

## Social Security Amendments of 1956 Volume 1

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SOCIAL-SECURITY WAGE CREDITS FOR MILITARY  
SERVICE

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JUNE 18, 1955.—Committed to the Committee of the Whole House on the State  
of the Union and ordered to be printed

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Mr. COOPER, from the Committee on Ways and Means, submitted  
the following

REPORT

[To accompany H. R. 5936]

The Committee on Ways and Means, to whom was referred the bill (H. R. 5936) to provide wage credits under title II of the Social Security Act for military service before July 1956, and to permit application for lump-sum benefits under such title to be made within 2 years after interment or reinterment in the case of servicemen dying overseas before July 1956, having considered the same, report favorably thereon with amendments and recommend that the bill, as amended, do pass.

The amendments are as follows:

Page 1, line 6, strike out "July 1, 1956" and insert in lieu thereof "April 1, 1956".

Page 1, line 10, strike out "July 1956" and insert in lieu thereof "April 1956".

Amend the title so as to read:

A bill to provide wage credits under title II of the Social Security Act for military service before April 1956, and to permit application for lump-sum benefits under such title to be made within two years after interment or reinterment in the case of servicemen dying overseas before April 1956.

PURPOSE

H. R. 5936, as amended, would provide a continuation for 9 months, through March 31, 1956, of the existing provisions of title II of the Social Security Act, relating to (1) old-age and survivors insurance wage credits for military service, and (2) the payment of lump-sum death benefits where a serviceman dying overseas is reburied in this country.

## 2 SOCIAL-SECURITY WAGE CREDITS FOR MILITARY SERVICE

Under existing law these provisions would not apply to service or deaths after June 30, 1955.

### GENERAL STATEMENT

Under the old-age and survivors insurance system, individuals who have served in the active military or naval service of the United States at any time since September 14, 1940, are, under certain circumstances, provided wage credits under the system of \$160 per month for each month (or part thereof) of such service. Present law provides for these credits without any payment of taxes or the appropriation of funds to the old-age and survivors insurance trust fund. Under the existing provisions of law these wage credits will be provided only for service performed prior to July 1, 1955. H. R. 5936, as amended, extends this provision so that it will apply to service performed prior to April 1, 1956.

Your committee's bill also extends the provision of the old-age and survivors insurance system under which the 2-year period, for filing claims for lump-sum death payments in the case of reburial in this country of servicemen dying overseas, begins to run from the date of reburial in this country instead of from the date of death overseas. This provision, which under existing law applies only in the case of deaths prior to July 1, 1955, would be extended to cases of deaths occurring before April 1, 1956.

In view of the anticipated legislative recommendations of the House Select Committee on Survivors Benefits established pursuant to the authority of House Resolution 35 of the 84th Congress, it is your committee's view that the extension of these provisions is desirable as a temporary measure pending the formulation of a long-range solution to the problem of retirement and related benefits for military personnel and their survivors based upon the recommendations of this select committee.

Your committee had tentatively approved an amendment to H. R. 5936 whereby the cost of the old-age and survivors insurance benefits resulting from wage credits and lump-sum death benefits attributable to military service, would be met by special appropriations from the general funds of the Treasury to reimburse the old-age and survivors insurance trust fund. However, your committee was advised that the House Select Committee on Survivors Benefits expected to report favorably to the House legislation which would provide for such reimbursement. In view of that fact, your committee has amended H. R. 5936 to provide for a simple 9 months' extension of existing law without any provisions for reimbursement of the old-age and survivors insurance trust fund included.

It is your committee's view that in the interest of guarding against the impairment of the old-age and survivors insurance trust fund it is necessary that the Congress provide for the reimbursement of the trust fund from the general funds of the Treasury.

The enactment of this legislation was recommended by the Department of Defense.

Your committee is unanimous in urging the favorable consideration of H. R. 5936, as amended.

## CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

## SECTION 217 (E) OF THE SOCIAL SECURITY ACT

(e) (1) For purposes of determining entitlement to and the amount of any monthly benefit or lump-sum death payment payable under this title on the basis of the wages and self-employment income of any veteran (as defined in paragraph (4)), such veteran shall be deemed to have been paid wages (in addition to the wages, if any, actually paid to him) of \$160 in each month during any part of which he served in the active military or naval service of the United States on or after July 25, 1947, and prior to **July 1, 1955** *July 1, 1956*. This subsection shall not be applicable in the case of any monthly benefit or lump-sum death payment if—

(A) a larger such benefit or payment, as the case may be, would be payable without its application; or

(B) a benefit (other than a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments) which is based, in whole or in part, upon the active military or naval service of such veteran on or after July 25, 1947, and prior to **July 1, 1955** *July 1, 1956*, is determined by any agency or wholly owned instrumentality of the United States (other than the Veterans' Administration) to be payable by it under any other law of the United States or under a system established by such agency or instrumentality.

The provisions of clause (B) shall not apply in the case of any monthly benefit or lump-sum death payment under this title if its application would reduce by \$0.50 or less the primary insurance amount (as computed under section 215 prior to any recomputation thereof pursuant to subsection (f) of such section) of the individual on whose wages and self-employment income such benefit or payment is based.

(2) Upon application for benefits or a lump-sum death payment on the basis of the wages and self-employment income of any veteran, the Federal Security Administrator shall make a decision without regard to clause (B) of paragraph (1) of this subsection unless he has been notified by some other agency or instrumentality of the United States that, on the basis of the military or naval service of such veteran on or after July 25, 1947, and prior to **July 1, 1955** *July 1, 1956*, a benefit described in clause (B) of paragraph (1) has been determined by such agency or instrumentality to be payable by it. If he has not been so notified, the Federal Security Administrator shall then ascertain whether some other agency or wholly owned instrumentality of the United States has decided that a benefit described in clause (B) of paragraph (1) is payable by it. If any such agency or instrumentality has decided, or thereafter decides, that such a benefit is payable by it, it shall so notify the Federal Security Administrator, and the Administrator shall certify no further benefits for payment or shall recompute the amount of any further benefits payable, as may be required by paragraph (1) of this subsection.

(3) Any agency or wholly owned instrumentality of the United States which is authorized by any law of the United States to pay benefits, or has a system of benefits which are based, in whole or in part, on military or naval service on or after July 25, 1947, and prior to **July 1, 1955** *July 1, 1956*, shall, at the request of the Federal Security Administrator, certify to him, with respect to any veteran, such information as the Administrator deems necessary to carry out his functions under paragraph (2) of this subsection.

(4) For the purposes of this subsection, the term "veteran" means any individual who served in the active military or naval service of the United States at any time on or after July 25, 1947, and prior to **July 1, 1955** *July 1, 1956*, and who, if discharged or released therefrom, was so discharged or released under conditions other than dishonorable after active service of ninety days or more or by reason of a disability or injury incurred or aggravated in service in line of duty; but such term shall not include any individual who died while in the active military or naval service of the United States if his death was inflicted (other than by an enemy of the United States) as lawful punishment for a military or naval offense.

4 SOCIAL-SECURITY WAGE CREDITS FOR MILITARY SERVICE

LAST SENTENCE OF SECTION 202 (i) OF THE SOCIAL SECURITY ACT

In the case of any individual who died outside the forty-eight States and the District of Columbia after December 1953 and before **July 1955** *July 1956*, whose death occurred while he was in the active military or naval service of the United States, and who is returned to any of such States, the District of Columbia, Alaska, Hawaii, Puerto Rico, or the Virgin Islands for interment or reinterment, the provisions of the preceding sentence shall not prevent payment to any person under the second sentence of this subsection if application for a lump-sum death payment with respect to such deceased individual is filed by or on behalf of such person (whether or not legally competent) prior to the expiration of two years after the date of such interment or reinterment.



# H. R. 5936

[Report No. 860]

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IN THE HOUSE OF REPRESENTATIVES

MAY 2, 1955

Mr. COOPER introduced the following bill; which was referred to the Committee on Ways and Means

JUNE 18, 1955

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

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## A BILL

To provide wage credits under title II of the Social Security Act for military service before July 1956, and to permit application for lump-sum benefits under such title to be made within two years after interment or reinterment in the case of servicemen dying overseas before July 1956.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That section 217 (e) of the Social Security Act (relating  
4       to benefits in case of veterans) is amended by striking out  
5       “July 1, 1955” each place it appears and inserting in lieu  
6       thereof “~~July 1, 1956~~” “*April 1, 1956*”.

7       SEC. 2. The last sentence of section 202 (i) of the  
8       Social Security Act (relating to lump-sum death payments)

1 is amended by striking out "July 1955" and inserting in  
2 lieu thereof "~~July 1956~~" "*April 1956*".

Amend the title so as to read: "A bill to provide wage credits under title II of the Social Security Act for military service before April 1956, and to permit application for lump-sum benefits under such title to be made within two years after interment or reinterment in the case of servicemen dying overseas before April 1956."

Union Calendar No. 235

84TH CONGRESS  
1ST SESSION

**H. R. 5936**

[Report No. 860]

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**A BILL**

To provide wage credits under title II of the Social Security Act for military service before July 1956, and to permit application for lump-sum benefits under such title to be made within two years after interment or reinterment in the case of servicemen dying overseas before July 1956.

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By Mr. COOPER

MAY 2, 1955

Referred to the Committee on Ways and Means

JUNE 18, 1955

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed



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SOCIAL-SECURITY WAGE CREDITS  
FOR MILITARY SERVICE BEFORE  
JULY 1956

Mr. COOPER. Mr. Speaker, I ask unanimous consent for the immediate consideration of H. R. 5936, which is a bill to provide for the continuation for 9 months, through March 31, 1956, of the existing provisions of title II of the Social Security Act, relating to, first, old-age and survivors insurance wage credits for military service; and second, the payment of lump-sum death benefits where a serviceman dying overseas is reburied in this country.

Under existing law these provisions would not apply to service or deaths after June 30, 1955.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. JENKINS. Reserving the right to object, Mr. Speaker, I wish to concur with the gentleman from Tennessee in saying that this bill was voted out unanimously from the Committee on Ways and Means. I have consulted with the leadership, and there is no objection on this side.

Mr. Speaker, this bill was reported unanimously by our committee. It simply extends for an additional 9 months the present provisions of the Social Security Act which provides a monthly wage credit under the old-age and survivors insurance system for members of the Armed Forces and the payment of a lump-sum death benefit in the case of such an individual who dies overseas and is reburied in this country. The existing provisions of the Social Security Act expire this July 1. For this reason, it is essential that we act on the matter without undue delay. It should be noted that the extension contained in this bill will again expire next April 1. Our committee decided upon this relatively limited extension in view of the expected recommendations of the House Select Committee on Survivors Benefits. We hope that those recommendations will be acted upon prior to the April 1 termination of the provisions of this bill. I would also like to make clear that while our committee unequivocally advocates that the cost to the old-age and survivors insurance trust fund of these gratuitous military-wage credits be reimbursed by the Federal Government, we did not include a provision to that effect in this bill solely because it was our understanding that the recommendations of the select committee, to which I have already referred, would include provision for such reimbursement.

The SPEAKER. Is there objection?  
There was no objection.

The Clerk read the bill, as follows:

*Be it enacted, etc.,* That section 217 (e) of the Social Security Act (relating to benefits in case of veterans) is amended by striking out "July 1, 1955" each place it appears and inserting in lieu thereof "July 1, 1956."

Sec. 2. The last sentence of section 202 (1) of the Social Security Act (relating to lump-sum death payments) is amended by striking out "July 1955" and inserting in lieu thereof "July 1956."

With the following committee amendments:

Page 1, line 6, strike out "July 1, 1956" and insert "April 1, 1956."

Page 2, line 2, strike out "July 1956" and insert "April 1956."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read:

"A bill to provide wage credits under title II of the Social Security Act for military service before April 1956, and to permit application for lump-sum benefits under such title to be made within 2 years after interment or reinterment in the case of servicemen dying overseas before April 1956."

A motion to reconsider was laid on the table.

Mr. COOPER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record on the bill just passed.

The SPEAKER. Is there objection?

There was no objection.

Mr. COOPER. Mr. Speaker, under the old-age and survivors insurance system, individuals who have served in the active military or naval service of the United States at any time since September 14, 1940, are, under certain circumstances, provided wage credits under the system of \$160 per month for each month, or part thereof, of such service. Present law provides for these credits without any payment of taxes or the appropriation of funds to the old-age and survivors insurance trust fund. Under the existing provisions of law these wage credits will be provided only for service performed prior to July 1, 1955. H. R. 5936, as amended, extends this provision so that it will apply to service performed prior to April 1, 1956.

H. R. 5936 also extends the provision of the old-age and survivors insurance system under which the 2-year period for filing claims for lump-sum death payments in the case of reburial in this country of servicemen dying overseas begins to run from the date of reburial in this country instead of from the date of death overseas. This provision, which under existing law applies only in the case of deaths prior to July 1, 1955, would be extended to cases of deaths occurring before April 1, 1956.

In view of the anticipated legislative recommendations of the House Select Committee on Survivors Benefits established pursuant to the authority of House Resolution 35 of the 84th Congress, it was the considered opinion of the Committee on Ways and Means that the extension of these provisions is desirable as a temporary measure pending the formulation of a long-range solution

to the problem of retirement and related benefits for military personnel and their survivors based upon the recommendations of this select committee.

In our consideration of this legislation in executive session, the Committee on Ways and Means had tentatively approved an amendment to H. R. 5936 whereby the cost of the old-age and survivors insurance benefits resulting from wage credits and lump-sum death benefits attributable to military service would be met by special appropriations from the general funds of the Treasury to reimburse the old-age and survivors insurance trust fund. However, our committee was advised that the House Select Committee on Survivors Benefits expected to report favorably to the House legislation which would provide for such reimbursement. In view of that fact, H. R. 5936 was reported with an amendment to provide for a simple 9 months' extension of existing law without any provisions for reimbursement of the old-age and survivors insurance trust fund included.

As stated on page 2 of the committee report, it was the unanimous view of the members of the Committee on Ways and Means that in the interest of guarding against the impairment of the old-age and survivors insurance trust fund it is necessary that the Congress provide for the reimbursement of the trust fund from the general funds of the Treasury.

The enactment of this legislation was recommended by the Department of Defense.

The membership of the Committee on Ways and Means voted unanimously to report H. R. 5936 favorably to the House with the amendment to which I have previously referred.

# H. R. 5936

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IN THE SENATE OF THE UNITED STATES

JUNE 24, 1955

Read twice and referred to the Committee on Finance

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## AN ACT

To provide wage credits under title II of the Social Security Act for military service before April 1956, and to permit application for lump-sum benefits under such title to be made within two years after interment or reinterment in the case of servicemen dying overseas before April 1956.

1        *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 That section 217 (e) of the Social Security Act (relating  
4 to benefits in case of veterans) is amended by striking out  
5 "July 1, 1955" each place it appears and inserting in lieu  
6 thereof "April 1, 1956".

7        SEC. 2. The last sentence of section 202 (i) of the  
8 Social Security Act (relating to lump-sum death payments)  
9 is amended by striking out "July 1955" and inserting in  
10 lieu thereof "April 1956".

Passed the House of Representatives June 23, 1955.

Attest:

RALPH R. ROBERTS,

*Clerk.*

84TH CONGRESS  
1ST SESSION

# H. R. 5936

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## AN ACT

To provide wage credits under title II of the Social Security Act for military service before April 1956, and to permit application for lump-sum benefits under such title to be made within two years after interment or reinterment in the case of servicemen dying overseas before April 1956.

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JUNE 24, 1955

Read twice and referred to the Committee on Finance

## SOCIAL-SECURITY WAGE CREDITS FOR MILITARY SERVICE

JULY 26, 1955.—Ordered to be printed

Mr. BYRD, from the Committee on Finance, submitted the following

### R E P O R T

[To accompany H. R. 5936]

The Committee on Finance, to whom was referred the bill (H. R. 5936) to provide wage credits under title II of the Social Security Act for military service before April 1956, and to permit application for lump-sum benefits under such title to be made within 2 years after interment or reinterment in the case of servicemen dying overseas before April 1956, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

By virtue of this act, the Committee on Finance accepts that part of the report of the Committee on Ways and Means, which follows:

#### PURPOSE

H. R. 5936, as amended, would provide a continuation for 9 months, through March 31, 1956, of the existing provisions of title II of the Social Security Act, relating to (1) old-age and survivors insurance wage credits for military service, and (2) the payment of lump-sum death benefits where a serviceman dying overseas is reburied in this country.

Under existing law these provisions would not apply to service or deaths after June 30, 1955.

#### GENERAL STATEMENT

Under the old-age and survivors insurance system, individuals who have served in the active military or naval service of the United States at any time since September 14, 1940, are, under certain circumstances, provided wage credits under the system of \$160 per month for each month (or part thereof) of such service. Present law provides for these credits without any payment of taxes or the appropriation of funds to the old-age and survivors insurance trust fund. Under the existing provisions of law these wage credits will be provided only for service performed prior to July 1, 1955. H. R. 5936, as amended, extends this provision so that it will apply to service performed prior to April 1, 1956.

Your committee's bill also extends the provision of the old-age and survivors insurance system under which the 2-year period, for filing claims for lump-sum death payments in the case of reburial in this country of servicemen dying overseas, begins to run from the date of reburial in this country instead of from the date of death overseas. This provision, which under existing law applies only in

## 2 SOCIAL-SECURITY WAGE CREDITS FOR MILITARY SERVICE

the case of deaths prior to July 1, 1955, would be extended to cases of deaths occurring before April 1, 1956.

In view of the anticipated legislative recommendations of the House Select Committee on Survivors Benefits established pursuant to the authority of House Resolution 35 of the 84th Congress, it is your committee's view that the extension of these provisions is desirable as a temporary measure pending the formulation of a long-range solution to the problem of retirement and related benefits for military personnel and their survivors based upon the recommendations of this select committee.

The enactment of this legislation was recommended by the Department of Defense.

Your committee is unanimous in urging the favorable consideration of H. R. 5936, as amended.

### CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets; new matter is printed in italics; existing law in which no change is proposed is shown in roman):

#### SECTION 217 (e) OF THE SOCIAL SECURITY ACT

(e) (1) For purposes of determining entitlement to and the amount of any monthly benefit or lump-sum death payment payable under this title on the basis of the wages and self-employment income of any veteran (as defined in paragraph (4)), such veteran shall be deemed to have been paid wages (in addition to the wages, if any, actually paid to him) of \$160 in each month during any part of which he served in the active military or naval service of the United States on or after July 25, 1947, and prior to **July 1, 1955** *April 1, 1956*. This subsection shall not be applicable in the case of any monthly benefit or lump-sum death payment if—

(A) a larger such benefit or payment, as the case may be, would be payable without its application; or

(B) a benefit (other than a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments) which is based, in whole or in part, upon the active military or naval service of such veteran on or after July 25, 1947, and prior to **July 1, 1955** *April 1, 1956*, is determined by any agency or wholly owned instrumentality of the United States (other than the Veterans' Administration) to be payable by it under any other law of the United States or under a system established by such agency or instrumentality.

The provisions of clause (B) shall not apply in the case of any monthly benefit or lump-sum death payment under this title if its application would reduce by \$0.50 or less the primary insurance amount (as computed under section 215 prior to any recomputation thereof pursuant to subsection (f) of such section) of the individual on whose wages and self-employment income such benefit or payment is based.

(2) Upon application for benefits or a lump-sum death payment on the basis of the wages and self-employment income of any veteran, the Federal Security Administrator shall make a decision without regard to clause (B) of paragraph (1) of this subsection unless he has been notified by some other agency or instrumentality of the United States that, on the basis of the military or naval service of such veteran on or after July 25, 1947, and prior to **July 1, 1955** *April 1, 1956*, a benefit described in clause (B) of paragraph (1) has been determined by such agency or instrumentality to be payable by it. If he has not been so notified, the Federal Security Administrator shall then ascertain whether some other agency or wholly owned instrumentality of the United States has decided that a benefit described in clause (B) of paragraph (1) is payable by it. If any such agency or instrumentality has decided, or thereafter decides, that such a benefit is payable by it, it shall so notify the Federal Security Administrator, and the Administrator shall certify no further benefits for payment or shall recompute the amount of any further benefits payable, as may be required by paragraph (1) of this subsection.

(3) Any agency or wholly owned instrumentality of the United States which is authorized by any law of the United States to pay benefits, or has a system of

SOCIAL-SECURITY WAGE CREDITS FOR MILITARY SERVICE 3

benefits which are based, in whole or in part, on military or naval service on or after July 25, 1947, and prior to [July 1, 1955] *April 1, 1956*, shall, at the request of the Federal Security Administrator, certify to him, with respect to any veteran, such information as the Administrator deems necessary to carry out his functions under paragraph (2) of this subsection.

(4) For the purposes of this subsection, the term "veteran" means any individual who served in the active military or naval service of the United States at any time on or after July 25, 1947, and prior to [July 1, 1955] *April 1, 1956*, and who, if discharged or released therefrom, was so discharged or released under conditions other than dishonorable after active service of ninety days or more or by reason of a disability or injury incurred or aggravated in service in line of duty; but such term shall not include any individual who died while in the active military or naval service of the United States if his death was inflicted (other than by an enemy of the United States) as lawful punishment for a military or naval offense.

LAST SENTENCE OF SECTION 202 (i) OF THE SOCIAL SECURITY ACT

In the case of any individual who died outside the forty-eight States and the District of Columbia after December 1953 and before [July 1955] *April 1956*, whose death occurred while he was in the active military or naval service of the United States, and who is returned to any of such States, the District of Columbia, Alaska, Hawaii, Puerto Rico, or the Virgin Islands for interment or reinterment, the provisions of the preceding sentence shall not prevent payment to any person under the second sentence of this subsection if application for a lump-sum death payment with respect to such deceased individual is filed by or on behalf of such person (whether or not legally competent) prior to the expiration of two years after the date of such interment or reinterment.



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WAGE CREDITS UNDER TITLE II  
OF THE SOCIAL SECURITY ACT  
FOR MILITARY SERVICE

The bill (H. R. 5936) to provide wage credits under title II of the Social Security Act for military service before April 1956, and to permit application for lump-sum benefits under such title to be made within 2 years after interment or reinterment in the case of servicemen dying overseas before April 1956 was considered, ordered to a third reading, read the third time, and passed.



Public Law 325 - 84th Congress  
Chapter 685 - 1st Session  
H. R. 5936

AN ACT

All 69 Stat. 621.

To provide wage credits under title II of the Social Security Act for military service before April 1956, and to permit application for lump-sum benefits under such title to be made within two years after interment or reinterment in the case of servicemen dying overseas before April 1956.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 217 (e) of the Social Security Act (relating to benefits in case of veterans) is amended by striking out "July 1, 1955" each place it appears and inserting in lieu thereof "April 1, 1956". Veterans' death payments.  
67 Stat. 580.  
42 USC 417.

Sec. 2. The last sentence of section 202 (i) of the Social Security Act (relating to lump-sum death payments) is amended by striking out "July 1955" and inserting in lieu thereof "April 1956". 67 Stat. 580.  
42 USC 402.

Approved August 9, 1955.

## LISTING OF REFERENCE MATERIALS

U.S. Congress. House. Select Committee on Survivor Benefits. *Hearings. . . Pursuant to H. Res. 549. 83d Congress, 2d session.*

U.S. Congress. House. Select Committee on Survivor Benefits. *Hearings. . . Pursuant to H. Res. 35. 84th Congress, 1st session.*

PROVIDING BENEFITS FOR SURVIVORS  
OF SERVICEMEN AND VETERANS

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REPORT  
OF THE  
SELECT COMMITTEE ON SURVIVOR  
BENEFITS

(Pursuant to H. Res. 35, 84th Congress)

(To accompany H. R. 7089)



SUBMITTED BY MR. HARDY

JUNE 28, 1955.—Committed to the Committee of the Whole House  
on the State of the Union and ordered to be printed

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**SELECT COMMITTEE ON SURVIVOR BENEFITS**

**PORTER HARDY, Jr., Virginia, *Chairman***

**OLIN E. TEAGUE, Texas**  
**PAUL J. KILDAY, Texas**

**WILLIAM H. BATES, Massachusetts**  
**ROBERT W. KEAN, New Jersey**

**STEPHEN D. CARNES, Jr., *Counsel***

# Union Calendar No. 289

84TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT  
1st Session } } No. 993

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## SERVICEMEN'S AND VETERANS' SURVIVOR BENEFITS ACT

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JUNE 28, 1955.—Committed to the Committee of the Whole House on the State  
of the Union and ordered to be printed

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Mr. HARDY, from the Select Committee on Survivor Benefits, estab-  
lished by H. Res. 35, submitted the following

### REPORT

[To accompany H. R. 7089]

The Select Committee on Survivor Benefits, established by House Resolution 35, 84th Congress, pursuant to the authority contained in that resolution, favorably report the bill (H. R. 7089) to provide benefits for the survivors of servicemen and veterans, and for other purposes, to the House, and recommend that the bill do pass.

#### THE AUTHORIZATION AND JURISDICTION OF THIS COMMITTEE

A House Select Committee on Survivor Benefits was first authorized August 4, 1954. The committee was created pursuant to House Resolution 549 of the 83d Congress. William H. Bates, Massachusetts, served as chairman of this select committee during the 83d Congress. Robert W. Kean, Bernard W. Kearney, Olin E. Teague and Porter Hardy, Jr., served as members.

House Resolution 549, 2d session, 83d Congress, provided:

The committee is authorized and directed (1) to conduct a full and complete investigation and study of the benefits provided under Federal law for the surviving dependents of deceased members and former members of the Armed Forces, and (2) on the basis of such investigation and study, to make such recommendations as it may deem advisable and to prepare such legislation as it may consider appropriate to carry out such recommendations.

The committee shall report to the House as soon as practicable during the present Congress the results of its investigation and study, together with its recommendation and the legislation, if any, prepared under the preceding paragraph.

The report of the committee filed December 17, 1954, stated:

It will be noted that the study of this committee was to embrace the survivor benefits paid Armed Forces personnel and former Armed Forces personnel.

## 2 BENEFITS FOR SURVIVORS OF SERVICEMEN AND VETERANS

However, because of time limitations and the extreme complexity of the subject under consideration, this committee has been unable to evaluate fully the existing benefits paid survivors of former Armed Forces personnel.

The authorizing resolution of this committee contains the instructions that the committee shall draft such legislation as it may deem appropriate. The committee feels, even after having had the subject of survivor benefits under serious study for several months, and having held an extensive period of public and executive session hearings, that it would be premature at this juncture to attempt to draft legislation that would embody the scope of providing a new survivor benefit program for survivors of Armed Forces personnel or to make any specific legislative recommendations at this time with regard to the existing program.

Recommendation No. 1 of the committee's report of December 17 was:

Having studied and carefully evaluated the facts which are now available, this committee strongly urges that a Select Committee of the House on Survivor Benefits be continued by the 84th Congress, and that the authority, jurisdiction, and responsibilities of such committee be the same as that authorized under House Resolution 549, 2d session, 83d Congress.

On January 31, 1955, House Resolution 35, 84th Congress, 1st session, was adopted, recreating a Select Committee on Survivor Benefits. Porter Hardy, Jr., was named its chairman. Paul J. Kilday, Olin E. Teague, Robert W. Kean, and William H. Bates were named members.

House Resolution 35, 1st session, 84th Congress, set forth the authorization and jurisdiction of the committee as follows:

The committee is authorized and directed (1) to conduct a full and complete investigation and study of the benefits provided under Federal law for the survivors of deceased members and former members of the Armed Forces, and (2) on the basis of such investigation and study, to make such recommendations as it may deem advisable and to prepare such legislation as it may consider appropriate to carry out such recommendations.

The committee shall (1) report to the House the results of its investigation and study, and (2) report to the House, by bill or otherwise, its recommendations made under the preceding paragraph not later than January 15, 1956.

It should be noted that House Resolution 35 provided, "The committee shall report by bill or otherwise." The committee is reporting to the House via bill, H. R. 7089, and herein is the report on that bill.

### BACKGROUND

At the present time the Federal Government maintains five separate and distinct survivor benefit programs affecting members and former members of the Armed Forces. These programs have evolved through the years and are the result of so-called piecemeal legislation. A representative of the Veterans of Foreign Wars, testifying before this committee, stated, "The present program, as we see it, has grown like Topsy." In addition, many Members of Congress have frequently referred to the various survivor benefit programs provided by the Federal Government as a hodgepodge. Currently when a man dies in the Armed Services, his survivors are advised to file for survivor benefits with four Government agencies.

Today many survivors of Armed Forces personnel are receiving monthly aggregate survivor benefits which amount to more than was the total base pay and allowances of the deceased while on active duty. On the other hand, however, there are other thousands of survivors of deceased Armed Forces personnel who receive survivor benefits which are inadequate to meet their basic minimum needs.

It has been the thought of many that the maze of administrative details to which survivors are subjected in filing application for possible survivor benefit payments could be greatly simplified, and in some cases duplicative efforts avoided.

During the course of the hearings there was general agreement that an objective reappraisal of the various survivor benefit programs provided for Armed Forces personnel and former Armed Forces personnel by the Federal Government was long overdue.

There are 4 standing committees of the House which have jurisdiction over the 5 existing survivor benefit programs. However, inasmuch as an objective simultaneous reappraisal of all survivor benefits appeared necessary, the appointment of a select committee was deemed to be the most desirable approach.

#### SCOPE

Today there are approximately 465,000 cases on the various death compensation rolls. In peacetime years approximately 11,500 new cases are added annually, while death, remarriage, and other circumstances tend to reduce the rolls by an indeterminate number.

The estimated cost of providing existing survivor benefits is in excess of \$600 million per annum.

The aggregate assumed liability of all agencies' survivor benefit cases now on the rolls over the next 30 to 50 year period will exceed \$11 billion.

Death compensation, as distinguished from pensions, today is paid only to survivors of those individuals who die while on active duty, or from service-connected causes.

Likewise, it should be clearly understood that the survivor benefits provided survivors under the bill are death compensation payments to be made only to survivors of men who die while on active duty or from service-connected causes after leaving the service. The committee's jurisdiction did not include consideration of provisions for the survivors of persons who died under other conditions.

#### WORK OF THE SELECT COMMITTEE

The staff of the select committee was composed of only two persons: a counsel, secured from private industry, and a stenographer. At the committee's request the Veterans' Administration designated two of its top men to assist the committee. The General Accounting Office, Bureau of the Budget, Department of Defense, and the Social Security Administration did likewise. These designees from the various Government agencies, during the past 9 months devoted much of their time to assisting the committee, but were not detailed on a full-time basis.

Because of the extreme complexity of the subject under consideration, the committee felt justified in requesting the technical assistance of these Government experts rather than attempting to secure a professional staff not intimately familiar with existing legislation and not readily equipped to evaluate the implications of suggested remedial legislation.

In its deliberations the committee saw the need for an actuary and on March 15 retained the firm of Bowles, Andrews & Towne, actuarial consultants, of 70 Wall Street, New York City, N. Y.

#### 4 BENEFITS FOR SURVIVORS OF SERVICEMEN AND VETERANS

The bill which has been reported, in the opinion of the committee, represents a composite of the thinking of the best available talent on the subject of survivor benefits both within and without the Government.

During its deliberations the committee met 57 times, holding 29 public hearings and 28 executive sessions or hearings.

Every major veterans organization in the Nation was invited to testify before the committee and some of them appeared on three different occasions, twice before a bill was drafted, and once thereafter. The committee is grateful to the representatives of these organizations who were tremendously helpful in the entire course of committee consideration.

#### EXISTING SURVIVOR BENEFIT PROGRAM AND PROPOSED CHANGES UNDER H. R. 7089

Today the Federal Government provides for survivors of Armed Forces personnel five separate survivor benefit programs. These are outlined below, together with a description of the proposed changes in each program.

##### I. SIX MONTHS' DEATH GRATUITY

###### *Currently*

1. *A 6-months' death gratuity.*—Minimum payment \$468, maximum payment \$7,656. Dependency is not required for a person to be eligible to receive this benefit. The calculated dollar amount is predicated on 6 months' basic pay, plus special and incentive pays. This payment is made by the Secretaries of the respective services. Survivors must file for this benefit.

###### *Proposed*

A minimum of \$800 and a maximum of \$3,000.

The committee feels that the present minimum of \$468 is too low and the present maximum of \$7,656 excessive.

The death gratuity shall equal 6 months' basic pay, plus special and incentive pays within the limitations of the minimums and maximums established by the committee. This benefit is paid only to survivors of servicemen who die while on active duty, active duty for training, or inactive duty training. Unlike present law this payment is also made to survivors when the former serviceman dies of a service-connected disease or injury within 120 days after separation from the service.

The bill provides that, where the survivor is a widow or child who was living with the deceased at a military installation at the time of his death, this payment shall be made immediately, thus providing the widow or child with funds to pay current and accrued obligations, meet emergent needs, and for return travel to the locale of her choosing. Immediate payment to a widow is provided, for even under the most favorable circumstances it would be 3 to 6 weeks before such widow would receive either dependency or indemnity compensation or social security survivor benefits.

Where the survivor is not a widow or child living on a military installation with the deceased, then the 6 months' death gratuity will be paid by the Secretary of the respective service of the deceased as expeditiously as possible.



At the present time the 6 months' death gratuity is paid to a rather extended class of beneficiaries who are blood kin with an insurable interest and to persons who stood in loco parentis. The committee sees no justification for payments of this benefit to distant relatives and has provided that payments shall be restricted to the deceased's spouse; his children; natural parents, persons who stood in loco parentis; and, brothers and sisters.

By having provided a more adequate 6 months' death gratuity for the mass of the Armed Forces personnel, especially in the enlisted grades, this provision of the committee bill will be somewhat more expensive than similar benefits provided under existing law.

While slightly more costly than existing law, the committee feels that a more adequate payment is being provided and greater equity achieved.

This survivor benefit is administered by the Department of Defense. Standing committee having jurisdiction: Committee on Armed Services.

## II. SERVICEMEN'S INDEMNITY OF \$10,000

### *Currently*

Payments under this program are \$92.90 per month for a period of 10 years, after which they then cease. Benefit payments usually accrue to the next of kin. However, the deceased has the right to elect and name such beneficiary as he may desire to designate within specified classes. No contribution is required of the serviceman. This program was instituted in 1951 when national service life insurance for Armed Forces personnel was virtually terminated.

Today, 70 percent of all indemnity payments are made to parents, 25 percent to widows and children, and 5 percent to others.

### *Proposed*

Under title V of the committee bill, the Servicemen's Indemnity Act of 1951 is repealed with respect to all deaths occurring after the effective date of this bill.

This survivor benefit is one of several separate and distinct programs administered by the Veterans' Administration.

Payments under this program in the amount of \$92.90 per month are paid for a period of 120 months and then abruptly terminate. If the deceased had in force at the time of death any Government insurance an offset or adjustment is made in the amount of indemnity paid, the adjustment or offset reducing the amount of indemnity payable by the amount of insurance in force, i. e., if a man in the Armed Forces had \$5,000 of national service life insurance his survivors would then be eligible to receive the full proceeds from the matured insurance and \$46.45 per month from the gratuitous indemnity. For every thousand dollars of Government life insurance in force the gratuitous indemnity is reduced by \$9.29 per thousand.

During the past 4 years a constant criticism of the \$10,000 gratuitous indemnity has been that payments suddenly come to an end at a time when the needs of the recipient survivor remained unmitigated. In an effort to overcome this objection there was considerable testimony before the committee that the amount of the indemnity should be reduced, paid for a longer period certain, and in some cases payments continued for the life of the recipient.

6 BENEFITS FOR SURVIVORS OF SERVICEMEN AND VETERANS

After careful analysis of testimony on this subject and lengthy deliberations, the committee concluded that this benefit should be terminated and payments formerly made under this program integrated with the existing Veterans' Administration compensation program by increasing significantly current compensation payments so as to reflect an indemnity increment therein. Thus these two separate and distinct survivor benefit programs administered by the Veterans' Administration would become one. To this limited extent one of the objectives of the committee, greater simplicity, would be accomplished and the long-term interest and equity of survivors protected.

The committee feels that the upward adjustments of benefit payments which are set forth in this bill adequately and fully compensate future survivors and that there remains no necessity for any indemnity or Government insurance program to supplement the dependency and indemnity compensation rates set forth in title II.

III. VETERANS' ADMINISTRATION COMPENSATION

*Currently*

Payments are as follows:

	Wartime	Peacetime
Widow only .....	\$87	\$69.60
Widow, 1 child .....	1 121	1 96.80
No widow, 1 child .....	67	53.60
No widow, 2 children .....	94	75.20
No widow, 3 children .....	1 122	1 96.60
Dependent mother or father .....	75	60.00
Dependent mother and father .....	80	64.00

- 1 \$29.00 for each additional child.
- 2 \$23.20 for each additional child.
- 3 \$24.00 for each additional child.
- 4 \$18.40 for each additional child.

Survivor must file for this benefit. In those cases involving widows or children, dependency is no factor. Payments to widows cease upon remarriage; payments to unmarried minor children continue until such children reach age 18, and thereafter if the child is permanently incapable of self-support. If a child is pursuing a course of instruction at an approved educational institution, then payments continue until age 21. Award and payment made by the Veterans' Administration. Standing committee having jurisdiction: Committee on Veterans' Affairs.

*Proposed*

As previously stated the committee recommends, and has proposed in the bill for the termination of the present gratuitous indemnity of \$10,000. In so doing, the committee has provided for existing Veterans' Administration compensation payments to be increased to compensate for termination of the indemnity.

In establishing new compensation rates, the committee gave serious consideration and careful analysis to the feasibility and desirability of having Veterans' Administration compensation payments predicated upon the attained pay of the former serviceman.

It was brought to the attention of the committee that the pay scale under the Career Incentive Act of 1955 gave due recognition via increased compensation for years of service as well as attained rate or rank.

BENEFITS FOR SURVIVORS OF SERVICEMEN AND VETERANS 7

The committee also took cognizance of the fact that the Kaplan committee, primarily consisting of officials of the executive branch of the Government, in 1953 and 1954 made an exhaustive study of retirement and survivor benefits for Federal personnel including the military. One of the basic recommendations of this committee was that all retirement and survivor benefits be predicated upon the attained pay of the man.

The Administration supports this recommendation of the Kaplan committee and the President, in his state of the Union and budget messages to the Congress this session, has recommended that survivor benefits for Armed Forces personnel be geared to the pay of the serviceman. The committee has concluded that in its judgment pay-related survivor benefits should be provided widows and the dependency and indemnity compensation rates for widows proposed under title II of this bill are pay-related.

The rate of widow's compensation proposed in the committee's bill is a flat base of \$112, plus 12 percent of basic pay. Under this formula a widow of an E-1 through O-8 would receive the following minimum and "normal" amounts (the amounts designated "normal" are calculated on the survivor benefit which would be paid assuming the serviceman came into the service as an E-1 or O-1 and followed a normal course of military promotion, the differential being an increment for years of service).

Listed below are proposed dependency and indemnity compensation payments for survivors:

*Enlisted*

	Minimum payment	Normal payment		Minimum payment	Normal payment
E-1 (under 4 months).....	\$122	\$122	E-4.....	\$127	\$129
E-1.....	122	122	E-5.....	130	137
E-2.....	123	123	E-6.....	134	142
E-3.....	124	127	E-7.....	137	151

*Warrant officers*

	Minimum payment	Normal payment		Minimum payment	Normal payment
W-1.....	\$139	\$143	W-3.....	\$149	\$157
W-2.....	144	149	W-4.....	152	171

*Commissioned officers*

	Minimum payment	Normal payment		Minimum payment	Normal payment
O-1.....	\$139	\$139	O-5.....	\$169	\$186
O-2.....	144	145	O-6.....	184	202
O-3.....	152	161	O-7.....	209	221
O-4.....	161	172	O-8.....	228	242

The foregoing compensation tables reflect payments that would be made to a widow only or a widow with children. However, the cited dependency and indemnity compensation rates are generally no greater for a widow with children than a widow without children,

inasmuch as the committee proposes to place all military personnel under contributory social security. Therefore, if a widow has minor children she will be eligible for social-security payments as a supplement to the basic dependency and indemnity compensation. If a widow has no minor children the committee is of the opinion that the basic dependency and indemnity compensation benefit provided is reasonable.

By setting Veterans' Administration compensation indemnity at a minimum payment of \$122 per month and upward to a widow as contrasted with today's flat compensation payment of \$87, the committee is of the opinion that the surviving widow is more adequately provided for. In addition to this minimum Veterans' Administration compensation payment, it should be kept in mind that the committee's bill provides for supplemental social-security payments. The committee has attempted to provide for a more even spread of survivor benefits, an objective supported by widows testifying before the committee, and further supported by considerable correspondence received by the committee.

On an actuarial present value basis the aggregate dollar payments to the widow with or without minor children are in most cases greater than those provided today.

It had been stated to the committee that a widow with minor children was more adequately cared for under existing laws than will be the case under the committee's proposed bill. This line of reasoning comes about by the present entitlement of \$92.90 per month for a period of 10 years, representing the indemnity payment, plus social-security payments under the \$160 gratuitous social-security wage credit. To illustrate this point, the following case was cited:

*Widow, age 31; 1 child, age 6; 1 child, age 4*

Veterans' Administration compensation .....	\$150. 00
Gratuitous indemnity .....	92. 90
Social security .....	128. 00
Total .....	370. 90

After 10 years the gratuitous indemnity expires when the widow is age 41 and the payment for herself and 2 children would then be \$278. When the widow is age 43 and the first child becomes 18 the widow's benefit is reduced to \$121 and the social-security benefit to \$105.80, making a total payment of \$236.80 for the widow with 1 child under age 18. When the widow attains age 45 the second child has become 18 and the Veterans' Administration compensation then is \$87 per month, and social-security benefits cease until such widow reaches age 65.

Thus, for a 20-year period this widow receives Veterans' Administration compensation of only \$87 per month. These 20 years have been referred to by the chairman of the select committee as a valley of despair.

It should be kept in mind that testimony from the Social Security Administration was quite emphatic that this \$160 gratuitous wage credit, which provided the basic social-security benefit stated above, could not be continued indefinitely on a residual cost basis. If it were the desire of the Federal Government to continue this \$160 gratuitous wage credit, it must be done on a tax basis with the Federal

Government providing both the employer and employee tax. As cited elsewhere in this report, this would be considerably more expensive to the Federal Government than going to contributory social security where the Federal Government merely pays the employer's tax based on the base pay of the serviceman.

While a widow's dependency and indemnity compensation payments are determined by the attained pay of the serviceman, the committee saw no necessity for relating compensation payments to parents or children to pay. Therefore, a flat sum on a carefully worked out plan of payments to survivors, other than widows, has been devised and likewise set forth in the bill.

At the present time Veterans' Administration compensation payments to children alone are as follows:

	Wartime	Peacetime
1 child.....	\$67	\$53.60
2 children.....	94	75.20
3 children.....	122	96.60

<sup>1</sup> \$23.00 for each additional child.  
<sup>2</sup> \$18.40 for each additional child.

Under the proposed bill of the committee, dependency and indemnity compensation payments to children alone are as follows:

1 child.....	\$70	3 children.....	\$130
2 children.....	100	Each additional child.....	25

In the committee's proposed bill, the rate of compensation does not vary between wartime and peacetime conditions.

At the present time there are 85,255 children alone on the Veterans' Administration compensation rolls. Of this number the following are of the same family:

1 child.....	43,879	6 children.....	300
2 children.....	26,632	7 children.....	42
3 children.....	9,987	8 children.....	16
4 children.....	3,520	9 children or more.....	9
5 children.....	870		

SCHOOL PROVISIONS FOR MINOR CHILDREN

When an orphan child on the Veterans' Administration compensation rolls reaches age 18 and is pursuing a course of instruction in an approved educational institution then dependency and indemnity compensation which normally terminates at age 18, will be continued until such child reaches age 21 assuming, of course, such child continues his education.

The bill also provides that where there is a widow and a child or children who have attained age 18, when social security survivor benefits are terminated, the child shall be provided with a supplemental Veterans' Administration benefit of \$35 per month while pursuing a course of instruction in an approved educational institution.

SUPPLEMENTAL PAYMENTS FOR CHILDREN PERMANENTLY INCAPABLE OF SELF-SUPPORT

As is provided in current law an orphan child, who attains age 18 and is permanently incapable of self-support, will continue on the

## 10 BENEFITS FOR SURVIVORS OF SERVICEMEN AND VETERANS

Veterans' Administration rolls. If the brothers and sisters, if any, of the child incapable of self-support are not themselves likewise incapable of self-support, then the payments to the disabled child will increase as brothers and sisters become age 18 until the dependency and indemnity compensation payments to the child incapable of self-support reach \$70 per month. Though the child be permanently incapable of self-support, social-security payments would cease at age 18. Therefore, it is proposed that a supplementary payment in lieu of social security in the amount of \$25 be made, thus providing an orphan child incapable of self-support survivor benefits of \$95 per month if he is the only child. Today such child would be eligible for \$67. The committee believes the current amount provided is inadequate and the suggested amount more realistic in providing for minimum human needs.

When there is a widow and a minor child, such widow and child would be eligible for social-security benefits in addition to the basic dependency and indemnity compensation provided the widow. If the minor child of the widow be permanently incapable of self-support, social security payments to the widow on behalf of this child would cease when the child reaches age 18. Section 204 of the bill provides that such child, upon attaining age 18, shall be paid a supplemental benefit of \$70 per month indefinitely by the Veterans' Administration.

It will be noted that the orphan child incapable of self-support is provided at age 18 \$95 per month, if he is the only child, while a child incapable of self-support but survived by a parent would receive \$70 per month. It was the thought of the committee that both children should be provided for, but at different rates because the parent, perhaps a widow, unremarried, would be the recipient of the dependency and indemnity compensation as well as possible social security.

### VETERANS' ADMINISTRATION COMPENSATION TO DEPENDENT PARENTS

#### *Currently*

At the present time, dependent parents are paid the following monthly compensation rates from the Veterans' Administration:

	Wartime	Peacetime
1 dependent parent.....	\$75	\$60
2 dependent parents.....	80	64

In order for a parent to receive Veterans' Administration compensation they must show that they would have been dependent on the deceased serviceman. For the most part this determination is made on the basis of an income limitation test.

Generally speaking, the single parent is not eligible for Veterans' Administration compensation if his annual income exceeds \$1,260 per year. For 2 parents, living together, the income limitation is \$2,100 per year. In determining income under present law, certain payments, such as those received from the Veterans' Administration, are excluded from income. Also the Administrator of Veterans' Affairs has been granted certain latitude in determining dependency and can make allowances in the income received where medical or other unusual

expenses exist. Today there are approximately 330,000 dependent parents on the Veterans' Administration death compensation rolls, receiving approximately \$224 million annually.

*Proposed*

Under section 205 of title II of the committee's bill, the following dependency and indemnity compensation rates are provided for dependent parents:

*One parent*

Total annual income		Compensation (per month)
More than—	But equal to or less than—	
	\$750 .....	\$75
\$750 .....	\$1,000 .....	\$80
\$1,000 .....	\$1,250 .....	\$45
\$1,250 .....	\$1,500 .....	\$30
\$1,500 .....	\$1,750 .....	\$15
\$1,750 .....		(1)

<sup>1</sup> No amount payable.

*Two parents (not living together)*

Total annual income		Compensation (each, per month)
More than—	But equal to or less than—	
	\$750 .....	\$50
\$750 .....	\$1,000 .....	\$40
\$1,000 .....	\$1,250 .....	\$30
\$1,250 .....	\$1,500 .....	\$20
\$1,500 .....	\$1,750 .....	\$10
\$1,750 .....		(1)

<sup>1</sup> No amount payable.

*Two parents (living together)*

Total combined annual income		Compensation (jointly, per month)
More than—	But equal to or less than—	
	\$1,000 .....	\$100
\$1,000 .....	\$1,350 .....	\$80
\$1,350 .....	\$1,700 .....	\$60
\$1,700 .....	\$2,050 .....	\$40
\$2,050 .....	\$2,400 .....	\$20
\$2,400 .....		(1)

<sup>1</sup> No amount payable.

From the tables set forth, it is obvious that the committee has adopted a sliding scale formula. This new approach to indemnity compensation for parents was decided upon in an attempt to overcome two primary objections to the present Veterans' Administration dependency compensation provided. They are:

1. Generally speaking, under existing law if the income of 1 parent is less than \$1,260, or \$2,100 for 2 parents, the full Veterans' Administration dependency compensation will be paid; however, if income even slightly exceeds these income limitations no VA compensation is paid. To illustrate this point, if a widowed mother had a job paying \$115 per month, her annual income would be \$1,380 per year, and thus she would be ineligible for Veterans' Administration dependency

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compensation. If, however, each year, this widow quit work for a brief period and reduced her income for the year to \$1,259 then she could qualify for the full Veterans' Administration dependency compensation payment from the time her employment ceased \$1,260.

This same principle would apply for two parents. The committee does not approve this "all or nothing" philosophy. Under the committee's proposal the dependent parent who earns over the present statutory maximum would continue to receive, on a pro rata basis, some dependency and indemnity compensation up to a certain limit.

2. The committee feels that existing Veterans' Administration compensation payments to parents in some cases may be discouraging certain parents from seeking and retaining gainful employment. The committee does not wish to encourage voluntary unemployment. The sliding scale provided in the committee's bill would encourage gainful employment, for dependency and indemnity compensation would not be cut off entirely at a particular point, but rather reduced or increased dependent upon the earning power of the eligible recipient.

Under the committee's proposal, 1 parent could earn more than \$1,260 and still be entitled to some compensation and 2 parents could earn more than \$2,100 and still receive some dependency and indemnity compensation. There were no witnesses appearing before the committee, including the veterans' organizations, who did not support the principle of the sliding scale for determining dependency and indemnity compensation for parents.

The committee learned that there are now 266,000 dependent parents on the Veterans' Administration compensation rolls by virtue of 271,000 World War II deaths for which compensation is being paid. There was a total of 402,000 in-service deaths during World War II.

In establishing dependency under section 203, title II of the committee's bill there is provided:

Payments of any kind or from any source shall be included, except--

- (1) payments of the six-months' death gratuity;
- (2) donations from public or private relief or welfare organizations;
- (3) payments under this title; and
- (4) payments of death compensation under any other law administered by the Veterans' Administration.

By this language certain income excluded today would be counted in the future. To this extent the proposed legislation is somewhat more restricted than existing law, but the committee feels that this is justified in view of analysis of considerable testimony.

### PARENT REMARRIAGE

Where a dependent parent remarries, the committee's bill provides that such parent shall continue to be eligible for Veterans' Administration dependency compensation providing the joint income of the couple is within the income limitation of two parents. The amount of compensation then payable to the dependent parent shall be one-half the compensation of two parents living together.

### ELECTION PRIVILEGE

Section 206 (a), title II, of the committee's bill provides that any person now entitled to, or receiving, Veterans' Administration death compensation may elect to receive the higher benefits provided under



this bill, providing they are not receiving payments under the Servicemen's Indemnity Act of 1951. The committee gave serious thought to denying the right of election to the higher benefits under the bill, if the claimant was in receipt of any proceeds of a Government insurance policy, either United States Government life insurance or national service life insurance. However, no offset of Government insurance is provided in the committee's bill, because the point was frequently advanced before the committee that Government insurance was paid for from the insured's personal funds and therefore his survivors should receive the supplemental survivor benefits. In theory, these arguments have merit, but, as a practical matter the committee is fully aware that the two existing Government life insurance programs are highly subsidized, and in reality the serviceman is not actually "paying for" in full the protection provided.

While the committee reluctantly conceded that proceeds from a Government insurance policy could be additive to the benefits provided under its bill, the committee has definitely provided that an election to the higher dependency and indemnity compensation payments under its bill cannot be made so long as any gratuitous indemnity, under the Servicemen's Indemnity Act of 1951, is being paid. This indemnity payment is entirely of a gratuitous nature and should not be added to the dependency and indemnity compensation payments provided in the committee's bill.

A person receiving the gratuitous indemnity may continue to do so for the remaining period of entitlement, and, upon expiration of such entitlement then elect to receive dependency and indemnity compensation payments under the provisions of the committee's bill. In some cases it may be to the advantage of survivors to forfeit their gratuitous indemnity payments and elect dependency and indemnity compensation payments under the committee's bill.

There is no limit on the period of election. It can be made at any time; however, once made such election is irrevocable.

*Restriction on insurance under waiver*

Before leaving this section, certain other circumstances should be stated whereby a survivor may be precluded from having the right to elect the higher dependency and indemnity compensation rates provided under H. R. 7089.

Today there are approximately 840,000 national service life-insurance policies held by in-service personnel which are under waiver. In 1950, when the Servicemen's Indemnity Act became law, persons in the service who held United States Government life insurance or national service life insurance were permitted to waive a portion or all the premiums which heretofore they had been paying. If a serviceman had a 5-year term policy the full premium was waived, but if he had a permanent-plan policy only the insurance at risk portion was waived and the man had to continue to pay premiums, though on a reduced basis.

If a man died in the service or within 120 days after leaving the service, his survivors, when the policy was under waiver, could be paid under any of the settlement options of the insurance contract.

Whenever any such policy under waiver matures, the Government, from the General Treasury, reimburses the insurance fund for the

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amount paid. In other words, the Government pays all claims on policies under waiver.

Of the 840,000 policies under waiver today, 90,000 are estimated to be permanent plan policies and the remaining 750,000, 5-year term policies.

The committee's bill provides that if a serviceman dies with a Government insurance policy under waiver, the beneficiary of such man shall not be eligible to receive the proposed dependency and indemnity compensation payments under this bill, but will be paid under existing Veterans' Administration rates.

A serviceman's survivors will be entitled to the dependency and indemnity compensation rates provided under this bill if he had terminated his Government insurance waiver and resumed premium payments.

The committee made this decision because it did not feel justified in providing the increased dependency and indemnity compensation payments under this bill in those cases where the Government also had the liability of reimbursing the Government insurance fund for a policy under waiver which may have matured.

There were no witnesses appearing before the committee who objected to this provision of the committee's bill.

### *Insurance surrendered for cash value*

With the enactment of the Servicemen's Indemnity Act of 1951, any person in the Armed Forces was permitted to surrender his insurance for its cash value and was subsequently covered under the servicemen's indemnity.

All individuals who surrendered their Government insurance policy for cash did so with the understanding that they would have the right to reinstate this insurance within a 120-day period after the date of discharge or separation from the service. The committee bill does not affect this right.

### *Term insurance discontinued except for the disabled*

Today, upon leaving the service, a serviceman has the right, within a period of 120 days to acquire, without physical examination, a special nonconvertible, nonparticipating, 5-year term national service life-insurance policy.

The committee sees no justification for continuing this provision of existing law, for in reality former servicemen can purchase commercial insurance of this nature at a rate approximating the stated NSLI rate for this type policy and in some respects, under commercial policies, can secure a more desirable contract than is offered by the Government.

The committee approves and recommends the continuation of postservice national service life insurance for men leaving the service with a physical disability.

## IV. SOCIAL SECURITY

### *Currently*

Through the Social Security Act amendments of 1946, 1950, and later amendments, all men who served in the Armed Forces after September 15, 1940, were temporarily granted by the Federal Government \$160 per month gratuitous social-security wage credit. The

dollar amount of social-security benefits to which a survivor may be entitled is subject to many variables. Assuming that a survivor's social-security entitlement is predicated only on the deceased having been granted the \$160 per month gratuitous wage credit for a period of not less than 6 quarters (and further assuming that the serviceman's starting date would yield an average monthly wage of \$160), then such survivors would be entitled to the following dollar amounts:

Widow.....	<sup>1</sup> \$52. 90
Widow, 1 child.....	<sup>2</sup> 105. 80
Widow, 2 or more children.....	<sup>3</sup> 128. 00
Mother and father.....	105. 80
Mother or father.....	52. 90

<sup>1</sup> After 65 and for life.

<sup>2</sup> Until child is 18.

<sup>3</sup> This amount is reduced when older child reaches age 18.

<sup>4</sup> Social-security payments would be made to parents only when age 65 or older, and then only when there is no widow or minor child.

Because of the mandatory six quarter coverage requirement before entitlement to social-security survivor benefits, a young man entering the service who was not previously covered under social security would have no survivor benefits under existing law until he had served approximately 18 months.

The \$160 per month gratuitous wage credit, at the present time, cannot be used for OASI retirement benefits at age 65 for those individuals using the same period of time to qualify for military retirement benefits unless military retirement is for disability.

It is estimated that in excess of 20 million men who have served in the Armed Forces since September 15, 1940, have been granted these \$160 gratuitous wage credits.

While these gratuitous wage credits of \$160 were granted by acts of Congress, to date no appropriation has been made by the Congress to reimburse the OASI trust fund for actual dollar expenditures made by virtue of these gratuitous wage credits. As of June 1 it was estimated that \$210 million had actually been expended from the OASI trust fund in payment of survivor benefits predicated upon the \$160 gratuitous wage credits having been granted.

In testimony before the committee, representatives of the Department of Health, Education, and Welfare testified that the actuarial staff of the Social Security Administration had determined that the liability of the fund to pay survivor benefits predicated on the \$160 wage credits would eventually cause an expenditure of approximately \$590 million. These projected cost estimates of the actuarial staff of the Social Security Administration are based on the reimbursement of the trust fund for actual cash expenditures made and not on a contributory tax basis for persons covered while on active duty.

*Proposed*

Title IV of the committee's bill provides that all persons in the Armed Forces shall be placed under social security on a contributory basis. By placing the military under contributory social security, the present \$160 per month gratuitous wage credit would, of course, be terminated.

In testimony before the committee, it was revealed that it is becoming increasingly costly to the Federal Government to continue to provide the gratuitous wage credit of \$160 for all persons in the

Armed Forces. The cost to the Federal Government for having provided the gratuitous wage credit since September 15, 1940, while significant, did not appear excessive in the opinion of the committee, considering the benefits which have been provided. However, the actual cost to the Federal Government was kept at an absolute minimum because of the following circumstances:

1. Many men entering the Armed Forces during World War II, and immediately thereafter, had previous OASI wage credits.

2. By the Social Security Amendments of 1950 a new start date was provided which lessened the obligation of the Federal Government in calculating, as a part of the benefit, the \$160 gratuitous wage credits.

3. Under the Social Security Amendments of 1954, a 5-year dropout provision was provided, which further lessened the cost to the Federal Government for having provided these gratuitous wage credits.

4. Reimbursement of the OASI trust fund will be made on a residual cost basis, rather than a tax basis.

However, officials of the Department of Health, Education, and Welfare, including the Social Security Administration actuary, in testimony before the committee were quite specific in their statement that over a long period of time the trust fund would be adversely affected if they were reimbursed for the \$160 gratuitous wage credits on a residual cost basis only. Officials of that Department recommended to the committee that the \$160 gratuitous wage credits be terminated and that the military be placed on a contributory basis. If this were not done they advised then, in fairness and equity to the trust fund, the Government in the future should agree to pay the tax rate for the gratuitous wage credits if they are to be continued.

To pay the tax rate, both employer and employee, for all men in the Armed Forces at the rate of \$160 per month would cost the Government annually approximately \$213,240,000 based on present strength.

It is the opinion of the committee that in this bill that there has been a careful integration of survivor benefits provided from both the Veterans' Administration and social security so as to provide a package that will meet the needs of survivors of Armed Forces personnel. Social security is an integral part of this package. It would have been folly for the committee to have devised a new survivor-benefit program, excluding social security, only to have the efforts of the committee dissipated in a few years when the placement of military personnel under contributory social security would most likely become a reality.

The committee's decision was influenced in part by the testimony of the Department of Health, Education, and Welfare that that agency could not continue indefinitely to pay out benefits under the \$160 gratuitous wage credit provision and merely be reimbursed on a residual cost basis. If contributory social security were not to come about and the Department of Health, Education, and Welfare were to insist, in order to protect the Federal old-age and survivors insurance trust fund, that it be reimbursed on a tax basis, then the cost to the Federal Government of paying for the employer and employee tax at the rate of \$160 per month would be considerably greater than will be the cost of paying the employer tax under the proposal of this committee.

Based on the present strength and pay of Armed Forces personnel the cost to the Federal Government for paying employer's tax under a contributory social security is estimated to be \$114 million per year. The committee does not feel that there will be any undue burden placed upon the military in carrying out the provisions of contributory social security. It is understood there is contemplated between the Social Security Administration and the Department of Defense that there shall be an annual reporting of service pay for social-security purposes if such an arrangement proves to be more feasible than the regular quarterly accounting now required of private industry. Likewise, the reporting to the Social Security Administration and payment to the Bureau of Internal Revenue will be made by the Secretaries of the respective services, each service carrying its own administrative load coincident with this program.

*Amendments to the Social Security Act*

In placing the military under contributory social security, there are two special provisions made in the Social Security Act which will be applicable only to military personnel.

The first of these provisions deals with a presumed insured status for all men entering the Armed Forces. At the present time, a person is not covered under social security until he has contributed for at least six quarters. Section 405, under title IV of the committee's bill, provides this special insured status granting all men entering the Armed Forces, or currently in the Armed Forces, immediate insured status under social security. Without this provision it would be quite possible that a man could come into the Armed Forces who has never previously had social-security coverage, serve with the Armed Forces for 15 months, and then die without any social-security coverage whatsoever.

During World War II this special insured status provision was not in the Social Security Act and there are today estimated to be approximately 3,700 cases where survivors are ineligible for social-security survivor benefits, even though the \$160 gratuitous wage credit was provided, because the deceased died on active duty prior to acquiring the mandatory 6 quarters of coverage. In addition to granting immediate insured status prospectively, there is also a provision in this bill which will grant retroactively for coverage purposes, but not retroactively for payment purposes, the immediate insured status for these 3,700 cases.

The second amendment to the Social Security Act which is applicable only for military personnel provides the disability freeze for persons who are permanently and totally disabled while in the Armed Forces, but who have not acquired 5 years' insured status under the Social Security Act.

In civilian employment a person is not entitled to this social-security disability freeze, until they have attained at least 5 years' coverage under the act. Because of the extreme hazards of military service, the committee feels it appropriate that any man who becomes permanently or totally disabled while in the Armed Forces, regardless of his period of coverage under social security, shall be presumed to have had 5 years' coverage under the Social Security Act so as to protect, without further contribution, his rights, both survivorship and retirement, under the Social Security Act.

*Social security additive to military retirement*

At the present time, although a man in the service may have been granted a \$160 gratuitous wage credit from September 15, 1940, he is precluded from using the accrued gratuitous wage credits to provide retirement benefits if the same period of time in the service was used to accrue individual military retirement benefits, with certain exceptions which are as follows:

1. Retired for physical disability.
2. Was a veteran of World War I.
3. Continued in the service for 6 or more quarters after eligibility for retirement on 30 or more years' service.

In summary, a man could not use the same period of service to accrue for himself both social-security and military-retirement benefits except under the special conditions noted. The committee proposes that on or after the effective date of this bill contributory social security be additive to military retirement.

## V. FEDERAL EMPLOYEES COMPENSATION ACT

*Present*

There is a paucity of legislative history as to just why Federal Employees' Compensation Act benefits were ever extended to certain reservists on active duty. As a practical matter, prior to 1949, few reservists, other than high-ranking officers, ever elected Federal employee compensation benefits, for payments under Veterans' Administration compensation laws were generally higher. However, through the amendments in 1949, the rates for FECA benefits were considerably increased. Thereafter, a large number of reservists found it highly advantageous to elect FECA survivor benefits. Especially was this true in the officer ranks, and to a lesser extent in the upper enlisted grades where the survivor was a widow with one or more minor children.

When FECA compensation benefits were significantly increased in 1949 there is no evidence that the right of certain reservists to elect these benefits was considered or understood.

To provide certain reservists with a level of survivor benefits denied men with service of equal rank in performing equally hazardous duty creates a situation which offends one's sense of equity.

Of all the witnesses appearing before the committee, there were none—including the Reserve groups—who did not agree with the committee that this discriminatory survivor benefit should be terminated immediately.

*Proposed*

Title V of the committee's proposed bill repeals all sections of law granting FECA coverage to any individual in Reserve components of the Armed Forces.

## SUMMARY OF PRESENT AND PROPOSED SURVIVOR BENEFITS

1. It is proposed by the committee that the 6 months' death gratuity be continued, with a minimum payment of \$800 and a maximum payment of \$3,000.
2. Increase Veterans' Administration compensation rates and eliminate the \$10,000 gratuitous indemnity. In other words, consolidate the 2 present Veterans' Administration programs into 1.

3. Place all Armed Forces personnel under contributory social security with the tax calculated on base pay, and discontinue the present \$160 gratuitous wage credit.

4. Repeal those sections of law which provide FECA benefits to certain Reserve personnel.

#### COMPARATIVE COSTS

Although the main objective of the committee was to provide a program of adequate survivor benefits for dependents of members of the uniformed services whose deaths were attributable to service, it was always highly conscious of the necessity of keeping such a program within reasonable financial limits.

A careful study of the comparative cost data will demonstrate that the committee has succeeded in attaining both objectives.

The absolute cost of a single program which could conceivably extend over a span of 60 or more years, and which is dependent on such variables as fluctuating strengths [size] and changing composition of the services and varying conditions of operation; that is to say, peacetime, war, or armed truce, cannot be accurately predicted. However, a comparison between any two programs can be made with reasonable accuracy providing that the same assumptions are applied to both systems, the present and the proposed. In the fiscal comparisons which follow this has been done.

The dollar amounts shown in the calculations herein are to be considered indices of relative costs rather than absolute dollar predictions. These costs do not show and are not intended to portray the amount of the annual appropriation required for the survivor beneficiaries now on the rolls or who will be on the rolls in the future. Instead, these figures show only the relationship of costs between the present program and the proposed program. This cost relationship is computed on the basis of in-service deaths only. However, under both present and the proposed program, the costs arise from three distinct areas.

1. The cost for future active duty deaths and future service-connected veteran deaths.
2. The costs arising from past deaths.
3. The costs arising from present social security coverage provided the Armed Forces, proposed social security coverage for the Armed Forces, and certain amendments to the basic Social Security Act.

#### COST FOR FUTURE ACTIVE DUTY DEATHS

Because these deaths will occur in the future, they are not susceptible to complete actuarial analysis; cost data given is predicated on the following assumption:

1. The Armed Forces will maintain a continuing force of approximately 2,850,000.
2. Deaths will occur annually in accordance with table 1.
3. The number and distribution of eligible widows and children resulting from these deaths will also be as shown on table 1.
4. The deaths will be divided between regulars and reservists in accordance with table 2.

Tables 1 and 2 were taken from the report (pt. 2) of the Kaplan Committee on Retirement Policy for Federal Personnel, Senate Docu-

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ment No. 89, 83d Congress, 2d session, and appear therein as tables 32 and 30. Since these tables are the result of careful statistical studies, the resulting percentage ratios developed from them may be considered correspondingly reliable.

The costs for compensation benefits to be paid for future active duty deaths have been computed on the "present value" basis. This means that if the amounts shown are deposited in an interest-bearing fund annually, the fund will be able to make all payments of benefits to eligible survivors of those who die in that year without further cost to the Government. The interest rate assumed was 2½ percent, mortality rates were taken from the 1937 Standard Annuity Table, and the remarriage rates for widows were taken from the Revised American Remarriage Table. No effort was made to estimate the present value of benefits for postservice veteran deaths (service connected).

