



# A Survivor's Penalty

An unfair law costs the families  
of those who paid the ultimate  
sacrifice **\$15,000** annually.  
Here's how it's hurting them.

# SUSIE BRODEUR WAS LIVING IN ALASKA WITH HER 3- AND 7-YEAR-OLD CHILDREN

when her husband, Air Force Maj. David Brodeur, was killed in an insider attack during a 2011 deployment to Afghanistan.

After Major Brodeur's death, Susie moved her family to her home state of Colorado, away from their military network in Alaska. She saved up to buy a house and has been raising her children as a single parent ever since.

Money can be tight, she says. With her children still coping with their dad's death, Brodeur is careful not to work too many hours. But the loss of her husband's income was a big adjustment, she says.

"It was scary not knowing where that next dollar [was] going to come from," Brodeur says.

Military spouses who lose a servicemember on active duty and

some spouses of retirees who die from service-connected illnesses or injuries receive a monthly benefit payment called Dependency and Indemnity Compensation (DIC) from the VA. (The tax-free payment comes out to about \$1,258 per month.) Spouses also can receive Survivor Benefit Plan (SBP) annuity payments if their servicemember opted into the voluntary program at retirement, and spouses whose servicemember died while on active duty automatically receive SBP annuity payments.

But current law requires every dollar spouses receive in DIC benefits be deducted from their SBP annuity payment. That offset leaves most surviving spouses losing out on about \$15,000 annually, in what's often referred to as the "widows tax."

"The fact that the government is withholding that from us is really sad," Brodeur says. "It really surprises me that they're not taking care of all families as well as they possibly can."

After several years of advocacy



The family of Maj. David Brodeur loses about \$15,000 each year due to the SBP/DIC offset.

Army Maj. Paul Voelke was killed during a 2012 deployment to Afghanistan. His wife, Traci, now a single parent to their two children, would like Congress to repeal the SBP/DIC offset.



from MOAA and The Military Coalition, Congress agreed and authorized a special allowance in 2008, which helps survivors recoup a portion of the offset. That Special Survivor Indemnity Allowance (SSIA) serves as a rebate, giving spouses of the fallen an additional \$310 per month — equal to about 25 percent of what they lose from the SBP/DIC offset.

Now the future of that allowance is at risk too, since it's set to expire at the end of May 2018. Losing SSIA would leave families like Brodeur's down \$3,720 annually.

MOAA urges lawmakers to take another look at the widows tax. Congress should end the SBP/DIC offset entirely — or at least extend and increase the SSIA to help make up the difference, says Col. Dan Merry, USAF (Ret), MOAA's vice president of Government Relations.

"The SBP/DIC offset is grossly unfair and should be repealed," Merry says. "When military service causes the death of the servicemember, VA indemnity pay [DIC] should be paid in addition to the SBP annuity — not subtracted from it."

## An unfair burden

Like Brodeur, Traci Voelke is one of more than 60,000 military spouses who lose a portion of their SBP annuity each month.

When Voelke’s husband, Army Maj. Paul Voelke, died in a 2012 vehicle accident in Afghanistan, her family lost not only a spouse and a father, but also their financial security.

“I lost my husband in the middle of his career, along with his income and earning potential,” she says. “Without the additional SBP, my monthly payments aren’t even half of what he was earning.”

The VA created DIC in the 1950s so surviving spouses would be compensated for economic losses they suffered as a result of a veteran’s death. About two decades later, DoD established SBP to ensure surviving dependents of military personnel who died in retirement would continue to have a reasonable income level.

Retirees can purchase SBP so their spouses continue getting a portion of their retirement after their death. But the payment often is canceled out by DIC, says Mary Craven, the wife of an Air Force officer who died from a service-connected illness in 1978.

“Why have two programs if one wipes out the other?” she asks. “The service caused his death. The service should pay extra for that, rather than cancelling part of the insurance he bought for me.”

On the active duty side, SBP serves as an income supplement for surviving spouses. That’s important, says Voelke, because military spouses often are on the move, and many don’t have steady careers.

“I was never able to build up my own pension in an organization long enough,” Voelke says. “My husband’s pension is what we had relied upon for our retirement.”

