

CANADIAN ARMED FORCES (CAF) RELOCATION POLICY/BENEFIT CHANGES FOR 2018:

QUESTIONS AND ANSWERS

The Treasury Board (TB) approved, effective April 19, 2018, a number of changes to the relocation policies for the CAF. The following questions and answers (Q&A) are provided to help understand the details of those changes.

General

Q (G.1): Why are these changes being made?

A (G.1): The Canadian Armed Forces averages over 12,000 annual relocations for military personnel and their families, including more than 900 to and from foreign countries (2013-2017).

In response to concerns raised by CAF members and their families, DND/CAF is conducting a top-to-bottom review of relocation policies, which is expected to be complete by the 2019 Active Posting Season (APS). Meanwhile, ten “high impact” changes have been identified to be implemented for the 2018 APS. These changes bring CAF member benefits closer into line with those parallel benefits provided to members of the RCMP and the Public Service and also align with the Defence policy, *Strong, Secure, Engaged* commitment to take better care of military personnel and their families.

Q (G.2): What relocation policies are affected by these changes?

A (G.2): CAF has two separate relocation policies. The predominant one is the Canadian Forces Integrated Relocation Program (CFIRP) Directive, which provides a more enhanced set of benefits and applies to most trained personnel who are posted to a new place of duty or move to their Intended Place of Residence (IPR). The other relocation policy is Section 8 of the Compensation and Benefits Instruction (CBI) Chapter 208, which provides a basic set of benefits and applies to any untrained member who is posted to a new place of duty, and to a trained member who is posted but prohibited from moving dependants and household goods to the new place of duty.

Q (G.3): What relocation benefits are affected by these changes?

A (G.3): There are 15 changes. Ten are enhancements or the addition of benefits, and the remaining five are benefit cancellations. The details of each is explained further on in this Q&A.

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In general terms, the enhancements or additions are:

		CFIRP	CBI
1	Re-instatement of mortgage early repayment penalties	✓	✓
2	Re-instatement of mortgage default insurance (commonly known as “CMHC fees”)	✓	✓
3	Change in funding envelope from which the extra days on a house hunting trip (“extended” HHT) are reimbursed	✓	N/A
4	Doubling of the Core funding available for the Home Equity Assistance benefit	✓	✓
5	Increase to the initial time limit to complete the final move to an intended place of residence (IPR) and adding a provision for extensions	✓	N/A
6	Addition of extra days of interim lodgings and meals while awaiting the availability of a new residence	✓	N/A
7	Change to the collocation policy for Service Couples	✓	N/A
8	Removal of the weight restriction for shipment of household goods and effects to and from Goose Bay, NL	✓	N/A
9	Expansion of the eligibility criteria for long-term storage (LTS) of household goods and effects when posted to an isolated post or to a location outside of Canada	✓	N/A
10	Creation of a new policy to provide relocation benefits when an untrained member is released before reaching their Operationally Functional Point (OFP)	N/A	✓

In general terms, the cancelled benefits are:

		CFIRP	CBI
11	The “Capital Improvements” benefit	✓	N/A
12	The incentive for a shortened HHT	✓	N/A
13	The incentive for using fewer rooms in commercial accommodations	✓	N/A
14	The incentive to not ship or store major appliances	✓	N/A
15	The incentive to not ship or store a private motor vehicle (PMV)	✓	N/A

Q (G.4): Are these changes retroactive or retrospective?

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A (G.4): Neither. These changes are effective as of April 19, 2018. The exception is the IPR time limit changes as some personnel who released from the CAF in the past few years may now be within the new time limits. The details are contained in the specific benefit provisions in the policy directive. Generally, any new or improved benefits will apply to an eligible member if they incur the expense after the date the revised policy came into effect. The same general rule applies to the cancelled benefits.

1. Re-instatement of the mortgage early repayment penalties (MERP) benefit

Q (1.1): Who is eligible for the reinstated mortgage early repayment penalties (MERP) benefit?

A (1.1): Any trained member who, on or after April 19, 2018:

- is entitled to claim home sale benefits for their relocation at public expense,
- finalizes the sale (i.e. the closing date) of their home, and
- meets the eligibility criteria to claim the benefit.

Q (1.2): What are the eligibility criteria for the reinstated mortgage early repayment penalties (MERP) benefit?

