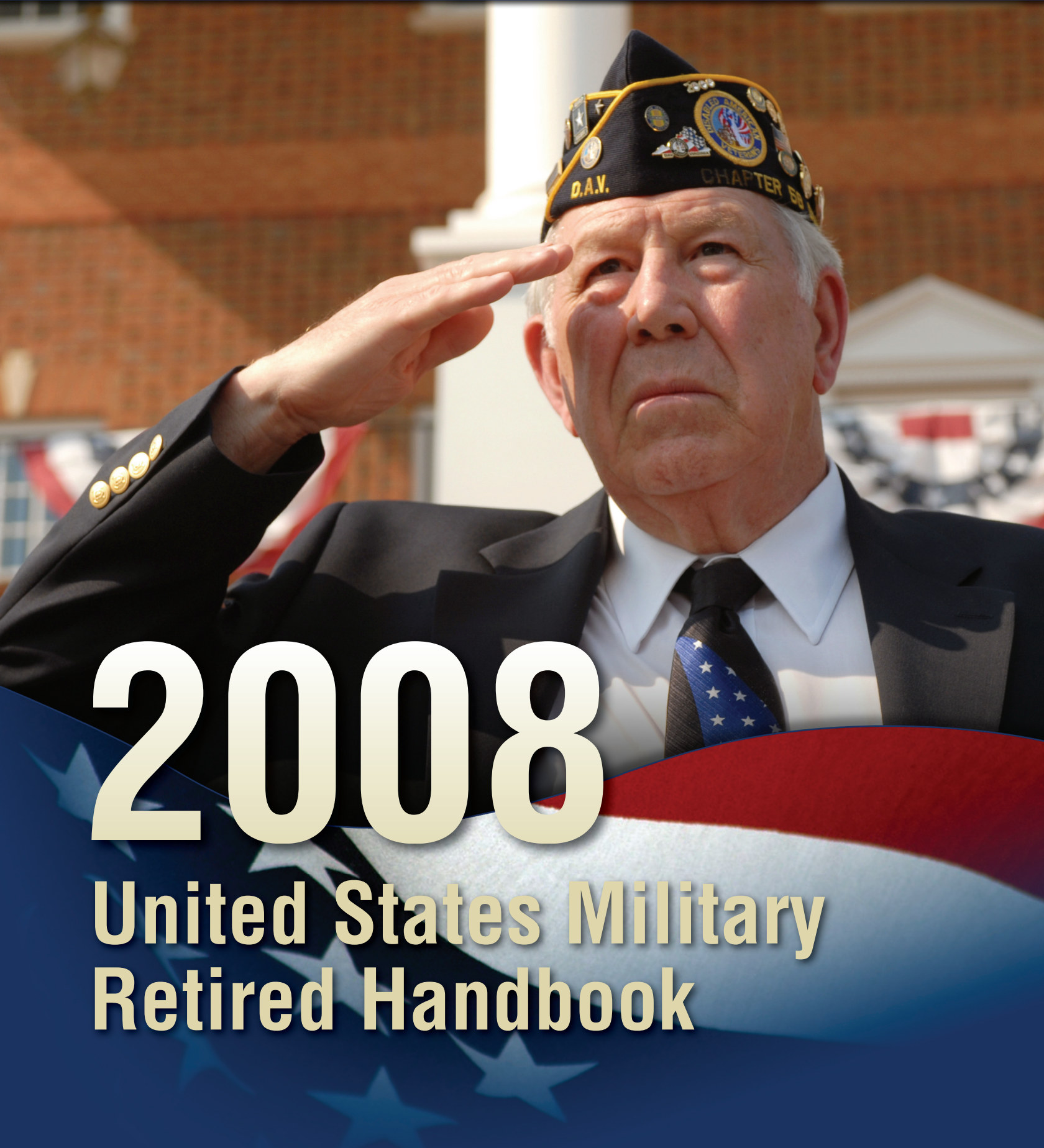


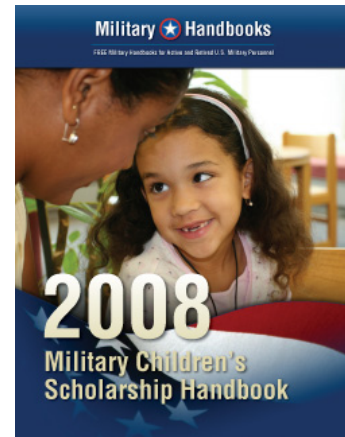
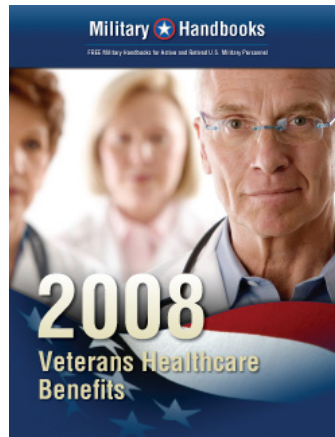
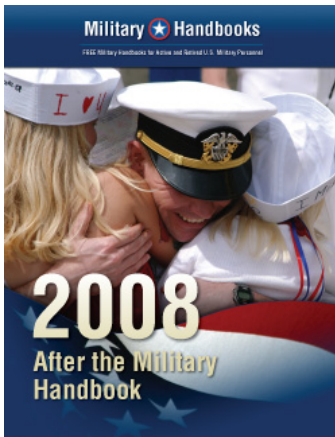
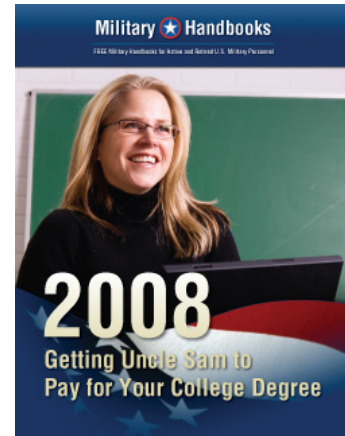
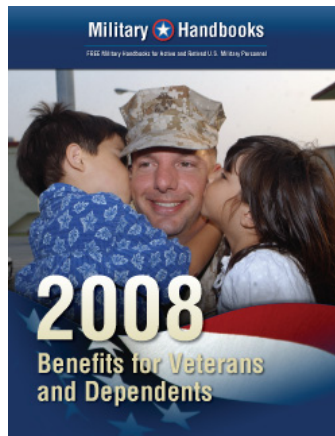
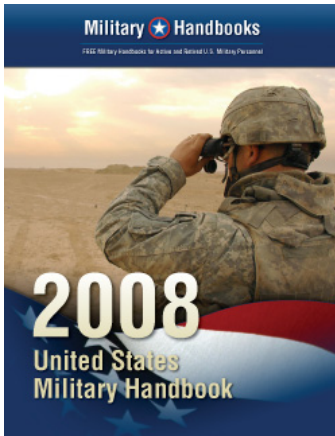
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2008

United States Military Retired Handbook



2008 U.S. Military Retired Handbook

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Introduction

Welcome to retirement! You have worked long and hard to earn military retirement, and now you are about to start enjoying the rewards that your service has earned you.

You are going to find that the transition from active duty military to military retirement is not necessarily easy. Compared to the inevitable stresses encountered in a long career of military service, it's a piece of cake. Still, it's a big step psychologically and represents a major change in what you do each day. Many battle-hardened veterans are caught off guard by just how stressful the change is. There are many complicated rules and regulations to cope with, and just dealing with all of these and choosing among potentially competing benefits can be a real challenge.

To complicate things further, it's not just you who's retiring – it's your whole family and survivors who must also navigate a major change in lifestyle along with a new and different set of rules and regulations.

But stand at ease. This unique handbook will guide you step by step through the entire process. You'll gain a clear understanding of all your rights and privileges, so that you may take full advantage of all the benefits. After all, you've earned them, and a grateful nation wants you to experience and enjoy them.

We hope that you find this *2008 U.S. Military Retired Handbook* helpful, and – along with an entire grateful nation -- we want to thank you for your service and wish you the very best in a long and happy retirement.

– *The Military Handbooks Staff*

Retirement Overview

Back in the day -- when your dad was in the Army -- military retirement pay was a cinch to understand: You did your 20 years and received half your base pay. Put in over 20 years and you received 2.5 percent more per year of active duty up to 75 percent.

Then Uncle Sam decided this was just too simple, so Congress started complicating it. It's not so bad as the IRS tax code – which Einstein declared to be the most difficult thing in the universe to understand – but the truth is that it is indeed quite complicated.

Don't worry. This guide will walk you through it, making it as simple and clear as possible. By the time you're through, you will know everything you need to know to make intelligent decisions about your future.

The first thing to understand is that military retirement pay differs greatly from typical civilian retirement pay systems. For one thing, unlike civilian retirement plans, "vesting" does not exist in the military retirement system. That is, you are not building up credit over the years in some kind of special retirement accounts. No interest is accumulating nor is the government contributing matching funds for your retirement. Either you qualify for retirement by serving 20 years honorably, or you do not. There is no partial credit building over time.

So if you get discharged from the military after 19 years, 11 months, and 29 days of service, you are S.O.L – “sadly out of luck.” You didn't put in your 20, so you fail to qualify for retirement pay.

Another difference between military and civilian retirement is that in the latter, when you're gone, you're gone. But, in theory, as a retired military member you can be recalled to active duty. In fact, the chances that you'll be recalled to active duty after you've been retired for five years or more are slim.

For the record, DOD puts military retirees into three categories:

Category I. Non-disabled military retirees under age 60 who have been retired fewer than 5 years.

Category II. Non-disabled military retirees under age 60 who have retired 5 years or longer.

Category III. Everyone else, including disabled and warrant officers and health care professionals, who retire from active duty after age 60.

Obviously, Category I is the most likely to be recalled to active duty, and category III is the least likely. Those over age 60 are in category III, which is the same category as individuals with disabilities. The chances of recall of category III retirees to active duty is near zero.

How Retirement Pay is Calculated

This is the part that you want to know about. If you entered active duty or on prior to 8 September 1980, it's quite simple. The retired pay amounts are determined by simply multiplying your service factor (normally referred to as your "multiplier") by your active duty base pay at the time of retirement.

