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Chapter 12

Review of Survivor Benefits

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In 2004 SAG Corporation conducted an independent review to assess the relative value and sufficiency of survivor benefits provided to survivors of members of the uniformed services. The report provided an overview of military benefits and contrasted them with employer-provided survivor benefits for other occupations. The report next addressed alternative policy options to bring military survivor benefits more in line with those benefits received by other occupations, where those benefits were considered more appropriate for the sacrifice involved.

Major changes have been implemented to military survivor benefits since the initial SAG report. These changes include increasing the Servicemembers' Group Life Insurance (SGLI) benefit from \$250,000 to \$400,000 and the death gratuity from \$12,000 to \$100,000. In addition, the Post 9-11 GI Bill offers a significant improvement to education benefits over the Montgomery GI Bill. In light of these changes SAG Corporation was asked to update its original report to reflect the current level of survivor benefits.

The updated study also includes several topics not covered in the original report. The military has relied heavily on reserve components in the Iraq and Afghanistan conflicts, and it is important to understand how the benefits available to reservists differ from those available to active duty personnel. Specifically this chapter explores the possibility that a reservist and an active duty member could receive different benefits for a similar death. Finally the updated study evaluates the case of those who die of a service connected disability after they have been discharged.

The review employs a functional categorization of survivor benefits to compare benefits across military and civilian occupations. Death benefits offer to survivors the following:

- ❖ immediate income assistance
- ❖ transition assistance

The views expressed in this paper represent those of the authors and are not necessarily those of the Department of Defense.

- ❖ income replacement
- ❖ unpaid compensation

Using this taxonomy, this chapter provides an overview of current military benefits and contrasts them with employer-provided survivor benefits for other occupations. Most of the tables from the original report are carried over and updated. The chapter next addresses reserve component-specific benefits and contrasts them with active duty benefits. Finally the chapter provides an overview of veterans' benefits and compares the benefits available to those who are vested in the military retirement system with those who are not. For the purpose of this chapter, the term veteran refers to anyone who served in the active military and was discharged under other than dishonorable conditions.¹ The chapter concludes with recommendations for improvements to the military survivor benefits system.

Overview of Current Military Death Benefits

Survivors of members who die on active duty are eligible for a wide variety of benefits. These include immediate assistance to help survivors through the initial period following death, their transition to life without the member, and a combination of lump-sum and annuity cash benefits that help replace the income lost as a result of the member's death.

One aspect of the military benefits system is fundamentally different than the benefits approach employed by all of the other employers that were examined. Excluding cases of gross negligence, dereliction of duty, or other extenuating circumstances, active duty deaths are considered to occur in the line of duty, and survivors are eligible for the same set of benefits regardless of the cause of death.

In most cases, the benefits package available to reservists does not differ significantly from the benefits available to survivors of active duty members. Health care, transition benefits, and annuities are more flexible in order to accommodate the unique circumstances of reservists. The level of benefits available to survivors is often related to whether or not the reservist had been serving for 30 days or more. After that initial 30 day window, reservists are considered active duty and entitled to the same benefits as all active duty members.

A significant difference emerges between active and reserve from the need for a line of duty determination. In general, a death on active duty is presumed to occur in the line of duty; however, a death while serving in the reserves for 30 days or fewer can trigger a line of duty investigation. It is possible that this additional requirement could result in fewer benefits for the survivors of certain reservists.

1. http://www.law.cornell.edu/uscode/uscode38/usc_sec_38_00000101----000-.html.

Less generous assistance and income replacement are available to survivors of veterans who die of a service related injury more than 120 days after separation. The benefits available to veterans are structured differently than those available to members. Survivors of veterans who were vested in the military retirement system can receive income replacement regardless of the cause of death if the member elected the Survivor Benefit option. For those who did not retire from the military, the veteran's death must have been service related in order for the survivor to qualify for most of the benefits.

Immediate Income Assistance

Survivors receive a tax-free death gratuity of \$100,000 (increased from \$12,000), reimbursement for funeral and burial expenses, and a lump-sum Social Security benefit of \$255. Survivors of reserve component members are generally eligible for the same tax-free death gratuity and Social Security lump-sum payment as active duty members. However, as mentioned in the previous section, deaths of reservists serving for 30 days or fewer are subject to a required line of duty investigation.

There is no death gratuity for survivors of veterans who die of service connected disabilities more than 120 days after separation. Social Security provides the \$255 lump-sum payment, while the Department of Veterans Affairs (VA) provides some reimbursement for funeral expenses.

Transition Assistance

Beginning with the assignment of a Casualty Assistance Officer who helps the survivors through the period immediately following a member's death, the military provides a number of different types of transition assistance. These include counseling services, a variety of tax benefits, medical and dental coverage, reimbursement for a final move, commissary/exchange benefits, and transitional housing.

The transition assistance available to survivors of reservists who die after being on active duty for more than 30 days is in line with the benefits available to active duty members. In general, if the reservist was eligible for benefits at the time of death, his survivors will be eligible as well. This includes counseling, TRICARE, and the Basic Allowance for Housing (BAH). Survivors have a choice of remaining on their current TRICARE plan, or using TRICARE Prime. The reason for this flexibility is to accommodate survivors who may not live close to a military installation, as the reservist TRICARE plan includes a larger network of civilian providers. More limited transition assistance is available to survivors of those members who die while serving fewer than 30 days. TRICARE Prime is replaced by TRICARE Reserve Select (a premium supported health care program), and in some cases survivors of reservists may not be eligible to receive BAH.

A full-time staff with representatives at each installation provides casualty assistance for the Air Force. Officers in the other services provide this assistance as a collateral duty. Since 2004 the Department of Defense (DOD) has implemented a number of reforms designed to improve the Casualty Assistance Program. These changes include the development of a Survivors Benefit Guide that provides planning and details on the funeral and memorial services, as well as information about the application for, and processing of, all benefits and entitlements.²

In addition to the Survivors Benefit Guide, DOD has greatly improved coordination with the VA, and created a Days Ahead Binder which helps organize all of the paperwork needed to file for benefits and entitlements. In 2010 DOD began conducting a survey of survivors six months after the death of the member in order to analyze and improve the process.

The VA provides virtually all of the transition benefits to survivors of veterans. For service connected deaths, transition assistance includes bereavement counseling, medical care for those ineligible for TRICARE, as well as financial counseling to SGLI/VGLI (Veterans' Group Life Insurance) beneficiaries.

Income Replacement

For survivors of members who died in the line of duty, DOD provides income replacement in the form of Survivor Benefit Plan (SBP) annuities (calculated as if the member had retired with a 100 percent disability on the day he or she died, or at the member's actual years of service, whichever is greater),³ and offers voluntary participation in the Servicemembers' Group Life Insurance Program. Participation in SGLI is nearly universal, and virtually all participants are enrolled at the maximum coverage level (\$400,000). In addition to DOD benefits, survivors may receive Dependency and Indemnity Compensation (DIC) and educational benefits from the Department of Veterans Affairs. Survivors are also eligible for survivor benefit annuities through the Social Security Administration (SSA).

Survivors of reservists who die in the line of duty on active duty are eligible for the same income replacement benefits as survivors of active duty members. This includes SGLI, DIC, SBP, and Social Security. There is, however, a separate Survivor

2. DOD Survivors Benefit Guide: <http://www.gordon.army.mil/acs/SOS/Survivors%20Guide.pdf>.

3. The disability retirement annuity is calculated using the degree of disability, but not to exceed 75 percent times basic pay. The SBP annuity is 55 percent of the retirement annuity. If a member had more than 30 years of service at the time of death, the retirement annuity calculation would be based on years of service * .025 * basic pay.

Benefit Plan available to reservists who are eligible for retirement, the Reserve Component Survivor Benefit Plan (RC-SBP). Reservists who die while on inactive duty for training receive the Reserve Component Annuity, which is calculated using the retired pay the member would have been entitled to on the day the member died based on years of service for computation of retired pay.⁴

Retirees (whether active, reserve, or retired) are eligible to elect the SBP (RC-SBP for retired reservists). However, survivors of veterans who are not vested and die of a service connected disability will be eligible to receive Dependency Indemnity Compensation as well as Social Security Benefits. The VA will also provide education assistance to survivors.

A small subset of survivors (about 10 percent, according to an official at the Office of the Undersecretary of Defense for Personnel and Readiness) is eligible to receive both the SBP and DIC. In these cases, the SBP is offset by the DIC (which is not taxed). Survivors may elect a “Child-Only” SBP option; the member’s children receive SBP and the surviving spouse will receive DIC without offset. The spouse will not receive SBP once the children are no longer eligible to receive it, but this may be a more generous option for surviving spouses with young children.⁵

Several bills have been introduced in both the House and the Senate to repeal the offset. The offset has been partially reimbursed by the Special Survivor Indemnity Allowance (SSIA) discussed in detail later in this chapter.

Unpaid Compensation

Survivors receive all pay owed to the member at the time of death. This includes compensation for unused leave and lump-sum payment of any remaining anniversary payments for bonuses or incentive pays. There is no difference here between reservists and active duty members.

4. See: http://www.law.cornell.edu/uscode/html/uscode10/usc_sec_10_00001448----000-.html.

5. Children remain eligible to receive SBP as long as they are unmarried and younger than 18, or younger than 22 and a full-time student (disabled children may retain eligibility for life).

Overview of Employer-Provided Death Benefits

The previous study looked at survivor benefits provided to

- ❖ federal civilian employees
- ❖ law enforcement officers
- ❖ firefighters
- ❖ commercial aircrews
- ❖ private sector employees
- ❖ Canadian and British military members

Benefits are more generous for survivors of public sector employees than for private sector employees in most cases. All of the employee groups in the study received additional benefits for deaths in the line of duty.

This updated study's primary concern is military personnel and veterans. It briefly revisits employer-provided survivor benefits in the exposition and updates all relevant tables.

Evaluation of Military Benefits

Military survivor benefits differ fundamentally from the benefits offered by other employers. Except in cases of misconduct, the military's benefit system treats all active duty deaths as line of duty deaths. For example, the survivors of a member who dies in hostile action are eligible for the same benefits as the survivors of a member who dies from an illness. None of the civilian groups we survey provides a uniform level of benefits. Also, benefits for survivors of reservists and veterans may differ, depending on the circumstances of the death.

Most other employers' survivor cash benefits are indexed in some manner to adjust for changes in general price levels or wages. Many military benefits are as well, but we note two exceptions—SGLI coverage and the death gratuity. Both benefits require a change in law to increase coverage; the result has been extended periods in which the benefit level has eroded in real terms, followed by substantial increases in order to catch up. While both the SGLI and death gratuity have been increased since the original report, the value of these benefits will once again erode over time.

Differences in benefits across the surveyed groups are illustrated using hypothetical examples for the survivors of "typical" employees of each organization. Our illustration shows that military cash benefits are comparable to other employers'

total cash benefits in the case of a line of duty death. It also shows that the increase in the death gratuity and SGLI bring the military benefits in line with those received by public safety officers. In our example, the survivors of a law enforcement officer killed in the line of duty receive cash benefits (annuity and lump sum) with a present value equal to roughly 12 times the officer's salary at the time of death. Survivors of a military officer and an enlisted member killed in the same situation would receive cash benefits worth about 13 and 25 times basic pay, respectively.

A second example highlights the key difference between military survivor benefits and other employers' benefits. In a situation that other employers would not consider a line of duty death, the military benefits remain unchanged, but benefits for most other employees are reduced by half.

Another difference between military and civilian benefits is calculations based on salary. The largest benefits available to survivors, the SGLI and DIC, are fixed amounts regardless of how much the member or veteran was making prior to death. According to the Bureau of Labor and Statistics, more than half of civilian employers provide life insurance that is a multiple of pay, and most workers' compensation annuities are also a function of salary.

Conclusions and Recommendations

Overall, we found the system of benefits provided to survivors of members (active duty and reservists and veterans) who die to be adequate. While there is a decrease in the benefits available to veterans when compared to active duty and reserve personnel, they exceed any benefits available from private or public sector employers.

We identified several areas in which improvements could help make the benefits more equitable between active duty, reservists, and veterans; we also reiterate some recommendations from the last report to help make all military benefits comparable to other employer provided benefits. We make the following recommendations:

1. Index Servicemembers' Group Life Insurance coverage and death gratuity to the Consumer Price Index or Cost-of-Living Adjustment (COLA). The automatic increase in SGLI coverage would increase member premiums over time, so members should have the option to allow the escalation or freeze the coverage level at any point.
2. Simplify the language that describes a line of duty determination for reservists. The death of a reservist while in duty status, or traveling to duty status, should trigger an automatic line of duty investigation to determine whether the death was service related. This will allow for a more consistent level of benefits between active duty personnel and reservists.

3. Eliminate the offset of Survivor Benefit Plan payments for Dependents Indemnity Compensation, but only if both programs are reviewed and adjusted to provide an adequate, appropriate level of compensation. The proposed change would replace the current SBP with a lump-sum or annuity payment that reflects the members' accrued retirement benefits. This change would be consistent with the recommendation of the President's Commission on Care for America's Returning Wounded Warriors (Dole-Shalala Commission) that DOD provide compensation for years of service and the VA provide compensation for disability.

Appendix 12-1. Review of Military Survivor Benefits

In 2004, SAG Corporation conducted an independent review that assessed the relative value and sufficiency of benefits provided to survivors of members of the uniformed services. The report provided an overview of military benefits and contrasted them with employer provided survivor benefits for other occupations. The report then addressed alternative policy options to bring military survivor benefits more in line with those benefits received by other occupations, where those benefits were considered more appropriate for the sacrifice involved. The report concluded with recommendations for improvements to the military survivor benefits system:

1. Index Servicemembers' Group Life Insurance coverage and the death gratuity using the annual average increase in basic pay. The increased SGLI coverage option would have no cost to the government, while an initial adjustment to the death gratuity would cost the government \$425,580 annually for normal peacetime deaths.
2. Provide \$50,000 in SGLI coverage to all members at no cost to the member. This will cost about \$55 million annually at current strength levels.
3. Establish full-time casualty assistance positions at every military installation.
4. Maintain the current offset to SBP for DIC payments and the reduction in SBP annuities at age 62.
5. Provide guidance on the proper interpretation of Section 1448(d)(2) of Title 10, United States Code (as amended by P.L. 108-136) to allow SBP Spouse to revert to SBP Child when the surviving spouse remarries.

