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2008 United States Military Handbook

2008 United States Military Handbook

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Introduction

"*The willingness with which our young people are likely to serve in any war, no matter how justified, shall be directly proportional as to how they perceive the Veterans of earlier wars were treated and appreciated by their country*."
George Washington

Ever since the founding of our country, over 230 years ago, Americans have proudly stepped forward in times of peace and war to wear their country's uniform. They have, through great personal sacrifice, protected the freedoms established by the Founders of our great nation. Our valiant men and women in uniform today continue this tradition as we fight a worldwide war on terror.

A grateful nation owes them more than a debt of gratitude and respect. As George Washington observed, it is in the nation's best interest to care for those who were willing to enter harm's way for the sake of their nation and the freedom it exists to safeguard.

It is the purpose of this handbook to help keep our promise to those loyal and trustworthy men and women of the United States Armed Forces. To help honor their service and sacrifice, its goal is to provide a better understanding of the ins-and-outs of the broad range of benefits and services that have earned.

This handbook is presented in three main sections:

1. Pay, Allowances and Retirement
2. Healthcare, Survivors Benefits and Social Security
3. Veterans' Benefits and Programs

We hope that you find this *2008 United States Military Handbook* helpful, and we wish you the very best in your military career.

– *The Military Handbooks Staff*

1

Military Pay

Understanding military pay is the first step in making sure you receive what you are entitled to. Unfortunately, the military compensation system – with over 70 different kinds of pay and allowances – is highly complex. The good news is that everything you need to know is found right here in this handbook.

Annual Pay Adjustment

Generally speaking, annual military pay raises are linked to the increase in private sector wages. Beginning with the January 1, 2000 pay raise, annual pay raises through 2006 were one-half percent above private-sector average increases as measured by the Employment Cost Index (ECI). This was an important change. Since passage of a 1990 law, the annual military pay raise was capped at one-half percent below private-sector growth unless specifically granted a larger increase by Congress. The FY2000 National Defense Authorization Act directed that pay raises for 2000 through 2006 would automatically be one-half percent above the private-sector wage increases. All pay raises after last year are equal to the increase in the ECI. Pay raises may exceed these automatic levels if authorized and funded by Congress.

However, current laws governing annual pay raises no longer guarantee that military pay will be automatically set above civilian average pay increases. This means that beginning this year, 2008, military pay raises are determined according to the National Defense budget.

Frequently Asked Questions

How are annual pay raises determined?

ECI is the Employment Cost Index, which is a measure of the increase in private-sector wages and salaries. It is calculated by the Department of Labor's Bureau of Labor Statistics and updated every three months. The ECI, reported each October, is used to determine the pay raise for the next fiscal year. The raise was set at ECI + 1/2% for 2000 through 2006. In January 2007, the military pay raise was 2.2% (ECI). This year, the military pay raise was set at 3.5% (ECI). To view this year's Military Pay Tables, visit: http://www.dfas.mil/militarypay/militarypaytables.html.

Does this affect Federal civilians?

The provision for future military pay increases above ECI does not necessarily pertain to Federal civilian employees. The pay tables for Federal civilians may be seen at the Office of Personnel Management web site: http://www.opm.gov/oca/07tables/index.asp.

Do these future pay raises affect retirees?

No. Retiree Cost-of-Living Adjustments (COLAs) are based on the increase of inflation, which is measured by the Consumer Price Index (CPI), not ECI. Retirees received a Cost-of-Living Adjustment (COLA) on January 1, 2007, of 3.3%. The COLA for 2008 is **2.3 percent** for retired pay, SBP annuities, Social Security, and veterans' disability compensation, effective December 1, 2007.

What's the difference between CPI (used for retiree increases) and ECI (used for active duty raises)?

CPI, Consumer Price Index, measures inflation. The purpose of using CPI is to generally preserve the purchasing power of retired pay. ECI, Employment Cost Index, measures private-sector wage increases.

What is the effect of the executive ceiling upon the pay raises?

Pay is still capped for some individuals by law to certain executive pay levels. The cap for basic pay for O-7 to O-10 is limited to Level II of the Executive Schedule. Basic pay for O-6 and below is limited to Level V of the Executive Schedule.

Managing Your Pay: The myPay System

Thanks to technology, you now have much greater ability to manage your pay. The agency responsible for paying America's service members is the Defense Finance and Accounting Service (DFAS). On its Web site, this agency provides a secure site where you can establish an account that you can use to access your latest personal pay information and keep your pay account up to date. You can manage your pay information, leave and earning statements, W-2's and more.

The Web site where you can create an account is at https://mypay.dfas.mil/mypay.aspx.

Setting Up Your Browser:

1) Which browsers can I use to access this site?

- Netscape version 6.1 or later on Windows
- Internet Explorer version 6.0 or later on Windows
- Browsers Blocked from accessing myPay:

    1. Netscape version 6.0 on ALL Operating Systems
    2. Netscape versions prior to 6.1 on ALL Operating Systems
    3. Internet Explorer before version 5.0 on ALL Operating Systems
    4. All browsers without 128-bit encryption on ALL Operating Systems

- Browsers Which May Be Used to Access myPay, But for Which No Support Will be Provided by myPay:

    All other 128-bit encryption browsers not in the supported or blocked groups above may be used to access myPay. However, **no** support will be provided by myPay if there are problems with the browser interacting with myPay.

NOTE: If you are using special interpretive software, such as a screen reader, in addition to your browser, you should set the special software to read forms ("forms mode"). If you do not have "forms mode" turned on, you may not be able to change data items in the myPay online forms. For some software, you can turn "forms mode" on by pressing the ENTER or RETURN key. Check your software's online help for instructions.

2) Can I use the browser provided by my Internet Service Provider?

If you are using a web browser provided by your Internet service provider or online service, you might not be able to use the full security capabilities of myPay. (Examples of service providers are America On-Line, CompuServe, and The Microsoft Network.)

DFAS recommends that you use the official Microsoft Internet Explorer, available from http://www.microsoft.com, or Netscape Navigator, available from http://www.netscape.com. myPay only supports browsers with JavaScript and strong encryption enabled.

3) What is 128-bit encryption?

In order to use the myPay Web site, you must use a web browser that supports Secure Socket Layers (SSL) protocol with 128-bit encryption software (strong encryption) and JavaScript enabled. This prevents information from being read by others on the Internet while it is being transmitted between your web browser and the myPay Web site. 128-bit encryption is the highest level of encryption available.

4) How do I know if I have 128-bit encryption?

Because browsers vary, you should see your system administrator, check the manual, use the help option, or call/e-mail your browser vendor's technical support group to verify that you have 128-bit encryption. If you are unable to use 128-bit encryption, use the myPay Interactive Voice Response System (IVRS) toll free at 1-877-363-3677, or **commercial** at (478) 757-3119. (You cannot reach a customer service representative at these numbers.)

5) Where can I get a 128 bit browser?

Microsoft Internet Explorer is available from http://www.microsoft.com. Netscape browsers are available from http://www.netscape.com .

6) How do I enable JavaScript?

Since directions for enabling JavaScript vary across browsers, you should see your system administrator, check the manual, use the help option, or call/e-mail your browser vendor's technical support group for instructions and support in enabling JavaScript.

7) What is cache (or caching)?

Browsers can automatically store/save (cache) pages displayed on your monitor to your hard drive. Caching (automatically saving pages to your hard drive) can allow others to see your personal information if they have access to your machine. When you are operating in the SSL mode, some browsers allow you to set the cache to be cleared (deleted) upon exiting the browser. If possible, you should set the cache to be cleared upon exiting the browser when using myPay.

8) How do I set the browser cache to clear upon exiting?

Since directions for clearing the cache vary across browsers, you should see your system administrator, check the manual, use the help option, or call/e-mail your browser vendor's technical support group for instructions and support in setting the browser cache to clear upon exiting. Caching cannot be disabled in every browser, and disabling the caching feature may prevent you from printing your LES.

Getting Connected:

1) How do I access myPay?

If you do not have a myPay PIN, proceed to FAQ #16 for instructions on how to obtain a PIN.

You can use the Internet or touch-tone telephone to access myPay. On the Internet, you can reach the myPay Web site at:

1. https://mypay.dfas.mil or
2. http://www.dfas.mil (click on myPay).

NOTE: Web TV users should access myPay through the http://www.dfas.mil site, or go directly to the myPay home page at https://mypay.dfas.mil/mypay.aspx . Enter your SSN or Alternate ID and PIN and click on the

GO button, your SSN or Alternate ID and PIN will disappear, please scroll down the page for the Main Menu Selections. You will be able to click on any of the items listed on the menu.

Using a touch-tone telephone, contact myPay at:

1. If you are calling from the continental U.S., call toll-free at 1-877-363-3677
2. If you are calling from outside of the continental U.S., call **commercial** at (478) 757-3119.

For security reasons, DO NOT use a cellular phone when calling myPay. You cannot reach a customer service representative at the myPay telephone number.

For additional information or assistance, contact the DFAS Centralized Customer Support Unit toll free at 1-888-DFAS411 or 1-888-332-7411, or call **commercial** at (216) 522-5096, or use the **Defense Switching Network (DSN)** at 580-5096. The Customer Support Unit is available Monday through Friday, from 7 A.M. till 6:30 P.M. Eastern Standard time. You may also contact your customer service representative (see FAQ #19).

2) Why do I keep getting a "Domain Not Found" error?

Check that you are typing https://mypay.dfas.mil/ for the URL (location). Also, there could be a problem with the domain service or the connection link you are using.

After Accessing the Site:

1) What do I do with Pop-Up Blockers?

Internet Explorer browser users can eliminate the pop-up blocker problem by following these steps:

1. Click on the "Tools" menu
2. Click on "Internet Options"
3. Click the "Security" tab
4. Click the "Trusted Sites" icon
5. Click the "Sites" button
6. Copy https://mypay.dfas.mil into the zone field
7. Click the "ADD" button
8. Click the "OK" button

Mozilla browser users can eliminate the pop-up blocker problem by following these steps:

1. Click on the "Tools" menu
2. Choose "Options"
3. Click on the "Web Features" category
4. Click "Add Site"
5. Copy https://mypay.dfas.mil into the "Add Web Site" field

You can also temporarily disable some pop-up blockers by holding down the CTRL key while you click on the GO button. This will usually disable most pop-up blockers.

2) Why isn't my pay system accessible?

First, verify that your pay system is available (see FAQ #20). If your pay system is available but is still not listed your account may not be online due to account maintenance, recent transfer or retirement.

3) Why can't I enter my full Social Security Number (SSN)?

Dashes and special characters are not allowed. Type only the numbers in your Social Security Number.

NOTE: If you are using special interpretive software, such as a screen reader, you should set the special software to read forms ("forms mode"). If you do not have "forms mode" turned on, you may not be able to change data items in the myPay online forms. For some software, you can turn "forms mode" on by pressing the ENTER or RETURN key. Check your software's online help for instructions.

System Privacy:

1) How private is my data in myPay?

In order to protect customer privacy, myPay masks the entire Login ID (Social Security Number (SSN) or Alternate Login ID) on the log-in, the New PIN screens, and in the initial setup for an applicable Single Sign-on. myPay also masks the first five positions of the SSN on the display and print of pay account statements and travel vouchers.

Additional FAQs:

1) What is myPay?

myPay is an innovative, automated system that puts you in control of processing certain discretionary pay data items without using paper forms. You can also get your pay and tax statements, and travel advice of payment using myPay.

2) Why should I use myPay?

- myPay saves time. myPay eliminates the need to write letters or fill out forms by letting you make your own changes immediately with user-friendly technology.
- myPay is convenient. You can access myPay nearly 24 hours a day, 7 days a week to change or review your current information, or to check your most recent pay statement.
- myPay is reliable. myPay has the same procedural checks for accuracy as the paper forms.

3) When is myPay available?

myPay is available nearly 24 hours a day, 7 days a week. Refer to FAQ #20 for the exceptions to this availability.

4) Which pay changes can I make using myPay?

You can change a variety of discretionary payroll items. You can get a current list of the items you can change from myPay, your servicing payroll office, or your customer service representative.

5) When will my changes be effective?

Upon completion and acceptance of a change, myPay will display a "NO LATER THAN" date. Your change will be effective on or before the date myPay displays.

- Annuitants, Military (all services & components), Civilians and Retirees: You can verify the change to your account by accessing myPay three to seven business days after you make the change, or by contacting your customer service representative (see FAQ #19).

6) How will I know that my change was made?

In keeping with government streamlining efforts and to reduce the use of paper, myPay takes advantage of existing technology and is paperless, so **you will not receive any written confirmation.** However, myPay displays a "NO LATER THAN" date **before and after** your change is accepted. Any change you make to your account should be posted no later than this date. You must receive this notification message to ensure that your action has been accepted. If your change does not appear on your account by then, contact your customer service representative (see FAQ #19).

- Military (Active and Reserve), and Civilians: You may check your Leave and Earnings Statement (LES) to verify that your change was processed.
- Annuitants: You will receive a pay statement in the mail each time you make a change to your account.
- Retirees: If you make a change to your allotments or federal tax withholding amount, you will receive a Retiree Account Statement (RAS) in the mail reflecting the change in your net pay unless you have elected to receive your RAS electronically.

7) When I change my home address, will it affect the address of bonds that should be sent to my home?

- Civilians: If the address on a bond is identical to your home address, it may automatically change when the home address is changed.
- All other myPay users: Changing your home address will not affect the address of your bonds.

8) I am in a tax exempt status. How does this affect changes I wish to make to my federal taxes?

- Civilians: If you filed a W-4 to be in a tax-exempt status, you are not allowed to make federal tax changes.
- All Military Members except for Cadets/Midshipmen and Retirees: With the exception of special statuses, you are allowed to make federal tax exemption changes using myPay.

9) I entered an amount in the federal tax additional withholding amount block. How much money will actually be deducted from myPay each payday?

- Civilians: The amount that will be deducted each pay period will be the additional amount entered in addition to the tax withholding based on your current filing status (marital status and exemptions).
- All Other Employees/Members except for Former Spouse and Cadets/Midshipmen: The amount you enter will be deducted each month, (one-half each payday if you have two paydays per month) in addition to the tax withholding based on your current filing status (marital status and exemptions).

10) Can I change my financial allotments?

- All Active Military Members, Military Retirees, and Civilians: You can change your direct deposit financial allotments using myPay.

  Warning: Court /support agencies require a case number for payment transactions. You cannot enter a case number and additional information using myPay. Please see your service payroll representative to change any court ordered child/alimony support payments.

- Annuitants, Former Spouse and Cadets/Midshipmen: This option does not apply to you.

11) Is there a maximum amount for my financial allotments (including new allotments and increases)?

- myPay allows eligible employees/members to start or increase a financial allotment for any amount as long as it does not exceed the amount of available net pay.

- Civilian employees should determine their net pay amount before starting any allotments to ensure that existing allotments are not affected by any new allotments.

12) How many financial allotments can I start?

- Active Duty Members and Retirees: You are limited by DoD regulations in the number of allotments that you can start.

  Warning: Court /support agencies require a case number for payment transactions. You cannot enter a case number and additional information using myPay. Please see your service payroll representative to start any court ordered child/alimony support payments.

- Civilians: myPay will allow you to start a maximum of seven financial allotments.
- Annuitants, Former Spouse and Cadets/Midshipmen: This option does not apply to you.

13) What should I do if I find out the change I made on myPay was incorrect or was not the change that I wanted to make?

Any changes you make using myPay can be corrected using myPay at any time. Please submit your change only once. The change will post according to your pay system's update schedule.

14) What information do I need to be able to use myPay?

In order to use myPay, you need your Social Security Number (SSN)/Alternate ID and myPay Personal Identification Number (PIN). Depending on what you want to do in myPay, you might need additional information.

When a military member retires or transfers to the reserves, the retiree or reserve member may continue to use the same PIN that they used while on active duty to access their myPay retired or reserve pay account information.

15) What happens if I do not know or have suspended my PIN?

If you do not know or have suspended your Customized PIN or temporary PIN, you must request a new temporary PIN. Click on the New PIN button on the myPay home page.

After you have entered your Social Security Number and selected the 'YES' button, this process will attempt to determine if myPay can mail a new random temporary PIN to your address of record in your pay system OR if they can email to a pre-registered address. Security Restrictions allow PINs to be emailed that have been pre-registered from the appropriate administrator or to a pre-defined Secure Personal Email you provided previously in myPay. If myPay cannot mail/email a new random temporary PIN to you, the screen will display procedures for obtaining a new PIN. Please check with your local finance/pay office, they may be able to assist you in obtaining a PIN.

Note: If you are offered the PIN by email or PIN by mail option and your email or home address of record has not been updated, you can fax or mail your request for a PIN reset. Please check with your local finance/pay office before you fax or mail in your request. You can also scan your ID card and attach it to your email. Please include the following information:

1. Name
2. SSN
3. Copy of your government photo ID (If you do not have a government photo ID, you can send a copy of your driver's license or other photo ID.)
4. Daytime phone number
5. Signature

You can also fax (216-522-5800) or mail the information above to:

DFAS-Cleveland/PMCAA
Attention myPay
1240 East 9th Street
Cleveland, Ohio 44199

If you fax, mail or email your request, your new Temporary PIN will be set to the **last five numbers of your SSN**. Please wait **at least** two business days before attempting to use your new temporary PIN (allow additional time if you mailed your request). **You will not receive any notification that your temporary PIN has been reset.**

If this process does not work for you, or you need additional assistance with obtaining a PIN, please contact the Customer Support Unit Toll Free at 1-888-DFAS411 or 1-888-332-7411, Commercial 216-522-5096 or Defense Switching Network (DSN) at 580-5096.

16) How do I get a Personal Identification Number (PIN)?

If you have lost, do not remember or have not received a PIN, click on the New PIN button on the myPay home page. After you have entered your Social Security Number and selected the 'YES' button, this process will attempt to determine if myPay can mail a new random temporary PIN to your address of record in your pay system OR if they can email to a pre-registered address. PIN letters will be mailed within two business days. Delivery time will vary based upon your location and postal service volume. If you do not receive your PIN letter within ten business days, please verify your mailing address with your pay system.

Security Restrictions allow PINs to be emailed that have been pre-registered from the appropriate administrator or to a pre-defined Secure Personal Email you provided previously in myPay. If myPay cannot mail/email a new random temporary PIN to you, the screen will display procedures for obtaining a new PIN. Please check with your local finance/pay office, they may be able to assist you in obtaining a PIN.

Note: If you are offered the PIN by email or PIN by mail option and your email or home address of record has not been updated, you can fax or mail your request for a PIN reset. Please check with your local finance/pay office before you fax or mail in your request. You can also scan your ID card and attach it to your email. Please include the following information:

1. Name
2. SSN
3. Copy of your government photo ID (If you do not have a government photo ID, you can send a copy of your driver's license or other photo ID.)
4. Daytime phone number

5. Signature

You can also fax (216-522-5800) or mail the information above to:

DFAS-Cleveland/PMCAA
Attention myPay
1240 East 9th Street
Cleveland, Ohio 44199

If you fax or mail your request, your new Temporary PIN will be set to the **last five numbers of your SSN.** Please wait **at least** two business days before attempting to use your new temporary PIN (allow additional time if you mailed your request). **You will not receive any notification that your temporary PIN has been reset.**

If you need additional assistance with obtaining a PIN, please contact the Customer Support Unit Toll Free at 1-888-DFAS411 or 1-888-332-7411, Commercial 216-522-5096 or **Defense Switching Network (DSN)** at 580-5096.

17) Can I change my PIN?

Yes. You can change your PIN at any time by clicking on the "Change PIN" option on the Personal Settings page. You must enter your new PIN twice.

18) What kind of help does the DFAS Centralized Customer Support Unit provide?

The Centralized Customer Support Unit can provide assistance on how to use the options available to you in myPay. The Centralized Customer Support Unit will also provide support for establishing and changing your PIN.

For ALL other payroll information please contact your servicing pay office or your customer service representatives as shown in the FAQ below.

19) Who can help me with my pay account?

Questions concerning SPECIFIC PAY ACCOUNT INFORMATION should be directed to the servicing payroll office or to your normal customer service representative as follows:

Civilian Employees	Your local Customer Service Representative
Military Retirees	1-800-321-1080
Annuitants	1-800-321-1080 (US) or (216) 522-5955 (Outside US)
Military Former Spouses	1-888-DFAS411 or 1-888-332-7411

Military Members:

U.S. Air Force Active	Your Local Finance Office
U.S. Air Force Reserves	Your Local Reserve Center Finance Office
U.S. Army Active	Your servicing Defense Military Pay Office or Finance Battalion
U.S. Army Reserves	1-888-DFAS411 or 1-888-332-7411 or your administrative unit
U.S. National Guard	1-888-DFAS411 or 1-888-332-7411 or your administrative unit

U.S. Army Separatees	1-888-DFAS411 or 1-888-332-7411
U.S. Marine Corps Active	Your Local Admin Office
U.S. Marine Corps Reserves	Your Local Admin Office
U.S. Navy Active	1-888-DFAS411 or 1-888-332-7411 or your Local Personnel Support Detachment
U.S. Navy Reserves	1-888-DFAS411 or 1-888-332-7411 or your Local Reserve Personnel Support Detachment
NAF Employee	Your local administrative office.

Military Retirees that are in a non-pay status due to a VA Waiver or Combat Pay can still access myPay but will have limited options available. Questions should be referred to the customer service previously listed.

Top

20) System Availability: myPay has periods of unavailability due to scheduled DFAS pay system maintenance windows, as shown below. All times are Eastern Time.

Pay System	Days	Times (Eastern Time)
All	Daily (Except Saturday and Monday)	00:01 A.M. - 01:00 A.M.
	Every Sunday	00:01 A.M. - 1:00 A.M.
Civilian	Saturday-Sunday at end of Pay Period	11:00 P.M. (Sat) - 1:00 A.M. (Sun)
Marine Corps	Every Friday	8:00 P.M. -11:00 P.M.

21) Where can I find more information about the Defense Finance and Accounting Service (DFAS)?

You can access the DFAS web page at: http://www.dfas.mil for more information.

22) May I view and print my Leave and Earnings Statement (LES) or Pay Statement online?

- All Active/Reserve Military and Civilians: You can view and print your Leave and Earnings Statement (LES) online. You may access your LES from the "Main Menu" by clicking on the Leave and Earnings Statement (LES) option. If you have trouble reading the graphic version of your LES, you can click on the "Text Version" link. The text version of your LES lists all your LES pay data items in a single column. Your LESs will remain available for a temporary period of time after your separation.
- For **Non Appropriated Fund employees:** Your last 26 LESs will remain available until they have cycled off through normal monthly updates.
- For **Army, Navy and Air Force (Active):** Your last 12 LESs will remain available until they have cycled off through normal monthly updates.
- For **Army, Navy, and Air Force (Reserve):** Your LESs for the last three months will remain available until they have cycled off through normal monthly updates.
- For **Marines (Active and Reserve):** Your last 12 LESs will remain available until they have cycled off through normal monthly updates.
- **For Civilians:** A new section has been added to your Leave and Earnings Statement titled Benefits Paid By The Government For You. If you have any questions related to the information contained in this section, please contact your Agency or Customer Service Representative. Your last 26 LESs will remain available until they have cycled off through normal pay period updates.
- Annuitants and Retired Military: You can view and print your account statements online. If you have trouble reading the graphic version of your account statement, you can click on the "Text Version"

link. The text version of your account statement lists all of your pay data items information in a single column.

- Former Spouses: You can view and print your Pay Statements online. You may access your Pay Statement from the Main Menu by clicking on the Payment Information option. If you have trouble reading the graphic version of your Pay Statement, you can click on the Text Version link. The text version of your Pay Statement lists all of your pay data items information in a single column.

23) Will I continue to receive my hard copy Leave and Earnings Statement (LES) or Pay statement?

Service or Agency Policy will determine if delivery of your hard copy Leave and Earnings Statement (LES) or pay statement will remain the same. However, if you like viewing and printing your LES electronically, you can use myPay to stop the delivery of your hard copy LES or pay statement. (Not available for Former Spouses)

24) How do I stop delivery of my hard copy LES or Pay statement?

You will find the option to stop the hard copy delivery of your LES or pay statement on the Main Menu. You may also use the myPay Interactive Voice Response System (IVRS) toll-free at 1-877-363-3677, or **commercial** at (478) 757-3119 to stop hard copy delivery of the LES or pay statement. (Not available for Former Spouses)

25) Once I have elected to stop hard copy delivery, can I start it back up later?

Yes. Using the same process described above, you can re-start the hard copy delivery of your LES or pay statement. Service or Agency Policy will determine if delivery of your hard copy Leave and Earnings Statement or pay statement will resume.

26) Can I print my LES or Pay Statement?

Yes. There are instructions under Help on how to print your LES or Pay Statement.

27) I am having problems printing my LES or Pay Statement. What should I do?

myPay recommends that you select the Printer Friendly Version of your LES if you desire to print or save your LES. It requires Adobe Acrobat Reader. Often, Acrobat Reader is already added to web browsers. If you don't have Adobe Reader and applicable security policies allow you to install it, it can be downloaded at http://www.adobe.com/products/acrobat/readermain.html.

If you prefer the HTML version, you can print it. However, you may have to make adjustments to your margins in your browser Page Setup for optimal printing of the HTML version. If your LES or Pay Statement is cut off at any margin, go to the myPay Home Page to adjust the margins of your browser. Once the myPay Home Page is opened, access the "File" dropdown menu and select "Page Setup". Within the "Page Setup" window, adjust the left and right margins to .25 inches and the top and bottom margins to .5 inches. If that does not solve the problem, click on the View menu, Select "Text Size", and click on medium. If you continue to have the problem after following the above instructions, click on the Tools menu, select "Internet Options", click the General Tab, click the Fonts button, select "Latin Based", select "Arial Narrow" or "New Times Roman" and click OK and click OK.

For all other printing issues, please contact the DFAS Centralized Customer Support Unit toll free at 1-888-DFAS411 or 1-888-332-7411, or **commercial** at (216) 522-5096, or **Defense Switching Network (DSN)** at 580-5096.

28) Can I save my LES or Pay Statement as a file on a disk, instead of printing it?

myPay recommends that you select the Printer Friendly Version of your LES if you desire to print or save your LES. It requires Adobe Acrobat Reader. Often, Acrobat Reader is already added to web browsers. If you don't have Adobe Reader and applicable security policies allow you to install it, it can be downloaded at http://www.adobe.com/products/acrobat/readermain.html.

If you prefer the HTML version and you are using Internet Explorer version 5.0 or higher, you can save your LES or Pay Statement as an HTML file on a disk or your hard drive by using the Save Option button displayed above your LES or Pay Statement. Follow the screen instructions displayed by your browser.

If you prefer the HTML version and you are a Netscape user, hold the Control key ("Ctrl") down and press the letter "s". This will open the "Save As" window. Select the disk to save to in "Save In". Then, for the file name, make the first part of the file name whatever you want, but type in the extension ".html". For example, you might name your file "LES15.html". Do NOT change the file type. Click "Save".

Thrift Savings Plan (TSP)

1) What TSP transactions can be made via myPay?

TSP via myPay is available only to Active/Reserve Military Members, Health and Human Services (HHS) Employees and Environmental Protection Agency (EPA) employees.

The following transactions can be made:

- Start enrollment of TSP at anytime unless you make a financial hardship withdrawal, you may not make contributions for six months following the withdrawal.
- Military Members can start or change percentage of basic pay/incentive pay/special pay at any time if they are contributing to basic pay.
- Cancel contributions at any time throughout the year.

2) When can I sign up for the TSP?

If you are eligible, you can sign up to contribute to the TSP at any time.

3) Where can I get a TSP form?

Changes to your TSP can be made through myPay and do not require a form. However, if you prefer to submit a paper form (available on the TSP Web site, at www.tsp.gov) or if you are interested in a loan, you must contact your servicing personnel-payroll office.

4) What is the percentage of contribution that I can elect?

- Military Members: The Thrift Savings Program provides an opportunity to invest in your future. You have the opportunity to elect 100% of resulting pay which is gross basic pay less mandatory deductions and TSP loan payments. Military members can also contribute from 1% to 100% of any incentive pay; special pay or bonus pay if they elect to contribute to basic pay. Choose your TSP election percentage wisely and remember to consider your other monthly obligations. You should carefully calculate the percentage of basic pay allocated

to TSP per month keeping in mind the total TSP contribution amount for 2008 is $15,500 deferred and up to $46,000 total of exempt and deferred if you have been deployed to zone. Also consider all current deductions such as; Social Security and Medicare tax (i.e., 7.65% of basic pay); garnishments; alimony; child support; and all allotments. Determine your ability to maximize your TSP contribution while maintaining enough funds to support your lifestyle. In cases where your percentage election exceeds resulting pay (i.e., pay after deductions) DFAS will work with you and your supporting finance office to provide the TSP percentage that is closest to the percentage you elected.

- Marines contributing to TSP: When you reach the IRS maximum amount for the year, the TSP contribution will be automatically suspended. No action is necessary. January of the following year, your TSP contributions will be unsuspended and contributions will automatically begin again. No action is necessary.

Internal Revenue Code section 402(g) and section 415(c) may limit your annual contributions. See the *Summary of the Thrift Savings Plan for the Uniformed Services* for more information about these statutory limitations.

5) How can I make fund allocation changes?

myPay does not allow you to change the investment of your contributions. To change the investment of your contributions, you may visit the TSP web site at http://www.tsp.gov or submit form TSP-50 available from your servicing personnel or payroll office.

Savings Bonds

1) What type of Savings Bonds changes may I make in myPay?

If you have a Savings Bond option, myPay will allow you to start, change, or stop your Savings Bonds. You should use either a paper form or myPay to make Savings Bond changes, not both. Army, Navy and Air Force customers will not be able to Stop Savings Bonds via myPay.

You may purchase both Series EE and Series I bonds. Series EE bonds are available in the following denominations: $100, $200, $500, and $1,000. Series I bonds are available in the following denominations: $50, $75, $100, $200, $500, and $1,000.

To Start or Change a bond, you need the following information: The Bond owner's name and Social Security Number, the mailing address for the bond, and the name of the Co-owner or Beneficiary, if any. There is a limit of one Owner and one Co-owner or Beneficiary per bond.

2) Information for Bonds Held in Safekeeping for Military Members:

The savings bond system allows **ACTIVE DUTY MEMBERS** for all branches of military service, to request bonds they have purchased through allotment deductions to be kept in safekeeping. These bonds are held until the member requests the bonds to be mailed to a current mailing address. Requests must contain the members name, Social Security Number, a valid mailing address and the bonds they want mailed. Thirty days must be allowed before a member can claim non-receipt of a bond. The members **signed** request may be submitted in writing or by fax.

- **Navy** members may submit their signed request in writing or by fax to:
  DFAS-CLEVELAND CENTER
  1240 EAST NINTH STREET
  CLEVELAND OHIO 44199
  ATTN: CODE ADBEB

  FAX REQUEST TO: DFAS-CL, CODE ADBEB AT 216-522-6358.
  PHONE VOICE: 1-888-332-7411

- **Marine Corps** members may submit their signed request in writing or by fax to:
  DFSA-CL/ATLOEB
  BONDS SECTION
  1240 EAST NINTH STREET
  CLEVELAND, OHIO 44199-2055

  FAX: 216-522-6358 OR DSN 580-6358
  PHONE VOICE: 216-522-5880
  DSN VOICE: 580-5880

- **Army members** may submit their signed request in writing or by fax to:
  DFAS-IN
  ATTN: ADCABG
  8899 EAST 56TH STREET
  INDIANAPOLIS IN 46249

  FAX: 317-510-2731 or DSN 699-2731
  PHONE VOICE: 317-510-0586 or 1-877-338-3327
  DSN VOICE: 699-0586

- **Air Force** members may submit their signed request in writing or by fax to:
  DFAS-ADCT/DE
  ATTN: SAFEKEEPING
  PO BOX 173659
  DENVER CO 80279-0030

  FAX: (303) 676-7899
  PHONE VOICE: 1-800-755-7584
  DSN VOICE: 926-7638
  DSN Fax: 926-7899

State Taxes

1) What type of state tax changes may I make in myPay?

If you have a state tax option, and your state taxing authority has an agreement with the Department of Defense, you will be able to use myPay to change your state tax withholding.

- For Civilians, you now have the option to change your state taxing authority. You must designate an Official U.S. Postal code for the state you are selecting.
- Military (Active and Reserve), you will not be permitted to add or change a state tax authority. To change your state tax authority you must see your customer service representative or local finance office.

Tax Statements

1) May I view and print my tax statement online?

This option is not available for Former Spouses, Civilian Permanent Change of Station W-2s or Military DITY (Do it Yourself) W-2s.

- For Active/Reserve Military: You may view, print and save your W-2 Wage and Tax Statement online. You may access your W-2 from the Main Menu by clicking on the Tax Statement (W-2) option. If you have trouble reading the graphic version of your W-2, you can click on the Text Version link. The text version of your W-2 lists all your W-2 data items in a single column.
- Army Active, Army Reserve and Army Guard soldiers are able to view, print and save their Student Loan Repayment Program (SLRP) tax statements on myPay.

- Annuitants: You can view, print and save your tax statement. The tax statement displayed on myPay is the end of year tax statement. Additionally, if the tax statement displayed is incorrect, please contact your customer service representative.
- For Civilians: You can view, print and save your tax statement. The tax statement displayed on myPay is the end of year tax statement. Additionally, if the tax statement displayed is incorrect, please see your customer service representative.
- Non Appropriated Fund employees: You can view, print and save your tax statement. You may access your W-2 from the Main Menu by clicking on the Tax Statement (W-2) option. Any corrected tax statements issued will not be reflected in myPay. Additionally, if the tax statement displayed is incorrect, please see your installation representative
- Retirees: You can view, print and save your tax statements. The tax statement displayed on myPay is the end of year tax statement. Additionally, if the tax statement displayed is incorrect, please contact your customer service representative.
- All: We recommend you use the Printer Friendly version of your tax statement. For Printer Friendly information, please see FAQ # 68.

Before filing your tax return, carefully separate the copies printed on a single page. When filing your tax return, you are not required to include/send the instructions on the back of the tax statement. **You will be able to access myPay and view your W-2 for one (1) year after you are no longer in a pay status or separated.**

2) How do I stop delivery of my hard copy W-2?

On the myPay homepage under the shortcut to your account, you may select "Turn on/off Hard Copy of W-2. Also, on the Main Menu, click on "Turn on/off Hard Copy W-2". This will give you the option to stop the hard copy delivery of your W-2. Non-Appropriated Fund employees cannot use this option at this time.

3) Once I have elected to stop hard copy of delivery of my W-2, can I start it back up later?

Annually during the period December 1 through January 31,no change can be made to the W-2 delivery method. Using the same process described above, you can make changes to the W-2 delivery method outside of the above "no change" period.

Travel Advice of Payment (AOP):

1) What is Travel Advice Of Payment (AOP)?

The Travel Advice of Payment (AOP) option provides myPay users with the capability to view and print their processed TDY Travel Vounchers online.

2) May I view and print my Travel Advice of Payment (AOP) statement online?

You may access your AOP from the "Main Menu" by clicking on the Travel Voucher Advice of Payment AOP option. In general, DFAS Indianapolis processes vouchers for Army military and civilian employees, while DFAS Cleveland processes vouchers for Navy military and civilian employees, DFAS Columbus processes vouchers for DFAS civilians and civilian employees from other Defense Agencies, and DFAS-Kansas City processes vouchers for Marine Corps military. Effective September 19, 2005, Defense Travel System (DTS) vouchers are available for the Air Force, Army, Navy, Marines and Civilians.

3) Will all of my Travel Advice of Payment (AOP) statements be available?

NO. myPay will make travel vouchers available for six months from the date the voucher was paid. Once a voucher is older than six months, that particular voucher will not be available in myPay.

Although the vast majority of vouchers processed by DFAS-Indianapolis and DFAS-Columbus are available, there are some "rare" travel vouchers that will not be online for these centers.

Direct Deposit

1) What are the different types of Direct Deposit categories?

NET PAY EFT: Your Current Direct Deposit Information for your Paycheck.

TRAVEL EFT: Your Current Direct Deposit information for your Travel Pay (Army Active and Reserve only).

MISCELLANEOUS EFT: Your Current Direct Deposit information for your Miscellaneous Reimbursements (Army Active and Reserve only).

All EFT options provide the capability to View/Change the Financial Institution, account type and account number.

If you are starting or changing a Direct Deposit and your new routing transit number (RTN) does not work, please verify the number with your financial institution. . If the number is valid, please notify the DFAS Centralized Customer Support Unit toll free at 1-888-DFAS411 or 1-888-332-7411, or **commercial** at (216) 522-5096, or **Defense Switching Network (DSN)** at 580-5096 of the discrepancy.

Savings Deposit Program

1) Who should I contact if I have questions about my Savings Deposit Program (SDP) account statement or 1099-INT?

Contact the Centralized Customer Support Unit toll free at 1-888-DFAS411 or 1-888-332-7411, or **commercial** (216) 522-5096, or **Defense Switching Network (DSN)** 580-5096 (7:00 A.M. 6:30 P.M. / Eastern time).

2) Who is eligible to participate in the Savings Deposit Program?

Members of the Armed Forces serving in specified combat zones or in support of a contingency operation are authorized to make deposits. Service members must be in receipt of Hostile Fire Pay and be deployed for at least 30 consecutive days or at least 1 day in each of 3 consecutive months. Contact your Finance Office to verify your eligibility.

3) How may contributions be made?

Members may contribute up to 100% of their disposable (net) pay. Contributions may be made either by a savings allotment with a unique bank routing number, or by cash (or check) deposit. Make the deposit or start the allotment at your local pay office. When reviewing your statement, keep in mind that there may be a delay in the posting of cash deposits.

4) What is the maximum that I may deposit?

There is no limit on the amount that may be contributed; however no interest is paid on amounts exceeding $10,000.00. If you are depositing by allotment it will not stop automatically when the balance reaches $10,000.00. You must monitor the balance and request the allotment be stopped.

5) What is the interest rate?

The interest rate is 10% annually, earned at 2.5% per quarter. No interest is paid on amounts exceeding $10,000.00. Deposits made by the 10th of a month will earn interest from the 1st of that month. Deposits made after the 10th accrue interest from the first day of the following month. Your account will continue to earn interest for 90 days after leaving the combat zone. Combat zone departure must be posted in order for interest accrual to be correctly stopped.

6) Is interest taxable?

Yes, the interest is taxable. Combat zone rules do not apply. No federal or state tax is withheld. A 1099-INT is issued no later than January 31st for Savings Deposit Program interest.

