

If Tragedy Strikes- Your Family is Protected

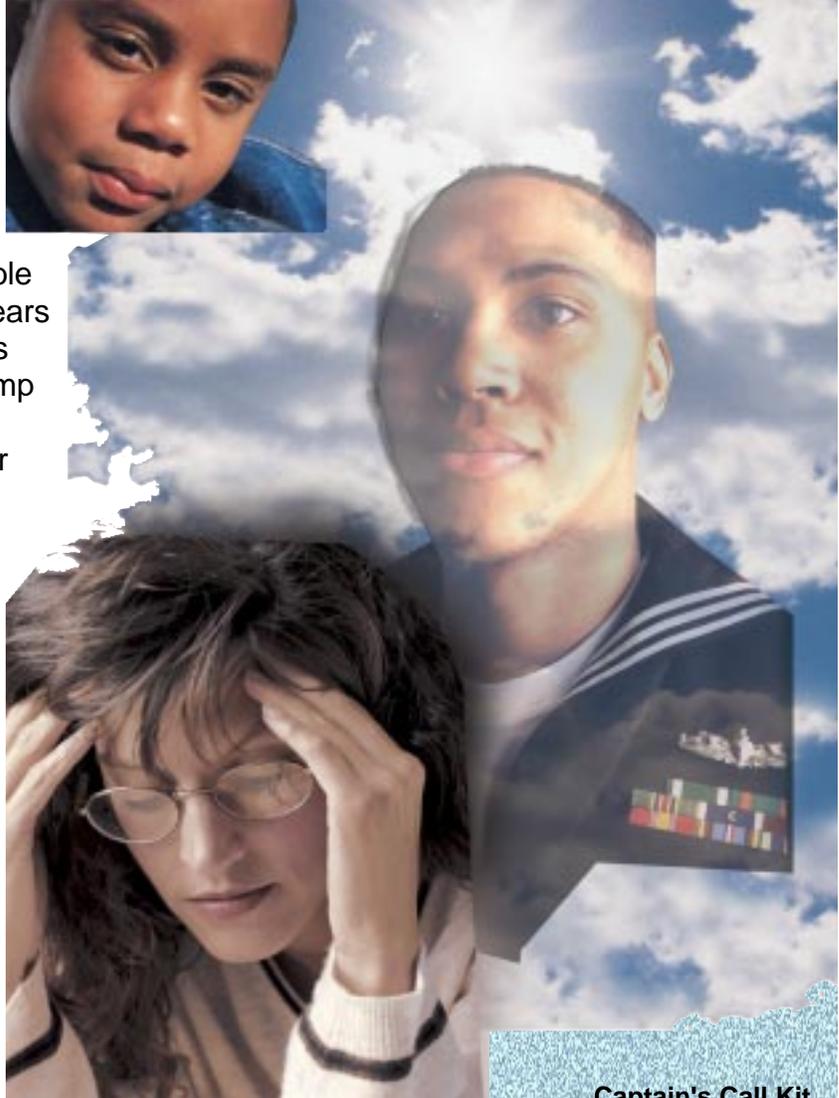
Service in the U.S. military can entail going in harm's way. Service members can have the peace of mind knowing that their families will be cared for if they are required to make the ultimate sacrifice.

The initial annual income available to the survivors of an E-6 with 10 years of service who dies on active duty is almost \$40,000, discounting any lump sum payments such as SGLI.

Compare this to the base pay for this E-6 (www.dfas.mil/money/milpay/pay/01-2002.pdf). Almost \$17,000 of this survivor income is tax-free and all of the income is subject to annual Cost of Living (COLA) increases.

There are also substantial housing and medical benefits as well as monthly education benefits for the spouse immediately and for the children when they reach age 18.

To estimate the benefits available for your family, be sure to see the Captain's Call Kit version of this story on the Navy NewsStand at www.navynewstand.navy.mil.



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For more information about Navy Mutual Aid Association visit their Web site at www.nmaa.org

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NAVY MUTUAL AID ASSOCIATION

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Survivor Benefits-at-a-Glance

for *Petty Officer Smith*

This example is a summary of the estimated Veteran's and Service Related Benefits and Entitlements for the family of Petty Officer Smith (an E-6 with 10 years service, based on the 2002 pay scale). He is survived by a wife, age 30, and two children, ages 5 and 7.

