

MILITARY GUIDE

2011



Military Retirement Guide



FREE

www.feddesk.com

FREE Federal & Military Guides Since 2002

Our 2011 Military Guides:



2011 Military Retirement Guide

Written by John D. Whitney
Published by Feddesk.com

FREE Federal and Military Guides Since 2002

www.feddesk.com

Copyright © 2002-2010. Feddesk.com, 1602 Bellevue Blvd., Suite 460, Alexandria, VA 22307.

General email: office@feddesk.com, or to reach our Publisher: jwhitney@feddesk.com.

All rights reserved. No part of this guide may be reproduced in any form or by any means without prior written permission from the Publisher. Printed in U.S.A.

The content provided in this guide and on the Feddesk.com website is designed to provide timely information that will assist you with your career and family life. It is provided with the understanding that Feddesk is not providing legal, financial, or other professional advice. If professional guidance or advice is needed, we recommend that you consult the appropriate personnel in your agency/branch or consult a professional that is competent in the needed subject area. While Feddesk staff makes all reasonable efforts to ensure accuracy of the content, we are not liable for any omission or errors contain in the content.

Contents

Introduction	3
Active Duty Retirement System	4
How Retired Pay is Calculated	12
Action Plan: Prior to Retirement.....	17
Survivor Benefits.....	24
Thrift Savings Plan (TSP)	43
Military Service and Social Security	47
TRICARE Transition from Active Duty to Retirement	50
Veteran Benefits Overview	53
VA Pensions	55
VA Healthcare.....	57
Veterans with Service Connected Disabilities.....	67
Reserve and National Guard	75
Special Groups of Veterans	80
Transitional Assistance	85
VA Benefits for Dependents and Survivors.....	89
Appeals of VA Decisions.....	96
Military Medals and Records.....	98
Benefits Provided by Other Federal Agencies	100

1

Introduction

Although retirement may seem a long way off, it is essential to start planning now. Decisions that you make now and in the future will determine how comfortable you are in retirement. Whether you plan on working beyond your retirement from the armed services or think you may be completely reliant on your retirement income, there are a lot of considerations.

Service members who remain on active duty or serve in the Reserves or Guard for a sufficient period of time may retire and receive retired pay. Retirees also retain the privilege to use base facilities, such as the Commissary and gym. Those members who entered Service on or after August 1, 1986, and who will qualify for an active duty retirement, may choose between two of the current three systems. Members who become disabled while on duty may be medically retired and receive a disability retirement. Additionally, all retirees may choose to participate in the Survivor Benefit Plan or the Reserve Components Survivor Benefit Plan, which protects the retiree's family financially in the event of his or her death; these are discussed in the Survivor Benefits section. Social Security will likely provide additional retirement benefits to retirees beginning, for most persons, after after turning 62. Finally, interactive calculators are provided to aid in career decisions.

This guide will walk you through your retirement options, additional retirement investment options such as the Thrift Savings Plan, how to plan for retirement, as well as the many benefits available to Veterans.

2

Active Duty Retirement System

Members who remain on active duty for 20 or more years are eligible for retirement. There are three non-disability retirement systems currently in effect. These are Final Pay, High-3 Year Average, and Military Retirement Reform Act of 1986 (more commonly referred to as REDUX).

REDUX was revised by the FY2000 National Defense Authorization Act---a \$30,000 Career Status Bonus (CSB) was added for those who accept the REDUX retirement system. Individuals formerly under REDUX may now choose between the High-3 and CSB/REDUX systems. The date you first entered the military determines which retirement system applies to you and whether you have the option to choose your retirement system.

Which System Applies to You

To decide which system applies to you, you must determine the date that you **FIRST** entered the military. This date is called the DIEMS (Date of Initial Entry to Military Service) or DIEUS (Date of Initial Entry to Uniformed Services). The date you first entered the military is the first time you enlisted or joined the active or reserves. This date is fixed---it does not change. Departing the military and rejoining does not affect your DIEMS.

Some individuals have unique circumstances that complicate determining their DIEMS. Here are a few examples:

- The DIEMS for Academy graduates who entered the Academy with no prior service is the date they reported to the Academy, not the date they graduated.
- Beginning an ROTC scholarship program or enlisting as a Reserve in the Senior ROTC program sets the DIEMS, not the graduation or commissioning date.
- Members who entered the military, separated, and then rejoined the military have a DIEMS based on entering the first period of military service.
- The DIEMS for members who enlisted under the delayed entry program is when they entered the delayed entry program, not when they initially reported for duty.
- For those who joined the Reserves and later joined the active component, their DIEMS is the date they joined the Reserves.

Be aware that your pay date may be different than your DIEMS. Also, your DIEMS does not determine when you have enough time in the service to retire---it only determines which retirement system applies to you.

Not all Services have their DIEMS dates properly defined in their personnel records. If you have unusual circumstances and are unsure of when your DIEMS date is or believe your records show an incorrect DIEMS date, contact your personnel office to discuss your particular situation.

Now, based upon the date you initially entered the military, you can determine which retirement system applies to you.

Retirement System	Criteria to Receive
Final Pay	Entry before September 8, 1980
High-3	Entered on or after September 8, 1980 but before August 1, 1986 OR Entered on or after August 1, 1986 AND did not choose the Career Status Bonus and REDUX retirement system
CSB/REDUX	Entered on or after August 1, 1986, AND elected to receive the Career Status Bonus (if you do not elect to receive the Career Status Bonus, you will be under the High-3 retirement system)

Retirement Choice

Members who entered the service after July 31, 1986, will be given a choice of retirement plans at their 15th year of service. There are two options:

1. Take the pre-1986 retirement system (High-3 Year Average System) OR
2. Elect the post-1986 retirement system (Military Retirement Reform Act (MRRA) of 1986, commonly referred to as REDUX) and take a \$30,000 Career Status Bonus (CSB).

Both options have their own merits. Neither is universally better than the other. Which option is more advantageous can only be determined by each individual for his or her own unique circumstances and preferences.

High-3 Option

- There is more to know about High-3 than "50% at 20 years." Several factors combine to determine each member's retirement amount and how it increases during retirement.
- Each year of service is worth 2.5% toward the retirement multiplier. Hence, 2.5% x 20 years = 50% and 2.5% x 30 years = 75%. The longer an individual stays on active duty the higher the multiplier and the higher the retirement pay, up to the maximum of 75 percent.
- This multiplier is applied against the average basic pay for the highest 36 months of the individual's career. This typically, though not always, equals the average basic pay for the final three years of service. Also, remember only basic pay is used in retirement

calculations in all retirement system options. Allowances and special pays do not affect retired pay.

- Cost of Living Adjustments (COLA) are given annually based on the increase in the Consumer Price Index (CPI), a measure of inflation. Under the High-3 System, the annual COLA is equal to CPI. This is a different index than the one used for active duty annual pay raises which is based upon average civilian wage increases. Thus, retirement pay COLAs and annual active duty pay raises will differ.

CSB/REDUX Option

The CSB/REDUX option is a "package deal." Even though it results in reduced retired pay, it may be preferable to the High-3 retirement because it includes a \$30,000 Career Status Bonus (CSB) at the 15th year of active duty service. The CSB provides current cash for investing, major purchases, or setting up a business after retirement and the REDUX portion determines retirement income (the longer one's career, the higher that income).

- Both the multiplier calculation and annual cost of living adjustments differ from the High-3 system. Also, REDUX has a catch-up increase at age 62 that brings the REDUX retired pay back to the same amount paid under the High-3 System. REDUX is the only military retirement system with this feature.
- Each of the first 20 years of service is worth 2.0% toward the retirement multiplier. But each year after the 20th is worth 3.5%. Hence, 2.0% x 20 years = 40%. But a 30 year career is computed by 2.0% times the first 20 years plus 3.5% for the 10 years beyond 20, resulting in 75%. This means that the retirement multiplier for a 30-year career is the same for both REDUX and High-3. The table below summarizes the initial multiplier at various years of service under High-3 and REDUX.

Years of Service	20	21	22	23	24	25	26	27	28	29	30
REDUX	40%	43.5%	47%	50.5%	54%	57.5%	61%	64.5%	68%	71.5%	75%
High-3	50%	52.5%	55%	57.5%	60%	62.5%	65%	67.5%	70%	72.5%	75%

- Under REDUX, the longer an individual stays on active duty the closer the multiplier is to what it would have been under High-3 up to the 30-year point where the multipliers are equal.
- In precisely the same way as High-3, this multiplier is applied against the average basic pay for the highest 36 months of the individual's basic pay. This typically, though not always, equals the average basic pay for the final three years of service.
- Cost of Living Adjustments (COLAs) for retired pay are given annually based on the increase in the Consumer Price Index (CPI), a measure of inflation. Under REDUX, the COLA is equal to CPI minus 1%.
- A feature unique to REDUX is a re-computation of retirement pay at age 62. Two adjustments are made. The first adjusts the multiplier to what it would have been under High-3. For example, a 20-year retiree's new multiplier would become 50%, a 24-year retiree's multiplier would become 60% but a 30-year retiree's would remain 75%. This

new multiplier is applied against the individual's original average basic pay for his or her highest 36 months. Then the second adjustment is done. Full CPI for every retirement year is applied to this amount to compute a new base retirement salary. At age 62, the REDUX and High-3 retirement salaries are equal. But, REDUX COLAs for later years will again be set at CPI minus 1%.

The \$30,000 Career Status Bonus

Those members who elect the CSB/REDUX retirement system at their 15th year receive a \$30,000 Career Status Bonus. To receive this bonus, the member must agree to complete a twenty-year active duty career with length-of-service retired pay under the 1986 Military Retirement Reform Act -- 1986 MRRA or REDUX. Continuation beyond twenty years is possible, subject to Service personnel management actions. However, the member's commitment with the CSB is only to the 20-year point. The entire \$30,000 bonus, or first installment payment for those electing a multi-year payment option, is paid shortly after the member makes the CSB/REDUX election and commits to the 20-years-of-service obligation. This installment option was recently authorized by the NDAA FY2002; details will be forthcoming. (Exact mechanics should be provided by your Service near the point you have 14 1/2 years of service.)

If the member doesn't complete the obligation of the twenty-year career, the member must repay a pro-rated share of the bonus.

Comparing Options

The following fictitious story, about twin brothers Harry and Richard, shows the differences between the High-3 and CSB/REDUX retirement systems, the potential worth of the Career Status Bonus and insight of the lifetime value of the two retirement options. How this story plays out for you depends upon your personal situation and assumptions about your career and the economy. A planning calculator is available on this website for you to make some comparisons of your own.

In August 1986, Harry and Richard, twenty-year old twins, enlisted in the military. As Harry and Richard had always done everything together, they continued to do so by being promoted with identical dates for their entire career. But, one event is about to make their careers and futures different.

In 2001, Harry and Richard face a choice. They are nearing their 15th year of service and may retain the High-3 retirement plan or they may take a \$30,000 Career Status Bonus and the REDUX retirement system.

Harry chose High-3 and Richard chose the single lump sum CSB/REDUX option. Immediately, their finances changed. Richard now had \$30,000 more in cash. This money was his to spend as he wished -- a down payment on a house, college tuition for the kids, a new car, or invest for use later.

This \$30,000 is taxable unless placed into the Thrift Savings Plan (TSP) or other qualified investment. TSP has been authorized and an open season for military members to start participating in the program began in October, 2001, with first contributions to the system to be made from pay in January 2002. Under current rules, Richard may place a maximum of \$10,500 in a TSP account. Taxes would not be paid on this \$10,500 nor its earnings until withdrawal. This is a very positive feature that Richard would be well-advised to consider. To simplify this story, however, Richard decided not to invest in the TSP, but instead to pay tax on the entire

amount now and invest the entire after-tax balance in a mutual fund earning 8% annually. As the \$30,000 is taxable income and Richard is in the 28% tax bracket, he will pay \$8,400 in taxes on this bonus leaving \$21,600 to invest.

In 2006, Harry and Richard retire with 20 years of service. Since they both had an average (highest three years) base pay of \$3,000 per month, Harry, under High-3, gets 50% or \$1,500 per month, and Richard, under REDUX, gets 40% or \$1,200. Although Harry has a larger retirement check than Richard, Richard has been building up the savings on his \$21,600 of Career Status Bonus for the past five years -- it is now worth \$28,600 (after paying taxes on its earnings).

(Note: Retirement income is generally taxable. Tax implications on the retirement income are not reflected in this story.)

Each year during their retirement, Harry and Richard will receive cost of living adjustments (COLA) based upon the consumer price index (CPI) which measures inflation. Harry's High-3 COLA is the full CPI (3.5% each year in our story) so Harry gets a 3.5% raise. Richard, however, gets a 2.5% raise because COLAs under the REDUX system are equal to CPI minus 1%. But, Richard's Career Status Bonus is still growing in his mutual fund.

This story continues the same way until 2028 as they near their 62nd birthday. Up to this point, Harry has received nearly \$582,000 in retirement income and his current monthly amount is now about \$3,100. Richard has collected \$415,000 total and now gets a bit more than \$2,000 each month. But, Richard is still saving that Career Status Bonus -- it's now worth \$98,000. Counting both the mutual fund value and what he's collected in retirement, selecting the CSB/REDUX plan netted him \$513,600 -- close, but \$68,300 less than Harry's received.

Their 62nd birthday also brings retirement adjustment for Richard. Richard's retirement pay is recomputed as if he had been under High-3 all these years. This means that he will now get 50% of his original base pay plus full 3.5% COLAs added to it for his past retirement years. So, for one year, Harry and Richard receive the exact same retirement pay -- about \$3,200 per month. This is for only one year because the following year, Harry gets his 3.5% COLA and Richard gets his 2.5% COLA, but it's added to his newly adjusted retirement salary of \$3,200. This "catch-up" adjustment impacts Richard's total accumulation and by the end of the year, his total is within \$63,000 of Harry's total accumulation. The following year Richard's total retirement accumulation and the balance of his mutual fund begins to surpass Harry's total accumulation.

By now some people would have spent some or all of the money that Richard put in the mutual fund on vacations, cars, or to augment their retirement income, but Richard wants to pass the money to his heirs and keeps saving. When they are seventy-five, Harry has received over \$1,260,000 in retirement income; his current monthly amount is \$5,000. Richard has collected over \$1,049,000 in retirement income and now earns \$4,400 each month. But, Richard is still saving that Career Status Bonus -- it's worth over \$214,600. Counting both the mutual fund value and what he's collected in retirement, selecting the CSB/REDUX retirement option is worth \$1,264,000, surpassing Harry's total amount by \$4,000. From this point forward, Richard will continue to outpace Harry's total accumulation.

The following chart summarizes Harry and Richard's story. Remember that this is an example that shows what the differences between the CSB/REDUX and High-3 options. These results are dependent upon the assumptions built into the story and the choices that Richard made.

Point of Comparison	Harry (High-3)	Richard (CSB/REDUX)
15th Year of Service		
Bonus	\$0	\$30,000
Taxes	\$0	-\$8,400
Total	\$0	\$21,600
Time of Retirement		
Savings	\$0	\$28,600
Cumulative retired pay	\$0	0
Total	\$0	\$28,600
End of Retirement First Year		
Savings	\$0	\$30,200
Cumulative retired pay	\$18,000	\$14,400
Total	\$18,000	\$44,600
Retirement Pay for theYear	\$18,800	\$14,400
Age 61		
Savings	\$0	\$98,000
Cumulative retired pay	\$581,000	\$415,600
Total	\$581,000	\$513,600
Retirement Pay for theYear	\$37,100	\$24,200
Age 62 – REDUX Readjustment		
Savings	\$0	\$103,600
Cumulative retired pay	\$620,300	\$454,000
Total	\$620,300	\$557,600
Retirement Pay for theYear	\$38,400	\$38,400
Age 75		
Savings	\$0	\$214,600
Cumulative retired pay	\$1,260,000	\$1,049,000
Total	\$1,260,000	\$1,264,000
Retirement Pay for theYear	\$60,000	\$52,900

Many individual differences --- age, salary, years of service at retirement, spending and saving habits --- will and should influence your decision and will make your story with a fictitious twin different than Harry and Richard's. A calculator that allows you to enter your personal situation into it is available at this website so you may do some comparison of options for yourself.

Frequently Asked Questions

How do I know if I'm under High-3 or the pre-1980 system?

In the same way the Date Initially Entered Military Service (DIEMS) determines who is in High-3 versus who may choose their retirement system, your DIEMS determines if you are under High-3 or the pre-1980 system referred to as Final Pay. Here are the common examples of circumstances that cross the September 8, 1980, date.

- Academy graduates who entered the Academy prior to, but graduated after, September 8, 1980, are under the Final Pay System.

- ROTC graduates who began a ROTC scholarship program or enlisted as a Reserve in the Senior ROTC program prior to September 8, 1980, are also under the Final Pay System.
- Officer and enlisted members who initially entered the military prior to September 8, 1980, separated, and after a break in service, rejoined the military, are under the Final Pay System, even if their payday was adjusted to a date of September 8, 1980, or later.
- Members who enlisted under the delayed entry program before September 8, 1980, are Final Pay even if they initially reported for duty, after September 8, 1980.

I've always been told my Academy time doesn't count toward my retirement. You're telling me differently?

No. You've been told correctly. Academy time does not add to your years of service and, thereby, increase your retirement pay. But, the date you entered the Academy determines (in most cases) WHICH retirement system you receive.

For retirement choice, when do I have to decide?

Typically, you must decide between 14 1/2 and 15 years of service. The date may be later if you receive your notice of eligibility late.

When do I get the bonus?

Should you decide to obtain a single lump-sum payment, you will receive your bonus within 90 days you submit your election paperwork and it is accepted by your Service. Thus, you will normally be paid by the 15 year and 3 month point of your career. Alternatively, you may decide to accept your payment in installments over a period of up to five years. This alternative was authorized in the FY2002 NDAA, and, therefore, exact mechanics on this option will be forthcoming. An advantage of accepting your bonus over a period of time is that you will be able to place more funds (potentially the entire bonus) into the TSP.

Suppose I take the Career Status Bonus and later change my mind, can I? Even if I give the bonus back?

Electing your retirement system is an irrevocable decision. You cannot change your election, even if you return the Career Status Bonus. Your decision is not considered a final decision until you complete your 15th year of active duty service. Check carefully with your Service to see when your election will be considered final and thus, no longer revocable.

What happens if I take the Career Status Bonus and am forced to separate?

Generally speaking, if you fail to complete a 20-year career, by law, you are required to return a pro-rated share of the retention bonus for the time you did not complete.

When is it advantageous to take the bonus?

Each individual's unique circumstances will determine which retirement option is better. The CSB/REDUX option should be carefully considered for individuals who are planning longer careers. The multiplier under REDUX comes closer to the High-3 multiplier the longer the individual stays in beyond 20 years, and finally the multipliers become equal at 30 years. Also,

everyone that invests the bonus would have 5 to 15 years of compounded savings accumulated at their retirement point.

This is a hard decision; who can help me decide?

In the end, only you can make the decision, but there are many sources of assistance. This webpage hosts a "calculator" that will aid you by estimating the value of the two options in relation to your personal situation. You should also seek assistance from resources on your base such as financial counselors, your chain of command, and your personnel office.

I'm a member of the Reserves, how does this affect me?

If you are a post-July 1986 member who is serving on active duty with 14 and 1/2 years of retirement creditable active service, you may also choose between High-3 and CSB/REDUX. The reduced retired pay Cost-of-Living Adjustments (COLAs) of REDUX will apply only to persons who elect the CSB.

Reserve members anticipating a Reserve retirement at age 60 (called a non-regular retirement) are not eligible to elect the CSB/REDUX option because the non-regular retired pay multiplier was unaffected by the 1986 REDUX retirement changes. They were, however, affected by the reduced COLA provision which set COLA to CPI minus one. Recent legislation removed this provision so that Reservists who entered after July 1986 and who will receive a Reserve retirement at age 60 will receive full CPI COLAs.

I'm under High-3 (entered service before August 1986), can I take the bonus and switch to REDUX?

No. Only service members who entered the service on August 1, 1986, or later are authorized to choose their retirement system.

Is the \$30,000 bonus taxable?

Yes. If you receive the bonus in a single payment, by using a TSP, you may shelter up to the IRS maximum, which is \$11,000 for the year 2002, from taxes by placing it into a TSP account. However, if you receive the bonus in installments, you may contribute money to the TSP each year, and, thus, increase the amount you are sheltering from taxes. Other rules and limits may apply to those in receipt of non-taxable pays in a Combat Zone or Qualified Hazardous Duty Area (QHDA). Consult your Service tax authorities and TSP information sources for more specifics.

At what rate is the bonus taxed?

The bonus is taxed at your Federal, and, if applicable, state, tax rate. Upon receipt, the portion not placed into the TSP will be subject to the same tax consideration as any other bonus pay. Should this exceed your tax rate, you would have the excess returned in your Federal tax refund.

Will I be able to put the bonus in my IRA?

Standard IRA rules are unaffected.

3

How is Retired Pay Calculated?

Before 1980, calculating military retirement pay was quite simple. You simply took your final active duty base pay and multiplied it by 50% for 20 years of service (and an additional 2.5% per additional year to a cap of 75% at 30 years of service). However for those who entered service on or after Sept. 8th, 1980, the computation got more complication.

But please don't be overwhelmed. This guide will walk you through the rules that are specific to you, the steps that you should take in preparation for retirement, and detailed information on additional benefits and are available to Veterans.

Remember though, that you need to complete *at least* 20 years of service to be eligible for military retirement benefits. It is possible however to supplement your retirement income through investment in the federal Thrift Savings Plan (TSP), which was opened up to members of the uniformed services in 2001. This is a plan that you make contributions to and most closely resembles a "401K plan" in the private sector. For more information on this type of plan, see details in the "Thrift Savings Plan" section of this guide.

Overview by Service

For Navy and Marine Corps members, you are considered to be a retired member for classification purposes if you are an enlisted member with over 30 years service, or a warrant or commissioned officer. Enlisted Navy and Marine Corps members with less than 30 years service are transferred to the Fleet Reserve/Fleet Marine Corps Reserve and their pay is referred to as "retainer pay". Air Force and Army members with over 20 years service are all classified as retired. When a Navy or Marine Corps member completes 30 years, including time on the retired rolls in receipt of retainer pay, the Fleet Reserve status is changed to retired status. Retired pay amounts are determined by multiplying your service factor (normally referred to as your "multiplier") by your active duty base pay at the time of retirement (See section 2) Base Pay at Time of Retirement) below for definition of active duty base pay). By law, the gross retired pay must be rounded down to a whole dollar amount.

Service Factor (Multiple): If you are a retiree with 30 or more years of service, your multiple is 75 percent. If you are a retiree/Fleet Reservist with less than 30 years, this factor is determined by taking 2 1/2 percent times your years of service. Years of service include credit for each full month of service as one-twelfth of a year. "Years of service" for officers includes all active service, periods of inactive reserve service prior to June 1, 1958, ROTC active duty time prior to October 13, 1964, constructive service credit for Medical and Dental Corps, and drills performed while in the inactive reserve after May 31, 1958. "Years of service" for Fleet Reservists and all other enlisted retirements include all active service, active duty for training performed after August 9, 1956, any constructive service earned for a minority or short-term enlistment

completed prior to December 31, 1977, and includes drills performed while in the Active Reserves.

Base Pay at Time of Retirement: If you entered the service before September 8, 1980, your base pay for retirement is the same as your last active duty pay. (Remember, your allowances are not considered). An example of this type of retired pay calculations is as follows:

- A Navy or Marine E-8 is transferring to Fleet Reserve on July 31, 2000 with 22 years, 8 months service.
- $2\frac{1}{2}\% \times 22.67 \text{ years} = 56.68\%$.
- $56.68\% \times \$3161.10$ (July 1, 2000 Active duty rate for an E-8 over 22 years) = \$1791.71 or \$1,791.00.
- For those who entered the Armed Forces on or after September 8, 1980 the base pay is the average of the highest 36 months of active duty base pay received. The base pay for members having less than three years service is the average monthly active duty basic pay during their period of service. For certain retirees who entered the Armed Forces on or after September 8, 1980, the initial cost-of-living increase is reduced. (Refer to Section on the Cost-of-Living Increase).
- For those who entered the Armed Forces on or after August 1, 1986, the base pay is computed in the same way as it is computed for retirees identified in section (2) above. However, there are differences in how cost-of-living increases are computed. (Refer to the section on Cost-of-Living Increase).

Tower Amendment

In addition to the computation explained previously, your pay will be computed according to provisions of the Tower Amendment if it applies to your situation. The Tower Amendment was enacted to ensure that you will not receive a lesser amount of retired pay than you would have received if you had retired on a prior date. The Tower eligibility date is usually the day prior to the effective date of an active duty pay increase. Tower pay is computed by utilizing the active duty pay rates in effect on that date, your rank/rate on that date, total service accumulated on that date, and all applicable cost-of-living increases.

