



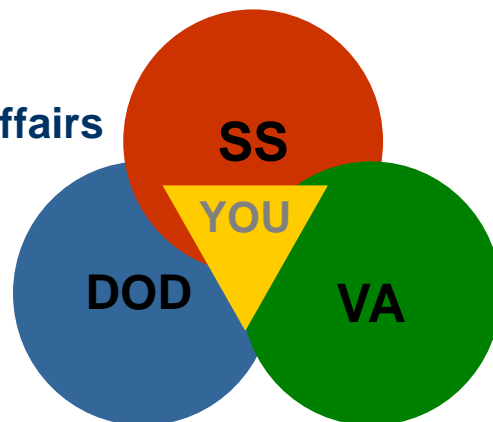
Bob Bieri, USMC (Ret.)
CLU, ChFC, CASL

2008



Federal Government Benefits tied together

- **Dept of Defense**
- **Dept of Veterans Affairs**
- **Social Security**



“Provide Financial Counseling”

Secretary of the Navy
&
Commandant of the
Coast Guard
Approved Financial
Counselor For Members
and
Non-Members



No Endorsements

Navy Mutual Aid Association's
Education Program
and the
Department of Defense
do not endorse or favor any
commercial supplier, product, or
service or promote the services of a
specific financial institution.

What is Navy Mutual

Non-Profit
Veteran
Service
Organization

Member
Owned
And
Operated
Since
1879

Serving the
Sea Services

Active Duty
Retiree
Reservists

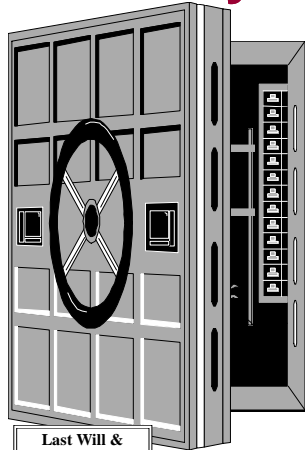
- Individual Life Insurance & Annuities
- Sea Service Education Program

Military Survivor Benefits Summary

*This handout is a
reference guide
of all the benefits
discussed today.*



Protect your Vital Documents



- Wills/powers of Attorney
- Latest retired pay statement (SBP)
- First page of Insurance policies
- Statement of Service
- Recent Social Security statement
- Marriage Certificate
- Divorce Decrees
- Birth Certificates
- VA Disability rating notification

The O-6 Example

➤ Monthly Income:

➤ Spouse DIC	\$1,154	\$94,560 potential annual income
➤ Spouse Transition	\$250	
➤ SSIA	\$50	
➤ Children's DIC	\$286	
➤ Spouse SBP	\$2,854	
➤ Social Security	\$3,286	
TOTAL: \$7,880		

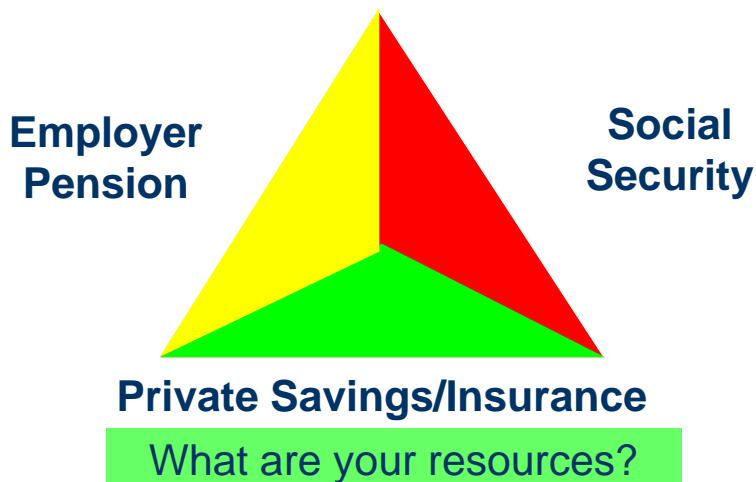
➤ Lump Sum:

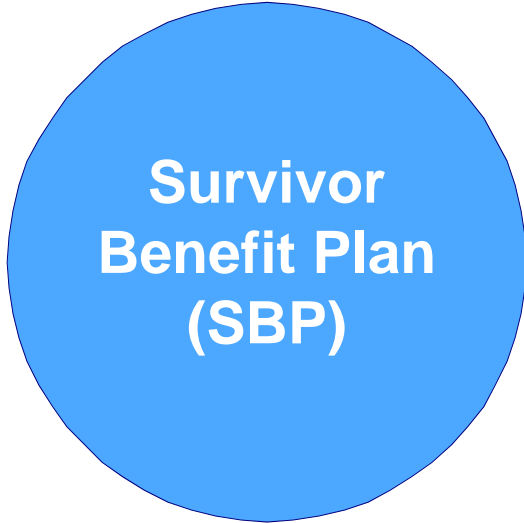
➤ Death Gratuity	\$100,000
➤ SGLI	\$400,000
➤ SS Lump Sum Benefit	\$255
TOTAL: \$500,255	

Active Duty Death Benefits

- Death Gratuity \$100,000
- Housing Allowances 1 Year
- Medical/Dental Coverage 3 Years
- SS Lump Sum Death Benefit \$255
- SGLI \$400,000
- Paid for Unused Leave
- Paid any Arrears in Pay
- No Cost Final Move
- Family Transportation to Funeral

Retirement Planning Triad





Survivor Benefit Plan(SBP)

Percentage of Retirement Pay Received
by the Survivors of a

Active Duty Member
(Considered as 100% Disabled Retired)
or
Retired Service Member

SBP Pays

➤ **.55 x Base
Amount In
\$ Per Month**

Cola Adjusted

SBP Costs

➤ **.065 x Base
Amount In
\$ Per Month**

***Pre-Tax
Premium***

SBP Net Cost

	<u>Tax Bracket</u>	<u>Net Cost per \$1000 of Base Amount</u>
Retired Pay= \$6,000	0%	\$65.00
X 6.5% =	10%	\$58.50
\$390	15%	\$55.25
Monthly taxable	25%	\$48.75
income: \$5,610	28%	\$46.80
\$390 X (1-	30%	\$43.55
28%)= \$280.80	35%	\$42.25

SBP Coverage Options

One Election Per Member

*Spouse *Child * Spouse and Child
*Former Spouse *Former Spouse and Child
*Insurable Interest

SBP Base Amount / \$7,154

Retiree 53, Spouse 50, Youngest Child 1

Spouse and Child Cost $\$465.01 + \$11.45 = \$476.46$

Child Only Cost = \$140.93

SBP Facts

- **Spouse Concurrence Required**
- **Decision Revocable**
 - Between 2nd - 3rd Year
- **Paid-Up After 30 Years and Age 70**
- **Cease Paying Premium**
 - Children No Longer Eligible
 - Lose Spouse (Death or Divorce)
- **Remarriage of Retiree**