Initial Monthly Benefits

Veteran's Administration

Spouse DIC	\$935
Child DIC	\$468
Spouse DEA*	*
Child DEA*	*

Social Security Administration (estimates)

Spouse Survivor Benefit	\$776
Child Survivor Benefit	\$1,552
SSA Family Maximum Benefit	\$1,895
Total Family Benefit	
(<u>Max is 1.75XPIA</u>)	\$1,895

Service Survivor Benefits

SBP	\$964
Less DIC offset	\$935
Total monthly SBP amount	\$29

Total Monthly Benefit **\$3,327** = **\$39,924 annually**

Lump Sum Benefits

Service Death Gratuity	\$6,000
Social Security Lump Sum	
Death Benefit	\$255
SGLI	\$250,000
Burial Allowance	\$2,000
Total Lump Sum	<u>\$258,255</u>

See the reverse for more details on these benefits.

* DEAO of \$670 per month is also provided for a total of 45 months if enrolled full time in Post Secondary Education. Mrs. Smith has 10 years to use this benefit. The children are eligible from age 18-26 (can be extended to age 31 in special cases).

Additional Benefits would include:

A. If the family is living in military housing they may remain there rent-free for 180 days. If the family is not in military housing, they will continue to receive Basic Allowance for Housing (BAH) for the area of residence for 180 days.

B. Medical and Dental Benefits eligibility continues in an active duty dependent status for three years.

C. Burial benefits are available through the Department of Veterans Affairs.

Questions? If you have any questions about your survivor benefits and entitlements, you can contact us at the phone numbers or e-mail address shown above.

— Survivor Benefits and Entitlements Summary —

DIC – Dependents Indemnity Compensation. This benefit comes from the Department of Veterans Affairs (DVA). It is TAX-EXEMPT and subject to annual cost of living increases (COLA). *Mrs. Smith* will receive this benefit for life as long as she does not remarry. The children will receive this benefit until age 18. They would then be eligible for supplemental DIC. The amount is presently \$199 and is to be used for post-secondary education. Children are eligible from age 18 to 23 and must be unmarried to receive supplemental DIC.

DEA – Dependents Education Assistance. This benefit is currently \$670 per month and is also TAX-EXEMPT. It is subject to periodic increases as authorized by Congress. It is available for a total of 45 months while in a full time student status. *Mrs. Smith* has 10 years to use this benefit. The children are eligible from age 18 to age 26. The eligibility may be extended to age 31 in some special cases. Children may be married and receive this benefit. Supplemental DIC and DEA cannot be received at the same time.

Social Security Survivor Benefits. This benefit is based on *Petty Officer Smith's* Primary Insurance Amount (PIA) as determined by the Social Security Administration (SSA). For purposes of this "Benefits-at-a-Glance" Estimate we have used a PIA that is based solely on *Petty Officer Smith's* Military pay, using the calculator found at www.ssa.gov. *Mrs. Smith* will receive 75% of the PIA as long as she is caring for her children under the age of 16. Once the youngest child turns 16, she will lose the benefit, but may reapply for a reduced benefit as early as age 60. *Mrs. Smith*, as guardian for the children, will also receive 75% of the PIA for each child under age 18. When the youngest child reaches 18 (19 if still in High School) the benefits will stop for the family. HOWEVER, the entire family is subject to a maximum benefit of 1.75 times the PIA. SSA benefits are also COLA protected.

SBP - Survivor Benefit Plan. Recent legislation now provides that a service member who dies on active duty will be treated as though he/she had been retired with total disability just prior to death. The retired pay base amount will thus be computed as 75% of the service member's base pay. The surviving spouse will then be eligible for an SBP annuity of 55% of this base amount to age 62 and then 35% thereafter. Spouse DIC currently offsets SBP dollar for dollar. SBP is subject to COLA increases. SBP is taxable income. The SBP annuity will terminate if the surviving spouse remarries prior to age 55. If the surviving spouse dies, the SBP annuity will be paid through a guardian to the member's eligible surviving children.

Service Death Gratuity. This benefit is paid by the member's service. It is six months base pay, including hazardous duty and incentive pays, up to a maximum of \$6,000. The goal is to deliver it within 24-72 hours.