Using the previous example, the member was an E-8 and had 22 years, 1 month, service on December 31, 1999. The member's pay would be computed as follows:

- $2\frac{1}{2}\% \times 22.08 \text{ years} = 55.20\%$.
- $55.20\% \times \$3,119.40$ (January 1, 1998 Active duty rate for an E-8 over 22 years) = \$1,721.90 + 2.8% (COL Increase) = \$1,769.00.

Since the E-8 was eligible to transfer to the Fleet Reserve on December 31, 1998, we would also compute the entitlement as of that date. The E-8 has 21 years, 1 month service. The pay would be computed as follows:

- $2\frac{1}{2}\% \times 21.08 = 52.70\%$.

- $52.70\% \times \$2,976.60$ (1/1/99 active duty rate for an E-8 over 21 years) = \$1,568.00+ 1.3% (COL Increase) = \$1,588.00+ 2.8% (COL Increase) = \$1,632.00.

In this situation therefore, this Fleet Reservist would receive monthly retainer pay of \$1,796.00 since the Tower Amendment computations are not more beneficial than the current pay computation.

Disability Retirement

If you have been found to be physically unfit for further military service and meet certain standards specified by law, you will be granted a disability retirement. Your disability retirement may be temporary or permanent. If temporary, your status should be resolved within a five-year period.

The amount of your disability retired pay is determined by one of two methods:

- The first method is to multiply your base pay or average of highest 36 months of active duty pay at the time of retirement, by the percentage of disability which has been assigned. Members who entered the service September 8, 1980 or later must use the highest average formula. The minimum percentage for temporary disability retirees will equal 50%. The maximum percentage for any type of retirement is 75%. This computation is sometimes referred to as “Method A”.
- The second method is to multiply only your years of active service at the time of your retirement by 2 ½% by your base pay or average of highest 36 months of active duty pay at the time of retirement. This computation is sometimes referred to “Method B”.

DFAS establishes your account using the method that results in the greatest amount of retired pay. If you desire that another method be used, you may request (in writing) that the other method be used.

Temporary Early Retirement Authorization (TERA)

A law has been passed that grants all branches of service temporary authority to approve retirements for members with more than 15 but less than 20 years of service. In order to compute retired pay under this provision of law, a retiree is assessed a reduction factor. The reduction factor is computed as 1 minus one twelve hundredth of the difference between 240 (the number of months for a standard 20 year retirement) and the number of months of creditable service for retired pay. The reduction factor is assessed upon the standard retired pay computation which provides for 2.5% for each year of service, multiplied by the final base pay on active duty or the average of the highest 36 months of base pay.

Service Entry Date prior to September 8, 1980. For example, an E-7 with exactly 19 years of service (228 months) for retirement is granted a TERA retirement. Pay is computed as follows:

- Reduction Factor = $1.0 - (240-228)/1,200 = 1.0 - (12/1,200) = 1.0 - .01 = .99$.
- Unreduced Retired Pay in this example would be computed as \$2,588.10 (Active Duty Pay Rates for E-7 over 18 years) X 19 X .025 = \$1,229.34.
- Multiply the unreduced Retired Pay by the Reduction Factor and round to the next lower whole dollar. $\$1,229.34 \times .99 = \$1,217.00$.

Service Entry Date on/after September 8, 1980. An E-7 who entered the service on or after September 8, 1980, retiring with exactly 15 years of service (180 months), would have pay computed as follows:

- Reduction factor = $1.0 - (240-180)/1,200 = 1.0 - (60/1,200) = 1.0 - 0.5 = .95$.
- Unreduced Retired Pay in this example would be computed as \$2,350.00 (Average of the highest 36 months of basic pay received) $\times 15 \times .025 = \881.25 .
- Multiply the Unreduced Retired Pay by the Reduction Factor and round to the next lower whole dollar. $\$881.25 \times .95 = \837.18 or $\$837.00$.

Another portion of TERA affords a retiree the opportunity to obtain credit for military retired pay by performing public and community service during the period of time from their retirement date under TERA through the date that 20 years of service would have attained. In order to get credit for community service; you must sign up on the Public Community Service Registry (See your retirement counselor for specific details). Retired pay in this situation would be recomputed when the retiree reaches age 62 and, based on the amount of community service, may give the retiree active duty pay rates at a higher number of years' service (not to exceed 20) and a lower or eliminated Reduction Factor. Using the E-7 example, in paragraph TERA (1) above, if the retiree earned an additional 6 months of service, retired pay would be based on E-7 active duty rates of OVER 18 or \$2,588.10.

- Reduction Factor = $1.0 - (240-234)/1,200 = 1.0 - (6/1,200) = 1.0 - .005 = .995$.
- Unreduced retired pay would be $\$2,588.10 \times 19.5 \times .025 = \$1,261.70$.
- Multiply the Unreduced retired pay by the Reduction Factor and round to the next lower whole dollar.
- $\$1,261.70 \times .995 = \$1,255.39$ or $\$1,255.00$.

Only a TERA-approved retiree can obtain information on the community service provision by calling Operation Transition at 1-800-727- 3677 (6 a.m. to 6 p.m. Pacific Time) or by writing:

Operation Transition
 99 Pacific Street
 Suite 155A
 Monterey, CA 93940-2453

Deductions

Federal Withholding Tax. In most cases, retired pay is fully taxable. The amount of taxable income is reduced by SBP costs and any waiver for VA compensation. The amount deducted from your pay for federal withholding tax is based on the number of exemptions you indicate on either your pay data form or your W-4 after retirement. To change your withholding tax status or to request an additional withholding amount after retirement:

- You can forward an IRS Form W-4 to DFAS Cleveland.
- Air Force retirees can visit their local Financial Services Office or Air Force Base to change their Federal Income Tax Withholding information. Some Navy Personnel

Support Detachments (PSDs) and Army Retirement Service Offices (RSOs) also offer this service.

- Disability retirement payments are taxable for those members with either total military service after September 24, 1975, or who were in the service before this date but were not on active military service or under binding written commitment to become a member of the armed services on September 24, 1975. Disability retirement payments are nontaxable for those members with total military service before September 24, 1975; members who were on active military duty or under binding written commitment to a member of the armed services on September 24, 1975, or members whose disability retirement has been deemed as combat related, regardless of their active military service. If your calculation is based on the first method (See paragraph Disability Retirement (1)), only that portion of your pay which would have been received under the actual percentage of disability calculation (See paragraph Disability Retirement (3)) is non-taxable.
- The amount of taxable income may be further reduced by any SBP cost. If, after retirement, you waive a portion of your pay in favor of VA compensation, your taxable income will be reduced by the amount of VA compensation or the amount of percentage of disability calculation, whichever is greater.

State Withholding Tax: State tax withholding is on a voluntary basis and must be in whole dollar amounts. \$10.00 is the minimum monthly amount. Before making your request in writing, you must contact the taxing authority in the state in which you have established residence to determine if you are required to pay state income tax. If you are an Air Force retiree, you may contact your local Financial Services Office at the Air Force Base to adjust your state income tax withholding information. Some Navy Personnel Support Detachments (PSDs) and Army Retirement Service Offices (RSOs) can adjust your state tax withholding information. Navy personnel should check with their local PSD to see if this service is available.

Federal Insurance Contribution Act (Social Security). Retired/retainer pay is not subject to FICA deductions, nor is your retired pay reduced when you become entitled to social security payments.

4

Action Plan: Prior to Retirement

Counseling

General Counseling: Prior to your retirement, it is important that you attend any briefing offered by your command concerning the retirement system. The decisions you make at the time of retirement affect the amounts of your retirement benefits and of your survivor's benefits. Some decisions cannot be changed, so careful consideration of all options is crucial.

Retired Pay Estimates: For Air Force members, you can obtain an estimate of your retired pay at your local Military Personnel Flight (MPF). Retirement Services Office (RSO) (Army) will also estimate retire pay.

SBP Cost and Annuity Estimates: The MPF for Air Force retirees also calculates cost and annuity values for Survivor Benefit Plan (SBP) option. RSO's (Army) will also calculate SBP cost and annuity values. If you are a Navy or Marine Corps retiree you can receive information on SBP by completing and submitting a NAVCOMPT 2274 to DFAS Cleveland.

Defense Finance and Accounting Service (DFAS) Cleveland: Retired Pay Operation will answer any questions you may have concerning the establishment of your retired pay account. For Navy or Marine Corp members, you can receive an estimate of your retired pay by obtaining, completing and submitting a Pre-Retirement Pay Information Request (NAVCOMPT 2274) to DFAS Cleveland. This form may be obtained from your local disbursing officer. Additional Pre-Retirement Pay Information Request may be submitted if your pay data changes prior to your retirement. You may also request multiple estimates if you wish to obtain information for more than one SBP election and / or federal income tax withholding exemption allowance computation.

Documents

The following documents/events form the basis for the establishment of your retired account and are to be completed as part of your pre-retirement preparation.

Data for Payment of Retired Personnel (DD 2656): This form is available in your disbursing office (Navy), Military Personnel Flight (Air Force) your installation's RSO (Army) or sent to Marines with their retirement order. It must be completed and submitted in accordance with your branch of service's policy. The form must be completed prior to your retirement / transfer date. It requires you to provide DFAS with dependency information, your SBP election, beneficiary information to whom unpaid retired pay will be paid at the time of your death, and withholding information for Federal and State tax purposes. All of this information is used to build your retired pay account.

SBP Election Statement for Former Spouse Coverage (DD 2656-1): In addition to the DD 2656, if you elect some type of Former Spouse SBP coverage, you must also complete a DD 2656-1.

Allotment Authorization: You can start, stop, or change current allotments by requesting action by the office that takes care of your active duty pay account. Ensure that your allotment total will not exceed your retirement pay. All necessary adjustment to your allotments should be made at least 30 days prior to retirement. Retirees are permitted to have a maximum of 6 allotments, classified as discretionary allotments, those that are discretionary have been identified with the word "Discretionary".

The following allotments cannot be carried forward to your retired accounts:

- Charity allotments, except contribution to Navy/Marine Corps Relief Society, Army Emergency Relief or Air Force Assistance Fund
- Education allotment

The following allotments may be carried forward to your retired pay account if at least one month's payment was made while on active duty.

- Loan repayment to Red Cross
- Saving Allotment - Discretionary
- Home Loans - Discretionary
- U.S. Saving Bond (Bonds established for safekeeping while on active duty cannot be carried forward to your residence other than your own) - Discretionary
- Dependency allotment (To spouse, former spouse (s), children, grandmother, and/or anyone having a permanent residence other than your own) - Discretionary
- National Service Life Insurance - Discretionary
- Commercial Life Insurance - Discretionary
- Navy/Marine Corp Mutual Aid Insurance - Discretionary
- Repayment of a debt to a federal agency and tax levy assignment to the Internal Revenue Service (IRS)
- Charitable contributions to Navy/Marine Corps Relief Society, Army Emergency Relief, or Air Force Assistance Fund
- Repayment of loan to Navy Relief Society, Army Emergency Relief, or Air Force Aid Society
- Veterans Group Life Insurance - Discretionary
- TRICARE Retired Dental Program - enrollment and withdrawal must be done through Delta Dental - Discretionary

The following is general information for starting/changing allotments after your retirement:

The dollar amount of allotment may not exceed your gross retired pay less deduction for SBP and federal withholding tax and any other deduction. To request an allotment start, stop, or change, furnish DFAS Cleveland with the month of start, termination, or change; the amount, and the full name and address to which the allotment is to be sent. Request for allotment action can be made by:

- Letter must include your signature and your social security number.
- Employee Member Self Service (See Maintaining your pay account).
- Air Force members may effect allotment changes at their local Finance Services Office (FSO).
- Start, stop or adjustment actions for either National Service Life Insurance or Veterans Group Life Insurance should be sent to DFAS Cleveland via the Department of Veterans Affairs or Office of Serviceman's Group Life Insurance, respectively.
- It is not necessary to provide the policy numbers for changes to insurance allotments. You must request starts, stops, and changes by referencing the monthly premium amount and the name of the company.
- Excess allotment payment made on your behalf are a matter solely between you and the payee. We cannot take steps to recover the payment.

Separation from Active Duty: Your retired account will not be established until your active duty account reflects the fact that you have been released from active duty. This is required to expedite the established of your account. It is important that your command closes your active duty account. Your account cannot be established until this action is accomplished.

Payment Method/Schedule: Your net retired/retainer pay should be sent to your financial institution by Direct Deposit unless you reside in a foreign country in which Direct Deposit is not available. Your retired pay will be deposited to your account on the first business day of the month following the end of the month . Complete the appropriate sections of Part I of the DD 2656 with the Routing Transit Number (RTN), Financial Institution Name and Address, your Account Number and whether or not your account is a Checking or Saving account. Direct Deposit enables your payment to be deposited directly to the bank, saving and loan association, or credit union of your choice. Direct Deposit has the following advantages:

- It eliminates the possibility of your check being lost, stole, forged or destroyed in delivery. Treasury Department statistics show that over one million checks ar either lost or stolen each year.
- It eliminates the inconvenience of cashing and depositing your check.
- It assures deposit of your pay on the first business day of the month following the month for which payment is due.
- It assures the delivery, deposit, and availability of your pay while your travel.

- After you retire, you will need to notify retired pay whenever you change your financial institution. Do not close your old bank account until you receive the first deposit in the new financial institution.

Establishing Your DFAS Account

Your First Payment and Communication from DFAS Cleveland: Your first payment for retired pay normally will arrive 30 days after your release from active duty, or, on the first business day of the month following the month of first entitlement to pay. In a separate mailing, you will receive a letter, which will show you how your pay was computed. This will include your deductions for SBP, federal/state income tax, and allotments.

Retired Establishment Data from Military Personnel Community: In addition to the forms that have been mentioned previously that are used to build your retired account, DFAS Cleveland will receive retirement information from the personnel community in order to establish your pay account. In the case of Navy non-disability retirees who have at least 20 years service, if the personnel information that certifies your actual service for retirement purposes is not received in time, your account will be established assuming 20 years service at your present grade. When the actual service information is received, your account will be adjusted to show the correct data. Any retroactive pay adjustment will be forwarded by a separate payment.

Department of Veterans Affairs (VA) Compensation: Contact your local VA office immediately after retirement or transfer to see if you are eligible for a disability award. The criteria for a VA disability award may be different from military criteria.

All retiring members can apply for VA benefits prior to retirement and in some circumstances service personnel will complete the application for you. If you are eligible, a service-connected disability will be established.

The following benefits accrue as a result of VA compensation:

- VA compensation is non-taxable
- VA approved disability gives a retiree priority admittance to VA hospitals for medical treatment for your disability
- VA outpatient facilities are available for treatment of your disability
- If you die as a result of the service-connected disability, your surviving spouse is eligible for Dependency and Indemnity Compensation (DIC) from the VA
- Even a rating by VA of 0 percent (although of no monetary benefit) documents your physical condition as service-connected
- A rating by VA of 30 percent or higher allows you to receive additional tax-free allowances for your dependents
- Annual cost-of-living increases to your compensation amount
- VA disability percentage (and VA compensation) can be increased, based on a request and approval of reevaluation, resulting in increased tax-free compensation

- Possibility of purchasing up to \$10,000 of National Service Life Insurance without a physical exam

***Note: If you are awarded VA compensation, the gross amount of the compensation is deducted from your retired pay. The VA advises DFAS Cleveland of all changes in VA compensation amounts. However, if the amount of your VA compensation does not match the amount deducted from your retired paycheck, you should immediately notify DFAS Cleveland and the VA to resolve the discrepancy.*

IMPORTANT: The Comptroller General has ruled that you will be held responsible for any overpayment even if it is the result of an administrative error.

Special Compensation for Severely Disabled: Certain severely disabled retirees of the Uniform Services that have a disability rating as reported by the Department of Veterans Affairs (VA) are entitled to special compensation. The special compensation entitlement is paid for that month in accordance with the following schedule:

70% or 80% = \$100.00
90% = \$200.00
100% = \$300.00

You must meet all of the following requirements for entitlement to special compensation for severely disabled:

1. You are not retired from the military for a disability during the period of October 1, 2000 through September 30, 2001. (You may receive a payment if you retire from the military for a disability after October 1, 2001).
2. You are in a retired status and on the retired pay rolls. Members recalled to active duty are not in a retired status.
3. You have 20 or more years of service for the purposes of computing retired pay. A reservist must have 7,200 or more points to qualify.
4. The VA rating for disability of 70% or higher must be awarded within 4 years of retirement.
5. The VA rating must be 70% or higher for each month. If the rating falls below 70% any given month, then the retiree has no entitlement to the special compensation for that month.

Foreign Employment: Any applicant who accepts employment with a foreign government without approval is subject to having reserve or retired pay withheld for the period of unauthorized employment. If you are retired and contemplating employment by a foreign government, you must obtain approval from the Secretary of the service concerned and the Secretary of State. For more information contact:

- Navy - The Office of the Judge Advocate General, 200 Stovall Street, Alexandria, VA 22332-2100.
- Air Force - HQ AFMPC/DPMARR3, 550 C Street West, Suite 11, Randolph AFB TX 78150-4713.

- Marine - HQMC (MMSR-6), 3280 Russell RD, Quantico, VA 22134-5103 or call 1-800-336-4629 if there are any questions.
- Army - U.S. Army Reserve Personnel Command, Attn: ARPC-SFR-SCI, 1 Reserve Way, St. Louis, MO 63132-5200.

Severance Pay/Separation Pay: A member who receives non-disability severance pay, separation pay, special separation benefit (SSB) or voluntary separation incentive (VSI) who later qualifies for retired pay will repay an amount equal to the total amount of separation pay received. The amount of repayment will be computed when retired pay is established.

Changes in Benefits

DFAS Cleveland also must honor tax levies for delinquent taxes issued by the Internal Revenue Service (IRS). As in the case of garnishments, the collection action is mandatory and any rebuttal concerning the levy must be addressed to the IRS. Levies are continuous and collection will run until the entire amount is either collected or the IRS informs us that DFAS Cleveland is released from collecting the levy amount.

Retiree Account Statement: You will receive a statement with your first payment from DFAS Cleveland and thereafter only when monetary changes occur in your retired pay account.

Cost-of-Living Increases: Current provisions of law authorize periodic increases to retired pay. These increases were intended to reflect rises in the Consumer Price Index (CPI). The increases affect the amounts of gross monthly pay, federal withholding tax, SBP costs and annuities. Retired members who entered the Armed Forces on or after September 8, 1980 and who became entitled to retired pay on or after January 1, 1996 will receive an initial cost-of-living increase computed, using the quarter of the retirement date, minus 1%. Cost-of-living increases thereafter for members meeting the above conditions will be unreduced. Cost-of-living increases for retired members who entered the Armed Forces on or after August 1, 1986, will be reduced by 1%.

Federal Civil Service Retirement: Should you subsequently retire from federal civilian service and wish to waive your military retired pay (in order to include your military service in the computation of your civil service annuity), DFAS Cleveland should be advised, in writing, at least 60 days prior to your planned civilian retirement date. It is suggested that you contact your civilian personnel office prior to the submission of your waiver request to ensure that you are aware of all the available options. If you elect survivor coverage from your civil service annuity, your military SBP participation will be suspended while you receive the civil service annuity. If you want to retain military SBP you may do so, but you must then decline survivor annuity from the Office of Personnel Management. If your pay is subject to court-ordered distribution, you must authorize an allotment in an amount equal to the distribution, in order to include military service in the civil service annuity computation.

Please sign your written request and include your Social Security Number.

Garnishment: Your retired pay is subject to garnishment for payment of child support or alimony upon the issue of a writ of garnishment by a state or federal court. Office of General Counsel, Directorate for Garnishment Operations will notify you should a garnishment be applied to your retired pay. Any action to rebut the writ of garnishment or to restrain its execution must be taken through the court, which issued it. DFAS Cleveland is under a legal obligation to enforce the writ and has no authority to modify it in any way.

Payments to a Former Spouse: Your retired pay is subject to court-ordered distribution to a spouse or former spouse where the parties were married to each other for at least 10 years during which you performed at least 10 years of creditable military service. The distribution can consist of a division of disposable retired pay. This division may include community property or payments of alimony and/or child support. The total amount payable under this provision of law cannot exceed 50% of the disposable retired pay. In cases where there is both a division of pay and a garnishment, the total amount payable cannot exceed 65% of the disposable retired pay. You will be notified should a distribution be applied to your retired pay. Any action to rebut the court order or to restrain its execution must be taken through the court that issued it. DFAS Cleveland is under a legal obligation to enforce the court order and has no authority to modify it in any way. Payment of these monies is not automatic. Former spouses must apply to DFAS Cleveland to receive this benefit.

Tax Levies: DFAS Cleveland also must honor tax levies for delinquent taxes issued by the Internal Revenue Service (IRS). As in the case of garnishments, the collection action is mandatory and any rebuttal concerning the levy must be addressed to the IRS. Levies are continuous and collection will run until the entire amount is either collected or the IRS releases the levies.

How to Maintain Your Retired Pay Account

Changes in Account Data: Once a retired pay account has been established it is especially important that retirees keep DFAS up-to-date on current information. DFAS must be advised of changes to address, Direct Deposit or tax withholding information. We may also need to be advised of changes in marital or dependency status if you have Survivor Benefit Plan coverage.

Even though payments are sent directly to the retiree's bank account, the mailing address is very important for other mailings throughout the year, such as 1099R tax statement, if applicable. DFAS Retired Pay Customer Service Center is the contact point for any matter concerning retired pay accounts.

Retirees may contact the DFAS Retired Pay Customer Service Center at 1-800-321-1080, Monday through Friday from 7:00 a.m. to 7:30 p.m. Eastern time.

Legal Matters: DFAS is responsible for all aspects of your retirement pay, including implementing pay changes based on legal orders from a court.

5

Survivor Benefits

The primary survivor benefit applicable to survivors of retirees (and, in some situations, active duty members) is the Uniformed Services Survivor Benefit Plan (SBP). The Reserves have a related plan called the Reserve Component Survivor Benefit Plan (RC-SBP). These are voluntary programs to ensure survivors continue to receive income throughout their lifetimes. To learn more select SBP from the choices appearing above or press here.

Dependency and Indemnity Compensation (DIC) is provided by the Department of Veterans Affairs under special circumstances. For more information on this program and others offered by the Departments of Veterans Affairs, see their website for more details. Social Security also provides survivor and retirement benefits, consult their website for more details.

Survivor Benefits Plan

Great peace of mind comes with your lifetime, inflation-adjusted monthly retired paycheck. SBP gives your survivors some of the same. This website gives you the basic details to make that happen! It is not a contract document. The basic statutory provisions of SBP law are in Chapter 73, Title 10, United States Code.

Options and coverage differ for active duty personnel and retirees. Reservists whose service will make them eligible for retired pay at age 60 are eligible for the Reserve Component Survivor Benefit Plan, or RC-SBP.

If you are on active duty, retirement-eligible and have a spouse and/or children, they are automatically protected under SBP at no cost to you while still on active duty. If divorced, your former spouse may be protected instead of a current one.

For more details, we recommend that everyone reads the Overview, Base Level and Costs and Benefits, as a minimum.

Overview of the Survivor Benefit Plan

Retired pay stops when you die!

The Survivor Benefit Plan (SBP) helps make up for the loss of part of this income. It pays your eligible survivors an inflation-adjusted monthly income.

You must pay premiums for SBP coverage once you retire. Premiums are taken by reducing retired pay, so they don't count as income. This means less tax and less out-of-pocket cost for SBP. Also, using conservative fiscal assumptions, the overall plan is partially funded by the

government, so the average premiums are well below cost. This subsidy means an attractive plan for most people. The subsidy is an average and should not be considered to apply in every case.

Basic SBP for a spouse pays a benefit equal to 55 percent of your retired pay.

Eligible children may also be SBP beneficiaries, either alone or added to spouse coverage. In the latter case, the children get benefits only if the spouse dies or remarries before age 55. Eligible children equally divide a benefit equal to 55 percent of your retired pay. Child coverage is relatively inexpensive because children get benefits only while they are still your dependents.

You may choose coverage for a former spouse or, if you have no spouse or children, you may be able to cover an "insurable interest" (such as, a business partner or parent).

SBP As Insurance And Other Estate Planning Information

We buy insurance as a way to cope with major financial risks. We buy it to protect us from the financial hardships of events we can't foresee, like car wrecks and house fires. It protects our valuable assets.

Your retired pay is one such valuable asset. Since it stops when you die and you can't foresee when that will be, it may be useful to insure it.

SBP is a way to do this; it is a form of life insurance for part of your retired pay. But SBP premiums and benefits differ from those of most other insurance plans.