*Annual incurred liability*

[Present value basis]

[Based on 6,135 in-service deaths during 1 fiscal year]

	Current	Proposed
Death gratuity.....	\$7,706,000	\$8,334,000
Death compensation:		
VA:		
Widows.....	29,306,000	64,638,000
Children.....	11,933,000	8,659,000
Parents.....	69,245,000	62,409,000
F.E.C.A.:		
Widows.....	28,096,000	-----
Children.....	10,576,000	-----
Parents.....	4,106,000	-----
Servicemen's indemnity.....	61,354,000	-----
Social security.....	120,000,000	114,000,000
Amendments to social security.....	-----	2,100,000
Total.....	342,622,000	260,140,000

The table shown above indicates a difference in cost between the current program and the proposed program of \$82.5 million on a "present value" basis for 6,135 in-service deaths. The table does not reflect the cost of postservice veteran deaths.

By the terms of this bill, beneficiaries currently entitled to receive death compensation from the Veterans' Administration will, with certain restrictions be allowed to elect to receive the proposed increased benefits in lieu of the benefits they now receive.

In allowing survivors on the VA death-compensation rolls today to elect the higher benefits provided under this bill it is estimated from data furnished by the Veterans' Administration that the additional cost will approximate \$38 million per annum. The preceding table indicates that the proposed survivor benefit program would cost the Federal Government approximately \$82,480,000 less than the existing program on a "present value" basis for 6,135 in-service deaths. However, from these anticipated savings on prospective deaths the additional cost of providing increased dependency and indemnity compensation by permitting conversion of existing rolls must be deducted. Thus, the additional cost of \$38 million per annum for conversion of present VA rolls reduces the projected savings to a net figure of \$44,480,000.



It should be kept in mind that these calculations are made on the assumption of current mortality rates, a strength of 2,850,000, and current and proposed benefit levels.

This conversion cost will ultimately decline with the passage of time as survivors, by reason of death, remarriage, and other factors leave the VA rolls. However, as the survivors on the VA rolls diminish new survivors will be added by virtue of service-connected deaths of veterans which may occur from time to time. It is a matter of conjecture as to whether the new entrants on the dependency and indemnity compensation rolls will prove to be a greater or lesser cost than those survivors leaving the rolls.

Some explanation is required concerning the figure for parents' benefits under the proposed law. The \$62,409,000 amount assumes that the dependent parents are distributed over the range of qualifying incomes included in the proposed law as tests of dependency in such a way that 60 percent qualify for maximum benefits and the remaining 40 percent are evenly distributed over the rest of the group.

The probable number of deaths among veterans who die from service-connected causes (as distinguished from in-service deaths) is a difficult item to predict. However, it is anticipated that the proposed higher rates paid by Veterans' Administration to widows of veterans, generally will be offset under the provisions of this bill by the shift of children benefits from the Veterans' Administration to the social-security system where children are in the care of the widow. Thus it is anticipated that the \$44 million savings on in-service deaths will not be curtailed materially by the postservice veteran deaths.

#### SUPPLEMENTARY SAVINGS TO GOVERNMENT

A further area in which savings may be anticipated is that concerning the optional cancellation of the present waiver of insurance premiums. There are some 840,000 policies currently under waiver. Under existing law, all claims maturing from this group become a direct charge to the Treasury.

Although it is impossible to estimate the number of policyholders in this group that will take advantage of the privilege offered of picking up their premiums and thus securing for the family the benefits of the new plan plus their insurance, it is certain that a significant number will do so. Claims maturing in the future from those who have exercised this option will become direct charges against the Government only when the death is determined to have resulted from the extra hazards of military service. In times of peace, it is estimated that only 20 percent of deaths in service would be deemed to have resulted from such extra hazards.

Savings from this source are difficult to estimate, but there should be a measure of savings.

The committee has not attempted to assess any monetary value for the administrative saving which may result from the adoption of this program. The simplified procedures, the expedited adjudication resulting therefrom, and the elimination of postwar service insurance should result in substantial benefit to the Government, but the extent of this benefit, the committee feels, will become obvious with the passage of the years.

## COST OF \$160 GRATUITOUS WAGE CREDITS

A further cost aspect of this bill not included in the above calculation is the provision dealing with the reimbursement of the old-age and survivors insurance fund for the costs it has borne and will bear in the future as a result of the \$160 per month gratuitous wage credits granted all in-service personnel since September 15, 1940.

The committee believes that the liability for this cost is properly assessable to the Government and not to the group of covered employees whose contributions in the past have constituted the primary source of income to the fund. The cost of the expenditures already made by the fund amounts to approximately \$210 million which, it is proposed, the Government will repay over a period of 10 years. If made in equal installments, these repayments would amount to approximately \$21 million a year plus the interest on the unpaid balance. The costs of future payments resulting from the gratuitous wage credits is estimated by the Social Security Administration to be approximately \$380 million to be repaid annually as payments are made. It is estimated that this would amount to \$30 million a year for the first year, decreasing annually until at the end of 10 years, the future annual cost will not exceed \$10 million. These amounts have not been added to the comparative table shown above as they represent a past obligation whereas the table is a comparison of future costs. There is, of course, a requirement for additional appropriated money until the past debt is liquidated.

## COST ASPECTS OF SOCIAL-SECURITY COVERAGE

Under current law gratuitous wage credits of \$160 per month are granted to all Armed Forces personnel until July 1, 1955. The proposed law would substitute coverage on a full contributory basis with contributions and benefits computed on basic pay.

The Division of the Actuary, Social Security Administration, has estimated the annual cost of continuing the free \$160 wage credits at \$120 million, computed on an "excess cost" basis. This figure contemplates the continued existence of restrictions in use of these wage credits as currently set forth in the Social Security Act.

Under the proposed plan the cost to the Government would be limited to the normal employer tax rate applied to basic pay up to the current maximum of \$4,200 per year. This would produce a cost of about \$114 million annually. This amount would be matched by an equal amount of employee contributions paid by the servicemen themselves.

The proposed law provides two additional benefits not currently provided by the Social Security Act.

1. Guaranteed insured status for all military personnel, regardless of the number of quarters of coverage accrued at time of death, thus assuring currently insured status under the Social Security Act. This will, of course, entail additional costs to the OASI trust fund not provided for in the tax rate. Under the bill, the Government would reimburse the fund for such payments annually. The cost during the first few years would be very low, increasing gradually to a level of approximately \$2,500,000. Stated on an incurred basis (i. e., as present value at time of death), the additional cost would be about \$1,700,000.

2. By a proposed amendment to the Social Security Act, men serving in the Armed Forces who become totally and permanently disabled while in the service are presumed to have had 5 years of covered employment for social-security purposes and are therefore deemed eligible for the disability freeze provided under the basic Social Security Act.

Under this provision the cost is estimated to be approximately \$400,000 annually.

These 2 amendments designed especially for Armed Forces personnel will cost the Government approximately \$2,100,000 per year, this amount being used to reimburse the OASI trust fund on an "excess cost" basis for payments made pursuant to those 2 amendments.

CONCLUSION

In conclusion, the committee believes it has substantially raised the level of benefits to dependents of present and former military personnel, particularly to the surviving widow; that it has provided for the orderly liquidation of a past moral obligation of the Government to the OASI trust fund; that this has been accomplished at a modest temporary increase in cost over the present system; and finally that the new plan will result in significant savings to the Government after past obligations have been liquidated. The more adequate benefits provided under this bill are made possible in part by reason of the servicemen's participation in social security.

TABLE 1.—Actual 1948 service deaths blown up to 2,850,000 strength with dependency distribution as of 1950

Grade	Total deaths	Not married	Widow only	Widow, 1 child	Widow, 2 children	Widow, 3 children
E-1.....	452	428	4	9	9	2
E-2.....	1,105	1,005	43	29	25	3
E-3.....	1,142	1,004	74	33	25	6
E-4.....	834	551	127	94	53	9
E-5.....	585	216	129	122	93	25
E-6.....	394	90	79	89	106	30
E-7.....	398	51	89	56	156	46
Warrant officer.....	34	6	6	7	12	3
O-1.....	66	28	21	13	2	2
O-2.....	591	160	140	173	145	33
O-3.....	294	40	47	27	133	37
O-4.....	112	9	23	14	53	13
O-5.....	76	6	13	3	40	14
O-6.....	40	2	7	6	19	6
O-7 and O-8.....	22	2	10	6	4	0
Total.....	6,135	3,538	812	681	875	229

TABLE 2.—The active-duty deaths are assumed to be distributed between regulars and reservists as follows

	Regular	Reserve		Regular	Reserve
	Percent	Percent		Percent	Percent
Enlisted.....	100		O-6.....	93	7
Warrant officer.....	95	5	O-7 and O-8.....	98	2
O-1 to O-5.....	30	70			

## CERTAIN SPECIAL PROVISIONS OF THE BILL

## COVERAGE OF ALL UNIFORMED SERVICES

At the request of the Coast and Geodetic Survey and the Commissioned Corps of the Public Health Service these two uniformed services, for survivor benefit purposes, and the benefits of this bill, have been placed on a par with the other services which compose our Armed Forces.

In the past, certain members of the Coast and Geodetic Survey and the Commissioned Corps of the Public Health Service have only been entitled to certain Armed Forces survivor benefits while serving on active duty with the Armed Forces, or in time of national emergency when they were deemed to be a contingent of the Armed Forces by Presidential proclamation. The language of the committee's bill refers to uniformed services and not merely Armed Forces, and these two services have been specifically covered. Today, the Coast and Geodetic Survey has an authorized strength of 185 members, and the Commissioned Corps of the Public Health Service will not exceed 2,500 members. The number of in-service deaths in these two services is infinitesimal.

At the present time the members of these two services are entitled to participate in the Government employees' group life insurance program, but inasmuch as this group insurance requires a contribution by the Federal Government, the committee's bill provides that such persons must terminate this insurance or not be eligible for benefits under Title II of this bill.

There were no sustained objections of any witnesses appearing before the committee to the placing of the Coast and Geodetic Survey and the Commissioned Corps of the Public Health Service under this bill.

## PROPOSED AMENDMENTS TO THE RAILROAD RETIREMENT ACT AND THE CIVIL SERVICE RETIREMENT ACT

The committee, in its deliberations, could not escape taking cognizance of certain changes which should be made to the Railroad Retirement Act of 1937 and the Civil Service Retirement Act of May 29, 1930, insofar as those acts affect railroad workers and civil service employees who have been in the past and may be in the future a part of the Armed Forces.

## AMENDMENTS TO THE RAILROAD RETIREMENT ACT

Under existing law, active duty performed in the Armed Forces by a railroad worker may be included (at a presumed compensation rate of \$160 a month) in the computation of annuities payable to him and his survivors under the Railroad Retirement Act. The Federal Government, on his behalf, pays into the railroad retirement account the amount of the taxes which would have been collected on the basis of his service if he had actually been in railroad employment at wages of \$160 a month during the period of such active duty. This gratuitous credit provided railroad workers is similar to the gratuitous wage credit provided under title II of the Social Security Act; but actual payments in the amount of \$334,429,000 have been made to the railroad retirement account with respect to such service

whereas no such payments, even on a residual cost basis, have as yet been made to the old-age and survivors insurance trust fund.

Since all railroad workers on active duty with the Armed Forces will in the future be entitled to the survivor benefits of the proposed bill, the committee could see no justification for continuing to grant railroad workers a gratuitous wage credit during such active duty, with funds for these credits being paid from the General Treasury into the railroad retirement account. The committee has accordingly provided in the proposed bill that these gratuitous wage credits shall be terminated as of the effective date of the bill. Railroad workers serving in the Armed Forces hereafter will pay the regular social-security tax on their base pay while in the service and may use such service for old-age and survivor insurance purposes as though it were civilian employment.

In terminating the gratuitous wage credit of \$160 a month granted railroad workers for military service, it should be emphasized that the committee does not intend to affect adversely the railroad retirement account or its solvency, or to prejudice the right of railroad workers to use future military service in providing benefits for themselves and their survivors under the Railroad Retirement Act. The committee feels that it is proper and desirable, and recommends, that the House Committee on Interstate and Foreign Commerce review the provisions of the proposed bill which terminate the gratuitous wage credit for railroad workers and which otherwise affect the operation of the railroad retirement system, and, on the basis of such review, propose any legislation which it may consider necessary or appropriate to insure that neither the solvency of the railroad retirement account nor the rights of the railroad workers will be adversely affected by reason of these provisions.

#### PROPOSED AMENDMENT TO THE CIVIL SERVICE RETIREMENT ACT

The committee proposes two minor amendments affecting the Civil Service Retirement Act. The first deals with the \$160 gratuitous wage credits under section 217 of the Social Security Act.

Present law bars the use of such credits for social security purposes if a survivor of the veteran is entitled to benefits under the Civil Service Retirement Act based in whole or in part on military service. The survivor has no choice as to the system under which the military service will be counted.

For example, if a man under civil service with an average monthly wage of \$400 had been under the system for 7 years, had a wife and 2 children, and died while in the service, his civil service survivor benefit would be \$43 per month. Based on an average wage of \$160, the social security survivor benefit to this man's family would have been \$128.

Section 404 (b) and (c) of the committee's bill would permit the survivors of civil-service employees to elect between the two survivor benefits, assuming of course they were eligible for each.

The committee deems the existing circumstances inequitable and discriminatory.

The second amendment proposed by the committee to the Civil Service Retirement Act is to prohibit use of years of military service performed after 1955 for the purpose of providing increased entitle-

## 26 BENEFITS FOR SURVIVORS OF SERVICEMEN AND VETERANS

ment to survivor benefits under the Civil Service Retirement Act, if survivor benefits are paid under social security.

Today, when a person employed under civil service comes into the Armed Forces, years spent in the Armed Forces are counted toward civil service survivor and retirement benefits.

The committee thinks it proper that years spent in the military service should count toward civil service retirement, but there appears no necessity to count years of service toward survivor benefits in view of the provisions of this bill.

The committee therefore recommends and provides that after the effective date of this bill time in the military service will not be credited under the Civil Service Retirement Act for survivor benefit purposes if social security survivor benefits are paid.

### MEANING OF DEPENDENCY AND INDEMNITY COMPENSATION

Special note should be taken that the committee has labeled future Veterans' Administration payments as "Dependency and indemnity compensation." This has particular significance, for although the gratuitous indemnity is terminated under this bill the committee is of the opinion that the increased Veterans' Administration payments do reflect what was formerly both compensation and indemnity.

In testimony before the committee some witnesses have stated that in the event of another national emergency or war, where men entering the Armed Forces could not obtain additional survivor benefits via commercial insurance except with a war-clause provision, it would be necessary for the Federal Government to provide some insurance protection under a Government-sponsored and Government-underwritten program.

Under the package benefits, i. e., Veterans' Administration dependency and indemnity compensation plus social security, contained in its bill, the committee feels that the coverage provided is adequate for both peacetime and wartime conditions. The committee urges that, following enactment of the proposed legislation, the Congress, in the future, not consider adding insurance or any other supplementary survivor benefits beyond those provided in H. R. ———.

### SOCIAL SECURITY COVERAGE FOR DEPENDENTS OF SERVICEMEN WHOSE DEATHS OCCURRED PRIOR TO 18 MONTHS' SERVICE

Section 407 of the committee's bill provides retroactive coverage but not retroactive payments to some 3,700 cases of survivors who were not heretofore entitled to social security survivor benefits.

Any person entering the Armed Forces after September 15, 1940, was granted by the Federal Government gratuitous social security wage credits of \$160 per month.

There were many individuals coming into the Armed Forces whose only coverage under social security was this \$160 per month gratuitous wage credits. However, due to the six quarters coverage requirement many men on active duty died before obtaining the necessary coverage; therefore their beneficiaries were ineligible for social security survivor benefits.

The committee's bill provides all men in the Armed Forces after September 15, 1940, be retroactively granted immediate insured status.

Under this provision no retroactive payments or lump-sum payments will be made. The OASI trust fund is to be reimbursed from the General Treasury for actual funds expended under the provisions of this section.

#### REIMBURSEMENT OF OASI TRUST FUND FOR PAST WAGE CREDITS

Section 408, title IV, of the committee's bill provides that the OASI trust fund be reimbursed on an annual basis for actual cash expenditures made after June 1955 by virtue of \$160 gratuitous wage credits having been granted military personnel since September 15, 1940. In addition, section 408 (2) further provides that the Secretary of the Department of Health, Education, and Welfare on or before October 1, 1957, shall determine the amount of actual payments which have been made from the OASI trust fund prior to July 1, 1955, by virtue of gratuitous military wage credits. This amount having been determined, the bill authorizes to be appropriated to the trust fund annually such sum as may be required to liquidate this moral debt over a 10-year period.

It is estimated that the amount of actual payments made will approximate \$210 million, while future payments will be approximately \$380 million.

The \$380 million will be paid annually as expenses are incurred. During the next fiscal year the appropriation will approximate \$30 million and diminish slightly each year until a level of \$10 million is reached.

An appropriation of approximately \$21 million per year, over the next 10 years, will be required to liquidate the obligation of the Government to the OASI trust fund for payments which have been made because of the \$160 gratuitous wage credit provision for Armed Forces personnel.

The committee deems it highly appropriate for the Federal Government to acknowledge this debt to the OASI trust fund, for the program under which this debt was contracted is being terminated.

The committee is of the opinion that legally no statutes have bound the Federal Government to reimburse the OASI trust fund, but there is no doubt that there was an implied responsibility, and it would be unconscionable for the Federal Government not to acknowledge its obligation in this regard.

#### ADMINISTRATIVE SIMPLICITY

In order for a survivor today to receive the various survivor benefits provided by the Federal Government it is necessary for the survivor to file application for such benefits with at least four Government agencies, and often more.

Each of these applications must be filled out in every detail and frequently information requested is not immediately known to the survivor. In addition, all applications must be accompanied by certain evidence such as death certificates, marriage certificates, birth certificates, and such other documents as may be requested by the respective agencies.

Today a survivor must file an application with the military service of the deceased for the 6 months' death gratuity. Likewise separate

applications must be filed with the Veterans' Administration; one for Veterans' Administration compensation and another for the gratuitous indemnity. It is possible that a third application may be filed with the Veterans' Administration for Government insurance. If the deceased were a Reserve killed in the line of duty, an application would perhaps be filed with the Bureau of Employees' Compensation, Department of Labor, for FECA benefits. A further application should be filed with the Social Security Administration. If the deceased serviceman had ever been employed under civil service or with a railroad, an inquiry should be made as to any possible retirement under the Civil Service or Railroad Retirement Acts, and application should be filed if applicable.

The committee sought to correct the administrative maze to which survivors are currently subjected, and attempted to expedite payments.

The committee so consolidated survivor benefits that a survivor today will receive compensation from 1 of 2 Government agencies, or both, the 6 months' death gratuity being paid immediately in many cases. The two paying agencies of the Federal Government will be the Veterans' Administration and the Social Security Administration. Section 503 of the committee's bill provides that a survivor by filing one application will have made application to both agencies. If the Veterans' Administration received the application they will immediately detach and forward to the Social Security Administration that portion of the application dealing with the benefits administered by that agency. The reverse is true if the original application is filed with the Social Security Administration. The agencies receiving the initial application will certify to the other agency the receipt of certain legal documents. Therefore, documentation of both applications will not be required.

By this joint application form a person by filing with one agency automatically files with the other.

The committee feels that this provision of its bill is a major step forward in simplifying survivor benefits and should reduce the administrative burden of Government agencies as well as the burden upon the survivor.

#### PORTAL TO PORTAL COVERAGE FOR RESERVISTS

Witnesses appearing before the committee urged the providing of portal-to-portal coverage for certain reservists while in a travel status to or from active duty for training or inactive-duty training.

It was brought to the attention of the committee that certain reservists who participated in the annual period of 2 weeks' active duty, weekend drills at specified intervals, weekly drills, and other types of inactive-duty training are sometimes required to travel considerable distances in order to meet these Reserve obligations. The committee favored covering Reserve personnel on active duty for training or inactive-duty training, but had difficulty in setting forth in detail the coverage which was to be provided. The language in section 102 (6) (B) provides portal-to-portal coverage for all reservists while in a travel status to or from active duty for training or inactive-duty training.



## ALL RESERVISTS COVERED

It is the intention of the committee that this bill provide survivor benefits for all persons in the Armed Forces, both reservists and regulars who are on active duty for training or inactive-duty training. Section 102 (2) provides this coverage. The committee knows of no component of the Armed Forces which is not covered under the provisions of this bill while on active duty, regardless of the period of time of such active duty. The Federal National Guard, members of the Reserve units who drill 1 night a week, serve on active duty 1 weekend per month, or who serve on active duty for a period of 14 days or more per annum are all covered under the terms of this bill.

The committee does not feel that by extending this broad coverage to Reserve personnel that any significant cost will be incurred.

## ACKNOWLEDGMENT

The committee again wishes to acknowledge the significant contribution made by staff personnel of the various Government agencies, the veterans' organizations, and other interested individuals and groups.

It is hoped that the efforts of these individuals and groups will result in the enactment of a servicemen's and veterans' survivor benefit bill which will prove to be an improvement over existing legislation.

## SECTION-BY-SECTION ANALYSIS

Following is a section-by-section analysis of the committee's bill. Changes in existing law are shown in a document accompanying this report, designated as part 2 thereof.

## TITLE I—SHORT TITLE AND DEFINITIONS

*Section 101.*—This section contains the short title of the bill and a table of contents.

*Section 102.*—This section contains definitions of terms used in the bill.

Paragraph (1) of this section provides that "Administrator" means the Administrator of Veterans' Affairs.

Paragraph (2) defines "member of a uniformed service," and thereby specifies the persons whose deaths will entitle their survivors to benefits provided by the bill. This term has a somewhat broader meaning than it usually has in laws relating to the Armed Forces, since, in addition to members of the Army, Navy, Air Force, Marine Corps, and Coast Guard, the term includes commissioned officers of the Coast and Geodetic Survey and Public Health Service, retired officers, cadets and midshipmen in the service academies, certain members of the various branches of the ROTC, all members of the federally recognized National Guard and Air National Guard of the several States, Territories, and the District of Columbia, and persons provisionally accepted, or selected for induction, who are under orders to report to a particular place.

Paragraph (3) defines "reserve component of a uniformed service."

Paragraph (4) defines "active duty." Clause (A) contains language substantially similar to the definition of such term in the Armed Forces

Reserve Act of 1952, but goes beyond the definition in that act insofar as the definition in this bill extends to service performed by certain individuals (as a "member of a uniformed service") to whom that act does not apply. Clauses (B) and (C) include service in the service academies and full-time duty with the Coast and Geodetic Survey or Public Health Service as active duty, and clause (D) provides that authorized travel to and from the duty or service referred to in clauses (A), (B), and (C) shall be considered as active duty.

Paragraph (5) defines "active duty for training." Clause (A) defines this term substantially as it is defined in the Armed Forces Reserve Act of 1952, but provides that such duty is that performed by a "member of a uniformed service," as defined. Clause (B) provides that full-time duty for training purposes performed by commissioned officers in the Reserve Corps of the Public Health Service is included in the definition; clause (C) provides that certain duty performed by members of the ROTC, NROTC, and AFROTC is so included, and clause (D) and subparagraph (6) (B) provide that certain travel to and from such duty shall also be included within the term "active duty training."

Paragraph (6) relates to "inactive duty training" and "active duty for training." Subparagraph (A) of this paragraph defines "inactive duty training" to mean training or duty (1) which is prescribed by the Secretary concerned under section 501 of the Career Compensation Act of 1949 (or any other provision of law) and (2) which is performed by a member of a reserve component of a uniformed service. The committee feels that this language is sufficiently broad to cover all service which has in the past been considered as "inactive duty training" for purposes of Veterans' Administration laws; and feels that this definition is sufficiently inclusive to provide that all inactive duty training for which compensation is allowed, or for which "points" are awarded under title III of the Army and Air Force Vitalization and Retirement Equalization Act of 1948, is "inactive duty training" within the meaning of this definition.

Subparagraph (B) of this paragraph provides coverage for members of a reserve component of a uniformed service while they are traveling to or from active duty for training or inactive duty training. Clause (i) of this subparagraph requires that the duty performed or to be performed must be authorized or required by competent authority in advance, and clause (ii) requires that the death must result from an injury incurred on or after January 1, 1956, while proceeding to or returning from active duty for training or inactive duty training. The committee has established criteria in this subparagraph for consideration by the Secretary concerned, or the Administrator, in determining whether a death has resulted from an injury so incurred; however, this list is by no means intended to establish the sole criteria for consideration.

Some fears have been expressed to the committee that this subparagraph will lead to many claims by persons not entitled to benefits. The committee has therefore provided as a safeguard that when any claim is filed by reason of this subparagraph, the burden of proof shall be upon the claimant.

Subparagraph (C) of this paragraph provides that service performed by a member of the federally recognized National Guard or Air National Guard, the National Guard of the United States, or

of the Air National Guard of the United States, under certain specific sections of the National Defense Act of June 3, 1916, shall be "active duty for training" or "inactive duty training," depending upon the character of training or duty performed.

Paragraph (7) provides that the terms "child" and "parent" have the meanings which they have in Veterans' Administration death compensation laws.

Paragraph (8) defines "widow," and makes that term more liberal and realistic for purposes of payment of dependency and indemnity compensation. Today there exist two separate sets of criteria in Veterans' Administration laws for determining whether a woman is a widow of a Spanish-American War veteran; a different test for determining whether a woman is a widow of a World War I veteran; another test for determining whether a woman is a widow of a World War II or Korean conflict veteran; a different test for determining whether a woman is a widow of a veteran of peacetime service after April 20, 1898; and still another test for determining whether a woman is a widow of a veteran of service prior to April 20, 1898.

The committee feels that having such a variety of tests for determining whether a woman is a "widow" is confusing and unnecessary; therefore, the committee has provided in paragraph (8) a simple, easily understandable, and realistic definition of that term. Section 206 of the bill provides that persons now on, or eligible to be on, the compensation rolls of the Veterans' Administration may elect to receive dependency and indemnity compensation under the bill. Therefore, the definition of "widow" provided by this paragraph (8) will not operate to remove any person from the rolls, will not prevent any person now on the rolls from receiving the new benefits (whether or not such person meets the new definition of "widow"), and provides a more liberal definition of the term "widow" than is found in existing law with respect to all service-connected deaths which may be expected in the future.

Paragraph (9) of this subsection defines "Secretary concerned."

Paragraph (10) defines "basic pay" for all purposes of the bill. Clause (A) of this subsection defines "basic pay" by cross reference to the appropriate sections of the Career Compensation Act of 1949.

Clause (B) of this paragraph defines "basic pay" with respect to the various branches of the ROTC.

The definition of "basic pay" is of importance in determining what shall be deemed to be basic pay of deceased persons under paragraph (11) of this section; in determining the increment to the basic \$112 dependency and indemnity compensation paid to widows under title II; in determining the amount of the death gratuity payable under title III; and in determining the social-security benefits which will be paid, and the tax which is imposed for social-security purposes, under the amendments made by title IV.

Paragraph (11) establishes the method of determining "basic pay" for purposes of title II of the bill. Under subparagraph (A), where the deceased person died on active duty, active duty for training, or inactive duty training, his "basic pay" is that which he would have received if serving on active duty and entitled to basic pay at the time of his death.

Under subparagraph (B), where the deceased person did not die on active duty, active duty for training, or inactive duty training,

his "basic pay" for purposes of title II is that which he would have received if serving on active duty, in the rank held by him on the date of his discharge or release from the last period of active duty, active duty for training, or inactive duty training, in which the disability causing his death was incurred or aggravated.

Subparagraph (C) provides a method of determining "basic pay" for the limited group of individuals not included in the definition of "member of a uniformed service," but who today have a compensable status under Veterans' Administration laws by reason of being within the definition of the term "person who served" (as that term is used in the Veterans Regulations). The head of the department under which each such person performed the services by which he obtained a compensable status shall determine a pay grade and a rate of pay for that person under the Career Compensation Act of 1949, and such person's "basic pay" shall be the pay so prescribed. Under the last sentence of this subparagraph, such persons are to be considered as having been on active duty while performing such service.

Under subparagraph (D) whenever basic pay for the uniformed services is changed in the future, payments received by survivors under title II of the bill will also be adjusted accordingly.

Subparagraph (E) provides that persons provisionally accepted, or selected for induction who die or incur a disability while en route or after arrival at a place to which ordered, shall be deemed to be on active duty and entitled to basic pay when they so die or incur a disability.

Subparagraph (F) provides that the Secretary concerned shall certify to the Administrator the rank or grade and years of service of deceased persons with respect to whose deaths applications for benefits are filed.

Paragraph (12) provides coverage for men discharged or released from active duty on or after January 1, 1956, during the time necessary for them to travel to their homes from the place where they are discharged or released, and, in any event, provides coverage for them until midnight of the day on which they receive their discharge or release. In some cases (primarily involving persons retiring from the regular components), persons are held not to have "homes" at the time of their separation, but for purposes of transportation allowances incident to their separation, are given a year to select a home. The committee feels that the determination of the period of coverage for these individuals should be established by regulations, in order to provide flexibility of administration in each case, according to the individual circumstances, but believes that in general the period of coverage furnished these persons should not exceed that generally provided for all others.

#### TITLE II—DEPENDENCY AND INDEMNITY COMPENSATION

This title provides that the Administrator of Veterans' Affairs shall pay survivors of deceased veterans dependency and indemnity compensation when the deaths, no matter when they occurred, were the result of service-connected disabilities.

Whenever a veteran dies in the future from a service-connected disability, his survivors will be paid under the provisions of the bill.

All survivors now on the compensation rolls may elect to continue to receive benefits under the old laws, or may elect to receive payments under the provisions of the bill in the future.

*Section 201.*—This section specifies the conditions under which a death occurring on or after January 1, 1956, will entitle survivors to dependency and indemnity compensation. The provisions of this section are sufficiently liberal to provide that in the case of all such deaths, persons who would be entitled to death compensation under existing law shall be entitled to dependency and indemnity compensation under the bill, and in addition includes numerous persons not covered today. These persons are (1) members of the National Guard whose deaths are the result of disease incurred or aggravated while performing active duty for training (as defined) for periods of 30 days or less; (2) members of the ROTC, NROTC, and AFROTC whose deaths are the result of disease or injury incurred or aggravated while on annual training duty; (3) commissioned officers of the Coast and Geodetic Survey whose deaths are the result of disease or injury incurred or aggravated during periods while they are not assigned to duty of a type giving them a compensable status under Veterans' Administration laws; (4) commissioned officers of the Regular or Reserve Corps of the Public Health Service whose deaths result from disease or injury incurred or aggravated while not entitled to "full military benefits"; (5) all persons provisionally accepted, or selected for induction, who die from injury incurred while en route to or from, or while at a place to which ordered; (6) persons performing travel to and from active duty or active duty for training, or inactive duty training, under the conditions specified in section 102 (6) (B) of the bill; and (7) persons after their discharge and during the period of time required for them to return to their homes, as provided in section 102 (12) of the bill.

The "line of duty" criteria presently applicable under Veterans' Administration disability compensation laws shall continue to apply to deaths referred to in this section; the new definition of "widow" and the existing definitions of "child" and "parent" applicable to other Veterans' Administration death compensation laws shall apply in determining basic entitlement under this section; and the existing presumptions with respect to service connection of disabilities shall continue to apply for purposes of determining incurrence or aggravation of the disease or injury causing the death.

This section requires that an application must be filed for benefits under this title.

*Section 202.*—This section prescribes rates of dependency and indemnity compensation which shall be paid to a widow. Under subsection (a), each widow will receive \$112 plus 12 percent of the basic pay of her deceased husband, with the total amount increased to the next highest dollar.

With one exception (made by subsec. (b) of this section), there is no increase in dependency and indemnity compensation paid to widows by reason of children of the deceased person. It is the intention of the committee that, in general, additional benefits for children, and additional benefits to widows where there are children, will come from social-security payments.

A problem presented by this approach, however, is that where the deceased person has a relatively low "average monthly wage" (for social-security purposes) the operation of section 203 (a) of the Social

Security Act (the so-called family maximum provision) causes the payments made under that act to a widow with more than one child to be no greater than the amounts paid to a widow with only one child. An additional problem is that the deceased person may have had no entitlement to social security benefits at the time of his death. Therefore, the committee has provided in subsection (b) that where the deceased person's "average monthly wage" is less than \$160, or where the deceased person had no entitlement to social security benefits, the Veterans' Administration will make supplemental payments to the widow in the amount of \$20 for each child of the deceased person in excess of one. These supplemental payments, however, are limited to amounts which, when added to the social security payments (if any) made to the widow and children, will not exceed the amounts which would be paid to them under the Social Security Act if the deceased person had died fully and currently insured with an average monthly wage of \$160. Under the Social Security Act at present, the maximum amount which can be paid to a widow and children where the deceased person's average monthly wage equals \$160, is \$128 per month.

*Section 203.*—This section provides for payments of dependency and indemnity compensation to children.

Subsection (a) provides that whenever there is no widow, children shall receive dependency and indemnity compensation at the rate of \$70 for 1 child; \$100 for 2; \$130 for 3; and \$25 additional for each child in excess of 3.

Subsection (b) provides that dependency and indemnity compensation paid by reason of this section shall be paid in equal shares.

*Section 204.*—This section provides for supplemental payments of dependency and indemnity compensation to children, to take care of certain situations which may arise because of the termination of social-security payments to a child who attains age 18.

Subsection (a) provides that an orphan child who attains age 18, and has become permanently incapable of self-support, shall receive a supplemental payment of \$25 per month, in addition to any other payments to which such child is entitled.

Subsection (b) provides that where there is a widow, and a helpless child who has attained the age of 18, dependency and indemnity compensation in the amount of \$70 per month shall be paid to or for such child. This payment will continue so long as the widow is entitled to dependency and indemnity compensation in her own right. When there is no such widow, the child's payment under this subsection will terminate, but will be picked up under section 203 and under section 204 (a).

Subsection (c) provides that where there is a widow entitled to dependency and indemnity compensation, and a child attains the age of 18, and is attending school, a supplemental payment will be made to that child (to compensate for his loss of social security) in the amount of \$35. This payment will continue until the child leaves school, attains the age of 21, or until the widow's entitlement terminates, whichever first occurs. If the widow's entitlement terminates, the child will then be entitled to benefits under section 203.

*Section 205.*—This section provides for payments of dependency and indemnity compensation to parents

The committee feels that the income limitations prescribed in the tables set forth in this section provide a reasonable test to be used in determining whether dependency of a parent exists. Payments provided for dependent parents will in all cases be geared to their annual income, and as annual income increases, payments under this title will decrease. The committee feels that the Government's obligation to dependent parents of deceased servicemen is to provide a sufficient level of benefits which, when combined with their annual income, will afford a reasonable standard of maintenance.

Subsection (a) of this section specifies that all payments to parents under this title shall be those prescribed under this section.

Subsection (b) provides the rates of dependency and indemnity compensation where there is only one parent.

Subsection (c) provides rates of dependency and indemnity compensation where there are two parents who are not living together. These rates are exactly one-half of the rates prescribed for two parents living together.

Subsection (d) provides rates of dependency and indemnity compensation for parents living together, and for remarried parents.

Subsection (e) provides for the filing of annual income statements by dependent parents.

Subsection (f) provides for administrative recovery of overpayments made to parents under this section.

Subsection (g) provides that all payments, with five exceptions, received by parents shall be considered as "income." These exceptions are—

- (1) payment of the 6-month death gratuity;
- (2) charitable donations to the parents;
- (3) payments of dependency and indemnity compensation under this title;
- (4) payments of death compensation under other Veterans' Administration laws; and
- (5) amounts spent by parents for unusual medical expenses.

*Section 206.*—This section provides for payments of dependency and indemnity compensation in the case of deaths occurring prior to January 1, 1956.

Subsection (a) provides that any person who on or after December 31, 1955, is eligible for death compensation under other Veterans' Administration laws by reason of a death occurring before that date may receive dependency and indemnity compensation under this title. A few widows and children today are entitled to death compensation although the deceased veterans (principally Spanish-American War veterans) were dishonorably discharged. Therefore, paragraph (1) of this subsection provides that payments under this title may be made to persons on the rolls without regard to the character of discharge. Paragraph (2) of this subsection provides that parents who apply under this section must meet the income limitations established by this bill. Both paragraphs of this subsection provide that if existing criteria are liberalized in the future so that additional persons may receive death compensation under Veterans' Administration laws by reason of deaths occurring before January 1, 1956, such persons may receive benefits under the bill.

Subsection (b) provides that where benefits are granted under this title in cases of prior deaths, no payments shall be made by reason

of such deaths to the beneficiary concerned under other Veterans' Administration laws or under the Federal Employees' Compensation Act.

Under paragraph (1) of this subsection, an election by a widow is binding upon the children of the deceased person, and paragraph (2) provides that an election by a child or a parent terminates his entitlement to benefits under such other laws.

Subsection (c) provides that where there is more than one child eligible for benefits by reason of this section, and all such children do not elect to receive such benefits, benefits under this title shall be paid to the children who do apply in the amounts they would receive if all such children had applied, and benefits under other laws shall be paid as if no application had been made under this title. The committee understands that, because of existing interpretations of other laws, the operation of this provision will be limited to children on the rolls, and that where there is a child who is not on the rolls, and who does not make an application for benefits under this title or for other benefits by reason of the death of his parent, such child shall not be taken into account in determining the amounts due to other children under this title and under other laws.

Subsection (d) provides with respect to parents that an application by one shall provide him only with the benefits he would have received if both parents had applied, and benefits to the other parent shall not exceed those which would be payable if no application under this title had been made.

Subsection (e) prohibits payments under this section to beneficiaries who are in receipt of payments under the Servicemen's Indemnity Act of 1951. Such beneficiaries may receive the new benefits when their entitlement to servicemen's indemnity payments ceases, whether by lapse of time or by their renunciation of their right to continue to receive such payments. The second sentence of paragraph (1) of this section prohibits payments to any beneficiary who has assigned his interest in servicemen's indemnity after the date the provisions of this bill first became public knowledge. No payments shall be made to any such beneficiary so long as the portion of indemnity he assigned is payable to any person. This provision is necessary in order to prevent beneficiaries from becoming eligible for the new and more generous rates of compensation by assigning their interest in servicemen's indemnity to another close relative of the deceased person.

Paragraph (2) of this subsection provides that where a beneficiary may not receive payments under the Servicemen's Indemnity Act of 1951 by reason of the first sentence of paragraph (1), no other person may receive such payments.

Paragraph (3) provides that where a child is eligible for dependency and indemnity compensation and payments of servicemen's indemnity, he shall receive the greater amount, whether or not he is in the custody of the widow. This provision is necessary to protect children, since they may become eligible for dependency and indemnity compensation by reason of the election of the widow to take the new benefits.

*Section 207.*—This section provides that the Veterans' Administration shall use the same standards for determining service-connection of deaths entitling beneficiaries to dependency and indemnity compensation as it uses in determining service-connection of disabilities for purposes of payment of disability compensation.



*Section 208.*—This section provides that no payments of death compensation or death pension shall be made under any other law administered by the Veterans' Administration to any person eligible for benefits under this title by reason of a death occurring on or after January 1, 1956. The section also provides that no payments shall be made under the Federal Employees' Compensation Act by reason of any such death. This provision, coupled with section 501 (f) and sections 502 (5) and 502 (6) of the bill, will operate to prevent any payments being made under the Federal Employees' Compensation Act to the survivors of any member of a reserve component of a uniformed service whose death occurs on or after January 1, 1956, and results from a service-connected cause. This section and sections 501 (f) and 502 (5) and (6) do not, however, affect the FECA benefits payable in the case of disabilities or deaths suffered by temporary members of the Coast Guard Reserve and members of the Coast Guard Auxiliary, or deaths suffered by former members of the Women's Army Auxiliary Corps.

These sections do not affect the eligibility of any person to receive Veterans' Administration or Federal Employees' Compensation Act benefits by reason of deaths occurring prior to January 1, 1956.

*Section 209.*—This section contains administrative provisions.

Subsection (a) provides that the general administrative provisions, provisions relating to definitions of terms, and other regulatory provisions provided in the Veterans' Administration disability and death compensation laws shall apply in the administration of title II of the bill.

Subsection (b) establishes an effective date for awards of dependency and indemnity compensation to persons who are on the rolls and elect under section 206 of the bill to receive the new benefits. It will take some time for these persons to become aware of the new program, and will take some time for them to decide whether to elect the new rates. To provide ample time for such persons, the committee has provided that applications for the new benefits made by such persons on or before July 1, 1956, shall become effective as of January 1, 1956, but that applications made after July 1, 1956, shall become effective as of the date they are filed. If, however, an application is filed within 1 year after the date of the death entitling a beneficiary to benefits, benefits are paid under existing law retroactively to the date of death. The committee intends that this subsection shall make no change in this practice with respect to deaths occurring before the effective date of the bill; but if an application is filed by reason of a death occurring before January 1, 1956, and is filed within 1 year after the date of death and the person filing the claim elects to receive the benefits of the bill, benefits under the bill shall be paid only from January 1, 1956, and benefits under other laws shall be paid under them through December 31, 1955.

Subsection (c) provides the same requirements for character of discharges as is presently required for other Veterans' Administration benefits.

Subsection (d) provides that a child in receipt of dependency and indemnity compensation by reason of the death of one parent may not receive such compensation or death compensation by reason of the death of another parent who is not a natural parent.

Subsection (e) provides the same "continuous cohabitation" requirement and remarriage bar with respect to widows as is found in existing Veterans' Administration laws today.

Subsection (f) provides the same authority for the Administrator of Veterans' Affairs to waive erroneous payments or overpayments made to beneficiaries as he has today under other Veterans' Administration laws.

*Section 210.*—Section 210, making payments of dependency and indemnity compensation nonassignable, exempt from taxation and claims of creditors, and not subject to attachment or seizure, is identical with existing provisions of law relating to death compensation and death pension payable under other Veterans' Administration laws.

#### TITLE III—DEATH GRATUITY

The death gratuity today, as in this title, is a gratuitous payment made upon the death of a member of a uniformed service, which is equal to 6 months' pay of the deceased person.

Existing law provides that immediate payment shall be made, but in practice delays of 6 to 8 weeks often occur between the date of death and the date payments of the death gratuity are made.

The death gratuity is in the nature of an emergency payment, and is often urgently needed by the survivors of a deceased serviceman to tide them over during the period between the death of the serviceman and the time when they have returned to their homes. This payment also helps to cover immediate living expenses of survivors during the period required for the adjudication of their rights under other Federal laws. Unless the death gratuity is paid immediately, its principal purpose is defeated. Therefore the committee has attempted to streamline and accelerate the process of payment of the death gratuity insofar as this result can be accomplished through legislation.

*Section 301.*—This section establishes the criteria for determining whether a death gratuity will be paid to survivors of a deceased person; establishes the amount of such death gratuity; and establishes the survivors entitled thereto.

Subsection (a) of this section provides generally that the death gratuity will be paid in all cases of deaths occurring on active duty, active duty for training, or inactive duty training.

Existing law provides that for the death gratuity to be paid in the case of members of Regular components, death must not be the result of "willful misconduct." In the case of members of reserve components and the National Guard, death must result from injury incurred "in line of duty," and death from disease must occur both "in line of duty," and during a period of service where the deceased person was under orders not specifying a period of 30 days or less.

The committee feels that, since the "willful misconduct," "line of duty," and disease limitations, of necessity, require a process of adjudication in each case, these requirements tend to cause delay in the payment of the death gratuity to survivors. In the interest of speeding up this emergency payment, the committee has eliminated this phase of the adjudication process, and has provided that the only finding necessary to entitle survivors to the death gratuity is a finding that death has actually occurred on active duty, active duty for training, or on inactive duty training.

Subsection (a) provides for payment of the death gratuity in the case of the death of a "member of a uniformed service," as defined in section 102, while on "active duty," "active duty for training," or "inactive duty training," as so defined. This has the effect of covering an additional group of persons under the death gratuity provisions who are not so covered today. These persons are the following:

(1) Members of the National Guard, and reservists, whose deaths are the result of disease, and occur (A) while they are performing active duty for training for periods of 30 days or less, or (B) while they are on inactive duty training.

(2) Members of the ROTC, AFROTC, and NROTC whose deaths occur while they are on annual training duty for periods of 14 days or more;

(3) Commissioned officers of the Regular or Reserve Corps of the Public Health Service whose deaths occur while they are not entitled to "full military benefits" or "limited military benefits."

(4) Persons provisionally accepted, or selected for induction, who die while en route to, or from, or at the place to which ordered.

(5) Persons performing authorized travel to or from active duty or active duty for training; persons in a travel status under section 102

(6) (B) of the bill; and persons covered until midnight of the date of discharge or release and during the time necessary to travel to their homes, under section 102 (12) of the bill.

(6) All persons whose deaths are the result of "willful misconduct," and all reservists and National Guardsmen whose deaths are not "in line of duty."

Subsection (b) of this section provides that the death gratuity shall equal 6 months' basic pay, plus special and incentive pays received by the deceased person, but shall not be less than \$800 nor more than \$3,000. Except for the maximum and minimum provisions, this follows existing law.

Subsection (c) lists the survivors eligible to receive the death gratuity. The permitted class of beneficiaries is more restricted than is provided in existing law, being confined to the widow, children, parents, and brothers and sisters. Existing law has been construed to provide for payment to any person having an "insurable interest" in the life of the deceased person.

Subsections (c) and (d) of this section provide that the death gratuity shall be paid only to living survivors, and shall be paid according to the priorities established in subsection (c). Since the gratuity is designed to care for the emergency needs of survivors, there is no reason for the gratuity to be paid to the estate of any person.

*Section 302.*—This section provides that each Secretary of a military department shall, to the maximum extent feasible, delegate to commanding officers of commands, installations, or districts, for further delegation where appropriate, the authority to determine the survivors entitled to the death gratuity, and provides that each such Secretary shall authorize the appropriate disbursing or certifying officers to make the payments to the survivors so determined (or certify payments due to them, in the case of the Coast Guard). It is the intention of the committee that this language should be interpreted and administered in such a way that when the family of a deceased member of a uniformed service is residing on or near his permanent duty station,

immediately upon notification to the commanding officer of that station of the death of the member, the local finance officer shall pay the death gratuity to the appropriate survivors. The committee sees no reason why payment in cases such as this should not be made in less than 24 hours after official notification of death.

The committee realizes that there may, in a few cases, be administrative complexities where survivors entitled to the death gratuity are living in different sections of the country. However, the committee feels that this problem can be handled appropriately by regulations, and believes that the decentralization of responsibility and authority in this area will greatly accelerate the making of these payments.

*Section 303.*—This section provides death gratuity coverage for 120 days after discharge or release from active duty, or active duty for training where the death results from a service-connected disability. As is the case with respect to deaths occurring on active duty, there is no "line of duty" requirement for payments under this section; however, the deceased person must have been discharged or released from the service under conditions other than dishonorable.

Subsection (a) provides that the gratuity shall be paid by the Secretary concerned, after the Administrator of Veterans' Affairs has determined that the death was service-connected. Payments under this subsection shall be made in the same manner as payments under section 301, and to the same persons.

Subsection (b) is intended to simplify the procedures which must be followed by claimants who are entitled to the death gratuity by reason of this section. It is the intention of the committee that where the Veterans' Administration receives a claim for dependency and indemnity compensation, and it appears that the death gratuity may be payable by reason of this section, the Administrator shall certify that fact to the Secretary concerned who shall then make all determinations as to entitlement except determinations as to service connection. There will undoubtedly be many cases where survivors will be eligible for the death gratuity by reason of this section but will not apply to the Veterans' Administration for dependency and indemnity compensation. In such cases, the Secretary concerned will request that the Administrator determine service connection.

Subsection (c) provides that determinations made by the Veterans' Administration under this section shall be made in exactly the same manner as determinations made under title II of the bill but as indicated above, line of duty is not to be a factor.

Subsection (d) provides that the deceased person will be deemed to have been entitled to basic pay at the time of his death.

Subsection (e) provides that the deceased person must have been discharged or released under conditions other than dishonorable.

*Section 304.*—This section contains administrative provisions. Subsection (a) provides that the death gratuity shall not be paid if the deceased person was executed for a crime, unless the execution was performed by an enemy of the United States, or by a hostile force with which the Armed Forces of the United States have engaged in armed conflict.

Subsection (b) provides that certifying or disbursing officers shall not be liable for erroneous payments made under this title to a woman as a "spouse" or to a person as a "child" in the absence of fraud, gross negligence, or criminality. The intent of the committee in

placing this provision in the bill is to expedite payments of the death gratuity in cases where it is reasonably apparent that survivors are entitled to the death gratuity but, because of lack of formal proof, certifying or disbursing officers might (but for this subsection) be reluctant to make payments until such formal proof is provided.

Subsection (c) provides for waiver of recovery of payments when such recovery would be against good conscience. The committee believes that, with the new streamlined procedure established by this bill for payment of the death gratuity, it is possible that erroneous payments may occasionally be made. This subsection allows waiver of recovery of such payments where the person receiving them is without fault, and where hardship might result otherwise.

Subsection (d) specifies the source of funds for payment of the death gratuity.

Subsection (e) provides for two situations. Where a reservist performing inactive-duty training without pay is killed, he will be deemed to have been entitled to basic pay at the time of death.

The second sentence of this subsection is designed to insure that payments of the death gratuity will continue to be made in cases where persons who suffer disability while on short tours of duty, or on inactive-duty training, are hospitalized and, after their original orders (if any) have expired, die while so hospitalized. The practice of the services in the past has been to place such individuals at the time of their injury in a pay status, and retain them in a pay status while they are receiving necessary medical care. In the event of the death of such persons while in a pay status, the death gratuity is payable today. This sentence is intended to provide that the services will continue that practice.

Subsection (f) of this section establishes criteria for determining the person who is the spouse of the deceased person for purposes of making payments under this title.

#### TITLE IV—OLD-AGE AND SURVIVORS INSURANCE

Title IV is divided into two parts. Part A (consisting of secs. 401 through 413) contains amendments to title II of the Social Security Act as well as certain other provisions (including amendments to the Railroad Retirement Act of 1937 and the Civil Service Retirement Act of May 29, 1930) relating to the old-age and survivors insurance program. Part B (consisting of secs. 414 through 416) contains corresponding amendments to the Internal Revenue Code of 1954.

##### PART A—PROVISIONS RELATING TO TITLE II OF THE SOCIAL SECURITY ACT

*Section 401.*—This section amends section 209 of the Social Security Act (which defines "wages" for purposes of the old-age and survivors insurance program) so as to provide that, in the case of an individual performing service after December 1955 as a member of a uniformed service, only such individual's basic pay (as described in sec. 102 (10) of the bill) will count as "wages" for purposes of computing the benefits to which he and his survivors may become entitled under that program.

*Section 402.*—This section amends section 210 of the Social Security Act (which defines "employment" and related terms for purposes of the old-age and survivors insurance program) so as to provide coverage

under that program, on a regular contributory basis, for service performed in any of the uniformed services.

Subsection (a) of this section adds two new subsections, (m) and (n), at the end of section 210. Under the new subsection (m), except as provided in paragraph (4) thereof, service performed after December 1955 by a member of a uniformed service on active duty (not including service performed while on leave without pay) will constitute covered employment for old-age and survivors insurance purposes. The term "active duty" (which includes active duty for training) is defined by reference to the definitions contained in section 102 of the bill.

Paragraph (4) of the new subsection (m) provides, however, that if an individual has elected to use his service as a member of a uniformed service in the computation of any railroad retirement annuity to which he may be entitled, as permitted under section 2 (h) (1) of the Railroad Retirement Act of 1937 (which is added by sec. 411 (b) of the bill), such service may not be counted as "employment" for old-age and survivors insurance purposes. If the individual is already entitled to old-age insurance benefits when notification of his election is received, the Secretary will immediately reduce or terminate such benefits if required by reason of the elimination of such service from such individual's wage record; but any payments already certified will remain valid.

The new subsection (n) contains a definition of the term "member of a uniformed service" for old-age and survivors insurance purposes. This definition is the same as the corresponding definition (contained in sec. 102 (2) of the bill) for purposes of dependency and indemnity compensation payable by the Veterans' Administration.

Subsection (b) of this section amends section 205 (p) (1) of the Social Security Act so as to make it clear that the basic determinations with respect to employment and wages in the case of members of the uniformed services will be made by the Secretaries concerned, and will be accepted as final and conclusive by the Secretary of Health, Education, and Welfare for old-age and survivors insurance purposes.

*Section 403.*—This section amends section 202 (i) of the Social Security Act, which provides for the payment of a lump-sum death payment to the widow (or other person paying the burial expenses) upon the death of an insured individual. Section 202 (i) presently requires that application for such payment be made within 2 years after the death of the insured individual; except that where a serviceman dies overseas prior to a specified date, and he is returned to the United States for interment or reinterment, the application may be filed at any time within 2 years after such interment or reinterment. The effect of the amendment made by section 403 of the bill is to continue this provision, extending the period during which application for the lump-sum death payment may be filed in the case of servicemen who are returned to the United States for interment or reinterment, on a permanent basis for members of the uniformed services who die overseas after December 1955.

*Section 404.*—This section amends section 217 of the Social Security Act, which affords a gratuitous wage credit of \$160 a month for active military or naval service performed during and after World War II.

Subsection (a) of this section amends section 217 (e) of the Social Security Act, which affords the gratuitous wage credit for service after the end of World War II. Section 217 (e) (1) (B) presently pro-

vides that the credit for any such service may not be counted for old-age and survivors insurance purposes if a benefit is payable under any other Federal law or retirement system (other than by the Veterans' Administration) on the basis of the same service. Under the amendment made by subsection (a), no gratuitous wage credits would be afforded after December 1955; however, a member of a uniformed service who is still in the active service after 1955 will be permitted to count his active military or naval service after 1950 for old-age and survivors insurance purposes, notwithstanding section 217 (e) (1) (B), if his only other Federal retirement benefits which are based on such service are payable by one of the uniformed services.

Subsection (b) of this section amends section 217 of the Social Security Act by adding at the end thereof a new subsection (f). The new subsection (f) would provide that where the widow or child of a former serviceman is entitled under the Civil Service Retirement Act of May 29, 1930, to a survivor's annuity in the computation of which such serviceman's military or naval service (performed after September 15, 1940, and before January 1, 1956) was included, such widow or child may elect, by irrevocably waiving his or her right to the annuity, to have such military or naval service included after December 1955 in the computation of a monthly survivors benefit under title II of the Social Security Act, notwithstanding section 217 (a) (1) (B) or 217 (e) (1) (B) of that act.

Subsection (c) of this section would permit a widow or child who waives his or her right to a survivor's annuity under the Civil Service Retirement Act (as permitted under the amendment made by subsection (b)) in order to use the serviceman's military or naval service in the computation of a monthly survivors benefit under title II of the Social Security Act, and who already is entitled to such a benefit by reason of the serviceman's other employment or self-employment, to obtain a recomputation of the serviceman's primary insurance amount so as to reflect in the amount of the benefit the inclusion of such service.

It should be noted that any service as a member of a uniformed service performed (on a contributory basis) after December 1955 may be used both for old-age and survivors insurance purposes and in the computation of benefits under another Federal retirement system, except in the case of civil-service survivor annuitants as provided in section 412 of the bill.

*Section 405.*—This section amends section 214 of the Social Security Act, which defines insured status for old-age and survivors insurance purposes. Under title II of such act, an individual must be fully insured or currently insured (or both) in order to qualify for benefits. The amendment made by this section of the bill would provide that an individual is automatically deemed to be both fully and currently insured, regardless of his actual status under the other provisions of title II of the Social Security Act, if he dies after December 1955 (1) while on active-duty or inactive-duty training as a member of a uniformed service, or (2) as a result of a service-connected disease or injury which the Veterans' Administration determines to have been incurred or aggravated in line of duty after September 15, 1940, provided he was discharged or released from the service under conditions other than dishonorable. The primary insurance amount of any such individual would be at least \$30 (the minimum provided under sec. 215 of the Social Security Act), and his survivors would be entitled at least to benefits computed on the basis of that amount.

*Section 406.*—This section amends section 216 (i) of the Social Security Act, which contains the basic provisions relating to the so-called disability freeze. Under the present section 216 (i), an individual with a permanent and total disability may upon application have his wage record frozen during the period of his disability, so that his inability to work during such period will not result in termination of his right to insurance benefits or reduce the amount of such benefits, but only if he qualifies by reason of having performed substantial amounts of covered employment prior to filing such application.

The amendments made by section 406 of the bill would provide that where the disability is service-connected (as determined by the Veterans' Administration) the individual need not have performed any such employment in order to qualify for the freeze (although he would still have to satisfy all the other requirements of existing law) if he files his application for a disability determination while under the disability and either within 3 years after his discharge or release or within 3 years after the disability began. Where the individual qualifies for the freeze solely by reason of these amendments, his period of disability (as defined in sec. 216 (i) (2) of the Social Security Act) may not begin until he is discharged or released from the service, regardless of when his application is filed, and the freeze would only affect benefits payable after December 1955. The term "service-connected" is defined separately for individuals discharged or released from the service after December 1955 and for those discharged or released prior to January 1956.

*Section 407.*—This section provides that an individual who died before January 1956, while serving as a member of a uniformed service after September 15, 1940, or as the result of a disease or injury which was incurred or aggravated in line of duty after that date (if he was discharged or released from the service under conditions other than dishonorable), and who did not die an insured individual under title II of the Social Security Act (or by reason of sec. 109 of the Social Security Amendments of 1954), shall be deemed to be an insured individual for purposes of the monthly survivors benefits which were payable under title II of such act as it existed at the time of his death. The monthly survivors benefits payable by reason of this section would, however, be payable only for months after December 1955, and would be limited in amount to the minimum level of benefits presently provided under title II of such act. An additional 2 years is allowed for filing proof of support in cases where such proof is required in order to qualify for such benefits.

*Section 408.*—This section, which amends section 217 of the Social Security Act, authorizes appropriations to reimburse the Federal old-age and survivors insurance trust fund for the actual cost to it of the gratuitous (tax-free) wage credits provided by such section 217 for active military or naval service performed after September 15, 1940 (and prior to January 1, 1956). The amount of such reimbursement would be computed on the "excess cost" basis, and would include the full cost of the old-age and survivors insurance benefits payable in cases where the beneficiary's basic entitlement depends on such service as well as the additional cost of such benefits in cases where some benefits (though smaller in amount) would be payable without such service. The lump sum required to reimburse the trust fund for the additional cost of all such benefits paid before July 1955 would be



determined by the Secretary of Health, Education, and Welfare, and would be repaid to such fund (with interest) by annual appropriations over a 10-year period; and the amount required to reimburse the fund for the additional cost each year of such benefits paid after June 1955 would be repaid to the fund by annual appropriations on a current basis.

*Section 409.*—Subsection (a) of this section amends section 201 of the Social Security Act so as to authorize annual appropriations, on a current basis, to reimburse the Federal old-age and survivors insurance trust fund for the actual additional cost to it of section 214 (c) of that act (which is added by sec. 405 of the bill and provides automatic entitlement to benefits for the survivors of certain otherwise uninsured individuals who die after December 1955) and of the amendments to section 216 (i) of that act made by section 406 of the bill (which extend the benefits of the "disability freeze" to certain otherwise unqualified individuals).

Subsection (b) of this section authorizes annual appropriations, on a current basis, to reimburse such fund for the actual additional cost to it of section 407 of the bill (which provides automatic entitlement to benefits for the survivors of certain otherwise uninsured individuals who died before January 1956).

*Section 410.*—This section adds a new subsection (o) to section 202 of the Social Security Act. The new subsection (o) makes it clear that, in the case of monthly survivors benefits payable under such section 202 to a widow, child, or parent of a deceased individual who was a member of a uniformed service, the requirement that an application for such benefits be filed will be satisfied if such widow, child, or parent files an application for such benefits with the Administrator of Veterans' Affairs on the application form prescribed under section 503 of the bill.

*Section 411.*—This section contains amendments to the Railroad Retirement Act of 1937. These amendments, which take into account the existing interrelation between the railroad retirement system and the old-age and survivors insurance system, are designed to continue the present policy of affording substantially the same treatment under both systems with respect to the performance by workers of military or naval service. In the light of that policy, these amendments are necessitated by the preceding sections of title IV of the bill which provide that service after 1955 in the uniformed services will constitute covered employment for purposes of the old-age and survivors insurance system.

Subsection (a) of this section amends section 4 of the Railroad Retirement Act, which presently provides that a railroad worker's military service in a war-service period will be included in his "years of service" (at a presumed compensation rate of \$160 a month) for purposes of determining eligibility for an annuity and computing the amount thereof. These gratuitous credits for military service would be terminated at the end of 1955 under this amendment, which provides that section 4 of such act will apply only to military service rendered prior to January 1, 1956. It should be noted that the corresponding gratuitous wage credit provided with respect to military or naval service under section 217 of the Social Security Act will also expire at the end of 1955.

Subsection (b) of this section amends section 2 of the Railroad Retirement Act so as to provide a method whereby applicants for

railroad retirement and disability annuities may elect to use their service in the uniformed services performed after 1955 (which otherwise would constitute employment under the old-age and survivors insurance system) in determining their eligibility for, and computing the amounts of, such annuities, instead of counting such service as employment under title II of the Social Security Act. The full amount of the wages paid for such service (up to \$4,200 in any calendar year) would be counted as railroad compensation under such an election and distributed among all of the individual's months of service in that year, notwithstanding the monthly limitation of \$350 which is otherwise applicable to railroad employment, but the treatment of such wages as "compensation" may not increase the individual's total railroad compensation to more than \$4,200 in any calendar year. Such election, which is irrevocable, must be made at the time the individual first applies for an annuity. No such election may be made with respect to any period of service in the uniformed services unless the individual was in railroad employment at some time during the 1- or 2-year period immediately prior to the beginning of such service, or during the 1- or 2-year period immediately prior to the beginning of any military service performed by him before 1956 if such service was creditable under section 4 and he continues in such service after 1955. Provision is made to insure that, where the individual is already receiving old-age insurance benefits under title II of the Social Security Act at the time he applies for the railroad annuity and makes the election, such service will not be used for railroad retirement purposes until it has been eliminated from the individual's wage record under such title II, so that it cannot be used in the computation of both benefits for the same month.

Subsection (b) of this section also authorizes annual appropriations to reimburse the railroad retirement account for the additional cost to it resulting from the crediting of military service toward railroad annuities pursuant to such elections and from the inclusion of such service (for survivor-annuity purposes) in determining "current connection with the railroad industry," reduced by any amounts credited to the railroad retirement account with respect to such service under the financial interchange provisions of the Railroad Retirement Act.

Subsection (c) of this section amends section 1 (o) of the Railroad Retirement Act to provide that, for survivor annuity purposes only, service as a member of a uniformed service after 1955 will be treated as railroad employment in determining whether an individual has a "current connection with the railroad industry" if the individual was in railroad employment for a sufficient time before the period of such service to have qualified for an election under section 2 (h) (1) if he had not died. Eligibility for survivor annuities under that act depends on the existence of such a current connection, and this amendment protects the railroad worker's survivors during his military service in substantially the same way as they are protected under the gratuitous credit provisions of existing law. In the case of a retirement or disability annuity, such service can be used to confer a "current connection with the railroad industry" only if the applicant makes the election provided for under the amendment made by subsection (b).

Subsections (d), (e), and (f) of this section make technical and conforming amendments to the Railroad Retirement Act.

*Section 412.*—This section amends section 5 of the Civil Service Retirement Act of May 29, 1930, so as to provide that the widow or child of an individual who performed service in the uniformed services after 1955 may not use such service for civil service survivor annuity purposes if he or she is entitled (or would upon proper application be entitled) to any monthly survivor benefits under section 202 of the Social Security Act. If the widow is without minor children and will become entitled to such benefits only upon attaining age 65 at a later time, such service may, however, be included in the computation of her civil service survivor annuity until that time.

*Section 413.*—This section makes it clear that, in cases where an individual's insured status or eligibility for the "disability freeze" depends (under the provisions of the bill) upon the existence of a service-incurred or service-aggravated disease or injury, the determination of the service connection will be made by the Administrator of Veterans' Affairs upon the request of the Secretary of Health, Education, and Welfare.

PART B—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1954

*Section 414.*—This section amends section 3121 (i) of the Internal Revenue Code of 1954 to provide that, in the case of an individual performing service after December 1955 as a member of a uniformed service, only such individual's basic pay (as described in sec. 102 (10) of the bill), up to a maximum of \$4,200 in any calendar year, will count as "wages" for purposes of tax under the Federal Insurance Contributions Act. This amendment corresponds to the amendment made by section 401 of the bill to section 209 of the Social Security Act.

*Section 415.*—Subsection (a) of this section amends section 3121 of the Internal Revenue Code of 1954 by adding two new subsections, (m) and (n), at the end thereof. Under the new subsection (m), service performed after December 1955 by a member of a uniformed service on active duty (not including service performed while on leave without pay) will constitute "employment" for purposes of the Federal Insurance Contributions Act. The term "active duty" (which includes active duty for training) is defined by reference to the definitions contained in section 102 of the bill. The new subsection (n) contains a definition of the term "member of a uniformed service" for purposes of the Federal Insurance Contributions Act; this definition is the same as the corresponding definition (contained in sec. 102 (2) of the bill) for purposes of dependency and indemnity compensation payable by the Veterans' Administration. The amendment made by subsection (a) of this section of the bill corresponds generally to the amendment made by section 402 (a) of the bill to section 210 of the Social Security Act.

Subsection (b) of this section amends section 3122 of the Internal Revenue Code of 1954 so as to make it clear that the basic determinations with respect to employment and wages in the case of members of the uniformed services will be made by the Secretaries concerned, and will be accepted as final and conclusive by the Secretary of the Treasury for purposes of the Federal Insurance Contributions Act. This amendment corresponds to the amendment made by section 402 (b) of the bill to section 205 (p) (1) of the Social Security Act.

Subsection (c) of this section amends section 3122 of the Internal Revenue Code of 1954 so as to make it clear that payments of the employer's tax under the Federal Insurance Contributions Act, with respect to service performed by members of the uniformed services after December 1955, will be made from appropriations available for the pay of such members.

*Section 416.*—This section amends section 6051 (b) of the Internal Revenue Code of 1954, which provides a special rule with respect to the information to be contained on employees' tax receipts in the case of compensation paid for service in the Armed Forces, so as to reflect the coverage of the uniformed services under the old-age and survivors' insurance system pursuant to the preceding provisions of the bill.

#### TITLE V—AMENDMENTS AND REPEALS

Section 501 of this title contains 15 subsections making specific amendments to existing laws.

*Subsection (a).*—Subsection (a) amends the National Service Life Insurance Act of 1940 in four respects. Paragraph (1) of this subsection amends the last sentence of section 620 of that act so as to provide that the insurance which is granted to disabled veterans of service on or after June 27, 1950, will be similarly granted to all disabled persons granted dependency and indemnity compensation coverage by the bill. Under this amendment, every person who can today obtain this disability insurance will retain the rights he has today, and the new groups first given survivor protection by the bill will also have the right to obtain this insurance.

Paragraph (2) of this subsection adds a new subsection (c) to section 621 of the National Service Life Insurance Act of 1940. The new subsection (c) will terminate the right of nondisabled individuals to obtain national service life insurance when they are discharged or released on or after January 1, 1956.

