



Funeral Service Association of Canada | Association des services funéraires du Canada

**Written Submission for the Pre-Budget Consultations in
Advance of the Upcoming 2026 Budget By:
Funeral Service Association of Canada**



Recommendation

Funeral Service Association of Canada calls on the Government to act by implementing a coordinated three-part framework that ensures adequate and sustainable funding for death care services and recommends:

Tier 1: Universal Base – CPP Death Benefit Reform

Increase the CPP Death Benefit to \$5,000 and restore indexation to inflation.

Tier 2: Targeted Support – GIS Death Benefit

Introduce a \$5,000 death benefit for individuals receiving the Guaranteed Income Supplement (GIS).

Tier 3: Supplemental Support – Refundable Funeral Tax Credit

Introduce a means-tested \$2,500 refundable tax credit for funeral expenses, phased out for higher-income households that can be accessed early with proof of spending.

Purpose:

To recommend a coordinated set of federal policy measures to address the growing gap between the cost of end-of-life services and available financial supports, and to ensure all Canadians have access to dignified care after death.

In addition to affordability, it is important to recognize that end-of-life services are delivered through a highly regulated, infrastructure-dependent system that must operate continuously across Canada. Financial gaps do not exist in isolation—they directly impact system capacity, accessibility, and the ability of deathcare providers to sustainably deliver services in all communities.

Background:

For decades, the Funeral Service Association of Canada (FSAC) has advocated, along with its provincial counterparts, for increased government support to ensure low-income Canadians can access essential end-of-life services. FSAC maintains that every Canadian—regardless of financial circumstances—deserves dignified, respectful care after death. This is not only a professional standard, but a fundamental societal responsibility. In recent years, inflation and supply chain pressures have contributed to rising costs for funeral, burial, and cremation services, increasing the financial burden on Canadian families during a time of loss. These increases have far outpaced adjustments to provincial and federal death benefits, raising concerns about the adequacy of available supports.

The delivery of end-of-life services depends on a combination of physical infrastructure, regulatory frameworks, and municipal planning systems. As costs increase and support fails to keep pace, strain is placed not only on families, but on the broader system responsible for ensuring timely and dignified care.

Historically, gaps between available benefits and actual costs have often been bridged by informal measures by funeral providers, such as discretionary fee reductions and subsidized services. This approach is no longer sustainable as broader cost pressures, regulatory requirements, and evolving expectations around memorialization continue to increase the complexity of service delivery. The affordability crisis that is being felt by so many Canadians calls for a national solution rather than the series of existing patchwork measures. Deathcare providers are no longer able to subsidize these programs, creating the risk of a two-tiered system where those relying on government support have fewer choices and may find no locally available provider of services for their families.

The Canada Pension Plan (CPP) Death Benefit has remained largely unchanged since 1998, with a maximum taxable benefit of \$2,500. Over the same period, the Consumer Price Index (CPI) increased by nearly 85%, significantly reducing the benefit's real value.

Although the federal budget of April 16, 2024, introduced a revised benefit of up to \$5,000, eligibility is narrowly restricted to contributors with no surviving beneficiaries who have not previously received CPP payments. As a result, the change is expected to affect relatively few Canadians and does little to address broader affordability pressures faced by families.

For many years, FSAC and its provincial partners have advocated for an increase to the Canada Pension Plan Death Benefit, and its ongoing indexation to inflation reflecting the view that updating the benefit would help ensure it remains responsive to inflationary pressures and continues to provide meaningful support to Canadian families during a time of loss.

Analysis

1. The Affordability Gap

End-of-life costs now significantly exceed available federal support:

- Burial services: approximately \$8,300–\$10,000
- Cremation services: approximately \$6,280
- Current CPP Death Benefit: \$2,500

This gap leaves many families, particularly those with limited savings—financially exposed, in some cases requiring difficult trade-offs between essential household expenses and the most basic deathcare costs.

