


Benefits and Financial Topics for Chapters (The kitchen sink version)

Presented by
Shane Ostrom, CFP®
Lt Col, USAF (Ret)
Deputy Director, Benefits and Financial Information
Military Officers Association of America



Overview

Issues on...

- Health care
- Survivors
- VA
- Social Security
- Financial matters




Health Care



TRICARE/TFL

**The TRICARE Health Plan
Serves more than 9.2 million beneficiaries!**


- **Standard – Fee for service**
- **Prime – Managed care (HMO)**
- **TRICARE For Life (TFL)**
 - Eligible for Medicare Part A
 - Enrolled in Medicare Part B
 - Valid Military ID Card



TRICARE/TFL

- **TRICARE For Life (TFL)**
 - Eligible for Medicare Part A
 - Enrolled in Medicare Part B
 - Valid Military ID Card
 - Enrollment

Greenville, SC, Social Security Administration Office (SSA)
Address - 319 Pelham Road, Greenville, SC 29615
Phone - 1-877-274-5433
Hours - M-T and Th-F 9:00 - 3:00 W 9:00 - 12:00
Google - Greenville SC SSA



Tricare For Life

- Tricare is a Medicare Supplement
- Tricare invisible to health care community
 - Just find a Medicare doctor
 - No need to mention Tricare
- Additional coverage adds complexities
 - Probably over insured
- May need to show Military ID Card



2013 Medicare Part B Premiums

INCOME		Monthly Premium per Person	Annual Deductible
Single Filer	Married Filing Jointly		
Below \$85,000	Below \$170,000	\$104.90	\$147
85,001 - 107,000	170,001 - 214,000	\$146.90	"
107,001 - 160,000	214,001 - 320,000	\$209.80	"
160,001 - 214,000	320,001 - 428,000	\$272.70	"
Above 214,000	Above 428,000	\$335.70	"



2013 TFL Pharmacy Change

- Requires...
 - TFL beneficiaries on maintenance meds to use base pharmacies or mail order for one year.
 - After the year, opt-out is option
- Effective March 2013
- Safeguards to ensure enough meds to start mail order
- Some limited DOD waivers may apply



Rx Copays

<u>NOW</u>		<u>2013</u>	
<u>Retail</u>		<u>Retail</u>	
Generic	\$5	Generic	\$5
Brand	\$12	Brand	\$17
Non-form.	\$25	Non-form.	\$44
<u>Mail Order</u>		<u>Mail Order</u>	
Generic	\$0	Generic	\$0
Brand	\$9	Brand	\$13
Non-form.	\$25	Non-form.	\$44



Hearing Aids

"Retiree At Cost Hearing Aid Program"

- Available at **some** base Audiology Clinics
- Call in advance, travel and lodging not included
- Usually a 2-day process
- Cost is greatly reduced-- <\$1000ish

Also check with VA— must be Service-connected



Health Care Hodge-Podge

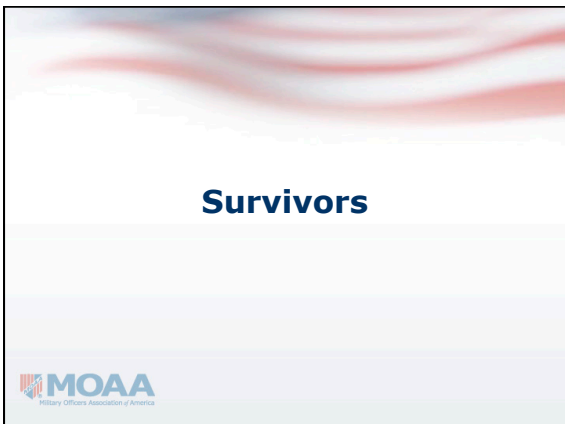
- Tricare dental – www.trdp.org
- Mail Order pharmacy – <http://www.tricare.mil/>
Prescriptions or (877) 363-1303
- Eye glasses –
 - Naval Ophthalmic Support & Training Activity
 - Free BC glasses
 - Email at: NOSTRA-CustomerService@med.navy.mil
 - Phone at (757) 887-7600 Option 1
- Long Term Care –
 - Federal Long Term Care program
 - www.ltcfeds.com