If you entered active duty *after* 8 September 1980, the base pay is the average of the highest 36 months of active duty base pay received. Additionally, your initial (first) cost-of-living adjustment will be reduced by 1 percent.

The "multiplier" for the above two plans is 2.5% (up to a maximum of 75%). For example, a person who entered active duty on or before 8 September 1980, and spent 22 years on active duty, would receive 55% of his/her base pay as retirement or retainer pay. So, a person who entered active duty after 8 September 1980, and spent 22 years on active duty, would receive 55% of the average of the highest 36 months of active duty base pay.

Terminology

Navy and Marine Corps members are considered to be a "retired member" for classification purposes if an enlisted member with over 30 years service, or a warrant or commissioned officer.

Enlisted Navy and Marine Corps members with less than 30 years' service are transferred to the Fleet Reserve/Fleet Marine Corps Reserve; their pay is referred to as "retainer pay".

Air Force and Army members with over 20 years' service are all classified as retired, and receive retired pay.

When a Navy or Marine Corps member completes 30 years, including time on the retired rolls in receipt of retainer pay, the Fleet Reserve status is changed to retired status, and they begin receiving retired pay.

Don't be confused by the terminology. In fact, the law treats retired pay and retainer pay exactly the same way.

As you know, service members who remain on active duty or serve in the Reserves or Guard long enough may retire and receive retired pay. Retirees also retain other privileges, like the right to use base facilities, such as the Commissary and gym.

If you entered Service on or after August 1, 1986 and qualify for an active duty retirement, you may choose between two of the current three retirement 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. These plans protect your family financially in the event of your death. Social Security will likely provide you additional benefits once you reach 62 years of age.

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.

Identifying Your System

All you need to know to determine which system applies to you is 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). To be clear: the date you first entered the military is the first time you enlisted or joined the active or reserves. Note that this date is fixed – it does not change. Departing the military and rejoining does not affect your DIEMS.

However, 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 clearly 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, using the following table, 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.

In this retirement system, 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.

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 year 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. Once more, 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 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 is a perplexing one. It actually turns on whether or not you have the self-discipline to make good use of the bonus. 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 look hard before they decide to take this retirement option. It could mean the difference between actually retiring or working years beyond anticipated retirement.

Thousands of soldiers and sailors – about half of those eligible -- have elected to receive the Career Status Bonus and revert to the REDUX retired pay system since they were first eligible. Most of them are probably making huge mistake. If this were a business operating this scam instead of the government, people would be going to jail.

It's hard to resist the offer of a big chunk of cash. What could be more tempting than tens of thousands of free cash?

The problem is that the cash is not free at all. First of all, it's taxable. Uncle Sam might be handing you a pile of cash, but he immediately takes a lot of it back when you file your income tax return. With one hand, he gives you \$30,000, with the other he takes back between \$5,000 and \$10,000 depending on your tax bracket.

Second, taking the cash means choosing a reduced retirement plan of 40 percent of basic pay when you retire after 20 years of service. You need to be highly aware of what the loss of money from a reduced retirement means to your future. There's no sense putting on the dog now if it means eating dog food later.

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

Jones is smart. He 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 money now! 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, Sailors 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.

The smart way to look at the Career Status Bonus as an early cash-out "loan" to be paid back later by smaller retirement paychecks.

"CSB has a peculiar payback scheme. Smith pays nothing until retirement, then pays big time from the beginning of retirement until age 62, and then keeps paying back smaller amounts over the rest of his life.

Smith could end up paying back the money at a 9- to 10-percent interest rate. Moreover, the term of the loan is based on how long he lives. Why would you want to take on any loan that you have to pay back for the rest of your life?

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 implicit 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. Does it make sense to pay \$10 for a \$1 loan? Look at the real world facts. 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.

Retirement Choice

Members who entered the service after July 31, 1986, are given a choice of retirement plans at their 15th year of service. They have 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 based on his own unique circumstances and preferences.

The following chart summarizes the differences among 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

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 pay date 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 of your submitting your election paperwork and its acceptance 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. Such a strategy – thanks to the matching feature – can make a big difference in retirement income.

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 cannot 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.

When is it advantageous to take the bonus?

Each individual's unique circumstances will determine which retirement option is better. The CSB/REDUX option should be carefully considered for individuals who are planning longer careers. The multiplier under REDUX comes closer to the High-3 multiplier the longer the individual stays in beyond 20 years, and finally the multipliers become equal at 30 years. Also, everyone that invests the bonus would have 5 to 15 years of compounded savings accumulated at their retirement point. If the \$30,000 bonus were allowed to compound at 7% for ten-years, it would grow to approximately \$60,000. If it were invested at 10% for fifteen years, it would compound to over \$120,000.

This is a hard decision; who can help me decide?

In the end, only you can make the decision, but there are many sources of assistance. The DoD webpage hosts a calculator that will aid you by estimating the value of the two options in relation to your personal situation. You should also seek assistance from resources on your base such as financial counselors, your chain of command, and your personnel office.

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?

Absolutely! If you receive the bonus in a single payment, by using a TSP, you may shelter up to the IRS maximum, which is \$11,000 for the year 2002, 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.

Retired and Annuitant Pay

Preparing for Retirement

Prior to your retirement, it is important that you attend any briefing offered by your command concerning the retirement system. The decisions you make at the time of retirement affect the amounts of your retirement benefits and of your survivor's benefits. Some decisions – once made -- cannot be changed, so careful consideration of all options is crucial.

Retired Pay Estimates

For Air Force members, you can obtain an estimate of your retired pay at your local Military Personnel Flight (MPF). The Army's Retirement Services Office (RSO) will also estimate retirement pay.

SBP Cost and Annuitant Estimates

The MPF for Air Force retirees also calculates cost and annuity values for Survivor Benefit Plan (SBP) option. RSO's (Army) will also calculate SBP cost and annuity values. If you are a Navy or Marine Corps retiree you can receive information on SBP by completing and submitting a NAVCOMPT 2274 to DFAS Cleveland.

DFAS Cleveland

Retired Pay Operation will answer any questions you may have concerning the establishment of your retired pay account. For Navy or Marine Corp members, you can receive an estimate of your retired pay by obtaining, completing and submitting a Pre-Retirement Pay Information Request (NAVCOMPT 2274) to DFAS Cleveland. This form may be obtained from your local disbursing officer. Additional Pre-Retirement Pay Information Request may be submitted if your pay data changes prior to your retirement. You may also request multiple estimates if you wish to obtain information for more than one SBP election and / or federal income tax withholding exemption allowance computation.

Documents/Events

The following documents/events form the basis for the establishment of your retirement account and are to be completed as part of your pre-retirement preparation.

Data for Payment of Retired Personnel (DD 2656)

This form is available in your disbursing office (Navy), Military Personnel Flight (Air Force) your installation's RSO (Army) or is sent to Marines along with their retirement order. It must be completed and submitted in accordance with your branch of service's policy. The form must be completed prior to your retirement / transfer date. It requires you to provide DFAS with dependency information, your SBP election, beneficiary information to whom unpaid retired pay will be paid at the time of your death, and withholding information for Federal and State tax purposes. All of this information is used to build your retirement pay account.

SBP Election Statement for Former Spouse Coverage (DD 2656-1)

In addition to the DD 2656, if you elect some type of Former Spouse SBP coverage, you must also complete a DD 2656-1.

Allotment Authorization

You can start, stop, or change current allotments by requesting action by the office that takes care of your active duty pay account. Ensure that your allotment total will not exceed your retirement pay. All necessary adjustment to your allotments should be made at least 30 days prior to retirement. Retirees are permitted to have a maximum of 6 allotments, classified as discretionary allotments; those that are discretionary have been identified with the word "Discretionary".

1. The following allotments cannot be carried forward to your retired accounts:

- Charity allotments, except contribution to Navy/Marine Corps Relief Society, Army Emergency Relief or Air Force Assistance Fund
- Education allotment

2. The following allotments may be carried forward to your retired pay account if at least one month's payment was made while on active duty:

- Loan repayment to Red Cross
- Saving Allotment - Discretionary
- Home Loans - Discretionary
- U.S. Saving Bond (Bonds established for safekeeping while on active duty cannot be carried forward to your residence other than your own) - Discretionary
- Dependency allotment (To spouse, former spouse (s), children, grandmother, and/or anyone having a permanent residence other than your own) - Discretionary
- National Service Life Insurance - Discretionary
- Commercial Life Insurance - Discretionary
- Navy/Marine Corp Mutual Aid Insurance - Discretionary
- Repayment of a debt to a federal agency and tax levy assignment to the Internal Revenue Service (IRS)
- Charitable contributions to Navy/Marine Corps Relief Society, Army Emergency Relief, or Air Force Assistance Fund
- Repayment of loan to Navy Relief Society, Army Emergency Relief, or Air Force Aid Society
- Veterans Group Life Insurance - Discretionary
- TRICARE Retired Dental Program - enrollment and withdrawal must be done through Delta Dental - Discretionary

The following is general information for starting/changing allotments after your retirement:

1. The dollar amount of allotment may not exceed your gross retired pay less deduction for SBP and federal withholding tax and any other deduction. To request an allotment start, stop, or change, furnish DFAS Cleveland with the month of start, termination, or change; the amount, and the full name and address to which the allotment is to be sent. Request for allotment action can be made by:

- Letter must include your signature and your social security number.
- Employee Member Self Service (See Maintaining your pay account).
- Air Force members may effect allotment changes at their local Finance Services Office (FSO).
- Start, stop or adjustment actions for either National Service Life Insurance or Veterans Group Life Insurance should be sent to DFAS Cleveland via the Department of Veterans Affairs or Office of Serviceman's Group Life Insurance, respectively.
- It is not necessary to provide the policy numbers for changes to insurance allotments. You must request starts, stops, and changes by referencing the monthly premium amount and the name of the company.

- Excess allotment payments made on your behalf are a matter solely between you and the payee. We cannot take steps to recover the payment.

