

**COMMITTEE ON FINANCE
UNITED STATES SENATE**

Harry Flood Byrd, *Chairman*

JUNE 5, 1956

**MAJOR DIFFERENCES IN PRESENT LAW AND
H. R. 7089 AS PASSED BY
THE HOUSE OF REPRESENTATIVES**

Printed for the Use of the Committee on Finance

COMMITTEE ON FINANCE

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CONTENTS

	Page
I. Compensation for service-connected death:	
A. Service groups covered.....	1
B. Types of duty or other period of coverage.....	2
C. Deaths covered.....	2
D. Character of discharge required.....	3
E. Beneficiaries.....	3
F. Qualifications of widow.....	3
G. Definition of child.....	4
H. Qualifications of parent.....	4
I. Type of benefit.....	4
J. Rate to widow alone.....	4
K. Rate for widow and 1 child under age 18.....	5
L. Rate for widow and 2 or more children under age 18.....	5
M. Rates for widow and child or children age 18 and above permanently incapable of self-support where incapacity began under age 18.....	5
N. Rate payable for widow and child or children age 18 but under 21 attending school.....	5
O. Rates for children with no eligible widow.....	5
P. Rates for dependent parents.....	6
Q. Bar against duplication of benefits.....	7
R. Administrative and other special provisions.....	7
S. Joint compensation and social security application forms.....	8
II. Servicemen's indemnity and Government insurance:	
A. Servicemen's indemnity.....	9
B. Insurance.....	9
III. Death gratuity:	
A. Death gratuity (6 months pay).....	10
IV. Old-age and survivors insurance benefits:	
A. General summary.....	11
B. Contributory OASI coverage.....	12
C. Special OASI provisions for military personnel.....	12
D. Relationship between OASI and the Civil Service Retirement Act.....	14
E. Special railroad retirement provisions for military personnel.....	14
F. Financing of OASI provisions.....	16
V. Cost estimate.....	17

Comparison of Major Aspects of H. R. 7089 as Passed by the House of Representatives With Related Provisions of Existing Law

I. COMPENSATION FOR SERVICE-CONNECTED DEATH

Item	Present law	House bill
A. Service groups covered.....	<p>Covers members of the Regular and Reserve components except temporary members of the Coast Guard Reserve but does not use the term "uniformed service":</p> <p>(1) Similar basic coverage;</p> <p>(2) Cadets and midshipmen covered while attending the Academies, as well as while engaged in special training activities, but not covered for higher wartime rates in time of war except while assigned to duties constituting war service or as specifically provided by statute (sec. 10, Public Law 144, 78th Cong., as to World War II service);</p> <p>(3) ROTC groups generally are not covered for compensation but are covered for servicemen's indemnity when called or ordered to active training duty for 14 days or more while on such duty;</p> <p>(4) These groups covered under present law only in special circumstances:</p> <p>(a) Coast and Geodetic Survey officers while under direct orders of the Army or Navy Department or while performing duty in time of war or national emergency declared by the President on projects for the military departments in areas determined by Secretary of Defense to be of immediate military hazard;</p> <p>(b) PHS officers while detailed with Army, Navy, or Coast Guard, while serving outside continental United States or in Alaska in time of war, or while the Service is part of the military forces pursuant to Executive order during period of war or defense emergency;</p> <p>(5) Coverage for those provisionally accepted or selected not provided in time of peace but limited to special statutory provisions in time of war or certain emergency periods (e. g., Public Law 300, 78th Cong., and Public Law 463, 83d Cong.).</p>	<p>Generally covers members of the uniformed services defined as including:</p> <p>(1) Members of the Regular and Reserve components of the Army, Navy, Air Force, Marine Corps, or Coast Guard (excluding temporary members of the Coast Guard Reserve) (sec. 102 (2));</p> <p>(2) Cadets and midshipmen of the Service Academies, both while attending the Academies and while engaged in special training duties (sec. 102 (2) (c));</p> <p>(3) Members of the ROTC, NROTC, and AFROTC while on annual training duty for 14 days or more and while performing authorized travel to and from such duty (sec. 102 (2) (D));</p> <p>(4) General coverage of commissioned officers of Coast and Geodetic Survey and of the Public Health Service (sec. 102 (2));</p> <p>(5) Persons provisionally accepted or selected for active duty who die from injury or disease incurred while en route to or from or while at a place to which ordered (sec. 102 (2) (E)).</p>

I. COMPENSATION FOR SERVICE-CONNECTED DEATH—Continued

Item	Present law	House bill
B. Types of duty or other period of coverage.	<p>Active military service performed by members of Regular or Reserve components of Army, Navy, Air Force, Marine Corps, or Coast Guard (excluding temporary members of the Coast Guard Reserve); active duty for training and inactive duty training performed by members of the Reserve components. Commissioned corps of Coast and Geodetic Survey and of Public Health Service not covered while performing regular duties in time of peace.</p> <p>Active duty for training or inactive duty training performed by members of the National Guard pursuant to secs. 5, 81, 92, 94, 97, or 99 of the National Defense Act.</p> <p>ROTC groups not generally covered under present compensation law except as they might have status as Reserve members.</p> <p>No comparable provision for constructive active duty status following discharge.</p>	<p>Active duty performed by member of a uniformed service; active duty for training and inactive duty training performed by members of Reserve components of uniformed services; authorized travel to or from active duty or active duty for training; death from injury incurred on or after Jan. 1, 1956, while proceeding directly to or returning directly from active or inactive duty training if the member of a Reserve component assumed obligation to perform such duty as authorized or required by competent authority (sec. 102 (4), (5), 6 (A), (B) (ii)).</p> <p>Training or duty performed by member of National Guard under secs. 5, 81, 92, 94, 97, 99, or 113 of National Defense Act deemed "active duty for training" or "inactive duty training" as applicable (sec. 102 (6) (C)).</p> <p>Annual training duty for 14 days or more by members of ROTC, NROTC, or AFROTC, and authorized travel to or from such duty (sec. 102 (5)).</p> <p>Following discharge or release from active duty on or after Jan. 1, 1956, a person will be deemed to continue on active duty and to be entitled to the same basic pay during the period of time determined by the Secretary concerned to be required for him to proceed to his home by the most direct route (sec. 102 (12)).</p>
C. Deaths covered.	<p>Death at any time:</p> <p>(1) From injury or disease incurred or aggravated in line of duty in the active military, naval, or air service;</p> <p>(2) From injury or disease incurred or aggravated in line of duty by members of the Army, Navy, or Air Force Reserve while performing active duty for training. In the case of members of the National Guard performing active duty for training, death from disease incurred in line of duty, as distinguished from injury, limited to periods of training in excess of 30 days (sec. 3, Public Law 108, 81st Cong.); or</p> <p>(3) From injury suffered in line of duty on inactive duty training for any period of time.</p> <p>Death compensation is payable in addition to payments of servicemen's indemnity where death occurred in the active service or under certain training conditions or during a period of 120 days following active service.</p>	<p>Death on or after Jan. 1, 1956 (sec. 201):</p> <p>(1) From disease or injury incurred or aggravated in line of duty while on active duty or active duty for training (sec. 201 (1));</p> <p>(2) From injury incurred or aggravated in line of duty while on inactive duty training (sec. 201 (2)); or</p> <p>(3) From disability compensable under laws administered by VA (sec. 201 (3)).</p> <p>Deaths prior to Jan. 1, 1956, if the widow or child is eligible for death compensation under existing VA laws, in which event the beneficiary may receive dependency and indemnity compensation under the bill upon application. A beneficiary eligible as a dependent parent under existing VA death</p>