Like life insurance, SBP protects your survivors against complete loss of financial security when you die. But, SBP does more! It also protects your survivor against the possibility of outliving the benefit. Many insurance plans pay only a fixed benefit that may run out years before the survivor dies.

Besides long life, another unpredictable reason your survivor may outlive the benefits is INFLATION! SBP protects against this risk through the Cost of Living Adjustment (COLA). Inflation may be the biggest financial uncertainty of all. It erodes the value of fixed incomes, making them worth less and less as time goes by. Few, if any, private insurance plans will fully insure your survivor against the ravages of inflation.

In fact, no known insurance company has guaranteed to match SBP benefits at equal cost or less. One reason is SBP premiums have a built-in discount, making the plan a good buy for most people. Plus, a private insurer needs to cover administrative expenses and make a profit and these are not accounted for in SBP premiums, thus increasing the subsidy.

And, SBP premiums reduce your taxable income and cut your out-of-pocket cost for coverage. SBP benefits are taxed as income to the survivor, but the tax rate should be less than you now pay. Most insurance plans are the reverse; premiums are paid from after-tax income, while survivors are not taxed on the proceeds.

In effect then, SBP protects part of your retired pay against the risks of:

- Your early death;
- Your survivor outliving the benefits; and

- The ravages of inflation.

Still, SBP alone is not a complete estate plan. Other insurance and investments are important in meeting needs outside the scope of SBP. For example, SBP does not have a lump sum benefit that some survivors may need to meet immediate expenses upon a member's death.

On the other hand, insurance and investments without SBP may be less than adequate. Even if they could duplicate SBP, investments may be much more risky and rely on a degree of financial expertise many don't have. Consider everything carefully. Don't expect SBP to do it all, but give it full credit for what it does.

Is SBP a Good Buy?

Given the expected subsidy, the answer to this question for most retirees is yes! Whether SBP is a good buy for you depends on personal preferences and your age, sex, and health compared to your beneficiary's. Beyond this, the answer lies in three questions you should ask yourself.

First, is SBP a product I can use? Personal preferences may control your answer, but a subsidized lifetime inflation-protected income is very attractive to most people.

Second, how much SBP can I use? If you know when you'll die, how long your survivor will outlive you and how much inflation will occur, you have the answer. The unknown future is the problem, but SBP meets the need! Even if you die shortly after you retire and your spouse lives for 50 more years and if inflation is higher than expected, SBP will still be paying. It will probably be paying a lot more than anyone ever expected because inflation has such a strong impact over a long period of time. In fact, survivors who began to get SBP benefits in the early 1970s have seen their benefits more than tripled through annual COLAs!

Third, how much SBP can I afford? The benefits do carry a price tag, but due to the subsidy and lack of administrative costs and profit, the plan should be attractive for most members. And remember: The tax advantage on premiums reduces your out-of-pocket cost.

Caution! Some people think they can join SBP years after they retire, during a so-called "open season." In the 25-plus-year history of SBP, only four times have retirees had a second chance at SBP. Each time was after major plan improvements. The second time, premiums were raised for new joiners to help make up for the missed premiums. The third time, new joiners were required to pay all missed premiums with interest, plus an additional amount to protect the solvency of the Plan. Open enrollment elections have typically required a period of time (two years) before the election is actually effective. This prevents too much adverse election (people joining with short life expectations).

Don't count on an open season. Although an open season may be enacted by special law, they are not part of the regular Plan. No more are expected, and it won't give your survivors any peace of mind.

Special Note: P.L. 106-65, 5 Oct 99, provides that a participant is considered "paid-up" after completing 30 years (360 payments) in the Plan. This applies to a specific category of beneficiary (i.e., spouse), at a specific base amount (i.e., full retired pay). Contact your personnel counselor for details on this feature.

Costs and Benefits

SBP Premiums and benefits depend on what we call the "base amount" that you elect as the basis of your coverage. Your base amount can be your full monthly retired pay or just a portion, down to as little as \$300. When this website says "retired pay" you can substitute "base amount" unless it says otherwise. Full coverage means your full retired pay is your base amount. Your base amount is tied to your retired pay. When retired pay gets a Cost-of-Living Adjustment, or COLA, so does the base amount, and as a result, so do premiums and benefits.

When you retire, you may be able to elect any of several SBP options, which are listed below. SBP elections cannot be canceled or changed after retirement except in specific instances such as a change in your marital status or after the loss of a beneficiary.

At retirement, full basic SBP for spouse and children will take effect automatically if you make no other valid election. You may not reduce or decline spouse coverage without your spouse's written consent. If you have a former spouse, it may affect your options.

See the various SBP options below for specifics on costs and benefits for that option.

Spouse Coverage

Spouse coverage is the primary option of SBP. It is designed to give you a way to continue part of your retired pay to your surviving spouse after you die. The key aspects of this SBP option are below:

Benefit Payments

The SBP annuity is determined by the base amount you elect. The base amount may range from a minimum of \$300 up to a maximum of full retired pay. The annuity is 55 percent of the base amount. Also, the base amount and the payments to the surviving spouse will generally increase at the same time and by the same percentage that cost-of-living adjustments (COLAs) are made to retired pay.

Spouse Remarriage

Your surviving spouse may remarry after age 55 and continue to receive SBP payments for life. If remarried before age 55, SBP payments will stop, but may be resumed if the marriage later ends due to death or divorce.

SBP Costs (Premiums)

The SBP premiums for spouse coverage are:

- (1) 6.5% of your chosen base amount, or if less,
- (2) 2.5% of the first \$635.00 of your elected base amount (referred to hereafter as the "threshold amount"), plus 10% of the remaining base amount.

The threshold amount was \$635.00 as of January 1, 2006. The threshold amount will increase at the same time and by the same percentage as future active duty basic pay.

If you became a member of a uniformed service on or after March 1, 1990, and you are retiring for length of service (not for disability), SBP costs will be calculated only under the formula in (1) above.

The following table shows the costs associated with several "base amount" options and the benefits your spouse will receive based on these options.

Base Amount	SBP Costs *	SBP Benefits
		Before Age 62 (55% of Base Amount)
\$300.00	\$7.50	\$165
\$635.00	\$15.87	\$300
\$800.00	\$32.37	\$440
\$1,361.00	\$88.46	\$600
\$1,400.00	\$91.00	\$770
\$1,800.00	\$117.00	\$990
\$2,200.00	\$143.00	\$1,210

* The SBP costs used in column 2 are calculated using the formula that provides the least cost. If the base amount was greater than or equal to \$1,091, the formula in (1) was used. For base amounts less than \$1,091, the formula in (2) was used.

The next table shows what can happen after retirement when inflation is a modest 4 percent per year. Retired pay is increased annually to keep pace with inflation. Survivor payments are generally increased at the same time, by the same percentage. These increases are made even after the member dies.

Your Age	Spouse's Age	Retired Pay	Cost of SBP	Benefit *
40	38	\$1,000.00	\$65.00	\$550
45	43	\$1,214.00	\$78.91	\$667
50	48	\$1,474.00	\$95.81	\$810
55	53	\$1,790.00	\$116.35	\$984
60	58	\$2,175.00	\$141.38	\$1,196
65	63	\$2,644.00	\$171.86	\$1,454
70	68	\$3,213.00	\$208.85	\$1,767
80	78	\$4,749.00	\$308.69	\$2,611
90	88	\$7,024.00	\$456.56	\$3,863

In this example, the annuity at age 90 would be nearly four times the covered retired pay at age 40. This demonstrates two very favorable features of SBP:

- a) Payments can never run out.
- b) Payments keep increasing along with the increased cost-of-living.

If you die shortly after retirement, your surviving spouse could receive cost-of-living adjusted payments for 50 years or more. Lifetime payments from an original election to cover \$1,000 of retired pay could total more than one million dollars.

Tax Savings

Monthly SBP costs are not included in your taxable Federal income. The true cost for SBP is thus less than the amount deducted from retired pay because less Federal tax will be paid. This also applies to most state income taxes. SBP payments to survivors are taxable, but spouses usually receive benefits when their total income is less and the extra tax exemption for being over age 65 is applicable. The surviving spouse's tax rate should be lower and a long-run significant tax savings should result.

Loss of Spouse

If your spouse dies first or you get divorced, SBP costs will stop (once you notify the pay center). In divorce cases, spouse coverage may be converted to former spouse coverage.

In some instances of divorce, conversion of the coverage to provide for the former spouse may be required by court order.

Former Spouse Coverage

SBP allows selection of coverage for former spouses. Costs and benefits under this option are identical to those for spouse coverage. This web page highlights key aspects of former spouse coverage.

Election of coverage for a former spouse PRECLUDES coverage of the current spouse and/or children of the current spouse.

When former spouse coverage is elected, the current spouse must be informed. Only one SBP election may be made. If there is more than one former spouse, the member must specify which one will be covered.

Procedures

When electing the former spouse option, a member must give the finance center a written statement signed by both the member and the former spouse. It must state:

- a) Whether the election is made in order to comply with a court order; or,
- b) Whether the election is made to comply with a voluntary written agreement related to a divorce action, and if so, whether that voluntary agreement is part of a court order for divorce, dissolution, or annulment.

Benefit Payments

The SBP annuity is determined by the base amount you elect. The base amount may range from a minimum of \$300 up to a maximum of full retired pay. The annuity is 55 percent of the base amount. Also, the base amount and the payments to the beneficiary will generally increase at the same time and by the same percentage that cost-of-living adjustments (COLAs) are made to retired pay.

Former Spouse Remarriage

Your surviving former spouse may remarry after age 55 and continue to receive SBP payments for life. If remarried before age 55, SBP payments will stop, but may be resumed if the marriage later ends due to death, divorce or annulment.

SBP Costs (Premiums)

See "Spouse" Costs and Benefits.

Children

Former spouse and children coverage may also be elected. The children covered are the eligible children from the marriage of the member to the covered former spouse. The children will only receive SBP payments if the former spouse dies or remarries before age 55. Eligible children will divide 55 percent of the covered retired pay in equal shares. See Spouse or Former Spouse and Children for more information.

Changes Due to Divorce After Retirement

If you have spouse coverage and later divorce, review Stopping SBP.

Children Coverage

SBP was designed to give income protection not only to your spouse, but also to your children until they become self-supporting (i.e., until they are no longer dependents). Child coverage may be elected with or without spouse (former spouse) coverage.

Eligible Children

Children are eligible for SBP payments as long as they are unmarried, under age 18, or under age 22 if still in school. A child who is disabled and incapable of self-support remains eligible if the disability occurred before age 18 (or before age 22 if a full time student). Marriage at any age will terminate a child's eligibility. If you elect former spouse and children coverage, only those eligible children from the marriage between you and your former spouse are covered.

Your children who are under 22 years of age and pursuing a full time course of study or training in a high school, trade school, technical or vocational institute, junior college, college, university, or comparable recognized educational institute are eligible to receive SBP benefits. While pursuing a full time course of study or training, a child whose twenty-second birthday occurs before July 1 or after August 31 of a calendar year, is considered to be 22 years of age on the first day of July after that birthday.

Benefit Payments

The payments for children equal 55 percent of your covered retired pay. All eligible children divide this benefit in equal shares. If the SBP election was for spouse (or former spouse) and children, the children receive payments only when your spouse (or former spouse) loses eligibility because of death or remarriage before age 55. The following is an example of benefit payments for four children and for the remaining children when one child becomes ineligible:

The example is based on the following information:

- Number of children: 4
- Base amount of retired pay: \$2,000
- Base amount \$2,000
- Base amount multiplied by 55% \$1,100
- Amount of annuity divided by the number of children \$1,100 / 4
- Amount each child will receive \$275

If the oldest child becomes ineligible because of age, marriage or because he or she is no longer a full time student after the age of 18, only 3 children will receive payment and the annuity amount per child will be as follows:

- Annuity amount: \$1,100
- Amount of annuity divided by the number of children \$1,100 / 3
- Amount each child will receive \$366.66

SBP Costs (Premiums)

Costs for child coverage are based on your age and the age of your youngest child at the time of election. Costs for child coverage stop when all children are no longer eligible to receive payments. Contact the finance center or your personnel counselor for an exact cost computation. The table below shows the monthly cost for selected cases of child only coverage per \$100 of covered retired pay.

Cost Per \$100 Of Child Only Coverage

Your age	Youngest child's age			
	6	10	14	17
35	\$0.68	\$0.46	\$0.29	\$0.18
40	\$0.52	\$0.33	\$0.18	\$0.11
45	\$0.84	\$0.53	\$0.29	\$0.16
50	\$1.47	\$0.94	\$0.53	\$0.31

Example: If you are age 45 and your youngest child is 14 years of age at the time of your retirement, the cost per \$100 of covered retired pay is 29 cents.

Spouse (Former Spouse) and Children Coverage

Child coverage may be added to spouse or former spouse coverage. In this case, SBP payments will be made to the children only if your surviving spouse or former spouse remarries before age 55 or dies. Eligible children equally divide benefits equal to 55 percent of the base amount.

When you include child coverage with former spouse coverage, only your children of that former spouse are covered. Any other children will not be paid benefits under this option. In the child only option or when you include children with spouse (not former spouse) coverage, all of your children are covered.

Cost

The cost of child coverage that is inconjunction with spouse or former spouse coverage is the sum of spouse/former spouse coverage and an additional cost for the child. The additional child portion of the cost is based upon

- your age
- your spouse/former spouse's age
- and your youngest covered child's age.

The tables below shows the monthly cost of the child portion of spouse (former spouse) and child coverage per \$100 of covered retired pay. These tables show costs for differing ages of the youngest child. This cost is in addition to the cost for your spouse (former spouse) coverage.

YOUNGEST CHILD AGE 5

Your Age	Spouse's Age			
	35	40	45	50
40	6.1 Cents	4.5 Cents	3.3 Cents	3.2 Cents
45	9.1 Cents	6.6 Cents	5.0 Cents	4.7 Cents
50	15.7 Cents	11.4 Cents	8.5 Cents	8.0 Cents

Example: If you are age 45, your spouse is age 35, and your youngest child is age 5 at the time of your retirement the cost per \$100 of covered retired pay is 9.1 cents.

YOUNGEST CHILD AGE 10

Your Age	Spouse's Age			
	35	40	45	50
40	3.1 Cents	2.2 Cents	2.4 Cents	1.8 Cents
45	4.5 Cents	3.2 Cents	2.4 Cents	1.8 Cents
50	8.0 Cents	5.6 Cents	4.2 Cents	3.2 Cents

Example: If you are age 45, your spouse is age 45, and your youngest child is age 10 at the time of your retirement the cost per \$100 of covered retired pay is 2.4 cents.

YOUNGEST CHILD AGE 15

Your Age	Spouse's Age			
	35	40	45	50
40	1.1 Cents	0.8 Cents	0.5 Cents	0.4 Cents
45	1.5 Cents	1.1 Cents	0.8 Cents	0.6 Cents
50	2.7 Cents	2.0 Cents	1.4 Cents	1.1 Cents

Example: If you are age 45, your spouse is age 40, and your youngest child is age 15 at the time of your retirement the cost per \$100 of covered retired pay is 1.1 cents.

Benefit Payments

Under this option, SBP payments will be made to the children only if your surviving spouse or former spouse remarries before age 55 or dies. Eligible children equally divide benefits equal to 55 percent of the base amount. For more details, see the "child only" section.

Insurable Interest Coverage

The insurable interest option is available only if you are unmarried with either no dependent children or one dependent child. You may elect insurable interest coverage for that child regardless of the child's age or dependency.

Eligible Persons

People who can be covered are:

- a) Any relative more closely related to you than a cousin. This includes relatives such as parents, stepparents, grandparents, grandchildren, aunts, uncles, sisters, brothers, half-sisters, half- brothers, dependent or nondependent child or stepchild; or
- b) A close business associate who would be financially affected by your death. This must be a natural person (not a company, organization, fraternity, etc.) with a financial interest in your life.

SBP Costs (Premiums)

The monthly cost is 10 percent of retired pay plus 5 percent more for each full five years the person covered is younger than the retiree. The maximum cost is 40 percent of retired pay.

For example, if a retiree is 45 and the person covered is 32, the age difference is 13 years, or two full five year periods. Therefore the cost percentage of retired pay would be 20 percent:

$$10 + (2 \times 5) = 20 \text{ percent}$$

If retired pay is \$1,000 per month, then the monthly cost will be 20 percent of \$1,000, or \$200.

Benefit Payments

The monthly SBP payment to an insurable interest person is equal to 55 percent of the gross retired pay (the base amount is always the gross retired pay) less SBP cost of coverage.

Payments are increased by cost-of-living adjustments (COLAs) at the same time and by the same percentage as retired pay is increased.

Continuing our example, if retired pay is \$1,000 per month and the monthly cost is 20 percent of \$1,000, or \$200.

The monthly benefit will be 55 percent of the remaining \$800 ($\$1,000 - \$200 = \800) of retired pay.

Thus, the benefit amount will be \$440 ($.55 \times \$800 = \440) per month.

Unlike other coverage categories, you may voluntarily terminate SBP coverage (if the insured is not a former spouse) or change SBP to cover a new spouse or child. See "Stopping SBP" for details.

Stopping SBP

Generally SBP is an irrevocable decision. However, under limited circumstances, you may withdraw from SBP or change your coverage.

One-year Window Between 2nd and 3rd Anniversary Following First Receipt of Retired Pay

As an SBP participant you have a one-year window to terminate SBP coverage between the 2nd and 3rd anniversary following the date you begin to receive retired pay. None of the premiums you paid will be refunded and no annuity will be payable upon your death. Your covered spouse or former spouse must consent to the withdrawal. Termination is permanent and participation may not be resumed under any circumstance; i.e., future enrollment is barred.

Beneficiary is no Longer Eligible

Premiums stop when there is no longer an eligible beneficiary in a premium category, such as:

- Children are all too old for benefits and have no incapacity, or
- A spouse is lost through death or divorce, or
- An insurable interest person dies or coverage is terminated.

In the case of divorce, several choices may be available, see "Special Situations" for more information.

SBP may be resumed under certain conditions. For example, adopting a child is a situation which may allow resumption of child coverage. See "Re-starting SBP" for more information.

VA Disability

If you have a service-connected disability that has been rated by the VA as totally disabling for ten or more continuous years,

or

if you have a total disability rating that has been held for not less than five continuous years from the last date of active duty, you may withdraw from SBP participation.

Withdrawal is allowed because your surviving spouse will qualify for DIC benefits. This is because your death will be presumed to be from service-connected reasons.

A request for withdrawal requires the written consent of your beneficiary. When you die, your surviving spouse will be entitled to a refund of all the SBP costs that were paid.

When you request withdrawal under these rules, the finance center must furnish you a written statement outlining the advantages and disadvantages of withdrawing. The change will not take effect until you confirm receipt of the information and acknowledge that you still wish to withdraw.

If, for some reason, the VA disability rating is withdrawn or reduced, SBP coverage may be resumed if you so desire. You must make the resumption request within one year after the VA rating has been withdrawn or reduced.

Federal Civil Service Retirement

If you qualify for Federal civilian retirement you may:

- 1) Waive military retirement pay and elect a combined retirement annuity and:
 - a) Drop SBP in favor of the Civil Service Survivor Annuity program, or
 - b) Keep SBP, decline the Civil Service Survivor Annuity program, and pay SBP costs directly to the finance center; or
- 2) Keep military retired pay and the civilian retirement annuity separate, retain the SBP as elected, and make any choice desired for the Civil Service Survivor Annuity program.

Insurable Interest

Change Coverage In Favor Of A New Spouse And/Or Child: After retirement, insurable interest coverage may be changed to cover a newly acquired spouse and/or child within one year of the marriage, birth, or adoption.

Termination Of Insurable Interest Coverage: Since Oct. 5, 1994, insurable interest coverage for a beneficiary who is not a former spouse (prior to November 8, 1985, former spouses could only be covered as insurable interests) may be voluntarily terminated at any time by making a signed written request to do so that identifies you by name and social security number. If you are interested in terminating your insurable interest coverage, contact your finance center or personnel counselor.

Special situations (divorce, etc.)

Changes Due To Divorce After Retirement: If you have spouse coverage and later divorce and wish to continue SBP for your now former spouse, you must convert your SBP election from spouse coverage to former spouse coverage within one year of the divorce decree. To convert your SBP election to former spouse coverage you must notify the finance center in writing within one year of your divorce. Do this by sending them a written statement requesting the conversion of spouse coverage to former spouse coverage. Attach a copy of your divorce decree and settlement agreement. Premiums will be retroactive to the month following the date of the divorce decree, regardless of when the election is actually made. Many members erroneously

assume coverage will continue for the former spouse if they simply continue paying the spouse SBP premiums.

The former spouse (or the former spouse's attorney) should independently submit a written statement to the finance center requesting a deemed former spouse election. Attach a copy of the divorce decree and settlement agreement. This must be done within one year of the date of the divorce decree. The election will be deemed if the member fails to make the required election.

If you take spouse coverage when you retire and later divorce, the coverage may be converted to former spouse coverage. Conversion may be required as part of your divorce agreement. In such case, You must notify the finance center in writing within one year of your divorce. Include a copy of your divorce decree and settlement agreement. The former spouse should also notify the finance center in writing within the same one-year period, including a copy of the divorce decree and settlement agreement. When the former spouse does this, the election will be "deemed" as made at the end of the 1-year period if you fail to make the election yourself. Converting to former spouse coverage will limit your ability to cover a new spouse if you remarry.

In converting to former spouse coverage, you may not increase your base amount. However, Supplemental Survivor Benefit Plan (SSBP) may be dropped, continued at the same percentage or increased. It may even be added so long as full coverage applies. Premiums for any new SSBP will be based on your age at the time the new election becomes effective. These premiums could be much higher than for the original coverage.

The court may not dictate a level of coverage greater than that elected before the divorce. Benefits will be suspended if the surviving former spouse remarries before the age of 55. They will resume if that marriage ends as a result of death, divorce or annulment.

Marriage After Retirement While Having Former Spouse Coverage: Former spouse coverage may be changed after retirement to cover a new spouse, or a new spouse and/or children if:

- a. The former spouse election was required by a court order and the retiree provides an acceptable certified court order permitting the change, **or**
- b. The former spouse election was made to comply with an agreement that is not part of a court order and the former spouse agrees in writing to the requested change, **or**
- c. The former spouse election was made voluntarily (not part of a court order or written agreement).

This change may be made at any time, provided the above requirements are met. The former spouse must be informed of the change in beneficiary.

Re-starting SBP

There are limited conditions under which SBP may be re-started (or started) after retirement. Here are the common situations that apply.

Re-marriage

If spouse coverage is elected and the spouse is lost through death or divorce, the cost of SBP coverage is suspended. If the member remarries and has not converted to former spouse coverage, three options are available. The member must notify the finance center of the desired option within one year of the new marriage. If the member fails to notify the finance center, option one below will automatically take effect on the first anniversary of the remarriage and the member will be responsible for premium costs beginning the first day of the 13th month. The three options are:

1. Resume the original level of spouse coverage.
2. Elect not to resume spouse SBP coverage, in which case the spouse will be notified and the election cannot be changed.
3. Elect to cover an increased portion of retired pay.

In some instances former spouse coverage may be changed to spouse coverage.

The associated impacts on monthly spouse premium amounts are:

1. Resume original coverage: Costs will be the same as they would have been under the original election, as increased by COLAs, had that election remained in effect since it was first made. In other words, premiums will be increased by the adjustments that occurred while SBP was suspended.
2. Terminate SBP spouse coverage: No deduction will be taken from retired pay for SBP coverage.
3. Increase level of covered retired pay: Retroactive payments must be made WITHIN ONE YEAR of the new marriage. These payments will be computed as if the increased coverage had been in effect from the date of the original election until the costs were suspended, minus all costs actually paid to that date. Interest charges will apply. No costs will be attributed to the period during which SBP was suspended. The new monthly costs will be those that would apply if the increased coverage had been in effect since retirement.

Effect of Child Coverage

If the original SBP election was for spouse and child coverage, the spouse cost will be as described above. The cost of the child's coverage will be based on the new spouse's age, the member's age and the age of the youngest child at the time the election becomes effective (1st anniversary of the new marriage). Contact the finance center or your personnel counselor for further explanations.

Effective Dates

Coverage and costs for an election for a new spouse are effective after one year of marriage or upon the birth of a child of that marriage, whichever occurs first. If remarried to the spouse for whom you elected coverage at the time of retirement (or during the 21 Sep 72 - 20 Mar 74 open enrollment period), coverage and costs are effective immediately.

Integration with VA Benefits

The Department of Veterans Affairs (VA) pays a benefit called Dependency and Indemnity Compensation (DIC) to your surviving spouse and dependent children if you die of service-connected causes. This includes deaths after retirement if the cause of death is due to an injury or disease contracted while the member was on active duty.