Separation from Active Duty

Your retired account will not be established until your active duty account reflects the fact that you have been released from active duty. This is required to expedite the established of your account. It is important that your command closes your active duty account. Your account cannot be established until this action is accomplished.

Payment Method/Schedule

Your net retired/retainer pay should be sent to your financial institution by Direct Deposit unless you reside in a foreign country in which Direct Deposit is not available. Your retired pay will be deposited to your account on the first business day of the month following the end of the month. Complete the appropriate sections of Part I of the DD 2656 with the Routing Transit Number (RTN), Financial Institution Name and Address, your Account Number and whether or not your account is a Checking or Savings account. Direct Deposit enables your payment to be deposited directly to the bank, saving and loan association, or credit union of your choice. Direct Deposit has the following advantages:

- It eliminates the possibility of your check being lost, stole, forged or destroyed in delivery. Treasury Department statistics show that over one million checks are either lost or stolen each year.
- It eliminates the inconvenience of cashing and depositing your check.
- It assures deposit of your pay on the first business day of the month following the month for which payment is due.
- It assures the delivery, deposit, and availability of your pay while you travel.
- After you retire, you will need to notify retired pay whenever you change your financial institution. Do not close your old bank account until you receive the first deposit in the new financial institution.

Establishing Your Account

Your First Payment and Communication from DFAS Cleveland

Your first payment for retired pay normally will arrive 30 days after your release from active duty, or, on the first business day of the month following the month of first entitlement to pay. In a separate mailing, you will receive a letter, which will show you how your pay was computed. This will include your deductions for SBP, federal/state income tax, and allotments.

Retired Establishment Data from Military Personnel Community

In addition to the forms that have been mentioned previously that are used to build your retired account, DFAS Cleveland will receive retirement information from the personnel community in order to establish your pay account. In the case of Navy non-disability retirees who have at least 20 years service, if the personnel information that certifies your actual service for retirement purposes is not received in time, your account will be established assuming 20 years service at your present grade. When the actual service information is received, your account will be adjusted to show the correct data. Any retroactive pay adjustment will be forwarded by a separate payment.

How Your Pay Is Computed

Calculation

For Navy and Marine Corps members, you are considered to be a retired member for classification purposes if you are an enlisted member with over 30 years service, or a warrant or commissioned officer. Enlisted Navy and Marine Corps members with less than 30 years service are transferred to the Fleet Reserve/Fleet Marine Corps Reserve and their pay

is referred to as "retainer pay". Air Force and Army members with over 20 years service are all classified as retired. When a Navy or Marine Corps member completes 30 years, including time on the retired rolls in receipt of retainer pay, the Fleet Reserve status is changed to retired status. Retired pay amounts are determined by multiplying your service factor (normally referred to as your "multiplier") by your active duty base pay at the time of retirement. By law, the gross retired pay must be rounded down to a whole dollar amount.

Service Factor (Multiple)

If you are a retiree with 30 or more years of service, your multiple is 75 percent. If you are a retiree/Fleet Reservist with less than 30 years, this factor is determined by taking 2 1/2 percent times your years of service. Years of service include credit for each full month of service as one-twelfth of a year. "Years of service" for officers includes all active service, periods of inactive reserve service prior to June 1, 1958, ROTC active duty time prior to October 13, 1964, constructive service credit for Medical and Dental Corps, and drills performed while in the inactive reserve after May 31, 1958. "Years of service" for Fleet Reservists and all other enlisted retirements include all active service, active duty for training performed after August 9, 1956, any constructive service earned for a minority or short-term enlistment completed prior to December 31, 1977, and includes drills performed while in the Active Reserves.

Base Pay at Time of Retirement

If you entered the service before September 8, 1980, your base pay for retirement is the same as your last active duty pay. (Remember, your allowances are not considered). An example of this type of retired pay calculations is as follows.

A Navy or Marine E-8 is transferring to Fleet Reserve on July 31, 2000 with 22 years, 8 months service. The member's pay would be computed as follows:

$$2\ 1/2\% \times 22.67\ \text{years} = 56.68\%$$

$$56.68\% \times \$3161.10\ (\text{July 1, 2000 Active duty rate for an E-8 over 22 years}) = \$1791.71\ \text{or}\ \$1,791.00.$$

For those who entered the Armed Forces on or after September 8, 1980 the base pay is the average of the highest 36 months of active duty base pay received. The base pay for members having less than three years service is the average monthly active duty basic pay during their period of service. For certain retirees who entered the Armed Forces on or after September 8, 1980, the initial cost-of-living increase is reduced.

For those who entered the Armed Forces on or after August 1, 1986, the base pay is computed in the same way as it is computed for retirees identified in the section above titled "Base Pay at Time of Retirement". However, there are differences in how cost-of-living increases are computed.

Tower Amendment

In addition to the computation explained previously, your pay will be computed according to provisions of the Tower Amendment if it applies to your situation. The Tower Amendment was enacted to ensure that you will not receive a lesser amount of retired pay than you would have received if you had retired on a prior date. The Tower eligibility date is usually the day prior to the effective date of an active duty pay increase. Tower pay is computed by utilizing the active duty pay rates in effect on that date, your rank/rate on that date, total service accumulated on that date, and all applicable cost-of-living increases.

1. Using the previous example, the member was an E-8 and had 22 years, 1 month, service on December 31, 1999. The member's pay would be computed as follows:

$$2\ 1/2\% \times 22.08\ \text{years} = 55.20\%$$

$55.20\% \times \$3,119.40$ (January 1, 1998 Active duty rate for an E-8 over 22 years) = $\$1,721.90 + 2.8\%$ (COL Increase) = $\$1,769.00$.

2. Since the E-8 was eligible to transfer to the Fleet Reserve on December 31, 1998, we would also compute the entitlement as of that date. The E-8 has 21 years, 1 month service. The pay would be computed as follows:

$2 \frac{1}{2}\% \times 21.08 = 52.70\%$

$52.70\% \times \$2,976.60$ (1/1/99 active duty rate for an E-8 over 21 years) = $\$1,568.00 + 1.3\%$ (COL Increase) = $\$1,588.00 + 2.8\%$ (COL Increase) = $\$1,632.00$.

3. In this situation therefore, this Fleet Reservist would receive monthly retainer pay of $\$1,796.00$ since the Tower Amendment computations are not more beneficial than the current pay computation.

Disability Retirement

If you have been found to be physically unfit for further military service and meet certain standards specified by law, you will be granted a disability retirement. Your disability retirement may be temporary or permanent. If temporary, your status should be resolved within a five-year period.

The amount of your disability retired pay is determined by one of two methods:

1. The first method is to multiply your base pay or average of highest 36 months of active duty pay at the time of retirement, by the percentage of disability which has been assigned. Members who entered the service September 8, 1980 or later must use the highest average formula. The minimum percentage for temporary disability retirees will equal 50%. The maximum percentage for any type of retirement is 75%. This computation is sometimes referred to as "Method A".
2. The second method is to multiply only your years of active service at the time of your retirement by $2 \frac{1}{2}\%$ by your base pay or average of highest 36 months of active duty pay at the time of retirement. This computation is sometimes referred to "Method B".

DFAS establishes your account using the method that results in the greatest amount of retired pay. If you desire that another method be used, you may request (in writing) that the other method be used.

Deductions

1. Federal Withholding Tax

In most cases, retired pay is fully taxable. The amount of taxable income is reduced by SBP costs and any waiver for VA compensation. The amount deducted from your pay for federal withholding tax is based on the number of exemptions you indicate on either your pay data form or your W-4 after retirement. To change your withholding tax status or to request an additional withholding amount after retirement:

You can forward an IRS Form W-4 to DFAS Cleveland.

Air Force retirees can visit their local Financial Services Office or Air Force Base to change their Federal Income Tax Withholding information. Some Navy Personnel Support Detachments (PSDs) and Army Retirement Service Offices (RSOs) also offer this service.

Disability retirement payments are taxable for those members with either total military service after September 24, 1975, or who were in the service before this date but were not on active military service or under binding written commitment to become a member of the armed services on September 24, 1975. Disability retirement payments

are nontaxable for those members with total military service before September 24, 1975; members who were on active military duty or under binding written commitment to a member of the armed services on September 24, 1975, or members whose disability retirement has been deemed as combat related, regardless of their active military service. If your calculation is based on Disability Retirement, only that portion of your pay which would have been received under the actual percentage of disability calculation is non-taxable.

The amount of taxable income may be further reduced by any SBP cost. If, after retirement, you waive a portion of your pay in favor of VA compensation, your taxable income will be reduced by the amount of VA compensation or the amount of percentage of disability calculation, whichever is greater.

2. State Withholding Tax

State tax withholding is on a voluntary basis and must be in whole dollar amounts. \$10.00 is the minimum monthly amount. Before making your request in writing, you must contact the taxing authority in the state in which you have established residence to determine if you are required to pay state income tax. If you are an Air Force retiree, you may contact your local Financial Services Office at the Air Force Base to adjust your state income tax withholding information. Some Navy Personnel Support Detachments (PSDs) and Army Retirement Service Offices (RSOs) can adjust your state tax withholding information. Navy personnel should check with their local PSD to see if this service is available.

3. Federal Insurance Contribution Act (Social Security)

Retired/retainer pay is not subject to FICA deductions, nor is your retired pay reduced when you become entitled to social security payments.

VA Compensation

All retiring members can apply for VA benefits prior to retirement and in some circumstances service personnel will complete the application for you. If you are eligible, a service-connected disability will be established.

The following benefits accrue as a result of VA compensation:

- VA compensation is non-taxable
- VA approved disability gives a retiree priority admittance to VA hospitals for medical treatment for your disability
- VA outpatient facilities are available for treatment of your disability
- If you die as a result of the service-connected disability, your surviving spouse is eligible for Dependency and Indemnity Compensation (DIC) from the VA
- Even a rating by VA of 0 percent (although of no monetary benefit) documents your physical condition as service-connected
- A rating by VA of 30 percent or higher allows you to receive additional tax-free allowances for your dependents
- Annual cost-of-living increases to your compensation amount
- VA disability percentage (and VA compensation) can be increased, based on a request and approval of reevaluation, resulting in increased tax-free compensation
- Possibility of purchasing up to \$10,000 of National Service Life Insurance without a physical exam

Note: If you are awarded VA compensation, the gross amount of the compensation is deducted from your retired pay. The VA advises DFAS Cleveland of all changes in VA compensation amounts. However, if the amount of your VA compensation does not match the amount deducted from your retired paycheck, you should immediately notify DFAS Cleveland and the VA to resolve the discrepancy.