7) How may I withdraw the money in my account?

Use the SDP Withdrawal Request option in myPay either on the Main Menu or the link on the account statement. You may expect your EFT payment within five (5) to seven (7) business days after submission. Please allow for additional time if hard copy check is requested.

Restricted Access Personal Identification Number (PIN)
1) What is a Restricted Access Personal Identification Number (PIN)?

You now have the ability to establish a Restricted Access PIN. The Restricted Access PIN may be given to others along with your Social Security Number to view your pay or tax statements without allowing them to create any pay changes. You may establish a Restricted Access PIN by clicking on the Personal Setting Page, and selecting the Restricted Access PIN option. You may delete the Restricted Access PIN at any time. If the user suspends his Restricted Access PIN, you must reset the PIN and provide that new PIN number to the user.

Alternate LOGIN ID
1) What is an Alternate LOGIN ID?

You are now able to choose Alternate LOGIN Identification (ID) to access myPay. You may create an Alternate LOGIN ID by clicking on the Personal Setting Page, and selecting the Change LOGIN ID option. After you establish a LOGIN ID, you will no longer be able to use your Social Security Number to access myPay unless you are using a Restricted Access PIN.

Virtual Keyboard
1) What is a Virtual Keyboard?

The Virtual Keyboard is one of many security features myPay has introduced to protect your data in the system. The advantage of using the Virtual Keyboard, with keys that display in random order each time you log on, is that others are deterred from learning your Personal Identification Number (PIN).

When Java-Script is enabled, each time you arrive at myPay to log on, you will be presented with this Virtual Keyboard to enter your PIN. You'll use your mouse with the Virtual Keyboard to enter the characters contained in your PIN. (A restricted Access PIN will require an Alpha character entry).

To Login to myPay using the Virtual Keyboard:

1. Type your Login ID under Account Access on the homepage. Do not press the Enter button.
2. Next, click on the numbers and letters of your PIN using the Virtual Keyboard on the screen. (Each number and/or letter will appear as an asterisk in the textbox above the Virtual Keyboard.) When you have finished, click the "Go" button.
3. If you enter an incorrect number or letter while using the Virtual Keyboard, press the Virtual Keyboard Backspace button. You can also Tab to the Virtual Keyboard Backspace button and select it by pressing the Space Bar. The Virtual Keyboard Backspace button will erase the last number or letter that you entered. If you wish to clear all the numbers/letters that you have entered, press the Clear button on the Virtual Keyboard, or Tab to the Clear button and press the Space Bar.

For Keyboard Users

If you are a Keyboard User who does not use a mouse, you must rely on the Tab button and the Space Bar to enter your PIN. You cannot use the arrow keys to select the numbers/letters on the Virtual Keyboard.

1.Tab to the first number or letter of your PIN.
2. Press the Space Bar. An asterisk representing the first number will appear in the PIN textbox.
3. Tab to each subsequent number or letter of your PIN and press the Space Bar.
4. If you enter an incorrect number or letter, press the Tab key until you can select the Virtual Keyboard Backspace button. The Virtual Keyboard Backspace button will erase the last number or letter that you entered.
5. If you wish to clear all of the numbers and letters that you have entered for the PIN, click the Tab key until

you can select the Clear button.
6. When you have finished entering your PIN using the Virtual Keyboard, click the Tab key until you can select the “Go” button.

If the Virtual Keyboard is not visible on the home page, please try the following steps:

1. Go to the Internet Browser Tool Bar
2. Select TOOLS
3. Click on INTERNET OPTIONS
4. Click on GENERAL TAB
5. In the Temporary Internet Files Section, click on DELETE FILE (a new box appears)
6. Click on DELETE ALL OFFLINE CONTENT
7. Click on OK (this step clears cached memory and removes all old internet files)
8. From the Internet Browser’s Tool Bar, click on TOOLS
9. Click on INTERNET OPTIONS
10. Click on the ADVANCED TAB
11.Scroll down to SECURITY
12.Check the option to EMPTY TEMPORARY INTERNET FILES FOLDER when browser is closed
13.Click on OK
14.Close the browser
15.Now reopen the browser and the Virtual Keyboard will appear on the myPay Home Page Screen

Printer Friendly Version

1) How do I use the Printer Friendly Versions for my account and tax statements?

We recommend that you use the Printer Friendly Version of your account and tax statements. The Printer Friendly Version of your account and tax statements is available by clicking the "Printer Friendly" button. It requires Adobe Acrobat Reader. Often, Acrobat Reader is already added to web browsers. If you don't have Adobe Reader and applicable security policies allow you to install it; it can be downloaded at http://www.adobe.com/products/acrobat/readermain.html.

Some Internet Explorer users may encounter one of the following problems when they attempt to use the Printer Friendly Version. Some may see a File Download dialog box and others may see an error message, "Internet Explorer cannot download...". Both conditions can be addressed by following these steps:

1. Click the Tools Menu at the top of your Internet Explorer browser.
2. Click "Internet Options".
3. Click the Advanced tab.
4. Scroll down until you find the "Do not save encrypted pages to disk".
5. Remove the checkmark from the box adjacent to that text.
6. Click the Apply button.
7. Click the OK button.

Before filing your tax return, carefully separate the copies printed on a single page. When filing your tax return, you are not required to include/send the instructions on the back of the tax statement.

For all other printing issues, please contact the DFAS Centralized Customer Support Unit at 1-888-DFAS411 or 1-888-332-7411, or commercial at (216) 522-5096, or Defense Switching Network (DSN) at 580-5096.

2008 Military Pay Tables

The agency responsible for paying America’s service members is the Defense Finance and Accounting Service (DFAS).

BASIC PAY—EFFECTIVE JANUARY 28, 2008

2008 Officer Pay Chart									
	< 2	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10	Over 12	Over 14
O10									
O-9									
O-8	8748.90	9035.10	9225.60	9278.70	9516.00	9912.30	10004.70	10381.20	10488.90
O-7	7269.60	7607.40	7763.70	7887.90	8112.60	8334.90	8591.70	8847.90	9105.00
O-6	5388.30	5919.30	6307.80	6307.80	6331.80	6603.30	6639.00	6639.00	7016.40
O-5	4491.60	5059.80	5410.50	5476.20	5694.60	5825.70	6113.10	6324.00	6596.40
O-4	3875.70	4486.50	4785.60	4852.50	5130.30	5428.20	5799.00	6088.20	6288.90
O-3	3407.40	3862.80	4169.40	4545.60	4763.10	5002.20	5157.00	5411.40	5543.40
O-2	2943.90	3353.10	3861.90	3992.40	4074.30	4074.30	4074.30	4074.30	4074.30
O-1	2555.70	2659.80	3215.10	3215.10	3215.10	3215.10	3215.10	3215.10	3215.10

	Over 16	Over 18	Over 20	Over 22	Over 24	Over 26	Over 30	Over 34	Over 38
O10			14137.20	14206.20	14501.70	15016.50	15767.10	16555.50	17383.20
O-9			12364.80	12542.70	12800.10	13249.20	13911.90	14607.60	15337.80
O-8	10813.50	11282.40	11715.30	12004.20	12004.20	12004.20	12304.50	12612.30	12612.30
O-7	9912.30	10594.20	10594.20	10594.20	10594.20	10647.90	10860.90	10860.90	10860.90
O-6	7683.60	8075.10	8466.30	8688.90	8914.50	9351.90	9538.80	9538.80	9538.80
O-5	7013.70	7212.00	7408.50	7631.10	7631.10	7631.10	7631.10	7631.10	7631.10
O-4	6404.10	6471.00	6471.00	6471.00	6471.00	6471.00	6471.00	6471.00	6471.00
O-3	5543.40	5543.40	5543.40	5543.40	5543.40	5543.40	5543.40	5543.40	5543.40
O-2	4074.30	4074.30	4074.30	4074.30	4074.30	4074.30	4074.30	4074.30	4074.30
O-1	3215.10	3215.10	3215.10	3215.10	3215.10	3215.10	3215.10	3215.10	3215.10

Officers (with prior enlisted experience)									
	< 2	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10	Over 12	Over 14
03E				4545.60	4763.10	5002.20	5157.00	5411.40	5625.60

O2E				3992.40	4074.30	4204.20	4423.20	4592.40	4718.40
O1E				3215.10	3433.80	3560.40	3690.30	3817.80	3992.40

	Over 16	**Over 18**	**Over 20**	**Over 22**	**Over 24**	**Over 26**	**Over 30**	**Over 34**	**Over 38**
03E	5748.60	5916.00	5916.00	5916.00	5916.00	5916.00	5916.00	5916.00	5916.00
O2E	4718.40	4718.40	4718.40	4718.40	4718.40	4718.40	4718.40	4718.40	4718.40
O1E	3992.40	3992.40	3992.40	3992.40	3992.40	3992.40	3992.40	3992.40	3992.40

2008 Warrant Officer Pay Chart

	< 2	**Over 2**	**Over 3**	**Over 4**	**Over 6**	**Over 8**	**Over 10**	**Over 12**	**Over 14**
W-5									
W-4	3521.10	3788.10	3896.70	4003.80	4188.00	4370.10	4554.60	4832.70	5076.00
W-3	3215.40	3349.80	3486.90	3532.20	3676.20	3959.70	4254.90	4393.80	4554.30
W-2	2845.50	3114.60	3197.40	3254.70	3439.20	3726.00	3867.90	4008.00	4179.00
W-1	2497.80	2766.00	2838.90	2991.60	3172.50	3438.60	3562.80	3736.50	3907.50

	Over 16	**Over 18**	**Over 20**	**Over 22**	**Over 24**	**Over 26**	**Over 30**	**Over 34**	**Over 38**
W-5			6261.30	6578.00	6815.40	7077.60	7431.60	7803.60	8193.60
W-4	5307.60	5496.90	5681.70	5953.50	6176.40	6431.10	6559.50	6559.50	6559.50
W-3	4719.90	5017.50	5218.80	5339.10	5466.90	5640.90	5640.90	5640.90	5640.90
W-2	4312.50	4434.00	4578.60	4674.00	4749.90	4749.90	4749.90	4749.90	4749.90
W-1	4041.90	4165.50	4316.10	4316.10	4316.10	4316.10	4316.10	4316.10	4316.10

2008 Enlisted Pay Chart

	< 2	**Over 2**	**Over 3**	**Over 4**	**Over 6**	**Over 8**	**Over 10**	**Over 12**	**Over 14**
E-9							4254.60	4350.90	4472.40
E-8						3482.70	3636.90	3732.30	3846.60
E-7	2421.00	2642.40	2743.50	2877.90	2982.30	3162.00	3263.10	3443.10	3592.50
E-6	2094.00	2304.00	2405.70	2504.40	2607.60	2840.10	2930.40	3105.00	3158.70
E-5	1918.80	2047.20	2145.90	2247.30	2405.10	2570.70	2705.40	2722.20	2722.20
E-4	1758.90	1848.90	1949100	2047.80	2135.10	2135.10	2135.10	2135.10	2135.10
E-3	1587.90	1687.80	1789.80	1789.80	1789.80	1789.80	1789.80	1789.80	1789.80

E-2	1509.90	1509.90	1509.90	1509.90	1509.90	1509.90	1509.90	1509.90	1509.90
E-1	1347.00	1347.00	1347.00	1347.00	1347.00	1347.00	1347.00	1347.00	1347.00
*E-1 With less than 4 Months =1245.90									
	Over 16	**Over 18**	**Over 20**	**Over 22**	**Over 24**	**Over 26**	**Over 30**	**Over 34**	**Over 38**
E-9	4615.60	4759.30	4990.40	5185.70	5391.50	5705.70	5991.10	6290.70	6605.30
E-8	3970.10	4193.60	4306.90	4499.50	4606.30	4869.60	4967.10	4967.10	4967.10
E-7	3694.60	3803.00	3845.50	3986.80	4062.60	4351.30	4351.30	4351.30	4351.30
E-6	3197.80	3243.20	3243.20	3243.20	3243.20	3243.20	3243.20	3243.20	3243.20
E-5	2722.20	2722.20	2722.20	2722.20	2722.20	2722.20	2722.20	2722.20	2722.20
E-4	2135.10	2135.10	2135.10	2135.10	2135.10	2135.10	2135.10	2135.10	2135.10
E-3	1789.80	1789.80	1789.80	1789.80	1789.80	1789.80	1789.80	1789.80	1789.80
E-2	1509.90	1509.90	1509.90	1509.90	1509.90	1509.90	1509.90	1509.90	1509.90
E-1	1347.00	1347.00	1347.00	1347.00	1347.00	1347.00	1347.00	1347.00	1347.00

2

Allowances

Basic Allowance for Subsistence (BAS)

BAS is meant to offset costs for a member's meals. This allowance is based in the historic origins of the military in which the military provided room and board (or rations) as part of a member's pay. This allowance is not intended to offset the costs of meals for family members.

Beginning on January 1 2002, all enlisted members get full BAS, but pay for their meals (including those provided by the government). This is the culmination of the BAS Reform transition period.

Because BAS is intended to provide meals for the service member, its level is linked to the price of food. Therefore, each year it is adjusted based upon the increase of the price of food as measured by the USDA food cost index. This is why the increase to BAS will not necessarily be the same percentage as that applied to the increase in the pay table, as annual pay raises are linked to the increase of private sector wages.

2008 BAS Rates:

Officers:	$202.76 per month
Enlisted Members:	$294.43 per month

Basic Allowance for Housing (BAH)

BAH is an allowance to offset the cost of housing when you do not receive government-provided housing. Your BAH depends upon your location, pay grade and whether you have dependents. BAH rates are set by surveying the cost of rental properties in each geographic location. The rates are established such that members in each pay grade, independent of location, pay approximately the same out-of-pocket costs. Therefore, BAH rates in high-cost areas will be much greater than those in low-cost areas. BAH rates are published on the Per Diem Committee web page (https://secureapp2.hqda.pentagon.mil/perdiem/bah.html).

Additionally, there are different types of BAH to compensate for special situations.

BAH Levels and Increases

The Secretary of Defense announced a major FY2001 Budget initiative to eliminate out-of-pocket costs for off-base housing in the United States. This action reduced service members' out-of-pocket costs for housing from an average of 18.8 percent of monthly housing costs in 2000 to 15 percent in 2001, with continued reductions each year thereafter. Average out-of-pocket costs were entirely eliminated in 2005.

Average rental costs in particular locations fluctuate, both up and down. Until 2005 when the transition from the old Basic Allowance for Quarters and Variable Housing Allowance (BAQ/VHA) to BAH is complete, BAH rates did not decrease at any location. Beginning in 2006, BAH rates for an area may follow both the increases and decreases of average rental costs, but no individual’s rate will decrease

Different Types of BAH

There are several types of BAH to satisfy various housing situations that occur among military members. In general, the amount of BAH you receive depends on your location, pay grade, and whether you have dependents. Under most

circumstances, you receive BAH for the location where you are assigned, not where you live. Additionally, you may be entitled to some BAH amounts if you are residing separately from your dependents. This occurs in situations involving unaccompanied overseas tours or having a dependent child that resides with a former spouse. The rules regarding these situations can become quite complex. Consult your Finance Office if you are in one of these situations. Each type of BAH is described below.

BAH With Dependents and BAH Without Dependents

A member with permanent duty within the 50 United States, who is not furnished government housing, is eligible for Basic Allowance for Housing (BAH), based on the member's dependency status at the permanent duty ZIP Code. A member stationed overseas, including U.S. protectorates, who is not furnished government housing, is eligible for Overseas Housing Allowance (OHA) based on the member's dependency status. If a member is serving an UNACCOMPANIED overseas tour, the member is eligible for BAH at the "with dependents" rate, based on the dependent's US residence ZIP Code, plus OHA at the "without dependents" rate, if the member is not furnished government housing overseas.

Partial BAH

A member without dependents who is living in government quarters is entitled to a Partial BAH.

BAH II (Reserve Component/Transit)

BAH-II (RC/T) is the housing allowance for members in particular circumstances, for example, reservists on active duty less than 30 days. It also applies when a member is in transit from selected areas where no prior BAH rate existed. It does not vary by geographic location. BAH-II (RC/T) was set based on the old Basic Allowance for Quarters (BAQ), which was based on the national average for housing. BAH-II is published annually and is determined by increasing the previous year's table by the percentage growth of housing costs.

BAH-Diff

BAH-DIFF is the housing allowance amount for a member who is assigned to single-type quarters and who is authorized a basic allowance for housing solely by reason of the member's payment of child support. A member is not entitled to BAH-DIFF if the monthly rate of that child support is less than the BAH-DIFF. BAH-DIFF is determined by the SECDEF and was equal to the *difference* between BAH-II with dependents and BAH-II without dependents in 1997 for the member's grade. BAH-Diff is published annually and is determined by increasing the previous year's table by the percentage growth of the military pay raise. For more information contact your finance office or consult Section 260416, Chapter 26 FMR.

Frequently Asked Questions

Who is eligible for BAH?

A member assigned to permanent duty within the 50 United States, who is not furnished government housing, is eligible for a Basic Allowance for Housing (BAH), based on the member's dependency status at the permanent duty station ZIP Code. A member stationed overseas (except in Hawai'i and Alaska), including U.S. protectorates, who is not furnished government housing, is eligible for an Overseas Housing Allowance (OHA) based on the member's dependency status. If a member is serving an UNACCOMPANIED overseas tour, the member is eligible for BAH at the 'with dependents' rate, based on the dependent's U.S. residence ZIP Code, plus FSH at the OCONUS PDS, if the member is not furnished government housing overseas.

Where can I look up my rates and learn more about Basic Allowance for Housing?

Go to https://secureapp2.hqda.pentagon.mil/perdiem/bah.html.

I looked up the current year BAH amount for my grade and ZIP Code, and it's less than I was getting last year. Am I going to lose money?

No. BAH rate protection keeps an individual from having a reduction in BAH as long as the individual maintains "uninterrupted eligibility" [see below] for BAH. This means an individual is authorized the 1 January rate for the individual's grade and location or the housing allowance being paid on 31 December of the previous year, whichever is larger.

Can I ever lose rate protection?

Three separate circumstances may lead to a change in your status that "interrupts your eligibility" for the allowance, and then, only if the published allowance for your grade and location is less than what you are getting now.

First, and most common, a decrease will occur when you PCS to a location where the cost of housing is less than your current duty station. At the new duty station you will get a lower housing allowance, but you should be no worse off, because the allowance is driven by the housing costs there.

Second, if you are demoted, your housing allowance reverts to the then-current published table of allowances for your lower grade. Promotions will not lower your housing allowance.

Third, if your dependency status changes (from with-dependents to without-dependents, or vice versa), your housing allowance is determined by your new dependency status, and the then-current published table of allowances for your grade.

If, in a given year, I lose rate protection, am I protected from further decreases in the following year(s)?

Yes. An individual is authorized the larger of:

1. the January 1 published BAH for grade and location;
   or
2. the housing allowance being paid on December 31.

Does rate protection keep me from getting rate increases?

No. An individual is authorized the larger of:

1. the January 1 published BAH for grade and location;
   or
2. the housing allowance being paid on December 31.

If I get promoted, do I get the "protected" BAH amount for my new pay grade?

No. If you are promoted, your BAH rate is the then-current published BAH for your new (higher) grade, with the following exception. If you get promoted, and are in a location where the current published BAH for your new grade is lower than the BAH amount you were receiving before, you continue to receive the higher BAH amount.

Do I see big changes in housing allowances on January 1?

Typically changes in housing allowances are modest. Allowances reflect the costs associated with household rental. Generally, rental prices change between 2%-5% from year to year, with "hot" markets changing 5%-10%. Housing allowances typically change accordingly.

I still have some out-of-pocket expenses.

Yes, that will be true for one half of the members at a location, but the other half will have out-of-pocket expenses that are less! This is what is meant by median. For a given individual, actual out-of-pocket expense is higher or lower based on the actual housing choice. For example, if a member lives in a 3-bedroom townhouse with lease and utilities that cost $1,200, and the median cost for that dwelling in the area is $1,100 that member has out-of-pocket expenses that are $100 more than the typical out-of-pocket expense for that grade. The opposite is true for an individual who chooses to occupy a less expensive residence. Only for the member whose housing costs are exactly at the median will out-of-pocket expenses be the same for a given pay grade and dependency status in any location in the United States.

The BAH for my grade doesn't begin to cover my mortgage payment.

BAH is based on rental data. Homeowners' monthly mortgage payments are not used in the computation because the monthly cash outlays of homeowners are not a good indicator of the economic costs of home ownership. The variables needed to compute this include such difficult to measure factors as the expected appreciation in the value of the residence, the amount of down payment, the opportunity costs of interest from down payments, settlement costs, and the tax savings due to the interest payments deduction. Therefore, BAH reflects the current rental market conditions not the historical circumstances surrounding various mortgage loans.

What is the source of BAH Rental data?

Current data is obtained from multiple sources, employing a "checks and balances" approach to ensure reliability and accuracy of data. Current residential vacancies, identified in local newspapers and real estate rental listings, are an important, but not the only source of data. Vacancies are selected at random, and subjected to a multi-tiered screening process to ensure accuracy and reliability. Telephone interviews establish the availability and exact location of each residential unit sampled. The sample is designed to obtain a statistical confidence level of 95% or higher. Yellow page listings of apartments and real estate management companies are also used to identify units for rental pricing. It is not uncommon for real estate professionals in a certain locality to be consulted to obtain important confirmation and additional sources of data. Where available, fort/post/base housing referral offices are also contacted to tap local military expertise and gain insights into the local concerns of our members. Finally, DOD and the Services conduct on-site evaluations at various locations to confirm and ensure reliability and accuracy of the cost data. Future enhancements include examining potential uses of the Internet as well as housing data available from other government agencies.

How do you know the new method of measuring housing cost will be more accurate?

The BAH employs a civilian-based method of measuring comparable housing costs that is superior to the old VHA housing survey that measured members' spending on housing. First, members don't have to put up with the hassle of the annual VHA surveys. More importantly, BAH eliminates the so-called, “Death Spiral." Under VHA/BAQ, members who scrimped on housing, and then reported low housing expenditures, only reinforced, or drove down, already low allowances. This mainly occurred among the most junior members, whose limited disposable (after-tax) income may have forced them to accept inadequate housing and then report low costs on the member survey. The Services also recognized that the VHA/BAQ created a similar, but opposite, bias for some senior officer/enlisted grades. Under the old system, if a member opted to use a greater share of disposable income for bigger or more expensive housing, relative to the local market, and reported this expenditure on the VHA survey, it tended to "inflate" reported costs and thus allowances. BAH eliminates both these low-end and high-end biases.

What steps are taken to ensure reliability and accuracy of the data?

In selecting specific units to measure, a multi-tiered screening process is employed to ensure that the units and neighborhoods selected are appropriate. The first screen considers reasonable commuting criteria, generally defined as 20 miles or 1 hour during rush hour, eliminating units that fall outside these limits. Next, it is verified that the selected

unit is in a neighborhood in which service members would choose to reside. Using the Defense Enrollment Eligibility Reporting System (DEERS) data, as a key to where members live, the focus is on those neighborhoods in which the majority of members live. The idea is to avoid sampling high-crime or undesirable neighborhoods that members have already avoided. Finally, an income screening process is used to identify appropriate neighborhoods. For example, in pricing 3- and 4-bedroom single-family units, (senior enlisted/officers) the member income in these grades is between $60 and $100 thousand, so 3- and 4-bedroom single family units in neighborhoods where the typical civilian income is in this range are selected. When 1-bedroom apartments (junior single enlisted) are priced, the focus is on neighborhoods where the typical civilian income is consistent with the $20 to $30 thousand income level that is typical for these grades. For comparison purposes, civilian salary equals the sum of military basic pay, average BAH, BAS, plus the tax advantage of the untaxed allowances.

What is included in median housing costs?

Current market rent, average utilities and renters insurance.

How often is housing data collected?

Data is collected annually, in the spring and summer when housing markets are most active.

What types of residences are included in the data collection?

Data include apartments, town homes/duplexes, as well as single-family rental units of various bedroom sizes.

Does family size make a difference?

No. Although BAH distinguishes between with-dependents and without-dependents, the with-dependents compensation is based on comparable civilians using average family size.

In determining the income of comparable civilians is military family income considered, which includes the income of the working spouse (if any)?

No. Military members should not be put in a situation where spouses are required to work, so in considering the military, Regular Military Compensation that equals the sum of military basic pay, BAH, BAS, plus the tax advantage of the untaxed allowances is used.

Does BAH guarantee that my residence matches what I could get if I lived in government quarters?

No. BAH is based on civilian standards, considering the housing choices made by civilians of comparable income.

Exactly what are the civilian housing standards used?

These are income-based, minimum housing standards used to establish the link between housing cost and pay grade. Of course, members are not limited to the standard, and are free to choose where and how they will live. Actual member choices, however, will no longer influence the calculation of rates.

Why is BAH based on my duty location? Why not use my residence location?

The policy decision to use duty location as a basis for BAH is based on the desire to compensate members for the typical housing cost within a "reasonable commuting distance" from the member's duty location. Once the duty station is known, the BAH compensation is fixed, regardless of where the member lives. If the member's residence location was used as a basis for the allowance, there is the concern that this would cause members to choose their residence location based on BAH. In some cases, this may lead to some members choosing to live further from their duty station, simply to receive higher BAH. In other cases, when members commute to lower cost areas, members would find their

BAH to be lower, even though their commuting expenses are higher. The Services decided to base the allowance on the duty location with the full knowledge that members would still be free to live where they choose, but that this decision would not affect the BAH amount.

Geographically separated families (geographic bachelors) are normally eligible for BAH based on the member's duty station. Each Service budgets for support of a certain number of members and families at each location. If a growing number of people decide to leave their families in Washington, or Tampa while the member PCS's to Mt Home or Ft. Hood that could skew the budget and service support planning for these locations. Also, a fundamental philosophy of military service is that members, with their families, create a better work environment and esprit de corps when they can be active participants in the local base and community. In certain circumstances, with specific approval of the Secretary of the Service concerned, a member may be granted an exception to receive BAH based on the dependent's location. For example if a member has a sick child that requires medical attention only available in a certain location (say Walter Reed Army Medical Center in Washington DC), and the member receives PCS orders, the member might leave the family in Washington and request BAH eligibility for that location. Such exceptions do not ordinarily apply to spousal employment or other personal choices.

If people choose to live further away to reduce their housing expense, does that lower BAH for everyone else?

No. Members' expenses are no longer used to calculate BAH.

Why does someone living in another city get more BAH than I do, when it seems to me that housing is more expensive here?

Accurately determining if one location has more expensive rental markets than another is a scientific and statistical exercise. Sometimes, individuals rely on limited personal experience or newspaper and magazine articles to make that judgment. The Services have concurred that we will rely on Runzheimer International to collect statistically valid housing cost data that we will use to compute BAH. Founded in 1933, Runzheimer is a recognized leader in the field of collecting cost of living data in the United States and around the world. Currently Runzheimer serves over 2,000 businesses and governments worldwide and is renowned for its accurate and reliable research.

The cost of living here is high; I have no commissary, exchange, or hospital--I need more BAH.

BAH is designed to address the cost of housing in each area. The CONUS COLA program addresses non-housing costs of living. The fundamental goal of CONUS COLA is to compensate for high cost of living and is payable to Uniformed Service members based on duty stations in the Continental U.S (i.e., the 48 contiguous states and DC). CONUS COLA is based on grade and dependency status (with or without), and specifically considers the availability of commissary, exchange, and hospital facilities, because members without this infrastructure tend to have a higher cost of living. It should be noted, however, that lack of such infrastructure does not, by itself, qualify an area for CONUS COLA

How do you geographically define a locality?

For the purpose of defining the term, "locality," used as the basis for calculating local housing costs, the Uniformed Services have concurred in aggregating individual ZIP Codes into groups called Military Housing Areas (MHAs). An MHA includes rental markets, generally within twenty miles or one hour's drive in rush hour traffic, surrounding a duty station or a metropolitan area. The principal goal of defining an MHA based on reasonable commuting distance is that members ought to receive a BAH sufficient to permit the typical member to live a reasonable distance from his or her duty station. Of course, each member is free to choose a neighborhood that suits individual needs, e.g., amenities, schools, and public transportation. Operationally, a MHA is defined as a collection of ZIP Codes. There are about 350 geographic MHAs in the United States, named for the installation or the nearest city (e.g., Fort Hood, Castle AFB, Washington, D.C., and Denver).

What method do you use to calculate BAH in places without Runzheimer cost data?

BAH is defined for every location in the United States, even though some locations may have no military population. This is because BAH rates must be prepared should a member or dependent ever establish eligibility in that location. It is not cost effective to collect Runzheimer data for all such locations. To handle this situation, these areas are combined with other areas of similar cost for which Runzheimer cost data exists. Pooling the data in this manner gives sufficient data necessary to attain statistically reliable housing costs and BAH rates. Comparable housing costs are determined by using Fair Market Rents (FMRs) published annually for all counties by the Department of Housing and Urban Development. After grouping or pooling the data, the result is a set of counties with comparable housing costs and BAH rates called a County Cost Group (CCG). There are approximately 30 separate CCGs, each with similar housing cost. Each group includes a statistically sufficient quantity of Runzheimer cost data to calculate average housing costs by size and type of dwelling for that group of counties. Although half the U.S. counties (about 1,500) are in County Cost Groups, these counties contain less than two percent of the Uniformed Services' population eligible to receive BAH.

Who actually collects the housing data?

Runzheimer International is employed to collect the nation-wide housing cost data that are used to compute BAH. Founded in 1933, Runzheimer is a recognized leader in the field of collecting cost of living data in the United States and around the world. Currently Runzheimer serves over 2,000 businesses and governments worldwide and is renowned for its accurate and reliable research. Runzheimer's private sector clients include over 60 percent of the Fortune 500 companies. Runzheimer's government clients include the Department of Defense (DOD); the General Services Administrations (GSA); the Department of State; the Office of Personnel Management (OPM); the Internal Revenue Service (IRS) and the Federal Deposit Insurance Corporation (FDIC).

Please note: Runzheimer International does not determine BAH policy, nor are they authorized to release any data or answer written, email, or phone questions. All inquiries should be directed, via your chain of command, to the Compensation Director of your Service.

My wife and I are both service members, and we have two children. Why is it that only one of us can collect full rate BAH and the other single BAH? Why couldn't we each claim one child and collect full with-dependent BAH?

The rules governing allocation of dependents for BAH are specified in the JFTR, Chapter 10. The rules reflect both the law and policy of the Services.

I've noticed that the BAH rates have only dollars and no cents. What happened to the cents?

Beginning in 2000, BAH rates are rounded to the nearest dollar.

Tax Advantages

A substantial, but often unseen and overlooked, aspect of military pay is certain built-in tax advantages. Most allowances are tax-exempt. Additionally, certain hardship circumstances will change normally taxable pay into tax-exempt.

Tax-Exempt Allowances

While all pays are taxable, most allowances are tax-exempt. The primary allowances for most individuals are BAS and BAH, which are tax-exempt. CONUS COLA is one allowance that is taxable. A law change mandated that every allowance created after 1986 would be taxable. CONUS COLA was authorized in 1995 and, thus became, the first taxable allowance. Tax savings can be significant as BAS and BAH averages over 30% of a member's total regular cash pay. In addition to being tax-exempt from Federal and State taxes, these allowances are also excluded from Social Security taxes.

Explanatory Example
(Note: using hypothetical pay, allowance and tax rates)
Consider a member who is married and has 1 child (family size is 3). Her annual cash pay is:

Basic Pay		$29,008.80
BAH		$11,196.00
BAS	+	$ 2,899.20
Total		$43,104.00

The Federal Income Tax for this person is estimated as $1,223.82 given a family with 3 persons taking the standard deduction for married taxpayers filing a joint return.

The net take-home pay after tax is:

Total Cash Pay		$43,104.00
Federal Taxes	-	$1,223.82
Net Take-home Pay		$41,880.18

This person is in the 15% tax bracket and so if taxed on the allowances would pay another $2,114.28 in taxes. But, in order to take home $41,880.18 after tax, we have to add the extra taxes that would be paid on that amount and so on until we added a total of $2,487.36.

Therefore, the salary equivalent or RMC for this person is:

Total Cash Pay		$43,104.00
Tax Advantage	+	$2,487.36
RMC		$45,591.36

If all the pay were taxed, the member could pay $3,711.18 federal income tax:

RMC		$45,591.36
Federal Income Tax	-	$3,711.18
Net Take-home Pay		$41,880.18

and still have the same after tax take home pay.

In personalizing the tax advantage, you have to consider other factors, such as state and local taxes, spousal income, and other income. Suppose this family has an additional $24,000 in taxable income (spouse earnings plus interest earnings in a savings account.) so their total income is $67,104.00. Add on living in Virginia with a tax bracket of 6% and federal bracket of 15% or 21% total.

Their tax advantage is $5,054.40.

The Regular Military Compensation calculator (http://www.dod.mil/militarypay/pay/calc/index.html) can be personalized with your situation to estimate your tax advantage.

Combat Zone Exclusions

Being assigned to or working in a combat zone triggers another tax advantage. Earnings received while in the combat zone are excluded from taxable income. This exclusion is unlimited for enlisted members and warrant officers and is limited to limited to the maximum enlisted pay amount for officers. If you spend a single qualifying day in the combat zone, your pay for the entire month is excluded from taxable income.

Bonuses and special pays are also excluded from taxable income if within the previously stated limitations and earned in the same month in which you served in a combat zone. For example, an enlisted reenlistment bonus is excluded from taxes if the member reenlists in the same month in which the member served in a combat zone. Since there is no limitation on amounts excluded for enlisted members, the entire reenlistment bonus would be excluded. As another example, an officer's flight pay would also be excluded from taxable income, but only up to the point which basic pay and the flight pay do not exceed the maximum enlisted pay amount. The Career Status Bonus received by members who may choose between High-3 and CSB/REDUX retirement plans and who elect the CSB/REDUX retirement plan also falls in this category. To be considered "earned" in the combat zone, the CSB/REDUX election must be accepted by the Service and considered final in the month in which the member was in the combat zone.

3

Retirement

Service members who remain on active duty or serve in the Reserves or Guard for a sufficient period of time may retire and receive retired pay. Retirees also retain the privilege to use base facilities, such as the Commissary and gym. Those members who entered Service on or after August 1, 1986, and who will qualify for an active duty retirement, may choose between two of the current three systems. Members who become disabled while on duty may be medically retired and receive a disability retirement. Additionally, all retirees may choose to participate in the Survivor Benefit Plan or the Reserve Components Survivor Benefit Plan, which protects the retiree's family financially in the event of his or her death. Social Security will likely provide additional retirement benefits to retirees beginning, for most persons, after turning 62.

Active Duty Retirement

Members who remain on active duty for 20 or more years are eligible for retirement. There are three non-disability retirement systems currently in effect. These are Final Pay, High-3 Year Average, and Military Retirement Reform Act of 1986 (more commonly referred to as REDUX). REDUX was revised by the FY2000 National Defense Authorization Act---a $30,000 Career Status Bonus (CSB) was added for those who accept the REDUX retirement system. Individuals formerly under REDUX may now choose between the High-3 and CSB/REDUX systems. The date you first entered the military determines which retirement system applies to you and whether you have the option to choose your retirement system.

Which System

To decide which system applies to you, you must determine the date that you FIRST entered the military. This date is called the DIEMS (Date of Initial Entry to Military Service) or DIEUS (Date of Initial Entry to Uniformed Services). The date you first entered the military is the first time you enlisted or joined the active or reserves. This date is fixed – it does not change. Departing the military and rejoining does not affect your DIEMS.

Some individuals have unique circumstances that complicate determining their DIEMS. Here are a few examples:

- The DIEMS for Academy graduates who entered the Academy with no prior service is the date they reported to the Academy, not the date they graduated.
- Beginning an ROTC scholarship program or enlisting as a Reserve in the Senior ROTC program sets the DIEMS, not the graduation or commissioning date.
- Members who entered the military, separated, and then rejoined the military have a DIEMS based on entering the first period of military service.
- The DIEMS for members who enlisted under the delayed entry program is when they entered the delayed entry program, not when they initially reported for duty.
- For those who joined the Reserves and later joined the active component, their DIEMS is the date they joined the Reserves.

Be aware that your pay date may be different than your DIEMS. Also, your DIEMS does not determine when you have enough time in the service to retire---it only determines which retirement system applies to you.

Not all services have their DIEMS dates properly defined in their personnel records. If you have unusual circumstances and are unsure of when your DIEMS date is or believe your records show an incorrect DIEMS date, contact your personnel office to discuss your particular situation.

Now, based upon the date you initially entered the military, you can determine which retirement system applies to you.

Retirement System	Criteria to Receive
Final Pay	Entry before September 8, 1980
High-3	Entry on or after September 8, 1980, but before August 1, 1986 OR Entered on or after August 1, 1986, AND did not choose the Career Status Bonus and REDUX retirement system
CSB/REDUX	Entered on or after August 1, 1986, AND elected to receive the Career Status Bonus (if you do not elect to receive the Career Status Bonus, you will be under the High-3 retirement system)

Final Pay Retirement System

Final Pay applies to those who entered the Service before September 8, 1980.

Each year of service is worth 2.5% toward the retirement multiplier. Hence, 2.5% x 20 years = 50% and 2.5% x 30 years = 75%. The longer an individual stays on active duty the higher the multiplier and the higher the retirement pay, up to the maximum of 75 percent.

Years of service	20	21	22	23	24	25	26	27	28	29	30
High-3	50%	52.5%	55%	57.5%	60%	62.5%	65%	67.5%	70%	72.5%	75%

This multiplier is applied against the final basic pay of the individual's career. Also, remember only basic pay is used in retirement calculations in all retirement systems. Allowances and special pays do not affect retired pay.

Cost of Living Adjustments (COLAs) are given annually based on the increase in the Consumer Price Index (CPI), a measure of inflation. Under the Final Pay System, the annual COLA is equal to CPI. This is a different index than the one used for active duty annual pay raises. The index used for active duty pay raises are based upon average civilian wage increases. Thus, retirement pay COLAs and annual active duty pay raises will differ.

High-3 Year Average Retirement System

This system applies to members who first entered Service after September 8, 1980, but before August 1, 1986. It also applies to individuals who entered on or after August 1, 1986, who do not elect the REDUX retirement system with the Career Status Bonus at their 15th year of service.

Each year of service is worth 2.5% toward the retirement multiplier. Hence, 2.5% x 20 years = 50% and 2.5% x 30 years = 75%. The longer an individual stays on active duty the higher the multiplier and the higher the retirement pay, up to the maximum of 75 percent.

