

ISSUE BRIEF: ELIMINATE VETERAN AND SURVIVOR OFFSETS

The Situation

- Service members who retire from the military after 20 or more years of service are able to receive full VA compensation for their service-related disabilities rated 50 percent or more disabling without any offset to their military longevity retirement pay. However, longevity military retirees rated 40 percent disabled or less must forfeit a portion of their retirement pay to receive VA disability compensation. Essentially, military longevity retirees are funding their VA compensation for service-related disabilities with part of their retirement pay.
- Purchased Survivor Benefit Plan (SBP) annuities are offset by the amount of any benefit payable under the VA Dependency and Indemnity Compensation (DIC) program. SBP is not a government gratuity; rather, it is a type of insurance benefit purchased out-of-pocket by military retirees for their survivors. Thousands of survivors of military retirees are adversely affected by this unfair offset between SBP and DIC benefits.

The Challenge

- If a longevity military retiree must forfeit a dollar of retired pay for every dollar of VA disability compensation otherwise payable, our government is, in effect, not compensating the veteran for the disability he or she suffered. Any offset between longevity military retired pay and VA compensation is unjust because no duplication of benefits is involved.
- Unlike many other public and private retirement plans, survivors of military retirees are not entitled to any portion of a retiree's annuity following death of that retiree. Military retirees must pay premiums out of their own retirement pay to have a survivor annuity under SBP.
- Upon the retiree's death, the SBP annuity is paid monthly to eligible beneficiaries; however, if a surviving spouse is also entitled to DIC, the SBP benefit is reduced by the amount of the DIC benefit (currently \$1,283.11 per month). In general, when DIC benefits are payable but the monthly rate is equal to, or greater than, the monthly SBP payment amount, beneficiaries lose the entire SBP payment.

The Solution

- DAV urges Congress to enact H.R. 303, the Retired Pay Restoration Act, to repeal the inequitable offset between rightfully earned longevity military retired pay and VA disability compensation for *all* veterans, regardless of VA disability rating percentage, because there is no duplication of benefits involved.
- DAV urges Congress to enact H.R. 846, the Military Surviving Spouse Equity Act of 2017, and/or S. 339, the Military Widow's Tax Elimination Act of 2017, to repeal the inequitable offset between military retiree purchased SBP annuities and DIC, because there is no duplication of benefits involved.