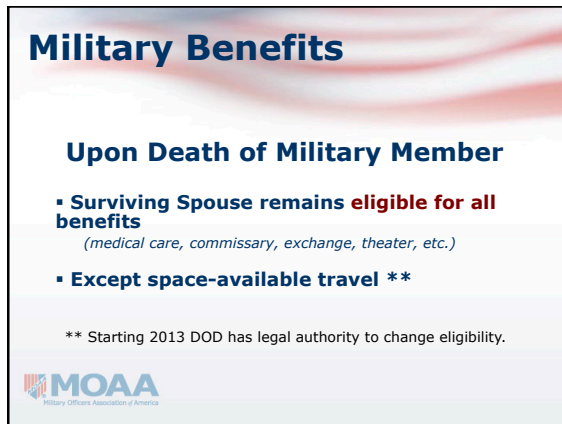
Tricare "Reserve Select" and "Retired Reserve" Programs

- For Reserve members
 - Reserve Select –while in-between drills
 - Retired Reserve –while in gray zone
- Tricare Standard program
- Premiums payable only by EFT, credit or debit cards
- Premiums
 - Reserve Select—Ind: \$52mo Fam: \$196mo
 - Retired Reserve—Ind: \$402mo Fam: \$969mo





Survivors





Military Benefits

Upon Death of Military Member

- **Surviving Spouse remains eligible for all benefits**
(medical care, commissary, exchange, theater, etc.)
- **Except space-available travel ****

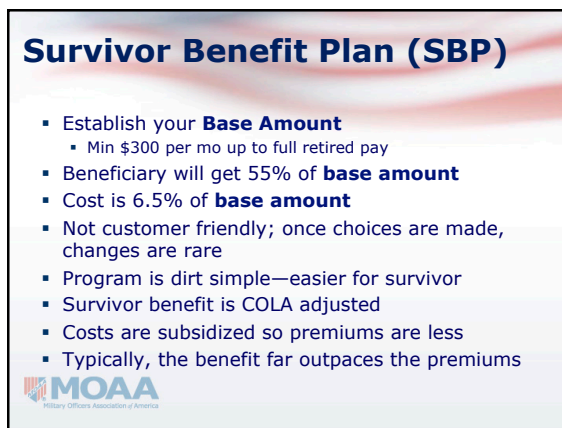
** Starting 2013 DOD has legal authority to change eligibility.




Military Benefits


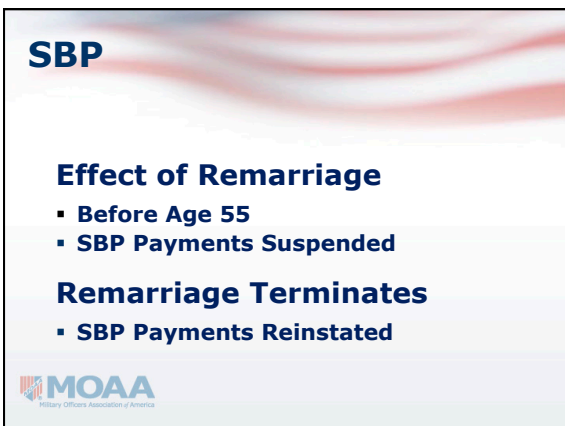
Remarriage Terminates

all benefits
except medical
will be reinstated
(if subsequent marriage ends in death or divorce)

Survivor Benefit Plan (SBP)

- Establish your **Base Amount**
 - Min \$300 per mo up to full retired pay
- Beneficiary will get 55% of **base amount**
- Cost is 6.5% of **base amount**
- Not customer friendly; once choices are made, changes are rare
- Program is dirt simple—easier for survivor
- Survivor benefit is COLA adjusted
- Costs are subsidized so premiums are less
- Typically, the benefit far outpaces the premiums


