

Widow's Tax & Concurrent Receipt

The VFW's Concerns:

It has been a longtime VFW goal to eliminate the "Widow's Tax" — a dollar-for-dollar offset that currently prevents some 65,000 surviving military spouses from receiving both Survivor Benefit Plan (SBP) payments from the Department of Defense, and Dependency and Indemnity Compensation (DIC) payments from the Department of Veterans Affairs (VA). Similar to life insurance, SBP is purchased by the military retiree and is intended to provide up to 55 percent of the veteran's retirement pay to their surviving spouse. DIC is a modest indemnity compensation benefit of \$1,319 per month that VA pays to the surviving spouse of a loved one who died from a service-connected wound, illness or injury. Despite the two payments being paid for two different reasons from two different federal departments, all monthly SBP retirement payments are offset by the DIC payment.

This year, the VFW has led a coalition of veteran, military, and survivor organizations to end the unjust Widow's Tax. The coalition established a single national media message and a hashtag, #AxeWidowsTax, that has been used by countless advocates. As a result, H.R. 553, *Military Surviving Spouses Equity Act*, and S. 622, *Military Widow's Tax Elimination Act of 2019*, have reached historic levels of support.

Similar to the SBP/DIC offset, military retired pay and VA service-connected disability compensation are fundamentally different benefits, earned for different reasons. Military retired pay is earned by 20 or more years of service in the United States Armed Forces, or being medically retired, and allows retirees to maintain their standard of living while attempting to enter the civilian job market for the first time in the middle of their prime working years.

Service-connected disability compensation is a benefit meant to supplement a veteran's lost earning potential as a result of the disabilities he or she incurred while in service. However, military retirees who are less than 50 percent service-connected disabled are required to offset their retiree pay with the amount of VA disability compensation they receive.

The only purpose for these two offsets is to balance the federal budget on the backs of America's disabled veterans and their survivors. They are different benefits paid by two separate government entities for separate reasons.

The VFW urges Congress to:

- Pass H.R. 553, *Military Surviving Spouses Equity Act*, or S. 622, *Military Widow's Tax Elimination Act of 2019*, which would honor the sacrifices of our nation's heroes by ensuring their survivors are able to maintain a modest quality of life, without unjustly offsetting their benefits.
- Pass H.R. 303 or S. 208, *Retired Pay Restoration Act*, which would enable disabled retirees to concurrently receive the retirement pay and VA disability compensation they have earned and deserve, without offset.