Years of service	20	21	22	23	24	25	26	27	28	29	30
High-3	50%	52.5%	55%	57.5%	60%	62.5%	65%	67.5%	70%	72.5%	75%

This multiplier is applied against the average basic pay for the highest 36 months of the individual's career. This typically, though not always, equals the average basic pay for the final three years of service. Also, remember only basic pay is used in retirement calculations in all retirement system options. Allowances and special pays do not affect retired pay.

Cost of Living Adjustments (COLAs) are given annually based on the increase in the Consumer Price Index (CPI), a measure of inflation. Under the High-3, the annual COLA is equal to CPI. This is a different index than the one used for active duty annual pay raises. The index used for active duty pay raises are based upon average civilian wage increases. Thus, retirement pay COLAs and annual active duty pay raises will differ.

CSB/REDUX Retirement System

The Military Reform Act of 1986 created the REDUX retirement system and it applied to all members who joined on or after August 1, 1986. The National Defense Authorization Act (NDAA) for FY2000 amended this system. The NDAA made two major changes: 1) it allows those in this group to choose between the High-3 retirement system and the REDUX retirement system and 2) it added a $30,000 Career Status Bonus as part of the REDUX retirement system.

The CSB/REDUX retirement system applies to those who entered Service on or after August 1, 1986, AND who elected to receive the $30,000 Career Status Bonus at their 15th year of service.

The REDUX retirement system and Career Status Bonus is a "package deal." It is the combination of these two items that can be advantageous to many individuals. The REDUX portion determines retirement income (the longer one's career, the higher that income) and the $30,000 Career Status Bonus provides current cash – available for investing, major purchases, or setting up a business after retirement.

REDUX System Details

The REDUX multiplier calculation and annual cost of living adjustments differ from the other systems. Also, REDUX has a catch-up increase at age 62 that brings the REDUX retired pay back to the same amount paid under the High-3 System. REDUX is the only military retirement system with a readjustment feature.

Each of the first 20 years of service is worth 2.0% toward the retirement multiplier. But each year after the 20th is worth 3.5%. Hence, 2.0% x 20 years = 40%. But a 30-year career is computed by 2.0% times the first 20 years plus 3.5% for the 10 years beyond 20, resulting in the maximum of 75%. The table below summarizes the initial multiplier at various years of service under REDUX.

Years of service	20	21	22	23	24	25	26	27	28	29	30
REDUX	40%	43.5%	47%	50.5%	54%	57.5%	61%	64.5%	68%	71.5%	75%

Under REDUX, the longer an individual stays on active duty the closer the multiplier is to what it would have been under High-3 up to the 30-year point where the multipliers are equal.

In precisely the same way as High-3, this multiplier is applied against the average basic pay for the highest 36 months of the individual's basic pay. This typically, though not always, equals the average basic pay for the final three years of service. Also, remember this is basic pay; allowances and special pays do not affect retired pay.

Cost of Living Adjustments (COLAs) for retired pay are given annually based on the increase in the Consumer Price Index (CPI), a measure of inflation. Under REDUX, the COLA is equal to CPI minus 1%.

A feature unique to REDUX is a re-computation of retirement pay at age 62. Two adjustments are made. The first adjusts the multiplier to what it would have been under High-3. For example, a 20-year retiree's new multiplier would

become 50%, a 24-year retiree's multiplier would become 60% but a 30-year retiree's would remain 75%. This new multiplier is applied against the individual's original average basic pay for his or her highest 36 months. Then the second adjustment is done. Full CPI for every retirement year is applied to this amount to compute a new base retirement salary. At age 62, the REDUX and High-3 retirement salaries are equal. But, REDUX COLAs for later years will again be set at CPI minus 1%.

The $30,000 Career Status Bonus

Those members who elect the CSB/REDUX retirement system at their 15th year of service receive a $30,000 Career Status Bonus. To receive this bonus, the member must agree to complete a twenty-year active duty career with length-of-service retired pay under the 1986 Military Retirement Reform Act -- 1986 MRRA or REDUX. Continuation beyond twenty years is possible, subject to Service personnel management actions. However, the member's commitment with the CSB is only to the 20-year point. The entire $30,000 bonus, or first installment payment for those electing a multi-year payment option, is paid shortly after the member makes the CSB/REDUX election and commits to the 20-years-of-service obligation. (Exact mechanics should be provided by your Service near the point you have 14 and 1/2 years of service.)

If the member doesn't complete the obligation of the twenty-year career, the member must repay a pro-rated share of the bonus.

Retirement Choice

Members who entered the service after July 31, 1986, will be given a choice of retirement plans at their 15th year of service. There are two options:

1. Take the pre-1986 retirement system (High-3 Year Average System) OR

2. Elect the post-1986 retirement system (Military Retirement Reform Act (MRRA) of 1986, commonly referred to as REDUX) and take a $30,000 Career Status Bonus (CSB).

Both options have their own merits. Neither is universally better than the other. Which option is more advantageous can only be determined by each individual for his or her own unique circumstances and preferences.

Summary

The following chart summarizes the differences between the three current retirement systems.

Retirement System	Basis	Multiplier	COLA	Readjustment	Bonus
Final Pay	Final basic pay	2.5% per year up to 75%	CPI	None	None
High-3	Average of highest 36 months of basic pay	2.5% per year up to 75%	CPI	None	None
CSB/REDUX	Average of highest 36 months of basic pay	2.0% per year for the first 20 years; 3.5% for each year beyond 20, up to 75%	CPI - 1%	At age 62, 1) changes multiplier to 2.5% per year up to 75% 2) adjusts COLA to full CPI for past retired years	$30,000 at 15th year of service with commitment to complete 20 year career

The $30,000 Career Status Bonus: Yes or No?

Those members who elect the CSB/REDUX retirement system at their 15th year of service receive a $30,000 Career Status Bonus. To receive this bonus, the member must agree to complete a twenty-year active duty career with length-of-service retired pay under the 1986 Military Retirement Reform Act -- 1986 MRRA or REDUX. If the member fails to complete the obligation of the twenty-year career, the member must repay a pro-rated share of the bonus.

The question of whether or not to take the $30,000 bonus depends on circumstances. If you are going to take the bonus, invest it, and keep it invested with compounding secure double-digit returns, or use it as a down payment on real estate that will appreciate in value over the years. Take the bonus and use it wisely.

Unfortunately, experience shows that most people do not make wise use of this much cash. They blow it off on a new car or great vacation, never realizing the true cost – a greatly reduced standard of living during retirement -- until it is too late.

Reality Check

Q. When should you turn down a free $30,000?

A. When it costs you hundreds of thousands of dollars

Choosing to take the $30,000 when offered the Career Status Bonus (CSB) and reverting to the REDUX retirement plan could cost you hundreds of thousands of dollars in your future retirement pay.

Service members and their families need to weigh the pros and cons before they decide to take this retirement option. It could mean the difference between actually retiring or working years beyond anticipated retirement.

Remember, the bonus is taxable income, between $5,000 and $10,000 depending on your tax bracket. Taking the bonus also means choosing a reduced retirement plan of 40 percent of basic pay when you retire after 20 years of service verses the 50% available through the High-3 system.

Let’s look at two members of the military, each choosing differently for their retirement plan.

Jones decides to refuse the CSB and to remain on High-3 for retirement. High-3 retirement pay is based on the highest average basic pay for 36 months of a Sailor's career times a multiplier equal to 2.5 times the number of years of active duty service. High-3 retired pay increases annually through cost-of-living adjustments (COLA) based on the Consumer Price Index. So Jones’s retirement will be 50 percent of basic pay for 20 years of active duty service and an additional 2.5 percent for each additional year served.

His buddy Smith wants the cash bonus, so he chooses to take the CSB and revert to the REDUX retirement option. He'll receive the taxable $30,000 Career Status Bonus; however, retirement pay after 20 years of active duty will be only 40 percent of basic pay. Additionally, any COLA increases for REDUX retirees will be applied at one percentage point less than that received by High-3 retirees. Plus, the $30,000 bonus is treated like any other bonus payment for taxes.

Smith is in the 15 percent tax bracket, so his bonus payment is reduced to $25,500. For those in a 28 percent tax bracket, the bonus payment plummets to $21,600. Depending on pay grade and length of service at retirement, service members will lose not only thousands of dollars in retirement each year with REDUX, but any COLA change is reduced by a full percentage point.

Retirement pays for High-3 and REDUX are set equal to each other at age 62: the REDUX retirement multiplier is adjusted to what it would have been under High-3 and full COLA for every retirement year is applied to this amount to

compute the new base retirement salary. Thereafter, annual COLA increases continue to be one percentage point less with REDUX.

Serious financial planning needs to be part of the equation when making the decision to elect to receive a CSB and revert to REDUX for retirement, or turn down the bonus and stay with the High-3 retirement system.

Choosing CSB and REDUX reduces income in retirement. The higher the grade and the lower the years of service at retirement, the more retirement income is reduced. In short, fast-trackers who retire early are penalized most severely.

Say that Smith becomes an E-6 with 20 years of service at age 40. Selecting CSB and REDUX at 15 years, Smith pays an interest rate of 10.4 percent for the cash-out and loses $193,630 after-tax retirement income assuming he lives to an average age of 79 years. Economists estimate that a typical enlisted member with 20 years of service will cut the lifetime value of his or her retirement by $309,000.

Bottom line: before you take the money and run, think it over carefully. If you want to analyze the situation further, check out the DoD Web site http://pay2000.dtic.mil, where you'll find a retirement pay calculator that lets you compare directly the retirement benefits of High-3 and REDUX retirement plans.

Frequently Asked Questions

How do I know if I'm under High-3 or the pre-1980 system?

In the same way the Date Initially Entered Military Service (DIEMS) determines who is in High-3 versus who may choose their retirement system, your DIEMS determines if you are under High-3 or the pre-1980 system referred to as Final Pay. Here are the common examples of circumstances that cross the September 8, 1980, date.

Academy graduates who entered the Academy prior to, but graduated after, September 8, 1980, are under the Final Pay System.

ROTC graduates who began a ROTC scholarship program or enlisted as a Reserve in the Senior ROTC program prior to September 8, 1980, are also under the Final Pay System.

Officer and enlisted members who initially entered the military prior to September 8, 1980, separated, and after a break in service, rejoined the military, are under the Final Pay System, even if their paydate was adjusted to a date of September 8, 1980, or later.

Members who enlisted under the delayed entry program before September 8, 1980, are Final Pay even if they initially reported for duty, after September 8, 1980.

I've always been told my Academy time doesn't count toward my retirement. You're telling me differently?

No. You've been told correctly. Academy time does not add to your years of service and, thereby, increase your retirement pay. But, the date you entered the Academy determines (in most cases) WHICH retirement system you receive.

For retirement choice, when do I have to decide?

Typically, you must decide between 14 1/2 and 15 years of service. The date may be later if you receive your notice of eligibility late.

When do I get the bonus?

Should you decide to obtain a single lump-sum payment, you will receive your bonus within 90 days you submit your election paperwork and it is accepted by your service. Thus, you will normally be paid by the 15 year and 3 month

point of your career. Alternatively, you may decide to accept your payment in installments over a period of up to five years. This alternative was authorized in the FY2002 NDAA, and, therefore, exact mechanics on this option will be forthcoming. An advantage of accepting your bonus over a period of time is that you will be able to place more funds (potentially the entire bonus) into the TSP.

Suppose I take the Career Status Bonus and later change my mind, can I? Even if I give the bonus back?

Electing your retirement system is an irrevocable decision. You can not change your election, even if you return the Career Status Bonus. Your decision is not considered a final decision until you complete your 15th year of active duty service. Check carefully with your Service to see when your election will be considered final and thus, no longer revocable.

What happens if I take the Career Status Bonus and am forced to separate?

Generally speaking, if you fail to complete a 20-year career, by law, you are required to return a pro-rated share of the retention bonus for the time you did not complete.

I'm a member of the Reserves, how does this affect me?

If you are a post-July 1986 member who is serving on active duty with 14 and 1/2 years of retirement creditable active service, you may also choose between High-3 and CSB/REDUX. The reduced retired pay Cost-of-Living Adjustments (COLAs) of REDUX will apply only to persons who elect the CSB.

Reserve members anticipating a Reserve retirement at age 60 (called a non-regular retirement) are not eligible to elect the CSB/REDUX option because the non-regular retired pay multiplier was unaffected by the 1986 REDUX retirement changes. They were, however, affected by the reduced COLA provision which set COLA to CPI minus one. Recent legislation removed this provision so that Reservists who entered after July 1986 and who will receive a Reserve retirement at age 60 will receive full CPI COLAs.

I'm under High-3 (entered service before August 1986), can I take the bonus and switch to REDUX?

No. Only service members who entered the service on August 1, 1986, or later are authorized to choose their retirement system.

Is the $30,000 bonus taxable?

Yes. If you receive the bonus in a single payment, by using a TSP, you may shelter up to the IRS maximum from taxes by placing it into a TSP account. However, if you receive the bonus in installments, you may contribute money to the TSP each year, and, thus, increase the amount you are sheltering from taxes. Other rules and limits may apply to those in receipt of non-taxable pays in a Combat Zone or Qualified Hazardous Duty Area (QHDA). Consult your service tax authorities and TSP information sources for more specifics.

At what rate is the bonus taxed?

The bonus is taxed at your Federal, and, if applicable, state, tax rate. Upon receipt, the portion not placed into the TSP will be subject to the same tax consideration as any other bonus pay. Should this exceed your tax rate, you would have the excess returned in your Federal tax refund.

Will I be able to put the bonus in my IRA?

Standard IRA rules are unaffected.

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Health Care Benefits

Our system of health care for veterans is not perfect. Understaffing and overcrowding are not rare at VA hospitals and clinics. Veterans from World War II, Korea, Vietnam and other conflicts must sometimes wait for appointments to see a doctor, for prescription drugs, or for help with post-traumatic stress disorder. And while they are waiting – new veterans are coming home from Iraq and Afghanistan – and they need health care too.

Nonetheless, most observers agree that the care provided to our veterans is generally good. A serious problem is getting into the system itself. As of February, 2008, there is a backlog of over 600,000 applications. One recent applicant for a pension waited for over six months for a response.

Congress is aware of this less than ideal state of affairs and is acting to increase funding for veterans healthcare by billions of dollars.

Prime is TRICARE's managed-care option, similar to a civilian HMO (health maintenance organization).

Active duty service members (ADSM) are required to be enrolled in Prime must take action to enroll, by filling out the appropriate enrollment form (http://www.tricare.mil/enrollment/index.cfm) and submitting it to the regional contractor. There is no cost to the service member.

Prime enrollees receive most of their health care at a military treatment facility (MTF) and their care is coordinated by a primary care manager (PCM). Prime is not available everywhere.

Prime enrollees must follow some well-defined rules and procedures, such as seeking care, first, from the MTF. For specialty care, the Prime enrollee must receive a referral from his/her PCM and authorization from the regional contractor. Failure to do so could result in costly Point of Service (POS) option charges (POS fact sheet can be found at http://www.tricare.mil/Factsheets/viewfactsheet.cfm). Emergency care is not subject to Point of Service option charges.

TRICARE Prime Remote is the program for service members and their families who are on remote assignment, typically 50 miles from a military treatment facility (MTF). Visit http://www.tricare.mil/tpr/ for additional information.

The TRICARE Overseas Program delivers the Prime benefit to ADSMs and families in the three overseas areas, Europe, the Pacific, and Latin America/Canada. The TRICARE Global Remote (TGRO) program delivers the Prime benefit to ADSMs and families stationed in designated "remote" locations overseas.

Who is Eligible for Prime?

Eligibility for any kind of TRICARE coverage is determined by the uniformed services. TRICARE manages the military health care program, but the services decide who is or is not eligible to receive TRICARE coverage.

Active duty service members (ADSM) are required to be enrolled in Prime. Coverage is automatic, but the service member must fill out and submit an enrollment form.

Many other beneficiaries choose to enroll in Prime-particularly active duty family members (ADFM). For ADFMs enrolled in Prime, there are no enrollment fees, deductibles, or co-payments. ADFMs must take action to enroll-that is, complete and submit an enrollment form to the regional contractor, one for each family member.

Retirees and retiree family members (under age 65 or not otherwise eligible for Medicare) may choose to enroll in

Prime. They pay an annual enrollment fee ($230 for an individual and $460 for a family) and co-payments. (This also applies to those over 65 who are not Medicare-eligible.) Prime-eligible beneficiaries who choose not to enroll in Prime are covered under TRICARE Standard.

Eligible survivors (under age 65) and eligible family members also may choose to enroll in Prime (in active-duty-family-member status for three years after the sponsor's death; after three years, the status changes to retiree family member).

Certain activated reservists and national guardsmen, and their family members, are eligible to enroll in Prime. RC members who purchase TRICARE Reserve Select (TRS) are not eligible for Prime.

College students who live separately from their Prime-enrolled parents may still be enrolled in Prime.

Unremarried former spouses of service members may choose to enroll in Prime. But, first, the individual must establish his/her eligibility for health care coverage by verifying registration in the Defense Enrollment Eligibility Reporting System (DEERS) under his/her own social security number.

Newborn babies and newly adopted children are covered under Prime for the first 60 days. After that, they must be properly registered in DEERS and formally enrolled in Prime in order to receive Prime coverage.

Not covered by Prime: Usually, retirees age 65 and older are not eligible for Prime because they are eligible for Medicare. (A small group of TRICARE beneficiaries over age 65 are not eligible for Medicare; they continue to be covered by Standard and may enroll in Prime.) Also, Prime is not available to TRS members.

Prime Costs

The charts, below, explain the cost shares for families using TRICARE programs: Prime is an HMO-type program; Standard is a fee-for-service plan; and Extra is a preferred provider option (when the Standard beneficiary sees an in-network provider, he/she is exercising the Extra option.). The latest cost charts can be found at http://www.tricare.mil/tricarecost.cfm.

Enrolling in Prime

Active Duty
Prime coverage is automatic, but the ADSM must fill out an enrollment form and submit it to the regional contractor.

All Others
For other beneficiaries eligible for Prime, enrollment is required.

Enrollment Forms: For ADSMs and other eligible beneficiaries who choose to enroll in Prime: Online enrollment and downloadable enrollment forms are available at the regional contractors' Web site at http://www.tricare.mil/enrollment/index.cfm.

There is a time gap between your submission of a completed enrollment form and it being received and processed by the regional contractor so that your coverage begins. To avoid a lapse in coverage, follow the 20th of the month rule: submit your enrollment form and correct fee payment to the contractor by the 20th of the month before coverage is to begin. For example, if your coverage is due to change--perhaps due to a change from active duty to retiree status--on February 15 and the contractor receives your form and fee by January 20, your new Prime coverage will begin on February 16. If your form is received after January 20, your coverage will begin on March 1.

For guardsmen and reservists who are recalled to active duty during TAMP coverage (the 180 days of TRICARE coverage immediately following release from AD), the change in status requires that the member and family members

automatically be disenrolled from Prime under TAMP. Prime coverage can continue – if family members want it – but they must re-enroll under the sponsor's new AD status. Family members have 30 days to submit a Prime enrollment form to the regional contractor under the sponsor's new AD status. If they do:

- They will not be converted to TRICARE Standard.
- They will be retroactively enrolled to the effective date of the sponsor's recent activation
- They will experience no gap in Prime coverage.

For non active duty beneficiaries, there is an annual enrollment fee, paid to the regional contractor, and modest co-payments for doctor's office visits.

Retirees may pay their TRICARE Prime enrollment fees through a monthly allotment only from their service retirement pay. This retirement pay allotment may be deducted from one of the following pay agencies: Defense Financial Accounting System (DFAS), U. S. Coast Guard, or the U. S. Public Health Service. For detailed instructions about starting an enrollment, please see the fact sheet "What Happens to My Benefit When I Retire?" at http://www.tricare.mil/Factsheets/viewfactsheet.cfm?id=347. Beneficiaries who receive survivor benefits from either retired or active duty sponsors are paid through a separate pay account and may not set up an enrollment fee allotment.

The TRICARE Service Center, which is usually located inside the MTF (but some are free-standing), is staffed by beneficiary services representatives who can verify your eligibility, explain your options to you, answer your questions, and help you get, fill out, and submit Prime enrollment forms. The TRICARE Service Center is designed to serve walk-in customers.

Claims for TRICARE Prime/Prime Remote Enrollees

If you use network providers, providers file claims on your behalf.

If you use a non-network provider or require emergent/urgent care outside your region, the provider may file claims on your behalf or require you to pay out-of-pocket and file your own paper claim for reimbursement. Visit http://www.tricare.mil/claims/default.cfm for information on where your claim should be processed.

Disenrolling from Prime

Active duty service members are required to be enrolled in Prime.

If you move out of the region or choose to disenroll from Prime, you must fill out a disenrollment form and submit it to the regional contractor, which will ensure that you do not incur difficulty with claims or costly Point of Service charges.

Family members may choose to disenroll from TRICARE Prime at any time. If they choose to disenroll before the annual enrollment renewal date, they may be subject to a one-year lockout. The lockout provision does not apply to family members whose sponsor is E-1 through E-4.

Overseas: ADFMs are required to disenroll from the TRICARE Overseas Program (TOP) Prime within 60 days of departure if they no longer live in a TOP Prime area. They will be automatically disenrolled from Prime if they become ineligible.

Status change triggers disenrollment: Any change in status (e.g., from active duty to retired or a reservist demobilizing) will cause automatic disenrollment from TRICARE Prime. When the member changes status, and remains TRICARE eligible, he/she must re-enroll in Prime immediately to maintain coverage.

Transferring Enrollment in Prime

Transfer

Essentially, you need to transfer your enrollment to the new regional contractor (U.S.) or MTF (overseas) and select a new primary care manager (PCM) in order to avoid expensive point-of-service charges.

Before the move, let your current TRICARE Service Center (TSC) know that you are moving. This protects you and your family from incurring charges for unexpected health care needs while you travel to another location (in the U.S. or overseas). When you arrive at your next duty station, stop by a TSC in your new region or overseas area as soon as possible to fill out needed paperwork. If you fail to take action to transfer your enrollment, you will remain enrolled to your former PCM. It is important to change one's PCM after the move to ensure that health care coverage is not interrupted during or just after a move to a new location.

Re-enroll

If you decide to transfer your family member enrollment in TRICARE Prime to your new location, you must complete new TRICARE Prime enrollment forms, one for each family member, in your new TRICARE region or overseas area. If you do not transfer enrollment of your family members, they will automatically revert to coverage under TRICARE Standard 60 days after departure from the previous duty station.

Retirees Transferring Prime Enrollment

Retirees and their eligible family members pay Prime enrollment fees. They may transfer their TRICARE Prime enrollment from one region to another without paying additional enrollment fees. Since TRICARE Prime enrollment fees are nonrefundable, retired enrollees/families should consider paying quarterly payments if they anticipate a move to an area without TRICARE Prime.

Update DEERS

When beneficiaries move, they need to update their addresses and personal information in the Defense Eligibility Enrollment Reporting System (DEERS), http://www.tricare.mil/deers/update-info.cfm, as soon as possible. DEERS may also be updated by visiting the nearest uniformed service personnel office or by calling the Defense Manpower Data Center Support Office at 1-800-538-9552. Beneficiaries may locate the nearest uniformed services personnel office at http://www.dmdc.osd.mil/rsl/.

Puerto Rico Prime Benefit

Under a new contract, May 1, 2004, active duty service members will be able to enroll in TRICARE Overseas Prime, providing a cashless, claimless system for routine, urgent and emergency medical and dental services. Eligible Active Duty Family Members who are accompanied on orders with their sponsors may enroll in the same benefit; however, they must continue to purchase dental services under the TRICARE Dental Program.

Following closure of Naval Hospital Roosevelt Roads on Jan. 31, 2004, active duty service members and their families may visit the medical aid station for routine, urgent and emergency care 24 hours a day, 7 days a week. Beginning March 15, the Medical Unit will provide sick call service for Active Duty and Active Duty Family Members Monday-Friday, from 0730-1600. Beneficiaries may call after hours; however, if active duty sponsors and/or family members have an immediate need after hours, they should go to the closest civilian emergency room. Your family members can arrange care with an external TRICARE network provider. For more information, call (787) 865-5913. For regional information, please visit http://www.tricare.mil/regionalinfo/list.cfm?RegionID=17 for the regional information summary table.

TRICARE Prime Travel

Section 758 of the FY2001 National Defense Authorization Act (NDAA) authorized reimbursement of reasonable travel expenses incurred by non-active duty TRICARE Prime members when they are required to travel more then 100 miles from their Primary Care Manager's (PCM) office for medically necessary, non-emergent specialty care. The required change to the Joint Federal Travel Regulation approving this new entitlement occurred in December 2001. The Prime travel benefit was implemented on February 15, 2002 but also dates back to October 30, 2000 to allow Prime members who traveled and qualified for the benefit to request reimbursement.

Section 706 of the FY2002 NDAA allows one NMA to travel with a non-active duty TRICARE Prime member who is referred more than 100 miles from their PCM for medically necessary, non-emergent specialty care. The traveling patient's PCM must indicate that an NMA is medically necessary and appropriate and the NMA must be a parent, guardian, or another family member (21 or older) related to the traveling TRICARE Prime member. If the NMA is a parent or designated guardian of the traveling Prime patient he/she is not required to be 21 or older. If the NMA is another adult family member, he/she is required to be 21 or older.

Travel Distances

Prime Travel benefits are determined based on the distance of the specialty care provider from the Primary Care Manager's location. Entries are based on the zip code of the Primary Care Manager (not the patient zip code) and the Specialty Provider. This is the only tool to be used in determining the distance requirement. Click on the Defense Table of Official Distances (https://dtod.sddc.army.mil/default.aspx) to determine distance. (Please note that the "greater than 100 mile rule" is stated in statute and is not negotiable when determining the applicability of the Prime travel benefit.)

Costs (Lodging, Meals, Per Diem)

The Prime Travel entitlement allows beneficiaries to be reimbursed for certain travel costs and other associated expenses like lodging and meals. Actual expenses are reimbursed up to the government rate. If beneficiaries have questions regarding government/per diem rates, the following web link provides this information. Beneficiaries will be responsible for all costs exceeding the identified government rate. Visit http://perdiem.hqda.pentagon.mil/perdiem/perdiemrates.html to determine per diem rates.

Prime Compared to Standard

Prime saves on costs. Standard offers greater flexibility and involves greater out-of-pocket expenses.

The Prime enrollee must get care from the MTF, or, through referral, from a civilian network provider. Generally, the Standard beneficiary has much greater flexibility in choosing a doctor (nurse practitioner, lab, etc.). He can make an appointment at the MTF, on a space-available basis, or he can see any TRICARE-certified provider he chooses.

The Prime enrollee pays less for health care than does the Standard beneficiary. Prime-enrolled active duty and ADFM pay nothing for care at the MTF, and they pay only small co-payments per visit to an in-network civilian doctor. Retiree Prime enrollees (and other Prime enrollees who are not AD or ADFM) pay enrollment fees, deductibles, and co-payments. Standard beneficiaries pay deductibles and a share of the cost of their treatment. In general, the Standard beneficiary will have greater out-of-pocket expenses for health care.

The Prime enrollee does not deal with paperwork claims; he has claims filed for him by the provider. The Standard beneficiary will often need to file his own paperwork claims for reimbursement. Prime (and TPR) are not available everywhere. Standard coverage is available nationwide and, indeed, all over the world.

Prime enrollees must adhere to certain rules governing their health care: For specialty care, for example, they must receive a referral from their PCM and then get an authorization for care from the regional contractor. On the other hand, for most specialty care, Standard beneficiaries make their own appointments with the providers of their choice.

Enrolling in TRICARE Overseas Program (TOP) Prime

The TRICARE Prime benefit is available overseas. The TRICARE Overseas Program (TOP) Prime serves active duty service members and eligible family members stationed overseas in one of the three overseas areas: Europe, Pacific, Latin America/Canada.

Enrollment in TOP Prime for Active Duty Family Members (ADFMs) living overseas is not automatic. ADFMs must enroll in TOP Prime just as they would stateside. ADFMs who wish to enroll in TOP Prime must meet certain criteria:

- Be eligible in DEERS
- Be listed on their permanent change of station (PCS) orders or relocate on service sponsored/funded orders

A military sponsor, spouse, or other adult family member must fill out an enrollment application and submit it to the nearest TRICARE Service Center (TSC), TRICARE POC, or the TRICARE Area Office.

TOP enrollment begins on the date of acceptance of your enrollment package. ADFMs may enroll at any time. Enrollment continues until they choose to disenroll, or are transferred to another TRICARE region or area, or until they become ineligible for TOP Prime or the TRICARE program. There are no enrollment fees, co-payments, or deductibles for using TOP Prime.

Moving

If you are scheduled for a permanent change of station (PCS) move, you will remain enrolled in Prime for a maximum of 60 days from the date you leave your current TRICARE region (in the U.S. Territories or overseas).

Accessing Care in TRICARE Overseas Program (TOP) Prime

Military Treatment Facility Care

When you enroll in TOP Prime, you will select a primary care manager (PCM) or one will be assigned to you. Your PCM provides all of your primary care or refers you to another provider if he or she cannot provide the care. You must have a referral and authorization from your PCM for routine, specialty, or inpatient care provided by anyone other than your PCM. You will usually receive most of your PCM care, preventive services, and specialty care services from an MTF.

Accessing Host Nation Specialty Care

When necessary, you will be referred by your PCM for specialty care to qualified host nation providers. In most cases, these providers will speak English. If not, bilingual patient liaisons are available at each MTF to interact with local providers and assist you. Most MTFs across the TRICARE network in Latin America and Canada ensure information from medical consults and hospitalizations are translated into English to include in your medical record if needed. Many host nation providers expect payment at the time services are provided, often in local currency, instead of U.S. dollars. If this is the case, you may then submit a claim to the overseas claims processor, along with a copy of an itemized bill, for appropriate reimbursement from TRICARE.

If referred outside the MTF, host nation providers may assess a fee for copies of medical records, which must be paid by the beneficiary as the service is not reimbursable by TRICARE.

TRICARE Standard Coverage

No enrollment

TRICARE Standard is the basic TRICARE health care program, offering comprehensive health care coverage, for people not enrolled in TRICARE Prime. (Active duty service members (ADSM) must take action to enroll in Prime, and many other beneficiaries choose to enroll in Prime also.) Standard does not require enrollment.

Fee-for-Service Flexibility

Standard is a fee-for-service plan that gives beneficiaries the option to see any TRICARE-certified/authorized provider (doctor, nurse-practitioner, lab, clinic, etc.). Standard offers the greatest flexibility in choosing a provider, but it will also involve greater out-of-pocket expenses for you, the patient. You also may be required to file your own claims.

Costs

Standard requires that you satisfy a yearly deductible before TRICARE cost sharing begins, and you will be required to pay co-payments or cost shares for outpatient care, medications, and inpatient care. For a detailed chart of the associated costs visit http://www.tricare.mil/tricarecost.cfm.

Eligibility

A person who is properly registered in the Defense Enrollment Eligibility Reporting System (DEERS) is automatically covered by TRICARE Standard. You do not need to enroll for Standard coverage, nor take any other action; if you are eligible for TRICARE health care coverage, you are automatically covered under TRICARE Standard.

Standard is not available to active duty service members, who are covered by TRICARE Prime, nor to dependent parents and parents-in-law.

Your valid uniformed services ID card serves as proof of your eligibility to receive health care coverage under TRICARE Standard. Your ID card is, in effect, your insurance card, and you should have it with you whenever you seek medical care.

TRICARE delivers health care services, but it does not determine who is or is not eligible for the benefit; the uniformed services do that. Eligibility is decided by the services (at the personnel office or ID card issuing office), and eligibility is recorded in the database of DEERS.

Preauthorization

Standard beneficiaries are accustomed to self-referring, that is, they book their own appointments with primary care providers and specialists. But for anything other than routine care, or for a non-routine procedure (such as an MRI), Standard beneficiaries may need to seek an authorization from the TRICARE regional contractor in their area. The following is a list of the more commonly asked-for services that require preauthorization. For a list of participating contractors visit http://www.tricare.mil/TRICAREStandard/preauthorization.cfm.

What is required of you, the Standard beneficiary—deductibles, cost shares, claims filing deductibles?

Standard requires that you satisfy an annual, fiscal year deductible before TRICARE payments begin. (The fiscal year begins on October 1 and runs through September 30 of the following year.)

The deductible is $150 per person, per fiscal year, for outpatient services (doctors' appointments, lab work, imaging procedures), including prescriptions. The maximum deductible is $300 for a family, no matter how many family

members there are. These deductibles apply to active-duty service members, E-5 and above, and active duty family members, and to retirees and family members, and all others.

For family members of active-duty E-4s and below, the deductible is $50 for one person and $100 for the entire family.

The deductible must be satisfied before TRICARE will begin payments.

That is, the individual patient must pay the first $150 of medical care costs in each fiscal year, or the family must pay the first $300, out-of-pocket, of total expenses for the family before TRICARE payment begins.

Cost Shares

Each individual patient must meet his/her annual deductible before TRICARE begins to pay on that patient's claim. However, once the family's annual deductible has been met TRICARE will begin to pay its share of the allowable amount for covered services.

- The medical services you receive must be "covered" under TRICARE. If you receive services that are not covered, TRICARE will not pay for any part of the bill.
- TRICARE observes an "allowable" amount for every covered service; that amount may be less than the total medical bill.
- TRICARE pays its portion, or 80%, of the allowable amount for covered services. Your cost share or co-payment is 20%.
- For retirees and family members, and others, TRICARE pays 75% of the allowable amount for covered services, and the beneficiary pays 25%.

Remember: TRICARE's portion of the medical bill is based on the *allowable amount for covered services*—the amount allowed for each covered service on any family member's claim. That is true even if some family members have not met the $150 deductible (but the family has met the $300 threshold).

Catastrophic Cap

A Catastrophic Cost "Cap" (CAT CAP) has been placed on your out of pocket expenses: that is, on how much YOU have to pay - for TRICARE covered benefits

The CAT CAP includes TRICARE Prime enrollment fees, deductibles, inpatient care, outpatient care, and prescription cost shares and co-pays.

For Active Duty Families, using TRICARE Prime, TRICARE Extra or TRICARE Standard, the CAT CAP is $1000 per Fiscal Year (1 October - 30 September). The Point of Service (POS) option, which is explained in the TRICARE Prime section, although, credited to the CAT CAP will not be used to help satisfy the CAT CAP.

For all TRICARE Prime enrollees (other than Active Duty Family) the CAT CAP is $3000 per enrollment year unless you get care on your own without a TRICARE Prime Referral from your Primary Care Manager (PCM) and an authorization from the TRICARE Health Care Finder (HCF) (this is using the Point Of Service (POS) option, which is explained in the TRICARE Prime section). If you do get care on your own, your costs will be credited to the CAT CAP, but will not help to satisfy the CAT CAP.

For all others (other than Active Duty Families), using TRICARE Standard or Extra, there is a $3000 CAT CAP per Fiscal year (1 October - 30 September) that is applied to your out-of-pocket expenses for TRICARE covered benefits.

For more details on the CAT CAP, please check with your Beneficiary Counseling and Assistance Coordinator (BCAC), Health Benefits Advisor (HBA) or your nearest TRICARE Service Center (TSC).

Claims Filing

Certified and participating providers may decide, on a case by case basis, whether or not to file claims for Standard beneficiaries.

Standard beneficiaries may be required to file their own paperwork claims. To download claim forms and find out where your claim should be processed, visit http://www.tricare.mil/claims/default.cfm.

TRICARE Overseas Program (TOP) Standard

TOP Standard is essentially the same as the stateside Standard program, including deductibles and cost shares.

Active Duty: AD family members living overseas with their sponsors, or those who have relocated with service sponsored/funded orders, may choose between TOP Prime and TOP Standard.

Retiree: Retirees and their family members who reside overseas are not eligible to enroll in TOP Prime and are covered only by TOP Standard.

Medicare Eligible: For retirees 65 and older, or for those who are otherwise eligible for Medicare, please note that Medicare does not pay for health care overseas.

Reserve Component: Family members living overseas with Reserve Component members, who are living overseas while on active duty for more than 30 consecutive days, are eligible for either TOP Prime or Standard.

How to Get Health Care under TOP Standard

Routine: You may receive care from any qualified host nation provider without a referral. It is highly recommended that you contact the staff of a nearby military treatment facility (MTF) or TRICARE Service Center(TSC) or the nearest American embassy health unit (TRICARE POC) for assistance in locating a host nation provider.

Specialty: Standard, generally, does not require the beneficiary to seek a referral for specialty care. However some specialty procedures may require pre-authorization, which is true in the U.S. as well as overseas. Check with your TSC for detailed information about treatments, services and procedures that may require pre-authorization.

Inpatient/Hospitalization: All beneficiaries who live near an MTF must obtain a non-availability statement (NAS) from the MTF before receiving inpatient behavioral/mental health care at a host nation hospital.

Costs and Fees under TOP Standard

TOP Standard beneficiaries are responsible for paying annual deductibles and cost shares, just as they are in the U.S. Additionally, however, you may be required to pay up front for care (possibly in host nation currency). Then you will file claims with Wisconsin Physicians Service (WPS)—the TRICARE overseas claims processor.

Note: Despite Standard's greater out-of-pocket costs when compared to Prime, TOP Standard may be the better choice for some beneficiaries (who have the option to choose), especially those who prefer to receive care from a host nation provider.

TRICARE Extra

Extra can be used by any TRICARE-eligible beneficiary, who is not active duty, not otherwise enrolled in Prime, and not eligible for TRICARE for Life.

Extra goes into effect whenever a Standard beneficiary chooses to make an appointment with a TRICARE network provider. Extra, like Standard, requires no enrollment and involves no enrollment fee.

Extra is essentially an option for TRICARE Standard beneficiaries who want to save on out-of-pocket expenses by making an appointment with a TRICARE Prime network provider (doctor, nurse practitioner, lab, etc.).

The appointment with the in-network provider will cost 5% less than it would with a doctor who is a TRICARE authorized or participating provider.

Also, the Extra option-user can expect that the network provider will file all claims forms for him. (The Standard beneficiary might have claims filed for him, but the non-network provider can decide to file on his behalf or not, on a case by case basis.)

When using the Extra option, the Standard beneficiary must meet the same requirements to satisfy a deductible and pay a cost share for treatment.

Under TRICARE Extra, because there is no enrollment, there is no Extra identification card. Your valid uniformed services ID card serves as proof of your eligibility to receive health care coverage from any TRICARE Prime provider.