IMPORTANT: The Comptroller General has ruled that you will be held responsible for any overpayment even if it is the result of an administrative error.

Special Compensation for Severely Disabled

Certain severely disabled retirees of the Uniform Services that have a disability rating as reported by the Department of Veterans Affairs (VA) are entitled to special compensation. The special compensation entitlement is paid for that month in accordance with the following schedule:

70% or 80% = \$100.00
90% = \$200.00
100% = \$300.00

You must meet all of the following requirements for entitlement to special compensation for severely disabled:

1. You are not retired from the military for a disability during the period of October 1, 2000 through September 30, 2001. (You may receive a payment if you retire from the military for a disability after October 1, 2001).
2. You are in a retired status and on the retired pay rolls. Members recalled to active duty are not in a retired status.
3. You have 20 or more years of service for the purposes of computing retired pay. A reservist must have 7,200 or more points to qualify.
4. The VA rating for disability of 70% or higher must be awarded within 4 years of retirement.
5. The VA rating must be 70% or higher for each month. If the rating falls below 70% any given month, then the retiree has no entitlement to the special compensation for that month.

Foreign Employment

Any applicant who accepts employment with a foreign government without approval is subject to having reserve or retired pay withheld for the period of unauthorized employment. If you are retired and contemplating employment by a foreign government, you must obtain approval from the Secretary of the service concerned and the Secretary of State. For more information contact:

Navy - The Office of the Judge Advocate General, 200 Stovall Street, Alexandria, VA 22332-2100.

Air Force - HQ AFMPC/DPMARR3, 550 C Street West, Suite 11, Randolph AFB TX 78150-4713.

Marines - HQMC (MMSR-6), 3280 Russell RD, Quantico, VA 22134-5103 or call 1-800-336-4629 if there are any questions.

Army - U.S. Army Reserve Personnel Command, Attn: ARPC-SFR-SCI, 1 Reserve Way, St. Louis, MO 63132-5200.

Severance Pay/Separation Pay

A member who receives non-disability severance pay, separation pay, special separation benefit (SSB) or voluntary separation incentive (VSI) who later qualifies for retired pay will repay an amount equal to the total amount of separation pay received. The amount of repayment will be computed when retired pay is established.

How to Maintain Your Account

Changes in Account Data

Once a retired pay account has been established, it is especially important that retirees keep DFAS up-to-date on current information. DFAS must be advised of changes to address, Direct Deposit or tax withholding information. We may also need to be advised of changes in marital or dependency status if you have Survivor Benefit Plan coverage.

Even though payments are sent directly to the retiree's bank account, the mailing address is very important for other mailings throughout the year, such as 1099R tax statement, if applicable. DFAS Retired Pay Customer Service Center is the contact point for any matter concerning retired pay accounts.

Retirees may contact the DFAS Retired Pay Customer Service Center at 1-800-321-1080, Monday through Friday from 7:00 a.m. to 7:30 p.m. Eastern time.

Retirees can also change bank and mailing addresses by using myPay at <https://mypay.dfas.mil/mypay.aspx>

Toll-Free Number

The toll-free number, which may be used for any calls, made within the Continental United States, including Alaska and Hawaii is 1-800-321-1080. The commercial number for calls made from outside these areas is (216) 522-5955, or DSN 580-5955. All telephone lines are staffed Monday through Friday from 7:00 a.m. - 7:30 p.m., Eastern Time. Toll-free lines are reserved for use for our customers. The above numbers can be used for general questions about your account and notifications such as: change of address, etc. You must sign requests that involve monetary changes. Therefore, this type of change cannot be handled by phone. If the monetary change will prevent an overpayment to you, an exception will be made to this rule.

Legal Matters

DFAS is responsible for all aspects of your retirement pay, including implementing pay changes based on legal orders from a court.

Automated Voice Response System

DFAS Cleveland also has an Automated Voice Response System on the toll-free number. The system gives you answers to the most commonly asked questions. You can access your own retired pay account 6 days a week (except Sunday), 24 hours a day. You will be able to access the Voice Response System from either a touch tone or rotary phone. Shortly after you retire you will be sent a letter that contains a system assigned Personal Identification Number or PIN. You will use the PIN and your Social Security Number to access the Voice Response System. Once you have successfully entered your Social Security Number and system assigned PIN, you must change your PIN to any four numbers you like. You will have 120 days after the PIN is assigned to change your PIN number or the system assigned PIN number will be deactivated.

Toll-Free Fax Number

The toll-free fax number, which may be used for any calls, made within the United States, including Alaska and Hawaii is 1-800-469-6559. The commercial fax number for calls made outside the United States is (216) 522-5237 or DSN 580-5237.

myPay

myPay (<https://mypay.dfas.mil/mypay.aspx>) is a tool to help retirees manage their pay. The self-service tool lets retirees make changes to their pay account information through the Internet. Retirees can access the system anytime

and anywhere. Individuals can make changes instantly online instead of waiting in lines at the base pay office or mailing in forms. Retirees can access their pay information by using a Personal Identification Number (PIN) and their Social Security Number.

You can access myPay using either of the following methods:

- Personal computer via the Internet
- The Interactive Voice Response System – using a touch telephone to call toll free: 1-877-363-3677 or commercial: (478) 757-3119

Using myPay, you will be able to:

- see your last two Retiree Account Statements
- see your last IRS 1099-R
- change your Federal tax withholding status and exemptions
- change your state tax
- start, stop, or change allotments (electronic fund transfer- EFT payment only)
- start, stop, or change bonds
- change or update correspondence address
- update financial institution information, such as electronic fund transfer information
- you can check myPay to see if your change was processed 3 working days after you input the information

What if you didn't have a myPay PIN before retirement?

If you did not have a myPay PIN before retirement, then shortly after you retire a letter will be sent to you that contains a system generated PIN. You will use the PIN and your Social Security Number to access the Automated Voice Response System or myPay online.

Once you have successfully entered your Social Security Number and system assigned PIN, you can change your PIN to any four numerical digits. You will have 30 days after your PIN number is assigned to change your PIN number or it will be deactivated.

Another way to get a PIN is to access myPay online and request a new PIN by selecting the button “NEW PIN” located on the left hand side of the page.

Changes in Benefits

DFAS Cleveland also must honor tax levies for delinquent taxes issued by the Internal Revenue Service (IRS). As in the case of garnishments, the collection action is mandatory and any rebuttal concerning the levy must be addressed to the IRS. Levies are continuous and collection will run until the entire amount is either collected or the IRS informs us that DFAS Cleveland is released from collecting the levy amount.

Retiree Account Statement: You will receive a statement with your first payment from DFAS Cleveland and thereafter only when monetary changes occur in your retired pay account.

Cost-of-Living Increases

Current provisions of law authorize periodic increases to retired pay. These increases were intended to reflect rises in the Consumer Price Index (CPI). The increases affect the amounts of gross monthly pay, federal withholding tax, SBP costs and annuities. Retired members who entered the Armed Forces on or after September 8, 1980 and who became entitled to retired pay on or after January 1, 1996 will receive an initial cost-of-living increase computed, using the quarter of the retirement date, minus 1%. Cost-of-living increases thereafter for members meeting the above conditions

will be unreduced. Cost-of-living increases for retired members who entered the Armed Forces on or after August 1, 1986, will be reduced by 1%.

Federal Civil Service Retirement

Should you subsequently retire from federal civilian service and wish to waive your military retired pay (in order to include your military service in the computation of your civil service annuity), DFAS Cleveland should be advised, in writing, at least 60 days prior to your planned civilian retirement date. It is suggested that you contact your civilian personnel office prior to the submission of your waiver request to ensure that you are aware of all the available options. If you elect survivor coverage from your civil service annuity, your military SBP participation will be suspended while you receive the civil service annuity. If you want to retain military SBP you may do so, but you must then decline survivor annuity from the Office of Personnel Management. If your pay is subject to court-ordered distribution, you must authorize an allotment in an amount equal to the distribution, in order to include military service in the civil service annuity computation.

Please sign your written request and include your Social Security Number.

Garnishment

Your retired pay is subject to garnishment for payment of child support or alimony upon the issue of a writ of garnishment by a state or federal court. Office of General Counsel, Directorate for Garnishment Operations will notify you should a garnishment be applied to your retired pay. Any action to rebut the writ of garnishment or to restrain its execution must be taken through the court, which issued it. DFAS Cleveland is under a legal obligation to enforce the writ and has no authority to modify it in any way.

Payments to a Former Spouse

Your retired pay is subject to court-ordered distribution to a spouse or former spouse where the parties were married to each other for at least 10 years during which you performed at least 10 years of creditable military service. The distribution can consist of a division of disposable retired pay. This division may include community property or payments of alimony and/or child support. The total amount payable under this provision of law cannot exceed 50% of the disposable retired pay. In cases where there is both a division of pay and a garnishment, the total amount payable cannot exceed 65% of the disposable retired pay. You will be notified should a distribution be applied to your retired pay. Any action to rebut the court order or to restrain its execution must be taken through the court that issued it. DFAS Cleveland is under a legal obligation to enforce the court order and has no authority to modify it in any way. Payment of these monies is not automatic. Former spouses must apply to DFAS Cleveland to receive this benefit.

Tax Levies

DFAS Cleveland also must honor tax levies for delinquent taxes issued by the Internal Revenue Service (IRS). As in the case of garnishments, the collection action is mandatory and any rebuttal concerning the levy must be addressed to the IRS. Levies are continuous and collection will run until the entire amount is either collected or the IRS informs us that DFAS Cleveland is released from collecting the levy amount.