SBP Facts

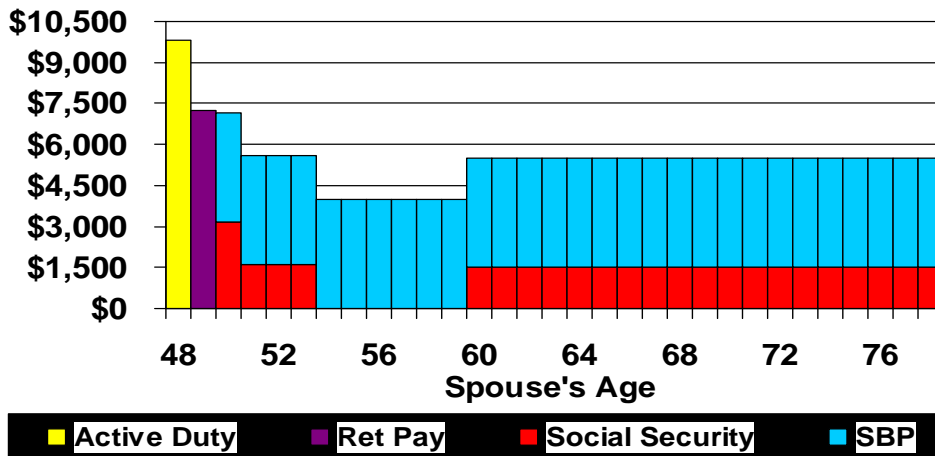
- **Remarriage of Surviving Spouse**
- **No investment decisions required**
- **Cannot outlive the benefit**
- **No death benefit remains if spouse pre-deceases Retiree**
- **Pay with Tax Exempt Dollars**
- **Beneficiary Income Taxed**
- **REDUX Impact and Decision**

SBP Decision Process

- **Life Expectancy**
- **Savings & Investments**
- **Insurance**
- **Spouse Self Support Capability**
- **Inheritance**
- **Alternatives - Guarantees & Cost**