A (1.2): You have to meet one of the two eligibility criteria. They are:

- You do not purchase a home at the new place of duty for any reason (e.g. you are posted outside of Canada or to an isolated post and are not entitled to purchase benefits; you simply decide to rent instead of purchase at the new place of duty, etc), or
- You purchase a new home at the new place of duty, but were prohibited from porting the mortgage under the terms of the mortgage (e.g. you move to a lower cost housing market and the mortgage is too big to port to the new home; you have a mortgage with a bank in Quebec that does not permit porting out of province, etc.).

Q (1.3): If a member elects to not port their mortgage because the interest rate is higher than the rate they could get on the replacement mortgage, can they still claim the benefit?

A (1.3): No. If a member buys a new home but elects not to port the mortgage for personal reasons, the benefit is not claimable.

Q (1.4): What is the maximum claimable under the reinstated mortgage early repayment penalties (MERP) benefit?

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A (1.4): The two policies (CFIRP and CBI) are somewhat different due to their benefit structures:

- Under the CFIRP, a trained member can claim up to a maximum of six months interest as follows:
 - As a Core benefit, the lesser of three months interest or \$5,000; and
 - As a Custom benefit, the remainder (up to six months interest).
- Under the CBI, a trained member can claim up to a maximum of six months interest or \$5,000, whichever is less (there are no Core or Custom benefits in the CBI).

2. Re-instatement of the mortgage default insurance (MDI) benefit (commonly known as “CMHC fees”)

Q (2.1): Who is eligible for the reinstated mortgage default insurance (MDI) benefit?

A (2.1): Any trained member who, on or after April 19, 2018:

- is entitled to claim home purchase benefits for their relocation at public expense, and
- finalizes the purchase (i.e. the closing date) of their home.

Q (2.2): What is the maximum claimable under the reinstated mortgage default insurance (MDI) benefit?

A (2.2): The actual amount of the MDI is claimable. However, depending on the circumstances, the reimbursement may be limited by the amount of funds available as a Custom or Personalized benefit under the CFIRP Directive.

Q (2.3): From which CFIRP funding envelope is the reinstated mortgage default insurance (MDI) benefit paid?

A (2.3): It depends on the circumstances, as follows:

- To be payable as a Core benefit (the unlimited envelope), 100 per cent of the equity from the sale at the former place of duty must be transferred to the new residence. In the case of a member who is returning from an isolated post or from an outside Canada posting (or any other scenario that prohibited purchase benefits at the last place of duty), then 100 per cent of the equity from the home they sold immediately prior to that posting must be transferred to the new home.
- The benefit is payable as a Custom benefit (the limited funding envelope) if the member was:
 - a renter at last place of duty (except for the prohibited-from-purchasing members noted above); or

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- owns a home that is not yet sold at the last place of duty.
- If the member elected to receive the Real Estate Incentive (REI) for their last owned residence, then the reinstated mortgage default insurance (MDI) is payable as a Personalized benefit.

3. Change in funding envelope from which the extra days on a house hunting trip (“extended” HHT) are reimbursed

Q (3.1): What has changed for the extended house hunting trip (HHT) days?

A (3.1): The only change is the envelope from which the extended HHT days are paid. Before the 2012 *Strategic Review* amendments, expenses for the extra days were reimbursed as a Custom benefit. In 2012, the funding for these extra days became a Personalized benefit (the envelope that is mostly comprised of the posting allowance). The 2018 amendment simply reverses the 2012 amendment and provides reimbursement of the extra days as a Custom benefit once again.

Q (3.2): Some HHTs may have already taken place for the 2018 posting season. To whom does this change apply?

A (3.2): For any HHT during which the last day (i.e. the return travel day) is on or after April 19, 2018, the expenses for extended HHT days are reimbursable as a Custom benefit.

4. Changes to the Home Equity Assistance benefit

Q (4.1): What has changed for the Home Equity Assistance (HEA) benefit?

A (4.1): There are three changes to this benefit:

- The maximum Core benefit amount has been doubled from \$15,000 to \$30,000;
- There is no longer a requirement for DCBA approval of the benefit when a home sells for less than 95 per cent of the appraised value; and
- The “Depressed Market” conditions and application process have been removed.

Q (4.2): To whom does this new HEA benefit policy apply?

A (4.2): Any trained member who, on or after April 19, 2018:

- is entitled to claim home sale benefits for their relocation at public expense, and
- finalizes the sale (i.e. the closing date) of their home.

