

TESTIMONY RESPECTFULLY SUBMITTED

BEFORE THE

SUBCOMMITTEE ON PERSONNEL

OF THE

COMMITTEE ON ARMED SERVICES

UNITED STATES HOUSE OF REPRESENTATIVES

STATEMENT PREPARED FOR THE RECORD

Kathleen M. Prout
Gold Star Surviving Spouse
The Military Officer's Association of America's
Surviving Spouse Advisory Committee, Chairman
Volunteer Survivor Advocate

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My name is Kathleen Prout of Coronado, CA. My late husband, Rear Admiral James G. Prout III, USN, was serving in his 30th year in the Navy as the Battle Group Commander of Cruiser-Destroyer Group 3 with the USS Carl Vinson, CVN 70 as his flag ship, when the F-18 in which he was a passenger crashed while on official business. He was killed, and in a moment, my family's life changed forever. While family and friends were supportive, my children and I were left to go through the painful lifelong grief process. I was saddened and shocked to discover that the military and the Department of Defense were far less supportive.

My husband's earned survivor benefit, the Survivor Benefit Plan (SBP) was not paid to me in full. When he died, I was told I would only be getting a fraction of the benefit he earned by serving his country for 30 years plus 4 years at the US Naval Academy. The Casualty Assistance Officer explained that the Department of Defense's SBP is offset dollar for dollar by the amount of Dependency and Indemnity Compensation (DIC) paid by the Veterans Administration. DIC is paid to surviving spouses of service members who die on active duty or as a result of a service caused injury or condition. These are two separate programs for two separate purposes. One is an employer based benefit and the other is a small indemnity compensation due to service to our nation causing a premature death. Even stranger, the surviving spouse is the only beneficiary penalized. Any other insured interest in receipt of SBP is paid in full. Even in the case of a divorce, where SBP is considered "property", SBP may be paid in full to the former spouse and DIC paid to the current spouse. Full SBP is unfairly denied only to the un-remarried surviving spouse under age 57 of he/she who died on active duty or of causes related to military service after retirement. This is known as the SBP-DIC offset, and we must fight to end it.

My husband and I served as a team. I was responsible for not only our own family but the families of all those who served under him in his command. He worked 14-16 hour days consistently during his career and spent half of our marriage deployed. He was a hero, shot during a mission in Vietnam while working with SEAL TEAM Boat Support Unit One, earning the Purple Heart and Bronze Star with V for valor. During our long marriage, he missed the birth of one of his children, and made the birth of our first by only a few hours, having been away on Navy

business, countless birthdays, anniversaries, holidays and summers while I managed the children, our household, the automobiles, the moves, (It seems that the unwritten rule is for the service member to be away during the moving process, returning after the house is unpacked), the official entertaining at our own personal expense, being responsible for the well being of the spouses and children in the command and enabled him to do his job so well. We both served although I was unofficial and not compensated for my countless volunteer work.

When I lost my husband, I lost 75% of our household income due to the SBP-DIC Offset and due to DIC being so low. My husband was retirement eligible and therefore I was eligible for SBP and flat rate DIC from the VA. DIC was implemented to make things right and to provide income to those surviving spouses and children of those whose demise was caused by service to our country. DIC was less than one eighth of his active duty compensation. I lost more than 45 percent of retired pay. I lost 75% of the income he earned. I was appalled to find that the government values the life and sacrifice of those who gave all at only \$1254.19 cents a month. The value is close to the national poverty level versus what he was paid on active duty. Today, 65% of SBP-DIC offset surviving spouses receive compensation lower than \$16,000 a year and are over age 65. These surviving spouses deserve better from their country.

Post 9/11 military surviving spouses are eligible to receive SBP as of a law change shortly after Sept 11, 2001. However, it is a hollow benefit as the majority of these surviving spouses' SBP is less than DIC, resulting in a total offset. The Department of Defense is saving up to \$1254.19 a month on each death by not having to pay all of the SBP earned and purchased by the service members who gave all. DOD is making a windfall profit off these deaths by not paying all of the purchased and earned SBP, by not refunding all the premiums paid by the service member with interest, and by charging interest on the taxable premium refunded to those surviving spouses who do remarry after age 57. Those surviving spouses who marry again and have their offset eliminated are asked to refund the premiums back to DOD within three weeks or they are put on a payment plan with interest. No interest was refunded at the time of the death and this refund is tax deductible. The

paid tax is not refundable by the IRS after three years on this money and then the government charges interest on this same money. This is overkill to say the least and unjust. SBP is taxable income. The premium refund was paid with pretax dollars so the refund should be in the same category, not taxable, particularly when it is not refunded in full.

As a Navy spouse, I was there for countless others who served our nation as well as those who experienced loss. I moved 26 times to follow my husband's career at the sacrifice of my own career as an educator. When I lost my husband, I realized how negligent the government bureaucracy is towards families who have paid the ultimate price. I want to be there for those families again.

I started a petition on www.change.org to bring attention to this issue. Hopefully, if I can gather enough support, the government will not ignore us any longer. I have 75, 296 signatures as of today and growing. The American public is in favor of eliminating this unjust offset. Here is the link to my petition:

https://www.change.org/p/stop-denying-earned-survivor-benefits-to-military-surviving-spouses?recruiter=242689561&utm_source=share_petition&utm_medium=copylink

I'm calling on Congress to provide surviving spouses with 100% of the Survivor Benefit Plan promised. Our government is reneging on a voluntarily purchased insurance annuity to assure the surviving spouse receives a portion of the retired pay the service member earned. When a service member makes the ultimate sacrifice, their family shouldn't have to worry about how they will survive.

Please end the SBP-DIC offset for military surviving spouses and pass HR 1594, (Rep Joe Wilson, SC) and S 979, (Senators Nelson, FL and Collins, ME), the two bills to change the law and end this unjust offset.