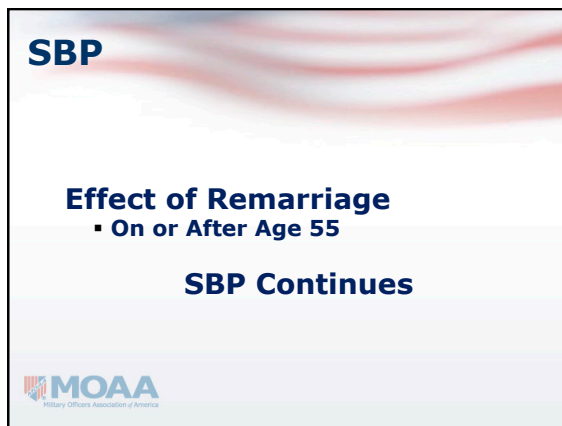
SBP

Effect of Remarriage

- Before Age 55
- SBP Payments Suspended

Remarriage Terminates

- SBP Payments Reinstated





SBP

Effect of Remarriage

- On or After Age 55


SBP Continues



Dependency & Indemnity Compensation (DIC)

DIC is awarded to a surviving spouse of a disabled veteran:

- If the death is attributed to an injury or disease incurred on active duty
- Or -
 - If the retiree had 100% VA disability rating
 - 10+ years
 - 5 continuous years from release of active duty
- Or -
 - Former POW rated 100% one year prior to death




DIC

Effect of Remarriage

- **Before Age 57 – DIC Suspended**
- **On/After Age 57 – DIC continues**


Remarriage Terminates

- **DIC Reinstated**




SBP & DIC

Effect of Remarriage Before Age 55
SBP & DIC Suspended




SBP & DIC

Effect of Remarriage
On or After Age 55 *but Before* Age 57
DIC Suspended & SBP Increased*



SBP & DIC

Effect of Remarriage On or After Age 57
BOTH SBP and DIC Paid In Full
Thanks to the 'Sharp Case'




SBP Still Not Fixed

- Social Security Offset was eliminated...
- The SBP-DIC Offset was not.
- Offset is dollar-for-dollar:

$$\begin{array}{r}
 \text{SBP \$} \\
 - \text{DIC \$} \\
 \hline
 \text{SBP "Benefit"}
 \end{array}$$

- Premium refund provided after offset applied



Compromise to Fix Offset

Special Survivor Indemnity Allowance (SSIA)

2008/2009 First Legislative Steps:

- Special \$50/mo payment (2009)
- Add \$10/mo each yr for 5 yrs (2010-2014)
- Enhanced payments out to 2017
- Everything stops in 2018

Beginning	Monthly Amount
October 2008	\$50
October 2009	\$60
October 2010	\$70
October 2011	\$80
October 2012	\$90
October 2013	\$100
October 2014	\$150
Increases thru 2017	
October 2017	\$310



What About That Sharp Case?

The Sharp Case

Aug 2009 – Three widows win court case against the govt.

- The Decision—Remarriage after age 57 maintains full DIC-SBP

Why? It's how the law is written—law's wording is different for under 57 and 57+



Personal Affairs

- **Gather Information Today**
- **Get the Facts:**
 - *Use creditable sources*
- **Review Annually**



Personal Affairs

- **Get Personal Affairs in order**
 - **Update your Will, Trust, Living Will**
 - **Gather Documentation**
 - **Complete Personal Action Guide**



Documentation Readily Available

- **Birth Certificates**
- **Marriage Certificates**
- **Divorce Decree**
- **Changes in name**
- **Death Certificate**
- **Separation Documents**
 - **DD Form 214**
- **Retirement Orders**




Service Records

- Order on-line at www.archives.gov/veterans/
- Phone: 1-866-272-6272
- Mail
 - Use SF-180; get form on-line, VSO, VA, or request at: National Personnel Records Center, 1 Archives Drive, St. Louis, Missouri 63138
 - Mailing addresses are on the form
- Fax form to 314-801-9195



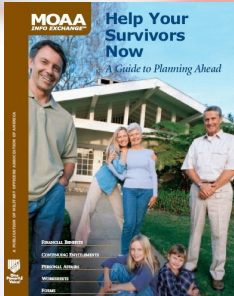

Living Expenses

- **Money set aside**
 - For surviving spouse
 - 60-90 days
 - Immediate living expenses after sponsor's death



Help Your Survivors...Now!