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Q (4.3): What exactly is claimable as equity loss?

A (4.3): Equity loss is simply the difference between the purchase price and the subsequent sale price *MINUS* any reductions in the sale price due to deferred maintenance (i.e. any reduction in the sale price for anything that requires repair or replacement) identified in the sale agreement. For example, if a home was purchased for \$300,000 and sold for \$270,000, and the sale agreement included a \$5,000 reduction in the price for furnace replacement, then the equity loss claimable is \$25,000 (\$30,000 loss - \$5,000 deferred maintenance price adjustment).

Q (4.4): Does the 80 per cent rule still apply to the maximum payable as a Core benefit?

A (4.4): Yes. Any remaining equity loss may be reimbursed as a Custom or Personalized benefit, funds permitting.

Q (4.5): Why are these changes being made?

A (4.5): The maximum Core benefit amount of \$15,000 was established in 1999. The cost of homes in Canada has increased dramatically in the last 19 years. Both the CAF and the RCMP were able to successfully negotiate the same increase to their respective HEA benefits. Data has shown that most home equity losses experienced by CAF members fall within the range of the new benefit amount.

The requirement for DCBA approval of the benefit in certain cases has been removed in order to reduce the amount of time it takes for a member to be reimbursed this high-value benefit.

The “Depressed Market” condition was removed primarily because the onus was on the member to build a case to demonstrate that the overall housing market in the applicable area had dropped by 20 per cent or more, and no “Depressed Market” designations had been approved by the Treasury Board Secretariat in many years. Instead, CAF will continue to monitor data for trends of large equity losses.

Q (4.6): Is the HEA benefit taxable?

A (4.6): It depends on the amount of the benefit being paid to the member. At last check, Canada Revenue Agency rules provided that the first \$15,000 of HEA paid to a member is non-taxable, and only 50 per cent of any additional HEA paid to a member is taxable. Since taxation rules are always subject to change, CAF personnel are advised to check current tax regulations if they will be receiving the HEA benefit.

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5. Intended place of residence (IPR) time limit changes

Q (5.1): What changes have been made to the rules regarding the Intended place of residence (IPR) time limits?

A (5.1): There are three changes to IPR time limit rules:

- The time limit to conduct a move to an IPR has been changed from one year to two years from the release/transfer date;
- The possibility for a one-year extension still exists, but the approval level has been lowered and the requirement to apply during the initial time limit period is removed; and
- A new provision has been added to allow CAF members to request a further extension of up to three additional years for exceptional circumstances.

Q (5.2): Do these new time limits apply to former members?

A (5.2): Yes. For former members who released/transferred before April 19, 2018, the new two-year initial time limit now applies to them. They may also apply for the one-year extension if one of the four criteria contained in the directive applies to them. This one-year extension can be applied for even after the initial two years have expired but will still end three years after the release/transfer date. However, any subsequent extension for exceptional circumstances **must** be applied for within three years of the release/transfer date. To summarize, the backward reach of these new rules is limited.

6. Addition of extra days of interim lodgings and meals while awaiting the availability of a new residence

Q (6.1): What changes have been made to the rules in the CFIRP Directive regarding payment of interim lodgings and meals at destination?

A (6.1): This is commonly known as the “door-to-door” policy. Prior to April 19, 2018, a CAF member was expected to arrange the availability date of the new accommodation at the new place of duty to coincide with the expected arrival date of the household goods and effects. If the new accommodation was arranged to be available at any later date, the additional meals and lodgings expenses were the responsibility of the member. In other words, lodging and meals were only payable while awaiting the arrival of the household goods and effects.

Under the new policy, lodgings and meals are payable for up to ten days at destination while awaiting the arrival of the household goods and effects **OR** awaiting the availability of the new accommodation. In other words, you can continue to be reimbursed some lodgings and meal

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expenses even after your household goods and effects have arrived and your new residence is not yet available.

This change adds a small degree of flexibility for negotiating/arranging the availability date of the replacement residence. It also addresses one of the most significant dissatisfiers in the relocation policy.

Q (6.2): On April 19, 2018, some members may already be in the process of their move to the new place of duty. Does this new policy apply to them?

A (6.2): Whether this policy change applies is determined by the start date for any interim lodgings and meals under Chapter 5 of the CFIRP Directive (i.e. the pack day at origin). If the pack day is before April 19, 2018, then the old door-to-door policy applies. If the pack day is on or after April 19, 2018, then this new policy applies.