Spouses like Brodeur, Voelke, and Craven often are shocked to learn

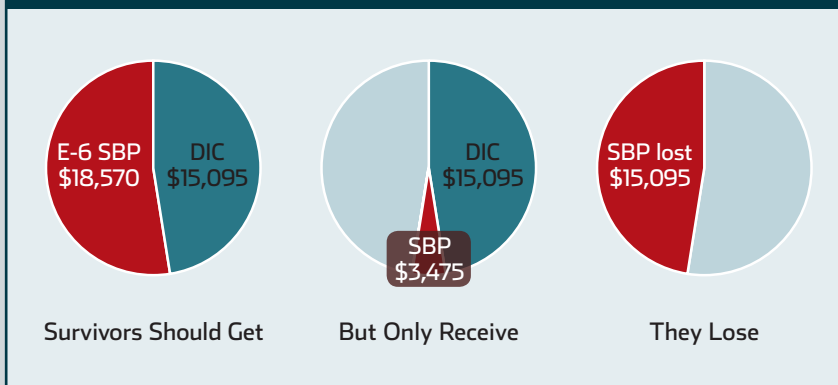
### Survivor Annuity, Active Duty Death (Spouse, No Children)

	SBP is	DIC is	Survivor receives	MOAA believes survivor should receive
<b>O-4, 14 years</b>	\$36,969	\$15,095	\$36,969	\$52,064
<b>O-3, 4 years</b>	\$26,721	\$15,095	\$26,721	\$41,816
<b>E-6, 14 years</b>	\$18,570	\$15,095	\$18,570	\$33,665
<b>E-4, 4 years</b>	\$12,038	\$15,095	\$15,095	\$27,133

\*Estimates based on FY 2017 pay schedule.

Currently, military survivors must forfeit \$1 of SBP for each \$1 of DIC they receive from the VA. MOAA believes that for service-caused deaths, DIC should be added to SBP, not deducted from it.

### DIC Should Be Added to SBP, Not Substituted For It



### Why Cut Retiree-Paid SBP When Service Causes Death?

	Retiree-purchased SBP	DIC	Survivor receives	MOAA believes survivor should receive
<b>O-5, 22 years</b>	\$31,654	\$15,095	\$31,654	\$46,749
<b>E-8, 22 years</b>	\$18,402	\$15,095	\$18,402	\$33,497

\*Estimates based on FY 2017 pay schedule.

DIC still is deducted from retiree-purchased SBP when retirees die of service-caused conditions. MOAA believes that when the service causes the death, DIC payments should be added to SBP, not substituted for it.



# ACTION NEEDED!

**Repeal the law that deducts DIC payments from military SBP annuities.**

their SBP annuities will be reduced by any money they receive from DIC. Six years after her husband's death, Brodeur's children now are 9 and 13. With no plans to remarry, Brodeur says she needs to be able to support not only her children but herself far into the future.

"I've been alone now for six years," Brodeur says. "I have to do the job of two people and then some. It's not easy. When the government takes away the money from the lone survivor — the spouse — it really hurts."

## Those who gave all

Before Voelke's husband died, the U.S. Military Academy grad penned an op-ed in a local newspaper on Veterans Day about why he wanted to be an Army officer. He considered himself fortunate to serve alongside soldiers, sailors, airmen, and Marines.

"They are people who live selfless service," Paul Voelke wrote. "They ask their families to sacrifice — spouses who have to put down roots every few years in a new place, make new friends, [and] learn new school systems and often do it alone."

Brodeur says service to country was equally important to her husband, who graduated from the U.S. Air Force Academy in Colorado Springs, Colo.

"He was beyond the word 'patriotic,'" she says.

Years after losing their husbands, Brodeur and Voelke continue to sacrifice. They've moved their families across the country alone and have faced tough choices as single parents about how to raise their children.

Brodeur has put off buying a new family car or taking care of certain home repairs since her husband died. She also has tapped into her savings account to cover some of her kids' education expenses.

"Money cannot buy happiness, but it can grant [my kids] opportunities to enjoy themselves, to wear nicer clothes, to be able to take vacations, and just be [kids]," Brodeur says.

Repealing the SBP/DIC offset "would take a little bit of the stress away. I would ask [lawmakers] to stop and look at the families," Brodeur says. "Especially the young ones who have young children — think about what their future will be like after they lose a parent."