On February 1, 2005, DOD proposed to increase survivor benefit payments to families of U.S. military personnel killed in designated combat zones by nearly \$250,000. This proposed increase effectively doubled the cash that survivors can receive in immediate government payments and life insurance proceeds to \$500,000. These benefits were made retroactive to October 2001 for certain survivors of U.S.

troops killed in Iraq and Afghanistan. Under Public Law 109-13, the death gratuity was increased to \$100,000 and the SGLI to \$400,000 for those who die from wounds, injuries, or illness that are combat or combat-training related. On January 6, 2006, Public Law 109-163 made the increase in death gratuity permanent for nearly all active duty deaths.⁶ Public Law 109-80 made the SGLI increases permanent for all active duty deaths.⁷ See Appendix 12-2 for excerpts from public laws 109-13, 109-63, and 109-80.

Taxonomy of Benefits

The analysis revealed a wide range of cash and non-cash benefits for survivors of employees who die. In order to make effective comparisons across employers, benefits were organized into categories according to their function. The classification scheme consists of four separate categories for benefits as outlined in Table 1. In application, some benefits may in fact cross categories.

Immediate income assistance usually consists of lump-sum cash payments that are issued to survivors quickly in order to help with extraordinary expenses associated with the employee's death. These may be for a fixed amount or a multiple of the employee's salary (e.g., two months' pay). Immediate income assistance may also include cash or in-kind provision of funeral and burial expenses.

Table 1. Categories of Death Benefits

Benefits Category	Purpose	Examples
Immediate income assistance	Offset any gaps in income and immediate expenses	Death gratuity
Transition assistance	Help survivors adjust to loss of worker	Grief counseling Financial counseling Medical and dental insurance
Income replacement	Provide alternative source of money to offset loss of worker's earnings	Life insurance Survivor benefit pensions
Unpaid compensation	Distribute wages, pension, and other compensation owed to worker at time of death	

6. There are certain extenuating circumstances where a death gratuity payment is not authorized. For example, a payment is not authorized if the member was put to death as a lawful punishment for a criminal act. See 10 U.S.C. 75 (1480) for additional rules. http://www.law.cornell.edu/uscode/html/uscode10/usc_sec_10_00001480----000-.html

7. David F. Burelli and Jennifer R. Corwell. 2008. *Military Death Benefits: Status and Proposals*.

Transition assistance benefits help survivors manage over the period in which they must adjust, both financially and emotionally, to the death of the employee. These benefits may include counseling and temporary extension of benefits (e.g., health insurance).

Income replacement benefits compensate for the loss of the employee's earnings. The benefit may take the form of a life insurance policy or a retirement annuity.

Unpaid compensation consists of any accrued pays that are owed to the employee at the time of death. This pay often includes reimbursement for unused leave and the remainder of bonuses and special pays owed.

Active Duty Benefits

Survivors of members of the uniformed services who die on active duty are eligible for a number of benefits ranging from immediate assistance to long-term income replacement annuities. The Department of Defense provides many of the benefits directly; survivors may also receive benefits from the Department of Veterans Affairs and the Social Security Administration.

The DOD Actuary estimates that about 998 active duty members will die each year in the absence of a significant hostile action. Table 2 shows active duty deaths by type of death for calendar years 1985 through 2010.

This section provides a brief description of benefits available to survivors. In this discussion, *survivor* refers to the individuals who are beneficiaries for the survivor benefits. For most benefits, the surviving spouse is first in line, followed by the member's children without regard to age or marital status (includes natural, adopted, or illegitimate children) in equal shares.⁸ The member's parents are last in line. Some benefits will depend on the spouse's or children's age and marital status. Note also that survivor is a separate status from *next of kin*.

The discussion is structured according to the classification scheme presented in the previous section. Table 3 summarizes the military survivor benefits discussed in this section according to that categorization.

8. A notable exception is SBP, in which a former spouse may be first in line for part, or all, of the annuity. See DODI 1332.42. <http://www.dtic.mil/whs/directives/corres/pdf/133242p.pdf>

Table 2. Active Military Deaths, 1985–2010

Calendar Year	Total Military FTE ^a	Total Deaths	Death Rate	Accident	Hostile Action	Homicide/Self Inflicted	Illness	Pending/Undetermined	Terrorist Attack
1985	2,323,185	2,252	0.0010	1,476	0	386	363	22	5
1986	2,359,855	1,984	0.0008	1,199	2	372	384	27	0
1987	2,352,697	1,983	0.0008	1,172	37	364	383	25	2
1988	2,309,495	1,819	0.0008	1,080	0	375	321	26	17
1989	2,303,384	1,636	0.0007	1,000	23	282	294	37	0
1990	2,258,324	1,507	0.0007	880	0	306	277	43	1
1991	2,198,189	1,787	0.0008	931	147	368	308	33	0
1992	1,953,337	1,293	0.0007	676	0	347	252	17	1
1993	1,849,537	1,213	0.0007	632	0	322	221	9	29
1994	1,746,482	1,075	0.0006	544	0	315	206	10	0
1995	1,661,928	1,040	0.0006	538	0	317	174	4	7
1996	1,613,310	974	0.0006	527	1	240	173	14	19
1997	1,573,995	817	0.0005	433	0	201	170	13	0
1998	1,538,570	827	0.0005	445	0	191	174	14	3
1999	1,525,942	796	0.0005	439	0	188	154	15	0
2000	1,530,430	841	0.0005	430	0	196	181	17	17
2001	1,552,096	951	0.0006	464	15	204	198	23	47
2002	1,627,142	1,063	0.0007	568	18	234	216	27	0
2003	1,732,632	1,465	0.0008	605	336	241	260	23	0
2004	1,711,916	1,874	0.0011	607	738	248	272	9	0
2005	1,664,014	1,943	0.0012	648	739	237	291	28	0
2006	1,611,533	1,880	0.0012	561	767	260	257	35	0
2007	1,608,226	1,953	0.0012	560	847	263	237	46	0
2008	1,683,144	1,439	0.0009	500	351	303	242	42	1
2009	1,640,751	1,515	0.0009	462	346	361	272	74	0
2010	1,685,178	1,436	0.0009	379	452	334	215	112	0

a. Full time equivalents

Source: DOD Personnel and Procurement Statistics (<http://siadapp.dmdc.osd.mil/personnel/CASUALTY/castop.htm>)

Table 3. Recap of Military Death Benefit

Benefit Categories	Military Benefits
Immediate income assistance	Death gratuity
	Funeral and burial benefits
	Social Security lump-sum death payment
Transition benefits	Casualty Assistance
	Counseling services (family centers)
	Tax benefits
	TRICARE (includes dental)
	Commissary and exchange privileges
	Basic Allowance for Housing
	Personal effects and household goods
Income replacement	Dependency and Indemnity Compensation
	VA Educational Assistance Benefits
	Post 9/11 GI Bill
	Social Security payments
	Survivor Benefit Plan
	Servicemembers' Group Life Insurance
Family Servicemembers' Group Life Insurance	
Unpaid compensation	Unpaid compensation and leave

Source: VA benefits (<http://www.vba.va.gov/bln/dependents/spouse.htm>) and military benefits (<http://www.gordon.army.mil/acs/SOS/Survivors%20Guide.pdf>)

Immediate Income Assistance

Death Gratuity

At the time of the original report, an immediate tax-free lump-sum payment of \$12,000 was paid to survivors to help them cover living expenses and immediate needs. On January 6, 2006, Congress enacted the National Defense Authorization Act for Fiscal Year 2006. It permanently increased (to \$100,000) the death gratuity in all cases for members who die on active duty. This increase was made retroactive to October 7, 2001.

The death gratuity benefit has changed in another aspect as well. The member can now specify who is to receive the benefit. While this does provide the member with greater flexibility, it does not conform to the rationale of a death gratuity.⁹

9. http://www.law.cornell.edu/uscode/html/uscode10/usc_sec_10_00001477----000-.html.

Burial Benefits

The Department of Defense in most cases will process, transport, and inter remains, providing a casket, vault, and headstone. When survivors choose to make their own arrangements, the Department will reimburse survivors for expenses. The maximum reimbursement for funeral and burial expenses was increased from \$6,900 to \$8,800, effective April 1, 2007.¹⁰ Travel reimbursement is available for the member's relatives to attend the burial ceremony, memorial service, or to meet remains returning to the United States. The Joint Federal Travel Regulations (JFTR), paragraph U5242, defines eligible relatives, which can include the surviving spouse and children, parents, siblings, and the person who directs the disposition of the deceased member's remains. If no person in these categories is provided travel and transportation allowances, the person who directs the disposition of the member's remains may designate up to two persons "closely related" to the member who may receive travel and transportation allowances.

Social Security Lump-Sum Death Payment

Once a survivor contacts the SSA, he or she will receive a \$255 lump-sum death payment within 30 to 90 days and other monthly benefits (discussed below) thereafter. The amount of the lump-sum benefit has not changed since the original report.

Transition Benefits

Beginning with the assignment of a Casualty Assistance Officer who helps the survivors through the period immediately following a member's death, the military provides a number of different types of transition assistance. These include counseling services, a variety of tax benefits, medical and dental coverage, reimbursement for a final move, commissary/exchange benefits, and transitional housing.¹¹

A full-time staff with representatives at each installation provides casualty assistance for the Air Force. Officers in the other services provide this assistance as a collateral duty.

Since 2004, DOD has implemented a number of reforms designed to improve the Casualty Assistance program. These include putting together a Survivors Benefit Guide, which provides planning and details on the funeral and memorial service and continues on through the application and processing of all benefits and entitlements.¹²

10. DOD Instruction 1344.08 (March 2009), p. 4.

11. For details on tax benefits available to survivors see the IRS website: <http://www.irs.gov/individuals/article/0,,id=121557,00.html>

12. DOD Survivors Benefit Guide: <http://www.gordon.army.mil/acs/SOS/Survivors%20Guide.pdf>

In addition to the Survivors Benefit Guide, DOD has created a Days Ahead Binder, which helps organize all of the paperwork, and greatly improved coordination with the VA. DOD began conducting a survey in 2010 of survivors six months after the death of the member in order to analyze and improve the process. Initial responses have helped the services identify areas of concern. An initial report on the findings from the surveys is expected in June 2011.¹³

Servicemembers' Group Life Insurance

Every active duty service member is automatically provided \$400,000 coverage through the SGLI program. The member must pay a monthly premium, but the government subsidizes the program by paying the costs of any death claims above the normal rate expected in peacetime. Also, the government (the four services) reimburses premiums for those in combat. A member may decline coverage or purchase lower levels of coverage. The cost of coverage is the same for all pay grades. The designated beneficiary on the member's SGLI election and certificate form will be paid SGLI in a lump sum or in 36 equal monthly installments. If there is no beneficiary selected, the proceeds are paid "By Law."

Traumatic injury protection is provided as an add-on to Servicemembers' Group Life Insurance (TSGLI) and provides a benefit of between \$25,000 and \$100,000 depending on the loss directly resulting from the traumatic injury. TSGLI was made effective December 1, 2005, and the coverage applies to active duty members, reservists, National Guard members—including members on funeral honors duty—and one-day muster duty.¹⁴ It is an automatic \$1.00 premium charged in addition to the SGLI premium.

Table 4 shows the monthly and annual premiums paid by members participating in the SGLI program while excluding the TSGLI add-on. The maximum cost (for \$400,000 coverage) is \$312 per year. These premiums were set at the current level effective September 1, 2005. SGLI costs \$0.065 per \$1,000 of coverage each month.

The SGLI program became effective on September 29, 1965. Table 5 shows that Congress has sporadically increased the maximum coverage (initially set at \$10,000 and currently at \$400,000).

P.L. 109-13 increased the maximum amount of coverage for SGLI/Veterans Group Life Insurance to \$400,000 effective September 1, 2005. According to the Veterans Benefit Administration (VBA), the 100 percent participation rate for 2005

13. Author's discussion with Office of the Secretary of Defense, Office of Family Policy.

14. <https://www.insurance.va.gov/sgliSite/TSGLI/TSGLI.htm>.

Table 4. SGLI Coverage and Premiums

Coverage Amount	Monthly Premium	Annual Premium
\$ 50,000	\$ 3.25	\$ 39.00
100,000	6.50	78.00
150,000	9.75	117.00
200,000	13.00	156.00
250,000	16.25	195.00
300,000	19.50	234.00
350,000	22.75	273.00
400,000	26.00	312.00

Source: VA.gov (<http://www.insurance.va.gov/sglisite/sgli/sglipremiums.htm>)

Table 5. Maximum SGLI Coverage Amounts and Effective Dates

Effective Date	Maximum Coverage
09/29/1965	\$ 10,000
06/25/1970	15,000
05/24/1974	20,000
12/01/1981	35,000
01/01/1986	50,000
04/06/1991	100,000
12/01/1992	200,000
04/01/2001	250,000
09/01/2005	400,000

Source: VA Insurance website (<http://www.insurance.va.gov/sglisite/legislation/legislation.htm>)

in Table 6 is an anomaly.¹⁵ All active and reserve members (those who had SGLI coverage and those who previously declined coverage) were automatically covered for \$400,000 and had to decline or request a reduced amount.¹⁶

Table 6. SGLI Coverage and Payments by Year

	2005	2006	2007	2008	2009
Death Claims Paid					
Active	1,979	2,023	2,727	1,709	1,583
Reserve	570	616	669	593	675
Active average payment (\$ in thousands)	\$248.3	\$384.0	\$389.6	\$380.7	\$380.4
Reserve average payment (\$ in thousands)	\$222.5	\$247.9	\$350.9	\$355.5	\$358.6
SGLI Participation					
Total active	1,505,295	1,503,419	1,496,246	1,498,332	1,530,291
Total reserve	752,081	754,855	742,456	751,478	766,242
Average active rate	100.0%	99.2%	99.1%	99.0%	99.0%
Average reserve rate	100.0%	94.1%	94.1%	93.1%	93.1%
Active % with max coverage	100.0%	96.7%	95.2%	94.3%	93.6%
Reserve % with max coverage	100.0%	90.8%	85.1%	85.9%	85.7%
SGLI Premiums					
Total active premiums (\$ in millions)	\$288.4	\$464.2	\$482.5	\$465.8	\$454.2
Total reserve premiums (\$ in millions)	\$139.7	\$239.2	\$235.4	\$255.3	\$221.5
Average per person per year	\$174	\$289	\$303	\$293	\$284

Source: The Department of Veteran Affairs Regional Office & Insurance Center (VAROIC) in Philadelphia

15. Interview with Vince Markey, Insurance Service Program Management Chief at the VBA.

16. SGLI benefits for reserve component members are discussed in detail below.

Family Servicemembers' Group Life Insurance

The Family Servicemembers' Group Life Insurance (FSGLI) is a program designed for spouses and dependent children of members insured under the SGLI program. FSGLI provides the following:

- ❖ maximum of \$100,000 of insurance coverage for spouses, requiring a premium payment by the member
- ❖ automatic \$10,000 coverage for dependent children at no cost to the member

If a member is married to another member, both can be insured under the FSGLI and SGLI programs at the same time, for a maximum coverage amount of \$500,000 each.