Your uniformed services ID card is, in effect, your insurance card, and you should have it with you whenever you seek medical care. It is your proof of eligibility and it should always be kept current.

TRICARE for Life

The National Defense Authorization Act (NDAA) for Fiscal Year 2001 (Public Law 106-398) extended TRICARE health care and pharmacy benefits to:

- Medicare-entitled uniformed services retirees,
- Medicare-entitled retired guard members and reservists,
- Medicare-entitled family members and widows/widowers, and
- Medicare-entitled unremarried former spouses who meet TRICARE eligibility requirements.

Pharmacy benefits began on April 1, 2001, and the TRICARE medical benefits began on October 1, 2001. The medical benefits are known as TRICARE For Life (TFL) and the pharmacy benefits are part of the TRICARE Pharmacy Program.

TFL is a permanent program funded through the Department of Defense Medicare-Eligible Retiree Health Care Fund, resourced with general revenues of the U.S. Treasury and annual contributions from appropriations. TFL doesn't require annual authorization by Congress.

How Does TRICARE for Life Work with Medicare?

Medicare and TRICARE are distinct programs governed by different federal laws and regulations. For either program to pay for health care services, the service must meet that program's requirements. Neither Medicare nor TRICARE can pay for services not considered medically necessary and appropriate for the particular patient's diagnosis, symptoms or history.

While Medicare is your primary insurance, TRICARE acts as your secondary insurance, minimizing your out-of-pocket expenses. TRICARE benefits include covering the co-insurance and deductible amounts incurred by Medicare. Be aware, however, there are instances in which some health care costs may not be covered by Medicare, TRICARE, or both.

Services Covered by Medicare and TRICARE

If a service is a benefit under both Medicare and TRICARE, you will have no out-of-pocket expense. After Medicare pays its portion of the claim, TRICARE will pay the remaining amount (which would've been your responsibility).

If a service is a benefit under both Medicare and TRICARE, but Medicare can't pay because you have used up your Medicare benefit, TRICARE will make payment as the primary payer. You are responsible for applicable TRICARE deductibles and cost shares. The network status of your provider determines your costs shares. Cost shares for services received from network providers will be TRICARE Extra cost shares. Services received from non network providers will be TRICARE Standard cost shares.

Services Covered by Medicare but not by TRICARE

If a service is a benefit under Medicare but not under TRICARE, TRICARE will make no payment for the service regardless of any action Medicare may take on the claim. You are responsible for the Medicare deductible and cost shares.

Services Covered by TRICARE but *not* by Medicare

If a service is a benefit under TRICARE but not under Medicare, TRICARE will process the claim as the primary payer. You are responsible for applicable TRICARE deductibles and cost shares. The network status of your provider determines your costs shares. Cost shares for services received from network providers will be TRICARE Extra cost shares. Services received from non network providers will be TRICARE Standard cost shares.

Services *not* Covered by Medicare or TRICARE
Neither Medicare nor TRICARE will make payment on the claim. You are responsible for the entire bill.

TRICARE Plus

TRICARE Plus is a primary care enrollment program offered at selected military treatment facilities. Only beneficiaries eligible for care in military treatment facilities may enroll in Plus. You should call your military treatment facility to see if they offer the TRICARE Plus program.

If you are enrolled in TRICARE Prime or Medicare Advantage HMO, you are not eligible for Plus because you already have a primary care relationship.

TRICARE Plus Benefits

Your primary care manager at the military treatment facility is your principal health care provider.

You may still get care from civilian and/or Medicare providers. TRICARE Standard/Extra or Medicare rules apply. TRICARE will be second payer to Medicare for TRICARE-covered services for beneficiaries who are entitled to Medicare Part A and who have Medicare Part B coverage.

You are not locked into an HMO-like program.

There are no enrollment fees.

You get primary care appointments with the same access standards as TRICARE Prime enrollees.
TRICARE Plus enrollment is noted on your records in the Defense Enrollment Eligibility Reporting System.

TRICARE Plus Limitations

- TRICARE Plus is not available at all military treatment facilities. Local commanders may continue or discontinue
- TRICARE Plus at their military treatment facilities depending on their capacities, capabilities and missions.
- TRICARE Plus is a military treatment facility primary care access program, not a health plan, so it has no effect on civilian provider care, and TRICARE Standard/Extra rules will apply for most enrollees.
- TRICARE Plus does not guarantee access to specialty care at the military treatment facility where you are enrolled.
- TRICARE Plus is not a portable benefit. Your enrollment at one facility does not guarantee access at another facility.

We encourage TRICARE Plus enrollees to get all their nonemergency primary care at the military treatment facility where they are enrolled.

The local military treatment facility reviews enrollment in TRICARE Plus annually. You may be disenrolled if capacity is no longer available.

TRICARE Mail Order Pharmacy (TMOP)

The TRICARE Mail Order Pharmacy program (TMOP) is an easy and convenient way to get the medications you take regularly delivered directly to your home.

Express Scripts, Inc. (ESI) manages your mail-order pharmacy program and provides customer assistance.

Please note**:** If you are covered by other health insurance (OHI) with a pharmacy benefit, you may not use the TMOP. (*Exceptions*: Your OHI does not cover the medication needed or you have exceeded the dollar limit of coverage under the other plan.)

Why Use the Mail-Order Pharmacy?

Savings

Get up to 3 times the quantity of medications for your money, compared to the same prescriptions at a retail pharmacy.

Safety

Built-in safety features. Two pharmacists check your order and your order is verified with the DoD's pharmacy database.

Convenience

Avoid driving to a retail pharmacy and waiting in line. You can fill prescriptions by mail, phone, fax, or online-24 hours a day / 7 days a week.

The Mail-Order Advantage

- Choose which medications to have home-delivered.
- No shipping and handling fees.
- Go on vacation and have your medications follow you.
- Get special handling for special medications.

How to Use the Mail-Order Pharmacy

- Register at http://www.tricare.mil/pharmacy/tmop_howuse.cfm
- Obtain a prescription
- Mail your Prescription, or
- Request that your provider fax in the prescription

Eligiblity

Benefits are available to:

- Active duty beneficiaries worldwide, including Reserve/National Guard personnel and their family members on Title 10 or Title 32 (federal) active duty orders for more than 30 days

- TRICARE-eligible beneficiaries, all ages (Note: Retired Reservists, Guardsmen and former members and their family members do not obtain TRICARE eligibility until age 60.)

- Continued Health Care Benefit Program Enrollees

If you turned 65 before 1 April 2001, you may participate in the program without being enrolled in Medicare Part B; beneficiaries who turn 65 on or after 1 April 2001 must be enrolled in Medicare Part B and must ensure their DEERS profile is updated to participate.

Important: All Department of Defense beneficiaries must be enrolled in the Defense Enrollment Eligibility Reporting System (DEERS) to use the TRICARE Pharmacy Benefit.

For TMOP Users: Please note that the beneficiaries residing outside U.S. Postal Service delivery areas may use only APO/FPO addresses as the mailing address for the TMOP Program. You must have your APO/FPO address reflected in your DEERS profile.

TRICARE's Dental Program

TRICARE currently offers two dental programs to meet the needs of its beneficiary population:

TRICARE Dental Program**.**

The TRICARE Dental Program (TDP) is offered by the Department of Defense (DoD) through the TRICARE Management Activity (TMA). United Concordia Companies, Inc., administers and underwrites the TDP for the TMA. The TDP is a high-quality, cost-effective dental care benefit for eligible family members of all active duty uniformed services personnel; as well members of the Selected Reserve and Individual Ready Reserve (IRR) and their eligible family members.

TRICARE Retiree Dental Program**.**

The TRICARE Retiree Dental Program (TRDP) is offered by the Department of Defense (DoD) through the TRICARE Management Activity (TMA). The Federal Services division of Delta Dental Plan of California, located in Sacramento, California, administers and underwrites the TRDP for the TMA. The TRDP offers comprehensive, cost-effective dental coverage for uniformed services retirees and their eligible family members.

Eligibility

The TRICARE Dental Program (TDP) is available to family members of all active duty service members of any of the seven uniformed services[1] and to National Guard/Reserve members and/or their families. To be eligible for the TDP, the sponsor must have at least 12 months remaining on his or her service commitment at the time of enrollment.

If you reside in the CONUS service area, you will receive your greatest value by visiting TDP participating dentists. Participating dentists will complete and submit your claims on your behalf, submit predetermination requests when appropriate, and accept payment directly from United Concordia.

The TDP is available to:

- Family Members of Active Duty Service Members
- National Guard/Reserve Service Members and Their Families

TRICARE Vision Benefits

TRICARE vision benefits vary depending on beneficiary status (i.e., active duty service member, active duty family member, retired service member or retired family member) and enrollment in TRICARE Prime.

Basic Vision Benefit for Active Duty Family Members

Active duty family members are eligible for one comprehensive ophthalmological eye examination per calendar year. The services are provided by TRICARE-authorized optometrists or ophthalmologists, and the deductibles and cost shares/copayments are based on whether the beneficiary is enrolled in TRICARE Prime or opts to use TRICARE Extra or TRICARE Standard.

TRICARE Prime Clinical Preventive Services

TRICARE Prime enrollees age three and older are authorized comprehensive eye examinations once every two years. TRICARE Prime enrollees may receive the services from any TRICARE network provider without a referral or authorization from the primary care manager (PCM), health care finder (HCF) or any other authority. If the eye examination is not available from a network provider, enrollees may only receive services from a non-network provider if they have a referral from the PCM and authorization from the HCF. If authorized services are received from a non-network provider a point-of-service fees will NOT apply. If a beneficiary receives services from a non-network provider that has NOT been authorized; the beneficiary will be responsible for the ENTIRE amount of the bill.

- Pediatric vision screening is available at birth and approximately six months of age.
- Diabetic patients, at any age, are allowed annual comprehensive eye examinations.

TRICARE Extra and Standard Clinical Preventive Services

Vision screening is excluded from the TRICARE Extra and TRICARE Standard plans except for one comprehensive ophthalmological routine eye examination per calendar year for active duty family members and vision screening

under the well-child benefit. The well-child benefit is available from birth to age six and includes eye and vision screening by a PCM during a routine examination at birth and at approximately six months of age. Comprehensive eye examinations are authorized once every two years between ages three and six.

Retirees and their family members who use TRICARE Standard, TRICARE Extra and TRICARE For Life are not eligible for routine eye examinations.

Lenses (lenses implanted within the eye or contacts) and Eye Glasses

Except for active duty members, lenses or eye glasses are only cost shared for treatment of the following conditions: Infantile glaucoma, Keratoconus, Dry eyes, Irregularities in the shape of the eye, Loss of human lens function resulting from eye surgery or congenital absence.

Benefits are limited to only one set of implantable lenses required to restore vision. A set may include a combination of both implantable lenses and eyeglasses when the combination is necessary to restore vision. If there is a prescription change related to the qualifying eye condition, a new set may be cost shared.

Replacement lenses for those that are lost, have deteriorated, or have become unusable due to physical growth are not covered. Adjustments, cleaning and repairs of eyeglasses are also not covered.

For more information about TRICARE vision benefits, beneficiaries may contact their local beneficiary counseling and assistance coordinator (BCAC) or health benefits adviser (HBA). Special programs may exist at local military treatment facilities (MTFs). Please contact your local MTF for more specific information.

Continued Health Care Benefit Program (CHCBP)

Individuals who lose TRICARE eligibility or other coverage under the Military Health System are eligible for temporary health care coverage in CHCBP. CHCBP is not part of TRICARE but provides similar benefits and operates under most of the rules of TRICARE Standard. To obtain this coverage, you must enroll in CHCBP within 60 days after separation from active duty or loss of eligibility for military health care. The premiums for this coverage are $933 per quarter for individuals and $1,996 per quarter for families.

DoD has contracted with Humana Military Healthcare Services, Inc. who administers the CHCBP. Visit http://www.humana-military.com/chcbp/main.htm for more detailed information. You may contact them in writing or by phone for information regarding CHCBP including your eligibility for enrolling in the program.

For enrollment and claims information only:

Humana Military Healthcare Services, Inc.
P. O. Box 740072
Louisville, KY 40201
1-800-444-5445

For submission of claims only:

PGBA
P.O. Box 7031
Camden, SC 29020

College Students and TRICARE

As parents prepare their college-age students for a new school year, TRICARE coverage decisions and possible enrollment changes become an important part of this preparation process.

Typically, TRICARE covers eligible students until age 21 unless the student is enrolled full-time (validation of student status required) at an accredited college *and* the sponsor provides more than 50 percent of the student's financial support. A full-time student's eligibility ends at age 23, or when the full-time student status ends, whichever comes first. During these college years, parents should research which TRICARE option, Prime, Extra or Standard, may be best for their son or daughter.

TRICARE Prime, a popular choice among uniformed services families, may or may not be the best choice for a college-bound student, depending on individual health care needs and school location. A TRICARE service center (TSC) representative can help parents make this important decision. A parent or student may reach a TSC through the toll-free telephone number for the appropriate TRICARE region. To find a TRICARE service center in your region visit www.tricare.osd.mil/tricareservicecenters/default.cfm.

Students Enrolled in TRICARE Prime

Full-time students may need to take action in order to reassign TRICARE Prime enrollment to the TRICARE region in which their school is located. If the college or university is located in an area where TRICARE Prime is offered, the student may continue TRICARE Prime coverage by splitting the family enrollment. Split enrollment occurs when one or more family members enroll in one region while the rest of the family is enrolled in a different region based on where each member lives. Routine care received during the school year from a provider other than the PCM could result in point- of-service charges (POS) if proper authorizations for care do not occur.

For a student to split (change regions) or transfer (stay within the same region) TRICARE Prime enrollment, the sponsor must complete and sign a primary care manager (PCM) change request form indicating when the change is to occur, and send it to the regional contractor in the student's new region. Students should stay enrolled in their home region until they arrive in the new region. The change from the old region to the new one is effective the date the change request is received by the contractor in the school region, or if indicated, the future move date on the change request form.

A student in a retiree family, whose enrollment fees are current, will pay no additional fees when he or she changes enrollment to another region. The student will be allowed two changes per year between the same two TRICARE regions, as long as the second change is back to the region of the original enrollment.

Allowing TRICARE Prime enrollment, where available, to transfer across regions makes TRICARE Prime a portable option. For instance, if the student remains enrolled in TRICARE Prime at their home location, while they are physically located outside the area, they should be aware that all TRICARE Prime rules continue to apply including the obligation to seek ALL non-emergency non-mental health care from their assigned PCM.

If a student moves with his or her active duty family, the student may change enrollment as often as necessary, based on the sponsor's location. (The student's enrollment in TRICARE Prime will be automatically renewed at the end of a one-year enrollment period unless the renewal offer is declined.)

Disenrollment:

If a student must disenroll from TRICARE Prime because of a move to a location where TRICARE Prime is not offered, he or she is not locked out of future TRICARE Prime enrollment. However, disenrollment should be done immediately upon the move to college to avoid paying higher costs under TRICARE's POS option. Students may incur POS charges if they receive care without proper authorization from their TRICARE Prime primary care manager. For information regarding disenrollment, beneficiaries should contact their regional contractor.

Continued Health Care Benefit Program (CHCBP):

Students who are not eligible for TRICARE benefits after their 21st birthday, or age 23 if a full time student or upon completion of college—whichever comes first—may be eligible for health care benefits under the CHCBP for up to 36 months of coverage. The Department of Defense contracted with Humana Military Healthcare Services (Humana) to help administer the CHCBP. The CHCBP is not TRICARE, but it provides benefits comparable to TRICARE Standard, and functions under most of the same rules.

Dental Benefits:

A student may be eligible to participate in either the TRICARE Dental Program (TDP) or the TRICARE Retiree Dental Program (TRDP) depending on the sponsor's status. Both programs are voluntary, premium-based and comprehensive.

Overseas:

The TRICARE Overseas Program is a dual-option benefit consisting of TRICARE Overseas Prime and TRICARE Standard. If a sponsor is on active duty and assigned overseas, a student is eligible to enroll in the TRICARE Overseas Prime option only if he or she resides with the sponsor in the overseas location. A student of a retiree who is residing in a TRICARE overseas region is eligible to use only the TRICARE Standard option. Students of both active duty members assigned overseas and retirees living overseas who are attending school in the continental United States may want to consider the different options available to them. These options, include split Prime enrollment if the sponsor is active duty and the family is enrolled in Prime, or individual enrollment in Prime in the United States, even though the student's family is not eligible for enrollment in Prime while living overseas, or use of TRICARE Standard or Extra instead. Enrollment may be transferred to the TRICARE overseas region if the student spends extended vacation periods with the active duty sponsor and family. TRICARE overseas procedures may vary slightly in different locations

Supplements:

A parent or student also has the option of purchasing a TRICARE supplement or student health insurance if the school offers it.

TRICARE supplemental insurance policies are offered by most military associations and by some private firms. They are designed to reimburse patients for their cost share for civilian care after TRICARE pays the government's share of the bill. Students' needs must be considered before any supplemental plan is purchased, insuring the best possible coverage.

Additional Information:

While the basic TRICARE benefit is the same throughout the TRICARE regions, there may be some differences in authorization or referral procedures required by the TRICARE contractor in a student's new region. The regional contractor, local TSC or a beneficiary counseling and assistance coordinator at the local military treatment facility may help students with any questions that may arise. Parents and college students should be sure to understand the rules pertaining to pre-authorization for care in their new TRICARE region.

Survivors

Surviving spouses and children have TRICARE Benefits.

Your sponsor's active duty qualification determines eligibility for survivor benefits, if:

- Your sponsor was an active-duty service member who died while serving on active duty for a period of more than 30 days.

- Your sponsor was a National Guard or Reserve member who served on active duty orders for more than 30 days at the time of death.

NOTE: A TRICARE Reserve Select (TRS) member *does not qualify as active duty*. However, if you are the survivor of a TRS Tier 1 member, you may purchase new or continue paying for TRS coverage for an additional 6 months after the member's death.

If you have questions about your sponsor's active duty status at the time of death, contact your casualty assistance officer or your sponsor's unit/Service personnel office. You may also contact the Defense Enrollment Eligibility Reporting System (DEERS) Support Office for information.

TRICARE Eligibility is Key

It is important for you (or adult guardian) to keep your military ID card and DEERS information up to date. Personal information, that may affect your status or cause problems with claims processing, include marriage, divorce, birth or adoption of a child, or a changed mailing address.

Transitional Survivor, Time Periods and Benefits

"Transitional survivor" is a term used in the Defense Enrollment Eligibility Reporting System (DEERS) database to identify your status and payment rate.

During your transitional survivor time period, you receive TRICARE medical benefits equal to those of an active duty family member (ADFM), including rates, fees, priority for appointments at a military treatment facility (MTF), and eligibility for programs that are ADFM specific.

Beneficiaries whose sponsor died before October 7, 2001 are not affected by recent changes that extended the transitional survivor time period and enhanced the transitional survivor benefit: If your active duty sponsor died before October 7, 2001, you were a transitional survivor for three years from the date of death and then changed to survivor status for as long as you remain TRICARE eligible.

Transitional Survivor Time Periods

SPOUSE

- You are a transitional survivor for three years following your sponsor's death.

- At three years + one day, you change to survivor status, receiving benefits as a retiree family member, for as long as you are TRICARE - eligible.

- Your TRICARE eligibility is affected by marriage/remarriage, eligibility for Medicare Part A, and other circumstances. For example:

    - You lose TRICARE eligibility if you remarry.

- You cannot later regain transitional survivor or survivor spouse status--even if you later divorce or your new spouse dies.

- If you remarry a service member or retired service member entitled to TRICARE benefits, you may regain TRICARE eligibility through your status as new spouse/family member.

- If your new active duty spouse were to pre-decease you, you would once again become a transitional survivor for three years.

- If your new retired spouse were to pre-decease you, you would be in survivor status for the duration of your TRICARE eligibility.

- However, if you and your new spouse were to divorce, you would lose TRICARE eligibility (unless you qualify as an unremarried former spouse).

CHILD (minor child or eligible dependent child 18 years old or older)

- You are a transitional survivor from the date of your sponsor's death for as long as you maintain TRICARE eligibility.

- You continue to be TRICARE eligible under transitional survivor status until you reach the eligibility age limit, marry, or otherwise become ineligible for TRICARE.

- Aging out of TRICARE: You remain eligible up to age 21, or up to age 23 if you are a full-time student at an institution of higher learning (and if, at the time of the death, you relied on your sponsor for more than 50% of your financial support).

INCAPACITATED FAMILY MEMBER

Incapacitation (physical or mental) is determined by the sponsor's service, and it is a special circumstance that must be verified and recorded in DEERS. TRICARE does not determine incapacitation.

You are eligible for transitional survivor status for the longer of:

- 3 years from your sponsor's death, or
- age 21, or
- age 23 if you are a full-time student at an institution of higher learning (and if, at the time of the death, you relied on your sponsor for more than 50% of your financial support).

After your transitional survivor time period, you change to survivor status and receive benefits as a retiree family member, for as long as you maintain TRICARE eligibility.

TRICARE Programs for Transitional Survivors

TRICARE Prime Coverage

- If you are enrolled in TRICARE Prime or move to an area where Prime is available and enroll in Prime, you do not pay Prime enrollment fees or co-payments for covered services (except for pharmacy).

- No action is necessary for your current Prime enrollment to continue at your current location.
or if you move to a new Prime location, you may transfer your Prime enrollment.

- If you receive care at the Military Treatment Facility (MTF) while enrolled in Prime, your priority for appointments is the same as other Prime-enrolled active duty family members (ADFM).

TRICARE Prime Remote for ADFM (TPRADFM) Coverage

You may continue enrollment or initiate new enrollment in TRICARE Prime Remote for Active Duty Family Members (TPRADFM).

If you are a surviving spouse in transitional survivor status you may continue enrollment or initiate new enrollment in TPRADFM for the three years of your transitional survivor status, whether or not you were enrolled in TPRADFM at the time of your sponsor's death and whether or not you change addresses.

If you are a surviving child in transitional survivor status you may continue enrollment or initiate new enrollment in TPRADFM for the entire time of your TRICARE eligibility, whether or not you were enrolled in TPRADFM at the time of your sponsor's death and whether or not you change addresses.

No action is necessary for your current TPRADFM enrollment to continue at your current location. If you move to a new TPRADFM location, you may re-enroll in TPRADFM.

When you change to survivor status, you are no longer eligible for TPRADFM, but you become eligible as a retiree for coverage under TRICARE Standard, TRICARE Extra or TRICARE Prime (if available in your location).

TRICARE Standard or Extra Coverage

If you are not enrolled in TRICARE Prime, TPRADFM, or another Prime-like program, you will be covered by TRICARE Standard or TRICARE Extra.

Under TRICARE Standard, MTF appointments are offered on a space-available basis only.

If you are covered by TRICARE Standard, you may wish to consider purchasing supplemental medical insurance.

Extended Care Health Option (ECHO)

You may be eligible to receive ECHO benefits throughout your transitional survivor time period, and you are responsible for ECHO cost shares.

If you are a spouse or incapacitated family member who changes from transitional survivor status (ADFM) to survivor status (retiree), you are no longer eligible for ECHO.
Please consult the regional contractor for additional details about ECHO eligibility and registration.

TRICARE Overseas Program (TOP) Prime (including Puerto Rico) or TRICARE Global Remote Overseas (TGRO)

NOTE: The requirement for command sponsorship does not apply to transitional survivors.

You may enroll in TOP Prime, whether or not you were previously enrolled or living in the overseas location, or move to a new overseas location

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- Surviving child: For as long as you maintain TRICARE eligibility.
- Surviving spouse: During your three-year transitional survivor time period.

You may enroll in TGRO, whether or not you were previously enrolled or living in the remote overseas location, or move to a new remote overseas location.

- Surviving child: for as long as you maintain TRICARE eligibility
- Surviving spouse: during your three-year transitional survivor time period

Normal TOP Prime and TGRO enrollment procedures apply: There are no enrollment fees or co-payments for eligible TOP Prime beneficiaries.

If you choose to move overseas after the death of your sponsor, before moving overseas you should contact the overseas Consolidated TRICARE Service Center at 1-888-777-8343, since your benefit will differ slightly from what is available in the United States, and some TRICARE programs may not be available at certain overseas locations.

If you are enrolled in ECHO, you may be able to receive ECHO services overseas, but, before moving overseas, you should inquire about the availability of services in specific overseas locations by contacting the Consolidated TRICARE Service Center at 1-888-777-8343. Contact the appropriate TRICARE Area Office by selecting Option 1 (Europe), Option 3 (Latin America/Canada) or Option 4 (Pacific).

When you change to survivor status, you are no longer eligible for TOP Prime (including Puerto Rico) or TGRO, but you become eligible as a retiree for coverage under TRICARE Standard.

Survivor Status

- Survivor Status Follows Transitional Survivor Status for Spouses and Incapacitated Family Members.

- Surviving spouse: Three years after your sponsor's death, your status in DEERS changes from "transitional survivor" to "survivor," and your benefit status changes from active duty family member (ADFM) to retiree family member.

- Incapacitated family member: After your transitional survivor time period, your status in DEERS changes to survivor status, and your benefit status changes from ADFM to retiree family member.

- Your TRICARE health care benefits continue under the new status, as long as you remain TRICARE eligible.

- In retiree status, you may be covered under TRICARE Standard, TRICARE Extra or TRICARE Prime (if Prime is available in your location).

- If you are currently enrolled as a transitional survivor in TRICARE Prime, you will be disenrolled unless you complete and submit new paperwork to re-enroll in TRICARE Prime when your status changes to retiree family member.

- With your change to retiree status, you assume responsibility for paying TRICARE Prime enrollment fees.

- Your children, who continue in transitional survivor (ADFM) status, do not pay Prime enrollment fees. Thus, your new enrollment in TRICARE Prime would be at the retiree rate for an individual.

- Your priority for appointments at the Military Treatment Facility (MTF) is that of a retiree, and your priority for appointments changes, depending on whether or not you are enrolled in Prime.

- If you choose to use TRICARE Standard, your annual deductible, cost-share and catastrophic cap amounts increase to those for all retiree beneficiaries.

- If you move overseas, you are eligible for TRICARE Standard only.

- If you were enrolled in TRICARE Prime Remote for Active Duty Family Members (TPRADFM), you will no longer receive coverage under TPRADFM, because beneficiaries in retiree status are not eligible for the TPRADFM program.

- If you were registered for the Extended Care Health Option (ECHO) program, you will no longer receive ECHO benefits, because beneficiaries in retiree status are not eligible for the ECHO program.

Dental Benefits:

If you or your family members were enrolled as transitional survivors in the TRICARE Dental Program, TDP benefits end after three years, but you may be eligible to purchase coverage under the TRICARE Retiree Dental Program (TRDP).

Your TRICARE eligibility is affected by marriage/remarriage, eligibility for Medicare Part A, and other circumstances. For example:

- A spouse loses TRICARE eligibility if he/she remarries.
- You cannot later regain transitional survivor or surviving spouse status--even if you later divorce or your new spouse dies.
- If you remarry a service member or retired service member entitled to TRICARE benefits, you may regain TRICARE eligibility through your status as new spouse/family member.
- If your new active duty spouse were to pre-decease you, you would once again become a transitional survivor for three years.
- If your new retired spouse were to pre-decease you, you would be in survivor status for the duration of your TRICARE eligibility.

However, if you and your new spouse were to divorce, you would lose TRICARE eligibility (unless you qualify as an unremarried former spouse).

Unremarried Former Spouses

The key to receiving TRICARE health care benefits is a person's enrollment in DEERS-the Defense Enrollment Eligibility Reporting System. TRICARE does not deal with or decide questions of eligibility; rather, it is the uniformed services that determine and verify a former spouse's eligibility to receive benefits.

Former spouses now use their own names and Social Security Numbers**:** Starting October 1,2003, eligibility and medical records will be listed under the former spouse's own Social Security Number.

The DEERS record indicates a sponsor's dates of eligibility. All unremarried former spouses should ensure that their own status and personal information (address, phone number, email contact information, etc.) are current in DEERS at all times. DEERS enrollment and/or updates are completed at uniformed services personnel offices (also known as ID card-issuing offices), not at TRICARE service centers. To find the closest ID card-issuing office, visit www.dmdc.osd.mil/rsl or contact the Defense Manpower Data Center Support Office (DSO) Telephone Center, from 6 a.m. to 5 p.m., Pacific Time, Monday through Friday, at the following toll-free number: 1-800-538-9552.

Eligibility

Certain former spouses of active duty or retired service members might be eligible for enrollment in DEERS, and thus for TRICARE benefits. The basic requirements for a former spouse's eligibility are:

- Must not have remarried. (If they remarry, the loss of benefits remains applicable even if remarriage ends in death or divorce.)
- Must not be covered by an employer-sponsored health plan.
- Must not be the former spouse of a North Atlantic Treaty Organization (NATO) or "Partners for Peace" (PFP) nation member.
- Must meet certain requirements about length of marriage (depending upon the situation, 20 years or 15 years) and length of former sponsor's service (number of years that are creditable in determining the member's eligibility for retirement pay).

5

Survivor Benefits Plan

Great peace of mind comes with your lifetime, inflation-adjusted monthly retired paycheck. SBP gives your survivors some of the same peace of mind. The basic statutory provisions of SBP law are in Chapter 73, Title 10, United States Code.

Options and coverage differ for active duty personnel and retirees. Reservists whose service will make them eligible for retired pay at age 60 are eligible for the Reserve Component Survivor Benefit Plan, or RC-SBP.

If you are on active duty, retirement-eligible and have a spouse and/or children, they are automatically protected under SBP at no cost to you while still on active duty. If divorced, your former spouse may be protected instead of a current one.

Overview of the Survivor Benefit Plan

The Survivor Benefit Plan (SBP) helps make up for the loss of part of this income. It pays your eligible survivors an inflation-adjusted monthly income.

You must pay premiums for SBP coverage once you retire. Premiums are taken by reducing retired pay, so they don't count as income. This means less tax and less out-of-pocket cost for SBP. Also, using conservative fiscal assumptions, the overall plan is partially funded by the government, so the average premiums are well below cost. This subsidy means an attractive plan for most people. The subsidy is an average and should not be considered to apply in every case.

Basic SBP for a spouse pays a benefit equal to 55 percent of your retired pay.

NOTE: Applies only to spouses who will be age 62 before April 2008.

The National Defense Authorization Act for Fiscal Year 2005 provides for increasing the percentage, until the benefit becomes 55% of pay base by March 2008, regardless of age. Until then, the percentage at age 62 will be:

- 40% in Oct 2005
- 45% in Apr 2006
- 50% in Apr 2007
- 55% in Apr 2008

Eligible children may also be SBP beneficiaries, either alone or added to spouse coverage. In the latter case, the children get benefits only if the spouse dies or remarries before age 55. Eligible children equally divide a benefit equal to 55 percent of your retired pay. Child coverage is relatively inexpensive because children get benefits only while they are still your dependents.

You may choose coverage for a former spouse or, if you have no spouse or children, you may be able to cover an "insurable interest" (such as, a business partner or parent).

SBP as Insurance and Other Estate Planning Information

We buy insurance as a way to cope with major financial risks. We buy it to protect us from the financial hardships of events we can't foresee, like car wrecks and house fires. It protects our valuable assets.

Your retired pay is one such valuable asset. Since it stops when you die and you can't foresee when that will be, it may be useful to insure it.

SBP is a way to do this; it is a form of life insurance for part of your retired pay. But SBP premiums and benefits differ from those of most other insurance plans.

Like life insurance, SBP protects your survivors against complete loss of financial security when you die. But, SBP does more. It also protects your survivor against the possibility of outliving the benefit. Many insurance plans pay only a fixed benefit that may run out years before the survivor dies.

Besides long life, another unpredictable reason your survivor may outlive the benefits is inflation. SBP protects against this risk through the Cost of Living Adjustment (COLA). Inflation may be the biggest financial uncertainty of all. It erodes the value of fixed incomes, making them worth less and less as time goes by. Few, if any, private insurance plans will fully insure your survivor against the ravages of inflation.

In fact, no known insurance company has guaranteed to match SBP benefits at equal cost or less. One reason is SBP premiums have a built-in discount, making the plan a good buy for most people. Plus, a private insurer needs to cover administrative expenses and make a profit and these are not accounted for in SBP premiums, thus increasing the subsidy.

And, SBP premiums reduce your taxable income and cut your out-of-pocket cost for coverage. SBP benefits are taxed as income to the survivor, but the tax rate should be less than you now pay. Most insurance plans are the reverse; premiums are paid from after-tax income, while survivors are not taxed on the proceeds.

In effect then, SBP protects part of your retired pay against the risks of:

- Your early death;
- Your survivor outliving the benefits; and
- The ravages of inflation.

Still, SBP alone is not a complete estate plan. Other insurance and investments are important in meeting needs outside the scope of SBP. For example, SBP does not have a lump sum benefit that some survivors may need to meet immediate expenses upon a member's death.

On the other hand, insurance and investments without SBP may be less than adequate. Even if they could duplicate SBP, investments may be much more risky and rely on a degree of financial expertise many don't have. Consider everything carefully. Don't expect SBP to do it all, but give it full credit for what it does.

Is SBP a Good Buy?

Given the expected subsidy, the answer to this question for most retirees is yes! Whether SBP is a good buy for you depends on personal preferences and your age, sex, and health compared to your beneficiary's. Beyond this, the answer lies in three questions you should ask yourself.

First, is SBP a product I can use? Personal preferences may control your answer, but a subsidized lifetime inflation-protected income is very attractive to most people.

Second, how much SBP can I use? If you know when you'll die, how long your survivor will outlive you and how much inflation will occur, you have the answer. The unknown future is the problem, but SBP meets the need! Even if

you die shortly after you retire and your spouse lives for 50 more years and if inflation is higher than expected, SBP will still be paying. It will probably be paying a lot more than anyone ever expected because inflation has such a strong impact over a long period of time. In fact, survivors who began to get SBP benefits in the early 1970s have seen their benefits more than tripled through annual COLAs!

Third, how much SBP can I afford? The benefits do carry a price tag, but due to the subsidy and lack of administrative costs and profit, the plan should be attractive for most members. And remember: The tax advantage on premiums reduces your out-of-pocket cost.

Caution! Some people think they can join SBP years after they retire, during a so-called "open season." In the 25-plus-year history of SBP, only four times have retirees had a second chance at SBP. Each time was after major plan improvements. The second time, premiums were raised for new joiners to help make up for the missed premiums. The third time, new joiners were required to pay all missed premiums with interest, plus an additional amount to protect the solvency of the Plan. Open enrollment elections have typically required a period of time (two years) before the election is actually effective. This prevents too much adverse election (people joining with short life expectations).

Don't count on an open season. Although an open season may be enacted by special law, they are not part of the regular Plan. No more are expected, and it won't give your survivors any peace of mind.

Base Amount

SBP Premiums and benefits depend on what we call the "base amount" that you elect as the basis of your coverage. Your base amount can be your full monthly retired pay or just a portion, down to as little as $300. When you see the words "retired pay" you can substitute "base amount" unless it says otherwise. Full coverage means your full retired pay is your base amount. Your base amount is tied to your retired pay. When retired pay gets a Cost-of-Living Adjustment, or COLA, so does the base amount, and as a result, so do premiums and benefits.

Costs and Benefits

When you retire, you may be able to elect any of several SBP options, which are listed below. SBP elections cannot be canceled or changed after retirement except in specific instances such as a change in your marital status or after the loss of a beneficiary.

At retirement, full basic SBP for spouse and children will take effect automatically if you make no other valid election. You may not reduce or decline spouse coverage without your spouse's written consent. If you have a former spouse, it may affect your options.

Spouse Coverage

Spouse coverage is the primary option of SBP. It is designed to give you a way to continue part of your retired pay to your surviving spouse after you die. The key aspects of this SBP option are below:

Benefit Payments

The SBP annuity is determined by the base amount you elect. The base amount may range from a minimum of $300 up to a maximum of full retired pay. The annuity is 55 percent of the base amount. Also, the base amount and the payments to the surviving spouse will generally increase at the same time and by the same percentage that cost-of-living adjustments (COLAs) are made to retired pay.

Spouse Remarriage

Your surviving spouse may remarry after age 55 and continue to receive SBP payments for life. If remarried before age 55, SBP payments will stop, but may be resumed if the marriage later ends due to death or divorce.

SBP Costs (Premiums)

The SBP premiums for spouse coverage are:

1. 6.5% of your chosen base amount, or if less,
2. 2.5% of the first $635.00 of your elected base amount (referred to hereafter as the "threshold amount"), plus 10% of the remaining base amount.

The threshold amount was $635.00 as of January 1, 2006. The threshold amount will increase at the same time and by the same percentage as future active duty basic pay.

If you became a member of a uniformed service on or after March 1, 1990, and you are retiring for length of service (not for disability), SBP costs will be calculated only under the formula in (1) above.

The following table shows the costs associated with several "base amount" options and the benefits your spouse will receive based on these options.

Base Amount	SBP Costs *	SBP Benefits
		Before Age 62 (55% of Base Amount)
$300.00	$7.50	$165
$635.00	$15.87	$300
$800.00	$32.37	$440
$1,361.00	$88.46	$600
$1,400.00	$91.00	$770
$1,800.00	$117.00	$990
$2,200.00	$143.00	$1,210

* The SBP costs used in column 2 are calculated using the formula that provides the least cost. If the base amount was greater than or equal to $1,091, the formula in (1) was used. For base amounts less than $1,091, the formula in (2) was used.

The next table shows what can happen after retirement when inflation is a modest 4 percent per year. Retired pay is increased annually to keep pace with inflation. Survivor payments are generally increased at the same time, by the same percentage. These increases are made even after the member dies.

Your Age	Spouse's Age	Retired Pay	Cost of SBP	Benefit *
40	38	$1,000.00	$65.00	$550
45	43	$1,214.00	$78.91	$667
50	48	$1,474.00	$95.81	$810
55	53	$1,790.00	$116.35	$984
60	58	$2,175.00	$141.38	$1,196
65	63	$2,644.00	$171.86	$1,454

70	68	$3,213.00	$208.85	$1,767
80	78	$4,749.00	$308.69	$2,611
90	88	$7,024.00	$456.56	$3,863

In this example, the annuity at age 90 would be nearly four times the covered retired pay at age 40. This demonstrates two very favorable features of SBP:

1. Payments can never run out.
2. Payments keep increasing along with the increased cost-of-living.

If you die shortly after retirement, your surviving spouse could receive cost-of-living adjusted payments for 50 years or more. Lifetime payments from an original election to cover $1,000 of retired pay could total more than one million dollars.