DIC may also be paid if you had a 100 percent VA disability rating for ten continuous years, or if less than ten years, then at least five continuous years from the date of release from active duty. The VA determines who may receive DIC.

Benefit

Effective December 1, 2003, DIC payments to all surviving spouses are at the monthly rate of \$967, adjusted annually for cost of living. If you are rated as totally disabled as a result of a service-connected disability for at least eight continuous years preceding death, your spouse is entitled to an additional \$208. An additional \$241 is payable for each dependent child.

SBP Reduction

Any DIC paid to your spouse is subtracted from SBP payments; although, DIC payments to or for children do not affect SBP payments.

Refund of SBP Costs

A refund is paid to your surviving spouse for the costs deducted for that part of the SBP benefit not received due to DIC being paid. If the DIC payment offsets the entire SBP payment, all costs will be refunded. These refunds are taxed as income to the survivor since they were not taxed when deducted from retired pay.

(Note: Refunds are not made for: 1) Added costs associated with 1992-93 Open Season enrollments/changes or 2) enrollment costs associated with 1999-2000 Open Season elections).

DIC and Taxes

DIC payments are exempt from Federal and state income tax, which gives the surviving spouse more "take home" income.

Remarriage and DIC

When a surviving spouse remarries, DIC payments stop regardless of that spouse's age. (Note: beginning Oct. 1, 1998, DIC may be resumed if that marriage ends in death or divorce.) If that spouse's SBP was reduced or eliminated because of DIC, the full SBP payment may resume. The SBP remarriage rules will apply. The spouse must first repay all the SBP costs that were refunded when DIC first began. Installment type repayments are allowed; contact the finance center for details.

Examples

In the following examples the base amount selected for SBP coverage is \$2,000 (which would provide an annuity of \$1,100 before age 62 and \$700 after age 62). The surviving spouse is entitled to both SBP and DIC.

SBP before age 62: \$1,100
- DIC payments - \$967
= SBP payable after DIC = \$133

Note that the total of SBP plus DIC is still equal to what SBP would have paid alone; however, the DIC portion of the payment is not taxable as income. The spouse is refunded the costs paid by the retiree except what would have been paid to provide the spouse a benefit of \$133.

SBP age 62 or later: \$700
- DIC payments - \$967
= SBP after DIC = 0

In the second situation, the DIC is greater than the SBP payment. In this case all costs deducted from retired pay for SBP would be refunded to the surviving spouse. The total of SBP and DIC will always be greater than or equal to what the SBP benefit alone would be.

CSB/REDUX Costs and Benefits

CSB/REDUX is the only retirement system that includes a re-adjustment to its retired pay amount. At age 62, retired pay is re-computed to what it would have been under High-3. Also, at age 62, a one-time COLA adjustment is made that applies the cumulative effects of High-3 COLA (CPI) to the new retirement base. Afterwards, future COLAs again are set to CPI minus 1%.

As a result of this feature, SBP operates slightly differently in regard to costs and benefits. All other rules remain the same.

Base Level

As described under the Base Level section, SBP Premiums and benefits depend on what we call the "base amount" that you elect as the basis of your coverage. Your base amount can be your full monthly retired pay or just a portion, down to as little as \$300.

Under CSB/REDUX, full coverage means the full retired pay you would be entitled to under High-3 is your base amount. (This is the amount that would be used as a basis for your age 62 retired pay adjustment).

SBP Costs (Premiums)

The formulas to determine SBP for spouse coverage are described in the Spouse Coverage section. But, keep in mind, that if you elect full coverage, your base amount is higher than what you are actually paid until the age 62 readjustment. Also, remember that the base amount is adjusted annually by CPI minus 1%.

Benefit Payments

The SBP annuity is determined by the base amount you elect. The base amount may range from a minimum of \$300 up to a maximum of full retired pay. The annuity is 55 percent of the base amount. Also, the base amount and the payments to the surviving spouse will generally increase at the same time and by the same percentage that cost-of-living adjustments (COLAs) are made to retired pay. COLA for SBP benefits are set at CPI minus 1%, which is the REDUX retirement pay COLA. Benefits are readjusted at what would have been the member's age 62 to restore the CPI - 1% reduction to full CPI, but CPI - 1% COLAs apply after the member's age 62.

Summary

As a result of this modification to the standard premium and benefit calculations, you will pay a higher proportion of your retired pay to obtain coverage. This amount, however, is the same as an individual who opted for High-3 would pay for the same amount of coverage. Your beneficiary will be better protected against inflation than would happen if SBP benefits received the same COLA as REDUX retirements. In effect, you are paying the same price, as a High-3 individual, for the same coverage.

Survivor Benefits Premium Worksheet

This worksheet will assist you in estimating the monthly premium (cost) for your SBP coverage for spouse/former spouse and/or children.

Spouse and/or Former Spouse SBP Coverage

Instructions	Example	Enter your figures here
Determine your base amount	\$2,000.00	
Multiply base by 6.5%	(\$2,000.00*6.5%)	
Equals monthly cost	\$130.00	

Spouse/Former Spouse and Children Coverage

The cost for spouse/former spouse and children coverage is based on your age, the age of your spouse/former spouse and the age of your youngest child from the marriage. The cost factors used for determining children coverage may be different for your situation. The factors used in this work sheet will allow you to estimate your cost. Contact the finance center or personnel counselor for an exact cost for your situation.

The cost factor for this worksheet (.00023) is based on the following data:

Retiree: Age 43

Spouse: Age 41

Youngest Child: Age 10

Instructions	Example	Enter your figures here
Determine your base amount	\$2,000.00	
Multiply base by 6.5%	(\$2,000.00*6.5%)	
Equals spouse coverage cost	\$130.00	
Cost factor	.00023	
Multiply base by cost factor	(\$2,000*.00023)	
Equals children coverage	\$.46	
Add spouse and children coverage costs	\$130.00 + \$.46	
Equals monthly cost	\$130.46	

Child-Only Coverage

The cost for children-only coverage is based on your age and the age of your youngest child. It covers all eligible children. The cost factor used in this worksheet (.0039) is based on the following data:

Retiree: Age 43

Youngest child: Age 10

Instructions	Example	Enter your figures here
Determine your base amount	\$2,000.00	
Cost factor	.0039	
Multiply base by cost factor	(\$2,000.00* .0039)	
Equals monthly cost	\$7.80	

6

Thrift Savings Plan (TSP)

The Thrift Savings Plan (TSP) is a Federal Government-sponsored retirement savings and investment plan. The National Defense Authorization Act for Fiscal Year 2001 extended participation in the TSP, which was originally only for Federal civilian employees, to members of the uniformed services, and members began enrolling on October 9, 2001.

The TSP offers the same type of savings and tax benefits that many private corporations offer their employees under so-called "401(k)" plans. The retirement income that you receive from your TSP account will depend on how much you have contributed to your account during your working years and the earnings on those contributions.

But, it's important to remember the TSP is for long-term retirement savings. There are penalties for early withdrawals. So if you're looking short-term savings, consider other individual investment option.

What is the Thrift Savings Plan?

The TSP is a defined contribution plan. The retirement income that you receive from your TSP account will depend on how much you have contributed to your account during your working years and the earnings on those contributions.

The TSP offers the same type of savings and tax benefits that many private corporations offer their employees under "401(k)" plans. TSP regulations are published in title 5 of the Code of Federal Regulations, Parts 1600 — 1690, and are periodically supplemented and amended in the Federal Register.

How does the TSP differ from the uniformed services retirement system?

In contrast to the TSP, the uniformed services retirement system is a defined benefit program. This means that the benefit you receive from the uniformed services retirement system (i.e., your retired pay) is based on your years of service and the rank you hold at the time of your retirement, rather than on the amount of your contributions and earnings, as is the case with the TSP.

In addition, unlike participation in the uniformed services retirement system, participation in the TSP is optional. To participate in the TSP, you must sign up with your service. You contribute to the TSP from your own pay; the amount you contribute and the earnings attributable to your contributions belong to you. They are yours to keep even if you do not serve the 20 or more years ordinarily necessary to receive uniformed services retired pay.

Who administers the TSP?

The Federal Retirement Thrift Investment Board administers the TSP and contracts with various private sector companies to provide record keeping services. Your employing agency also plays an important role in TSP administration.

The Board. The Federal Retirement Thrift Investment Board is an independent Government agency. The five presidentially appointed members of the Board and the Executive Director are required by law to manage the TSP prudently and solely in the interest of the participants and their beneficiaries. The Employee Thrift Advisory Council is a statutorily created Advisory Committee comprising representatives of employee organizations, unions, and the uniformed services. The Council provides advice to the Board and the Executive Director on matters relating to the investment policies and administration of the TSP.

Money in the TSP and earnings on that money cannot be used for any purpose other than providing benefits to participants and their beneficiaries and paying TSP administrative expenses.

The financial statements of the Thrift Savings Fund are required by law to be audited annually. (The Plan year is the calendar year.) You may obtain the audited financial statements from this Web site.

Your Service. While you are a member of the uniformed services, your service is your primary TSP contact. Your service will provide you with TSP forms and informational materials and answer your questions about the TSP. You submit the Election Form (TSP-U-1) to your service to enroll in the TSP. (Your service may use an electronic version of the Election Form, e.g., on MyPay. Ask your service about the availability of this method.) Your service's payroll office will report to the TSP record keeper the dollar amount of your contributions (and any loan payments, if you have taken a loan from your TSP account) each pay period.

You should compare the information on the leave and earnings statement that you receive each month with your TSP participant statements to ensure that your service provides the TSP record keeper with correct and up-to-date information about your contributions. As long as you are a member of the uniformed services, your service must also provide the record keeper with the personal information that is necessary to maintain your account — for example, your date of birth and your address. If you need to correct your TSP account information, including your address, contact your service TSP representative. Your service is responsible for correcting errors in your personal information, contributions, and loan payment amounts.

Record Keeping Services. The Board has contracted with a number of private sector companies to provide record keeping services for the TSP, which include maintaining the accounts of TSP participants, processing requests for benefits, and providing call center support.

The TSP processes contribution allocations, interfund transfers, loans, withdrawals and transfers of funds into the TSP from other plans, as well as participants' designations of beneficiaries. The TSP is also your primary contact after you separate from Federal service.

What are the major features of the TSP?

You may elect to contribute any percentage (1 to 100) of your basic pay. However, your annual dollar total cannot exceed the Internal Revenue Code limit, which is \$16,500 for 2010. If you contribute to the TSP from your basic pay, you may also contribute from one to 100 percent

of any incentive pay or special pay (including bonus pay) you receive, up to the limits established by the Internal Revenue Code.

The TSP offers the following:

- Immediate member contributions
- Before-tax savings and tax-deferred investment earnings
- Daily valuation of accounts
- Low administrative and investment expenses
- Transfers into the TSP from other eligible retirement plans or traditional IRAs and eligible employer plans
- A choice of investment funds:
 - ▶ Government Securities Investment (G) Fund
 - ▶ Fixed Income Index Investment (F) Fund
 - ▶ Common Stock Index Investment (C) Fund
 - ▶ Small Capitalization Stock Index Investment (S) Fund
 - ▶ International Stock Index Investment (I) Fund
 - ▶ Lifecycle (L) Funds
- Ability to make contribution allocations daily
- Ability to make interfund transfers daily
- Loans from your own contributions and attributable earnings while you are in service
- Catch-up contributions for participants age 50 or older
- In-service withdrawals for financial hardship or after you reach age 59½
- Portable benefits and a choice of withdrawal options after you separate from service
- Ability to designate beneficiaries for your account balance
- Spouses' rights protection for loans and withdrawals and recognition of qualifying court orders
- A Web site with account management services
- An automated telephone service (the ThriftLine) for account information and certain transactions.

How does the TSP fit into the total retirement picture for members of the uniformed services?

The TSP can provide you with a supplemental source of retirement income in addition to your uniformed services retired pay. Your contributions and earnings are yours to keep, even if you separate from the uniformed services before retirement. (Note: If you leave the uniformed services and enter the Federal civilian service, you will be able to continue contributing to the TSP; you can also combine your uniformed services account with your civilian account.) To find out more about uniformed services retirement benefits, contact your service.

What if I can't afford to contribute very much?

You can contribute as little as one percent of your basic pay each pay period. Even small savings add up over time. If you put in only \$40 from your pay each month, you could have \$20,959 in 20 years (assuming a 7% annual return), which would more than double your contribution of \$9,600.

Can I withdraw my money while I am a member of the uniformed services?

The purpose of the TSP is to provide you with a source of income for your retirement. The TSP is not a savings account that can be withdrawn at any time. If you think you may need your money in the near future, or if you do not have other funds saved for emergencies, you will want to consider your other needs carefully before deciding how much to contribute to the TSP.

However, while you are still a member of the uniformed services, the TSP loan program can give you access to money that you have contributed to your account. In addition, participants who are age 59½ or older can make a one-time withdrawal from their TSP accounts while they are still in service. In-service withdrawals for reasons of financial hardship are also available. In-service withdrawals are restricted by law, and funds withdrawn are taxable and may be subject to early withdrawal penalties. Other conditions and restrictions apply.

7

Military Service and Social Security

Earnings for active duty military service or active duty training have been covered under Social Security since 1957. Social Security has covered inactive duty service in the armed forces reserves (such as weekend drills) since 1988. If you served in the military before 1957, you did not pay Social Security taxes, but were given special credit for some of your service.

You can get both Social Security benefits and military retirement. Generally, there is no reduction of Social Security benefits because of your military retirement benefits. You'll get your full Social Security benefit based on your earnings.

Social Security and Medicare taxes

While you are in military service, you pay Social Security taxes just as civilian employees do. In 2010, the tax rate is 7.65 percent, up to a maximum of \$106,800. If you earn more, you continue to pay the Medicare portion of the tax (1.45 percent) on the rest of your earnings.

How to Qualify

To qualify for benefits, you must have worked and paid Social Security taxes for a certain length of time. In 2010, you will receive four credits if you earn at least \$4,480. The amount needed to get credit for your work goes up each year. The number of credits you need to qualify for Social Security benefits depends on your age and the type of benefit for which you are eligible. No one needs more than 10 years of work.

Extra earnings

Your Social Security benefit depends on your earnings, averaged over your working lifetime. Generally, the higher your earnings, the higher your Social Security benefit. Under certain circumstances, special earnings can be credited to your military pay record for Social Security purposes. The extra earnings are for periods of active duty or active duty for training. These extra earnings may help you qualify for Social Security or increase the amount of your Social Security benefit.

If you served in the military after 1956, you paid Social Security taxes on those earnings. Since 1988, inactive duty service in the Armed Forces reserves (such as weekend drills) has also been covered by Social Security.

Under certain circumstances, special extra earnings for periods of active duty from 1957 through 2001 can also be credited to your Social Security earnings record for benefit purposes.

- From 1957 through 1967, your extra credits will be added to your record when you apply for Social Security benefits.
- From 1968 through 2001, you do not need to do anything to receive these extra credits. The credits were automatically added to your record.
- After 2001, there are no special extra earnings credits for military service.

The information that follows explains how you can get credit for special extra earnings and applies only to active duty military service earnings from 1957 through 2001.

- From 1957 through 1977, you are credited with \$300 in additional earnings for each calendar quarter in which you received active duty basic pay.
- From 1978 through 2001, for every \$300 in active duty basic pay, you are credited with an additional \$100 in earnings up to a maximum of \$1,200 a year. If you enlisted after September 7, 1980, and didn't complete at least 24 months of active duty or your full tour, you may not be able to receive the additional earnings. Check with Social Security for details.

If you served in the military from 1940 through 1956, including attendance at a service academy, you did not pay Social Security taxes. However, your Social Security record may be credited with \$160 a month in earnings for military service from September 16, 1940, through December 31, 1956, under the following circumstances:

- You were honorably discharged after 90 or more days of service, or you were released because of a disability or injury received in the line of duty; or
- You are still on active duty; or
- You are applying for survivors benefits and the veteran died while on active duty.

You cannot receive credit for these special earnings if you are already receiving a federal benefit based on the same years of service. There is one exception: If you were on active duty after 1956, you can still get the special earnings for 1951 through 1956, even if you're receiving a military retirement based on service during that period.

These extra earnings credits are added to your earnings record when you apply for Social Security benefits.

NOTE: In all cases, the additional earnings are credited to the earnings that are averaged over your working lifetime, not directly to your monthly benefit amount.

Your benefits

In addition to retirement benefits, Social Security pays survivors benefits to your family when you die. You also can get Social Security benefits for you and your family if you become disabled. For more information about these benefits, ask us for Understanding The Benefits (Publication No. 05-10024).

If you became disabled while on active military service on or after October 1, 2001, visit www.socialsecurity.gov/woundedwarriors to find out how you can receive expedited processing of your disability claim.

When you apply for Social Security benefits, you will be asked for proof of your military service (DD Form 214) or information about your reserve or National Guard service.

When you are eligible for Medicare

If you have health care insurance from the Department of Veterans Affairs (VA) or under the TRICARE or CHAMPVA program, your health benefits may change or end when you become eligible for Medicare. You should contact the VA, the Department of Defense or a military health benefits advisor for more information.

You can work and get retirement benefits

You can retire as early as age 62. But, if you do, your Social Security benefits will be reduced permanently. If you decide to apply for benefits before your full retirement age, you can work and still get some Social Security benefits. There are limits on how much you can earn without losing some or all of your retirement benefits. These limits change each year. When you apply for benefits, the Social Security Administration will tell you what the limits are at that time and whether work will affect your monthly benefits.

When you reach your full retirement age, you can earn as much as you are able and still get all of your Social Security benefits.

The full retirement age is 66 for people born in 1943 through 1954, and it will gradually increase to age 67 for those born in 1960 and later. To help you decide the best time to retire, contact us for Retirement Benefits (Publication No. 05-10035).

Contacting Social Security

To contact Social Security, visit their website at www.socialsecurity.gov or call toll-free, 1-800-772-1213 (for the deaf or hard of hearing, call our TTY number, 1-800-325-0778). Questions can be answered specific from 7 a.m. to 7 p.m., Monday through Friday.

8

TRICARE Transition from Active Duty to Retirement

When you retire from active duty, you will have new TRICARE coverage options. Understanding these options will help you and your family make the best health care decisions. It is also essential that you keep your Defense Enrollment Eligibility Reporting System (DEERS) information current when you retire. For details, visit www.tricare.mil/deers.

Note: If retiring from the National Guard or Reserve, you will become eligible for most of these health care options when you reach age 60 and begin drawing retirement pay. You may enroll in the TRICARE Retiree Dental Program (TRDP) at any age.

TRICARE Prime

When you retire, you and eligible family members must re-enroll and pay an annual enrollment fee to continue TRICARE Prime coverage. If your retirement date is the first of the month, you must submit your enrollment application to your regional contractor before that date. If you retire on another day of the month, you must re-enroll within 30 days after that date. Otherwise, you and your family will have a break in coverage and must re-enroll by the 20th of the month for coverage to resume on the first day of the following month. Note: If you have a break in coverage, you are covered by TRICARE Standard and TRICARE Extra until your TRICARE Prime coverage resumes.

TRICARE Prime Remote and TRICARE Prime Remote for Active Duty Family Members coverage options are not available after retirement. If you are enrolled in either of these options and live near a TRICARE Prime Service Area (PSA), you may be able to waive drive-time standards and enroll in TRICARE Prime. Otherwise, you will be covered by TRICARE Standard after retirement. In most cases, you can continue seeing your current doctor(s); cost-shares and annual deductibles will apply.

Note: TRICARE Prime is not available everywhere. If moving, contact the regional contractor for your new location for TRICARE Prime availability details.

Getting Care

Your primary care manager (PCM) will handle routine care and provide specialty care referrals. You may enroll at military treatment facilities (MTFs) when space permits (active duty service members and their families have priority at MTFs). You may have to change from an MTF PCM to a civilian PCM, but if you live within an MTF TRICARE PSA you may be referred to an MTF

for specialty care. Coverage is generally the same, but there are differences (e.g., more preventive care screenings available).

Costs

There is an annual TRICARE Prime enrollment fee, and copayments will apply for civilian TRICARE network provider care. Point of service fees will apply if you receive specialty care without a PCM referral or care from a non-network provider without prior authorization. If you have other health insurance (OHI), your OHI is considered your primary insurance and pays before TRICARE.

Enrollment Portability

If you live part time in different regions, you may transfer your coverage to another region twice per enrollment year, as long as the second transfer is back to the original location. If family members live in different regions, you may enroll them in multiple regions and pay only one family enrollment fee.

US Family Health Plan (USFHP)

USFHP is a TRICARE Prime option available in six designated U.S. areas. Enrollees receive care from providers affiliated with the health care systems offering the program and may not use services within the Military Health System (including MTF care), except in an emergency. For USFHP details and service areas, visit www.usfamilyhealthplan.org.

TRICARE Standard and TRICARE Extra

When not enrolled in TRICARE Prime, you are covered by TRICARE Standard and TRICARE Extra. Enrollment and referrals are not required, but some services may require prior authorization. MTF care is on a space-available basis only. You may see any TRICARE-authorized provider, but the provider's TRICARE network status determines your out-of-pocket costs. With TRICARE Extra, you may seek care from a TRICARE network provider, which reduces your costs. With TRICARE Standard, you may see any non-network TRICARE-authorized provider, but your costs will be higher. For details, visit www.tricare.mil/costs.

Getting Care Overseas

TRICARE Overseas Program (TOP) Prime is not available after retirement. If living overseas, you will be covered by TOP Standard and will have MTF access on a space available basis. The annual deductibles and cost-shares associated with the stateside TRICARE Standard program will apply. Note: TRICARE Extra is not available overseas.

TRICARE Retiree Dental Program

The TRDP offers comprehensive, cost-effective dental coverage to you and your family. Enrollment is voluntary, and premiums are charged. For details, visit www.trdp.org.

Prescription Drug Coverage

Prescriptions may be filled through an MTF pharmacy, the TRICARE Mail Order Pharmacy, a TRICARE retail network pharmacy, or a non-network pharmacy.* Cost shares apply except at MTF pharmacies. When not using an MTF pharmacy, the mail-order program is your least

expensive option. You can receive a 90-day supply of medications by mail for the same cost as a 30-day supply at retail pharmacies. For more details and cost information, visit www.tricare.mil/pharmacy.* The TRICARE pharmacy benefit is not available to USFHP enrollees. Prescription drug coverage is provided by the USFHP provider.

TRICARE For Life (TFL)

TFL serves as Medicare-wraparound coverage for TRICARE beneficiaries entitled to Medicare Part A and who have Medicare Part B coverage. If you or a family member has only Medicare Part A, enroll in Medicare Part B before you retire to avoid a lapse in coverage. You must enroll within eight months of your retirement date to avoid a Medicare Part B surcharge. The surcharge is a 10-percent premium increase for each 12-month period that you could have enrolled but did not. In the U.S. and its territories, TRICARE pays secondary to Medicare for services covered by both TRICARE and Medicare. Medicare does not pay for services received overseas. For overseas care, TRICARE pays first and you pay applicable TRICARE Standard annual deductibles and cost-shares. For Medicare details, visit www.medicare.gov. For Medicare enrollment information, visit www.ssa.gov. For TFL details, visit www.tricare.mil/tfl.

For Additional Information and Assistance

TRICARE North Region Health Net Federal Services, LLC 1-877-TRICARE (1-877-874-2273) www.healthnetfederalservices.com	TRICARE South Region Humana Military Healthcare Services, Inc. 1-800-444-5445 www.humana-military.com	TRICARE West Region TriWest Healthcare Alliance Corp. 1-888-TRIWEST (1-888-874-9378) www.triwest.com
TRICARE Overseas (TRICARE Europe, TRICARE Latin America and Canada, and TRICARE Pacific) Stateside: 1-888-777-8343 www.tricare.mil/overseas	Defense Enrollment Eligibility Reporting System (DEERS)—Update Information Phone: 1-800-538-9552 Fax: 1-831-655-8317 www.tricare.mil/deers	Beneficiary Web Enrollment (BWE) Web Site <i>(manage stateside TRICARE Prime enrollment online)</i> https://www.dmdc.osd.mil/appj/bwe/
TRICARE For Life 1-866-773-0404 1-866-773-0405 (TTY/TDD) www.TRICARE4u.com	Medicare 1-800-633-4227 www.medicare.gov	Social Security Administration 1-800-772-1213 1-800-325-0778 (TTY/TDD) www.ssa.gov
US Family Health Plan 1-800-74-USFHP (1-800-748-7347) www.usfamilyhealthplan.org	TRICARE Mail Order Pharmacy 1-866-DoD-TMOP (1-866-363-8667)	TRICARE Retail Pharmacy Network 1-866-DoD-TRRX (1-866-363-8779)
TRICARE Retiree Dental Program 1-888-838-8737 www.trdp.org	TRICARE Web Site www.tricare.mil	Military Health System Web Site www.health.mil

An Important Note about TRICARE Program Information

At the time of printing, this information is current. It is important to remember that TRICARE policies and benefits are governed by public law. Changes to TRICARE programs are continually made as public law is amended. Military treatment facility guidelines and policies may be different than those outlined in this publication. For the most recent information, contact your TRICARE regional contractor, TRICARE Service Center, or local military treatment facility.