Survivor Benefit Plan

Options

The Survivor Benefit Plan provides an annuity to your designated survivor(s) based on a specified dollar amount of your retired pay. Depending on the coverage you elect, an annuity may be paid to your spouse/former spouse only, your child(ren) only, your spouse/former spouse and child(ren), or a person with an insurable interest. You are automatically enrolled in SBP with maximum coverage when you retire if you have a spouse or dependent children, unless you elect a lesser coverage or no coverage.

If you have a spouse and you elect less than the maximum spouse coverage or child only coverage, you must obtain your spouse's written concurrence to validate this election. If spousal concurrence is not provided any election for less than full spouse coverage will be invalidated and automatic coverage will be established at full spouse/spouse and children coverage.

If you decide to provide SBP coverage for a spouse or a spouse and child, and your beneficiaries become ineligible, the monthly cost will be suspended. Should you remarry and have suspended spouse only or spouse and child coverage, you have the following options:

1. Spouse coverage is resumed as before (Spouse coverage will automatically resume at the same level in effect for the previous spouse, adjusted by cost of living increases, on the first anniversary date of remarriage, or when a child is born as legal issue of the marriage, unless you elect either option below. **NOTE:** If you divorce and remarry the spouse for which you had previously provided SBP coverage, the coverage and premium deductions become immediately effective, at the same level as the original election.
2. Increase coverage (base amount) up to and including full retired pay. If you select this option, you must pay the difference between the SBP costs incurred and the costs which would have been incurred if the new level of participation had been originally elected, plus interest. Elections under this provision become effective as stated in the above paragraph, and when any increase in premiums, with interest, have been paid. Payment of these premiums and interest must be completed before the spouse qualifies as an eligible beneficiary or the election will be null and void.
3. Elect not to resume the spouse portion of coverage before the date the spouse becomes an eligible beneficiary. Elections under this option are effective upon receipt. However, notification must be received prior to the date that the spouse becomes an eligible beneficiary or the spouse coverage will automatically be resumed at the level of coverage for the previous spouse plus any cost of living increases.
 - Election of either one of the first two options above must be done prior to the first anniversary of the remarriage.
 - Notification of your intent to select one of the above options should be forwarded to DFAS Cleveland (1-800-321-1080) as soon as possible after remarriage along with a copy of the marriage certificate. Failure to promptly notify may result in an over or under deduction of premiums.

If you are married at retirement but decline SBP participation, you cannot later enroll in the plan on behalf of that spouse or any other spouse acquired after retirement.

If you have no eligible beneficiaries at retirement, and later gain a spouse and/or child(ren) you must notify DFAS Cleveland (1-800-321-1080) within one year of acquiring that dependent if you wish to elect SBP for these beneficiaries. If you elected spouse and child coverage or child only coverage at retirement and acquire an additional child after retirement, send the child's birth certificate to DFAS Cleveland (1-800-321-1080) to include the child as an eligible beneficiary.

Child(ren) coverage may be elected if the child(ren) meet any one of the following conditions

1. Under 18 at the time of retirement.
2. Unmarried, over 18 but under 22 years of age and attending school on a full-time basis.
3. Incur a disability before age 18, or after 18 under the condition above and incapable of self-support. A statement is required from an official of a hospital certifying to the physical or mental disability of the child. Such statement should indicate when the disability initially began and the nature and extent of the disability. If

the child is 18 or older, a statement is required every two years unless medical prognosis indicates that the disability is permanent and the child will always be incapable of self-support.

Former Spouse Coverage

1. Former spouse coverage may be elected, regardless of your dependency status, in the same manner as a spouse election. Such election should be accompanied by a statement setting forth whether the election is being made pursuant to a written agreement, or is voluntarily made and if such agreement has been incorporated in writing, or ratified, or approved by, a court order. The member and the former spouse must sign the statement.
2. Child coverage may be included with a former spouse election provided the child resulted from your marriage to the former spouse.
3. You may make a former spouse election after retirement if you are a participant in the SBP with spouse coverage, and the election is for a former spouse who was not your former spouse when you became eligible to participate in the Plan. A former spouse election cannot be made for a former spouse you married after retirement unless you were married for at least one year, or the former spouse is the parent of issue. An election request must be received within one year from the date of the decree of divorce, dissolution or annulment.
4. A former spouse election may be deemed if the court orders the coverage or if you entered into a written agreement to provide coverage and such agreement was incorporated in, or ratified, or approved by, a court order, and you fail or refuse to make the election. The request made by the former spouse must be received within one year from the date of the court order.
5. Former spouse coverage may be changed to coverage for a newly acquired spouse and/or child. If the former spouse was designated as beneficiary by written agreement, then you must submit a statement signed by the former spouse agreeing to the change. If the former spouse was designated on the basis of a court-approved written agreement, then a copy of a court order modifying all previous orders relating to the agreement must be submitted with your change request.
6. The cost for former spouse, or former spouse and child coverage is determined in the same manner as for spouse only or spouse and child coverage.

Supplemental SBP

Under this option, retirees who elect basic SBP at the maximum level for a spouse or former spouse may purchase additional coverage to increase the survivor benefit after age 62 by one of four benefit levels: 5 percent, 10 percent, 15 percent, or 20 percent of retired pay. This "supplemental" will offset the two-tier reduction that you will read about in the annuity section. Your SBP counselor is able to provide additional information.

SBP Withdrawal

A retiree may request to withdraw from SBP on the first day of the twenty fifth month following retirement to the thirty sixth month following retirement. This withdrawal must be done on DD Form 2656-2 dated May 1998. If withdrawing for spouse coverage, the spouse must concur in writing with the withdrawal, and RSO/RAO or a Notary must witness her signature. Once a retiree withdraws, they can not elect into the Plan again in the future.

SBP Costs

Spouse Only

Retirees who first became a member of an uniformed service before March 1, 1990 and Disability and Title III (Reserve) retirees will have their costs computed by two methods and will be charged the lesser amount of the two

computations. Retirees who were not members of an uniformed service before March 1, 1990, or retirees who did not retire for disability reasons or as a Title III retiree, will only get the cost computation shown in Example #1 below. The examples that follow are for a base amount of \$1,000.00.

Example #1:

Base Amount multiplied by 6-1/2%
 $\$1,000 \times 6\text{-}1/2\% = \65.00

Example #2:

2-1/2% for the first \$462.00 (effective January 1, 1999) plus 10% of the amount over \$462.00

\$1,000.00 Base Amount
 $\$462.00 \times 2\text{-}1/2\% = 11.55$
 $\$538.00 \times 10\% = 53.80$
Total Monthly Cost \$65.35

** Since the 6-1/2 percent method would yield a cost of \$65.00, it is the more beneficial method for computing cost.

Children Only: The cost of coverage for this election is based on your age and the age of your youngest child at time of retirement.

Spouse and Children

The cost of coverage for this election is the cost for spouse coverage plus an additional charge for the children based on your age, your spouse's age, and the age of your youngest child at time of retirement. This additional charge for children ceases when no child remains eligible for survivor payments. Any annuity payable under this election reverts to your eligible children beneficiaries should your surviving spouse become ineligible to receive the annuity due to death, divorce, or remarriage prior to their 55th birthday.

Person with Insurable Interest

You may elect coverage for a person with an insurable interest in yourself if you are not married and have no more than one dependent child at the time of your retirement. The base amount of coverage must be your full gross retired pay. This is an expensive option because the cost of such coverage is 10 percent of the full gross retired pay, plus an additional 5 percent of such pay for each full five years the beneficiary is younger than you. The total cost of coverage may not exceed 40 percent of your gross monthly retired pay.

Payment of Costs

1. The cost for participating in SBP is automatically deducted from your retired pay as long as there is an eligible annuitant. Coverage is suspended and costs cease to be deducted whenever a retiree does not have an eligible annuitant for whom an SBP election has been made. Spouse coverage is suspended upon the spouse's death or divorce from the retiree. Child coverage and costs automatically terminate upon the youngest child's reaching age 22, if that child is a full-time student, with the following exceptions: a child incapable of self support because of a mental or physical incapacity which existed before the child's 18th birthday, or which occurred before age 22 while the youngest child was pursuing a full-time course of study. It is the retiree's responsibility to notify DFAS Cleveland when an annuitant is no longer eligible.
2. Deductions made from your retired pay account for the payment of SBP costs are non-taxable. DFAS Cleveland automatically deducts costs paid into SBP when preparing your IRS 1099-R.
3. Whenever your retired pay account is increased for a retired pay cost-of-living increase, the SBP base amount, SBP costs, and the SBP annuity payable are increased by the same amount.

4. Should you waive your pay for any reason, remittances for SBP costs still must be paid to DFAS Cleveland (with the exception of Civil Service Annuity waivers).
5. If you are retained on active duty, or recalled to active duty after retirement for a period exceeding 30 days, you are provided with free SBP coverage while serving on active duty. Deductions for SBP costs will resume once you are released from active duty. If you are recalled to active duty, you cannot change your SBP election coverage upon return to your retired pay status.
6. Since the payment of SBP costs depends on the eligibility of your beneficiaries, DFAS Cleveland should be advised of any changes in your status, which may require an adjustment of costs. Such changes may include death of a spouse/child, divorce, acquisition of a new spouse/child, or children reaching age 18 or 22.

Annuity Payments

All annuities are paid by DFAS Denver. DFAS Cleveland will forward information to DFAS Denver immediately upon the notification of death. The SBP annuity will be effective the day after death and will be payable to the eligible survivor(s). If any SBP costs are outstanding at the time of death, such costs must be recovered, in full, prior to the payment of the monthly annuity. All gross annuity amounts will be rounded down to a whole dollar amount. The toll-free number, which may be used to notify DFAS Cleveland of a retiree's death, for any calls made within the continental United States, Alaska and Hawaii, is 1-800-269- 5170. Call 1-216-522-6680 outside these areas. If calling DSN, the number is 580-6680.