I. COMPENSATION FOR SERVICE-CONNECTED DEATH—Continued

Item	Present law	House bill
C. Deaths covered—Con.		compensation law, or who would be eligible thereunder but for his annual income, based on death occurring prior to Jan. 1, 1956 may receive the new compensation upon application and subject to the income limitations of sec. 205. Election to take the new benefit in these cases terminates the right to continued payments of servicemen's indemnity to the beneficiary or to his or her successor in interest, except that child's portion of the indemnity may be paid to another child of the deceased person (sec. 206).
D. Character of discharge required.	The deceased serviceman or veteran must have been separated from service or released from duty under conditions other than dishonorable or must have died while performing service or duty. Exceptions to this are a few cases under old laws which did not contain this requirement.	Dependency and indemnity compensation not payable unless the deceased person (1) was separated from the period of duty in which the disability was incurred under conditions other than dishonorable, or (2) died while on active duty, active duty for training, or inactive duty training. Requirement (1) not applicable to beneficiary eligible under present law who elects the new benefit, there being a few cases on the rolls under old laws which did not require special type of discharge (sec. 209 (c)).
E. Beneficiaries-----	Widow, child or children, and dependent parent. These may all draw benefits simultaneously.	Widow, child or children, and dependent parent. These may all draw benefits simultaneously (sec. 201).
F. Qualifications of widow----	<p>Definitions differ for "wartime" and "peacetime" widows:</p> <p>(1) <i>Peacetime</i>.—A woman must have married the deceased person prior to expiration of 10 years subsequent to his separation from the period of service during which the injury or disease resulting in death occurred.</p> <p>(2) <i>Wartime</i>.—In Korean conflict cases marriage prior to Feb. 1, 1965; World War II, prior to Jan. 1, 1957; World War I, prior to Dec. 14, 1944, or for a period of 10 or more years to the person who served.</p> <p>Additional requirements:</p> <p>(1) Same requirement-----</p> <p>(2) Same limitation generally applicable, except that remarried widow may be restored to the rolls in certain situations involving a voidable as well as a void marriage.</p>	<p>To qualify as a widow a woman must have been married to the deceased person:</p> <p>(1) Before the expiration of 15 years after the termination of the period of active duty, active duty for training, or inactive duty training, in which the injury or disease causing the death was incurred or aggravated (sec. 102 (8) (A)); or</p> <p>(2) For 5 or more years (sec. 102 (8) (B)); or</p> <p>(3) For any period of time if a child was born of the marriage (sec. 102 (8) (c)).</p> <p>Additional requirements:</p> <p>(1) Widow must have continuously cohabited with the husband from the date of marriage to the date of death except where there was a separation due to the misconduct of or procured by the husband without fault on her part (sec. 209 (e)).</p> <p>(2) Payments of compensation may not be made to a "widow" after she has remarried, unless the purported remarriage is void (sec. 209 (e)).</p>

I. COMPENSATION FOR SERVICE-CONNECTED DEATH—Continued

Item	Present law	House bill				
G. Definition of child.....	A person unmarried and under age 18 years, unless prior to reaching age 18 years, child becomes or has become permanently incapable of self-support by reason of mental or physical defect, who is a legitimate child; a child legally adopted; a stepchild, if a member of the man's household; an illegitimate child, but as to the father only if acknowledged in writing signed by him or if he has been judicially ordered or decreed to contribute to child's support or has been prior to his death judicially decreed to be the putative father of such child, or if he is otherwise shown by evidence satisfactory to the Administrator of Veterans' Affairs to be the putative father of such child. Payments continued after age 18 years until completion of education or training but not after child attains age 21 years, to child pursuing course of instruction in approved educational institution.	Same as present law (sec. 102 (7)).				
H. Qualifications of parent.....	<p>(1) Father, mother, father through adoption, mother through adoption, and persons who have stood in loco parentis to a member of the military or naval forces at any time prior to entry into active service for period not less than 1 year. Not more than 1 father and 1 mother, as defined, may be recognized and preference given to such father or mother who actually exercised parental relationship at time of or most nearly prior to date of entry into active service by person who served.</p> <p>(2) Death compensation payable to dependent parents. Statute does not prescribe dependency criteria, which are contained in regulations of VA. See item P.</p>	<p>(1) Definition of relationship same as under present law (sec. 102 (7)).</p> <p>(2) Benefit payable to dependent parent or parents in accordance with a sliding scale of annual income which determines the extent of dependency, as well as the amount payable. See item P (sec. 205).</p>				
I. Type of benefit.....	Compensation for service-connected death payable monthly to widow, child or children, and dependent parents. Benefit payable in addition to servicemen's indemnity which is separate VA benefit for death in service. Benefit generally known as death compensation. Peacetime rates are 80 percent of wartime rates.	Compensation for service-connected death payable monthly to the eligible beneficiaries—widow, child or children, and dependent parents. The benefit designated as "dependency and indemnity compensation." No distinction between wartime and peacetime rates (title II, secs. 201-210).				
J. Rate to widow alone.....	<table style="width: 100%; border: none;"> <tr> <td style="text-align: center; width: 50%;"><i>Wartime rate</i></td> <td style="text-align: center; width: 50%;"><i>Peacetime rate</i></td> </tr> <tr> <td style="text-align: center;">\$87</td> <td style="text-align: center;">\$69.00</td> </tr> </table>	<i>Wartime rate</i>	<i>Peacetime rate</i>	\$87	\$69.00	\$112 per month, plus 12 percent of basic pay of deceased husband, with total amount adjusted to next highest dollar. Rates range from \$128 in an E-1 case with less than 2 years' service to \$242 in case of an O-8 with over 30 years' service. Slightly higher rates if deceased was lieutenant general, vice admiral, general, or admiral, with \$266 top (sec. 202 (a)).
<i>Wartime rate</i>	<i>Peacetime rate</i>					
\$87	\$69.00					