Unpaid Compensation

The designated beneficiary will collect all unpaid compensation that was due to the service member on the date of death. This compensation includes any remaining bonus annuity payments and payment for unused accrued leave. If the designated beneficiary is unavailable to collect, then unpaid compensation will be paid to the next of kin.

Transition Assistance

Basic Allowance for Housing

Survivors are granted rent-free government housing or the tax-free Basic Housing Allowance or Overseas Housing Allowance. This benefit has been extended from 180 days to 365 days. The 365-day privilege can be a mixture of government and private housing. In order for a survivor to receive BAH, the member must have been eligible to receive those allowances for dependents at the time of death.

Income Replacement

Dependency and Indemnity Compensation

Dependency and Indemnity Compensation is a non-taxable monthly annuity payment administered by the VA. Surviving spouses and dependents must be unmarried in order to receive DIC. This benefit is indexed to inflation (COLA adjusted) and currently pays \$1,154 to surviving spouses. If the spouse remarries after 57, she will remain eligible for DIC payments.

Post-9/11 GI Bill: Marine Gunnery Sergeant John David Fry Scholarship

Public Law 111-32, the Marine Gunnery Sergeant John David Fry Scholarship, amends the Post-9/11 GI Bill (chapter 33) to include the children of service members who die in the line of duty after September 10, 2001. The benefit is effective August 1, 2009 (the same day the Post-9/11 GI Bill took effect). Eligible children attending school may receive up to the highest public, in-state undergraduate tuition and fees, plus a monthly living stipend and book allowance under this program.¹⁷

The Post-9/11 GI Bill represents a substantial increase in educational benefits:

- ❖ Tuition and fees paid directly to the school not to exceed the maximum in-state tuition and fees at a public institution of higher learning (see chart listing maximum in-state tuition rates).
- ❖ For more expensive tuition, a program exists which may help to reimburse the difference. Called the “Yellow Ribbon Program,” this program allows institutions of higher learning (degree-granting institutions) in the United States to voluntarily enter into an agreement with VA to fund tuition expenses that exceed the highest public in-state undergraduate tuition rate.
- ❖ A monthly housing allowance based on the Basic Allowance for Housing for an E-5 with dependents at the location of the school.
 - For those attending foreign schools (schools without a main campus in the United States), the BAH rate is fixed at \$1,347.00 for 2011.
- ❖ An annual books and supplies stipend of \$1,000 paid proportionately based on enrollment.
- ❖ A one-time \$500 rural benefit payment for individuals who reside in a county with six persons or fewer per square mile (as determined by the most recent decennial census), and who relocate to attend school.

Survivors and Dependents Education Assistance (DEA)

The program offers up to 45 months of education benefits to the spouse or child of:

- ❖ A veteran who died or is permanently and totally disabled as the result of a service connected disability. The disability must arise out of active service in the armed forces.
- ❖ A veteran who died from any cause while such service connected disability was in existence.

17. See VA website (http://www.gibill.va.gov/documents/Fry_Scholarship.pdf).

- ❖ A member missing in action or captured in the line of duty by a hostile force.
- ❖ A member forcibly detained or interned in the line of duty by a foreign government or power.
- ❖ A member who is hospitalized or receiving outpatient treatment for a service connected permanent and total disability and is likely to be discharged for that disability. This change is effective December 23, 2006.¹⁸

DEA benefits can be combined with the GI Bill or Post 9/11 GI Bill (which both offer 36 months of benefits). Only one benefit can be used at a time, and the total months of education assistance cannot exceed 45 months.

Social Security Benefits

Monthly Social Security payments are based on the length of time the service member has served and the amount of payroll deductions towards the Federal Insurance Contributions Act (FICA). The survivor receives a percentage (usually 75 percent to 100 percent) of the basic Social Security benefit. The percentage depends on the age and the type of benefit for which the deceased is eligible. The most typical situations are as follows:

- ❖ widow or widower, age 65 or older: 100 percent
- ❖ widow or widower, age 60 to 64: 71–94 percent
- ❖ widow, any age, with a child under age 16: 75 percent, or
- ❖ children: 75 percent

However, there is a limit to the amount of money that can be paid each month to a family (surviving spouse plus children). The limit varies, but is generally equal to about 150 to 180 percent of the benefit rate. If the total family benefits are above this limit, the family's benefits will be reduced proportionately. There were no major updates to Social Security benefits since the last report.

Survivor Benefit Plan

Survivors of members who die on active duty may be eligible for a portion of the member's retirement compensation under the Survivor Benefit Plan. The National Defense Authorization Act for FY 2002 (NDAA02, P.L. 107-107, December 28, 2001) retroactively applied this benefit to all active duty deaths occurring on or after September 10, 2001. The SBP is paid to the member's spouse (or children if there

18. See VA website: <http://gibill.va.gov/post-911/other-programs/dea.html>.

is no surviving spouse or the surviving spouse dies). Payments continue until the death or remarriage of the spouse, or until the member's children no longer qualify as dependents. The spouse will continue to be eligible to receive SBP if remarrying after age 55.

A member who dies in the line of duty is assumed to have retired at 100 percent disability on the day that the member died. The formula for the disability retirement annuity is:

$$\text{Retired Pay Base} * \text{Multiplier \%}$$

The pay base is either highest year's basic pay or high-three average for members who entered after September 7, 1980. The multiplier may be based either on the usual years-of-service calculation (YOS * .025) or on the degree of disability, but the disability calculation may not exceed 75 percent. In most cases, the annuity will always be equal to 75 percent of the retired pay base. However, in the case of individuals who have greater than 30 years of service, the cap is removed.¹⁹ SBP benefits are equal to 55 percent of what the retired member's pay would have been.

Formerly, the Survivor Benefit Plan annuity was reduced from 55 to 35 percent by Social Security once a beneficiary reached age 62 and was eligible to receive Social Security benefits. The National Defense Authorization Act of 2005 established a phase out of that policy.

The phase out increased the SBP percentage as follows:

- ❖ 45 percent in April 2006
- ❖ 50 percent in April 2007
- ❖ 55 percent in April 2008

The Survivor Benefit Plan is offset dollar for dollar by Dependency Indemnity Compensation; however, the National Defense Authorization Act for Fiscal Year 2008 created the Special Survivor Indemnity Allowance to repay a part of that offset. In 2009, this repayment was increased beginning in 2014. P.L. 111-31, June 22, 2009 amended the SSIA to increase by:

- ❖ \$150 in fiscal year 2014
- ❖ \$200 in fiscal year 2015
- ❖ \$310 in fiscal year 2016

19. <http://www.gpo.gov/fdsys/pkg/PLAW-111publ383/pdf/PLAW-111publ383.pdf>.

The SSIA offset is scheduled to end on October 1, 2017 if not extended by Congress.

The following section summarizes current legislative initiatives regarding survivor benefits, and many of them seek to eliminate the SBP-DIC offset. Proponents of eliminating the offset have argued that the two benefits are for different purposes and, hence, should both be available to eligible survivors. SBP compensates for retirement credit that the member earned but could not collect, while DIC is income replacement for survivors and is based, in part, on the family situation (number and ages of children, for example).

However, there are counterarguments to repealing the offset. Both DIC and SBP are annuities provided by the federal government to survivors of active duty members; there is no precedent within the government (or among other employers) for providing two annuities. Moreover, the analysis below (see Table 14 and Table 15) shows that the current package of benefits is already comparable to or more generous than the set of benefits provided by other employers, and this change would make it even more generous.

Pending Military Survivor Benefit Legislation

Survivor benefits are an area in which Congress has demonstrated a high level of interest. A number of bills are active in the House and Senate that affect various aspects of benefits provided to survivors of members who die while on active duty. Table 7 highlights some pending legislative initiatives.

Table 7. Pending Military Survivor Benefit Legislation

Current Legislation		Purpose	Status	Latest Action
SBP-DIC Offset	H.R. 178	Would end the SBP-DIC Offset	Both bills referred to respective Armed Services Committees	Referral, in committee
	S. 260			Referral, in committee
Military Retiree Survivor Comfort Act	H.R. 493	Would forgive any overpayment of military retired or retainer pay for any period after the death of the recipient	Referred to the Committee on Armed Services	Referral, in committee

Source: <http://thomas.loc.gov/home/thomas.php>

Benefits Available from Private Trusts, Foundations, and Nonprofit Organizations

Survivors may also receive assistance from non-governmental sources. There are a variety of private (generally nonprofit) organizations that offer counseling services, financial aid, and other help to families of members killed on active duty. These groups also may act as survivor advocates, lobbying the federal government for changes in benefits.

As the level and types of benefits offered varies across organizations, so too do the eligibility requirements. We did not consider these benefits as a part of the military benefits package when assessing the overall adequacy of survivor benefits. DOD cannot rely on these private organizations to provide the benefits, because it exerts no control over the program features and eligibility requirements.

Table 8 offers a list of selected organizations that offer this type of support, along with a brief description of the services and benefits available from each. Other organizations that are not included on this list, but that may also provide some benefits, include veterans' advocacy organizations like the Military Officers

Table 8. Selected Private Organizations Offering Survivor Support

Organizations	Descriptions
Army Emergency Relief	Offer emergency assistance for dependents/survivors of active duty members. Assistance includes money loans, help applying for pensions, insurance, and other survivor benefits.
Navy-Marine Corps Relief Society	
Air Force Aid Society	
Tragedy Assistance Program for Survivors Inc. (TAPS)	Offers support, free of charge, to anyone affected by an active duty death. TAPS' services include a national peer support network, grief counseling referral service, crisis intervention, and caseworker assistance.
The Society of Military Widows (SMW)	Serves the interests of women whose husbands died while on active duty.
Gold Star Wives of America	Provides support services, not including financial, to the wives of deceased service members. Also acts as a lobbyist group.
Veterans' Widows International Network, Inc.	Supports veterans and retiree widows.
The Military Widows Gazette	A newspaper for widows that provides legislative news and information regarding survivor benefits.
The Widowed Information and Consultation Service	Provides grief counseling to widows.
American Red Cross	Provides assistance in applying for federal and state benefits for survivors.

Association of America (MOAA), the Retired Enlisted Association (TREA), and the Association of the United States Army (AUSA).

Reserve Component Benefits

Greater use of reservists in a mobilized status increases the likelihood that they will die on active duty. In most cases, the benefits package available to the survivors of reservists does not differ significantly from the benefits available to survivors of active duty personnel. Benefits such as TRICARE and the Reserve Component Survivor Benefit Plan are more flexible in order to accommodate the unique circumstances of reservists. The reason for this flexibility is to accommodate survivors who may not live close to a military installation.

Immediate Income Assistance

Reservists on active duty, active duty for training, or inactive duty training are generally eligible for the same benefits available to active duty members. This includes the death gratuity, burial benefits, and the Social Security Lump-Sum. Some of these benefits do require a line of duty determination, which is adjudicated differently for reservists (discussed below).

Transition Benefits

The transition assistance available to reservists who die while on active duty for more than 30 days is consistent with the benefits available to active duty members. In general, if the reservist was eligible for the benefits at the time of death, his survivors will be eligible as well. This includes counseling, TRICARE, BAH, and SGLI. Survivors have a choice of remaining on their current TRICARE plan or using TRICARE Prime. More limited transition assistance is available to the survivors of members who die while serving fewer than 30 days.

BAH

Continued housing benefits are not available for those who die while serving on drill status.²⁰ There is an exception: according to 37 U.S.C. 101(18), active duty includes members on active duty for annual training irrespective of the duration specified in their orders. In this case, 37 U.S.C. (403) (l) specifies continued BAH for 365 days to a member on active duty which, as previously defined, includes those on annual training with orders less than 30 days.²¹ One note is the lack of clear documentation regarding reserve-specific transition assistance on official web sites.

20. <http://myarmybenefits.us.army.mil/Home.html>.

21. http://www.law.cornell.edu/uscode/html/uscode37/usc_sup_01_37_10_7.html.

TRICARE Reserve Select

TRICARE Reserve Select provides transitional assistance for six months and is available to survivors of reserve members who were enrolled in the TRICARE Reserve Select program at the time of death.²² If the survivor was not currently on TRICARE Reserve Select, but the member was covered by it, the survivor will be eligible to purchase TRICARE Reserve Select for six months, as long as he/she does so within 60 days of the member's death.²³ If the death was determined to be line of duty, the survivor will be eligible for the VA-administered Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA). Survivors of reservists who die while serving more than 30 days are eligible for TRICARE Prime, but may elect to use TRICARE Standard if, for example, their current medical service provider does not belong to the TRICARE Prime network. If the reservist was eligible to receive benefits such as TRICARE and BAH, the member's survivor will also be eligible to receive them as transition assistance.