9

Veteran Benefits Overview

Veterans of the United States armed forces may be eligible for a broad range of programs and services provided by the federal Department of Veterans Affairs (VA). These benefits are legislated in Title 38 of the United States Code.

General Eligibility

Eligibility for most VA benefits is based upon discharge from active military service under other than dishonorable conditions. Active service means full-time service, other than active duty for training, as a member of the Army, Navy, Air Force, Marine Corps, Coast Guard, or as a commissioned officer of the Public Health Service, Environmental Science Services Administration or National Oceanic and Atmospheric Administration, or its predecessor, the Coast and Geodetic Survey. Generally, men and women veterans with similar service may be entitled to the same VA benefits.

Dishonorable and bad conduct discharges issued by general courtmartial may bar VA benefits. Veterans in prison and parolees must contact a VA regional office to determine eligibility. VA benefits will not be provided to any veteran or dependent wanted for an outstanding felony warrant.

Wartime Service

Certain VA benefits require service during wartime. Under the law, VA recognizes these war periods:

Mexican Border Period: May 9, 1916, through April 5, 1917, for veterans who served in Mexico, on its borders or in adjacent waters.

World War I: April 6, 1917, through Nov. 11, 1918; for veterans who served in Russia, April 6, 1917, through April 1, 1920; extended through July 1, 1921, for veterans who had at least one day of service between April 6, 1917, and Nov. 11, 1918.

World War II: Dec. 7, 1941, through Dec. 31, 1946.

Korean War: June 27, 1950, through Jan. 31, 1955.

Vietnam War: Aug. 5, 1964 (Feb. 28, 1961, for veterans who served “in country” before Aug. 5, 1964), through May 7, 1975.

Gulf War: Aug. 2, 1990, through a date to be set by law or Presidential Proclamation.

Important Documents

To expedite benefits delivery, veterans seeking a VA benefit for the first time must submit a copy of their service discharge form (DD-214, DD-215, or for World War II veterans, a WD form), which documents service dates and type of discharge, or give their full name, military service number, and branch and dates of service. The veteran's service discharge form should be kept in a safe location accessible to the veteran and next of kin or designated representative.

The following documents will be needed for claims processing related to a veteran's death:

1. Veteran's marriage certificate for claims of a surviving spouse or children.
2. Veteran's death certificate if the veteran did not die in a VA health care facility.
3. Children's birth certificates or adoption papers to determine children's benefits.
4. Veteran's birth certificate to determine parents' benefits.

10

VA Pensions

Eligibility for Disability Pension

Veterans with low incomes who are permanently and totally disabled, or are age 65 and older, may be eligible for monetary support if they have 90 days or more of active military service, at least one day of which was during a period of war. (Veterans who entered active duty on or after Sept. 8, 1980, or officers who entered active duty on or after Oct. 16, 1981, may have to meet a longer minimum period of active duty). The veteran's discharge must have been under conditions other than dishonorable and the disability must be for reasons other than the veteran's own willful misconduct.

Payments are made to bring the veteran's total income, including other retirement or Social Security income, to a level set by Congress. Un-reimbursed medical expenses may reduce countable income for VA purposes.

Improved Disability Pension

Congress establishes the maximum annual improved disability pension rates. Payments are reduced by the amount of countable income of the veteran, spouse or dependent children. When a veteran without a spouse or a child is furnished nursing home or domiciliary care by VA, the pension is reduced to an amount not to exceed \$90 per month after three calendar months of care. The reduction may be delayed if nursing-home care is being continued to provide the veteran with rehabilitation services.

VA Improved Disability Pension Rates

Veteran's Family Situation and Caretaker Needs	Maximum Annual Rate
Veteran without dependents	\$11,830
Veteran with one dependent	\$15,493
Veteran permanently housebound, no dependents	\$14,457
Veteran permanently housebound, one dependent	\$18,120
Veteran needing regular aid and attendance, no dependents	\$19,736
Veteran needing regular aid and attendance, one dependent	\$23,396
Veteran married to one another	\$15,493
Add for each additional dependent child	\$2,020
Add for early war veteran (Mexican border period & or WWI)	\$2,686

Protected Pension Programs

Pension beneficiaries who were receiving a VA pension on Dec. 31, 1978, and do not wish to elect the Improved Pension will continue to receive the pension rate they were receiving on that date. This rate generally continues as long as the beneficiary's income remains within established limits, his or her net worth does not bar payment, and the beneficiary does not lose any dependents.

These beneficiaries must continue to meet basic eligibility factors, such as permanent and total disability for veterans, or status as a surviving spouse or child. VA must adjust rates for other reasons, such as a veteran's hospitalization in a VA facility.

Medal of Honor Pension

VA administers pensions to recipients of the Medal of Honor. Congress set the monthly pension at \$1,194 effective Dec. 1, 2008.

11

VA Health Care

VA operates the nation's largest integrated health care system with more than 1,400 sites of care, including hospitals, community clinics, nursing homes, domiciliaries, readjustment counseling centers, and various other facilities. For additional information on VA health care, visit: <http://www.va.gov/health>.

Basic Eligibility

A person who served in the active military, naval, or air service and who was discharged or released under conditions other than dishonorable may qualify for VA health care benefits. Reservists and National Guard members may also qualify for VA health care benefits if they were called to active duty (other than for training only) by a Federal order and completed the full period for which they were called or ordered to active duty.

Minimum Duty Requirements: Veterans who enlisted after Sept. 7, 1980, or who entered active duty after Oct. 16, 1981, must have served 24 continuous months or the full period for they were called to active duty in order to be eligible. This minimum duty requirement may not apply to veterans discharged for hardship, early out or a disability incurred or aggravated in the line of duty.

Enrollment

For most veterans, entry into the VA health care system begins by applying for enrollment. To apply, complete VA Form 10-10EZ, Application for Health Benefits, which may be obtained from any VA health care facility or regional benefits office, on line at <http://www.va.gov/1010ez.htm> or by calling 1-877-222-VETS (8387). Once enrolled, veterans can receive health care at VA health care facilities anywhere in the country.

Veterans enrolled in the VA health care system are afforded privacy rights under federal law. VA's Notice of Privacy Practices, which describes how VA may use and disclose veterans' medical information, is also available on line at http://www.va.gov/vhapublications/View-Publication.asp?pub_ID=1089.

The following four categories of veterans are not required to enroll, but are urged to do so to permit better planning of health resources:

1. Veterans with a service-connected disability of 50 percent or more.
2. Veterans seeking care for a disability the military determined was incurred or aggravated in the line of duty, but which VA has not yet rated, within 12 months of discharge.

3. Veterans seeking care for a service-connected disability only.
4. Veterans seeking registry examinations (Ionizing Radiation, Agent Orange, Gulf War/Operation Iraqi Freedom and Depleted Uranium).

Priority Groups

During enrollment, each veteran is assigned to a priority group. VA uses priority groups to balance demand for VA health care enrollment with resources. Changes in available resources may reduce the number of priority groups VA can enroll. If this occurs, VA will publicize the changes and notify affected enrollees. A description of priority groups follows:

Group 1: Veterans with service-connected disabilities rated 50 percent or more and/or veterans determined by VA to be unemployable due to service-connected conditions.

Group 2: Veterans with service-connected disabilities rated 30 or 40 percent.

Group 3: Veterans with service-connected disabilities rated 10 and 20 percent, veterans who are former Prisoners of War (POW) or were awarded a Purple Heart medal, veterans awarded special eligibility for disabilities incurred in treatment or participation in a VA Vocational Rehabilitation program, and veterans whose discharge was for a disability incurred or aggravated in the line of duty.

Group 4: Veterans receiving aid and attendance or housebound benefits and/or veterans determined by VA to be catastrophically disabled.

Group 5: Veterans receiving VA pension benefits or eligible for Medicaid programs, and nonservice-connected veterans and non-compensable, zero percent service-connected veterans whose gross annual household income and net worth are below the established VA means test thresholds.

Group 6: Veterans of World War I; veterans seeking care solely for certain conditions associated with exposure to radiation; for any illness associated with combat service in a war after the Gulf War or during a period of hostility after Nov. 11, 1998; for any illness associated with participation in tests conducted by the Department of Defense (DoD) as part of Project 112/Project SHAD; and veterans with zero percent service-connected disabilities who are receiving disability compensation benefits.

Group 7: Nonservice-connected veterans and non-compensable, zero-percent service-connected veterans with household income and/or net worth above VA's national income threshold, but whose household income is below the geographically-based income threshold for their resident location.

Group 8: All other nonservice-connected veterans and zero percent, non-compensable service-connected veterans who agree to pay copays. (Note: Effective Jan. 17, 2003, VA no longer enrolls new veterans into priority group 8).

Special Access to Care

Service Disabled Veterans: Veterans who are 50 percent or more disabled from service-connected conditions, unemployable due to service-connected conditions, or receiving care for

a service-connected disability receive priority in scheduling of hospital or outpatient medical appointments.

Combat Veterans: Effective Jan. 28, 2008, veterans discharged from active duty on or after Jan. 28, 2003, are eligible for enhanced enrollment placement into Priority Group 6 (unless eligible for higher enrollment Priority Group placement) for 5 years post discharge. Veterans with combat service after Nov. 11, 1998, who were discharged from active duty before Jan. 28, 2003, and who apply for enrollment on or after Jan. 28, 2008, are eligible for this enhanced enrollment benefit through Jan. 27, 2011.

Veterans, including activated reservists and members of the National Guard, are eligible if they served on active duty in a theater of combat operations after Nov. 11, 1998, and, have been discharged under other than dishonorable conditions.

Veterans who enroll with VA under this “Combat Veteran” authority will retain enrollment eligibility even after their five-year post discharge period ends. At the end of their post discharge period, VA will reassess the veteran’s information (including all applicable eligibility factors) and make a new enrollment decision. For additional information, call 1-877-222-VETS (8387).

Financial Assessment

Most veterans not receiving VA disability compensation or pension payments must provide information on their gross annual household income and net worth to determine whether they are below the annually adjusted financial thresholds. Veterans who decline to disclose their information or have income above the thresholds must agree to pay copays in order to receive certain health benefits, effectively placing them in Priority Group 8. VA is currently not enrolling new applicants who decline to provide financial information unless they have a special eligibility factor.

This financial assessment includes all household income and net worth, including Social Security, retirement pay, unemployment insurance, interest and dividends, workers’ compensation, black lung benefits and any other income. Also considered are assets such as the market value of property that is not the primary residence, stocks, bonds, notes, individual retirement accounts, bank deposits, savings accounts and cash.

VA also compares veterans’ financial assessment with geographically based income thresholds. If the veteran’s gross annual household income is above VA’s national means test threshold and below VA’s geographic means test threshold, or is below both the VA national threshold and the VA geographically based threshold, but their gross annual household income plus net worth exceeds VA’s ceiling (currently \$80,000) the veteran is eligible for an 80-percent reduction in inpatient copay rates.

VA Medical Services and Supplies Requiring Copays

Some veterans must make copays to receive VA health care.

Inpatient Care: Priority Group 7 and certain other veterans are responsible for paying 20 percent of VA’s inpatient copay or \$204.80 for the first 90 days of inpatient hospital care during any 365-day period. For each additional 90 days, the charge is \$102.40. In addition, there is a \$2 per diem charge.

Priority Group 8 and certain other veterans are responsible for VA's inpatient copay of \$1,024 for the first 90 days of care during any 365-day period and \$10 per day. For each additional 90 days, the charge is \$512 plus a \$10 per diem charge.

Extended Care: For extended care services, veterans may be subject to a copay determined by information supplied by completing a VA Form 10-10EC. VA social workers can help veterans interpret their eligibility and copay requirements. The copay amount is based on each veteran's financial situation and is determined upon application for extended care services and will range from \$0 to \$97 a day.

Medication: Most veterans are currently charged \$8 for each 30-day or less supply of medication provided by VA for treatment of conditions that are not service-connected. For veterans enrolled in Priority

Groups 2 through 6, the maximum copay for medications that will be charged in calendar year 2008 is \$960. The following groups of veterans are not charged medication copays: veterans with a service-connected disability of 50 percent or more; veterans receiving medication for service-connected conditions; veterans whose annual income does not exceed the maximum annual rate of the VA pension; veterans enrolled in Priority Group 6 who receive medication under their special authority; veterans receiving medication for conditions related to sexual trauma related to service on active duty; certain veterans receiving medication for treatment of cancer of the head or neck; veterans receiving medication for a VA-approved research project; and former POWs.

NOTE: Copays apply to prescription and over-the-counter medications, such as aspirin, cough syrup or vitamins, dispensed by a VA pharmacy. However, veterans may prefer to purchase over-the-counter drugs, such as aspirin or vitamins, at a local pharmacy rather than making the copay. Copays are not charged for medications injected during the course of treatment or for medical supplies, such as syringes or alcohol wipes.

Outpatient Care: A three-tiered copay system is used for all outpatient services. The copay is \$15 for a primary care visit and \$50 for some specialized care. Certain services are not charged a copay.

Outpatient Visits Not Requiring Copays

Copays do not apply to publicly announced VA health fairs or out-patient visits solely for preventive screening and/or immunizations, such as immunizations for influenza and pneumococcal, or screening for hypertension, hepatitis C, tobacco, alcohol, hyperlipidemia, breast cancer, cervical cancer, colorectal cancer by fecal occult blood testing, education about the risks and benefits of prostate cancer screening, and smoking cessation counseling (individual and group). Laboratory, flat film radiology, and electrocardiograms are also exempt from copays.

Private Health Insurance Billing

VA is required to bill private health insurance providers for medical care, supplies and prescriptions provided for treatment of veterans' non service-connected conditions. Generally, VA cannot bill Medicare, but can bill Medicare supplemental health insurance for covered services.

All veterans applying for VA medical care are required to provide information on their health insurance coverage, including coverage provided under policies of their spouses. Veterans are

not responsible for paying any remaining balance of VA's insurance claim not paid or covered by their health insurance, and any payment received by VA may be used to offset "dollar for dollar" a veteran's VA copay responsibility.

Reimbursement of Travel Costs

Certain veterans may be provided special mode travel (e.g. wheelchair van, ambulance) or reimbursed for travel costs when traveling for approved VA medical care. Reimbursement is paid at 28.5 cents per mile -and is subject to a deductible of \$7.77 for each one-way trip and \$15.54 for a round trip; with a maximum deductible of \$45.62 per calendar month. Two exceptions to the deductible are travel for C&P exam and special modes of transportation, such as an ambulance or a specially equipped van. These deductibles may be waived when their imposition would cause a severe financial hardship.

Eligibility: Payments may be made to the following:

1. Veterans whose service-connected disabilities are rated 30 percent or more.
2. Veterans traveling for treatment of service-connected conditions.
3. Veterans who receive a VA pension.
4. Veterans traveling for scheduled compensation or pension examinations.
5. Veterans whose gross household income does not exceed the maximum annual VA pension rate.
6. Veterans whose medical condition requires a special mode of transportation, if they are unable to defray the costs and travel is pre-authorized. Advance authorization is not required in an emergency if a delay would be hazardous to life or health.

VA Medical Programs

Veteran Health Registries

Certain veterans can participate in a VA health registry and receive free medical examinations, including laboratory and other diagnostic tests deemed necessary by an examining clinician. VA maintains health registries to provide special health examinations and health-related information. To participate, contact the nearest VA health care facility or visit <http://www.va.gov/environagents/>.

Gulf War Registry: For veterans who served in the Gulf War and Operation Iraqi Freedom (OIF).

Depleted Uranium Registries: VA maintains two registries for veterans possibly exposed to depleted uranium. The first is for veterans who served in the Gulf War, including Operation Iraqi Freedom. The second is for veterans who served elsewhere, including Bosnia and Afghanistan.

Agent Orange Registry: For veterans possibly exposed to dioxin or other toxic substances in herbicides used during the Vietnam War, while serving in Korea in 1968 or 1969, or as a result of testing, transporting, or spraying herbicides for military purposes.

Ionizing Radiation Registry: For veterans possibly exposed to atomic radiation during the following activities: atmospheric detonation of a nuclear device; occupation of Hiroshima or Nagasaki from Aug. 6, 1945, through July 1, 1946; internment as a prisoner of war in Japan during World War II; serving in official military duties at the gaseous diffusion plants at Paducah, Ky.; Portsmouth, Ohio; or the K-25 area at Oak Ridge, Tenn., for at least 250 days before Feb. 1, 1992, or in Longshot, Milrow or Cannikin underground nuclear tests at Amchitka Island,

Alaska, before Jan. 1, 1974; or treatment with nasopharyngeal (NP) radium during military service.

Readjustment Counseling Services

VA provides readjustment counseling services through 207 community-based Vet Centers located in all 50 states, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands. Counseling is designed to help combat veterans readjust to civilian life.

Eligibility: Veterans are eligible if they served on active duty in a combat theater during World War II, the Korean War, the Vietnam War, the Gulf War, or the campaigns in Lebanon, Grenada, Panama, Somalia, Bosnia, Kosovo, Afghanistan, Iraq and the Global War on Terror. Veterans who served in the active military during the Vietnam Era, but not in the Republic of Vietnam, must have requested services at a Vet Center before Jan. 1, 2004.

Services Offered: Vet Center staff provide individual, group, family, military sexual trauma, and bereavement counseling. Services include treatment for post-traumatic stress disorder (PTSD) or help with any other military related issue that affects functioning within the family, work, school or other areas of everyday life. Other services include outreach, education, medical referral, homeless veteran services, employment, VA benefit referral, and the brokering of non-VA services.

Bereavement Counseling: Bereavement counseling is available to all family members including spouses, children, parents and siblings of service members who die while on active duty. This includes federally activated members of the National Guard and reserve components. Bereavement services may be accessed by calling (202) 461-6530.

For additional information, contact the nearest Vet Center, listed in the back of this guide, or visit <http://www.vetcenter.va.gov/>.

Prosthetic and Sensory Aids

Veterans receiving VA care for any condition may receive VA prosthetic appliances, equipment and services, such as home respiratory therapy, artificial limbs, orthopedic braces and therapeutic shoes, wheelchairs, powered mobility, crutches, canes, walkers, and other durable medical equipment and supplies.

VA will provide hearing aids and eyeglasses to veterans who receive increased pension based on the need for regular aid and attendance or being permanently housebound, receive compensation for a service-connected disability or are former POWs. Otherwise, hearing aids and eyeglasses are provided only in special circumstances, and not for normally occurring hearing or vision loss. For additional information, contact the prosthetic representative at the nearest VA health care facility.

Home Improvements and Structural Alterations

VA provides up to \$4,100 for service-connected veterans and up to \$1,200 for nonservice-connected veterans to make home improvements necessary for the continuation of treatment or for disability access to the home and essential lavatory and sanitary facilities. For application information, contact the prosthetic representative at the nearest VA health care facility.

Services for Blind Veterans

Blind and visually impaired veterans may be eligible for services at a VA medical center or for admission to a VA blind rehabilitation center. In addition, blind veterans enrolled in the VA health care system may receive:

1. A total health and benefits review.
2. Adjustment to blindness training and counseling.
3. Home improvements and structural alterations.
4. Specially adapted housing and adaptations.
5. Automobile grant.
6. Low-vision devices and training in their use.
7. Electronic and mechanical aids for the blind, including adaptive computers and computer-assisted devices such as reading machines and electronic travel aids.
8. Guide dogs, including cost of training for the veteran to learn to work with the dog.
9. Talking books, tapes and Braille literature.

Eligible visually impaired veterans (who are not blind) enrolled in the VA health care system may receive:

1. A total health and benefits review.
2. Adjustment to vision loss counseling and training.
3. Low-vision devices and training in their use.
4. Electronic and mechanical aids for the visually impaired, including adaptive computers and computer-assisted devices such as reading machines and electronic travel aids, and training in their use.

Mental Health Care Treatment

Veterans eligible for VA medical care may apply for general mental health treatment including specialty services such as PTSD and substance abuse treatment. Contact the nearest VA health care facility to apply.

Suicide Prevention Hotline

Veterans experiencing an emotional crisis or who need to talk to a trained mental health professional may call the National Suicide tollfree hotline number, 1-800-273-TALK (8255). The hotline is available 24 hours a day, seven days a week. Callers are immediately connected with a qualified and caring provider who can help.

Work Restoration Programs

VA provides vocational assistance and therapeutic work opportunities through several programs for veterans receiving VA health care. Each program offers treatment and rehabilitation services to help veterans live and work in their communities.

Participation in the following VA Work Restoration Programs cannot be used to deny or discontinue VA compensation or pension benefits.

Incentive Therapy is a pre-vocational program available at 70 VA Medical Centers and frequently serves as a mainstay for seriously disabled veterans for whom employment is not considered viable in the foreseeable future. Participants receive a token payment for services provided.

Compensated Work Therapy (CWT) is a vocational program available at 141 VA Medical Centers. Veterans receive an individualized vocational assessment, rehabilitation planning and work experience with the goal of job placement in the community. The program works closely with community-based organizations, employers and state and federal agencies to establish transitional work experiences, supported employment opportunities, direct job placement and supportive follow-up services.

CWT/Transitional Residence provides work-based, residential treatment in a stable living environment. This program differs from other VA residential bed programs in that participants use their earnings to contribute to the cost of their residences and are responsible for planning, purchasing and preparing their own meals. The program offers a comprehensive array of rehabilitation services including home, financial and life skills management.

Domiciliary Care

Domiciliary care provides rehabilitative and long-term, health-care for veterans who require minimal medical care but do not need the skilled nursing services provided in nursing homes. A Domiciliary also provides rehabilitative care for veterans who are homeless.

Eligibility: VA may provide domiciliary care to veterans whose annual gross household income does not exceed the maximum annual rate of VA pension or to veterans the Secretary of Veterans Affairs determines have no adequate means of support. The copays for extended care services apply to domiciliary care. Call your nearest benefits or health care facility to obtain the latest information.

Outpatient Dental Treatment

VA outpatient dental treatment includes the full spectrum of diagnostic, surgical, restorative and preventive procedures. The extent of care provided may be influenced by eligibility category.

Eligibility: The following veterans are eligible to receive dental care:

1. Veterans with service-connected, compensable dental conditions.
2. Former POWs.
3. Veterans with service-connected, non-compensable dental conditions as a result of combat wounds or service injuries.

4. Veterans with nonservice-connected dental conditions determined by VA to be aggravating a service-connected medical problem.
5. Veterans with service-connected conditions rated permanently and totally disabling or 100 percent by reason of permanent unemployability.
6. Veterans in a VA vocational rehabilitation program.
7. Certain enrolled homeless veterans.
8. Veterans with nonservice-connected dental conditions who received dental treatment while an inpatient in a VA facility.
9. Veterans requiring treatment for dental conditions clinically determined to be complicating a medical condition currently under treatment.

Recently discharged veterans who served on active duty 90 days or more and who apply for VA dental care within 180 days of separation from active duty, may receive a one-time dental treatment if their certificate of discharge does not indicate that they received necessary dental care within the 90-day period prior to discharge.

Nursing Home Care

VA limited provides nursing home services to veterans through three national programs: VA owned and operated nursing homes, state veterans' homes owned and operated by the states, and the community nursing home program. Each program has admission and eligibility criteria specific to the program.

VA Nursing Homes: VA owned and operated nursing homes typically admit patients requiring short-term care, in need of placement for a service-connected disability, or those who have a 70 percent or greater service-connected disability. All others are based on available resources.

State Veterans' Home Program: The state veterans' home program is a cooperative venture between the states and VA whereby the states petition VA for matching construction grants and once granted, VA pays a portion of the per diem. States establish eligibility criteria for short and long term care. Specialized services offered are dependent upon the capability of the home to render them.

Community Nursing Home Program: VA maintains contracts with community nursing homes through every VA medical center. The purpose of this program is to meet the nursing home needs of veterans who require long-term nursing home care in their own community, close to their families.

Admission Criteria: The general admission criteria for nursing home placement requires that a resident must be medically stable, i.e. not acutely ill, have sufficient functional deficits to require inpatient nursing home care, and is assessed by an appropriate medical provider to be in need of institutional nursing home care. Furthermore, the veteran must meet the required VA eligibility criteria for nursing home care or the contract nursing home program and the eligibility criteria for the specific state veterans home.

