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Statement of
The National Association for Uniformed Services

Views on Survivor and Retirement Issues

presented by

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National Association for Uniformed Services

before the

Subcommittee on Military Personnel,
Committee on Armed Services

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Rayburn House Office Building

Introduction

Chairman Heck, Ranking Member Davis and Members of the Subcommittee, the National Association for Uniformed Services thanks you for holding this hearing to discuss issues related to survivor and retirement issues.

The National Association for Uniformed Services thanks you for your continued focus on the numerous and important quality of the life issues that affect the generations of service members, their families and their survivors who have through their military and related service changed the world for the better, exactly as today's brave men and women are doing in difficult circumstances elsewhere around the globe.

Survivor Benefit Plan—Dependency and Indemnity Compensation Offset

The National Association for Uniformed Services strongly supports action that would end the offset that is applied to the military Survivor Benefit Plan (SBP) due to receipt of veterans Dependency and Indemnity Compensation (DIC).

As members of the Subcommittee know, SBP and DIC payments are paid for different reasons. SBP is provided through the Department of Defense to active-duty and retirement-eligible individuals with a spouse or children. In the case of a retiree, it is coverage elected and purchased by the retiree to provide a portion of retired pay to the survivor. DIC payments are provided through the Department of Veterans Affairs as a special compensation to a survivor when the service member's death comes as a result of or due to injuries received during military service.

Under current law, there is a dollar-for-dollar reduction in the payment of the SBP annuity for each dollar of DIC compensation. Survivors, upon eligibility for DIC, lose a majority -- or all too often -- the entire amount of their monthly SBP annuity. For survivors with a rank below E-6, this effectively negates most, if not all, of the SBP payment.

The adverse impact is a loss of \$1,257 per month, an amount equal to the flat monthly payment of DIC. But in a larger sense, it is a price paid by surviving families for the death of a spouse in service to the nation.

In the case of military retirees, individuals pay into the SBP program with the intention of providing an annuity for their survivors. They sign up believing their premium payments guarantee a certain percent of retired pay for the life of their survivor. It is not hard to imagine the shock of financial disadvantage when the survivors of these men and women who so loyally served the nation learn of the annuity reduction on receipt of the DIC compensation from VA.

Mr. Chairman, taking care of a service member's loved ones is a cost of war, just as providing equipment and ammunition. While we can never fully repay a wife or husband for the loss of their spouse, we can do better than to treat the two categories of assistance, one an annuity program and the other an indemnity, as though they were one and the same. Eliminating the offset between two different programs would support spouses and orphans left behind.

It is critical to the National Association for Uniformed Services that we, as a nation, fix this inequity in law and keep faith with the brave men and women who serve and have served in our military. These are the military who defend our national security, who risk life and limb to serve thousands of miles away from loved ones, and who made significant sacrifice to protect the lives of innocent men, women, and children.

As Michelle Fitz-Henry, the surviving spouse of Senior Chief Petty Officer Theodore Fits-Henry, tells the National Association for Uniformed Services, “The service men and women who die in ... service to our country are no longer alive to fight for what meant most to them—their families.” She adds, “A grateful nation must fight for them.”

This is an important issue, and we urge you to fix the Survivor Benefit Plan and restore it to its full coverage as the service member intended it to provide. To reduce SBP dollar-for-dollar by DIC compensation, given for an entirely different reason, is unfair. Fixing this problem is an issue of basic fairness, and your action to correct this significant inequity would be long remembered as an act of decency and compassion.

Concurrent Receipt of Military Retired Pay and Veterans Disability Compensation.

Mr. Chairman, a grateful nation must keep faith with its military retirees. If a retiree has the misfortune of becoming disabled as a result of service, the service member can apply and receive VA disability compensation. To receive this compensation, however, the disabled retiree must waive, dollar-for-dollar, an equal amount of retired pay. No other federal employee is treated similarly, only the military.

Progress has been made in overturning the bar on disabled military retirees from collecting their full retirement for serving a minimum of 20 years in the service. Since the fiscal 2003 National Defense Authorization Act (NDAA) authorized a special compensation for certain military retirees injured in combat, Congress has advanced concurrent receipt to include benefits to most military retirees with combat related disabilities and to personnel with service-connected VA disability ratings of 50 percent or higher.