- Potential Financial Benefits
- Entitlements
- Personal Affairs
- Personal Affairs Action Guide
- Survivor's Checklist





Veteran Affairs



General VA Topics


- Work with a Veteran Service Office (VSO)
 - MOAA is not a VSO
- It's not always about you...
 - Your situation can translate to survivor benefits
- People don't know about concurrent receipt
 - They haven't applied to VA because they still think retired pay will be docked
- Don't work with a private firm
 - It's a scheme to gain financial info access and cross sale products



Aid and Attendance and Housebound Programs


- Not easy as you may think
- Must qualify for VA Pension
 - Low-income program plus see yellow box
- A&A and Housebound increase Pension payments
- Need for long term care assistance increases income needs and can help qualify

Wartime vet **AND**
 Age 65 or older, **OR**
 Totally and permanently disabled, **OR**
 A patient in a nursing home receiving skilled nursing care, **OR**
 Receiving Social Security Disability Insurance, **OR**
 Receiving Supplemental Security Income




CHAMPVA

- **Family Members of Veterans**
 - **Permanent & Total disability (service-connected)**
 - **Service connected death**
 - **Die while having 100% disability**
- **No eligibility for Tricare eligibles**



CHAMPVA

- **Effect of Remarriage**
 - Prior to age 55; lose CHAMPVA
 - At 55 or +; keep it
- **Remarriage Terminates**
 - CHAMPVA Restored



Funeral Honors

Military Funeral Honors

- FY 2000 National Def Auth. Act
- Next of kin must request the honors
- Funeral director must contact DoD:
1-877-MIL-HONR (645-4667)
www.militaryfuneralhonors.osd.mil



Military Burials



- Arlington National Cemetery
- Federal, State & Overseas Cemeteries
- Entitlements to Interment




Social Security




Social Security Survivor Benefits

- Widow or widower, full retirement age or older
 - Full benefit
- Widow or widower, age 60 to full retirement age
 - Reduced amount
- Disabled widow or widower, age 50 through 59
 - Reduced amount
- Widow or widower, any age, caring for a child under age 16
 - Reduced amount
- A child under age 18 (19 if still in elementary or secondary school) or disabled
 - Reduced amount



Social Security


- **Effect of Remarriage Before Age 60**
 - Not Eligible on Members Record
- **Remarriage Terminates**
 - Eligibility Restored




Social Security

Effect of Remarriage After Age 60

No Effect on Social Security Entitlements




Financial



Individual Retirement Accounts "IRA"


- \$ **Secondary choice** for retirement savings
- \$ Must be **"earned income"** (except for spousal IRA)
- \$ Penalty-free withdrawal age is 59.5, exceptions**:
 - \$ Qualified college expenses
 - \$ You're disabled
 - \$ First-time home buyers/builders
 - \$ Extraordinary medical expenses
 - \$ Qualified Reserve/Guard distribution
- \$ Excellent for children with earned income.