Long-Term Care Services: In addition to nursing home care, VA offers a variety of other long-term care services either directly or by contract with community-based agencies. Such services include adult day health care, inpatient or outpatient respite care, inpatient or outpatient geriatric evaluation and management, hospice and palliative care, and home based primary care. Veterans receiving these services may be subject to a copay.

Emergency Medical Care in Non-VA Facilities

A may reimburse or pay for medical care provided to certain enrolled or otherwise eligible veterans by non-VA facilities only in cases of medical emergencies where VA or other federal facilities were not feasibly available. Other conditions also apply. To determine eligibility or initiate a claim, contact the VA medical facility nearest to where the emergency service was provided.

12

Veterans with Service Connected Disabilities

Disability Compensation

Disability compensation is a monetary benefit paid to veterans who are disabled by an injury or illness that was incurred or aggravated during active military service. These disabilities are considered to be service-connected. Disability compensation varies with the degree of disability and the number of veteran's dependents, and is paid monthly. Veterans with certain severe disabilities may be eligible for additional special monthly compensation. The benefits are not subject to federal or state income tax.

The payment of military retirement pay, disability severance pay and separation incentive payments known as SSB (Special Separation Benefits) and VSI (Voluntary Separation Incentives) affects the amount of VA compensation paid to disabled veterans.

To be eligible, the service of the veteran must have been terminated through separation or discharge under conditions other than dishonorable. For additional details, visit the VA web site at <http://www.vba.va.gov/bln/21/>.

Disability Compensation Rates for Veterans

Veteran's Disability Rating	Monthly Rate Paid to Veterans
10%	\$123
20%	\$243
30%*	\$376
40%*	\$541
50%*	\$770
60%*	\$974
70%*	\$1,228
80%*	\$1,427
90%*	\$1,604
100%*	\$2,673

**Veterans with disability ratings of at least 30 percent are eligible for additional allowances for dependents, including spouses, minor children, children between the ages of 18 and 23 who are attending school, children who are permanently incapable of self-support because of a disability arising before age 18, and dependent parents. The additional amount depends on the disability rating and the number of dependents.*

Receiving Disability Benefit Payments

VA offers three disability benefit payment options. Most veterans receive their payments by direct deposit to a bank, savings and loan or credit union account. In some areas, veterans who do not have a bank account can open a federally insured Electronic Transfer Account, which costs about \$3 a month, provides a monthly statement and allows cash withdrawals. Other veterans may choose to receive benefits by check. To choose a payment method, call toll-free 1-877-838-2778, Monday through Friday, 7:30 a.m. 4:50 p.m., CST.

Presumptive Conditions for Disability Compensation

Certain veterans are eligible for disability compensation based on the presumption that their disability is service-connected.

Prisoners of War: For former POWs who were imprisoned for any length of time, the following disabilities are presumed to be service-connected if they are rated at least 10 percent disabling anytime after military service: psychosis, any of the anxiety states, dysthymic disorder, organic residuals of frostbite, post-traumatic osteoarthritis, heart disease or hypertensive vascular disease and their complications, stroke and residuals of stroke.

For former POWs who were imprisoned for at least 30 days, the following conditions are also presumed to be service-connected: avitaminosis, beriberi, chronic dysentery, helminthiasis, malnutrition (including optic atrophy), pellagra and/or other nutritional deficiencies, irritable bowel syndrome, peptic ulcer disease, peripheral neuropathy and cirrhosis of the liver.

Veterans Exposed to Agent Orange and Other Herbicides: A veteran who served in the Republic of Vietnam between Jan. 9, 1962, and May 7, 1975, is presumed to have been exposed to Agent Orange and other herbicides used in support of military operations.

Eleven illnesses are presumed by VA to be service-connected for such veterans: chloracne or other acneform disease similar to chloracne, porphyria cutanea tarda, soft-tissue sarcoma (other than osteosarcoma, chondrosarcoma, Kaposi's sarcoma or mesothelioma), Hodgkin's disease, multiple myeloma, respiratory cancers (lung, bronchus, larynx, trachea), non-Hodgkin's lymphoma, prostate cancer, acute and subacute peripheral neuropathy, diabetes mellitus (Type 2) and chronic lymphocytic leukemia.

Veterans Exposed to Radiation: For veterans who participated in "radiation risk activities" as defined in VA regulations while on active duty, the following conditions are presumed to be service-connected: all forms of leukemia (except for chronic lymphocytic leukemia); cancer of the thyroid, breast, pharynx, esophagus, stomach, small intestine, pancreas, bile ducts, gall bladder, salivary gland, urinary tract (renal pelvis, ureter, urinary bladder and urethra), brain, bone, lung, colon, and ovary, bronchioloalveolar carcinoma, multiple myeloma, lymphomas (other than Hodgkin's disease), and primary liver cancer (except if cirrhosis or hepatitis B is indicated).

To determine service-connection for other conditions or exposures not eligible for presumptive service-connection, VA considers factors such as the amount of radiation exposure, duration of exposure, elapsed time between exposure and onset of the disease, gender and family history, age at time of exposure, the extent to which a non service-related exposure could contribute to disease, and the relative sensitivity of exposed tissue.

Gulf War Veterans with Chronic Disabilities: may receive disability compensation for chronic disabilities resulting from undiagnosed illnesses, medically unexplained chronic multi-symptom

illnesses defined by a cluster of signs or symptoms. A disability is considered chronic if it has existed for at least six months. The undiagnosed illnesses must have appeared either during active service in the Southwest Asia Theater of Operations during the Gulf War or to a degree of at least 10 percent at any time since then through Dec. 31, 2011.

The following are examples of symptoms of an undiagnosed illness: chronic fatigue syndrome, fibromyalgia, skin disorders, headache, muscle pain, joint pain, neurological symptoms, neuropsychological symptoms, symptoms involving the respiratory system, sleep disturbances, gastrointestinal symptoms, cardiovascular symptoms, abnormal weight loss, and menstrual disorders.

Amyotrophic Lateral Sclerosis (ALS), also known as Lou Gehrig's Disease, may be determined to be service-connected if the veteran served in the Southwest Asia Theater of Operations anytime during the period of Aug. 2, 1990, to July 31, 1991. This Theater of Operations includes Iraq, Kuwait, Saudi Arabia, the neutral zone between Iraq and Saudi Arabia, Bahrain, Qatar, the United Arab Emirates, Oman, the Gulf of Aden, the Gulf of Oman, the Persian Gulf, the Arabian Sea, the Red Sea, and the airspace above these locations.

Concurrent Retirement and Disability Payments

Concurrent Retirement and Disability Payments (CRDP) restores retired pay on a graduated 10-year schedule for retirees with a 50 to 90 percent VA-rated disability. Concurrent retirement payments increase 10 percent per year through 2013. Veterans rated 100% disabled by VA are entitled to full CRDP without being phased in. Veterans receiving benefits at the 100% rate due to individual unemployability are entitled to full CRDP in 2009.

Eligibility: To qualify, veterans must also meet all three of the following criteria:

1. Have 20 or more years on active duty, or a reservist age 60 or older with 20 or more creditable years.
2. Be in a retired status.
3. Be receiving retired pay (must be offset by VA payments).

Retirees do not need to apply for this benefit. Payment is coordinated between VA and the Department of Defense (DOD).

Combat-Related Special Compensation

Combat-Related Special Compensation (CRSC) provides tax-free monthly payments to eligible retired veterans with combat-related injuries. With CRSC, veterans can receive both their full military retirement pay and their VA disability compensation, if the injury is combat-related.

Eligibility: Retired veterans with combat-related injuries must meet all of the following criteria to apply for CRSC:

1. Active, Reserve, or medically retired with 20 years of creditable service.
2. Receiving military retired pay.
3. Have a 10% or greater VA-rated injury.

4. Military retired pay is reduced by VA disability payments (VA Waiver).

In addition, veterans must be able to provide documentary evidence that their injuries were a result of one of the following:

- Training that simulates war (e.g., exercises, field training)
- Hazardous duty (e.g., flight, diving, parachute duty)
- An instrumentality of war (e.g. combat vehicles, weapons, Agent Orange)
- Armed conflict (e.g. gunshot wounds, Purple Heart)

For information, visit <http://www.dod.mil/prhome/mppcrsc.html>, or call the toll free phone number for the veteran's branch of service: (Army) 1-866-281-3254; (Air Force) 1-800-616-3775; (Navy) 1-877366-2772. The Army has its own Web site at <https://www.hrc.army.mil/site/crsc/index.html> and e-mail at crsc.info@us.army.mil.

Programs for Veterans with Service-Connected Disabilities

Vocational Rehabilitation and Employment

The Vocational Rehabilitation and Employment (VR&E) Program assists veterans who have service-connected disabilities with obtaining and maintaining suitable employment. Independent living services are also available for severely disabled veterans who are not currently ready to seek employment. Additional information is available on VA's Web site at <http://www.vba.va.gov/bln/vre/>.

Eligibility: A veteran must have a VA service-connected disability rated at least 20 percent with an employment handicap, or rated 10 percent with a serious employment handicap, and be discharged or released from military service under other than dishonorable conditions. Servicemembers pending medical separation from active duty may also apply if their disabilities are reasonably expected to be rated at least 20 percent following their discharge.

Entitlement: A VA Counselor must decide if the individual has an employment handicap based upon the results of a comprehensive evaluation. After an entitlement decision is made, the individual and counselor will work together to develop a rehabilitation plan. The rehabilitation plan will specify the rehabilitation services to be provided.

Services: Rehabilitation services provided to participants in the VR&E program are under one of five tracks. VA pays the cost of all approved training programs. Subsistence allowance may also be provided. The five tracks are:

- **Reemployment with Previous Employer:** For individuals who are separating from active duty or in the National Guard or Reserves and are returning to work for their previous employer.
- **Rapid Access to Employment:** For individuals who either wish to obtain employment soon after separation or who already have the necessary skills to be competitive in the job market in an appropriate occupation.

- **Self-Employment:** For individuals who have limited access to traditional employment, need flexible work schedules, or who require more accommodation in the work environment due to their disabling conditions or other life circumstances.
- **Employment Through Long-Term Services:** For individuals who need specialized training and/or education to obtain and maintain suitable employment.
- **Independent Living Services:** For veterans who are not currently able to work and need rehabilitation services to live more independently.

Period of a Rehabilitation Program: Generally, veterans must complete a program within 12 years from their separation from military service or within 12 years from the date VA notifies them that they have a compensable service-connected disability. Depending on the length of program needed, veterans may be provided up to 48 months of full-time services or their part-time equivalent. These limitations may be extended in certain circumstances.

Work-Study: Veterans training at the three-quarter or full-time rate may participate in VA's work-study program and provide VA outreach services, prepare/process VA paperwork, work at a VA medical facility, or perform other VA-approved activities. A portion of the work-study allowance equal to 40 percent of the total may be paid in advance.

Specially Adapted Housing Grants

Certain veterans and servicemembers with service-connected disabilities may be entitled to a Specially Adapted Housing (SAH) grant from VA to help build a new specially adapted house, to adapt a home they already own, or buy a house and modify it to meet their disability-related requirements. Eligible veterans or servicemembers may now receive up to three grants, with the total dollar amount of the grants not to exceed the maximum allowable. Previous grant recipients who had received assistance of less than the current maximum allowable may be eligible for an additional SAH grant.

Eligible veterans who are temporarily residing in a home owned by a family member may also receive a grant to help the veteran adapt the family member's home to meet his or her special needs. Those eligible for a \$63,780 grant would be permitted to use up to \$14,000 and those eligible for a \$12,756 grant would be permitted to use up to \$2,000. (See eligibility requirements for different grant amounts.) However, VA is not authorized to make such grants available to assist active duty personnel.

Eligibility for up to \$63,780: VA may approve a grant of not more than 50 percent of the cost of building, buying, or adapting existing homes or paying to reduce indebtedness on a currently owned home that is being adapted, up to a maximum of \$63,780. In certain instances, the full grant amount may be applied toward remodeling costs. Veterans and servicemembers must be determined eligible to receive compensation for permanent and total service-connected disability due to one of the following:

1. Loss or loss of use of both lower extremities, such as to preclude locomotion without the aid of braces, crutches, canes or a wheelchair.
2. Loss or loss of use of both upper extremities at or above the elbow.

3. Blindness in both eyes, having only light perception, plus loss or loss of use of one lower extremity.
4. Loss or loss of use of one lower extremity together with (a) residuals of organic disease or injury, or (b) the loss or loss of use of one upper extremity which so affects the functions of balance or propulsion as to preclude locomotion without the use of braces, canes, crutches or a wheelchair.

Eligibility for up to \$12,756: VA may approve a grant for the cost, up to a maximum of \$12,756, for necessary adaptations to a veteran's or servicemember's residence or to help them acquire a residence already adapted with special features for their disability, to purchase and adapt a home, or for adaptations to a family member's home in which they will reside.

To be eligible for this grant, veterans and servicemembers must be entitled to compensation for permanent and total service-connected disability due to:

1. Blindness in both eyes with 5/200 visual acuity or less.
2. Or anatomical loss or loss of use of both hands.

Supplemental Financing: Veterans and servicemembers with available loan guaranty entitlement may also obtain a guaranteed loan or a direct loan from VA to supplement the grant to acquire a specially adapted home. Amounts with a guaranteed loan from a private lender will vary, but the maximum direct loan from VA is \$33,000.

Adapting an Automobile

Veterans and servicemembers may be eligible for a one-time payment of not more than \$11,000 toward the purchase of an automobile or other conveyance if they have service-connected loss or permanent loss of use of one or both hands or feet, permanent impairment of vision of both eyes to a certain degree, or ankylosis (immobility) of one or both knees or one or both hips. They may also be eligible for adaptive equipment, and for repair, replacement, or reinstallation required because of disability or for the safe operation of a vehicle purchased with VA assistance. To apply, contact a VA regional office at 1-800-827-1000 or the nearest VA medical center.

Clothing Allowance

Any veteran who is service-connected for a disability for which he or she uses prosthetic or orthopedic appliances may receive an annual clothing allowance. This allowance also is available to any veteran whose service-connected skin condition requires prescribed medication that irreparably damages outer garments. To apply, contact the prosthetic representative at the nearest VA medical center.

Aid and Attendance or Housebound Veterans

A veteran who is determined by VA to be in need of the regular aid and attendance of another person, or a veteran who is permanently housebound, may be entitled to additional disability compensation or pension payments. A veteran evaluated at 30 percent or more disabled is entitled to receive an additional payment for a spouse who is in need of the aid and attendance of another person.

Vocational Rehabilitation & Employment Rates

In some cases, a veteran requires additional education or training to become employable. A subsistence allowance is paid each month during training and is based on the rate of attendance (full-time or part-time), the number of dependents, and the type of training. The charts below show the rates as of October 1, 2009.

Subsistence allowance is paid at the following monthly rates for training in an institution of higher learning.

Training Time	No Dependents	One Dependent	Two Dependents	Each Additional Dependent
Full-time	\$547.54	\$679.18	\$800.36	\$58.34
$\frac{3}{4}$ -time	\$411.41	\$510.12	\$598.38	\$44.86
$\frac{1}{2}$ -time	\$275.28	\$341.07	\$400.92	\$29.93

Subsistence allowance is paid at the following monthly rates for full-time training only in non-pay or nominal pay on-the-job training in a federal, state, local or federally recognized Indian tribe agency; training in the home; and vocational training in a rehabilitation facility or sheltered workshop.

Training Time	No Dependents	One Dependent	Two Dependents	Each Additional Dependent
Full-time	\$547.54	\$679.18	\$800.36	\$58.34

Subsistence allowance is paid at the following monthly rates for non-pay or nominal pay work experience in a federal, state, local or federally recognized Indian tribe agency.

Training Time	No Dependents	One Dependent	Two Dependents	Each Additional Dependent
Full-time	\$547.54	\$679.18	\$800.36	\$58.34
$\frac{3}{4}$ -time	\$411.41	\$510.12	\$598.38	\$44.86
$\frac{1}{2}$ -time	\$275.28	\$341.07	\$400.92	\$29.93

Subsistence allowance is paid at the following monthly rates for full-time training only in farm cooperative, apprenticeship, and other on-job training. Payments are variable, based on wages received. Maximum rates are:

Training Time	No Dependents	One Dependent	Two Dependents	Each Additional Dependent
Full-time	\$478.73	\$578.92	\$667.21	\$43.40

Subsistence allowance is paid at the following monthly rates for greater than half-time training programs that include a combination of institutional and on-job training.

Great Than Half-time	No Dependents	One Dependent	Two Dependents	Each Additional Dependent
Institutional	\$547.54	\$679.18	\$800.36	\$58.34
On-job	\$478.73	\$578.92	\$667.21	\$43.40

Subsistence allowance is paid at the following monthly rates for fulltime training only for non-farm cooperative institutional training and non-farm cooperative on-job training.

Great Than Half-time	No Dependents	One Dependent	Two Dependents	Each Additional Dependent
Institutional	\$547.54	\$679.18	\$800.36	\$58.34
On-job	\$478.73	\$578.92	\$667.21	\$43.40

Subsistence allowance is paid at the following monthly rates during the period of enrollment in a rehabilitation facility when a veteran is pursuing an approved independent living program plan.

Training Time	No Dependents	One Dependent	Two Dependents	Each Additional Dependent
Full-time	\$547.54	\$679.18	\$800.36	\$58.34
$\frac{3}{4}$ -time	\$411.41	\$510.12	\$598.38	\$44.86
$\frac{1}{2}$ -time	\$275.28	\$341.07	\$400.92	\$29.93

Subsistence allowance is paid at the following monthly rates during the period of enrollment in a rehabilitation facility when a veteran requires this service for the purpose of extended evaluation.

Training Time	No Dependents	One Dependent	Two Dependents	Each Additional Dependent
Full-time	\$547.54	\$679.18	\$800.36	\$58.34
$\frac{3}{4}$ -time	\$411.41	\$510.12	\$598.38	\$44.86
$\frac{1}{2}$ -time	\$275.28	\$341.07	\$400.92	\$29.93
$\frac{1}{4}$ -time	\$137.62	\$170.55	\$200.45	\$14.93

13

Reserve and National Guard

Eligibility for VA Benefits

Reservists who serve on active duty establish veteran status and may be eligible for the full-range of VA benefits, depending on the length of active military service and a discharge or release from active duty under conditions other than dishonorable. In addition, reservists not activated may qualify for some VA benefits.

National Guard members can establish eligibility for VA benefits if activated for federal service during a period of war or domestic emergency. Activation for other than federal service does not qualify guard members for all VA benefits. Claims for VA benefits based on federal service filed by members of the National Guard should include a copy of the military orders, presidential proclamation or executive order that clearly demonstrates the federal nature of the service.

Qualifying for VA Health Care

Effective Jan. 28, 2008, veterans discharged from active duty on or after Jan. 28, 2003, are eligible for enhanced enrollment placement into Priority Group 6 (unless eligible for higher Priority Group placement) for 5 years post discharge. Veterans with combat service after Nov. 11, 1998, who were discharged from active duty before Jan. 28, 2003, and who apply for enrollment on or after Jan. 28, 2008, are eligible for this enhanced enrollment benefit through Jan. 27, 2011.

Activated reservists and members of the National Guard are eligible if they served on active duty in a theater of combat operations after Nov. 11, 1998, and, have been discharged under other than dishonorable conditions.

Veterans who enroll with VA under this “Combat Veteran” authority will retain enrollment eligibility even after their five-year post discharge period ends. At the end of their post discharge period, VA will reassess the veteran’s information (including all applicable eligibility factors) and make a new enrollment decision. For additional information, call 1-877-222-VETS (8387).

Disability Benefits

VA pays monthly compensation benefits for service-connected disabilities – those incurred or aggravated during active duty and active duty for training, and for residuals of heart attack or stroke that occurred during inactive duty for training. For additional information see “Veterans with Service-Connected Disabilities” section in this guide.

Montgomery GI Bill – Selected Reserve

Members of reserve elements of the Army, Navy, Air Force, Marine Corps and Coast Guard, and members of the Army National Guard and the Air National Guard, may be entitled to up to 36 months of educational benefits under the Montgomery GI Bill (MGIB) – Selected Reserve. To be eligible, the participant must:

1. Have a six-year obligation in the Selected Reserve or National Guard signed after June 30, 1985, or, if an officer, agree to serve six years in addition to the original obligation.
2. Complete initial active duty for training.
3. Have a high school diploma or equivalency certificate before applying for benefits.
4. Remain in good standing in a Selected Reserve or National Guard unit.

Reserve components determine eligibility for benefits. VA does not make decisions about eligibility and cannot make payments until the reserve component has determined eligibility and notified VA.

Period of Eligibility: Benefits generally end the day a reservist or National Guard member separates from the military. However, if you leave the Selected Reserve, you may still be eligible for a full 10 years from the date of eligibility (if eligible before Oct. 1, 1992), or a full 14 years from the date of eligibility on or after Oct. 1, 1992. Veterans may be eligible if separated because of a disability that was not caused by misconduct, the unit was inactivated, or otherwise involuntarily separated during Oct. 1, 1991, through Dec. 31, 2001. If in the Selected Reserve and called to active duty, VA can generally extend the eligibility period by the length of time on active duty plus four months. Once this extension is granted, it will not be taken away if you leave the Selected Reserve.

Payments: The rate for full-time training effective Oct. 1, 2009, is \$333 a month for 36 months. Part-time benefits are reduced proportionately. For complete current rates, visit http://www.gibill.va.gov/GI_BILL_INFO/RATES.htm. DOD may make additional contributions.

Training: Participants may take undergraduate or technical training at colleges and universities. Those who have a six-year commitment beginning after Sept. 30, 1990, may also take the following training: graduate courses; State licensure and certification; courses for a certificate or diploma from business, technical or vocational schools; cooperative training; apprenticeship or on-the-job training; correspondence courses; independent study programs; flight training; entrepreneurship training; or remedial, deficiency or refresher courses needed to complete a program of study.

Work-Study: Participants may be eligible for a work-study program in which they work for VA and receive hourly wages. Veterans must train at the three-quarter or full-time rate. The work allowed includes:

1. Outreach services for VA.
2. VA paperwork.
3. Work at national or state veterans' cemeteries.

4. Work at VA medical centers or state veterans homes.
5. Other VA approved activities.

Counseling: VA counseling is available to help determine educational or vocational strengths and weaknesses and plan education or employment goals. Additionally, those ineligible for MGIB may still receive VA counseling beginning 180 days prior to separation from active duty through the first full year following honorable discharge.

Reserve Educational Assistance Program

This program provides educational assistance to members of National Guard and reserve components – Selected Reserve and Individual Ready Reserve (IRR) – who are called or ordered to active duty service in response to a war or national emergency as declared by the president or Congress. Visit <http://www.gibill.va.gov/> for more information.

Eligibility: Eligibility is determined by DoD or the Dept. of Homeland Security. Generally, a servicemember who serves on active duty on or after Sept. 11, 2001, for at least 90 consecutive days is eligible.

Payments: The educational payment rate is based on the number of continuous days of active duty service performed by the Reservist or National Guard service member. Full-time students receive payments on a monthly basis.

Reserve Educational Assistance Rates*

Active-Duty Service for Reservists and National Guard	Monthly Payment Rate for Full-Time Students
90 days but less than one year	\$547.20
One year but less than two years	\$820.80
Two or more continuous years	\$1,094.4

**As of Oct. 1, 2009*

Training: Approved training includes graduate and undergraduate degrees, vocational/technical training, on-the-job or apprenticeship training, correspondence training, and flight training. Licensing and certification test reimbursement was effective Jan. 6, 2006.

Period of Eligibility: Members of the Selected Reserve called to active duty are eligible as long as they continue to serve in the Selected Reserve. They lose eligibility if they go into the IRR. Members of the IRR called to active duty are eligible as long as they stay in the IRR or Selected Reserve. Members who separate from the IRR or Selected Reserve for a disability which was not the result of willful misconduct are entitled to benefits for 10 years after date of eligibility.

Home Loan Guaranty

National Guard members and reservists are eligible for a VA home loan if they have completed at least six years of honorable service, are mobilized for active duty service for a period of at least 90 days, or were discharged because of a service-connected disability. Reservists who do not qualify for VA housing loan benefits may be eligible for loans on favorable terms insured by

the Federal Housing Administration (FHA), part of HUD. Additional information can be found in the “Home Loan Guaranty” of this publication.

Life Insurance

National Guard members and reservists are eligible to receive Servicemembers’ Group Life Insurance, Veterans’ Group Life Insurance, and Family Servicemembers’ Group Life Insurance. They may also be eligible for Traumatic Servicemembers’ Group Life Insurance or Service-Disabled Veterans Insurance if called to active duty and injured with a service-connected disability, and Veterans’ Mortgage Life Insurance if approved for a Specially Adapted Housing Grant. Complete details can be found in Chapter 6 -“VA Life Insurance”.