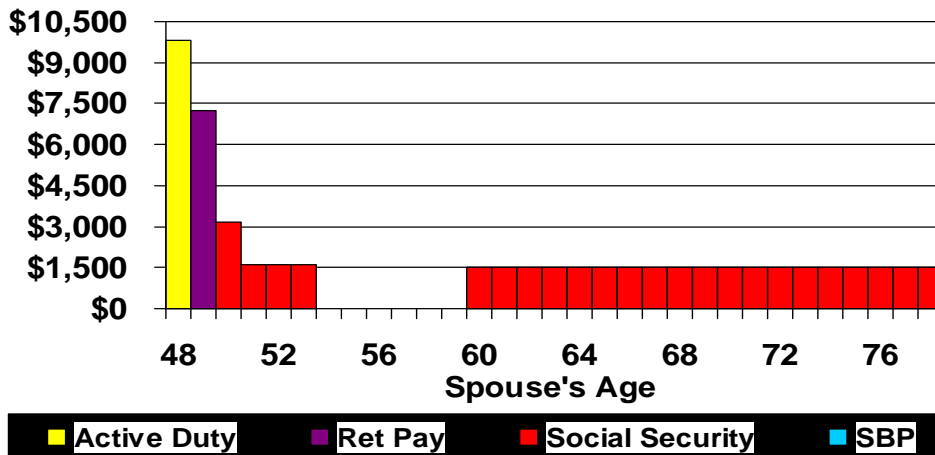
Death in Retirement

O-6, Age 53, Spouse Age 49, Children Ages 15 & 20

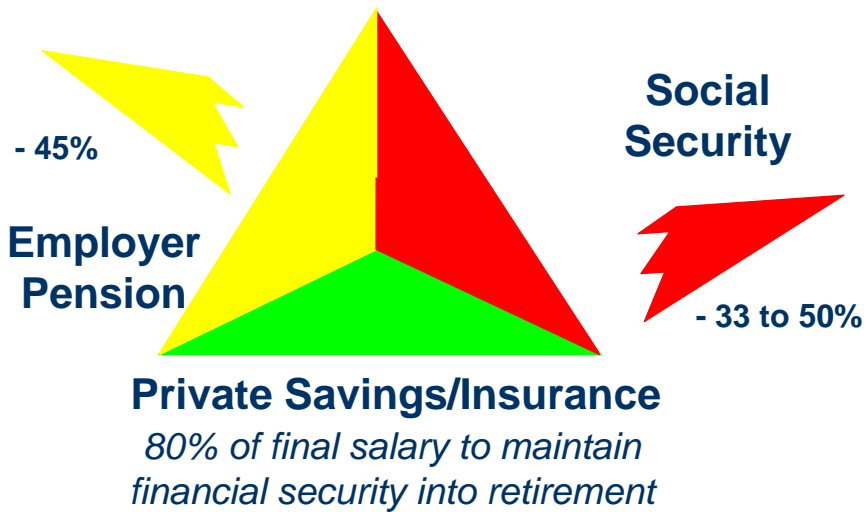


Death in Retirement

O-6, Age 53, Spouse Age 49, Children Ages 15 & 20



Survivor Triad



**Department of
Veterans Affairs
(VA)**

VA Survivor Benefits



Active Duty
Or
Service Connected
Death

Spouse
and
Children
Monthly Income

DIC

\$1154 Unmarried Spouse
\$50 SSIA
\$250 for first 2 years
\$286 per child

DEA

\$915 for 45 months
Post-Secondary Education

Things to consider

- VA Benefits terminate when you leave the service (unless death is service-connected)
- SBP - Available for retirees
- Social Security - Not available until age 60 unless children under age 16 are still at home
- SGLI goes away
- Government Benefits provide monthly income NOT a lump sum
- Most families need more protection

Life Insurance 101

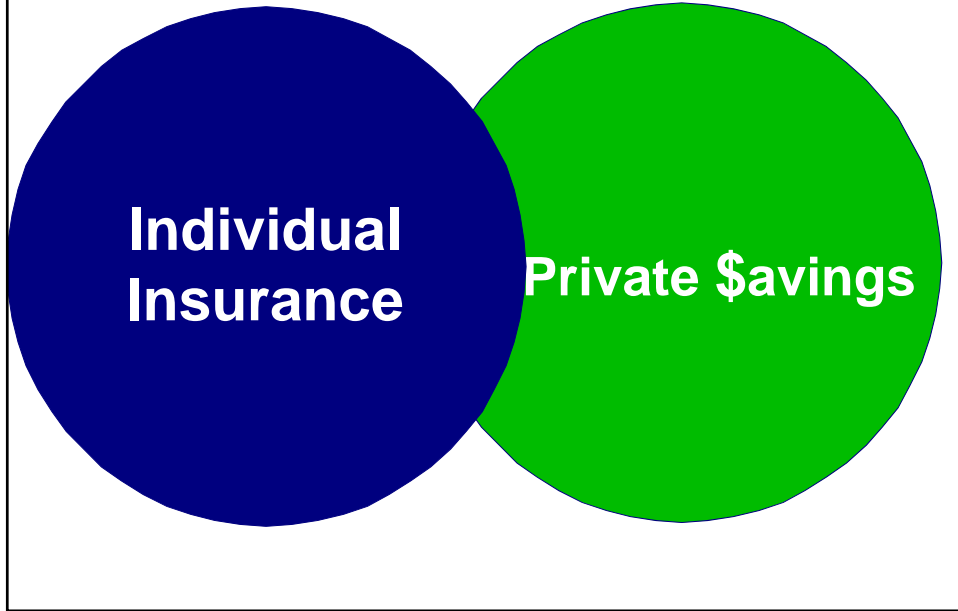
**Are Survivor Benefits Enough
Income for your Family?**

2008 



Estate Planning Considerations

- Wills/Trusts
- Beneficiaries
- Durable Power of Attorney
- Healthcare Directives/Living Will
- Burial Wishes
- "Personal Log"



The Delta

- What you want for your family \$\$\$\$\$\$
- Minus what Uncle Sam provides \$\$\$\$\$\$
- Equals the delta \$\$\$\$\$\$

How to Satisfy The Delta

- Savings
- Investments
- Life Insurance
- Inheritance
- Lottery
- Publisher's Clearing House

Financial Security

- Three Components

- Insurance
- Savings
- Investments



Thrift Savings Plan (TSP)