Subparagraph (A) of paragraph (3) of this subsection designates the existing section 622 of the National Service Life Insurance Act of 1940 as subsection (a), and adds a new subsection (b) at the end of such section. The new subsection (b) provides that no application for waiver of premiums under such section 622 made on or after January 1, 1956, shall be of any effect.

There are over 800,000 outstanding policies of national service life insurance held by individuals in the Armed Forces under waiver of premiums. The committee has made no change in existing law with respect to the policies held under waiver by these individuals, except insofar as such individuals can no longer apply for waiver of premiums upon a reenlistment.

Individuals having their policies under waiver may keep their policies under waiver of premiums; however, in any such case, if such an individual dies from a service-connected cause on or after May 1, 1956, having his policy under waiver, his survivors will not receive the survivor protection provided by title II of this bill, but will receive death compensation from the Veterans' Administration under the laws in effect on December 31, 1955, or as thereafter amended. Although subsection (s) of this section 501 provides that deaths on or after January 1, 1956, shall not give entitlement to such benefits, this subparagraph (B) makes a limited exception to the amendment made by that subsection.

By providing that deaths occurring before May 1, 1956, shall not preclude survivors from obtaining the new rates provided by the bill, the committee has given individuals in the service 120 days after the effective date of the bill to decide (1) whether they wish to receive the new survivor protection coverage provided by the bill, or (2) whether they wish to retain their policies under waiver of premiums, and provide their survivors with existing rates of VA death compensation in case their deaths occur on or after May 1, 1956.

It should be noted that outstanding waivers can be canceled at any time, either before or after May 1, 1956, and thereby provide survivors protection under the bill. The test is not the date of cancellation of the waiver, but rather is whether the policy is under waiver at the time of death.

Paragraph (4) of this subsection makes no change in existing law. Section 5 of the Servicemen's Indemnity Act of 1951 provides today that certain insurance on a permanent plan which has been surrendered for cash, and certain term insurance which has expired, may be reinstated under certain conditions. Since the Servicemen's Indemnity Act of 1951 is to be repealed by the bill, it is necessary to provide for the preservation of these rights. The new section 623 which this paragraph adds to the National Service Life Insurance Act of 1940 so preserves these rights, neither increasing nor decreasing them.

*Subsection (b).*—Subsection (b) of this section 501 relates to the protection granted to commissioned officers of the Regular and Reserve Corps of the Public Health Service. Paragraph (1) revises section 212 of the Public Health Service Act. That section 212 today specifies the circumstances under which commissioned officers of the Service may obtain "full military benefits" or "limited military benefits." The proposed new subsection (d) of such section 212 grants coverage to these officers under laws administered by the Veterans' Administration for all service performed in the Service, thereby eliminating the distinction between "full" and "limited" military benefits for these officers. Hereafter, all service performed by such officers under the circumstances listed in paragraph (1), (2), or (3) of the proposed new subsection (a) will grant such officers "full military benefits."

The proposed new subsection (a) of section 212 is a revision and codification of the existing subsections (a) and (b), eliminating all references to expired or obsolete laws, and taking into account the fact that there is to be no longer a distinction between "full" and "limited" military benefits.

The proposed new subsection (b) is identical with the existing subsection (d) of such section 212.

The proposed new subsection (c) provides that references in other laws to other officers or departments shall, insofar as such laws apply to the Service by reason of subsection (a), be deemed to refer to the Surgeon General. This subsection is substantially similar to the existing subsection (c) of such section 212.

The proposed new subsection (d), as mentioned above, grants these officers coverage under all laws administered by the Veterans' Administration, and grants them gratuitous wage credits under the Social Security Act for certain past service.

Paragraph (2) of this subsection specifies the applicability of the amendments made by paragraph (1). Clause (A) provides that the amendment shall take effect as of July 4, 1952, thereby granting these officers continuous coverage under Veterans' Administration laws and gratuitous wage credits under title II of the Social Security Act from and after July 29, 1945. All officers of the Public Health Service had such coverage from July 29, 1945, to July 3, 1952, during which period the Service was a military service, pursuant to Executive order. This clause (A) provides that there shall be no gap in their coverage during the period beginning July 4, 1952, and ending January 1, 1956.

Clause (B) of this paragraph provides that the amendment made by paragraph (1) shall not affect the entitlement of any person to benefits under the so-called Korean GI bill. Certain officers of the Service were granted educational rights under that bill; others were not. Clause (B) provides that there shall be no change in anyone's status under the Korean GI bill because of such amendment.

Clause (C) of this paragraph provides that there shall be no lump-sum payments made under the Social Security Act, or burial allowances paid under the Veterans Regulations, for deaths of officers of the Service occurring prior to January 1, 1956, unless such payments were otherwise authorized by law.

Clause (D) of this paragraph provides that where payments to any individual may be made because of the amendment made by paragraph (1), such payments shall be made prospectively only.

Paragraph (3) of this subsection provides that where a commissioned officer of the Service, or of the Coast and Geodetic Survey, has died prior to January 1, 1956, or has attained retirement age for Social Security Act purposes, and the coverage granted to such officer under the amendment made by this subsection (or, in the case of Coast and Geodetic Survey officers, the amendment made by subsection (d)) might operate to increase social security benefits payable, the Secretary of Health, Education, and Welfare shall upon application recompute the benefits payable to, or on account of, such individual.

*Subsection (c).*—Subsection (c) of this section 501 amends the Federal Employees' Group Life Insurance Act of 1954. Paragraph (1) of this subsection amends section 2 (b) of that act, by striking out the portion of that section which prohibits coverage of military personnel under that act while they are on active duty and entitled to indemnity protection under the Servicemen's Indemnity Act of 1951. The bill will repeal the Servicemen's Indemnity Act of 1951; therefore, technical changes are necessary in this section in order to continue to carry out the congressional intent expressed in the original enactment of the Federal Employees' Group Life Insurance Act of 1954 with respect to coverage of military personnel. The first change involves the amendment referred to above; the second change is made by the second amendment made by this paragraph, which adds a new subsection (c) to section 2 of that act. The first portion of this new subsection (c) provides that no member of a uniformed service may obtain insurance by reason of his status as such a member. This represents existing law.

A problem has arisen under that act as it exists today, in that coverage under the Group Life Insurance Act extends for 31 days after an individual leaves Federal employment. When an individual

(1) leaves his Federal employment to serve on active duty with the Armed Forces, or (2), while a Federal employee, serves on active duty for training for a short period, or (3), while a Federal employee, serves on inactive-duty training performing aerial flights, he is covered by the Servicemen's Indemnity Act. It has been held that the life insurance (but not accidental death or dismemberment) coverage of such an individual under the Federal Employees' Group Life Insurance Act continues during the first 31 days of his service on active duty or active duty for training.

The committee has attempted to make no change in existing law in this regard, and has provided in the remaining portion of the first sentence of the proposed new subsection (c) that life insurance coverage only will continue during the first 31 days of a period of active duty or active duty for training; and life insurance, accidental death, and dismemberment coverage, will continue unchanged during all inactive duty training and during all periods in which the employee is on military leave with pay from his civilian job.

Paragraph (2) of this subsection provides that the amendments made by paragraph (1) shall be prospective in application only.

A problem arises under these amendments, in that commissioned officers of the Regular and Reserve Corps of the Public Health Service and of the Coast and Geodetic Survey have been granted insurance under the Federal Employees' Group Life Insurance Act of 1954. These officers are granted new survivor benefits under the bill, and if they were to be allowed to keep their group life insurance (which is partially subsidized), would be placed thereby in a favored position.

The committee feels that the fairest way of handling this problem is to leave it to the individual officer concerned to decide whether he wants the new survivor protection granted by title II of the bill or whether he wants to keep his insurance. Therefore, this paragraph (2) provides that any officer who dies on or after May 1, 1956, having such insurance payable, shall not thereby provide protection for his survivors under title II of the bill.

The date May 1, 1956, was chosen in order to give these officers ample time to decide which course of action they desire to take to protect their survivors. As is the case with respect to cancellations of waiver of premiums on national service life insurance, his group insurance may be canceled at any time by the insured, and thereby provide survivors with benefits under title II, in case of a service-connected death.

*Subsection (d).*—Subsection (d) of this section relates to the protection to be given to survivors of commissioned officers of the Coast and Geodetic Survey.

Paragraph (1) of this subsection amends the sentence in the act of May 22, 1917, which today authorizes payment of certain benefits for these officers and their survivors. These benefits are provided today only with respect to service while detailed for duty with the Armed Forces, and certain service outside the United States. The committee amendment will provide that all service performed by these officers, whether or not on detail for duty with the Armed Forces, and whether or not performed outside the United States, shall provide Veterans' Administration benefits and social security coverage.

Paragraph (2) of this subsection specifies the applicability of the amendments made by paragraph (1). Clause (A) provides that the

amendment shall take effect as of July 29, 1945. This puts the Coast and Geodetic Survey on a parity with the Public Health Service insofar as concerns benefits to be derived from service performed by commissioned officers since that date.

Clause (B) of this paragraph provides the same limitation with respect to the Coast and Geodetic Survey as was provided by clause (B) of paragraph (2) of subsection (b) for the Public Health Service. This clause provides that entitlement to benefits under the Korean GI bill is not to be affected by the amendment made by paragraph (1).

Clause (C) contains the same limitation as is provided with respect to the Public Health Service, by providing that no lump-sum benefits under the Social Security Act or burial allowances from the Veterans' Administration shall be paid with respect to deaths occurring prior to January 1, 1956. Clause (D) provides that no payments of benefits shall be made for any period prior to January 1, 1956, where entitlement thereto is provided by the amendment made by paragraph (1). This provision is the same as is made with respect to the Public Health Service by section 501 (b) (2) (D) of the bill.

*Subsection (e).*—Subsection (e) of this section amends section 40 (b) of the Federal Employees' Compensation Act so that that section will specifically provide that commissioned officers of the Public Health Service or Coast and Geodetic Survey shall not be entitled to any benefits under that act. This amendment takes effect on January 1, 1956, and, when read in the light of section 208 of the bill (which prevents duplication of payments), means that no person shall be entitled to any benefits under the Federal Employees' Compensation Act by reason of the death of any such commissioned officer occurring on or after January 1, 1956, regardless of when the disability causing death was incurred. With respect to such commissioned officers who today are entitled to benefits under that act by reason of their own disability incurred prior to that date, section 504 (b) protects their entitlement to such benefits in their own right. Where a death occurred prior to January 1, 1956, the rights of the survivors of the deceased officer are not affected by the bill, unless they elect to receive dependency and indemnity compensation under title II. Such an election by a survivor will terminate his eligibility to receive FECA benefits by reason of the death of such officer.

*Subsection (f).*—Subsection (f) of this section amends section 304 of the Naval Reserve Act of 1938 (1) by designating that section as subsection (a); (2) by deleting all of the provisions of that section which grant Federal Employees' Compensation Act benefits to naval reservists; and (3) by adding a new subsection (b) at the end of that section.

The new subsection (b) proposed to be added to that section makes no change in existing law, but merely places in a new place in such section 304 provisions which are interwoven with the matter deleted from section 304 by the amendment referred to in clause (2) of the preceding paragraph.

*Subsection (g).*—Subsection (g) of this section amends section 2 of the act of August 12, 1935, so as to provide specifically for criminal penalties for fiduciaries who misappropriate payments under this act made to them for beneficiaries.

*Subsection (h).*—Subsection (h) of this section amends section 21 of the World War Veterans' Act, 1924, to provide specific authority



for payments of dependency and indemnity compensation to guardians of beneficiaries, and other fiduciaries.

*Subsections (i) and (j).*—Subsections (i) and (j) of this section provide that the same rules shall obtain with respect to payments of dependency and indemnity compensation to survivors of veterans of the Army of the Philippines and Philippine Scouts as obtain with respect to payments of death compensation under other Veterans' Administration laws. The amendments also provide that the annual income limitations prescribed for payments to parents under section 205 of the bill shall, in the Philippine Islands, be determined on the basis of one peso for one dollar.

*Subsection (k).*—Subsection (k) of this section amends paragraph V of Veterans Regulation No. 2 (a), to provide specifically that payments of dependency and indemnity compensation unpaid at the death of a beneficiary shall be paid to other persons just as is the case today with respect to death compensation.

*Subsection (l).*—Subsection (l) of this section amends section 11 of the Uniformed Services Contingency Option Act of 1953. That section provides today that payments made under that Act shall not be considered as "income"; however, the committee feels that in determining the amounts to be paid to a parent under section 205 of the bill, amounts paid under that act should be included; therefore, this subsection amends that act to insure that there will be no doubt that payments made under that act shall be considered as income in determining eligibility of a parent for benefits.

*Subsection (m).*—Subsection (m) of this section amends the second sentence of paragraph XIII of Veterans Regulation No. 10 to provide that the receipt of dependency and indemnity compensation under the bill shall not bar a recipient who otherwise qualifies from receiving pension or compensation from the Veterans' Administration. Likewise, the receipt of pension, compensation, or dependency and indemnity compensation, shall not bar a recipient who otherwise qualifies from receiving dependency and indemnity compensation. It is not intended, however, that this provision shall in any way override the express provision in section 209 (d) of the bill relating to the dependency and indemnity compensation payable to a child based upon the death of more than one parent.

*Subsection (n).*—Subsection (n) of this section amends section 15 of Public Law 2, 73d Congress, so as to provide clearly and unmistakably in the law that where any person has committed any fraudulent act in connection with a claim for benefits under other Veterans' Administration laws providing for payment of compensation, or (because of nonspecific cross references to this section 15 contained in other laws) similarly, has committed any fraudulent act in connection with a claim for benefits under other Veterans' Administration laws, such person shall forfeit all his benefits under this bill, and under such other laws, and in addition, may be punished by fine and imprisonment.

*Subsection (o).*—Subsection (o) of this section amends section 3 of the act of October 17, 1940, so as to provide specific authority for the Administrator of Veterans' Affairs to apportion to children of the deceased person any part of the dependency and indemnity compensation paid to a widow, where there are children who are not in her care.

*Subsection (p).*—Subsection (p) of this section amends the act of September 7, 1944, so as to provide that the effective date of awards

of dependency and indemnity compensation under the bill where a person is reported dead, or found to be dead, shall be the same as is presently provided by that act in the case of death pension or death compensation. Such act of September 7, 1944, provides that the effective date of such awards shall be the day following the date fixed by the Secretary concerned as the date of death, if a claim for benefits is filed within 1 year after such finding is made.

*Subsections (q) and (r).*—Subsections (q) and (r) amend two provisions of law which are of very limited application today, so as to have these sections (which deal with awards of death compensation) specifically provide that they are no longer of application in the case of deaths occurring after December 31, 1955.

*Subsection (s).*—Subsection (s) amends the paragraphs of the Veterans Regulations which today provide for payment of death compensation to survivors of veterans who die service-connected deaths. The amendments provide that these paragraphs shall not apply to deaths occurring on or after January 1, 1956. However, these amendments must be read in the light of the provisions of section 501 (a) (3) (B) of the bill, which give these paragraphs limited application in the case of deaths occurring on or after that date, in the case of persons dying on or after May 1, 1956, having national service life insurance under waiver of premiums under section 622 of the National Service Life Insurance Act of 1940. Although the paragraphs will have limited application to future deaths, as specified in the preceding sentence, their amendment will serve a useful purpose in avoiding confusion in the minds of persons reading these paragraphs in the future, by having the paragraphs read so as to warn the reader that the law granting benefits for service-connected deaths is to be found elsewhere than in such paragraphs.

*Subsection (t).*—Subsection (t) of this section is a technical amendment to the Internal Revenue Code of 1954, placed therein to serve as a guide to tax lawyers that there is an exemption from taxation in the case of dependency and indemnity compensation, provided in section 210 of the bill.

*Section 502.*—This section contains a list of acts and parts of acts which are repealed by the bill.

Paragraph (1) repeals the act of December 17, 1919, which today provides for payment of the 6 months' death gratuity to dependents of members of the Regular Army.

Paragraph (2) repeals a paragraph in an appropriation bill of June 4, 1920, which provides for payment of the 6 months' death gratuity to dependents of members of the Regular Navy and Marine Corps.

Paragraph (3) repeals an obsolete provision of law granting the 6 months' death gratuity to dependents of Army nurses.

Paragraph (4) repeals the provision of law granting the 6 months' death gratuity to dependents of members of the Fleet Reserve and Fleet Marine Corps Reserve.

Paragraph (5) repeals the act of July 15, 1939, which grants Federal Employees' Compensation Act coverage to members of the Army and Air Force Reserve.

Paragraph (6) repeals the act of July 18, 1940, which grants Federal Employees' Compensation Act coverage to certain reservists who suffered injuries prior to July 15, 1939.

Paragraph (7) repeals section 9 of the act of January 19, 1942, which grants the 6 months' death gratuity to dependents of officers of the Coast and Geodetic Survey.

Paragraph (8) repeals section 489 of title 14 of the United States Code, which grants the 6 months' death gratuity to dependents of members of the Coast Guard.

Paragraph (9) repeals the Servicemen's Indemnity Act of 1951.

Paragraph (10) repeals section 2 of the act of December 3, 1942, which grants certain benefits to commissioned officers of the Coast and Geodetic Survey serving in areas of immediate military hazard. This section is no longer necessary in view of section 501 (d) (1) of the bill, which grants such benefits for all service of officers of the Coast and Geodetic Survey.

*Section 503.*—This section provides that there shall be no necessity for a claimant to file more than one basic application for benefits under the Social Security Act and under title II of the bill, and that, to the maximum feasible extent, there shall be no necessity for a claimant to file any particular item of documentary evidence substantiating a claim more than once under such act and title. The section is not intended to foreclose either agency from contacting a claimant to procure additional information, or to inform a claimant of his or her rights; the section is, however, intended to cut through part of the maze of redtape today facing claimants, and is intended to make sure that all claimants in the future obtain the benefits to which they are clearly entitled.

*Section 504.*—This section contains the effective date of the bill, and a saving provision.

Subsection (a) provides that the bill shall take effect as of January 1, 1956.

Subsection (b) provides that none of the amendments or repeals contained in the bill shall operate to deprive any person of any right to payments which he has by reason of a disability or death occurring prior to January 1, 1956; nor shall anything in any such amendment or repeal deprive any person of any right to which he is entitled under the Federal Employees' Compensation Act by reason of his own disability occurring prior to January 1, 1956. The committee intends by this subsection to provide that all persons on the rolls of any agency, or eligible to be on such rolls, or eligible for any payments, by reason of deaths occurring prior to January 1, 1956, may remain on such rolls and receive such payments, not withstanding the repeal of the law under which their benefits were granted originally. Similarly, where persons are on the rolls, or eligible to be on such rolls, of any agency by reason of a disability occurring prior to January 1, 1956, they may remain on such rolls, and their rights remain unaffected so long as such rights are predicated upon disability in existence prior to January 1, 1956.

This subsection (b), however, is definitely not intended to allow any benefits to be paid to any person after January 1, 1956, for any death occurring on or after that date, where benefits are payable under title II of the bill by reason of the death.

#### CHANGES IN EXISTING LAW

Changes in existing law are shown in a document accompanying this report, designated as part 2 thereof.

PROVIDING BENEFITS FOR SURVIVORS  
OF SERVICEMEN AND VETERANS

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REPORT  
OF THE  
SELECT COMMITTEE ON SURVIVOR  
BENEFITS

(Pursuant to H. Res. 35, 84th Congress)

(To accompany H. R. 7089)

SHOWING CHANGES IN EXISTING LAW MADE  
BY THE BILL (H. R. 7089), AS REPORTED



SUBMITTED BY MR. HARDY

JUNE 28, 1955.—Committed to the Committee of the Whole House  
on the State of the Union and ordered to be printed

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**SELECT COMMITTEE ON SURVIVOR BENEFITS**

**PORTER HARDY, Jr., Virginia, *Chairman***

**OLIN E. TEAGUE, Texas**

**WILLIAM H. BATES, Massachusetts**

**PAUL J. KILDAY, Texas**

**ROBERT W. KEAN, New Jersey**

**STEPHEN D. CARNES, Jr., *Counsel***

PROVIDING BENEFITS FOR SURVIVORS OF  
SERVICEMEN AND VETERANS

JUNE 28, 1955.—Committed to the Committee of the Whole House  
on the State of the Union and ordered to be printed

Mr. HARDY, from the Select Committee on Survivor Benefits,  
established by House Resolution 35, submitted the following

REPORT

[To accompany H. R. 7089]

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill (H. R. 7089), as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman) :

SOCIAL SECURITY ACT

FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND

SECTION 201. (a) There is hereby created on the books of the Treasury of the United States a trust fund to be known as the "Federal Old-Age and Survivors Insurance Trust Fund" (hereinafter in this title called the "Trust Fund"). The Trust Fund shall consist of the securities held by the Secretary of the Treasury for the Old-Age Reserve Account and the amount standing to the credit of the Old-Age Reserve Account on the books of the Treasury on January 1, 1940, which securities and amount the Secretary of the Treasury is authorized and directed to transfer to the Trust Fund, and, in addition, such amounts as may be appropriated to, or deposited in, the Trust Fund as hereinafter provided. There is hereby appropriated to the Trust Fund for the fiscal year ending June 30, 1941, and for each fiscal year thereafter, out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to 100 per centum of—

(1) the taxes (including interest, penalties, and additions to the taxes) received under subchapter A of chapter 9 of the Internal Revenue Code of 1939) (and covered into the Treasury) which are deposited into the Treasury by directors of internal revenue before January 1, 1951; and

(2) the taxes certified each month by the Commissioner of Internal Revenue as taxes received under subchapter A of chapter 9 of such code which are deposited into the Treasury by directors of internal revenue after December 31, 1950, and before January 1, 1953, with respect to assessments of such taxes made before January 1, 1951; and

(3) the taxes imposed by subchapter A of chapter 9 of such code with respect to wages (as defined in section 1426 of such code), and by chapter 21 of the Internal Revenue Code of 1954 with respect to wages (as defined in section 3121 of such code) reported to the Commissioner of Internal

## 2 BENEFITS FOR SURVIVORS OF SERVICEMEN AND VETERANS

Revenue pursuant to section 1420 (c) of the Internal Revenue Code of 1939 after December 31, 1950, or pursuant to sections 6011 (a), 6071, 6081 (a), 6091 (a), 6302 (b) of the Internal Revenue Code of 1954 after December 31, 1954,<sup>10</sup> as determined by the Secretary of the Treasury by applying the applicable rates of tax under such subchapter or chapter 1 to such wages, which wages shall be certified by the Secretary of Health, Education, and Welfare<sup>11</sup> on the basis of the records of wages established and maintained by such Secretary in accordance with such reports; and

(4) the taxes imposed by subchapter E of chapter 1 of the Internal Revenue Code of 1939, with respect to self-employment income (as defined in section 481 of such code), and by chapter 2 of the Internal Revenue Code of 1954 with respect to self-employment income (as defined in section 1402 of such code) reported to the Commissioner of Internal Revenue on tax returns under such subchapter or chapter, as determined by the Secretary of the Treasury by applying the applicable rate of tax under such subchapter or chapter to such self-employment income, which self-employment income shall be certified by the Secretary of Health, Education, and Welfare on the basis of the records of self-employment income established and maintained by the Secretary of Health, Education, and Welfare in accordance with such returns.

The amounts appropriated by clauses (3) and (4) shall be transferred from time to time from the general fund in the Treasury to the Trust Fund on the basis of estimates by the Secretary of the Treasury of the taxes, referred to in clauses (3) and (4), paid to or deposited into the Treasury; and proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or were less than the amounts of the taxes referred to in such clauses.

(b) There is hereby created a body to be known as the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund (hereinafter in this title called the "Board of Trustees") which Board of Trustees shall be composed of the Secretary of the Treasury, the Secretary of Labor, and the Secretary of Health, Education, and Welfare, all ex officio. The Secretary of the Treasury shall be the Managing Trustee of the Board of Trustees (hereinafter in this title called the "Managing Trustee"). The Commissioner of Social Security shall serve as Secretary of the Board of Trustees. It shall be the duty of the Board of Trustees to—

(1) Hold the Trust Fund;

(2) Report to the Congress not later than the first day of March of each year on the operation and status of the Trust Fund during the preceding fiscal year and on its expected operation and status during the next ensuing five fiscal years;

(3) Report immediately to the Congress whenever the Board of Trustees is of the opinion that during the ensuing five fiscal years the Trust Fund will exceed three times the highest annual expenditures anticipated during that five-fiscal-year period, and whenever the Board of Trustees is of the opinion that the amount of the Trust Fund is unduly small; and

(4) Recommend improvements in administrative procedures and policies designed to effectuate the proper coordination of the old-age and survivor's insurance and Federal-State unemployment compensation program.

The report provided for in paragraph (2) above shall include a statement of the assets of, and the disbursements made from, the Trust Fund during the preceding fiscal year, an estimate of the expected future income to, and disbursements to be made from, the Trust Fund during each of the next ensuing five fiscal years, and a statement of the actuarial status of the Trust Fund. Such report shall be printed as a House document of the session of the Congress to which the report is made.

(c) It shall be the duty of the Managing Trustee to invest such portion of the Trust Fund as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (1) on original issue at par, or (2) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the Trust Fund. Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue,

borne by all interest-bearing obligations of the United States then forming a part of the Public Debt; except that where such average rate is not a multiple of one-eighth of 1 per centum, the rate of interest of such special obligations shall be the multiple of one-eighth of 1 per centum next lower than such average rate. Such special obligations shall be issued only if the Managing Trustee determines that the purchase of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest.

(d) Any obligations acquired by the Trust Fund (except special obligations issued exclusively to the Trust Fund) may be sold by the Managing Trustee at the market price, and such special obligations may be redeemed at par plus accrued interest.

(e) The interest on, and the proceeds from the sale or redemption of any obligations held in the Trust Fund shall be credited to and form a part of the Trust Fund.

(f) (1) The Managing Trustee is directed to pay from the Trust Fund into the Treasury the amount estimated by him and the Secretary of Health, Education, and Welfare which will be expended during a three-month period by the Department of Health, Education, and Welfare and the Treasury Department for the administration of titles II and VIII of this Act and subchapter E of chapter 1 and subchapter A of chapter 9 of the Internal Revenue Code of 1939, and chapters 2 and 21 of the Internal Revenue Code of 1954. Such payments shall be covered into the Treasury as repayments to the account for reimbursement of expenses incurred in connection with the administration of titles II and VIII of this Act and subchapter E of chapter 1 and subchapter A of chapter 9 of the Internal Revenue Code of 1939, and chapters 2 and 21 of the Internal Revenue Code of 1954.

(2) The Managing Trustee is directed to pay from time to time from the Trust Fund into the Treasury the amount estimated by him as taxes which are subject to refund under section 1401 (d) of the Internal Revenue Code of 1939 with respect to wages (as defined in section 1426 of such code) paid after December 31, 1950 and prior to January 1, 1955, and under section 6413 (c) of the Internal Revenue Code of 1954 with respect to wages as defined in section 3121 of such Code, paid after December 31, 1954. Such taxes shall be determined on the basis of the records of wages established and maintained by the Secretary of Health, Education, and Welfare in accordance with the wages reported to the Commissioner of Internal Revenue pursuant to section 1420 (c) of the Internal Revenue Code of 1939 and sections 6011 (a), 6071, 6081 (a), 6091 (a), and 6302 (b) of the Internal Revenue Code of 1954, and the Secretary shall furnish the Managing Trustee such information as may be required by the Trustee for such purpose. The payments by the Managing Trustee shall be covered into the Treasury as repayments to the account for refunding internal revenue collections.

(3) Repayments made under paragraph (1) or (2) shall not be available for expenditures but shall be carried to the surplus fund of the Treasury. If it subsequently appears that the estimates under either such paragraph in any particular period were too high or too low, appropriate adjustments shall be made by the Managing Trustee in future payments.

(g) All amounts credited to the Trust Fund shall be available for making payments required under this title.

(h) *There are hereby authorized to be appropriated to the Trust Fund annually such sums as the Secretary of Health, Education, and Welfare deems to be necessary to meet the additional costs, resulting from section 214 (c) of this Act and from the amendments made to section 216 (i) of this Act by section 406 of the Servicemen's and Veterans' Survivor Benefits Act, of the benefits paid under this title for months after December 1955 (including lump-sum death payments in the case of deaths occurring after December 1955).*

#### OLD-AGE AND SURVIVORS INSURANCE BENEFIT PAYMENTS

##### Old-Age Insurance Benefits

SEC. 202. (a) Every individual who—

- (1) is a fully insured individual (as defined in section 214 (a)),
- (2) has attained retirement age (as defined in section 216 (a)), and
- (3) has filed application for old-age insurance benefits,

shall be entitled to an old-age insurance benefit for each month, beginning with the first month after August 1950 in which such individual becomes so entitled to



#### 4 BENEFITS FOR SURVIVORS OF SERVICEMEN AND VETERANS

such insurance benefits and ending with the month preceding the month in which he dies. Such individual's old-age insurance benefit for any month shall be equal to his primary insurance amount (as defined in section 215 (a)) for such month.

##### Wife's Insurance Benefits

(b) (1) The wife (as defined in section 216 (b)) of an individual entitled to old-age insurance benefits, if such wife—

(A) has filed application for wife's insurance benefits,

(B) has attained retirement age or has in her care (individually or jointly with her husband) at the time of filing such application a child entitled to a child's insurance benefit on the basis of the wages and self-employment income of her husband,

(C) was living with such individual at the time such application was filed, and

(D) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than one-half of an old-age insurance benefit of her husband,

shall be entitled to a wife's insurance benefit for each month, beginning with the first month after August 1950 in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: she dies, her husband dies, they are divorced a vinculo matrimonii, no child of her husband is entitled to a child's insurance benefit and she has not attained retirement age, or she becomes entitled to an old-age insurance benefit equal to or exceeding one-half of an old-age insurance benefit of her husband.

(2) Such wife's insurance benefit for each month shall be equal to one-half of the old-age insurance benefit of her husband for such month.

##### Husband's Insurance Benefits

(c) (1) The husband (as defined in section 216 (f)) of a currently insured individual (as defined in section 214 (b)) entitled to old-age insurance benefits, if such husband—

(A) has filed application for husband's insurance benefits,

(B) has attained retirement age,

(C) was living with such individual at the time such application was filed.

(D) was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary, from such individual at the time she became entitled to old-age insurance benefits and filed proof of such support within two years after the month in which she became so entitled, and

(E) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than one-half of an old-age insurance benefit of his wife,

shall be entitled to a husband's insurance benefit for each month, beginning with the first month after August 1950 in which he becomes so entitled to such insurance benefits and ending with the month preceding the month in which any of the following occurs: he dies, his wife dies, they are divorced a vinculo matrimonii, or he becomes entitled to an old-age insurance benefit equal to or exceeding one-half of an old-age insurance benefit of his wife.

(2) Such husband's insurance benefit for each month shall be equal to one-half of the old-age insurance benefit of his wife for such month.

##### Child's Insurance Benefits

(d) (1) Every child (as defined in section 216 (e)) of an individual entitled to old-age insurance benefits, or of an individual who died a fully or currently insured individual after 1939, if such child—

(A) has filed application for child's insurance benefits,

(B) at the time such application was filed was unmarried and had not attained the age of eighteen, and

(C) was dependent upon such individual at the time such application was filed, or, if such individual has died, was dependent upon such individual at the time of such individual's death,

shall be entitled to a child's insurance benefit for each month, beginning with the first month after August 1950 in which such child becomes so entitled to such insurance benefits and ending with the month preceding the first month in which

any of the following occurs: such child dies, marries, is adopted (except for adoption by a stepparent, grandparent, aunt, or uncle subsequent to the death of such fully or currently insured individual), or attains the age of eighteen.

(2) Such child's insurance benefit for each month shall, if the individual on the basis of whose wages and self-employment income the child is entitled to such benefit has not died prior to the end of such month, be equal to one-half of the old-age insurance benefit of such individual for such month. Such child's insurance benefit for each month shall, if such individual has died in or prior to such month, be equal to three-fourths of the primary insurance amount of such individual, except that, if there is more than one child entitled to benefits on the basis of such individual's wages and self-employment income, each such child's insurance benefit for such month shall be equal to the sum of (A) one-half of the primary insurance amount of such individual, and (B) one-fourth of such primary insurance amount divided by the number of such children.

(3) A child shall be deemed dependent upon his father or adopting father at the time specified in paragraph (1) (C) unless, at such time, such individual was not living with or contributing to the support of such child and—

(A) such child is neither the legitimate nor adopted child of such individual, or

(B) such child had been adopted by some other individual, or

(C) such child was living with and was receiving more than one-half of his support from his stepfather.

(4) A child shall be deemed dependent upon his stepfather at the time specified in paragraph (1) (C) if, at such time, the child was living with or was receiving at least one-half of his support from such stepfather.

(5) A child shall be deemed dependent upon his natural or adopting mother at the time specified in paragraph (1) (C) if such mother or adopting mother was a currently insured individual. A child shall also be deemed dependent upon his natural or adopting mother, or upon his stepmother, at the time specified in paragraph (1) (C) if, at such time, (A) she was living with or contributing to the support of such child, and (B) either (i) such child was neither living with nor receiving contributions from his father or adopting father, or (ii) such child was receiving at least one-half of his support from her.

#### Widow's Insurance Benefits

(e) (1) The widow (as defined in section 216 (c)) of an individual who died a fully insured individual after 1939, if such widow—

(A) has not remarried,

(B) has attained retirement age,

(C) (i) has filed application for widow's insurance benefits or was entitled, after attainment of retirement age, to wife's insurance benefits, on the basis of the wages and self-employment income of such individual, for the month preceding the month in which he died, or

(ii) was entitled, on the basis of such wages and self-employment income, to mother's insurance benefits for the month preceding the month in which she attained retirement age,

(D) was living with such individual at the time of his death, and

(E) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than three-fourths of the primary insurance amount of her deceased husband,

shall be entitled to a widow's insurance benefit for each month, beginning with the first month after August 1950 in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: she remarries, dies, or becomes entitled to an old-age insurance benefit equal to or exceeding three-fourths of the primary insurance amount of her deceased husband.

(2) Such widow's insurance benefit for each month shall be equal to three-fourths of the primary insurance amount of her deceased husband.

#### Widower's Insurance Benefits

(f) (1) The widower (as defined in section 216 (g)) of an individual who died a fully and currently insured individual after August 1950, if such widower—

(A) has not remarried,

(B) has attained retirement age,

## 6 BENEFITS FOR SURVIVORS OF SERVICEMEN AND VETERANS

(C) has filed application for widower's insurance benefits or was entitled to husband's insurance benefits, on the basis of the wages and self-employment income of such individual, for the month preceding the month in which she died,

(D) was living with such individual at the time of her death,

(E) (i) was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary, from such individual at the time of her death and filed proof of such support within two years of such date of death, or (ii) was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary, from such individual, and she was a currently insured individual, at the time she became entitled to old-age insurance benefits and filed proof of such support within two years after the month in which she became so entitled, and

(F) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than three-fourths of the primary insurance amount of his deceased wife,

shall be entitled to a widower's insurance benefit for each month, beginning with the first month after August 1950 in which he becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: he remarries, dies, or becomes entitled to an old-age insurance benefit equal to or exceeding three-fourths of the primary insurance amount of his deceased wife.

(2) Such widower's insurance benefit for each month shall be equal to three-fourths of the primary insurance amount of his deceased wife.

### Mother's Insurance Benefits

(g) (1) The widow and every former wife divorced (as defined in section 216 (d)) of an individual who died a fully or currently insured individual after 1939, if such widow or former wife divorced—

(A) has not remarried,

(B) is not entitled to a widow's insurance benefit,

(C) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than three-fourths of the primary insurance amount of such individual,

(D) has filed application for mother's insurance benefits, or was entitled to wife's insurance benefits on the basis of the wages and self-employment income of such individual for the month preceding the month in which he died,

(E) at the time of filing such application has in her care a child of such individual entitled to a child's insurance benefit, and

(F) (i) in the case of a widow, was living with such individual at the time of his death, or (ii) in the case of a former wife divorced, was receiving from such individual (pursuant to agreement or court order) at least one-half of her support at the time of his death, and the child referred to in clause (E) is her son, daughter, or legally adopted child and the benefits referred to in such clause are payable on the basis of such individual's wages and self-employment income,

shall be entitled to a mother's insurance benefit for each month, beginning with the first month after August 1950 in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: no child of such deceased individual is entitled to a child's insurance benefit, such widow or former wife divorced becomes entitled to an old-age insurance benefit equal to or exceeding three-fourths of the primary insurance amount of such deceased individual, she becomes entitled to a widow's insurance benefit, she remarries, or she dies. Entitlement to such benefits shall also end, in the case of a former wife divorced, with the month immediately preceding the first month in which no son, daughter, or legally adopted child of such former wife divorced is entitled to a child's insurance benefit on the basis of the wages and self-employment income of such deceased individual.

(2) Such mother's insurance benefit for each month shall be equal to three-fourths of the primary insurance amount of such deceased individual.

### Parent's Insurance Benefits

(h) (1) Every parent (as defined in this subsection) of an individual who died a fully insured individual after 1939, if such individual did not leave a widow who

meets the conditions in subsection (e) (1) (D) and (E), a widower who meets the conditions in subsection (f) (1) (D), (E), and (F), or an unmarried child under the age of eighteen deemed dependent on such individual under subsection (d) (3), (4), or (5), and if such parent—

(A) has attained retirement age,

(B) was receiving at least one-half of his support from such individual at the time of such individual's death and filed proof of such support within two years of such date of death,

(C) has not married since such individual's death,

(D) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than three-fourths of the primary insurance amount of such deceased individual, and

(E) has filed application for parent's insurance benefits,

shall be entitled to a parent's insurance benefit for each month beginning with the first month after August 1950 in which such parent becomes so entitled to such parent's insurance benefits and ending with the month preceding the first month in which any of the following occurs: such parent dies, marries, or becomes entitled to an old-age insurance benefit equal to or exceeding three-fourths of the primary insurance amount of such deceased individual.

(2) Such parent's insurance benefit for each month shall be equal to three-fourths of the primary insurance amount of such deceased individual.

(3) As used in this subsection, the term "parent" means the mother or father of an individual, a stepparent of an individual by a marriage contracted before such individual attained the age of sixteen, or an adopting parent by whom an individual was adopted before he attained the age of sixteen.

#### Lump-Sum Death Payments

(i) Upon the death, after August 1950, of an individual who died a fully or currently insured individual, an amount equal to three times such individual's primary insurance amount, or an amount equal to \$255, whichever is the smaller, shall be paid in a lump sum to the person, if any, determined by the Secretary to be the widow or widower of the deceased and to have been living with the deceased at the time of death. If there is no such person, or if such person dies before receiving payment, then such amount shall be paid to any person or persons, equitably entitled thereto, to the extent and in the proportions that he or they shall have paid the expenses of burial of such insured individual. No payment shall be made to any person under this subsection unless application therefor shall have been filed, by or on behalf of any such person (whether or not legally competent), prior to the expiration of two years after the date of death of such insured individual, or unless such person was entitled to wife's or husband's insurance benefits, on the basis of the wages and self-employment income of such insured individual, for the month preceding the month in which such individual died. [In the case of any individual who died outside the forty-eight States and the District of Columbia after December 1953 and before July 1955, whose death occurred while he was in the active military or naval service of the United States, and who is returned to any of such States, the District of Columbia, Alaska, Hawaii, Puerto Rico, or the Virgin Islands for interment or reinterment, the provisions of the preceding sentence shall not prevent payment to any person under the second sentence of this subsection if application for a lump-sum death payment with respect to such deceased individual is filed by or on behalf of such person (whether or not legally competent) prior to the expiration of two years after the date of such interment or reinterment.] *In the case of any individual who died outside the forty-eight States and the District of Columbia after December 1955 while he was performing service, as a member of a uniformed service, to which the provisions of section 210 (m) (1) are applicable, and who is returned to any of such States, or the District of Columbia, or to any Territory or possession of the United States, for interment or reinterment, the provisions of the third sentence of this subsection shall not prevent payment to any person under the second sentence of this subsection if application for a lump-sum death payment with respect to such deceased individual is filed by or on behalf of such person (whether or not legally competent) prior to the expiration of two years after the date of such interment or reinterment.*

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### Application for Monthly Insurance Benefits

(j) (1) An individual who would have been entitled to a benefit under subsection (a), (b), (c), (d), (e), (f), (g), or (h) for any month after August 1950 had he filed application therefor prior to the end of such month shall be entitled to such benefit for such month if he files application therefor prior to the end of the twelfth month immediately succeeding such month. Any benefit for a month prior to the month in which application is filed shall be reduced, to any extent that may be necessary, so that it will not render erroneous any benefit which, before the filing of such application, the Secretary has certified for payment for such prior month.

(2) No application for any benefit under this section for any month after August 1950 which is filed prior to three months before the first month for which the applicant becomes entitled to such benefit shall be accepted as an application for the purposes of this section; and any application filed within such three months' period shall be deemed to have been filed in such first month.

### Simultaneous Entitlement to Benefits

(k) (1) A child, entitled to child's insurance benefits on the basis of the wages and self-employment income of an insured individual, who would be entitled, on filing application, to child's insurance benefits on the basis of the wages and self-employment income of some other insured individual, shall be deemed entitled, subject to the provisions of paragraph (2) hereof, to child's insurance benefits on the basis of the wages and self-employment income of such other individual if an application for child's insurance benefits on the basis of the wages and self-employment income of such other individual has been filed by any other child who would, on filing application, be entitled to child's insurance benefits on the basis of the wages and self-employment income of both such insured individuals.

(2) (A) Any child who under the preceding provisions of this section is entitled for any month to more than one child's insurance benefit shall, notwithstanding such provisions, be entitled to only one of such child's insurance benefits for such month, such benefit to be the one based on the wages and self-employment income of the insured individual who has the greatest primary insurance amount.

(B) Any individual who under the preceding provisions of this section is entitled for any month to more than one monthly insurance benefit (other than an old-age insurance benefit) under this title shall be entitled to only one such monthly benefit for such month, such benefit to be the largest of the monthly benefits to which he (but for this subparagraph (B)) would otherwise be entitled for such month.

(3) If an individual is entitled to an old-age insurance benefit for any month and to any other monthly insurance benefit for such month, such other insurance benefit for such month shall be reduced (after any reduction under section 203 (a)) by an amount equal to such old-age insurance benefit.

### Entitlement to Survivor Benefits Under Railroad Retirement Act

(1) If any person would be entitled, upon filing application therefor to an annuity under section 5 of the Railroad Retirement Act of 1937, or to a lump-sum payment under subsection (f) (1) of such section, with respect to the death of an employee (as defined in such Act) no lump-sum death payment, and no monthly benefit for the month in which such employee died or for any month thereafter, shall be paid under this section to any person on the basis of the wages and self-employment income of such employee.

### Minimum Survivor's or Dependent's Benefit

(m) In any case in which the benefit of any individual for any month under this section (other than subsection (a)) is, prior to reduction under subsection (k) (3), less than \$30 and no other individual is (without the application of section 202 (j) (1)) entitled to a benefit under this section for such month on the basis of the same wages and self-employment income, such benefit for such month shall, prior to reduction under such subsection (k) (3), be increased to \$30.

Termination of Benefits Upon Deportation of Primary Beneficiary

(n) (1) If any individual is (after the date of enactment of this subsection) deported under paragraph (1), (2), (4), (5), (6), (7), (10), (11), (12), (14), (15), (16), (17), or (18) of section 241 (a) of the Immigration and Nationality Act, then, notwithstanding any other provisions of this title—

(A) no monthly benefit under this section shall be paid to such individual, on the basis of his wages and self-employment income, for any month occurring (i) after the month in which the Secretary is notified by the Attorney General that such individual has been so deported, and (ii) before the month in which such individual is thereafter lawfully admitted to the United States for permanent residence,

(B) if no benefit could be paid to such individual (or if no benefit could be paid to him if he were alive) for any month by reason of subparagraph (A), no monthly benefit under this section shall be paid, on the basis of his wages and self-employment income, for such month to any other person who is not a citizen of the United States and is outside the United States for any part of such month, and

(C) no lump-sum death payment shall be made on the basis of such individual's wages and self-employment income if he dies (i) in or after the month in which such notice is received, and (ii) before the month in which he is thereafter lawfully admitted to the United States for permanent residence.

Section 203 (b) and (c) of this Act shall not apply with respect to any such individual for any month for which no monthly benefit may be paid to him by reason of this paragraph.

(2) As soon as practicable after the deportation of any individual under any of the paragraphs of section 241 (a) of the Immigration and Nationality Act enumerated in paragraph (1) in this subsection, the Attorney General shall notify the Secretary of such deportation.

*Application for Benefits by Survivors of Members and Former Members of the Uniformed Services*

(o) *In the case of any individual who would be entitled to benefits under subsection (d), (e), (g), or (h) upon filing proper application therefor, the filing with the Administrator of Veterans' Affairs by or on behalf of such individual of an application for such benefits, on the form prescribed under section 503 of the Servicemen's and Veterans' Survivor Benefits Act, shall satisfy the requirement of such subsection (d), (e), (g), or (h) that an application for such benefits be filed.*

\* \* \* \* \*

EVIDENCE, PROCEDURE, AND CERTIFICATION FOR PAYMENT

SEC. 205. (a) \* \* \*

\* \* \* \* \*

Crediting of Compensation Under the Railroad Retirement Act

(o) If there is no person who would be entitled, upon application therefor, to an annuity under section 5 of the Railroad Retirement Act of 1937, or to a lump-sum payment under subsection (f) (1) of such section, with respect to the death of an employee (as defined in such Act), then, notwithstanding section 210 (a) (9) of this Act, compensation (as defined in such Railroad Retirement Act, but excluding compensation attributable as having been paid during any month on account of military service creditable under section 4 of such Act if wages are deemed to have been paid to such employee during such month under subsection (a) or (e) of section 217 of this Act or if wages are paid to such employee during such month for service, as a member of a uniformed service, to which the provisions of section 210 (m) (1) of this Act are applicable) of such employee shall constitute remuneration for employment for purposes of determining (A) entitlement to and the amount of any lump-sum death payment under this title on the basis of such employee's wages and self-employment income and (B) entitlement to and the amount of any monthly benefit under this title, for the month in which such employee died or for any month thereafter, on the basis of such wages and self-employment income. For such purposes, compensation (as so defined) paid in a calendar year shall, in the absence of evidence to the contrary, be presumed

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to have been paid in equal proportions with respect to all months in the year in which the employee rendered services for such compensation.

### Special Rules in Case of Federal Service

(p) (1) With respect to service included as employment under section 210 which is performed in the employ of the United States or in the employ of any instrumentality which is wholly owned by the United States, *including service, performed as a member of a uniformed service, to which the provisions of subsection (m) (1) of such section are applicable*, the Secretary shall not make determinations as to whether an individual has performed such service, the periods of such service, the amounts of remuneration for such service which constitute wages under the provisions of section 209, or the periods in which or for which such wages were paid, but shall accept the determinations with respect thereto of the head of the appropriate Federal agency or instrumentality, and of such agents as such head may designate, as evidenced by returns filed in accordance with the provisions of section 3122 of the Internal Revenue Code of 1954 and certifications made pursuant to this subsection. Such determinations shall be final and conclusive.

\* \* \* \* \*

### DEFINITION OF WAGES

SEC. 209. For the purposes of this title, the term "wages" means remuneration paid prior to 1951 which was wages for the purposes of this title under the law applicable to the payment of such remuneration, and remuneration paid after 1950 for employment, including the cash value of all remuneration paid in any medium other than cash; except that, in the case of remuneration paid after 1950, such term shall not include—

(a) (1) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to \$3,600 with respect to employment has been paid to an individual during any calendar year prior to 1955, is paid to such individual during such calendar year;

(2) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to \$4,200 with respect to employment has been paid to an individual during any calendar year after 1954, is paid to such individual during such calendar year;

(b) The amount of any payment (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) made to, or on behalf of, an employee or any of his dependents under a plan or system established by an employer which makes provision for his employees generally (or for his employees generally and their dependents) or for a class or classes of his employees (or for a class or classes of his employees and their dependents), on account of (1) retirement, or (2) sickness or accident disability, or (3) medical or hospitalization expenses in connection with sickness or accident disability, or (4) death;

(c) Any payment made to an employee (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) on account of retirement;

(d) Any payment on account of sickness or accident disability, or medical or hospitalization expenses in connection with sickness or accident disability, made by an employer to, or on behalf of, an employee after the expiration of six calendar months following the last calendar month in which the employee worked for such employer;

(e) Any payment made to, or on behalf of, an employee or his beneficiary (1) from or to a trust exempt from tax under section 165 (a) of the Internal Revenue Code of 1939 at the time of such payment or, in the case of a payment after 1954, under sections 401 and 501 (a) of the Internal Revenue Code of 1954 unless such payment is made to an employee of the trust as remuneration for services rendered as such employee and not as a beneficiary of the trust, or (2) under or to an annuity plan which, at the time of such payment, meets the requirements of section 165 (a) (3), (4), (5), and (6) of the Internal Revenue Code of 1939 or, in the case of a payment after 1954, the requirements of sections 401 and 501 (a) of the Internal Revenue Code of 1954;

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(f) The payment by an employer (without deduction from the remuneration of the employee) (1) of the tax imposed upon an employee under section 1400 of the Internal Revenue Code of 1939, or in the case of a payment after 1954 under section 3101 of the Internal Revenue Code of 1954, or (2) of any payment required from an employee under a State unemployment compensation law;

(g) (1) Remuneration paid in any medium other than cash to an employee for service not in the course of the employer's trade or business or for domestic service in a private home of the employer;

(2) Cash remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than \$50. As used in this paragraph, the term "domestic service in a private home of the employer" does not include service described in section 210 (f) (5);

(3) Cash remuneration paid by an employer in any calendar quarter to an employee for service not in the course of the employer's trade or business, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than \$50. As used in this paragraph, the term "service not in the course of the employer's trade or business" does not include domestic service in a private home of the employer and does not include service described in section 210 (f) (5);

(h) (1) Remuneration paid in any medium other than cash for agricultural labor;

(2) Cash remuneration paid by an employer in any calendar year to an employee for agricultural labor, if the cash remuneration paid in such year by the employer to the employee for such labor is less than \$100;

(i) Any payment (other than vacation or sick pay) made to an employee after the month in which he attains retirement age (as defined in section 216 (a)), if he did not work for the employer in the period for which such payment is made; or

(j) Remuneration paid by an employer in any quarter to an employee for service described in section 210 (k) (3) (C) (relating to home workers), if the cash remuneration paid in such quarter by the employer to the employee for such service is less than \$50.

For purposes of this title, in the case of domestic service described in subsection (g) (2), any payment of cash remuneration for such service which is more or less than a whole-dollar amount shall, under such conditions and to such extent as may be prescribed by regulations made under this title, be computed to the nearest dollar. For the purpose of the computation to the nearest dollar, the payment of a fractional part of a dollar shall be disregarded unless it amounts to one-half dollar or more, in which case it shall be increased to \$1. The amount of any payment of cash remuneration so computed to the nearest dollar shall, in lieu of the amount actually paid, be deemed to constitute the amount of cash remuneration for purposes of subsection (g) (2).

*For purposes of this title, in the case of an individual performing service, as a member of a uniformed service, to which the provisions of section 210 (m) (1) are applicable, the term "wages" (as defined in the preceding provisions of this subsection) shall include as such individual's remuneration for such service only his basic pay as described in section 102 (10) of the Servicemen's and Veterans' Survivor Benefits Act.*

DEFINITION OF EMPLOYMENT

SEC. 210. For the purposes of this title—

Employment

(a) The term "employment" means any service performed after 1936 and prior to 1951 which was employment for the purposes of this title under the law applicable to the period in which such service was performed, and any service, of whatever nature, performed after 1950 either (A) by an employee for the person employing him, irrespective of the citizenship or residence of either, (i) within the United States, or (ii) on or in connection with an American vessel or American aircraft under a contract of service which is entered into within the United States or during the performance of which and while the employee is employed on the vessel or aircraft it touches at a port in the United



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States, if the employee is employed on and in connection with such vessel or aircraft when outside the United States, or (B) outside the United States by a citizen of the United States as an employee (i) of an American employer (as defined in subsection (e)), or (ii) of a foreign subsidiary (as defined in section 3121 (1) of the Internal Revenue Code of 1954) of a domestic corporation (as determined in accordance with section 7701 of the Internal Revenue Code of 1954) during any period for which there is in effect an agreement, entered into pursuant to section 3121 (1) of the Internal Revenue Code of 1954, with respect to such subsidiary; except that, in the case of service performed after 1950, such term shall not include—

(1) (A) Service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended;

(B) Service performed by foreign agricultural workers (i) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended, or (ii) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor;

(2) Domestic service performed in a local college club, or local chapter of a college fraternity or sorority, by a student who is enrolled and is regularly attending classes at a school, college, or university;

(3) Service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of twenty-one in the employ of his father or mother;

(4) Service performed by an individual on or in connection with a vessel not an American vessel, or on or in connection with an aircraft not an American aircraft, if (A) the individual is employed on and in connection with such vessel or aircraft when outside the United States and (B) (i) such individual is not a citizen of the United States or (ii) the employer is not an American employer;

(5) Service performed in the employ of any instrumentality of the United States, if such instrumentality is exempt from the tax imposed by section 3111 of the Internal Revenue Code of 1954 by virtue of any provision of law which specifically refers to such section in granting such exemption;

(6) (A) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is covered by a retirement system established by a law of the United States;

(B) Service performed by an individual in the employ of an instrumentality of the United States if such an instrumentality was exempt from the tax imposed by section 1410 of the Internal Revenue Code of 1939 on December 31, 1950, and if such service is covered by a retirement system established by such instrumentality; except that the provisions of this subparagraph shall not be applicable to—

(i) service performed in the employ of a corporation which is wholly owned by the United States;

(ii) service performed in the employ of a national farm loan association, a production credit association, a Federal Reserve Bank, or a Federal Credit Union;

(iii) service performed in the employ of a State, county, or community committee under the Production and Marketing Administration;

(iv) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Exchanges, Marine Corps Exchanges, or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of Defense, at installations of the Department of Defense for the comfort, pleasure, contentment, and mental and physical improvement of personnel of such Department; or

(v) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard;

(C) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

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- (i) as the President or Vice President of the United States or as a Member, Delegate, or Resident Commissioner of or to the Congress;
  - (ii) in the legislative branch;
  - (iii) in a penal institution of the United States by an inmate thereof;
  - (iv) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);
  - (v) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency; or
  - (vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system;
- (7) Service (other than service included under an agreement under section 218 and other than service which, under subsection (1), constitutes covered transportation service) performed in the employ of a State, or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned by one or more States or political subdivisions;
- (8) (A) Service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order;
- (B) Service performed in the employ of a religious, charitable, educational, or other organization described in section 501 (c) (3) of the Internal Revenue Code of 1954 which is exempt from income tax under section 501 (a) of such Code, but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to section 3121 (k) of the Internal Revenue Code of 1954, is in effect if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such section 3121 (k), or (ii) who became an employee of such organization after the calendar quarter in which the certificate was filed;
- (9) Service performed by an individual as an employee or employee representative as defined in section 3231 of the Internal Revenue Code of 1954;
- (10) (A) Service performed in any calendar quarter in the employ of any organization exempt from income tax under section 501 of the Internal Revenue Code of 1954, if the remuneration for such service is less than \$50;
- (B) Service performed in the employ of a school, college, or university if such service is performed by a student who is enrolled and is regularly attending classes at such school, college, or university;
- (11) Service performed in the employ of a foreign government (including service as a consular or other officer or employee or a nondiplomatic representative);
- (12) Service performed in the employ of an instrumentality wholly owned by a foreign government—
- (A) If the service is of a character similar to that performed in foreign countries by employees of the United States Government or of an instrumentality thereof; and
  - (B) If the Secretary of State shall certify to the Secretary of the Treasury that the foreign government, with respect to whose instrumentality and employees thereof exemption is claimed, grants an equivalent exemption with respect to similar service performed in the foreign country by employees of the United States Government and of instrumentalities thereof;
- (13) Service performed as a student nurse in the employ of a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in a nurses' training school chartered or approved pursuant to State law; and service performed as an interne in the employ of a hospital by an individual who has completed a four years' course in a medical school chartered or approved pursuant to State law;
- (14) (A) Service performed by an individual under the age of eighteen in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;
- (B) Service performed by an individual in, and at the time of, the sale of newspapers or magazines to ultimate consumers, under an arrangement under which the newspapers or magazines are to be sold by him at a fixed price, his compensation being based on the retention of the excess of such

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price over the amount at which the newspapers or magazines are charged to him, whether or not he is guaranteed a minimum amount of compensation for such service, or is entitled to be credited with the unsold newspapers or magazines turned back; or

(15) Service performed in the employ of an international organization entitled to enjoy privileges, exemptions, and immunities as an international organization under the International Organizations Immunities Act (59 Stat. 669).

### Included and Excluded Service

(b) If the services performed during one-half or more of any pay period by an employee for the person employing him constitute employment, all the services of such employee for such period shall be deemed to be employment; but if the services performed during more than one-half of any such pay period by an employee for the person employing him do not constitute employment, then none of the services of such employee for such period shall be deemed to be employment. As used in this subsection, the term "pay period" means a period (of not more than thirty-one consecutive days) for which a payment of remuneration is ordinarily made to the employee by the person employing him. This subsection shall not be applicable with respect to services performed in a pay period by an employee for the person employing him, where any of such services is excepted by paragraph (9) of subsection (a).

### American Vessel

(c) The term "American vessel" means any vessel documented or numbered under the laws of the United States; and includes any vessel which is neither documented nor numbered under the laws of the United States nor documented under the laws of any foreign country, if its crew is employed solely by one or more citizens or residents of the United States or corporations organized under the laws of the United States or of any State.

### American Aircraft

(d) The term "American aircraft" means an aircraft registered under the law of the United States.

### American Employer

(e) The term "American employer" means an employer which is (1) the United States or any instrumentality thereof, (2) a State or any political subdivision thereof, or any instrumentality of any one or more of the foregoing, (3) an individual who is a resident of the United States, (4) a partnership, if two thirds or more of the partners are residents of the United States, (5) a trust if all of the trustees are residents of the United States, or (6) a corporation organized under the laws of the United States or of any State.

### Agricultural Labor

(f) The term "agricultural labor" includes all service performed—

(1) On a farm, in the employ of any person, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife.

(2) In the employ of the owner or tenant or other operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment, or in salvaging timber or clearing land of brush and other debris left by a hurricane, if the major part of such service is performed on a farm.

(3) In connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended, or in connection with the ginning of cotton, or in connection with the operation or maintenance of ditches, canals, reservoirs, or waterways, not owned or operated for profit, used exclusively for supplying and storing water for farming purposes.

(4) (A) In the employ of the operator of a farm in handling, planting, drying, packing, packaging, processing, freezing, grading, storing, or deliv-

## BENEFITS FOR SURVIVORS OF SERVICEMEN AND VETERANS 15

ering to storage or to market or to a carrier for transportation to market, in its unmanufactured state, any agricultural or horticultural commodity; but only if such operator produced more than one-half of the commodity with respect to which such service is performed.

(B) In the employ of a group of operators of farms (other than a cooperative organization) in the performance of service described in subparagraph (A), but only if such operators produced all of the commodity with respect to which such service is performed. For the purposes of this subparagraph, any unincorporated group of operators shall be deemed a cooperative organization if the number of operators comprising such group is more than twenty at any time during the calendar quarter in which such service is performed.

(5) On a farm operated for profit if such service is not in the course of the employer's trade or business or is domestic service in a private home of the employer.

The provisions of subparagraphs (A) and (B) of paragraph (4) shall not be deemed to be applicable with respect to service performed in connection with commercial canning or commercial freezing or in connection with any agricultural or horticultural commodity after its delivery to a terminal market for distribution for consumption.

### Farm

(g) The term "farm" includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards.

### State

(h) The term "State" includes Alaska, Hawaii, the District of Columbia, and the Virgin Islands; and on and after the effective date specified in section 219 such term includes Puerto Rico.

### United States

(i) The term "United States" when used in a geographical sense means the States, Alaska, Hawaii, the District of Columbia, and the Virgin Islands; and on and after the effective date specified in section 219 such term includes Puerto Rico.

### Citizen of Puerto Rico

(j) An individual who is a citizen of Puerto Rico (but not otherwise a citizen of the United States) and who is not a resident of the United States shall not be considered, for the purposes of this section, as a citizen of the United States prior to the effective date specified in section 219.

### Employee

(k) The term "employee" means—

(1) any officer of a corporation; or  
(2) any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee; or

(3) any individual (other than an individual who is an employee under paragraph (1) or (2) of this subsection) who performs services for remuneration for any person—

(A) as an agent-driver or commission-driver engaged in distributing meat products, vegetable products, fruit products, bakery products, beverages (other than milk), or laundry or dry-cleaning services, for his principal;

(B) as a full-time life insurance salesman;

(C) as a home worker performing work, according to specifications furnished by the person for whom the services are performed, on materials or goods furnished by such person which are required to be returned to such person or a person designated by him; or

(D) as a traveling or city salesman, other than as an agent-driver or commission-driver, engaged upon a full-time basis in the solicitation on behalf of, and the transmission to, his principal (except for side-line sales activities on behalf of some other person) of orders from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar

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establishments for merchandise for resale or supplies for use in their business operations;  
if the contract of service contemplates that substantially all of such services are to be performed personally by such individual; except that an individual shall not be included in the term "employee" under the provisions of this paragraph if such individual has a substantial investment in facilities used in connection with the performance of such services (other than in facilities for transportation), or if the services are in the nature of a single transaction not part of a continuing relationship with the person for whom the services are performed.

### Covered Transportation Service

(1) (1) Except as provided in paragraph (2), all service performed in the employ of a State or political subdivision in connection with its operation of a public transportation system shall constitute covered transportation service if any part of the transportation system was acquired from private ownership after 1936 and prior to 1951.

(2) Service performed in the employ of a State or political subdivision in connection with the operation of its public transportation system shall not constitute covered transportation service if—

(A) any part of the transportation system was acquired from private ownership after 1936 and prior to 1951, and substantially all service in connection with the operation of the transportation system is, on December 31, 1950, covered under a general retirement system providing benefits which, by reason of a provision of the State constitution dealing specifically with retirement systems of the State or political subdivisions thereof, cannot be diminished or impaired; or

(B) no part of the transportation system operated by the State or political subdivision on December 31, 1950, was acquired from private ownership after 1936 and prior to 1951;

except that if such State or political subdivision makes an acquisition after 1950 from private ownership of any part of its transportation system, then, in the case of any employee who—

(C) became an employee of such State or political subdivision in connection with and at the time of its acquisition after 1950 of such part, and

(D) prior to such acquisition rendered service in employment in connection with the operation of such part of the transportation system acquired by the State or political subdivision,

the service of such employee in connection with the operation of the transportation system shall constitute covered transportation service, commencing with the first day of the third calendar quarter following the calendar quarter in which the acquisition of such part took place, unless on such first day such service of such employee is covered by a general retirement system which does not, with respect to such employee, contain special provisions applicable only to employees described in subparagraph (C).

(3) All service performed in the employ of a State or political subdivision thereof in connection with its operation of a public transportation system shall constitute covered transportation service if the transportation system was not operated by the State or political subdivision prior to 1951 and, at the time of its first acquisition (after 1950) from private ownership of any part of its transportation system, the State or political subdivision did not have a general retirement system covering substantially all service performed in connection with the operation of the transportation system.

(4) For the purposes of this subsection—

(A) The term "general retirement system" means any pension, annuity, retirement, or similar fund or system established by a State or by a political subdivision thereof for employees of the State, political subdivision, or both; but such term shall not include such a fund or system which covers only service performed in positions connected with the operation of its public transportation system.

(B) A transportation system or a part thereof shall be considered to have been acquired by a State or political subdivision from private ownership if prior to the acquisition service performed by employees in connection with the operation of the system or part thereof acquired constituted employment under this title, and some of such employees become employees of the State or political subdivision in connection with and at the time of such acquisition.

(C) The term "political subdivision" includes an instrumentality of (i) a State, (ii) one or more political subdivisions of a State, or (iii) a State and one or more of its political subdivisions.

*Service in the Uniformed Services*

(m) (1) Except as provided in paragraph (4), the term "employment" shall, notwithstanding the provisions of subsection (a) of this section, include service performed after December 1955 by an individual as a member of a uniformed service on active duty; but such term shall not include any such service which is performed while on leave without pay.

(2) The term "active duty" means "active duty" as described in section 102 of the Servicemen's and Veterans' Survivor Benefits Act, except that it shall also include "active duty for training" as described in such section.

(3) The term "inactive duty training" means "inactive duty training" as described in such section 102.

(4) (A) In the case of any individual who applies or has applied for an old-age insurance benefit under section 202 (a) of this Act, paragraph (1) of this subsection shall not apply if the Railroad Retirement Board has notified the Secretary of Health, Education, and Welfare that such individual has elected under section 2 (h) (1) of the Railroad Retirement Act of 1937 to treat his service as a member of a uniformed service as service as an "employee" for purposes of that Act.

(B) If such individual is already entitled to old-age insurance benefits under section 202 (a) at the time such notification is received by the Secretary, the Secretary shall certify no further benefits for payment under this title on the basis of such individual's wages and self-employment income, or shall recompute the amount of any further benefits payable on the basis of such wages and self-employment income, as may be required as a consequence of subparagraph (A) of this paragraph. No payment of a benefit to any person on the basis of such individual's wages and self-employment income, certified by the Secretary prior to the end of the month in which he receives such notification from the Railroad Retirement Board, shall be deemed by reason of this subparagraph to have been an erroneous payment or a payment to which such person was not entitled. The Secretary shall, as soon as possible after the receipt of such notification from the Railroad Retirement Board, advise such Board whether or not any such benefit will be reduced or terminated by reason of subparagraph (A), and if any such benefit will be so reduced or terminated, specify the first month with respect to which such reduction or termination will be effective.

*Member of a Uniformed Service*

(n) The term "member of a uniformed service" means any person appointed, enlisted, or inducted in a component of the Army, Navy, Air Force, Marine Corps, or Coast Guard (including a reserve component of a uniformed service as defined in section 102 (3) of the Servicemen's and Veterans' Survivor Benefits Act), or in one of those services without specification of component, or as a commissioned officer of the Coast and Geodetic Survey or the Regular or Reserve Corps of the Public Health Service, and any person serving in the Army or Air Force under call or conscription. The term includes—

(1) a retired member of any of those services;

(2) a member of the Fleet Reserve or Fleet Marine Corps Reserve;

(3) a cadet at the United States Military Academy, a midshipman at the United States Naval Academy, and a cadet at the United States Coast Guard Academy or United States Air Force Academy;

(4) a member of the Reserve Officers' Training Corps, the Naval Reserve Officers' Training Corps, or the Air Force Reserve Officers' Training Corps, when ordered to annual training duty for fourteen days or more, and while performing authorized travel to and from that duty; and

(5) any person while en route to or from, or at, a place for final acceptance or for entry upon active duty in the military or naval service—

(A) who has been provisionally accepted for such duty; or

(B) who, under the Universal Military Training and Service Act, has been selected for active military or naval service; and has been ordered or directed to proceed to such place.

The term does not include a temporary member of the Coast Guard Reserve.

