

CHAPTER 3

FINANCIAL SECURITY



WHY THIS IS IMPORTANT

Financial well-being and the security of loved ones are concerns that are usually at the top of anyone's priority list; these topics should be considered in detail before you leave the military.

Financial security, life insurance, and legal matters are often linked. It is important to make sure your financial and legal affairs are in order prior to embarking on a new chapter in your life.

PLANNING CONSIDERATIONS

Financial security depends on thorough and accurate budgeting and planning, discipline and situational awareness of your needs and resources. Your financial situation is at risk particularly during this transitional period. Careful planning is an effective countermeasure.

Free legal assistance may not be available once you leave the military. Take advantage of this important and useful benefit while you have it.

INCREASING CONSUMER AWARENESS— BETTER BUSINESS BUREAU (BBB) MILITARY LINE®

If you are returning home after an extended absence or simply moving to a new location after your military transition, you'll face decisions on which businesses are reputable or which ones with whom you want to do business. The BBB Military Line®, a program of the BBB Center, provides consumer education and advocacy for military consumers and their families, both in their communities and online.

Experience shows that military personnel are frequently the victims of unethical and unscrupulous business practices. Many are young, often inexperienced, consumers whose salaries can be counted on to arrive twice a month, and are a very attractive target for scam artists and other aggressive promoters.

Common practices directed at Service members include:

- » Short-term loans at rates that may exceed 500% APR
- » Expensive and unnecessary insurance sales
- » Auto sales that charge exorbitant interest on already-overpriced vehicles
- » Real estate "deals" that result in high rate of foreclosure
- » Worthless "work-at-home" offers

In order to reduce the number of military personnel falling victim to these predatory practices, BBB Military Line uses both Web-based resources and local BBB outreach within the continental United States.

FACTS AND ADVICE

PERSONAL FINANCES



FIGURE 8. TRANSITION BUDGETING STEPS

Transition Budgeting Steps

STEP 1

LIST YOUR INCOME

Make a list of all the sources of income you expect to have during your transition and when you expect to receive the income (weekly, monthly, quarterly, etc.). Include your pay and any unused vacation, severance pay, and unemployment compensation. List any interest income (interest from a bank savings account, for example), spouse's income, alimony or child support, and other income you expect to receive on a regular basis. Be conservative. Estimate the *lowest* amount you expect to receive from each source of income. Do not include expected pay from job positions you have not yet started in the civilian environment.

STEP 2

LIST YOUR EXPENSES

On a separate list, write down all of your expenses*. Don't forget:

- » Mortgage or rent
- » Taxes
- » Utilities
- » Food
- » Clothing (including potential new suits or appropriate business attire for interviews)
- » Insurance (life, health, automobile, homeowners or renters, etc.)
- » Car or motorcycle expenses (payments, insurance, registration, gas, maintenance, and repairs)
- » Credit card bills

* *Expenses Calculation Worksheet* provided in Appendix of this manual.

STEP 2

CONTINUED

- » Other loans
- » Magazine subscriptions
- » Cable TV
- » Club dues
- » Gifts
- » Job-hunting costs
(stationery, printing, dry cleaning, etc.)
- » Entertainment and hobby expenses
- » Children's spending money
- » Alimony or child support payments
- » Groceries
- » Personal items
- » Educational costs
- » Household maintenance
- » Religious or charitable contributions
- » All other expenses

Next, list the expense for each item and an average monthly cost. When figuring the average, keep in mind that this is your transition budget. If the cost is not "fixed" (such as rent or mortgage payments that cannot be changed or avoided), plan on the smallest realistic amount on which you can get by.

STEP 3

PRIORITIZE YOUR EXPENSES

After listing all of your expenses, rate them as high, medium, or low priority. High-priority items are things you and your family cannot do without: food, shelter, and clothing. Medium-priority items are important to you, but you can exist without them. Low-priority items should be deleted or temporary suspended.

Example: Rent or mortgage is an "H" (high priority), while piano lessons for your 10-year-old daughter may be an "M" (medium priority), and cable TV might fit into the "L" (low-priority) range.

STEP 4

ASSIGN BUDGET RESPONSIBILITIES

Determine who is responsible for budget tracking if you are married or sharing expenses with a significant other.

Example: You may take responsibility for the rent and clothing, while your spouse may be responsible for the food budget and music lessons.

STEP 5

ESTABLISH A MONTHLY BUDGET

Subtract your total monthly expenses from your monthly income. If you have more income than expenses, put the extra money in a savings account for emergencies.

If your monthly expenses are more than your income, look over the low- and medium-priority items. Work to reduce some and eliminate others.

STEP 6

IDENTIFY ADDITIONAL SOURCES OF INCOME

After all possible cuts have been made, if expenses are still greater than income, consider ways to bring in additional money. Review possible adjustments to the taxes being deducted from your income such as personal exemptions.

STEP 7**SEEK HELP IF
NECESSARY**

Even after you have cut your expenses and uncovered additional income possibilities, you may still be unable to meet financial requirements. As a final measure, talk to the no-cost Personal Financial Management (PFMs) at the installation, Department of Defense (DoD) Approved Partners, or creditable Consumer Credit Counseling Service in your area to find ways to work with your creditors to delay payments or extend the time for loan repayment. This will assure your creditors that you do intend to pay them over time, and it will help prevent the possibility of bankruptcy.