Tax Savings

Monthly SBP costs are not included in your taxable Federal income. The true cost for SBP is thus less than the amount deducted from retired pay because less Federal tax will be paid. This also applies to most state income taxes. SBP payments to survivors are taxable, but spouses usually receive benefits when their total income is less and the extra tax exemption for being over age 65 is applicable. The surviving spouse's tax rate should be lower and a long-run significant tax savings should result.

Loss of Spouse

If your spouse dies first or you get divorced, SBP costs will stop (once you notify the pay center). In divorce cases, spouse coverage may be converted to former spouse coverage.

In some instances of divorce, conversion of the coverage to provide for the former spouse may be required by court order.

Special Note

P.L. 106-65, 5 Oct 99, provides that a participant is considered "paid-up" after completing 30 years (360 payments) in the Plan. This applies to a specific category of beneficiary (i.e., spouse), at a specific base amount (i.e., full retired pay). Contact your personnel counselor for details on this feature, which is not effective until Oct. 1, 2008.

Former Spouse Coverage

SBP allows selection of coverage for former spouses. Costs and benefits under this option are identical to those for spouse coverage. This web page highlights key aspects of former spouse
coverage.

NOTE: Election of coverage for a former spouse PRECLUDES coverage of the current spouse and/or children of the current spouse.

When former spouse coverage is elected, the current spouse must be informed. Only one SBP election may be made. If there is more than one former spouse, the member must specify which one will be covered.

Procedures

When electing the former spouse option, a member must give the finance center a written statement signed by both the member and the former spouse. It must state:

1. Whether the election is made in order to comply with a court order; or,
2. Whether the election is made to comply with a voluntary written agreement related to a divorce action, and if so, whether that voluntary agreement is part of a court order for divorce, dissolution, or annulment.

Benefit Payments

The SBP annuity is determined by the base amount you elect. The base amount may range from a minimum of $300 up to a maximum of full retired pay. The annuity is 55 percent of the base amount. Also, the base amount and the payments to the beneficiary will generally increase at the same time and by the same percentage that cost-of-living adjustments (COLAs) are made to retired pay.

Former Spouse Remarriage

Your surviving former spouse may remarry after age 55 and continue to receive SBP payments for life. If remarried before age 55, SBP payments will stop, but may be resumed if the marriage later ends due to death, divorce or annulment.

SBP Costs (Premiums)

See "Spouse" Costs and Benefits.

Children

Former spouse and children coverage may also be elected. The children covered are the eligible children from the marriage of the member to the covered former spouse. The children will only receive SBP payments if the former spouse dies or remarries before age 55. Eligible children will divide 55 percent of the covered retired pay in equal shares. See Spouse or Former Spouse and Children for more information.

Changes Due to Divorce After Retirement

If you have spouse coverage and later divorce, review Stopping SBP.

Special Note

P.L. 106-65, 5 Oct 99, provides that a participant is considered "paid-up" after completing 30 years (360 payments) in the Plan. This applies to a specific category of beneficiary (i.e., spouse), at a specific base amount (i.e., full retired pay). Contact your personnel counselor for details on this feature, which is not effective until Oct. 1, 2008.

Children Coverage

SBP was designed to give income protection not only to your spouse, but also to your children until they become self-supporting (i.e., until they are no longer dependents). Child coverage may be elected with or without spouse (former spouse) coverage.

Eligible Children

Children are eligible for SBP payments as long as they are unmarried, under age 18, or under age 22 if still in school. A child who is disabled and incapable of self-support remains eligible if the disability occurred before age 18 (or

before age 22 if a full time student). Marriage at any age will terminate a child's eligibility. If you elect former spouse and children coverage, only those eligible children from the marriage between you and your former spouse are covered.

Your children who are under 22 years of age and pursuing a full time course of study or training in a high school, trade school, technical or vocational institute, junior college, college, university, or comparable recognized educational institute are eligible to receive SBP benefits. While pursuing a full time course of study or training, a child whose twenty-second birthday occurs before July 1 or after August 31 of a calendar year, is considered to be 22 years of age on the first day of July after that birthday.

Benefit Payments

The payments for children equal 55 percent of your covered retired pay. All eligible children divide this benefit in equal shares. If the SBP election was for spouse (or former spouse) and children, the children receive payments only when your spouse (or former spouse) loses eligibility because of death or remarriage before age 55. The following is an example of benefit payments for four children and for the remaining children when one child becomes ineligible:

The example is based on the following information:

- Number of children: 4
- Base amount of retired pay: $2,000
- Base amount $2,000
- Base amount multiplied by 55% $1,100
- Amount of annuity divided by the number of children $1,100 / 4
- Amount each child will receive $275

If the oldest child becomes ineligible because of age, marriage or because he or she is no longer a full time student after the age of 18, only 3 children will receive payment and the annuity amount per child will be as follows:

- Annuity amount: $1,100
- Amount of annuity divided by the number of children $1,100 / 3
- Amount each child will receive $366.66

SBP Costs (Premiums)

Costs for child coverage are based on your age and the age of your youngest child at the time of election. Costs for child coverage stop when all children are no longer eligible to receive payments. Contact the finance center or your personnel counselor for an exact cost computation.

The table below shows the monthly cost for selected cases of child only coverage per $100 of covered retired pay.

Cost Per $100 of Child Only Coverage

Your age	Youngest child's age			
	6	10	14	17
35	$0.68	$0.46	$0.29	$0.18
40	$0.52	$0.33	$0.18	$0.11
45	$0.84	$0.53	$0.29	$0.16
50	$1.47	$0.94	$0.53	$0.31

Example: If you are age 45 and your youngest child is 14 years of age at the time of your retirement, the cost per $100 of covered retired pay is 29 cents.

Spouse (Former Spouse) and Children Coverage

Child coverage may be added to spouse or former spouse coverage. In this case, SBP payments will be made to the children only if your surviving spouse or former spouse remarries before age 55 or dies. Eligible children equally divide benefits equal to 55 percent of the base amount.

When you include child coverage with former spouse coverage, only your children of that former spouse are covered. Any other children will not be paid benefits under this option. In the child only option or when you include children with spouse (not former spouse) coverage, all of your children are covered.

Cost

The cost of child coverage that is in conjunction with spouse or former spouse coverage is the sum of spouse/former spouse coverage and an additional cost for the child. The additional child portion of the cost is based upon

- your age
- your spouse/former spouse's age
- and your youngest covered child's age.

The tables below shows the monthly cost of the child portion of spouse (former spouse) and child coverage per $100 of covered retired pay. These tables show costs for differing ages of the youngest child. This cost is in addition to the cost for your spouse (former spouse) coverage.

YOUNGEST CHILD AGE 5				
Your Age	Spouse's Age			
	35	40	45	50
40	6.1 Cents	4.5 Cents	3.3 Cents	3.2 Cents
45	9.1 Cents	6.6 Cents	5.0 Cents	4.7 Cents
50	15.7 Cents	11.4 Cents	8.5 Cents	8.0 Cents

Example: If you are age 45, your spouse is age 35, and your youngest child is age 5 at the time of your retirement the cost per $100 of covered retired pay is 9.1 cents.

YOUNGEST CHILD AGE 10				
Your Age	Spouse's Age			
	35	40	45	50
40	3.1 Cents	2.2 Cents	2.4 Cents	1.8 Cents
45	4.5 Cents	3.2 Cents	2.4 Cents	1.8 Cents
50	8.0 Cents	5.6 Cents	4.2 Cents	3.2 Cents

Example: If you are age 45, your spouse is age 45, and your youngest child is age 10 at the time of your retirement the cost per $100 of covered retired pay is 2.4 cents.

YOUNGEST CHILD AGE 15				
	Spouse's Age			
Your Age	35	40	45	50
40	1.1 Cents	0.8 Cents	0.5 Cents	0.4 Cents
45	1.5 Cents	1.1 Cents	0.8 Cents	0.6 Cents
50	2.7 Cents	2.0 Cents	1.4 Cents	1.1 Cents

Example: If you are age 45, your spouse is age 40, and your youngest child is age 15 at the time of your retirement the cost per $100 of covered retired pay is 1.1 cents.

Benefit Payments

Under this option, SBP payments will be made to the children only if your surviving spouse or former spouse remarries before age 55 or dies. Eligible children equally divide benefits equal to 55 percent of the base amount. For more details, see the "child only" section.

Special Note

P.L. 106-65, 5 Oct 99, provides that a participant is considered "paid-up after completing 30 years (360 payments) in the Plan. This applies to a specific category of beneficiary (i.e., spouse), at a specific base amount (i.e., full retired pay). Contact your personnel counselor for details on this feature, which is not effective until Oct. 1, 2008.

Insurable Interest Coverage

The insurable interest option is available only if you are unmarried with either no dependent children or one dependent child. You may elect insurable interest coverage for that child regardless of the child's age or dependency.

Eligible Persons

People who can be covered are:

1. Any relative more closely related to you than a cousin. This includes relatives such as parents, stepparents, grandparents, grandchildren, aunts, uncles, sisters, brothers, half-sisters, half- brothers, dependent or nondependent child or stepchild; or
2. A close business associate who would be financially affected by your death. This must be a natural person (not a company, organization, fraternity, etc.) with a financial interest in your life.

SBP Costs (Premiums)

The monthly cost is 10 percent of retired pay plus 5 percent more for each full five years the person covered is younger than the retiree. The maximum cost is 40 percent of retired pay.

For example, if a retiree is 45 and the person covered is 32, the age difference is 13 years, or two full five year periods. Therefore the cost percentage of retired pay would be 20 percent:

10 + (2 x 5) = 20 percent

If retired pay is $1,000 per month, then the monthly cost will be 20 percent of $1,000, or $200.

Benefit Payments

The monthly SBP payment to an insurable interest person is equal to 55 percent of the gross retired pay (the base amount is always the gross retired pay) less SBP cost of coverage. Payments are increased by cost-of-living adjustments (COLAs) at the same time and by the same percentage as retired pay is increased.

Continuing our example, if retired pay is $1,000 per month and the monthly cost is 20 percent of $1,000, or $200.

The monthly benefit will be 55 percent of the remaining $800 ($1,000 - $200 = $800) of retired pay.

Thus, the benefit amount will be $440 (.55 x $800 = $440) per month.

Unlike other coverage categories, you may voluntarily terminate SBP coverage (if the insured is not a former spouse) or change SBP to cover a new spouse or child.

Special Note

P.L. 106-65, 5 Oct 99, provides that a participant is considered "paid-up" after completing 30 years (360 payments) in the Plan. This applies to a specific category of beneficiary (i.e., spouse), at a specific base amount (i.e., full retired pay). Contact your personnel counselor for details on this feature, which is not effective until Oct. 1, 2008.

Stopping SBP

Generally SBP is an irrevocable decision. However, under limited circumstances, you may withdraw from SBP or change your coverage.

One-year Window Between 2nd and 3rd Anniversary Following First Receipt of Retired Pay

As an SBP participant you have a one-year window to terminate SBP coverage between the 2nd and 3rd anniversary following the date you begin to receive retired pay. None of the premiums you paid will be refunded and no annuity will be payable upon your death. Your covered spouse or former spouse must consent to the withdrawal. Termination is permanent and participation may not be resumed under any circumstance; i.e., future enrollment is barred.

Beneficiary is No Longer Eligible

Premiums stop when there is no longer an eligible beneficiary in a premium category, such as:

- Children are all too old for benefits and have no incapacity, or
- A spouse is lost through death or divorce, or
- An insurable interest person dies or coverage is terminated.

SBP may be resumed under certain conditions. For example, adopting a child is a situation which may allow resumption of child coverage. See "Re-starting SBP" for more information.

VA Disability

- If you have a service-connected disability that has been rated by the VA as totally disabling for ten or more continuous years, or

- if you have a total disability rating that has been held for not less than five continuous years from the last date of active duty, you may withdraw from SBP participation.

Withdrawal is allowed because your surviving spouse will qualify for DIC benefits. This is because your death will be presumed to be from service-connected reasons.

A request for withdrawal requires the written consent of your beneficiary. When you die, your surviving spouse will be entitled to a refund of all the SBP costs that were paid.

When you request withdrawal under these rules, the finance center must furnish you a written statement outlining the advantages and disadvantages of withdrawing. The change will not take effect until you confirm receipt of the information and acknowledge that you still wish to withdraw.

If, for some reason, the VA disability rating is withdrawn or reduced, SBP coverage may be resumed if you so desire. You must make the resumption request within one year after the VA rating has been withdrawn or reduced.

Federal Civil Service Retirement

If you qualify for Federal civilian retirement you may:

1. Waive military retirement pay and elect a combined retirement annuity and:
    - Drop SBP in favor of the Civil Service Survivor Annuity program, or
    - Keep SBP, decline the Civil Service Survivor Annuity program, and pay SBP costs directly to the finance center; or
2. Keep military retired pay and the civilian retirement annuity separate, retain the SBP as elected, and make any choice desired for the Civil Service Survivor Annuity program.

Insurable Interest

1. Change Coverage in Favor of a New Spouse and/or Child

After retirement, insurable interest coverage may be changed to cover a newly acquired spouse and/or child within one year of the marriage, birth, or adoption.

2. Termination of Insurable Interest Coverage

Since Oct. 5, 1994, insurable interest coverage for a beneficiary who is not a former spouse (prior to November 8, 1985, former spouses could only be covered as insurable interests) may be voluntarily terminated at any time by making a signed written request to do so that identifies you by name and social security number. If you are interested in terminating your insurable interest coverage, contact your finance center or personnel counselor.

Special situations (divorce, etc.)

1. Changes Due to Divorce After Retirement

If you have spouse coverage and later divorce and wish to continue SBP for your now former spouse, you must convert your SBP election from spouse coverage to former spouse coverage within one year of the divorce decree. To convert your SBP election to former spouse coverage you must notify the finance center in writing within one year of your divorce. Do this by sending them a written statement requesting the conversion of spouse coverage to former spouse coverage. Attach a copy of your divorce decree and settlement agreement. Premiums will be retroactive to the month following the date of the divorce decree, regardless of when the election is actually made. Many members erroneously assume coverage will continue for the former spouse if they simply continue paying the spouse SBP premiums.

The former spouse (or the former spouse's attorney) should independently submit a written statement to the finance center requesting a deemed former spouse election. Attach a copy of the divorce decree and settlement agreement. This must be done within one year of the date of the divorce decree. The election will be deemed if the member fails to make the required election.

If you take spouse coverage when you retire and later divorce, the coverage may be converted to former spouse coverage. Conversion may be required as part of your divorce agreement. In such case, you must notify the finance center in writing within one year of your divorce. Include a copy of your divorce decree and settlement agreement. The former spouse should also notify the finance center in writing within the same one-year period, including a copy of the divorce decree and settlement agreement. When the former spouse does this, the election will be "deemed" as made at the end of the 1-year period if you fail to make the election yourself. Converting to former spouse coverage will limit your ability to cover a new spouse if you remarry.

In converting to former spouse coverage, you may not increase your base amount. However, Supplemental Survivor Benefit Plan (SSBP) may be dropped, continued at the same percentage or increased. It may even be added so long as full coverage applies. Premiums for any new SSBP will be based on your age at the time the new election becomes effective. These premiums could be much higher than for the original coverage.

The court may not dictate a level of coverage greater than that elected before the divorce. Benefits will be suspended if the surviving former spouse remarries before the age of 55. They will resume if that marriage ends as a result of death, divorce or annulment.

2. Marriage After Retirement While Having Former Spouse Coverage

Former spouse coverage may be changed after retirement to cover a new spouse, or a new spouse and/or children if:

- The former spouse election was required by a court order and the retiree provides an acceptable certified court order permitting the change, or
- The former spouse election was made to comply with an agreement that is not part of a court order and the former spouse agrees in writing to the requested change, or
- The former spouse election was made voluntarily (not part of a court order or written agreement).

This change may be made at any time, provided the above requirements are met. The former spouse must be informed of the change in beneficiary.

Re-starting SBP

There are limited conditions under which SBP may be re-started (or started) after retirement. Here are the common situations that apply.

Re-marriage

If spouse coverage is elected and the spouse is lost through death or divorce, the cost of SBP coverage is suspended. If the member remarries and has not converted to former spouse coverage, three options are available. The member must notify the finance center of the desired option within one year of the new marriage. If the member fails to notify the finance center, option one below will automatically take effect on the first anniversary of the remarriage and the member will be responsible for premium costs beginning the first day of the 13th month. The three options are:

1. Resume the original level of spouse coverage.
2. Elect not to resume spouse SBP coverage, in which case the spouse will be notified and the election cannot be changed.
3. Elect to cover an increased portion of retired pay.

In some instances former spouse coverage may be changed to spouse coverage.

The associated impacts on monthly spouse premium amounts are:

1. Resume original coverage: Costs will be the same as they would have been under the original election, as increased by COLAs, had that election remained in effect since it was first made. In other words, premiums will be increased by the adjustments that occurred while SBP was suspended.
2. Terminate SBP spouse coverage: No deduction will be taken from retired pay for SBP coverage.
3. Increase level of covered retired pay: Retroactive payments must be made WITHIN ONE YEAR of the new marriage. These payments will be computed as if the increased coverage had been in effect from the date of the original election until the costs were suspended, minus all costs actually paid to that date. Interest charges will apply. No costs will be attributed to the period during which SBP was suspended. The new monthly costs will be those that would apply if the increased coverage had been in effect since retirement.

Effect of Child Coverage

If the original SBP election was for spouse and child coverage, the spouse cost will be as described above. The cost of the child's coverage will be based on the new spouse's age, the member's age and the age of the youngest child at the time the election becomes effective (1st anniversary of the new marriage). Contact the finance center or your personnel counselor for further explanations.

Effective Dates

Coverage and costs for an election for a new spouse are effective after one year of marriage or upon the birth of a child of that marriage, whichever occurs first. If remarried to the spouse for whom you elected coverage at the time of retirement (or during the 21 Sep 72 - 20 Mar 74 open enrollment period), coverage and costs are effective immediately.

Integration with VA Benefits

The Department of Veterans Affairs (VA) pays a benefit called Dependency and Indemnity Compensation (DIC) to your surviving spouse and dependent children if you die of service-connected causes. This includes deaths after retirement if the cause of death is due to an injury or disease contracted while the member was on active duty.

DIC may also be paid if you had a 100 percent VA disability rating for ten continuous years, or if less than ten years, then at least five continuous years from the date of release from active duty. The VA determines who may receive DIC.

Benefit

Effective December 1, 2003, DIC payments to all surviving spouses are at the monthly rate of $967, adjusted annually for cost of living. If you are rated as totally disabled as a result of a service-connected disability for at least eight continuous years preceding death, your spouse is entitled to an additional $208. An additional $241 is payable for each dependent child.

SBP Reduction

Any DIC paid to your spouse is subtracted from SBP payments; although, DIC payments to or for children do not affect SBP payments.

Refund of SBP Costs

A refund is paid to your surviving spouse for the costs deducted for that part of the SBP benefit not received due to DIC being paid. If the DIC payment offsets the entire SBP payment, all costs will be refunded. These refunds are taxed as income to the survivor since they were not taxed when deducted from retired pay.

(Note: Refunds are not made for: 1) Added costs associated with 1992-93 Open Season enrollments/changes or 2) enrollment costs associated with 1999-2000 Open Season elections).

DIC and Taxes

DIC payments are exempt from Federal and state income tax, which gives the surviving spouse more "take home" income.

Remarriage and DIC

When a surviving spouse remarries, DIC payments stop regardless of that spouse's age. (Note: beginning Oct. 1, 1998, DIC may be resumed if that marriage ends in death or divorce.) If that spouse's SBP was reduced or eliminated because of DIC, the full SBP payment may resume. The SBP remarriage rules will apply. The spouse must first repay all the SBP costs that were refunded when DIC first began. Installment type repayments are allowed; contact the finance center for details.

Examples

In the following examples the base amount selected for SBP coverage is $2,000 (which would provide an annuity of $1,100 before age 62 and $700 after age 62). The surviving spouse is entitled to both SBP and DIC.

SBP before age 62: $1,100
- DIC payments - $967
= SBP payable after DIC =$133

Note that the total of SBP plus DIC is still equal to what SBP would have paid alone; however, the DIC portion of the payment is not taxable as income. The spouse is refunded the costs paid by the retiree except what would have been paid to provide the spouse a benefit of $133.

SBP age 62 or later: $700
- DIC payments - $967
= SBP after DIC = 0

In the second situation, the DIC is greater than the SBP payment. In this case all costs deducted from retired pay for SBP would be refunded to the surviving spouse. The total of SBP and DIC will always be greater than or equal to what the SBP benefit alone would be.

CSB/REDUX Costs and Benefits

CSB/REDUX is the only retirement system that includes a re-adjustment to its retired pay amount. At age 62, retired pay is re-computed to what it would have been under High-3. Also, at age 62, a one-time COLA adjustment is made that applies the cumulative effects of High-3 COLA (CPI) to the new retirement base. Afterwards, future COLAs again are set to CPI minus 1%.

As a result of this feature, SBP operates slightly differently in regard to costs and benefits. All other rules remain the same.

Base Level

As described under the Base Level section, SBP Premiums and benefits depend on what we call the "base amount" that you elect as the basis of your coverage. Your base amount can be your full monthly retired pay or just a portion, down to as little as $300.

Under CSB/REDUX, full coverage means the full retired pay you would be entitled to under High-3 is your base amount. (This is the amount that would be used as a basis for your age 62 retired pay adjustment).

SBP Costs (Premiums)

The formulas to determine SBP for spouse coverage are described in the Spouse Coverage section. But, keep in mind, that if you elect full coverage, your base amount is higher than what you are actually paid until the age 62 readjustment. Also, remember that the base amount is adjusted annually by CPI minus 1%.

Benefit Payments

The SBP annuity is determined by the base amount you elect. The base amount may range from a minimum of $300 up to a maximum of full retired pay. The annuity is 55 percent of the base amount. Also, the base amount and the payments to the surviving spouse will generally increase at the same time and by the same percentage that cost-of-living adjustments (COLAs) are made to retired pay. COLA for SBP benefits are set at CPI minus 1%, which is the REDUX retirement pay COLA. Benefits are readjusted at what would have been the member's age 62 to restore the CPI - 1% reduction to full CPI, but CPI - 1% COLAs apply after the member's age 62.

Summary

As a result of this modification to the standard premium and benefit calculations, you will pay a higher proportion of your retired pay to obtain coverage. This amount, however, is the same as an individual who opted for High-3 would pay for the same amount of coverage. Your beneficiary will be better protected against inflation than would happen if SBP benefits received the same COLA as REDUX retirements. In effect, you are paying the same price, as a High-3 individual, for the same coverage.

Survivor Benefits Premium Worksheet

This worksheet will assist you in estimating the monthly premium (cost) for your SBP coverage for spouse/former spouse and/or children.

Spouse and/or Former Spouse SBP Coverage

Instructions	Example	Enter your figures here
Determine your base amount	$2,000.00	
Multiply base by 6.5%	($2,000.00*6.5%)	
Equals monthly cost	$130.00	

Spouse/Former Spouse and Children Coverage

The cost for spouse/former spouse and children coverage is based on your age, the age of your spouse/former spouse and the age of your youngest child from the marriage. The cost factors used for determining children coverage may be different for your situation. The factors used in this work sheet will allow you to estimate your cost. Contact the finance center or personnel counselor for an exact cost for your situation.

The cost factor for this worksheet (.00023) is based on the following data:

Retiree: Age 43
Spouse: Age 41
Youngest Child: Age 10

Instructions	Example	Enter your figures here
Determine your base amount	$2,000.00	
Multiply base by 6.5%	($2,000.00*6.5%)	
Equals spouse coverage cost	$130.00	
Cost factor	.00023	
Multiply base by cost factor	($2,000*.00023)	
Equals children coverage	$.46	
Add spouse and children coverage costs	$130.00 + $ .46	
Equals monthly cost	$130.46	

Child-Only Coverage

The cost for children-only coverage is based on your age and the age of your youngest child. It covers all eligible children. The cost factor used in this worksheet (.0039) is based on the following data:

Retiree: Age 43
Youngest child: Age 10

Instructions	Example	Enter your figures here
Determine your base amount	$2,000.00	
Cost factor	.0039	
Multiply base by cost factor	($2,000.00*.0039)	
Equals monthly cost	$7.80	

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Social Security

Earnings for active duty military service or active duty training have been covered under Social Security since 1957. Social Security has covered inactive duty service in the armed forces reserves (such as weekend drills) since 1988.

Social Security and Medicare Taxes

While you are in military service, you pay Social Security taxes just as civilian employees do. In 2008, the tax rate is 7.65 percent, up to a maximum of $102,000. If you earn more, you continue to pay the Medicare portion of the tax (1.45 percent) on the rest of your earnings.

How your work qualifies you for Social Security

To qualify for benefits, you must have worked and paid Social Security taxes for a certain length of time. In 2008, you will receive four credits if you earn at least $4,200. The amount needed to get credit for your work goes up each year. The number of credits you need to qualify for Social Security benefits depends on your age and the type of benefit for which you are eligible. No one needs more than 10 years of work.

Extra earnings

Your Social Security benefit depends on your earnings, averaged over your working lifetime. Generally, the higher your earnings, the higher your Social Security benefit. Under certain circumstances, special earnings can be credited to your military pay record for Social Security purposes. The extra earnings are for periods of active duty or active duty for training. These extra earnings may help you qualify for Social Security or increase the amount of your Social Security benefit. Social Security will add these extra earnings to your earnings record when you file for benefits.

If you served in the military from 1940 through 1956, including attendance at a service academy, you did not pay Social Security taxes. However, we will credit you with $160 a month in earnings for military service from September 16, 1940, through December 31, 1956, if:

- You were honorably discharged after 90 or more days of service, or you were released because of a disability or injury received in the line of duty; or
- You are applying for survivors benefits based on a veteran’s work and the veteran died while on active duty.

You cannot receive these special credits if you are receiving a federal benefit based on the same years of service, unless you were on active duty after 1956. If you were on active duty after 1956, you can get the special credit for 1951 through 1956, even if you are receiving a military retirement based on service during that period

If you served in the military from 1957 through 1977, you are credited with $300 in additional earnings for each calendar quarter in which you received active duty basic pay.

If you served in the military from 1978 through 2001, you are credited with an additional $100 in earnings, up to a maximum of $1,200 a year, for every $300 in active duty basic pay. After 2001, additional earnings are no longer credited.

If you began your service after September 7, 1980, and did not complete at least 24 months of active duty or your full tour, you may not be able to receive the additional earnings.

NOTE: In all cases, the additional earnings are credited to the earnings that are averaged over your working lifetime, not directly to your monthly benefit amount.

Your Benefits

In addition to retirement benefits, Social Security pays survivors benefits to your family when you die. You also can get Social Security benefits for you and your family if you become disabled. For more information about these benefits, call toll-free at 1-800-772-1213**,** from 7 a.m. to 7 p.m., Monday through Friday.

When you apply for Social Security benefits, you will be asked for proof of your military service (DD Form 214) or information about your reserve or National Guard service.

When you are eligible for Medicare

If you have health care insurance from the Department of Veterans Affairs (VA) or under the TRICARE or CHAMPVA program, your health benefits may change or end when you become eligible for Medicare. You should contact the VA, the Department of Defense or a military health benefits advisor for more information.

You can work and get retirement benefits

You can retire as early as age 62. But, if you do, your Social Security benefits will be reduced permanently. If you decide to apply for benefits before your full retirement age, you can work and still get some Social Security benefits. There are limits on how much you can earn without losing some or all of your retirement benefits. These limits change each year. When you apply for benefits, we will tell you what the limits are at that time and whether work will affect your monthly benefits.

When you reach your full retirement age, you can earn as much as you are able and still get all of your Social Security benefits.

The full retirement age is 66 for people born in 1943 through 1954, and it will gradually increase to age 67 for those born in 1960 and later. To help you decide the best time to retire, contact Social Security for a copy of *Retirement Benefits* (Publication No. 05-10035).

Contacting Social Security

For more information visit www.socialsecurity.gov or call toll-free, 1-800-772-1213 (for the deaf or hard of hearing, call our TTY number, 1-800-325-0778). Specific questions can be answered from 7 a.m. to 7 p.m., Monday through Friday. Automated phone service is available 24 hours a day.

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VA Health Care

Special Note about Veterans' Benefits

Eligibility for most VA benefits is based upon discharge from active military service under other than dishonorable conditions. Active service means full-time service, other than active duty for training, as a member of the Army, Navy, Air Force, Marine Corps, Coast Guard, or as a commissioned officer of the Public Health Service, Environmental Science Services Administration or National Oceanic and Atmospheric Administration, or its predecessor, the Coast and Geodetic Survey. Generally, men and women veterans with similar service may be entitled to the same VA benefits.

Dishonorable and bad conduct discharges issued by general courts-martial may bar VA benefits. Veterans in prison and parolees must contact a VA regional office to determine eligibility. VA benefits will not be provided to any veteran or dependent wanted for an outstanding felony warrant.

VA Health Care

VA operates the nation's largest integrated health care system with more than 1,400 sites of care, including hospitals, community clinics, nursing homes, domiciliaries, readjustment counseling centers, and various other facilities.

Enrollment

For most veterans, entry into the VA health care system begins by applying for enrollment. To apply, complete VA Form 10-10EZ, Application for Health Benefits, which may be obtained from any VA health care facility or regional benefits office, online at http://www.va.gov/1010ez.htm or by calling 1-877-222-VETS (8387). Once enrolled, veterans can receive services at VA facilities anywhere in the country.

Veterans who are enrolled for VA health care are afforded privacy rights under federal law. VA's Notice of Privacy Practices is available at the VA health care Web site listed above.

The following three categories of veterans are not required to enroll, but are urged to do so to permit better planning of health resources:

1. Veterans with a service-connected disability of 50 percent or more.

2. Veterans seeking care for a disability the military determined was incurred or aggravated in the line of duty, but which VA has not yet rated, within 12 months of discharge.

3. Veterans seeking care for a service-connected disability only.

Priority Groups

During enrollment, veterans are assigned to priority groups VA uses to balance demand with resources. Changes in available resources may reduce the number of priority groups VA can enroll. If this occurs, VA will publicize the changes and notify affected enrollees. If this occurs, VA will publicize the changes and notify affected enrollees. Below are descriptions of the VA priority groups:

Group 1: Veterans with service-connected disabilities rated 50 percent or more and/or veterans determined by VA to be unemployable due to service-connected conditions.

Group 2: Veterans with service-connected disabilities rated 30 or 40 percent.

Group 3: Veterans with service-connected disabilities rated 10 and 20 percent, veterans who are former Prisoners of War (POW) or were awarded a Purple Heart, veterans awarded special eligibility for disabilities incurred in treatment or participation in a VA Vocational Rehabilitation program, and veterans whose discharge was for a disability incurred or aggravated in the line of duty.

Group 4: Veterans receiving aid and attendance or housebound benefits and/or veterans determined by VA to be catastrophically disabled. Some veterans in this group may be responsible for co-pays.

Group 5: Veterans receiving VA pension benefits or eligible for Medicaid programs, and non service-connected veterans and non compensable, zero percent service-connected veterans whose gross annual household income and net worth are below the established VA means test thresholds.

Group 6: Veterans of the Mexican border period or World War I; veterans seeking care solely for certain conditions associated with exposure to radiation or exposure to herbicides while serving in Vietnam; for any illness associated with combat service in a war after the Gulf War or during a period of hostility after Nov. 11, 1998; for any illness associated with participation in tests conducted by the Defense Department as part of Project 112/Project SHAD; and veterans with zero percent service-connected disabilities who are receiving disability compensation benefits.

Group 7: Non service-connected veterans and non-compensable, zero percent service-connected veterans with gross annual household income above VA's national means test threshold and below VA's geographic means test threshold, or with income below both the VA national threshold and the VA geographically based threshold, but whose net worth exceeds VA's ceiling (currently $80,000) who agree to pay co-pays.

Group 8: All other non service-connected veterans and zero percent, non-compensable service-connected veterans who agree to pay co-pays. (Note: Effective Jan. 17, 2003, VA no longer enrolls new veterans in priority group 8).

Special Access to Care

Service Disabled Veterans: Veterans who are 50 percent or more disabled from service-connected conditions, unemployable due to service-connected conditions, or receiving care for a service-connected disability receive priority in scheduling of hospital or outpatient medical appointments.

Combat Veterans: Veterans who served in combat locations during active military service after Nov. 11, 1998, are eligible for free health care services for conditions potentially related to combat service for two years following separation from active duty. For additional information call 1-877-222-VETS (8387).

Financial Information

Financial Assessment

Most veterans not receiving VA disability compensation or pension payments must provide information on their gross annual household income and net worth to determine whether they are below the annually adjusted financial thresholds.

This financial assessment includes all household income and net worth, including Social Security, retirement pay, unemployment insurance, interest and dividends, workers' compensation, black lung benefits and any other income. Also considered are assets such as the market value of property that is not the primary residence, stocks, bonds, notes, individual retirement accounts, bank deposits, savings accounts and cash.

VA also compares veterans' financial assessment with geographically based income thresholds. If the veteran's gross annual household income is above VA's national means test threshold and below VA's geographic means test

threshold, or is below both the VA national threshold and the VA geographically based threshold, but their gross annual household income plus net worth exceeds VA's ceiling (currently $80,000) the veteran is eligible for an 80-percent reduction in inpatient co-pay rates.

Services Requiring Co-pays

Some veterans must make co-pays to receive VA health care.

Inpatient Care: Veterans with income above the means test threshold and below VA's geographically based income threshold (Priority Group 7) are responsible for paying 20 percent of the Medicare deductible for the first 90 days of inpatient hospital care during any 365-day period. For each additional 90 days, they are charged 10 percent of the Medicare deductible. In addition, they are charged $2 a day for hospital care.

Non service-connected veterans and non-compensable, zero percent service-connected veterans with gross annual household incomes above the VA national and geographic income thresholds will be charged the full Medicare deductible for the first 90 days of care during any 365-day period and $10 per day. For each additional 90 days, they are charged one half of the Medicare deductible and the per diem charge.

Extended Care: With certain exceptions, veterans must pay co-pays for extended care. The co-pay amount is based on each veteran's financial situation and is determined upon application for extended care services.

Medication: Most veterans are currently charged $8 for a 30-day or less supply of medication for treatment of conditions that are not service-connected.

Outpatient Care: A three-tiered co-pay system is used for all outpatient services. The co-pay is $15 for a primary care visit and $50 for some specialized care. Certain services do not require a co-pay.

Outpatient Visits Not Requiring Co-pays

Co-pays do not apply to publicly announced VA health fairs or outpatient visits solely for preventive screening and/or immunizations, such as immunizations for influenza and pneumococcal, or screening for hypertension, hepatitis C, tobacco, alcohol, hyperlipidemia, breast cancer, cervical cancer, colorectal cancer by fecal occult blood testing, education about the risks and benefits of prostate cancer screening and smoking cessation counseling (individual or group). Laboratory, flat film radiology, and electrocardiograms are also exempt from co-pays.

Billing Insurance Companies

VA is required to bill private health insurance providers for medical care, supplies and prescriptions provided for non service-connected conditions. Generally, VA cannot bill Medicare, but can bill Medicare supplemental health insurance for covered services.

All veterans applying for VA medical care are required to provide information on their health insurance coverage, including coverage provided under policies of their spouses. Veterans are not responsible for paying any remaining balance of VA's insurance claim not paid or covered by their health insurance, and any payment received by VA may be used to offset "dollar for dollar" a veteran's VA co-pay responsibility.

Travel Costs

Certain veterans may be reimbursed for travel costs to receive VA medical care. Reimbursement is paid at $.11 per mile -- or $.17 per mile if called for a repeat Compensation & Pension (C&P) exam -- and is subject to a deductible of $3 for each one-way trip and an $18-per-month maximum payment. Two exceptions to the deductible are travel for C&P exam and special modes of transportation, such as an ambulance or a specially equipped van.

Eligibility: Payments may be made to the following:

1. Veterans whose service-connected disabilities are rated 30 percent or more.
2. Veterans traveling for treatment of a service connected condition.
3. Veterans who receive a VA pension.
4. Veterans traveling for scheduled compensation or pension examinations.
5. Veterans whose gross household income does not exceed the maximum annual VA pension.
6. Veterans whose medical condition requires a special mode of transportation, if they are unable to defray the costs and travel is pre-authorized. Advance authorization is not required in an emergency if a delay would be hazardous to life or health.

VA Medical Programs

Veteran Health Registries

Certain veterans can participate in a VA health registry and receive free medical examinations, including laboratory and other diagnostic tests deemed necessary by an examining clinician. VA maintains health registries to provide special health examinations and health-related information. To participate, contact the nearest VA health care facility or visit: http://www.va.gov/environagents/.

Gulf War Registry: For veterans who served in the Gulf War and Operation Iraqi Freedom (OIF).

Depleted Uranium Registries: VA maintains two registries for veterans possibly exposed to depleted uranium. The first is for veterans who served in the Gulf War, including OIF. The second is for veterans who served elsewhere, including Bosnia and Afghanistan.

Agent Orange Registry: For veterans possibly exposed to dioxin or other toxic substances in herbicides used during the Vietnam War, while serving in Korea in 1968 or 1969, or as a result of testing, transporting, or spraying herbicides for military purposes.

Ionizing Radiation Registry: For veterans possibly exposed to atomic radiation during the following activities: atmospheric detonation of a nuclear device; occupation of Hiroshima or Nagasaki from Aug. 6, 1945, through July 1, 1946; internment as a prisoner of war in Japan during World War II; serving in official military duties at the gaseous diffusion plants at Paducah, KY.; Portsmouth, OH; or the K-25 area at Oak Ridge, TN., for at least 250 days before Feb. 1, 1992, or in Longshot, Milrow or Cannikin underground nuclear tests at Amchitka Island, Alaska, before Jan. 1, 1974; or treatment with nasopharyngeal (NP) radium during military service.

Readjustment Counseling

VA provides readjustment counseling at 207 community-based Vet Centers located in all 50 states, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands to help combat veterans readjust to civilian life.

Eligibility: Veterans are eligible if they served on active duty in a combat theater during World War II, the Korean War, the Vietnam War, the Gulf War, or the campaigns in Lebanon, Grenada, Panama, Somalia, Bosnia, Kosovo, Afghanistan, Iraq and the Global War on Terror. Veterans, who served in the active military during the Vietnam Era, but not in the Republic of Vietnam, must have requested services at a Vet Center before Jan. 1, 2004.