Q (6.3): Does this new maximum ten days of interim lodgings and meals at destination include the unload and unpack days?

A (6.3): No. Like the old policy, the pack, load, clean, unload and unpack days are a separate benefit under Chapter 5 of the CFIRP Directive.

Q (6.4): What happens if a member arranges to have the new residence available within the first ten days after their arrival at the new place of duty, but the household goods and effects cannot be delivered within those ten days?

A (6.4): Interim lodgings and meals continue to be payable after ten days when the delay in the delivery of household goods and effects are beyond the control of the CAF member. It should be noted that reimbursement for meals cannot exceed 45 days, regardless of the reason.

7. Amendment to the collocation policy for Service Couples

Q (7.1): What changes have been made to the rules in the CFIRP Directive regarding the collocation policy for Service Couples?

A (7.1): Under the old policy, a Service Couple could not split their household goods and effects if one or both members were posted apart. One of them would have to proceed as an unaccompanied member. The new policy removes this restriction and provides the option for the household goods and effects (and dependants, if applicable) to be split and one or both of the

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members (as the case may be) to have a full set of relocation benefits. Of course, they may still decide to proceed on an unaccompanied status instead of conducting a full move.

Q (7.2): In cases where one member of a collocated Service Couple is posted and the other is not, are there any additional criteria to be met before the household goods and effects can be split?

A (7.2): Yes. In these cases, the career manager of the member who is not posted must confirm that they will not be posted to the same new place of duty within the next 12 months. If there is an expectation that a collocation will re-occur within 12 months, the posted member is expected to proceed unaccompanied to the new place of duty until the Service Couple can be re-united. Additionally, if either member has a known release date within the next 12 months, there is no entitlement to split the household goods and effects.

Q (7.3): Does this new change to the collocation policy for Service Couples apply to members of a Service Couple who are currently on an unaccompanied move under the old policy?

A (7.3): Yes. The member who proceeded on an “unaccompanied” status may now elect to conduct a full move.

8. Removal of the weight restriction for shipment of household goods and effects to and from Goose Bay, NL

Q (8.1): What changes have been made to the weight restriction for shipment of household goods and effects to and from Goose Bay, NL?

A (8.1): The weight restriction is removed. This was a legacy policy that dated back decades to when the Residential Housing Units (RHUs) at Goose Bay were partially furnished and all household goods and effects were shipped by sea. Today, the RHUs are no longer furnished and household goods and effects are now shipped overland.

Q (8.2): Is there still an entitlement to store some household goods and effects when posted to Goose Bay, NL?

A (8.2): Yes.

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9. Expansion of the eligibility criteria for long-term storage (LTS) of household goods and effects when posted to an isolated post or to a location outside of Canada

Q (9.1): What changes have been made to the long-term storage (LTS) policy?

A (9.1): Under the old policy, there was only an entitlement to store household goods and effects in circumstances where there was a weight restriction for the shipment to the new place of duty. This was limited to any overseas posting, and postings to either Goose Bay, NL or Iqaluit, NU.

Under this new policy, the LTS entitlement is expanded to include all postings to any isolated post or to any location outside of Canada. This, in effect, adds postings to the continental USA and postings to other isolated posts (e.g. Yellowknife, Masset, Whitehorse, etc.) to the eligibility list.

Q (9.2): What postings are considered to be an “isolated post”?

A (9.2): Any post that is listed in [Appendix A](#) of the National Joint Council’s Isolated Posts and Government Housing Directive.

10. Creation of a new set of relocation benefits when an untrained member is released before reaching their Operationally Functional Point (OFP)

Q (10.1): To whom does this new CBI policy apply?

A (10.1): This new policy (CBI 208.847) applies to any untrained member who has not yet moved their household goods and effects to a new place of duty and who – on or after April 19, 2018 – is released or transferred from the Regular Force for any reason, except for misconduct.

Q (10.2): Does this new CBI policy apply to an untrained member who voluntarily releases?

A (10.2): Yes. An untrained member who has not yet moved their household goods and effects to a new place of duty and whose voluntary release/transfer is approved, is entitled under this new CBI policy.

Q (10.3): What benefits does this new CBI provide?

