

Resolution No. 413

REPEAL SBP/DIC OFFSET

WHEREAS, surviving spouses of retired military members who die from service-connected wounds, illnesses or injuries are entitled to Dependency and Indemnity Compensation (DIC) benefits from the Department of Veterans Affairs. However, if a military retiree was also enrolled in the Defense Department's Survivor Benefits Plan (SBP), the surviving spouse's SBP benefit would have a dollar-for-dollar offset by the amount of DIC benefits; and

WHEREAS, similar to life insurance, SBP is purchased by a military retiree and is intended to provide up to 55 percent of his/her retirement pay to a surviving spouse. DIC is a modest indemnity compensation benefit of \$1,283 per month that the VA pays to surviving spouses whose loved ones died from a service-connected wound, illness or injury. Despite the two payments being paid for two different reasons from two different federal departments, all monthly SBP retirement payments are first offset by the \$1,283 DIC payment; and

WHEREAS, with few exceptions, the surviving spouses of other federal program retirees have no offset penalty, whereas approximately 63,000 surviving military spouses are affected by this aptly termed "Widow's Tax." Congress recognized the offset as unfair and in the FY 2008 National Defense Authorization Act (NDAA) created a Special Survivor Indemnity Allowance (SSIA) to partially reduce some of the offset via a graduated monthly payment of up to \$310, but funding was only authorized through FY 2017. The FY 2018 NDAA made the SSIA permanent, but did so by raising co-pays for military healthcare beneficiary prescriptions and without resolving the complete offset issue; and

WHEREAS, military retiree SBP payments currently range between 2.5 and 6.5 percent of the selected base amount. A recommendation by the Military Compensation and Retirement Modernization Commission would offer a new SBP program with substantially higher (11.25 percent) monthly premiums in order to receive full DIC without offset; and

WHEREAS, while the VFW concurs with the Commission's goal to eliminate the offset, we disagree with its funding method. The VFW's position is for the full repeal of the SBP-DIC offset, not to subsidize it out of the pockets of military retirees, who on the top end already sacrifice 6.5 percent of their monthly pay—for 360 consecutive months and reached the age of 70—just to ensure their surviving spouses will receive 55 percent of their retirement pay; now, therefore

BE IT RESOLVED, by the Veterans of Foreign Wars of the United States, that we urge Congress to repeal the Survivor's Benefit Plan and Dependency and Indemnity Compensation offset.

Submitted by the Commander-in-Chief
To the Committee on NATIONAL SECURITY & FOREIGN AFFAIRS