**See IRS Pub 590 for details

Benefits of Roth IRAs


- \$ After-tax dollars contributions
- \$ **Contributions** may be withdrawn tax and penalty-free at any time (not earnings)
- \$ Earnings also tax / penalty-free
 - \$ Accessed after age 59.5 or 5-years after contribution, whichever is *later*
- \$ Roth IRAs **not** subject to Required Minimum Distributions (RMD) at age 70½



IRAs in 2013 Contributions and Deductions


IRA	Contribution Limit [#]	MAGI Phase-out
Traditional	\$5,500 + \$1,000 Catch-up for age 50+	DEDUCTION [®] \$59-69k Single \$95-115k** Married
Roth	Same	PROHIBITION \$112-127k Single \$178-188k Married
Spousal (Traditional or Roth)	Same	DEDUCTION (Traditional rules apply) OR PROHIBITION (Roth rules apply)

[#] Of "earned income"
[®] MAGI if both taxpayers are covered by an employer plan OR for the spouse who has the employer plan. If only one spouse has an employer plan, phase out is \$173k-183k for the non-employer plan member.
^{**} There is NO deduction phase-out for Trad IRA if filing single, or married, and no one has an employer plan. See IRS Pub 590 for details!



Concurrent Receipt

Full Payment of Retired Pay and VA Compensation



Concurrent Retired and Disability Pay--CRDP

- CRDP is simply the elimination of the VA Waiver from your retired pay
*A medical retiree may still have some VA Waiver***
- In 2014, phase-in complete, VA Waivers disappear
- Eligibility:
 - 20 year (+) retiree, 50% or greater VA rating—period
- CRDP is automatic



Combat-Related Special Compensation--CRSC

- A separate check to reimburse you for your VA Waiver amount
- Completely determined by illness/disabilities directly related to combat
 - NOTE: Not unusual from combat only rating to be less than total VA disability rating
 - VA has nothing to do with combat determination
 - Service CRSC offices make determination and report to DFAS
- Full VA Waiver remains in retired pay
- Eligibility: any retiree (medical or yos), any VA rating, with CRSC rating
- NOTE: Reimburses vested Service time only—medical retirees usually see only a portion of reimbursement**



** From Previous Slides

Retired pay formula: 2.5% X YOS X Base pay/Hi-3
 Medical Retirement: Medical Rating X Base pay/Hi-3
 • Or YOS if higher than medical rating

Example, Medical Retiree with 5 YOS, 75% medical rating
 5 YOS X 2.5% = 12.5% (Pay will be at 75%)
 Concurrent Receipt reimburses the **vested Service years only**
 People get upset when they realize CRSC is not near what they thought

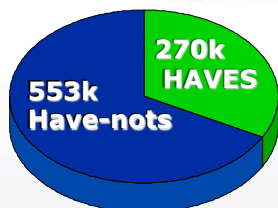


Congress Has Fixed For Some

	<u>Combat Related</u>	<u>Non-Combat Related</u>
20+ Yrs/100% and IUs	Yes	Yes
20+Yrs/50+% Disability	Yes	Phasing In
20+ Yrs/0-40% Disability	Yes	No
Under 20 Yrs—Med Retire	Yes	No



Concurrent Receipt Haves vs. Have-nots



South Carolina Tax Specific

- Not in our wheelhouse but...
- SC taxes for retirees; age 65 over-under
 - Explained in SC1040 Instructions
 - <65, \$3000 deduction
 - >= 65, \$10,000 deduction
 - Off of "Qualified Retirement Income" (QRI)
 - Sec 401, 403, 408, 457, all public employee retirement plans, IRAs, Keogh, AND MILITARY retirement
 - SBP to survivors does not apply as QRI



South Carolina Tax Specific

- Homestead--exemption off property taxes for the first \$50,000 of FMV of your legal residence if...
 - Over age 65 OR
 - Totally and perm disabled OR
 - Legally blind
 - Apply with County Auditor' s Office
- Spouse Residency Relief Act
 - Income in SC excluded from SC income taxes
 - Requirements: not SC residents, spouse in state due to mil spouse, mil spouse in SC on orders, spouses have same other state domicile



South Carolina Tax Specific

- Guard/Reserve Pay issues
 - Inactive duty income not taxed
 - Includes annual training, weekend drills, and other inactive duty training



Military Officers Association of America

Benefits and Financial Information
201 N. Washington Street
Alexandria, VA 22314-2539

1 800 234-6622

Email: BenInfo@moaa.org
Web: www.moaa.org