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### INSURED STATUS FOR PURPOSES OF OLD-AGE AND SURVIVORS INSURANCE BENEFITS

SEC. 214. For the purposes of this title—

#### Fully Insured Individual

(a) (1) In the case of any individual who died prior to September 1, 1950, the term "fully insured individual" means any individual who had not less than one quarter of coverage (whenever acquired) for each two of the quarters elapsing after 1936, or after the quarter in which he attained the age of twenty-one, whichever is later, and up to but excluding the quarter in which he attained retirement age, or died, whichever first occurred, except that in no case shall an individual be a fully insured individual unless he has at least six quarters of coverage.

(2) In the case of any individual who did not die prior to September 1, 1950, the term "fully insured individual" means any individual who had not less than—

(A) one quarter of coverage (whether acquired before or after such day) for each two of the quarters elapsing after 1950, or after the quarter in which he attained the age of twenty-one, whichever is later, and up to but excluding the quarter in which he attained retirement age, or died, whichever first occurred, except that in no case shall an individual be a fully insured individual unless he has at least six quarters of coverage; or

(B) forty quarters of coverage,

not counting as an elapsed quarter for purposes of subparagraph (A) any quarter any part of which was included in a period of disability (as defined in section 216 (i)) unless such quarter was a quarter of coverage.

(3) In the case of any individual who did not die prior to January 1, 1955, the term "fully insured individual" means any individual who meets the requirements of paragraph (2) and, in addition, any individual with respect to whom all of the quarters elapsing after 1954 and prior to (i) July 1, 1956, or (ii) if later, the quarter in which he attained retirement age or died, whichever first occurred, are quarters but only if there are not fewer than six of such quarters so elapsing.

(4) When the number of elapsed quarters specified in paragraph (1) or (2) (A) is an odd number, for purposes of such paragraph such number shall be reduced by one.

#### Currently Insured Individual

(b) The term "currently insured individual" means any individual who had not less than six quarters of coverage during the thirteen-quarter period ending with (1) the quarter in which he died, (2) the quarter in which he became entitled to old-age insurance benefits, or (3) the quarter in which he became entitled to primary insurance benefits under this title as in effect prior to the enactment of this section, not counting as part of such thirteen-quarter period any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage.

#### Special Insured Status for Servicemen

(c) *In the case of any individual who dies after December 1955, and whose death occurs—*

*(1) while on active duty or inactive duty training as a member of a uniformed service, or*

*(2) as the result of a disease or injury which the Veterans' Administration determines was incurred or aggravated in line of duty while on active duty, or an injury which the Veterans' Administration determines was incurred or aggravated in line of duty while on inactive duty training, as a member of a uniformed service after September 15, 1940, if the Veterans' Administration determines that such individual was discharged or released from the period of such active duty or inactive duty training under conditions other than dishonorable,*

*he shall be deemed to have died a fully and currently insured individual.*

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## OTHER DEFINITIONS

SEC. 216. For the purposes of this title—

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## Disability; Period of Disability

(1) (1) The term "disability" means (A) inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration, or (B) blindness; and the term "blindness" means central visual acuity of 5/200 or less in the better eye with the use of a correcting lens. An eye in which the visual field is reduced to five degrees or less concentric contraction shall be considered for the purpose of this paragraph as having a central visual acuity of 5/200 or less. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required. Nothing in this title shall be construed as authorizing the Secretary or any other officer or employee of the United States to interfere in any way with the practice of medicine or with relationships between practitioners of medicine and their patients, or to exercise any supervision or control over the administration or operation of any hospital.

(2) The term "period of disability" means a continuous period of not less than six full calendar months (beginning and ending as hereinafter provided in this subsection) during which an individual was under a disability (as defined in paragraph (1)). No such period shall begin as to any individual unless such individual, while under a disability, files an application for a disability determination with respect to such period; and no such period shall begin as to any individual after such individual attains retirement age. Except as provided in paragraph (4), a period of disability shall begin—

(A) if the individual satisfies the requirements of paragraph (3) on such day or the disability is service-connected,

(i) on the day the disability began, or

(ii) on the first day of the one-year period which ends with the day before the day on which the individual files such application, whichever occurs later;

(B) if such individual does not satisfy the requirements of paragraph (3) on the day referred to in subparagraph (A) and the disability is not service-connected, then on the first day of the first quarter thereafter in which he satisfies such requirements;

*except that if, on the day referred to in subparagraph (A), such individual is on active duty or inactive duty training, the period of disability shall begin on the day following the day on which he is released from active duty, ceases to perform inactive duty training, or is separated from service as a member of a uniformed service.* A period of disability shall end with the close of the last day of the first month in which either the disability ceases or the individual attains retirement age. No application for a disability determination which is filed more than three months before the first day on which a period of disability can begin (as determined under this paragraph) shall be accepted as an application for purposes of this paragraph, and no such application which is filed prior to January 1, 1955, shall be accepted.

(3) The requirements referred to in clauses (A) and (B) of paragraphs (2) and (4) are satisfied by an individual with respect to any quarter only if he had not less than—

(A) six quarters of coverage (as defined in section 213 (a) (2)) during the thirteen-quarter period which ends with such quarter; and

(B) twenty quarters of coverage during the forty-quarter period which ends with such quarter,

not counting as part of the thirteen-quarter period specified in clause (A), or the forty-quarter period specified in clause (B), any quarter any part of which was included in a prior period of disability unless such quarter was a quarter of coverage.

(4) If an individual files an application for a disability determination after December 1954, and before July 1957, with respect to a disability which began before July 1956, and continued without interruption until such application was filed, then the beginning day for the period of disability, if such individual does not die prior to July 1, 1955, shall be—

(A) the day such disability began, but only if he satisfies the requirements of paragraph (3) on such day or the disability is service-connected;



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(B) if he does not satisfy such requirements on such day and the disability is not service-connected, the first day of the first quarter thereafter in which he satisfies such requirements;  
except that if, on the day referred to in subparagraph (A), such individual is on active duty or inactive duty training, the period of disability shall begin on the day following the day on which he is released from active duty, ceases to perform inactive duty training, or is separated from service as a member of a uniformed service.

(5) (A) For purposes of paragraphs (2) and (4), in the case of any individual who, after December 1955, is released from active duty, ceases to perform inactive duty training, or is separated from service as a member of a uniformed service, under conditions other than dishonorable, a disability is service-connected if it resulted wholly from a disease or injury which the Veterans' Administration determines was incurred or aggravated while such individual was on active duty, or from an injury which the Veterans' Administration determines was incurred or aggravated while such individual was on inactive duty training, as a member of a uniformed service, and—

(i) he was under such disability when he was released from active duty, ceased to perform inactive duty training, or was separated from service as a member of a uniformed service or such disability began within three years after the month in which such release, cessation, or separation occurred; or

(ii) such disability began within three years after cessation of a disability which meets the requirements of clause (i).

(B) Notwithstanding subparagraph (A) of paragraph (2) or subparagraph (A) of paragraph (4), the provisions of such subparagraph shall apply, in the case of any individual who does not satisfy the requirements of paragraph (3) on the day referred to in such subparagraph, only if he files his application for a disability determination while under a disability which is service connected under paragraph (6) or subparagraph (A) of this paragraph and such filing occurs (except as otherwise provided in subparagraph (A) of paragraph (6)) within—

(i) three years after the month in which he is released from active duty, ceases to perform inactive duty training, or is separated from service as a member of a uniformed service, or

(ii) three years after the month in which the disability began, whichever is later. In any such case in which the individual dies while under the disability, the requirement in paragraph (2) that an application be filed shall not be applicable.

(6) For purposes of paragraphs (2) and (4), in the case of any individual who, after September 15, 1940, but before January 1, 1956, was released from active duty, ceased to perform inactive duty training, or was separated from service as a member of a uniformed service, under conditions other than dishonorable, a disability is service-connected if it resulted wholly from a disease or injury which the Veterans' Administration determines was incurred or aggravated while such individual was on active duty, or from an injury which the Veterans' Administration determines was incurred or aggravated while such individual was on inactive duty training, as a member of a uniformed service, and—

(A) he files an application for a disability determination while under such disability and prior to January 1, 1959, and

(B) the Veterans' Administration determines (i) that while such individual was on active duty as a member of a uniformed service he incurred a disease or injury or such disease or injury was aggravated, or while such individual was on inactive duty training as a member of a uniformed service he incurred an injury or such injury was aggravated, and (ii) that as a result thereof such individual was under a disability (whether or not within the meaning of such term as defined in section 216 (i)) which was total in degree (for purposes of compensation payable by such Administration) at the time he was released from active duty, ceased to perform inactive duty training, or was separated from service as a member of a uniformed service, or within three years after the month in which such release, cessation, or separation occurred.

Paragraph (4) shall apply with respect to any application for a disability determination filed under subparagraph (A) of this paragraph, whether or not such application is filed before July 1957.

## BENEFITS IN CASE OF VETERANS

Sec. 217. (a) (1) For the purposes of determining entitlement to and the amount of any monthly benefit for any month after August 1950, or entitlement to and the amount of any lump-sum death payment in case of a death after such month, payable under this title on the basis of the wages and self-employment income of any World War II veteran, and for purposes of section 216 (i) (3), such veteran shall be deemed to have been paid wages (in addition to the wages, if any, actually paid to him) of \$160 in each month during any part of which he served in the active military or naval service of the United States during World War II. This subsection shall not be applicable in the case of any monthly benefit or lump-sum death payment if—

(A) a larger such benefit or payment, as the case may be, would be payable without its application; or

(B) a benefit (other than a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments) which is based, in whole or in part, upon the active military or naval service of such veteran during World War II is determined by any agency or wholly owned instrumentality of the United States (other than the Veterans' Administration) to be payable by it under any other law of the United States or under a system established by such agency or instrumentality. The provisions of clause (B) shall not apply in the case of any monthly benefit or lump-sum death payment under this title if its application would reduce by \$0.50 or less the primary insurance amount (as computed under section 215 prior to any recomputation thereof pursuant to subsection (f) of such section) of the individual on whose wages and self-employment income such benefit or payment is based. The provisions of clause (B) shall also not apply for purposes of section 216 (i) (3).

(2) Upon application for benefits or a lump-sum death payment on the basis of the wages and self-employment income of any World War II veteran, the Secretary of Health, Education, and Welfare shall make a decision without regard to clause (B) of paragraph (1) of this subsection unless he has been notified by some other agency or instrumentality of the United States that, on the basis of the military or naval service of such veteran during World War II, a benefit described in clause (B) of paragraph (1) has been determined by such agency or instrumentality to be payable by it. If he has not been so notified, the Secretary of Health, Education, and Welfare shall then ascertain whether some other agency or wholly owned instrumentality of the United States has decided that a benefit described in clause (B) of paragraph (1) is payable by it. If any such agency or instrumentality has decided, or thereafter decides, that such a benefit is payable by it, it shall so notify the Secretary of Health, Education, and Welfare, and the Secretary shall certify no further benefits for payment or shall recompute the amount of any further benefits payable, as may be required by paragraph (1) of this subsection.

(3) Any agency or wholly owned instrumentality of the United States which is authorized by any law of the United States to pay benefits, or has a system of benefits which are based, in whole or in part, on military or naval service during World War II shall, at the request of the Secretary of Health, Education, and Welfare, certify to him, with respect to any veteran, such information as the Secretary deems necessary to carry out his functions under paragraph (2) of this subsection.

(b) (1) Any World War II veteran who died during the period of three years immediately following his separation from the active military or naval service of the United States shall be deemed to have died a fully insured individual whose primary insurance amount is the amount determined under section 215 (c). Notwithstanding section 215 (d), the primary insurance benefit (for purposes of section 215 (c)) of such veteran shall be determined as provided in this title as in effect prior to the enactment of this section, except that the 1 per centum addition provided for in section 209 (e) (2) of this Act as in effect prior to the enactment of this section shall be applicable only with respect to calendar years prior to 1951. This subsection shall not be applicable in the case of any monthly benefit or lump-sum death payment if—

(A) a larger such benefit or payment, as the case may be, would be payable without its application;

(B) any pension or compensation is determined by the Veterans' Administration to be payable by it on the basis of the death of such veteran;

(C) the death of the veteran occurred while he was in the active military or naval service of the United States; or

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(D) such veteran has been discharged or released from the active military or naval service of the United States subsequent to July 26, 1951.

(2) Upon an application for benefits or a lump-sum death payment on the basis of the wages and self-employment income of any World War II veteran, the Secretary of Health, Education, and Welfare shall make a decision without regard to paragraph (1) (B) of this subsection unless he has been notified by the Veterans' Administration that pension or compensation is determined to be payable by the Veterans' Administration by reason of the death of such veteran. The Secretary of Health, Education, and Welfare shall thereupon report such decision to the Veterans' Administration. If the Veterans' Administration in any such case has made an adjudication or thereafter makes an adjudication that any pension or compensation is payable under any law administered by it, it shall notify the Secretary of Health, Education, and Welfare and the Secretary shall certify no further benefits for payment, or shall recompute the amount of any further benefits payable, as may be required by paragraph (1) of this subsection. Any payments theretofore certified by the Secretary of Health, Education, and Welfare on the basis of paragraph (1) of this subsection to any individual, not exceeding the amount of any accrued pension or compensation payable to him by the Veterans' Administration, shall (notwithstanding the provisions of section 3 of the Act of August 12, 1935, as amended (38 U. S. C., sec. 454a)) be deemed to have been paid to him by such Administration on account of such accrued pension or compensation. No such payment certified by the Secretary of Health, Education, and Welfare, and no payment certified by him for any month prior to the first month for which any pension or compensation is paid by the Veterans' Administration shall be deemed by reason of this subsection to have been an erroneous payment.

(c) In the case of any World War II veteran to whom subsection (a) is applicable, proof of support required under section 202 (h) may be filed by a parent at any time prior to July 1951 or prior to the expiration of two years after the date of the death of such veteran, whichever is the later.

(d) For the purposes of this section—

(1) The term "World War II" means the period beginning with September 16, 1940, and ending at the close of July 24, 1947.

(2) The term "World War II veteran" means any individual who served in the active military or naval service of the United States at any time during World War II and who, if discharged or released therefrom, was so discharged or released under conditions other than dishonorable after active service of ninety days or more or by reason of a disability or injury incurred or aggravated in service in line of duty; but such term shall not include any individual who died while in the active military or naval service of the United States if his death was inflicted (other than by an enemy of the United States) as lawful punishment for a military or naval offense.

(e) (1) For purposes of determining entitlement to and the amount of any monthly benefit or lump-sum death payment payable under this title on the basis of wages and self-employment income of any veteran (as defined in paragraph (4)), and for purposes of section 216 (i) (3), such veteran shall be deemed to have been paid wages (in addition to the wages, if any, actually paid to him) of \$160 in each month during any part of which he served in the active military or naval service of the United States on or after July 25, 1947, and prior to [July 1, 1955] *January 1, 1956*. This subsection shall not be applicable in the case of any monthly benefit or lump-sum death payment if—

(A) a larger such benefit or payment, as the case may be, would be payable without its application; or

(B) a benefit (other than a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments) which is based, in whole or in part, upon the active military or naval service of such veteran on or after July 25, 1947, and prior to [July 1, 1955] *January 1, 1956*, is determined by any agency or wholly owned instrumentality of the United States (other than the Veterans' Administration) to be payable by it under any other law of the United States or under a system established by such agency or instrumentality.

The provisions of clause (B) shall not apply in the case of any monthly benefit or lump-sum death payment under this title if its application would reduce by \$0.50 or less the primary insurance amount (as computed under section 215 prior to any recomputation thereof pursuant to subsection (f) of such section) of the individual on whose wages and self-employment income such benefit or payment is based. The provisions of clause (B) shall also not apply for purposes

of section 216 (i) (3). *In the case of monthly benefits under this title for months after December 1955 (and any lump-sum death payment under this title with respect to a death occurring after December 1955) based on the wages and self-employment income of a veteran who performed service (as a member of a uniformed service) to which the provisions of section 210 (m) (1) are applicable, wages which would but for the provisions of clause (B), be deemed under this subsection to have been paid to such veteran with respect to his active military or naval service performed after December 1950 shall be deemed to have been paid to him with respect to such service notwithstanding the provisions of such clause, but only if the benefits referred to in such clause which are based (in whole or in part) on such service are payable solely by the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, or Public Health Service.*

(2) Upon application for benefits or a lump-sum death payment on the basis of the wages and self-employment income of any veteran, the Secretary of Health, Education, and Welfare shall make a decision without regard to clause (B) of paragraph (1) of this subsection unless he has been notified by some other agency or instrumentality of the United States that, on the basis of the military or naval service of such veteran on or after July 25, 1947, and prior to [July 1, 1955] January 1, 1956, a benefit described in clause (B) of paragraph (1) has been determined by such agency or instrumentality to be payable by it. If he has not been so notified, the Secretary of Health, Education, and Welfare shall then ascertain whether some other agency or wholly owned instrumentality of the United States has decided that a benefit described in clause (B) of paragraph (1) is payable by it. If any such agency or instrumentality has decided, or thereafter decides, that such a benefit is payable by it, it shall so notify the Secretary of Health, Education, and Welfare, and the Secretary shall certify no further benefits for payment or shall recompute the amount of any further benefits payable, as may be required by paragraph (1) of this subsection.

(3) Any agency or wholly owned instrumentality of the United States which is authorized by any law of the United States to pay benefits, or has a system of benefits which are based, in whole or in part, on military or naval service on or after July 25, 1947, and prior to [July 1, 1955] January 1, 1956, shall, at the request of the Secretary of Health, Education, and Welfare, certify to him, with respect to any veteran, such information as the Secretary deems necessary to carry out his functions under paragraph (2) of this subsection.

(4) For the purposes of this subsection, the term "veteran" means any individual who served in the active military or naval service of the United States at any time on or after July 25, 1947, and prior to [July 1, 1955] January 1, 1956, and who, if discharged or released therefrom, was so discharged or released under conditions other than dishonorable after active service of ninety days or more or by reason of a disability or injury incurred or aggravated in service in line of duty; but such term shall not include any individual who died while in the active military or naval service of the United States if his death was inflicted (other than by an enemy of the United States) as lawful punishment for a military or naval offense.

(f) *In any case where a World War II veteran (as defined in subsection (d) (2)) or a veteran (as defined in subsection (e) (4)) has died or shall hereafter die, and his widow or child is entitled under the Civil Service Retirement Act May 29, 1930, as amended, to an annuity in the computation of which his active military or naval service was included, clause (B) of subsection (a) (1) or clause (B) of subsection (e) (1) shall not operate (solely by reason of such annuity) to make such subsection inapplicable in the case of any monthly benefit under section 202 which is based on his wages and self-employment income; except that no such widow or child shall be entitled under section 202 to any monthly benefit in the computation of which such service is included by reason of this subsection (A) unless such widow or child, after December 1955, waives his or her right to receive such annuity, or (B) for any month prior to the first month with respect to which the Civil Service Commission certifies to the Secretary of Health, Education, and Welfare that (by reason of such waiver) no further annuity will be paid to such widow or child under such Act of May 29, 1930, as amended, on the basis of such veteran's military or civilian service. Any such waiver shall be irrevocable.*

(g) (1) *There are hereby authorized to be appropriated to the Trust Fund annuity as benefits under this title are paid after June 1955, such sums as the Secretary of Health, Education, and Welfare determines to be necessary to meet the additional costs, resulting from subsections (a), (b), and (e), of such benefits (including lump-sum death payments).*

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(2) *The Secretary shall, before October 1, 1957, determine the amount which would place the Trust Fund in the same position in which it would have been at the close of June 30, 1955, if section 210 of this Act, as in effect prior to the Social Security Act Amendments of 1950, and section 217 of this Act (including amendments thereof), had not been enacted. There are hereby authorized to be appropriated to the Trust Fund annually, during the first ten fiscal years beginning after such determination is made, sums aggregating the amount so determined, plus interest accruing on such amount (as reduced by appropriations made pursuant to this paragraph) for each fiscal year beginning after June 30, 1955, at a rate for such fiscal year equal to the average rate of interest (as determined by the Managing Trustee) earned on the invested assets of the Trust Fund during the preceding fiscal year.*

### RAILROAD RETIREMENT ACT OF 1937

#### DEFINITIONS

##### SECTION 1. For the purposes of this Act—

\* \* \* \* \*

(o) An individual shall be deemed to have "a current connection with the railroad industry" at the time an annuity begins to accrue to him and at death if, in any thirty consecutive calendar months before the month in which an annuity under section 2 begins to accrue to him (or the month in which he dies if that first occurs), he will have been in service as an employee in not less than twelve calendar months and, if such thirty calendar months do not immediately precede such month, he will not have been engaged in any regular employment other than employment for an employer in the period before such month and after the end of such thirty months. For the purposes of section 5 only, an individual shall be deemed also to have a "current connection with the railroad industry" if he is in all other respects completely insured but would not be fully insured under the Social Security Act, or if he is in all other respects partially insured but would be neither fully nor currently insured under the Social Security Act, or if he has no wage quarters of coverage. *For the purposes of section 5 only, in determining whether an individual is deemed to have a "current connection with the railroad industry", service performed by such individual (as a member of a uniformed service) to which the provisions of section 210 (m) (1) of the Social Security Act are applicable, and with respect to which the conditions prescribed in section 2 (h) (2) for an election under section 2 (h) (1) are met, shall constitute service as an "employee".*

\* \* \* \* \*

(q) The terms "Social Security Act" and "Social Security Act, as amended" shall mean the Social Security Act [as amended in 1954] as amended in 1955.

#### ANNUITIES

SEC. 2. (a) The following-described individuals, if they shall have been employees on or after the enactment date, and shall have completed ten years of service, shall, subject to the conditions set forth in subsections (b), (c), and (d), be eligible for annuities after they shall have ceased to render compensated service to any person, whether or not an employer as defined in section 1 (a) (but with the right to engage in other employment to the extent not prohibited by subsection (d)):

1. Individuals who on or after the enactment date shall be sixty-five years of age or over.

2. Women who will have attained the age of sixty and will have completed thirty years of service.

3. Individuals who will have attained the age of sixty and will have completed thirty years of service, but the annuity of such an individual shall be reduced by one one-hundred-and-eightieth for each calendar month that he is under age sixty-five when his annuity begins to accrue.

4. Individuals having a current connection with the railroad industry, and whose permanent physical or mental condition is such as to be disabling for work in their regular occupation, and who (i) will have completed twenty years of service or (ii) will have attained the age of sixty. The Board, with the cooperation of employers and employees, shall secure the establishment of stand-

ards determining the physical and mental conditions which permanently disqualify employees for work in the several occupations in the railroad industry, and the Board, employers, and employees shall cooperate in the promotion of the greatest practicable degree of uniformity in the standards applied by the several employers. An individual's condition shall be deemed to be disabling for work in his regular occupation if he will have been disqualified by his employer because of disability for service in his regular occupation in accordance with the applicable standards so established; if the employee will not have been so disqualified by his employer, the Board shall determine whether his condition is disabling for work in his regular occupation in accordance with the standards generally established; and, if the employee's regular occupation is not one with respect to which standards will have been established, the standards relating to a reasonably comparable occupation shall be used. If there is no such comparable occupation, the Board shall determine whether the employee's condition is disabling for work in his regular occupation by determining whether under the practices generally prevailing in industries in which such occupation exists such condition is a permanent disqualification for work in such occupation. For the purposes of this section, an employee's "regular occupation" shall be deemed to be the occupation in which he will have been engaged in more calendar months than the calendar months in which he will have been engaged in any other occupation during the last preceding five calendar years, whether or not consecutive, in each of which years he will have earned wages or salary, except that, if an employee establishes that during the last fifteen consecutive calendar years he will have been engaged in another occupation in one-half or more of all the months in which he will have earned wages or salary, he may claim such other occupation as his regular occupation; or

5. Individuals whose permanent physical or mental condition is such that they are unable to engage in any regular employment.

Such satisfactory proof shall be made from time to time as prescribed by the Board, of the disability provided for in paragraph 4 or 5 and of the continuance of such disability (according to the standards applied in the establishment of such disability) until the employee attains the age of sixty-five. If the individual fails to comply with the requirements prescribed by the Board as to proof of the continuance of the disability until he attains the age of sixty-five years, his right to an annuity by reason of such disability shall, except for good cause shown to the Board, cease, but without prejudice to his rights to any subsequent annuity to which he may be entitled. If before attaining the age of sixty-five an employee in receipt of an annuity under paragraphs 4 or 5 is found by the Board to be no longer disabled as provided in said paragraphs his annuity shall cease upon the last day of the month in which he ceases to be so disabled. If after cessation of his disability annuity the employee will have acquired additional years of service, such additional years of service may be credited to him with the same effect as if no annuity had previously been awarded to him.

(b) An annuity shall be paid only if the applicant shall have relinquished such rights as he may have to return to the service of an employer and of the person by whom he was last employed; but this requirement shall not apply to the individuals mentioned in subdivision 4 and subdivision 5 of subsection (a) prior to attaining age sixty-five.

(c) An annuity shall begin to accrue as of a date to be specified in a written application (to be made in such manner and form as may be prescribed by the Board and to be signed by the individual entitled thereto), but—

(1) not before the date following the last day of compensated service of the applicant, and

(2) not more than twelve months before the filing of the application.

(d) No annuity shall be paid with respect to any month in which an individual in receipt of an annuity hereunder shall render compensated service to an employer or to the last person by whom he was employed prior to the date on which the annuity began to accrue. Individuals receiving annuities shall report to the Board immediately all such compensated service. No annuity under paragraph 4 or 5 of subsection (a) of this section shall be paid to an individual with respect to any month in which the individual is under age sixty-five and is paid more than \$100 in earnings from employment or self-employment of any form: *Provided*, That for purposes of this paragraph, if a payment in any one calendar month is for accruals in more than one calendar month, such payment shall be deemed to have been paid in each of the months in which accrued to the extent accrued in such month. Any such individual under the age of sixty-five shall

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report to the Board any such payment of earnings for such employment or self-employment before receipt and acceptance of an annuity for the second month following the month of such payment. A deduction shall be imposed, with respect to any such individual who fails to make such report, in the annuity or annuities otherwise due the individual, in an amount equal to the amount of the annuity for each month in which he is paid such earnings in such employment or self-employment, except that the first deduction imposed pursuant to this sentence shall in no case exceed an amount equal to the amount of the annuity otherwise due for the first month with respect to which the deduction is imposed.

(e) Spouse's Annuity.—The spouse of an individual, if—

(i) such individual has been awarded an annuity under subsection (a) or a pension under section 6 and has attained the age of 65, and

(ii) such spouse has attained the age of 65 or in the case of a wife, has in her care (individually or jointly with her husband) a child who, if her husband were then to die, would be entitled to a child's annuity under subsection (c) of section 5 of this Act,

shall be entitled to a spouse's annuity equal to one-half of such individual's annuity or pension, but not more than \$40: *Provided, however,* That if the annuity of the individual is awarded under paragraph 3 of subsection (a), the spouse's annuity shall be computed or recomputed as though such individual had been awarded the annuity to which he would have been entitled under paragraph 1 of said subsection: *Provided further,* That, if the annuity of the individual is awarded pursuant to a joint and survivor election, the spouse's annuity shall be computed or recomputed as though such individual had not made a joint and survivor election: *And provided further,* That any spouse's annuity shall be reduced by the amount of any annuity and the amount of any monthly insurance benefit, other than a wife's or husband's insurance benefit, to which such spouse is entitled, or on proper application would be entitled, under subsection (a) of this section or subsection (d) of section 5 of this Act or section 202 of the Social Security Act; except that if such spouse is disentitled to a wife's or husband's insurance benefit, or has had such benefit reduced, by reason of subsection (k) of section 202 of the Social Security Act, the reduction pursuant to this third proviso shall be only in the amount by which such spouse's monthly insurance benefit under said Act exceeds the wife's or husband's insurance benefit to which such spouse would have been entitled under that Act but for said subsection (k).

(f) For the purposes of this Act, the term "spouse" shall mean the wife or husband of a retirement annuitant or pensioner who (i) was married to such annuitant or pensioner for a period of not less than three years immediately preceding the day on which the application for a spouse's annuity is filed, or is the parent of such annuitant's or pensioner's son or daughter, if, as of the day on which the application for a spouse's annuity is filed, such wife or husband and such annuitant or pensioner were members of the same household, or such wife or husband was receiving regular contributions from such annuitant or pensioner toward her or his support, or such annuitant or pensioner has been ordered by any court to contribute to the support of such wife or husband; and (ii) in the case of a husband, was receiving at least one-half of his support from his wife at the time his wife's retirement annuity or pension began.

(g) The spouse's annuity provided in subsection (e) shall, with respect to any month, be subject to the same provisions of subsection (d) as the individual's annuity, and, in addition, the spouse's annuity shall not be payable for any month if the individual's annuity is not payable for such month (or, in the case of a pensioner, would not be payable if the pension were an annuity) by reason of the provisions of said subsection (d). Such spouse's annuity shall cease at the end of the month preceding the month in which (i) the spouse or the individual dies, (ii) the spouse and the individual are absolutely divorced, or (iii), in the case of a wife under age 65, she no longer has in her care a child who, if her husband were then to die, would be entitled to an annuity under subsection (c) of section 5 of this Act.

(h) (1) *Except as provided in paragraph (2), any individual who is applying for an annuity under this section, and who has performed service (as a member of a uniformed service) to which the provisions of section 210 (m) (1) of the Social Security Act are applicable, may elect, unless he has previously applied (after December 31, 1955) for an annuity under this section, to treat such service as service as an "employee" for purposes of this Act. Such election shall be irrevocable, and the Board shall promptly notify the Secretary of Health, Educa-*

tion, and Welfare thereof. If such an election is made, then, for the purposes of this Act, the months of such service shall be included in such individual's "years of service", and (except for purposes of section 5 (f) (2)) his wages (paid for such service) as defined in the last paragraph of section 209 of the Social Security Act shall constitute "compensation". The full amount of such wages paid in any calendar year, divided by the number of months in such year in which he performed such service, shall be included in computing his "monthly compensation" and his "average monthly remuneration", notwithstanding the second sentence of section 3 (c) and clause (A) (i) of section 5 (l) (9), except to the extent that such inclusion would result in total "compensation" to him of more than \$4,200 in such year. Notwithstanding the provisions of section 2 (c) (2), service which an individual elects under this paragraph to treat as service as an "employee" shall not be used in determining his eligibility for, or computing the amount of, an annuity accruing under this section for any month if (A) such individual is entitled for that month to benefits under section 202 (a) of the Social Security Act, (B) such service was included in the computation of such benefits, and (C) the inclusion of such service in the computation of such benefits resulted (for that month) in benefits not otherwise payable or in an increase in the benefits otherwise payable. The Secretary concerned (as defined in section 102 (9) of the Servicemen's and Veterans' Survivor Benefits Act) shall maintain such records, and furnish the Board upon its request with such information, regarding the months of such service as a member of a uniformed service and the remuneration paid therefor in the case of any individual, as may be necessary to enable the Board to carry out its duties under this section and section 5.

(2) No election may be made by any individual under paragraph (1) unless (A) prior to the beginning of such individual's service (as a member of a uniformed service) to which the provisions of section 210 (m) (1) of the Social Security Act are applicable, and in the same calendar year in which such service began, or in the next preceding calendar year, he rendered service for compensation to an employer or person service to which is otherwise creditable under this Act, or lost time as an employee for which he received remuneration, or was serving as an employee representative; or (B) such individual's service (as a member of a uniformed service) to which the provisions of section 210 (m) (1) of the Social Security Act are applicable was a continuation of a period of military service which began prior to January 1, 1956, and which (prior to that date) was creditable under section 4.

(3) There are hereby authorized to be appropriated to the Railroad Retirement Account annually such sums as the Board determines to be necessary to meet the additional costs resulting from (A) the crediting toward annuities of service with respect to which an election is made under paragraph (1), and (B) the inclusion of an individual's service as a member of a uniformed service in determining his "current connection with the railroad industry" as provided in the last sentence of section 1 (o); except that the sums authorized to be appropriated pursuant to this paragraph for any year shall be reduced by any amounts which may be credited to the Railroad Retirement Account for such year under the provisions of section 5 (k) (2) of this Act with respect to such service.

COMPUTATION OF ANNUITIES

SEC. 3. (a) \* \* \*

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MONTHLY COMPENSATION

(c) The "monthly compensation" shall be the average compensation paid to an employee with respect to calendar months included in his "years of service", except (1) that with respect to service prior to January 1, 1937, the monthly compensation shall be the average compensation paid to an employee with respect to calendar months included in his years of service in the years 1924-1931, and (2) the amount of compensation paid or attributable as paid to him with respect to each month of service before September 1941 as a station employee whose duties consisted of or included the carrying of passengers' hand baggage and otherwise assisting passengers at passenger stations and whose remuneration for service to the employer was, in whole or in substantial part, in the forms of tips, shall be the monthly average of the compensation paid to him as a station employee in his months of service in the period September 1940-August 1941:



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*Provided, however,* That where service in the period 1924–1931 in the one case, or in the period September 1940–August 1941 in the other case, is, in the judgment of the Board, insufficient to constitute a fair and equitable basis for determining the amount of compensation paid or attributable as paid to him in each month of service before 1937, or September 1941, respectively, the Board shall determine the amount of such compensation for each such month in such manner as in its judgment shall be fair and equitable. In computing the monthly compensation, no part of any month's compensation in excess of \$300 for any month before July 1, 1954, or in excess of \$350 for any month after June 30, 1954 (*except as provided in the fourth sentence of section 2 (h) (1)*), shall be recognized. If the employee earned compensation in service after June 30, 1937, and after the last day of the calendar year in which he attained age sixty-five, such compensation and service shall be disregarded in computing the monthly compensation if the result of taking such compensation into account in such computation would be to diminish his annuity.

### MILITARY SERVICE

SEC. 4 (a). For the purposes of determining eligibility for an annuity and computing an annuity, including a minimum annuity, there shall also be included in an individual's years of service, within the limitations hereinafter provided in this section, voluntary or involuntary military service of an individual within or without the United States during any war service period, including such military service prior to the date of enactment of this amendment: *Provided, however,* That such military service shall be included only subject to and in accordance with the provisions of subsection (b) of section 3, in the same manner as though military service were service rendered as an employee: *Provided further,* That an individual who entered military service prior to a war service period shall not be regarded as having been in military service in a war service period with respect to any part of the period for which he entered such military service.

(b) For the purpose of this section and section 202, as amended, an individual shall be deemed to have been in "military service" when commissioned or enrolled in the active service of the land or naval forces of the United States and until resignation or discharge therefrom; and the service of any individual in any reserve component of the land or naval forces of the United States, while serving in the land or naval forces of the United States for any period, even though less than thirty days, shall be deemed to have been active service in such force during such period.

(c) For the purpose of this section and section 202, as amended, a "war service period" shall mean (1) any war period, or (2) with respect to any particular individual, any period during which such individual (i) having been in military service at the end of the war period, was required to continue in military service, or (ii) was required by call of the President, or by any Act of Congress or regulation, order, proclamation pursuant thereto, to enter and continue in military service, or (3) any period after September 7, 1939, with respect to which a state of national emergency was duly declared to exist which requires a strengthening of the national defense.

(d) For the purpose of this section and section 202, as amended, a "war period" shall be deemed to have begun on whichever of the following dates is the earliest: (1) the date on which the Congress of the United States declared war; or (2) the date as of which the Congress of the United States declared that a state of war has existed; or (3) the date on which war was declared by one or more foreign states against the United States; or (4) the date on which any part of the United States or any territory under its jurisdiction was invaded or attacked by any armed force of one or more foreign states; or (5) the date on which the United States engaged in armed hostilities for the purpose of preserving the Union or of maintaining in any State of the Union a republican form of government.

(e) For the purpose of this section and section 202, as amended, a "war period" shall be deemed to have ended on the date on which hostilities ceased.

(f) Military service shall not be included in the years of service of an individual unless, prior to the beginning of his military service in a war service period and in the same calendar year in which such military service began, or in the next preceding calendar year, the individual rendered service for compensation to an employer or to a person service to which is otherwise creditable under this Act, or lost time as an employee for which he received remuneration, or which serving as an employee representative.

(g) A calendar month in which an individual was in military service which may be included in the individual's years of service or service period, as the case may be, shall be counted as a month of service: *Provided, however,* That no calendar month shall be counted as more than one month of service.

(i) In the event military service is or has been used as the basis or as a partial basis for a pension, disability compensation, or any other gratuitous benefits payable on a periodic basis under any other Act of Congress, any annuity under this Act or the Railroad Retirement Act of 1935, which is based in part on such military service and is with respect to a calendar month for all or part of which such pension or other benefit is also payable, shall be reduced with respect to that month by the proportion which the number of years of service, by which such military service increases the years of service, or the service period, as the case may be, bears to the total years of service, or by the aggregate amount of such pension or other benefit with respect to that month, whichever would result in the smaller reduction.

(j) Any department or agency of the United States maintaining records of military service, at the request of the Board, shall certify to the Board, with respect to any individual, the number of months of military service which such department or agency finds the individual to have had during any period or periods with respect to which the Board's request is made, the date and manner of entry into such military service, and the conditions under which such service was continued. Any department or agency of the United States which is authorized to make awards of pensions, disability compensation, or any other gratuitous benefits or allowances payable, on a periodic basis or otherwise, under any other Act of Congress on the basis of military service, at the request of the Board, shall certify to the Board, with respect to any individual, the calendar months for all or part of which any such pension, compensation, benefit, or allowance is payable to, or with respect to, the individual, the amounts of any such pension, compensation, benefit, or allowance, and the military service on which such pension, compensation, benefit, or allowance is based. Any certification made pursuant to the provisions of this subsection shall be conclusive on the Board: *Provided,* That if evidence inconsistent with any such certification is submitted, and the claim is in the course of adjudication or is otherwise open for such evidence, the Board shall refer such evidence to the department or agency which made the original certification and such department or agency shall make such recertification as in its judgment the evidence warrants. Such recertification, and any subsequent recertifications, shall be conclusive, made in the same manner, and subject to the same conditions as an original certification.

(k) No person shall be entitled to an annuity, or to an increase in an annuity, based on military service unless a specific claim for credit for military service is filed with the Board by the individual who rendered such military service, and in no case shall an annuity, or an increase in an annuity, based on military service begin to accrue earlier than six months prior to the date on which such claim for credit for military service was filed with the Board nor before October 8, 1940: *Provided,* That this subsection shall not be construed to prevent payment of annuities with respect to accruals, not based on military service, prior to the date on which an annuity based on military service began to accrue.

(l) An individual who, before the ninety-first day after the date on which this amendment of section 4 is enacted was awarded an annuity under the Railroad Retirement Act of 1937 or the Railroad Retirement Act of 1935, but who had rendered military service which, if credited, would have resulted in an increase in his annuity, may, notwithstanding the previous award of an annuity, file with the Board an application for an increase in such annuity based on his military service. Upon the filing of such application, if the Board finds that the military service thus claimed is creditable and would result in an increase in the annuity, the Board, notwithstanding the previous award, shall recertify the annuity on an increased basis in the same manner as though the provisions making military service creditable had been in effect at the time of the original certification subject, however, to the provisions of subsection (k) of this section. If the annuity previously awarded is a joint and survivor annuity, the increased annuity shall be a joint and survivor annuity of the same type, the actuarial value of the increase to be computed as of the effective date of the increase: *Provided, however,* That if on the date the increase begins to accrue the individual has no spouse for whom the election of the joint and survivor annuity was made, the increase on a single life basis shall be added to the individual's annuity.

(n) In addition to the amount authorized to be appropriated in subsection (a) of section 15 of this Act, there is hereby authorized to be appropriated to the Railroad Retirement Account for each fiscal year, beginning with the fiscal year ending June 30, 1941, (i) an amount sufficient to meet the additional cost of crediting military service rendered prior to January 1, 1937, and (ii) an amount found by the Board to be equal to the amount of the total additional excise and income taxes which would have been payable during the preceding fiscal year under Subchapter B of Chapter 9 of the Internal Revenue Code, as amended, with respect to the compensation, as defined in such Subchapter B, of all individuals entitled to credit under the Railroad Retirement Acts, as amended, for military service after December 31, 1936, if each of such individuals, in addition to compensation actually earned, had earned such compensation in the amount of \$160 in each calendar month in which he was in such military service during such preceding fiscal year and such taxes were measured by all such compensation without limitation as to amount earned by any individual in any one calendar month. The additional cost of crediting military service rendered prior to January 1, 1937, shall be deemed to be the difference between the actuarial value of each annuity based in part on military service and the actuarial value of the annuity which would be payable to the same individual without regard to military service. In calculating these actuarial values, (1) whenever the annuity based in part on military service begins to accrue before age 60, the annuity without regard to military service shall be valued on the assumption of deferment to age 60, and whenever the annuity based in part on military service is awarded under subsection 2 (a) of section 2 (a), the annuity without regard to military service shall be valued on the assumption of deferment to age 65; and (2) all such actuarial values shall be calculated as of the date on which the annuity based on military service begins to accrue and shall not thereafter be subject to change. All such actuarial calculations shall be based on the Combined Annuity Table of Mortality and all calculations in this subsection shall take into account interest at the rate of 3 per centum per annum compounded annually. The Railroad Retirement Board, as promptly as practicable after the enactment of this amendment, and thereafter annually, shall submit to the Bureau of the Budget estimates of such military service appropriations to be made to the account, in addition to the annual estimate by the Board, in accordance with subsection (a) of section 15 of this Act, of the appropriation to be made to the account to provide for the payment of annuities, pensions and death benefits not based on military service. The estimate made in any year with respect to military service rendered prior to January 1, 1937, shall be based on the cost, as determined in accordance with the above provisions, of annuities awarded or increased on the basis of such military service up to the close of the preceding fiscal year and not previously appropriated for, and shall take into account interest from the date the annuity began to accrue or was increased to the date or dates on which the amount appropriated is to be credited to the Railroad Retirement Account. In making the estimate for the appropriation for military service rendered after December 31, 1936, the Board shall take into account any excess or deficiency in the appropriation or appropriations for such service in any preceding fiscal year or years, with interest thereon, resulting from an overestimate or underestimate of the number of individuals in creditable military service or the months of military service.

(o) Section 4, as herein amended shall be effective as of October 8, 1940. No rights shall be deemed to have accrued under section 4 which would not have accrued had this Act amending section 4 been enacted on October 8, 1940.

(p) *The provisions of this section shall apply only with respect to military service rendered prior to January 1, 1956.*

ANNUITIES AND LUMP SUMS FOR SURVIVORS

SEC. 5. (a) \* \* \*

\* \* \* \* \*

(1) DEFINITIONS.— \* \* \*

\* \* \* \* \*

(9) An employee's "average monthly remuneration" shall mean the quotient obtained by dividing (A) the sum of (1) the compensation paid to him after 1936 and before the quarter in which he will have died, eliminating any excess over \$300 for any calendar month before July 1, 1954, [and any excess] and (except as provided in the fourth sentence of section 2 (h) (1)) any excess over \$350

BENEFITS FOR SURVIVORS OF SERVICEMEN AND VETERANS 31

for any calendar month after June 30, 1954, and (ii) if such compensation for any calendar year is less than \$3,600 and the average monthly remuneration computed on compensation alone is less than \$350 and the employee has earned in such calendar year "wages" as defined in paragraph (6) hereof, such wages, in an amount not to exceed the difference between the compensation for such year and \$4,200, by (B) three times the number of quarters elapsing after 1936 and before the quarter in which he will have died: *Provided*, That for the period prior to and including the calendar year in which he will have attained the age of twenty-two there shall be included in the divisor not more than three times the number of quarters of coverage in such period: *Provided further*, That there shall be excluded from the divisor any calendar quarter which is not a quarter of coverage and during any part of which a retirement annuity will have been payable to him: *And provided further*, That if the exclusion from the divisor of all quarters beginning with the first quarter in which the employee was completely insured and had attained the age of sixty-five and the exclusion from the dividend of all compensation and wages with respect to such quarters would result in a higher average monthly remuneration, such quarters, compensation and wages shall be so excluded.

With respect to an employee who will have been awarded a retirement annuity, the term "compensation" shall, for the purposes of this paragraph, mean the compensation on which such annuity will have been based;

\* \* \* \* \*

SECTION 5 OF THE CIVIL SERVICE RETIREMENT ACT OF MAY 29, 1950, AS AMENDED

COMPUTATION OF ACCREDITED SERVICE

SEC. 5. Subject to the provisions of section 9 hereof, the aggregate period of service which forms the basis for calculating the amount of any annuity provided in this Act shall be computed from the date of original employment, whether as a classified or an unclassified officer or employee in the civil service of the United States, or in the service of the District of Columbia, including periods of service at different times and in one or more departments, branches, or independent offices, or the legislative branch of the Government, and periods of service as an officer or employee of the Columbia Institution for the Deaf, and of the Pan American Sanitary Bureau, and also periods of service performed overseas under authority of the United States, and periods of honorable service in the Army, Navy, Marine Corps, or Coast Guard of the United States; in the case of an officer or employee, however, who is eligible for and receives retired pay on account of military or naval service, the period of service upon which such retired pay is based shall not be included, except that in the case of an officer or employee who is eligible for and receives retired pay on account of a service-connected disability incurred in combat with an enemy of the United States or resulting from an explosion of an instrument of war, the period of the military service shall be included: *Provided*, That an officer or employee must have served for a total period of not less than five years exclusive of such military or naval service before he shall be eligible for annuity under this Act. Nothing in this Act shall be construed as to affect in any manner an officer's or employee's right to retired pay, pension, or compensation in addition to the annuity herein provided.

In computing length of service for the purposes of this Act, all periods of separation from the service, and so much of any leaves of absence as may exceed six months in the aggregate in any calendar year, shall be excluded, except leaves of absence granted employees while performing active military or naval service in the Army, Navy, Marine Corps, or Coast Guard of the United States or while receiving benefits under the United States Employees' Compensation Act, and in the case of substitutes in the Postal Service credit shall be given from date of original appointment as a substitute.

*Notwithstanding any other provision of this section, any service (other than service covered by military leave with pay from a civilian position) performed by an individual after December 1955 as a member of a uniformed service on active duty or active duty for training (as those terms are defined in section 102 of the Servicemen's and Veterans' Survivor Benefits Act) shall be excluded in determining the aggregate period of service upon which an annuity payable under section 4 (b) or 12 of this Act to his widow or child is to be based, if such widow or child is entitled (or would upon proper application be entitled), at the time of such determination, to monthly survivors benefits under section 202 of the*

*Social Security Act based on such individual's wages and self-employment income. If in the case of the widow such service is not excluded under the preceding sentence, but upon attaining retirement age (as defined in section 216 (a) of the Social Security Act) she becomes entitled (or would upon proper application be entitled) to such benefits, the Commission shall redetermine the aggregate period of service upon which such annuity is based, effective as of the first day of the month in which she attains such age, so as to exclude such service. The Secretary of Health, Education, and Welfare shall, upon the request of the Commission, inform the Commission whether or not any such widow or child is entitled at any specified time to such benefits.*

No officer or employee to whom this Act applies who during the period of any war, or of any national emergency as proclaimed by the President or declared by the Congress, has left or leaves his position to enter the armed forces of the United States shall be considered as separated from such position for the purposes of this Act by reason of his service with the armed forces of the United States. This paragraph shall not be so construed as to prevent the payment of refunds as provided by section 7 (a) or 12 (b) of this Act.

In determining the aggregate period of service upon which the annuity is to be based, the fractional part of a month, if any, in the total service shall be eliminated.

Notwithstanding any provision of law to the contrary, title to annuity payable from the civil service retirement and disability fund shall not arise from any separation unless the officer or employee so separated has, within the two-year period immediately preceding such separation, completed at least one year of creditable civilian service during which he was subject to this Act. Any annuity rights based on a separation which (a) terminated service meeting this requirement, or (b) occurred prior to this amendment, shall be restored upon separation from subsequent service which fails to meet said requirement. Any officer or employee who shall have given notice of his desire to come within the purview of this Act pursuant to the last paragraph of section 3 (a) of this Act shall be deemed for the purposes of this requirement to have been subject to the provisions of this Act during any period of service or part thereof ending not later than September 30, 1954, with respect to which there shall have been deposited the amounts specified in section 9.

No credit shall be allowed for any service subsequent to the date of the separation on which title to annuity is based. Any amounts deducted from salary for retirement purposes during such service shall upon separation be refunded to such officer or employee without interest, and shall be subject to redeposit as provided in section 12 (b) (2) of this Act. Any such amount not so refunded to the officer or employee before his death shall be paid in the order of precedence prescribed in section 12 (e).

#### INTERNAL REVENUE CODE OF 1954

##### PART III—ITEMS SPECIFICALLY EXCLUDED FROM GROSS INCOME

\* \* \* \* \*

#### SEC. 121. CROSS REFERENCES TO OTHER ACTS.

(a) For exemption of—

(1) Adjustments of indebtedness under wage earners' plans, see section 679 of the Bankruptcy Act (52 Stat. 938; 11 U. S. C. 1079) ;

(2) Allowances and expenditures to meet losses sustained by persons serving the United States abroad, due to appreciation of foreign currencies, see the Acts of March 6, 1934 (48 Stat. 466; 5 U. S. C. 118c) and April 25, 1938 (52 Stat. 221; 5 U. S. C. 118c-1) ;

(3) Amounts credited to the Maritime Administration under section 9 (b) (6) of the Merchant Ship Sales Act of 1946, see section 9 (c) (1) of that Act (60 Stat. 48; 50 U. S. C. App. 1742) ;

(4) Benefits under World War Adjusted Compensation Act, see section 308 of that Act, as amended (43 Stat. 125; 44 Stat. 827, § 3; 38 U. S. C. 618) ;

(5) Benefits under World War Veterans' Act, 1924, see section 3 of the Act of August 12, 1935 (49 Stat. 609; 38 U. S. C. 454a) ;

(6) Dividends and interest derived from certain preferred stock by Reconstruction Finance Corporation, see section 304 of the Act of March 9, 1933, as amended (49 Stat. 1185; 12 U. S. C. 51d) ;

(7) Earnings of ship contractors deposited in special reserve funds, see section 607 (h) of the Merchant Marine Act, 1936, as amended (52 Stat. 961, § 28; 46 U. S. C. 1177);

(8) Income derived from Federal Reserve banks, including capital stock and surplus, see section 7 of the Federal Reserve Act (38 Stat. 258; 12 U. S. C. 531);

(9) Income derived from Ogdensburg bridge across Saint Lawrence River, see section 4 of the Act of June 14, 1933, as amended (54 Stat. 259, § 2);

(10) Income derived from Owensboro bridge across Ohio River and nearby ferries, see section 4 of the Act of August 14, 1937 (50 Stat. 643);

(11) Income derived from Saint Clair River bridge and ferries, see section 4 of the Act of June 25, 1930, as amended (48 Stat. 140, § 1);

(12) Leave compensation payments under section 6 of Armed Forces Leave Act of 1946, see section 7 of that Act (60 Stat. 967; 37 U. S. C. 36);

(13) Mustering-out payments made to or on account of veterans under the Mustering-Out Payment Act of 1944, see section 5 (a) of that Act (58 Stat. 10; 38 U. S. C. 691e);

(14) Railroad retirement annuities and pensions, see section 12 of the Railroad Retirement Act of 1935, as amended (50 Stat. 316; 45 U. S. C. 2281);

(15) Railroad unemployment benefits, see section 2 (e) of the Railroad Unemployment Insurance Act, as amended (52 Stat. 1097; 53 Stat. 845, § 9; 45 U. S. C. 352);

(16) Special pensions of persons on Army and Navy medal of honor roll, see section 3 of the Act of April 27, 1916 (39 Stat. 54; 38 U. S. C. 393);

(17) Gain derived from the sale or other disposition of Treasury Bills, issued after June 17, 1930, under the Second Liberty Bond Act, as amended, see Act of June 17, 1930 (C. 512, 46 Stat. 775; 31 U. S. C. 754).

(18) *Dependency and indemnity compensation paid to survivors of members of a uniformed service and certain other persons, see section 210 of the Servicemen's and Veterans' Survivor Benefits Act.*

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Sec. 3121. Definitions.

Sec. 3122. Federal service.

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**SEC. 3121. DEFINITIONS.**

(a) **WAGES.**—For purposes of this chapter, the term “wages” means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include—

(1) that part of the remuneration which, after remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) equal to \$4,200 with respect to employment has been paid to an individual by an employer during any calendar year, as paid to such individual by such employer during such calendar year. If an employer (hereinafter referred to as successor employer) during any calendar year acquires substantially all the property used in a trade or business of another employer (hereinafter referred to as a predecessor), or used in a separate unit of a trade or business of a predecessor, and immediately after the acquisition employs in his trade or business an individual who immediately prior to the acquisition was employed in the trade or business of such predecessor, then, for the purpose of determining whether the successor employer has paid remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment equal to \$4,200 to such individual during such calendar year, any remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment paid (or considered under this paragraph as having been paid) to such individual by such predecessor during such calendar year and prior to such acquisition shall be considered as having been paid by such successor employer;

(2) the amount of any payment (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) made to, or on behalf of, an employee or any of his dependents under a plan or system established by an employer which makes provision for his employees generally (or for his employees generally and their dependents) or for a class or classes of his employees (or for a class or classes of his employees and their dependents), on account of—

- (A) retirement, or
- (B) sickness or accident disability, or

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(C) medical or hospitalization expenses in connection with sickness or accident disability, or  
(D) death;

(3) any payment made to an employee (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) on account of retirement;

(4) any payment on account of sickness or accident disability, or medical or hospitalization expenses in connection with sickness or accident disability, made by an employer to, or on behalf of, an employee after the expiration of 6 calendar months following the last calendar month in which the employee worked for such employer;

(5) any payment made to, or on behalf of, an employee or his beneficiary—

(A) from or to a trust described in section 401 (a) which is exempt from tax under section 501 (a) at the time of such payment unless such payment is made to an employee of the trust as remuneration for services rendered as such employee and not as a beneficiary of the trust, or

(B) under or to an annuity plan which, at the time of such payment, meets the requirements of section 401 (a) (3), (4), (5), and (6);

(6) the payment by an employer (without deduction from the remuneration of the employee)—

(A) of the tax imposed upon an employee under section 3101 (or the corresponding section of prior law), or

(B) of any payment required from an employee under a State unemployment compensation law;

(7) (A) remuneration paid in any medium other than cash to an employee for service not in the course of the employer's trade or business or for domestic service in a private home of the employer;

(B) cash remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than \$50. As used in this subparagraph, the term "domestic service in a private home of the employer" does not include service described in subsection (g) (5)

(C) cash remuneration paid by an employer in any calendar quarter to an employee for service not in the course of the employer's trade or business, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than \$50. As used in this subparagraph, the term "service not in the course of the employer's trade or business" does not include domestic service in a private home of the employer and does not include service described in subsection (g) (5);

(8) (A) remuneration paid in any medium other than cash for agricultural labor;

(B) cash remuneration paid by an employer in any calendar year to an employee for agricultural labor, if the cash remuneration paid in such year by the employer to the employee for such labor is less than \$100;

(9) any payment (other than vacation or sick pay) made to an employee after the month in which he attains the age of 65, if he did not work for the employer in the period for which such payment is made; or

(10) remuneration paid by an employer in any calendar quarter to an employee for service described in subsection (d) (3) (C) (relating to home workers), if the cash remuneration paid in such quarter by the employer to the employee for such service is less than \$50.

(b) EMPLOYMENT.—For purposes of this chapter, the term "employment" means any service performed after 1936 and prior to 1955 which was employment for purposes of subchapter A of chapter 9 of the Internal Revenue Code of 1939 under the law applicable to the period in which such service was performed, and any service, of whatever nature, performed after 1954 either (A) by an employee for the person employing him, irrespective of the citizenship or residence of either, (i) within the United States, or (ii) on or in connection with an American vessel or American aircraft under a contract of service which is entered into within the United States or during the performance of which and while the employee is employed on the vessel or aircraft it touches at a port in the United States, if the employee is employed on and in connection with such vessel or aircraft when outside the United States, or (B) outside the United States by a citizen of the United States as an employee for an American employer (as defined in subsection (h)); except that, in the case of service performed after 1954, such term shall not include—

(1) (A) service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended (46 Stat. 1550 § 3; 12 U. S. C. 1141j);

(B) service performed by foreign agricultural workers (i) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461-1468), or (ii) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor;

(C) service performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461-1468);

(2) domestic service performed in a local college club, or local chapter of a college fraternity or sorority, by a student who is enrolled and is regularly attending classes at a school, college, or university;

(3) service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of 21 in the employ of his father or mother;

(4) service performed by an individual on or in connection with a vessel not an American vessel, or on or in connection with an aircraft not an American aircraft, if (A) the individual is employed on and in connection with such vessel or aircraft, when outside the United States and (B) (i) such individual is not a citizen of the United States or (ii) the employer is not an American employer;

(5) service performed in the employ of any instrumentality of the United States, if such instrumentality is exempt from the tax imposed by section 3111 by virtue of any provision of law which specifically refers to such section (or the corresponding section of prior law) in granting such exemption;

(6) (A) service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is covered by a retirement system established by a law of the United States;

(B) service performed by an individual in the employ of an instrumentality of the United States if such an instrumentality was exempt from the tax imposed by section 1410 of the Internal Revenue Code of 1939 on December 31, 1950; and if such service is covered by a retirement system established by such instrumentality; except that the provisions of this subparagraph shall not be applicable to—

(i) service performed in the employ of a corporation which is wholly owned by the United States;

(ii) service performed in the employ of a national farm loan association, a production credit association, a Federal Reserve Bank, or a Federal Credit Union;

(iii) service performed in the employ of a State, county, or community committee under the Commodity Stabilization Service;

(iv) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Exchanges, Marine Corps Exchanges, or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of Defense, at installations of the Department of Defense for the comfort, pleasure, contentment, and mental and physical improvement of personnel of such Department; or

(v) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard;

(C) service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

(i) as the President or Vice President of the United States or as a Member, Delegate, or Resident Commissioner of or to the Congress;

(ii) in the legislative branch;

(iii) in a penal institution of the United States by an inmate thereof;

(iv) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and



other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

(v) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency; or

(vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system;

(xiii) by an individual to whom the Civil Service Retirement Act of 1930 (46 Stat. 470; 5 U. S. C. 693) does not apply because such individual is subject to another retirement system;

(7) service (other than service which, under subsection (j), constitutes covered transportation service) performed in the employ of a State, or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned by one or more States or political subdivisions;

(8) (A) service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order;

(B) service performed in the employ of a religious, charitable, educational, or other organization described in section 501 (c) (3) which is exempt from income tax under section 501 (a), but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to subsection (k) (or the corresponding subsection of prior law), is in effect if such service is performed by an employee—

(i) whose signature appears on the list filed by such organization under subsection (k) (or the corresponding subsection of prior law), or

(ii) who became an employee of such organization after the calendar quarter in which the certificate was filed;

(9) service performed by an individual as an employee or employee representative as defined in section 3231;

(10) (A) service performed in any calendar quarter in the employ of any organization exempt from income tax under section 501 (a) (other than an organization described in section 401 (a) or under section 521, if the remuneration for such service is less than \$50;

(B) service performed in the employ of a school, college, or university if such service is performed by a student who is enrolled and is regularly attending classes at such school, college, or university;

(11) service performed in the employ of a foreign government (including service as a consular or other officer or employee or a nondiplomatic representative);

(12) service performed in the employ of an instrumentality wholly owned by a foreign government—

(A) if the service is of a character similar to that performed in foreign countries by employees of the United States Government or of an instrumentality thereof; and

(B) if the Secretary of State shall certify to the Secretary that the foreign government, with respect to whose instrumentality and employees thereof exemption is claimed, grants an equivalent exemption with respect to similar service performed in the foreign country by employees of the United States Government and of instrumentalities thereof;

(13) service performed as a student nurse in the employ of a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in a nurses' training school chartered or approved pursuant to State law; and service performed as an intern in the employ of a hospital by an individual who has completed a 4 years' course in a medical school chartered or approved pursuant to State law;

(14) (A) service performed by an individual under the age of 18 in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;

(B) service performed by an individual in, and at the time of, the sale of newspapers or magazines to ultimate consumers, under an arrangement under which the newspapers or magazines are to be sold by him at a fixed price, his compensation being based on the retention of the excess of such price over the amount at which the newspapers or magazines are charged to him, whether or not he is guaranteed a minimum amount of compensation for such service, or is entitled to be credited with the unsold newspapers or magazines turned back; or

(15) service performed in the employ of an international organization.

(c) INCLUDED AND EXCLUDED SERVICE.—For purposes of this chapter, if the services performed during one-half or more of any pay period by an employee for the person employing him constitute employment, all the services of such employee for such period shall be deemed to be employment; but if the services performed during more than one-half of any such pay period by an employee for the person employing him do not constitute employment, then none of the services of such employee for such period shall be deemed to be employment. As used in this subsection, the term “pay period” means a period (of not more than 31 consecutive days) for which a payment of remuneration is ordinarily made to the employee by the person employing him. This subsection shall not be applicable with respect to services performed in a pay period by an employee for the person employing him, where any of such service is excepted by subsection (b) (10).

(d) EMPLOYEE.—For purposes of this chapter, the term “employee” means—

- (1) any officer of a corporation; or
- (2) any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee; or
- (3) any individual (other than an individual who is an employee under paragraph (1) or (2)) who performs services for remuneration for any person—

(A) as an agent-driver or commission-driver engaged in distributing meat products, vegetable products, fruit products, bakery products, beverages (other than milk), or laundry or dry-cleaning services, for his principal;

(B) as a full-time life insurance salesman;

(C) as a home worker performing work, according to specifications furnished by the person for whom the services are performed, on materials or goods furnished by such person which are required to be returned to such person or a person designated by him.

(D) as a traveling or city salesman, other than as an agent-driver or commission-driver, engaged upon a full-time basis in the solicitation on behalf of, and the transmission to, his principal (except for sideline sales activities on behalf of some other person) of orders from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar establishments for merchandise for resale or supplies for use in their business operations;

if the contract of service contemplates that substantially all of such services are to be performed personally by such individual; except that an individual shall not be included in the term “employee” under the provisions of this paragraph if such individual has a substantial investment in facilities used in connection with the performance of such services (other than in facilities for transportation), or if the services are in the nature of a single transaction not part of a continuing relationship with the person for whom the services are performed.

(e) STATE, UNITED STATES, AND CITIZEN.—For purposes of this chapter—

(1) STATE.—The term “State” includes Alaska, Hawaii, the District of Columbia, Puerto Rico, and the Virgin Islands.

(2) UNITED STATES.—The term “United States” when used in a geographical sense includes Puerto Rico and the Virgin Islands.

An individual who is a citizen of Puerto Rico (but not otherwise a citizen of the United States) shall be considered, for purposes of this section, as a citizen of the United States.

(f) AMERICAN VESSEL AND AIRCRAFT.—For purposes of this chapter, the term “American vessel” means any vessel documented or numbered under the laws of the United States; and includes any vessel which is neither documented nor numbered under the laws of the United States nor documented under the laws of any foreign country, if its crew is employed solely by one or more citizens or residents of the United States or corporations organized under the laws of the United States or of any State; and the term “American aircraft” means an aircraft registered under the laws of the United States.

(g) AGRICULTURAL LABOR.—For purposes of this chapter, the term “agricultural labor” includes all service performed—

- (1) on a farm, in the employ of any person, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring

for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife;

(2) in the employ of the owner or tenant or other operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment, or in salvaging timber or clearing land of brush and other debris left by a hurricane, if the major part of such service is performed on a farm;

(3) in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended (46 Stat. 1550, § 3; 12 U. S. C. 1141j), or in connection with the ginning of cotton, or in connection with the operation or maintenance of ditches, canals, reservoirs, or waterways, not owned or operated for profit, used exclusively for supplying and storing water for farming purposes;

(4) (A) in the employ of the operator of a farm in handling, planting, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or to market or to a carrier for transportation to market, in its unmanufactured state, any agricultural or horticultural commodity; but only if such operator produced more than one-half of the commodity with respect to which such service is performed;

(B) in the employ of a group of operators of farms (other than a cooperative organization) in the performance of service described in subparagraph (A), but only if such operators produced all of the commodity with respect to which such service is performed. For purposes of this subparagraph, any unincorporated group of operators shall be deemed a cooperative organization if the number of operators comprising such group is more than 20 at any time during the calendar quarter in which such service is performed;

(C) the provisions of subparagraphs (A) and (B) shall not be deemed to be applicable with respect to service performed in connection with commercial canning or commercial freezing or in connection with any agricultural or horticultural commodity after its delivery to a terminal market for distribution for consumption; or

(5) on a farm operated for profit if such service is not in the course of the employer's trade or business or is domestic service in a private home of the employer.

As used in this subsection, the term "farm" includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards.

(h) AMERICAN EMPLOYER.—For purposes of this chapter, the term "American employer" means an employer which is—

- (1) the United States or any instrumentality thereof,
- (2) an individual who is a resident of the United States,
- (3) a partnership, if two-thirds or more of the partners are residents of the United States,
- (4) a trust, if all of the trustees are residents of the United States, or
- (5) a corporation organized under the laws of the United States or of any State.

[(i) COMPUTATION OF WAGES IN CERTAIN CASES.—For purposes of this chapter, in the case of domestic service described in subsection (a) (7) (B), any payment of cash remuneration for such service which is more or less than a whole-dollar amount shall, under such conditions and to such extent as may be prescribed by regulations made under this chapter, be computed to the nearest dollar. For the purpose of the computation to the nearest dollar, the payment of a fractional part of a dollar shall be disregarded unless it amounts to one-half dollar or more, in which case it shall be increased to \$1. The amount of any payment of cash remuneration so computed to the nearest dollar shall, in lieu of the amount actually paid, be deemed to constitute the amount of cash remuneration for purposes of subsection (a) (7) (B).]

(i) *Computation of Wages in Certain Cases.*—

(1) *Domestic service.*—For purposes of this chapter, in the case of domestic service described in subsection (a) (7) (B), any payment of cash remuneration for such service which is more or less than a whole-dollar amount shall, under such conditions and to such extent as may be prescribed by regulations made under this chapter, be computed to the nearest dollar. For the purpose of the computation to the nearest dollar, the payment of a fractional part of a

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dollar shall be disregarded unless it amounts to one-half dollar or more, in which case it shall be increased to \$1. The amount of any payment of cash remuneration so computed to the nearest dollar shall, in lieu of the amount actually paid, be deemed to constitute the amount of cash remuneration for purposes of subsection (a) (7) (B).

(2) *Service in the uniformed services.*—For purposes of this chapter, in the case of an individual performing service, as a member of a uniformed service, to which the provisions of subsection (m) (1) are applicable, the term “wages” (as defined in subsection (a)) shall include as such individual’s remuneration for such service only his basic pay as described in section 102 (10) of the Servicemen’s and Veterans’ Survivor Benefits Act.

(j) COVERED TRANSPORTATION SERVICE.—For purposes of this chapter—

(1) EXISTING TRANSPORTATION SYSTEMS—GENERAL RULE.—Except as provided in paragraph (2), all service performed in the employ of a State or political subdivision in connection with its operation of a public transportation system shall constitute covered transportation service if any part of the transportation system was acquired from private ownership after 1936 and prior to 1951.