- Not to Exceed \$15,500 in 2008
- Up to 100% of Bonuses, Special or Incentive Pays
- In a Combat Zone, Up to 100% of Military Pay or \$46,000, Whichever is Less
- Pre-tax Contributions
- Tax Deferred Growth
- Several Investment Options
- Expense Fee .015%

Thrift Savings Plan (TSP)

Options at Separation from Service

- Do nothing
- Withdraw all or portion
- Open Roll-Over IRA
- Roll over into eligible plan

Term vs Permanent

➤ Term

- Usually terminates before death
- Less than 1% pay a claim
- Temporary needs

➤ Permanent

- There for your “whole life”
- Estate builder
- Estate planning/liquidity

Term Insurance

➤ Simple

➤ Low Cost

➤ Temporary- more of a contingency not a certainty

- Primary uses: Replace income, mortgage protection and college funding

Shop Around

- **Lowest Cost per \$1,000 of coverage**
- **Within reason (read contracts)**
- **Internet is a good place to start or
your current home/auto insurer**

Term Features--Riders

- **Renewable**
- **Convertible**
- **Return of Premium (ROP)**

SGLI

- **Pure Term Insurance**
- **\$400,000 Maximum (Automatic) = \$26**
- **\$3.25/\$50,000/Month by deduction**
- **No Refunds**
- *Traumatic injury protection*
- **Paid out in Lump Sum/36 Installments**
- **Accelerated Death Benefit Option**
- **Beneficiary Financial Counseling Service**

FSGLI

- **Spousal Coverage up to \$100,000**
 - Cost based on age and increases in 5 year increments
 - Coverage is automatic, you must decline it
- **Children covered for \$10,000 each at no cost to you**
- **Convertible to Permanent Insurance option**

VGLI

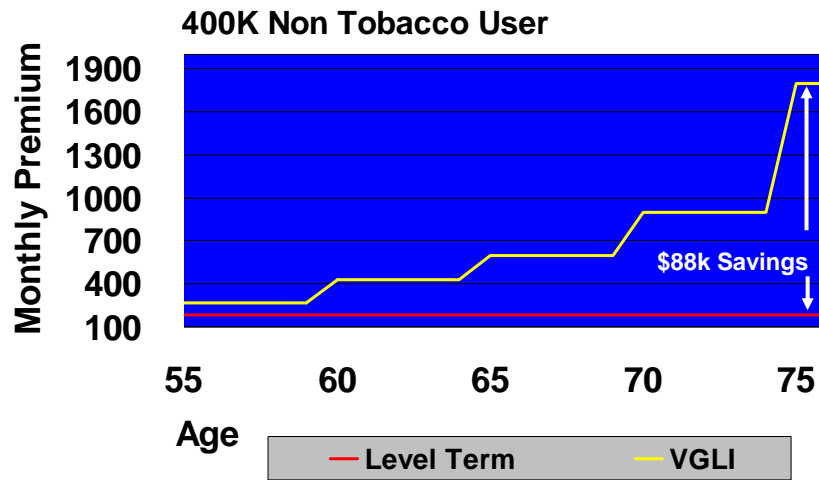
- Available in Increments of \$10,000
- Max Coverage is SGLI Amount
- Accelerated Death Benefit Option
- Beneficiary Financial Counseling Service
- Renewable at Five Year Intervals
- Convertible to Permanent Insurance
- **No Proof of Medical Insurability**
- **Up to 120 Days to Elect**

VGLI - Monthly Premiums

Based on 400,000 Maximum Coverage

<u>Under 30</u> \$32	<u>30 +</u> \$40	<u>35 +</u> \$52	<u>40 +</u> \$68
<u>45 +</u> \$88	<u>50 +</u> \$144	<u>55 +</u> \$268	<u>60 +</u> \$432
<u>65 +</u> \$600	<u>70 +</u> \$900	<u>75 +</u> \$1,800	