I. COMPENSATION FOR SERVICE-CONNECTED DEATH—Continued

Item	Present law		House bill
K. Rate for widow and 1 child under age 18.	<i>Wartime rate</i> \$121	<i>Peacetime rate</i> \$96.90	Same as amount payable to widow alone.
L. Rate for widow and 2 or more children under age 18.	<i>Wartime rate</i> \$121, plus \$29 for each child in addition to 1.	<i>Peacetime rate</i> \$96.80, plus \$23.20 for each child in addition to 1.	Same rate as that payable to widow alone with following exception: If deceased person did not die fully or currently insured for Social Security purposes or if his average wage for such purposes was less than \$160, the compensation rate payable to widow by VA increased by \$20 for each child in excess of 1, subject to specified ceiling (sec. 202 (b)).
M. Rates for widow and child or children age 18 and above permanently incapable of self-support where incapacity began under age 18.	<i>Wartime rate</i> \$121 for widow and 1 such child, plus \$29 for each additional child, amount payable to widow.	<i>Peacetime rate</i> \$96.80 for widow and 1 such child, plus \$23.20 for each additional child, amount payable to widow.	Regular widow's rate payable to widow, plus \$70 for each such child payable to child (sec. 204 (b)).
N. Rate payable for widow and child or children age 18 but under 21 attending school.	<i>Wartime rate</i> \$121 payable to widow with 1 child plus \$29 for each additional child.	<i>Peacetime rate</i> \$96.80 payable to widow with 1 child plus \$23.20 for each additional child.	Regular widow's rate payable to widow, plus \$35 payable to each such child (sec. 204 (c)).
O. Rates for children with no eligible widow.	<i>Wartime rate</i> (1) Children under age 18: (a) Wartime rate: \$67, 1 child; \$94, (equally divided), 2 children; \$122, (equally divided), 3 children; plus \$23 for each child in excess of 3 (equally divided). (b) Peacetime rate: \$53.60, 1 child; \$75.20 (equally divided), 2 children; \$97.60, (equally divided), 3 children; plus \$18.40 for each child in excess of 3 (equally divided). (2) Rate for child age 18 or above who became permanently incapable of self-support prior to that age: Same rates as applicable to child or children under age 18, without increase in basic amounts. (3) Child or children ages 18 to 21 attending school: Same as basic rates where there is no eligible widow. (4) Rates to children not variable on account of pay of deceased serviceman or veteran.		<i>Peacetime rate</i> (1) Children under age 18: \$70, 1 child; \$100, (equally divided), 2 children, \$130, (equally divided), 3 children; plus \$25 for each child in excess of 3 (equally divided) (sec. 203 (a), (b)). (2) Rate for child age 18 or above who became permanently incapable of self-support prior to that age: \$95 (basic \$70 rate increased by \$25; total rate with \$25 supplement variable where there are other children) (sec. 204 (a)). (3) Child or children ages 18 to 21 attending school: Same as basic rate payable to children under age 18 where there is no widow. (4) Rates to children not variable on account of pay of deceased serviceman or veteran.

I. COMPENSATION FOR SERVICE-CONNECTED DEATH—Continued

Item	Present law	House bill																												
P. Rates for dependent parents.	(1) Uniform rates payable upon showing of dependency in accordance with regulations as follows:	(1) Variable rates according to annual income as follows:																												
	(a) 1 dependent parent only:	(a) 1 dependent parent only:																												
	<table border="0"> <tr> <td style="text-align: center;"><i>Wartime rate</i></td> <td style="text-align: center;"><i>Peacetime rate</i></td> </tr> <tr> <td style="text-align: center;">\$75</td> <td style="text-align: center;">\$60</td> </tr> </table>	<i>Wartime rate</i>	<i>Peacetime rate</i>	\$75	\$60	<table border="0"> <tr> <th colspan="3" style="text-align: center;"><i>Total annual income</i></th> </tr> <tr> <th style="text-align: center;"><i>More than—</i></th> <th style="text-align: center;"><i>But equal to or less than—</i></th> <th style="text-align: center;"><i>Monthly rate</i></th> </tr> <tr> <td></td> <td style="text-align: center;">\$750</td> <td style="text-align: center;">\$75</td> </tr> <tr> <td style="text-align: center;">\$750</td> <td style="text-align: center;">1,000</td> <td style="text-align: center;">60</td> </tr> <tr> <td style="text-align: center;">1,000</td> <td style="text-align: center;">1,250</td> <td style="text-align: center;">45</td> </tr> <tr> <td style="text-align: center;">1,250</td> <td style="text-align: center;">1,500</td> <td style="text-align: center;">30</td> </tr> <tr> <td style="text-align: center;">1,500</td> <td style="text-align: center;">1,750</td> <td style="text-align: center;">15</td> </tr> <tr> <td style="text-align: center;">1,750</td> <td style="text-align: center;">-----</td> <td style="text-align: center;">0</td> </tr> </table>	<i>Total annual income</i>			<i>More than—</i>	<i>But equal to or less than—</i>	<i>Monthly rate</i>		\$750	\$75	\$750	1,000	60	1,000	1,250	45	1,250	1,500	30	1,500	1,750	15	1,750	-----	0
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(b) 2 dependent parents living together:	(b) 2 dependent parents living together:																													
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Note.—Remarriage of a parent not a bar, per se, but may affect dependency determination.	Note.—Applies also to remarried dependent parent living with spouse, with income of spouse counted.																													
(c) Two dependent parents not living together:	(c) Two dependent parents not living together:																													
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1,750	-----	0																												
(2) Dependency criteria: Regulatory income guides setting limits within which dependency established prima facie: \$105 per month for 1 parent or for each of 2 parents where not living together; \$175 per month for 2 parents living together.	(2) Dependency criteria: Annual income limitations as indicated in (1).																													
Income limits increased where there are certain family dependents and income limits not controlling in a case where other facts show income not sufficient to provide reasonable maintenance.																														

I. COMPENSATION FOR SERVICE-CONNECTED DEATH—Continued

Item	Present law	House bill
<p>P. Rates for dependent parents—Continued.</p>	<p>In determining dependency following items disregarded:</p> <ul style="list-style-type: none"> (a) Payments of VA insurance. (b) VA pension or compensation for disability or death. (c) Adjusted Compensation Act payments (World War I). (d) Death gratuity. (e) Mustering-out pay. (f) Charitable donations or assistance. (g) Servicemen's indemnity. (h) Contingency Option Act annuity. <p>(3) Military pay of deceased veteran or serviceman not a factor.</p>	<p>All payments of any kind or from any source considered income except (sec. 205 (g) (1))—</p> <ul style="list-style-type: none"> (a) Death gratuity. (b) Donations from relief organizations. (c) Payments of dependency and indemnity compensation or death compensation by VA based on other deaths. (d) Unusual medical expenses (sec. 205 (g) (2)). <p>(3) Military pay of deceased veteran or serviceman not a factor.</p> <p>(4) A few parents who failed to qualify under existing law as dependent parents because they exceed regulatory income limits might qualify for lesser amount under the bill (see sec. 206 (a) (2)).</p>
<p>Q. Bar against duplication of benefits.</p>	<p>Death pension and death compensation not payable concurrently by VA based on the same death and election required between FECA and VA death compensation.</p>	<p>Persons eligible for compensation under bill based on a death after Jan. 1, 1956, shall not be eligible on account of such death for death compensation or death pension under any other VA law or for payments under FECA (sec. 208).</p> <p>Beneficiaries of compensation or pension or FECA under present laws based on death prior to Jan. 1, 1956, who elect under sec. 206 to take dependency and indemnity compensation may not thereafter receive compensation or pension under present laws based on same death (sec. 206 (b)).</p>
<p>R. Administrative and other special provisions.</p>	<ul style="list-style-type: none"> (1) Basic administrative, definitive, and regulatory provisions governing death compensation provided in and pursuant to Public No. 2, 73d Cong., system of benefits. (2) Basic criteria applicable to disability compensation also applicable in determining service connection and line of duty for purposes of death compensation. (3) Similar provisions. 	<ul style="list-style-type: none"> (1) Except as otherwise provided, administrative, definitive, and regulatory provisions under Public No. 2, 73d Cong., for application (sec. 209 (a)). (2) <i>Service connection.</i>—Criteria for determining service connection and line of duty for purposes of dependency and indemnity compensation same as those applicable under disability compensation laws administered by VA (sec. 207). (3) <i>Waiver of overpayments.</i>—Recovery of overpayments of dependency and indemnity compensation subject to waiver where beneficiary found to be without fault, if recovery would defeat the purpose of the benefit or would be against equity and good conscience. No disbursing or certifying officer liable for an amount as to which recovery is so waived (sec. 209 (f)).