Social Security Lump Sum Death Benefit. Is \$255 and is paid if *Petty Officer Smith* was either fully or currently insured with Social Security.

SGLI – Servicemember's Group Life Insurance. Assuming *Petty Officer Smith* participated in the plan, up to a \$250,000 death benefit would be payable to the family either in a lump sum or 36 monthly installments. These proceeds are tax-exempt to the beneficiary as are the proceeds of any additional life insurance policies that may be in force. Additionally, SGLI and VGLI beneficiaries, whose claims have been settled, can receive free Beneficiary Financial Counseling for one year from Ernst & Young, a nationally recognized accounting and consulting firm.

NAVY MUTUAL AID ASSOCIATION

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Survivor Benefits-at-a-Glance

for *LT Jones, USN*

This example is a summary of the estimated Veteran's and Service Related Benefits and Entitlements for the family of LT Jones (an O-3 with 8 years service, based on the 2002 pay scale). He is survived by a wife, age 30, and two children, ages 3 and 5.

Initial Monthly Benefits

Veteran's Administration

Spouse DIC	\$935
Child DIC	\$468
Spouse DEA*	*
Child DEA*	*

Social Security Administration

Spouse Survivor Benefit	\$1,134
Child Survivor Benefit	\$2,268
SSA Family Maximum Benefit	\$2,648
Total Family Benefit (Max is 1.75 x PIA)	\$2,648

Service Survivor Benefits

SBP	\$1679
Less Dic offset	\$935
Monthly SBP amount	\$744
Total Monthly Benefit	<u>\$4,795 = \$57,540 annually</u>

Lump Sum Benefits

Service Death Gratuity	\$6,000
Social Security Lump Sum Death Benefit	\$255
SGLI	\$250,000
Burial Allowance	\$2,000
Total Lump Sum	<u>\$258,255</u>

See the reverse for more details on these benefits.

* DEA of \$670 per month is also provided for a total of 45 months if enrolled full time in Post Secondary Education. Mrs. Jones has 10 years to use this benefit. The children are eligible from age 18-26 (can be extended to age 31 in special cases).

Additional Benefits would include:

A. If the family is living in military housing they may remain there rent-free for 180 days. If the family is not in military housing, they will continue to receive Basic Allowance for Housing (BAH) for the area of residence for 180 days.

B. Medical and Dental Benefits eligibility continues in an active duty dependent status for three years.

C. Burial benefits are available through the Department of Veterans Affairs.

***Questions?* If you have any questions about your survivor benefits and entitlements, you can contact us at the phone numbers or e-mail address shown above.**

— Survivor Benefits and Entitlements Summary —

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DEA – Dependents Education Assistance. This benefit is currently \$670 per month and is also TAX-EXEMPT. It is subject to periodic increases as authorized by Congress. It is available for a total of 45 months while in a full time student status. *Mrs. Jones* has 10 years to use this benefit. The children are eligible from age 18 to age 26. The eligibility may be extended to age 31 in some special cases. Children may be married and receive this benefit. Supplemental DIC and DEA cannot be received at the same time.

Social Security Survivor Benefits. This benefit is based on *LT Jones*'s Primary Insurance Amount (PIA) as determined by the Social Security Administration (SSA). For purposes of this "Benefits-at-a-Glance" Estimate we have used a PIA that is based solely on *LT Jones*'s Military pay, using the calculator found at www.ssa.gov. *Mrs. Jones* will receive 75% of the PIA as long as she is caring for her children under the age of 16. Once the youngest child turns 16, she will lose the benefit, but may reapply for a reduced benefit as early as age 60. *Mrs. Jones*, as guardian for the children, will also receive 75% of the PIA for each child under age 18. When the youngest child reaches 18 (19 if still in High School) the benefits will stop for the family. HOWEVER, the entire family is subject to a maximum benefit of 1.75 times the PIA. SSA benefits are also COLA protected.

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Social Security Lump Sum Death Benefit. Is \$255 and is paid if *LT Jones* was either fully or currently insured with Social Security.

SGLI – Servicemember's Group Life Insurance. Assuming *LT Jones* participated in the plan, up to a \$250,000 death benefit would be payable to the family either in a lump sum or 36 monthly installments. These proceeds are tax-exempt to the beneficiary as are the proceeds of any additional life insurance policies that may be in force. Additionally, SGLI and VGLI beneficiaries, whose claims have been settled, can receive free Beneficiary Financial Counseling for one year from Ernst & Young, a nationally recognized accounting and consulting firm.