(2) EXISTING TRANSPORTATION SYSTEMS—CASES IN WHICH NO TRANSPORTATION EMPLOYEES, OR ONLY CERTAIN EMPLOYEES, ARE COVERED.—Service performed in the employ of a State or political subdivision in connection with the operation of its public transportation system shall not constitute covered transportation service if—

(A) any part of the transportation system was acquired from private ownership after 1936 and prior to 1951, and substantially all service in connection with the operation of the transportation system was, on December 31, 1950, covered under a general retirement system providing benefits which, by reason of a provision of the State constitution dealing specifically with retirement systems of the State or political subdivisions thereof, cannot be diminished or impaired; or

(B) no part of the transportation system operated by the State or political subdivision on December 31, 1950, was acquired from private ownership after 1936 and prior to 1951; except that if such State or political subdivision makes an acquisition after 1950 from private ownership of any part of its transportation system, then, in the case of any employee who—

(C) became an employee of such State or political subdivision in connection with and at the time of its acquisition after 1950 of such part, and

(D) prior to such acquisition rendered service in employment (including as employment service covered by an agreement under section 218 of the Social Security Act) in connection with the operation of such part of the transportation system acquired by the State or political subdivision,

the service of such employee in connection with the operation of the transportation system shall constitute covered transportation service, commencing with the first day of the third calendar quarter following the calendar quarter in which the acquisition of such part took place, unless on such first day such service of such employee is covered by a general retirement system which does not, with respect to such employee, contain special provisions applicable only to employees described in subparagraph (C).

(3) TRANSPORTATION SYSTEMS ACQUIRED AFTER 1950.—All service performed in the employ of a State or political subdivision thereof in connection with its operation of a public transportation system shall constitute covered transportation service if the transportation system was not operated by the State or political subdivision prior to 1951 and, at the time of its first acquisition (after 1950) from private ownership of any part of its transportation system, the State or political subdivision did not have a general retirement system covering substantially all service performed in connection with the operation of the transportation system.

(4) DEFINITIONS.—For purposes of this subsection—

(A) The term “general retirement system” means any pension, annuity, retirement, or similar fund or system established by a State or by a political subdivision thereof for employees of the State, political subdivision, or both; but such term shall not include such a fund or system which covers only service performed in positions connected with the operation of its public transportation system.

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(B) A transportation system or a part thereof shall be considered to have been acquired by a State or political subdivision from private ownership if prior to the acquisition service performed by employees in connection with the operation of the system or part thereof acquired constituted employment under this chapter or subchapter A of chapter 9 of the Internal Revenue Code of 1939 or was covered by an agreement made pursuant to section 218 of the Social Security Act and some of such employees became employees of the State or political subdivision in connection with and at the time of such acquisition.

(C) The term "political subdivision" includes an instrumentality of—

- (i) a State,
- (ii) one or more political subdivisions of a State, or
- (iii) a State and one or more of its political subdivisions.

### (k) EXEMPTION OF RELIGIOUS, CHARITABLE, AND CERTAIN OTHER ORGANIZATIONS.—

(1) WAIVER OF EXEMPTION BY ORGANIZATION.—An organization described in section 501 (c) (3) which is exempt from income tax under section 501 (a) may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this chapter) certifying that it desires to have the insurance system established by title II of the Social Security Act extended to service performed by its employees and that at least two-thirds of its employees concur in the filing of the certificate. Such certificate may be filed only if it is accompanied by a list containing the signature, address, and social security account number (if any) of each employee who concurs in the filing of the certificate. Such list may be amended, at any time prior to the expiration of the first month following the first calendar quarter for which the certificate is in effect, by filing with such official a supplemental list or lists containing the signature, address, and social security account number (if any) of each additional employee who concurs in the filing of the certificate. Such list may be amended at any time prior to the expiration of the twenty-fourth month following the first calendar quarter for which the certificate is in effect, by filing with the prescribed official a supplemental list or lists containing the signature, address, and social security account number (if any) of each additional employee who concurs in the filing of the certificate. The certificate shall be in effect (for purposes of subsection (b) (9) (B) and for purposes of section 210 (a) (9) (B) of the Social Security Act) for the period beginning with the first day following the close of the calendar quarter in which such certificate is filed. The period for which a certificate filed pursuant to this subsection or the corresponding subsection of prior law is effective may be terminated by the organization, effective at the end of a calendar quarter, upon giving 2 years' advance notice in writing, but only if, at the time of the receipt of such notice, the certificate has been in effect for a period of not less than 8 years. The notice of termination may be revoked by the organization by giving, prior to the close of the calendar quarter specified in the notice of termination, a written notice of such revocation, except that, in the case of service performed by an individual whose name appears on a supplemental list filed after the first month following the first calendar quarter for which the certificate is in effect, the certificate shall be in effect, for purposes of such subsection (b) (8) and for purposes of section 210 (a) (8) of the Social Security Act, only with respect to service performed by such individual after the calendar quarter in which such supplemental list is filed. Notice of termination or revocation thereof shall be filed in such form and manner, and with such official, as may be prescribed by regulations made under this chapter.

(2) TERMINATION OF WAIVER PERIOD BY SECRETARY OR HIS DELEGATE.—If the Secretary or his delegate finds that any organization which filed a certificate pursuant to this subsection or the corresponding subsection of prior law has failed to comply substantially with the requirements applicable with respect to the taxes imposed by this chapter or the corresponding provisions of prior law or is no longer able to comply with the requirements applicable with respect to the taxes imposed by this chapter, the Secretary or his delegate shall give such organization not less than 60 days' advance notice in writing that the period covered by such certificate will terminate at the end of the calendar quarter specified in such notice. Such notice of termination may be revoked by the Secretary or his delegate

by giving, prior to the close of the calendar quarter specified in the notice of termination, written notice of such revocation to the organization. No notice of termination or of revocation thereof shall be given under this paragraph to an organization without the prior concurrence of the Secretary of Health, Education, and Welfare.

(3) **NO RENEWAL OF WAIVER.**—In the event the period covered by a certificate filed pursuant to this subsection or the corresponding subsection of prior law is terminated by the organization, no certificate may again be filed by such organization pursuant to this subsection.

**(1) AGREEMENTS ENTERED INTO BY DOMESTIC CORPORATIONS WITH RESPECT TO FOREIGN SUBSIDIARIES.**—

(1) **AGREEMENT WITH RESPECT TO CERTAIN EMPLOYEES OF FOREIGN SUBSIDIARIES.**—The Secretary or his delegate shall, at the request of any domestic corporation, enter into an agreement (in such form and manner as may be prescribed by the Secretary or his delegate) with any such corporation which desires to have the insurance system established by title II of the Social Security Act extended to service performed outside the United States in the employ of any one or more of its foreign subsidiaries (as defined in paragraph (8)) by all employees who are citizens of the United States, except that the agreement shall not be applicable to any service performed by, or remuneration paid to, an employee if such service or remuneration would be excluded from the term "employment" or "wages," as defined in this section, had the service been performed in the United States. Such agreement may be amended at any time so as to be made applicable, in the same manner and under the same conditions, with respect to any other foreign subsidiary of such domestic corporation. Such agreement shall be applicable with respect to citizens of the United States who, on or after the effective date of the agreement, are employees of and perform services outside the United States, for any foreign subsidiary specified in the agreement. Such agreement shall provide—

(A) that the domestic corporation shall pay to the Secretary or his delegate, at such time or times as the Secretary or his delegate may by regulations prescribe, amounts equivalent to the sum of the taxes which would be imposed by sections 3101 and 3111 (including amounts equivalent to the interest, additions to the taxes, additional amounts, and penalties which would be applicable) with respect to the remuneration which would be wages if the services covered by the agreement constituted employment as defined in this section; and

(B) that the domestic corporation will comply with such regulations relating to payments and reports as the Secretary or his delegate may prescribe to carry out the purposes of this subsection.

(2) **EFFECTIVE PERIOD OF AGREEMENT.**—An agreement entered into pursuant to paragraph (1) shall be in effect for the period beginning with the first day of the calendar quarter in which such agreement is entered into or the first day of the succeeding calendar quarter, as may be specified in the agreement, but in no case prior to January 1, 1955; except that in case such agreement is amended to include the services performed for any other subsidiary and such amendment is executed after the first month following the first calendar quarter for which the agreement is in effect, the agreement shall be in effect with respect to service performed for such other subsidiary only after the calendar quarter in which such amendment is executed.

(3) **TERMINATION OF PERIOD BY A DOMESTIC CORPORATION.**—The period for which an agreement entered into pursuant to paragraph (1) of this subsection is effective may be terminated with respect to any one or more of its foreign subsidiaries by the domestic corporation, effective at the end of a calendar quarter, upon giving two years' advance notice in writing, but only if, at the time of the receipt of such notice, the agreement has been in effect for a period of not less than eight years. The notice of termination may be revoked by the domestic corporation by giving, prior to the close of the calendar quarter specified in the notice of termination, a written notice of such revocation. Notice of termination or revocation thereof shall be filed in such form and manner as may be prescribed by regulations. Notwithstanding any other provision of this subsection, the period for which any such agreement is effective with respect to any foreign corporation shall terminate at the end of any calendar quarter in which the foreign corporation, at any time in such quarter, ceases to be a foreign subsidiary as defined in paragraph (8).

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(4) **TERMINATION OF PERIOD BY SECRETARY.**—If the Secretary or his delegate finds that any domestic corporation which entered into an agreement pursuant to this subsection has failed to comply substantially with the terms of such agreement, the Secretary or his delegate shall give such domestic corporation not less than sixty days' advance notice in writing that the period covered by such agreement will terminate at the end of the calendar quarter specified in such notice. Such notice of termination may be revoked by the Secretary or his delegate by giving, prior to the close of the calendar quarter specified in the notice of termination, written notice of such revocation to the domestic corporation. No notice of termination or of revocation thereof shall be given under this paragraph to a domestic corporation without the prior concurrence of the Secretary of Health, Education, and Welfare.

(5) **NO RENEWAL OF AGREEMENT.**—If any agreement entered into pursuant to paragraph (1) of this subsection is terminated in its entirety (A) by a notice of termination filed by the domestic corporation pursuant to paragraph (3), or (B) by a notice of termination given by the Secretary or his delegate pursuant to paragraph (4), the domestic corporation may not again enter into an agreement pursuant to paragraph (1). If any such agreement is terminated with respect to any foreign subsidiary, such agreement may not thereafter be amended so as again to make it applicable with respect to such subsidiary.

(6) **DEPOSITS IN TRUST FUND.**—For purposes of section 201 of the Social Security Act, relating to appropriations to the Federal Old-Age and Survivors Insurance Trust Fund, such remuneration—

(A) paid for services covered by an agreement entered into pursuant to paragraph (1) as would be wages if the services constituted employment, and

(B) as is reported to the Secretary or his delegate pursuant to the provisions of such agreement or of the regulations issued under this subsection, shall be considered wages subject to the taxes imposed by this chapter.

(7) **OVERPAYMENTS AND UNDERPAYMENTS.**—

(A) If more or less than the correct amount due under an agreement entered into pursuant to this subsection is paid with respect to any payment of remuneration, proper adjustments with respect to the amounts due under such agreement shall be made, without interest, in such manner and at such times as may be required by regulations prescribed by the Secretary or his delegate.

(B) If an overpayment cannot be adjusted under subparagraph (A), the amount thereof shall be paid by the Secretary or his delegate, through the Fiscal Service of the Treasury Department, but only if a claim for such overpayment is filed with the Secretary or his delegate within two years from the time such overpayment was made.

(8) **DEFINITION OF FOREIGN SUBSIDIARY.**—For purposes of this subsection and section 210 (a) of the Social Security Act, a foreign subsidiary of a domestic corporation is—

(A) a foreign corporation more than 50 percent of the voting stock of which is owned by such domestic corporation; or

(B) a foreign corporation more than 50 percent of the voting stock of which is owned by the foreign corporation described in subparagraph (A).

(9) **DOMESTIC CORPORATION AS SEPARATE ENTITY.**—Each domestic corporation which enters into an agreement pursuant to paragraph (1) of this subsection shall, for purposes of this subsection and section 6413 (c) (2) (C), relating to special refunds in the case of employees of certain foreign corporations, be considered an employer in its capacity as a party to such agreement separate and distinct from its identity as a person employing individuals on its own account.

(10) **REGULATIONS.**—Regulations of the Secretary or his delegate to carry out the purposes of this subsection shall be designed to make the requirements imposed on domestic corporations with respect to services covered by an agreement entered into pursuant to this subsection the same, so far as practicable, as those imposed upon employers pursuant to this title with respect to the taxes imposed by this chapter.

(m) **SERVICE IN THE UNIFORMED SERVICES.**—For purposes of this chart —

(1) **INCLUSION OF SERVICE.**—The term "employment" shall notwithstanding the provisions of subsection (b) of this section, include service performed after December 1955, by an individual as a member of a uniformed service on active duty; but such term shall not include any such service which is performed while on leave without pay.

(2) *ACTIVE DUTY.*—The term “active duty” means “active duty” as defined in section 102 of the Servicemen’s and Veterans’ Survivor Benefits Act, except that it shall also include “active duty for training” as defined in such section.

(3) *INACTIVE DUTY TRAINING.*—The term “inactive duty training” means “inactive duty training” as defined in such section 102.

(n) *MEMBER OF A UNIFORMED SERVICE.*—For purposes of this chapter, the term “member of a uniformed service” means any person appointed, enlisted, or inducted in a component of the Army, Navy, Air Force, Marine Corps, or Coast Guard (including a reserve component of a uniformed service as defined in section 101 (3) of the Servicemen’s and Veterans’ Survivor Benefits Act), or in one of those services without specification of component, or as a commissioned officer of the Coast and Geodetic Survey or the Regular or Reserve Corps of the Public Health Service, and any person serving in the Army or Air Force under call or conscription. The term includes—  
The term does not include a temporary member of the Coast Guard Reserve.

- (1) a retired member of any of those services;
- (2) a member of the Fleet Reserve or Fleet Marine Corps Reserve;
- (3) a cadet at the United States Military Academy, a midshipman at the United States Naval Academy, and a cadet at the United States Coast Guard Academy or United States Air Force Academy;
- (4) a member of the Reserve Officers’ Training Corps, the Naval Reserve Officers’ Training Corps, or the Air Force Reserve Officers’ Training Corps, when ordered to annual training duty for fourteen days or more, and while performing authorized travel to and from that duty; and
- (5) any person while en route to or from, or at, a place for final acceptance or for entry upon active duty in the military or naval service—
  - (A) who has been provisionally accepted for such duty; or
  - (B) who, under the Universal Military Training and Service Act, has been selected for active military or naval service;
 and has been ordered or directed to proceed to such place.

The term does not include a temporary member of the Coast Guard Reserve.

**SEC. 3122. FEDERAL SERVICE**

In the case of the taxes imposed by this chapter with respect to service performed in the employ of the United States or in the employ of any instrumentality which is wholly owned by the United States, including service, performed as a member of a uniformed service, to which the provisions of section 3121 (m) (1) are applicable, the determination whether an individual has performed service which constitutes employment as defined in section 3121 (b), the determination of the amount of remuneration for such service which constitutes wages as defined in section 3121 (a), and the return and payment of the taxes imposed by this chapter, shall be made by the head of the Federal agency or instrumentality having the control of such service, or by such agents as such head may designate. The person making such return may, for convenience of administration, make payments of the tax imposed under section 3111 with respect to such service without regard to the \$4,200 limitation in section 3121 (a) (1), and he shall not be required to obtain a refund of the tax paid under section 3111 on that part of the remuneration not included in wages by reason of section 3121 (a) (1). *Payments of the tax imposed under section 3111 with respect to service, performed by an individual as a member of a uniformed service, to which the provisions of section 3121 (m) (1) are applicable, shall be made from appropriations available for the pay of members of such uniformed service.* The provisions of this section shall be applicable in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Exchanges, Marine Corps Exchanges, or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of Defense, at installations of the Department of Defense for the comfort, pleasure, contentment, and mental and physical improvement of personnel of such Department; and for purposes of this section the Secretary of Defense shall be deemed to be the head of such instrumentality. The provisions of this subsection shall be applicable also in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard; and for purposes of this subsection the Secretary shall be deemed to be the head of such instrumentality.

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### SUBPART C—INFORMATION REGARDING WAGES PAID EMPLOYEES

#### SEC. 6051. RECEIPTS FOR EMPLOYEES.

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[(b) SPECIAL RULE AS TO COMPENSATION OF MEMBERS OF ARMED FORCES.—In the case of compensation paid for service as a member of the Armed Forces, the statement shall show, as wages paid during the calendar year, the amount of such compensation paid during the calendar year which is not excluded from gross income under chapter 1 (whether or not such compensation constituted wages as defined in section 3401 (a)); such statement to be furnished if any tax was withheld during the calendar year or if any of the compensation paid is includible under chapter 1 in gross income.]

(b) SPECIAL RULE AS TO COMPENSATION OF MEMBERS OF THE UNIFORMED SERVICES.—In the case of compensation paid for service as a member of the Armed Forces, the statement required by subsection (a) shall be furnished if any tax was withheld during the calendar year under section 3402, or if any of the compensation paid during such year is includible in gross income under chapter 1, or if during the calendar year any amount was required to be withheld as tax under section 3101. In lieu of the amounts required to be shown by paragraphs (3) and (5), respectively, of subsection (a), such statement shall show as wages paid during the calendar year (1) the amount of such compensation paid during the calendar year which is not excluded from gross income under chapter 1 (whether or not such compensation constituted wages as defined in section 3401 (a)), and (2) the total amount of wages as defined in section 3121 (a), computed in accordance with such section and section 3121 (i) (2)

### NATIONAL SERVICE LIFE INSURANCE ACT OF 1940

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SEC. 620. Any person who is released from active service under other than dishonorable conditions on or after the date of enactment of the Insurance Act of 1951, and is found by the Administrator to be suffering from a disability or disabilities for which compensation would be payable if he were entitled to more in degree and except for which such person would be insurable according to the standards established by the Administrator for qualifying under the good health provisions of this Act, as amended, shall, upon application in writing made within one year from the date service connection of such disability is determined by the Veterans' Administration and payment of premiums as provided in this Act, as amended, be granted insurance by the United States against the death of such person occurring while such insurance is in force: *Provided*, That insurance granted under this section shall be issued upon the same terms and conditions as are contained in the standard policies of national service life insurance except (1) the premium rates for such insurance shall be based on the Commissioners 1941 Standard Ordinary Table of Mortality and interest at the rate of 2¼ per centum per annum; (2) all cash, loan, paid-up, and extended values shall be based upon the Commissioners 1941 Standard Ordinary Table of Mortality and interest at the rate of 2¼ per centum per annum; (3) all settlements on policies involving annuities shall be calculated on the basis of The Annuity Table for 1949, and interest at the rate of 2¼ per centum per annum; (4) insurance granted under the provisions of this section shall be on a nonparticipating basis and all premiums and other collections therefor shall be credited directly to a revolving fund in the Treasury of the United States, and any payments on such insurance shall be made directly from such fund. Appropriations to such fund are hereby authorized. Except as herein provided, the provisions of this Act other than those contained in section 621 shall be for application to such insurance: *Provided*, That as to insurance issued under this section waiver of premiums pursuant to section 602 (n) shall not be denied on the ground that the service-connected disability became total prior to the effective date of such insurance. [All persons granted indemnity protection under section 2 of the Servicemen's Indemnity Act of 1951 shall be deemed to be in the active service for the purpose of applying for insurance under this section: *Provided*, That as to persons incurring disability under the conditions stated in the last proviso of section 2 of the Servicemen's Indemnity Act of 1951, application for insurance must be filed within one year after the incurrance of such disability.] *Any member of a uniformed service (as that term is defined in section 102 of the Servicemen's and Veterans' Survivor Benefits Act) while on active duty, active duty for training, or inactive duty training (as those terms are defined in such section)*

*shall be deemed to be in the active service for the purpose of applying for insurance under this section; however, as to persons incurring a disability under the conditions provided in section 102 (11) (E) of such Act, application for insurance must be filed under this section within one year after the incurrence of such disability.*

SEC. 621. (a) Any person entitled to indemnity protection under section 2 of the Servicemen's Indemnity Act of 1951 who is ordered into active service for a period exceeding thirty days, shall, upon application in writing made within one hundred and twenty days after separation from such active service and payment of premiums as hereinafter provided, and without medical examination, be granted insurance by the United States against the death of such person occurring while such insurance is in force. Insurance granted under this section shall be issued upon the same terms and conditions as are contained in the standard policies of national service life insurance on the five-year level premium term plan except, (1) such insurance may not be exchanged for or converted to insurance on any other plan; (2) the premium rates for such insurance shall be based on the Commissioner's 1941 Standard Ordinary Table of Mortality and interest at the rate of  $2\frac{1}{4}$  per centum per annum; (3) all settlements on policies involving annuities shall be calculated on the basis of The Annuity Table for 1949, and interest at the rate of  $2\frac{1}{4}$  per centum per annum; (4) insurance issued hereunder shall be on a nonparticipating basis and all premiums and other collections therefor shall be credited to a revolving fund in the Treasury of the United States and the payments on such term insurance shall be made directly from such fund. Appropriations to such fund are hereby authorized.

(b) The Administrator is authorized to invest in, and the Secretary of the Treasury is authorized to sell and retire, special interest-bearing obligations of the United States for the account of the revolving fund with a maturity date as may be agreed upon by the Administrator and Secretary: *Provided*, That the rate of interest on such obligations shall be fixed by the Secretary of the Treasury at a rate not exceeding the average interest rate on all marketable obligations of the United States Treasury outstanding as of the end of the month preceding the date of issue of this special obligation.

(c) *No insurance shall be granted to any person under this section on or after January 1, 1956, unless prior to such date an acceptable application accompanied by proper and valid remittances or authorizations for the payment of premiums (1) was received by the Veterans' Administration, (2) was placed in the mails properly directed to the Veterans' Administration, or (3) was delivered to an authorized representative of any of the uniformed services.*

SEC. 622. (a) After the date of enactment of this section, any person while in active service for a continuous period in excess of thirty days who is insured under national service life insurance or United States Government life insurance shall be entitled, upon written application, to a waiver of all premiums on five-year level premium term insurance and that portion of any permanent insurance premiums representing the cost of the pure insurance risk, as determined by the Administrator, becoming due after the first day of the second calendar month following the date of enactment of this section, or the first day of the second calendar month following entry into active service, whichever is the later date, and during the remainder of such continuous active service and 120 days thereafter: *Provided*, That no premium shall be waived under this section for any period prior to the date of application therefor: *Provided*, That if the term of any five-year level premium term insurance on which premiums have been waived under this section expires while the insured is in active service, such term shall be automatically renewed for an additional five-year period and the premiums due at the then attained age shall be waived as provided above: *Provided further*, That the election by an insured of the premium waiver benefits of this section shall thereby render his contract of insurance nonparticipating during the period such premium waiver is in effect: *Provided further*, That whenever benefits under such insurance become payable because of the maturity of such policy of insurance while the insured is in active service or within one hundred and twenty days thereafter, liability for payment of such benefits shall be borne by the United States in an amount which, when added to any reserve of the policy at the time of maturity, will equal the then value of such benefits under such policy. Where life contingencies are involved in the calculation of the value of such benefits, the calculation of such liability or liabilities shall be based upon such mortality table or tables as the Administrator may prescribe with interest

at the rate of  $2\frac{1}{4}$  per centum per annum as to insurance issued under sections 620 and 621, at the rate of 3 per centum per annum as to other national service life insurance, and  $3\frac{1}{2}$  per centum per annum as to United States Government life insurance. The Administrator is authorized and directed to transfer from time to time from the national service life insurance appropriation to the National Service Life Insurance Fund and from the military and naval insurance appropriation to the United States Government Life Insurance Fund such sums as may be necessary to carry out the provisions of this section.

(b) *No application may be made after December 31, 1955, for waiver of premiums under this section.*

*Sec. 623. (a) Any person in active service on January 1, 1956, who surrendered a policy of national service life insurance or United States Government life insurance on a permanent plan for its cash value while in the active service on or after April 25, 1951, and prior to January 1, 1956, may, upon application in writing made within one hundred and twenty days after separation from active service, be granted, without medical examination, permanent plan insurance on the same plan not in excess of the amount surrendered for cash, or may reinstate such surrendered insurance upon payment of the required reserve and the premium for the current month. Waiver of premiums under this Act shall not be denied in any case of issue or reinstatement of insurance on a permanent plan under this section in which it is shown to the satisfaction of the Administrator that total disability of the applicant commenced prior to the date of application.*

*(b) Any person in the active service on January 1, 1956, who had United States Government life insurance or national service life insurance on the five-year level premium term plan, the term of which expired while he was in the active service after April 25, 1951, and prior to January 1, 1956, shall, upon application made within one hundred and twenty days after separation from active service, payment of premiums, and evidence of good health satisfactory to the Administrator, be granted an equivalent amount of insurance on the five-year level premium term plan at the premium rate for his then attained age.*

*(c) Persons deemed to be in the active service for the purposes of section 5 of the Servicemen's Indemnity Act of 1951 shall be deemed to be in the active service for the purposes of this section. The repeal of such Act shall not affect the insurance rights provided in section 5 thereof (except the first sentence) of any person separated from the service prior to January 1, 1956, whose one-hundred-and-twenty-day period specified in such section has not expired.*

## SECTION 212 OF PUBLIC HEALTH SERVICE ACT, AS AMENDED

### MILITARY BENEFITS

**[**Sec. 212. (a) For the purposes of this section—

**[**(1) the term "full military benefits" means all rights, privileges, immunities, and benefits provided under any law of the United States in the case of commissioned officers of the Army (including their surviving beneficiaries) on account of active military service, including, but not limited to, six months' pay in case of death, veterans' compensation and pensions and other veterans' benefits, the rights provided under the Soldiers' and Sailors' Civil Relief Act, as amended, and under the National Service Life Insurance Act, as amended, travel allowances, including per diem allowances for travel without regard to repeated travel between two or more places in the same vicinity, exemption from payment of postage on mail, exemption of certain pay from Federal income taxation, and other benefits, privileges and exceptions under the Internal Revenue laws; excluding, however, retired pay, uniform allowances, the right to be awarded military ribbons, medals, and decorations, and the benefits of the Mustering-out Payment Act of 1944, and excluding reemployment rights with respect to any commissioned officer of the Service except officers of the Reserve Corps called to active duty after November 11, 1943; and

**[**(2) the term "limited military benefits" means full military benefits, except veterans' compensation and pensions and other veterans' benefits, and eligibility under the National Service Life Insurance Act, as amended.

**[**(b) Commissioned officers of the Service (including their surviving beneficiaries)—

BENEFITS FOR SURVIVORS OF SERVICEMEN AND VETERANS 47

[(1) shall be entitled to limited military benefits with respect to all active service in time of war;

[(2) shall be entitled to full military benefits with respect to active service performed while detailed for duty with the Army, Navy, or Coast Guard;

[(3) shall be entitled to full military benefits with respect to active service outside the continental limits of the United States, or in Alaska, in time of war;

(4) shall be entitled to full military benefits with respect to active service performed while the Service is part of the military forces of the United States pursuant to executive order of the President.

(c) The authority vested by law in the War Department, the Secretary of War, or other officers of the War Department with respect to rights, privileges, immunities, and benefits referred to in subsection (a) shall be exercised, with respect to commissioned officers of the Service, by the Surgeon General under the supervision and direction of the Administrator.]

SEC. 212. (a) *Except as provided in subsection (b), commissioned officers of the Service and their surviving beneficiaries shall, with respect to active service performed by such officers—*

(1) *in time of war;*

(2) *on detail for duty with the Army, Navy, Air Force, Marine Corps, or Coast Guard; or*

(3) *while the Service is part of the military forces of the United States pursuant to executive order of the President;*

*be entitled to all rights, privileges, immunities, and benefits now or hereafter provided under any law of the United States in the case of commissioned officers of the Army or their surviving beneficiaries on account of active military service, except retired pay and uniform allowances.*

[(d)] (b) The President may prescribe the conditions under which commissioned officers of the Service may be awarded military ribbons, medals, and decorations.

(c) *The authority vested by law in the Department of the Army, the Secretary of the Army, or other officers of the Department of the Army with respect to rights, privileges, immunities, and benefits referred to in subsection (a) shall be exercised, with respect to commissioned officers of the Service, by the Surgeon General.*

(d) *Active service of commissioned officers of the Service shall be deemed to be active military service in the Armed Forces of the United States for the purposes of all laws administered by the Veterans' Administration (except the Servicemen's Indemnity Act of 1951) and section 217 of the Social Security Act.*

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SECTION 2 OF THE FEDERAL EMPLOYEES' GROUP LIFE INSURANCE ACT OF 1954

SEC. 2. (a) Except as provided in (b) of this section, each appointive or elective officer or employee (hereinafter called employee) in or under the executive, judicial, or legislative branch of the United States Government, including a Government owned or controlled corporation (but not including any corporation under the supervision of the Farm Credit Administration of which corporation any member of the board of directors is elected or appointed by private interests), and of the municipal government of the District of Columbia shall, at such time and under such conditions of eligibility as the Civil Service Commission (hereinafter called the Commission) may by regulation prescribe, come within the purview of this Act. Such regulations may provide for the exclusion of employees on the basis of the nature and type of employment or conditions pertaining thereto such as, but not limited to, short term appointments, seasonal or intermittent employment, part-time employment, and employment of like nature, and shall be issued only after consultation with the head of the department, establishment, agency, or other employing authority concerned: *Provided, That no employee or group of employees shall be excluded solely on the basis of the hazardous nature of employment.*

(b) This Act shall not apply to noncitizen employees whose permanent duty station is located outside a State of the United States or the District of Columbia, nor shall it apply to commissioned officers and enlisted personnel on active duty in or with the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States, who have indemnity coverage under the Servicemen's Indemnity Act of 1951 (65 Stat. 33)].

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(c) No person shall acquire insurance coverage under this Act by virtue of his status as a member of a uniformed service. The insurance granted to any employee under this Act (1) shall cease (except for a thirty-one day extension of life insurance coverage) on the day immediately prior to his entry on active duty or active duty for training, unless the period of such duty is covered by military leave with pay from a civilian position, and (2) shall not cease during any period of inactive duty training. The terms used in this subsection shall have the meanings assigned to them by section 102 of the Servicemen's and Veterans' Survivor Benefits Act.

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### SECOND SENTENCE OF SECOND PARAGRAPH OF SECTION 16 OF THE ACT OF MAY 22, 1917

While actually employed in active service under direct orders of the War Department or of the Navy Department members of the Coast and Geodetic Survey shall receive the benefit of all provisions of laws relating to disability incurred in line of duty or loss of life. Active service of commissioned officers of the Coast and Geodetic Survey shall be deemed to be active military service for the purposes of all laws administered by the Veterans' Administration (except the Servicemen's Indemnity Act of 1951) and section 217 of the Social Security Act, and for the purposes of section 210 of the Social Security Act as in effect prior to the Social Security Act Amendments of 1950.

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### SECTION 40(b) OF THE FEDERAL EMPLOYEES' COMPENSATION ACT

(b) The term "employee" includes (1) all civil officers and employees of all branches of the Government of the United States (including officers and employees of instrumentalities of the United States wholly owned by the United States, but excluding commissioned officers of the Regular Corps of the Public Health Service, commissioned officers in the Reserve Corps of the Public Health Service on active duty, and commissioned officers of the Coast and Geodetic Survey); (2) commissioned officers of the Regular Corps of the Public Health Service; (3) officers in the Reserve of the Public Health Service on active duty; (4) persons rendering personal services of a kind similar to those of civilian officers or employees of the United States to any department, independent establishment, or agency thereof (including instrumentalities of the United States wholly owned by it), without compensation or for nominal compensation, in any case in which acceptance or use of such services is authorized by an Act of Congress or in which provision is made by law for payment of the travel or other expenses of such person; and (5) (3) persons, other than independent contractors and their employees, employed on the Menominee Indian Reservation in the State of Wisconsin, subsequent to September 7, 1916, in operations conducted pursuant to the Act entitled "An Act to authorize the cutting of timber, the manufacture and sale of lumber, and the preservation of the forests on the Menominee Indian Reservation in the State of Wisconsin", approved March 28, 1908, as amended, or any other Act relating to tribal timber and logging operations on the Menominee Reservation.

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### SECTION 304 OF THE NAVAL RESERVE ACT OF 1938

SEC. 304. If in time of peace any member of the Naval Reserve is physically injured in the line of duty while performing active military or naval service, or dies as the result of such physical injury, he or his beneficiaries shall be entitled to all the benefits prescribed by law for civil employees of the United States who are physically injured in the line of duty or who die as a result thereof, and the United States Employees' Compensation Commission shall have jurisdiction in such cases and shall perform the same duties with reference thereto as in the cases of civil employees of the United States so disabled: *Provided*, That where a person who is eligible for the benefits prescribed by this section is also eligible for pension under the provisions of the Act of June 23, 1937, entitled "An Act to amend the provisions of the pension laws for peacetime service to include Reserve officers and members of the enlisted Reserves" (50 Stat. 305), he shall

elect which benefit he shall receive, and for the purposes of this section and of said Act all members of the Naval Reserve shall be considered as performing active military or naval service while performing active duty with or without pay, training duty with or without pay, drills, equivalent instruction or duty, appropriate duty, or other prescribed duty, or while performing authorized travel to or from such duties: *Provided further*, That for the purpose of determining the benefits to which entitled under the provisions of this section Naval Reservists so physically injured while performing the foregoing duties in a non-pay status will be held and considered as receiving the pay and allowances they would have received if in a pay status: *Provided further*, That (a) *In time of peace* Naval Reservists who become ill or contract disease in line of duty during the performance of active duty or training duty with or without pay shall be entitled, at Government expense, to such medical, hospital, or other treatment as is necessary for the appropriate treatment of such illness or disease until the disability resulting from such illness or disease cannot be materially improved by hospitalization or treatment, and to the necessary transportation and subsistence incident to such medical and hospital treatment and return to their homes when discharged therefrom: *Provided further*, That no treatment or hospitalization for such illness or disease shall be continued for more than ten weeks following discharge from active or training duty except on the approved recommendation of a board of medical survey, consisting of one or more medical officers of the Navy or on authorization of the Surgeon General of the Navy based on the certificate of a reputable physician that the illness or disease is a continuation of the illness or disease which was sustained or contracted during the period of active or training duty and that further benefit will result from continued treatment: *Provided further*, That any member of the Naval Reserve performing active duty with or without pay for periods of thirty days or less, training duty with or without pay, drills, equivalent instruction or duty, appropriate duty, or prescribed duty, or while performing authorized travel to or from such duties, prior to the official termination of World War II, shall be entitled to all the benefits provided by this section to members of the Naval Reserve in time of peace: *And provided further*, That in no case shall sickness or disease be regarded as an injury within the meaning of this section relating to the Naval Reserve.

(b) *For the purposes of paragraph I (a) of part II of Veterans Regulation Numbered 1 (a), all members of the Naval Reserve shall be considered as performing active military or naval service when injured while performing active duty with or without pay, training duty with or without pay, drills, equivalent instruction or duty, appropriate duty, or other prescribed duty, or while performing authorized travel to or from such duties.*

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#### SECTION 2 OF THE ACT OF AUGUST 12, 1935

SEC. 2. Whoever, being a guardian, curator, conservator, committee, or person legally vested with the responsibility or care of a claimant or his estate, or any other person having charge and custody in a fiduciary capacity of money paid under the War Risk Insurance Act, as amended, the World War Veterans' Act, 1924, as amended, the Emergency Officers' Retirement Act, as amended, the World War Adjusted Compensation Act, as amended, the pension laws in effect prior to March 20, 1933, Public Law Numbered 2, Seventy-third Congress, as amended, Public Law Numbered 484, Seventy-third Congress, *the Servicemen's and Veterans' Survivor Benefits Act*, or under any Act or Acts amendatory of such Acts, for the benefit of any minor, incompetent, or other beneficiary, shall lend, borrow, pledge, hypothecate, use, or exchange for other funds or property, except as authorized by law, or embezzle or in any manner misappropriate any such money or property derived therefrom in whole or in part and coming into his control in any manner whatever in the execution of his trust, or under color of his office or service as such fiduciary, shall be fined not exceeding \$2,000 or imprisoned for a term not exceeding five years, or both. Any willful neglect or refusal to make and file proper accountings or reports concerning such money or property as required by law, shall be taken to be sufficient evidence, prima facie, of such embezzlement or misappropriation. Section 505 of the World War Veterans' Act, 1924, section 16 of Public Law Numbered 2, Seventy-third Congress, and section 4783 of the Revised Statutes are hereby repealed; but any offense committed before the enactment of this Act may be prosecuted and

punishment may be inflicted in accordance with the terms of said sections notwithstanding the repeal of said sections.

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WORLD WAR VETERANS' ACT, 1924

SEC. 21. (1) Where any payment of compensation, *dependency and indemnity compensation*, adjusted compensation, pension, emergency officers' retirement pay, or insurance under any Act administered by the Veterans' Administration is to be made to a minor, other than a person in the military or naval forces of the United States, or to a person mentally incompetent, or under other legal disability adjudged by a court of competent jurisdiction, such payment may be made to the person who is constituted guardian, curator, or conservator by the laws of the State of residence of claimant, or is otherwise legally vested with the care of the claimant, or his estate: *Provided*, That where in the opinion of the Administrator any guardian, curator, conservator, or other person is acting as fiduciary in such a number of cases as to make it impracticable to conserve properly the estates or to supervise the persons of the wards, the Administrator is hereby authorized to refuse to make future payments in such cases as he may deem proper: *Provided further*, That prior to receipt of notice by the Veterans' Administration that any such person is under such other legal disability adjudged by some court of competent jurisdiction, payment may be made to such person direct: *Provided further*, That where no guardian, curator, or conservator of the person under a legal disability has been appointed under the laws of the State of residence of the claimant, the Administrator shall determine the person who is otherwise legally vested with the care of the claimant or his estate.

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(3) All or any part of the compensation, *dependency and indemnity compensation*, pension, emergency officers' retirement pay, or insurance the payment of which is suspended or withheld under this section may, in the discretion of the Administrator, be paid temporarily to the person having custody and control of the incompetent or minor beneficiary to be used solely for the benefit of such beneficiary, or in the case of an incompetent veteran, may be apportioned to the dependent or dependents, if any, of such veteran.

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SEC. 201. [That if death results from injury—] *If death occurs prior to January 1, 1956, and results from injury—*

If the deceased leaves a widow or child, or if he leaves a mother or father either or both dependent upon him for support, the monthly compensation shall be the following amounts:

- (a) If there is a widow but no child, \$30.
- (b) If there is a widow and one child, \$40, with \$6 for each additional child.
- (c) If there is no widow, but one child, \$20.
- (d) If there is no widow, but two children, \$30.
- (e) If there is no widow, but three children, \$40, with \$5 for each additional child.

(f) If there is a dependent mother (or dependent father), \$20, or both, \$30. The amount payable under this subdivision shall not exceed the difference between the total amount payable to the widow and children and the sum of \$75: *Provided*, That in case there is both a dependent mother and a dependent father, the amount payable to them shall not be less than \$20. Such compensation shall be payable, whether the dependency of the father or mother or both arises before or after the death of the person: *Provided*, That the status of dependency shall be determined as of the first day of each year, and the director is authorized to require a submission of such proof of dependency as he, in his discretion, may deem necessary: *Provided further*, That upon refusal or neglect of the claimant or claimants to supply such proof of dependency in a reasonable time the payment of compensation shall be suspended or discontinued.

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PARAGRAPH WHICH BEGINS "ARMY OF THE PHILIPPINES," UNDER HEADING "TRANSFER OF APPROPRIATIONS" IN THE ACT OF FEBRUARY 18, 1946

Army of the Philippines: \* \* \* *Provided*, That service in the organized military forces of the Government of the Commonwealth of the Philippines, while

such forces were in the service of the armed forces of the United States pursuant to the military order of the President of the United States dated July 26, 1941, shall not be deemed to be or to have been service in the military or naval forces of the United States or any component thereof for the purposes of any law of the United States conferring rights, privileges, or benefits upon any person by reason of the service of such person or the service of any other person in the military or naval forces of the United States or any component thereof, except benefits under (1) the National Service Life Insurance Act of 1940, as amended, under contracts heretofore entered into, and (2) laws administered by the Veterans' Administration providing for the payment of [pensions] *compensation or dependency and indemnity compensation* on account of service-connected disability or death: *Provided further*, That such [pensions] *compensation or dependency and indemnity compensation* shall be paid at the rate of one Philippine peso for each dollar authorized to be paid under the laws providing for such [pensions] *compensation or dependency and indemnity compensation, and where annual income is a factor in entitlement to benefits, the dollar limitations in the laws specifying such annual income shall apply at the rate of one Philippine peso for each dollar: Provided further*, That any payments heretofore made under any such law to or with respect to any member of the military forces of the Government of the Commonwealth of the Philippines who served in the service of the armed forces of the United States shall not be deemed to be invalid by reason of the circumstances that his service was not service in the military or naval forces of the United States or any component thereof within the meaning of such law.

PARAGRAPH BEGINNING "FINANCE SERVICE, ARMY," UNDER TITLE II OF THE ACT OF MAY 27, 1946

TITLE II—MILITARY ESTABLISHMENT

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Finance Service, Army, 1942-1946, \$4,704,700, and subappropriations under this head are hereby decreased as follows: (1) expenses of courts martial, \$4,700; (2) apprehension of deserters, \$450,000; (3) Finance Service, \$4,000,000, and (4) claims for damages due to loss or destruction of property, or personal injury, or death, \$250,000: *Provided*, That of the provisions of law of the United States conferring rights, privileges, or benefits upon any person by reason of the service of such person or the service of any other person in the armed forces of the United States or any component thereof, only those conferring rights, privileges, or benefits upon persons during the time they are on active duty and those listed below shall, after the date of enactment of this Act, be deemed to apply to persons for service in the Philippine Scouts under the provisions of section 14 of the Act approved October 6, 1945 (Public Law 190, Seventy-ninth Congress):

\* \* \* \* \*

[(6) The provisions of laws administered by the Veterans' Administration providing for the payment of pensions on account of service-connected disability or death:]

(6) *The provisions of laws administered by the Veterans' Administration for the payment of compensation or dependency and indemnity compensation on account of service-connected disability or death:*

*Provided further*, That payments made under the provisions of any law referred to in clauses (5) and (6) above shall be paid at the rate of one Philippine peso for each dollar authorized by such law: *Provided further*, That where annual income is a factor in entitlement to benefits, the dollar limitations in the laws specifying such annual income shall apply at the rate of one Philippine peso for each dollar:."

*Provided further*, That payments made under the provisions of any law referred to in clauses (5) and (6) above shall be paid at the rate of one Philippine peso for each dollar authorized by such law: *And provided further*, That the provisions of the National Service Life Insurance Act of 1940, as amended, shall apply to persons who serve in the Philippine Scouts under the provisions of section 14 of the Act approved October 6, 1945, only insofar as such provisions relate to contracts of insurance heretofore entered into.



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PARAGRAPH V OF PART I OF VETERANS REGULATION NUMBERED 2 (a)

PART I

EFFECTIVE DATES OF AWARDS OF DISABILITY AND DEATH PENSIONS AND PROVISIONS FOR FILING CLAIMS

V. (1) Pension, compensation, *dependency and indemnity compensation*, or retirement pay authorized under laws administered by the Veterans' Administration, to which a person was entitled prior to the date of his death, and not paid during his lifetime, and due and unpaid for a period not to exceed one year prior to death under existing ratings or decisions, or those based on evidence in the file at date of death, shall, upon the death of such person, be paid as hereinafter set forth:

(a) Upon the death of a person receiving an apportioned share of the veteran's pension, compensation, *dependency and indemnity compensation*, or retirement pay, all or any part of such unpaid amount, to the veteran or to any other dependent or dependents as may be determined by the Administrator of Veterans' Affairs;

(b) Upon the death of a veteran, to the surviving spouse; or if there be no surviving spouse, to the child or children, dependent mother or father in the order named;

(c) Upon the death of a widow or remarried widow, to the veteran's child or children;

(d) Upon the death of a child, to the surviving child or children of the veteran, entitled to death compensation, *dependency and indemnity compensation* or pension;

(e) In all other cases, only so much of the unpaid pension, compensation, *dependency and indemnity compensation*, or retirement pay may be paid as may be necessary to reimburse a person who bore the expense of last sickness and burial: *Provided, however,* That no part of any of the accrued pension, compensation, *dependency and indemnity compensation*, or retirement pay shall be used to reimburse and political subdivision of the United States for expense incurred in the last sickness or burial of such person;

(f) Payment of the benefits authorized by this paragraph will not be made unless claim therefor be received in the Veterans' Administration within one year from the date of death of the beneficiary or one year after date of this enactment, whichever is later, and such claim is perfected by the submission of the necessary evidence within one year from the date of the request therefor by the Veterans' Administration: *Provided, however,* That a claim for compensation, *dependency and indemnity compensation*, or pension by an apportionee, widow, child, or dependent parent shall be deemed to include claim for any accrued benefits.

(2) A check received by a payee in payment of pension, compensation, *dependency and indemnity compensation*, retirement pay, subsistence allowance, or education and training allowance shall, in the event of the death of the payee on or after the last day of the period covered by said check and unless negotiated by the payee or the duly appointed representative of his estate, be returned to the Veterans' Administration and canceled. The amount represented by any check returned and canceled pursuant to the foregoing or any amount recovered by reason of improper negotiation of any such check shall constitute accrued benefits payable pursuant to the provisions of paragraph V (1): *Provided,* That the one-year limitations of paragraph V (1) shall not apply: *Provided further,* That any amount not so paid shall be paid upon settlement by the General Accounting Office to the estate of the deceased payee, if such estate will not escheat: *And provided further,* That the provisions of this subparagraph in effect prior to the date of approval of this amendment shall be applicable in the case of any payee dying prior to said date.

(3) All Acts and parts of Acts in conflict with or inconsistent with the provisions of this section are hereby repealed.

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SECTION 11 OF THE UNIFORMED SERVICES CONTINGENCY OPTION ACT OF 1953

SEC. 11. Annuities payable under this Act shall be in addition to any pensions or other payments to which the beneficiaries may now or hereafter be entitled

under other provisions of law, and shall not be considered income (*except as provided in section 205 (g) of the Servicemen's and Veterans' Survivor Benefits Act*) under any law administered by the Veterans' Administration.

XIII. Not more than one award of pension, compensation, or emergency officers' or regular retirement pay, shall be made concurrently to any person based on his own service. The receipt of [pension or compensation] *pension, compensation, or dependency and indemnity compensation* by a widow, child, or parent on account of the death of any person, or receipt by any person of pension or compensation on account of his own service, shall not bar the payment of [pension or compensation] *pension, compensation, or dependency and indemnity compensation* on account of the death or disability of any other person. This paragraph is hereby made applicable to all laws administered by the Veterans' Administration. Section 4715 of the Revised Statutes (U. S. C., title 38, sec. 25) and any other laws in conflict herewith are hereby repealed or modified accordingly.

Pension, compensation, or retirement pay on account of his own service shall not be paid while the person is in receipt of active service pay.

The third proviso of paragraph 2 of section 1 of the Act of March 3, 1891 (U. S. C., title 38, sec. 26); the last proviso of paragraph 2 of section 3 of the Act of January 28, 1915 (U. S. C., title 38, sec. 27), and any other provision of law or veterans regulation contrary hereto is hereby repealed or modified accordingly.

#### SECTION 15 OF PUBLIC LAW NUMBERED 2, SEVENTY-THIRD CONGRESS

Sec. 15. Any person who shall knowingly make or cause to be made, or conspire, combine, aid, or assist in, agree to, arrange for, or in any wise procure the making or presentation of a false or fraudulent affidavit, declaration, certificate, statement, voucher, or paper, or writing purporting to be such, concerning any claim for benefits under this title *or the Servicemen's and Veterans' Survivor Benefits Act*, shall forfeit all rights, claims, and benefits under this title *and under the Servicemen's and Veterans' Survivor Benefits Act*, and, in addition to any and all other penalties imposed by law, shall be guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of not more than \$1,000 or imprisonment for not more than one year, or both.

#### SECTION 3 OF THE ACT OF OCTOBER 17, 1940

Sec. 3. Where a disabled person, entitled to pension, compensation, or emergency officers' retirement pay under laws or regulations administered by the Veterans' Administration, and his wife are not living together, or where the child or children are not in the custody of the disabled person; or where, in death cases, the child or children are not in the custody of the widow, the amount of the pension, compensation, *dependency and indemnity compensation*, or emergency officers' retirement pay may be apportioned as may be prescribed by the Administrator of Veterans' Affairs.

The Act of March 3, 1899 (30 Stat. 1379, ch. 460; U. S. C., title 38, secs. 45, 46, 47, and 49), with the exception of the last proviso (U. S. C., title 38, sec. 192), paragraph VII of Veterans Regulation Numbered 6 series (U. S. C., title 38, ch. 12, appendix), and all other provisions of law or regulation in conflict with the foregoing are repealed or modified to conform with the provisions of this section.

#### ACT OF SEPTEMBER 7, 1944

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That effective December 7, 1941, where in the case of a person in the active land or naval service a report of death or a finding of death has been made by the Secretary of War or the Secretary of the Navy, the effective date of an award of death pension or compensation payable under Public Law Numbered 2, Seventy-third Congress, as amended, *or of dependency and indemnity compensation payable under the Servicemen's and Veterans' Sur-*

*vivor Benefits Act*, shall be the day following the date fixed by the Secretary as the date of death in such report or finding: *Provided*, That claim be filed prior to one year after report or finding of death is made: *And provided further*, That death pension or compensation *or dependency and indemnity compensation* under the laws administered by the Veterans' Administration shall not be payable to any dependent for any period for which such dependent has received, or is entitled to receive, an allowance, allotment, or service pay of the deceased.

FIRST PARAGRAPH OF SECTION 3 OF THE ACT OF AUGUST 16, 1937

SEC. 3. That effective on the first day of the month next following the date of enactment of this Act, the rates of death compensation payable under the provisions of existing laws or veterans' regulations to a surviving widow, child, or children, and/or dependent mother or father now on the rolls or hereafter to be placed on the rolls as a surviving widow, child, or children, and/or dependent mother or father of any World War veteran who died *prior to January 1, 1956*, as the result of injury or disease incurred in or aggravated by active military or naval service in the World War, shall be as follows:

VETERANS REGULATION NUMBERED 1 (a)

PART I

PENSIONS TO VETERANS AND THE DEPENDENTS OF VETERANS FOR DISABILITY OR DEATH RESULTING FROM ACTIVE MILITARY OR NAVAL SERVICE DURING THE SPANISH-AMERICAN WAR, BOXER REBELLION, PHILIPPINE INSURRECTION, AND/OR THE WORLD WAR

\* \* \* \* \*

IV. The surviving widow, child or children, and dependent mother or father of any deceased person who died *prior to January 1, 1956* as the result of injury or disease incurred in or aggravated by active military or naval service as provided in part I, paragraph I, hereof, shall be entitled to receive compensation at the monthly rates specified next below.

Widow but no child, \$87; widow with one child, \$121 (with \$29 for each additional child); no widow but one child, \$67; no widow but two children, \$94 (equally divided); no widow but three children, \$122 (equally divided) (with \$23 for each additional child; total amount to be equally divided); dependent mother or father, \$75 (or both), \$40 each.

\* \* \* \* \*

PART II

PAYMENT OF PENSION FOR DISABILITY OR DEATH INCURRED DURING PEACETIME SERVICE

\* \* \* \* \*

III. The surviving widow, child or children, and dependent mother or father of any deceased person who died *prior to January 1, 1956* as a result of injury or disease incurred in or aggravated by active military or naval service as provided for in part II, paragraph I hereof, shall be entitled to receive compensation at 80 per centum of the rates specified for such dependents in paragraph IV, part I hereof, as now or hereafter amended.

ACT OF DECEMBER 17, 1919

[AN ACT To provide for the payment of six months' pay to the widow, children, or other designated dependent relative of any officer or enlisted man of the Regular Army whose death results from wounds or disease not the result of his own misconduct.

*[Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That hereafter, immediately upon the official notification of the death from wounds or disease, not the result of his own misconduct, of any officer or enlisted man on the active list of the Regular Army or on the retired list when on active duty, the Quartermaster General of the Army shall cause to be paid to the widow, and if there be no

widow to the child or children, and if there be no widow or child to any other dependent relative of such officer or enlisted man previously designated by him, an amount equal to six months' pay at the rate received by such officer or enlisted man at the date of his death. The Secretary of War shall establish regulations requiring each officer and enlisted man having no wife or child to designate the proper dependent relative to whom this amount shall be paid in case of his death. Said amount shall be paid from funds appropriated for the pay of the Army: *Provided*, That nothing in this Act shall be construed as making the provisions thereof applicable to officers or enlisted men of any forces or troops of the Army of the United States other than those of the Regular Army, and nothing in this Act shall be construed to apply in commissioned grades to any officers except those holding permanent appointments in the Regular Army: *And provided further*, That in the event of the death of any beneficiary before payment to and collection by such beneficiary of the amount authorized herein, such gratuity shall be paid to the next living beneficiary in the order of succession above stated: *And provided further*, That if there be no widow, child, or previously designated dependent relative, the Secretary of War shall cause the amount herein provided to be paid to any grandchild, parent, brother or sister, or grandparent shown to have been dependent upon such officer or enlisted man prior to his death, and the determination of such fact by the Secretary of War shall be final and conclusive upon the accounting officers of the Government: *And provided further*, That the last foregoing proviso shall be effective as of August 27, 1940.

[**Sec. 2.** That nothing in this Act shall be construed as making the provisions of this Act applicable to officers or enlisted men of any forces or troops of the Army of the United States other than those of the Regular Army, and nothing in this Act shall be construed to apply in commissioned grades to any officers except those holding permanent or provisional appointments in the Regular Army.]

SECOND PARAGRAPH UNDER "BUREAU OF SUPPLIES AND ACCOUNTS"  
IN THE ACT OF JUNE 4, 1920

BUREAU OF SUPPLIES AND ACCOUNTS

\* \* \* \* \*

[That hereafter, immediately upon official notification of the death from wounds or disease, not the result of his or her own misconduct, of any officer, enlisted man, or nurse on the active list or the Regular Navy or Regular Marine Corps, or on the retired list when on active duty, the Paymaster General of the Navy shall cause to be paid to the widow, and if there be no widow to the child or children, and if there be no widow or child, to any other dependent relative of such officer, enlisted man, or nurse previously designated by him or her, an amount equal to six months' pay at the rate received by such officer, enlisted man, or nurse at the date of his or her death. The Secretary of the Navy shall establish regulations requiring each officer and enlisted man or nurse having no wife or child to designate the proper dependent relative to whom this amount shall be paid in case of his or her death. Said amount shall be paid from funds appropriated for the pay of the Navy and pay of the Marine Corps, respectively: *Provided*, That if there be no widow, child, or previously designated dependent relative, the Secretary of the Navy shall cause the amount herein provided to be paid to any grandchild, parent, brother or sister or grandparent shown to have been actually dependent upon such officer, enlisted man, or nurse prior to his or her death and the determination of such fact by the Secretary of the Navy shall be final and conclusive upon the accounting officers of the Government: *Provided*, That nothing in this section or in other existing legislation shall be construed as making the provisions of this section applicable to officers, enlisted men, or nurses of any forces of the Navy of the United States other than those of the Regular Navy and Marine Corps, and nothing in this section shall be construed to apply in commissioned grades to any officers except those holding permanent or probationary appointments in the Regular Navy or Marine Corps: *Provided*, That the provisions of this section shall apply to the officers and enlisted men of the Coast Guard, and the Secretary of the Treasury will cause payment to be made accordingly: *And provided further*, That in the event of the death of any beneficiary before payment to and collection by such bene-

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ficiary of the amount authorized herein, such amount shall be paid to the next living beneficiary in the order of succession above stated.】

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ACT OF MARCH 8, 1928

【AN ACT To amend an Act entitled "An Act To provide for the payment of six months' pay to the widow, children, or other designated dependent relative of any officer or enlisted man of the Regular Army whose death results from wounds or disease not the result of his own misconduct," approved December 17, 1919, so as to include nurses of the Regular Army.

【*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Act of Congress approved December 17, 1919 (Forty-first Statutes at Large, page 367), entitled "An Act to provide for the payment of six months' pay to the widow, children, or other designated dependent relative of any officer or enlisted man of the Regular Army whose death results from wounds or disease not the result of his own misconduct," shall apply to nurses of the Regular Army to the same extent and under the same conditions as to officers and enlisted men of the Regular Army.】

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ACT OF MAY 12, 1930

【AN ACT Authorizing payment of six months' death gratuity to beneficiaries of transferred members of the Fleet Naval Reserve and Fleet Marine Corps Reserves who die while on active duty.

【*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the provisions of the Act of June 4, 1920, as amended, which authorized the payment of an amount equal to six months' pay to the beneficiaries of personnel of the regular Navy or Marine Corps, and retired personnel of the Navy and Marine Corps, when on active duty, shall be extended to transferred members of the Fleet Naval Reserve and Fleet Marine Corps Reserve who die while on active duty and not as a result of their own misconduct, and transferred members of the Fleet Naval Reserve and Fleet Marine Corps Reserve shall be required to file with the Navy Department the name of beneficiary other than wife or child to which payment of the amount equal to six months' pay shall be made in the event of their death while on active duty and not the result of their own misconduct.】

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ACT OF JULY 15, 1939

【AN ACT To extend the benefits of the United States Employees' Compensation Act to members of the Officers' Reserve Corps and of the Enlisted Reserve Corps of the Army who are physically injured in line of duty while performing active duty or engaged in authorized training, and for other purposes.

【*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That if in time of peace any member of the Officers' Reserve Corps or of the Enlisted Reserve Corps of the Army is physically injured in line of duty (1) while on active duty, or (2) when engaged in authorized travel to and from such duty, or (3) when engaged in authorized training without pay, or dies as the result of such physical injury, he or his beneficiary shall be entitled to all the benefits prescribed by law for civil employees of the United States who are physically injured in line of duty or who die as a result thereof, and the United States Employees' Compensation Commission shall have jurisdiction in such cases and shall perform the same duties with reference thereto as in the cases of civil employees of the United States so injured: *Provided,* That the benefits shall accrue to any such member or his beneficiary, whether the disability or death is the result of sickness or disease contracted in line of duty while on active duty when such sickness or disease is proximately caused by service on active duty: *Provided further,* That employees' compensation under this Act shall not be paid concurrently with active-duty pay or pension based upon military service, and in the event a person becomes eligible for the benefits of the United States Employees' Compensation Act and is also eligible for, or is in receipt of, a pension based upon military service, he shall elect which benefit to receive: *Provided further,* That authorized training with-

out pay is defined as inactive-status training under written authorization by competent military authority covering a specific training assignment and prescribing a time limit: *Provided further*, That for the purpose of determining the benefits to which entitled under the provisions of this Act members of the Officers' Reserve Corps or of the Enlisted Reserve Corps of the Army physically injured when engaged in authorized training without pay will be held and considered as receiving the pay and allowances they would have received if in a pay status: *Provided further*, That Reserve Officers entitled to the benefits of the last proviso of section 5 of the Act of April 3, 1939 (Public, Numbered 18, Seventy-sixth Congress), shall not be entitled to the benefits of this Act: *And provided further*, That nothing herein shall be construed to authorize compensation benefits for any period prior to the approval of this Act.

【Sec. 2. As used in this Act, the term "in time of peace" shall include that period after September 8, 1945 (the date of formal surrender by Japan), which is prior to the first day on which the United States is, by the action of the Congress or the President, or both, no longer engaged in any war in which the United States is engaged on the date of enactment of this section.】

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ACT OF JULY 18, 1940

【*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That where in time of peace any member of the Officers' Reserve Corps or of the Enlisted Reserve Corps of the Army was physically injured in line of duty (1) while on active duty, or (2) while engaged in authorized travel to and from such duty, or (3) while engaged in authorized training without pay, or dies or has died as the result of such physical injury, where such injury or death occurred between the dates of February 28, 1925, and July 15, 1939, both inclusive, when such injury or death results from an accident involving a military hazard such as flying in military aircraft, participation in military drills, target practice and tactical exercises, and in injury cases where such injury has resulted in permanent partial or permanent total disability, he or his beneficiary shall be entitled to all the benefits prescribed by law for civil employees of the United States who are physically injured in line of duty or who die as a result thereof, and the United States Employees' Compensation Commission shall have jurisdiction in such cases and shall perform the same duties with reference thereto as in the cases of civil employees of the United States so injured: *Provided*, That the benefits shall accrue to any such member, or his beneficiary, whether the disability or death is the result of sickness or disease contracted in line of duty while on active duty when such sickness or disease is proximately caused by service on active duty: *Provided further*, That employees' compensation under this Act shall not be paid concurrently with active-duty pay or pension based upon military service, and in the event a person become eligible for the benefits of the United States Employees' Compensation Act and is also eligible for, or is in receipt of, a pension based upon military service, he shall elect which benefit to receive: *Provided further*, That authorized training without pay is defined as inactive-status training under written authorization by competent military authority covering a specific training assignment and prescribing a time limit: *Provided further*, That for the purpose of determining benefits to which entitled under the provisions of this Act members of the Officers' Reserve Corps or of the Enlisted Reserve Corps of the Army physically injured when engaged in authorized training without pay will be held and considered as receiving the pay and allowances they would have received if in a pay status: *And provided further*, That nothing herein shall be construed to authorize compensation benefits which may have accrued for any period prior to the approval of this Act, but eligibility for compensation benefits shall be determined as of the date of approval of this Act and any benefits payable shall date only from such approval and the eight-year period of limitation in section 10-G of the Federal Employees' Compensation Act of September 7, 1916, shall be computed for purposes of this Act, from the date of approval thereof.

【Where injury or death has been sustained by any member of the Officers' Reserve Corps or Enlisted Reserve Corps while performing authorized training without pay upon inactive status it shall be presumed that such training was being performed under written authorization of competent military authority covering a specific training assignment and prescribing a time limit and thus subject to the provision of this Act unless a duly appointed Examining Board,

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appointed at the time of said accident, has found and reported to the contrary.  
【All claims for disability or death benefits allowed under the provisions of this Act shall be made within one year from its approval by the President.】

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### SECTION 9 OF THE ACT OF JANUARY 19, 1942

(As set forth in sec. 870, title 33, U. S. C. A.)

【SEC. 9. The provisions of section 943 of Title 34, relating to the payment of a death gratuity to dependents of commissioned officers and other personnel of the Navy or Marine Corps, or as hereafter amended shall apply to commissioned officers of the Coast and Geodetic Survey, except that the duties and obligations imposed in said sections upon the Secretary of the Navy are hereby imposed for the purposes of sections 851a, 852b, 854a-854c, 864b-864d, 868a, and 870 of this title upon the Secretary of Commerce who shall cause the necessary payments to be made from funds appropriated for the Coast and Geodetic Survey: *Provided*, That the provisions of this section shall be effective from December 8, 1941.】

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### SECTION 489 OF TITLE 14, UNITED STATES CODE

#### 【§ 489. Death gratuity

【The provisions of law relating to the payment of an additional amount of pay to the widow, children, or other dependent relative of an officer or enlisted person of the Regular Navy or Marine Corps upon official notification of the death of such officer or enlisted man shall apply in the same manner, to the same extent, and under the same conditions to officers and enlisted men of the Regular Coast Guard. The authority and duty vested in the Secretary of the Navy by such provisions of law shall be exercised by the Secretary of the Treasury in the application and administration of such laws to the Coast Guard when it is in the Treasury Department.】

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### SERVICEMEN'S INDEMNITY ACT OF 1951

【SEC. 1. This part may be cited as the "Servicemen's Indemnity Act of 1951".

【SEC. 2. Except as hereinafter provided, on and after June 27, 1950, any person in the active service of the Army, Navy, Air Force, Marine Corps, Coast Guard, or the Reserve components thereof, including the National Guard when called or ordered to active duty or active training duty for fourteen days or more; members of the Reserve Officers' Training Corps, the Naval Reserve Officers' Training Corps, and the Air Force Reserve Officers' Training Corps, when called or ordered to active training duty for fourteen days or more while on such active training duty; cadets and midshipmen at the United States Military, Naval, and Coast Guard Academies; commissioned officers of the Public Health Service while entitled to full military benefits as provided in section 212 (a) of the Act of July 1, 1944 (58 Stat. 689), as amended (42 U. S. C. 213); and commissioned officers of the Coast and Geodetic Survey while assigned to duty during a period of war or an emergency as proclaimed by the President or the Congress on projects for the Army, Navy, or Air Force in areas outside the continental United States or in Alaska or in coastal areas of the United States determined by the Department of Defense to be of immediate military hazard, shall be automatically insured by the United States, without cost to such person, against death in such service in the principal amount of \$10,000: *Provided*, That any person called to extended active service for a period exceeding thirty days shall continue to be so protected for a period of one hundred and twenty days after separation or release from such active service: *Provided further*, That persons in the Reserve components, including the National Guard, while engaged in aerial flights in Government owned or leased aircraft for any period, with or without pay, as an incident to their military or naval training, shall be deemed to be in the active service for the purposes of this Act: *And provided further*, That for the purposes of this part, any person, who, on or after June 27, 1950, was or shall be provisionally accepted and directed or ordered to report to a place for final acceptance or for entry upon active duty in the military or naval service and who died or shall die as the result of disability incurred while en route to such place and

within one hundred and twenty days after the incurrence of such disability, or any registrant under the Selective Service Act of 1948, as amended, who on or after June 27, 1950, in response to an order to report for induction into the Armed Forces and who, after reporting to a local draft board, died or dies as the result of disability incurred while en route from such draft board to a designated induction station and within one hundred and twenty days after the incurrence of such disability shall be deemed to have died in active service.

【SEC. 3. Upon certification by the Secretary of the service department concerned of the death of any person deemed to have been automatically insured under this part, the Administrator of Veterans' Affairs shall cause the indemnity to be paid as provided in section 4 only to the surviving spouse, child or children (including a stepchild, adopted child, or an illegitimate child if the latter was designated as beneficiary by the insured), parent (including a stepparent, parent by adoption, or person who stood in loco parentis to the insured at any time prior to entry into the active service for a period of not less than one year), brother, or sister of the insured, including those of the half-blood and those through adoption. The insured shall have the right to designate the beneficiary or beneficiaries of the indemnity within the classes herein provided; to designate the proportion of the principal amount to be paid to each; and to change the beneficiary or beneficiaries without the consent thereof but only within the classes herein provided. If the designated beneficiary or beneficiaries do not survive the insured, or if none has been designated, the Administrator shall make payment of the indemnity to the first eligible class of beneficiaries according to the order set forth above, and in equal shares if the class is composed of more than one person. Unless designated otherwise by the insured, the term "parent" shall include only the mother and father who last bore that relationship to the insured.

【Any installments of an indemnity not paid to a beneficiary during such beneficiary's lifetime shall be paid to the named contingent beneficiary, if any; otherwise, to the beneficiary or beneficiaries within the permitted class next entitled to priority: *Provided*, That no payment shall be made to the estate of any deceased person.

【SEC. 4. The indemnity shall be payable in equal monthly installments of one hundred and twenty in number with interest at the rate of  $2\frac{1}{4}$  per centum per annum.