1. Annuities paid to spouses of retirees who were eligible to retire before October 2, 1985, will be computed at 55 percent of the base amount at the time of death of the retiree for a beneficiary under 62 years of age. When the beneficiary reaches age 62, they will receive the most beneficial of the following computations:
 - (a) Fifty-five percent minus the Social Security Offset amount based on all active duty earnings after December 31, 1956. NOTE: Spouses, who continue working and do not begin drawing Social Security benefits, can delay the reduction caused by the Social Security Offset.
 - (b) Thirty-five percent with no Social Security Offset.
2. Annuities paid to former spouses of retirees who were eligible to retire before October 2, 1985, and whose final divorce decree is dated before November 30, 1989, will be computed at 55 percent of the base amount at the time of death of the retiree for as long as the beneficiary remains eligible to receive the annuity. Annuities paid to spouses of retirees who were not eligible to retire before October 2, 1985, or former spouses of retirees who were not eligible to retire before October 2, 1985, regardless of the date of the final divorce decree, will be computed at 55 percent of the base amount at the time of death of the retiree for a beneficiary under 62 years of age. When the beneficiary reaches age 62, they will receive 35 percent of the base amount with no Social Security Offset.
3. Annuities paid to former spouses of retirees who were eligible to retire before October 2, 1985, but whose final divorce decree is dated on/after November 30, 1989, will be computed at 55 percent of the base amount at the time of death of the retiree for a beneficiary fewer than 62 years of age. When the beneficiary reaches age 62, they will receive 35 percent of the base amount with no Social Security Offset.
4. An annuity payable to a child will be computed at 55 percent of the base amount at time of death. If more than one child is an eligible beneficiary, the 55% annuity will be divided among all eligible beneficiaries.
5. Annuities terminate on the first day of the month in which eligibility is lost.
6. Whenever retired pay accounts are increased by a cost-of-living increase, SBP annuities are also increased.

7. If the surviving spouse remarries prior to age 55, the annuity payments are suspended. However, the annuity may be reinstated if death or divorce later terminates that marriage.
8. If a surviving spouse is eligible for Dependency and Indemnity Compensation (DIC) payments from the Department of Veterans Affairs, the annuity will be reduced by the amount of the DIC payment. If an annuity is not payable because DIC is greater than the annuity, all costs paid into SBP are refunded to the spouse. If an annuity is reduced due to DIC, the difference between the costs paid into SBP and the costs, which would have been paid on the basis of the re-calculated annuity, is refunded to the spouse, and is taxed.
9. SBP annuity payments are fully taxable for federal withholding tax purposes. Amounts deducted from annuity payments for DIC and Social Security Offset are non-taxable. SBP annuity payments are not subject to FICA taxes.
10. SBP annuities under the child option or the insurable interest option are not reduced by DIC, the two-tier method or social security offset.
11. An annuity payable to a person with an insurable interest is 55 percent of the retired/retainer pay remaining after the reduction of costs from the retired/retainer pay. For example, an \$800.00 retired pay with \$80.00 SBP costs: $\$800.00 - \$80.00 = \$720.00 \times 55\% = \396.00 annuity.

Beneficiary Card Information

DFAS has found that some retirees do not have any information on file about their Arrears-Of-Pay (AOP) beneficiary. An AOP beneficiary is a person who is designated to receive any retired pay owed to the retiree when after passing. For instance, if a retiree passes away on the fourth of the month, the AOP beneficiary may receive four days' worth of retired pay.

Please note that the AOP beneficiary is entirely separate from the Survivor Benefit Plan (SBP) beneficiary or annuitant.

Upon retiring you will be asked to complete a Designation of Beneficiary form. Please include your name and SSN to ensure proper processing.

Once you have filled out this form, you must mail it to:

DFAS, U.S. Military Retirement Pay
P.O. Box 7130
London, KY 40742-7130
Or fax it to:
(800) 469-6559

Transition Assistance

VA Seamless Transition

In response to seriously injured service members returning from Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF), VA has stationed personnel at major military hospitals to help wounded service members 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 into civilian life. The program provides job-search, employment and training information, as well as VA benefits information, to service members 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. Information is available at: http://www.dol.gov/vets/programs/tap/tap_fs.htm.

Pre-separation Counseling

Service members should receive individual pre-separation counseling from their military service at least 90 days prior to discharge. 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)

The Web site: <http://www.dmdc.osd.mil/ot> contains business opportunities, a calendar of transition seminars, job fairs, information on veterans associations, transition services, and training and education opportunities, as well as other announcements.

DoD Transportal

The DoD Transportal: <http://www.dodtransportal.org/> lists the locations and phone numbers of all Transition Assistance Offices and provides 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.

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 and 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 a telephone directory.

Federal Jobs for Veterans

Certain veterans, principally those who are disabled or who served in a hostile area, are entitled to preference for civil service jobs being filled by open, competitive exams. This preference includes five or 10 points added to passing scores in examinations and preference in job retention. Preference also is provided for certain unremarried widows and widowers of deceased veterans and mothers of military personnel who died in service; spouses of service-connected disabled veterans who are no longer able to work in their usual occupations; and mothers of veterans who have permanent and total service-connected disabilities.

Veterans are not guaranteed government jobs. Agencies can pick candidates from a number of different sources, including open, competitive exams in which veterans' preference applies. Or 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 appoint someone noncompetitively under special authority such as a Veterans Re-adjustment Appointment or special authority for 30 percent or more disabled veterans. Veterans' preference is not a factor here, and the decision of which authority to use rests solely with the agency.

Veterans should apply for a federal job by contacting the personnel office at the agency in which they wish to work. Visit the Office of Personnel Management (OPM) site: <http://www.usajobs.opm.gov/> for job openings or help creating a federal resume.

Veterans' Employment Opportunities Act: Allows eligible veterans to apply for jobs closed to those outside the federal government, but without veterans' preference. For information, visit: <http://www.opm.gov/veterans/html/vetsemp98.htm>.

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 20420-0001, call toll-free 1-800-949-8387 or visit: <http://www.va.gov/osdbu>.

Veterans are eligible to receive a Patriot Express Loan through the SBA for up to \$600,000 to start a small business. See www.sba.gov for more information.

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.

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 (Effective 12/01/07)

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
Veterans of World War I and Mexican Border Period, addition to the applicable annual rate	\$2,538
Increase for each additional dependent child	\$1,909

Protected Pension Programs

Pension beneficiaries who were receiving VA pension on Dec. 31, 1978, and do not wish to elect Improved Pension continue to receive the pension rate they were receiving on that date. This rate generally continues as long as income remains within established limits, net worth does not bar payment, and beneficiaries do not lose 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 holders of the Medal of Honor. Congress set the monthly pension at \$1,129 effective Dec. 1, 2007.

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

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. At the time of separation from service, SGLI can be converted to either 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

TSGLI is a new insurance program that took effect Dec. 1, 2005. The payments, ranging from \$25,000 to \$100,000, are made to service members who suffer certain traumatic injuries. The payments are intended to provide financial help to military families through extended periods of medical care.

Benefits are payable retroactively to Oct. 7, 2001, for service members and veterans who suffered certain traumatic injuries while serving in Operation Enduring Freedom or Operation Iraqi Freedom.

Family Service Members' Group Life Insurance

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 or leaves the military, the spouse's policy can be converted to a private life insurance policy within 120 days of the date SGLI coverage ended.

Veterans' Group Life Insurance

SGLI may be converted to Veterans' Group Life Insurance (VGLI), which provides renewable five-year 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 member had when separated from service. The veteran should submit an application and the initial premium within 120 days of leaving the service. 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 one year. Those covered under the SGLI Disability Extension can convert 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.

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 within two years from the date of being rated service-connected by VA. This insurance is limited to veterans who left service on or after April 24, 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. Have an S-DVI (service-disabled) policy.
2. Be under age 65.
3. Meet the requirements for total disability.
4. Apply for additional insurance within one year from the date of notification of having met total disability requirements.

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 satisfied.

If a mortgage is disposed of through sale of the property, VMLI may be obtained on the mortgage of another home.

Insurance Dividends

Active government life insurance policies beginning with the letters V, RS, W, J, JR, JS or K automatically pay tax-free dividends annually on the policy anniversary date. Policyholders do not need to apply for dividends, but may select from among several dividend options:

1. **Paid-Up Additional Insurance:** The dividend is used to increase the amount of insurance coverage.
2. **Credit:** The dividend is held in an account for the policyholder with interest. The interest rate is adjusted each year.
3. **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.
4. 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

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 policies require repayment of all back premiums, plus interest.

Converting Term Policies: A term policy that is in force may be converted to a permanent plan. Upon reaching renewal at age 70 or older, National Service Life Insurance term policies on total disability premium waiver are automatically converted to permanent insurance, which provides cash and loan values and higher dividends.

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 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.

Disability Provisions: National Service Life Insurance policyholders who become totally disabled before age 65 should ask VA about premium waivers.

Borrowing on Policies: Policyholders may borrow up to 94 percent of the cash surrender value of their insurance. Interest is compounded annually. The current rate may be obtained by calling toll-free 1-800-669-8477.

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 1,300 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, 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. Veterans will be enrolled to the extent Congressional appropriations allow. If appropriations are limited, enrollment will occur based on the following priorities:

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 annual 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 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 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 income is below the VA national and geographic thresholds where the veteran lives, they are 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 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.

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, and education about the risks and benefits of prostate cancer screening. 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 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 income does not exceed the maximum annual VA pension.
6. Veterans whose medical condition requires 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.

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 Operation Iraqi Freedom. 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, Ohio; or the K-25 area at Oak Ridge, Tenn., 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 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 issue that affects functioning within the family, work, school or other areas of everyday life plus a wide range of other services to include medical referral, homeless veteran, employment, VA benefit referral, and the brokering of non-VA services.

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, listed in the back of this book, or visit:

<http://www.va.gov/rcs>.

Prosthetic and Sensory Aids

Veterans receiving VA care for any condition may receive VA prosthetic appliances, equipment and devices, such as artificial limbs, orthopedic braces and shoes, wheelchairs, crutches and canes, 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 prisoners of war. 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 hospitals 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 hospitals. 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 residential rehabilitation and treatment services for veterans who are homeless or have medical, mental health, substance abuse or health maintenance needs that can be managed in a residential treatment setting.