STEP 8**OBTAIN AN
UP-TO-DATE
CREDIT REPORT**

It is important to have an up-to-date credit report on you and your spouse. You should obtain one at least six months before separation or retirement. You are entitled to one free credit report per year for you and your spouse.

THE SERVICEMEMBER'S CIVIL RELIEF ACT (SCRA)

The SCRA expanded and improved the former Soldiers' and Sailors' Civil Relief Act (SSCRA). The SCRA provides a wide range of protections for individuals entering, called to active duty in the military, or deployed Service members. It is intended to postpone or suspend certain civil obligations, or to prevent excess interest rates on your obligations in order to enable Service members to devote full attention to duty and relieve stress on their family members. A few examples of such obligations you may be protected against are:

- » Outstanding credit card debt
- » Mortgage payments
- » Pending trials
- » Taxes
- » Terminations of lease

Additional Aspects of SCRA

The SCRA expands current law that protects Service members and their families from eviction from housing while on active duty due to nonpayment of rents that are \$1,200 per month or less. The new provisions update protection to meet today's higher cost of living, covering housing leases up to \$2,932.31 per month—and then be adjusted annually to account for inflation.

It provides a Service member who receives permanent change of station orders, or who is deployed to a new location for 90 days or more, the right to terminate a housing lease.

It clarifies and restates existing law that limits to 6% interest on credit obligations incurred prior to military service or activation, including credit card debt, for active duty Service members. The SCRA unambiguously states that no interest above 6% can accrue for

credit obligations (that were established prior to active duty or activation) while on active duty, nor can that excess interest become due once the Service member leaves active duty—instead that portion above 6% is permanently forgiven. Furthermore, the monthly payment must be reduced by the amount of interest saved during the covered period.

Note: *This law only covers debt incurred prior to military service.*

The SCRA updates life insurance protections provided to activated Guard and Reserve members by increasing from \$10,000 to \$250,000 the maximum policy coverage that the federal government will protect from default for nonpayment while on active duty.

Lastly, the SCRA prevents Service members from a form of double taxation that can occur when they have a spouse who works and is taxed in a state other than the state in which they maintain their permanent legal residence. SCRA will prevent states from using the income earned by a Service member in determining the spouse's tax rate when they do not maintain their permanent legal residence in that state.



ELIGIBILITY

The SCRA covers all Active Duty Service members, Reservists, and the members of the National Guard *while on active duty*. The protection begins on the date of entering active duty and generally terminates within 30 to 90 days after the date of discharge from active duty.

SEPARATION PAY

You may be eligible for additional separation pay; the finance office at your installation can compute the actual amount. This benefit is computed on the basis of 10% of your yearly base pay when you separate, multiplied by the number of years of active service you have accrued, and is considered taxable income.



ELIGIBILITY

If you meet the following requirements, you may be eligible for separation pay:

- » You have finished your first term of enlistment or period of obligated service
- » You have at least six years of service
- » You are separating involuntarily
- » You are not yet eligible for retirement
- » You are not separating under adverse conditions



To find out if you qualify, talk with your unit commander and local personnel and finance offices.

THE THRIFT SAVINGS PLAN (TSP) AND SAVINGS DEPOSIT PROGRAM (SDP)

TSP Participants

If you participated in the Uniformed TSP while you were in the service, you have several options:

- » Leave your money in the TSP. If your money remains in the TSP, it will continue to accrue earnings. Although you will not be able to make additional contributions, you will be able to make inter-fund transfers. You must begin withdrawing from your account no later than 1 April of the year following the year you turn age 70.
- » Receive a single payment. All or a portion of your account can be transferred to a traditional Individual Retirement Account (IRA) or eligible employer plan (e.g., a 401(k) plan or your civilian TSP account).^{*} Certain restrictions apply when receiving this payment. Be sure you completely understand the conditions of transfer prior to initiating this action. In some cases, if you receive the money via your bank account while transferring it to your IRA or 401(k), you may be taxed or incur penalties.
- » Request a series of monthly payments based on a dollar amount or your life expectancy. All or a portion of certain monthly payments can be transferred to a traditional IRA or eligible employer plan.^{*}
- » Request a TSP annuity. You must have at least \$3,500 in your account in order to purchase an annuity.

SDP Participants

If you participated in the SDP, your funds may only be left in your SDP account for up to 120 days after you depart a combat zone, at which time they are automatically paid to you in a lump sum as part of your paycheck. However, once you depart the combat zone, you may make withdrawals each quarter for any amount exceeding the \$10,000 account value maximum or any amount in the case of emergencies if authorized by your commanding officer. Your account will stop accruing interest 90 days after you depart the combat zone.



To request early withdrawal of your SDP funds, you may write, email, or fax the Defense Finance and Accounting Service—Cleveland Center (DFAS-CL) at:

DFAS-Cleveland Center
ATTN: SDP, Special Claims
1240 East 9th St.
Cleveland, OH 44199-2055

Email CCL-SDP@dfas.mil, or fax to 216-522-5060. You must include your name, social security number, and the date you left the combat zone.

^{*} Tax-exempt contributions to the TSP are eligible for transfer to a traditional IRA or eligible employer plan only if the financial institution or plan will accept the funds. Funds not accepted will be paid directly to you. If you transfer balances from your uniformed service TSP account to your civilian TSP account, the TSP will not accept tax-exempt money.



For more information, you can contact the SDP Help Line at 888-332-7411.