2. Pressure on Service Providers and Public Systems

Deathcare providers have helped bridge affordability gaps by offering fee reductions. This informal subsidy model is unsustainable due to rising operating costs and evolving regulatory requirements.

As federal support has not kept pace, costs have increasingly shifted to:

- Provincial or municipal social assistance programs
- Provincial Indigenous assistance programs
- Community-based assistance programs

Applications for these programs have increased in recent years, placing growing pressure on local governments and contributing to inconsistencies in access across jurisdictions. Without adequate support, unclaimed remains increase, reflecting families' inability to afford burial or cremation services.

3. System Capacity and Access Considerations

The affordability gap is increasingly linked to broader system capacity challenges. End-of-life services require:

- Access to licensed service providers
- Availability of cemetery and cremation infrastructure
- Coordination with municipal and provincial regulatory frameworks

As financial pressures increase, providers are less able to absorb costs or maintain flexibility in service delivery. This results in reduced availability of services in certain regions, longer wait times, and increased reliance on public systems.

This has contributed to increased pressures on municipal and provincial systems, including a rise in unclaimed remains and delayed disposition.

A sustainable federal response must therefore consider not only financial adequacy, but also the stability and capacity of the system delivering these services.

4. Gaps in the Current Federal Framework

The current system presents several structural limitations:

- CPP Death Benefit: Contribution-based and not indexed to inflation
- Tax measures: Not designed to provide timely or targeted support
- Low-income seniors: Limited access to CPP-linked benefits

These gaps disproportionately affect low-income households, seniors, individuals with interrupted work histories, and women, particularly those with lower lifetime earnings and reduced pension contributions.

5. A Tiered Federal Response

FSAC recommends a coordinated, three-part framework:

Tier 1: Universal Base – CPP Death Benefit Reform

Increase the CPP Death Benefit to \$5,000 and restore indexation to inflation.

Tier 2: Targeted Support – GIS Death Benefit

Introduce a \$5,000 death benefit for individuals receiving the Guaranteed Income Supplement (GIS).

Tier 3: Supplemental Support – Refundable Funeral Tax Credit

Introduce a means-tested \$2,500 refundable tax credit for funeral expenses, phased out for higher-income households that can be accessed early with proof of spending.

6. Fiscal Considerations

Estimated annual costs:

- CPP enhancement: \$480M–\$520M
- Refundable tax credit: \$285M–\$315M
- GIS Death Benefit: ~\$400M

Total estimated cost: approximately \$1.2 billion annually

This represents a modest share of federal social spending and leverages existing delivery systems. The CPP component remains consistent with long-term actuarial sustainability and does not require increased contribution rates.

7. Equity and Gender Impacts

The current CPP system's reliance on lifetime earnings results in uneven outcomes. Women—particularly senior women—are more likely to experience gaps in eligibility due to lower lifetime earnings and caregiving responsibilities. An estate of a male is 10% more likely to be eligible for the CPP Death Benefit than that of an estate of a woman.

The proposed framework improves equity by:

- Reducing reliance on contribution history
- Improving support for low-income seniors
- Establishing a more consistent national standard of support

Final Recommendation

- A. Based on the analysis, it is recommended that the federal government adopt a three-tier framework to strengthen affordability and equity in end-of-life supports. This framework includes increasing the Canada Pension Plan Death Benefit to \$5,000 and restoring indexation to inflation to maintain its relevance over time. It includes the introduction of a \$5,000 targeted death benefit for Guaranteed Income Supplement recipients to provide enhanced support to low-income seniors and their families. Finally, it proposes a \$2,500 refundable funeral expense tax credit, phased out for higher-income households to improve accessibility and reduce financial burden.

B. Tier-by-tier recommendations with implementation rationale

Tier 1: Universal Base – CPP Death Benefit Reform

Increase the Canada Pension Plan Death Benefit to \$5,000 and restore indexation to inflation to ensure the benefit remains responsive to ongoing cost pressures.

Rationale: Strengthens the universality and adequacy of core federal support and ensure long-term alignment with cost-of-living increases.