Changes in the old-way have moved policy in the right direction. Tens of thousands of disabled retirees welcome what Congress has done, yet many more disabled retirees await their inclusion. More can be done and it should be.

The National Association for Uniformed Services has consistently urged members of the House Armed Services Committee (HASC) and other champions in Congress to press legislation for full and complete concurrent receipt for all disabled retirees. We believe this is the right thing to do.

Uniformed Services Former Spouses Protection Act Reform (USFSPA)

The National Association for Uniformed Services strongly urges this subcommittee to conduct hearings on needed USFSPA changes, to both gather the information needed to make appropriate changes and to ensure the issue is not further exacerbated.

The National Association for Uniformed Services would like to see a number of reforms, including changes in the issuance of an imputed retirement annuity. Clearly, a service member is required to serve 20 years or more to be eligible for retirement pay. Yet a former spouse can claim a portion of the eventual retirement pay even in the case of a marriage lasting only a short period.

Another area in need of review and reform is the unfair “windfall provision.” This provision bases the portion of retirement that is given to a former spouse on the member’s military pay at the time of retirement, not the amount earned at the time of the divorce.

We encourage your review of this important subject and look forward to your actions on the most important USFSPA-related issues.

Preserving the Marriages and Families of Our Service Personnel

We also believe that the Subcommittee needs to take a hard look at the rising number of marriages and families that will be forfeit by the current war deployments and continued use of the same set of troops to carry on the fights. Frankly, the same folks cannot do it, year after year, without the loss of their families.

Congressional and military leaders need to make a continued commitment to support military personnel and their families. We support marriage, but we also recognize the reality of divorce, which is especially prevalent in the military due a number of unique challenges in military life—frequent moves and a high tempo of operations. With reductions in end-strengths, dwell time being squeezed and deployments more frequent, now is a good time for the Subcommittee to focus on the importance of ways to help preserve the marriages and families of our service personnel.

The National Association for Uniformed Services Appreciates the Opportunity to Submit Testify Before the Military Personnel Subcommittee

The National Association for Uniformed Services thanks you for your leadership and commitment on the core issues of the military retirement program and survivor benefits plan. And we thank you, as well, for holding this hearing and allowing us a chance to submit testimony.

Over the years, your panel’s leadership has helped make it clear that the military retirement package continues to be a high priority, and you have our appreciation and support in remembering those brave men and women who serve and have served in uniform.

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Richard A. “Rick” Jones joined NAUS as Legislative Director on Sept. 1, 2005. As legislative director, Rick is the primary individual responsible for promoting the NAUS legislative goals before the Departments of Defense and Veterans Affairs and the Congress of the United States.

Rick presently serves as co-director of the National Military and Veterans Alliance (NMVA), a non-partisan policy and advocacy organization composed of military associations and veterans organizations. Rick also serves as co-chairman of the Alliance for Military and Overseas Voting Rights (AMOVR), an alliance formed to ensure that our military men and women are afforded their right to vote and to ensure their votes are counted.

Rick is an Army veteran who served as a medical specialist during the Vietnam War era. His assignments included duty at Brooke General Hospital in San Antonio, Texas; Fitzsimons General Hospital in Denver, Colorado; and Moncrief Community Hospital in Columbia, South Carolina.

Rick completed undergraduate work at Brown University prior to his Army draft and earned a Master Degree in Public Administration from East Carolina University in Greenville, North Carolina, following military service.

Prior to assuming his current position, Rick served as National Legislative Director for AMVETS, a major veterans service organization. He also worked nearly twenty years as a legislative staff aide in the offices of Senator Paul Coverdell, Senator Lauch Faircloth, and Senator John P. East. He also worked in the House of Representatives as a subcommittee staff director for Representative Larry J. Hopkins and Representative Bob Stump.

In working for Rep. Stump on the House Committee on Veterans' Affairs, Rick served as minority staff director for the subcommittee on housing and memorial affairs and two years as majority professional staff on funding issues related to veterans' affairs budget and appropriations.

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