

## SISIP Class Action Update

HALIFAX, NS January 9, 2013 – Class Counsel with the SISIP Long Term Disability Class Action has reached a proposed agreement with the Government of Canada and is now available for review by class members. The proposed agreement still requires review and approval by the Court.

The following overview is a summary only. For full details of the settlement, including the Court approved Notice to the Class, and the history of the litigation, please visit [www.leavenovetbehind.ca](http://www.leavenovetbehind.ca).

### Proposed Agreement

The estimated total value of the proposed settlement is up to \$887.8 million. This includes \$424.3 million in retroactive payments, which in turn includes \$82.6 million in interest.

The proposed agreement includes:

- Full retroactive payments dating back to 1976, including interest;
- Future payments; and
- Access to a \$10 million Scholarship Fund for Class Members or their family members.

As well, Class Counsel will donate \$1 million to a charity for support of access to justice initiatives for veterans, and \$50,000 to lead plaintiff Dennis Manuge for all the work he has done in advancing this case on behalf of all veterans.

### History of the Class Action

Under the terms of the SISIP LTD Plan, a disabled former Canadian Forces member's benefits were reduced by the amount of their *Pension Act* disability pension (the "Offset"). The Plaintiff, Dennis Manuge, brought this class action to challenge the legality of the Offset.

The Supreme Court of Canada approved the case going forward as a class action on December 23, 2010.

The Federal Court ruled that the Offset was not permitted under the SISIP LTD Plan on May 1, 2012. The Defendant did not appeal.

Since then, the Plaintiff and the Defendant have been in negotiations over how the Offset should end, how past Offset amounts should be refunded, and other key details. The Plaintiff and the Defendant have now reached an agreement on these points that are contained in a proposed draft order (the "Agreement").

### Timeline

- June 1, 1976 – The Offset begins. The Offset will go to affect over 7,500 disabled CF veterans.
- October 30, 2003 – then DND and CF Ombudsman André Marin issues his special report *Unfair Deductions from SISIP Payments to Former CF Members*.
- November 7, 2006 – the majority of House of Commons members voted in support of a non-binding motion to end the Offset.
- March 2007 – Dennis Manuge files his action. This is the first legal challenge to the Offset, which has been in effect for over 30 years.

- March 5, 2008 – the then-Minister of Veterans Affairs, the Honourable Greg Thompson testified “[i]f I attempted to make anyone believe we will be changing it, I would not be telling the truth.”
- May 20, 2008 – Federal Court certifies Mr. Manuge’s action as a class action holding that it was “ideally suited to certification as a class action”.
- February 3, 2009 – Federal Court of Appeal allows the Government’s appeal and de-certifies the class action.
- December 23, 2010 – Supreme Court of Canada unanimously allows Mr. Manuge’s appeal and re-certifies the class action.
- May 1, 2012 – Federal Court rules that the SISIP LTD Policy does not permit the Offset.
- July - December 2012 – The parties undertake comprehensive negotiations to resolve the remaining issues.
- October 1, 2012 – The New Veterans Charter Regulations no longer deduct the Pension Act disability pension from the Earnings Loss Benefit and Canadian Forces Support Benefits. This is known as the “Manuge Effect”.
- November 2012 – The Department of Finance Canada amends its budget projections to account for an additional \$1.9 billion in additional benefits as a result of this case.

### **Proposed Fees**

Class Counsel is proposing a fee structure that is projected to be approximately 7.5% of the total value of the settlement. For full details on the fee mechanism, please review the court approved notice at [www.leavenovetbehind.ca](http://www.leavenovetbehind.ca). The Court has the final say on Class Counsel fees.

### **What Happens Now**

Class Members have the right to file a formal letter of support or objection to the proposed agreement and/or fees, which will be considered by the Court at the hearing. A hearing for final approval of the Agreement will be held at 9:30am, February 14, 2013, at the Law Courts at 1815 Upper Water Street, Halifax, Nova Scotia. The Court will be asked to find that the Agreement is fair, reasonable, and in the best interests of the Class Members, and to approve the percentage proposed to be paid for fees, expenses, and taxes.

For further details and information please refer to [www.leavenovetbehind.ca](http://www.leavenovetbehind.ca).

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