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Service Member Survivor Benefits Worksheet

There are a significant amount of benefits in place for your family if you should die on active duty. Many Service Members are not fully aware of these benefits. This worksheet provides you a method of estimating these important benefits, which you will find are unmatched in the civilian sector.

VA Monthly Benefits

Dependent's Indemnity Compensation (DIC)

Spouse DIC	(1.a.) <u>\$935</u>
Child(ren) DIC	
Enter number of children under age 18 _____ X \$234 =	(1.b.) _____
Total DIC equals 1.a. plus 1.b.	(1.c.) _____

2. Dependent's Education Assistance (DEA)*

Spouse DEA	(2.a.) _____
Child(ren) DEA	
Enter number of children ages 18-26 ____ X \$670	(2.b.) _____
Total DEA equals 2.a. plus 2.b	(2.c.) _____

*DEA is available for 45 months of full-time student Post Secondary Education. As an alternative to DEA, there is a supplementary DIC benefit of \$199 per month per unmarried child between the ages 18 and 23.

Social Security Monthly Benefits

Method # 1: Using your Social Security Statement - **BEST Estimate**

Spouse Social Security*	(3.a.) _____
Child(ren) Social Security *	(3.b.) _____
Total equals 3.a plus 3.b.	(3.c.) _____
Family Maximum Benefit *	(3.d.) _____
Your Family Benefit (enter the smaller of 3.c or 3.d)	(3.e.) _____

* Your spouse must be caring for at least one of your children under the age of 16. You will find the estimate for this amount in the "Your Estimated Benefits - Survivors" section of your

Statement. If no children under age 16 enter zero for 3.a. For the Children Benefit, multiply the number of children under 18 (or 19 if still in high school) times the "Your Child" estimate in the "Survivors" section. The Family Maximum Benefit is shown in the "survivors section as "Total family benefits cannot be more than"

Method #2: Using your estimated Primary Insurance Amount (PIA) - **ROUGH Estimate**

Determine an estimate of your PIA by going to the Social Security Website at <http://www.ssa.gov/retire2/calculators.htm>. The calculator at this site can provide you a very rough estimate of your family's benefits. Enter the data in the "quick calculator" and then record the values shown in the "disability/survivor" section for:

- Your Spouse (4.a.) _____
- Child(ren) Social Security (4.b.) _____
 equals number of children under age 18 X value in "your child"
- Total equals 4.a plus 4.b. (4.c.) _____
- Family Maximum Benefit (4.d.) _____
- Your Family Benefit (enter the smaller of 4.c or 4.d) (4.e.) _____

Survivor Benefit Plan (SBP) Monthly Benefit

The Survivor Benefit Plan (SBP) is now available for all active duty deaths. Active duty are treated as though they died in a 100% retired disabled status. Additionally, in many cases the SBP benefit will be totally offset by your spouse's DIC benefit from the VA.

- Enter your Base Pay (5.a.) _____
- Calculate "Eligible" Retired Pay = 5.a. X .75 (5.b.) _____
- SBP Benefit = .55 X 5.b. = (5.c.) _____
- Your Family SBP = 5.c. minus \$935 (DIC) (5.d.) _____
- If 5.d. is negative enter zero.

Total Monthly Survivor Benefits

The total estimated monthly benefits that your family may be eligible for is the sum of the Department of Veterans Affairs (VA), Social Security, and SBP Benefits:

1.c. + 2.c. + (3.e. or 4.e) + 5.d = _____ per month*

***Important note:** VA Benefits are tax-exempt. Most of these benefits increase each year. Figures listed in this worksheet are for 2002. For a summary of the current benefits, visit www.navy mutual.org/services/federal.htm.

Lump Sum and Other Survivor Benefits

In addition to the monthly stream of benefits estimated on the previous page, there are several other valuable benefits for your survivors, both money received in a lump sum and non-monetary benefits.