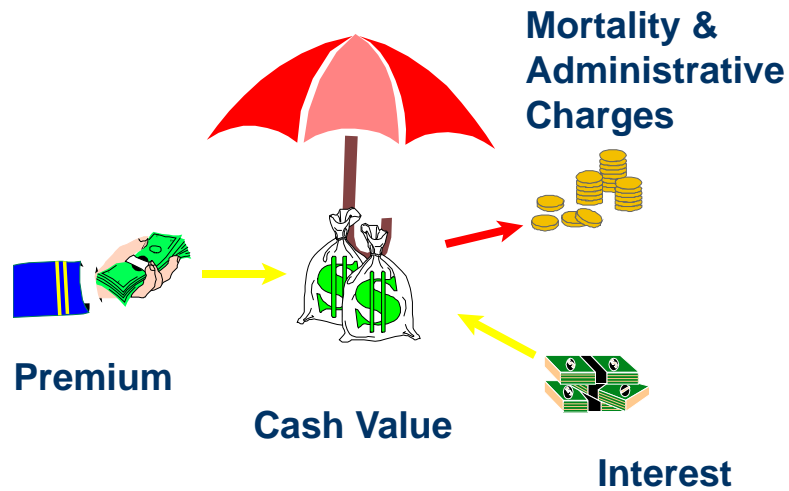
VGLI vs Level Term



Why Purchase VGLI?

- No Proof of Medical Insurability
- Up to 120 Days to Elect

Permanent Life Insurance



Permanent Insurance

- More complicated
- More expensive
- More choices

- **Whole life- traditional form of WL.** Has cash value and allowable loan amounts
- **Interest Sensitive Whole Life-** guaranteed death benefit. Growth of cash value and death benefit determined by company's crediting rate
- **Universal Life-** adjustable death benefit and premiums. Can chose level or increasing death benefit. Premiums based on anticipated investment performance and expenses.
- **Variable Life-** no guarantees of death benefit or interest rate. Owner chooses (and assumes) investment options.

Interest Sensitive Whole Life Insurance

Name: Dr. Who

Initial Coverage: \$100,000

Age: 52, Nonsmoker

Age	End of Year	20 Pay Annual Premium	Guaranteed Amounts		Projected Amounts At 7.00%	
			Cash Value	Death Benefit	Cash Value	Death Benefit
53	1	2,247	2,247	100,000	2,247	100,000
55	3	2,247	6,743	100,000	6,743	100,497
60	8	2,247	17,981	100,000	20,527	101,906
72	20	2,247	58,994	100,000	74,448	107,612
80	28	0	71,034	100,000	114,704	144,168
100	48	0	100,000	100,000	340,312	340,312

Long Term Care Will you need it?

Greater than 50% of those over age 75 need some form of LTC.
9% of those reaching age 65 will need more than 5 years of nursing home care.
40% of those receiving LTC today are under age 65.

2008

Will you be able to pay for it?

The average nursing-home stay
is

2 1/2 years

The average payout is

\$130,000

2008

Standard LTC Insurance

- Pays a Daily Benefit (\$100-\$150 typical)
- Specified Benefit Period (3-5 years or life)
- Maximum Lifetime Benefit
- Waiting Period (30-90 days typical)
- Inflation Protection Options
- Institutional Care and/or Home Care
- Some underwriting is required
- Most plans can be customized

Alternatives to LTC Insurance

- Medicare/Medicaid
 - **Look back period**
- Reverse Mortgages
 - **FHA, Fannie May, and Private Companies**
- Annuities
 - **Tax-deferred growth**
- Life Insurance with LTC Option
 - **Accelerated death benefit**
- Your Family
 - **Health, Home, and Money**

Important LTC Considerations

- Geriatric Care Manager
- Durable Power of Attorney
- Living Will/Health Care Directive
 - www.caringinfo.org
 - www.agingwithdignity.com

