

January 2009 News Bulletin

BENEFITS UPGRADES 2008:

We've reached the end of another year that the Times consider a successful one for our military retirement community. Accomplishments include improvements in our Survivor Benefit Program - in terms of scrapping a large payment cut when a beneficiary reaches a certain age - and "paid-up" premiums for some older retirees. Another landmark was the new law reducing the age at which some reservist retirees can begin drawing retirement checks. Some say this doesn't go far enough, but it's a start, and now that it's on the books, there is a foundation to build on. We've also continued to convince Congress not to allow the Pentagon to raise Tricare fees and deductibles for working-age retirees under 65. And we're getting a hefty increase in our cost-of-living allowance beginning in January, 5.8% - the biggest hike in many years. Thanks for these achievements go to all retirees and the many military advocacy groups who represent us on Capitol Hill. In 2009, we will face a continuing battle to maintain the benefits we have earned, propose new common sense solutions and educate a new administration and Congress about the needs of the military retirement community. Here are some of the things we can think about in 2009:

- Figuring out a way to allow retirees to transfer their unused education benefits to family members under the new GI Bill program.
 - Improving the VA home loan program to prevent foreclosures, especially for our disabled retirees. Some are totally disabled and cannot work to make up for today's increased cost of living.
 - We need to ensure our veterans and retirees have stable and affordable housing without the fear of foreclosure.
 - Creating better access to our VA medical facilities, with the expansion of long-term care.
 - Overhauling the VA appeal process for disabled retirees and veterans and finding a way to cut the huge backlog of claims. More inquiries were received this year about the still cumbersome VA claims process than just about any other subject. This process really needs to be streamlined.
 - Maintaining reasonable costs for our health care coverage. Most of us realize that costs under Tricare eventually will have to increase. The fees haven't changed since the program was created in the mid-1990s. Regardless of what happens, retirees should demand to be kept informed of the facts so we have a full understanding of what's going on. Tricare is commended for its efforts to get information to beneficiaries through its revamped Web portal.
- [Source: NavyTimes Alex Keenan editorial 5 Jan 08 ++]

SOCIAL SECURITY TAXATION UPDATE 07:

Most states exclude Social Security retirement benefits from state income taxes. The District of Columbia and 26 states with income taxes provide a full exclusion for Social Security benefits – Alabama, Arizona, Arkansas, California, Delaware, Georgia, Hawaii, Idaho, Illinois, Indiana, Louisiana, Maine, Maryland, Massachusetts, Missouri, Mississippi, New Jersey, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Virginia, and West Virginia. The remaining 15 states with broad-based income taxes tax Social Security to some extent:

- Minnesota, Nebraska, North Dakota, Rhode Island and Vermont tax Social Security income to the extent it is taxed by the federal government.
- Connecticut, Iowa, Kansas, Missouri, Montana and Wisconsin tax Social Security income above amounts of total income.
- Iowa will phase out its Social Security tax levy from 2007 through 2014.
- Missouri will phase out its Social Security tax levy by 2010, although the tax will continue above certain income levels.

- Colorado, Kentucky, New Mexico and Utah require that federally untaxed Social Security benefits be added back to federal AGI to calculate the base against which their broad age-determined income exclusions apply.

[Source: NCSL Ronald Snell and Bert Waisanen article Jul 07]

www.ncsl.org/programs/fiscal/pitaxret07.htm ++

VA MILEAGE REIMBURSEMENT UPDATE 07:

Service-disabled and low-income veterans who are reimbursed for travel expenses while receiving care at Department of Veterans Affairs (VA) facilities will see an increase in their payments beginning 9 JAN 09. A recently passed law allows VA to cut the amount it must withhold from their mileage reimbursement. The deductible amount will be \$3 for each one-way trip and \$6 for each round trip -- with a calendar cap of \$18, or six one-way trips or three round trips, whichever comes first. The previous deductible was \$7.77 for a one-way trip, and \$15.54 for a round trip, with a calendar cap of \$46.62. "I'm pleased that we can help veterans living far from VA facilities to access the medical and counseling help they deserve, especially in the current economic climate," said Secretary of Veterans Affairs Dr. James B. Peake. "Together with the increased mileage rate approved last month, we can further reduce the financial hardship some veterans undergo to use our superior health care. " In November, Peake announced VA's second increase in the mileage reimbursement rate during 2008, from 28.5 cents to 41.5 cents a mile. Service-disabled and low-income veterans are eligible to be reimbursed by VA for the travel costs of receiving health care or counseling at VA facilities. Veterans traveling for Compensation and Pension examinations also qualify for mileage reimbursement. VA can waive deductibles if they cause financial hardship. [Source: VA News Release 29 Dec 08 ++]