

UPDATE FOR SPOUSES AND SURVIVING SPOUSES - March/April 2018

1. **Change in Maryland State Income Tax.** Governor Hogan has signed into law a key change affecting retired pay and SBP. Uniformed Services retirees over 55 years of age of all 7 Services and Survivor Benefit Plan (SBP) recipients over 55 can now subtract \$15,000 (instead of the \$5K or \$10K formerly allowed) from retired pay or SBP when they compute their Maryland State income taxes. This change is effective immediately and will affect your Maryland State Tax Return for CY2018 (i.e., the next one you file). This will be a new and significant benefit to recipients over 55; one had to be over 65 years of age to apply the \$10,000 subtraction for Tax Year 2017. Maryland MOAA will again strive for a full 100% exemption from retired pay and SBP when the General Assembly again convenes in January of 2019. We have made significant progress toward our goal this year, tripling the subtraction for many retirees and SBP recipients.

2. Surviving Spouses and Real Estate Taxes on Homes They

Own. HB502, on which I testified in Annapolis in March, passed in the General Assembly during the 2018 Legislative Session and was signed into law. As you may recall from my last Update (Jan/Feb 2018), it includes Surviving Spouses of Uniformed Services retirees in the revised Maryland law that permits real property taxing jurisdictions to grant certain citizens over the age of 65 a 20% (twenty percent) Property Tax Credit for up to five (5) years. Please note that your County or City now has to follow up and approve this permissive tax reduction. Your Chapter President should be able to give you an update on how the law is faring at your local level within Maryland.

3. **Storming the Hill.** Council Presidents representing all areas of the United States gathered together to "Storm" Capitol Hill on April 16-19. I participated with six other members of our Maryland Council of Chapters. Preparations for the storming began in earnest on Tuesday, April 17th with detailed and highly informative briefings by our Government Affairs Department for all the "Stormers"--and the distribution of helpful MOAA Fact Sheets. Spouses who were not directly involved were on their own to explore beautiful downtown Alexandria, Virginia and/or walk along the Potomac River. All MOAA State Teams ate their meals together (along with spouses) in the Holiday Inn Crowne Plaza at the north end of Old Town Alexandria. On Tuesday evening, we all attended the MOAA Marix Awards buffet and ceremony in one of the Senate Buildings on Capitol Hill. The actual "Storming" began at 7:30 AM on Wednesday, when buses departed the hotel for Capitol Hill. Our two teams then proceeded to their ten appointments to meet and greet our Maryland Senators and Representatives. Several of the military spouses present stormed with their husbands through the halls of Congress. There was a lot of walking, but it was all very interesting to be a part of so many important discussions. Both of our teams joined for private visits with Senator Ben Cardin and Senator Chris Van Hollen--each of whom met with the seven of us and their own staffers for 30 minutes of discussion. At the end of the day we caught the last bus back to our hotel, and reconvened with all the other participants to have dinner with Congressman Seth Moulton of Massachusetts, our outstanding speaker for the evening event. Lt Col Shane Ostrom, USAF (Ret.), briefed

the spouses and surviving spouses in a special session on Thursday on issues of significance to them (and updates of importance), and answered many questions from the audience. The priority topics covered during the entire week were the effort to eliminate the "Widow's Tax" (officially known as the SBP-DIC Offset), the current reduction in pay for medical retirees with less than 20 years of service, the concern over military retirees' being forced to pay for readiness costs [see item 6, below], and protection against the erosion of military pay and benefits.

4. Recap on the "Widow's Tax." The survivor of a deceased retired military member must forfeit part or all of his/her Survivor Benefit Plan (SBP) Annuity when VA Dependency and Indemnity Compensation (DIC) is granted. This loss affects approximately 67,000 military survivors, even though they had made monthly payments for the SBP insurance. [This is the only insurance plan you pay into, but are legally not allowed to collect!] The purpose of **SBP** is to insure that surviving dependents of military personnel will have a reasonable income after the sponsor passes away. The **DIC** is a Department of Veterans Affairs payment as a monetary benefit for survivors whose sponsors died of a military-connected injury or disease. These are based on two separate and distinct reasons for compensation. The VA indemnity compensation should be paid in addition to the SBP annuity. If Congress cannot repeal the SBP-DIC Offset, it should increase **SSIA** (Special Survivor Indemnity Allowance) above COLA adjustments to help mitigate the overall effect of the Widow's Tax. We need to urge Congress to end the offset or else further increase SSIA--which, at just over \$300 per month at present, covers only about 25% of the offset. The total loss to the eligible surviving spouse is now close to \$13,000 annually. Congress knows this is wrong, but the cost to fix it completely is very high.