I. COMPENSATION FOR SERVICE-CONNECTED DEATH—Continued

Item	Present law	House bill
R. Administrative and other special provisions—Con.	<p>(4) Similar provisions.....</p> <p>(5) Effective dates generally same as bill.....</p> <p>(6) Same apportionment authority (sec. 3, Public, No. 866, 76th Cong.).</p> <p>(7) Like provisions for forfeiture if fraud committed by claimant in connection with claim for death compensation (secs. 15, Public, No. 2, 73d Cong.).</p>	<p>(4) <i>Tax exemption, etc.</i>—Payments of dependency and indemnity compensation not assignable, exempt from taxation and from claims of creditors, including claim of United States with certain exceptions, and not subject to attachment, levy, or seizure at the instance of creditors (sec. 210).</p> <p>(5) <i>Effective dates of awards.</i>—If death occurs on or after Jan. 1, 1956, award effective as of day following death, provided claim is filed within 1 year after date of death; otherwise effective as of date of filing application (sec. 209).</p> <p>As to death prior to Jan. 1, 1956, award effective date application is filed, except that Jan. 1, 1956, will be effective date—</p> <p>(a) If application is filed on or before July 1, 1956; (sec. 209) or</p> <p>(b) Application is filed within 1 year after date of death (sec. 209).</p> <p>(6) <i>Apportionment.</i>—Where child or children not in custody of widow, compensation may be apportioned as prescribed by Administrator (sec. 501 (o)).</p> <p>(7) <i>Forfeiture.</i>—Beneficiary forfeits rights to benefits under basic VA laws where fraud is committed in connection with claim for dependency and indemnity compensation (sec. 501 (n)).</p>
S: Joint compensation and social security application forms.	No comparable requirement or practice. Each agency receives applications for its own benefits and generally deals independently with claimant.	The Administrator and the Secretary of HEW jointly to prescribe forms for use by survivors in filing applications for dependency and indemnity compensation and for social security benefits. The form to constitute application for both benefits under the bill. Copy of application filed with either agency to be transmitted to the other agency with pertinent supporting information received. Necessary additional information may be required by the agency concerned. Provision intended to assure concurrent filing for both benefits and provide uniform effective date (sec. 503).

II. SERVICEMEN'S INDEMNITY AND GOVERNMENT INSURANCE

Item	Present law	House bill
A. Servicemen's indemnity-----	<p>Servicemen's Indemnity of \$10,000 payable at \$92.90 monthly for 10 years for death in service or within 120 days thereafter to spouse, child or children, parent or parents, or brothers and sisters, in the order stated or as designated by serviceman. This coverage is separate from and in addition to death compensation. Benefits payable to spouse regardless of remarriage, to parent regardless of dependency, and to child regardless of age.</p>	<p>No provision for separate program of servicemen's indemnity payments in cases of death in service, as under present law. Servicemen's Indemnity Act would be repealed and rendered inapplicable to deaths in service on and after Jan. 1, 1956. New dependency and indemnity compensation payments partially substitute for the separate indemnity payments, but cover both postservice deaths from service causes and deaths in service. Dependency and indemnity compensation payable to widows; minor children, and dependent parents and does not extend to widower, remarried widow, adult children, nondependent parents, and brothers and sisters as does servicemen's indemnity. Dependency and indemnity compensation payments not limited to 10-year period.</p>
B. Insurance-----	<p>(1) <i>Nondisabled veterans</i>.—May apply for NSLI within 120 days after active service to which individual was ordered for period exceeding 30 days. This insurance is non-convertible, nonparticipating 5-year level premium term insurance.</p> <p>(2) <i>Disabled veterans</i>.—Sec. 620 of NSLI Act authorizes issue of nonparticipating insurance on same terms as standard NSLI policies with certain exceptions. Person must have been released from service after Apr. 25, 1951, and found to be suffering from disability which would be compensable if 10 percent or more in degree and except for which person would be insurable. Application in writing required within 1 year from date service connection of disability is determined.</p> <p>(3) <i>Waiver of premiums during service</i>.—Sec. 622 of NSLI Act authorizes persons in service for continuous period exceeding 30 days after Apr. 25, 1951, to apply in writing and be granted waiver of premiums under National Service or U. S. Government life insurance. Waiver extends to all premiums under term insurance and that portion of permanent insurance premiums representing cost of pure insurance risk. Waiver continues during remainder of service and for 120 days thereafter and policy is nonparticipating during period of waiver.</p>	<p>(1) <i>Nondisabled veterans</i>.—Privilege of nondisabled veterans to take out NSLI under sec. 621 of the National Service Life Insurance Act within 120 days after discharge discontinued, unless prior to Jan. 1, 1956, proper application with premium tender (sec. 501 (a) (2))—</p> <p style="margin-left: 2em;">(a) Was received by VA;</p> <p style="margin-left: 2em;">(b) Was placed in mails to VA; or</p> <p style="margin-left: 2em;">(c) Was delivered to representative of uniformed service.</p> <p>(2) <i>Disabled veterans</i>.—Bill continues authority to issue insurance under sec. 620 of NSLI Act to service-disabled veterans as provided by existing law. Bill amends sec. 620 to extend coverage to those engaging in active duty training and inactive duty training, including travel to or from such duty, under the liberalized definitions of the bill for purposes of dependency and indemnity compensation (sec. 501 (a) (1)).</p> <p>(3) <i>Waiver of premiums during service</i>.—Bill discontinues right to apply after Dec. 31, 1955, for waiver of premiums while in service under sec. 622 of the NSLI Act. Survivors of persons who continue under present 622 waivers after Apr. 30, 1956, may not take dependency and indemnity compensation but could qualify for death compensation under present law. This is exception to general rule in bill that only dependency and indemnity compensation may be paid for death after Dec. 31, 1955. Apparently intended as means of inducing servicemen to cancel 622 waiver (sec. 501 (a) (3)).</p>