Burial and Memorial Benefits

VA provides a burial flag for memorialization of members or former members of the Selected Reserve who served their initial obligation, or were discharged for a disability incurred or aggravated in the line of duty, or died while a member of the Selected Reserve. Information on benefits and eligibility can be found in Chapter 7 -“Burial and Memorial Benefits” – of this publication.

Re-employment Rights

A person who left a civilian job to enter active duty in the armed forces is entitled to return to the job after discharge or release from active duty if they:

1. Gave advance notice of military service to the employer.
2. Did not exceed five years cumulative absence from the civilian job (with some exceptions).
3. Submitted a timely application for re-employment.
4. Did not receive a dishonorable or other punitive discharge.

The law calls for a returning veteran to be placed in the job as if they had never left, including benefits based on seniority such as pensions, pay increases and promotions. The law also prohibits discrimination in hiring, promotion or other advantages of employment on the basis of military service. Veterans seeking re-employment should apply, verbally or in writing, to the company’s hiring official and keep a record of their application. If problems arise, contact the Department of Labor’s Veterans’ Employment and Training Service (VETS) in the state of the employer.

Federal employees not properly re-employed may appeal directly to the Merit Systems Protection Board. Non-federal employees may file complaints in U.S. District Court. For information, visit <http://www.dol.gov/vets/programs/userra/main.htm>.

Army Reserve Warrior and Family Assistance Center

The Army Reserve Warrior and Family Assistance Center (ARWFAC) provides Army reserve soldiers, veterans, families, and units with a single source to resolve situations related to medical issues and education on programs available to Army reserve soldiers. The center was established in 2007 to ensure that reservists receive appropriate support under the Army

Medical Action Plan. The center provides a sponsor to each Army reserve soldier and family currently assigned to a Warrior Transition Unit, Community Based Health Care Organization, or VA PolyTrauma center. The AR-WFAC also assists Army reserve commands at all echelons with the resolution of medical and other issues and provides education on programs and benefits available to Army reserve soldiers. For information, call 1866-436-6290 or visit <http://www.arfp.org/wfac>.

National Guard Transition Assistance Advisors

The Transition Assistance Advisor (TAA) program places a National Guard/VA-trained expert at each National Guard State Joint Forces Headquarters to act as an advocate for Guard members and their families within the state. They also serve as an advisor on Veterans Affairs issues for the Family Programs and Joint Forces Headquarters staffs. TAAs receive annual training by VA experts in health benefits for both Department of Defense and Department of Veterans Affairs and help Guard members and their families access care at VA and TRICARE facilities in their state or network. The TAA works with the State Director of Veterans Affairs and other state coalition partners to integrate the delivery of VA and community services to Guard and Reserve veterans. You can reach your Transition Assistance Advisor (TAA) through your state National Guard Joint Forces Headquarters.

18

Special Groups of Veterans

Women Veterans

Women veterans are eligible for the same VA benefits as male veterans, but can also receive additional gender-specific services, including breast and pelvic examinations and other reproductive health care services.

VA provides preventive health care counseling, contraceptive services, menopause management, Pap smears and mammography. Referrals are made for services that VA is unable to provide. Women Veterans' Program Managers are available in a private setting at all VA facilities to help women veterans seeking treatment and benefits. For information, visit <http://www.va.gov/womenvet/>.

VA health care professionals provide counseling and treatment to help veterans overcome psychological issues resulting from sexual trauma that occurred while serving on active duty, or active duty for training if service was in the National Guard or reserves. Veterans who are not otherwise eligible for VA health care may still receive these services and do not need to enroll. Appropriate services are provided for any injury, illness or psychological condition resulting from such trauma.

Homeless Veterans

VA provides comprehensive medical, psychological and rehabilitation treatment for eligible homeless veterans and conducts homeless outreach such as community-based "stand downs" to help homeless veterans. Many VA benefits, including disability compensation, pension and education can help at-risk veterans avoid homelessness.

Other programs for homeless veterans include residential rehabilitation services at VA domiciliaries, therapeutic group homes, and contract residential care. For assistance, contact the nearest VA medical facility or visit <http://www.va.gov/homeless/> to find contact information on VA homeless veteran coordinators in each state.

VA also provides grant and per diem funds to community agencies providing services to homeless veterans. The grant program pays up to 65 percent of the cost of construction, renovation, or acquisition of a building for use as a service center or transitional housing for homeless veterans, or for the purchase of vans for transporting homeless veterans. The per diem provides funding for operational costs. Call 1-877-332-0334 or visit <http://www.va.gov/homeless/>.

The Department of Labor provides employment and training services, as well as grants to community organizations that provide counseling, job search and placement assistance, remedial education and on-the-job training for homeless veterans. For information, call 202-693-4700 or visit <http://www.dol.gov/vets/welcome.html>.

Filipino Veterans

World War II era Filipino veterans are eligible for certain VA benefits. Generally, Old Philippine Scouts are eligible for VA benefits in the same manner as U.S. veterans. Commonwealth Army veterans, including certain organized Filipino guerrilla forces and New Philippine Scouts residing in the United States who are citizens or lawfully admitted for permanent residence, are also eligible for VA health care in the United States on the same basis as U.S. veterans.

Certain Commonwealth Army veterans and new Philippine Scouts may be eligible for disability compensation and burial benefits. Other veterans of recognized guerrilla groups also may be eligible for certain VA benefits. Survivors of World War II era Filipino veterans may be eligible for dependency and indemnity compensation. Eligibility and the rates of benefits vary based on the recipient's citizenship and place of residence. Call 1-800-827-1000 for additional information.

VA Benefits for Veterans Living or Traveling Overseas

VA will pay for medical services for service-connected disabilities and related conditions or medical services needed as part of a vocational rehabilitation program for veterans living or traveling outside the United States. Veterans living in the Philippines should register with the U.S. Veterans Affairs office in Pasay City, telephone 011-632833-4566. All other veterans living or planning to travel outside the U.S. should register with the Denver Foreign Medical Program office, P.O. Box 65021, Denver, CO 80206-9021, USA; telephone 303-3317590. For information visit: <http://www.va.gov/hac/forbeneficiaries/fmp/fmp.asp>.

Some veterans traveling or living overseas can telephone the Foreign Medical Program toll free from these countries: Germany 0800-1800-011; Australia 1800-354-965; Italy 800-782-655; United Kingdom (England and Scotland) 0800-032-7425; Mexico 001-877345-8179; Japan 00531-13-0871; Costa Rica 0800-013-0759; and Spain 900-981-776. (Note: Veterans in Mexico or Costa Rica must first dial the United States country code.)

VA monetary benefits, including disability compensation, pension, educational benefits, and burial allowances, generally are payable overseas. Some programs are restricted. Home loan guaranties are available only in the United States and selected U.S. territories and possessions. Educational benefits are limited to approved, degreegranting programs in institutions of higher learning. Beneficiaries living in foreign countries should contact the nearest American embassy or consulate for help. In Canada, contact an office of Veterans Affairs Canada. For information, visit <http://www.vba.va.gov/bln/21/foreign/index.htm>.

World War II Era Merchant Marine Seamen

Certain Merchant Marine seamen who served in World War II may qualify for veterans' benefits. When applying for medical care, seamen must present their discharge certificate from the Department of Defense. Call 1-800-827-1000 for help obtaining a certificate.

Allied Veterans Who Served During WWI or WWII

VA may provide medical care to certain veterans of nations allied or associated with the United States during World War I or World War II if authorized and reimbursed by the foreign government. VA also may provide hospitalization, outpatient care, and domiciliary care to former members of the armed forces of Czechoslovakia or Poland who fought in World War I or World War II in armed conflict against an enemy of the United States if they have been U.S. citizens for at least 10 years.

World War Service by Particular Groups

A number of groups who provided military-related service to the United States can receive VA benefits. A discharge by the Secretary of Defense is needed to qualify. Service in the following groups has been certified as active military service for benefits purposes:

1. Women Air Force Service Pilots (WASPs).
2. World War I Signal Corps Female Telephone Operators Unit.
3. World War I Engineer Field Clerks.
4. Women's Army Auxiliary Corps (WAAC).
5. Quartermaster Corps female clerical employees serving with the American Expeditionary Forces in World War I.
6. Civilian employees of Pacific naval air bases who actively participated in defense of Wake Island during World War II.
7. Reconstruction aides and dietitians in World War I.
8. Male civilian ferry pilots.
9. Wake Island defenders from Guam.
10. Civilian personnel assigned to OSS secret intelligence.
11. Guam Combat Patrol.
12. Quartermaster Corps members of the Keswick crew on Corregidor during World War II.
13. U.S. civilians who participated in the defense of Bataan.
14. U.S. merchant seamen on block ships in support of Operation Mulberry in the World War II invasion of Normandy.
15. American merchant marines in oceangoing service during World War II.
16. Civilian Navy IFF radar technicians who served in combat areas of the Pacific during World War II.
17. U.S. civilians of the American Field Service who served overseas in World War I.

18. U.S. civilians of the American Field Service who served overseas under U.S. armies and U.S. army groups in World War II.
19. U.S. civilian employees of American Airlines who served overseas in a contract with the Air Transport Command between Dec. 14, 1941, and Aug. 14, 1945.
20. Civilian crewmen of U.S. Coast and Geodetic Survey vessels who served in areas of immediate military hazard while conducting cooperative operations with and for the U.S. armed forces between Dec. 7, 1941, and Aug. 15, 1945. Qualifying vessels are: the Derickson, Explorer, Gilber, Hilgard, E. Lester Jones, Lydonia Patton, Surveyor, Wainwright, Westdahl, Oceanographer, Hydrographer and Pathfinder.
21. Members of the American Volunteer Group (Flying Tigers) who served between Dec. 7, 1941, and July 18, 1942.
22. U.S. civilian flight crew and aviation ground support employees of United Air Lines who served overseas in a contract with Air Transport Command between Dec. 14, 1941, and Aug. 14, 1945.
23. U.S. civilian flight crew, including pursers, and aviation ground support employees of Transcontinental and Western Air, Inc. who served overseas in a contract with the Air Transport Command between Dec. 14, 1941, and Aug. 14, 1945.
24. U.S. civilian flight crew and aviation ground support employees of Consolidated Vultee Aircraft Corp. who served overseas in a contract with Air Transport Command between Dec. 14, 1941, and Aug. 14, 1945.
25. U.S. civilian flight crew and aviation ground support employees of Pan American World Airways and its subsidiaries and affiliates, who served overseas in a contract with the Air Transport Command and Naval Air Transport Service between Dec. 14, 1941, and Aug. 14, 1945.
26. Honorably discharged members of the American Volunteer Guard, Eritrea Service Command, between June 21, 1942, and March 31, 1943.
27. U.S. civilian flight crew and aviation ground support employees of Northwest Airlines who served overseas under the airline's contract with Air Transport Command from Dec. 14, 1941, through Aug. 14, 1945.
28. U.S. civilian female employees of the U.S. Army Nurse Corps who served in the defense of Bataan and Corregidor during Jan. 2, 1942, to Feb. 3, 1945.
29. U.S. flight crew and aviation ground support employees of Northeast Airlines Atlantic Division, who served overseas as a result of Northeast Airlines' contract with the Air Transport Command during Dec. 7, 1941, through Aug. 14, 1945.
30. U.S. civilian flight crew and aviation ground support employees of Braniff Airways, who served overseas in the North Atlantic or under the jurisdiction of the North Atlantic Wing, Air Transport Command, as a result of a contract with the Air Transport Command during Feb. 26, 1945, to Aug. 14, 1945.

31. Chamorro and Carolina former native police who received military training in the Donnal area of central Saipan and were placed under command of Lt. Casino of the 6th Provisional Military Police Battalion to accompany U.S. Marines on active, combat patrol from Aug. 19, 1945, to Sept. 2, 1945.
32. The operational Analysis Group of the Office of Scientific Research and Development, Office of Emergency Management, which served overseas with the U.S. Army Air Corps from Dec. 7, 1941, through Aug. 15, 1945.
33. Service as a member of the Alaska Territorial Guard during World War II of any individual who was honorably discharged under section 8147 of the Department of Defense Appropriations Act of 2001.

Incarcerated Veterans

VA benefits are affected if a beneficiary is convicted of a felony and imprisoned for more than 60 days. Disability or death pension paid to an incarcerated beneficiary must be discontinued. Disability compensation paid to an incarcerated veteran rated 20 percent or more disabled is limited to the 10 percent rate. For a surviving spouse, child or dependent parent receiving Dependency and Indemnity Compensation, or a veteran whose disability rating is 10 percent, the payment is reduced to half of the rate payable to a veteran evaluated as 10 percent disabled.

Any amounts not paid may be apportioned to eligible dependents. Payments are not reduced for participants in work-release programs, residing in halfway houses or under community control.

Failure to notify VA of a veteran's incarceration can result in overpayment of benefits and the subsequent loss of all VA financial benefits until the overpayment is recovered. VA benefits will not be provided to any veteran or dependent wanted for an outstanding felony warrant.

15

Transitional Assistance

VA Seamless Transition

VA has stationed personnel at major military hospitals to help seriously injured service members returning from OEF and OIF as they transition from military to civilian life. OEF/OIF servicemembers who have questions about VA benefits or need assistance in filing a VA claim or accessing services can contact the nearest VA office or call 1-800-827-1000.

Transition Assistance Program

The Transition Assistance Program (TAP) consists of comprehensive three-day workshops at military installations designed to help service members as they transition from military to civilian life. The program includes job search, employment and training information, as well as VA benefits information, to service members who are within 12 months of separation or 24 months of retirement. A companion workshop, the Disabled Transition Assistance Program, provides information on VA's Vocational Rehabilitation and Employment Program, as well as other programs for the disabled. Additional information about these programs is available at http://www.dol.gov/vets/programs/tap/tap_fs.htm.

Military Services Provide Pre-Separation

Counseling Service members may receive pre-separation counseling 24 months prior to retirement or 12 months prior to separation from active duty. These sessions present information on education, training, employment assistance, National Guard and reserve programs, medical benefits and financial assistance.

Verification of Military Experience and Training

The Verification of Military Experience and Training (VMET) Document, DD Form 2586, helps service members verify previous experience and training to potential employers, negotiate credits at schools and obtain certificates or licenses. VMET documents are available only through Army, Navy, Air Force and Marine Corps Transition Support offices and are intended for service members who have at least six months of active service. Service members should obtain VMET documents from their Transition Support office within 12 months of separation or 24 months of retirement.

Transition Bulletin Board

To find business opportunities, a calendar of transition seminars, job fairs, information on veterans associations, transition services, training and education opportunities, as well as other announcements, visit the Web site at <http://www.dmdc.osd.mil/ot/>.

DOD Transportal

To find locations and phone numbers of all Transition Assistance Offices as well as mini-courses on conducting successful job search campaigns, writing resumes, using the Internet to find a job, and links to job search and recruiting Web sites, visit the DoD Transportal at <http://www.dodtransportal.org/>.

Educational and Vocational Counseling Services

The Vocational Rehabilitation and Employment (VR&E) program provides educational and vocational counseling to service members, veterans, and certain dependents (U.S.C. Title 38, Section 3697). These counseling services are designed to help an individual choose a vocational direction, determine the course needed to achieve the chosen goal, and evaluate the career possibilities open to them.

Assistance may include interest and aptitude testing, occupational exploration, setting occupational goals, locating the right type of training program, and exploring educational or training facilities which can be utilized to achieve an occupational goal. Counseling services include, but are not limited to, educational and vocational counseling and guidance; testing; analysis of and recommendations to improve job marketing skills; identification of employment, training, and financial aid resources; and referrals to other agencies providing these services.

Eligibility for this service is based on having eligibility for a VA program such as Chapter 30 (Montgomery GI Bill); Chapter 31 (Vocational Rehabilitation and Employment); Chapter 32 (Veterans Education Assistance Program – VEAP); Chapter 35 (Dependents Education Assistance Program) for certain spouses and dependent children; Chapter 18 (Spina Bifida Program) for certain dependent children; and Chapter 106 and 107 of Title 10.

Educational and vocational counseling is available during the period the individual is on active duty with the armed forces and is within 180 days of the estimated date of his or her discharge or release from active duty. The projected discharge must be under conditions other than dishonorable. Service members are eligible even if they are only considering whether or not they will continue as members of the armed forces. Veterans are eligible if not more than one year has elapsed since the date the individual was last discharged or released from active duty.

Veterans and service members may apply for the counseling services using VA Form 28-8832, Application for Counseling. Veterans and service members may also write a letter expressing a desire for counseling services. Upon receipt of either type of request for counseling from an eligible individual, the VR&E Division will schedule an appointment for counseling. Counseling services are provided to eligible persons at no charge.

Veterans' Workforce Investment Program

Recently separated veterans and those with service-connected disabilities, significant barriers to employment or who served on active duty during a period in which a campaign or expedition

badge was authorized can contact the nearest state employment office for employment help through the Veterans' Workforce Investment Program. The program may be conducted through state or local public agencies, community organizations or private, nonprofit organizations.

State Employment Services

Veterans can find employment information, education and training opportunities, job counseling, job search workshops, and resume preparation assistance at state Workforce Career or One-Stop Centers. These offices also have specialists to help disabled veterans find employment.

Unemployment Compensation

Veterans who do not begin civilian employment immediately after leaving military service may receive weekly unemployment compensation for a limited time. The amount and duration of payments are determined by individual states. Apply by contacting the nearest state employment office listed in your local telephone directory.

Veterans Preference for Federal Jobs

Since the time of the Civil War, veterans of the U.S. armed forces have been given some degree of preference in appointments to federal jobs. Veterans' preference in its present form comes from the Veterans' Preference Act of 1944, as amended, and now codified in Title 5, United States Code. By law, veterans who are disabled or who served on active duty in the U.S. armed forces during certain specified time periods or in military campaigns are entitled to preference over others when hiring from competitive lists of eligible candidates, and also in retention during a reduction in force (RIF).

To receive preference, a veteran must have been discharged or released from active duty in the U.S. armed forces under honorable conditions (honorable or general discharge). Preference is also provided for certain widows and widowers of deceased veterans who died in service; spouses of service-connected disabled veterans; and mothers of veterans who died under honorable conditions on active duty or have permanent and total service-connected disabilities. For each of these preferences, there are specific criteria that must be met in order to be eligible to receive the veterans' preference.

Recent changes in Title 5 clarify veterans' preference eligibility criteria for National Guard and Reserve service members. Veterans eligible for preference include National Guard and Reserve service members who served on active duty as defined by Title 38 at any time in the armed forces for a period of more than 180 consecutive days, any part of which occurred during the period beginning on Sept. 11, 2001, and ending on the date prescribed by Presidential proclamation or by law as the last date of OIF. The National Guard and Reserve service members must have been discharged or released from active duty in the armed forces under honorable conditions.

Another recent change involves veterans who earned the Global War on Terrorism Expeditionary Medal for service in OEF. Under Title 5, service on active duty in the armed forces during a war or in a campaign or expedition for which a campaign badge has been authorized also qualifies for veterans' preference. Any Armed Forces Expeditionary medal or campaign badge qualifies for preference. Medal holders must have served continuously for 24 months or the full period called or ordered to active duty. As of December 2005, veterans who received the Global War on Terrorism Expeditionary Medal are entitled to veterans' preference if

otherwise eligible. For additional information, visit the Office of Personnel Management (OPM) Web site at <http://www.opm.gov/veterans/html/vetguide.asp#2>.

Veterans' preference does not require an agency to use any particular appointment process. Agencies can pick candidates from a number of different special hiring authorities or through a variety of different sources. For example, the agency can reinstate a former federal employee, transfer someone from another agency, reassign someone from within the agency, make a selection under merit promotion procedures or through open, competitive exams, or appoint someone noncompetitively under special authority such as a Veterans Readjustment Appointment or special authority for 30 percent or more disabled veterans. The decision on which hiring authority the agency desires to use rests solely with the agency.

When applying for federal jobs, eligible veterans should claim preference on their application or resume. Veterans should apply for a federal job by contacting the personnel office at the agency in which they wish to work. For more information, visit <http://www.usajobs.opm.gov/> for job openings or help creating a federal resume.

Veterans' Employment Opportunities Act: When an agency accepts applications from outside its own workforce, the Veterans' Employment Opportunities Act of 1998 allows preference eligible candidates or veterans to compete for these vacancies under merit promotion procedures. Veterans who are selected are given career or career-conditional appointments. Veterans are those who have been separated under honorable conditions from the U.S. armed forces with three or more years of continuous active service. For information, visit <http://www.usajobs.opm.gov/ei52.asp>.

Veterans' Recruitment Appointment: Allows federal agencies to appoint eligible veterans to jobs without competition. These appointments can be converted to career or career-conditional positions after two years of satisfactory work. Veterans should apply directly to the agency where they wish to work. For information, visit <http://www.usajobs.opm.gov/ei4.asp>.

Small Businesses

VA's Center for Veterans Enterprise helps veterans interested in forming or expanding small businesses and helps VA contracting offices identify veteran-owned small businesses. For information, write the U.S. Department of Veterans Affairs (OOVE), 810 Vermont Avenue, N.W., Washington, DC 20420-0001, call toll-free 1-866-5842344 or visit <http://www.vetbiz.gov/>.

Small Business Contracts: Like other federal agencies, VA is required to place a portion of its contracts and purchases with small and disadvantaged businesses. VA has a special office to help small and disadvantaged businesses get information on VA acquisition opportunities. For information, write the U.S. Department of Veterans Affairs (OOSB), 810 Vermont Avenue, N.W., Washington, DC 204200001, call toll-free 1-800-949-8387 or visit <http://www.va.gov/osdbu/>.

20

VA Benefits for Dependents and Survivors

Bereavement Counseling

VA Vet Centers provide bereavement counseling to all family members including spouses, children, parents and siblings of service members who die while on active duty. This includes federally activated members of the National Guard and reserve components. Bereavement services may be accessed by calling (202) 461-6530.

Death Pension

VA provides pensions to low-income surviving spouses and unmarried children of deceased veterans with wartime service.

Eligibility: To be eligible, spouses must not have remarried and children must be under age 18, or under age 23 if attending a VA-approved school, or have become permanently incapable of self-support because of disability before age 18.

The veteran must have been discharged under conditions other than dishonorable and must have had 90 days or more of active military service, at least one day of which was during a period of war, or a service-connected disability justifying discharge. Longer periods of service may be required for veterans who entered active duty on or after Sept. 8, 1980, or Oct. 16, 1981, if an officer. If the veteran died in service but not in the line of duty, the death pension may be payable if the veteran completed at least two years of honorable service.

Children who become incapable of self-support because of a disability before age 18 may be eligible for the death pension as long as the condition exists, unless the child marries or the child's income exceeds the applicable limit.

A surviving spouse may be entitled to a higher income limit if living in a nursing home, in need of the aid and attendance of another person or is permanently housebound.

Payment: The death pension provides a monthly payment to bring an eligible person's income to a level established by law. The payment is reduced by the annual income from other sources such as Social Security. The payment may be increased if the recipient has unreimbursed medical expenses that can be deducted from countable income.

Death Pension Rates

Recipient of Pension	Maximum Annual Rate
Surviving spouse	\$7,933
(With dependent child)	\$10,385
Permanently housebound	\$9,696
(With dependent child)	\$12,144
Needs regular aid & attendance	\$12,681
(With dependent child)	\$15,128
Each additional dependent child	\$2,020
Pension for each surviving child	\$2,020

Death Gratuity Payment

Military services provide payment, called a death gratuity, in the amount of \$100,000 to the next of kin of service members who die while on active duty or retirees who die within 120 days of retirement as a result of service-connected injury or illness. Parents, brothers or sisters may be provided the payment, if designated as next of kin by the deceased. The payment is made by the last military command of the deceased. If the beneficiary is not paid automatically, application may be made to the military service concerned.

Dependency and Indemnity Compensation

Eligibility: For a survivor to be eligible for Dependency and Indemnity Compensation (DIC), the veteran's death must have resulted from one of the following causes:

1. A disease or injury incurred or aggravated in the line of duty while on active duty or active duty for training.
2. An injury incurred or aggravated in the line of duty while on inactive duty training.
3. A service-connected disability or a condition directly related to a service-connected disability.

DIC also may be paid to survivors of veterans who were totally disabled from service-connected conditions at the time of death, even though their service-connected disabilities did not cause their deaths.

The survivor qualifies if the veteran was:

1. Continuously rated totally disabled for a period of 10 years immediately preceding death.
2. Continuously rated totally disabled from the date of military discharge and for at least 5 years immediately preceding death.
3. Or a former POW who died after Sept. 30, 1999, and who was continuously rated totally disabled for a period of at least one year immediately preceding death.