OTHER FINANCIAL ENTITLEMENTS

- » **Social Security:** Provides retirement benefits as early as age 62.
- » **Social Security Disability Insurance:** Disability benefits are paid at any age to those who qualify.
- » **Medicare Medical Insurance:** Medicare coverage is available at age 65. If you're disabled, you may be eligible earlier.
- » **Survivors' Insurance:** Upon your death, benefits are paid to your survivors depending on their age and dependency status. Social Security considers a survivor to be:
 - A surviving spouse who is caring for your dependent child may receive benefits until the child is age 16, then again as early as age 60, and a child may receive benefits until age 18, or 19 if still in high school.
 - An adult child disabled before age 22 and remains disabled.
 - A former wife or husband age 60 or older (50–59 if disabled) can get benefits if your marriage lasted at least 10 years.

MILITARY RETIREMENT PAY

Retirement Pay and Compensation

Service members who remain on active duty or serve in the Reserves or National Guard for 20 years or longer may retire and receive retired pay. You fall under one of three retirement systems, depending on when you first entered military service. Your Pay and Compensation Administrative Officer within your command can provide more information.

Non-Disability Retirement Pay Options

- » **Final Pay**—The Final Pay retirement system only applies to members who first entered Service before September 8, 1980.
- » **High-3**—The High-3 Year Average retirement system applies to members who first entered Service on or after September 8, 1980, and before August 1, 1986. High-3 also applies to members who first entered the Service on or after August 1, 1986, and chose to revert to the High-3 retirement plan by not accepting the Career Status Bonus (CSB).
- » **CSB/REDUX**—This system applies only to members who first entered Service after July 31, 1986, and chose to receive the CSB and the REDUX retirement plan.

Disability Retirements

Service members who become wounded, ill or injured may be medically retired. They may receive either a permanent or temporary disability retirement. A Physical Evaluation Board (PEB) determines a disability rating as a percentage of loss of fitness to perform military duties and whether the disability is permanent or temporary (likely to change over time).

Service members with permanent disabilities are transferred to the Permanent Disability Retired List (PDRL), and Service members with conditions that are likely to change are transferred to the Temporary Disability Retired List (TDRL). Members transferred to the TDRL are reexamined every 12–18 months for up to five years, at which time a final determination is made as to whether the member is fit for return to active duty or transferred to the PDRL.



See your Pay and Compensation Administrative Officer in your command or at your Military Treatment Facility (MTF) for additional information and referrals.

Concurrent Retirement and Disability Pay (CRDP)

Military retired pay has historically been reduced (offset) by the amount of disability compensation a retiree receives from the VA. CRDP is a program that restores some or all of a member's retired pay that is offset by VA disability compensation. To be eligible, a retiree must have 20 or more years of service and have a VA disability rating of 50% or more. It is automatically calculated by the DFAS for new retirees and is being phased in for existing retirees. The phase-in is expected to be complete by 2014, at which time eligible retirees will no longer have their military retirement pay reduced by the amount of their VA disability compensation.

CRDP is a restoration of retired pay. It is therefore taxed and, if applicable, subject to collection actions for alimony, child support, community property, garnishment and government debt just like the rest of your retired pay.

Your monthly CRDP amount cannot exceed the lesser of your monthly gross retired pay or VA disability compensation. If your retired pay is calculated using a percentage of disability rather than your years of service, your CRDP cannot exceed the amount your gross retired pay would currently be had it been calculated at retirement using your years of service. *You do not need to apply—CRDP is automatic.*

Combat-Related Special Compensation (CRSC)

CRSC provides military retirees a monthly compensation that replaces their VA disability offset. Qualified military retirees are those with 20 or more years of service and those retired due to disability with less than 20 years of service who have combat-related VA-rated disability. Such members are now entitled to a payment that makes up for their military retirement pay being reduced by the amount of their VA disability compensation. CRSC includes disabilities incurred as a direct result of:

- » Armed Conflict
- » Hazardous Duty
- » Conditions Simulating War
- » An Instrumentality of War

Unlike CRDP, CRSC has no phase-in period. Once a military retiree has been determined to be qualified, he or she will receive reduced retirement pay plus an additional sum that makes up for the part of their retired pay that has been offset.

CRSC payment is based on the percentage of your disability that your Service determines to have been combat-related. This percentage may be less than your overall VA disability rating, and consequently the CRSC payment may be less than your offset retired pay.

Your CRSC payment is not a restoration of retired pay. It is a special entitlement payment and is not taxed.

Your monthly CRSC amount cannot exceed the lesser of your monthly gross retired pay or VA waiver amount. If you are a disability retiree whose retired pay is calculated using a percentage of disability rather than your years of service, your CRSC cannot exceed the amount your gross retired pay would currently be had it been calculated at retirement using your years of service.

Unlike CRDP, CRSC is not automatic; you will need to apply to your military service.



ELIGIBILITY

Retired veterans with combat-related injuries must meet all of the following criteria to apply for CRSC:

- » Be in receipt of military retired pay (including Chapter 61 Medical, Temporary Early Retirement (TERA) Retirees and Temporary Disability Retired List (TDRL) retirees); and
- » Have 10% or greater VA rated disability due to injury; and
- » Military retired pay is being reduced by VA disability payments (VA Waiver); and
- » Must be able to provide documentary evidence that your injury was 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

Survivor Benefit Plan (SBP)

All retirees may choose to participate in the SBP or the Reserve Component Survivor Benefit Plan (RCSBP). SBP is designed to provide ongoing income for your spouse and minor children, should you die before them. It pays a monthly annuity up to 55% of your retired pay. Retirees are automatically enrolled in SBP at time of retirement unless they choose to decline participation with their spouse's written and notarized concurrence. It is important that both you and your spouse learn as much about the program as possible before making a decision to forego this very valuable government benefit.