Eligibility: VA may provide domiciliary care to veterans whose annual 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 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 prisoners of war.
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 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.
5. Certain veterans receiving medication for treatment of cancer of the head or neck.
6. Veterans receiving medication for a VA-approved research project.
7. Former prisoners of war.

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 2006 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, or who require nursing home care because of a service-connected disability.

State Veterans Homes: The state veterans home program is a cooperative venture between VA and the states whereby VA provides funds to help build the home and pays a portion of the costs for veterans eligible for VA health care. The states, however, set eligibility criteria for admission.

Contract Nursing Homes: The contract nursing home program is designed to meet the long-term nursing home care needs of veterans who may not be eligible and/or qualify for placement in a VA or state veterans home or if there is no VA or state home available.

Eligibility: To be placed in a nursing home, veterans generally must be medically stable, have a condition that requires inpatient nursing home care, and be assessed by an appropriate medical provider to be in need of nursing home care. They also must meet the eligibility requirements for the home to which they are applying. For VA nursing homes, they may have to pay a co-payment. VA social workers at local VA medical centers can help interpret eligibility and co-payment requirements.

In addition to nursing home care, VA offers other extended care services either directly or by contract with community agencies, including adult day care, respite care, geriatric evaluation and management, hospice and palliative care, and home based primary care. These services may require co-payment.

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.

National Rehabilitation Special Events

VA sponsors a number of special events as part of recreation therapy provided to veterans under VA care. For information on eligibility and participation, or to be a volunteer, contact the VA National Advisor at the phone number listed below or visit: <http://www.va.gov/opa/speceven/index.htm>. The schedule for 2006 is as follows:

22nd National Disabled Veterans Winter Sports Clinic

Sunday, March 30 – Friday, April 4
Snowmass Village in Aspen, Colorado

28th National Veterans Wheelchair Games

Friday, July 25 – Tuesday, July 29
Omaha, Nebraska

22nd National Veterans Golden Age Games

Wednesday, August 20 – Sunday, August 24
Indianapolis, Indiana

2008 National Veterans Creative Arts Festival

Monday, October 20 – Sunday, October 26
Loma Linda, California

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 dependents, and is paid monthly. 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 and VSI (Special Separation Benefits and Voluntary Separation Incentives) affects the amount of VA compensation paid.

To be eligible, the service of the veteran must have been terminated through separation or discharge under conditions other than dishonorable. For details, visit: <http://www.vba.va.gov/bln/21/>.

2007 Disability Compensation Rates (Effective 12/01/07)

Disability Monthly Rate

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.

Veterans with certain severe disabilities may be eligible for additional special monthly compensation.

Receiving Payments

VA offers three ways to receive benefit payments. Most people receive their payments by direct deposit to a bank, savings and loan or credit union account. In some areas, people 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. Others 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. - 4:00 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 prisoners of war (POW) 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 exposed to ionizing radiation 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 such as chronic fatigue syndrome, fibromyalgia or irritable bowel syndrome and any diagnosed illness that the Secretary of Veterans Affairs determines warrants a presumption of service-connection.

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, 2006.

The following are examples of symptoms of an undiagnosed illness: fatigue, 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) may also be service-connected if the veteran served in the Southwest Asia Theater of Operations anytime during the period of Aug. 2, 1990, to July 31, 1991.

Programs for Veterans with Service-Connected Disabilities

Vocational Rehabilitation and Employment

This program helps veterans with service-connected disabilities prepare for and find jobs within their physical, mental and emotional capabilities. For veterans whose disabilities are so severe they cannot currently consider employment,

VA helps them attain as much independence in daily living as possible. Additional information is available 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 services and a living allowance to veterans who participate in training. Depending on an individual's needs, services provided by VA may include:

1. An evaluation of talents, skills and interests.
2. Help with resumes and other work readiness assistance.
3. Help finding and keeping a job.
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)

Type of training *	No Dependent	One Dependent	Two Dependent	Each Add. Dependent
A				
Full-time	520.74	645.94	761.18	55.49
3/4-time	391.27	485.15	569.09	42.67
1/2-time	261.81	324.38	381.30	28.47
B				
Full-time	520.74	645.94	761.18	55.49
C				
Full-time	455.29	550.59	634.55	41.28
D				
Full-time	520.74	645.94	761.18	55.49
3/4-time	391.27	485.15	569.09	42.67
1/2-time	261.81	324.38	381.30	28.47
1/4-time	130.89	162.20	190.64	14.20

***Type of Training:**

- A. Institutional or independent living training, or unpaid work experience in a federal, state or local agency, or agency of federally recognized Indian tribe.
- B. 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.
- C. Farm cooperative, apprenticeship, on-the-job training, or on-the-job non-farm cooperative. VA payment is based on the wage received.
- D. Extended evaluation.

Specially Adapted Homes

Certain veterans with service-connected disabilities may be entitled to a grant from VA to help build a new specially adapted home or buy one and modify it to meet their disability-related requirements.

\$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 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 residence or to help veterans acquire a residence already adapted with special features for their disability. To be eligible for this grant, veterans 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 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, and 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.

The clothing allowance also is available to any veteran whose service-connected skin condition requires prescribed medication that irreparably damages his or her outer garments. To apply, contact the prosthetic representative at the nearest VA health care facility.

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.

Combat-Related Special Compensation (CRSC)

Description: This Department of Defense program provides tax-free monthly compensation to military retirees of all services with military or VA-rated disabilities resulting directly from: training that simulates war, an instrumentality of war, hazardous service or armed conflict. The payments are designed to compensate veterans for the reduction in military retired pay required because of receipt of VA disability compensation. CRSC equals the amount of VA disability compensation offset from retired pay based on those disabilities determined to be combat related.

CRSC is unlike Concurrent Retirement and Disability Payments, which restore 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. Retirees who qualify for both CRSC and Concurrent Retirement may elect only one. DoD will pay whichever brings the highest dollar amount.

Eligibility: To apply, applicants must meet all four of the following criteria and have at least one rated VA disability determined to have been combat related:

1. Served 20 or more years on active duty, or a reservist age 60 or older with 20 or more creditable years.
2. Are in a retired status.
3. Are receiving retired pay (must be offset by VA payments).
4. And have at least a 10 percent VA disability rating.

Applicants must submit documentation to establish their qualifying disability such as copies of the most recent and complete retirement DD-214, any DD-215s, medical records showing the origin and cause of the disability, and the first and last VA rating decisions. Any other supporting evidence may also be helpful to prove a claim.

Visit <http://www.dod.mil/prhome/mppcrsc.html> for more information. Or call toll free (Army) 1-866-281-3254; (Air Force) 1-800-616-3775; (Navy) 1-877-366-2772; and (Coast Guard) 1-866-307-1336.

Dependents & Survivors

Family Participation

The family serves as a unit on active duty and will serve as a unit in retirement. Therefore, the retirement process, from start to finish, should be a family affair.

One survey showed that almost 80-percent of service members attending pre-retirement orientations do so alone. But these orientations are not solely for the service member. Like new arrival orientations, pre-retirement orientations are designed and presented for the family.

Information on retirement processing, movement of household goods, selection of a retirement location, issuance of new ID cards, Survivor Benefit Plan (SBP), VA benefits, retired pay, and other benefits and entitlements are complex. When only the service member attends the pre-retirement orientations, the information received cannot be fully relayed to the family. This prevents the family members from taking full advantage of their benefits and entitlements.

When the whole family does not attend pre-retirement orientations together, they approach the military retirement phase of their lives unprepared and uninformed.

The more a family understands military retirement, the less stressful will be the transition from military to retired life. This will result in a more pleasant and successful military retirement.

We suggest that if you're nearing retirement, you find out when the next pre-retirement orientation is at your installation and bring the family. At the end of this handbook is an Appendix which we suggest you photocopy, fill out, and store where your family will find it if something happens to you.

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-support 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, 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 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. Military services also pay \$100,000 to the next of kin of service members who die as a result of hostile actions in a designated combat operation or combat zone, or while training for combat or performing hazardous duty. 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: Dependency and Indemnity Compensation (DIC) may be paid to surviving spouses who have not remarried, surviving spouses who remarry after age 57, unmarried children under 18, helpless children, those between 18 and 23 if attending a VA-approved school, and low-income parents of deceased service members or veterans.

Surviving spouses who lose eligibility due to remarriage may regain eligibility if the remarriage is dissolved by death, annulment or divorce. To be eligible, the death must not be the result of willful misconduct and the veteran must have died from:

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. Or a disability compensable by VA.

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 prisoner of war 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

Eligibility: VA provides educational assistance to spouses who have not remarried and children of:

1. Veterans who died or are permanently and totally disabled due to a disability arising from active military service.
2. Veterans who died from any cause while rated permanently and totally service-connected disabled.
3. Service members listed for more than 90 days as currently MIA, captured in the line of duty by a hostile force, or detained or interned by a foreign government or power.
4. Service members who died on active duty.

Surviving spouses lose eligibility if they remarry 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.

Period of Eligibility: The period of eligibility for spouses of deceased veterans or service members listed as MIA/POW 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 education benefits, though extensions may be granted.

The period of eligibility for surviving 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 education benefits. However, in these cases, VA can pay only for training that began on or after Dec. 10, 2004.

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 an individual 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

CHAMPVA, the Civilian Health and Medical Program of VA, 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 military 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 is 55 or older does not lose eligibility upon remarriage.

Those with Medicare entitlement may also have CHAMPVA eligibility secondary to Medicare. Eligibility limitations apply. For information, contact the VA Health Administration Center, P.O. Box 65023, Denver, CO 80206, call 1-800-733-8387 or visit: <http://www.va.gov/hac/>.

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. Questions about benefits for children with birth defects may be e-mailed to: birthdefect@vba.va.gov.

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 Missing in Action (MIA) or Prisoner of War (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 703-696-6897, or visit: <http://www.abmc.gov/>.

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/>. The Web site contains contact information for VA homeless veteran coordinators for 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 the Web site listed above for information.

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, visit <http://www.dol.gov/vets/welcome.html> or call 202-693-4700.

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 to determine eligibility.

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. VA office in Pasay City, phone 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; phone 303-331-7590.