Servicemembers' Group Life Insurance

SGLI coverage is available full time to reservists scheduled to drill at least 12 times a year and available part time to those who do not qualify for full-time coverage (such as the Individual Ready Reserve). Premiums for reservists receiving full-time coverage are the same as active duty. For part-time SGLI participants, the premium is \$26.00 per year for \$400,000 of coverage. Members in the Individual Ready Reserve are charged \$1.00 for \$400,000 of coverage for one day call-ups.²⁴

Income Replacement

Survivors of reservists who die on active duty are eligible for the same income replacement benefits as survivors of active duty members. This includes DIC, SBP, and Social Security. There is, however, a separate Survivor Benefit Plan—the Reserve Component Survivor Benefit Plan—available to reservists who are eligible for retirement and for those who die while on inactive duty training.

Reserve Component Survivor Benefit Plan

The Reserve Component Survivor Benefit Plan is similar to the Survivor Benefit Plan in that it provides an annuity to survivors based on retired pay. It differs in that it calculates the annuity as a function of reserve retirement pay.

22. TRICARE website (<http://www.tricare.mil/mybenefit/>).

23. <http://www.humana-military.com/library/pdf/trs-handbook>.

24. VA website (<http://www.insurance.va.gov/sgliSite/handbook/handbookch1.htm#101>).

In other words, the base amount differs, not the actual calculation. It is also more flexible, giving reservists the ability to elect one of the following options:

- A. Decline to make an election until attaining the eligibility age to begin receiving retired pay.
- B. The annuity will begin upon the member's death or upon the date the member would be eligible to receive retirement pay—whichever is later.
- C. The annuity will begin immediately upon the member's death, regardless of the member's age when the death occurs.

Reserve Component members are eligible to elect RC-SBP for a spouse, former spouse, or dependent child upon notification of eligibility to receive retired pay, sometimes referred to as the 20 year letter. A member cannot decline coverage without spousal consent. If no election is made within 90 days from the issuance of the 20 year letter, the member is automatically enrolled in option C.

Death Due to Service Connected Disability 120 days after discharge

Active duty survivor benefits are available to survivors of members who die of a service connected disability within 120 days of discharge. In this section we use the term *veteran* to refer to anyone who dies of a service connected disability or disease more than 120 days after discharge. The type of benefits available depends on whether or not the veteran is vested in the retirement system. Benefits available to those vested in the retirement system include:

- ❖ SBP
- ❖ RC-SBP
- ❖ TRICARE Retired Reserve

However, members who are not vested in retirement, and who die of a service connected disability, or are rated totally disabled by the VA at the time of death, are eligible for comparable benefits from the VA:

- ❖ DIC
- ❖ CHAMPVA

It is important to note, however, that it is unlikely that a member with service connected disabilities severe enough to lead to death would be discharged without disability retirement. Disability retirement is available to members who were found

unfit to perform the duty of their office, grade, rank, or rating because of a physical disability incurred while receiving basic pay. In order to qualify for disability retirement, the member must have 20 years of good service or a disability rating of 30 percent under the standard schedule of disability ratings used by the VA.²⁵ Pay is calculated by multiplying retired base pay by one of two multipliers:

- ❖ the percentage of disability assigned or
- ❖ the years of credible service times 2.5 percent

In either case the multiplier cannot exceed a multiplier of 75 percent. There is one exception to the 75 percent cap. In the case of those who have greater than 30 years of service and who retire for disability, the years of service cap is removed (See P.L. 111-383 Sec. 631).²⁶

Members unfit to perform their duties, but with less than 20 years of good service and a disability rating below 30 percent, may be separated for physical disability under 10 U.S. Code, section 1203 or Section 1206. Severance pay is calculated as years of service multiplied by twice the amount of monthly basic pay. However, the minimum years of service for this computation are six years if the disability occurred in the line of duty in a combat zone, and three years otherwise.²⁷ In addition a member separated for a physical disability could be entitled to receive COLA-adjusted monthly disability compensation from the Department of Veterans Affairs.

Veteran Benefits

Immediate Income Assistance

There is no death gratuity for survivors of any veteran (reserve or active) who dies of a service connected disability. Social Security provides a lump-sum payment, while burial benefits are provided by the VA. For service connected deaths, the VA will reimburse up to \$2,000. The VA will also pay \$300 for burial expenses for a veteran whose death is not service connected, if that veteran was entitled to receive disability pension or compensation at the time of death.

25. Further details can be found at (http://www.law.cornell.edu/uscode/10/usc_sec_10_00001201----000-.html).

26. <http://www.gpo.gov/fdsys/pkg/PLAW-111publ383/pdf/PLAW-111publ383.pdf>.

27. Further details can be found at (http://www.law.cornell.edu/uscode/10/usc_sec_10_00001212----000-.html).

Transition Benefits

The VA provides virtually all of the transition benefits to veterans. For service connected deaths, transition assistance includes bereavement counseling, medical care for those ineligible for TRICARE, as well as financial counseling to SGLI/VGLI beneficiaries. These benefits are also available to those who die of a non-service connected death, but were rated totally disabled by the VA at the time of death.

Income Replacement

Retirees (whether active or reserve) are eligible to elect the Survivor Benefit Plan. However, survivors of veterans who are not vested and die of a service connected disability will be eligible to receive Dependency Indemnity Compensation as well as Social Security benefits. The VA will also provide education assistance to survivors.

Table 9 shows the benefits available to survivors of veterans from DOD and the VA based on type of service and discharge. See Appendix 12-3 for a complete list of benefits and their qualification criteria.

Table 9. Benefits Available to Survivors of Veterans by Status

Death occurs more than 120 days after discharge							
Active		Active Retired		Reserve		Reserve Retired	
DOD	VA	DOD	VA	DOD	VA	DOD	VA
	DIC		DIC		DIC		DIC
	Burial expenses	SBP	Burial expenses		Burial expenses	RC-SBP	Burial expenses
	Education assistance		Educational assistance		Educational assistance		Educational assistance
	CHAMPVA	TRICARE	CHAMPVA ^a		CHAMPVA	TRICARE	CHAMPVA ^a
	VGLI		VGLI		VGLI		VGLI

a. Those that for some reason are ineligible to receive TRICARE will be covered under CHAMPVA. Source: VA benefits website (<http://www.vba.va.gov/bln/dependents/spouse.htm>)

Line of Duty Determination

There is a difference in the wording used to describe eligibility for reservists and active duty personnel. Reservists who die on active duty are generally presumed to have died in the line of duty. However, off duty reservists and reservists who die while on duty for fewer than 30 days are generally required to receive a line of duty determination in order to qualify for benefits such as the death gratuity. This differs from the active duty process, where the member is considered to be on duty 24/7. It is also important to note that the burden to obtain a line of duty determination often rests on the member's survivors.

For example, special rules apply to reservists in determining eligibility for the death gratuity. As stated in 10 U.S. Code 1480 (Chapter 75):

(c) For the purposes of section 1475 (a)(3) of this title, the Secretary concerned shall determine whether the decedent was authorized or required to perform the duty or training and whether or not he died from injury so incurred. For the purposes of section 1476 of this title, the Secretary of Veterans Affairs shall make those determinations. In making those determinations, the Secretary concerned or the Secretary of Veterans Affairs, as the case may be, shall consider—

1. the hour on which the Reserve began to travel directly to or from the duty or training;
2. the hour at which he was scheduled to arrive for, or at which he ceased performing, that duty or training;
3. the method of travel used;
4. the itinerary;
5. the manner in which the travel was performed; and
6. the immediate cause of death.

In cases covered by this subsection, the burden of proof is on the claimant.

Our analysis highlights a possible case where a reservist and an active duty member could die under exactly the same circumstances, yet their survivors would receive different benefits. For example, if a reservist with orders for fewer than 30 days of active duty dies of a heart attack while remaining at a hotel at or in the vicinity of the site of duty or training, the above criteria would be used to make an eligibility determination. If the medical condition leading to the heart attack is found to be non-duty related, the reservist's manner of death is likely to render possible survivors ineligible to receive the death gratuity. However, an active duty member could die of a heart attack in a similar situation and likely remain eligible for the full range of benefits.

For deaths that take place within 120 days after discharge U.S. Code 1476 title 10 Chapter 75 states that a determination is not necessary for a survivor to be eligible for the death gratuity:

(a)

(1) Except as provided in section [1480](#) of this title, the Secretary concerned shall pay a death gratuity to or for the survivors prescribed in section [1477](#) of this title of each person who dies within 120 days after discharge or release from—

(A) active duty; or

(B) Inactive duty training (other than work or study in connection with a correspondence course of an armed force or attendance, in an inactive status, at an educational institution under the sponsorship of an armed force or the Public Health Service).

(2) A death gratuity may be paid under paragraph (1) only if the Secretary of Veterans Affairs determines that the death resulted from an injury or disease incurred or aggravated during—

(A) the active duty or Inactive duty training described in paragraph (1); or

(B) travel directly to or from such duty.

(b) For the purpose of this section, the standards and procedures for determining the incurrence or aggravation of a disease or injury are those applicable under the laws relating to disability compensation administered by the Department of Veterans Affairs, except that there is no requirement under this section that any incurrence or aggravation have been in line of duty.

(c) This section does not apply to the survivors of persons who were temporary members of the Coast Guard Reserve at the time of their death.

Thus, a line of duty determination is not needed for the death gratuity; however, U.S. Code 1448 Chapter 73 Title 10, which details the eligibility criteria for the Survivor Benefit Plan, clearly states that a line of duty determination is necessary:

(d) Coverage for Survivors of Members Who Die on Active Duty.—

(1) Surviving spouse annuity.— Except as provided in paragraph (2)(B), the Secretary concerned shall pay an annuity under this subchapter to the surviving spouse of—

(A) a member who dies while on active duty after—

(i) becoming eligible to receive retired pay;

- (ii) qualifying for retired pay except that the member has not applied for or been granted that pay; or
- (iii) completing 20 years of active service but before the member is eligible to retire as a commissioned officer because the member has not completed 10 years of active commissioned service; or
- (B) a member not described in subparagraph (A) who dies in line of duty while on active duty.

According to the Disability Evaluation System (DES), which is used to determine if an injury or disease was line of duty, the circumstances in which an active duty member's injury is presumed to be line of duty are as follows:

1. Disease (with exceptions);
2. Injuries clearly incurred as a result of enemy action or attack by terrorists;
3. Injuries while passenger in common commercial or military carriers.

In the case of the reservist, however, a line of duty determination is required for an injury or illness incurred while performing duty of 30 days or less, while traveling directly to or from the place at which such duty is performed, or while remaining overnight between successive periods of inactive duty training (IDT), at or in the vicinity of the site of the IDT if the site is outside reasonable commuting distance from the member's residence.²⁸

The Survivor Benefit Plan is contingent on a line of duty determination, and while the death gratuity does not require a line of duty determination (U.S. Code 1476 title 10 Chapter 75 (b)), eligibility must still be established. It is possible that the separate language used for reservists in both of these benefits could lead to inconsistent adjudication. For a complete list of benefits and their eligibility criteria see Appendix 12-3.

Other Employers' Survivor Benefits

Other employers offer comparable types of survivor benefits for workers who die in the line of duty, although the criteria for eligibility and levels of compensation vary widely. This section provides a brief review of the benefits offered to federal civilian employees and workers in the private sector.

28. <http://www.dtic.mil/whs/directives/corres/pdf/133238p.pdf> (see E3.P4.4.1.2).

Federal Employees' Group Life Insurance

Employees may supplement the basic coverage (Table 10). Option A adds \$10,000 in coverage, while Option B adds a multiple of 1, 2, 3, 4, or 5 to annual basic pay. Under Option B, an employee could potentially have as much as \$750,000 in Federal Employees' Group Life Insurance (FEGLI) coverage. Option C adds family coverage. Proceeds of FEGLI policies are not taxable as income to the beneficiary. According to the Office of Personnel Management, about 83 percent of all Work Schedule employees have Basic FEGLI coverage. About 33 percent of employees take Option A coverage and nearly 42 percent take Option B.

Table 10. Extent of FEGLI Coverage, September 2006

Type of FEGLI Coverage	Number of Work Schedule Employees	Percentage of Total Work Schedule Employees
Basic	1,770,634	83.80%
Ineligible	112,330	5.30
Waived	230,789	10.90
Standard (Option A)	553,868	26.20
Family (Option C)	534,232	25.30
Additional (Option B)	733,882	34.70
1 Multiple	98,793	4.70
2 Multiples	117,913	5.60
3 Multiples	105,749	5.00
4 Multiples	44,907	2.10
5 Multiples	366,520	17.30
FEGLI Unspecified	227	0.00
Total	2,113,980	100.00

Note: The totals may not add up because individuals who have Standard, Family, and Additional may also have basic. 2006 was the most recent publicly available data at the time this chapter was written.

Source: The Office of Personnel Management

Private Sector Survivor Benefits

Table 11 demonstrates that the most common survivor benefit for private sector employees is life insurance. Over half of all employees receive some sort of life insurance benefit; for establishments with 100 or more workers, the coverage rate is 75 percent.

Table 11. Percent of Workers Participating in Survivor Benefits, by Worker and Establishment, 2009

Survivor Benefits (Percent Participating)			
	Life Insurance	AD&D ^a	Survivor Income Benefits
Characteristics			
Total	56%	41%	2%
Worker characteristics:			
Management, professional, related	76	58	3
Sales and office	56	39	2
Blue-collar/service employees	44	36	2
Full time	71	50	2
Part time	13	8	1
Establishment characteristics:			
1-99 workers	40	24	2
100 workers or more	75	62	3

a. Accidental Death and Dismemberment (AD&D)

Source: Bureau of Labor and Statistics (http://www.bls.gov/ncs/ebs/benefits/2010/benefits_life.htm)

Table 12 provides some more detailed coverage data for full-time employees of medium and large private establishments. The Bureau of Labor Statistics (BLS) survey data reported here are for 2009; they show that about 55 million employees of these establishments had at least a basic life insurance benefit. Over half (57 percent) received a coverage amount based on a multiple of salary and wages. The rest were covered for a flat dollar amount. Most also had supplemental coverage available, but few (13 percent) required an employee contribution.