Tier 2: Targeted Support – GIS Death Benefit

Introduce a \$5,000 death benefit for individuals receiving the Guaranteed Income Supplement (GIS), providing enhanced support for low-income seniors and their families.

Rationale: Directs additional assistance to those most likely to experience financial vulnerability at end of life.

Tier 3: Supplemental Support – Refundable Funeral Tax Credit

Introduce a \$2,500 refundable tax credit for eligible funeral expenses, phased out for higher-income households and designed to allow for early access with proof of spending.

Rationale: Provides flexible, income-sensitive support that helps reduce immediate out-of-pocket costs while complementing existing benefits.

Together, these measures would modernize federal support for end-of-life costs by improving adequacy, targeting assistance to vulnerable populations, and introducing a flexible mechanism to reduce immediate financial pressure on families. While each component addresses a distinct gap within the current system, collectively they provide a more coherent and equitable framework aligned with contemporary cost realities and the operational requirements of the systems that deliver end-of-life services across Canada. This approach would help ensure that all Canadians have access to dignified end-of-life arrangements without facing undue financial hardship during a period of bereavement.

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Enclosures:

APPENDICES “A” THROUGH “E”

Appendix A: Summary of Proposed Measures

Measure	Target Group	Benefit	Delivery Mechanism
CPP Death Benefit	Contributors	\$5,000 (indexed)	Service Canada
GIS Death Benefit	Low-income seniors	Up to \$5,000	Automatic (GIS-linked)
Refundable Funeral Tax Credit	Broad / income-tested	\$2,500	Canada Revenue Agency

Appendix B: Key Data Points

- CPP Death Benefit unchanged since 1998 (\$2,500 cap)
- Inflation increase since 1998: ~85%
- Average funeral costs:
 - Burial: \$8,300–\$10,000
 - Cremation: ~\$6,280
- Estimated annual deaths in Canada: ~326,000
- Estimated total proposal cost: ~\$1.2 billion annually

Appendix C: Policy Design Principles

The framework is guided by the following principles:

- **Adequacy:** Establish a meaningful minimum level of support
- **Equity:** Ensure access regardless of income or work history
- **Efficiency:** Leverage existing administrative systems
- **Sustainability:** Maintain fiscal responsibility and actuarial stability
- **Dignity:** Uphold a consistent national standard of end-of-life care

Appendix D: Concerns and Responses

Concern 1: The total cost is too high

Response:

At approximately \$1.2 billion annually, the proposed measures represent a modest investment relative to total federal social spending, which reduces downstream costs currently borne by provinces and municipalities through indigent burial programs.

Concern 2: This creates duplication across programs

Response:

The proposals are designed as a **tiered and complementary system**, not overlapping benefits. Each measure targets a distinct population:

- CPP: broad, contribution-based coverage
- GIS: low-income seniors
- RFTC: individuals outside or between these systems

Together, they ensure comprehensive coverage while minimizing gaps.

Concern 3: CPP enhancements may threaten long-term sustainability

Response:

Actuarial projections confirm that the CPP is in a stable position. The proposed enhancement represents a small fraction of total expenditures and does not require an increase in contribution rates. Indexation ensures long-term stability without repeated policy adjustments.

Concern 4: A tax credit does not provide timely support

Response:

The Refundable Funeral Tax Credit can be structured to allow advance payment mechanisms, ensuring funds are available at the time services are required.

Concern 5: End-of-life services fall under provincial jurisdiction

Response:

While service delivery is provincial, income support programs are clearly within federal jurisdiction. Strengthening federal benefits reduces pressure on provincial systems and supports a more consistent national standard, creating a baseline of dignified care.

Concern 6: Families should plan privately for end-of-life costs

Response:

Many Canadians—particularly low-income seniors—lack the financial capacity to pre-plan. The proposed measures establish a **baseline standard**, not full cost coverage, ensuring dignity without replacing personal responsibility.

Appendix E:

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