



# Maximizing Your Military Benefits

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# AAFMAA

COMPASSION • TRUST • PROTECTION

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## American Armed Forces Mutual Aid Association:

- ❑ Founded in 1879
- ❑ Non-profit, tax-exempt, member owned mutual association
- ❑ Open to all branches of the U.S. Armed Forces
- ❑ Over 90,000 members; over 2,000 flag officers





# AAFMAA

COMPASSION • TRUST • PROTECTION

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**OUR VISION:** to ensure the financial security and independence of members of the American Armed Forces community.

**OUR MISSION:** to be the premier provider of insurance, financial and survivor services to the American Armed Forces community.

## **OUR VALUES:**

- Loyalty
- Empathy
- Responsiveness
- Spirit of Collaboration
- Innovation

# Agenda

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- ❑ In the Service
- ❑ On Deployment
- ❑ At Retirement
  - ▣ VA Benefits
  - ▣ Life Insurance (VGLI)
- ❑ At Death (including Burial)
- ❑ Health Care Coverage
- ❑ Paying for College



# In the Service

## Regular Military Compensation\*

<b>SGT (E-5, 10 years)</b>	<b>\$63,697</b>
<b>CMSgt (E-9, 24 years)</b>	<b>\$108,429</b>
<b>Capt. (O-3, 6 years)</b>	<b>\$96,016</b>
<b>Cmdr (O-5, 18 years)</b>	<b>\$141,564</b>

\*Base Pay + BAS, BAH, tax advantage

## Plus:

- + **Medical**
- + **Retirement**
- + **Education/Training**
- + **30 days paid leave**
- + **Special Pays**
- + **Moving Pay**
- + **Commissary/PX**
- + **Morale/Welfare**

**Well Deserved for Your Service**

# What to do with it?

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- ❑ Operate Debt Free
- ❑ Develop Long Term Plan:
  - ❑ Home buying?? [VA Loan](#) (0% down; 2.15% orig. fee)
  - ❑ School: Self, Spouse, Children
- ❑ Retirement:
  - ❑ Fund Spouse 401k plan
  - ❑ Fund Roth IRA for you and spouse
  - ❑ Fund Thrift Savings Plan ([TSP](#))

For More Info on  
Saving for Retirement:  
Listen to  
12 Sep 2014 Webinar

Use the Opportunities for Financial Well Being

# Manage Risk – Life Insurance

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## Current “Standard:”

## Better Option:

\$26/  
month

**SGLI**  
Life Insurance for  
\$400,000

**AAFMAA**  
Level Term 1  
For \$400,000

\$19/  
month

✓ \$100,000  
more  
protection

\$1/  
month

**TSGLI**  
Traumatic Injury  
up to \$100,000

**SGLI** \$100,000

\$6.50/  
month

✓ **AAFMAA**  
**Survivor**  
**Assistance**

\$5/  
month

**FSGLI**  
Spouse for  
\$100,000

**TSGLI**  
Traumatic Injury  
up to \$100,000

\$1/  
month

✓ **Stays after**  
**Military**

**FSGLI**  
Spouse for  
\$100,000

\$5/  
month

**\$32/month Total**  
(\$27/mo. if single)

**Total = \$31.50/month**  
(\$26.50/mo. if single)

# On Deployments

- **Save!!**
- **Reduce expenses wherever possible** (rent, car, utilities, etc.)
- **Use Savings Deposit Program (SDP)**  
Deposit \$10,000 to earn 10%/year—a free 1,000!  
See [www.DFAS.mil](http://www.DFAS.mil)

## Example: Afghanistan Deployment Pay:

<b>Hardship Pay</b>	<b>\$100</b>
<b>Hostile Fire/Danger Pay</b>	<b>\$225</b>
<b>Family Separation</b>	<b>\$250</b>
<b><u>Tax Exemption</u></b>	<b><u>up to \$1300</u></b>
<b>Total:</b>	<b>\$575 – \$1,875</b>
	<b>Per month!</b>