II. SERVICEMEN'S INDEMNITY AND GOVERNMENT INSURANCE—Continued

Item	Present law	House bill
<p>B. Insurance—Continued</p>	<p>(4) <i>Insurance surrendered in service.</i>—Sec. 5 of Servicemen's Indemnity Act grants persons in active service who surrender permanent plan insurance for cash value right to obtain, without medical examination, new insurance or reinstate surrendered insurance, upon certain conditions pursuant to application made within 120 days after separation from service. This is permanent law without a future cutoff date.</p> <p>(5) <i>Replacement of expired term insurance.</i>—Sec. 5 of Servicemen's Indemnity Act authorizes replacement upon application within 120 days after service of term insurance which expires while person is in active service at any time after Apr. 25, 1951, or during period of 120 days after service, subject to payment of premiums and evidence of good health. The amendment to cover cases where term expired within the 120-day postservice period was made by Public Law 194, 84th Cong., approved July 29, 1955.</p> <p>(6) <i>Insurance payable concurrently with death compensation.</i>—Where there is insurance (VA) coverage, it is payable concurrently with death compensation and not chargeable as income in determining dependency of parents.</p>	<p>(4) <i>Insurance surrendered in service.</i>—Although bill repeals Indemnity Act, it adds a sec. 623 to NSLI Act to protect rights of those who surrendered permanent plan insurance under sec. 5 while in active service between Apr. 25, 1951, and Jan. 1, 1956, to obtain new insurance or reinstate surrendered insurance upon application within 120 days after separation from service (sec. 501 (a) (4)).</p> <p>(5) <i>Replacement of expired term insurance.</i>—Although bill repeals sec. 5 of Servicemen's Indemnity Act, it adds as part of new sec. 623 of NSLI Act provisions now contained in sec. 5 for replacement upon application within 120 days after service of term insurance which expired during active service but prior to Jan. 1, 1956 (sec. 501 (a) (4)).</p> <p>(6) <i>Insurance payable concurrently with dependency and indemnity compensation.</i>—Insurance payable by VA does not affect beneficiary's right to concurrent payment of dependency and indemnity compensation, except as the charging of insurance payments as income may affect a parent's eligibility. Beneficiaries on present death compensation rolls drawing insurance benefits may continue to receive the insurance payments upon election to receive dependency and indemnity compensation.</p>

III. DEATH GRATUITY

<p>A. Death gratuity (6 months pay).</p>	<p>6 months basic and special pay.</p> <p>(a) minimum \$468; maximum \$7,656.....</p> <p>(b) Regular Establishment and Reserves on active duty. (80 days' or more service.)</p>	<p>6 months basic and special pay.</p> <p>(a) minimum \$800; maximum \$3,000 increased minimum and lowered maximum rate (sec. 301 (b)).</p> <p>(b) (New groups covered):</p> <p>(1) National Guard and Reservists.</p> <p>(A) while they are performing active duty for training of 30 days or less or</p> <p>(B) while they are on inactive duty training.</p> <p>(2) ROTC, AFROTC, and NROTCI on annual training duty for 14 days or more.</p> <p>(3) Commissioned officers of the Public Health Service.</p>
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III. DEATH GRATUITY—Continued

Item	Present law	House bill
A. Death gratuity (6 months pay)—Continued	<p>(c) Die in service.....</p> <p>(d) Paid by Secretary of respective services. Must file application.</p> <p>(e) (1) Misconduct is bar..... (2) Reserves and National Guard in line-of-duty requirements.</p> <p>(f) Beneficiary must have an insurable interest.</p> <p>(g) Disbursing officers liable.....</p>	<p>6 months basic and special pay—Continued</p> <p>(b) (New group covered)—Continued</p> <p>(4) Persons provisionally accepted for induction, who die while en route to or from the place to which ordered.</p> <p>(5) Portal to portal travel.</p> <p>(6) Persons whose deaths are the result of "willful misconduct," and reservists and national guardsmen whose deaths are not "in line of duty (Sec. 301 (a)).</p> <p>(c) (1) Die in service. (a) Active duty training. (b) Inactive duty training. (2) Within 120 days from discharge if death due to service. (VA determines service connection, sec. 303 (a).)</p> <p>(d) (1) If survivor living on military post, payment made at once. (2) If not living on military post, payment made by respective Secretary (sec. 302).</p> <p>(e) No provision. No provision.</p> <p>(f) Widow, children, parent, brother and sister. (More restricted, sec. 301 (c).)</p> <p>(g) (1) Disbursing officers not liable in absence of fraud. (2) Provides waiver for overpayments (sec. 304 (b)).</p>

IV. OLD-AGE AND SURVIVORS INSURANCE BENEFITS

A. General summary.....

Military service is now excluded from regular contributory OASI coverage. Special provisions in the social security law, however, provide (subject to certain restrictions) free OASI wage credits for each month of active military service between Sept. 15, 1940, and Apr. 1, 1956. Allowable OASI military credits, together with social security credits earned in employment and self-employment covered by the program on a contributory basis, are counted in determining an individual's eligibility for, and amount of, social security benefits.

These special wage credit provisions were formulated in recognition of the fact that servicemen have no opportunity during their period of military service to acquire social security credit by actually working in employment covered by the program. When first introduced, they were intended to give veterans about the same status under OASI as they might have had if military

Military service would be brought under the regular contributory OASI coverage provisions now applicable to most civilian work. Servicemen and their employer—the Federal Government—would each pay contributions under the tax schedule in present law. Benefits would be computed in the regular manner but would be related to the serviceman's basic pay (instead of gross pay, which would be more comparable to the earnings which govern the social security taxes and OASI benefits of civilians).

The types of OASI benefit payments now available on the basis of covered civilian employment would be available on the basis of military employment and, except for a few special concessions made to servicemen and disabled veterans, under the same conditions. The benefits which would result from these special concessions are, in effect, veterans' benefits payable under OASI and