Table 12. Life Insurance Provisions for Full-Time Employees, Medium/Large Private Establishments, 2010

Item	All Employees	Prof., Tech., and Related Employees	Clerical and Sales Employees	Blue-Collar and Service Employees
Number (in thousands) with basic life insurance	55,316	23,948	28,062	25,274
Percent with:				
Multiple of earnings benefit	60%	74%	72%	36%
Dollar amount benefit	38%	25%	27%	63%
Supplemental coverage available	59%	71%	67%	47%
Required employee contribution	13%	13%	16%	11%
Number (in thousands) with multiple of earnings formula	33,190	17,722	20,205	9,099
Average multiple	1.3	1.4	1.3	1.3
Percent with multiples of:				
< 1.0	1%	1%	2%	1.5%
1.0 – 1.09	61%	57%	65%	60%
1.1 – 1.9	12%	12%	10%	14%
2.0 – 2.9	22%	25%	20%	22.5%
> 2.0	4%	5%	4%	2.5%
Number (in thousands) with flat dollar amount of insurance	12,612	5,987	7,577	15,923
Average flat dollar amount	\$21,800	\$42,766	\$22,792	\$16,560

Source: Bureau of Labor and Statistics (http://www.bls.gov/ncs/ebs/benefits/2010/benefits_life.htm)

Comparison Tables

Immediate Income Assistance

Benefits such as DIC and SBP are indexed to inflation or COLA adjusted. The death gratuity has seen sporadic increases from Congress, yet loses value during interim periods. The civilian sector typically ties lump-sum payments and life insurance to wages, providing an automatic increase. Historically, Congress has determined that the death gratuity is an emergency fund and is effectively unrelated to the member’s pay. If DOD would rather maintain a single gratuity amount, the annuity could simply be adjusted annually to reflect the increase in either consumer prices or civilian wages.

Figure 1 illustrates the impact of tying the death gratuity to increases in the Consumer Price Index. Assuming that the latest adjustment to \$100,000 was the “correct” level when established at the beginning of FY 2005, we constructed a gratuity level that has grown with CPI since 1984. Note that actual increases occur infrequently. Consequently, the real value of the gratuity declines substantially between adjustments.

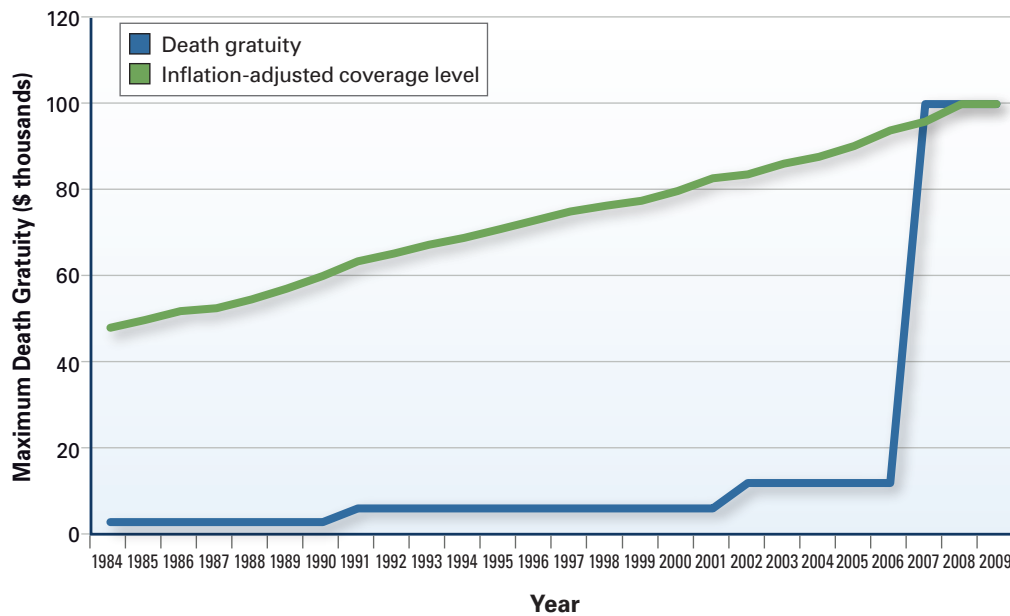


Figure 1. Actual vs. Indexed Death Gratuity by Fiscal Year

Transition Benefits

Military transition benefits also compare favorably with those offered by other employers. All services immediately assign another member as the Casualty Assistance Officer who will help the survivors navigate through the initial period of adjustment after the death of a member. Additionally, survivors receive a housing allowance or in-kind housing for a transition period. They are also eligible for reimbursement of moving costs and for continued medical and dental coverage under the TRICARE program.

The array of transition benefits for military survivors are, generally, more extensive than those offered to other survivors. The improvements to transition benefits since the last report has not significantly altered the adequacy of the program compared to other employer benefits.

Income Replacement

If military members were eligible for FEGLI rather than SGLI, senior members would be eligible for higher levels of insurance, while many enlisted personnel would face substantially lower caps. Table 13 contains a hypothetical illustration for two active duty members—an O-5 at YOS 18 and an E-6 at YOS 14. The O-5 could conceivably buy coverage to a maximum of \$533,000 under FEGLI. However, the E-6 could only purchase \$322,000 of insurance. Also, the cost per \$1,000 of coverage would be significantly higher under FEGLI.

As we saw earlier in the discussion about the death gratuity, SGLI coverage levels have changed only sporadically over time. The real level of income coverage will decay substantially between adjustments, as illustrated in Figure 2. Again assuming

Table 13. Comparison of SGLI and FEGLI

	Officer Example		Enlisted Example	
	O-5	GS-11	E-6	GS-5
Pay grade	O-5	GS-11	E-6	GS-5
YOS	18		14	
Annual pay	\$89,870	\$65,371	\$37,913	\$35,657
	SGLI	FEGLI	SGLI	FEGLI
Maximum coverage	\$400,000	\$533,000	\$400,000	\$322,000
Maximum coverage as percent of salary	445%	815%	1055%	903%
Monthly premium	\$26.00	\$84.95	\$26.00	\$38.66

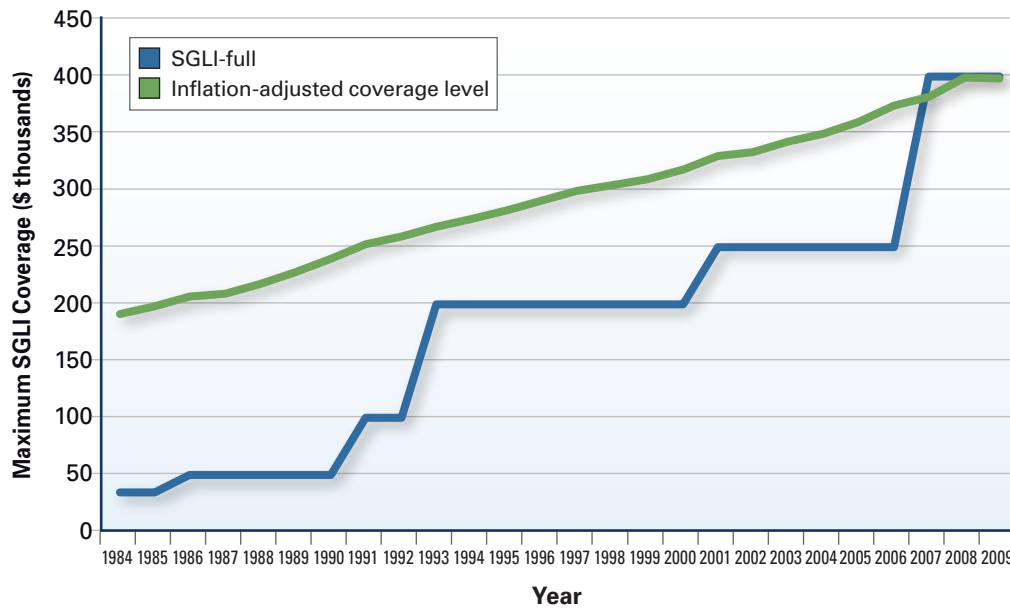


Figure 2. Actual versus Indexed SGLI by Fiscal Year

that the latest SGLI coverage adjustment in 2005 set it to the “correct” level, we estimated what the coverage level should have been across fiscal years to provide the same level of income replacement.

Table 14 and Table 15 show the cash compensation for each hypothetical employee’s survivors. Benefits are grouped by category; the benefit type column denotes whether it is a lump-sum or an annuity. We assumed in each case that spouses do not remarry, in order to show what the maximum level of benefits over a lifetime would be. We discount all future-year benefits by 15 percent; we did not attempt to attach a monetary value to non-cash benefits or tax benefits. See Appendix 12-4 for sources for Tables 14–17. See Appendix 12-5 for a comparison across death benefit categories.

In Table 14 we compare an active duty O-5 (AD O-5), a reserve O-5 (R O-5), a government employee at the GS-11 pay grade, a government contractor who is assumed to be receiving pay equivalent to a GS-12, and a police officer at the GS-12 level. The reservist is assumed to have a civilian job that—in addition to drill pay—provides a salary at the GS-11 schedule. In Table 15 we compare an active duty E-6 (AD E-6), and a reserve E-6 (R E-6). We reduce the GS-11 employee to a GS-5, and the government contractor and police officer to GS-6.

Table 14. Comparison of Cash Benefits for Line of Duty Deaths (Officers)

	Type	AD O-5	R O-5	GS-11	Contractor	Police
Employee Characteristics						
Annual Salary		\$89,870	\$80,944	\$65,371	\$78,355	\$72,213
Drill Pay			\$15,573			
Age		39	39	39	39	39
DOB		1972	1972	1972	1972	1972
YOS		17	17	17	17	17
Spouse age		37	37	37	37	37
Spouse life expectancy		43	43	43	43	43
Children age		14	14	14	14	14
Immediate Income Assistance						
Death Gratuity	L	\$100,000	\$100,000	\$9,000		\$75,000
Funeral benefits	L	\$8,800	\$8,800	\$1,000	\$1,000	\$11,000
Social Security Lump-Sum	L	\$255	\$255	\$255	\$255	\$255
Transition Benefits						
BAH	L	\$28,008	\$28,008			
Income Replacement						
DIC						
With children	A	\$20,712	\$20,712			
First 2 years	A	\$23,712	\$23,712			
Without children	A	\$13,848	\$13,848			
Social Security						
Annual	A	\$44,436	\$42,540	\$38,915	\$41,981	\$40,681
Annual 62+	A	\$25,392	\$24,300	\$22,224	\$23,977	\$23,161
Retirement Lump-Sum	L			\$62,408		\$144,425
SBP						
Child SBP (without offset)	A	\$37,072	\$37,072			
Life Insurance	L	\$400,000	\$400,000	\$399,671	\$186,685	\$244,425
AD&D Insurance				\$68,000	\$109,697	
Workers' Comp. with child					\$10,256	\$7,461
Workers' Comp.					\$52,237	\$48,142
FECA						
With children				\$10,113		
Without children				\$32,686		
Annual 62+				\$26,804		
PSOB						\$318,312
Totals						
Lump Sum Payments		\$537,063	\$537,063	\$476,926	\$296,637	\$637,992
Annuities						
First 2 years		\$105,220	\$103,324			
Children		\$102,220	\$100,324	\$49,028	\$52,237	\$48,142
Without children		\$13,848	\$13,848	\$32,686	\$52,237	\$48,142
62+		\$39,240	\$38,148	\$49,028	\$23,977	\$23,161
Present Value of Benefits						
PV as % of Annual Salary		1229%	1352%	1208%	855%	1373%

Note: See Appendix 12-4 for source information.

Table 15. Comparison of Cash Benefits For Line of Duty Deaths (Enlisted)

	Type	AD E-6	R E-6	GS-5	Contractor	Police
Employee Characteristics						
Annual Salary		\$37,913	\$39,382	\$35,657	\$39,748	\$53,125
Reserve Pay			\$1,469			
Age		29	29	29	29	29
DOB		1982	1982	1982	1982	1982
YOS		11	11	11	11	11
Spouse age		27	27	27	27	27
Spouse life expectancy		54	54	54	54	54
Children age		8	8	8	8	8
Immediate Income Assistance						
Death Gratuity	L	\$100,000	\$100,000	\$9,000		\$75,000
Funeral benefits	L	\$8,800	\$8,800	\$1,000	\$1,000	\$11,000
Social Security Lump-Sum	L	\$255	\$255	\$255	\$255	\$255
Transition Benefits						
BAH	L	\$18,312	\$18,312			
Income Replacement						
DIC						
With children	A	\$20,712	\$20,712			
First 2 Years	A	\$23,712	\$23,712			
Without children	A	\$13,848	\$13,848			
Social Security						
Annual	A	\$30,320	\$29,717	\$28,535	\$30,092	\$35,573
Annual 62+	A	\$16,296	\$16,068	\$15,636	\$16,212	\$19,920
Retirement Lump-Sum	L			\$47,551		\$106,250
SBP						
Child SBP (without offset)	A	\$15,779	\$15,779			
Life Insurance	L	\$400,000	\$400,000	\$325,589	\$186,685	\$206,250
AD&D Insurance				\$38,000	\$55,647	
Workers' Comp. with child					\$0	\$0
Workers' Comp.					\$26,499	\$35,417
FECA						
With children				\$0		
Without children				\$17,829		
Annual 62+				\$11,107		
PSOB						\$318,312
Totals						
Lump Sum Payments		\$527,367	\$527,367	\$372,844	\$242,587	\$599,817
Annuities						
First 2 years		\$69,811	\$69,208			
Children		\$52,787	\$53,429	\$28,535	\$30,092	\$35,573
without Children		\$13,848	\$13,848	\$17,829	\$26,499	\$35,417
62+		\$30,144	\$29,916	\$26,743	\$16,212	\$19,920
Present Value of Benefits		\$891,631	\$893,353	\$560,903	\$571,900	\$1,018,044
PV as % of Annual Salary		2352%	2268%	1573%	1439%	1916%

Note: See Appendix 12-4 for source information.

