue to contribute – economically and otherwise – to the communities they have helped build.

Act on equitable outcomes for veterans

The 2024 federal budget offered little support for Canada's veterans and their families. With Canada's renewed focus on defence, including recruitment and retention, investment in veteran well-being is crucial. Canada cannot credibly advance its defence strategy without investing in care and support for those who have served. That means sufficient staffing, access to appropriate care, and action for equitable outcomes for all veterans including in retirement.

Veterans Affairs Canada remains underfunded and understaffed, with serious backlogs. The average veterans-to-case manager ratio has reached 32:1, and as high as 50:1 in recent years – an untenable case load resulting in harm to veterans.

Minor investments in 2024 for well-being, telemedicine and commemoration fall short. For example, telemedicine can be beneficial but is no substitute for issues including chronic pain, addiction, and women's health. Dedicated funding for in-person medical services remains essential.

A [2024 report from ACVA on women veterans](#) included 42 recommendations to improve outcomes for women veterans, including research, medical needs, recognition and removing systemic barriers. True progress depends on meaningful, veteran-led implementation of the report's 42 recommendations to ensure equitable support and recognition for all veterans.

Veterans are three times more likely to experience homelessness than the general population. Women who experienced military sexual trauma [were 4.4 times more likely to face homelessness](#). Targeted investments for veteran-specific housing, and women-specific housing that includes support for dependents¹, are urgently needed. A [study from McGill University](#) highlights several recommendations that could be implemented to address this issue.

A credible national defence strategy must include a well-resourced, inclusive and equitable system for veterans and their families: one that reflects the diverse faces of modern service and addresses systemic issues that have created lasting challenges for veterans. Canada cannot fund defense without appropriate investments for veterans' well-being.

Fix shortfalls impacting federal retirees

Federal retirees earned their pensions, health and dental care benefits through years of public service. These programs are essential to maintaining their health and well-being.

The Pensioners' Dental Services Plan (PDSP) has not been enhanced since it was established in 2001. As dental care costs have increased and the gap in coverage between employees and retirees has grown, the government must negotiate the PDSP with the National Association of Federal Retirees and fund long-overdue plan enhancements.

The renewed Public Service Health Care Plan (PSHCP) introduced a new physiotherapy cap, which reduced support for those with profound needs to support chronic conditions or disability. The 2024 [report from the Standing Committee on Government Operations and Estimates on the changeover of the PSHCP](#) recommended "[t]hat the Government of Canada revisit its existing caps on coverage for physiotherapy services to bring them in line with previous coverage and distinguish between short and long-term needs."

The government must work with the PSHCP Partners Committee to establish a mechanism to increase the annual maximum for physiotherapy for this small population of higher-need plan members, based on medical evidence and evaluation.

Income security issues related to the Phoenix pay system are also impacting federal retirees. Nearly a decade after its implementation, problems persist. A Federal Retirees survey found that over 70 per cent of respondents had experienced a Phoenix Pay System problem – most commonly under or over-payments (36.88 per cent), unpaid severance (42.86 per cent, deduction errors (22 per cent), and pension miscalculations (19.48 per cent). Nearly one third of

¹ Women are more likely to have dependents.

respondents were contacted about an overpayment after retirement. The federal government must increase staffing to deal with backlogged cases and create a clear, compassionate appeals process for retirees dealing with overpayments.

Finally, in June 2024, the government committed to special retirement benefits for frontline federal public servants in physically and emotionally demanding roles and included the initiative in the Fall Economic Statement. In November 2024, the Public Service Pension Fund (PSPF) had a surplus of \$1.9 billion. These funds were moved to the government's Consolidated Revenue Fund while a promise was made to consult on further actions, which has not occurred. These funds should be reinvested in the plan to allow for better outcomes for members who contributed to the plan.

Commit to positive, healthy aging

A reliable, robust health care system focused on health and well-being is crucial to help Canada meet economic challenges. This includes a positive and healthy aging agenda that prioritizes the social inclusion and safety of older Canadians, and better access to supportive care and services. That means quickly implementing, funding and enforcing national long-term care standards, [as well as legislation and policy to eliminate ageism across sectors such as housing and health care.](#)

Canada's national long-term care standards, published in January 2023, remain voluntary. This is not enough to improve quality of care and address the tragic failures exposed during the global pandemic. This federal budget must deliver on the commitment to improve long-term care – specifically the proposed *Safe Long-Term Care Act* and national standards, with implementation, funding, accountability and enforcement.

Older Canadians face other urgent challenges. [The 2024 NIA Ageing in Canada Survey](#) found 43 per cent of Canadians 50+ experience or are at risk of social isolation, and 59 per cent report loneliness. [Stats Canada data found](#) that in 2021, 1.6 per cent of Canadians had unmet homecare needs, mainly among Canadians aged 65 and older. According to [the 2024 NIA survey](#), eligibility (29 to 31 per cent) and affordability (23 to 34 per cent) are top barriers to access to both home and community-based care. Gaps in care, housing and social policies undermine older Canadians' independence and limit their contributions vibrant, healthy communities and economies.

Canada needs measurable goals and investments in retirement income security, affordable housing, age-friendly communities, and a dependable continuum of care. This requires a pivot from institutional care to services in homes and communities – where most Canadians want to age. Aging in place is less costly and leads to better health outcomes and quality of life.

Caregivers are an essential part of this shift, yet [according to the Canadian Centre for Caregiving Excellence \(CCCE\)](#), “Canada is facing a caregiving crisis at a massive scale.” One in four Canadians is a caregiver, and one in five caregivers are over the age of 65. [Researchers estimate the economic value of caregiving in Canada is \\$97.1 billion annually.](#) However, caregivers lack adequate support and recognition, and while caregiving can be positive and rewarding it also brings health challenges and [financial stress](#). For older caregivers, it can be especially difficult to access support. Supports including training, peer mentoring, financial support, and opportunities for respite are needed.

Canada must prioritize a National Caregiving Strategy in collaboration with caregivers and people with lived experiences. Concrete, swift action must follow, including converting the Canada Caregiver Credit into a refundable tax benefit.

Healthy, active retirements also depend on a reliable and truly universal health care system that includes universal pharmacare. The 2024 Pharmacare Act and its \$1.5 billion commitment over five years, was an important first step. Studies, including by the Parliamentary Budget Officer, project savings of at least [\\$2.2 billion annual savings through national pharmacare, with other estimates even higher.](#)

Now, federal and provincial governments must work together to sustainably fund and fully implement pharmacare in a way that complements existing public and private prescription drug coverage, so that all Canadians can afford the medications they need, without diminishing anyone's current coverage. Pharmacare agreements with the remaining provinces and territories to provide first-dollar coverage for contraception and diabetes medications must be delivered as promised. A national formulary, bulk purchasing plan, and appropriate use strategy must also be developed.

The 2025 federal budget will define how Canada responds to unprecedented domestic and global pressures and opportunities. Canada is strongest when it is united, and a strong economic future demands the full participation of all Canadians, including older adults. A federal budget that safeguards retirement income security, improves veteran wellbeing, builds a strategy for healthy and positive aging, and reaffirms Canada's commitment to a reliable health care system will drive the economy forward, while ensuring no one is left behind.