STATEMENT OF
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BEFORE THE
House Armed Services Military Personnel Subcommittee

WITH RESPECT TO
Concurrent Receipt of Survivor Benefit Plan (SBP) Payments
& Dependency and Indemnity Compensation (DIC) Payments

WASHINGTON, DC **DECEMBER 9, 2015**

It is a longtime goal of the Veterans of Foreign Wars of the United States to eliminate the dollar-for-dollar offset that continues to deny surviving military spouses from concurrently receiving Survivor Benefit Plan (SBP) payments from the Department of Defense, and Dependency and Indemnity Compensation (DIC) payments from the Department of Veterans Affairs.

On behalf of more than 1.7 million VFW and Auxiliary members, I want to thank Chairman Heck, Ranking Member Davis, and the Members of the House Armed Services Military Personnel Subcommittee for holding this hearing. We truly hope it will finally pave the way to eliminating a significant Quality of Life issue that today is impacting some 56,000 surviving spouses of retired and former active-duty military members across the country.

The VFW fully supports the testimony submitted on behalf of The Military Coalition, of which we are its largest member, along with 30 other Veteran and Military Service Organizations and advocacy groups who represent all the uniformed services.

It is an honor to share the witness table with colleagues from the VSO/MSO community, and most especially with Gold Star Wives, who are painfully aware of the frustration and anger the SBP-DIC offset continues to bring to her membership.

Mr. Chairman, the way things are done must be changed.

The SBC-DIC offset exists to save the government money, to prevent the appearance of duplicative monetary benefits, which is perhaps the ultimate insult our government can inflict on

surviving spouses, because the two payments are mutually exclusive and paid for two different reasons from two different federal departments.

Similar to life insurance, SBP is purchased by the 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 $1,254 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 $1,254 DIC payment.

The message this aptly termed "Widow's Tax" sends to our military men and women and their families is that the United States Government salutes your service while in uniform, but should you die on active duty or from service-connected conditions after retirement, you now cost too much.

Our nation cannot afford to continue to communicate that message to a military that is still at war, and prior to 9/11, a military no one would have imagined capable of fighting a two-front war for 14 years with just an All-Volunteer Force.

The VFW is painfully aware that the federal government's resources are finite, and that sequestration is still the law of the land, but we maintain that our nation's first priority is to defend the homeland, and our second priority must be to take care of those who do the defending, regardless of whether they serve 4 years or 40.

A caring and grateful nation simply cannot continue to financially penalize surviving spouses just because their loved ones died—unfortunately and prematurely—on active-duty or from a service-connected wound, illness or injury after they retired.

Mr. Chairman, I am not a Gold Star family member, but I and the rest of America do believe in the fundamental rule of fairness. There is nothing fair about the SBP-DIC offset.

Through this committee, Congress recognized this and created a Special Survivor Indemnity Allowance to partially reduce some of the offset via a graduated monthly payment of up to $310. As welcome as the monetary plus-up is, it does not eliminate the offset, nor has the funding authority been extended beyond its expiration date at the end of fiscal year 2017.

Earlier this year the Military Compensation and Retirement Modernization Commission recommended a new SBP program with substantially higher (a fluctuating 11.25 percent) monthly premiums in order to receive full DIC without offset.

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.

It cannot be overstated that the Survivor Benefit Plan is an insurance benefit paid for by military retirees directly out of their monthly paychecks to the Defense Finance and Accounting Service, whereas Dependency and Indemnity Compensation is a VA benefit meant to compensate a veteran's family for losing a loved one whose premature death was the direct result of their military service.

The VFW has long maintained that if our nation cannot afford to take care of her veterans, then our nation should quit creating them. Our military has answered every call and met every challenge. Now it is Congress' turn.

We salute Congressman Joe Wilson of South Carolina for once again introducing legislation to end the offset. H.R. 1594 now has more than 170 cosponsors, and it is our hope that today's hearing will provide the necessary momentum to propel *The Military Surviving Spouses Equity Act* forward.

Thank you.

Required Information: Pursuant to Rule XI, Clause 2(g)(5) of the Rules of the House of Representatives, the Veterans of Foreign Wars of the United States has not received any federal grants in fiscal year 2016, nor for the previous three fiscal years.