Services: Vet Center staff provides individual, group, family, military sexual trauma, and bereavement counseling. Services include treatment for post-traumatic stress disorder (PTSD) or help with any other military related issue that affects functioning within the family, work, school or other areas of everyday life, plus a wide range of other services including outreach, education, medical referral, homeless veteran services, employment, VA benefit referral, and the brokering of non-VA services.

Bereavement Counseling: Bereavement Counseling is available to all family members including spouses, children, parents and siblings of service members who die while on active duty. This includes federally activated members of the National Guard and reserve components. Bereavement services may be accessed by calling (202) 273-9116 or e-mail vet.center@va.gov/.

For additional information, contact the nearest Vet Center or visit: http://www.vetcenter.va.gov/.

Prosthetic and Sensory Aids

Veterans receiving VA care for any condition may receive VA prosthetic appliances, equipment and services, such as home respiratory therapy, artificial limbs, orthopedic braces and therapeutic shoes, wheelchairs, powered mobility, crutches, canes, walkers and other durable medical equipment and supplies.

VA will provide hearing aids and eyeglasses to veterans who receive increased pension based on the need for regular aid and attendance or being permanently housebound, receive compensation for a service-connected disability or are former POWs. Otherwise, hearing aids and eyeglasses are provided only in special circumstances, and not for normally occurring hearing or vision loss. For additional information, contact the prosthetic representative at the nearest VA health care facility.

Home Improvements and Structural Alterations

VA provides up to $4,100 for service-connected veterans and up to $1,200 for non service-connected veterans to make home improvements necessary for the continuation of treatment or for disability access to the home and essential lavatory and sanitary facilities. For application information, contact the prosthetic representative at the nearest VA health care facility.

Services for Blind Veterans

Blind veterans may be eligible for services at a VA medical center or for admission to a VA blind rehabilitation center. In addition, blind veterans enrolled in the VA health care system may receive:

1. A total health and benefits review.
2. Adjustment to blindness training.
3. Home improvements and structural alterations.
4. Specially adapted housing and adaptations.
5. Automobile grant.
6. Low-vision aids and training in their use.
7. Electronic and mechanical aids for the blind, including adaptive computers and computer-assisted devices such as reading machines and electronic travel aids.
8. Guide dogs, including cost of training the veteran to use the dog.
9. Talking books, tapes and Braille literature.

Mental Health Care

Veterans eligible for VA medical care may apply for general mental health treatment including specialty services such as Post Traumatic Stress Disorder and substance abuse treatment. Contact the nearest VA health care facility to apply.

Work Restoration Programs

VA provides vocational assistance and therapeutic work opportunities through several programs for veterans receiving VA health care. Each program offers treatment and rehabilitation services to help veterans live and work in their communities.

Participation in the following VA Work Restoration Programs cannot be used to deny or discontinue VA compensation or pension benefits.

Incentive Therapy: is a pre-vocational program available at 70 VA Medical Centers and frequently serves as a mainstay for seriously disabled veterans for whom employment is not considered viable in the foreseeable future. Participants receive a token payment for services provided.

Compensated Work Therapy (CWT): is a vocational program available at 141 VA Medical Centers. Veterans receive an individualized vocational assessment, rehabilitation planning and work experience with the goal of job placement in the community. The program works closely with community-based organizations, employers and state and federal agencies to establish transitional work experiences, supported employment opportunities, direct job placement and supportive follow-up services.

CWT/Transitional Residence: provides work-based, residential treatment in a stable living environment. This program differs from other VA residential bed programs in that participants use their earnings to contribute to the cost of their residences and are responsible for planning, purchasing and preparing their own meals. The program offers a comprehensive array of rehabilitation services including home, financial and life skills management.

Domiciliary Care

Domiciliary care provides rehabilitation and long-term, health-maintenance care for veterans who require minimal medical care but do not need the skilled nursing services provided in nursing homes. A Domiciliary also provides rehabilitative care for veterans who are homeless.

Eligibility: VA may provide domiciliary care to veterans whose annual gross household income does not exceed the maximum annual rate of VA pension or those the Secretary of Veterans Affairs determines have no adequate means of support. Co-pays for extended care services apply to domiciliary care. Call the nearest VA benefits or health care facility for more information.

Outpatient Dental Treatment

VA outpatient dental treatment includes the full spectrum of diagnostic, surgical, restorative and preventive procedures.

Eligibility: The following veterans are eligible to receive dental care:

1. Veterans with service-connected, compensable dental conditions.
2. Former POWs.
3. Veterans with service-connected, non-compensable dental conditions as a result of combat wounds or service injuries.
4. Veterans with non service-connected dental conditions determined by VA to be aggravating a service-connected medical problem.
5. Veterans with service-connected conditions rated permanently and totally disabling or 100 percent by reason of un-employability.
6. Veterans in a VA vocational rehabilitation program.
7. Certain enrolled homeless veterans.
8. Veterans with non service-connected dental conditions that received dental treatment while an inpatient in a VA facility.
9. Veterans requiring treatment for dental conditions clinically determined to be complicating a medical condition currently under treatment.

Recently discharged veterans who served on active duty 90 days or more and who apply for VA dental care within 90 days of separation from active duty, may receive a one time dental treatment if their certificate of discharge does not indicate that they received necessary dental care within a 90-day period prior to discharge.

Outpatient Pharmacy Services

Eligibility: VA provides free outpatient pharmacy services to:

1. Veterans with a service-connected disability of 50 percent or more.
2. Veterans receiving medication for service-connected conditions.
3. Veterans whose annual income does not exceed the maximum annual rate of the VA pension.
4. Veterans enrolled in priority group 6 who receive medication for service-connected conditions.
5. Veterans receiving medication for conditions related to sexual trauma while serving on active duty.
6. Certain veterans receiving medication for treatment of cancer of the head or neck.
7. Veterans receiving medication for a VA-approved research project.
8. Former POWs.

Medication Co-pays: Other veterans will be charged a co-pay of $8 for each 30-day or less supply of medication. For veterans enrolled in Priority Groups 2 through 6, the maximum co-pay amount for calendar year 2007 is $960.

Co-pays apply to prescription and over-the-counter medications, such as aspirin, cough syrup or vitamins, dispensed by a VA pharmacy. However, veterans may prefer to purchase over-the-counter drugs, such as aspirin or vitamins, at a local pharmacy rather than making the co-pay. Co-pays are not charged for medications injected during the course of treatment or for medical supplies, such as syringes or alcohol wipes.

Nursing-Home Care

VA provides nursing home services through three national programs: VA owned and operated nursing homes, state veterans' homes owned and operated by the state, and contract community nursing homes. Each program has its own admission and eligibility criteria.

VA Nursing Homes: VA owned and operated homes typically admit residents requiring short-term skilled care or who have a 70 percent or more service-connected disability.

State Veterans' Home Programs: The state veterans' home program is a cooperative venture between the states and VA whereby the states petition VA for matching construction grants and once granted, the state, the veteran, and VA pay a portion of the per diem. The per diem is set in legislation. State veterans homes accept all veterans in need of long-term or short-term nursing home care. Specialized services offered are dependent upon the capability of the home to render them.

Community Nursing Home Program: VA maintains contracts with community nursing homes though every VA medical center. The purpose of this program is to meet the nursing home needs of veterans who require long-term nursing home care in their own community, close to their families.

Eligibility: The general admission criteria for nursing home placement requires that a resident must be medically stable, i.e. not acutely ill, have sufficient functional deficits to require inpatient nursing home care, and is assessed by an appropriate medical provider to be in need of institutional nursing home care. Furthermore, the veteran must meet the required VA eligibility criteria for nursing home care or the contract nursing home program and the eligibility criteria for the specific state veterans home. For VA nursing home care, a veteran may be subject to a co-payment determined by information supplied by completing a VA Form 10-10EZ. VA social workers are available to assist veterans in interpreting their eligibility and co-pay requirements if indicated.

Long-Term Care Services: In addition to nursing home care, VA offers a variety of other long-term care services either directly or by contract with community-based agencies. Such services include adult day health care, inpatient or outpatient respite care, inpatient or outpatient geriatric evaluation and management, hospice and palliative care, and home based primary care. Veterans receiving these services may be subject to a co-pay.

Emergency Medical Care in Non-VA Facilities

VA may reimburse or pay for medical care provided to enrolled veterans by non-VA facilities only in cases of medical emergencies where VA or other federal facilities were not feasibly available. Other conditions also apply. To determine eligibility or initiate a claim, contact the VA medical facility nearest to where the emergency service was provided.

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Veterans with Service-Connected Disabilities

Disability Compensation

Disability compensation is a monetary benefit paid to veterans who are disabled by an injury or disease that was incurred or aggravated during active military service. These disabilities are considered to be service-connected. Disability compensation varies with the degree of disability and the number of veteran's dependents, and is paid monthly. Veterans with certain severe disabilities may be eligible for additional special monthly compensation. The benefits are not subject to federal or state income tax.

The payment of military retirement pay, disability severance pay and separation incentive payments known as SSB (Special Separation Benefits) and VSI (Voluntary Separation Incentives) affects the amount of VA compensation paid to disabled veterans.

To be eligible, the service of the veteran must have been terminated through separation or discharge under conditions other than dishonorable. For additional details, visit the Web site at http://www.vba.va.gov/bln/21/.

2008 Disability Compensation Rates

Veteran's Disability Rating	Monthly Rate Paid
10 percent	$117
20 percent	$230
30 percent*	$356
40 percent*	$512
50 percent*	$728
60 percent*	$921
70 percent*	$1,161
80 percent*	$1,349
90 percent*	$1,517
100 percent*	$2,527

**Veterans with disability ratings of at least 30 percent are eligible for additional allowances for dependents, including spouses, minor children, children between the ages of 18 and 23 who are attending school, children who are permanently incapable of self-support because of a disability arising before age 18, and dependent parents. The additional amount depends on the disability rating. For more detailed rates, please visit: http://www.military.com/benefits/veteran-benefits/va-compensation-tables.*

Receiving Payments

VA offers three payment options to veterans eligible to receive benefit payments. Most veterans receive their payments by direct deposit to a bank, savings and loan or credit union account. In some areas, veterans who do not have a bank account can open a federally insured Electronic Transfer Account, which costs about $3 a month, provides a monthly statement and allows cash withdrawals. Other veterans may choose to receive benefits by check. To choose a payment method, call toll-free 1-877-838-2778, Monday through Friday, 7:30 a.m. - 4 p.m., CST.

Presumptive Conditions for Disability Compensation
Certain veterans are eligible for disability compensation based on the presumption that their disability is service connected.

Prisoners of War: For former POWs who were imprisoned for any length of time, the following disabilities are presumed to be service-connected if they are rated at least 10 percent disabling anytime after military service: psychosis, any of the anxiety states, dysthymic disorder, organic residuals of frostbite, post-traumatic osteoarthritis, heart disease or hypertensive vascular disease and their complications, stroke and residuals of stroke.

For former POWs who were imprisoned for at least 30 days, the following conditions are also presumed to be service-connected: avitaminosis, beriberi, chronic dysentery, helminthiasis, malnutrition (including optic atrophy), pellagra and/or other nutritional deficiencies, irritable bowel syndrome, peptic ulcer disease, peripheral neuropathy and cirrhosis of the liver.

Veterans Exposed to Agent Orange and Other Herbicides: A veteran who served in the Republic of Vietnam between Jan. 9, 1962, and May 7, 1975, is presumed to have been exposed to Agent Orange and other herbicides used in support of military operations.

Eleven diseases are presumed by VA to be service-connected for such veterans: chloracne or other acneform disease similar to chloracne, porphyria cutanea tarda, soft-tissue sarcoma (other than osteosarcoma, chondrosarcoma, Kaposi's sarcoma or mesothelioma), Hodgkin's disease, multiple myeloma, respiratory cancers (lung, bronchus, larynx, trachea), non-Hodgkin's lymphoma, prostate cancer, acute and subacute peripheral neuropathy, diabetes mellitus (Type 2) and chronic lymphocytic leukemia.

Veterans Exposed to Radiation: For veterans who participated in "radiation risk activities" as defined in VA regulations while on active duty, the following conditions are presumed to be service-connected: all forms of leukemia (except for chronic lymphocytic leukemia); cancer of the thyroid, breast, pharynx, esophagus, stomach, small intestine, pancreas, bile ducts, gall bladder, salivary gland, urinary tract (renal pelvis, ureter, urinary bladder and urethra), brain, bone, lung, colon, and ovary, bronchiolo-alveolar carcinoma, multiple myeloma, lymphomas (other than Hodgkin's disease), and primary liver cancer (except if cirrhosis or hepatitis B is indicated).

To determine service-connection for other conditions or exposures not eligible for presumptive service-connection, VA considers factors such as the amount of radiation exposure, duration of exposure, elapsed time between exposure and onset of the disease, gender and family history, age at time of exposure, the extent to which a non service-related exposure could contribute to disease, and the relative sensitivity of exposed tissue.

Gulf War Veterans: Gulf War veterans may receive disability compensation for chronic disabilities resulting from undiagnosed illnesses, medically unexplained chronic multi-symptom illnesses defined by a cluster of signs or symptoms. A disability is considered chronic if it has existed for at least six months. The undiagnosed illnesses must have appeared either during active service in the Southwest Asia Theater of Operations during the Gulf War or to a degree of at least 10 percent at any time since then through Dec. 31, 2011.

The following are examples of symptoms of an undiagnosed illness: chronic fatigue syndrome, fibromyalgia, skin disorders, headache, muscle pain, joint pain, neurological symptoms, neuropsychological symptoms, symptoms involving the respiratory system, sleep disturbances, gastrointestinal symptoms, cardiovascular symptoms, abnormal weight loss, and menstrual disorders.

Amyotrophic Lateral Sclerosis (ALS), also known as Lou Gehrig's Disease, may be determined to be service-connected if the veteran served in the Southwest Asia Theater of Operations anytime dur ing the period of Aug. 2, 1990, to July 31, 1991. The Southwest Asia Theater of Operations includes Iraq, Kuwait, Saudi Arabia, the neutral zone between Iraq and Saudi Arabia, Bahrain, Qatar, the United Arab Emirates, Oman, the Gulf of Aden, the Gulf of Oman, the Persian Gulf, the Arabian Sea, the Red Sea, and the airspace above these locations.

Programs for Veterans with Service-Connected Disabilities

Vocational Rehabilitation and Employment

The Vocational Rehabilitation and Employment Program assists veterans who have service-connected disabilities with obtaining and maintaining suitable employment. Independent living services are also available for severely disabled veterans who are not currently ready to seek employment. Additional information is available on the Web site at http://www.vba.va.gov/bln/vre/.

Eligibility: A veteran must have a VA service-connected disability rated at least 20 percent with an employment handicap, or rated 10 percent with a serious employment handicap, and be discharged or released from military service under other than dishonorable conditions. Service members pending medical separation from active duty may also apply if their disabilities are reasonably expected to be rated at least 20 percent following their discharge.

Services: VA pays the cost of all approved training programs. Subsistence allowance may also be provided. Depending on an individual's needs, services provided by VA may include:

1. An evaluation of interests, aptitudes and abilities.
2. Assistance with writing a resume and other job seeking skills.
3. Assistance with obtaining and maintaining suitable employment.
4. Vocational counseling and planning.
5. On-the-job training and work-experience programs.
6. Training, such as certificate, two or four-year college, or technical programs.
7. Supportive rehabilitation services and counseling.

Period of a Rehabilitation Program: Generally, veterans must complete a program within 12 years from their separation from military service or within 12 years from the date VA notifies them that they have a compensable service-connected disability. Depending on the length of program needed, veterans may be provided up to 48 months of full-time services or their part-time equivalent. These limitations may be extended in certain circumstances.

Work-Study: Veterans training at the three-quarter or full-time rate may participate in VA's work-study program. Participants may provide VA outreach services, prepare and process VA paperwork, and work at a VA medical facility or perform other VA-approved activities. A portion of the work-study allowance equal to 40 percent of the total may be paid in advance.

2007 Vocational Rehabilitation Rates (Monthly)

For institutional or independent living training, or unpaid work experience in a federal, state, or local agency, or an agency of a federally recognized Indian tribe, the rates are:

Training Time	Veterans with No Dependents	Veterans with One Dependent	Veterans with Two Dependents	Each Additional Dependent
Full-time	$520.74	$645.94	$761.18	$55.49
¾ Time	$391.27	$485.15	$569.09	$42.67
½ Time	$261.81	$324.38	$381.30	$28.47

For unpaid on-the-job training in federal, state, or local agency, or an agency of a federally recognized Indian tribe; training in a home; vocational course in a rehabilitation facility or sheltered workshop; independent instructor; institutional non-farm cooperative, the rates are:

Training Time	Veterans with No Dependents	Veterans with One Dependent	Veterans with Two Dependents	Each Additional Dependent
Full-time	$520.74	$645.94	$761.18	$55.49

For farm cooperative, apprenticeship, on-the-job training, or on-the-job non-farm cooperative, VA payments are variable, based on the wages received. The maximum VA rates are:

Training Time	Veterans with No Dependents	Veterans with One Dependent	Veterans with Two Dependents	Each Additional Dependent
Full-time	$455.29	$550.59	$634.55	$41.28

For extended evaluation, the rates are:

Training Time	Veterans with No Dependents	Veterans with One Dependent	Veterans with Two Dependents	Each Additional Dependent
Full-time	$520.74	$645.94	$761.18	$55.49
¾ Time	$391.27	$485.15	$569.09	$42.67
½ Time	$261.81	$324.38	$381.30	$28.47
¼ Time	$130.89	$162.20	$190.64	$14.20

Specially Adapted Housing

Certain veterans and service members with service-connected disabilities may be entitled to a Specially Adapted Housing (SAH) grant from VA to help build a new specially adapted house or buy a house and modify it to meet their disability-related requirements. Eligible veterans or service members may now receive up to three grants, with the total dollar amount of the grants not to exceed the maximum allowable. Previous grant recipients who had received assistance of less than the current maximum allowable may be eligible for an additional SAH grant.

Eligible veterans who are temporarily residing in a home owned by a family member may also receive assistance in the form of a grant to assist the veteran in adapting the family member's home to meet his or her special needs. Those eligible for a $50,000 total grant would be permitted to use up to $14,000 and those eligible for a $10,000 total grant would be permitted to use up to $2,000. (See eligibility requirements for different grant amounts.) However, VA is not authorized to make such grants available to assist active duty personnel.

$50,000 Grant: VA may approve a grant of not more than 50 percent of the cost of building, buying, or adapting existing homes or paying to reduce indebtedness on a previously owned home that is being adapted, up to a maximum of $50,000. In certain instances, the full grant amount may be applied toward remodeling costs. Veterans and service members must be determined eligible to receive compensation for permanent and total service-connected disability due to one of the following:

1. Loss or loss of use of both lower extremities, such as to preclude locomotion without the aid of braces, crutches, canes or a wheelchair.
2. Loss or loss of use of both upper extremities at or above the elbow.
3. Blindness in both eyes, having only light perception, plus loss or loss of use of one lower extremity.
4. Loss or loss of use of one lower extremity together with (a) residuals of organic disease or injury, or (b) the loss or loss of use of one upper extremity which so affects the functions of balance or propulsion as to preclude locomotion without the use of braces, canes, crutches or a wheelchair.

$10,000 Grant: VA may approve a grant for the cost, up to a maximum of $10,000, for necessary adaptations to a veteran's or service member's residence or to help veterans and service-members acquire a residence already adapted with special features for their disability. To be eligible for this grant, veterans and service-members must be entitled to compensation for permanent and total service-connected disability due to:

1. Blindness in both eyes with 5/200 visual acuity or less.
2. Or anatomical loss or loss of use of both hands.

Supplemental Financing: Veterans and service members with available loan guaranty entitlement may also obtain a guaranteed loan or a direct loan from VA to supplement the grant to acquire a specially adapted home. Amounts with a guaranteed loan from a private lender will vary, but the maximum direct loan from VA is $33,000.

Automobile Assistance

Veterans and service members may be eligible for a one-time payment of not more than $11,000 toward the purchase of an automobile or other conveyance if they have service-connected loss or permanent loss of use of one or both hands or feet, permanent impairment of vision of both eyes to a certain degree, or ankylosis (immobility) of one or both knees or one or both hips.

They may also be eligible for adaptive equipment, and for repair, replacement, or reinstallation required because of disability or for the safe operation of a vehicle purchased with VA assistance. To apply, contact a VA regional office at 1-800-827-1000 or the nearest VA medical center.

Clothing Allowance

Any veteran who is service-connected for a disability for which he or she uses prosthetic or orthopedic appliances may receive an annual clothing allowance of $677 per year.

The clothing allowance also is available to any veteran whose ser-vice-connected skin condition requires prescribed medication that irreparably damages his or her outer garments. To apply, contact the prosthetic representative at the nearest VA medical center.

Aid and Attendance or Housebound

A veteran who is determined by VA to be in need of the regular aid and attendance of another person, or a veteran who is permanently housebound, may be entitled to additional disability compensation or pension payments. A veteran evaluated at 30 percent or more disabled is entitled to receive an additional payment for a spouse who is in need of the aid and attendance of another person.

Concurrent Retirement and Disability Payments (CRDP)

Concurrent Retirement and Disability Payments (CRDP) restores retired pay on a graduated 10-year schedule for retirees with a 50 to 90 percent VA-rated disability. Concurrent retirement payments increase 10 percent per year through 2013. Veterans rated 100% disabled by VA are entitled to full CRDP without being phased in. Veterans receiving benefits at the 100% rate due to individual unemployability are entitled to full CRDP in 2009.

Eligibility: To qualify, veterans must also meet all three of the following criteria:

1. Have 20 or more years on active duty, or a reservist age 60 or older with 20 or more creditable years.
2. Be in a retired status.
3. Be receiving retired pay (must be offset by VA payments).

Retirees do not need to apply for this benefit. Payment is coordinated between VA and the Department of Defense (DOD).

Combat-Related Special Compensation (CRSC)

Combat-Related Special Compensation (CRSC) provides tax-free monthly payments to eligible retired veterans with combat-related injuries. With CRSC, veterans can receive both their full military retirement pay and their VA disability compensation, if the injury is combat-related.

Eligibility: Retired veterans with combat-related injuries must meet all of the following criteria to apply for CRSC:

1. Active, Reserve, or medically retired with 20 years of creditable service.
2. Receiving military retired pay.
3. Have a 10% or greater VA-rated injury.
4. Military retired pay is reduced by VA disability payments (VA Waiver).

In addition, veterans must be able to provide documentary evidence that their injuries were a result of one of the following:

- Training that simulates war (e.g., exercises, field training)
- Hazardous duty (e.g., flight, diving, parachute duty)
- An instrumentality of war (e.g. combat vehicles, weapons, Agent Orange)
- Armed conflict (e.g. gunshot wounds {Purple Heart}, punji stick injuries)

For more information, visit the Web site at http://www.dod.mil/prhome/mppcrsc.html, or call the toll free phone number for the veteran's branch of service: (Army) 1-866-281-3254; (Air Force) 1-800-616-3775; (Navy) 1-877-366-2772; and (Coast Guard) 1-866-307-1336.

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VA Life Insurance

For complete details on government life insurance, visit the VA Internet site: http://www.insurance.va.gov/ or call toll-free 1-800-669-8477. Specialists are available between the hours of 8:30 a.m. and 6 p.m., Eastern Time, to discuss premium payments, insurance dividends, address changes, policy loans, naming beneficiaries and reporting the death of the insured.

If the insurance policy number is not known, send whatever information is available, such as the veteran's VA file number, date of birth, Social Security number, military serial number or military service branch and dates of service to:

Department of Veterans Affairs
Regional Office and Insurance Center
Box 42954
Philadelphia, PA 19101

Service Members' Group Life Insurance (SGLI)

The following are automatically insured for $400,000 under SGLI:

1. Active-duty members of the Army, Navy, Air Force, Marines and Coast Guard.
2. Commissioned members of the National Oceanic and Atmospheric Administration and the Public Health Service.
3. Cadets or midshipmen of the service academies.
4. Members, cadets and midshipmen of the ROTC while engaged in authorized training.
5. Members of the Ready Reserves.
6. Members who volunteer for assignment to a mobilization category in the Individual Ready Reserve or Inactive National Guard.

Individuals may elect to be covered for a lesser amount or not at all. Part-time coverage may be provided to reservists who do not qualify for full-time coverage. Premiums are automatically deducted from the service members' pay. At the time of separation from service, SGLI can be converted to either Veterans' Group Life Insurance (VGLI) or a commercial plan through participating companies. SGLI coverage continues for 120 days after separation at no charge.

Coverage of $10,000 is also automatically provided for dependent children of members insured under SGLI with no premium required.

Traumatic Service Members' Group Life Insurance

Members of the armed services serve our nation heroically during times of great need, but what happens when they experience great needs of their own because they have sustained a traumatic injury? Traumatic Service members' Group Life Insurance (TSGLI) helps severely injured service members through their time of need with a one-time payment. The amount varies depending on the injury, but it could be the difference that allows their families to be with them during their recovery; helps them with unforeseen expenses; or gives them a financial head start on life after recovery.

TSGLI is an insurance program that is bundled with Service members' Group Life Insurance (SGLI) and an additional $1.00 has been added to the service member's SGLI premium to cover TSGLI. After Dec. 1, 2005, all service

members who are covered by SGLI are eligible for TSGLI coverage, regardless of where their qualifying traumatic injury occurred. However, TSGLI claims require approval. In addition, there is a retroactive program that covers service members who sustained a qualifying traumatic injury while in theater supporting Operation Enduring Freedom (OEF), Operation Iraqi Freedom (OIF), or while on orders in a Combat Zone Tax Exclusion (CZTE) area from Oct. 7, 2001, through Nov. 30, 2005.

For more information, visit the Web site at http://www.insurance.va.gov/sgliSite/TSGLI/TSGLI.htm, or call 1-800-237-1336 (Army); 1-800-368-3202 (Navy); 1-703-432-9277 (Marine Corps); 1-210-565-3310 or 2410 (Air Force); and 1-202-267-1648 (Coast Guard).

Family Service Members' Group Life Insurance (FSGLI)

FSGLI provides up to $100,000 of life insurance coverage for spouses, not to exceed the amount of SGLI the insured member has in force. FSGLI is a service members' benefit, and the member pays the premium and is the beneficiary of the policy. If a service member drops his or her SGLI coverage, leaves the military or divorces the spouse, the spouse's policy can be converted to a private life insurance policy within 120 days of the date SGLI coverage ended or the date of divorce.

Veterans' Group Life Insurance

SGLI may be converted to Veterans' Group Life Insurance (VGLI), which provides renewable term coverage to:

1. Veterans with full-time SGLI coverage upon release from active duty or the reserves.
2. Veterans with part-time SGLI coverage who incur a disability or aggravate a pre-existing disability during a reserve period that renders them uninsurable at standard premium rates.
3. Members of the Individual Ready Reserve and Inactive National Guard.

SGLI can be converted to VGLI up to the amount of coverage the service member had when separated from service. Veterans who submit an application and the initial premium within 120 days of leaving the service will be covered regardless of their health. After 120 days, veterans can still convert to VGLI if they submit an application, pay the initial premium, and show evidence of insurability within one year of termination of SGLI coverage.

Service members who are totally disabled at the time of separation are eligible for free SGLI Disability Extension of up to two years. Those covered under the SGLI Disability Extension are automatically converted to VGLI at the end of their extension period. VGLI is convertible at any time to a permanent plan policy with any participating commercial insurance company.

Accelerated Death Benefits

SGLI, FSGLI and VGLI policyholders who are terminally ill (prognosis of nine months or less to live) can receive up to 50 percent of their coverage amount in advance. This option may be requested one time only.

Service-Disabled Veterans' Insurance

A veteran who was discharged under other than dishonorable conditions and who has a service-connected disability but is otherwise in good health may apply to VA for up to $10,000 in life insurance coverage under the Service-Disabled Veterans' Insurance (S-DVI) program. Applications must be submitted within two years from the date of being notified of the approval of a new service-connected disability by VA. This insurance is limited to veterans who left service on or after April 25, 1951.

Veterans who are totally disabled may apply for a waiver of premiums and additional supplemental coverage of up to $20,000. However, premiums cannot be waived on the additional insurance. To be eligible for this type of supplemental insurance, veterans must meet all of the following four requirements:

1. Be under age 65.
2. Meet the requirements for total disability.
3. Have an S-DVI policy with premiums waived due to total disability.
4. Apply for additional insurance within one year from the date of notification of waiver approval on the S-DVI policy.

Veterans' Mortgage Life Insurance

Veterans' Mortgage Life Insurance (VMLI) is available to severely disabled veterans who have been approved for a Specially Adapted Housing Grant. Maximum coverage is $90,000, and is only payable to the mortgage company. Protection is issued automatically, provided the veteran submits information required to establish a premium and does not decline coverage. Coverage automatically terminates when the mortgage is paid off.

If a mortgage is disposed of through sale of the property, VMLI may be obtained on the mortgage of another home.

Insurance Dividends

World War I, World War II, and Korean-era veterans with active policies beginning with the letters V, RS, W, J, JR, JS, or K are issued tax-free dividends annually on the policy anniversary date. Policyholders do not need to apply for dividends, but may select from among the following dividend options:

1. Cash: The dividend is paid directly to the insured either by a mailed check or by direct deposit.
2. Paid-Up Additional Insurance: The dividend is used to purchase additional insurance coverage.
3. Credit or Deposit: The dividend is held in an account for the policyholder with interest. Withdrawals from the account can be made at any time. The interest rate may be adjusted each year.
4. Net Premium Billing Options: These options use the dividend to pay the annual policy premium. If the dividend exceeds the premium, the policyholder has options to choose how the remainder is used. If the dividend is not enough to pay an annual premium, the policyholder is billed for the balance.
5. Dividend Options: Dividends can also be used to repay a loan or pay premiums in advance, be left on-account as a deposit earning interest, or paid to a bank account.

Other Insurance Information

The following information applies to policies issued to World War II, Korean, and Vietnam-era veterans and any Service-Disabled Veterans Insurance policies. Policies in this group are prefixed by the letters K, V, RS, W-J, JR, JS, or RH.

Reinstating Lapsed Insurance: Lapsed term policies may be reinstated within five years from the date of lapse. A five-year term policy that is not lapsed at the end of the term is automatically renewed for an additional five years. Lapsed permanent plans may be reinstated within certain time limits and with certain health requirements. Reinstated permanent plan policies require repayment of all back premiums, plus interest.

Converting Term Policies: Term policies are renewed automatically every five years, with premiums increasing at each renewal. Premiums do not increase after age 70. Term policies may be converted to permanent plans, which have fixed premiums for life and earn cash and loan values.

Paid-up Insurance Available on Term Policies: Effective September 2000, VA provides paid-up insurance on term policies whose premiums have been capped. Veterans who have National Service Life Insurance (NSLI) term insurance (renewal age 71 or older) and stop paying premiums on their policies will be given a termination dividend. This dividend will be used to purchase a reduced amount of paid-up insurance, which insures the veteran for life and no premium payments are required. The amount of insurance remains level. This does not apply to S-DVI (RH) policies.

Disability Provisions: National Service Life Insurance (NSLI) policyholders who become totally disabled before age 65 should ask VA about premium waivers.

Borrowing on Policies: Policyholders with permanent plan policies may borrow up to 94 percent of the cash surrender value of their insurance. Interest is compounded annually. The loan interest rate is variable and may be obtained by calling toll-free 1-800-669-8477.

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VA Pensions

Eligibility

Veterans with low incomes who are permanently and totally disabled, or are age 65 and older, may be eligible for monetary support if they have 90 days or more of active military service, at least one day of which was during a period of war. (Veterans who entered active duty on or after Sept. 8, 1980, or officers who entered active duty on or after Oct. 16, 1981, may have to meet a longer minimum period of active duty). The veteran's discharge must have been under conditions other than dishonorable and their disability must be for reasons other than their own willful misconduct.

Payments are made to bring the veteran's total income, including other retirement or Social Security income, to a level set by Congress. Un-reimbursed medical expenses may reduce countable income for VA purposes.

It should be noted that the VA has a backlog of some 60,000 claims. A recent applicant for a pension waited for over six months for an answer. This may be one reason so many homeless veterans eligible for a pension do not get it.

It is a national tragedy and disgrace that there is even such a thing as a homeless veteran. Those who have voluntarily gone in harm's way for the sake of their nation deserve a helping hand from that nation when they are unable to care for themselves.

Yet nearly half of homeless men -- approximately 40% -- are veterans, although veterans comprise only 34% of the general adult male population. It is estimated that on any given night, 200,000 veterans are homeless.

But, a considerable amount of help is available to these troubled ex-warriors. Not only does the VA offer help, other organizations do as well. One such organization is The National Coalition for Homeless Veterans (NCHV), an organization dedicated to ending homelessness among veterans by shaping public policy, promoting collaboration, and building the capacity of service providers.

The National Coalition for Homeless Veterans (NCHV) — a 501(c)(3) nonprofit organization governed by a 13-member board of directors — is the resource and technical assistance center for a national network of community-based service providers and local, state and federal agencies that provide emergency and supportive housing, food, health services, job training and placement assistance, legal aid and case management support for hundreds of thousands of homeless veterans each year.

NCHV also serves as the primary liaison between the nation's care providers, Congress and the Executive Branch agencies charged with helping them succeed in their work. NCHV's advocacy has strengthened and increased funding for virtually every federal homeless veteran assistance program in existence today.

Under a technical assistance grant awarded by the Department of Veterans Affairs, NCHV provides guidance and information about program development, administration, governance and funding to all of the nation's homeless veteran service providers.

At http://www.nchv.org/wheretogo.cfm, the NCHV Web site offers a comprehensive source of information about America's homeless veterans, and the programs and people who are working to save their lives and restore their hope. The site includes links to places to go for help with housing, health, substance abuse, employment, general assistance, financial help, and legal help.

Many homeless veterans remain in trying circumstances only because they are unaware that such help exists. One study suggests that as many as three out of four veterans who are eligible for a pension never apply for this help, probably because they are unaware that such help exists.

VA offers a wide array of special programs and initiatives specifically designed to help homeless veterans live as self-sufficiently and independently as possible. In fact, VA is the only Federal agency that provides substantial hands-on assistance directly to homeless persons. Although limited to veterans and their dependents, VA's major homeless-specific programs constitute the largest integrated network of homeless treatment and assistance services in the country.

VA's specialized homeless veterans treatment programs have grown and developed since they were first authorized in 1987. The programs strive to offer a continuum of services that include:

- aggressive outreach to those veterans living on streets and in shelters who otherwise would not seek assistance;
- clinical assessment and referral to needed medical treatment for physical and psychiatric disorders, including substance abuse;
- long-term sheltered transitional assistance, case management, and rehabilitation;
- employment assistance and linkage with available income supports; and
- supported permanent housing.

Improved Disability Pension

Congress establishes the maximum annual pension rates listed on the next page. Payments are reduced by the amount of countable income of the veteran, spouse or dependent children. When a veteran without a spouse or a child is furnished nursing home or domiciliary care by VA, the pension is reduced to an amount not to exceed $90 per month after three calendar months of care. The reduction may be delayed if nursing-home care is being continued to provide the veteran with rehabilitation services.

2007 Improved Disability Pension Rates

Status	Maximum Annual Rate
Veteran without dependents	$11,181
Veteran with one dependent	$14,643
Veteran permanently housebound, no dependents	$13,664
Veteran permanently housebound, one dependent	$17,126
Veteran needing regular aid and attendance, no dependents	$18,654
Veteran needing regular aid and attendance, one dependent	$22,113
Two veterans married to one another	$14,643
Increase for each additional dependent child	$1,909

Protected Pension Programs

Pension beneficiaries who were receiving a VA pension on Dec. 31, 1978, and do not wish to elect the Improved Pension will continue to receive the pension rate they were receiving on that date. This rate generally continues as long as the beneficiary’s income remains within established limits, his or her net worth does not bar payment, and the beneficiary does not lose any dependents.

These beneficiaries must continue to meet basic eligibility factors, such as permanent and total disability for veterans, or status as a surviving spouse or child. VA must adjust rates for other reasons, such as a veteran's hospitalization in a VA facility.

Medal of Honor Pension

VA administers pensions to recipients of the Medal of Honor. Congress set the monthly pension at $1,129 effective Dec. 1, 2007.

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Burial and Memorial Benefits

Eligibility

Veterans discharged from active duty under conditions other than dishonorable and service members who die while on active duty, as well as spouses and dependent children of veterans and active duty service members, may be eligible for VA burial and memorial benefits. The veteran does not have to pre-decease a spouse or dependent child for them to be eligible.

With certain exceptions, active duty service beginning after Sept. 7, 1980, as an enlisted person, and after Oct. 16, 1981, as an officer, must be for a minimum of 24 consecutive months or the full period of active duty (as in the case of reservists or National Guard members called to active duty for a limited duration). Eligibility is not established by active duty for training in the reserves or National Guard.

Reservists and National Guard members, as well as their spouses and dependent children, are eligible if they were entitled to retired pay at the time of death, or would have been if they were over age 60.

VA national cemetery directors verify eligibility for burial in their cemeteries. A copy of the veteran's discharge document that specifies the period(s) of active duty and character of discharge, along with the deceased's death certificate and proof of relationship to the veteran (for eligible family members) are all that are usually needed to determine eligibility.

This chapter contains information on the full range of VA burial and memorial benefits. Readers with questions should contact the nearest national cemetery, listed by state in the VA Facilities section of this book, call 1-800-827-1000, or visit the Web site at http://www.cem.va.gov/.

VA National Cemeteries

Burial in a VA national cemetery is available for eligible veterans, their spouses and dependents at no cost to the family and includes the gravesite, grave-liner, opening and closing of the grave, a headstone or marker, and perpetual care as part of a national shrine. For veterans, benefits also include a burial flag (with case for active duty) and military funeral honors. Family members and other loved ones of deceased veterans may request Presidential Memorial Certificates.

VA operates 124 national cemeteries, of which 84 are open for new interments and 20 of these accept only cremated remains. Burial options are limited to those available at a specific cemetery but may include in-ground casket, or interment of cremated remains in a columbarium, in ground or in a scatter garden. Contact the nearest national cemetery to determine if it is open for new burials and which options are available.

Seven new national cemeteries are scheduled to open in the next few years near the cities of Bakersfield, Calif.; Birmingham, Ala.; Greenville, S.C.; Jacksonville, Fla.; Philadelphia, Pa.; Sarasota, Fla.; and West Palm Beach, Fla.

The funeral director or the next of kin makes interment arrangements by contacting the national cemetery in which burial is desired. VA normally does not conduct burials on weekends. Gravesites cannot be reserved; however VA will honor reservations made under previous programs.