UNEMPLOYMENT COMPENSATION FOR MILITARY

Unemployment compensation for separatees is referred to as “Unemployment Compensation for Ex-Service Members (UCX).” Service members separating from active duty under honorable conditions and who have completed their first full term of service may qualify for unemployment compensation. For Guard and Reservists, active duty must be 90 continuous days or more.

Benefits

The law of the State under which the claim is filed determines benefit amounts, number of weeks benefits can be paid, and other eligibility conditions. States also have deduction laws for military retirement or disability income.



FILING A CLAIM

Contact your State Workforce Agency as soon as possible after discharge. It may be helpful to have a copy of your service and discharge documents (DD Form 214 or similar) when you file your claim. In many states, you may now file your claim by telephone and/or Internet. An ex-Service member may file in any one of the 50 states or in the District of Columbia, Puerto Rico, or the Virgin Islands.

GOVERNMENT LOAN PROGRAMS

Several government agencies help veterans get loans for homes, farms, and businesses. Loan amounts are usually based on highest income being earned at the time of loan approval.

VA Home Loans

Eligible veterans, including active duty veterans, discharged veterans, and Reservists, may obtain loans guaranteed by the VA to purchase or refinance homes, condominiums, and manufactured homes. Unmarried surviving spouses may also be eligible. VA home loans feature a negotiable interest rate, choice of loan types, limited closing costs, and no monthly mortgage insurance premium. No down payment is required in most cases.



VERIFICATION

The lender will ask you to provide evidence, in the form of a Certificate of Eligibility (COE) that you are eligible to apply for a VA home loan. In many instances your lender will be able to obtain your COE online in seconds. However, since not all COE requests can be processed online, there will be instances in which the veteran needs to apply for a COE through the Winston-Salem Eligibility Center.

Federal Housing Administration (FHA) Mortgage Insurance

The FHA of the Department of Housing and Urban Development (HUD) insures mortgage loans for the construction, purchase, and improvement of homes. FHA-insured mortgages allow veterans to borrow with minimum down payments and over longer periods of time.

Application is made directly to any FHA-approved lender; the lender usually serves as the homebuyer's contact with FHA throughout the loan approval process.



Any local HUD field office can provide additional information; look in your local telephone directory for the office nearest you.

Business Loans

Guaranteed, third-party and direct business loans are available to veterans through programs of the Small Business Administration (SBA). SBA offers loans specifically to veterans and Reserve Component members, active Service members and their spouses, widows, and employers.



Contact the nearest SBA office for details, or visit www.sba.gov/vets.

Rural Loans

The Farmers Home Administration is the rural credit agency of the Department of Agriculture. This agency has both direct and guaranteed loan programs that give preferential processing to veterans' loan applications.



To obtain information and applications, contact the nearest office of the Farmers Home Administration. Most are located in rural county seats.

LEGAL ASSISTANCE

Military installations have legal assistance offices available to assist you and your family members with legal matters such as will preparation, powers of attorney, review of most contracts, debit/credit problems, landlord/tenant issues, family law, tax law, and estate planning. All of these services are a no-cost benefit of your active duty service.

Legal assistance provides quality legal services regarding personal civil legal matters to eligible persons by educating them regarding their personal legal rights and responsibilities. Legal assistance officers are well-versed in the special issues facing those retiring and separating from military service.

LIFE INSURANCE

Servicemembers' Group Life Insurance (SGLI) will continue to cover you for the first 120 days after your separation. Beyond 120 days, it's up to you to buy appropriate life insurance that will provide for the needs of your family and estate. Explore the various life insurance options, including those offered by VGLI. By doing so, you will be able to select one that you feel best suits your needs. When shopping for life insurance, the program you choose should pay:

- » Funeral and related expenses
- » A lump sum to pay off outstanding debts (including your mortgage balance, if you have one)
- » A lump sum to pay your children's college tuition and expenses, if desired
- » Survivor income needs or lost earnings
 - **Survivor Income Needs:** A lump sum for your beneficiary to invest at a modest rate of interest to pay living expenses over and above what your survivor's earned income is expected to be (requires a detailed projection of your survivor's income and expenses), or
 - **Lost Earnings:** A lump sum to replace your earnings during your expected working life. For example: If you are age 45 and earn \$30,000 per year, you would earn approximately \$600,000 by age 65. A rule of thumb is to replace 75% of your lost earnings, which would produce a life insurance requirement of \$450,000, in addition to the other lump sum expenses previously mentioned.

Servicemembers' Group Life Insurance (SGLI)



ELIGIBILITY

SGLI is low-cost term insurance protection for members of the Uniformed Services. Those eligible for SGLI include:

- » All Service members on active duty
- » Ready Reservists
- » Members of the Commissioned Corps of the National Oceanic and Atmospheric Administration (NOAA) and the Public Health Service (PHS)
- » Cadets and midshipmen of the four Service academies
- » Members of the Reserve Officer Training Corps

SGLI will continue to cover you for the first 120 days after your separation, just as if you were still in uniform. If you are totally disabled at the time of your separation, your SGLI coverage will continue, free of charge, for up to two years from the date of your separation. Following expiration of your SGLI coverage extension, you must make your own arrangements for life insurance. One option is Veterans' Group Life Insurance (VGLI), offered by the VA.