# At Retirement – Five Decisions

1. **Survivor Benefit Plan** to replace retired pay
2. **Life Insurance** to replace SGLI
3. **VA Disability** Determination and Payments
4. **Medical Insurance** to replace military medical
5. **Dental Insurance** to replace military dental



# Retirement and Survivor Benefit Plan (SBP)

Lifetime Annuity

**COLA**

Subsidized benefit

**Spouse**

Insurable Interest

6.5%

Retirement benefit

**55%**

**Survivors**

beneficiaries

Family

Spouse concurrence

**Pre-tax premium**

Life Expectancy

Child only

# Military Retirement Basics

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## Total Retirement Pay:

2.5% \* Years \*

Highest salary (< 8 Sep 1980)

High-3 salary (Sep 1980-July 1986)

High-3 or REDUX (> 31 July 1986)

## Cost of Living Increases:

Previously: COLA = Inflation

2013 Bipartisan Budget Act:

- Inflation **minus** 1% until 62
- “Catch Up” at age 62
- Full COLA from 62 onward

## Example of New Law

Assume a 47 year old LTC at 24 Years retires this year; Inflation = 3%

Retirement today = \$5,205 per month

Retired pay increases only 2% per year for 15 years until age 62

Age 62 retired pay = \$7,005 ~ \$1,100 behind inflation per month

At age 62, retired pay would “catch up” to \$8,109 and then get full COLA

# Survivor Benefit Plan (SBP) -- Basics

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## Total Retirement Pay:

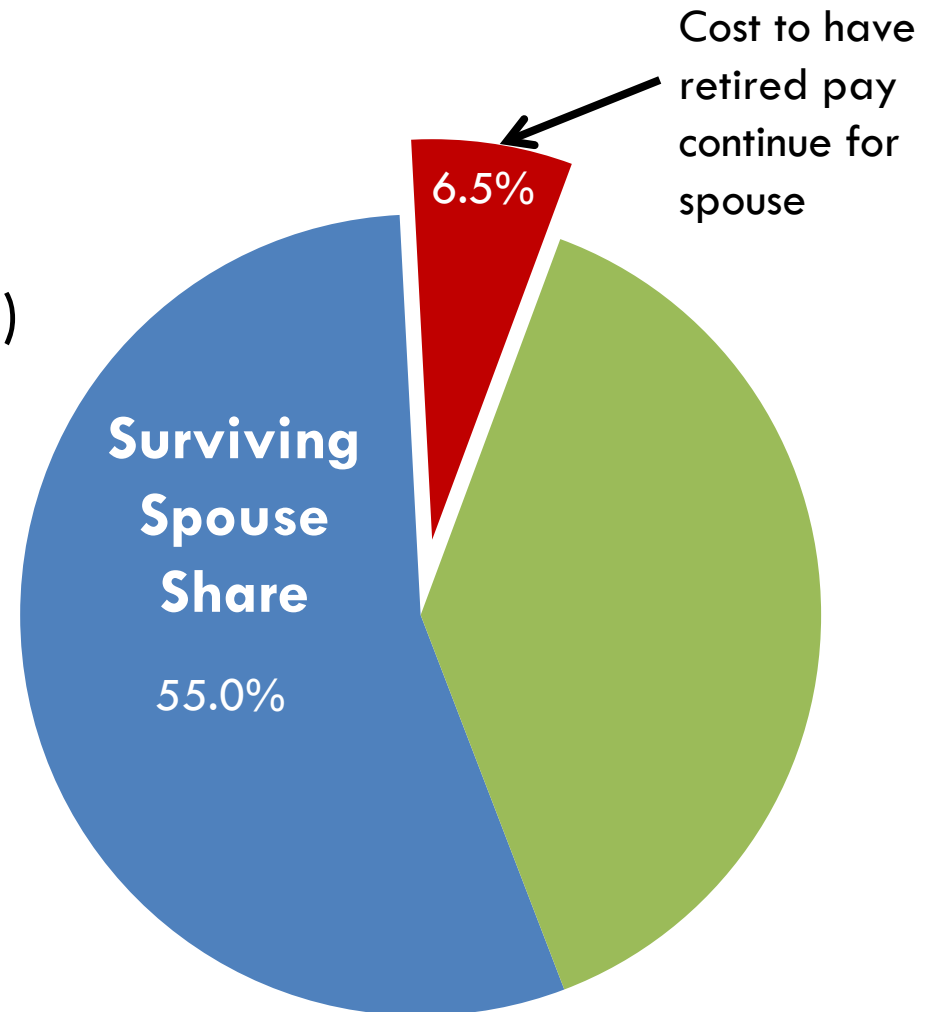
2.5% \* Years \*

Highest salary (< 8 Sep 1980)

High-3 salary (Sep 1980-July 1986)

High-3 or REDUX (> 31 July 1986)

After you die, retirement pay stops for your spouse, but you can continue 55% of retirement pay by paying a premium of 6.5 percent of your retired pay (using pre-tax dollars)



# SBP Calculations (Spouse + Child)

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- Cost: 6.5% + child premium

Example: LTC with 24 years of service

SBP Base Amount = **\$ 5,205** (per month)

Retiree 47, Spouse 45, Youngest Child 13

Cost: **\$ 338.35 + \$ 0.62 = \$ 338.95**

Benefit: 55% (**\$ 2,863**)

- Spouse receives payment for life
- Shared among all eligible children
- If spouse dies, children receive payment until 18 or 22

Is it worth \$338/month for spouse to receive  
\$2,863/month after service members death?

# Survivor Benefit Plan – Considerations

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- + COLA adjusted growth
- + Government subsidized
- + Paid with pre-tax dollars
- + No evidence of insurability
- + Paid up after 30 years
- + Spouse Age – not considered
- No return if spouse dies first
- No cash value
- Benefit is taxable
- No residual estate
- Spouse payment ends if remarried before age 55

~ Must get spouse concurrence to take less than maximum

~ Permanent choice (can disenroll at 24-36 months)



# SBP vs. Life Insurance

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SBP

- Lifetime, monthly, COLA adjusted benefit
- Pre-tax premiums
- Fixed beneficiary(ies)
- Age, health, lifestyle NOT considered

Insurance

- Fixed sum benefit
- No tax break on premiums
- May change beneficiaries anytime and have remaining estate
- Eligibility based on health, age, lifestyle

# Survivor Benefit Plan -- Variations

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- “Base Amount”:

**\$300** ←————→ **Full Retired Pay**

- Designated Payees:

- Spouse Only
- Children Only (until 18 or 22)
- Spouse & Children (until 18 or 22)
  
- Former Spouse & Children
- “Future” Spouse or Children: Can start/change/restart
- If single, can be someone with “insurable interest” (more costly)



# SBP – Reserve Component Options

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Options	Member Dies Before Reaching Age 60	Member Dies After Reaching Age 60
(A) Member waits to age 60 to make election	No survivor benefit, however, the surviving spouse (dependent) is eligible for medical benefits. Eligibility begins on the date the member would have turned 60.	55% of the elected base amount.
(B) Survivor annuity deferred to age 60 or date of death, whichever is later	55% of what retired pay would have been at age 60 reduced by actuarial charge, plus medical care to include TRICARE	55% of the elected base amount reduced by actuarial charge
(C) Survivor annuity beginning at time of death	55% of what retired pay would have been at time of death reduced by actuarial charge, plus medical care to include TRICARE	55% of the retired pay reduced by actuarial charge

# Life Insurance



# Veterans Group Life Insurance (VGLI)

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- **Term/Temporary Life Insurance Policy**
- **Maximum coverage \$400,000 (like SGLI)**
  - ▣ Available in increments of \$10,000
  - ▣ Accelerated death benefit option (50% of death benefit paid if terminally ill)
  - ▣ Convertible to permanent (whole life) commercial policy
  - ▣ Renewable at 5-year intervals
  - ▣ *No proof of medical insurability if elected within 120 days of separation/retirement*
- **Have one year and 120 days to elect VGLI coverage (but do it in first 120 days!)**