Payments will be offset by any amount received from judicial proceedings brought on by the veteran's death. The discharge must have been under conditions other than dishonorable.

Payments for Deaths After Jan. 1, 1993: Surviving spouses of veterans who died on or after Jan. 1, 1993, receive a basic rate, plus additional payments for dependent children, for the aid and attendance of another person if they are patients in a nursing home or require the regular assistance of another person, or if they are permanently housebound.

VA Death Payment Rates for Surviving Spouses*

Allowances	Monthly Rate
Basic Payment Rate	\$1,154
Additional Allowances:	
Each Dependent Child	\$286
Aid and Attendance	\$286
Housebound	\$135

**Veterans who died on or after Jan. 1, 1993.*

Special Allowances: Add \$233 if the veteran was totally disabled eight continuous years prior to death. Add \$250 to the additional allowance for dependent children for the initial two years of entitlement for DIC awards commencing on or after Jan. 1, 2005.

Payments for Deaths Prior to Jan. 1, 1993: Surviving spouses of veterans who died prior to Jan. 1, 1993, receive an amount based on the deceased's military pay grade.

VA Death Payment Rates for Surviving Spouses*

Enlisted	Rate	Warrant Officer	Rate	Officer	Rate
E-1	\$1,154	W-1	\$1,219	O-1	\$1,219
E-2	\$1,154	W-2	\$1,267	O-2	\$1,260
E-3	\$1,154	W-3	\$1,305	O-3	\$1,347
E-4	\$1,154	W-4	\$1,380	O-4	\$1,422
E-5	\$1,154			O-5	\$1,571
E-6	\$1,154			O-6	\$1,771
E-7	\$1,194			O-7	\$1,912
E-8	\$1,240			O-8	\$2,100
E-9	\$1,314			O-9	\$2,246
				O-10	\$2,463

**Veterans who died prior to Jan. 1, 1993.*

Payments to Parents: The monthly payment for parents of deceased veterans depends upon their income.

Restored Entitlement Program for Survivors: Survivors of veterans who died of service-connected causes incurred or aggravated prior to Aug. 13, 1981, may be eligible for a special benefit payable in addition to any other benefits to which the family may be entitled. The amount of the benefit is based on information provided by the Social Security Administration.

Educational Assistance

Eligibility: VA provides educational assistance to qualifying dependents as follows:

1. The spouse or child of a service member who either died of a service-connected disability, or who has permanent and total service-connected disability, or who died while such a disability existed.
2. The spouse or child of a service member listed for more than 90 days as currently Missing in Action (MIA), captured in the line of duty by a hostile force, or detained or interned by a foreign government or power.
3. The spouse or child of a service member who is hospitalized or is receiving outpatient care or treatment for a disability that is determined to be totally and permanently disabling, incurred or aggravated due to active duty, and for which the service member is likely to be discharged.

Surviving spouses lose eligibility if they remarry before age 57 or are living with another person who has been held out publicly as their spouse. They can regain eligibility if their remarriage ends by death or divorce or if they cease living with the person. Dependent children do not lose eligibility if the surviving spouse remarries. Visit [http:// www.gibill.va.gov/](http://www.gibill.va.gov/) for more information.

Period of Eligibility: The period of eligibility for veterans' spouses expires 10 years from the date they become eligible or the date of the veteran's death. VA may grant an extension. Children generally must be between the ages of 18 and 26 to receive educational benefits, though extensions may be granted.

The period of eligibility for spouses of service members who died on active duty expires 20 years from the date of death. This is a change in law that became effective Dec. 10, 2004. Spouses of service members who died on active duty whose 10-year eligibility period expired before Dec. 10, 2004, now have 20 years from the date of death to use educational benefits.

Payments: The payment rate effective Oct. 1, 2009, is \$925 a month for full-time school attendance, with lesser amounts for part-time. Benefits are paid for full-time training for up to 45 months or the equivalent in part-time training.

Training Available: Benefits may be awarded for pursuit of associate, bachelor or graduate degrees at colleges and universities, independent study, cooperative training, study abroad, certificate or diploma from business, technical or vocational schools, apprenticeships, on-the-job training programs and farm cooperative courses. Benefits for correspondence courses under certain conditions are available to spouses only.

Beneficiaries without high-school degrees can pursue secondary schooling, and those with a deficiency in a subject may receive tutorial assistance if enrolled halftime or more.

Work-Study: Participants who train at the three-quarter or full-time rate may be eligible for a work-study program in which they work for VA and receive hourly wages. The types of work allowed include:

1. Outreach services.

2. VA paperwork.
3. Work at national or state veterans' cemeteries.
4. Work at VA medical centers or state veterans' homes.
5. Other VA approved activities.

Counseling: VA may provide counseling to help participants pursue an educational or vocational objective.

Special Benefits: Dependents over age 14 with physical or mental disabilities that impair their ability to pursue an education may receive specialized vocational or restorative training, including speech and voice correction, language retraining, lip reading, auditory training, Braille reading and writing, and similar programs. Certain disabled or surviving spouses are also eligible.

Montgomery GI Bill Death Benefit: VA will pay a special Montgomery GI Bill death benefit to a designated survivor in the event of the service-connected death of a service member while on active duty or within one year after discharge or release. The deceased must either have been entitled to educational assistance under the Montgomery GI Bill program or a participant in the program who would have been so entitled but for the high school diploma or length-of-service requirement. The amount paid will be equal to the participant's actual military pay reduction, less any education benefits paid.

VA Medical Care

The Civilian Health and Medical Program of VA (CHAMPVA), provides reimbursement for most medical expenses – inpatient, outpatient, mental health, prescription medication, skilled nursing care and durable medical equipment.

Eligibility: To be eligible for CHAMPVA, an individual cannot be eligible for TRICARE (the medical program for civilian dependents provided by DOD) and must be one of the following:

1. The spouse or child of a veteran who VA has rated permanently and totally disabled for a service-connected disability.
2. The surviving spouse or child of a veteran who died from a VA-rated service-connected disability, or who, at the time of death, was rated permanently and totally disabled.
3. The surviving spouse or child of a service member who died in the line of duty, not due to misconduct. However, in most of these cases, these family members are eligible for TRICARE, not CHAMPVA.

A surviving spouse under age 55 who remarries loses CHAMPVA eligibility on midnight of the date of remarriage. They may re-establish eligibility if the remarriage ends by death, divorce or annulment effective the first day of the month following the termination of the remarriage or Dec. 1, 1999, whichever is later. A surviving spouse who remarries after age 55 does not lose eligibility upon remarriage. Those with Medicare entitlement may also have CHAMPVA eligibility secondary to Medicare. Eligibility limitations apply. For additional information, contact the VA

Health Administration Center, CHAMPVA, P.O. Box 65023, Denver, CO 80206, call 1-800-733-8387 or visit the Web site at <http://www.va.gov/hac/hacmain.asp>.

Many VA medical centers provide services to CHAMPVA beneficiaries under the CHAMPVA In House Treatment Initiative (CITI) program. Contact the nearest VA medical center to determine if it participates. Those who use a CITI facility incur no cost for services; however, services are provided on a space available basis, after the needs of veterans are met. Not all services are available at all times. CHAMPVA beneficiaries covered by Medicare cannot use CITI.

Children of Veterans Born with Birth Defects

Children of Vietnam veterans born with certain birth defects may be eligible for a monthly monetary allowance, health care specific to the disability and vocational training if reasonably feasible.

The law defines “child” as the natural child of a Vietnam veteran, regardless of age or marital status. The child must have been conceived after the date on which the veteran first entered the Republic of Vietnam. For more information about benefits for children with birth defects, visit www.va.gov/hac/forbeneficiaries/spina/spina.asp.

Children of Vietnam or Korean Veterans Born with Spina Bifida: Biological children of male and female veterans who served in Vietnam at any time during the period beginning Jan. 9, 1962, and ending May 7, 1975, or who served in or near the Korean demilitarized zone (DMZ) during the period beginning Sept. 1, 1967, and ending Aug. 31, 1971, may be eligible for certain benefits.

A monetary allowance is paid at one of three disability levels based on the neurological manifestations that define the severity of disability: impairment of the functioning of extremities, impairment of bowel or bladder function, and impairment of intellectual functioning.

Children of Women Vietnam Veterans Born with Certain Birth Defects: Biological children of women veterans who served in Vietnam at any time during the period beginning on Feb. 28, 1961, and ending on May 7, 1975, may be eligible for certain benefits because of birth defects associated with the mother’s service in Vietnam that resulted in a permanent physical or mental disability. The covered birth defects do not include conditions due to family disorders, birthrelated injuries, or fetal or neonatal infirmities with well-established causes.

A monetary allowance is paid at one of four disability levels based on the child’s degree of permanent disability.

Vocational Training: VA provides vocational counseling, rehabilitation, education and training to help these children prepare for and attain suitable employment.

To qualify, an applicant must be a child with a VA monthly allowance for spina bifida or another covered birth defect and for whom VA has determined that achievement of a vocational goal is reasonably feasible. A child may not begin vocational training before their 18th birthday or the date they complete secondary schooling, whichever comes first. Depending on need and eligibility, a child may be provided up to 48 months of full-time training.

VA Home Loan Guaranty

A VA loan guaranty to acquire a home may be available to an unmarried spouse of a veteran or service member who died as a result of service-connected disabilities, a surviving spouse who remarries after age 57, or to a spouse of a service member officially listed as MIA or who is currently a POW for more than 90 days. Spouses of those listed MIA/POW are limited to one loan.

“No-Fee” Passports

“No-fee” passports are available to immediate family members (spouse, children, parents, brothers and sisters) for the expressed purpose of visiting their loved one’s grave or memorialization site at the American military cemeteries on foreign soil.

For additional information, write to the American Battle Monuments Commission, Courthouse Plaza II, Suite 500, 2300 Clarendon Blvd., Arlington, VA 22201, or telephone 703-696-6897, or visit the Web site at <http://www.abmc.gov/home.php>.

17

Appeal of VA Claims Decisions

Veterans and other claimants for VA benefits have the right to appeal decisions made by a VA regional office or medical center. Typical issues appealed are disability compensation, pension, education benefits, recovery of overpayments, and reimbursement for unauthorized medical services.

A claimant has one year from the date of the notification of a VA decision to file an appeal. The first step in the appeal process is for a claimant to file a written notice of disagreement with the VA regional office or medical center that made the decision.

Following receipt of the written notice, VA will furnish the claimant a “Statement of the Case” describing what facts, laws and regulations were used in deciding the case. To complete the request for appeal, the claimant must file a “Substantive Appeal” within 60 days of the mailing of the Statement of the Case, or within one year from the date VA mailed its decision, whichever period ends later.

Board of Veterans’ Appeals

The Board of Veterans’ Appeals makes decisions on appeals on behalf of the Secretary of Veterans Affairs. Although it is not required, a veterans service organization, an agent or an attorney may represent a claimant. Appellants may present their cases in person to a member of the Board at a hearing in Washington, D.C., at a VA regional office or by videoconference.

Decisions made by the Board can be found on the Web site at <http://www.va.gov/vbs/bva/>.

U.S. Court of Appeals for Veterans Claims

A final Board of Veterans’ Appeals decision that does not grant a claimant the benefits desired may be appealed to the U.S. Court of Appeals for Veterans Claims, an independent court, not part of the Department of Veterans Affairs.

Notice of an appeal must be received by the court with a postmark that is within 120 days after the Board of Veterans’ Appeals mailed its decision. The court reviews the record considered by the Board of Veterans’ Appeals. It does not hold trials or receive new evidence.

Appellants may represent themselves before the court or have lawyers or approved agents as representatives. Oral argument is held only at the direction of the court. Either party may appeal a decision of the court to the U.S. Court of Appeals for the Federal Circuit and may seek review in the Supreme Court of the United States.

Published decisions, case status information, rules and procedures, and other special announcements can be found on the court's Web site at <http://www.vetapp.gov/>. The court's decisions can also be found in West's Veterans Appeals Reporter, and on the Westlaw and LEXIS online services. For questions, write the Clerk of the Court, 625 Indiana Ave. NW, Suite 900, Washington, DC 20004, or call (202) 501-5970.

18

Military Medals and Records

Replacing Military Medals

Medals awarded while in active service are issued by the individual military services if requested by veterans or their next of kin. Requests for replacement medals, decorations, and awards should be directed to the branch of the military in which the veteran served. However, for Air Force (including Army Air Corps) and Army veterans, the National Personnel Records Center (NPRC) verifies awards and forwards requests and verification to appropriate services.

Requests for replacement medals should be submitted on Standard Form 180, "Request Pertaining To Military Records," which may be obtained at VA offices or the Internet at http://www.va.gov/vaforms/search_action.asp. Forms, addresses, and other information on requesting medals can be found on the Military Personnel Records section of NPRC's Web site at <http://www.archives.gov/st-louis/military-personnel/index.html>. For questions, call Military Personnel Records at (314) 801-0800 or e-mail questions to: MPR.center@nara.gov.

When requesting medals, type or clearly print the veteran's full name, include the veteran's branch of service, service number or Social Security number and provide the veteran's exact or approximate dates of military service. The request must contain the signature of the veteran or next of kin if the veteran is deceased. If available, include a copy of the discharge or separation document, WDAGO Form 53-55 or DD Form 214.

Replacing Military Records

If discharge or separation documents are lost, veterans or the next of kin of deceased veterans may obtain duplicate copies by completing forms found on the Internet at <http://www.archives.gov/research/index.html> and mailing or faxing them to the NPRC.

Alternatively, write the National Personnel Records Center, Military Personnel Records, 9700 Page Ave., St. Louis, MO 63132-5100. Specify that a duplicate separation document is needed. The veteran's full name should be printed or typed so that it can be read clearly, but the request must also contain the signature of the veteran or the signature of the next of kin, if the veteran is deceased. Include the veteran's branch of service, service number or Social Security number and exact or approximate dates and years of service. Use Standard Form 180, "Request Pertaining To Military Records."

It is not necessary to request a duplicate copy of a veteran's discharge or separation papers solely for the purpose of filing a claim for VA benefits. If complete information about the veteran's service is furnished on the application, VA will obtain verification of service.

Correction of Military Records

The secretary of a military department, acting through a Board for Correction of Military Records, has authority to change any military record when necessary to correct an error or remove an injustice. A correction board may consider applications for correction of a military record, including a review of a discharge issued by courts martial.

The veteran, survivor or legal representative must file a request for correction within three years after discovering an alleged error or injustice. The board may excuse failure to file within this time if in the interest of justice. It is an applicant's responsibility to show why the filing of the application was delayed and why it would be in the interest of justice for the board to consider it despite the delay.

To justify a correction, it is necessary to show to the satisfaction of the board that the alleged entry or omission in the records was in error or unjust. Applications should include all evidence, such as signed statements of witnesses or a brief of arguments supporting the correction. Application is made with DD Form 149, available at VA offices, veterans organizations or <http://www.dtic.mil/whs/directives/infomgt/forms/formsprogram.htm>.

Applying for Review of Discharge

Each of the military services maintains a discharge review board with authority to change, correct or modify discharges or dismissals not issued by a sentence of a general courts-martial. The board has no authority to address medical discharges.

The veteran or, if the veteran is deceased or incompetent, the surviving spouse, next of kin or legal representative may apply for a review of discharge by writing to the military department concerned, using DD Form 293 -"Application for the Review of Discharge from the Armed Forces of the United States." This form may be obtained at a VA regional office, from veterans organizations or from the Internet at <http://www.dtic.mil/whs/directives/infomgt/forms/formsprogram.htm>.

However, if the discharge was more than 15 years ago, a veteran must petition the appropriate service Board for Correction of Military Records using DD Form 149 -"Application for Correction of Military Records Under the Provisions of Title 10, U.S. Code, Section 1552." A discharge review is conducted by a review of an applicant's record and, if requested, by a hearing before the board.

Discharges awarded as a result of a continuous period of unauthorized absence in excess of 180 days make persons ineligible for VA benefits regardless of action taken by discharge review boards, unless VA determines there were compelling circumstances for the absence. Boards for the Correction of Military Records also may consider such cases.

Veterans with disabilities incurred or aggravated during active duty may qualify for medical or related benefits regardless of separation and characterization of service. Veterans separated administratively under other than honorable conditions may request that their discharge be reviewed for possible recharacterization, provided they file their appeal within 15 years of the date of separation.

Questions regarding the review of a discharge should be addressed to the appropriate discharge review board at the address listed on DD Form 293.

19

Benefits Provided by Other Federal Agencies

Loans for Farms and Homes

The U.S. Department of Agriculture (USDA) provides loans and guarantees to buy, improve or operate farms. Loans and guarantees are available for housing in towns generally up to 20,000 in population. Applications from veterans have preference. For further information, contact Farm Service Agency or Rural Development, USDA, 1400 Independence Ave., S.W., Washington, DC 20250, or apply at local Department of Agriculture offices, usually located in county seats.

Housing and Urban Development

Housing and Urban Development (HUD) sponsors the Veteran Resource Center (HUDVET), which works with national veterans service organizations to serve as a general information center on all HUD sponsored housing and community development programs and services. To contact HUDVET, call 1-800-998-9999, TDD 800-4832209, or visit their Web site at <http://www.hud.gov/hudvet>.

Naturalization Preference

Honorable active-duty service in the U.S. armed forces during a designated period of hostility allows an individual to naturalize without being required to establish any periods of residence or physical presence in the United States. A service member who was in the United States, certain territories, or aboard an American public vessel at the time of enlistment, re-enlistment, extension of enlistment or induction, may naturalize even if he or she is not a lawful permanent resident.

On July 3, 2002, the president issued Executive Order 13269 establishing a new period of hostility for naturalization purposes beginning Sept. 11, 2001, and continuing until a date designated by a future Executive Order. Qualifying members of the armed forces who have served at any time during a specified period of hostility may immediately apply for naturalization using the current application – Form N-400 -“Application for Naturalization.” Additional information about filing and requirement fees and designated period of hostility are available on the U.S. Citizenship and Immigration Services (USCIS) Web site at <http://www.uscis.gov/>.

Individuals who served honorably in the U.S. armed forces, but were no longer serving on active duty status as of Sept. 11, 2001, may still be naturalized without having to comply with the residence and physical presence requirements for naturalization if they filed Form N-400 while still serving in the U.S. armed forces or within six months of termination of their active duty service. An individual who files the application for naturalization after the six-month period

following termination of active-duty service is not exempt from the residence and physical presence requirements, but can count any period of active-duty service towards the residence and physical presence requirements. Individuals seeking naturalization under this provision must establish that they are lawful permanent residents (such status not having been lost, rescinded or abandoned) and that they served honorably in the U.S. armed forces for at least one year.

If a service member dies as a result of injury or disease incurred or aggravated by service during a time of combat, the service member's survivor(s) can apply for the deceased service member to receive posthumous citizenship at any time within two years of the service member's death. The issuance of a posthumous certificate of citizenship does not confer U.S. citizenship on surviving relatives. However, a non-U.S. citizen spouse or qualifying family member may file for certain immigration benefits and services based upon their relationship to a service member who died during hostilities or a non-citizen service member who died during hostilities and was later granted posthumous citizenship.

For additional information, USCIS has developed a Web site – [http:// www.uscis.gov/military](http://www.uscis.gov/military) - that contains information and links to services specifically for the military and their families. Members of the U.S. military and their families stationed around the world can also call USCIS for help with immigration services and benefits using a dedicated, toll-free military help line at 1-877-CIS-4MIL (1-877-2474645).

Small Business Administration

The U.S. Small Business Administration's Office of Veterans Business Development conducts comprehensive outreach to veterans, service-disabled veterans, and Reserve Component members of the U.S. military. In addition, the office is the source for the formulation, execution, and promotion of policies and programs of the Small Business Administration (SBA) that provide assistance to veteran-owned small businesses. SBA is the primary federal agency responsible for assisting veterans who own or are considering starting small businesses.

Among the services provided are business counseling and training through five Veterans Business Outreach Centers, more than 1,000 Small Business Development Centers, nearly 400 SCORE Chapters with 11,000 volunteer counselors, 100 Women Business Centers, as well as various loan and loan guarantee programs ranging from micro loans to venture capital assistance. Veterans participate in all SBA federal procurement programs, and the SBA supports veterans and others in international trade.

A special Military Reservist Economic Injury Disaster Loan is available for self-employed Reservists whose small businesses may have been damaged through extended absences of the owner or essential employee as a result of activation of the owner or essential employee to military active duty. The SBA also conducts important research in veterans' entrepreneurship. A Veterans Business Development Officer is stationed at every SBA District Office. Information about SBA's full range of services can be found at <http://www.sba.gov/vets/> and for Reservists at <http://www.sba.gov/reservists/>, or by calling 202-205-6773 or 1-800-U-ASK-SBA (1-800-827-5722).

Social Security Administration

Monthly retirement, disability and survivor benefits under Social Security are payable to veterans and dependents if the veteran has earned enough work credits under the program. Upon the veteran's death, a one-time payment of \$255 also may be made to the veteran's

spouse or child. In addition, a veteran may qualify at age 65 for Medicare's hospital insurance and medical insurance. Medicare protection is available to people who have received Social Security disability benefits for 24 months, and to insured people and their dependents who need dialysis or kidney transplants, or who have amyotrophic lateral sclerosis (more commonly known as Lou Gehrig's disease).

Since 1957, military service earnings for active duty (including active duty for training) have counted toward Social Security and those earnings are already on Social Security records. Since 1988, inactive duty service in the Reserve Component (such as weekend drills) has also been covered by Social Security. Service members and veterans are credited with \$300 credit in additional earnings for each calendar quarter in which they received active duty basic pay after 1956 and before 1978.

Veterans who served in the military from 1978 through 2001 are credited with an additional \$100 in earnings for each \$300 in active duty basic pay, up to a maximum of \$1,200 a year. No additional Social Security taxes are withheld from pay for these extra credits. If veterans enlisted after Sept. 7, 1980, and did not complete at least 24 months of active duty or their full tour of duty, they may not be able to receive the additional earnings. Check with Social Security for details. Additional earnings will no longer be credited for military service periods after 2001.

Also, noncontributory Social Security earnings of \$160 a month may be credited to veterans who served after Sept. 15, 1940, and before 1957, including attendance at service academies. For information, call 1-800-772-1213 or visit <http://www.socialsecurity.gov/>. (Note: Social Security cannot add these extra earnings to the record until an application is filed for Social Security benefits.)

Supplemental Security Income

Those age 65 or older and those who are blind or otherwise disabled may be eligible for monthly Supplemental Security Income (SSI) payments if they have little or no income or resources. States may supplement the federal payments to eligible persons and may disregard additional income.

Although VA compensation and pension benefits are counted in determining income for SSI purposes, some other income is not counted. Also, not all resources count in determining eligibility. For example, a person's home and the land it is on do not count. Personal effects, household goods, automobiles and life insurance may not count, depending upon their value. Information and help is available at any Social Security office or by calling 1-800-772-1213.

Armed Forces Retirement

Home Veterans are eligible to live in the Armed Forces Retirement Home located in Gulfport, Miss.,* or Washington, D.C., if their active duty military service is at least 50 percent enlisted, warrant officer or limited duty officer if they qualify under one of the following categories:

1. Are 60 years of age or older; and were discharged or released under honorable conditions after 20 or more years of active service.
2. Are determined to be incapable of earning a livelihood because of a service-connected disability incurred in the line of duty.

3. Served in a war theater during a time of war declared by Congress or were eligible for hostile fire special pay and were discharged or released under honorable conditions; and are determined to be incapable of earning a livelihood because of injuries, disease or disability.
4. Served in a women's component of the armed forces before June 12, 1948; and are determined to be eligible for admission due to compelling personal circumstances.

Eligibility determinations are based on rules prescribed by the Home's Chief Operating Officer. Veterans are not eligible if they have been convicted of a felony or are not free from alcohol, drug or psychiatric problems. Married couples are welcome, but both must be eligible in their own right. At the time of admission, applicants must be capable of living independently.

The Armed Forces Retirement Home is an independent federal agency. For information, call 1-800-332-3527 or 1-800-422-9988, or visit their Web site at <http://www.afrh.gov/>.

**The Gulfport, Miss., facility is scheduled to open in the fall of 2010.*

Commissary and Exchange Privileges

Unlimited exchange and commissary store privileges in the United States are available to honorably discharged veterans with a service-connected disability rated at 100 percent, unremarried surviving spouses of members or retired members of the armed forces, recipients of the Medal of Honor, and their dependents and orphans. Certification of total disability is done by VA. Reservists and their dependents also may be eligible. Privileges overseas are governed by international law and are available only if agreed upon by the foreign government concerned.

Though these benefits are provided by DOD, VA does provide assistance in completing DD Form 1172, "Application for Uniformed Services Identification and Privilege Card." For detailed information, contact the nearest military installation.