Traumatic Servicemembers' Group Life Insurance (TSGLI)

All Service members eligible for SGLI are insured for traumatic injury protection of up to \$100,000 unless they decline SGLI coverage. It provides automatic traumatic injury

coverage to all Service members covered under the SGLI program who suffer losses due to traumatic injuries. TSGLI payments range from \$25,000 to a maximum of \$100,000 depending on the type and severity of injury. A flat monthly premium of \$1.00 is added to the monthly SGLI deduction, regardless of the amount of SGLI coverage that the Service member has elected.

TSGLI is not disability compensation and has no effect on entitlement for compensation and pension benefits provided by the VA or disability benefits provided by the DoD. It is an insurance product similar to commercial dismemberment policies.

Family Servicemembers' Group Life Insurance (FSGLI)



FSGLI coverage is available for the spouses and dependent children of active duty Service members and members of the Ready Reserve insured under SGLI.

The Service member's spouse may obtain coverage up to \$100,000 or an amount equal to the Service members' coverage, whichever is less. Age-based premiums are charged for spouses. Each dependent child of the Service member is automatically insured for \$10,000 free of charge. A member can decline or elect lesser spousal coverage in increments of \$10,000, but may not decline coverage for a dependent child.

Veterans' Group Life Insurance (VGLI)

Once your SGLI coverage extension ends, you must make your own arrangements for life insurance.

One option is VGLI, which provides for the conversion of SGLI to a term life insurance policy that is renewable every five years, regardless of one's health, and can be retained for life.



ELIGIBILITY

You are eligible to apply for VGLI if you are insured under SGLI and:

- » You are being released from active duty or the Reserves or were released within the last year and 120 days.
- » You are a member of the Individual Ready Reserve (IRR) or Inactive National Guard (ING).
- » You are a Reservist who suffers an injury or disability during active duty or inactive duty for training for a period of less than 31 days and become uninsurable at standard premium rates.



You can apply for VGLI within the first 120 days without evidence of good health. After the initial 120 days you have an additional year to apply, but good health requirements must be met.

VGLI provides the amount of SGLI coverage a member had in force at the time of separation from active duty or Reserves. VGLI is issued in multiples of \$10,000 up to a maximum \$400,000. VGLI can be converted at any time to an individual permanent insurance policy (i.e., whole life) with any of 26 participating commercial insurance companies. Since SGLI coverage continues at no cost for 120 days after discharge, VGLI does not take effect until day 121.

VGLI applications are mailed to eligible members on three occasions:

1. Within 60 days after separation
2. Three weeks after the first mailing
3. Fifty-one weeks after separation

Coverage for Service-Connected Disabled Veterans

Veterans with service-connected disabilities are eligible for the following two additional life insurance programs, Service-Disabled Veterans Life Insurance (S-DVI) and Veterans' Mortgage Life Insurance (VMLI):

1. Service-Disabled Veterans Life Insurance (S-DVI)

Service-Disabled Veterans Insurance is life insurance for veterans who receive a service-connected disability (SCD) rating by the VA. The basic S-DVI program, commonly referred to as "RH Insurance", insures eligible veterans for up to \$10,000 of coverage. Veterans who have the basic S-DVI coverage and are totally disabled are eligible to have their premiums waived. If waiver is granted, totally disabled veterans may apply for additional coverage of up to \$20,000 under the Supplemental S-DVI program. Premiums for Supplemental S-DVI coverage, however, cannot be waived.



ELIGIBILITY

You are eligible for S-DVI if:

- » You were released from service under other than dishonorable conditions on or after April 25, 1951, and
- » VA has notified you that you have a SCD, and
- » You are healthy except for your SCD, and
- » You apply within two years of being notified of your SCD.

You are eligible for Supplemental S-DVI if:

- » You have an S-DVI policy, and
- » The premiums on your basic coverage are being waived due to total disability, and
- » You apply within one year of being notified of the waiver, and
- » You are under 65 years of age.

The S-DVI premiums vary depending on your age, type of plan (term or permanent), and the amount of coverage you select.



You may apply for SDVI using the sites listed in the **Resources** section of this chapter.



WAIVER OF PREMIUMS

You may be eligible for a waiver if you become totally disabled before your 65th birthday and stay that way for at least six consecutive months. Premiums for Supplemental S-DVI cannot be waived.

Note: Effective October 1, 2011, the Supplemental SDVI maximum increases to \$30,000.

2. Veterans' Mortgage Life Insurance (VMLI)

Veterans Mortgage Life Insurance is an insurance program that currently provides up to \$90,000 in mortgage life insurance coverage on the home mortgages of veterans with severe service-connected disabilities who:

- » Receive a Specially-Adapted Housing Grant from VA for assistance in building, remodeling, or purchasing an adapted home; and
- » Have title to the home; and
- » Have a mortgage on the home.

The insurance is payable only to the mortgage lender, not to family members. VMLI coverage is available on a new mortgage, an existing mortgage, a refinanced mortgage, or a second mortgage.

VMLI premiums are determined by:

- » The insurance age of the veteran; and
- » The outstanding balance of the mortgage at the time of application; and
- » The remaining length of the mortgage.