# VGLI Rates - \$400,000 Coverage

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Age	Monthly Premium
Current SGLI Premium	\$26.00
40 – 44	\$68.00
45 – 49	\$88.00
50 – 54	\$144.00
55 – 59	\$268.00
60 – 64	\$432.00
65 – 69	\$600.00
70 – 74	\$900.00
75+	\$1,800.00

# Age, Conditions affect Rates

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**Assumption: \$400,000 Term Insurance for non-smoking 53 year old male with a 20 year level term—varying AAFMAA rate classes**

	VGLI	Super Select	Select	Standard	Class 1	Class 2	USAA LT V
50 – 54	\$144	\$79.80	\$95.00	\$155.00	\$232.50	\$310.00	\$196.15
55 – 59	\$268	↓	↓	↓	↓	↓	↓
60 – 64	\$432	↓	↓	↓	↓	↓	↓
65 – 69	\$600	↓	↓	↓	↓	↓	↓
70 – 74	\$900	\$79.80	\$95.00	\$155.00	\$232.50	\$310.00	\$196.15
<b>Smoker Rates</b>		n/a	\$296.60	\$419.40	\$629.10	\$838.80	\$510.13

# VA Benefits



■ Home ■ News ■ Travel ■ Money ■ Sports ■ Life

News » Health & Behavior ■ Fitness & Nutrition ■ Your Health: Kim Painter

## VA sees sharp rise in apnea cases

Updated 6/7/2010 11:44 AM | Comment | Recommend

E-mail | Print | Reprints & f

By Tom Vanden Brook, USA TODAY

### ■ VETERANS GETTING APNEA PAYMENTS

By Julie Snider, USA TODAY  
Source: Veterans Affairs Department

WASHINGTON — The number of veterans receiving disability benefits for a sleeping disorder has increased 61% in the past two years and now costs taxpayers more than \$500 million per year, according to Veterans Affairs data released to USA TODAY.

More than 63,000 veterans receive benefits for sleep apnea, a disorder that causes a sleeping person to gasp for breath and awaken frequently. It is linked to problems

ranging from daytime drowsiness to heart disease. The top risk factor for contracting the disorder appears to be obesity, though a sleep expert at the VA and a veteran's advocacy organization cite troops' exposure to dust and smoke in places such as Afghanistan and Iraq as contributing factors.



# Why is VA Disability Rating Important?

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- ❑ Forces you to document your medical history
- ❑ Gives you priority in VA system
- ❑ Helps prove service connection if condition worsens
- ❑ Provides tax free VA compensation
- ❑ Can provide additional pay for:
  - ▣ Combat Related Disability **or**
  - ▣ Concurrent Receipt for over 50% disability
- ❑ Supports service-connected death claim

# Vietnam Agent Orange Presumptive Conditions

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- Acute and Subacute Peripheral Neuropathy
- Non-Hodgkin's Lymphoma
- AL Amyloidosis
- Parkinson's Disease
- Chloracne (or Similar Acneform Disease)
- Porphyria Cutanea Tarda
- Chronic B-cell Leukemias
- Diabetes Mellitus (Type 2)
- Hodgkin's Disease
- Ischemic Heart Disease
- Soft Tissue Sarcoma (other than Osteosarcoma, Chondrosarcoma, Kaposi's sarcoma, or Mesothelioma)
- Multiple Myeloma
- Non-Hodgkin's Lymphoma
- Parkinson's Disease
- Porphyria Cutanea Tarda
- Prostate Cancer
- Respiratory Cancers

See the AAFMAA "Agent Orange" Webinar  
on 14 November 2013 -- [Link](#)



# Gulf War Syndrome Illnesses

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- If you were in Desert Shield, the following conditions, if they are or become chronic, are presumed to be service-connected:
  - Fatigue
  - Chronic Fatigue Syndrome
  - Headache
  - Neurological symptoms
  - Sleep disturbance
  - Gastrointestinal symptoms
  - Irritable Bowel Syndrome
  - Abnormal weight loss
  - Signs/symptoms involving skin
  - Muscle/joint pain
  - Neuropsychological symptoms
  - Symptoms involving respiratory systems
  - Cardiovascular symptoms
  - Menstrual disorders
  