【SEC. 5. The automatic indemnity coverage authorized by section 2 shall apply to any person in the active service of the named Armed Forces who, upon death in such active service, or within one hundred and twenty days after separation or release from such active service as prescribed in section 2, is insured against such death under a contract of national service life insurance or United States Government life insurance, but only with respect to a principal amount of indemnity equal to the difference between the amount of insurance in force at the time of death and \$10,000. Any person in active service, who is insured under a permanent plan of national service life insurance or United States Government life insurance, may elect to surrender such contract for its cash value. In any such case the person, upon application in writing made within one hundred and twenty days after separation from active service, may be granted, without medical examination, permanent plan insurance on the same plan not in excess of the amount surrendered for cash, or may reinstate such surrendered insurance upon payment of the required reserve and the premium for the current month. Any person in the active service having United States Government life insurance or national service life insurance on the five-year level premium term plan, the term of which expires while such person is in active service after the date of this enactment, shall, upon application made within one hundred and twenty days after separation from service, payment of premiums and evidence of good health satisfactory to the Administrator, be granted an equivalent amount of insurance on the five-year level premium term plan at the premium rate for his then attained age. Waiver of premiums under the National Service Life Insurance Act of 1940, as amended, shall not be denied in any case of issue or reinstatement of insurance on a permanent plan under this section in which it is shown to the satisfaction of the Administrator that total disability of the applicant commenced prior to the date of his application.

【SEC. 6. The Administrator of Veterans' Affairs is authorized to promulgate such rules and regulations, not inconsistent with the provisions of this part, as are necessary or appropriate to carry out its purposes.

【SEC. 7. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to



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carry out the provisions of this part, to be known as the servicemen's indemnity appropriation, for the payment of liabilities under this part.

【Sec. 8. Any person guilty of mutiny, treason, spying, or desertion, or who, because of conscientious objections refuses to perform services in the land or naval forces of the United States or refuses to wear the uniform of such force, shall forfeit all rights to an indemnity under this Act: *Provided*, That restoration to active duty after commission of any such offense shall restore all rights to an indemnity under this Act. No indemnity shall be payable for death inflicted as a lawful punishment for crime or for military or naval offense, except when inflicted by an enemy of the United States.

【Sec. 9. The provisions of Public Law Numbered 262, Seventy-fourth Congress, approved August 12, 1935 (49 Stat. 607), as amended, titles II and III of Public Law Numbered 844, Seventy-fourth Congress, approved June 29, 1936 (49 Stat. 2031), as amended, and section 15 of Public Law Numbered 2, Seventy-third Congress, March 20, 1933, insofar as they are applicable, shall apply to the provisions of this part: *Provided*, That assignments of all or any part of the beneficiary's interest may be made by a beneficiary to any other person or persons within the permitted class of beneficiaries, as specified in section 3, if all other persons having contingent rights of equal or greater priority to those of the assignee join in the assignment: *Provided further*, That such assignment shall not affect any payments made prior to its receipt by the Veterans' Administration.】

TABLE OF SECTIONS AT THE BEGINNING OF CHAPTER 13, TITLE 14,  
UNITED STATES CODE

CHAPTER 13.—PAY, ALLOWANCES, AWARDS, AND OTHER RIGHTS AND BENEFITS

Sec.								
461. Pay and allowances.	*	*	*	*	*	*	*	*
【489. Death gratuity.】								
	*	*	*	*	*	*	*	*
509. Prisoners; allowances to; transportation.								

SECTION 2 OF THE ACT OF DECEMBER 3, 1942

【Sec. 2. Commissioned officers of the Coast and Geodetic Survey who, in time of war or national emergency declared by the President, are assigned to duty on projects for the military departments in areas determined by the Secretary of Defense to be of immediate military hazard, shall, while on such duty, be entitled to the rights and benefits provided by law for officers of the Coast and Geodetic Survey who are actually transferred to the service of the military departments: *Provided*, That the benefits of this section shall be applicable also to commissioned officers of the Coast and Geodetic Survey serving in the Philippine Islands on December 7, 1941.】



84TH CONGRESS  
1ST SESSION

# H. R. 7089

[Report No. 993]

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 28, 1955

Mr. HARDY, from the Select Committee on Survivor Benefits, established by H. Res. 35, reported the following bill; which was committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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# A BILL

To provide benefits for the survivors of servicemen and veterans,  
and for other purposes.

1     *Be it enacted by the Senate and House of Representa-*  
2     *tives of the United States of America in Congress assembled,*

3     **TITLE I—SHORT TITLE AND DEFINITIONS**

4                                   **SHORT TITLE**

5     **SEC. 101.** This Act, divided into titles and sections ac-  
6     cording to the following table of contents, may be cited as  
7     the "Servicemen's and Veterans' Survivor Benefits Act".

**TABLE OF CONTENTS**

**TITLE I—SHORT TITLE AND DEFINITIONS**

Sec. 101. Short title.  
Sec. 102. Definitions.

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### TITLE II—DEPENDENCY AND INDEMNITY COMPENSATION

- Sec. 201. Deaths entitling survivors to dependency and indemnity compensation.
- Sec. 202. Dependency and indemnity compensation to a widow.
- Sec. 203. Dependency and indemnity compensation to children.
- Sec. 204. Supplemental dependency and indemnity compensation to children.
- Sec. 205. Dependency and indemnity compensation to parents.
- Sec. 206. Dependency and indemnity compensation in cases of prior deaths.
- Sec. 207. Determinations by the Veterans' Administration.
- Sec. 208. Duplication of benefits.
- Sec. 209. Administrative provisions.
- Sec. 210. Exemption from taxation and claims of creditors.

### TITLE III—DEATH GRATUITY

- Sec. 301. Deaths entitling survivors to death gratuity.
- Sec. 302. Immediate payment of death gratuity.
- Sec. 303. Death gratuity coverage after active service.
- Sec. 304. Administrative provisions.

### TITLE IV—OLD-AGE AND SURVIVORS INSURANCE

#### PART A—PROVISIONS RELATING TO TITLE II OF THE SOCIAL SECURITY ACT

- Sec. 401. Definition of wages.
- Sec. 402. Definition of employment.
- Sec. 403. Lump-sum death payments for reinterment of deceased veterans.
- Sec. 404. Credit for military or naval service performed before January 1, 1956.
- Sec. 405. Special insured status in cases of in-service or service-connected deaths.
- Sec. 406. Special status in case of service-connected disability.
- Sec. 407. Special provisions in cases of prior deaths.
- Sec. 408. Reimbursement of trust fund for cost of wage credits for certain military service.
- Sec. 409. Reimbursement of trust fund for special insured status of servicemen and veterans.
- Sec. 410. Requirement of application.
- Sec. 411. Amendments relating to railroad retirement.
- Sec. 412. Survivor annuities under the Civil Service Retirement Act.
- Sec. 413. Determinations by Administrator of Veterans' Affairs.

#### PART B—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1954

- Sec. 414. Definition of wages.
- Sec. 415. Definition of employment.
- Sec. 416. Receipts for employees.

### TITLE V—AMENDMENTS AND REPEALS

- Sec. 501. Amendments.
- Sec. 502. Repeals.
- Sec. 503. Applications for benefits.
- Sec. 504. Miscellaneous.

## DEFINITIONS

1

2

SEC. 102. For the purposes of this Act—

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(1) “Administrator” means the Administrator of Veterans’ Affairs.

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5

(2) “Member of a uniformed service” means a person appointed, enlisted, or inducted in a component of the Army, Navy, Air Force, Marine Corps, or Coast Guard (including a reserve component of a uniformed service), or in one of those services without specification of component, or as a commissioned officer of the Coast and Geodetic Survey or the Regular or Reserve Corps of the Public Health Service, and any person serving in the Army or Air Force under call or conscription.

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The term includes—

15

(A) a retired member of any of those services;

16

(B) a member of the Fleet Reserve or Fleet

17

Marine Corps Reserve;

18

(C) a cadet at the United States Military

19

Academy, a midshipman at the United States Naval

20

Academy, and a cadet at the United States Coast

21

Guard Academy or United States Air Force

22

Academy;

23

(D) a member of the Reserve Officers’ Train-

24

ing Corps, the Naval Reserve Officers’ Training

25

Corps, or the Air Force Reserve Officers’ Training

1 Corps, when ordered to annual training duty for  
 2 fourteen days or more, and while performing au-  
 3 thorized travel to and from that duty; and

4 (E) any person while en route to or from, or  
 5 at, a place for final acceptance or for entry upon  
 6 active duty in the military or naval service—

7 (i) who has been provisionally accepted  
 8 for such duty; or

9 (ii) who, under the Universal Military  
 10 Training and Service Act, has been selected  
 11 for active military or naval service;

12 and has been ordered or directed to proceed to  
 13 such place.

14 The term does not include a temporary member of the  
 15 Coast Guard Reserve.

16 (3) "Reserve component of a uniformed service"  
 17 means—

18 (A) The Army Reserve;

19 (B) The Naval Reserve;

20 (C) The Marine Corps Reserve;

21 (D) The Air Force Reserve;

22 (E) The Coast Guard Reserve;

23 (F) The Reserve Corps of the Public Health  
 24 Service;

25 (G) The National Guard of the United States;

1           (H) The Air National Guard of the United  
2 States;

3           (I) The federally recognized National Guard  
4 or Air National Guard of the several States and Ter-  
5 ritories, and the District of Columbia.

6           (4) "Active duty" means (A) full-time duty per-  
7 formed by a member of a uniformed service in the  
8 active military or naval service, other than active  
9 duty for training, (B) full-time duty as a commis-  
10 sioned officer in the Coast and Geodetic Survey, or in  
11 the Regular Corps of the Public Health Service, or in  
12 the Reserve Corps of the Public Health Service (other  
13 than for training purposes), (C) service as a cadet at  
14 the United States Military, Air Force, or Coast Guard  
15 Academy, or as a midshipman at the United States  
16 Naval Academy, and (D) authorized travel to or  
17 from such duty or service.

18           (5) "Active duty for training" means (A) full-time  
19 duty performed by a member of a reserve component  
20 of a uniformed service in the active military or naval  
21 service of the United States for training purposes, (B)  
22 full-time duty as a commissioned officer in the Reserve  
23 Corps of the Public Health Service for training pur-  
24 poses, (C) annual training duty performed for a period  
25 of fourteen days or more by a member of the Reserve

1 Officers' Training Corps, the Naval Reserve Officers'  
2 Training Corps, or the Air Force Reserve Officers'  
3 Training Corps, and (D) authorized travel to or from  
4 such duty. The term does not include duty performed  
5 as a temporary member of the Coast Guard Reserve.

6 (6) (A) "Inactive duty training" means any of the  
7 training, instruction, duty, appropriate duties, or equiva-  
8 lent training, instruction, duty, appropriate duties, or  
9 hazardous duty, performed with or without compensa-  
10 tion by a member of a reserve component of a uni-  
11 formed service, prescribed by the appropriate Secretary  
12 pursuant to section 501 of the Career Compensation  
13 Act of 1949 or any other provision of law. The term  
14 does not include (1) work or study performed by a  
15 member of a reserve component of a uniformed service  
16 in connection with correspondence courses of the Army,  
17 Navy, Air Force, Marine Corps, Coast Guard, or Public  
18 Health Service, (2) attendance at an educational insti-  
19 tution in an inactive status under the sponsorship of the  
20 Army, Navy, Air Force, Marine Corps, Coast Guard, or  
21 Public Health Service, or (3) duty performed as a  
22 temporary member of the Coast Guard Reserve.

23 (B) Any member of a reserve component of a uni-  
24 formed service—

25 (i) who, when authorized or required by com-

1           petent authority, assumes an obligation to perform  
2           active duty for training or inactive duty training;  
3           and

4           (ii) who dies from an injury incurred on or  
5           after January 1, 1956, by him while proceeding  
6           directly to or returning directly from such active  
7           duty for training or inactive duty training, as the  
8           case may be;

9           shall be deemed to have been on active duty for train-  
10          ing or inactive duty training, as the case may be, and  
11          entitled to basic pay at the time such injury was incurred.

12          For purposes of title III the Secretary concerned, and  
13          for purposes of title II the Administrator, shall deter-  
14          mine whether such member of a reserve component of  
15          a uniformed service was so authorized or required to  
16          perform such duty, and whether he died from injury so  
17          incurred. In making such determinations, the Secretary  
18          concerned or the Administrator, as the case may be,  
19          shall take into consideration the hour on which the  
20          member of a reserve component of a uniformed  
21          service began to so proceed or so return; the hour  
22          on which he was scheduled to arrive for, or on  
23          which he ceased to perform, such duty; the method of  
24          travel employed; his itinerary; the manner in which  
25          the travel was performed; and the immediate cause of



1 death. Whenever any claim is filed alleging that the  
2 claimant is entitled to benefits by reason of this sub-  
3 paragraph, the burden of proof shall be upon the  
4 claimant.

5 (C) Training or duty performed by a member of  
6 the National Guard of the United States, the Air Na-  
7 tional Guard of the United States, or the federally recog-  
8 nized National Guard or Air National Guard of any  
9 of the several States and Territories, or the District  
10 of Columbia, under section 5, 81, 92, 94, 97, 99, or  
11 113 of the National Defense Act, approved June 3,  
12 1916, as amended, shall be deemed to be "active duty  
13 for training", or "inactive duty training", according  
14 to the character of the training or duty performed.

15 (7) The terms "child" and "parent" have the  
16 meanings assigned to them by Veterans Regulation  
17 Numbered 10, as amended.

18 (8) The term "widow" means a woman who was  
19 married to a person—

20 (A) before the expiration of fifteen years after  
21 the termination of the period of active duty, ac-  
22 tive duty for training, or inactive duty training, in  
23 which the injury or disease causing the death of  
24 such person was incurred or aggravated; or

25 (B) for five or more years; or

1 (C) for any period of time if a child was born  
2 of the marriage.

3 (9) "Secretary concerned" means—

4 (A) The Secretary of the Army with respect  
5 to the Army;

6 (B) The Secretary of the Navy with respect  
7 to the Navy and Marine Corps;

8 (C) The Secretary of the Air Force with re-  
9 spect to the Air Force;

10 (D) The Secretary of the Treasury with respect  
11 to the Coast Guard;

12 (E) The Secretary of Commerce with respect  
13 to the Coast and Geodetic Survey; and

14 (F) The Secretary of Health, Education, and  
15 Welfare with respect to the Public Health Service.

16 (10) (A) "Basic pay" means the monthly pay pre-  
17 scribed by section 201 (a), 201 (e), 201 (f), or 508  
18 of the Career Compensation Act of 1949, as may be  
19 appropriate, for a member of a uniformed service on  
20 active duty.

21 (B) The pay received by members of the Reserve  
22 Officers' Training Corps, the Naval Reserve Officers'  
23 Training Corps, and the Air Force Reserve Officers'  
24 Training Corps during periods of annual training duty

1 of fourteen days or more shall be considered to be "basic  
2 pay", and the rank and years of service of such members  
3 shall be a rank (and years of service) comparable to  
4 the pay grade and years of service to which their pay  
5 is related.

6 (11) (A) With respect to a member of a uniformed  
7 service who died while on active duty, active duty for  
8 training, or inactive duty training, the term "basic pay"  
9 (for purposes of title II) means the basic pay (as  
10 defined in paragraph (10)) prescribed on January 1,  
11 1956, or on the date of his death (whichever is the  
12 later date) for a member of a uniformed service on  
13 active duty of the same rank (with the same cumulative  
14 years of service for purposes of pay) as that of the  
15 deceased member of a uniformed service on the date of  
16 his death.

17 (B) With respect to a deceased member or former  
18 member of a uniformed service who did not die on active  
19 duty, active duty for training, or inactive duty training,  
20 the term "basic pay" (for purposes of title II) means  
21 the basic pay (as defined in paragraph (10)) pre-  
22 scribed on January 1, 1956, or on the date of his death  
23 (whichever is the later date) for a member of a uni-  
24 formed service on active duty of the same rank (with  
25 the same cumulative years of service for purposes of

1 pay) as that of the deceased member or former member  
2 of a uniformed service on the date of his last discharge  
3 or release from active duty under conditions other than  
4 dishonorable; however, if his death results from disease  
5 or injury incurred or aggravated while on active duty  
6 for training, or from injury incurred or aggravated while  
7 on inactive duty training, after such last discharge or  
8 release from active duty, his rank and years of service  
9 for purposes of pay shall be those held by him on the  
10 date of his discharge or release from the period of active  
11 duty for training or inactive duty training in which  
12 such injury or disease was incurred or aggravated.

13 (C) With respect to a deceased person who is not  
14 a member or former member of a uniformed service, but  
15 who had a compensable status on the date of his death  
16 under laws administered by the Veterans' Administra-  
17 tion, the head of the department under which such person  
18 performed the services by which he obtained a compen-  
19 sable status shall determine a pay grade for such person  
20 under section 201 (a) of the Career Compensation Act  
21 of 1949, as amended, and a rate of pay within that pay  
22 grade (taking into consideration his duties, responsibili-  
23 ties, and years of service). His "basic pay" shall be  
24 that prescribed on January 1, 1956, or the date of his  
25 death, whichever is the later date, under such section 201

1 (a) for the pay grade and rate of pay so determined.  
2 For the purposes of title II of this Act, only, such  
3 persons shall be deemed to have been on active duty  
4 during the period of service by which they obtained a  
5 compensable status.

6 (D) Whenever basic pay prescribed by section  
7 201 (a), 201 (e), 201 (f), or 508 of the Career  
8 Compensation Act of 1949 is increased or decreased,  
9 "basic pay" determined pursuant to this paragraph (11)  
10 shall increase or decrease accordingly.

11 (E) Any person described in paragraph (2) (E)  
12 who suffers an injury or disease resulting in disability  
13 or death while en route to or from, or at, a place for  
14 final acceptance or entry upon active duty in the mili-  
15 tary or naval service shall be deemed to be on active  
16 duty when such incident occurs, and to be entitled to  
17 the basic pay of the pay grade which he would  
18 receive upon final acceptance or entry upon active duty  
19 in such service.

20 (F) The Secretary concerned shall, at the request  
21 of the Administrator, certify to him the rank or grade  
22 and cumulative years of service for pay purposes of  
23 deceased persons with respect to whose deaths applica-  
24 tions for benefits are filed under title II of this Act.

1 The certification of the Secretary concerned shall be  
2 binding upon the Administrator.

3 (12) Where an individual is discharged or released  
4 on or after January 1, 1956, from a period of active duty,  
5 such individual shall be deemed to continue on active  
6 duty and to be entitled to basic pay (and any special or  
7 incentive pays) at the rate to which he was entitled on  
8 the day prior to his discharge or release from such duty,  
9 during the period of time determined by the Secretary  
10 concerned to be required for him to proceed to his home  
11 by the most direct route, and in any event, until mid-  
12 night of the date of such discharge or release.

13 **TITLE II—DEPENDENCY AND INDEMNITY**  
14 **COMPENSATION**

15 **DEATHS ENTITLING SURVIVORS TO DEPENDENCY AND**  
16 **INDEMNITY COMPENSATION**

17 **SEC. 201.** When any person dies on or after January  
18 1, 1956—

19 (1) from disease or injury incurred or aggravated  
20 in line of duty while on active duty or active duty for  
21 training;

22 (2) from injury incurred or aggravated in line of  
23 duty while on inactive duty training; or

1           (3) from a disability compensable under laws ad-  
2           ministered by the Veterans' Administration,  
3           the Administrator shall pay dependency and indemnity com-  
4           pensation under this title to his widow, children, and de-  
5           pendent parents upon application therefor.

6           DEPENDENCY AND INDEMNITY COMPENSATION TO A WIDOW

7           SEC. 202. (a) Dependency and indemnity compensa-  
8           tion shall be paid under this title to a widow at a monthly  
9           rate equal to \$112 plus 12 per centum of the basic pay of  
10          her deceased husband, with the total amount adjusted to  
11          the next highest dollar.

12          (b) If there is more than one child of a deceased per-  
13          son, and the deceased person did not die a fully or currently  
14          insured individual (for purposes of title II of the Social  
15          Security Act), or if his average monthly wage (for purposes  
16          of that title) is less than \$160, the dependency and in-  
17          demnity compensation paid monthly to the widow shall be  
18          increased by \$20 for each such child in excess of one; how-  
19          ever, the total of such increases shall not exceed the differ-  
20          ence between—

21                 (1) the total of the monthly benefits to which such  
22                 widow and children would be entitled under such title II  
23                 if the deceased person's average monthly wage had been  
24                 \$160; and

1           (2) the total of the monthly benefits to which such  
2       widow and children are entitled under such title II.  
3       It shall be assumed for purposes of clause (1) that such  
4       widow and all such children are entitled to such benefits  
5       and that the deceased person died a fully and currently in-  
6       sured individual. The amounts referred to in clauses (1) and  
7       (2) shall be determined by the Secretary of Health, Educa-  
8       tion, and Welfare, making all reductions required by section  
9       203 (a) of the Social Security Act, and shall be certified by  
10      him to the Administrator.

11           DEPENDENCY AND INDEMNITY COMPENSATION TO  
12                               CHILDREN

13       SEC. 203. (a) Whenever there is no widow of a de-  
14      ceased person entitled to dependency and indemnity com-  
15      pensation under this title, dependency and indemnity com-  
16      pensation shall be paid to the children of the deceased person  
17      at the following rates:

- 18           (1) One child, \$70 per month.  
19           (2) Two children, \$100 per month.  
20           (3) Three children, \$130 per month.  
21           (4) More than three children, \$130 per month,  
22      plus \$25 per month for each child in excess of three.  
23           (b) Dependency and indemnity compensation pre-



1 scribed by this section shall be paid to eligible children in  
2 equal shares.

3 SUPPLEMENTAL DEPENDENCY AND INDEMNITY

4 COMPENSATION TO CHILDREN

5 SEC. 204. (a) In the case of a child entitled to de-  
6 pendency and indemnity compensation who has attained the  
7 age of eighteen and who, while under such age, became per-  
8 manently incapable of self-support, the dependency and  
9 indemnity compensation paid monthly to him shall be  
10 increased by \$25.

11 (b) If dependency and indemnity compensation  
12 is payable monthly to a woman as a "widow" and there is  
13 a child (of her deceased husband) who has attained the age  
14 of eighteen and who, while under such age, became perma-  
15 nently incapable of self-support, dependency and indemnity  
16 compensation shall be paid monthly to each such child, con-  
17 currently with the payment of dependency and indemnity  
18 compensation to the widow, in the amount of \$70.

19 (c) If dependency and indemnity compensation is pay-  
20 able monthly to a woman as a "widow" and there is a child  
21 (of her deceased husband) who has attained the age of  
22 eighteen and who, while under the age of twenty-one, is  
23 pursuing a course of instruction at an approved educational  
24 institution, dependency and indemnity compensation shall

1 be paid monthly to each such child, concurrently with the  
 2 payment of dependency and indemnity compensation to the  
 3 widow, in the amount of \$35.

4 DEPENDENCY AND INDEMNITY COMPENSATION TO PARENTS

5 SEC. 205. (a) Dependency and indemnity compen-  
 6 sation shall be paid monthly under this title to dependent  
 7 parents of a deceased person in the amounts prescribed by  
 8 this section.

9 (b) Except as provided in subsection (d), if there  
 10 is only one dependent parent, dependency and indemnity  
 11 compensation shall be paid to him at a monthly rate equal  
 12 to the amount under column II of the following table oppo-  
 13 site his total annual income as shown in column I:

Column I		Column II
Total annual income		
More than—	Equal to or but less than—	
\$750	\$750	\$75
\$1,000	\$1,000	\$60
\$1,250	\$1,250	\$45
\$1,500	\$1,500	\$30
\$1,750	\$1,750	\$15
	-----	No amount payable

14 (c) Except as provided in subsection (d), if there  
 15 are two dependent parents, but they are not living together,  
 16 dependency and indemnity compensation shall be paid to each  
 17 at a monthly rate equal to the amount under column II

1 of the following table opposite the total annual income of  
 2 each as shown in column I:

Column I		Column II
Total annual income		
More than—	Equal to or but less than—	
\$750	\$750	\$50
\$1,000	\$1,000	\$40
\$1,250	\$1,250	\$30
\$1,500	\$1,500	\$20
\$1,750	\$1,750	\$10
	-----	No amount payable

3 (d) If there are two dependent parents who are living  
 4 together, or if a dependent parent has remarried and is living  
 5 with his spouse, dependency and indemnity compensation  
 6 shall be paid to each such dependent parent at a monthly  
 7 rate equal to the amount under column II of the following  
 8 table opposite the total combined annual income of the de-  
 9 pendent parents, or of the dependent parent and his spouse,  
 10 as the case may be, as shown in column I:

Column I		Column II
Total combined annual income		
More than—	Equal to or but less than—	
\$1,000	\$1,000	\$50
\$1,350	\$1,350	\$40
\$1,700	\$1,700	\$30
\$2,050	\$2,050	\$20
\$2,400	\$2,400	\$10
	-----	No amount payable

1           (e) The Administrator shall require as a condition of  
2 granting or continuing dependency and indemnity compensa-  
3 tion to a dependent parent that such dependent parent file  
4 each year with him (on the form prescribed by him) a re-  
5 port showing the total income which such dependent parent  
6 expects to receive in that year and the total income which  
7 such dependent parent received in the preceding year. The  
8 dependent parent or parents shall file with the Administrator  
9 a revised report whenever there is a material change in the  
10 estimated annual income.

11           (f) If the Administrator ascertains that there have been  
12 overpayments to a dependent parent under this section, he  
13 shall deduct such overpayments (unless waived) from any  
14 future payments made to such dependent parent under this  
15 section.

16           (g) (1) In determining income under this section, all  
17 payments of any kind or from any source shall be included,  
18 except—

19                   (A) payments of the six-months' death gratuity;

20                   (B) donations from public or private relief or wel-  
21 fare organizations;

22                   (C) payments under this title; and

23                   (D) payments of death compensation under any  
24 other law administered by the Veterans' Administration.



1 of the deceased person shall thereafter be made under this  
2 title, and shall not thereafter be made to them by reason  
3 of the death of the deceased person under (A) any other law  
4 administered by the Veterans' Administration providing for  
5 the payment of compensation or pension, or (B) the Federal  
6 Employees' Compensation Act.

7 (2) Whenever the child or dependent parent of any de-  
8 ceased person is granted dependency and indemnity compen-  
9 sation by reason of this section, payments shall not thereafter  
10 be made to such child or dependent parent by reason of the  
11 death of the deceased person under (A) any other law ad-  
12 ministered by the Veterans' Administration providing for the  
13 payment of compensation or pension or (B) the Federal  
14 Employees' Compensation Act.

15 (c) If children of a deceased person are receiving  
16 death compensation under any other law administered by  
17 the Veterans' Administration, and all such children have  
18 not applied for benefits under this title, (1) benefits paid  
19 to each such child under this title shall not exceed the  
20 amounts which would be paid if the application had been  
21 made by, or on behalf of, all such children, and (2) bene-  
22 fits paid to each child under any other law administered  
23 by the Veterans' Administration providing for the payment  
24 of death compensation or death pension, or under the Fed-  
25 eral Employees' Compensation Act, shall not exceed the

1 amounts which would be paid to him if no such application  
2 had been made.

3 (d) If there are two dependent parents of a deceased  
4 person eligible for benefits by reason of subsection (a), and  
5 an application for benefits under this title is not made by both  
6 dependent parents, (1) benefits paid to the dependent parent  
7 who applies therefor shall not exceed the amounts which  
8 would be paid to him if both dependent parents had so  
9 applied, and (2) benefits paid to the other dependent parent  
10 under any other law administered by the Veterans' Adminis-  
11 tration providing for the payment of death compensation, or  
12 under the Federal Employees' Compensation Act, shall not  
13 exceed the amounts which would be paid to him if no such  
14 application has been made.

15 (e) (1) Except as provided in paragraph (3), no  
16 person who, on January 1, 1956, is a principal or contin-  
17 gent beneficiary of any payments under the Servicemen's  
18 Indemnity Act of 1951 may receive any such payments  
19 based upon the death giving rise to such payments after he  
20 has been granted dependency and indemnity compensation  
21 by reason of this section. No principal or contingent bene-  
22 ficiary who assigns his interest in payments under the Serv-  
23 icemen's Indemnity Act of 1951 after June 28, 1955, may  
24 receive any payments under this title based upon the death

1 giving rise to such payments until the portion of the indem-  
2 nity so assigned is no longer payable to any person.

3 (2) Where a beneficiary is barred from the receipt of  
4 payments under the Servicemen's Indemnity Act of 1951  
5 by virtue of the first sentence of paragraph (1), no pay-  
6 ments of the portion of indemnity in which such beneficiary  
7 had an interest shall be made to any other beneficiary.

8 (3) Where a child is eligible for dependency and in-  
9 demnity compensation by reason of this section, and is also  
10 eligible for payments under the Servicemen's Indemnity  
11 Act of 1951 by reason of the death giving rise to his eligi-  
12 bility for dependency and indemnity compensation, he shall  
13 receive the greater amount. Where a child receives pay-  
14 ments under such Act and such child is also eligible for de-  
15 pendency and indemnity compensation, no payments of  
16 the portion of the indemnity in which such child had an  
17 interest shall be made to any other person except another  
18 child of the deceased person.

19 DETERMINATIONS BY THE VETERANS' ADMINISTRATION

20 SEC. 207. The standards and criteria for determining  
21 incurrence or aggravation of a disease or injury in line  
22 of duty under this title shall be those applicable under dis-  
23 ability compensation laws administered by the Veterans'  
24 Administration.



## DUPLICATION OF BENEFITS

1  
2 SEC. 208. No person eligible for benefits under this  
3 title by reason of any death occurring on or after January  
4 1, 1956, shall be eligible by reason of such death (1) for  
5 death compensation or death pension under any other law  
6 administered by the Veterans' Administration, or (2) for  
7 any payments under the Federal Employees' Compensation  
8 Act.

## ADMINISTRATIVE PROVISIONS

9  
10 SEC. 209. (a) This title shall be administered by the  
11 Administrator. Except as otherwise provided in this Act,  
12 the administrative, definitive, and regulatory provisions  
13 under Public, Numbered 2, Seventy-third Congress, as  
14 amended, shall be for application under this title.

15 (b) Payment of benefits under this title by reason of  
16 any application filed with respect to a death which occurred  
17 before January 1, 1956, shall become effective as of the  
18 date such application is filed; however, payment of such  
19 benefits by reason of any such application shall become  
20 effective as of January 1, 1956—

21 (1) if the application is filed on or before July  
22 1, 1956; or

23 (2) if the application is filed within one year after  
24 the date of such death.

25 (c) Dependency and indemnity compensation shall not

1 be paid under this title to the widow, children, or parents  
2 of any deceased person unless the deceased person (1) was  
3 discharged or released under conditions other than dishon-  
4 orable from the period of active duty, active duty for train-  
5 ing, or inactive duty training in which the disability was  
6 incurred, or (2) died while on active duty, active duty for  
7 training, or inactive duty training.

8 (d) A child eligible for dependency and indemnity  
9 compensation, or death compensation under any other law  
10 administered by the Veterans' Administration, by reason  
11 of the death of a parent may not receive dependency and  
12 indemnity compensation by reason of the death of another  
13 parent who is not a natural parent.

14 (e) No dependency and indemnity compensation shall  
15 be paid under this title to any woman as a "widow" unless  
16 she continuously cohabited with her husband from the date  
17 of marriage to the date of death except where there was a  
18 separation which was due to the misconduct of or procured  
19 by the husband without fault on her part. Payments of de-  
20 pendency and indemnity compensation shall not be made by  
21 reason of the death of her husband to any woman as his  
22 "widow" after she has remarried, unless the purported  
23 remarriage is void.

24 (f) There shall be no recovery of overpayments under

1 this title from any person who, in the judgment of the  
2 Administrator, is without fault on his part if, in the judgment  
3 of the Administrator, such a recovery would defeat the pur-  
4 pose of the benefits payable under this title or would be  
5 against equity and good conscience. No disbursing or certi-  
6 fying officer shall be held liable for any amount paid to  
7 any person where the recovery of such amount from the  
8 payee is waived under this subsection.

9 EXEMPTION FROM TAXATION AND CLAIMS OF CREDITORS

10 SEC. 210. Payments of dependency and indemnity com-  
11 pensation due or to become due under this title shall not  
12 be assignable, shall be exempt from taxation, shall be ex-  
13 empt from the claims of creditors, including any claim of  
14 the United States (except as provided in section 3 of the  
15 Act of August 12, 1935 (38 U. S. C., sec. 454a)), and  
16 shall not be subject to attachment, levy, or seizure by or  
17 under any legal or equitable process whatever either before  
18 or after receipt by the payee.

19 TITLE III—DEATH GRATUITY

20 DEATHS ENTITLING SURVIVORS TO DEATH GRATUITY

21 SEC. 301. (a) Except as provided in section 304 (a),  
22 the Secretary concerned shall have a death gratuity paid  
23 immediately upon official notification of the death of a  
24 member of a uniformed service under his jurisdiction who

1 dies while on active duty, active duty for training, or inactive  
2 duty training.

3 (b) The death gratuity shall equal six months' basic pay  
4 (plus special and incentive pays) at the rate to which the  
5 deceased member of a uniformed service was entitled on  
6 the date of his death, but shall not be less than \$800 nor  
7 more than \$3,000.

8 (c) The death gratuity shall be paid to or for the living  
9 survivor or survivors of the deceased member of a uniformed  
10 service first listed below :

11 (1) His spouse.

12 (2) His children (without regard to their age or marital  
13 status) in equal shares.

14 (3) His parents or his brothers or sisters (including  
15 those of the half blood and those through adoption), when  
16 designated by him.

17 (4) His parents in equal shares.

18 (5) His brothers and sisters (including those of the  
19 half blood and those through adoption) in equal shares.

20 (d) If a survivor dies before he receives the amount to  
21 which he is entitled under this title, such amount shall be  
22 paid to the then living survivor or survivors first listed under  
23 subsection (c).

## 1           IMMEDIATE PAYMENT OF DEATH GRATUITY

2           SEC. 302. In order that payments under section 301  
3 may be made immediately, the Secretary concerned (1)  
4 shall authorize the commanding officers of military or naval  
5 commands, installations, or districts, in which survivors of  
6 deceased members of the Army, Navy, Air Force, Marine  
7 Corps, or Coast Guard are residing, to determine the survi-  
8 vors eligible to receive the death gratuity, and (2) shall  
9 authorize the disbursing or certifying officer of each such  
10 command, installation, or district to make the payments to  
11 the survivors so determined, or certify the payments due to  
12 such survivors, as may be appropriate.

## 13           DEATH GRATUITY COVERAGE AFTER ACTIVE SERVICE

14           SEC. 303. (a) The Secretary concerned shall have a  
15 death gratuity paid in any case where a member or former  
16 member of a uniformed service dies on or after January 1,  
17 1956, during the one hundred and twenty-day period which  
18 begins on the date of his discharge or release from active  
19 duty, active duty for training, or inactive duty training, if the  
20 Administrator determines that the death resulted—

21                   (1) from disease or injury incurred or aggravated  
22                   while on such active duty or active duty for training;  
23                   or

24                   (2) from injury incurred or aggravated while on  
25                   such inactive duty training.

1           (b) Whenever the Administrator determines, on the  
2 basis of a claim for benefits filed with him under title II  
3 of this Act, that a death occurred under the circumstances  
4 referred to in subsection (a), he shall certify that fact to  
5 the Secretary concerned; in all other cases, he shall make the  
6 determination referred to in that subsection at the request  
7 of the Secretary concerned.

8           (c) The standards, criteria, and procedures for deter-  
9 mining incurrence or aggravation of a disease or injury under  
10 this section shall (except for line of duty) be those appli-  
11 cable under disability compensation laws administered by  
12 the Veterans' Administration.

13           (d) For purposes of computing the amount of the death  
14 gratuity to be paid by reason of this section, the deceased  
15 person shall be deemed to be entitled on the date of his death  
16 to basic pay (plus special and incentive pays) at the rate  
17 to which he was entitled on the last day he performed such  
18 active duty, active duty for training, or inactive duty  
19 training.

20           (e) No amounts shall be paid by reason of this section  
21 unless the deceased person was discharged or released under  
22 conditions other than dishonorable from such period of active  
23 duty, active duty for training, or inactive duty training.

## ADMINISTRATIVE PROVISIONS

1  
2       SEC. 304. (a) No payment shall be made under this  
3 title if the deceased member of a uniformed service  
4 suffered death as a result of lawful punishment for crime  
5 or for a military or naval offense, except when death was  
6 so inflicted by any hostile force with which the Armed  
7 Forces of the United States have engaged in armed conflict.

8       (b) No certifying or disbursing officer shall be liable  
9 for any amounts erroneously paid or overpaid under this  
10 title to a woman as a "spouse" or to a person as a "child"  
11 in the absence of fraud, gross negligence, or criminality on  
12 his part.

13       (c) The Secretary concerned may waive the recovery  
14 of any such erroneous payments or overpayments when  
15 such recovery would be against equity and good conscience.

16       (d) Payments under this title shall be made from  
17 appropriations available for the pay of members of the  
18 uniformed service concerned.

19       (e) A member of a reserve component of a uniformed  
20 service who performs active duty, active duty for training, or  
21 inactive duty training, without pay, shall, for the purposes of  
22 this title only, be considered as having been entitled to basic  
23 pay while performing such duties. In the case of a member  
24 of a reserve component of a uniformed service who suffers

1 disability while on active duty, active duty for training, or  
2 inactive duty training, and is placed in a pay status while he  
3 is receiving hospitalization or medical care (including out-  
4 patient care) for such disability, he shall be deemed, for  
5 the purposes of this title, to continue on active duty, active  
6 duty for training, or inactive duty training, as the case may  
7 be, for so long as he remains in a pay status.

8 (f) For purposes of this title, a man or woman shall  
9 be considered to be the spouse of a member of a uniformed  
10 service if legally married to the member of a uniformed  
11 service at the time of the member's death.

## 12 TITLE IV—OLD-AGE AND SURVIVORS

### 13 INSURANCE

#### 14 PART A—PROVISIONS RELATING TO TITLE II OF THE

#### 15 SOCIAL SECURITY ACT

#### 16 DEFINITION OF WAGES

17 SEC. 401. Section 209 of the Social Security Act is  
18 amended by adding at the end thereof the following new  
19 paragraph:

20 "For purposes of this title, in the case of an individual  
21 performing service, as a member of a uniformed service, to  
22 which the provisions of section 210 (m) (1) are applicable,  
23 the term 'wages' (as defined in the preceding provisions of  
24 this subsection) shall include as such individual's remunera-



1 tion for such service only his basic pay as described in section  
2 102 (10) of the Servicemen's and Veterans' Survivor  
3 Benefits Act."

4 DEFINITION OF EMPLOYMENT

5 SEC. 402. (a) Section 210 of the Social Security  
6 Act is amended by adding at the end thereof the following  
7 new subsections:

8 "Service in the Uniformed Services

9 "(m) (1) Except as provided in paragraph (4), the  
10 term 'employment' shall, notwithstanding the provisions of  
11 subsection (a) of this section, include service performed  
12 after December 1955 by an individual as a member of a  
13 uniformed service on active duty; but such term shall not  
14 include any such service which is performed while on leave  
15 without pay.

16 "(2) The term 'active duty' means 'active duty' as  
17 described in section 102 of the Servicemen's and Veterans'  
18 Survivor Benefits Act, except that it shall also include 'active  
19 duty for training' as described in such section.

20 "(3) The term 'inactive duty training' means 'inactive  
21 duty training' as described in such section 102.

22 "(4) (A) In the case of any individual who applies  
23 or has applied for an old-age insurance benefit under section  
24 202 (a) of this Act, paragraph (1) of this subsection shall  
25 not apply if the Railroad Retirement Board has notified the

1 Secretary of Health, Education, and Welfare that such indi-  
2 vidual has elected under section 2 (h) (1) of the Railroad  
3 Retirement Act of 1937 to treat his service as a member of a  
4 uniformed service as service as an 'employee' for purposes of  
5 that Act.

6       “(B) If such individual is already entitled to old-age  
7 insurance benefits under section 202 (a) at the time such  
8 notification is received by the Secretary, the Secretary shall  
9 certify no further benefits for payment under this title on  
10 the basis of such individual's wages and self-employment  
11 income, or shall recompute the amount of any further bene-  
12 fits payable on the basis of such wages and self-employment  
13 income, as may be required as a consequence of subpara-  
14 graph (A) of this paragraph. No payment of a benefit to  
15 any person on the basis of such individual's wages and self-  
16 employment income, certified by the Secretary prior to the  
17 end of the month in which he receives such notification from  
18 the Railroad Retirement Board, shall be deemed by reason  
19 of this subparagraph to have been an erroneous payment  
20 or a payment to which such person was not entitled. The  
21 Secretary shall, as soon as possible after the receipt of such

1 notification from the Railroad Retirement Board, advise such  
2 Board whether or not any such benefit will be reduced or  
3 terminated by reason of subparagraph (A), and if any such  
4 benefit will be so reduced or terminated, specify the first  
5 month with respect to which such reduction or termination  
6 will be effective.

7 "Member of a Uniformed Service

8 "(n) The term 'member of a uniformed service' means  
9 any person appointed, enlisted, or inducted in a component  
10 of the Army, Navy, Air Force, Marine Corps, or Coast  
11 Guard (including a reserve component of a uniformed serv-  
12 ice as defined in section 102 (3) of the Servicemen's and  
13 Veterans' Survivor Benefits Act), or in one of those services  
14 without specification of component, or as a commissioned  
15 officer of the Coast and Geodetic Survey or the Regular or  
16 Reserve Corps of the Public Health Service, and any person  
17 serving in the Army or Air Force under call or conscription.

18 The term includes—

19 "(1) a retired member of any of those services;

20 "(2) a member of the Fleet Reserve or Fleet  
21 Marine Corps Reserve;

22 "(3) a cadet at the United States Military Acad-  
23 emy, a midshipman at the United States Naval Acad-  
24 emy, and a cadet at the United States Coast Guard  
25 Academy or United States Air Force Academy;

1           “(4) a member of the Reserve Officers’ Training  
2           Corps, the Naval Reserve Officers’ Training Corps, or  
3           the Air Force Reserve Officers’ Training Corps, when  
4           ordered to annual training duty for fourteen days or  
5           more, and while performing authorized travel to and  
6           from that duty; and

7           “(5) any person while en route to or from, or at,  
8           a place for final acceptance or for entry upon active  
9           duty in the military or naval service—

10           “(A) who has been provisionally accepted for  
11           such duty; or

12           “(B) who, under the Universal Military Train-  
13           ing and Service Act, has been selected for active  
14           military or naval service;

15           and has been ordered or directed to proceed to such  
16           place.

17           The term does not include a temporary member of the Coast  
18           Guard Reserve.”

19           (b) The first sentence of section 205 (p) (1) of such  
20           Act is amended by inserting “including service, performed as  
21           a member of a uniformed service, to which the provisions  
22           of subsection (m) (1) of such section are applicable,”  
23           immediately after “in the employ of any instrumentality  
24           which is wholly owned by the United States,”.

1 LUMP-SUM DEATH PAYMENTS FOR REINTERMENT OF  
2 DECEASED VETERANS

3 SEC. 403. (a) The fourth sentence of section 202 (i)  
4 of the Social Security Act is amended to read as follows:  
5 "In the case of any individual who died outside the forty-  
6 eight States and the District of Columbia after December  
7 1955 while he was performing service, as a member of a  
8 uniformed service, to which the provisions of section 210  
9 (m) (1) are applicable, and who is returned to any of such  
10 States, or the District of Columbia, or to any Territory or  
11 possession of the United States, for interment or reinterment,  
12 the provisions of the third sentence of this subsection shall not  
13 prevent payment to any person under the second sentence  
14 of this subsection if application for a lump-sum death pay-  
15 ment with respect to such deceased individual is filed by or  
16 on behalf of such person (whether or not legally competent)  
17 prior to the expiration of two years after the date of such  
18 interment or reinterment."

19 (b) The amendment made by subsection (a) shall  
20 take effect on January 1, 1956.

21 CREDIT FOR MILITARY OR NAVAL SERVICE PERFORMED  
22 BEFORE JANUARY 1, 1956

23 SEC. 404. (a) Section 217 (e) of the Social Security  
24 Act is amended to read as follows:

25 "(e) (1) For purposes of determining entitlement to

1 and the amount of any monthly benefit or lump-sum death  
2 payment payable under this title on the basis of wages and  
3 self-employment income of any veteran (as defined in para-  
4 graph (4)), and for purposes of section 216 (i) (3), such  
5 veteran shall be deemed to have been paid wages (in addi-  
6 tion to the wages, if any, actually paid to him) of \$160  
7 in each month during any part of which he served in the  
8 active military or naval service of the United States on or  
9 after July 25, 1947, and prior to January 1, 1956. This  
10 subsection shall not be applicable in the case of any monthly  
11 benefit or lump-sum death payment if—

12           “(A) a larger such benefit or payment, as the  
13 case may be, would be payable without its application;  
14 or

15           “(B) a benefit (other than a benefit payable in a  
16 lump sum unless it is a commutation of, or a substitute  
17 for, periodic payments) which is based, in whole or in  
18 part, upon the active military or naval service of such  
19 veteran on or after July 25, 1947, and prior to January  
20 1, 1956, is determined by any agency or wholly owned  
21 instrumentality of the United States (other than the  
22 Veterans’ Administration) to be payable by it under any  
23 other law of the United States or under a system estab-  
24 lished by such agency or instrumentality.

1 The provisions of clause (B) shall not apply in the case of  
2 any monthly benefit or lump-sum death payment under this  
3 title if its application would reduce by \$0.50 or less the  
4 primary insurance amount (as computed under section 215  
5 prior to any recomputation thereof pursuant to subsection  
6 (f) of such section) of the individual on whose wages and  
7 self-employment income such benefit or payment is based.

8 The provisions of clause (B) shall also not apply for pur-  
9 poses of section 216 (i) (3). In the case of monthly bene-  
10 fits under this title for months after December 1955 (and any  
11 lump-sum death payment under this title with respect to a  
12 death occurring after December 1955) based on the wages  
13 and self-employment income of a veteran who performed  
14 service (as a member of a uniformed service) to which the  
15 provisions of section 210 (m) (1) are applicable, wages  
16 which would, but for the provisions of clause (B), be deemed  
17 under this subsection to have been paid to such veteran  
18 with respect to his active military or naval service performed  
19 after December 1950 shall be deemed to have been paid  
20 to him with respect to such service notwithstanding the pro-  
21 visions of such clause, but only if the benefits referred to in  
22 such clause which are based (in whole or in part) on such  
23 service are payable solely by the Army, Navy, Air Force  
24 Marine Corps, Coast Guard, Coast and Geodetic Survey  
25 or Public Health Service.

1       “(2) Upon application for benefits or a lump-sum death  
2 payment on the basis of the wages and self-employment in-  
3 come of any veteran, the Secretary of Health, Education,  
4 and Welfare shall make a decision without regard to clause  
5 (B) of paragraph (1) of this subsection unless he has been  
6 notified by some other agency or instrumentality of the  
7 United States that, on the basis of the military or naval  
8 service of such veteran on or after July 25, 1947, and prior  
9 to January 1, 1956, a benefit described in clause (B) of  
10 paragraph (1) has been determined by such agency or in-  
11 strumentality to be payable by it. If he has not been so noti-  
12 fied, the Secretary of Health, Education, and Welfare shall  
13 then ascertain whether some other agency or wholly owned  
14 instrumentality of the United States has decided that a bene-  
15 fit described in clause (B) of paragraph (1) is payable by  
16 it. If any such agency or instrumentality has decided, or  
17 thereafter decides, that such a benefit is payable by it, it  
18 shall so notify the Secretary of Health, Education, and Wel-  
19 fare, and the Secretary shall certify no further benefits for  
20 payment or shall recompute the amount of any further bene-  
21 fits payable, as may be required by paragraph (1) of this  
22 subsection.

23       “(3) Any agency or wholly owned instrumentality of  
24 the United States which is authorized by any law of the  
25 United States to pay benefits, or has a system of benefits



1 which are based, in whole or in part, on military or naval  
2 service on or after July 25, 1947, and prior to January 1,  
3 1956, shall, at the request of the Secretary of Health, Edu-  
4 cation, and Welfare, certify to him, with respect to any  
5 veteran, such information as the Secretary deems necessary  
6 to carry out his functions under paragraph (2) of this sub-  
7 section.

8 “(4) For the purposes of this subsection, the term  
9 ‘veteran’ means any individual who served in the active  
10 military or naval service of the United States at any time  
11 on or after July 25, 1947, and prior to January 1, 1956, and  
12 who, if discharged or released therefrom, was so discharged  
13 or released under conditions other than dishonorable after  
14 active service of ninety days or more or by reason of a  
15 disability or injury incurred or aggravated in service in line  
16 of duty; but such term shall not include any individual who  
17 died while in the active military or naval service of the  
18 United States if his death was inflicted (other than by an  
19 enemy of the United States) as lawful punishment for a  
20 military or naval offense.”

21 (b) Section 217 of such Act is further amended by add-  
22 ing at the end thereof the following new subsection:

23 “(f) In any case where a World War II veteran (as  
24 defined in subsection (d) (2)) or a veteran (as defined in  
25 subsection (e) (4)) has died or shall hereafter die, and

1 his widow or child is entitled under the Civil Service Retirement  
2 Act of May 29, 1930, as amended, to an annuity in  
3 the computation of which his active military or naval  
4 service was included, clause (B) of subsection (a) (1)  
5 or clause (B) of subsection (e) (1) shall not operate  
6 (solely by reason of such annuity) to make such subsection  
7 inapplicable in the case of any monthly benefit under section  
8 202 which is based on his wages and self-employment in-  
9 come; except that no such widow or child shall be entitled  
10 under section 202 to any monthly benefit in the computation  
11 of which such service is included by reason of this subsection  
12 (A) unless such widow or child after December 1955  
13 waives his or her right to receive such annuity, or  
14 (B) for any month prior to the first month with respect to  
15 which the Civil Service Commission certifies to the Secre-  
16 tary of Health, Education, and Welfare that (by reason of  
17 such waiver) no further annuity will be paid to such widow  
18 or child under such Act of May 29, 1930, as amended, on  
19 the basis of such veteran's military or civilian service. Any  
20 such waiver shall be irrevocable."

21 (c) In the case of any deceased individual—

22 (1) who is a World War II veteran (as defined in  
23 section 217 (d) (2) of the Social Security Act) or a  
24 veteran (as defined in section 217 (e) (4) of such  
25 Act) ; and

1           (2) whose widow or child is entitled under the  
2 Civil Service Retirement Act of May 29, 1930, as  
3 amended, to an annuity in the computation of which  
4 his active military or naval service after September 15,  
5 1940, and before January 1, 1956, was included; and

6           (3) whose widow or child is entitled under section  
7 202 of the Social Security Act, on the basis of his wages  
8 and self-employment income, to a monthly benefit in the  
9 computation of which such active military or naval serv-  
10 ice was excluded (under clause (B) of subsection (a)  
11 (1) or (e) (1) of section 217 of such Act) solely by  
12 reason of the annuity described in the preceding para-  
13 graph; and

14           (4) whose widow or child is entitled by reason  
15 of section 217 (f) of the Social Security Act to  
16 have such active military or naval service included in  
17 the computation of such monthly benefit,

18 the Secretary of Health, Education, and Welfare shall, not-  
19 withstanding the provisions of section 215 (f) (1) of the  
20 Social Security Act, recompute the primary insurance amount  
21 of such individual upon the filing of an application, after  
22 December 1955, by or on behalf of such widow or child.  
23 Such recomputation shall be made only in the manner pro-  
24 vided in title II of the Social Security Act as in effect at the  
25 time of such individual's death, and as though application

1 therefor was filed in the month in which he died. No recom-  
 2 putation made under this subsection shall be regarded as a  
 3 recomputation under section 215 (f) of the Social Security  
 4 Act. Any such recomputation shall be effective for and  
 5 after the twelfth month before the month in which the appli-  
 6 cation is filed, but in no case for any month before the first  
 7 month with respect to which such widow or child is entitled  
 8 by reason of section 217 (f) of the Social Security Act to  
 9 have such active military or naval service included in the  
 10 computation of such monthly benefits.

11 SPECIAL INSURED STATUS IN CASES OF IN-SERVICE OR

12 SERVICE-CONNECTED DEATHS

13 SEC. 405. Section 214 of the Social Security Act is  
 14 amended by adding at the end thereof the following new  
 15 subsection:

16 "Special Insured Status for Servicemen

17 "(c) In the case of any individual who dies after  
 18 December 1955, and whose death occurs—

19 "(1) while on active duty or inactive duty train-  
 20 ing as a member of a uniformed service, or

21 "(2) as the result of a disease or injury which the  
 22 Veterans' Administration determines was incurred or  
 23 aggravated in line of duty while on active duty,  
 24 or an injury which the Veterans' Administration  
 25 determines was incurred or aggravated in line of

1 duty while on inactive duty training, as a member  
2 of a uniformed service after September 15, 1940, if  
3 the Veterans' Administration determines that such in-  
4 dividual was discharged or released from the period  
5 of such active duty or inactive duty training under con-  
6 ditions other than dishonorable,  
7 he shall be deemed to have died a fully and currently  
8 insured individual."

9 SPECIAL STATUS IN CASE OF SERVICE-CONNECTED

10 DISABILITY

11 SEC. 406. (a) So much of subparagraph (A) of sec-  
12 tion 216 (i) (2) of the Social Security Act as precedes  
13 clause (i) thereof is amended to read as follows:

14 " (A) if the individual satisfies the requirements  
15 of paragraph (3) on such day or the disability is  
16 service-connected,".

17 (b) Such section 216 (i) (2) is further amended by  
18 striking out subparagraph (B) and inserting in lieu thereof  
19 the following:

20 " (B) if such individual does not satisfy the require-  
21 ments of paragraph (3) on the day referred to in sub-  
22 paragraph (A) and the disability is not service-con-  
23 nected, then on the first day of the first quarter there-  
24 after in which he satisfies such requirements;

25 except that if, on the day referred to in subparagraph (A),

1 such individual is on active duty or inactive duty training,  
2 the period of disability shall begin on the day following the  
3 day on which he is released from active duty, ceases to per-  
4 form inactive duty training, or is separated from service as  
5 a member of a uniformed service.”

6 (c) Section 216 (i) (4) of such Act is amended by  
7 striking out subparagraphs (A) and (B) and inserting in  
8 lieu thereof the following:

9 “(A) the day such disability began, but only if  
10 he satisfies the requirements of paragraph (3) on such  
11 day or the disability is service-connected;

12 “(B) if he does not satisfy such requirements on  
13 such day and the disability is not service-connected,  
14 the first day of the first quarter thereafter in which he  
15 satisfies such requirements;

16 except that if, on the day referred to in subparagraph (A),  
17 such individual is on active duty or inactive duty training,  
18 the period of disability shall begin on the day following the  
19 day on which he is released from active duty, ceases to  
20 perform inactive duty training, or is separated from service  
21 as a member of a uniformed service.”

22 (d) Section 216 (i) of such Act is further amended  
23 by adding at the end thereof the following new paragraphs:

24 “(5) (A) For purposes of paragraphs (2) and (4), in  
25 the case of any individual who, after December 1955,

1 is released from active duty, ceases to perform inactive  
2 duty training, or is separated from service as a member of a  
3 uniformed service, under conditions other than dishonor-  
4 able, a disability is service-connected if it resulted wholly  
5 from a disease or injury which the Veterans' Administration  
6 determines was incurred or aggravated in line of duty while  
7 such individual was on active duty, or from an injury which  
8 the Veterans' Administration determines was incurred or  
9 aggravated in line of duty while such individual was on  
10 inactive duty training, as a member of a uniformed service,  
11 and—

12           “(i) he was under such disability when he was re-  
13 leased from active duty, ceased to perform inactive duty  
14 training, or was separated from service as a member of  
15 a uniformed service or such disability began within three  
16 years after the month in which such release, cessation,  
17 or separation occurred; or

18           “(ii) such disability began within three years after  
19 cessation of a disability which meets the requirements of  
20 clause (i).

21           “(B) Notwithstanding subparagraph (A) of para-  
22 graph (2) or subparagraph (A) of paragraph (4), the  
23 provisions of such subparagraph shall apply, in the case of  
24 any individual who does not satisfy the requirements of  
25 paragraph (3) on the day referred to in such subparagraph,

1 only if he files his application for a disability determination  
2 while under a disability which is service-connected under  
3 paragraph (6) or subparagraph (A) of this paragraph and  
4 such filing occurs (except as otherwise provided in sub-  
5 paragraph (A) of paragraph (6)) within—

6 “(i) three years after the month in which he is  
7 released from active duty, ceases to perform inactive  
8 duty training, or is separated from service as a member  
9 of a uniformed service, or

10 “(ii) three years after the month in which the dis-  
11 ability began,

12 whichever is later.

13 “(6) For purposes of paragraphs (2) and (4), in  
14 the case of any individual who, after September 15, 1940,  
15 but before January 1, 1956, was released from active duty,  
16 ceased to perform inactive duty training, or was separated  
17 from service as a member of a uniformed service, under  
18 conditions other than dishonorable, a disability is service-  
19 connected if it resulted wholly from a disease or injury which  
20 the Veterans' Administration determines was incurred or  
21 aggravated in line of duty while such individual was on  
22 active duty, or from an injury which the Veterans' Adminis-  
23 tration determines was incurred or aggravated in line of duty  
24 while such individual was on inactive duty training, as a  
25 member of a uniformed service, and—



1           “(A) he files an application for a disability deter-  
2           mination while under such disability and prior to Janu-  
3           ary 1, 1959, and

4           “(B) the Veterans’ Administration determines (i)  
5           that while such individual was on active duty as a  
6           member of a uniformed service he incurred a disease or  
7           injury or such disease or injury was aggravated, in  
8           line of duty, or while such individual was on inactive  
9           duty training as a member of a uniformed service he  
10          incurred an injury or such injury was aggravated, in  
11          line of duty, and (ii) that as a result thereof such  
12          individual was under a disability (whether or not within  
13          the meaning of such term as defined in section 216  
14          (i)) which was total in degree (for purposes of com-  
15          pensation payable by such Administration) at the time  
16          he was released from active duty, ceased to perform  
17          inactive duty training, or was separated from service  
18          as a member of a uniformed service, or within three  
19          years after the month in which such release, cessation,  
20          or separation occurred.

21 Paragraph (4) shall apply with respect to any application  
22 for a disability determination filed under subparagraph (A)  
23 of this paragraph, whether or not such application is filed  
24 before July 1957.”

1 (e) The amendments made by this section shall apply  
2 only with respect to monthly benefits under section 202 of  
3 the Social Security Act for months after December 1955,  
4 and lump-sum death payments under such section 202 in  
5 the case of deaths occurring after December 1955.

6 SPECIAL PROVISIONS IN CASES OF PRIOR DEATHS

7 SEC. 407. (a) In the case of any individual—

8 (1) who died prior to January 1, 1956,

9 (2) who served on active duty or inactive duty  
10 training as a member of a uniformed service after Sep-  
11 tember 15, 1940,

12 (3) whose death (A) occurred while on such active  
13 duty or inactive duty training, or (B) resulted from a  
14 disease or injury which the Veterans' Administration  
15 determines was incurred or aggravated in line of duty  
16 while on active duty, or an injury which the Veterans'  
17 Administration determines was incurred or aggravated  
18 in line of duty while on inactive duty training, as a mem-  
19 ber of a uniformed service after September 15, 1940, if  
20 the Veterans' Administration determines that such indi-  
21 vidual was discharged or released from the period of such  
22 active duty or inactive duty training under conditions  
23 other than dishonorable, and

24 (4) who had less than six quarters of coverage at

1       the time of his death, or who died after June 30, 1954,  
2       and was not a fully and currently insured individual  
3       at the time of his death,  
4 he shall be deemed, for purposes of monthly benefits under  
5 title II of the Social Security Act, to have died a fully  
6 insured individual (except for purposes of determining en-  
7 titlement of a former wife divorced to benefits under sec-  
8 tion 202 (g) of that Act) if he died prior to September  
9 1950, or to have died a fully and currently insured indi-  
10 vidual if he died after August 1950. The terms used in this  
11 section shall have the same meaning as when used in title  
12 II of the Social Security Act.

13       (b) No monthly benefits under title II of the Social  
14 Security Act shall be payable by reason of subsection (a)  
15 for any month prior to January 1956; and no lump-sum  
16 death payment under such title shall be payable by reason of  
17 such subsection.

18       (c) If any monthly benefits are payable under section  
19 202 of the Social Security Act by reason of subsection (a),  
20 the primary insurance amount on which such benefits are  
21 based shall be \$30 instead of the amount computed under  
22 title II of such Act; and, for purposes of section 203 (a)  
23 of such Act, the average monthly wage on which such  
24 benefits are based shall be deemed to be \$55.

25       (d) In the case of any individual to whom subsection

1 (a) is applicable, the requirement in subsection (f) or (h)  
2 of section 202 of the Social Security Act that proof of  
3 support be filed within two years of the date of death shall  
4 not apply if such proof is filed before January 1, 1958.

5 REIMBURSEMENT OF TRUST FUND FOR COST OF WAGE

6 CREDITS FOR CERTAIN MILITARY SERVICE

7 SEC. 408. Section 217 of the Social Security Act is  
8 amended by adding after subsection (f) (as added by sec-  
9 tion 404 (b) of this Act) the following new subsection:

10 “(g) (1) There are hereby authorized to be appro-  
11 priated to the Trust Fund annually, as benefits under this  
12 title are paid after June 1955, such sums as the Secretary  
13 of Health, Education, and Welfare determines to be neces-  
14 sary to meet the additional costs, resulting from subsections  
15 (a), (b), and (e), of such benefits (including lump-sum  
16 death payments).

17 “(2) The Secretary shall, before October 1, 1957, de-  
18 termine the amount which would place the Trust Fund in the  
19 same position in which it would have been at the close of  
20 June 30, 1955, if section 210 of this Act, as in effect prior  
21 to the Social Security Act Amendments of 1950, and section  
22 217 of this Act (including amendments thereof), had not  
23 been enacted. There are hereby authorized to be appro-  
24 priated to the Trust Fund annually, during the first ten fiscal  
25 years beginning after such determination is made, sums

1 aggregating the amount so determined, plus interest accruing  
2 on such amount (as reduced by appropriations made pur-  
3 suant to this paragraph) for each fiscal year beginning after  
4 June 30, 1955, at a rate for such fiscal year equal to the  
5 average rate of interest (as determined by the Managing  
6 Trustee) earned on the invested assets of the Trust Fund  
7 during the preceding fiscal year.”

8 REIMBURSEMENT OF TRUST FUND FOR SPECIAL INSURED  
9 STATUS OF SERVICEMEN

10 SEC. 409. (a) Section 201 of the Social Security Act  
11 is amended by adding at the end thereof the following new  
12 subsection:

13 “(h) There are hereby authorized to be appropriated  
14 to the Trust Fund annually such sums as the Secretary of  
15 Health, Education, and Welfare deems to be necessary to  
16 meet the additional costs, resulting from section 214 (c) of  
17 this Act and from the amendments made to section 216 (i)  
18 of this Act by section 406 of the Servicemen’s and Veterans’  
19 Survivor Benefits Act, of the benefits paid under this title  
20 for months after December 1955 (including lump-sum death  
21 payments in the case of deaths occurring after December  
22 1955).”

23 (b) There are hereby authorized to be appropriated to  
24 the Federal Old-Age and Survivors Insurance Trust Fund

1 annually such sums as the Secretary of Health, Education,  
2 and Welfare determines to be necessary to meet the addi-  
3 tional costs, resulting from section 407 of this Act, of the  
4 benefits paid under title II of the Social Security Act for  
5 months after December 1955.

6                   REQUIREMENT OF APPLICATION

7       SEC. 410. Section 202 of the Social Security Act is  
8 amended by adding at the end thereof the following new  
9 subsection:

10   “Application for Benefits by Survivors of Members and  
11       Former Members of the Uniformed Services

12       “(o) In the case of any individual who would be en-  
13 titled to benefits under subsection (d), (e), (g), or (h)  
14 upon filing proper application therefor, the filing with the  
15 Administrator of Veterans’ Affairs by or on behalf of such  
16 individual of an application for such benefits, on the form  
17 prescribed under section 503 of the Servicemen’s and Vet-  
18 erans’ Survivor Benefits Act, shall satisfy the requirement  
19 of such subsection (d), (e), (g), or (h) that an application  
20 for such benefits be filed.”

21                   AMENDMENTS RELATING TO RAILROAD RETIREMENT

22       SEC. 411. (a) Section 4 of the Railroad Retirement Act  
23 of 1937 is amended by adding at the end thereof the follow-  
24 ing new subsection:

1       “(p) The provisions of this section shall apply only  
2 with respect to military service rendered prior to January 1,  
3 1956.”

4       (b) Section 2 of the Railroad Retirement Act of 1937 is  
5 amended by adding at the end thereof the following new  
6 subsection:

7       “(h) (1) Except as provided in paragraph (2), any  
8 individual who is applying for an annuity under this section,  
9 and who has performed service (as a member of a uniformed  
10 service) to which the provisions of section 210 (m) (1)  
11 of the Social Security Act are applicable, may elect, unless  
12 he has previously applied (after December 31, 1955) for  
13 an annuity under this section, to treat such service as service  
14 as an ‘employee’ for purposes of this Act. Such election  
15 shall be irrevocable, and the Board shall promptly notify  
16 the Secretary of Health, Education, and Welfare thereof.  
17 If such an election is made, then, for the purposes of this  
18 Act, the months of such service shall be included in such  
19 individual’s ‘years of service’, and (except for purposes of  
20 section 5 (f) (2)) his wages (paid for such service) as  
21 defined in the last paragraph of section 209 of the Social  
22 Security Act shall constitute ‘compensation’. The full  
23 amount of such wages paid in any calendar year, divided by  
24 the number of months in such year in which he performed  
25 such service, shall be included in computing his ‘monthly

1 compensation' and his 'average monthly remuneration', not-  
2 withstanding the second sentence of section 3 (c) and clause  
3 (A) (i) of section 5 (1) (9), except to the extent that such  
4 inclusion would result in total 'compensation' to him of more  
5 than \$4,200 in such year. Notwithstanding the provisions of  
6 section 2 (c) (2), service which an individual elects under  
7 this paragraph to treat as service as an 'employee' shall not  
8 be used in determining his eligibility for, or computing the  
9 amount of, an annuity accruing under this section for any  
10 month if (A) such individual is entitled for that month to  
11 benefits under section 202 (a) of the Social Security Act,  
12 (B) such service was included in the computation of such  
13 benefits, and (C) the inclusion of such service in the computa-  
14 tion of such benefits resulted (for that month) in benefits not  
15 otherwise payable or in an increase in the benefits otherwise  
16 payable. The Secretary concerned (as defined in section  
17 102 (9) of the Servicemen's and Veterans' Survivor Benefits  
18 Act) shall maintain such records, and furnish the Board upon  
19 its request with such information, regarding the month of such  
20 service as a member of a uniformed service and the re-  
21 munerated paid therefor in the case of any individual, as  
22 may be necessary to enable the Board to carry out its duties  
23 under this section and section 5.