Surviving spouses of veterans who died on or after Jan.1, 2000, do not lose eligibility for burial in a national cemetery if they remarry. Burial of dependent children is limited to unmarried children under 21 years of age, or under 23 years of age if a full-time student at an approved educational institution. Unmarried adult children who become physically or

mentally disabled and incapable of self-support before age 21, or age 23 if a full-time student, are also eligible for burial.

Headstones and Markers

Veterans, active duty service members, retired reservists, and National Guard service members are eligible for an inscribed headstone or marker to mark their grave at any cemetery -- national, state veterans, or private. The headstone or marker will be delivered at no cost, anywhere in the world. Spouses and dependent children are eligible for a government headstone or marker only if they are buried in a national or state veterans' cemetery.

Flat markers are available in bronze, granite or marble. Upright headstones come in granite or marble. In national cemeteries, the style chosen must be consistent with existing monuments at the place of burial. Niche markers are available to mark columbaria used for inurnment of cremated remains.

Headstones and markers previously provided by the government may be replaced at the government's expense if badly deteriorated, illegible, vandalized or stolen. To check the status of an application for a headstone or marker for a national or state veterans' cemetery, call the cemetery. To check the status of one being placed in a private cemetery, call 1-800-697-6947.

Inscription: Headstones and markers must be inscribed with the name of the deceased, branch of service, and year of birth and death. They also may be inscribed with other markings, including an authorized emblem of belief and, space permitting, additional text including military rank; war service such as "World War II;" complete dates of birth and death; military awards; military organizations; civilian or veteran affiliations; and words of endearment.

Private Cemeteries: To apply for a headstone or marker for a private cemetery, mail a completed VA Form 40-1330 (available at http://www.va.gov/vaforms/va/pdf/VA40-1330.pdf), Application for Standard Government Headstone or Marker for Installation in a Private Cemetery or a State Veterans' Cemetery, and a copy of the veteran's military discharge document and death certificate to Memorial Programs Service (41A1), Department of Veterans Affairs, 5109 Russell Rd., Quantico, VA 22134-3903. Or fax documents to 1-800-455-7143.

For veteran deaths occurring on or after Sept. 11, 2001, VA will provide a government headstone or marker even if the grave is already marked with a private one. Before ordering, check with the cemetery to ensure that the additional headstone or marker will be accepted. Any placement fee will not be reimbursed by VA.

"In Memory Of" Markers: VA provides memorial headstones and markers, bearing the inscription "In Memory Of" as the first line, to memorialize those whose remains were not recovered or identified, were buried at sea, donated to science or cremated and scattered. Eligibility is the same for regular headstones and markers. There is no fee when the "In Memory Of" marker is placed in a national cemetery. Any fees associated with placement in another cemetery will not be reimbursed by VA.

Presidential Memorial Certificates

Certificates are issued upon request to recognize the military service of honorably discharged deceased veterans. Next of kin, relatives and friends may request them in person at any VA regional office or by mail: Presidential Memorial Certificates (41A1C), Department of Veterans Affairs, 5109 Russell Rd., Quantico, VA 22143-3903. Or fax documents to 202-565-8054.

No form is required and there is no time limit for requesting a certificate(s), but requests should include a copy of the veteran's discharge document and death certificate and clearly indicate to what address the certificate(s) should be sent. Information and a sample certificate can be found at http://www.cem.va.gov/cem/pmc.asp.

Burial Flags

VA will furnish a U.S. burial flag for memorialization of:

1. Veterans who served during wartime or after Jan. 31, 1955.
2. Veterans who were entitled to retired pay for service in the reserves, or would have been entitled if over age 60.
3. Members or former members of the Selected Reserve who served their initial obligation, or were discharged for a disability incurred or aggravated in line of duty, or died while a member of the Selected Reserve.

Reimbursement of Burial Expenses

VA will pay a burial allowance up to $2,000 if the veteran's death is service-connected. In such cases, the person who bore the veteran's burial expenses may claim reimbursement from VA.

In some cases, VA will pay the cost of transporting the remains of a service-connected veteran to the nearest national cemetery with available gravesites. There is no time limit for filing reimbursement claims in service-connected death cases.

Burial Allowance: VA will pay a $300 burial and funeral allowance for veterans who, at time of death, were entitled to receive pension or compensation or would have been entitled if they weren't receiving military retirement pay. Eligibility also may be established when death occurs in a VA facility, a VA-contracted nursing home or a state veterans nursing home. In non service-connected death cases, claims must be filed within two years after burial or cremation.

Plot Allowance: VA will pay a $300 plot allowance when a veteran is buried in a cemetery not under U.S. government jurisdiction if: the veteran was discharged from active duty because of disability incurred or aggravated in the line of duty; the veteran was receiving compensation or pension or would have been if they weren't receiving military retired pay; or they died in a VA facility.

The $300 plot allowance may be paid to the state for the cost of a plot or interment in a state-owned cemetery reserved solely for veteran burials if the veteran is buried without charge. Burial expenses paid by the deceased's employer or a state agency will not be reimbursed.

Military Funeral Honors

Upon request, DOD will provide military funeral honors consisting of folding and presentation of the United States flag and the playing of "Taps." A funeral honors detail consists of two or more uniformed members of the armed forces, with at least one member from the deceased's branch of service.

Family members should inform their funeral directors if they want military funeral honors. DOD maintains a toll-free number (1-877-MIL-HONR) for use by funeral directors only to request honors. VA can help arrange honors for burials at VA national cemeteries. Veterans' service organizations or volunteer groups may help provide honors. For more information, visit http://www.militaryfuneralhonors.osd.mil/.

Veterans Cemeteries Administered by Other Agencies

Arlington National Cemetery: Administered by the Department of the Army. Eligibility is more restrictive than at VA national cemeteries. For information, call (703) 607-8000, write Superintendent, Arlington National Cemetery, Arlington, VA 22211, or visit http://www.arlingtoncemetery.org/.

State Veterans Cemeteries: Sixty-three state veterans' cemeteries offer burial options for veterans and their families. These cemeteries have similar eligibility requirements but usually require some residence. Some services, particularly

for family members, may require a fee. Contact the state cemetery or state veterans affairs office for information. To locate a state veterans' cemetery, visit http://www.cem.va.gov/cem/scg/lsvc.asp.

Department of the Interior: Administers two active national cemeteries: Andersonville National Cemetery in Georgia and Andrew Johnson National Cemetery in Tennessee. Eligibility is similar to VA cemeteries.

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Dependents & Survivors

Bereavement Counseling

VA Vet Centers provide bereavement counseling to all family members including spouses, children, parents and siblings of service-members who die while on active duty. This includes federally activated members of the National Guard and reserve components. Bereavement services may be accessed by calling (202) 273-9116 or e-mail vet.center@va.gov.

Death Pension

VA provides pensions to low-income surviving spouses and unmarried children of deceased veterans with wartime service.

Eligibility: To be eligible, spouses must not have remarried and children must be under age 18, or under age 23 if attending a VA-approved school, or have become permanently incapable of self-sup-port because of disability before age 18.

The veteran must have been discharged under conditions other than dishonorable and must have had 90 days or more of active military service, at least one day of which was during a period of war, or a service-connected disability justifying discharge. Longer periods of service may be required for veterans who entered active duty on or after Sept. 8, 1980, or Oct. 16, 1981, if an officer. If the veteran died in service but not in the line of duty, the death pension may be payable if the veteran had completed at least two years of honorable service.

Children who become incapable of self-support because of a disability before age 18 may be eligible for the death pension as long as the condition exists, unless the child marries or the child's income exceeds the applicable limit.

A surviving spouse may be entitled to a higher income limit if living in a nursing home, in need of the aid and attendance of another person or is permanently housebound.

Payment: Death pension provides a monthly payment to bring an eligible person's income to a level established by law. The payment is reduced by the annual income from other sources such as Social Security. The payment may be increased if the recipient has unreimbursed medical expenses that can be deducted from countable income. The following chart lists the 2007 maximum annual rate:

Recipient	Annual Rate
Surviving spouse	$7,498
(With dependent child)	$9,815
Permanently housebound	$9,164
(With dependent child)	$11,478
In need of regular aid & attendance	$11,985
(With dependent child)	$14,298
For each additional dependent child	$1,909
Pension for each surviving child	$1,909

Military Death Gratuity Payment

Military services provide payment, called a death gratuity, in the amount of $12,420 to the next of kin of service members who die while on active duty or retirees who die within 120 days of retirement as a result of service-connected injury or illness. In cases where service members die as a result of hostile actions in a designated combat operation or combat zone, or while training for combat or performing hazardous duty, military services pay $100,000 to the next of kin. Parents, brothers or sisters may be provided the payment, if designated as next of kin by the deceased. The payment is made by the last military command of the deceased. If the beneficiary is not paid automatically, application may be made to the military service concerned.

Dependency and Indemnity Compensation

Eligibility: For a survivor to be eligible for Dependency and Indemnity Compensation (DIC), the veteran's death must have resulted from one of the following causes:

1. A disease or injury incurred or aggravated in the line of duty while on active duty or active duty for training.
2. An injury incurred or aggravated in the line of duty while on inactive duty training.
3. A service-connected disability or a condition directly related to a service-connected disability.

DIC also may be paid to survivors of veterans who were totally disabled from service-connected conditions at the time of death, even though their service-connected disabilities did not cause their deaths.

The survivor qualifies if the veteran was:

1. Continuously rated totally disabled for a period of 10 years immediately preceding death.
2. Continuously rated totally disabled from the date of military discharge and for at least five years immediately preceding death.
3. Or a former POW who died after Sept. 30, 1999, and who was continuously rated totally disabled for a period of at least one year immediately preceding death.

Payments will be offset by any amount received from judicial proceedings brought on by the veteran's death. The discharge must have been under conditions other than dishonorable.

Payments for Deaths After Jan. 1, 1993: Surviving spouses of veterans who died on or after Jan. 1, 1993, receive a basic rate, plus additional payments for dependent children, for the aid and attendance of another person if they are patients in a nursing home or require the regular assistance of another person, or if they are permanently housebound.

The following chart lists the basic rate plus additional allowances.

Allowances	**Monthly Rate**
Basic Rate	$1,091
Additional:	
Each Dependent Child	$271
Aid and Attendance	$271
Housebound	$128

Special Allowances: Add $233 if the veteran was totally disabled eight continuous years prior to death. Add $250 to the additional allowance for dependent children for the initial two years of entitlement for DIC awards commencing on or after Jan. 1, 2005.

Payments for Deaths Prior to Jan. 1, 1993: Surviving spouses of veterans who died prior to Jan. 1, 1993, receive an amount based on the deceased's military pay grade. The following chart lists amounts.

Pay Grade	Monthly Rate
E-1-E-6	$1,091
E-7	$1,129
E-8	$1,191
E-9	$1,242
W-1	$1,153
W-2	$1,198
W-3	$1,234
W-4	$1,305
O-1	$1,153
O-2	$1,191
O-3	$1,274
O-4	$1,349
O-5	$1,485
O-6	$1,674
O-7	$1,808
O-8	$1,985
O-9	$2,123
O-10	$2,328

Payments to Parents: The monthly payment for parents of deceased veterans depends upon their income.

Restored Entitlement Program for Survivors: Survivors of veterans who died of service-connected causes incurred or aggravated prior to Aug. 13, 1981, may be eligible for a special benefit payable in addition to any other benefits to which the family may be entitled. The amount of the benefit is based on information provided by the Social Security Administration.

Education and Training for Qualifying Dependents

Eligibility: VA provides educational assistance to qualifying dependents as follows:

1. The spouse or child of a service member who either died of a service-connected disability, or who has permanent and total service-connected disability, or who died while such a disability existed.
2. The spouse or child of a service member listed for more than 90 days as currently Missing in Action (MIA), captured in the line of duty by a hostile force, or detained or interned by a foreign government or power.
3. The spouse or child of a service member who is hospitalized or is receiving outpatient care or treatment for a disability that is determined to be totally and permanently disabling, incurred or aggravated due to active duty, and for which the service member is likely to be discharged.

Surviving spouses lose eligibility if they remarry before age 57 or are living with another person who has been held out publicly as their spouse. They can regain eligibility if their remarriage ends by death or divorce or if they cease living with the person. Dependent children do not lose eligibility if the surviving spouse remarries. Visit www.gibill.va.gov/ for more information.
Period of Eligibility: The period of eligibility for veterans' spouses expires 10 years from the date they become eligible or the date of the veteran's death. VA may grant an extension. Children generally must be between the ages of 18 and 26 to receive educational benefits, though extensions may be granted.

The period of eligibility for spouses of service members who died on active duty expires 20 years from the date of death. This is a change in law that became effective Dec. 10, 2004. Spouses of service members who died on active duty whose 10-year eligibility period expired before Dec. 10, 2004, now have 20 years from the date of death to use educational benefits.

Payments: The payment rate effective Oct. 1, 2006, is $860 a month for full-time school attendance, with lesser amounts for part time. Benefits are paid for full-time training for up to 45 months or the equivalent in part-time training.

Training Available: Benefits may be awarded for pursuit of associate, bachelor or graduate degrees at colleges and universities, independent study, cooperative training, study abroad, certificate or diploma from business, technical or vocational schools, apprenticeships, on-the-job training programs and farm cooperative courses. Benefits for correspondence courses under certain conditions are available to spouses only.

Beneficiaries without high-school degrees can pursue secondary schooling, and those with a deficiency in a subject may receive tutorial assistance if enrolled halftime or more.

Work-Study: Participants who train at the three-quarter or full-time rate may be eligible for a work-study program in which they work for VA and receive hourly wages. The types of work allowed include:

1. Outreach services.
2. VA paperwork.
3. Work at national or state veterans cemeteries.
4. Work at VA medical centers or state veterans homes.
5. Other VA approved activities.

Counseling: VA may provide counseling to help participants pursue an educational or vocational objective.

Special Benefits: Dependents over age 14 with physical or mental disabilities that impair their ability to pursue an education may receive specialized vocational or restorative training, including speech and voice correction, language retraining, lip reading, auditory training, Braille reading and writing, and similar programs. Certain disabled or surviving spouses are also eligible for vocational or restorative training.

Montgomery GI Bill Death Benefit: VA will pay a special Montgomery GI Bill death benefit to a designated survivor in the event of the service-connected death of a service member while on active duty or within one year after discharge or release.

The deceased must either have been entitled to educational assistance under the Montgomery GI Bill program or a participant in the program who would have been so entitled but for the high school diploma or length-of-service requirement. The amount paid will be equal to the participant’s actual military pay reduction, less any education benefits paid.

VA Medical Care

The Civilian Health and Medical Program of VA (CHAMPVA), provides reimbursement for most medical expenses – inpatient, outpatient, mental health, prescription medication, skilled nursing care and durable medical equipment.

Eligibility: To be eligible for CHAMPVA, an individual cannot be eligible for TRICARE (the medical program for civilian dependents provided by DOD) and must be one of the following:

1. The spouse or child of a veteran who VA has rated permanently and totally disabled for a service-connected disability.
2. The surviving spouse or child of a veteran, who died from a VA-rated service-connected disability, or who, at the time of death, was rated permanently and totally disabled.

3. The surviving spouse or child of a service member who died in the line of duty, not due to misconduct. However, in most of these cases, these family members are eligible for TRICARE, not CHAMPVA.

A surviving spouse under age 55 who remarries loses CHAMPVA eligibility on midnight of the date of remarriage. However, they may re-establish eligibility if the remarriage ends by death, divorce or annulment effective the first day of the month following the termination of the remarriage or Dec. 1, 1999, whichever is later. A surviving spouse who remarries after age 55 does not lose eligibility upon remarriage.

Those with Medicare entitlement may also have CHAMPVA eligibility secondary to Medicare. Eligibility limitations apply. For additional information, contact the VA Health Administration Center, P.O. Box 65023, Denver, CO 80206, call 1-800-733-8387 or visit the Web site at http://www.va.gov/hac/hacmain.asp.

Many VA medical centers provide services to CHAMPVA beneficiaries under the CHAMPVA In House Treatment Initiative (CITI) program.

Contact the nearest VA medical center to determine if it participates. Those who use a CITI facility incur no cost for services; however, services are provided on a space available basis, after the needs of veterans are met. Not all services are available at all times. CHAMPVA beneficiaries covered by Medicare cannot use CITI.

Children with Birth Defects

Children of Vietnam veterans born with certain birth defects may be eligible for a monthly monetary allowance, health care specific to the disability, and vocational training if reasonably feasible.

The law defines “child” as the natural child of a Vietnam veteran, regardless of age or marital status. The child must have been conceived after the date on which the veteran first entered the Republic of Vietnam. For more information about benefits for children with birth defects, visit www.va.gov/hac/forbeneficiaries/spina/spina.asp.

Children of Vietnam or Korean Veterans Born with Spina Bifida: Biological children of male and female veterans who served in Vietnam at any time during the period beginning Jan. 9, 1962, and ending May 7, 1975, or who served in or near the Korean demilitarized zone (DMZ) during the period beginning Sept. 1, 1967, and ending Aug. 31, 1971, may be eligible for certain benefits.

A monetary allowance is paid at one of three disability levels based on the neurological manifestations that define the severity of disability: impairment of the functioning of extremities, impairment of bowel or bladder function, and impairment of intellectual functioning. Effective Dec. 1, 2007, the allowances are:

	Level I	**Level II**	**Level III**
Monthly Rate	$270	$930	$1,585

Children of Women Vietnam Veterans Born with Certain Birth Defects: Biological children of women veterans who served in Vietnam at any time during the period beginning on Feb. 28, 1961, and ending on May 7, 1975, may be eligible for certain benefits because of birth defects associated with a mother’s service in Vietnam and that resulted in a permanent physical or mental disability. The covered birth defects do not include conditions due to family disorders, birth-related injuries, or fetal or neonatal infirmities with well-established causes.

A monetary allowance is paid at one of four disability levels based on the child’s degree of permanent disability. Effective Dec. 1, 2007, the allowances are:

	Level I	**Level II**	**Level III**	**Level IV**
Monthly Rate	$123	$270	$930	$1,586

Vocational Training: VA provides vocational counseling, rehabilitation, education and training to help these children prepare for and attain suitable employment.

To qualify, an applicant must be a child with a VA monthly allowance for spina bifida or another covered birth defect and for whom VA has determined that achievement of a vocational goal is reasonably feasible. A child may not begin vocational training before their 18th birthday or the date they complete secondary schooling, whichever comes first. Depending on need and eligibility, a child may be provided up to 48 months of full-time training.

Home Loan Guaranty

A VA loan guaranty to acquire a home may be available to an unmarried spouse of a veteran or service member who died as a result of service-connected disabilities, a surviving spouse who remarries after age 57, or to a spouse of a service member officially listed as MIA or who is currently a POW for more than 90 days. Spouses of those listed MIA/POW are limited to one loan.

Visiting Overseas Cemeteries

"No-fee" passports are available for family members visiting graves or memorial sites at World War I and World War II overseas American military cemeteries. Eligibility is limited to surviving spouses, parents, children, sisters, brothers and guardians of the deceased who are buried or commemorated in American military cemeteries on foreign soil.

For additional information, write: American Battle Monuments Commission, Courthouse Plaza II, Suite 500, 2300 Clarendon Blvd., Arlington, VA 22201, call 703-696-6900, or visit http://www.abmc.gov/home.php.

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Special Groups of Veterans

Women Veterans

Women veterans are eligible for the same VA benefits as male veterans, but can also receive additional gender-specific services, including breast and pelvic examinations and other reproductive health care services.

VA provides preventive health care counseling, contraceptive services, menopause management, Pap smears and mammography. Referrals are made for services that VA is unable to provide. Women Veterans' Program Managers are available in a private setting at all VA facilities to help women veterans seeking treatment and benefits. For information, visit http://www.va.gov/womenvet/.

VA health care professionals provide counseling and treatment to help veterans overcome psychological issues resulting from sexual trauma that occurred while serving on active duty, or active duty for training if service was in the National Guard or reserves. Veterans who are not otherwise eligible for VA health care may still receive these services and do not need to enroll. Appropriate services are provided for any injury, illness or psychological condition resulting from such trauma.

Homeless Veterans

VA provides comprehensive medical, psychological and rehabilitation treatment for eligible homeless veterans and conducts homeless outreach such as community-based "stand downs" to help homeless veterans. Many VA benefits, including disability compensation, pension and education can help at-risk veterans avoid homelessness.

Other programs for homeless veterans include residential rehabilitation services at VA domiciliaries, therapeutic group homes, special day centers, and comprehensive homeless centers. For assistance, contact the nearest VA medical facility or visit http://www.va.gov/homeless/ to find contact information on VA homeless veteran coordinators in each state.

VA also provides grant and per diem funds to community agencies providing services to homeless veterans. The grant program pays up to 65 percent of the cost of construction, renovation, or acquisition of a building for use as service centers or transitional housing for homeless veterans, or for the purchase of vans for the transportation of homeless veterans. The per diem provides funding for operational costs. Call toll-free 1-877-332-0334 or visit http://www.va.gov/home-less/.

The Department of Labor provides employment and training services, as well as grants to community organizations that provide counseling, job search and placement assistance, remedial education and on-the-job training for homeless veterans. For information, call 202-693-4700 or visit http://www.dol.gov/vets/welcome.html.

World War II Era Filipino Veterans

World War II era Filipino veterans are eligible for certain VA benefits. Generally, Old Philippine Scouts are eligible for VA benefits in the same manner as U.S. veterans. Commonwealth Army veterans, including certain organized Filipino guerrilla forces and New Philippine Scouts residing in the United States who are citizens or lawfully admitted for permanent residence, are also eligible for VA health care in the United States on the same basis as U.S. veterans.

Certain Commonwealth Army veterans and new Philippine Scouts may be eligible for disability compensation and burial benefits. Other veterans of recognized guerrilla groups also may be eligible for certain VA benefits. Survivors of World War II era Filipino veterans may be eligible for dependency and indemnity compensation. Eligibility and the rates of benefits vary based on the recipient's citizenship and place of residence. Call 1-800-827-1000 for additional information.

Veterans Living or Traveling Overseas

VA will pay for medical services to treat service-connected disabilities and related conditions or for medical services needed as part of a vocational rehabilitation program for veterans living or traveling outside the United States. Veterans living in the Philippines should register with the U.S. Veterans Affairs office in Pasay City, telephone 011-

632-833-4566. All other veterans living or planning to travel outside the U.S. should register with the Denver Foreign Medical Program office, P.O. Box 65021, Denver, CO 80206-9021, USA; telephone 303-331-7590. More information about the Foreign Medical Program is available on the program Web site at http://www.va.gov/hac/forbeneficiaries/fmp/fmp.asp.

Some veterans traveling or living overseas can telephone the Foreign Medical Program toll free from these countries: Germany 0800-1800-011; Australia 1800-354-965; Italy 800-782-655; United Kingdom (England and Scotland) 0800-032-7425; Mexico 001-877-345-8179; Japan 00531-13-0871; Costa Rica 0800-013-0759; and Spain 900-981-776. (Note: Veterans in Mexico or Costa Rica must first dial the United States country code.)

VA monetary benefits, including disability compensation, pension, educational benefits, and burial allowances, generally are payable overseas. Some programs are restricted. Home loan guaranties are available only in the United States and selected U.S. territories and possessions. Educational benefits are limited to approved, degree-granting programs in institutions of higher learning.

Beneficiaries living in foreign countries should contact the nearest American embassy or consulate for help. In Canada, contact an office of Veterans Affairs Canada. For information, visit http://www.vba.va.gov/bln/21/foreign/index.htm.

World War II Era Merchant Marine Seamen

Certain Merchant Marine seamen who served in World War II may qualify for veterans' benefits. When applying for medical care, seamen must present their discharge certificate from the Department of Defense. Call 1-800-827-1000 for help obtaining a certificate.

Allied Veterans Who Served During WWI or WWII

VA may provide medical care to certain veterans of nations allied or associated with the United States during World War I or World War II if authorized and reimbursed by the foreign government. VA also may provide hospitalization, outpatient care, and domiciliary care to former members of the armed forces of Czechoslovakia or Poland who fought in World War I or World War II in armed conflict against an enemy of the United States if they have been U.S. citizens for at least 10 years.

World War Service

A number of groups who provided military-related service to the United States can receive VA benefits. A discharge by the Secretary of Defense is needed to qualify. Service in the following groups has been certified as active military service for benefits purposes:

1. Women Air Force Service Pilots (WASPs).
2. World War I Signal Corps Female Telephone Operators Unit.
3. World War I Engineer Field Clerks.
4. Women's Army Auxiliary Corps (WAAC).
5. Quartermaster Corps female clerical employees serving with the American Expeditionary Forces in World War I.
6. Civilian employees of Pacific naval air bases who actively participated in defense of Wake Island during World War II.
7. Reconstruction aides and dietitians in World War I.
8. Male civilian ferry pilots.
9. Wake Island defenders from Guam.
10. Civilian personnel assigned to OSS secret intelligence.
11. Guam Combat Patrol.
12. Quartermaster Corps members of the Keswick crew on Corregidor during World War II.
13. U.S. civilians who participated in the defense of Bataan.

14. U.S. merchant seamen who served on block ships in support of Operation Mulberry in the World War II invasion of Normandy.
15. American merchant marines in oceangoing service during World War II.
16. Civilian Navy IFF radar technicians who served in combat areas of the Pacific during World War II.
17. U.S. civilians of the American Field Service who served overseas in World War I.
18. U.S. civilians of the American Field Service who served overseas under U.S. armies and U.S. army groups in World War II.
19. U.S. civilian employees of American Airlines who served overseas in a contract with the Air Transport Command between Dec. 14, 1941 and Aug. 14, 1945.
20. Civilian crewmen of U.S. Coast and Geodetic Survey vessels who served in areas of immediate military hazard while conducting cooperative operations with and for the U.S. armed forces between Dec. 7, 1941, and Aug. 15, 1945. Qualifying vessels are: the Derickson, Explorer, Gilber, Hilgard, E. Lester Jones, Lydonia Patton, Surveyor, Wainwright, Westdahl, Oceanographer, Hydrographer and Pathfinder.
21. Members of the American Volunteer Group (Flying Tigers) who served between Dec. 7, 1941, and July 18, 1942.
22. U.S. civilian flight crew and aviation ground support employees of United Air Lines who served overseas in a contract with Air Transport Command between Dec. 14, 1941, and Aug. 14, 1945.
23. U.S. civilian flight crew, including pursers, and aviation ground support employees of Transcontinental and Western Air, Inc. (TWA), who served overseas in a contract with the Air Trans- port Command between Dec. 14, 1941, and Aug. 14, 1945.
24. U.S. civilian flight crew and aviation ground support employees of Consolidated Vultee Aircraft Corp. who served overseas in a contract with Air Transport Command between Dec. 14, 1941, and Aug. 14, 1945.
25. U.S. civilian flight crew and aviation ground support employees of Pan American World Airways and its subsidiaries and affiliates, who served overseas in a contract with the Air Transport Command and Naval Air Transport Service between Dec. 14, 1941, and Aug. 14, 1945.
26. Honorably discharged members of the American Volunteer Guard, Eritrea Service Command, between June 21, 1942, and March 31, 1943.
27. U.S. civilian flight crew and aviation ground support employees of Northwest Airlines who served overseas under the airline's contract with Air Transport Command from Dec. 14, 1941, through Aug. 14, 1945.
28. U.S. civilian female employees of the U.S. Army Nurse Corps who served in the defense of Bataan and Corregidor during the period Jan. 2, 1942, to Feb. 3, 1945.
29. U.S. flight crew and aviation ground support employees of Northeast Airlines Atlantic Division, who served overseas as a result of Northeast Airlines' contract with the Air Transport Command during the period Dec. 7, 1941, through Aug. 14, 1945.
30. U.S. civilian flight crew and aviation ground support employees of Braniff Airways, who served overseas in the North Atlantic or under the jurisdiction of the North Atlantic Wing, Air Transport Command, as a result of a contract with the Air Transport Command during the period Feb. 26, 1942, through Aug. 14, 1945.
31. Chamorro and Carolina former native police who received military training in the Donnal area of central Saipan and were placed under command of Lt. Casino of the 6th Provisional Military Police Battalion to accompany U.S. Marines on active, combat patrol from Aug. 19, 1945, to Sept. 2, 1945.
32. The operational Analysis Group of the Office of Scientific Research and Development, Office of Emergency Management, which served overseas with the U.S. Army Air Corps from Dec. 7, 1941, through Aug. 15, 1945.
33. Service as a member of the Alaska Territorial Guard during World War II of any individual who was honorably discharged under section 8147 of the Department of Defense Appropriations Act of 2001.

Incarcerated Veterans

VA benefits are affected if a beneficiary is convicted of a felony and imprisoned for more than 60 days.

Disability or Death Pension paid to an incarcerated beneficiary must be discontinued. Disability compensation paid to an incarcerated veteran rated 20 percent or more disabled is limited to the 10 percent rate. For a surviving spouse, child or dependent parent receiving Dependency and Indemnity Compensation, or a veteran whose disability rating is 10 percent, the payment is reduced to half of the rate payable to a veteran evaluated as 10 percent disabled.

Any amounts not paid may be apportioned to eligible dependents. Payments are not reduced for participants in work-release programs, residing in halfway houses or under community control.

Failure to notify VA of a veteran's incarceration can result in overpayment of benefits and the subsequent loss of all VA financial benefits until the overpayment is recovered. VA benefits will not be provided to any veteran or dependent wanted for an outstanding felony warrant. Persons convicted of a federal or state capital crime are barred from receiving VA burial benefits.

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Reserve and National Guard

Eligibility

Reservists who served on active duty establish veteran status and may be eligible for the full-range of VA benefits, depending on the length of active military service and a discharge or release from active duty under conditions other than dishonorable. In addition, reservists not activated may qualify for some VA benefits.

National Guard members can establish eligibility for VA benefits if activated for federal service during a period of war or domestic emergency. Activation for other than federal service does not qualify guard members for all VA benefits. Claims for VA benefits based on federal service filed by members of the National Guard should include a copy of the military orders, presidential proclamation or executive order that clearly demonstrates the federal nature of the service.

Health Care

Reservists and National Guard members activated for federal service can qualify for VA health care, but generally must be enrolled to receive services. See Chapter 1, "VA Health Care," for details on enrollment and services. Reservists and National Guard members who served on active duty in a theater of combat operations during a period of war after the Gulf War, or in combat against a hostile force after Nov. 11, 1998, are eligible for enrollment in Priority Group 6 unless otherwise eligible for enrollment in a higher priority group and free health care services for conditions potentially related to combat service for two years following separation from active duty. For information, call 1-877-222-VETS (8387).

Disability Benefits

VA pays monthly compensation benefits for service-connected disabilities – those incurred or aggravated during active duty and active duty for training, and for residuals of heart attack or stroke that occurred during inactive duty for training. For additional information see Chapter 2, "Veterans with Service-Connected Disabilities."

Montgomery GI Bill – Selected Reserve

Members of reserve elements of the Army, Navy, Air Force, Marine Corps and Coast Guard, and members of the Army National Guard and the Air National Guard, may be entitled to up to 36 months of educational benefits under the Montgomery GI Bill (MGIB) – Selected Reserve. To be eligible, the participant must:

1. Have a six-year obligation in the Selected Reserve or National Guard signed after June 30, 1985, or, if an officer, agree to serve six years in addition to the original obligation.
2. Complete initial active duty for training.
3. Have a high school diploma or equivalency certificate before applying for benefits.
4. Remain in good standing in a Selected Reserve or National Guard unit.
5.

Reserve components determine eligibility for benefits. VA does not make decisions about eligibility and cannot make payments until the reserve component has determined eligibility and notified VA.

Period of Eligibility: Benefits generally end the day a reservist or National Guard member separates from military service. However, if you leave the Selected Reserve, you may still be eligible for a full 10 years from the date you became eligible (if you became eligible before Oct. 1, 1992), or a full 14 years from the date you became eligible on or after Oct. 1, 1992. You may be eligible if you were separated because you had a disability that was not caused by misconduct, your unit was inactivated, or you were otherwise involuntarily separated during the period from Oct. 1, 1991, through Dec. 31, 2001.

If you stayed in the Selected Reserve, VA can generally extend your eligibility period if you were called up to active duty. In this case, VA will extend your eligibility by the period of your active duty service plus four months.

Payments: The rate for full-time training effective Oct. 1, 2007, is $317 a month for 36 months. Part-time benefits are reduced proportionately. For complete current rates, visit http://www.gibill.va.gov/. DOD may make additional contributions.

Training: Participants may take undergraduate or technical training at colleges and universities. Those who have a six-year commitment beginning after Sept. 30, 1990, may also take the following training: graduate courses; State licensure and certification; courses for a certificate or diploma from business, technical or vocational schools; cooperative training; apprenticeship or on-the-job training; correspondence courses; independent study programs; flight training; entrepreneurship training; or remedial, deficiency or refresher courses needed to complete a program of study.

Work-Study: Participants may be eligible for a work-study program in which they work for VA and receive hourly wages. Veterans must train at the three-quarter or full-time rate. The work allowed includes:

1. Outreach services for VA.
2. VA paperwork.
3. Work at national or state veterans' cemeteries.
4. Work at VA medical centers or state veterans homes.
5. Other VA approved activities.

Counseling: VA counseling is available to help determine educational or vocational strengths and weaknesses and plan education or employment goals. Additionally, those ineligible for MGIB may still receive VA counseling beginning 180 days prior to separation from active duty through the first full year following honorable discharge.

Reserve Educational Assistance Program

This program provides educational assistance to members of National Guard and reserve components – Selected Reserve and Individual Ready Reserve (IRR) – who are called or ordered to active duty service in response to a war or national emergency as declared by the president or Congress. Visit www.gibill.va.gov/ for more information.

Eligibility: Eligibility is determined by DOD or the Department of Homeland Security. Generally, a service member who serves on active duty on or after Sept. 11, 2001, for at least 90 consecutive days is eligible.

Payments: The educational payment rate is based on the number of continuous days of active duty service performed by the Reservist or National Guard service member. Full-time students receive payments on a monthly basis.

2007 Reserve Educational Assistance Program Educational Payment Rates*

Length of Service	**Monthly Payment for Full-Time Students**
90 days but less than one year	$440.40
One year but less then two years	$660.60
Two or more continuous years	$880.80

**As of October 1, 2007*

Training: Approved training includes graduate and undergraduate degrees, vocational/technical training, on-the-job or apprenticeship training, correspondence training, and flight training. Licensing and certification test reimbursement is effective Jan. 6, 2006.

Period of Eligibility: Members of the Selected Reserve called to active duty are eligible as long as they continue to serve in the Selected Reserve. They lose eligibility if they go into the IRR. Members of the IRR called to active duty are eligible as long as they stay in the IRR or the Selected Reserve.

Members who are separated from the IRR or the Selected Reserve for a disability, which was not the result of willful misconduct, are entitled to benefits for 10 years after the date of eligibility.

Home Loan Guaranty

National Guard members and reservists are eligible for a VA home loan if they have completed at least six years of honorable service, are mobilized for active duty service for a period of at least 90 days, or were discharged because of a service-connected disability.

Reservists who do not qualify for VA housing loan benefits may be eligible for loans on favorable terms insured by the Federal Housing Administration (FHA), part of HUD. Additional information can be found in Chapter 5 -- "Home Loan Guaranty" – of this publication.

Life Insurance

National Guard members and reservists are eligible to receive Service members' Group Life Insurance, Veterans' Group Life Insurance, and Family Service members' Group Life Insurance. They may also be eligible for Traumatic Service members' Group Life Insurance or Service-Disabled Veterans Insurance if called to active duty and injured with a service-connected disability, and Veterans' Mortgage Life Insurance if approved for a Specially Adapted Housing Grant. Complete details can be found in Chapter 6 -- "VA Life Insurance" – of this publication.

Burial and Memorial Benefits

VA provides a burial flag for memorialization of members or former members of the Selected Reserve who served their initial obligation, or were discharged for a disability incurred or aggravated in line of duty, or died while a member of the Selected Reserve. Information on benefits and eligibility can be found in Chapter 7 -- "Burial and Memorial Benefits" – of this publication.

Re-employment Rights

A person who left a civilian job to enter active duty in the armed forces is entitled to return to the job after discharge or release from active duty if they:

1. Gave advance notice of military service to the employer.
2. Did not exceed five years cumulative absence from the civilian job (with some exceptions).
3. Submitted a timely application for re-employment.
4. Did not receive a dishonorable or other punitive discharge.

The law calls for a returning veteran to be placed in the job as if they had never left, including benefits based on seniority such as pensions, pay increases and promotions. The law also prohibits discrimination in hiring, promotion or other advantages of employment on the basis of military service.

Veterans seeking re-employment should apply, verbally or in writing, to the company's hiring official and keep a record of their application. If problems arise, contact the Department of Labor's Veterans' Employment and Training Service (VETS) in the state of the employer.

Federal employees not properly re-employed may appeal directly to the Merit Systems Protection Board. Non-federal employees may file complaints in U.S. District Court. For information, visit: http://www.dol.gov/vets/programs/userra/main.htm.

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Transition Assistance

VA Seamless Transition

VA has stationed personnel at major military hospitals to help seriously injured service members returning from OEF and OIF as they transition from military to civilian life. OEF/OIF service members who have questions about VA benefits or need assistance in filing a VA claim or accessing services can contact the nearest VA office or call 1-800-827-1000.

Transition Assistance Program

The Transition Assistance Program (TAP) consists of comprehensive three-day workshops at military installations designed to help service members as they transition from military to civilian life. The program includes job search, employment and training information, as well as VA benefits information, to service members who are within 12 months of separation or 24 months of retirement.

A companion workshop, the Disabled Transition Assistance Program, provides information on VA's Vocational Rehabilitation and Employment Program, as well as other programs for the disabled.

Additional information about these programs is available at http://www.dol.gov/vets/programs/tap/tap_fs.htm.

Pre-separation Counseling

Service members may receive pre-separation counseling 24 months prior to retirement or 12 months prior to separation from active duty. These sessions present information on education, training, employment assistance, National Guard and reserve programs, medical benefits and financial assistance.

Verification of Military Experience and Training

The Verification of Military Experience and Training (VMET) Document, DD Form 2586, helps service members verify previous experience and training to potential employers, negotiate credits at schools and obtain certificates or licenses. VMET documents are available only through Army, Navy, Air Force and Marine Corps Transition Support offices and are intended for service members who have at least six months of active service. Service members should obtain VMET documents from their Transition Support office within 12 months of separation or 24 months of retirement.