IV. OLD-AGE AND SURVIVORS INSURANCE BENEFITS—Continued

Item	Present law	House bill
A. General summary—Con.	<p>service had not interfered with their civilian work. These provisions have always been recognized as a temporary measure pending formulation of a long-range solution to the broader problem of providing adequate retirement and related benefits for military personnel.</p> <p>The costs of the benefits resulting from the free wage credits are met from the Federal Old-Age and Survivors Insurance trust fund and thus are borne by the employee, their employers, and self-employed people covered under the program; there are no provisions for reimbursement to the trust fund from general revenues.</p> <p>There is no coordination between the benefits payable under OASI and the benefits payable under the Veterans' Administration programs.</p>	<p>are needed to round out the revised structure of survivor benefits. Their cost would be paid from general revenues and not from the OASI trust fund.</p> <p>Major revisions would be made in existing Federal survivor-benefit programs for servicemen and veterans to take into account the retirement and survivor protection afforded members of the uniformed services under contributory OASI.</p>
B. Contributory OISA coverage.	<p>No provision for contributory coverage of uniformed services. Gratuitous OASI wage credits are provided, however, under certain conditions described below.</p>	<p>Effective Jan. 1, 1956, regular contributory OASI coverage would be extended to members of the Uniformed Services (including members of the Commissioned Corps of the Public Health Service and the Coast Geodetic Survey) on active duty and active training, with contributions and benefits computed on basic service pay.¹ Servicemen would pay the employee contributions and the U. S. Government would pay the employer contributions, in accordance with the tax schedule contained in the present law² (see E, financing of OASI provisions).</p>
<p><i>Sec. 401 (pp. 31-32).</i>—Basic service pay included in OASI definition of "wages."</p>	<p><i>Sec. 402 (a) and (b) (pp. 32-35).</i>—Uniformed Services included in OASI definition of "employment." Determinations as to "wages" and "employment" to be made by services.</p> <p><i>Secs. 414, 415, and 416 (pp. 58-62).</i>—Make corresponding changes in Internal Revenue Code.</p>	<p>The gratuitous wage credits would not be granted for military service performed after the effective date of contributory coverage,³ but would still be granted for service performed before that date. Moreover, in the case of individuals who served in the uniformed services at any time after 1955, the present restrictions on the granting of the gratuitous wage credits when a benefit is payable by 1 of the uniformed services would not apply with respect to military service performed after 1950 and before 1956.</p>
C. Special OASI provisions for military personnel.	<p>Gratuitous wage credits of \$160 are granted for each month of active military service after Sept. 15, 1940, and before Apr. 1, 1956. These wage credits are not granted if a benefit based in whole or in part on the same period of military service is determined payable by another agency of the U. S. Government other than the Veterans' Administration.</p>	<p>The existing gratuitous wage credit provision would be extended to apply to commissioned officers of the Public Health Service and the Coast and Geodetic Survey for all active service performed after July 29, 1945, and prior to the effective date of contributory coverage.⁴</p>
1. Gratuitous wage credits.	<p><i>Sec. 404 (a) (pp. 36-40).</i>—Extends creditable period to Jan. 1, 1956.⁵ Removes certain restrictions on granting of credits.</p>	
<p><i>Sec. 50 (b) (p. 58) and (d) (pp. 71-72).</i>—Public Health Service and Coast and Geodetic Survey eligible for wage credits. Provides for recomputation of their OASI benefits.</p>		

IV. OLD-AGE AND SURVIVORS INSURANCE BENEFITS—Continued

Item	Present law	House bill
<p>C. Special OASI provisions for military personnel—Con.</p> <p>2. Deemed insured status under OASI.</p> <p>Sec. 405 (pp. 43-44).—Insured status in case of death after 1955.</p> <p>Sec. 407 (pp. 49-51).—Insured status in case of death between Sept. 15, 1940 and Jan. 1, 1956.</p>	<p>The only comparable provision concerns veterans of World War II who died during the 8-year period following their discharge from military service. These veterans were deemed to have died fully insured under OASI and to have an average wage of at least \$160 a month.</p>	<p>All servicemen in the uniformed services (active duty or inactive duty) at any time after Sept. 15, 1940, who die in service or from a service-connected cause would be deemed to have died as fully and currently insured individuals. (In the case of death after separation from service, the individual's discharge or release must have been under conditions other than dishonorable.) The provision would apply retroactively to deaths between Sept. 15, 1940, and Jan. 1, 1956 (the effective date of contributory coverage under the bill), and prospectively to deaths after Jan. 1, 1956.^a</p>
<p>3. Work requirements of the disability "freeze."</p> <p>Sec. 406 (pp. 44-49).—Certain servicemen will not be required to meet work requirements for freeze (see other columns).</p>	<p>To qualify for the disability "freeze" a disabled individual must have worked in employment covered by OASI for a substantial and recent period of time prior to the onset of his impairment; he must have worked under OASI at least 5 out of the last 10 years, and 1½ out of the last 3 years, immediately before the onset of his disability.</p> <p>No special provisions for servicemen, except that military service after Sept. 15, 1940 may, generally speaking, be counted toward above requirements.</p>	<p>With respect to deaths occurring prior to Jan. 1, 1956, the provision stipulates that survivor benefits would be based on the minimum benefit payable under OASI.^b</p> <p>The work requirements for eligibility to the OASI disability freeze (at least 5 out of the last 10 years, and 1½ out of the last 3 years) would be waived in the case of any individual who is under a service-connected disability which existed either at the time of his discharge from service or within 3 years after his separation.</p> <p>The provision applies to all members of the uniformed services in active duty or inactive duty training service after Sept. 15, 1940. However, to qualify for waiver of the usual work requirements, servicemen discharged or separated from the services before Jan. 1, 1956, must be under a disability and file an application for the freeze prior to Jan. 1, 1959; servicemen discharged after December 1955 may apply within 3 years of discharge or 3 years after the disability occurred, if later.</p>
<p>4. Reinterment of servicemen dying overseas.</p> <p>Sec. 403 (p. 38).</p>	<p>Permits the filing of an application for lump-sum payments (based on burial expenses) within a 2-year period following the interment or reinterment in this country of the body of a serviceman who dies overseas; applies to deaths occurring after Sept. 15, 1940, and before Apr. 1, 1956.</p>	<p>Extends the provision in present law to cases in which deaths occur after the effective date of OASI coverage of military service, also makes provision applicable to cases in which interment or reinterment is in a possession of the United States.^c</p>

^a See footnotes at end of table, p. 16.