- Must be chronic condition (> 6 months) and during Gulf War or NLT 31 Dec 16; see [VA Gulf War website](#) for more details

# VA Compensation

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## For Service-Connected Disabilities

	single	with spouse
<b>10%</b>	<b>\$131</b>	<b>\$131</b>
20%	\$259	\$259
<b>30%</b>	<b>\$401</b>	<b>\$449</b>
40%	\$578	\$641
<b>50%</b>	<b>\$822</b>	<b>\$902</b>
60%	\$1,041	\$1,137
70%	\$1,312	\$1,424
80%	\$1,526	\$1,653
90%	\$1,714	\$1,858
<b>100%</b>	<b>\$2,858</b>	<b>\$3,017</b>

# VA Disability and Retired Pay

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Retired Pay (LTC @ 30 yrs)	\$5,205
VA Disability ( <b>assume 30%</b> )*	<u>- 449</u>
DFAS (Taxable Pay)	\$4,756
VA (non-taxable pay)	<u>+ 449</u>
	\$5,205

<b>Benefit of VA Disability</b>	}	15% Marginal Tax ( $\$449 \times .15$ ) = \$67.35
		28% Marginal Tax ( $\$449 \times .28$ ) = \$125.72
		31% Marginal Tax ( $\$449 \times .31$ ) = \$139.19

**\*If  $\geq 50\%$  or combat related  $\rightarrow$  VA Pay is additive**

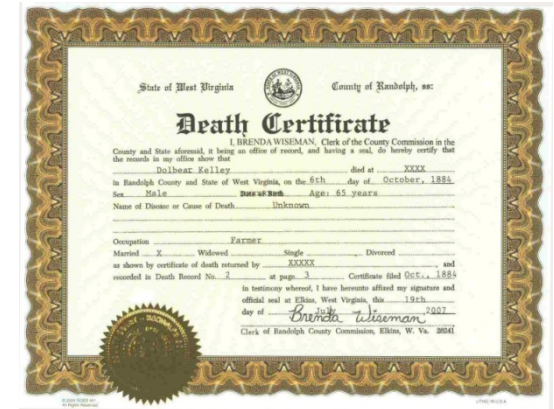
# Benefits at Death



# Benefits at Death

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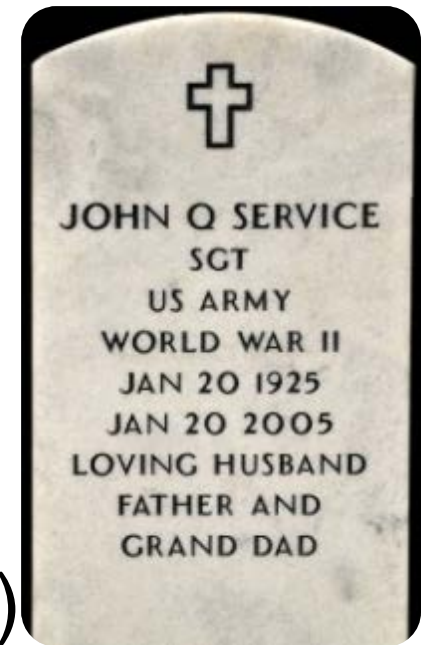
- ❑ Active duty → \$100,000 death gratuity
- ❑ Service-connected illness:
  - ❑ Refund of all SBP payments (if SBP selected)
  - ❑ Portion of widow's retired pay tax free (\$1,215/mo.)
  - ❑ VA Burial Benefit of \$2,000
- ➔ Surviving spouse must apply to VA
- ➔ Cause of death on death certificate is critical for service connection
- ❑ No service connection → no VA compensation



# Burial Benefits

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- ❑ Gravesite in National Cemetery
- ❑ Expenses: \$2,000 if service related; Otherwise \$300; plus \$700 if not buried in national cemetery
- ❑ Headstone: Standard government headstone
- ❑ Burial Flag and Memorial Certificate(s)
- ❑ Spouse or minor children may also be buried in a National Cemetery