24 " (2) No election may be made by any individual under  
25 paragraph (1) unless (A) prior to the beginning of such



1 individual's service (as a member of a uniformed service)  
2 to which the provisions of section 210 (m) (1) of the  
3 Social Security Act are applicable, and in the same calendar  
4 year in which such service began, or in the next preceding  
5 calendar year, he rendered service for compensation to an  
6 employer or person service to which is otherwise creditable  
7 under this Act, or lost time as an employee for which he  
8 received remuneration, or was serving as an employee repre-  
9 sentative; or (B) such individual's service (as a member of  
10 a uniformed service) to which the provisions of section 210  
11 (m) (1) of the Social Security Act are applicable was a  
12 continuation of a period of military service which began prior  
13 to January 1, 1956, and which (prior to that date) was  
14 creditable under section 4.

15       “(3) There are hereby authorized to be appropriated  
16 to the Railroad Retirement Account annually such sums as  
17 the Board determines to be necessary to meet the additional  
18 costs resulting from (A) the crediting toward annuities of  
19 service with respect to which an election is made under  
20 paragraph (1), and (B) the inclusion of an individual's  
21 service as a member of a uniformed service in determining  
22 his 'current connection with the railroad industry' as pro-  
23 vided in the last sentence of section 1 (o); except that the  
24 sums authorized to be appropriated pursuant to this para-  
25 graph for any year shall be reduced by any amounts which

1 may be credited to the Railroad Retirement Account for  
2 such year under the provisions of section 5 (k) (2) of this  
3 Act with respect to such service.”

4 (c) Section 1 (o) of the Railroad Retirement Act of  
5 1937 is amended by adding at the end thereof the following  
6 new sentence: “For the purposes of section 5 only, in  
7 determining whether an individual is deemed to have a  
8 ‘current connection with the railroad industry’, service per-  
9 formed by such individual (as a member of a uniformed  
10 service) to which the provisions of section 210 (m) (1)  
11 of the Social Security Act are applicable, and with respect  
12 to which the conditions prescribed in section 2 (h) (2)  
13 for an election under section 2 (h) (1) are met, shall con-  
14 stitute service as an ‘employee’.”

15 (d) Section 1 (q) of the Railroad Retirement Act of  
16 1937 is amended by striking out “as amended in 1954” and  
17 inserting in lieu thereof “as amended in 1955”.

18 (e) The second sentence of section 3 (c) of the Rail-  
19 road Retirement Act of 1937 is amended by inserting “(ex-  
20 cept as provided in the fourth sentence of section 2 (h)  
21 (1) )” immediately after “June 30, 1954”.

22 (f) Section 5 (l) (9) of the Railroad Retirement  
23 Act of 1937 is amended by striking out “and any excess”  
24 and inserting in lieu thereof “and (except as provided in  
25 the fourth sentence of section 2 (h) (1) ) any excess”.

## 1 SURVIVOR ANNUITIES UNDER THE CIVIL SERVICE

## 2 RETIREMENT ACT

3 SEC. 412. Section 5 of the Civil Service Retirement  
4 Act of May 29, 1930, as amended, is amended by insert-  
5 ing after the second paragraph thereof the following new  
6 paragraph:

7 "Notwithstanding any other provision of this section,  
8 any service (other than service covered by military leave  
9 with pay from a civilian position) performed by an in-  
10 dividual after December 1955 as a member of a uniformed  
11 service on active duty or active duty for training (as those  
12 terms are defined in section 102 of the Servicemen's and  
13 Veterans' Survivor Benefits Act) shall be excluded in deter-  
14 mining the aggregate period of service upon which an an-  
15 nuity payable under section 4 (b) or 12 of this Act to his  
16 widow or child is to be based, if such widow or child is en-  
17 titled (or would upon proper application be entitled), at  
18 the time of such determination, to monthly survivors bene-  
19 fits under section 202 of the Social Security Act based on  
20 such individual's wages and self-employment income. If in  
21 the case of the widow such service is not excluded under the  
22 preceding sentence, but upon attaining retirement age (as  
23 defined in section 216 (a) of the Social Security Act) she  
24 becomes entitled (or would upon proper application be en-  
25 titled) to such benefits, the Commission shall redetermine

1 the aggregate period of service upon which such annuity  
 2 is based, effective as of the first day of the month in which  
 3 she attains such age, so as to exclude such service. The Sec-  
 4 retary of Health, Education, and Welfare shall, upon the  
 5 request of the Commission, inform the Commission whether  
 6 or not any such widow or child is entitled at any specified  
 7 time to such benefits.”

8 DETERMINATIONS BY ADMINISTRATOR OF VETERANS’

9 AFFAIRS

10 SEC. 413. The Administrator of Veterans’ Affairs shall,  
 11 whenever requested by the Secretary of Health, Education,  
 12 and Welfare, make any determination provided for in sec-  
 13 tion 214 (c) (2), 216 (i) (5) (A), or 216 (i) (6)  
 14 of the Social Security Act, or in section 407 (a) (3) of  
 15 this Act. In making a determination under any such section,  
 16 the Administrator shall, to the extent not inconsistent with  
 17 such section, utilize the same criteria and procedures as he  
 18 utilizes in making determinations with respect to claims for  
 19 benefits under title II of this Act.

20 PART B—AMENDMENTS TO THE INTERNAL REVENUE

21 CODE OF 1954

22 DEFINITION OF WAGES

23 SEC. 414. (a) Section 3121 (i) of the Internal Reve-  
 24 nue Code of 1954 is amended to read as follows:

25 “(i) COMPUTATION OF WAGES IN CERTAIN CASES.—

1           “(1) DOMESTIC SERVICE.—For purposes of this  
2 chapter, in the case of domestic service described in sub-  
3 section (a) (7) (B), any payment of cash remunera-  
4 tion for such service which is more or less than a whole-  
5 dollar amount shall, under such conditions and to such  
6 extent as may be prescribed by regulations made under  
7 this chapter, be computed to the nearest dollar. For  
8 the purpose of the computation to the nearest dollar,  
9 the payment of a fractional part of a dollar shall be dis-  
10 regarded unless it amounts to one-half dollar or more,  
11 in which case it shall be increased to \$1. The amount  
12 of any payment of cash remuneration so computed to the  
13 nearest dollar shall, in lieu of the amount actually paid,  
14 be deemed to constitute the amount of cash remunera-  
15 tion for purposes of subsection (a) (7) (B).

16           “(2) SERVICE IN THE UNIFORMED SERVICES.—  
17 For purposes of this chapter, in the case of an individual  
18 performing service, as a member of a uniformed service,  
19 to which the provisions of subsection (m) (1) are ap-  
20 plicable, the term ‘wages’ (as defined in subsection (a) )  
21 shall include as such individual’s remuneration for such  
22 service only his basic pay as described in section 102  
23 (10) of the Servicemen’s and Veterans’ Survivor Ben-  
24 efits Act.”



1 in a component of the Army, Navy, Air Force, Marine  
2 Corps, or Coast Guard (including a reserve component of a  
3 uniformed service as defined in section 102 (3) of the  
4 Servicemen's and Veterans' Survivor Benefits Act), or  
5 in one of those services without specification of com-  
6 ponent, or as a commissioned officer of the Coast and  
7 Geodetic Survey or the Regular or Reserve Corps of the  
8 Public Health Service, and any person serving in the Army  
9 or Air Force under call or conscription. The term includes—

10 “(1) a retired member of any of those services;

11 “(2) a member of the Fleet Reserve or Fleet  
12 Marine Corps Reserve;

13 “(3) a cadet at the United States Military Acad-  
14 emy, a midshipman at the United States Naval Acad-  
15 emy, and a cadet at the United States Coast Guard  
16 Academy or United States Air Force Academy;

17 “(4) a member of the Reserve Officers' Training  
18 Corps, the Naval Reserve Officers' Training Corps,  
19 or the Air Force Reserve Officers' Training Corps,  
20 when ordered to annual training duty for fourteen days  
21 or more, and while performing authorized travel to and  
22 from that duty; and

23 “(5) any person while en route to or from, or at,  
24 a place for final acceptance or for entry upon active  
25 duty in the military or naval service—

1           “(A) who has been provisionally accepted for  
2           such duty; or

3           “(B) who, under the Universal Military Train-  
4           ing and Service Act, has been selected for active  
5           military or naval service;

6           and has been ordered or directed to proceed to such  
7           place.

8           The term does not include a temporary member of the Coast  
9           Guard Reserve.”

10          (b) The first sentence of section 3122 of the Internal  
11          Revenue Code of 1954 is amended by inserting “including  
12          service, performed as a member of a uniformed service, to  
13          which the provisions of section 3121 (m) (1) are ap-  
14          plicable,” immediately after “in the employ of any instru-  
15          mentality which is wholly owned by the United States,”.

16          (c) Section 3122 of the Internal Revenue Code of  
17          1954 is further amended by inserting after the second sen-  
18          tence thereof the following new sentence: “Payments of the  
19          tax imposed under section 3111 with respect to service, per-  
20          formed by an individual as a member of a uniformed service,  
21          to which the provisions of section 3121 (m) (1) are appli-  
22          cable, shall be made from appropriations available for the  
23          pay of members of such uniformed service.”



## RECEIPTS FOR EMPLOYEES

1  
2 SEC. 416. Section 6051 (b) of the Internal Revenue  
3 Code of 1954 is amended to read as follows:

4 “(b) SPECIAL RULE AS TO COMPENSATION OF MEM-  
5 BERS OF THE UNIFORMED SERVICES.—In the case of com-  
6 pensation paid for service as a member of the Armed Forces,  
7 the statement required by subsection (a) shall be furnished  
8 if any tax was withheld during the calendar year under sec-  
9 tion 3402, or if any of the compensation paid during such  
10 year is includible in gross income under chapter 1, or if dur-  
11 ing the calendar year any amount was required to be with-  
12 held as tax under section 3101. In lieu of the amounts  
13 required to be shown by paragraphs (3) and (5), respec-  
14 tively of subsection (a), such statement shall show as wages  
15 paid during the calendar year (1) the amount of such com-  
16 pensation paid during the calendar year which is not ex-  
17 cluded from gross income under chapter 1 (whether or  
18 not such compensation constituted wages as defined in sec-  
19 tion 3401 (a)), and (2) the total amount of wages as  
20 defined in section 3121 (a), computed in accordance with  
21 such section and section 3121 (i) (2).”

## TITLE V—AMENDMENTS AND REPEALS

## AMENDMENTS

22  
23  
24 SEC. 501. (a) (1) Section 620 of the National Service  
25 Life Insurance Act of 1940 is amended by striking out the

1 last sentence and inserting in lieu thereof the following:  
2 "Any member of a uniformed service (as that term is defined  
3 in section 102 of the Servicemen's and Veterans' Survivor  
4 Benefits Act) while on active duty, active duty for training,  
5 or inactive duty training (as those terms are defined in  
6 such section) shall be deemed to be in the active service for  
7 the purpose of applying for insurance under this section;  
8 however, as to persons incurring a disability under the con-  
9 ditions provided in section 102 (11) (E) of such Act,  
10 application for insurance must be filed under this section  
11 within one year after the incurrence of such disability."

12 (2) Section 621 of the National Service Life Insurance  
13 Act of 1940 is amended by adding at the end thereof the  
14 following:

15 "(c) No insurance shall be granted to any person under  
16 this section on or after January 1, 1956, unless prior to  
17 such date an acceptable application accompanied by proper  
18 and valid remittances or authorizations for the payment of  
19 premiums (1) was received by the Veterans' Administra-  
20 tion, (2) was placed in the mails properly directed to the  
21 Veterans' Administration, or (3) was delivered to an  
22 authorized representative of any of the uniformed services."

23 (3) (A) Section 622 of the National Service Life In-  
24 surance Act of 1940 is amended by inserting "(a)" imme-

1 diately after "SEC. 622.", and by adding at the end thereof  
2 the following:

3 " (b) No application may be made after December 31,  
4 1955, for waiver of premiums under this section."

5 (B) Where any individual dies on or after May 1,  
6 1956, and at the time of his death has in effect a policy of  
7 National Service Life Insurance or United States Government  
8 life insurance under waiver of premiums under section 622  
9 of the National Service Life Insurance Act of 1940, no  
10 dependency and indemnity compensation shall be paid under  
11 this Act to his widow, children, or parents by reason of  
12 his death, but death compensation may be paid under laws  
13 administered by the Veterans' Administration to such  
14 widow, child, or parents by reason of his death, notwithstand-  
15 ing the fact that such death occurred after December 31,  
16 1955.

17 (4) The National Service Life Insurance Act of 1940  
18 is amended by adding at the end thereof the following:

19 "SEC. 623. (a) Any person in active service on January  
20 1, 1956, who surrendered a policy of national service life  
21 insurance or United States Government life insurance on  
22 a permanent plan for its cash value while in the active  
23 service on or after April 25, 1951, and prior to January  
24 1, 1956, may, upon application in writing made within one  
25 hundred and twenty days after separation from active serv-

1 ice, be granted, without medical examination, permanent  
2 plan insurance on the same plan not in excess of the amount  
3 surrendered for cash, or may reinstate such surrendered  
4 insurance upon payment of the required reserve and the  
5 premium for the current month. Waiver of premiums under  
6 this Act shall not be denied in any case of issue or rein-  
7 statement of insurance on a permanent plan under this sec-  
8 tion in which it is shown to the satisfaction of the Admin-  
9 istrator that total disability of the applicant commenced  
10 prior to the date of application.

11 “(b) Any person in the active service on January 1,  
12 1956, who had United States Government life insurance or  
13 national service life insurance on the five-year level premium  
14 term plan, the term of which expired while he was in the  
15 active service after April 25, 1951, and prior to January  
16 1, 1956, shall, upon application made within one hundred  
17 and twenty days after separation from active service, pay-  
18 ment of premiums, and evidence of good health satisfactory  
19 to the Administrator, be granted an equivalent amount of  
20 insurance on the five-year level premium term plan at the  
21 premium rate for his then attained age.

22 “(c) Persons deemed to be in the active service for the  
23 purposes of section 5 of the Servicemen’s Indemnity Act of  
24 1951 shall be deemed to be in the active service for the  
25 purposes of this section. The repeal of such Act shall not

1 affect the insurance rights provided in section 5 thereof (ex-  
2 cept the first sentence) of any person separated from the  
3 service prior to January 1, 1956, whose one-hundred-and-  
4 twenty-day period specified in such section has not expired.”

5 (b) (1) Section 212 of the Public Health Service Act  
6 (42 U. S. C., sec. 213) is amended to read as follows:

7 “MILITARY BENEFITS

8 “SEC. 212. (a) Except as provided in subsection (b),  
9 commissioned officers of the Service and their surviving  
10 beneficiaries shall, with respect to active service performed  
11 by such officers—

12 “(1) in time of war;

13 “(2) on detail for duty with the Army, Navy,  
14 Air Force, Marine Corps, or Coast Guard; or

15 “(3) while the Service is part of the military forces  
16 of the United States pursuant to Executive order of the  
17 President;

18 be entitled to all rights, privileges, immunities, and bene-  
19 fits now or hereafter provided under any law of the United  
20 States in the case of commissioned officers of the Army or  
21 their surviving beneficiaries on account of active military  
22 service, except retired pay and uniform allowances.

23 “(b) The President may prescribe the conditions under  
24 which commissioned officers of the Service may be awarded  
25 military ribbons, medals, and decorations.

1       “(c) The authority vested by law in the Department  
2 of the Army, the Secretary of the Army, or other officers  
3 of the Department of the Army with respect to rights,  
4 privileges, immunities, and benefits referred to in subsec-  
5 tion (a) shall be exercised, with respect to commissioned  
6 officers of the Service, by the Surgeon General.

7       “(d) Active service of commissioned officers of the  
8 Service shall be deemed to be active military service in the  
9 Armed Forces of the United States for the purposes of all  
10 laws administered by the Veterans’ Administration (except  
11 the Servicemen’s Indemnity Act of 1951) and section 217  
12 of the Social Security Act.”

13       (2) The amendment made by this subsection (A) shall  
14 apply only with respect to service performed on or after  
15 July 4, 1952, (B) shall not be construed to affect the en-  
16 titlement of any person to benefits under the Veterans’ Read-  
17 justment Assistance Act of 1952, (C) shall not be con-  
18 strued to authorize any payment under section 202 (i) of  
19 the Social Security Act, or under Veterans Regulation Num-  
20 bered 9 (a), for any death occurring prior to January 1,  
21 1956, and (D) shall not be construed to authorize payment  
22 of any benefits for any period prior to January 1, 1956.

23       (3) In the case of any individual—

24               (A) who performed active service (i) as a com-  
25 missioned officer of the Public Health Service at any

1 time during the period beginning July 4, 1952, and  
2 ending December 31, 1955, or (ii) as a commissioned  
3 officer of the Coast and Geodetic Survey at any time  
4 during the period beginning July 29, 1945, and ending  
5 December 31, 1955; and

6 (B) (i) who became entitled to old-age insurance  
7 benefits under section 202 (a) of the Social Security  
8 Act prior to January 1, 1956, or

9 (ii) who died prior to January 1, 1956, and whose  
10 widow, child, or parent is entitled for the month of  
11 January 1956, on the basis of his wages and self-em-  
12 ployment income, to a monthly survivor's benefit under  
13 section 202 of such Act; and

14 (C) any part of whose service described in sub-  
15 paragraph (A) was not included in the computation of  
16 his primary insurance amount under section 215 of such  
17 Act but would have been included in such computa-  
18 tion if the amendment made by paragraph (1) of this  
19 subsection or paragraph (1) of subsection (d) had  
20 been effective prior to the date of such computation,  
21 the Secretary of Health, Education, and Welfare shall, not-  
22 withstanding the provisions of section 215 (f) (1) of the  
23 Social Security Act, recompute the primary insurance  
24 amount of such individual upon the filing of an application,  
25 after December 1955, by him or (if he dies without filing

1 such an application) by any person entitled to monthly  
2 survivor's benefits under section 202 of such Act on the  
3 basis of his wages and self-employment income. Such re-  
4 computation shall be made only in the manner provided in  
5 title II of the Social Security Act as in effect at the time  
6 of the last previous computation or recomputation of such  
7 individual's primary insurance amount, and as though appli-  
8 cation therefor was filed in the month in which application  
9 for such last previous computation or recomputation was filed.  
10 No recomputation made under this paragraph shall be re-  
11 garded as a recomputation under section 215 (f) of the Social  
12 Security Act. Any such recomputation shall be effective for  
13 and after the twelfth month before the month in which the  
14 application was filed, but in no case for any month before  
15 January 1956.

16 (c) (1) Section 2 of the Federal Employees' Group  
17 Life Insurance Act of 1954 is amended by striking out all  
18 after "District of Columbia" in subsection (b) and inserting  
19 in lieu thereof a period, and by adding at the end of such  
20 section the following new subsection:

21 "(c) No person shall acquire insurance coverage under  
22 this Act by virtue of his status as a member of a uniformed  
23 service. The insurance granted to any employee under this  
24 Act (1) shall cease (except for a thirty-one day extension  
25 of life insurance coverage) on the day immediately prior to



1 his entry on active duty or active duty for training, unless  
2 the period of such duty is covered by military leave with pay  
3 from a civilian position, and (2) shall not cease during any  
4 period of inactive duty training. The terms used in this sub-  
5 section shall have the meanings assigned to them by section  
6 102 of the Servicemen's and Veterans' Survivors Benefits  
7 Act."

8 (2) The amendments made by this subsection shall not  
9 apply with respect to deaths occurring prior to January  
10 1, 1956, nor shall such amendments apply with respect to  
11 insurance granted prior to January 1, 1956, under the  
12 Federal Employees' Group Life Insurance Act of 1954 to  
13 commissioned officers of the Coast and Geodetic Survey or  
14 of the Regular or Reserve Corps of the Public Health  
15 Service. No dependency and indemnity compensation shall  
16 be payable under this Act to any widow, child, or parent  
17 of any such commissioned officer if any amounts are pay-  
18 able under such insurance by reason of the death of such  
19 officer occurring on or after May 1, 1956.

20 (d) (1) The second sentence of the second paragraph  
21 of section 16 of the Act of May 22, 1917 (33 U. S. C., sec.  
22 857), is amended to read as follows: "Active service of  
23 commissioned officers of the Coast and Geodetic Survey  
24 shall be deemed to be active military service for the purposes

1 of all laws administered by the Veterans' Administration  
2 (except the Servicemen's Indemnity Act of 1951) and  
3 section 217 of the Social Security Act, and for the purposes  
4 of section 210 of the Social Security Act as in effect prior  
5 to the Social Security Act Amendments of 1950."

6 (2) The amendment made by this subsection (A) shall  
7 apply only with respect to service performed on or after  
8 July 29, 1945, (B) shall not be construed to affect the  
9 entitlement of any person to benefits under the Veterans'  
10 Readjustment Assistance Act of 1952, (C) shall not be  
11 construed to authorize any payment under section 202 (i)  
12 of the Social Security Act, or under Veterans Regulation  
13 Numbered 9 (a), for any death occurring prior to January 1,  
14 1956, and (D) shall not be construed to authorized payment  
15 of any benefits for any period prior to January 1, 1956.

16 (e) Section 40 (b) of the Federal Employees' Com-  
17 pensation Act (5 U. S. C., sec. 790 (b)) is amended—

18 (1) by striking out clauses (2) and (3) and redес-  
19 ignating clauses (4) and (5) as clauses (2) and (3),  
20 respectively; and

21 (2) by inserting immediately after "United States"  
22 the second time it occurs in the parenthetical phrase in  
23 clause (1) the following: " , but excluding commissioned  
24 officers of the Regular Corps of the Public Health

1 Service, commissioned officers in the Reserve Corps of  
2 the Public Health Service on active duty, and commis-  
3 sioned officers of the Coast and Geodetic Survey”.

4 (f) Section 304 of the Naval Reserve Act of 1938 (34  
5 U. S. C., sec. 855c) is amended (1) by striking out all be-  
6 ginning with “If in time of peace” through “*Provided fur-*  
7 *ther, That*” in the third proviso and inserting in lieu thereof  
8 “(a) In time of peace”, and (2) by adding at the end  
9 thereof the following:

10 “(b) For the purposes of paragraph I (a) of part II of  
11 Veterans Regulation Numbered 1 (a), all members of the  
12 Naval Reserve shall be considered as performing active mili-  
13 tary or naval service when injured while performing active  
14 duty with or without pay, training duty with or without pay,  
15 drills, equivalent instruction or duty, appropriate duty, or  
16 other prescribed duty, or while performing authorized travel  
17 to or from such duties.”

18 (g) Section 2 of the Act of August 12, 1935 (38  
19 U. S. C., sec. 556a), is amended by inserting immediately  
20 after “Public Law Numbered 484, Seventy-third Congress,”  
21 the following: “the Servicemen’s and Veterans’ Survivor  
22 Benefits Act,”.

23 (h) (1) The first sentence of paragraph (1) of section  
24 21 of the World War Veterans’ Act, 1924 (38 U. S. C.,  
25 sec. 450), is amended by inserting immediately after “pay-

1 ment of compensation,” the following: “dependency and  
2 indemnity compensation,”.

3 (2) The first sentence of paragraph (3) of such section  
4 is amended by inserting immediately after “the compensa-  
5 tion,” the following: “dependency and indemnity com-  
6 pensation,”.

7 (i) The paragraph under the heading “Transfer of  
8 Appropriations” which begins “Army of the Philippines,”  
9 in the Act of February 18, 1946 (38 U. S. C., sec. 38), is  
10 amended by striking out all beginning with “(2)” through  
11 the words “such pensions” where those words appear the  
12 second time in the second proviso, and inserting in lieu  
13 thereof the following: “(2) laws administered by the Vet-  
14 erans’ Administration providing for the payment of compen-  
15 sation or dependency and indemnity compensation on account  
16 of service-connected disability or death: *Provided further,*  
17 That such compensation or dependency and indemnity  
18 compensation shall be paid at the rate of one Philippine peso  
19 for each dollar authorized to be paid under the laws provid-  
20 ing for such compensation or dependency and indemnity  
21 compensation, and where annual income is a factor in entitle-  
22 ment to benefits, the dollar limitations in the laws specifying  
23 such annual income shall apply at the rate of one Philip-  
24 pine peso for each dollar”.

25 (j) The paragraph beginning “Finance Service, Army,”

1 under title II of the Act of May 27, 1946 (60 Stat. 223),  
2 is amended by striking out paragraph (6) and the proviso  
3 immediately following such paragraph, and inserting in lieu  
4 thereof the following:

5           “(6) The provisions of laws administered by the  
6       Veterans’ Administration for the payment of compensa-  
7       tion or dependency and indemnity compensation on  
8       account of service-connected disability or death:

9       *Provided further*, That payments made under the provisions  
10      of any law referred to in clauses (5) and (6) above shall  
11      be paid at the rate of one Philippine peso for each dollar  
12      authorized by such law: *Provided further*, That where an-  
13      nual income is a factor in entitlement to benefits, the dollar  
14      limitations in the laws specifying such annual income shall  
15      apply at the rate of one Philippine peso for each dollar:”.

16           (k) Paragraph V of part I of Veterans Regulation  
17      Numbered 2 (a) is amended by inserting immediately after  
18      “compensation” each place it occurs therein (except para-  
19      graph (a)) the following: “, dependency and indemnity  
20      compensation”.

21           (l) Section 11 of the Uniformed Services Contingency  
22      Option Act of 1953 (37 U. S. C., sec. 380) is amended by  
23      inserting immediately after “be considered income” the  
24      following: “(except as provided in section 205 (g) of the  
25      Servicemen’s and Veterans’ Survivor Benefits Act)”.

1 (m) The second sentence of paragraph XIII of Vet-  
2 erans Regulation Numbered 10 is amended to read as  
3 follows: "The receipt of pension, compensation, or depend-  
4 ency and indemnity compensation by a widow, child, or  
5 parent on account of the death of any person, or receipt  
6 by any person of pension or compensation on account of  
7 his own service, shall not bar the payment of pension, com-  
8 pensation, or dependency and indemnity compensation on  
9 account of the death or disability of any other person."

10 (n) Section 15 of Public, Numbered 2, Seventy-  
11 third Congress (38 U. S. C., sec. 715), is amended (1)  
12 by inserting immediately after "under this title" the first  
13 time it occurs the following: "or the Servicemen's and  
14 Veterans' Survivor Benefits Act", and (2) by inserting  
15 immediately after "under this title" the second time it occurs  
16 the following: "and under the Servicemen's and Veterans'  
17 Survivor Benefits Act".

18 (o) Section 3 of the Act of October 17, 1940 (38  
19 U. S. C., sec. 49a), is amended by inserting immediately  
20 after "compensation" the second time it occurs the following:  
21 ", dependency and indemnity compensation,".

22 (p) The Act of September 7, 1944 (38 U. S. C.,  
23 sec. 733), is amended (1) by inserting immediately after  
24 "Seventy-third Congress, as amended," the following: "or  
25 of dependency and indemnity compensation payable under

1 the Servicemen's and Veterans' Survivor Benefits Act," and  
2 (2) by inserting immediately after "death pension or com-  
3 pensation" in the second proviso the following: "or depend-  
4 ency and indemnity compensation".

5 (q) The portion of section 201 of the World War  
6 Veterans' Act, 1924 (38 U. S. C., sec. 472), which precedes  
7 paragraph (1) thereof is amended by striking out "That if  
8 death results from injury—" and inserting in lieu thereof:  
9 "If death occurs prior to January 1, 1956, and results from  
10 injury—".

11 (r) The first paragraph of section 3 of the Act of  
12 August 16, 1937 (38 U. S. C., sec. 472b), is amended  
13 by striking out "World War veteran who died" and inserting  
14 in lieu thereof "World War veteran who died prior to  
15 January 1, 1956,".

16 (s) (1) Paragraph IV of part I and paragraph III of  
17 part II of Veterans Regulation Numbered 1 (a) are each  
18 amended by inserting immediately after "deceased person  
19 who died" the following: "prior to January 1, 1956".

20 (2) The amendments made by this subsection shall not  
21 apply with respect to any death occurring on or after May  
22 1, 1956, under the circumstances described in section 501

23 (a) (3) (B) of this Act.

1 (t) Section 121 (a) of the Internal Revenue Code of  
2 1954 is amended by adding at the end thereof the following:

**“(18) Dependency and indemnity compensation paid to survivors of members of a uniformed service and certain other persons, see section 210 of the Servicemen’s and Veterans’ Survivor Benefits Act.”**

3

## REPEALS

4 SEC. 502. The following Acts or parts of Acts are re-  
5 pealed:

6 (1) The Act of December 17, 1919 (10 U. S. C.,  
7 sec. 903).

8 (2) The second paragraph under “Bureau of Sup-  
9 plies and Accounts” in the Act of June 4, 1920 (34  
10 U. S. C., sec. 943).

11 (3) The Act of March 8, 1928 (10 U. S. C., sec.  
12 903a).

13 (4) The Act of May 12, 1930 (34 U. S. C.,  
14 sec. 944).

15 (5) The Act of July 15, 1939 (5 U. S. C.,  
16 secs. 797, 797a).

17 (6) The Act of July 18, 1940 (5 U. S. C., sec.  
18 798).

19 (7) Section 9 of the Act of January 19, 1942  
20 (33 U. S. C., sec. 870).

21 (8) Section 2 of the Act of December 3, 1942  
22 (33 U. S. C., sec. 855a).





1 have been received by the Secretary with such form, and  
2 which may be needed by the Administrator in connection  
3 therewith, shall be transmitted by the Secretary to the Ad-  
4 ministrator. The preceding sentence shall not prevent the  
5 Secretary and the Administrator from requesting the appli-  
6 cant, or any other individual, to furnish such additional  
7 information as may be necessary for purposes of title II of  
8 the Social Security Act and title II of this Act, respectively.

9

**MISCELLANEOUS**

10       SEC. 504. (a) This Act shall take effect on January 1,  
11 1956.

12       (b) The amendment or repeal of any provision of law  
13 by this Act shall not operate to deprive any person of pay-  
14 ments of the six-months' death gratuity or of any payments  
15 which such person would be eligible to receive, but for such  
16 amendment or repeal, by reason of the death or disability of  
17 any person occurring prior to January 1, 1956; nor shall  
18 the amendment or repeal of any such provision operate to  
19 deprive any person disabled prior to January 1, 1956, of  
20 any right to which he is entitled under the Federal Employ-  
21 ees' Compensation Act by reason of such disability.

Union Calendar No. 289

84TH CONGRESS  
1ST SESSION

**H. R. 7089**

[Report No. 993]

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**A BILL**

To provide benefits for the survivors of servicemen and veterans, and for other purposes.

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By Mr. HARDY

JUNE 28, 1955

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

GPO 861-630

# Office Memorandum • UNITED STATES GOVERNMENT

SSA - OASI

14:A:K

DATE: July 11, 1955

TO : Administrative, Supervisory,  
and Technical Employees

FROM : Victor Christgau, Director  
Bureau of Old-Age and Survivors Insurance

SUBJECT: Director's Bulletin No. 219  
Status of Legislation Relating to Military Service Under OASI

## Bill Reported by the Hardy Committee

On June 29 the Select Committee on Survivor Benefits of the House of Representatives (the Hardy Committee) reported out H.R. 7089, a bill which would make major revisions in the survivor benefit programs for servicemen and veterans. The bill includes provisions for extending contributory OASI coverage to members of the Armed Forces, effective January 1, 1956. Our information is that the House of Representatives will consider the bill on either July 13 or July 14. While there is doubt whether this bill will be considered by the Senate this year, I am sure you will be interested in the provisions of the bill and some highlights from the Committee's report.

The Committee stated in its report that in this bill the survivors benefits provided by the Veterans Administration have been carefully integrated with those provided under old-age and survivors insurance so as to provide a package that will meet the needs of survivors of Armed Forces personnel. In the words of the Committee:

"Social security is an integral part of this package. It would have been folly for the committee to have devised a new survivors-benefit program, excluding social security, only to have the efforts of the committee dissipated in a few years when the placement of military personnel under contributory social security would most likely become a reality. The committee's decision was influenced in part by the testimony of the Department of Health, Education, and Welfare that that agency could not continue indefinitely to pay out benefits under the \$160 gratuitous wage credit provision and merely be reimbursed on a residual cost basis."

The Committee also stated its belief that H.R. 7089 would substantially raise the level of Federal benefits to dependents of present and former military personnel, particularly to the surviving widow. Through eliminating both gaps and overlaps which now exist, the bill would provide more adequate overall protection than does present law without increasing overall costs. "The more adequate benefits

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provided under this bill," according to the Committee, "are made possible, in part, by reason of the servicemen's participation in social security."

The contributory OASI coverage which would be provided for servicemen under H.R. 7089 would include the following special provisions:

1. OASI coverage would apply only to the basic pay of servicemen, thus excluding such items as the value of food, shelter and various allowances and special pay. The effect of the provision would be to establish a base for OASI benefits and contributions approximately one-third lower, on the average, than if servicemen's gross pay were covered.
2. All servicemen who die in service or from a service-connected cause would be deemed insured under OASI. This provision would apply prospectively, and also retroactively to deaths between September 15, 1940, and January 1, 1956. (The retroactive provision would apply to some 3,700 cases of survivors who were not heretofore entitled to social security survivor benefits. With respect to cases involving dependent parents, the bill provides an additional two-year period for filing proof of dependency.)
3. The usual work requirements for eligibility to the OASI disability "freeze" would be deemed to be met 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 separation. The Veterans Administration would make determinations as to the existence of the disability at time of discharge (or within 3 years) and as to the "service-connection"; we will make the disability determination required under section 216(i) of the Social Security Act.
4. H. R. 7089 provides for reimbursement of the Federal Old-Age and Survivors Insurance Trust Fund for the past and future expenditures resulting from the \$160 military

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service wage credit provision in the present law. Reimbursement for approximately \$210 million of past expenditures would be distributed over a 10-year period; reimbursement for an estimated \$380 million of future expenditures resulting from the gratuitous wage credits would be made as benefits are paid out. With reference to these provisions the Committee stated in its report that the bill would provide for "the orderly liquidation of a past moral obligation of the government to the Federal Old-Age and Survivors Insurance Trust Fund." The Trust Fund would also be reimbursed for expenditures arising under the special OASI provisions mentioned above.

5. The gratuitous \$160 wage credits now provided for military service would of course be terminated with respect to service performed after the effective date of contributory coverage. 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 one of the uniformed services would not apply with respect to military service performed after 1950 and before 1956.
6. Gratuitous \$160 monthly wage credits for military service would not be granted under the Railroad Retirement Act for military service performed after 1955. The bill provides that railroad workers may, at the time they apply for a railroad retirement annuity, elect to have any period of military service occurring after 1955 counted towards the railroad retirement annuity (rather than OASI) if the individual was in railroad employment at some time during the calendar year in which the military service began, or during the preceding year.
7. Survivor annuitants under the 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 gratuitous \$160 wage credits) and thus could remove the present restriction on counting the gratuitous \$160 credits towards a social security survivor benefit. With regard to military service performed after 1955, the survivor would have no option: if he is eligible for a social security survivor benefit, the military service performed after 1955 could not be counted in computing a survivor annuity under the Civil Service Retirement Act.

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8. The bill provides that an application filed for veterans' compensation shall constitute an application for social security survivor benefits and vice versa. (This provision grew out of a much more sweeping provision which the Committee abandoned only after strong representations by the Social Security Administration. The original provision could have had the effect of injecting the Veterans Administration into the development of old-age and survivors insurance claims and of severely limiting our personal contacts with claimants.) It appears that the intent of the provision adopted is that a claim filed with the Veterans Administration should establish a filing date for OASI purposes and vice versa and that proofs filed with a claim with either of the two agencies should, as necessary, be made available to the other agency. A short-form OASI application which could be made a part of the regular Veterans Administration application and a similar short-form Veterans Administration application which could be made a part of certain OASI applications would apparently carry out this intent. The intended procedure would initiate claims but would not inject either agency into the development of claims under the program administered by the other agency.

Although the OASI coverage provided by H.R. 7089 would be subject to the disadvantage of being limited to servicemen's basic pay, the bill would substantially carry out the recommendations of the President and this Department that coverage be extended to members of the uniformed services on a contributory, wage-related basis. One consideration which influenced the Committee's decision to cover basic pay only was the fact that coverage of gross pay would mean that servicemen in the lowest enlisted grades would have to pay a fairly high OASI contribution compared to their cash pay. Commissioner Schottland, in testifying on the bill on behalf of the Department, pointed out that since OASI protection is, generally speaking, intended to provide a partial replacement of wage loss based on a worker's gross pay, it would be desirable to provide protection to servicemen which would be geared to their gross pay rather than to their basic service pay. He said, however, that he appreciated the exceedingly difficult problems underlying the Committee's decision on this point and that contributory OASI coverage of servicemen, even on the basis provided in the bill, would be preferable by far to any of the various proposals for granting OASI credit for military service on a gratuitous basis.

The special OASI provisions contained in the bill would obviously extend to service personnel special treatment that is not accorded to persons engaged in civilian employment. These provisions are not based on recommendations of the Department of Health, Education, and Welfare. The provisions appear to be necessary, however, from the standpoint of providing an adequate overall structure of survivor protection for the

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uniformed services, with the level of veterans' compensation payments based on the assumption that OASI benefits would also be payable. The Department therefore did not object to the special provisions as part of a program that would include contributory OASI coverage of the uniformed services, provided that the Trust Fund is reimbursed for the cost of the provisions as contemplated in the bill. The provisions contained in H.R. 7089 for reimbursement of the Trust Fund for past and future expenditures resulting from the gratuitous military service wage credits now provided are designed to correct the present unfair situation in which contributors to the Trust Fund are required to bear the cost of these special credits for veterans.

The major changes that would be provided in survivor benefit programs (other than OASI) for members and former members of the Armed Forces may be summarized as follows:

1. At present the service departments pay a gratuity (equal to six months' pay) to the survivors of deceased servicemen; the minimum payment is \$468 and the maximum is \$7,656. H.R. 7089 would establish a minimum of \$800 and a maximum of \$3,000 for this benefit, and would restrict payment to survivors who are closely related to the deceased serviceman.
2. The present gratuitous indemnity program provides for an indemnity of \$10,000 payable by the Veterans Administration to survivors of a deceased serviceman at the rate of \$92.90 a month over a period of 10 years. H.R. 7089 provides for the discontinuance of this program.
3. The bill provides for a generally higher level of Veterans Administration compensation payments to the survivors of servicemen than the level now payable.
4. Benefits under the Federal Employees Compensation Act which are now available to certain Reservists would be terminated; Reservists would be covered under the Veterans Administration programs and under OASI while in military service.
5. At present a serviceman has the right, within a period of 120 days after leaving the service, to acquire without physical examination a special nonconvertible, nonparticipating, 5-year-term national service life insurance policy. H.R. 7089 would terminate this right except in the case of those who leave military service while under a physical disability.



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6. Survivors now on the rolls would have the option of continuing to receive their present benefits or to receive the benefits payable under the bill.
7. Retirement benefits payable under the OASI program would be completely additive to retirement annuities payable by the various branches of the uniformed services.

Wage Credit Bill Passed by the House of Representatives

In order to provide stop-gap OASI protection of military personnel, pending congressional consideration of H.R. 7089, the House of Representatives, on June 23, passed legislation extending the present provision for gratuitous \$160 monthly credits for military service. This bill (H.R. 5936) would extend for an additional nine months (to April 1, 1956) the period for which the gratuitous wage credits can be granted. (The three-months' overlap with the contributory OASI coverage proposed in the Hardy Committee bill would of course be adjusted if the Hardy bill takes effect on January 1, 1956.) H.R. 5936 would also extend until April 1, 1956, the provision which permits the filing of an application for a lump-sum death payment within two years after the interment or reinterment in this country of the body of a serviceman who died abroad.

No provision for reimbursement of the Trust Fund for the cost of the gratuitous wage credits is provided in H.R. 5936. However, Chairman Cooper of the House Committee on Ways and Means stated, in reporting the bill to the House, that the reimbursement provisions were omitted solely because such provisions are incorporated in the Hardy bill.

H.R. 5936 has been referred to the Senate Committee on Finance for consideration and there appears to be at least a fair prospect that it may be enacted into law during the present session of Congress. If the Senate does not consider H.R. 5936 before adjournment, enactment will probably take place early in the next session, with the provisions made retroactive to June 30, 1955.



Victor Christgau

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SERVICEMEN'S AND VETERANS'  
SURVIVOR BENEFITS

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up the resolution (H. Res. 295) providing for the consideration of H. R. 7089, a bill to provide benefits for the survivors of servicemen and veterans, and for other purposes, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 7089) to provide benefits for the survivors of servicemen and veterans, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill, and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Select Committee on Survivor Benefits, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Select Committee on Survivor Benefits. Amendments offered by direction of the Select Committee on Survivor Benefits may be offered to any section of the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit with or without instructions.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio [Mr. BROWN]. At this time I yield myself such time as I may consume.

Mr. Speaker, House Resolution 295 makes in order the consideration of the bill H. R. 7089 under a closed rule, waiving all points of order with 2 hours of general debate. No amendments shall be in order to the bill, except amendments offered by direction of the Select Committee on Survivor Benefits, and those amendments shall not be subject to amendment.

The Select Committee on Survivor Benefits was created by a resolution passed by the House, which permitted this committee not only to investigate this very complicated and difficult problem which involves the jurisdiction of a number of committees, but also provided the right to that committee to present legislation.

When the select committee appeared before the Committee on Rules it pointed out the complexity of the provisions of this bill. The merits were not discussed before the Committee on Rules. That will be done in detail during the general debate.

Mr. Speaker, I reserve the remainder of my time.

Mr. BROWN of Ohio. Mr. Speaker, I yield 7 minutes to the gentleman from Pennsylvania [Mr. SAYLOR].

Mr. SAYLOR. Mr. Speaker, the bill which you have before you is the result of a great deal of work by the Select Committee on Survivor Benefits. I would be the last one to appear before you and state that in many respects the bill is not a tremendous improvement over the laws in effect at this time. However, there is one provision of this bill which I think is distinctly undemocratic, unrealistic, and distinctly un-American. It is something which strikes at the very heart of a principle of this country which has rejected class distinction among Americans, who have given their lives in the defense of our country. We are a peaceful people and require our citizens to go into the armed services only when our national security is in jeopardy. At that time every able-bodied, red-blooded American is called upon to render his or her service where it will be of the greatest service to his country, and if he or she is killed those who survive them are entitled as a matter of equity and justice to be treated equally by our Government. Every time there has been a war this same subject has come up and it has been the uniform policy of this country to reject the contention of the present bill. This inequitable treatment of the widows of deceased servicemen provision in the bill is the finest example of what the Pentagon brass has been able to do for themselves. This provision to which I call your attention, and which I label class legislation, undemocratic, unrealistic, and distinctly un-American is that the survivor of one who gave his life in the defense of his country shall be paid \$112 plus 12 percent of his pay, based upon his rank and length of service. It varies from \$122 a month to \$242 a month. The widow of a private who has been killed in service, who has just enlisted or been drafted and loses his life, will get \$122 a month. The widow of a general, killed by the same shell, will get \$242 a month. To me it is class legislation contrary to the concepts of our American system of equality. It is completely undemocratic, unrealistic, and un-American because we do not have an army of paid mercenaries in this country. The statistics that have been furnished to me by the Library of Congress are that in World War I, World War II, and Korea, 1 death out of 26 that occurred were from the ranks of

the so-called Regular, or career members, of the Army, Navy, and Marine Corps. Twenty-five of these deaths are from the ranks of civilians who had enlisted or been drafted and made the supreme sacrifice to defend their country.

The best example I can give to you to bring it home—and I think this could apply to every Congressman—is the case of a man who makes \$125 a week. Take a lineman for the telephone company. If he works 40 hours a week he makes about \$125. That is the same as the base pay of a colonel. Let us assume each is married and that each makes basically the same weekly wage. The draftee or enlistee is sent with an Army colonel to the frontlines and the same shell kills both of them. The widow of the man who is making \$125 a week as a civilian will, under the bill, receive \$122 a month, yet the wife of the colonel, whose base pay is \$125 a week, who was killed by the same shell, will receive \$208 a month. To me that is absolutely unconscionable, undemocratic, and un-American.

I have gone into the records of the debate which occurred on a similar bill in the House of Representatives in 1917. I have the record before me. The distinguished Speaker of the House was then the leader managing that bill to see to it that that principle which is now being fostered by the Pentagon was defeated.

There was another gentleman from Texas, Mr. Eugene Black, who stated:

How can you afford to discriminate between these equally deserving men, whether officers or men, when they are soldiers in the field; to discriminate between their families at home, to discriminate between them when they come home maimed and bleeding from service in their country's cause and when they fall upon the battlefield, to discriminate between their widows and orphans.

Mr. Black concentrated his attack primarily upon the differentiated pension for widows and dependents. He proposed the amendment which was finally accepted by the House, the vote being 139 to 3. In justifying his position with reference to uniform pensions, he said, in part:

I have no quarrel to make as to the pay which our officers and enlisted men are receiving. No, not a bit of it, but are we going to pursue this distinction of pay beyond the borders of the grave? That, gentlemen, is the question that now squarely confronts you. I thought that surely if there was any country in the world where the burning words of John J. Ingalls were applicable, it was in this great Republic of ours:

"In the democracy of the grave all men at last are equal. There is neither rank nor station nor prerogative in the republic of the grave. At that fatal threshold the philosopher ceases to be wise and the song of the poet is silent. There Dives relinquishes his riches and Lazarus his rags. The poor man is as rich as the richest and the rich man as poor as the poorest. There the politician forsakes his honors, the proud man his dignity, the invalid needs no physician, and the weary are at rest."

And yet in this land of the free and the home of the brave it remains for this committee to bring before us a bill that would preserve the distinction of rank and station beyond the borders of the grave. And this is being offered as a war measure in a war

that the President of the United States says is being waged to make the world safe for democracy. The idea of such a proposition in the bill is incomprehensible to me.

It was also agreed on the floor of the House in 1917 that the country would not approve the bestowal of unequal favor on officers and their widows beyond the pay received for their active duty.

First I would like to say that this will come to us under a closed rule. This is a technical matter, I am sure, but it is not so technical that the Members of this Congress are not able to deal with it.

Mr. JUDD. Mr. Speaker, will the gentleman yield?

Mr. SAYLOR. I yield to the gentleman from Minnesota.

Mr. JUDD. If the rule is adopted will it be impossible to offer an amendment to strike out the provision to which the gentleman objects?

Mr. SAYLOR. If the closed rule is adopted the only amendments permissible are amendments by the committee; and the rule is so tight that even they may not be amended. If this closed rule is adopted there will be but one motion to recommit. This is the situation all Members of the House are faced with.

I admit, as I said in the first instance, there are many good provisions in this bill, but I certainly think this one issue is of sufficient importance that we should not have a closed rule.

Mr. TEAGUE of Texas. Mr. Speaker, will the gentleman yield?

Mr. SAYLOR. I yield to the gentleman from Texas.

Mr. TEAGUE of Texas. I hope the gentleman will also point out to the House where the committee took \$3,000 away from each general's wife. If the gentleman is familiar with the bill he knows this provision is not what the Pentagon asked for.

Mr. SAYLOR. It may not be what the Pentagon asked for; and it is true that they gave up about \$3,000 in death benefits; the committee increased the amount which is payable to those in the lower grades and decreased it to those in the higher grades. In that respect I have no quarrel with the bill.

But I say this one provision which I have referred to is definitely un-American and violates a principle which every prior Congress has refused to adopt.

Mr. BATES. Mr. Speaker, will the gentleman yield?

Mr. SAYLOR. I yield.

Mr. BATES. Does the gentleman not realize that the American Legion supports this bill? And does the gentleman contend that the American Legion would support a bill which was un-American?

Mr. SAYLOR. I have spoken to a number of the leaders of the American Legion. They have said that officially they are on record for it, but privately they asked me to do everything I could to oppose it because they do not agree with this principle.

I might also state to the gentleman from Massachusetts that representatives of the VFW, DAV, and AMVETS have also conferred with me and asked me to oppose this provision of the bill.

Mr. BOLLING. Mr. Speaker, I yield 5 minutes to the gentleman from Virginia [Mr. HARDY].

Mr. HARDY. Mr. Speaker, I am not going to take the 5 minutes at this time. I will call attention to just one thing, that is, to the necessity for a closed rule.

The committee very carefully went into the interrelationship of the various benefits that are provided and that must be considered simultaneously in this bill. An amendment to one phase of this bill, if adopted, would completely throw the whole thing out of kilter. The bill should be voted either up or down.

If anyone objects to a specific provision, as the gentleman from Pennsylvania has stated, there is opportunity by way of the recommittal motion to offer an amendment. I may say that if an attempt is made to amend this bill in its general provisions, the whole thing, in my opinion, would have to be discarded.

Mr. RADWAN. Mr. Speaker, will the gentleman yield?

Mr. HARDY. I yield to the gentleman from New York.

Mr. RADWAN. Would it not be possible to bring in a rule permitting just one amendment?

Mr. HARDY. One amendment is permitted under this rule.

Mr. RADWAN. As I understand it, under this rule an amendment to put the widow of a private and the widow of a colonel on equal terms is not possible.

Mr. HARDY. It would be under a motion to recommit.

Mr. RADWAN. But it would not be possible to offer it as an amendment.

Mr. HARDY. Only in a motion to recommit.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. HARDY. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. The gentleman said it would be possible in a motion to recommit. Which comes first, a straight motion to recommit or a motion to recommit with instructions?

Mr. HARDY. There is no straight motion to recommit and no arrangements have been made for a motion to recommit to be offered.

Mr. HOFFMAN of Michigan. But which comes first of those two?

Mr. HARDY. I think that will depend upon the person who is recognized.

Mr. HOFFMAN of Michigan. Who would be recognized?

Mr. HARDY. I have no idea.

Mr. BROWN of Ohio. Mr. Speaker, I yield 5 minutes to the gentleman from Wyoming [Mr. THOMSON].

Mr. THOMSON of Wyoming. Mr. Speaker, it is with some degree of reluctance that I present the views I am about to present here. I want to congratulate the committee on the fine job it has done. I think the committee proposal has many good features and corrects many existing inequities. The committee has done a splendid job, but I think it quit or was required to report before it was much more than halfway through. In fact, that was virtually the admission of their staff member who explained this to the Veterans' Committee yesterday, of which I am a member.

Mr. Speaker, let me point out the two reasons why I oppose the closed rule.

As a matter of fact, I oppose any rule and, unless someone else does so, I shall offer a motion to recommit this bill for further study. I know that certain members of the committee have a long record of being interested in economy in government and are not in favor of selling our children down the drain or putting the country into bankruptcy. Due to certain reasons I will point out, that is exactly what this bill will do.

In the first place, as the gentleman from Pennsylvania has pointed out, this bill treats all military casualties in identically the same manner. I cannot buy the proposition that we owe the same obligation to the widow and children of one killed in Korea that we owe to the man who is killed driving his automobile from his home to the Pentagon. I might be killed driving from my home down here to the Capitol. He should be treated like me. It is putting two entirely different things together.

Secondly, we have no idea of the cost of this bill. The bill has a gratuity payment for 6 months with certain limitations. We can compute that. There is the second feature of direct payments that we can compute. But the third and the joker is that no one can tell us the cost when we put the entire military program under social security.

I recently had a little experience in converting a State teachers' retirement plan and a retirement plan for State employees to social security. Let me tell you about that. We were taking 3 percent from the teachers' salary and 3 percent from the school district, a total of 6 percent. We had a selected risk group.

We had that matter studied by an actuary and we found out in our State that the plan which paid lesser benefits with higher contributions than social security was financially and actuarially unsound. We would have had to appropriate between eight and sixteen million dollars in order to make it financially sound over the years.

What did we do? We let the Federal Government take that over under social security. The Government collected only 2 percent from each, a total of 4 percent, yet the Government hiked the payout.

Mr. Speaker, is this plan actuarially and financially sound?

I asked a staff member yesterday, "Have you decided whether it is financially and actuarially sound? Can you tell me what the cost is that the taxpayer is going to have to pay in making up the deficit under social security?" They have not studied that part of the program. He had no idea of the answer to that. Until we know that answer, can we afford to take this big military setup that we have got and put them under this system? Now, this affects every man that serves in the Army, careermen, and everybody else, whose pay we just raised 12.5 percent. Now, we do not know how much more we are giving them or what the cost to the taxpayers is. I think it may very well end up with something that will cost a billion dollars a year. Nobody knows.

One other point. I want to tell you what we are asking the taxpayers to do

here, something they cannot do for themselves. This is something I know about. A young taxpayer at 30 years of age with prior service who has retained his GI insurance may by supplementing it with private insurance at a cost of over \$700 to himself a year—\$700, mind you—provide for his wife a death gratuity of \$7,735. He can provide for his wife and his kids \$186.90 for a period of 12 years. For the next 3 years, until the youngest boy reaches 18, they will get \$181. At that time the kids can have \$1,930 apiece to get a college education as best they can, and in addition to that the wife can have \$39 a month for the rest of her life. Compare that to the benefits in this bill and try to arrive at the real cost of this bill, if you please.

Mr. KEAN. Mr. Speaker, will the gentleman yield?

Mr. THOMSON of Wyoming. I yield to the gentleman from Pennsylvania.

Mr. KEAN. I could not understand exactly what the gentleman was driving at with reference to social security. Why is it going to be any more unsound to take the military into social security than to have other people under social security? Is it on account of the great number of deaths in wartime?

Mr. THOMSON of Wyoming. Not at all. Let me answer it this way: I have to compromise with myself once in awhile, too. When it comes to taking doctors under social security, doctors as taxpayers are contributing to the unsound social-security system as taxpayers. They will have to pay taxes. But when you are creating a new program like this that goes beyond our social security with your two payments—you went even beyond social security—social security is limited to payments to the wife, and widow, and two children, and this bill gives \$25 additional a month for each child over two. In addition it supplements social security by giving the surviving widow an additional payment for life which varies from \$122 per month for the widow of a private to \$242 per month for the widow of a general.

I can see putting the military under social security but when we do, we must know the cost to the taxpayer before we know how much more we can give the career military men out of the taxpayers' pocket.

Mr. BROWN of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. RADWAN].

Mr. RADWAN. Mr. Speaker, from what I have heard thus far, I believe the rule before us is an unfair one. I think it is most unfair to have a closed rule on a bill as important as this. If there is some unfinished business, as was pointed out by the last gentleman, if we vote down the rule, perhaps that could be taken into consideration when a new rule would be reported. But, I certainly think it is most unfair to provide a repugnant social system for the widows in this particular bill.

And I want now to ask the chairman of the select committee, or anyone, for that matter, to answer this question: What justification is there for paying the widow of a general \$242 as against the widow of a private \$122?

Mr. TEAGUE of Texas. Mr. Speaker, if the gentleman will yield, is there any place in the whole American system where survivors' benefits are not tied to a man's attainment? Why should not the gentleman have much better survivors' benefits than survivors of people who work in his office?

Mr. RADWAN. That does not answer my question. The gentleman is asking me a question. I am asking the question, Is there any justification for such discrimination in this bill?

Mr. TEAGUE of Texas. There is no discrimination.

Mr. RADWAN. But is there any justification for making such a disparaging difference here?

Mr. TEAGUE of Texas. Is there any place in our whole system where survivor benefits are not tied to the attainment of a man?

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield? I should like to answer that question.

Mr. RADWAN. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. The folks in our offices come in voluntarily. The private in the service is taken in. He does not go in voluntarily. He is drafted. He has no choice about it.

Mr. TEAGUE of Texas. Members of Congress come in voluntarily, too. And we Members of Congress have a better retirement system for ourselves than have the people who work in our offices.

Mr. RADWAN. In view of the fact that there just is not any answer to the point that I have raised, I believe this rule should be voted down, because it does not permit a legitimate amendment.

Mr. BOLLING. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. KILDAY].

Mr. KILDAY. Mr. Speaker, surely this rule is not going to be voted down. We will surely be permitted to discuss the merits of this bill. We are bringing you here one of the most complicated questions that could possibly confront the Congress, so much so that there is no committee of the Congress which has jurisdiction over all of the subjects involved. Therefore, a select committee was appointed consisting of members of the Committee on Armed Services, the Committee on Ways and Means, and the Committee on Veterans' Affairs, all of which committees have jurisdiction over a portion of the questions involved in this subject.

There is a situation existing as to survivors of the military service that is in urgent need of revision. We have great inequities involved. This bill is an attempt to overcome those inequities.

As to whether or not there is any rank in death, surely you are going to permit us to reach the point of discussing what we propose to do to eliminate the inequities which exist now. But even if it be said that this imports into the survivors' benefits of the military service the question of a different compensation by rank, it is not for the first time. That is in the existing system, ever since 1941, when social-security benefits were made available to members of the armed services.

Most of us are not familiar with the fact, unless it has been called to our at-

tention in connection with a particular case, that the military are right at this moment covered under social security on a noncontributory basis. Every person in the military service since 1941 has been given credit in social security of \$160 a month. That applied to draftees, emergency soldiers, regulars, generals, privates, and everyone else. So that ever since 1941 that situation has existed.

We have here what I believe to be a very reasonable readjustment of a patchwork that has existed over a period of years. It has grown up through the days starting when the military were stationed on the frontier. We have brought you here a bill that I think deserves your consideration. I believe you are going to adopt the rule and permit us to get the bill considered.

As to the question of costs, we would like to show you the work that has been done on it, the reports which have been made to us by the Comptroller General, by the Director of the Bureau of the Budget, by the actuaries of the various services, and by the Social Security Administration. Our staff is composed of men who are well qualified in these fields, and we have secured the services through authorization by the Committee on House Administration of an actuarial firm that has been able to give us the information we needed, irrespective of what the departments might have given us. This is a matter that has been worked on for a year. In good grace I can say that no committee has ever done a harder job, because I have been a member of this select committee only during the present Congress. I was not a member of it prior to January of this year. In the early period of that time members of the committee cleared away the underbrush and did a tremendous amount of work, so that in this Congress we have been able to get down to the heart of the matter and work it out. It is necessary in things of this kind not to have the bill open for amendment. I do not like closed rules, but everything handled by the Veterans' Administration is affected by this bill and every type of social-security payment is affected by this bill. It is one of those things that in rare instances have to be considered under a closed rule. You have to take it all or reject it all, so that when it comes back we have something that is actuarially sound. So I hope if the rule is adopted we will be able to present to you the result of a year's real hard, solid effort.

Mr. SAYLOR. Mr. Speaker, will the gentleman yield?

Mr. KILDAY. I yield to the gentleman from Pennsylvania.

Mr. SAYLOR. I am very happy to have the distinguished gentleman from Texas call the attention of the Congress to the fact that this subject was so involved that only a new committee set up by Congress should be able to handle it. It should be brought to the attention of the House that there are only five Members of the House on that committee, and then there is the gentleman from New York [Mr. KEARNEY], who was on that committee during the 83d Congress but was not reappointed this year.

The adoption of this closed rule would amount to saying to the Members of this

Congress that these six Members of the present Congress had the combined knowledge of this august body on this subject, and—

Mr. KILDAY. Mr. Speaker, I decline to yield further.

Mr. SAYLOR. And know all there is to know about survivors' benefits, and do not need to have the other 429 Members of Congress express their views on this subject. I entirely disagree with that philosophy.

Mr. KILDAY. Mr. Speaker, I refuse to yield further. I disagree with the gentleman's philosophy and there is no pretension here that the six members of the committee contend that they are the only ones who can pass on this subject. As a matter of fact, no one knows better than we do, how incapable we are of passing on this subject because we understand the questions involved. It is probably the biggest thing that has ever been brought to the Congress. What we are asking for is an opportunity as a committee of five, and the gentleman from New York [Mr. KEARNEY] who served last year but is not on the committee this year, may have an opportunity to bring you what we have learned after very extensive hearings and present it all to you. Then the 435 Members of the House—and not the 5 or 6 who compose the committee—by a majority vote can either take it or leave it. It means no more to us on the committee whether you take it than it does to every single Member here. It affects the people of the United States far more than it affects any member of this committee.

Mr. BROWN of Ohio. Mr. Speaker, more than a year ago this House in its wisdom, because of the fact that we all had been plagued and troubled by the problems which had arisen out of the veterans' retirement benefits for those in the military forces, saw fit to establish or create by its own resolution and by the vote of the majority of this House, a special committee representing various committees, which might have jurisdiction over this type of legislation or some phase of it, to study the whole problem and to bring in legislation which might correct the present situation and which might establish a workable, fair, and reasonable retirement system. In my opinion, those men who were named to serve on this special committee are among the ablest Members of the Congress, Mr. Speaker. They are men who have had long years of experience in connection with affairs of this type and with legislation of this type. Most of them, if not all of those who served on this committee, were veterans themselves, and men who certainly have at heart the interest of the veterans of this Nation. That special committee after a year or more of careful study prepared and brought out a bill which this rule would make in order for the consideration of the House. The committee and its membership appeared before the Committee on Rules and expressed the unanimous opinion that it would be absolutely necessary to consider this bill under a closed rule because it was so complicated and it cut across so many jurisdictional and other lines that to

have an open rule whereby some amendment might be hastily adopted would result in wrecking the whole program. The Committee on Rules, as I believe I am correct in stating, unanimously, and the only time that I know of that the Committee on Rules has unanimously agreed, reported out a closed rule. So, Mr. Speaker, I am of the opinion that if we are to have any legislation on this subject, it is necessary and certainly advisable to adopt this rule. I favor the adoption of the rule.

Mr. Speaker, I reserve the balance of my time.

Mr. BOLLING. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken and the Speaker announced that the ayes appeared to have it.

Mr. SAYLOR. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

Mr. SAYLOR. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER. Evidently, a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 376, nays 24, not voting 34, as follows:

[Roll No. 115]

YEAS—376

Abbitt  
Abernethy  
Addonizio  
Albert  
Alexander  
Alger  
Allen, Calif.  
Allen, Ill.  
Andersen,  
H. Carl  
Andresen,  
August H.  
Andrews  
Anfuso  
Arends  
Ashmore  
Aspinall  
Auchincloss  
Avery  
Ayres  
Baker  
Baldwin  
Barden  
Barrett  
Bass, N. H.  
Bass, Tenn.  
Bates  
Baumhart  
Beamer  
Becker  
Belcher  
Bell  
Bennett, Fla.  
Bennett, Mich.  
Bentley  
Berry  
Betts  
Blitch  
Boland  
Bolling  
Bolton,  
Francis P.  
Bolton,  
Oliver P.  
Bonner  
Bosch  
Bow  
Bowler  
Boykin  
Boyle  
Bray  
Brooks, La.  
Brooks, Tex.

Brown, Ga.  
Brown, Ohio  
Brownson  
Broynhill  
Budge  
Burleson  
Burnside  
Bush  
Byrd  
Byrne, Pa.  
Byrnes, Wis.  
Canfield  
Cannon  
Carlyle  
Carnahan  
Carrigg  
Cederberg  
Celler  
Chase  
Chatham  
Chief  
Chipperfield  
Christopher  
Chudoff  
Church  
Clark  
Clevenger  
Colmer  
Cooley  
Coon  
Cooper  
Corbett  
Coudert  
Cramer  
Cretella  
Cunningham  
Curtis, Mass.  
Dague  
Davidson  
Davis, Ga.  
Davis, Wis.  
Dawson, Ill.  
Dawson, Utah  
Deane  
Delaney  
Demsey  
Denton  
Derounian  
Devereux  
Dies  
Diggs  
Dixon  
Dollinger

Dolliver  
Dondero  
Donohue  
Donovan  
Dorn, N. Y.  
Dorn, S. C.  
Dowdy  
Doyle  
Durham  
Edmondson  
Elliott  
Ellsworth  
Engle  
Fallon  
Fascell  
Feighan  
Fenton  
Fine  
Fino  
Fisher  
Fjare  
Flood  
Flynt  
Fogarty  
Forand  
Ford  
Forrester  
Fountain  
Frazier  
Frelinghuysen  
Friedel  
Fulton  
Gamble  
Garmatz  
Gary  
Gathings  
Gavin  
Gentry  
George  
Gordon  
Granahan  
Grant  
Gray  
Green, Oreg.  
Griffiths  
Gross  
Gubser  
Gwinn  
Hagen  
Hale  
Haley  
Hand  
Harden

Hardy  
Harris  
Harrison, Nebr.  
Harrison, Va.  
Harvey  
Hays, Ark.  
Henderson  
Herlong  
Heslton  
Hiestand  
Hill  
Hoeven  
Hoffman, Ill.  
Hollfield  
Holmes  
Hoit  
Holtzman  
Hope  
Horan  
Hosmer  
Huddleston  
Hull  
Hyde  
Ikard  
Jackson  
James  
Jarman  
Jenkins  
Jennings  
Johansen  
Johnson, Calif.  
Johnson, Wis.  
Jonas  
Jones, Ala.  
Jones, Mo.  
Jones, N. C.  
Judd  
Karsten  
Kean  
Kearns  
Keating  
Kee  
Kelley, Pa.  
Kelly, N. Y.  
Kilburn  
Kilday  
Kilgore  
King, Calif.  
King, Pa.  
Kirwan  
Klein  
Kluczynski  
Knox  
Knutson  
Krueger  
Laird  
Landrum  
Lane  
Lanham  
Lankford  
Latham  
LeCompte  
Lipscomb  
Long  
Lovre  
McCarthy  
McConnell  
McCormack  
McCulloch  
McDonough  
McGregor  
McIntire  
McMillan  
McVey

Machrowicz  
Mack, Ill.  
Mack, Wash.  
Madden  
Mahon  
Mailliard  
Marshall  
Martin  
Mason  
Matthews  
Meader  
Merrow  
Metcalf  
Miller, Md.  
Miller, Nebr.  
Miller, N. Y.  
Mills  
Minshall  
Mollohan  
Morano  
Morgan  
Moss  
Multer  
Murray, Tenn.  
Natcher  
Nelson  
Nicholson  
Norblad  
Norrell  
O'Brien, Ill.  
O'Brien, N. Y.  
O'Hara, Minn.  
Osmer  
Ostertag  
Passman  
Patman  
Patterson  
Pelly  
Perkins  
Pfof  
Philbin  
Phillips  
Pilcher  
Pillion  
Poage  
Poff  
Polk  
Preston  
Price  
Priest  
Prouty  
Rains  
Ray  
Reece, Tenn.  
Reed, Ill.  
Rees, Kans.  
Reuss  
Rhodes, Ariz.  
Rhodes, Pa.  
Richards  
Riehlman  
Riley  
Roberts  
Robeson, Va.  
Robson, Ky.  
Rodino  
Rogers, Colo.  
Rogers, Fla.  
Rogers, Mass.  
Rogers, Tex.  
Rooney  
Roosevelt  
Rutherford  
St. George

NAYS—24

Adair  
Ashley  
Bailey  
Burdick  
Crumpacker  
Curtis, Mo.  
Dodd  
Evins

Hays, Ohio  
Hoffman, Mich.  
Macdonald  
Magnuson  
Murray, Ill.  
O'Hara, Ill.  
O'Konski  
Quigley

Radwan  
Sadlak  
Saylor  
Scott  
Thomson, Wyo.  
Tollefson  
Tumulty  
Wier

Blatnik  
Boggs  
Buchanan  
Buckley  
Chenoweth  
Cole  
Davis, Tenn.  
Dingell  
Eberharter  
Fernandez  
Green, Pa.  
Gregory

Halleck  
Hayworth  
Hébert  
Hess  
Hillings  
Hinshaw  
Jensen  
Kearney  
Keogh  
Lesinski  
McDowell  
Miller, Calif.