IV. OLD-AGE AND SURVIVORS INSURANCE BENEFITS—Continued

Item	Present law	House bill
<p>D. Relationship between OASI and the Civil Service Retirement Act.</p> <p><i>Sec. 404 (b) (pp. 40-41).</i>—Waiver of certain survivor annuities in order to have military service counted under OASI.</p> <p><i>Sec. 412 (pp. 56-58).</i>—Military service after effective date of contributory OASI coverage not creditable under the CSRA if an OASI survivor benefit is payable.</p>	<p>\$160 military-service credits not granted under OASI if military service is counted toward an annuity under the United States civil service retirement system.</p>	<p>Survivor annuitants under the United States Civil Service Retirement Act would be permitted to waive their rights to a survivor annuity based in part on credit for military service (which would otherwise be creditable under OASI as a result of the \$160 wage credits) and thus could remove the present restriction on counting the \$160 wage credits towards a social security survivor benefit.</p> <p>With regard to military service performed after the effective date of contributory coverage, the survivor would have no option; if he is eligible for a social security benefit, such military service could not be counted in computing a survivor annuity under the Civil Service Retirement Act. In the case of a widow or child to whom civil service annuities are payable prior to a time when OASI benefits are payable, the military service credits would be counted in computing the annuity; recomputation would be made to exclude such service at a later date if OASI became payable.</p>
<p>E. Special Railroad Retirement Provisions for Military Personnel.</p> <p>1. Benefit Provisions.</p> <p><i>Sec. 402 (a) (p. 52) and sec. 411 (a) (pp. 53-55).</i>—The new OASI military service credits would be inapplicable to military service creditable under the Railroad Retirement Act. Military service to be creditable under the Railroad Retirement Act only if the individual has at least 10 years of creditable service under that act, including military service.</p>	<p>The railroad retirement and OASI programs are now closely coordinated. In both survivors and retirement cases in which the worker has less than 10 years of railroad service, the employment records are combined and the benefits are paid by the old-age and survivors insurance system. In survivors cases in which the worker had 10 or more years of railroad employment, records are combined and the benefits are usually paid by the system under which the employes last worked. In retirement cases in which the worker has a total of 10 or more years of railroad employment, there is no combining of employment records; railroad retirement benefits are payable on the basis of the railroad employment, and if the worker also has enough employment covered under OASI to qualify for benefits under this program, he may receive retirement benefits under both programs.</p> <p>The railroad retirement program, like OASI, provides gratuitous military service wage credits of \$160 per month. A veteran must have worked in railroad employment in the calendar year he entered military service or in the preceding calendar year in order for his military service to be creditable under the Railroad Retirement Act. Railroad retirement wage credits of \$160 per month were given for the periods from Sept. 8, 1939, through June 14, 1948, and from Dec. 16, 1950, to the present (as well as for certain periods prior to 1937).</p>	<p>Would continue the \$160 gratuitous monthly wage credits that are provided under the railroad retirement program for military service. However, for military service after 1955, such gratuitous military credits would be provided only for workers with 10 or more years of railroad employment. (In line with present provisions of the Railroad Retirement Act, military service would be counted in determining whether an individual had 10 years of railroad service.) Since benefits are payable under the railroad system only where the worker has 10 years of railroad service this 10-year requirement has no real significance so far as benefit payments under the Railroad Retirement Act are concerned; however, the requirement does mean that the gratuitous railroad military service credits would not be used by old-age and survivors insurance in under 10-year cases.</p> <p>Generally speaking, military service performed after the effective date of the bill would not be creditable toward OASI if already creditable toward railroad retirement benefits, despite the fact that such service would in other respects be considered covered by OASI. The bill requires the Railroad Retirement Board to keep the Secretary of Health, Education, and Welfare informed on a current basis of all periods of military service performed after 1955 which are creditable under the Railroad Retirement Act.</p>

IV. OLD-AGE AND SURVIVORS INSURANCE BENEFITS—Continued

Item	Present law	House bill
<p>E. Special Railroad Retirement Provisions for Military Personnel—Con.</p>	<p>As noted above, in all survivor cases, and in retirement cases in which the worker has less than 10 years of railroad service, payment is made by one agency or the other, based on combined credits. In these cases, the paying program gives the military wage credits if the worker qualifies for such credits; if he does not qualify for military credits under the paying program, but does qualify under the nonpaying program, the military service credits provided under that program are used.</p> <p>In retirement cases in which the worker has 10 or more years of railroad service, benefits may be payable under both programs. If the individual is eligible for military wage credits under both programs, the military credit "offset" provisions of the 2 programs interact so the effect is that the railroad program gives credit for the military service and old-age and survivors insurance does not.</p>	<p>OASI payments would be affected as follows in cases where a period of military service after 1955 is creditable under the Railroad Retirement Act:</p> <ol style="list-style-type: none"> 1. In those over-10-year railroad cases where OASI pays on the basis of combined records (see explanation of present law) OASI would credit military service on the basis of the \$160 a month gratuitous railroad retirement military credits, rather than on the basis of the serviceman's basic pay—the pay on which OASI would have collected taxes. (Of course, in under-10-year railroad cases military service would not be creditable under the railroad program, and OASI would use the contributory military service credits.) 2. Where OASI pays on the basis of the OASI wage record alone, and the military service is creditable under the railroad program, OASI would not count military service toward benefits (as the fact that military service was creditable under the railroad program would preclude the use of the OASI contributory military service credits).
<p>2. Financing of railroad retirement military wage credits.</p> <p>Sec. 411 (b) (1) (p. 55).— Provides for Treasury payments to the railroad retirement account with respect to the railroad gratuitous military service credits for years after 1955.</p>	<p>Under the present railroad retirement law the railroad retirement account is paid, with respect to the gratuitous military service credits provided under the railroad retirement program, amounts from the general Treasury equal to the sum of (a) the cost of crediting military service rendered prior to Jan. 1, 1937, and (b) the taxes which should have been paid on compensation at the rate of \$160 a month for each month of creditable military service after 1936.⁹</p>	<p>The bill contains a special provision to finance the benefits which the Railroad Retirement Board would pay on the basis of the \$160-a-month gratuitous railroad credits granted for military service after 1955. It provides that the Treasury would pay into the railroad retirement account amounts equal to the railroad taxes on that military service after 1955 which is creditable under the railroad program (based on a \$160-a-month figure) without regard to whether the individual had 10 years of railroad service minus the amount of all OASI taxes paid on such military service.</p>

⁹ See footnotes at end of table, p. 18.

IV. OLD-AGE AND SURVIVORS INSURANCE BENEFITS—Continued

Item	Present law	House bill
<p>E. Special Railroad Retirement Provisions for Military Personnel—Con. <i>Sec. 411 (b) (9) (p. 56).</i>—Provides that in making cost adjustments between the OASI and railroad retirement systems, account is to be taken of taxes collected under OASI.</p>		<p>In addition the bill specifies that in making cost adjustments between the 2 systems the railroad retirement account would be "credited" for the OASI taxes on all military service creditable under the railroad retirement account, including the service of under-10-year railroad workers. Considering this provision in conjunction with the general cost adjustment provisions in sec. 5 (k) (2) of the Railroad Retirement Act, the net effect intended so far as OASI is concerned apparently is that OASI would "reinsure" military service creditable under the railroad program on much the same basis that it now reinsures all railroad employment. That is, OASI would in all cases retain the contributions it collects on military service covered under the program. Where the benefit is payable under the railroad retirement program, the cost-adjustment provision would operate so that OASI would pay to the railroad program amounts equal to the OASI benefit based on the basic pay of the serviceman—the amounts on which OASI contributions had been paid. Where OASI pays, no exchanges of funds between the 2 systems would be made. (As noted under the "benefits" section, where OASI pays, and the military service is creditable under the railroad program, OASI will either not count the military service toward benefits, or will pay benefits based on the railroad retirement gratuitous military credits of \$160, rather than on the basis of the serviceman's basic pay, on which OASI would have collected taxes.)</p>
<p>F. Financing of OASI provisions. 1. Contributory OASI coverage. <i>Sec. 414, 415, 416 (pp. 58-63).</i>—Amend the Internal Revenue Code to extend appropriate provisions of the Federal Insurance Contributions Act to service in the uniformed services.</p>	(Not applicable.)	<p>Servicemen and the U. S. Government, as employer, would each pay contributions as required under the tax schedule in existing law. Assuming an Armed Forces strength of 2.8 million and the present OASI contribution rate, it is estimated that the cost to the U. S. Government would be about \$115 million annually.</p>