Lump Sum Monetary benefits

Service Death Gratuity	
Enter 6 X monthly base pay and specialty pays - (Max \$6000)	(6.a) <u>\$6,000</u>
Servicemembers Group Life Insurance (SGLI)	
Enter your coverage	(6.b) _____
Social Security Lump Sum Death Benefit	(6.c) <u>\$255</u>
Personal Life Insurance	
Enter your coverage amount	(6.d) _____
Burial Allowance (provided by the VA)	(6.e) <u>\$2,000</u>
Total Lump Sum Payments	(6.f) _____

* SGLI entitles your family to one year of free financial counseling from Ernst and Young, a respected, nationwide financial planning organization.

Non- Monetary Benefits

Housing Benefit. If you are in government housing at the time of your death your family may remain there for 180 days rent-free. After 180 days, remaining in government housing will be at the discretion of the Base Commander and “Fair Market Value” rent will be charged. If you are not in government housing, then your family would continue to receive your Basic Allowance for Housing (BAH) for 180 days for your area of residence.

Medical and Dental care Benefits. Your family’s health care status will not change for three years. That is they will continue receive their health care benefits as “Active Duty Dependents” for three years, including the military dental plan if enrolled. After three years, they may transition to TRICARE just like the families of military retirees.

Burial Benefits. The military will provide for the care and disposition of your remains, including burial in a national cemetery (which includes Arlington National Cemetery, if eligible) with appropriate military honors. This removes a significant monetary and emotional burden from your family members. There are some reimbursements available to your family if you are not buried in a national cemetery.

Commissary and Exchange Privileges. Your unmarried surviving spouse continues to be eligible for a dependent ID Card and the rights and privileges of an active duty dependent.

Counseling and Assistance. Your family will be assigned a Casualty Assistance Calls Officer (CACO), who is responsible for counseling and assisting your family in understanding and applying for all of their eligible survivor benefits. This is an excellent active duty benefit.

Got questions?

Contact NMAA

*We are an approved Financial Counselor
per SECNAVINST & COMDTINST*

Unequaled Value

The survivor benefits you have estimated on this worksheet represent a tremendous amount of family protection and should be included when considering the overall compensation for your service. You give up a large portion of these benefits when you separate or retire from active duty and they are unequaled in the civilian sector. They should be considered as an important part of your overall family financial plan, especially when planning for your life insurance needs. Below are some important resources for your family. If you have questions about these benefits or other family protection matters please call us at 1-800-628-6011 or e-mail us at counselor@navymutual.org.

— Important Phone Numbers and Website Addresses —

Navy Mutual Aid Assn

(800) 628-6011

Website www.navymutual.org

E-mail info@navymutual.org

*visit our website for links to various supporting agencies

Social Security Administration

Request for "The Statement"

(800) 772-1213

Website www.ssa.gov

Department of Veterans Affairs (DVA)

Benefits(800) 827-1000

Life Insurance(800) 669-8477

Website www.va.gov

Defense Finance & Accounting Service (DFAS)

(800) 321-1080

Casualty(800) 269-5170

SBP Annuitants(800) 435-3396

SBP Annuity Application Process and Application for

Arrears in Pay – Navy

and Marine Corps(800) 269-5170

Website www.dfas.mil

US Coast Guard Headquarters Decedent Affairs

Active Duty(785) 357-3540

Retired(800) 772-8724

Website www.uscg.mil

US Public Health Service (USPHS)

Survivor Assistance(800) 638-8744

Website www.dcp.psc.dhhs.gov

National Oceanic and Atmospheric Administration (NOAA)

Commissioned Personnel

Center(800) 224-6622

Website www.nc.noaa.gov

Office of Servicemember's Group Life Insurance (OSGLI)

(800) 419-1473

Report a Death (800) 669-8477

(SGLI/VGLI)

www.va.gov.publ/benman95/4lifeins.htm

T.A.P.S. (Tragedy Assistance Program for Survivors, Inc.)

(800) 959-TAPS

Website www.taps.org

Arlington National Cemetery (800) 535-1117

(703) 695-3250

Additional info on SBP can be found at:

www.AFPC.Randolph.AF.mil and

www.dfas.mil/money/retired/survbnft

Let NMAA help you with making this decision.

Call or visit our website.

CONTACT OUR NORFOLK OFFICE @757-451-2490

***WHEN COMPARING ALTERNATIVES BE SURE
TO VISIT OUR WEBSITE'S
LIFE INSURANCE CALCULATOR & TUTORIAL***