Note: Effective October 1, 2011, the maximum VMLI increases to \$150,000. Ninety days later, on January 1, 2012, the maximum VMLI increases to \$200,000.

COMMISSARY AND EXCHANGE PRIVILEGES

The military commissaries and exchanges are integral elements of the military non-pay compensation and benefit package. The commissary and exchange stores are operated at military installations around the world, and offer the same goods, merchandise, and services found in commercial U.S. grocery stores, discount stores and department stores. Eligible patrons of the military commissaries and exchanges consist of military service and family members on active duty; members of the National Guard and Reserves; military retirees; Medal of Honor recipients; honorably discharged veterans with a 100% SCD; U.S. civilian employees of the DoD when stationed overseas; and their dependents.

The commissary system is one of the most valued contributors to the quality of life of our Service members and their families. Active duty members and their families consistently rank the commissary benefit as one of their top benefits, second only to health care.

Through a world-wide system of commissary stores, the Defense Commissary Agency (DeCA) provides Service members and their families with the opportunity to save on purchases of food and household products and services. Commissary goods are sold to authorized patrons at cost plus a 5% surcharge. Military families save an average of more than 30% on their purchases compared to commercial prices. These are savings that can be worth more than \$4,400 annually for a family of four that does all of its grocery shopping at the commissary.

The military exchanges are managed through three independent world-wide exchange systems: the Army and Air Force Exchange System (AAFES), the Navy Exchange Service Command (NEXCOM), and the Marine Corps Exchanges (MCX).

- » The military exchanges are vital to mission accomplishment. The exchanges have the dual mission of providing authorized patrons with merchandise and service, and of generating non-appropriated earnings as a source of funding for Morale, Welfare, and Recreation programs.
- » The exchanges offer the military community almost every imaginable retail merchandise and service found in mainstream shopping malls, convenience stores, gas stations, and fast food restaurants.
- » Exchanges operate retail complexes to support military communities on nearly every major military installation; through internet and catalog shopping; onboard ships at sea; in deployed locations and contingency operations; and at the site of humanitarian and disaster relief efforts.

INVOLUNTARY SEPARATION

Service members who are involuntarily separated from active duty during the period beginning on October 1, 2007, and ending on December 31, 2012, can continue to use commissary and exchange stores during the two-year period beginning on the date of the involuntary separation in the same manner as members on active duty.

USE OF REVENUE-GENERATING FACILITIES

Service members who, upon separation, will be entitled to a DD Form 2, "Armed Forces of the United States Geneva Convention Identification Card (Reserve)," and/or DD Form 1173-1, "Department of Defense Guard and Reserve Family Member Identification Card," are permitted to use Morale, Welfare, and Recreation revenue-generating facilities (e.g., clubs, bowling centers, golf courses, and more).

DOCUMENTS



Keep performance ratings, service-issued licenses or certifications; DD Form 2586, "Verification of Military Experience and Training" and other service documents (such as your security clearance) in a safe and permanent file. Never give away the original copy of any of these documents.

DD Form 214, "Certificate of Release or Discharge from Active Duty"

This form is one of the most important documents you have because it is your key to participation in all VA programs as well as several state and federal programs. Keep your original in a safe, fireproof place and have certified photocopies available for reference. In most states, the DD Form 214 can be registered or recorded just like a land deed or other significant document.

If you choose not to register your DD Form 214, you still should take steps to protect it as you would any other sensitive document (will, marriage and birth certificates, insurance policies). You may wish to store it in a safe deposit box or at some other secure location. Your local Vet Center can certify your DD Form 214 and have a copy placed on file.

VA Papers

All VA forms and correspondence also should be kept in your file, including certificates of eligibility for loans, VA file number records, and other VA papers.

Family Records

Documents such as marriage licenses, birth and death certificates, and divorce and adoption papers are permanent records that should be kept in your permanent file.

Health Records

You and your family members should know the location of your health records, including medical history and individual immunization records. Keep a copy in a file at home, and know where the original is kept (usually in a military medical facility or doctor's office).

Insurance Documents

Insurance policies and premium payment records should be kept in your permanent file at home.

Wills

All Service members and their spouses should have a will. Once prepared by your local legal services office or through your own private attorney, it should be placed in a safe location with your other important documents.

Correction of Military Records

Each branch of military has its own procedures for correcting the military records of its members and former members. Correction of a military record may result in eligibility for VA and other benefits—such as back pay and military retirement—that the veteran (or survivors) could not otherwise retrieve. Generally, a request for correction must be filed within three years after the discovery of the alleged error or injustice.

If you believe there is an error in your military record, apply in writing to the appropriate Service using DD Form 149, "Application for Correction of Military or Naval Record," which can be submitted by the veteran, survivor, or a legal representative. Get a copy from any VA office listed in the local telephone directory.

How to Get a Review of Your Discharge

Each Service has its own discharge review board. These boards have the authority to change or correct any discharge or dismissal from the Service, unless it was the result of a general court martial. A discharge board has no authority to address medical discharges.



If you feel your discharge decision was not fair or did not consider all the facts in the case, you may request a discharge review. Use the DD Form 293, "Application for the Review of Discharge or Dismissal from the Armed Forces of the United States" obtainable from your nearest VA office. Written applications should be submitted by the veteran, next of kin, or a legal representative. Application must be made within 15 years after discharge.