IV. OLD-AGE AND SURVIVORS INSURANCE BENEFITS—Continued

Item	Present law	House bill
<p>F. Financing of OASI provisions—Continued</p> <p>2. Reimbursement for costs attributable to \$160 wage credit provisions.</p>	<p>None; all costs are now borne by the OASI trust fund. The 1946 amendments to the social security law required the Treasury to reimburse the trust fund for the cost of additional benefits paid out as a result of the special military provisions which these amendments provided (under which World War II servicemen who died during the 3-year period following their discharge from service would be deemed to have died fully insured under OASI and to have an average wage of at least \$160 a month). The trust fund was reimbursed for about \$18½ million on account of benefits paid under this provision before September 1950.</p> <p>The Social Security Act Amendments of 1950, which introduced the provision which granted \$160 social security wage credits for each month of active military service after Sept. 15, 1940, omitted provisions for reimbursement of the trust fund for the cost of benefits based on these credits. They also deleted the reimbursement provision but not the special insured status provisions which the 1946 amendments had provided.</p>	<p>Trust fund would be reimbursed for the past and future expenditures resulting from the \$160 military service wage credit provision in the present law. Reimbursement for approximately \$190 million of past expenditures would be distributed over a 10-year period; reimbursement for an estimated \$500 million of future expenditures¹⁰ resulting from the gratuitous wage credits would be made as benefits are paid out.¹¹</p>
<p>3. Reimbursement for costs attributable to special provisions.</p> <p><i>Sec. 409 (pp. 52-53).—</i> Provides for such reimbursement of OASI trust fund from general revenues.</p>	<p>Not applicable since the special provisions would be added by H. R. 7089.</p>	<p>OASI trust fund would be reimbursed for all future expenditures attributable to the "deemed insured status" and disability "freeze" provision. It is estimated that these costs would be about \$2.1 million annually.¹²</p>

V. COST ESTIMATE

Approximate dollar cost of H. R. 7089 for first year compared to present law, 1957

Item	Existing law	H. R. 7089	Cost difference
Compensation.....	\$421,000,000	\$466,000,000	+\$45,000,000
Insurance.....	41,000,000	33,000,000	-8,000,000
FECA.....	14,000,000	14,000,000	-----
Death gratuity.....	8,000,000	9,000,000	+1,000,000
OASI.....	-----	115,000,000	+115,000,000
Reimbursed OASI.....	-----	50,000,000	+50,000,000
Disability freeze.....	-----	2,000,000	+2,000,000
Total.....	484,000,000	689,000,000	+205,000,000

See footnotes on p. 18.

¹ The basic pay for enlisted personnel ranges from \$71 per month (E-1, under 4 months) to \$346 (E-7 personnel with over 30 years of service). Basic pay for junior officers begins at about \$220; most officers receive more than \$350 per month maximum creditable under OASI.

² Present law provides the following contribution schedule for covered employees and employers: 1945-55, 3 percent (each); 1956-64, 2 1/4 percent (each); 1965-74, 3 percent (each); 1975-79, 3 1/4 percent (each); after 1979, 4 percent (each). Contributions and benefits are based on the first \$4,200 of annual covered earnings.

³ At the time H. R. 7089 was passed by the House of Representatives, gratuitous wage credits could not be granted for service after June 30, 1955; this date was subsequently extended to Apr. 1, 1956 by Public Law 325. If H. R. 7089 were enacted into law and contributory coverage were to be effective Jan. 1, 1956, provision would be needed to preclude the granting of wage credits for any period of military service after Dec. 31, 1955.

⁴ Under existing law, commissioned officers of the Public Health Service and the Coast and Geodetic Survey are members of the uniformed services only when detailed to active duty with the services or when a Presidential proclamation is issued during periods of emergency which makes them members of the service. Consequently, the periods during which these groups have been eligible for OASI wage credits has been intermittent. The provision to deem these groups eligible for OASI wage credits from July 29, 1945 until the effective date of contributory coverage will eliminate inequities and anomalies under existing law.

⁵ The purpose of this provision is to assure that at least minimum OASI benefits will be payable to the qualified survivors of military personnel in the event the individual's death occurs any time he is in active service or inactive duty service. Without this special provision, servicemen (like other persons covered under the program) would be required to have at least 9 quarters of coverage (about 18 months of coverage under the program) to be insured for OASI benefits; this provision deems servicemen to be insured for OASI benefits the first day they enter service.

⁶ The retroactive provision granting deemed insured status to servicemen whose deaths occur prior to Jan. 1, 1956, assures minimum benefits to those persons who died with less than 9 quarters of coverage. The result will be, generally speaking, that the survivors of deceased personnel who are now receiving only VA payments will be placed in a position comparable to the survivors who are now receiving both VA and OASI payments.

⁷ The disability "freeze" provision, added to the social security law by the 1954 amendments, is designed to protect the old age and survivors insurance benefit rights of individuals who are unable to continue working under the system because of an extended, total disability. An individual adjudged totally disabled can have a period of extended disability disregarded in determining eligibility for benefits at age 65 or at death and also in determining the benefit amounts. The social security law does not provide for the payment of cash disability benefits.

⁸ Public Law 526, enacted on Aug. 9, 1946, subsequent to the passage of H. R. 7089 by the House of Representatives, extended the provision in present law to deaths occurring after June 1955 and before April 1956. The provision in H. R. 7089 should therefore be modified to extend this provision to deaths occurring after March 1954, rather than after June 1955.

⁹ As a part of the general coordination of programs, the Railroad Retirement Act provides for cost adjustments to place the old-age and survivors insurance trust fund in the position it would have been in if railroad employment had been covered under old-age and survivors insurance since 1937. In effect, these cost provisions constitute a method of partially reimbursing railroad benefits under the old-age and survivors insurance program. In other words, old-age and survivors insurance in effect receives from the railroad retirement account contributions with respect to railroad service and pays benefits based on railroad service. In some cases these benefits are paid directly to beneficiaries by old-age and survivors insurance, while in other cases they are credited to the railroad retirement account.

¹⁰ Estimate based on wage credits granted for military service performed prior to Apr. 1, 1956.

¹¹ There are several possible bases for determining the amount in which the trust fund might be reimbursed in the event that the Congress should provide for reimbursement of the fund. The estimates given were made on the so-called excess cost basis. Under this method, the trust fund would be reimbursed for the additional benefit amounts actually paid out of the fund on account of the gratuitous credit provisions—that is, for the difference between benefit amounts computed by using the gratuitous provision and the actual benefit amount if any, that would have been paid if the gratuitous credit provision had not been enacted. This method of computation would result in the Government's paying somewhat less than a proportionate share of the cost of the gratuitous credit.

¹² Estimate made on the excess cost basis.