# Health Insurance

- Medical
- Dental



ORCA DENTAL

**TRICARE Retiree  
Dental Program**



# TRICARE for Retirees

	TRICARE Prime	TRICARE Standard and Extra
What is it?	Managed Care Option	Fee-for-service
Who do you see?	Works through PCM (like active duty); no claims; referrals to specialists; In specified areas	Any authorized provider; you or provider submit claim form; referrals not required; authorization required for some procedures
Enrollment and Fixed costs	Enrollment required \$ 273.84/individual \$ 547.68 /family	No enrollment fee. Deductible required: \$150/person \$300/family
Variable Costs	\$0 preventative services \$12/visit for PCM/referrals \$20/ambulance \$30/emergency room \$40/behavior health \$11/day in hospital	20% of “Extra” in network provider 25% of “Standard” non-network 25% or 20% /ambulance 25% or 20% /emergency room 25% or 20% /behavioral health \$250 or 25%/day in-network hospital \$698 or 25%/day non-network hospital
Pharmacy	\$0 - \$17/medicine	\$0 - \$17/medicine [same]
Catastrophic Cap	\$ 3,000/family per year	\$ 3,000/family per year [same]

See: [www.tricare.mil](http://www.tricare.mil)



# Other TRICARE Variants

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- ❑ TRICARE Young Adult (children 23 to 26)
- ❑ TRICARE Prime (or Standard) Overseas
- ❑ TRICARE Prime Remote
  
- ❑ US Family Health Care Plan (6 locations)
  
- ❑ TRICARE for Life (at age 65 with Medicare)

# TRICARE Retiree Dental Program

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## Retiree monthly premium:

	Single	Couple	Family
<b>NY</b>	\$ 29	\$ 58	\$106
<b>VA</b>	\$ 37	\$ 72	\$132
<b>NC</b>	\$ 29	\$ 58	\$106
<b>TX</b>	\$ 29	\$ 58	\$106
<b>CO</b>	\$ 34	\$ 66	\$119
<b>CA</b>	\$ 37	\$ 72	\$132

Shop on internet to find other coverage that may be more appropriate and less expensive.

Active Duty Premium = \$11 single, \$33 family

Diagnostic/Preventative (exams/cleaning)	100%
Basic Restorative (fillings)	80%
Major Dental Care (Root canal, etc.)	60%
Emergency (minor pain)	80%
Dental Accident Coverage	100%
Crowns, Bridges, Dentures, Implants	50%
Orthodontics	50%
Annual Deductible	\$50 person \$150 family
Annual Maximum (per person, per benefit year)	\$1200
Orthodontic Maximum (per person, per lifetime)	\$1500
Dental Accident Maximum (per person, per benefit year)	\$1000

# Paying for College





# Post 9/11 GI Bill

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- Eligible: after serving 36 months (after duty service obligations)
- Entitlement: 36 months of payment (4 x 9-month school years)
- Pays:
  - All tuition/fees for in-state public or \$18,077 at private
    - Yellow Ribbon program can supplement private school costs
  - Monthly Housing Allowance (~BAH for E-5)
  - Books/Supplies stipend of \$1,000
- Can transfer benefits to spouse/children– if you agree to serve 4 more years
  - Can divide months among children
  - School officials can help with coordination

# We have covered:

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- ✓ In the Service
- ✓ On Deployment
- ✓ At Retirement
  - ✓ VA Benefits
  - ✓ Life Insurance (VGLI)
- ✓ At Death (including Burial)
- ✓ Health Care Coverage
- ✓ Paying for College



# More Questions?

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## Survivor Benefit Plan (SBP)

<http://militarypay.defense.gov/survivor/sbp/index.html>

## SBP vs. Insurance

<http://actuary.defense.gov/>

## Veterans Administration

1-800-827-1000

[www.va.gov](http://www.va.gov)

## Retired Pay (DFAS – Cleveland)

1-800-321-1080

<http://www.dfas.mil/retiredmilitary.html>



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