



Report of  
**The Eleventh Quadrennial Review  
of Military Compensation**

**Main Report**  
June 2012

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benefit paid for with taxpayer dollars—which is the only part of the benefit that is duplicative—should continue to be offset. This approach honors the retiree’s desire to provide for the financial well-being of his or her survivors, but also avoids dual payment of taxpayer-funded compensation, since offset of the government-subsidized portion would remain intact.

**RECOMMENDATION: ANNUITY OFFSET**

Modify the Dependency and Indemnity Compensation and the Survivor Benefit Plan offset to allow the surviving spouse to receive that portion of the Survivor Benefit Plan annuity funded by retiree premiums (approximately 50 percent).

**Inactive Duty Death Annuity**

Another concern with the SBP is the disparity between the treatment of reserve component members who die on active duty and reserve component personnel who die while performing inactive duty. Under current law, survivors of reserve component members who die on active duty (as well as active component members) receive the maximum annuity—75 percent of basic pay times 55 percent. When a reserve component member dies while performing inactive duty, the survivor annuity is based on the member’s years of service—a formula that results in a significantly lower annuity.<sup>125</sup> Yet like those personnel who die on active duty, reservists who die on inactive duty are still performing military duty at the time of their death, and often this duty is required training.

Several examples illustrate just how significant the difference in annuity can be. Consider, for example, an aircrew consisting of three married service members: one on active duty; one reserve member on two weeks of annual training (active duty); and one reserve member performing inactive duty. All three are E-5s with eight years of service, and the two reserve members have the equivalent of four years of service for retired pay computation purposes. If all three members perish while performing a mission, the monthly SBP payment for the surviving spouses of the two members on active duty would be \$1,155, while the monthly SBP payment for the reserve member on inactive duty would be \$154.<sup>126</sup> Yet all three members died while performing the same mission. If the three crewmembers were O-4s with 18 years of service and each reserve officer had 10 years of service for retired pay computation purposes,

125. The formula for determining the SBP annuity for the survivor of a service member who died while performing inactive duty is as follows: Basic Pay x (2.5% x Computed Years of Service) x 55%. This yields a significantly smaller benefit than the calculation for active or reserve members who die on active duty: Basic Pay x 75% x 55%.

126. Calculation based on the 2011 pay table.

the monthly SBP for the surviving spouses of the two active duty officers would be \$2,908, while the spouse of the reserve officer performing inactive duty would receive \$969.

The SBP annuity for reserve component personnel who die while performing inactive duty is significantly less than the benefit available to survivors of active duty members and reserve members who die on active duty. Despite their inactive duty status, these reservists are still performing military duties at the time of their death. Moreover, the survivors of reservists who die on inactive duty do qualify for other unreduced survivor benefits, such as the death gratuity and SGLI. For these reasons, the annuity provided to the survivors of those who die while on inactive duty should be consistent with the annuity provided to the survivors of active or reserve members who die on active duty.

The QRMC has identified two strategies for making the annuities consistent. The first would be to expand the active duty death benefit provision in current law to include members who die while performing inactive duty. Alternatively, the formula currently used to determine the annuity for survivors of those who die while performing inactive duty could be replaced with the formula used for those who die while serving on active duty. Either approach would ensure consistent annuity calculations.

**RECOMMENDATION: SURVIVOR BENEFIT PLAN FOR RESERVISTS**

Calculate Survivor Benefit Plan benefits for a reservist who dies while performing inactive duty training using the same criteria as for a member who dies while on active duty.

## Conclusion

The constellation of compensation programs available to wounded warriors and their families provides critical assistance that helps offset the financial repercussions when a member is injured or dies in the line of duty. Such financial assistance can be traced back to the earliest days of the republic, when compensation benefits were granted to survivors of officers who died as a result of the Revolutionary War. Since then, the array of available benefits has expanded and evolved into a robust support system that compensates for many of the financial losses experienced by injured personnel and their families.