Transition Bulletin Board (TBB)

To find business opportunities, a calendar of transition seminars, job fairs, information on veterans associations, transition services, training and education opportunities, as well as other announcements, visit the Web site at http://www.dmdc.osd.mil/ot/.

DoD Transportal

To find locations and phone numbers of all Transition Assistance Offices as well as mini-courses on conducting successful job search campaigns, writing resumes, using the Internet to find a job, and links to job search and recruiting Web sites, visit the DOD Transportal at http://www.dodtransportal.org/.

Educational and Vocational Counseling Services Provide Direction to Veterans

The Vocational Rehabilitation and Employment (VR&E) program provides educational and vocational counseling to service members, veterans, and certain dependents (U.S.C. Title 38, Section 3697). These counseling services are designed to help an individual choose a vocational direction, determine the course needed to achieve the chosen goal, and evaluate the career possibilities open to them.

Assistance may include interest and aptitude testing, occupational exploration, setting occupational goals, locating the right type of training program, and exploring educational or training facilities which can be utilized to achieve an occupational goal. Counseling services include, but are not limited to, educational and vocational counseling and

guidance; testing; analysis of and recommendations to improve job marketing skills; identification of employment, training, and financial aid resources; and referrals to other agencies providing these services.

Eligibility for this service is based on having eligibility for a VA program such as Chapter 30 (Montgomery GI Bill); Chapter 31 (Vocational Rehabilitation and Employment); Chapter 32 (Veterans Education Assistance Program – VEAP); Chapter 35 (Dependents Education Assistance Program) for certain spouses and dependent children; Chapter 18 (Spina Bifida Program) for certain dependent children; and Chapter 106 and 107 of Title 10.

Educational and vocational counseling is available during the period the individual is on active duty with the armed forces and is within 180 days of the estimated date of his or her discharge or release from active duty. The projected discharge must be under conditions other than dishonorable. Service members are eligible even if they are only considering whether or not they will continue as members of the armed forces. Veterans are eligible if not more than one year has elapsed since the date the individual was last discharged or released from active duty.

Veterans and service members may apply for the counseling services using VA Form 28-8832, Application for Counseling. Veterans and service members may also write a letter expressing a desire for counseling services. Upon receipt of either type of request for counseling from an eligible individual, the VR&E Division will schedule an appointment for counseling.

Counseling services are provided to eligible persons at no charge.

Veterans' Workforce Investment Program

Recently separated veterans and those with service-connected disabilities, significant barriers to employment or who served on active duty during a period in which a campaign or expedition badge was authorized can contact the nearest state employment office for employment help through the Veterans' Workforce Investment Program. The program may be conducted through state or local public agencies, community organizations or private, nonprofit organizations.

State Employment Services

Veterans can find employment information, education and training opportunities, job counseling, job search workshops, and resume preparation assistance at state Workforce Career or One-Stop Centers. These offices also have specialists to help disabled veterans find employment.

Unemployment Compensation

Veterans who do not begin civilian employment immediately after leaving military service may receive weekly unemployment compensation for a limited period of time. The amount and duration of payments are determined by individual states. Apply by contacting the nearest state employment office listed in your local telephone directory.

Federal Jobs for Veterans

Since the time of the Civil War, veterans of the U.S. armed forces have been given some degree of preference in appointments to federal jobs. Veterans' preference in its present form comes from the Veterans' Preference Act of 1944, as amended, and now codified in various provisions of Title 5, United States Code. By law, veterans who are disabled or who served on active duty in the U.S. armed forces during certain specified time periods or in military campaigns are entitled to preference over others when hiring from competitive lists of eligible candidates, and also in retention during a reduction in force (RIF).

To receive preference, a veteran must have been discharged or released from active duty in the U.S. armed forces under honorable conditions (with an honorable or general discharge). Preference is also provided for certain widows and widowers of deceased veterans who died in service; spouses of service-connected disabled veterans; and mothers of veterans who died under honorable conditions on active duty or have permanent and total service-connected disabilities. This type of preference is referred to as "derived preference" because it is based on service of a veteran who is not able to use the preference. For each of these preferences, there are specific criteria that must be met in order to be eligible to receive the veterans' preference.

Recent changes in Title 5 clarify veterans' preference eligibility criteria for National Guard and Reserve service members. Veterans eligible for preference now include National Guard and Reserve service members who served on active duty as defined by Title 38 at any time in the armed forces for a period of more than 180 consecutive days, any part of which occurred during the period beginning on Sept. 11, 2001, and ending on the date prescribed by Presidential proclamation or by law as the last date of OIF. The National Guard and Reserve service members must have been discharged or released from active duty in the armed forces under honorable conditions. These changes were effective Jan. 6, 2006.

Another recent change involves veterans who earned the Global War on Terrorism Expeditionary Medal for service in OEF. Under Title 5, service on active duty in the armed forces during a war or in a campaign or expedition for which a campaign badge has been authorized also qualifies for veterans' preference. Any Armed Forces Expeditionary medal or campaign badge qualifies for preference. Medal holders must have served continuously for 24 months or the full period called or ordered to active duty. As of December 2005, veterans who received the Global War on Terrorism Expeditionary Medal are entitled to veterans' preference if otherwise eligible. For additional information on veterans' preference, visit the Office of Personnel Management (OPM) Web site at http://opm.gov/veterans/html/vetguide.asp#2.

Veterans' preference does not require an agency to use any particular appointment process. Agencies can pick candidates from a number of different special hiring authorities or through a variety of different sources. For example, the agency can reinstate a former federal employee, transfer someone from another agency, reassign someone from within the agency, make a selection under merit promotion procedures or through open, competitive exams, or appoint someone noncompetitively under special authority such as a Veterans Readjustment Appointment or special authority for 30 percent or more disabled veterans. The decision on which hiring authority the agency desires to use rests solely with the agency.

When applying for federal jobs, eligible veterans should claim preference on their application or resume. Veterans should apply for a federal job by contacting the personnel office at the agency in which they wish to work. For more information, visit http://www.usajobs.opm.gov/ for job openings or help creating a federal resume.

Veterans' Employment Opportunities Act: When an agency accepts applications from outside its own workforce, the Veterans' Employment Opportunities Act (VEOA) of 1998 allows preference eligible candidates or veterans to compete for these vacancies under merit promotion procedures. Veterans who are selected are given career or career-conditional appointments. Veterans are those who have been separated under honorable conditions from the U.S. armed forces with three or more years of continuous active service. For information, visit http://www.usajobs.opm.gov/ei52.asp.

Veterans' Recruitment Appointment: Allows federal agencies to appoint eligible veterans to jobs without competition. These appointments can be converted to career or career-conditional positions after two years of satisfactory work. Veterans should apply directly to the agency where they wish to work. For information, visit http://www.usajobs.opm.gov/ei4.asp.

Starting a Business

VA's Center for Veterans Enterprise helps veterans interested in forming or expanding small businesses and helps VA contracting offices identify veteran-owned small businesses. For information, write the U.S. Department of Veterans

Affairs (OOVE), 810 Vermont Avenue, N.W., Washington, DC 20420-0001, call toll-free 1-866-584-2344 or visit http://www.vetbiz.gov/.

Small Business Contracts: Like other federal agencies, VA is required to place a portion of its contracts and purchases with small and disadvantaged businesses. VA has a special office to help small and disadvantaged businesses get information on VA acquisition opportunities. For information, write the U.S. Department of Veterans Affairs (OOSB), 810 Vermont Avenue, N.W., Washington, DC 204200001, call toll-free 1-800-949-8387 or visit http://www.va.gov/osdbu/.

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Home Loan Guaranty

VA home loan guaranties are issued to help eligible service members, veterans, reservists and unmarried surviving spouses obtain homes, condominiums, residential cooperative housing units, and manufactured homes, and to refinance loans. For additional information or to obtain VA loan guaranty forms, visit http://www.homeloans.va.gov/.

Loan Uses: A VA guaranty helps protect lenders from loss if the borrower fails to repay the loan. It can be used to obtain a loan to:

1. Buy or build a home.
2. Buy a residential condominium.
3. Buy a residential cooperative housing unit.
4. Repair, alter or improve a home.
5. Refinance an existing home loan.
6. Buy a manufactured home with or without a lot.
7. Buy and improve a manufactured home lot.
8. Install a solar heating or cooling system or other weatherization improvements.
9. Buy a home and install energy-efficient improvements.

Eligibility: In addition to the periods of eligibility and conditions of service requirements, applicants must have a good credit rating, sufficient income, a valid Certificate of Eligibility, and agree to live in the property.

To obtain a Certificate of Eligibility, complete VA Form 26-1880 -- "Request for a Certificate of Eligibility for VA Home Loan" -- and mail to: VA Eligibility Center, P.O. Box 20729, Winston-Salem, NC 27120.

Applicants may also have their lenders obtain a Certificate of Eligibility for them through VA's Automated Certificate of Eligibility (ACE) system. In many cases, ACE can generate an online certificate immediately. However, not all cases can be processed this way. For more information, visit http://www.homeloans.va.gov/eligibility.htm.

Periods of Eligibility

World War II: (1) active duty service after Sept. 15, 1940, and prior to July 26, 1947; (2) discharge under other than dishonorable conditions; and (3) at least 90 days service unless discharged early for a service-connected disability.

Post-World War II: (1) active duty service after July 25, 1947, and prior to June 27, 1950; (2) discharge under other than dishonorable conditions; and (3) 181 days continuous active duty service unless discharged early for a service-connected disability.

Korean War: (1) active duty after June 26, 1950, and prior to Feb. 1, 1955; (2) discharge under other than dishonorable conditions; and (3) at least 90 days total service, unless discharged early for a service-connected disability.

Post-Korean War: (1) active duty between Jan. 31, 1955, and Aug. 5, 1964; (2) discharge under conditions other than dishonorable; (3) 181 days continuous service, unless discharged early for a service-connected disability.

Vietnam: (1) active duty after Aug. 4, 1964, and prior to May 8, 1975; (2) discharge under conditions other than dishonorable; and (3) 90 days total service, unless discharged early for a service-connected disability. For veterans who served in the Republic of Vietnam, the beginning date is Feb. 28, 1961.

Post-Vietnam: (1) For veterans whose enlisted service began before Sept. 8, 1980, or whose service as an officer began before Oct. 17, 1981; (2) active duty for 181 continuous days, all of which occurred after May 7, 1975; and (3) discharge under conditions other than dishonorable or early discharge for service-connected disability.

24-Month Rule: If service was between Sept. 8, 1980, (Oct. 16, 1981, for officers) and Aug. 1, 1990, veterans must generally complete 24 months of continuous active duty service or the full period (at least 181 days) for which they were called or ordered to active duty, and be discharged under conditions other than dishonorable.

Exceptions are allowed if the veteran completed at least 181 days of active duty service but was discharged earlier than 24 months for (1) hardship, (2) the convenience of the government, (3) reduction-in-force, (4) certain medical conditions, or (5) service-connected disability.

Gulf War: Veterans of the Gulf War era must generally complete 24 months of continuous active duty service or the full period (at least 90 days) for which they were called to active duty, and be discharged under conditions other than dishonorable.

Exceptions are allowed if the veteran completed at least 90 days of active duty but was discharged earlier than 24 months for (1) hardship, (2) the convenience of the government, (3) reduction-in-force, (4) certain medical conditions, or (5) service-connected disability. Reservists and National Guard members are eligible if they were activated after Aug. 1, 1990, served at least 90 days, and received an honorable discharge.

Active Duty Personnel: Until the Gulf War era is ended, persons on active duty are eligible after serving 90 continuous days.

Guaranty Amount

The VA guaranty varies with the size of the loan, and is issued to protect lenders so they may make loans to eligible borrowers. Because the lenders are able to obtain this guaranty from VA, borrowers do not need to make a down payment, provided they have enough home loan entitlement.

The maximum guaranty amount is equal to 25 percent of the Freddie Mac conforming loan limit for a single family home. This limit changes yearly, but is set at $417,000 for calendar year 2007 ($625,000 for Hawaii, Alaska, Guam and the U.S. Virgin Islands).

2007 Home Loan Guaranty Entitlement

Loan Amount	Percent of Loan Guaranteed	Maximum Guaranty Amount
$0.00 - $45,000	50%	$22,500
$45,001 - $56,250	50% - 40%	$22,500
$56,251 - $144,000	40% - 25%	$36,000
$144,001 or more	25%	$104,250
Manufactured Home or Lot	40%	$20,000

The total loan amount may include the Funding Fee (described on next page), as well as up to $6,000 of home improvements to make the home more energy efficient.

An eligible borrower who wishes to use a VA-guaranteed loan to refinance an existing mortgage generally can borrow up to 90 percent of the home's appraised value. (However, a loan to reduce the interest rate on an existing VA-guaranteed loan may include the entire outstanding balance of the prior loan, the costs of energy-efficient modifications, as well as up to two discount points of loan closing fees.) An eligible borrower who wishes to obtain a VA-guaranteed loan to purchase a manufactured home or lot can only borrow up to 95 percent of the home's purchase price.

VA Appraisal

No loan can be guaranteed by VA without first being appraised by a qualified VA fee appraiser. A buyer, seller, real estate agent or lender can request a VA appraisal by completing VA Form 26-1805, Request for Determination of Reasonable Value. The requester pays for the appraisal according to a fee schedule approved by VA.

The VA appraisal estimates the value of the property. It is not an inspection and does not guarantee the house is free of defects. VA guarantees the loan, not the condition of the property.

Closing Costs

Payment in cash is required on all closing costs, including title search and recording fees, hazard insurance premiums and prepaid taxes. For refinancing loans, all such costs may be included in the loan, as long as the total loan does not exceed 90 percent of the reasonable value of the property. Interest rate reduction loans may include closing costs and a maximum of two discount points.

All loans, except those made to disabled veterans and unmarried surviving spouses of veterans who died as a result of service, are charged a VA funding fee. This fee is based on the loan amount and may be included in the loan.

2007 Funding Fees

Loan Category	Service Members & Veterans Pay	Reservists Pay
Purchase or construction loans with down payments of less than 5%, refinancing loans, and home improvement loans	2.15%	2.40%
Purchase or construction loans with down payments of at least 5% but less than 10%	1.50%	1.75%
Purchase or construction loans with down payments of 10% or more	1.25%	1.50%
Manufactured home loans	1.00%	1.00%
Interest rate reduction loans	0.50%	0.50%
Assumption of VA-guaranteed loans	0.50%	0.50%
Second or subsequent use of entitlement with no down payment	3.30%	3.30%

Required Occupancy

To qualify for a VA guaranty, a veteran or the spouse of a service member must certify that he or she intends to live in the home. When refinancing a VA-guaranteed loan solely to reduce the interest rate, a veteran need only certify to prior occupancy.

Financing, Interest Rates and Terms

Veterans obtain VA-guaranteed loans through the usual lending institutions, including banks, savings and loan associations and mortgage brokers. VA-guaranteed loans can have either a fixed interest rate or an adjustable rate, where the interest rate may adjust up to one percent annually and up to five percent over the life of the loan.

Veterans may also choose a different type of adjustable rate mortgage called a hybrid ARM, where the initial interest rate remains fixed for three to 10 years. If the rate remains fixed for less than five years, the rate adjustment cannot be more than one percent annually and five percent over the life of the loan.

For a hybrid ARM with an initial fixed period of five years or more, the initial adjustment may be up to two percent. Adjustments thereafter are limited to one percent annually and six percent over the life of the loan.

If the lender charges discount points on the loan, the veteran may negotiate with the seller as to who will pay points or if they will be split between buyer and seller. Points paid by the veteran may not be included in the loan (with the exception that up to two points may be included in interest rate reduction loans). The loan may be for as long as 30 years and 32 days.

Loan Assumption Requirements and Liability

VA loans made on or after March 1, 1988, are not assumable without the prior approval of VA or its authorized agent (usually the lender collecting the monthly payments). To approve the assumption, the lender must ensure that the purchaser is a satisfactory credit risk and will assume all of the veteran's liabilities on the loan.

If approved, the purchaser will have to pay a funding fee that the lender sends to VA, and the veteran will be released from liability to the federal government. A release of liability does not mean that a veteran's guaranty entitlement is restored. That occurs only if the buyer is a veteran and agrees to substitute his or her entitlement for that of the seller.

If a veteran allows assumption of a loan without prior approval, then the lender may demand immediate and full payment of the loan, and the veteran may be liable if the loan is foreclosed and VA has to pay a claim under the loan guaranty.

Loans made prior to March 1, 1988, are generally freely assumable, but veterans should still request VA's approval in order to be released of liability. Veterans whose loans were closed after Dec. 31, 1989, usually have no liability to the government following a foreclosure, except in cases involving fraud, misrepresentation, or bad faith, such as allowing an unapproved assumption.

Repossessed Homes

VA acquires properties as a result of foreclosures. The properties are marketed by Ocwen Loan Servicing, LLC, through listing agents using local Multiple Listing Services. A listing of "VA Properties for Sale" may be found at: http://www.ocwen.com/reo/home.cfm. Contact a real estate agent for information on purchasing a VA acquired property.

Loans for Native American Veterans

Eligible Native American veterans can obtain a loan from VA to purchase, construct or improve a home on Federal Trust land, or to reduce the interest rate on such a VA loan. The maximum loan amount is equal to the Freddie Mac conforming loan limit for a single-family home. This limit changes yearly. In 2007, the limit is $417,000 for the continental United States and $625,500 for Hawaii, Alaska, and Guam.

Veterans who are not Native American, but who are married to Native American non-veterans, may be eligible for a direct loan under this program. To be eligible for such a loan, the qualified non-Native American veteran and the Native American spouse must reside on Federal Trust land, and both the veteran and spouse must have a meaningful interest in the dwelling or lot.

A funding fee must be paid to VA, unless the veteran is exempt from such a fee because they receive either VA disability compensation or military retirement pay. The fee, which is 1.25 percent for loans to purchase, construct or improve a home, and 0.5 percent to refinance an existing loan, may be paid in cash or included in the loan.

The following may not be included in the loan: VA appraisal, credit report, loan processing fee, title search, title insurance, recording fees, transfer taxes, survey charges or hazard insurance.

Safeguards for Veterans

The following safeguards have been established to protect veterans:

1. Homes completed less than a year before purchase with VA financing and inspected during construction by either VA or the Department of Housing and Urban Development (HUD) must meet VA requirements.
2. VA may suspend from the loan program those who take unfair advantage of veterans or discriminate because of race, color, religion, sex, disability, family status or national origin.
3. The builder of a new home (or manufactured home) is required to give the purchasing veteran a one-year warranty that the home has been constructed to VA-approved plans and specifications.
4. In cases of new construction completed under VA or HUD inspection, VA may compensate a veteran borrower for correction of structural defects seriously affecting livability if requested within four years of a home loan guaranty.
5. The borrower obtaining a loan may only be charged the fees and other charges prescribed by VA as allowable.
6. The borrower can prepay without penalty the entire loan or any part not less than one installment or $100.
7. VA encourages holders to extend forbearance if a borrower becomes temporarily unable to meet the terms of the loan.

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Education and Training

This chapter provides a summary of VA education and training benefits. Additional information can be found at: http://www.gibill.va.gov/ or by calling 1-888-GI-BILL-1 (1-888-442-4551).

Montgomery GI Bill (MGIB)

Eligibility: VA educational benefits may be used while the service-member is on active duty or after the service member's separation from active duty with a fully honorable military discharge. Discharges "under honorable conditions" and "general" discharges do not establish eligibility.

Eligibility generally expires 10 years after the service member's discharge. However, there are exceptions for disability, re-entering active duty, and upgraded discharges.

All participants must have a high school diploma, equivalency certificate, or completed 12 hours toward a college degree before applying for benefits.

Previously, service members had to meet the high school requirement before they completed their initial active duty obligation. Those who did not may now meet the requirement and reapply for benefits. If eligible, they must use their benefits either within 10 years from the date of last discharge from active duty or by Nov. 2, 2010, whichever is later.

Additionally, every veteran must establish eligibility under one of four categories.

Category 1 – Service after June 30, 1985

For veterans who entered active duty for the first time after June 30, 1985, did not decline MGIB in writing, and had their military pay reduced by $100 a month for 12 months.

Service members can apply after completing two continuous years of service. Veterans must have completed three continuous years of active duty, or two continuous years of active duty if they first signed up for less than three years or have an obligation to serve four years in the Selected Reserve (the 2x4 program) and enter the Selected Reserve within one year of discharge.

Service members or veterans who received a commission as a result of graduation from a service academy or completion of an ROTC scholarship are not eligible under Category 1 unless they received their commission:

1. After becoming eligible for MGIB benefits (including completing the minimum service requirements for the initial period of active duty).
2. Or after Sept. 30, 1996, and received less than $3,400 during any one year under ROTC scholarship.

Service members or veterans who declined MGIB because they received repayment from the military for education loans are also ineligible under Category 1. If they did not decline MGIB and received loan repayments, the months served to repay the loans will be deducted from their entitlement.

Early Separation: Service members who did not complete the required period of military service may be eligible under Category 1 if discharged for one of the following:

1. Convenience of the government—with 30 continuous months of service for an obligation of three or more years, or 20 continuous months of service for an obligation of less than three years.
2. Service-connected disability.
3. Hardship.
4. A medical condition diagnosed prior to joining the military.
5. A condition that interfered with performance of duty and did not result from misconduct.
6. A reduction in force (in most cases).

Category 2 – Vietnam Era GI Bill Conversion

For veterans who had remaining entitlement under the Vietnam Era GI Bill on Dec. 31, 1989, and served on active duty for any number of days during the period Oct. 19, 1984, to June 30, 1985, for at least three continuous years beginning on July 1, 1985; or at least two continuous years of active duty beginning on July 1, 1985, followed by four years in the Selected Reserve beginning within one year of release from active duty.

Veterans not on active duty on Oct. 19, 1984, may be eligible under Category 2 if they served three continuous years on active duty beginning on or after July 1, 1985, or two continuous years of active duty at any time followed by four continuous years in the Selected Reserve beginning within one year of release from active duty.

Veterans are barred from eligibility under Category 2 if they received a commission after Dec. 31, 1976, as a result of graduation from a service academy or completion of an ROTC scholarship.

However, such a commission is not a bar if they received the commission after becoming eligible for MGIB benefits, or received the commission after Sept. 30, 1996, and received less than $3,400 during any one year under ROTC scholarship.

Category 3 – Involuntary Separation/Special Separation

For veterans who meet one of the following requirements:

1. Elected MGIB before being involuntarily separated.
2. Or were voluntarily separated under the Voluntary Separation Incentive or the Special Separation Benefit program, elected MGIB benefits before being separated, and had military pay reduced by $1,200 before discharge.

Category 4 –Veterans' Educational Assistance Program (VEAP)

Eligibility: Active duty personnel could participate in the Veterans' Educational Assistance Program (VEAP) if they entered active duty for the first time after Dec. 31, 1976, and before July 1, 1985, and made a contribution prior to April 1, 1987. The maximum contribution is $2,700. Active duty participants may make a lump-sum contribution to their VEAP account. For more information, visit the Web site at www.gibill.va.gov/.

Service members who participated in VEAP are eligible to receive benefits while on active duty if:

1. At least three months of contributions are available, except for high school or elementary, in which only one month is needed.
2. And they enlisted for the first time after Sept. 7, 1980, and completed 24 months of their first period of active duty.

Service members must receive a discharge under conditions other than dishonorable for the qualifying period of service. Service members who enlisted for the first time after Sept. 7, 1980, or entered active duty as an officer or enlistee after Oct. 16, 1981, must have completed 24 continuous months of active duty, unless they meet a qualifying exception.

Eligibility generally expires 10 years from release from active duty, but can be extended under special circumstances.

Payments: DoD will match contributions at the rate of $2 for every $1 put into the fund and may make additional contributions, or "kickers," as necessary. For training in college or vocational or technical schools, the payment amount depends on the type and hours of training pursued. The maximum amount is $300 a month for full-time training.

Training, Work-Study, Counseling: VEAP participants may receive the same training, work-study benefits and counseling as provided under the Montgomery GI Bill.

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Military Medals/Records

Replacing Military Medals

Medals awarded while in active service are issued by the individual military services if requested by veterans or their next of kin. Requests for replacement medals, decorations, and awards should be directed to the branch of the military in which the veteran served. However, for Air Force (including Army Air Corps) and Army veterans, the National Personnel Records Center (NPRC) verifies awards and forwards requests and verification to appropriate services.

Requests for replacement medals should be submitted on Standard Form 180, "Request Pertaining To Military Records," which may be obtained at VA offices or the Internet at http://www.va.gov/vaforms/. Forms, addresses, and other information on requesting medals can be found on the Military Personnel Records section of NPRC's web-site at http://www.archives.gov/st-louis/military-personnel/index.html. For questions, call Military Personnel Records at (314) 801-0800 or e-mail questions to: MPR.center@nara.gov.

When requesting medals, type or clearly print the veteran's full name, include the veteran's branch of service, service number or Social Security number and provide the veteran's exact or approximate dates of military service. The request must contain the signature of the veteran or next of kin if the veteran is deceased. If available, include a copy of the discharge or separation document, WDAGO Form 53-55 or DD Form 214.

Replacing Military Records

If discharge or separation documents are lost, veterans or the next of kin of deceased veterans may obtain duplicate copies by completing forms found on the Internet at http://www.archives.gov/research/in-dex.html and mailing or faxing them to the NPRC.

Alternatively, write the National Personnel Records Center, Military Personnel Records, 9700 Page Blvd., St. Louis, MO 63132-5100. Specify that a duplicate separation document is needed. The veteran's full name should be printed or typed so that it can be read clearly, but the request must also contain the signature of the veteran or the signature of the next of kin, if the veteran is deceased. Include the veteran's branch of service, service number or Social Security number and exact or approximate dates and years of service. Use Standard Form 180, "Request Pertaining To Military Records."

It is not necessary to request a duplicate copy of a veteran's discharge or separation papers solely for the purpose of filing a claim for VA benefits. If complete information about the veteran's service is furnished on the application, VA will obtain verification of service.

Correction of Military Records

The secretary of a military department, acting through a Board for Correction of Military Records, has authority to change any military record when necessary to correct an error or remove an injustice. A correction board may consider applications for correction of a military record, including a review of a discharge issued by courts martial.

The veteran, survivor or legal representative must file a request for correction within three years after discovering an alleged error or injustice. The board may excuse failure to file within this time, however, if it finds it would be in the interest of justice. It is an applicant's responsibility to show why the filing of the application was delayed and why it would be in the interest of justice for the board to consider it despite the delay.

To justify a correction, it is necessary to show to the satisfaction of the board that the alleged entry or omission in the records was in error or unjust. Applications should include all available evidence, such as signed statements of witnesses or a brief of arguments supporting the correction. Application is made with DD Form 149, available at VA offices, veterans' organizations or visit http://www.dtic.mil/whs/di-rectives/infomgt/forms/formsprogram.htm.

Review of Discharges

Each of the military services maintains a discharge review board with authority to change, correct or modify discharges or dismissals not issued by a sentence of a general courts-martial. The board has no authority to address medical discharges.

The veteran or, if the veteran is deceased or incompetent, the surviving spouse, next of kin or legal representative may apply for a review of discharge by writing to the military department concerned, using DD Form 293 -- "Application for the Review of Discharge from the Armed Forces of the United States." This form may be obtained at a VA regional office, from veterans' organizations or from the Internet at http://www.dtic.mil/whs/directives/infomgt/forms/formsprogram.htm.

However, if the discharge was more than 15 years ago, a veteran must petition the appropriate service Board for Correction of Military Records using DD Form 149 -- "Application for Correction of Military Records Under the Provisions of Title 10, U.S. Code, Section 1552." A discharge review is conducted by a review of an applicant's record and, if requested, by a hearing before the board.

Discharges awarded as a result of a continuous period of unauthorized absence in excess of 180 days make persons ineligible for VA benefits regardless of action taken by discharge review boards, unless VA determines there were compelling circumstances for the absence. Boards for the Correction of Military Records also may consider such cases.

Veterans with disabilities incurred or aggravated during active duty may qualify for medical or related benefits regardless of separation and characterization of service. Veterans separated administratively under other than honorable conditions may request that their discharge be reviewed for possible recharacterization, provided they file their appeal within 15 years of the date of separation.

Questions regarding the review of a discharge should be addressed to the appropriate discharge review board at the address listed on DOD Form 293.

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Appeals of VA Claims Decisions

Veterans and other claimants for VA benefits have the right to appeal decisions made by a VA regional office or medical center. Typical issues appealed are disability compensation, pension, education benefits, recovery of overpayments, and reimbursement for unauthorized medical services.

A claimant has one year from the date of the notification of a VA decision to file an appeal. The first step in the appeal process is for a claimant to file a written notice of disagreement with the VA regional office or medical center that made the decision.

Following receipt of the written notice, VA will furnish the claimant a "Statement of the Case" describing what facts, laws and regulations were used in deciding the case. To complete the request for appeal, the claimant must file a "Substantive Appeal" within 60 days of the mailing of the Statement of the Case, or within one year from the date VA mailed its decision, whichever period ends later.

Board of Veterans' Appeals

The Board of Veterans' Appeals makes decisions on appeals on behalf of the Secretary of Veterans Affairs. Although it is not required, a veterans' service organization, an agent or an attorney may represent a claimant. Appellants may present their cases in person to a member of the Board at a hearing in Washington, D.C., at a VA regional office or by videoconference.

Decisions made by the Board can be found on the Web site at http://www.va.gov/vbs/bva/. The pamphlet, "Understanding the Appeal Process," is available on the Web site or may be requested by writing: Hearings and Transcription Unit (0141A), Board of Veterans' Appeals, 810 Vermont Avenue, NW, Washington, DC 20420.

U.S. Court of Appeals for Veterans Claims

A final Board of Veterans' Appeals decision that does not grant a claimant the benefits desired may be appealed to the U.S. Court of Appeals for Veterans Claims, an independent court, not part of the Department of Veterans Affairs.

Notice of an appeal must be received by the court with a postmark that is within 120 days after the Board of Veterans' Appeals mailed its decision. The court reviews the record considered by the Board of Veterans' Appeals. It does not hold trials or receive new evidence.

Appellants may represent themselves before the court or have lawyers or approved agents as representatives. Oral argument is held only at the direction of the court. Either party may appeal a decision of the court to the U.S. Court of Appeals for the Federal Circuit and may seek review in the Supreme Court of the United States.

Published decisions, case status information, rules and procedures, and other special announcements can be found on the court's Web site at http://www.vetapp.gov/. The court's decisions can also be found in West's Veterans Appeals Reporter, and on the Westlaw and LEXIS online services. For questions, write the Clerk of the Court, 625 Indiana Ave. NW, Suite 900, Washington, DC 20004, or call (202) 501-5970.

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Benefits Provided by Other Federal Agencies

Loans for Farms and Homes

The U.S. Department of Agriculture (USDA) provides loans and guarantees to buy, improve or operate farms. Loans and guarantees are available for housing in towns generally up to 20,000 in population. Applications from veterans have preference. For further information, contact Farm Service Agency or Rural Development, USDA, 1400 Independence Ave., S.W., Washington, DC 20250, or apply at local Department of Agriculture offices, usually located in county seats.

Housing and Urban Development (HUD)

Housing and Urban Development (HUD) sponsors the Veteran Resource Center (HUDVET), which works with national veterans service organizations to serve as a general information center on all HUD sponsored housing and community development programs and services. To contact HUDVET, call 1-800-998-9999, TDD 800-483-2209 or visit their Web site at http://www.hud.gov/hudvet.

Naturalization Preference

Honorable active-duty service in the U.S. armed forces during a designated period of hostility allows an individual to naturalize without being required to establish any periods of residence or physical presence in the United States. A service member who was in the United States, certain territories, or aboard an American public vessel at the time of enlistment, re-enlistment, extension of enlistment or induction, may naturalize even if he or she is not a lawful permanent resident.

On July 3, 2002, the president issued Executive Order 13269 establishing a new period of hostility for naturalization purposes beginning Sept. 11, 2001, and continuing until a date designated by a future Executive Order. Qualifying members of the armed forces who have served at any time during a specified period of hostility may immediately apply for naturalization using the current application – Form N-400 -- "Application for Naturalization." Additional information about filing and requirement fees and designated period of hostility are available on the U.S. Citizenship and Immigration Services (USCIS) Web site at www.uscis.gov.

Individuals who served honorably in the U.S. armed forces, but were no longer serving on active duty status as of Sept. 11, 2001, may still be naturalized without having to comply with the residence and physical presence requirements for naturalization if they filed Form N-400 while still serving in the U.S. armed forces or within six months of termination of their active duty service. An individual who files the application for naturalization after the six-month period following termination of active-duty service is not exempt from the residence and physical presence requirements, but can count any period of active-duty service towards the residence and physical presence requirements. Individuals seeking naturalization under this provision must establish that they are lawful permanent residents (such status not having been lost, rescinded or abandoned) and that they served honorably in the U.S. armed forces for at least one year.

If a service member dies as a result of injury or disease incurred or aggravated by service during a time of combat, the service member's survivor(s) can apply for the deceased service member to receive posthumous citizenship at any time within two years of the service member's death. The issuance of a posthumous certificate of citizenship does not confer U.S. citizenship on surviving relatives. However, a non-U.S. citizen spouse or qualifying family member may file for certain immigration benefits and services based upon their relationship to a service member who died during hostilities or a non-citizen service member who died during hostilities and was later granted posthumous citizenship. For additional information, visit the USCIS Web site at www.uscis.gov.

Small Business Administration

The U.S. Small Business Administration's Office of Veterans Business Development conducts comprehensive outreach to veterans, service-disabled veterans, and Reserve Component members of the U.S. military. In addition, the office is the source for the formulation, execution, and promotion of policies and programs of the Small Business

Administration (SBA) that provide assistance to veteran-owned small businesses. SBA is the primary federal agency responsible for assisting veterans who own or are considering starting small businesses.

Among the services provided are business counseling and training through five Veterans Business Outreach Centers, more than 1,000 Small Business Development Centers, nearly 400 SCORE Chapters with 11,000 volunteer counselors, 100 Women Business Centers, as well as various loan and loan guarantee programs ranging from micro loans to venture capital assistance. Veterans participate in all SBA federal procurement programs, and the SBA supports veterans and others in international trade.

A special Military Reservist Economic Injury Disaster Loan is available for self-employed Reservists whose small businesses may have been damaged through extended absences of the owner or essential employee as a result of activation of the owner or essential employee to military active duty. The SBA also conducts important research in veterans' entrepreneurship. A Veterans Business Development Officer is stationed at every SBA District Office. Information about SBA's full range of services can be found at http://www.sba.gov/vets/ and for Reservists at www.sba.gov/reservists/, or by calling 202-205-6773 or 1-800-U-ASK-SBA (1-800-827-5722).

Social Security

Monthly retirement, disability and survivor benefits under Social Security are payable to veterans and dependents if the veteran has earned enough work credits under the program. Upon the veteran's death, a one-time payment of $255 also may be made to the veteran's spouse or child. In addition, a veteran may qualify at age 65 for Medicare's hospital insurance and medical insurance. Medicare protection is available to people who have received Social Security disability benefits for 24 months, and to insured people and their dependents who need dialysis or kidney transplants, or who have amyotrophic lateral sclerosis (more commonly known as Lou Gehrig's disease).

Since 1957, military service earnings for active duty (including active duty for training) have counted toward Social Security and those earnings are already on Social Security records. Since 1988, inactive duty service in the Reserve Component (such as weekend drills) has also been covered by Social Security. Service members and veterans are credited with $300 credit in additional earnings for each calendar quarter in which they received active duty basic pay after 1956 and before 1978.

Veterans who served in the military from 1978 through 2001 are credited with an additional $100 in earnings for each $300 in active duty basic pay, up to a maximum of $1,200 a year. No additional Social Security taxes are withheld from pay for these extra credits. If veterans enlisted after Sept. 7, 1980, and did not complete at least 24 months of active duty or their full tour of duty, they may not be able to receive the additional earnings. Check with Social Security for details. Additional earnings will no longer be credited for military service periods after 2001.

Also, noncontributory Social Security earnings of $160 a month may be credited to veterans who served after Sept. 15, 1940, and before 1957, including attendance at service academies. For information, call 1-800-772-1213 or visit http://www.socialsecurity.gov/. (Note: Social Security cannot add these extra earnings to the record until an application is filed for Social Security benefits.)

Supplemental Security Income

Those age 65 or older and those who are blind or otherwise disabled may be eligible for monthly Supplemental Security Income (SSI) payments if they have little or no income or resources. States may supplement the federal payments to eligible persons and may disregard additional income.

Although VA compensation and pension benefits are counted in determining income for SSI purposes, some other income is not counted. Also, not all resources count in determining eligibility. For example, a person's home and the

land it is on do not count. Personal effects, household goods, automobiles and life insurance may not count, depending upon their value. Information and help is available at any Social Security office or by calling 1-800-772-1213.

Armed Forces Retirement Home

Veterans are eligible to live in the Armed Forces Retirement Home located in Washington, D.C., if their active duty military service is at least 50 percent enlisted, warrant officer or limited duty officer if they qualify under one of the following categories:

1. Are 60 years of age or older; and were discharged or released under honorable conditions after 20 or more years of active service.
2. Are determined to be incapable of earning a livelihood because of a service-connected disability incurred in the line of duty.
3. Served in a war theater during a time of war declared by Congress or were eligible for hostile fire special pay and were discharged or released under honorable conditions; and are determined to be incapable of earning a livelihood because of injuries, disease or disability.
4. Served in a women's component of the armed forces before June 12, 1948; and are determined to be eligible for admission due to compelling personal circumstances.

Eligibility determinations are based on rules prescribed by the Home's Chief Operating Officer. Veterans are not eligible if they have been convicted of a felony or are not free from alcohol, drug or psychiatric problems. Married couples are welcome, but both must be eligible in their own right. At the time of admission, applicants must be capable of living independently.

The Armed Forces Retirement Home is an independent federal agency. For information, call 1-800-332-3527 or 1-800-422-9988, or visit their Web site at http://www.afrh.gov/.

Commissary and Exchange Privileges

Unlimited exchange and commissary store privileges in the United States are available to honorably discharged veterans with a ser-vice-connected disability rated at 100 percent, unremarried surviving spouses of members or retired members of the armed forces, recipients of the Medal of Honor, and their dependents and orphans. Certification of total disability is done by VA. Reservists and their dependents also may be eligible. Privileges overseas are governed by international law and are available only if agreed upon by the foreign government concerned.

Though these benefits are provided by DOD, VA does provide assistance in completing DD Form 1172, "Application for Uniformed Services Identification and Privilege Card." For detailed information, contact the nearest military installation.