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A (10.3): This new CBI provides a very basic set of benefits to return a member to their place of enrolment, which is relative to the address at which they lived at the time of their enrolment or transfer into the Regular Force. In general terms, those benefits are:

- one-way transportation/meals for the journey from their last place of duty back to their place of enrolment;
- shipment of up to 500 lbs of unaccompanied baggage from their last place of duty back to their place of enrolment;
- one day of interim lodgings and meals upon arrival at the place of enrolment;
- a move of any household goods and effects from long-term storage to their residence at their place of enrolment; and
- expenses related to getting their private motor vehicle (PMV) out of storage

Q (10.4): What if a member is not moving back to the same address where lived when they enrolled?

A (10.4): Place of enrolment is only relative to the address where they lived when they enrolled. The CBI defines place of enrolment as any “*place that is no more than 100 kilometres by direct road distance of the address in Canada that the member specifies as their residence at the time of enrolment*”. This provides some degree of flexibility in finding a new accommodation in the general vicinity of the place they lived when they enrolled.

Q (10.5): Under this new CBI, can a member claim expenses to move to an alternate location in lieu of a move to their place of enrolment?

A (10.5): No. If a member wants to move somewhere other than their place of enrolment (i.e. within 100 km of their address on enrolment), there is no entitlement under this new policy.

11. Cancellation of the “Capital Improvements” benefit

Q (11.1): Who is affected by the cancellation of the “Capital Improvements” benefit?

A (11.1): Any member who, on or after April 19, 2018:

- is entitled to claim home sale benefits under the CFIRP Directive, and
- finalizes the sale (i.e. the closing date) of their home.

Q (11.2): What about members with COS dates before April 19, 2018 but who have not yet sold their homes?

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A (11.2): This benefit is no longer available to any member who sells their home on or after April 19, 2018, regardless of their COS date.

12. Cancellation of the “HHT savings incentive – shortened HHT” benefit

Q (12.1): Who is affected by the cancellation of the “HHT savings incentive – shortened HHT” benefit?

A (12.1): Any member who starts their house hunting trip (HHT) on or after April 19, 2018 is no longer entitled to claim this incentive benefit. This includes members whose COS date was before April 19, 2018 but had not yet conducted an HHT.

Q (12.2): If a member was already on their house hunting trip (HHT) when this policy change came into effect, can they still claim this incentive benefit?

A (12.2): Yes, this incentive is still claimable by anyone whose first day of their HHT (i.e. the first travel day) was before April 19, 2018.

13. Cancellation of the “In lieu of additional rooms” savings incentive benefit

Q (13.1): Who is affected by the cancellation of the “In lieu of additional rooms” savings incentive benefit?

A (13.1): Any member who, regardless of their COS date:

- starts their house hunting trip (HHT) on or after April 19, 2018;
- starts their destination inspection trip (DIT) on or after April 19, 2018;
- starts their travel to new location (TNL) on or after April 19, 2018; or
- is entitled to interim lodgings, meals and miscellaneous expenses (ILM&M) for any day on or after April 19, 2018.

Q (13.2): If a member was already on their house hunting trip (HHT), destination inspection trip (DIT) or travel to new location (TNL) when this policy change came into effect, can they still claim this incentive benefit?

A (13.2): Yes, this incentive is still claimable by anyone whose first day of their HHT, DIT or TNL (i.e. the first travel day) was before April 19, 2018.

Q (13.3): Can a member still claim expenses for a suite or suites in lieu of their entitlement to separate rooms?

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A (13.3): Yes, this aspect of the policy remains unchanged. Only the \$50/night savings incentive for using fewer rooms is cancelled.

14. Cancellation of the “Long Term Storage incentive” benefit

Q (14.1): Who is affected by the cancellation of the “Long Term Storage incentive” benefit, which provided an incentive for not shipping or storing certain major appliances?

A (14.1): Any member whose household goods and effects are packed on or after April 19, 2018 is no longer entitled to claim this incentive benefit. This includes members whose COS date was before April 19, 2018 but had not yet moved/stored their household goods and effects.

15. Cancellation of the “Incentive not to ship or store PMV” benefit

Q (15.1): Who is affected by the cancellation of the “Incentive not to ship or store PMV” benefit, which provided an incentive for not shipping or storing a PMV on a posting outside of Canada?

A (15.1): Like the cancellation of the LTS incentive, any member whose household goods and effects are packed on or after April 19, 2018 is no longer entitled to claim this PMV-related incentive benefit. This includes members whose COS date was before April 19, 2018 but had not yet moved/stored their household goods and effects.

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