Veterans living or traveling in Germany, Panama, Australia, Italy, United Kingdom, Japan and Spain can call toll free 877-345-8179. Veterans in Mexico or Costa Rico can use the same number but must first dial the United States country code.

VA monetary benefits, including disability compensation, pension, and educational 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>.

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

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 and domiciliary care to former members of the armed forces of Czechoslovakia or Poland who fought in World Wars I or 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 WWII.
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 Transport 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

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 priority and free health care services for conditions potentially related to combat service for two years following separation from active duty. For information, call 1-877-222-8387.

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 education 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.

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 guard member separates from military service. If an individual stays in the service, benefits generally end 14 years from the date they became eligible for the program. For those who became eligible before Oct. 1, 1992, benefits generally end 10 years from the date of eligibility. Under special circumstances, eligibility may be extended.

Payments: The rate for full-time training effective Oct. 1, 2005, is \$297 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, 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.

Eligibility: Eligibility is determined by the Department of Defense or Department of Homeland Security. Generally, a 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. The following chart reflects monthly, full-time payment rates as of Oct. 1, 2007:

Training Time	Consecutive service of 90 days but less than 1 year	Consecutive service 1 year +	Consecutive service 2 years +
Full Time	\$440.40	\$660.60	\$880.80
¾ Time	\$330.30	\$495.45	\$660.60
½ Time	\$220.20	\$330.30	\$440.40
Less than ½ time More than ¼ time	\$220.20*	\$330.30*	\$440.40*
¼ Time or less	\$110.10*	\$165.15*	\$220.20*

* *Tuition and Fees ONLY. Payment cannot exceed the listed amount.*

Training: Approved training includes graduate and undergraduate degrees, vocational/technical training, on-the-job or apprenticeship training, correspondence training, and flight training.

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 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 the Department of Housing and Urban Development (HUD). See Chapter 5 “Home Loan Guaranty” for more information.

Life Insurance

National Guard members and reservists are eligible to receive Service Members’ Group Life Insurance, Veterans Group Life Insurance, and Family 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. See Chapter 6 “VA Life Insurance” for complete details.

Burial and Memorial Benefits

See Chapter 7 for information on benefits and eligibility. 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.

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>.

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: <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 122 national cemeteries, of which 83 are open for new interments and 21 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 a scatter garden. Contact the nearest national cemetery to determine if it is open for new burials and which options are available.

Nine new national cemeteries are scheduled to open in the next few years. Georgia National Cemetery near Atlanta is expected to open in 2006, while yet un-named national cemeteries are in some stage of acquisition or construction near the cities of Bakersfield, CA; Birmingham, AL; Greenville, SC; Jacksonville, FL; Philadelphia, PA; Sacramento, CA; Sarasota, FL; and West Palm Beach, FL.

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 23 if a full-time student, also are eligible for burial.

Headstones and Markers

Veterans, active duty members and retired reservists and National Guard members are eligible for an inscribed headstone or marker to mark their grave at any cemetery; national, state veterans or private, 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 government 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 or 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/pmc.htm>.

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, 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, the Department of Defense (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.

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 education benefits may be used while on active duty or after 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 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, veterans 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 the following 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: Veterans who did not complete the required period of 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 service.
5. A condition that interfered with performance of duty and didn't 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 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 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.

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.

Veterans must receive a discharge under conditions other than dishonorable for the qualifying period of service. Veterans 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.

Home Loan Guaranty

VA home loan guaranties are issued to help eligible service members, veterans, reservists and unmarried surviving spouses obtain homes, condominiums and manufactured homes, and to refinance loans. For additional information, and 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. Repair, alter or improve a home.
4. Refinance an existing home loan.
5. Buy a manufactured home with or without a lot.
6. Buy and improve a manufactured home lot.
7. Install a solar heating or cooling system or other weatherization improvements.
8. 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, N.C. 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 information, please visit <http://www.homeloans.va.gov/elig.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 unless discharged early for 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 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 service-connected disability. For veterans who served in the Republic of Vietnam, the beginning date is Feb. 28, 1961.

Post-Vietnam: For veterans whose enlisted service began before Sept. 8, 1980, or whose service as an officer began before Oct. 17, 1981: (1) active duty for 181 continuous days, all of which occurred after May 7, 1975, and 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 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 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 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 2008 (\$625,000 for Hawaii, Alaska, Guam and the U.S. Virgin Islands).

2007 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.

This 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 ten 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.

Reposessed 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/>. 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.

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 case 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, as well as a pamphlet, “Understanding the Appeal Process,” are available at: <http://www.va.gov/vbs/bva>. This pamphlet may also 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.

The court’s Web site: <http://www.vetapp.gov/> contains its published decisions, case status information, rules and procedures, and other special announcements. 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.

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: <http://www.vba.va.gov/pubs/otherforms.htm>.

The Military Personnel Records section of NPRC’s Web site:

http://www.archives.gov/facilities/mo/st_louis/military_personnel_records.html has forms, addresses and other information on requesting medals. 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 papers 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_room/vetrecs/ and mailing or faxing them to the National Personnel Records Center.

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 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/directives/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 DoD Form 293. This form may be obtained at a VA regional office, from veterans' organizations or from the Internet: <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 DoD Form 149, which is discussed in the previous section on "Correction of Military Records." 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.

Benefits Provided by Other Federal Agencies

Loans for Farms and Homes

The U.S. Department of Agriculture 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, U.S. Department of Agriculture, Washington, DC 20250, or apply at local Department of Agriculture offices, usually located in county seats.

Housing and Urban Development (HUD)

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

<http://www.hud.gov/hudvet>.

Naturalization Preference

On July 3, 2002, the president issued Executive Order 13269 allowing aliens and non-citizen nationals serving on active duty status in the U.S. armed forces from Sept. 11, 2001, to a date not yet determined, to immediately file for U.S. citizenship. Previously, a non-citizen service member had to serve honorably for one year before filing for citizenship. In addition, if a person dies as a result of injury or disease incurred or aggravated by service during a time of combat, their survivor(s) can apply for the deceased service member to receive posthumous citizenship at any time within two years of the death of the alien or non-citizen national. A non-U.S. citizen spouse or family member may file for immigration benefits and services based upon their relationship to a U.S. citizen service member who died during hostilities or a non-citizen service member who died during hostilities and was later granted posthumous citizenship.

Veterans who served prior to Sept. 11, 2001, are eligible to file for naturalization based on their U.S. military service. An applicant who served one year in the U.S. military and is a lawful permanent resident is excused from any specific period of required residence, period of residence in any specific place, or physical presence within the United States if the application for naturalization is filed while the applicant is still serving in the military or within six months of honorable discharge.

Applicants who file for naturalization more than six months after termination of three years of U.S. military service may count any periods of honorable service as residence and physical presence in the United States. For additional information, visit: <http://uscis.gov/graphics/services/natz/Special.htm>.

Aliens and non-citizen nationals with honorable service in the U.S. armed forces during specified periods of hostilities may be naturalized without having to comply with the general requirements for naturalization. This is the only section of the Immigration and Nationality Act which allows persons who have not been lawfully admitted for permanent residence to file an application for naturalization.

Any person who has served honorably during qualifying time may file an application at any time in his or her life if, at the time of enlistment, reenlistment, extension of enlistment or induction, such person shall have been in the United States, the Canal Zone, American Samoa or Swain's Island, or, on or after Nov., 18, 1997, aboard a public vessel owned or operated by the United States for non-commercial service, whether or not lawful admittance to the United States for permanent residence has been granted.

Small Business Administration

The U.S. Small Business Administration's Office of Veterans Business Development helps veterans who own or are considering starting small businesses. Among the services provided are loan guarantee programs, venture capital assistance, entrepreneurial development programs, government contracting assistance, and Military Reservist Economic Injury Disaster Loans. Information about SBA's full range of services can be found at: <http://www.sba.gov/vets> 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 (Lou Gehrig's disease).

Active duty or active duty for training in the U.S. uniformed services has counted toward Social Security since January 1957. Since Jan. 1, 1988, inactive duty for training as a member of reserve components of the armed forces also counts toward Social Security. Service members and veterans receive an extra \$300 credit for each quarter in which they received any basic pay for active duty or active duty for training after 1956 and before 1978.

Veterans, who served in the military from 1978 through 2001, receive a credit of \$100 for each \$300 of reported wages up to a maximum credit of \$1,200. After 2001, additional earnings will no longer be credited. No additional Social Security taxes are withheld from pay for these extra credits.

Also, noncontributory Social Security credits of \$160 a month may be granted 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/>.

Supplemental Security Income

Those aged 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 in Gulfport, Miss., or 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, please call 1-800-332-3527 or 1-800-422-9988, or visit their Web site: <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 service-connected disability rated at 100 percent, unmarried 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.

Appendix 1

Retirement Information Checklist

We suggest that you keep all records pertaining to your military career in one location. You should also keep your spouse or primary beneficiary apprised of their location. The following is a checklist that may prove to be beneficial to you and your spouse while in a retired status or upon death:

1. I retired in (day/month/year) _____ from (Unit, Battery, Detachment, Squadron etc) _____
(Location/Address) _____

2. My Social Security Number is: _____

3. I served on Regular Active Duty in:
Army ___ Navy ___ Air Force ___ Marine Corps ___ Coast Guard ___ None ___

4. When I retired from the service, I:

Did ___ Did not ___ elect transfer to the Retired Reserve.

Did ___ Did not ___ make a previous election for the Survivor Benefit Plan when I reached 20 qualifying years of service for retirement.

Did ___ Did not ___ convert Servicemen's Group Life Insurance to Veterans Group Life Insurance.

5. I retired in the Rank/Pay Grade of _____

6. In the event of my death, call: _____

7. I was age ___ when I retired; my date of birth is: (day/month/year) _____, and my DIEMS (Date of Initial Entry to Military Service) is _____ (day/month/year).

8. List all your insurance policies, stocks, bonds etc., plus any organization you are due retired pay from or companies you are indebted to and include account, address and phone number's if available. (List on reverse side of this form)

9. I have placed all personnel records in the following location: _____.