How do military survivor benefits compare in cases that would not be considered line of duty deaths by other employers? Survivors would not receive workers compensation survivor benefits, Accidental Death and Dismemberment (AD&D) insurance and, in some cases, would receive a lower pension annuity. Additionally, the police officer’s survivors would not receive the Public Safety Officers’ Benefits Program (PSOB) benefit or the lump-sum payments from Arlington County or the Commonwealth of Virginia. Table 16 and Table 17 illustrate that, while active duty military benefits are unchanged, each of the other employers provides reduced benefits. Reservists would lose the death gratuity, DIC, and SBP and receive reduced transition assistance.

In Table 16, the present value of cash benefits in our examples drops by between \$183,000 (contractor) to \$466,000 (reserve O-5). For most employees, the total level of benefits was cut by approximately 30 percent; the police officer’s survivors, however, would see about a 44 percent reduction in benefits.

In Table 17, the benefits were reduced by between \$36,000 (contractor) and \$359,000 (police officer). The contractor only lost about 6 percent while the reserve E-6 and the police officer both saw a 35 percent reduction in benefits.

Table 16. Comparison of Cash Benefits for non-Line of Duty Deaths (Officers)

	AD O-5	R O-5	GS-11	Contractor	Police
Present value of benefits	\$1,104,677	\$627,891	\$593,705	\$486,424	\$551,089
PV as % of annual salary	1229%	810%	908%	621%	763%
Reduction in PV from line of duty benefits	0%	-43%	-25%	-27%	-44%

Note: See Appendix 12-4 for source information.

Table 17. Comparison of Cash Benefits for non-Line of Duty Deaths (Enlisted)

	AD E-6	R E-6	GS-5	Contractor	Police
Present value of benefits	\$891,631	\$582,787	\$500,840	\$534,953	\$658,481
PV as % of annual salary	2352%	1480%	1405%	1346%	1239%
Reduction in PV from line of duty benefits	0%	-35%	-11%	-6%	-35%

Note: See Appendix 12-4 for source information.

Comparison of Reserve, Veterans and Retirees

Table 18 reports the present value of cash benefits for hypothetical survivors of veterans who die more than 120 days after discharge.

The following hypothetical veterans are evaluated:

- ❖ a service connected O-5 (O-5)
- ❖ a service connected E-6 (E-6)
- ❖ a retired O-5 (RO-5)
- ❖ a retired E-6 (RE-6)

Reservists and active duty veterans who die are entitled to the same VA administered benefits: DIC, life insurance, medical, and education benefits. For those vested in the retirement system, the largest difference is the Survivor Benefit Plan and Reserve Component Survivor Benefit Plan. Both of these plans are a function of retired pay, and active duty members enjoy a more generous retirement system than reservists. However, those that die of a service connected disability are also eligible for dependency indemnity compensation, which makes up some or all of the difference. As a result, Table 18 does not distinguish between a veteran who served on active duty or in the reserves. See Appendix 12-6 for a summary of the comparison across survivor benefit categories.

The hypothetical situation underlying Table 18 has several assumptions:

- ❖ a discharged/retired O-5 earns pay comparable to a GS-11 government employee;
- ❖ a discharged/retired E-6 earns pay comparable to a GS-5 government employee;
- ❖ retired pay is calculated using the High 3 system; and
- ❖ deaths are considered to be service connected.

Table 18. Comparison of Cash Benefits by Type of Military Discharge

	Type	O-5	E-6	R O-5	R E-6
Employee Characteristics					
Annual salary		\$65,371	\$35,657	\$111,860	\$56,564
Drill Pay				\$46,489	\$20,907
Age		39	29	42	38
DOB		1972	1982	1969	1973
YOS		17	11	20	20
Spouse age		37	27	40	36
Spouse life expectancy		44	56	41.8	40.8
Children age		14	8	17	17
Immediate Income Assistance					
Death Gratuity	L	\$0	\$0	\$0	\$0
Funeral benefits	L	\$2,000	\$2,000	\$2,000	\$2,000
Social Security Lump-Sum	L	\$255	\$255	\$255	\$255
Transition Benefits					
BAH	L	\$0	\$0	\$0	\$0
Income Replacement					
DIC					
First 2 years	A	\$23,712	\$23,712	\$23,712	\$23,712
With children	A	\$20,712	\$20,712	\$20,712	\$20,712
Without children	A	\$13,848	\$13,848	\$13,848	\$13,848
Social Security					
Annual	A	\$38,904	\$27,434	\$48,455	\$35,783
Annual 62+	A	\$21,636	\$15,312	\$27,684	\$20,076
Retirement Lump-Sum	L				
SBP					
Spouse first 2 years				\$2,697	\$840
Spouse	A	\$0	\$0	\$5,697	\$840
Spouse without children		\$0	\$0	\$12,561	\$840
Life insurance	L	\$400,000	\$400,000	\$400,000	\$400,000
Totals					
Lump-Sum payments		\$402,255	\$402,255	\$402,255	\$402,255
Annuities					
First 2 Years with children		\$62,616	\$51,146	\$74,864	\$60,335
With children		\$59,616	\$48,146	\$74,864	\$57,335
Without children		\$13,848	\$13,848	\$26,409	\$14,688
62+		\$35,484	\$29,160	\$54,093	\$34,764
Present Value of Benefits					
PV as % of annual salary		1274%	2039%	886%	1313%

How do veteran's non-line of duty survivor benefits compare? Non-retirees will lose the DIC, but could still collect life insurance. Retirees will lose DIC and the SSIA, but SBP would be calculated without the DIC offset. All veterans would lose burial benefits. Benefits dropped from \$6,948 (RO-5) to \$169,624 (O-5). Table 19 illustrates that, on average, the retired members' benefits dropped 17 percentage points less than those not vested in retirement.

Table 19. Comparison of Cash Benefits by Status (not Line of Duty Death)

	O-5	E-6	R O-5	R E-6
Present value of benefits	\$663,306	\$573,312	\$981,405	\$685,779
PV as % of annual salary	1015%	1608%	877%	1212%
Reduction in PV from line of duty benefits	-20%	-21%	-1%	-8%

Summary

Our analysis examined the benefits available to survivors of military (reserve and active duty) personnel who die on active duty. We also looked at veterans who die more than 120 days after discharge of service connected disabilities. We found that the programs offered through the services and other government agencies (e.g., the Department of Veterans Affairs) do a good job in providing financial and related assistance to survivors in the immediate aftermath of the member death and during the transition period as the survivors adjust to civilian life. Income replacement benefits are substantial, and have been improved since the earlier report.

The overall level of military survivor benefit exceeds the level offered by other employers and, since the earlier report, now exceeds the benefits available to law enforcement personnel, firefighters, and other public safety officers.

We were not able to find any evidence in the literature directly linking the level of survivor benefits to recruiting, retention, or performance of personnel. The rationale that we applied in our analysis was that the level of survivor benefits should:

- ❖ be comparable to the set of benefits offered by other employers in order to maintain competitiveness
- ❖ be easy to understand and avoid needless duplication of benefits
- ❖ offer a consistent, predictable level of benefits
- ❖ properly reflect the value that society places on military service
- ❖ reimburse survivors adequately for the loss of the member

For those who die of a service connected disability more than 120 days after discharge, we conclude that benefits should also be comparable between retirees and non-retirees. Based on these criteria, we offer the following recommendations to improve the military survivor benefits:

- ❖ Index SGLI coverage and the death gratuity to the Consumer Price Index or Cost-of-Living Adjustment. The automatic increase in SGLI coverage would increase member premiums over time, so members should have the option to allow the escalation or freeze the coverage level at any point.
- ❖ Simplify the language that describes a line of duty determination for reservists. This will allow for a more consistent level of benefits.
- ❖ Eliminate the offset to SBP for DIC payments, but only after reviewing and adjusting the level of SBP benefits to ensure that the total amount of annuity payments is appropriate.

Index SGLI and Death Gratuity

Because SGLI coverage limits and the death gratuity are set in law, substantial erosion in the effective level of the benefit can occur between adjustments. We recommend that both programs be changed to include an automatic, annual adjustment based on the Consumer Price Index or Cost-of-Living Adjustment. For SGLI, members can be offered the option to automatically index coverage or keep it fixed at a particular level. This change will maintain the effective benefit level for both SGLI and the death gratuity without requiring intervention by Congress. The cost of the SGLI indexing would be reflected in the premiums, although the services would realize an increased cost in the years in which the “extra hazards” provision applies.

Simplify the Line of Duty Determination for Reservists

The language used to describe a line of duty determination differs between reservists and active duty. In general, current legislation effectively defines death while on active duty as line of duty, although an investigation may be initiated if the member’s command believes that circumstances warrant one. In contrast, a reservist’s command must make an active decision to undertake an investigation of the reservist’s death to determine whether it was line of duty if he or she was not on active duty for at least 30 days.

One way to reduce confusion is to mandate a line of duty investigation for the death while in duty status, or while traveling to or from duty status, of any reservist who was not on active duty for at least 30 days. In this case, the presumption is that the death occurred while on duty, and an automatic investigation will determine whether the death was a result of that duty.

Eliminate SBP-DIC Offset

While there are arguments both for and against the repeal of the SBP-DIC offset, we recommend its elimination, largely because the current system is complicated and difficult for beneficiaries to understand. However, simple repeal of the offset without reconsideration of the level of benefits would dramatically increase program costs without any clear evidence that the overall level of benefits is inadequate.

If the purpose of SBP for survivors is to compensate for the accrued value of retired pay which the member will not be able to collect, it should be based on the value of the retirement package at the time of death. That is, assuming that the member had remained on active duty until vesting in the retirement system, calculate the current value of accrued service. This benefit could be paid to the survivor either as an annuity or a lump-sum payment. In almost every case, the value of SBP currently exceeds the amount that would be accrued.

Determining the value of the retirement benefit is a fairly complicated computation, but there is a precedent in the current calculation of disability retired pay. Recall that, for a disabled member, the annuity may be based either on years of service or degree of disability, whichever provides the larger payment. For this recommended change, the survivor of a member killed while on duty would receive an annuity based on the years of service computation, and the disability compensation would be provided through DIC.

Table 20 illustrates the impact of the proposed changes for several hypothetical cases. The recomputed annuity is lower in every case, but the combined annuities and allowances often increase under the proposed revisions. Survivors of junior officers and junior enlisted are most likely to see a reduction in the overall value of the annuity; this is not surprising, since the discrepancy between SBP based on 100 percent disability and based on years served is greatest for these cases.

Comparing the alternative to the status quo across a typical payout period (using the assumptions from the analysis above), the present value of annuity payments is 71 percent to 117 percent of the status quo payments.

Table 20. Alternative SBP Examples

Benefit Program	O-2 with 4 YOS	O-4 with 12 YOS	O-5 with 20 YOS	E-4 with 4 YOS	E-6 with 11 YOS	E-8 with 20 YOS
DIC						
First 2 years	\$23,712	\$23,712	\$23,712	\$23,712	\$23,712	\$23,712
With children	\$20,712	\$20,712	\$20,712	\$20,712	\$20,712	\$20,712
Without children	\$13,848	\$13,848	\$13,848	\$13,848	\$13,848	\$13,848
Status Quo						
SBP Annuity	\$20,145	\$31,350	\$39,243	\$10,538	\$15,639	\$22,817
First 2 years	\$0	\$9,663	\$15,531	\$0	\$0	\$0
With children	\$0	\$12,663	\$18,531	\$0	\$0	\$2,105
Without children	\$6,297	\$19,527	\$25,395	\$0	\$1,791	\$8,969
SSIA	\$3,720	\$3,720	\$3,720	\$3,720	\$3,720	\$3,720
DIC + SBP + SSIA						
First 2 years	\$27,432	\$37,095	\$42,963	\$27,432	\$27,432	\$27,432
With children	\$24,432	\$37,095	\$42,963	\$24,432	\$24,432	\$26,537
Without children	\$23,865	\$37,095	\$42,963	\$17,568	\$19,359	\$26,537
Alternative						
Annuity	\$2,686	\$12,540	\$26,162	\$1,405	\$5,734	\$15,211
Alt. Annuity + DIC						
First 2 years	\$26,398	\$36,252	\$49,874	\$25,117	\$29,446	\$38,923
With children	\$23,398	\$33,252	\$46,874	\$22,117	\$26,446	\$35,923
Without children	\$16,534	\$26,388	\$40,010	\$15,253	\$19,582	\$29,059
PV status quo (\$ millions)	\$3.53	\$2.05	\$0.89	\$2.70	\$1.26	\$0.55
PV alternative (\$ millions)	\$2.51	\$1.53	\$0.87	\$2.36	\$1.29	\$0.65
% change in PV	-28.86%	-25.69%	-2.17%	-12.82%	2.38%	16.80%

Other details of the accrued retirement compensation could be worked through further study. For example, the compensation could be paid in a lump-sum or annuity. Because this proposal would result in a lower level of benefits than the current system, further analysis is warranted to ensure that the level of disability and indemnity compensation provided by the VA is adequate to meet survivors' needs.

This recommendation is consistent with the recommendation of the President's Commission on Care for America's Returning Wounded Warriors (Dole-Shalala Commission) to restructure the disability and compensation systems. The commission recommended that DOD would provide compensation for years served and VA would be responsible for disability compensation and benefits.²⁹

Conclusions

We found the system of benefits provided to survivors of members (active duty and reservists) who die on active duty to be adequate, substantial, and comprehensive. While the military system does not provide increased survivor benefits in cases which other employers traditionally consider line of duty deaths, the benefits package is comparable to what other groups of employees receive when a death is in the line of duty. The increases in the death gratuity and SGLI made the survivor benefits package more consistent with the benefits offered to police officers, firefighters, and other emergency personnel.