LTC Insurance Resources

- Use the Federal Plan as a Benchmark
www.ltcfeds.com
- NMAA's Long Term Care Resource Center
www.navymutual.org
Click on “Library” then “Member Resources”

Estate Planning Considerations

- Wills/Trusts
- Beneficiaries
- Durable Power of Attorney
- Healthcare Directives/Living Will
 - www.caringinfo.org
 - www.agingwithdignity.com
- Burial Wishes
- “Personal Log”



Social Security

SS Taxes on Earned Income

- Social Security Tax
 - 6.20% of first \$102,000
- Medicare Tax
 - 1.45% of all earned income
- Total
 - 15.3% = 7.65% + 7.65%

Primary Insurance Amount(PIA)

**A dollar amount utilized by
Social Security to provide
for...**

Social Security



Survivors



Disabled



Retired

SS Survivor Benefits



Each Survivor .75 x PIA

Family Max 1.75 x PIA

Family Actual 1.75 x PIA

SS Survivor Benefits



Each Survivor .75 x PIA

Family Max 1.75 x PIA

Family Actual 1.50 x PIA

Age 18 benefit stops

SS Survivor Benefits



Benefits to age 18

Each Survivor .75 x PIA

Family Max 1.75 x PIA

Family Actual .75 x PIA

When Youngest turns 16

Spouse benefit stops!

?

“The Gap”

Spouse can reapply for benefits at age 60
.715 x PIA

SS Full Retirement Age

<u>Birth Year</u>	<u>Full Retirement Age</u>
➤ 1937 & Prior	65
➤ 1938 - 1942	Plus 2 mos/ year
➤ 1943 - 1954	66
➤ 1955 - 1959	Plus 2 mos/year
➤ 1960 - Later	67

Things to consider

- VA Benefits terminate when you leave the service (unless death is service-connected)
- SBP - Available for retirees
- Social Security - Not available until age 60 unless children under age 16 are still at home
- SGLI goes away
- Government Benefits provide monthly income NOT a lump sum
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Military Benefits Information Center



Active Duty Survivor Benefits

A number of benefits are available to survivors of an active duty service member or drilling reservists. Some of these benefits include monthly payments to survivors, others are lump-sums, and others are related to burial. [Get the details](#)



Service-members™ Group Life Insurance (SGLI)

SGLI is term life insurance that is automatically issued to all active duty service members and their spouses. Military members are provided a maximum of \$400,000 and their spouses can be covered up to \$100,000. Premiums are automatically deducted from pay on a monthly basis. SGLI ends when leaving military service. [Get SGLI details and explore your options](#), | [VGLI Details and options](#)



Understanding the Survivor Benefit Plan

The Survivor Benefit Plan is an annuity plan which guarantees that a portion of your retirement pay will continue to be paid to your survivors, even after your death. Get the details on eligibility, cost and key decision making points. [Active Duty Details](#) [Reservist Details](#)

Non-Service Connected Death After Retirement



The military recognizes the dedicated years of service our Veterans provided to their country by providing assistance and support for those Veterans who pass away after retiring from service. Review a list of those benefits and valuable contact information.

Casualty Assistance Support



Benefits information for those assisting survivors of a service member killed in the line of duty.

[Life insurance needs calculator](#)

[Military Survivor Benefits Calculator](#)

[2008 Military Survivor Benefits Summary](#)

[Social Security and Military Service](#)



Military Benefits Education - Presentations to The Fleet

[Click Here](#)

[View a Presentation on Survivor Benefits at Transition](#)

Federal Benefits Information: [Social Security Administration](#)

Navy Mutual Aid Association helps to guide military personnel in understanding what benefits are available to their families and other beneficiaries. If you are insured by Social Security when you die, no matter what your age, you are entitled to

NAVYMUTUAL.ORG

Have Questions

800-628-6011ext 104
 bbieri@navymutual.org



Find Solutions

NMAA Info

SBP Analysis

Financial Calculators

Life Insurance Needs Analysis