

ISSUE BRIEF: IMPROVE SURVIVOR BENEFITS

The Situation

- A surviving dependent of a veteran that had either died from a service-connected condition or had been rated totally disabled for 10 consecutive years prior to their death is eligible to receive Dependency and Indemnity Compensation (DIC) from the VA.
- A DIC eligible surviving spouse that remarries before the age of 57 will lose their DIC benefits.
- Currently, the rate for DIC is significantly lower than an equivalent benefit provided to survivors of federal civilian employees who are killed while performing their duties. An eligible surviving spouse of a Federal employee is also entitled to a basic death benefit, plus 50 percent of the employee's final salary. In 2018, that death benefit is about \$33,000.
- Survivor Benefit Plan (SBP) is a type of insurance purchased out-of-pocket by military retirees for their survivors and not a government gratuity benefit. Purchased SBP annuities are offset by the amount of any benefit payable under the VA Dependency and Indemnity Compensation (DIC) program. Thousands of survivors of military retirees are adversely affected by this unfair offset between SBP and DIC benefits.
- Some dependents of severely disabled veterans and survivors are eligible for educational benefits, similar to the Montgomery GI Bill, under chapter 35, United States Code. However, they only have a 10-year period in which to apply for and complete programs of education which begins either from the date the veteran is evaluated by the VA as permanently and totally disabled from service-connected disabilities or the date of such veteran's death due to service-connected disability.

The Challenge

- To make a veteran, who is seriously disabled, have to wait 10 years before they can be assured that their surviving loved ones are going to receive their earned benefits is putting an undue strain on those who are already dealing with being totally disabled.
- The current remarriage age is unduly punitive when considering that federal employees who have a similar benefit have a lower remarriage age.

- DIC payments were intended to provide surviving spouses with a means of economic stability after the loss of their spouse. Survivors who rely solely on DIC benefits face significant financial hardships after the death of their loved one. For example, a veteran who is married and receiving compensation at the 100% rate would be paid \$3,227 a month in 2019. Once that veteran passes away, the survivor would only be entitled to receive \$1,283 a month, a loss of almost \$24,000 a year.
- 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 unfairly lose the entire SBP payment.
- In many instances, especially in cases of caregivers, family obligation or the need to provide care to the veteran, causes dependents, spouses and surviving spouses to not be able to apply for these benefits in a timely manner.

The Solution

DAV urges Congress to enact legislation:

- That changes DIC eligibility to a graduated benefit that would make the veteran eligible at 5 years for 50 percent of the benefit amount and would increase annually.
- That reduces the remarriage age for a surviving spouse to a more reasonable age such as 55 that would mirror the system used in the Civil Service Retirement System and bring DIC in line with SBP rules that permit continued entitlement when remarriage occurs at the age of 55.
- That increases the rate of compensation for survivors. DAV believes that DIC must be indexed to 55% of the compensation rate of a veteran rated totally disabled and adjusted annually.
- To repeal the inequitable offset between military retiree-purchased SBP annuities and DIC, because there is no duplication of benefits involved.
- That eliminates the 10-year rule for spouses and surviving spouses to use their educational benefits provided under chapter 35, title 38, United States Code.