We identified some areas in which improvements could help make the benefits more comparable to the standard set of benefits offered by other employers. These include pegging SGLI coverage and the death gratuity to the Consumer Price Index; adjusting the line of duty definition to provide a standard adjudication process; and eliminating the SBP-DIC offset. For veterans who die of a service connected disability more than 120 days after discharge, we found the benefits to be adequate, generally exceeding the benefits available to civilian and law enforcement personnel covered under workers compensation (which varies by state).³⁰

29. *Serve, Support, Simplify: Report of the President's Commission on Care for America's Returning Wounded Warriors*. July 2007, p. 6.

30. http://topics.law.cornell.edu/wex/workers_compensation.

Appendix 12-2. Excerpts from U.S. Code

Excerpts from P.L. 109-13:

Death Gratuity

SEC. 1013. (a) INCREASE IN DEATH GRATUITY.—

(1) AMOUNT.—Section 1478 of title 10, United States Code, is amended—

(A) in subsection (a), by inserting “, except as provided in subsections (c), (e), and (f)” after “\$12,000”;

(B) by redesignating subsection (c) as subsection (d); and

(C) by inserting after subsection (b) the following new subsection (c):

“(c) The death gratuity payable under sections 1475 through 1477 of this title is \$100,000 in the case of a death resulting from wounds, injuries, or illnesses that are—

“(1) incurred as described in section 1413a(e)(2) of this title; or

“(2) incurred in an operation or area designated as a combat operation or a combat zone, respectively, by the Secretary of Defense under section 1967(e)(1)(A) of title 38.”.

(2) CONFORMING AMENDMENT.—Subsection (a) of such section, as amended by paragraph (1), is further amended by striking “(as adjusted under subsection (c))” and inserting “(as adjusted under subsection (d))”.

Servicemembers’ Group Life Insurance

SEC. 1012. (a) INCREASED MAXIMUM AMOUNT OF SERVICEMBERS’ GROUP LIFE INSURANCE.—Section 1967 of title 38, United States Code, is amended—

(1) in subsection (a)(3)(A), by striking clause (i) and inserting the following new clause:

“(i) In the case of a member—

“(I) \$400,000 or such lesser amount as the member may elect as provided in subparagraph (B);

“(II) in the case of a member covered by subsection (e), the amount provided for or elected by the member under subclause (I) plus the additional amount of insurance provided for the member by subsection (e); or

“(III) in the case of a member covered by subsection

(e) who has made an election under paragraph (2)(A) not to be insured under this subchapter, the amount of insurance provided for the member by subsection

(e).”; and

(2) in subsection (d), by striking “\$250,000” and inserting “\$400,000”.

(b) INCREMENTS OF DECREASED AMOUNTS ELECTABLE BY MEMBERS.—

Subsection (a)(3)(B) of such section is amended by striking “member or spouse” in the last sentence and inserting “member, be evenly divisible by \$50,000 and, in the case of a member’s spouse”.

(c) ADDITIONAL AMOUNT FOR MEMBERS SERVING IN CERTAIN AREAS OR OPERATIONS.—

(1) INCREASED AMOUNT.—Section 1967 of such title is further amended—

(A) by redesignating subsection (e) as subsection (f); and

(B) by inserting after subsection (d) the following new subsection (e):

“(e)(1) A member covered by this subsection is any member as follows:

“(A) Any member who dies as a result of one or more wounds, injuries, or illnesses incurred while serving in an operation or area that the Secretary designates, in writing, as a combat operation or a zone of combat, respectively, for purposes of this subsection.

“(B) Any member who formerly served in an operation or area so designated and whose death is determined (under regulations prescribed by the Secretary of Defense) to be the direct result of injury or illness incurred or aggravated while so serving.

“(2) The additional amount of insurance under this subchapter that is provided for a member by this subsection is \$150,000, except that in a case in which the amount provided for or elected by the member under subsection (a)(3)(A)(i)(I) exceeds \$250,000, the additional amount of insurance under this subchapter that is provided for the member by this subsection shall be reduced to such amount as is necessary to comply with the limitation in paragraph (3).

“(3) The total amount of insurance payable for a member under this subchapter may not exceed \$400,000.

“(4) While a member is serving in an operation or area designated as described in paragraph (1), the cost of insurance of the member under this subchapter that is attributable to \$150,000 of insurance coverage shall, at the election of the Secretary concerned—

“(A) be contributed as provided in section 1969(b)(2) of this title, rather through deduction or withholding from the member’s pay; or

“(B) if deducted or withheld from the member’s pay, be reimbursed to the member through such mechanism as the Secretary concerned determines appropriate.”

Excerpt from P.L. 109-163:*Death Gratuity***SEC. 664. ADDITIONAL AMOUNTS OF DEATH GRATUITY FOR SURVIVORS OF CERTAIN MEMBERS OF THE ARMED FORCES DYING ON ACTIVE DUTY.**

(a) INCREASED AMOUNT OF DEATH GRATUITY.—

(1) INCREASED AMOUNT.—Subsection (a) of section 1478 of title 10, United States Code, is amended by striking “\$12,000” and inserting “\$100,000”.

(2) AMENDMENTS.—Such section is further amended—

(A) in the first sentence of subsection (a), by striking “(as” and all that follows in that sentence and inserting a period; and

(B) by striking subsection (c).

(3) EFFECTIVE DATE.—The amendment made by paragraph

(1) shall take effect as of October 7, 2001, and shall apply to deaths occurring on or after the date of the enactment

of this Act and, subject to subsection (c), to deaths occurring during the period beginning on October 7, 2001, and ending on the day before the date of the enactment of this Act.

(b) RETROACTIVE PAYMENT OF ADDITIONAL DEATH GRATUITY FOR CERTAIN

MEMBERS NOT PREVIOUSLY COVERED.—Such section is further amended by adding at the end the following new subsection:

“(d)(1) In the case of a person described in paragraph (2), a death gratuity shall be payable, subject to section 664(c) of the National Defense Authorization Act for Fiscal Year 2006, for the death of such person that is in addition to the death gratuity payable in the case of such death under subsection (a).

“(2) This subsection applies in the case of a person who died during the period beginning on October 7, 2001, and ending on May 11, 2005, while a member of the armed forces on active duty and whose death did not establish eligibility for an additional death gratuity under the prior subsection (e) of this section (as added by section 1013(b) of Public Law 109–13; 119 Stat. 247), because the person was not described in paragraph (2) of that prior subsection.

Excerpt from P.L. 109-80:

Servicemembers' Group Life Insurance

SEC. 2. REPEALER.

Effective as of August 31, 2005, section 1012 of division A of the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005 (Public Law 109–13; 119 Stat. 244), including the amendments made by that section, are repealed, and sections 1967, 1969, 1970, and 1977 of title 38, United States Code, shall be applied as if that section had not been enacted.

SEC. 3. INCREASE FROM \$250,000 TO \$400,000 IN AUTOMATIC MAXIMUM COVERAGE UNDER SERVICEMEMBERS' GROUP LIFE INSURANCE AND VETERANS' GROUP LIFE INSURANCE.

(a) MAXIMUM UNDER SGLI.—Section 1967 of title 38, United States Code, is amended—

(1) in subsection (a)(3)(A)(i), by striking “\$250,000” and inserting “\$400,000”; and

(2) in subsection (d), by striking “of \$250,000” and inserting “in effect under paragraph (3)(A)(i) of that subsection”.

(b) MAXIMUM UNDER VGLI.—Section 1977(a) of such title is amended—

(1) in paragraph (1), by striking “in excess of \$250,000 at any one time” and inserting “at any one time in excess of the maximum amount for Servicemembers' Group Life Insurance in effect under section 1967(a)(3)(A)(i) of this title”; and

(2) in paragraph (2)—

(A) by striking “for less than \$250,000 under Servicemembers' Group Life Insurance” and inserting

“under Servicemembers' Group Life Insurance for less than the maximum amount for such insurance in effect under section 1967(a)(3)(A)(i) of this title”; and

(B) by striking “does not exceed \$250,000” and inserting “does not exceed such maximum amount in effect under such section”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as of September 1, 2005, and shall apply with respect to deaths occurring on or after that date.

Appendix 12-3. (New) Survivor Benefits and Eligibility Criteria

Benefit Name	Eligibility Criteria
Bereavement Counseling	<ul style="list-style-type: none"> ❖ Any member who dies in service to the country, or dies while federally activated. ❖ If the member was receiving treatment for a service connected disability and the death was: <ul style="list-style-type: none"> • unexpected, or • occurred while the veteran was participating in a Hospice program (or a similar program) conducted by the Secretary. <p><i>Source: http://Veterans.house.gov/documents/title38.pdf Accessed on September 28, 2010</i></p>
Burial	<ul style="list-style-type: none"> ❖ Any veteran who was discharged from service under conditions other than dishonorable ❖ Members of reserve components, and members of the Army National Guard or the Air National Guard, who die while hospitalized or undergoing treatment at the expense of the United States for injury or disease contracted or incurred under honorable conditions while performing active duty for training or inactive duty training, or undergoing such hospitalization or treatment ❖ Reservists and National Guard members who, at time of death, were entitled to retired pay under Chapter 1223, title 10, United States Code, or would have been entitled, but for being under the age of 60. Specific categories of individuals eligible for retired pay are delineated in section 12731 of Chapter 1223, title 10, United States Code. <p><i>Source: http://www.cem.va.gov/bbene/eligible.asp Accessed on September 28, 2010</i></p>
CHAMPVA	<ul style="list-style-type: none"> ❖ The spouse or child of a veteran who has been rated permanently and totally disabled for a service connected disability by a VA regional office, or ❖ The surviving spouse or child of a veteran who died from a VA-rated service connected disability, or ❖ The surviving spouse or child of a veteran who was at the time of death rated permanently and totally disabled from a service connected disability, or ❖ The surviving spouse or child of a military member who died in the line of duty, not due to misconduct (in most of these cases, these family members are eligible for TRICARE, not CHAMPVA). <p><i>Source: http://www4.va.gov/hac/forbeneficiaries/champva/champva.asp Accessed on September 28, 2010</i></p>

Benefit Name	Eligibility Criteria
Death Pension	<ul style="list-style-type: none"> ❖ The deceased veteran was discharged from service under other than dishonorable conditions, AND ❖ The deceased veteran served at least 90 days of active military service 1 day of which was during a war time period. If he or she entered active duty after September 7, 1980, generally he or she must have served at least 24 months or the full period for which called or ordered to active duty. (There are exceptions to this rule.) AND ❖ You are the surviving spouse or unmarried child of the deceased veteran, AND ❖ Your countable income is below a yearly limit set by law (The yearly limit on income is set by Congress). <p><i>Source: http://www.vba.va.gov/bln/21/Rates/pen02.htm Accessed on September 28, 2010</i></p>
Dependency and Indemnity Compensation	<ul style="list-style-type: none"> ❖ Military service member who died while on active duty, active duty for training, or inactive duty training, OR ❖ Veteran whose death resulted from a service-related injury or disease, OR ❖ Veteran whose death resulted from a non service-related injury or disease, and who was receiving, or was entitled to receive, VA Compensation for service-connected disability that was rated as totally disabling ❖ For at least 10 years immediately before death, OR ❖ Since the veteran's release from active duty and for at least five years immediately preceding death, OR ❖ For at least one year before death if the veteran was a former prisoner of war who died after September 30, 1999. <p><i>Source: http://www.vba.va.gov/bln/dependents/spouse.htm Accessed on September 28, 2010</i></p>
Financial Counseling	<p>Available to SGLI, FSGLI, TGLI, and VGLI beneficiaries or claimants.</p> <p><i>Source: http://www.insurance.va.gov/sgliSite/BFCS/BFCS.htm Accessed on September 28, 2010</i></p>
Home Loan Guarantee	<p>The unmarried surviving spouse of a veteran who died on active duty or as a result of a service connected disability.</p>
Post 9-11 GI Bill	<p>Children of an active duty member of the Armed Forces who has died in the line of duty on or after September 11, 2001, are eligible for this benefit. A child may be married or over 23 and still be eligible.</p> <p><i>Source: http://www.gibill.va.gov/documents/Fry_Scholarship.pdf Accessed on September 28, 2010</i></p>

Benefit Name	Eligibility Criteria
Survivors' and Dependents' Educational Assistance	<ul style="list-style-type: none"> ❖ A veteran who died or is permanently and totally disabled as the result of a service-connected disability. The disability must arise out of active service in the Armed Forces. ❖ A veteran who died from any cause while such service-connected disability was in existence. ❖ A servicemember missing in action or captured in line of duty by a hostile force. ❖ A servicemember forcibly detained or interned in line of duty by a foreign government or power. ❖ A servicemember who is hospitalized or receiving outpatient treatment for a service connected permanent and total disability and is likely to be discharged for that disability. This change is effective December 23, 2006. <p><i>Source: http://www.gibill.va.gov/pamphlets/CH35/CH35_Pamphlet_General.htm Accessed on September 28, 2010</i></p>
Burial and Expenses	<ul style="list-style-type: none"> ❖ A Reserve or Guard who dies while on active duty, active duty training, inactive duty training, or, while hospitalized and undergoing treatment at the expense of the United States for an injury or disease incurred or contracted in the above circumstances. ❖ A member dies as a retired member of an armed force under the Secretary's jurisdiction during a continuous hospitalization of the member as a patient in a United States hospital that began while the member was on active duty. <p><i>Source: http://www.law.cornell.edu/uscode/html/uscode10/usc_sec_10_00001481----000-.html Accessed on October 1, 2010</i></p>
Commissary and Exchange Privileges	<ul style="list-style-type: none"> ❖ A Reserve or Guard member who dies while on active duty, active duty for training or inactive duty training (regardless of the period of such duty); or ❖ While traveling to or from the place at which the member was to perform or had performed active duty, active duty training, or inactive duty training (regardless of the period of such activity). <p><i>Source: http://www.law.cornell.edu/uscode/html/uscode10/usc_sec_10_00001061----000-.html Accessed on October 1, 2010</i></p>
DOD Benefits	Eligibility Criteria
Death Gratuity	<ul style="list-style-type: none"> ❖ A Reserve of an armed force who dies while on inactive duty training or from a service connected disease or injury within 120 days of discharge. ❖ Any member of a reserve officers' training corps who dies while performing annual training duty under orders for a period of more than 13 days.

