



Eliminate the Widow's Tax

Issue: Congress needs to eliminate the law that makes military survivors forfeit part or all of their military Survivor Benefit Plan (SBP) annuity when military service causes the member's death.

Background: Under current law, survivors who are eligible for both SBP from the DoD and Dependency and Indemnity Compensation (DIC) from the VA are subject to a dollar-for-dollar offset of their SBP annuity from their DIC. Often, the offset wipes out the SBP annuity the military retiree paid for.

These benefits are paid for two distinct reasons:

- SBP is a servicemember-purchased annuity;
- DIC is a VA program providing a modest annuity for survivors of veterans whose death is determined to have been caused by military service.

Service-disabled retirees have limited opportunities to purchase additional life insurance, and available policies often impose exorbitant premiums.

Numerous congressional commissions have said that when military service causes the member's death, the indemnity compensation from the VA should be paid **in addition to** SBP coverage, not subtracted from it.

Congress recognizes the inequity.

- While lawmakers couldn't completely pay for eliminating the widow's tax, Congress acknowledged the inequity in law, and in 2008 authorized a modest Special Survivor Indemnity Allowance (SSIA).
- Barring an additional law change, SSIA authority will expire on October 1, 2017.

No other federal surviving spouse is required to forfeit his or her federal annuity because military service caused the sponsor's death.

Recommendation: Please cosponsor H.R. 1594 or S. 979, the Military Surviving Spouses Equity Act, introduced by Rep. Joe Wilson (R-S.C.) and Sen. Bill Nelson, (D-Fla.), respectively.