5. New Virtual Chapter for Surviving Spouses. During Storming the Hill last week we were advised that a new Virtual Chapter is being established for Surviving Spouses. It currently is scheduled to hold its first conference call on **Tuesday, June 5th**. You need to sign up over the next few weeks if you wish to participate in what promises to become an educational as well as interesting method to communicate with other Surviving Spouses around the State and Nation. There is no charge to join for MOAA members. A paper application was furnished to join the new Virtual Chapter. I have included a shortened version for self-application at the very end of this Update. If you have any questions, you can contact MOAA Headquarters at 800-234-6622 and ask for Council and Chapter Affairs. You also may wish to reach out to Mickey Costello, Co-Chair of the new Virtual Chapter MSSVC02, and you can e-mail her at MSSVC02@gmail.com. Please note that the e-mail address ends in zero two, and it's the "MOAA Surviving Spouse Virtual Chapter #2."

6. MOAA Priorities for CY 2018. We "stormed" on two priority issues earlier this month, and we left "info packages" with members of our Maryland Delegation containing background information on two additional issues. These very likely will be the main themes for our September 2018 8th Annual Congressional Luncheon on Capitol Hill. Our Council will be coordinating with Government Affairs to identify the best date to schedule our gathering this year. Some of our legislators expressed their interest in participating again, and in sharing their thoughts with our MOAA members across the

State. The 4 legislative priorities for MOAA (in summary): **(a)** Eliminating the significant reductions in pay for medical retirees with less than 20 years of service, under Chapter 61 [if this affects you or someone you know, contact me and I'll send you a most informative Fact Sheet]; **(b)** Promoting the 2.6% pay raise for currently serving members (the amount in the President's budget) in order to recruit, develop, and retain a strong high-quality military force--a raise that maintains pay equity with the private sector, although not closing the pay gap between military and private sector pay; **(c)** Continuing to work on the SBP-DIC Offset [see discussion in para 4, above; an updated MOAA Fact Sheet also is available]; and **(d)** Correcting the DoD implementation of higher TRICARE fees this year. In the last item, we asked our members of Congress to request DoD to explain the rationale for the increases as well as furnish details on how the additional fees are being used by the Department of Defense. In brief, DoD's decision to change its fee schedules from a percent-of-cost model to flat-rate fees resulted in an unexpected hike in TRICARE fees. For example, retiree TRICARE Prime copayments now can range from 67% to 173% higher than 2017 retiree TRICARE Prime copayments in some instances. Now active duty and retiree TRICARE Select copayments result in substantial out-of-pocket costs. Mental health visits now are considered "specialty care" and have significantly higher out-of-pocket costs than did TRICARE Extra--higher than many civilian plans. TRICARE Pharmacy Copayments have doubled and tripled and are likely to continue to rise beyond the COLA in the future. Congress deserves an explanation of how this is working and where the money is going. Is it truly and inappropriately subsidizing personnel costs (including SSIA) and other expenses of the Department of Defense?

7. Thank You to All Stormers. I enjoyed spending time with "Stormers" from all over the Nation and with the following members of our Maryland Council during Storming Week in Washington and Alexandria. I thank all of them for their efforts on behalf of our MOAA members (across all the categories of membership): 2nd Vice President Bob Norton, Legislative Liaison Annie Brock, Currently Serving Committee Member & Maryland Veterans Commissioner Brad Jewitt, National Board Member Mike Rogers, Former Navy Surgeon General and National Board Member Mike Cowan, and my husband, Harvey (our Council President).

Now that the weather appears to have changed for the better, I wish you all a pleasant spring season. Enjoy!

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