RESOURCES

FINANCIAL PLANNING ASSISTANCE

Family Centers offer financial planning assistance that can range from individual counseling on money matters to emergency loans. Additionally, Family Centers usually offer group seminars and workshops on several topics:

- » Financial planning for transition
- » Family budgets and spending plans
- » Recordkeeping
- » Insurance
- » Credit
- » Debt liquidation
- » Consumer rights
- » Taxes
- » Investments

BBB MILITARY LINE®—CONSUMER ASSISTANCE FOR MILITARY PERSONNEL AND THEIR FAMILIES

www.bbb.org/military

HELPFUL INFORMATION SOURCES FOR CONSUMER EDUCATION AND FINANCIAL EDUCATION

- » The Federal Trade Commission: www.ftc.gov/bcp/consumer
- » InCharge® Education Foundation: www.militarymoney.com
- » Federal Citizen Information Center: www.consumeraction.gov
- » FINRA Investor Education Foundation: www.saveandinvest.org

CREDIT REPORT

Go to www.annualcreditreport.com to get your credit report. Through this website you can receive one free credit report from each of the credit reporting companies every 12 months. You can also call 1-877-322-8228, or write to:

Annual Credit Report Request Service

P.O. Box 105281
Atlanta, GA 30348-5281

Here is additional information on each of the National Credit Reporting Companies:

Experian National Consumer Assistance

1-888-397-3742
www.experian.com

TRANSUNION
PO Box 2000 Chester
PA 19022-2000
1-800-916-8800
www.transunion.com

EQUIFAX Credit Information Service

PO Box 740241
Atlanta, GA 30374
1-800-685-1111
www.equifax.com

DEFENSE FINANCE AND ACCOUNTING SERVICE (DFAS)

E: ccl-sdp@dfas.mil
F: 216-522-6924
DFAS-Cleveland
Code PMMCCB
ATTN: Savings Deposit Program
1240 E. 9th St.
Cleveland, OH 44199-2055

WHERE TO OBTAIN A W-2 FORM

You can view and print your W-2 from the MyPay website at mypay.dfas.mil/mypay. You will be able to access MyPay and view your W-2 for one year after you are no longer in a pay status or separated.

MILITARY RETIREMENT PAY

Visit DoD's online Retirement Pay Calculators to see how each retirement system will affect payouts: www.defenselink.mil/militarypay/retirement/calc/index.

CONCURRENT RETIREMENT AND DISABILITY PAY (CRDP)

You can contact the DFAS by calling toll free 1-800-321-1080 to learn about your personal CRDP payment rate. Additional information is available at the DFAS website: mypay.dfas.mil/mypay.

COMBAT-RELATED SPECIAL COMPENSATION (CRSC)

To learn more about the specific eligibility criteria and how to apply, visit one of the following websites:

AIR FORCE CRSC

United States Air Force
Disability Division (CRSC)
550 C Street West Suite 6
Randolph AFB, TX 78150-4708
P: 1-800-616-3775
www.afpc.randolph.af.mil/library/combat

COAST GUARD CRSC

Commander (adm-1-CRSC)
U.S. Coast Guard
Personnel Command
4200 Wilson Boulevard
Arlington, VA 22203-1804
P: 1-800-772-8274
www.uscg.mil/hq/cgpc/adm/adm1

ARMY CRSC

Department of the Army
U.S. Army Physical Disabilities
Agency/Combat-Related Special
Compensation (CRSC)
200 Stovall Street
Alexandria, VA 22332
P: 1-866-281-3254
E: crsc.info@us.army.mil
www.CRSC.army.mil

NAVY and MARINE CORPS CRSC

Secretary of the Navy Council
of Review Boards
Combat-Related Special
Compensation Branch
720 Kennon Street SE, Suite 309
Washington Navy Yard, DC 20374
www.hq.navy.mil/ncpb/CRSCB/combatrelated

Additional information is also available at the DFAS website: mypay.dfas.mil/mypay.

SURVIVOR BENEFIT PLAN

The DFAS website helps you learn more about the costs and benefits of the SBP: <http://militarypay.defense.gov/survivor/sbp/>.

eBENEFITS

eBenefits, a service of the VA and the DoD, is your one-stop shop for online benefits-related tools and information. This portal is designed for Wounded Warriors, Veterans, Service Members, their families, and their caregivers. Explore eBenefits and become a registered user at: www.ebenefits.va.gov/ebenefits-portal/ebenefits.portal.

NATIONAL RETIREE COUNCILS

The Military Retiree Councils provide a link between members of the military retiree community—retirees, family members, and surviving spouses living throughout the world—and the leaders of their respective military service branches.

Each National Retiree Council is comprised of a board which consists of both senior NCO and officer retirees. The members represent geographic areas within the Continental United States, and at least one at-large representative.

The Retiree Councils meet annually to discuss retiree benefits issues. Upon conclusion of the meeting, they submit an annual report of the most significant issues for the retiree community to the appropriate member of their respective service branch.

Note: *Rather than issuing an annual report, the Air Force Retiree Council sends letters to various Air Staff offices requesting support for specific items.*

Visit each of the National Retiree Council websites to view their annual reports:

- » The Army Chief of Staff's Retiree Council: www.armyg1.army.mil/rso/RetireeCouncil
- » The Secretary of the Navy's Navy and Marine Corps Retiree Council: www.bupers.navy.mil/CommandSupport/RetireeCouncil.
- » The Air Force Retiree Council: www.retirees.af.mil/council.
- » Coast Guard Commandant's Retiree Council: www.uscg.mil/hr/cg122/Compensation/Retirees/default.