Voelke says she is certain the SBP/DIC offset is an oversight, that it's not what Congress intended for the families of fallen military personnel.

"Following the advice of Abraham Lincoln 'to bind up the nation's wounds, to care for him who shall have borne the battle and for his widow, and his orphan,' we need to protect the families of those who gave all," Voelke says.



## FOR MORE INFORMATION, CONTACT:

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## **SBP Factsheet from DFAS**

**[www.dfas.mil](http://www.dfas.mil)**

### **The Nature and Extent of the SBP Benefit**

The Survivor Benefit Plan (SBP) provides eligible beneficiaries with a monthly payment known as an annuity. The amount of the benefit is a percentage of your retired pay and it depends upon whether you chose full or reduced coverage. The recipient of your SBP annuity is referred to as the annuitant.

### **The Benefit's Duration**

The SBP entitlement begins upon your death and ends either when your elected beneficiary becomes ineligible to receive the annuity or when your beneficiary dies.

### **Reasons Payment May Be Temporarily Stopped**

Each year we mail annuitants a Certificate of Eligibility (COE). We use the information we request on that form to determine an annuitant's continued eligibility for monthly payments. If we don't receive the COE by the deadline on the form, we will stop all payments until we receive a properly completed COE ([see instructions](#)). If you have not received a COE from us within the last year and feel you should have, please call us to request one at 800-321-1080.

### **Reasons Payment Can Be Permanently Stopped**

Annuity payments stop when your beneficiary dies or becomes ineligible to receive the annuity. For example, payments stop for many children covered under the SBP annuity when they reach age 18. Payments also stop for spouses covered under SBP if they remarry before age 55.

### **Continuing Children's Benefits after Age 18**

Payments typically stop for children covered under SBP when they reach age 18. If a child attends school in a full time status at an accredited college or university, the payments will continue until they reach age 22. Each semester, we mail a Child Annuitant's School Certification form to verify the child is still enrolled. If we don't receive the form by the deadline listed, we will stop all payments until we receive a properly completed form ([see instructions](#)). The SBP annuity will terminate at any time if the child marries. If you have not received a School Certification for the past semester and feel you should have, please call us to request one at 800-321-1080.

### **Effects of Remarriage on an Annuity**

If the annuitant remarries before age 55, annuity payments will stop. However, if the annuitant's marriage later ends, for any reason, even after age 55, the annuity payment will restart from the date the marriage ends.

The annuitant is responsible for notifying DFAS Cleveland of any changes to their marital status.

### **Benefits from the Department of Veterans' Affairs (VA)**

Dependency and Indemnity Compensation (DIC) is a monetary award offered by the VA.

Annuitants cannot receive both SBP and DIC concurrently. When DFAS is informed that an annuitant is eligible to receive DIC from the VA, DFAS will deduct the amount of DIC received from the amount of SBP. For example, if an annuitant receives a monthly annuity of \$500 from DFAS and becomes eligible to receive a monthly DIC award of \$400 from the VA, DFAS will

deduct the \$400 DIC from the \$500 SBP and pay the remaining \$100 to the annuitant.

If the SBP is greater than the DIC award, a partial refund of premiums paid into the program during the service member's retirement will be made. If the DIC payment is greater than the SBP payment, SBP will be stopped completely and all basic spouse premiums paid into the program during the service member's retirement will be refunded.

To receive concurrent SBP and DIC payments, the annuitant must not only be eligible for both, but the DIC entitlement must be a result of a remarriage after the age of 57.

### **What initiates the SBP benefit and what will my beneficiary have to do?**

Your designated beneficiary becomes eligible to receive SBP benefits on the day after your death. The first step a beneficiary must take to initiate receipt of benefits is to report your death. Please visit our [Reporting a Death](#) page for step-by-step instructions.

### **What happens if there is a delay in reporting a retiree's death?**

Late notification of a retiree's death may result in burdensome consequences, including delays in finalizing a member's account, payment of arrears of pay and the establishment of an SBP annuity. A retiree's entitlement to retired pay ends on the date he or she dies. Therefore, delayed reporting of a retiree's death may result in an overpayment that will be collected from a financial institution, the member's estate, or from the annuitant if the annuitant is found to be in receipt of the retired pay funds.