Benefit Name	Eligibility Criteria
Survivor Benefit Plan (Retirement)	<ul style="list-style-type: none"> ❖ A member who, upon retiring from active service or active duty, has a spouse, former spouse, or dependent child. ❖ A Reserve Component member who has a spouse, former spouse, or dependent child upon notification of eligibility to receive retired pay, or in the case of a member who elected not to participate in RC-SBP, when the member becomes entitled to receive retired pay. <p><i>Source: http://uscode.house.gov/download/pls/10C75.txt Accessed on September 29, 2010</i></p>
Survivor Benefit Plan	<ul style="list-style-type: none"> ❖ A member who dies not in the line of duty while serving on active duty and who: <ul style="list-style-type: none"> • Was eligible to receive retired pay; • Was qualified for that pay but had not applied for or been granted that pay; or had completed 20 or more years of active service but before being eligible to retire as a commissioned officer due to not having 10 years of commissioned service. ❖ A Reserve Component member who dies from an illness or injury incurred or aggravated in the line of duty or during inactive duty training performed on or after September 10, 2001. ❖ A Reserve Component member who dies after completing the service required to receive Reserve Component retired pay but before making a Program election. <p><i>Source: http://www.dtic.mil/whs/directives/corres/pdf/133242p.pdf Accessed on September 29, 2010</i></p>
TRICARE	<ul style="list-style-type: none"> ❖ A member who dies while on active duty, active duty training, or inactive duty training. ❖ A member who died from an injury, illness, or disease incurred or aggravated in the line of duty while the member remained overnight immediately before the commencement of Inactive duty training. <p><i>Source: http://www.law.cornell.edu/uscode/html/uscode10/usc_sec_10_0001076----000-.html Accessed on October 30, 2010</i></p>

Appendix 12-4. Sources for Tables 14–17

		O-5 and E-6	
Age	Age was calculated by adding the years of service to an estimated entry date of 22 and 18 for the O-5 and E-6 respectively. We used the same method to calculate age for tables 14 through 17.	DIC First 2 Years	According to US Code Chapter 13, title 1311(f) an additional \$250.00 is paid to a spouse with one or more children below the age of 18 for 2 years
Annual Salary	High-36 pay using the 2011 OSD pay tables: http://militarypay.defense.gov/index.html	Funeral Benefits	Amount listed in the 2010 Uniformed Services Almanac
Basic Allowance for Housing (BAH)	We used the average BAH for an O-5 and an E-6 with a family of four; data was obtained from the 2011 OUSD Personnel and Readiness Greenbook: http://militarypay.defense.gov/index.html	Present Value	Present value is calculated by discounting all of the anticipated income streams by 15%.
Children Age	We used the average age of two children; we assumed the first child was born two years after service entry date and the second child two years after the first.	Survivor Benefit Plan (SBP)	SBP calculation was obtained from the OUSD Military Compensation website; the method used to estimate the DIC/SBP offset was provided by an official at the OUSD: http://militarypay.defense.gov/index.html
Date of Birth	Subtracted the member's age from the current year (2011)	SGLI	Amount obtained from the Department of Veterans Affairs website: http://www.insurance.va.gov/sgliSite/SGLI/SGLI.htm
Death Gratuity	Amount listed by the OUSD Personnel and Readiness Military Compensation website: http://militarypay.defense.gov/benefits/deathgratuity.html	Social Security	Amount obtained from the Social Security Administrations Benefits Calculator on Wednesday January 12, 2011: http://www.socialsecurity.gov/OACT/quickcalc/index.html
DIC	DIC base amount and child allowance were obtained from the OUSD Military Compensation website http://militarypay.defense.gov/index.html	Social Security Lump-Sum	Listed on the Social Security website: http://www.socialsecurity.gov/survivorplan/ifyou7.htm
		Spouse Life Expectancy	This data was provided by the OSD Office of the Actuary.

General Schedule (GS)-11, GS-5, Contractor, and Police Officer

Age	For comparison purposes we used the O-5s' age for the GS-11 and the GS-12 Police Officer, and we used the enlisted members' age for the GS-5 GS-6 and the GS-6 Police Officer.	Federal AD&D Insurance	According to the Federal Employees Almanac, employees are paid \$2,000 plus their last salary rounded up to the nearest thousand.
Annual Salary	Annual Salary was taken from the 2011 GS pay schedule for the GS-11 and GS-5. The police officers' pay was calculated by taking the national average of a GS-12 and GS-6 public safety officer. http://www.opm.gov/index.asp	Funeral Benefits	There are two benefits offered to Federal Employees: <ul style="list-style-type: none"> ❖ \$200 is payable under section 8133(f) of Title 5, US Code and ❖ \$800 is payable under 5 US Code 8134(a)
Children Age	We referenced the O-5's children for the GS-11 and Police officer's children, and the E-6's children for the GS-5.	PSOB	Current and historic PSOB levels are listed at: http://www.ojp.usdoj.gov/BJA/grant/psob/psob_main.html
Contractor AD&D Insurance	According to the Bureau of Labor and Statistics 56% of employers provide AD&D insurance as a fixed multiple of earnings; the average multiple is 1.4: http://www.bls.gov/opub/perspectives/	Social Security	The amount was obtained from the Social Security Administrations Benefits Calculator on Wednesday January 13, 2011: http://www.socialsecurity.gov/OACT/quickcalc/index.html
Death Gratuity	According to the 2010 Federal Employees Almanac, the death gratuity is \$10,000 less funeral expenses.	Spouse Life Expectancy	We assumed the same 2 year offset for civilians as for the members' spouse.
FECA	Calculation for FECA can be found in 5 US Code section 8133 (a); while caring for children 75% of the individuals annual salary is provided to the surviving spouse; 50% percent is provided after children reach 18 years of age. Payments are offset by Social Security payments.	Workers' Comp	Workers Compensation varies dramatically between States. We based our calculations on the benefits available to Police Officers in Northern Virginia. Currently the benefit is 2/3 of the last annual salary less Social Security; workers' comp is paid for 500 weeks. http://lawenforcementfund.org/benefits.htm

Active, Retired, and Retired Reserve			
Age	For those discharged from the service and for active duty retirees, we calculated age in the same manner as Table 14. The OSD Office of the Actuary provided the average age for both O-5 and E-6 reservists with 20 good years.	Reserve Component Survivor Benefit Plan (RC-SBP)	Method of Calculation for RC-SBP can be found in the Reserve Forces Almanac; average points for both the O-5 and the E-6 were provided by the OSD Office of the Actuary.
Annual Salary	Annual salary is estimated at the current GS-11 and GS-5 pay for the O-5 and E-6 respectively.	Reserve Points	The OSD Office of the Actuary provided the average points for an O-5 and an E-6 with 20 good years.
Children Age	We carried over the same assumptions from Table 14.	Retired Pay	We assume both the O-5 and E-6 retired in 2010; retirement pay is calculated using the High 36 plan. Pay tables can be found at: http://www.dfas.mil/
Funeral Benefits	Information about funeral benefits can be found at the Veterans Affairs website: http://www.cem.va.gov/bbene/benvba.asp	Spouse Life Expectancy	Data for spouse life expectancy was provided by the OSD Office of the Actuary.
Life Insurance	The Veterans Affairs website provides information regarding the amount of coverage offered by the Veterans Group Life Insurance (VGLI): http://www.cem.va.gov/bbene/benvba.asp	Years of Service	We assumed 20 years of service for retirees; for those not vested in the retirement system, we carried over the years of service from Table 14.

Appendix 12-5. (Updated) Benefits Across Employers

Immed. Inc. Assistance	O-5 at YOS 16 ^a		E-6 at YOS 7 ^b		GS-11 at YOS 18 ^c		GS-5 at YOS 14 ^d		Contractor Employee ^e		Arlington County Police Officer at YOS 15 ^f	
	Death Gratuity	\$100,000	Death Gratuity	\$100,000	Death Gratuity	\$9,000	Death Gratuity	\$9,000			State Lump-Sum	\$75,000
	Funeral benefits	\$8,800	Funeral benefits	\$8,800	Funeral benefits	\$1,000	Funeral benefits	\$1,000			Funeral benefits ^g	\$11,000
	Social Security Lump-Sum	\$255	Social Security Lump-Sum	\$255	Social Security Lump-Sum	\$255	Social Security Lump-Sum	\$255			Social Security Lump-Sum	\$255
	Casualty assistance		Casualty assistance									
	Tax ben.		Tax ben.		Tax ben.		Tax ben.					
	TRICARE		TRICARE		TRICARE		TRICARE					
	Comm./Ex. privileges		Comm./Ex. privileges									
	ID card		ID card									
	BAH ^h	\$28,008	BAH ⁱ	\$18,312								
	DIC	\$20,712/year	DIC	\$20,712/year								
	VA education benefits	N/A	VA education benefits	N/A	Retirement Lump-Sum	\$62,408	Retirement Lump-Sum	\$47,551			Retirement Lump-Sum	\$144,425
	Social Security payments	\$44,436/year	Social Security payments	\$16,296/year	AD&D insurance	\$68,000	AD&D insurance	\$38,000			AD&D insurance	\$109,697
	Survivor Benefit Plan	\$37,212/year	Survivor Benefit Plan	\$15,799/year	Soc. Sec. payments	\$38,915/year	Soc. Sec. payments	\$28,535/year			Soc. Sec. payments	\$41,981/year
	SGLI	\$400,000	SGLI	\$400,000	FEGLI ^k	\$399,967 ¹	FEGLI ^k	\$325,589			Life Ins.	\$186,685
					FECA	\$21,768/year	FECA	\$15,705/year			Workers Comp.	\$37,384/year
											PSOB	\$318,312

a. Annual Salary = \$89,870, DOB: 1972
 b. Annual Salary = \$37,913, DOB: 1982.
 c. Annual Salary = \$78,355, DOB: 1972.
 d. Annual Salary = \$65,371, DOB: 1972.
 e. Annual Salary = \$35,657, DOB: 1982.
 f. Annual Salary = \$72,213, DOB: 1972.
 g. <http://www.cardinalacademy.org/Reports/death.htm>
 h. Average BAH rate is \$2,334 monthly.
 i. Rate BAH rate is \$1,526 monthly
 k. <http://www.opm.gov/calculator/worksheets.asp>
 l. Amount equal to 1.4 times annual earning

Appendix 12-6. (New) Benefits Across Veterans Status

SC O-5 at YOS 16 ^a		SC E-6 at YOS 7 ^b		Retired O-5 at YOS 20 ^c		Retired E-6 at YOS 20 ^d		Retired Reserve O-5 at YOS 30 ^e		Retired Reserve E-6 at YOS 20 ^f	
Immed. inc. Assistance	Funeral benefits	\$2,000	Funeral benefits	\$2,000	Funeral benefits	\$2,000	Funeral benefits	2,000	Funeral benefits ⁹	\$2,000	Funeral benefits ⁹
	Soc. Sec. Lump Sum	\$255	Soc. Sec. Lump-Sum	\$255	Soc. Sec. Lump-Sum	\$255	Soc. Sec. Lump-Sum	\$255	Soc. Sec. Lump-Sum	\$255	Soc. Sec. Lump-Sum
	Casualty assistance	Casualty assist.	Casualty assist.	Casualty assist.	Casualty assist.	Casualty assist.	Casualty assist.	Casualty assist.	Casualty assist.	Casualty assist.	Casualty assistance
	Tax Ben.	Tax ben.	Tax ben.	Tax ben.	Tax ben.	Tax ben.	Tax ben.		Tax ben.		Tax ben.
Transition Benefits	CHAMPVA	CHAMPVA	CHAMPVA	Retired Reserve Select	Retired Reserve Select	Retired Reserve Select	Retired Reserve Select	Retired Reserve Select	Retired Reserve Select	Retired Reserve Select	Retired Reserve Select
	Financial planning	Financial planning	Financial planning	Comm./Ex. privileges	Comm./Ex. privileges	Comm./Ex. privileges	Comm./Ex. privileges	Comm./Ex. privileges	Comm./Ex. privileges	Comm./Ex. privileges	Comm./Ex. privileges
				ID Card	ID Card	ID Card	ID Card	ID Card	ID Card	ID Card	IR Card
Income Replacement	DIC	\$20,712/year	DIC	\$20,712/year	VA Educ. benefits	VA Educ. benefits	VA Educ. benefits	VA Educ. benefits	VA Educ. benefits	VA Educ. benefits	VA Educ. benefits
	VA Educ. benefits	N/A	VA Educ. benefits	N/A	DIC	\$20,712/year	DIC	\$20,712/year	DIC	\$20,712/year	DIC
	Soc. Sec. payments	\$38,904/year	Soc. Sec. payments	\$27,434/year	Soc. Sec. payments	\$48,455/year	Soc. Sec. payments	\$35,783/year	Soc. Sec. payments	\$3,151/year	Soc. Sec. payments
					Survivor Benefit Plan	\$12,561	Survivor Benefit Plan	\$840	Survivor Benefit Plan	\$15,379	Survivor Benefit Plan
	VGLI	\$400,000	VGLI	\$400,000	VGLI	\$400,000	VGLI	\$400,000	VGLI	\$400,000	VGLI
					FECA	\$21,768/year	FECA	\$15,705/year	Workers Comp.	\$37,384/year	Workers Comp.

a. Annual Salary = \$65,371, DOB: 1972.
 b. Annual Salary = \$35,657, DOB: 1982.
 c. Annual Salary = \$111,860, DOB: 1969.
 d. Annual Salary = \$56,564, DOB: 1973.
 e. Annual Salary = \$65,371, DOB: 1968.
 f. Annual Salary = \$35,657, DOB: 1961.

References

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