UNEMPLOYMENT COMPENSATION

The link for accessing state UCX information is: www.servicelocator.org.

SOCIAL SECURITY

Information on Social Security benefits is available from any local Social Security office; these are listed in the telephone book under "U.S. Government."

You can also go to www.ssa.gov or call 1-800-772-1213.

VA Loans

Detailed information on VA Home Loans is available at: www.homeloans.va.gov/veteran.

LIFE INSURANCE

SGLI, TSGLI, FSGLI

For more information call toll-free 1-800-419-1473 or visit www.insurance.va.gov.

TSGLI

For more information, contact your individual service points of contact:

Army, Army Reserve

P: 800-237-1336

E: tsgli@conus.army.mil

www.hrc.army.mil

Army National Guard

P: 703-607-5851

E: raymond.holdeman@ng.army.mil

www.hrc.army.mil

Navy, Navy Reserve

P: 800-368-3202/901-874-2501

E: MILL_TSGLI@navy.mil

www.npc.navy.mil

Air Force, Air Force Reserve

Active Duty Phone: 800-433-0048

Air Reserve Phone: 800-525-0102

Air National Guard Phone: 703-607-0901

E: afpc.casualty@randolph.af.mil

www.afpc.randolph.af.mil

Marine Corps

P: 877-216-0825 or 703-432-9277

E: t-sgli@usmc.mil

www.manpower.usmc.mil

Coast Guard, Coast Guard Reserve

P: 202-475-5391

E: compensation@comdt.uscg.mil

www.uscg.mil

U.S. Public Health Service (USPHS)

P: 301-594-2963

National Oceanic and Atmospheric Administration (NOAA)

P: 301-713-3444

E: director.cpc@noaa.gov

The VA TSGLI website offers more detailed information on how and where to submit claims at: www.insurance.va.gov/sgliSite/TSGLI/TSGLI.

SERVICE-DISABLED VETERANS LIFE INSURANCE (S-DVI)

VA Form 29-4364, "Application for Service-Disabled Veterans Insurance" to apply for basic S-DVI: www.insurance.va.gov/inForceGLISite/forms/29-4364.pdf

VA Form 29-357, "Claim for Disability Insurance Benefits" to apply for a total disability waiver of S-DVI premiums: www.insurance.va.gov/inforceGLISite/forms/29-357.pdf

VETERANS' GROUP LIFE INSURANCE (VGLI)

Applications for VGLI coverage should be mailed to:

The Office of Servicemembers' Group Life Insurance
P.O. Box 5000
Millville, New Jersey 08332-9928

Note: VGLI applications VA Form SGLV 8714, "Application for Veterans" Group Life Insurance" (www.insurance.va.gov/sgliSite/forms/8714) should be mailed to the address shown on your DD Form 214 or equivalent separation orders. It is your responsibility to apply within the time limits, even if you do not receive an application in the mail.

For more information call toll-free 1-800-419-1473 or visit www.insurance.va.gov.

VETERANS' MORTGAGE LIFE INSURANCE (VMLI)

www.insurance.va.gov/gli/buying/VMLI

www.military.com/benefits/veteran-benefits/veterans-mortgage-life-insurance

Veterans can apply by submitting VA Form 29-8636, "Veterans Mortgage Life Insurance Statement" (www.insurance.va.gov/inforceGLISite/forms/).

For more information on the VMLI program call toll-free 1-800-669-8477 or go to: www.insurance.va.gov.

LEGAL ASSISTANCE

The information provided here and in online resources is for educational and general information purposes only. It is not legal advice. Speak with a licensed attorney before relying on the information contained within a legal assistance website to make a decision or take any action. Contact your local installation legal assistance office or use the Legal Services Locator to find your nearest military legal office within the continental United States: legalassistance.law.af.mil/content/locator

Retirees

Retirees can use the installation legal and financial offices on a space-available basis, and depending on the location, may have to wait to see a representative. The installation legal and financial offices will be able to tell you what services are available. It is helpful to call as far in advance as possible. Retirees residing overseas may have restrictions on privileges based upon Status of Forces agreements.

COMMISSARY AND EXCHANGE PRIVILEGES

Commissary customers can find additional information at: www.commissaries.com.

Exchange customers may shop via the internet at: www.shopmyexchange.com (AAFES); www.mynavyexchange.com (NEX); and www.usmc-mccs.org/shopping (MCX). Exchange customers save an average of 20% and do not pay sales tax.

REPLACING A LOST DD FORM 214, "CERTIFICATE OF RELEASE OR DISCHARGE"

You or your next-of-kin can request a copy of your DD Form 214 online by going to the National Personnel Records Center website: www.archives.gov/veterans/military-service-records.

Or, you can request the DD Form 214 by mail by sending a SF 180, "Request Pertaining to Military Records" or letter to the National Personnel Records Center. Include the following information in your letter:

- » Your full name
- » Social Security number
- » Current phone number (including area code)
- » Approximate dates of service
- » Place of discharge
- » Return address
- » Reason for request

Send this request to:

National Personnel Records Center
Attention: [Your Service, e.g., Army] Records
9700 Page Avenue
St. Louis, MO 63132-5000