Morrison  
Moulder  
Mumma  
O'Neill  
Powell  
Rebaut  
Reed, N. Y.  
Rivers  
Short  
Simpson, Pa.

NOT VOTING—34

Mr. Keogh with Mr. Mumma.  
Mr. Fernandez with Mr. Hess.  
Mr. O'Neill with Mr. Simpson of Pennsylvania.

Mr. Rivers with Mr. Reed of New York.  
Mr. Eberharter with Mr. Halleck.  
Mrs. Buchanan with Mr. Jensen.  
Mr. Miller of California with Mr. Hinshaw.  
Mr. McDowell with Mr. Hillings.  
Mr. Morrison with Mr. Cole.  
Mr. Buckley with Mr. Chenoweth.

Mr. ADDONIZIO, Mr. DONOVAN, Mr. PHILBIN, Mr. DONOHUE, and Mr. SEELY-BROWN changed their vote from "nay" to "yea."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The doors were opened.

#### SERVICEMEN'S AND VETERANS' SURVIVOR BENEFITS BILL

Mr. HARDY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 7089) to provide benefits for the survivors of servicemen and veterans, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 7089, with Mr. DOYLE in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. HARDY. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, I have in my hand a booklet which contains some charts and some other information pertinent to this bill. Sufficient copies of this booklet are available for each Member of the House to have a copy, and I ask those of you who do not already have copies to have a page bring you one in order that

So the resolution was agreed to.

The Clerk announced the following pairs:

Mr. Dingell with Mr. Short.  
Mr. Hébert with Mr. Kearney.

you may follow the charts and the other information contained herein.

For those of you who have copies, I call attention first to the fact that just inside the cover is printed a letter addressed to the chairman of the committee by the President urging early action on this measure. Following that is a letter from the Director of the Budget, then a letter from the Secretary of Defense, then certain excerpts of testimony given by representatives of the American Legion, and then a letter from the American Legion, which I should like to read. The letter is addressed to me and is dated July 1:

This is to advise you that the American Legion supports the enactment of H. R. 7089, a bill to provide benefits for the survivors of veterans and servicemen. While this is primarily a peacetime measure designed to improve the status of those in the uniformed services, we are aware that it has many important provisions to improve benefits to survivors of those who are, or were, eligible for membership in our organization as wartime veterans.

H. R. 7089 is an important step in the reconstruction of veterans' benefits and services. There is a special appeal to us in that the bill will provide increased grants to approximately 300,000 widows; that the financial status of some 85,000 orphans of veterans will be improved; that many of the 285,000 dependent parents on the rolls will receive larger awards; that the contract insurance rights of more than 6 million Veteran policyholders and one-half million insurance beneficiaries in death cases are maintained over and above the increased compensation awards; that no one now receiving survivor awards need surrender a penny; and, that those survivors now on the rolls have the option of electing to receive the new awards after January 1, 1956.

The bill is important also in that, while placing the peacetime Armed Forces personnel under old-age and survivors insurance as contributory members, it preserves the principle of having the Veterans' Administration as the agency handling and administering veterans' benefits and services.

You will appreciate that experience in administering such a complex and far-reaching measure may reveal defects not apparent today. In the past we have always presented to the Congress our ideas regarding the demonstrated use, for amendatory legislation. Our support for H. R. 7089 does not change that policy.

Mr. Chairman, on June 24, 1953, I delivered before the House the longest speech which I have made in my 9 years as a Member of this body.

The subject of my remarks on that occasion was Survivor Benefits for Members of the Armed Forces.

I first became intimately interested in the subject of survivor benefits in 1950 when, as chairman of a subcommittee of a House Committee on Expenditures, I was directed by the chairman of that committee to investigate a report of the Comptroller General dealing with the cost to the Federal Government of the national service life insurance program.

Since this time I have maintained a sustained interest in the subject of survivor benefits for I saw the need for certain remedial legislation in this field.

In 1953, when I addressed the Congress, I stressed the fact that there were 5 existing survivor-benefit programs with the jurisdiction of these 5 programs

divided among 4 standing committees of the House.

At that time I called attention to hardships, inequities, and extravagances which had resulted from piecemeal legislation and lack of coordination of the various benefit programs. In my speech of 1953 I urged prompt correction of these conditions and I introduced a resolution proposing to confer jurisdiction and responsibility on a select committee.

Since 1950 and even since 1953 the gross inequity existing between payments made to survivors of certain reservists and regulars has become more acute and more apparent. Today certain reservists are entitled to payments under the Federal Employees Compensation Act. The legislative history of this program indicates that it was not the intent of the Congress that reservists be covered under this survivor program in the manner which exists today.

Today reservists who die in line of duty during peacetime are eligible to receive double the survivor benefits provided regulars of equal rank and who may have died in the same military accident.

Let me mention briefly the several programs which are currently in effect.

In 1950 Congress granted retroactively to all members who served in the Armed Forces from September 16, 1940, a gratuitous social security wage credit of \$160 per month. This temporary stopgap legislation is in existence today and has been renewed annually. Within the past 2 years the value of social-security coverage to Armed Forces personnel has become increasingly apparent, but at the same time the cost to the Federal Government and the long-term implication of providing gratuitously a benefit which traditionally requires a tax contribution accents a problem of increasing magnitude.

I do not think that the Congress could continue without review to provide FECA payments for certain reservists, or continue indefinitely gratuitous social-security wage credits to all Armed Forces personnel.

Because of these 2 situations, plus the fact that there were certain other areas which deserve the consideration of the Congress, I, on June 30, 1953, introduced a resolution recommending the creation of a 7-man select committee to make a study of survivor benefits with the end objective being the coordination of benefits which would provide equitable treatment for all Armed Forces personnel and simplify the existing hodgepodge of survivor-benefit legislation. My resolution was not acted upon.

After having acquainted my colleague the gentleman from Massachusetts [Mr. BATES] with the existent situation, he, on May 17, 1954, offered a resolution which would establish a five-man select committee on survivor benefits. The resolution was agreed to by the House on August 4, 1954.

The committee was established and the gentleman from Massachusetts served as its first chairman. It was my pleasure to serve with him on this committee and the other members comprising the committee were Mr. KEAN, of the Ways and Means Committee, Mr.

TEAGUE and Mr. KEARNEY, of the House Veterans' Affairs Committee.

Under the able leadership of the gentleman from Massachusetts the committee, from September through December, worked diligently in an effort to ascertain and evaluate the facts on existing survivor benefits programs.

During this period extensive exploratory hearings were held in which all Government agencies, veterans groups, and others were asked to come before the committee and give their views on existing survivor benefits and what changes could be made to provide a more equitable survivor benefit program.

With the close of the second session of the 83d Congress the select committee expired.

In making its report to the House the committee reported that after having studied and carefully evaluated the facts which were then available to us, the committee urged that a select committee of the House on survivor benefits be established by the 84th Congress.

The committee report further stated:

Based on information and data now available to the committee, we feel that it would be premature to make any specific recommendations to the Congress at this time.

With the convening of the 84th Congress I introduced a resolution that a select committee on survivor benefits be established in the 84th Congress.

On January 31, 1955, my resolution, House Resolution 35, was adopted. I was privileged to be named chairman of the reestablished select committee on survivor benefits, and I was further privileged by the appointment to that committee of Mr. BATES, chairman of the predecessor committee; Mr. KILDAY; Mr. TEAGUE; and Mr. KEAN. No chairman could ask for a finer working group.

In introducing House Resolution 35 I realized that the work of any select committee in this field could only be effectively done if the select committee were empowered to report legislation.

All chairmen of the standing committee having jurisdiction over certain benefit programs concurred with this view. Therefore, we under the provisions of House Resolution 35, were directed to report to the House, by bill or otherwise, its recommendations not later than January 15, 1956.

I am pleased that due to the cooperation of the entire membership of the committee, the Government agencies, the veterans organizations, and others, that we have been successful in completing our assignment considerably prior to the deadline date.

I do not contend that the bill reported is perfect, but the committee believes that it is fair and reasonable and treats effectively with the variety of problems posed by the confused and overlapping existing laws.

H. R. 7089 is an extremely complex piece of legislation and I shall avoid any attempt to over-simplify what is being proposed.

There are several provisions of the committee's bill which offer new concepts in the field of veterans legislation. There is no doubt that the primary objective of the committee, that of greater equity, has been achieved. We have



tried, however, to be sure that legislative changes proposed do not affect basic concepts of existing laws as they affect civilians.

The bill does not represent an economy measure. As a matter of fact, in certain respects, on a temporary basis the cost to the Federal Government will be slightly in excess of current costs.

The 5 major survivor benefit programs which exist today have been reduced to 3. In reality what we have done is combine 2 existing VA benefits—the gratuitous indemnity and death compensation—into 1 program.

It is true that the committee has recommended the redistribution of the \$10,000 gratuitous indemnity, sometimes incorrectly referred to as free insurance. In essence, we have not terminated the gratuitous indemnity, but rather assimilated the payments under this program into compensation payments made by the Veterans Administration.

It is interesting to note that the proposed combination dependency and indemnity compensation will have a greater actuarial value than existing VA compensation plus the gratuitous indemnity.

I will not labor this point for I would like to have my colleague [Mr. TEAGUE] explain in detail what has been done in this regard.

The committee has recommended that all Armed Forces personnel be placed under social security on a contributory basis.

Under this recommendation, the serviceman as an employee would pay the 2-percent social-security tax on his base pay, and the Federal Government as an employer would pay a like 2-percent tax. The present gratuitous social-security wage credit of \$160 per month would be terminated.

My colleague from New Jersey [Mr. KEAN] will explain in detail this provision of the committee's bill.

The committee has made certain other changes in the 6 months' death gratuity and has recommended the termination of Federal Employees Compensation Act benefits for certain reservists. The 6 months' death gratuity shall equal 6 months basic pay, plus special and incentive pays with a minimum of \$800 and a maximum of \$3,000. This differs from present law where the death gratuity range from a low of \$468 to a high of \$7,656. Another change consists of paying the death gratuity to survivors when the former serviceman dies of a service-connected disease or injury within 120 days after separation from the service.

All of the payments provided under the committee's bill are compensation payments, and inasmuch as the indemnity compensation has been included in these payments the committee's bill appropriately refers to these payments as dependency and indemnity compensation.

We have not studied the field of pensions.

Those who will benefit under this bill and those on the compensation rolls today who will have the right of election under this bill are the compensation cases only and not pension cases.

To illustrate the scope of the legislation under consideration, I would like to say that there are approximately 465,000 cases on the various death compensation rolls today.

In peacetime years approximately 11,500 new cases are added annually, while death, remarriage, and other circumstances tend to reduce the rolls by an indeterminate number.

The estimated budgetary cost of providing existing survivor benefits is in excess of \$600 million per annum.

If the legislation recommended by our committee becomes law, perhaps more than a quarter of a million individuals now on the rolls will become entitled to increased survivor benefits.

The committee in its deliberations did not feel that its jurisdiction permitted a study of non-service-connected pensions.

I think at this point that I should perhaps pause for a moment to bring to the attention of the House the definite distinction which exists between the terms "compensation" and "pensions." Compensation is paid only in cases where the death occurred on active duty or as a direct result of a service-connected disease or injury. Pensions are paid in the cases of non-service-connected deaths but by virtue of prior service affiliation.

It may seem odd to some of you that we are able to raise the benefits to survivors as significantly as we have in this bill and at the same time develop ultimate savings to the Government. The answer to this seemingly anomalous situation rises from the use of social security on a full contributory basis. The servicemen themselves will contribute toward their own survivorship benefits and this will have the effect of further increasing total benefits.

Before yielding to the gentleman from Massachusetts [Mr. BATES], there are a few general remarks which I would like to make with regard to the committee's activities.

In my 9 years on the Hill and my prior business career, I have never encountered any problem which was more complex and less susceptible to a simple solution than the subject which has been under consideration by the select committee for the past 9 months.

At times I think we all had reservations as to what could possibly be accomplished by this select committee that would be generally acceptable to all concerned. It has been only in the past 90 days, after months of diligent research, practically continuous public and executive hearings, and the most diligent staff work that the clouds of doubt were dissipated and the light of possible solutions shone forth.

I do not want to labor the point, but as chairman of the committee, I think it is incumbent upon me to acknowledge publicly the sincere devotion that my colleagues, a great many individuals in the Government agencies, the veterans organizations, and others have demonstrated during the past 9 months. It was out of a genuine desire to create equity, to simplify where simplification was possible, and to achieve overall a

better survivor-benefit program for the members of the Armed Forces and former members of the Armed Forces than that which exists today.

My colleague [Mr. BATES] in his opening remarks will set forth some of the practical problems which the committee faced in its deliberations. I hope that in our discussions we will clear up many of the questions which arise in your minds. It will be the purpose of the committee to explain this bill fully and completely and I believe that when this has been done there will be virtually unanimous support.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to the gentleman from Indiana.

Mr. ADAIR. Did I understand the gentleman to say then that this bill concerns the question of pensions not at all?

Mr. HARDY. That is correct.

Mr. ADAIR. And the committee has not gone into that area?

Mr. HARDY. The committee has gone into compensation but not into the area of pensions.

Mr. ELLIOTT. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to the gentleman from Alabama.

Mr. ELLIOTT. What does this bill do to the free insurance program that is in effect now for servicemen?

Mr. HARDY. I referred to that a moment ago. It will be fully discussed a little later by the gentleman from Texas [Mr. TEAGUE]. What it does in effect is combine the indemnity payments under the gratuitous indemnity program. It combines those with the compensation payments under the Veterans' Administration. Instead of the two, veterans' compensation and the gratuitous indemnity program, you have a combined payment of the two.

Mr. BATES. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. VAN ZANDT].

Mr. VAN ZANDT. Mr. Chairman, since coming to Congress, in 1939, I have supported veterans' legislation, but in regard to H. R. 7089 I must confess that I am greatly disturbed.

In my opinion, if this bill becomes a law it is a definite step in revolutionizing the entire field of veterans' benefits as now administered by the Veterans' Administration.

I want it strictly understood that I am not being critical of the select committee which drafted the legislation. There is no doubt of the sincerity of its members. I compliment them for liberalizing benefits for survivors of members of the Regular Establishment and certain survivors of veterans of America's wars.

Mr. Chairman, to be more specific, the provision of H. R. 7089 which extends coverage of the Social Security Act to all members of our Armed Forces is the basis of my concern.

This extension of social-security coverage could be the opening wedge in the eventual abolishment of the Veterans' Administration and its related services, including hospitalization and medical care.



Mr. Chairman, I want to make clear that what I have said about the extension of social-security coverage to our Armed Forces as being an opening wedge in abolishing the Veterans' Administration is not meant to be critical of the select committee.

As I have said before, I do not question the sincerity of its members. I feel, however, that I would be remiss in my obligation as a legislator and active in veterans' circles if I failed to express my conscientious opinion.

Mr. Chairman, by projecting my thinking into the future in the event this bill becomes a law, I can visualize veterans of future wars or their survivors being referred to social-security field offices for a solution to their problems regarding veterans' benefits.

In addition, I can see the veterans of America's future wars being referred to public-health hospitals and clinics for needed medical attention.

Mr. Chairman, there are groups in this country who for years have been advocating that the veteran and his dependents be placed under the social-security program and that the Veterans' Administration be abolished and its hospitals turned over to the Public Health Service.

What does this mean? It means that the level of benefits being paid to the veteran of today and tomorrow, as well as to his survivors, will be limited and lowered to meet the social-security benefits, which do not begin to compare with current benefits paid by the Veterans' Administration, not to mention what will happen to the many Veterans' Administration hospitals spread across the Nation today.

In a few words, the special treatment accorded America's veterans and their dependents since the days of George Washington will eventually be eliminated, and, thus, service to one's country in time of war will not be considered above and beyond the duties of ordinary citizenship.

Mr. Chairman, I am supporting this bill with marked reluctance because it has some redeeming features.

I predict, however, that if this bill becomes law veterans' organizations supporting this legislation may regret their action and ask eventually for repeal of those sections which I feel are inequitable to veterans and their dependents.

It is my hope that during Senate consideration of this legislation the threat to veterans' benefits as contained in H. R. 7089 will be fully recognized.

Mr. TEAGUE of Texas. Mr. Chairman, will the gentleman yield?

Mr. VAN ZANDT. I yield to the gentleman from Texas.

Mr. TEAGUE of Texas. I believe I am accurately stating that when these hearings started at least a majority, and I believe every member of the select committee, was against placing the military under contributory social security. Of course, the gentleman from Pennsylvania well knows that today every member of the armed services is under social security.

Mr. VAN ZANDT. That is right.

Mr. TEAGUE of Texas. As time went on and we tried every way to work out a

bill that excluded social security, it became more and more apparent that that was impossible. Eventually we reluctantly came to social security. At first I shared the gentleman's views that social security may later take over all benefits of the Veterans' Administration. And, I asked over and over again, Where is social security going? How far is it going? And, finally, toward the end of the hearings, when the head of social security was on the stand, he practically admitted that social security would like to take over veterans' benefits. But, it appears that we came out with participation by the Veterans' Administration stronger under this bill than they were.

Mr. VAN ZANDT. I thank the gentleman, and I thank him for the reluctance he shares with me as far as this bill is concerned. Maybe I will not be here, but I predict again that the veterans' organizations will see the day when they will come back to Congress for the purpose of requesting repeal of certain provisions of this bill.

Mr. BATES. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, as the original chairman of this committee, I believe I would be somewhat remiss if I did not take the time to express my appreciation for the splendid cooperation which I have received from the members of this select committee. The idea was originally brought to my attention by the gentleman from Virginia [Mr. HARDY], who had done a considerable amount of work on this subject back in 1952, and it was as a consequence of an article which I read in the CONGRESSIONAL RECORD in June 1953 that my thoughts were stimulated and eventually I put in my resolution.

Mr. Chairman, some comment was made about the select committee, and I want to say a word about that. I do not know how we could have possibly gathered together a more informed group than the gentlemen who comprised the committee: The gentleman from Texas [Mr. TEAGUE] the distinguished hero of World War II, the present chairman of the Committee on Foreign Affairs, and a man who perhaps knows as much about veterans' affairs as any man in Washington; and with him the gentleman from Texas [Mr. KILDAY] who I think is generally recognized as the greatest authority in the Congress on personnel matters in the Armed Forces; and the gentleman from New Jersey [Mr. KEAN] who is an authority on social security. In addition, during the last Congress we had the gentleman from New York [Mr. KEARNEY], a member of the Committee on Veterans' Affairs and a former national commander of the Veterans of Foreign Wars. I want to also express my congratulations to the Government agencies, because never in my time have I really appreciated to the degree I did on this occasion the tremendous capacity and the ability of those who work in the Government service. It certainly renewed my faith in Government employees. They worked day and night and many week ends. And, to the veterans' organizations who appeared before us on three separate occasions and who were always available for consulta-

tion I also express my gratitude, as well as to the counsel of our committee, the modest gentleman from Virginia, Mr. Stephen Carnes. His native ability and his dogged determination in a large measure reflects the bill which is here before us today.

Mr. Chairman, there has been some comment made as to who originated and who wrote this bill. Let me say quite frankly that this is the product of many minds. It was not written, as has been suggested here, by the Department of Defense. It was not written by the Social Security Administration. It was not written by the General Accounting Office. It was not written by the Director of the Budget. It was not written by the veterans' organization. Indeed, it was not even written by the committee itself. However, throughout this entire bill will be found threads which were woven by all of these various groups. It was, in fact, a cooperative effort where pride of authorship or adherence to archaic principles had no room. Hundreds of suggestions were received, all of them seriously entertained and fashioned into a bill after 12 months of concentrated study, after 57 meetings of our committee, after over 200 meetings between our staff and members of the Government agencies and the veterans' organizations. No one can say with any justification whatsoever that this bill has been hastily conceived.

There were those times, Mr. Chairman, when it appeared that our efforts might be in vain because of the complexity of the subject matter and the diversity of views. I know when I was chairman and while Mr. HARDY was chairman, we asked all witnesses to divest themselves of preconceived or parochial ideas and to approach the problem with an open mind so that we could meet and fulfill our responsibility. I must say that they all responded splendidly to the task that was assigned to them.

Mr. Chairman, in what manner and how much should a grateful Government pay to the dependents of those who lost their lives in the service of our country? There is, of course, no monetary payment that can ease the anguish caused by death. The least we can do, however, is to see to it that the economic hardships caused by these deaths are removed.

During the last 8 months, this select committee, comprised of five Members of the House, gave this matter the most searching study ever conducted on this problem. Why was this study necessary and an overhauling of the entire program warranted? At the present time, Mr. Chairman, the Federal Government maintains five separate and distinct benefit programs for the survivors of our deceased military personnel. These programs, starting in 1862, have evolved through the years and are the results of so-called piecemeal legislation. A representative of the Veterans of Foreign Wars, testifying before our committee, stated:

The present program, as we see it, has grown like Topsy.

In addition, anybody who was familiar with the present laws on this subject

realized it was a complete hodgepodge. When a man dies today in the Armed Forces, his survivors are advised to file for benefits with five different Government agencies. If such survivor is qualified for an award, he or she will receive checks from each of these agencies each month. That is the kind of a situation we have today.

Very few people on active duty today can explain in any sort of detail what the present programs provide or how much their dependents would get in the event of the serviceman's death. A spokesman for the Department of Defense, appearing before our committee, said:

If you would go over to the Pentagon and interview 50 officers, including those of high rank, I doubt very much if even 10 of them could give you any idea as to the benefits that their dependents might get.

Today thousands of survivors of Armed Forces personnel are receiving aggregate monthly benefits which amount to more than the total base pay and allowances of the deceased while he was alive and on active duty. By the same token, however, there are other survivors who are today receiving survivor benefits which are insufficient to meet even the basic minimum needs. The discrimination and complexities of these problems clearly indicate an objective reappraisal of the existing survivor program is warranted.

There are 4 standing committees of the Congress which have jurisdiction over these 5 existing benefit programs. However, inasmuch as an objective simultaneous appraisal of all these programs was necessary, it was our judgment, and the Congress so voted, to establish the select committee, as a consequence of my Resolution 549, which I introduced over a year ago. The committee, when it first met, was aware of many of the problems, but it hardly realized that it would take over 500 hours of meetings to resolve the problem finally. At the present time there are over 465,000 cases on the various death compensation rolls, and to those are added approximately 7,000 more each year.

The gentleman from Virginia [Mr. HARDY] has already outlined the inequities of the present program. The gentleman from Texas [Mr. KILDAY] will explain the first portion of the bill, that having to do with the 6 months' death gratuity. The gentleman from New Jersey [Mr. KEAN] will explain the second portion of the bill, that having to do with social security.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. BATES. I yield to the gentleman from Indiana.

Mr. ADAIR. Is somebody going to explain to us the precise costs that will be involved in this bill?

Mr. BATES. Yes. That will be explained. In the meantime the gentleman might note the remarks pertaining to it in the report.

Mr. ADAIR. But somebody from the floor will address himself to that point?

Mr. BATES. That matter will be discussed. I understand the gentleman

from Virginia [Mr. HARDY] is going to discuss the matter of cost.

Mr. HARDY. If the gentleman will yield for a moment, maybe it would be well to dispose of that point right now.

Mr. BATES. I will yield to the gentleman from Virginia for that purpose.

Mr. HARDY. The cost of the first year's operation of the bill will be between \$14 and \$20 million more than the present program is costing. The savings that will be generated by the provisions of the bill as time goes on indicates that in about 5 years after the effective date of the bill we will be back to a point where the cost will be about the same as under the present program. From then on there will be a gradual buildup of savings until at the end of 18 years it is estimated the annual savings will be \$83 million.

Mr. ADAIR. When the gentleman says the cost in the first year will be \$14 to \$20 million beyond the present cost, does he take into account the contribution which will be made out of Army funds to social security and out of the funds of the individuals which will be made into social security?

Mr. HARDY. We have taken into account contributions which would be made by the Army but not by the individual.

Mr. ADAIR. So that the cost of the program to all concerned would be \$14 to \$20 million the first year plus the 2 percent contributed by the individual?

Mr. HARDY. That is correct.

Mr. ADAIR. Does the gentleman have any figures as to what that 2 percent might amount to?

Mr. HARDY. Based on the present strength that 2 percent will amount to a little over \$100 million a year.

Mr. BATES. One hundred and fourteen million dollars.

Mr. ADAIR. So in effect the total cost to the Government and to the individuals additionally the first year the program would be in operation would be \$114 million plus \$14 to \$20 million?

Mr. HARDY. That is correct.

Mr. ADAIR. So that the total overall cost to all concerned would be \$130 to \$140 million a year?

Mr. HARDY. That is correct, except for one thing. We have to take into account the obligation which is accumulating under social security provided on a gratuitous basis. That is accumulating at the rate I believe of \$130 million a year. So you see we have a combination of factors there which over a period of time is going to make the total cost less.

Mr. ADAIR. The obligation to which the gentleman refers is an obligation against the social security trust fund, is it not?

Mr. HARDY. It is an obligation on the taxpayers to reimburse the social-security trust fund. We have an obligation there which amounts now to \$590 million for previous payments from the social-security trust fund.

Mr. ADAIR. Does the gentleman tell us that that is a direct obligation upon the Government to repay?

Mr. HARDY. That is a moral and perhaps a legal obligation upon the Government to reimburse the social-security fund. The gentleman from New Jersey

[Mr. KEAN] will discuss that more fully a little later.

Mr. ADAIR. If the gentleman from New Jersey is going to go into that point, I will not pursue it further at this time.

Mr. HARDY. I feel sure that he will.

Mr. BATES. Mr. Chairman, the debate shows that there are some Members who suggest that the committee was not quite certain of its figures. But let me reassure the House that we not only had actuaries from many Government agencies who evaluated these figures, but we also had a private agency come in and on an actuarial basis to work with the committee and examine the figures for us.

Mr. Chairman, when the committee met last fall there was unanimous and ready approval by all of the witnesses to eliminate the Federal Employees' Compensation Act benefits which go to reservists. Even the Reserve Officers Association agreed with that principle. In addition, there was no controversy regarding that portion of the program relative to the 5 months' death gratuity, and the program which is currently in the bill is in general conformity with that which all of the witnesses, the committees included, agreed on a year ago. However, in other aspects of the bill, feelings were originally considerably divided. There were those who believed that the income to survivors should be a reflection of the earning capacity of individuals in civilian life before they came into the Armed Forces. There were others who believed that since men were brought into the services, and in many cases by force, that all survivors should get the same entitlements. Yet, there were others who contended that if we are going to get into the Military Establishment the finest leaders we can find to lead our young men in battle, then there should be some consideration given to the rank of the individual.

Mr. Chairman, all of these arguments have considerable validity and yet they are in contravention with one another. The committee was also aware of the weaknesses of each argument. For instance, to predicate payments on past income before entering the service would help those who were fortunate, perhaps, because of family connections to secure high earnings. Likewise, it would penalize the young man who had graduated from college and attempted to start a new business and plowed back most of the earnings into that business and retained only an amount sufficient to make ends meet. Nevertheless, the committee gave weight to prior earnings through social security when credits are carried forward from civilian life into the military service. Because 90 percent of people in civilian life today have social security, in that many cases it will be brought over. However, the most potent argument, in my judgment, for adopting social security is that it has that unique feature of applicability to civilian and military life. For instance, a young man who had social security on the outside would continue it while he is in the service, and then continue it when once again he went into civilian life. Unless we take some action in this

regard, then it means that the social security credits which people are establishing in civilian life will be lost or seriously diluted. In fact, that is the reason today, under the present law, all men in the Armed Forces have social security free wage credits. All we are doing is to continue that kind of program.

Mr. Chairman, the committee did not believe because of the fact that many young men were brought into the service, that rank alone should be the determining factor in establishing payments. Neither did it believe that the benefits equal to the salary of the lower ranks was sufficient to give to the family adequate benefits because men in the lower ranks on active duty today receive additional payments through the "Q" allotments.

The committee decided, therefore, that the survivors of all military personnel regardless of rank would receive \$112 veterans' compensation in addition to social security, but in addition to this in order to attract able men into the Armed Forces to lead our sons into battle, the committee added another factor of 12 percent of the base pay for each individual. While this ignores 88 percent of the base pay, it does provide some difference.

The committee could not agree, and some did suggest that all payments be predicated upon rank alone, but on the other hand the committee did not feel that we should adopt the policy of paying to all survivors the same amounts. We felt it is just as logical, if we are going to pay everybody the same after death, then we should have everybody on active duty either, all privates or all generals, and pay them all the same. I have heard of no one who advocates such a policy as that.

Mr. Chairman, in brief, we tried to reconcile these three philosophies, and I do believe that incorporated in this bill are sufficient elements on each of those plans to justify the views of all.

Mr. Chairman, during the last few days I have been approached by several Members of the House with questions regarding this bill. I think they are of such general information that if I could read those questions and give you the answers it perhaps might remove some of the questions which may exist in your minds.

I think the question that was asked most was this: Is there anyone on the present roll today who will lose benefits as a result of this bill? The answer is "No." The survivors who are on the rolls today can elect to continue the same benefits which they are receiving or they can elect to go under the provisions of this bill. No survivors today on the rolls will lose money as a consequence of the enactment of this legislation.

Another question was: Under the old bill, 10 to 15 forms were required out of a total of 27 applicable forms to be filed for the different survivor benefits.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BATES. Mr. Chairman, I yield myself 5 additional minutes.

How many forms will be required to be filed by survivors under the present bill?

The answer to that, Mr. Chairman, is that only one single form, under the provisions of this bill, will be required to be filed. It can go to either Social Security or to the Veterans' Administration, and once having gone to either one of those agencies, everything thereafter is automatic.

Mr. TEAGUE of Texas. Mr. Chairman, will the gentleman yield?

Mr. BATES. I yield.

Mr. TEAGUE of Texas. I hold in my hand a case of a Marine flier who went down recently off of Korea. These are the forms that went to his widow who lives at Dallas, Tex.

Mr. BATES. Another question that has been asked by Members is this: Is there anyone opposed to this bill? I would say that certainly there is no active opposition to this bill by any organization. I think most of the Members of the Congress know that, because if there was active opposition, every one of you would have had telegrams or letters in your office, and none of you has received any.

Oh, there is some difference in the philosophy; some want a little more of this or a little less of that, but as I explained just a moment ago, I believe the committee has reconciled the various viewpoints.

Mr. SAYLOR. Mr. Chairman, will the gentleman yield?

Mr. BATES. I am going to give you 5 minutes.

Mr. SAYLOR. But I wanted to ask a question.

Mr. BATES. You have had some time and I am going to give you 5 minutes more. Let me complete my statement.

Many Members are expecting to get time, and I simply will not have it to give to them if I use it all myself. The gentleman from Pennsylvania has already had 5 minutes and he is going to get 5 more. I will still be around when the gentleman's turn comes if he wants to ask me questions.

Mr. Chairman, there was only one expression of opposition to this bill, and that came from the railroads a week ago. I am pleased to advise the House that a committee amendment will be offered which removes all the objections of the railroad organizations.

Another question, Mr. Chairman, was this: Under the existing laws survivors whose deceased had less than 6 quarters coverage under social security received no benefits. In other words the dependents of a man with 18 months service do collect benefits, while those with only 17 months do not. What happens in that situation under this bill?

This bill provides automatic coverage for all servicemen upon entering the service. Furthermore it gives retroactive entitlement to payment to 3,700 cases which was denied them as a result of present law.

Does this bill affect compensation payments for disabled veterans or pensions for non-service-connected cases?

This does not affect those categories at all. The gentleman from Pennsylvania [Mr. VAN ZANDT] expressed a fear that this bill is an opening wedge. Let me assure the Members of this House that that thought never occurred to the mem-

bers of this committee, and I am certain that under the able leadership of the gentleman from Texas [Mr. TEAGUE], under whose jurisdiction bills of that nature would come, there is no reason to fear such a move.

Mr. TEAGUE of Texas. Mr. Chairman, will the gentleman yield?

Mr. BATES. I am glad to yield to the distinguished gentleman from Texas.

Mr. TEAGUE of Texas. I am sure the gentleman will testify to the fact that I asked over and over whether social security was in any way attempting to take over the Veterans' Administration.

Mr. BATES. Yes; the gentleman is on his toes all the time, and I am sure he is going to watch that very important question.

Another question that was asked was: Why are we terminating the \$10,000 free insurance?

The answer to that question is we are not terminating the benefits; we are merely transferring these benefits to another program and distributing these benefits not only over the 10-year period which they collect today under the insurance program, but we are distributing them over the entire lifetime of the recipient. The gentleman from Texas [Mr. TEAGUE] will cover that point further.

Another question: Who is covered by this bill?

The answer is: All persons on active duty or active duty for training in the uniformed services. It will include, for instance, week-end warriors who might be killed performing flights.

Why was a closed rule requested? I think, Mr. Chairman, the members of the committee wanted an open rule if that were feasible, but anyone who understands the practical complications of an open rule either on this type of bill or on a tax bill can see quite clearly that there is no room in a measure of this nature for an open rule. We had actuaries study the problem. We would have no idea of the cost of an amendment; we could not possibly evaluate them because the subject is so complicated.

Mr. Chairman, in summary, this is a good bill. Your committee has labored hard and diligently now for a year. We have held 57 meetings ourselves, 200 by the staff of the committee.

The bill increases the benefits to widows in the number of 300,000. Three hundred thousand widows will benefit as a consequence of this legislation.

Sixty-five thousand orphans will benefit as a consequence of this legislation.

Two hundred and eighty-five thousand dependents, parents, will benefit as a consequence of this legislation.

No one on the rolls today will lose a cent as a consequence of this legislation; in most cases they will gain. Still the bill will cost somewhat less than present law.

Mr. Chairman, I believe this bill will have and should have the support of this House and of the American people.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. BATES. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. SAYLOR].

Mr. SAYLOR. Mr. Chairman, now that the gentleman from Massachusetts [Mr. BATES] has yielded 5 minutes to me, I would like to have him answer a question, since I could not get him to yield to me when he had the floor.

Mr. HARDY. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. SAYLOR. I appreciate the generous offer of the gentleman from Virginia, because I would like to have this question answered. In view of the statement that the gentleman from Massachusetts has just made that this bill only covers servicemen, may I ask, Why the title "To provide benefits for the survivors of servicemen and veterans, and for other purposes"? If this is only to provide for survivors of men on active service, for servicemen, why does the word "veterans" appear in the title?

Mr. BATES. This bill does not affect veterans themselves whatsoever, whether they are service connected or whether they are nonservice connected. This bill does have to do with those benefits which accrue to the survivors of people who incur disability on active duty, who die on active duty, or die as a consequence of service-connected injuries.

Mr. SAYLOR. But does not have anything to do with veterans' benefits as such?

Mr. BATES. It does not. It has merely to do with survivors' benefits.

Mr. SAYLOR. Mr. Chairman, it should be obvious to the Members of Congress that the very title of the bill is misleading. I was intrigued, and I think the Members of the House should be intrigued, at the arguments that have been advanced as to why we should have a closed rule. The members of the committee would have you understand that this bill is so complicated that no Members of the House, except 5 or 6 who are members of the committee, are able to understand it and to offer any amendments in connection with it; yet when this bill passes from the House of Representatives and goes over to the Senate, all 96 Senators will be allowed to get up and speak and to ask all of the questions they want to or to offer any amendments that they see fit to offer.

Mr. BATES. Mr. Chairman, will the gentleman yield?

Mr. SAYLOR. I will not.

Mr. BATES. I yield the gentleman 2 additional minutes.

Mr. SAYLOR. I yield to the gentleman.

Mr. BATES. The gentleman has taken the position that the Congress should not accept the study of the committee on which the committee has been working for over a year. He does seem to think we should accept the views of the gentleman from Pennsylvania.

Mr. SAYLOR. I have not said that at all. I merely said the House is entitled in free and open debate to have the views of every Member expressed and to permit the Members to come here and offer amendments. This is again typical of the gag rule which I have opposed since I have been a Member of Congress. I have opposed it under this administration, I opposed it under prior administrations.

Mr. BATES. May I say to the gentleman that if he really wanted to do some work, if he was anxious to perfect this bill, then why did not the gentleman even on one occasion come before our committee and express his views?

Mr. SAYLOR. That is a very interesting point, because this bill, as the gentleman stated, was not written until very recently. Nobody was able to get a copy of it. The fact of the matter is when I requested the testimony taken in the hearings held by the committee, it was impossible to get it in printed form. But I want to congratulate the chairman of the committee and his staff because they were every obliging. They gave me a copy of the transcript which was produced by the various reporters as they took the testimony and it comprised a pile of typewritten pages about a foot and a half thick. I took a great deal of time in reading it. The gentleman has indicated many, many times that there have been differences. The gentleman will realize since I talked to him the first time about this very provision that the committee has seen fit to change its philosophy. Before it was \$100 plus 15 percent; now they are down to \$100 plus 12 percent. I think I have indicated my interest to the gentleman who has asked the question and to other members of the committee as well as to members of the staff. It is no secret to the gentleman from Massachusetts that I have had an interest in this and an interest in veterans' affairs for a long time before even he was appointed to this committee and I will continue to have that interest, in veterans' affairs so long as I am a Member of Congress.

Mr. BATES. I do not want to indicate that the gentleman has not been interested in this problem. He has been greatly interested. The only point I make is, if the gentleman had such great interest in the problem, why did he not give us four Members the benefit of his experience.

Mr. SAYLOR. I would like to reiterate the warning which the distinguished gentleman from Pennsylvania [Mr. VAN ZANDT], perhaps the outstanding leader of veterans' organizations in the Halls of Congress.

There are some veterans' organizations which have said that they are in favor of this legislation, and while I am not able to see into the future any further than they, I can certainly see certain signposts which have been erected, and I predict that within 10 years the Veterans' Administration will be a thing of the past.

Now, if that is what the veterans' organizations desire, then their support of this bill is urged, but if the veterans' organizations really have the interest of the veterans at heart, if they really are interested in the men and women who served these United States, and they are interested in preserving for those veterans the rights which they have fought for for many years and finally achieved, then they should urge that certain provisions of this present bill be corrected.

I can tell you—and it is no secret—that this is not just the opening wedge; this is the very door through which the

Veterans' Administration will pass into oblivion.

There are at work forces in this country that want to see the veterans' hospital program done away with. They will take great heart from the passage of this bill. They will see that what they have been striving for and been unsuccessful in accomplishing all these years can be done if you just get the right select committee to preside at the hearings. Now, I do not mean by that statement to pass any personal reflection upon any of the six members of this committee, because I do not think that was their motive, but the pattern has been set. A select committee will now be requested—oh, not in this Congress, that is true, but within the next 3 or 4 sessions of Congress you will find groups that want to destroy veterans' benefits, will get a resolution passed for a select committee to determine what will happen to the veterans' hospitals, to the other services, and entitlements of veterans, their widows, dependents, and orphans. Within 10 years I predict they will have control of all your veterans' hospitals. This is the death knell of benefits to American veterans which the veterans' organizations heretofore have fought for, and I predict that the veterans' organizations, some of whom violently oppose some of the provisions of this bill, will be in here pleading with the Members of Congress not to appoint another select committee to destroy the veterans' rights and privileges that have been won at so great a price.

Now, at the proper time, if I am successful, I will offer a motion to recommit with instructions which will eliminate the inequality which I commented upon when we were considering the rule. That is that the widows of all veterans or servicemen who die in the service shall receive the same compensation.

Mr. OSTERTAG. Mr. Chairman, will the gentleman yield?

Mr. SAYLOR. I yield to the gentleman from New York.

Mr. OSTERTAG. The gentleman expresses great fear of the ultimate result of this proposed legislation; but will the gentleman concede that the basic purpose and objective of this proposed legislation is sound?

Mr. SAYLOR. Some of the provisions in this bill are those which I urged when I was a member of the Committee on Veterans' Affairs of the House, but which we were then unsuccessful in getting passed into law.

Mr. TEAGUE of Texas. Mr. Chairman, will the gentleman yield?

Mr. SAYLOR. I yield.

Mr. TEAGUE of Texas. I hope the gentleman will take a little time to tell us something about what his motion is going to be.

Mr. SAYLOR. My motion to recommit will be to strike out section 202 (a) of the bill which section provides, under the present terms, that the widows of veterans will receive \$112 plus 12 percent of their basic pay. My amendment will provide that all widows will receive \$140 per month, regardless of rank and regardless of how long the man was in the service. It is at that point that the

Parliamentarian has informed me my amendment should be offered.

There are some other sections of the bill with which I might disagree, but if that one provision is accepted I think the House will have done itself a great service, it will have done the veterans of this country a great service, and it will have done the survivors of veterans of this country a tremendous service.

Mr. HARDY. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, in connection with the discussion concerning the disparity in benefits paid to widows, which has been discussed by the gentleman from Pennsylvania [Mr. SAYLOR], I think it appropriate to call attention to the actuarial equivalent or insurance value of the benefits available to the widow of an E-1 as compared to the benefits available to the widow of an O-8, comparing the lowest with the highest rank within our military service. We have to make some assumptions. Let us take an E-1, the lowest rate of enlisted man. Let us assume he leaves a widow age 20. The actuarial equivalent or insurance value of the annuity which she would receive in terms of compensation, assuming she does not remarry, would be \$43,310.

Assuming the case of an O-8, the highest rank with the highest pay in the whole Military Establishment, who leaves a widow at age 55—and she could not be much younger than that if the officer had attained the rank of a major general—at age 55, the actuarial equivalent of \$242 a month which she would receive would be \$52,591, so that there is a little over \$9,000 difference between the two in insurance value. Offsetting this, it should be borne in mind, we have reduced the immediate payment of the 6-month death gratuity to this same general's widow by more than \$4,000.

But let us make another comparison of benefits payable to these same two widows, assuming that neither remarries. In the case of the E-1 widow, she would receive an annuity of \$122 per month for a life expectancy of 55.84 years, giving her an aggregate total benefit of \$81,628.

The widow of the O-8 would receive \$242 per month for a life expectancy of 24.78 years which would represent a total gross value of \$71,961. Thus in arguing that there is a disparity in the annuities payable based on the rank of the deceased, it must be borne in mind that the insurance value to the widow of E-1 is approximately \$5,000 less than the insurance value to the widow of O-8, and the gross value to the widow of E-1 is approximately \$10,000 more than the gross value to the widow of O-8.

Mr. BATES. Mr. Chairman, I yield 15 minutes to the gentleman from New Jersey [Mr. KEAN].

Mr. KEAN. Mr. Chairman, other members of our select committee have just explained certain portions of this bill. What I want to address myself particularly to is its social-security provisions.

In 1946, at the close of World War II, it was called to the attention of the Ways and Means Committee that those who had been drafted into the service, and

who had previously had social-security coverage, were losing many of their rights under the old-age and survivors insurance law, and in some cases even losing the entire protection for their wives and children, owing to their having been called into the service.

As a result of this, the Ways and Means Committee enacted into law a bill providing for a temporary \$160 per month gratuitous-wage credit for all those who served in the Armed Forces after September 15, 1940, with the chief purpose of bridging the gap while they were in the Armed Forces.

This credit has been extended from time to time. But you will note that a termination date was always included. This gratuitous-wage credit was definitely a temporary expedient. Its latest expiration date was June 30 of this year, and the House has passed a bill extending it to the early part of next year.

There have been discussions for many years as to whether those entering the armed services—most of them being primarily civilians joining the Armed Forces for only a comparatively short time—should not be included under old-age and survivors insurance in the regular way, with 2 percent contributed by the soldier and 2 percent by the Government as his employer. Thus, there would be no interruption of his wage record and his survivors would have the protection provided by the law.

A committee appointed by President Truman to study the matter, in its report filed last year, recommended full social-security coverage for the military.

In the public hearings before our committee, nearly all witnesses favored social-security coverage for the military.

Many members of the committee were at first hesitant about this. But as we got further into the picture it seemed that coverage for the military under the regular OASI system fitted well into the picture.

It seemed likely that sooner or later a bill to provide coverage for the military would be enacted into law. It would have been folly for our committee to have devised a new survivor-benefit program excluding social security, only to have our entire program thrown out of kilter in a few years by such action.

The Department of Health, Education, and Welfare also stated that they could not continue indefinitely to allow the trust fund to be milked by the \$160 gratuitous wage credit provision.

So this bill provides full OASI coverage on a contributory basis for all soldiers, sailors, and marines with contributions and benefits calculated on their base pay.

The average base pay of an enlisted man is \$127 a month. The average base pay of all in the military service is over \$160 a month.

At first suggestions were made by representatives of the Armed Forces that in calculating a military man's earnings all benefits which he receives such as housing, clothing, medical care, and so forth, should be taken into account and that he be taxed and his benefits be based on an estimate of the cash value of these benefits. This the armed services calculated to be \$200 a month.

However, members of the committee felt that those in the lower grades whose cash income was only about \$100 a month or less would not understand why they should pay 4 percent of their actual pay toward their social-security benefits when all their friends in civilian life were only paying 2 percent and would protest violently.

Attention was also called to the fact that these soldiers only pay income taxes on their base pay and that if social-security taxes were based on some estimated, illusive, much higher figure it would become logical and probably inevitable that members of the armed services would be called to pay income taxes on this same estimated figure.

Members of the Armed Forces under this bill will pay approximately \$114 million annually into the trust fund for their protection. The Government, as their employer, will pay a like amount.

Other problems faced us. The social-security law provides that total family benefits may not exceed 80 percent of a worker's average wage. It was evident that applying this provision would result in a package of too low benefits for the family of a soldier or sailor who should unfortunately die while still in the lower grade. There will not be many of such cases as few of the lower grades have children.

However, special increases in benefits from the VA for children of those whose average wage was less than \$160 a month, \$20 per month per child, has been included in the bill to remedy this situation.

Another problem. Under the social-security law a worker is not covered for survivors benefits until he is under the OASI system for at least 6 quarters—18 months. This provision is there to protect the system and make sure that an individual really belongs to the work force before he is covered.

But the case of the military is different. Most of them are inducted involuntarily into the Armed Forces. As our committee was considering widows' and children's benefits as a package, considering social-security benefits and VA benefits combined to provide the necessary compensation, it would have been awkward to try to provide that the survivors of a soldier who had not been in the service for six quarters should have more VA benefits than one who had been in that long.

And how about the worker who already had social-security credits from civilian life before he entered the service?

To meet this difficulty the committee has provided that the moment a man enters the military service he will be considered as insured for survivors' benefits. He will have this presumed insured status the day he enters the service.

This will result in an additional cost to the social-security system, and under the bill the Government will reimburse the trust fund for this additional expenditure.

This does not mean that if a man leaves the service after serving only a few months that he will continue to be



insured. He will only receive credit for those months in which he was in the armed services. He can only carry over into civilian life the actual months which he serves. For instance, if he should be discharged after 6 months of service, all he would carry with him into civilian employment would be 2 quarters of coverage. This provision is peculiar to the military only and should not transcend to civilian employees.

Another point particularly applicable to the military is the question of the disability freeze.

You may remember that in the social-security bill passed last year—and I am particularly proud of this section as I was the one who suggested it—if a worker who has been in the system for 5 years becomes permanently and totally disabled, his wage record is frozen so that his benefits when he retires, or his survivor's benefits if he dies, will not be lessened as a result of his misfortune.

You will note I mentioned that a civilian is not entitled to this disability freeze until he has attained at least 5 years coverage under the act, but because of the extreme hazards of military service we felt it appropriate that any man who became permanently or totally disabled through a service-connected injury while in the Armed Forces, regardless of his period of coverage under social security, should be presumed to have had 5 years coverage under the Social Security Act so as to protect without further contribution his rights both as to survivorship and retirement under the Social Security Act.

This provision is also peculiar to the military only and should not transcend to the civilian employee.

This extension of contributory social-security coverage to members of the Armed Forces departs in these two significant respects from principles followed with respect to covered civilian employments.

First, men would acquire insured status as soon as they enter the Armed Forces and would not have to contribute for the minimum of 6 quarters before attaining such status.

Secondly, the 5 years' coverage required in the case of civilian employments before a person becomes eligible to take advantage of the disability freeze is waived in the case of the military, so as to make this protection immediately available to servicemen.

The cost of these special benefits will impose no burden or drain upon the OASI trust fund, inasmuch as the Government will reimburse the fund for payments arising from these provisions, over and above the amounts contributed by the Government at the normal employer tax rate.

I want to make it very clear that these provisions are designed to meet the special circumstances and needs of the Armed Forces, so as to achieve the objective of a uniformity of benefit rights for all persons who are exposed to the common risks, hazards, and compulsions peculiar to the military service. They are in no sense to be regarded as a precedent for similar action, or an indication that the committee believes that such changes in eligibility requirements would be de-

sirable, with respect to civilian employment.

On the contrary, we believe that the requirement, as applied to civilian employment, of a minimum period of contributions to establish eligibility is essential to the preservation of the character and integrity of the program as a contributory insurance system, with benefits payable as a matter of earned right rather than as an unearned gratuity.

One point I wish to mention before I close: As I have said before, all men who served in the Armed Forces after September 15, 1940 were temporarily granted by the Federal Government \$160 per month gratuitous OASI wage credits. To date the Congress has not reimbursed the trust fund for the money it had to spend for its having granted these gratuitous wage credits.

Thus, it might be said that all the other civilian workers and employers who were contributing their hard-earned dollars to the trust fund were having their equity which is there for their own protection reduced by the payment being made to the military.

Maybe there was some excuse for this during wartime as one of the sacrifices that we all have to make during such a period, but there certainly is no excuse for this in peacetime.

The Ways and Means Committee has recognized this obligation in the past. They recognized it again the other day by accepting an amendment to the temporary extension of the gratuitous wage credit to provide for reimbursement.

However, this was finally omitted from that bill as it was felt that the proper place to take care of this was in this bill. So that we have made provision for reimbursement to the trust fund of the actual out-of-pocket cost to the system of the gratuitous wage credit.

The Department of Health, Education, and Welfare has estimated that this bill will be \$590 million, of which \$210 million has already been spent. The additional \$380 million will be the additional cost as former members of the Armed Forces die and retire.

This bill provides that the trust fund be reimbursed \$21 million a year over a 10-year period for the amount they have so far actually paid out.

In addition they will pay the estimated balance of \$380 million as these costs incur from year to year. These payments will probably continue over a 30-year period.

No one is entirely satisfied with all of the provisions of this bill. There may be objections from Members interested in a particular group. But we have attempted to achieve a balance, and any important change in the package throws the whole system of benefits out of line. Thus, I joined in asking for a closed rule. It is even more important in this case than it is in a tax bill.

Though this bill is not perfect, it is certainly a tremendous improvement over the present jumble of laws for the survivors of the military and I urge its enactment.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. KEAN. I yield to the gentleman from Indiana.

Mr. ADAIR. Is the gentleman saying that if this bill is adopted there will hereafter be \$114 million annually contributed out of the Army pay funds and a similar sum contributed by the individuals which will go into the Social Security fund?

Mr. KEAN. Under the present social-security tax structure.

Mr. ADAIR. Reference was made to an additional \$21 million annually. From what source would that come?

Mr. KEAN. That will come from VA payments.

Mr. ADAIR. In other words, the Veterans' Administration hereafter for 10 years will be charged with the sum of \$21 million a year to be paid into the social-security trust fund?

Mr. KEAN. No, no, no. That will not go into the Social Security fund. That \$21 million they were talking about goes to the widows and survivors out of the VA.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. HARDY. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. KEAN. That money will not go into the social-security fund; that money goes to the widows and other survivors out of the VA fund payments.

Mr. ADAIR. It comes directly out of funds, then, appropriated to the Veterans' Administration, and is paid to the person entitled to it.

Mr. HARDY. I would like to be sure I understand what fund the gentleman is inquiring about.

Mr. ADAIR. Reference was made to some \$21 million per year for 10 years for annuity merely.

Mr. KEAN. I misunderstood the gentleman in the first instance.

Mr. HARDY. I think the gentlemen are talking about different funds.

Mr. KEAN. What the gentleman is talking about is the money to reimburse the social-security trust fund for money spent.

Mr. ADAIR. Yes.

Mr. KEAN. That money will have to be appropriated by the Congress to the trust fund and come from the general funds in the Treasury.

Mr. ADAIR. It will be the subject of a separate appropriation.

Mr. KEAN. Yes.

Mr. ADAIR. And does not come out of funds already appropriated to the Veterans' Administration.

Mr. KEAN. No.

Mr. HARDY. Not at all; that will have to be a separate appropriation made for the social-security fund.

Mr. ADAIR. If the gentleman will yield for one further question, can it be said that this bill, then, has a dual function: It bolsters the social-security trust fund and tends to bring up to date and perhaps equalize and make more equitable the payment of survivors' benefits. Does it have those two functions?

Mr. KEAN. The first function, that of reimbursing the trust fund, is a minor one, although it is a moral obligation where the money has been taken out of that trust fund and no repayment has been made.

Mr. HARDY. If the gentleman will yield to me on that, I think we would all agree that the bill does at least have those two functions; one is to make more equitable payments, and the other is to recognize the obligation of the taxpayer to the social-security fund because of expenditures which have already been made out of it.

Mr. ADAIR. Would this put \$228 million in the social-security fund?

Mr. HARDY. It would have that effect.

The CHAIRMAN. The time of the gentleman from New Jersey has again expired.

Mr. HARDY. Mr. Chairman, I believe the gentleman from Massachusetts [Mr. BATES] has additional requests for time. I yield the gentleman 10 more minutes that he may allot to his side.

Mr. BATES. I thank the gentleman and yield 5 minutes to the gentleman from Wyoming [Mr. THOMSON].

Mr. THOMSON of Wyoming. Mr. Chairman, in the first place I would like to address myself to the proposition that no organization has objected to this bill. There are a lot of statements in the front of this folder that would lead one to believe that organizations might have approved it. Let me draw a distinction between an organization approving and the hierarchy at the top approving. One organization was mentioned on the floor of the House a while ago, the American Legion. In the newspapers I read that the American Legion Forty and Eight organization that is supposed to be part of the Legion is about to part company with the Legion because of opposition to the hierarchy at the top purporting to set policy without approval or direction from the rank and file. When we say an organization approves, it should be approval from the rank and file in connection with such an important subject as this.

We are purporting to cover something of vast importance to a great number of citizens. Why should we not study this for the rest of the summer? Why should we not try to come up with better answers? Why should we not have the opportunity to go back home and talk with the rank and file about this and then form our opinions? We can act after being advised by the rank and file and permitting them to give full consideration in convention instead of after hearing only from the reported hierarchy that the newspapers report is threatening to tear the organization itself apart by some of the things it advocates.

Let me tell you that we represent the rank and file here, and let us not forget it in connection with this bill for 1 minute. But aside from that, I have some serious doubts about some of the provisions and philosophies of this bill, although I have a very high regard for this committee. I am certainly not prepared to argue with them when they have spent a year studying it, and I have only examined it for a period of 2 or 3 days. But I would just like to throw out a couple of questions.

This makes a package bill out of the civilian soldier who is called in against his will, and the Army career man who

is serving during peacetime; they all get the same. Let us think for just a minute of a concrete example, that of the fellow who is jerked in under circumstances over which he has no control, and ends up getting killed as a second lieutenant. I know of such a case as that. Under this bill, the widow of that man killed would get \$84.40 for her 2 children by the social-security payment being added to the \$122 she would receive as a childless widow. On the other hand, if a lieutenant colonel was killed over there, his wife would have had \$200 to raise her 2 children, in addition to \$180 to take care of herself.

Mr. TEAGUE of Texas. Mr. Chairman, will the gentleman yield? He does not want to put something that is incorrect in the RECORD.

Mr. THOMSON of Wyoming. I yield to the gentleman.

Mr. TEAGUE of Texas. When the gentleman said the widow would receive \$84, I do not know where he gets that.

Mr. THOMSON of Wyoming. Out of social security. The difference between what she would get if she had been alone, which would be \$122, and then you add your social security, your step 3. For a second lieutenant, it would be \$166. I used the wrong figure. I appreciate the correction.

Mr. TEAGUE of Texas. I still think the gentleman is wrong in his figures.

Mr. THOMSON of Wyoming. She gets the difference then between \$206.40 and what a wife with 2 children gets at the top of your table.

Mr. TEAGUE of Texas. What page is the gentleman reading from?

Mr. THOMSON of Wyoming. Page 9: \$206.40, under the proposed plan for a private E-1, under a combination of social security and the direct payment. What she would get if she had no children would be \$122. That is on the preceding page. So there is left \$84.40 for the child to be raised with. Yet for a warrant officer 4th grade or anyone above the rank of captain, they get \$200 to raise their children.

I do not think you can mix up these people, that is, the career serviceman in peacetime and the man who gets killed on the field of battle. They are all alike out there.

Let us get down to the career service. Make no mistake about it, this is a Pentagon bill, particularly that part of it involving career-service retirement. By this I mean a bill that primarily benefits and takes care of the career peacetime Army. I think we should take care of them within the limits of our ability, but I am not satisfied that we can go for this.

The statement has been made on the floor of the House that the actuaries can tell us the cost. I defy them to do that for the reason that those same actuaries, rather the staff members of the select committee, in the Veterans' Affairs Committee yesterday said that they had made no effort to determine how much the taxpayer was going to eventually have to put in to make the social security actuarially and financially sound.

The CHAIRMAN. The time of the gentleman from Wyoming has expired.

Mr. BATES. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. TEAGUE of Texas. Mr. Chairman, will the gentleman yield?

Mr. THOMSON of Wyoming. I yield to the gentleman from Texas.

Mr. TEAGUE of Texas. The gentleman is saying something that is not correct. We did not tell the gentleman that we had not tried to determine the cost because we did. We did tell the gentleman we did not go all the way back to the Ways and Means Committee to determine whether social security was proper for this country but we did not tell him we had not determined the cost.

Mr. THOMSON of Wyoming. The staff member did, and I will stand on the record. There was no effort made to determine how much the taxpayers' subsidy to social security would have to be in order to make it pay out. I will stand on the record on that.

Mr. HARDY. So we may understand, the statement was to the effect that the committee made no effort to determine whether or not the taxpayers are going to have to subsidize social security as an overall program.

Mr. THOMSON of Wyoming. As an over-all program, that is correct.

Mr. HARDY. We will stand on that.

Mr. THOMSON of Wyoming. Just so we agree. In connection with that, I believe that we should put our Army under social security. I can go along with that. They are taxpayers. If this is going to encompass everyone, all right.

The next question that comes up is, having done that, how much further we should go in taking care of them. I think the answer to that question depends upon how much it will cost the taxpayers of the United States in taxes to put them under social security. We are saying here, in addition to social security we are going to give them—I hope somebody will correct me if I misinterpret this because I have only been with it for several days—from \$122 per month for the widow of a private E-1 up to \$242 per month for the widow of a general officer for life. That is for the widow for her life and in addition to social security. I do not know how much the total cost to the taxpayer will be. But I seriously question whether we can afford that sort of program. I don't think we should enact it until we know how much.

Let me give you another example. I checked on a young FBI man who is taking care of espionage here in Washington. That is pretty risky business in peacetime; maybe more so than a job out in the Pentagon. If anything happened to him, his wife and children would get from the Government \$263 per month until the children are 18 years old, and then it would drop off to about \$180 for the widow. That is a far cry from the \$421 a month that we propose to give on a comparable pay scale in the Army. We better be fair about this whole thing and take a look at it and find out how much it is going to cost us. Sure, this generation can stand for it because it is our children who will be making up the deficit, but can we continue to add to the burdens of our children and their children and honestly say we are building a

better world for them? Are we to spend them into bankruptcy by passing generous legislation for Army retirement without even asking the question—what is the total cost?

Mr. BATES. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. RADWAN].

Mr. RADWAN. Mr. Chairman, there has been some discussion on the rule that the reason a closed rule was asked for was because it was a complicated bill and because amendments might seriously complicate the situation on the House floor. Be that as it may, since the members of the select committee have the power to introduce an amendment but we do not, I then make a request upon the committee to permit the House to express its will on the one glaring imperfection in this bill, and I ask the committee collectively and individually to offer an amendment, which they have a right to do, to give the surviving widow, regardless of the rank of the soldier killed, the sum of \$140 so that everybody will be treated equally.

Mr. HARDY. Mr. Chairman, will the gentleman yield?

Mr. RADWAN. I yield to the gentleman from Virginia.

Mr. HARDY. I just want to be sure I understand what the gentleman is proposing. The \$140 figure is proposed as a lifetime consideration regardless of the age of the survivor?

Mr. RADWAN. That is correct.

Mr. HARDY. The gentleman, of course, realizes that the actuarial equivalent for the younger widow, for the lower-ranking individuals, would be a lot less than that of the higher rank.

Mr. RADWAN. I realize that, but I make that request based on this consideration. There has been some suggestion by a member of the committee in the discussion on the rule that usually survivors' benefits are measured by the attainment of the man. Well, when a man is killed in action, whether he be a private or a colonel or a general, he attains the pinnacle, because he has given his all for his country regardless of rank. Rank ceases upon death, and there should be no further differentiation between the widow of a colonel or a general or a private based on that ground.

Mr. BATES. Mr. Chairman, will the gentleman yield?

Mr. RADWAN. I yield to the gentleman from Massachusetts.

Mr. BATES. Does the gentleman believe that everyone on active duty today should have the same rank and everybody get the same pay?

Mr. RADWAN. I do not believe that. I have always supported adequate pay scales for all members of our Armed Forces. My point is directed to surviving widows' benefits.

Mr. BATES. Certainly we should have as much consideration for our soldiers when they are alive as when they are dead.

Mr. RADWAN. I am concerned about the widow, whether she be the survivor of a private, a colonel, or a general. During their lifetime we are treating everybody in the officers' ranks on a fair basis, based on their ability to rise in the

service, but upon death rank ceases, and it is for that reason that I make my request in all sincerity and in all good conscience to a committee that has done an otherwise fine job on this bill.

I shall support this bill with or without the correction I suggest, but it will be a much fairer bill if so corrected. Furthermore, the amendment I request will be supported overwhelmingly by the membership of this House.

Mr. BATES. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Chairman, we have before us today a bill which is obviously the result of a great deal of study. I think the Members who have served on this select committee are to be commended upon the amount of work and study that they have done on this matter. I believe it is a bill which should be supported, and it is my intention to vote for it. However, that does not preclude mention of the fact that there are certain things, in my opinion, which are not altogether good in this bill, and which, accordingly ought to be brought to the attention of the House. Some of them have been heretofore mentioned and need only to be touched upon briefly.

In the first place, this matter is before us, as we are all completely aware, under a closed rule. That, I believe, is bad. If legislation is good, if it is valid, if it has sufficient merit so that it can stand up under the questions which may be brought against it on the floor, it could stand, it seems to me, the questioning which might come under an open rule. It might be taken to indicate a lack of confidence on the part of some as to the bill in all its parts if it has to be brought to us under this kind of a rule which does prevent the membership of the House from offering amendments as to this legislation. Amendments may be offered, but only by the select committee which brought it in. Therefore, I say to the House that I think it is a bad thing that this is before us under a closed rule. It does not give us an opportunity fully to try to improve this proposed legislation as many people think should be done.

Secondly, I believe that every person in this House should say to himself that here is quite definitely a possibility that we are moving in the direction—and I repeat I am only saying moving in the direction—of an absorption of Veterans' Administration functions by the Department of Health, Education, and Welfare or some other branch of the Government. The members of the select committee have made their position abundantly clear today, and I admire them for it. They have said many times that that is not their intent, they do not want it, they do not believe this bill is a step in that direction, but I say that it must be considered by us as a possible move that way when we do tie together so closely survivors' benefits with social security because it becomes, to use a phrase which has been used here today, "a package" of the two systems. I cannot see how we are doing other than moving in that direction in this bill.

Mr. BATES. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Massachusetts.

Mr. BATES. I should like to say to the gentleman in regard to the fear that he has expressed, that I shall join with him in opposing any motion which would do away with benefits under the Veterans' Administration as they exist today.

Mr. ADAIR. I appreciate the sentiments expressed by the gentleman and I am fully convinced that they express the sentiments of all on the committee, for which I am very glad.

Mr. HARDY. If the gentleman will yield to me, I should like to express the same sentiment as just expressed by the gentleman from Massachusetts [Mr. BATES] on that point.

Mr. ADAIR. I thank the gentleman.

Thirdly, the matter of costs which have been glossed over too lightly here. A bill which in many respects increases benefits, certainly increases costs. It will increase costs to the Army pay fund, it will increase costs to the individuals involved. But we ought not to vote for this bill on the assumption that it does not increase costs.

We have been told today that initially it will directly increase the costs from \$14 million to \$20 million a year, although in the long run, it is hoped and believed, on the basis of studies, that the balance will be the other way and economies will be effected. That also ought to be in our minds.

Then we are further told that there will be each year, so long as the social security rates remain the same, the sum of \$114 million paid from Army funds to the social security trust fund, and the same amount paid from individuals into the social security fund. So there is an aggregate of \$228 millions which will go into the program.

It has been well said by the gentleman from New Jersey [Mr. KEAN] that it goes into the general social security trust fund, that is, the old age and survivors' insurance fund, and it should benefit that fund and probably does. But I ask today whether we are here with a bill to bolster that old age and survivors' insurance fund, or whether we are here with a bill which is designed to make equitable payments to survivors of Armed Forces personnel whose deaths are service connected.

I think on the whole this is a good bill. I intend to vote for it. But I think we ought to do it with our eyes wide open to the fact that it is by no means a perfect bill and contains some long-term aspect that will bear watching.

Mr. HARDY. Mr. Chairman, in view of the fact that the question of cost has been raised, I ask unanimous consent to extend my remarks at this point in the RECORD so that I may explain the cost aspects of this measure.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. HARDY. Mr. Chairman, at this point, I wish to address myself to a review of the select committee's development of the cost aspects of this problem. First, let me emphasize that the com-



mittee's real objective was the attainment of a program which would be realistic, equitable, and based on principles so soundly conceived that it would endure not only during the comparatively simple years of peace, but under the stress of mobilization and war.

To achieve such a program, it is necessary, of course, to give serious consideration to the cost. No program could be soundly conceived if it generated a cost so excessive that future generations of Americans would revolt against it and insist on radical changes injurious to the dependents of those who had died in their country's service.

Let me repeat that the committee's objective was not economy but equity, and that the ultimate savings that this plan will generate, as compared to the present system, result from the removal of the inequities that exist in that system rather than from any reduction in benefits to the survivors of our soldiers, sailors, and airmen, and of our disabled veterans.

You will note that I have spoken of ultimate, not immediate savings. Let me explain briefly the difference between these two. As you know, survivorship programs are spread over long periods of time. For example, on June 30, 1954, there were still 151 widows of Civil War veterans drawing death compensation from the VA, although that conflict ended over 90 years ago. It is, therefore, perfectly reasonable to suppose that 90 years from now there will still be some widows on the rolls whose husbands' death resulted from the Korean conflict. I make this statement merely to emphasize the fact that these survivorship programs are long range in character, and that their ultimate cost cannot be estimated merely by multiplying the numbers on the rolls by the monthly benefits payable, the method commonly in use to obtain an annual appropriated cost. We cannot properly estimate the ultimate financial impact of this program by comparing the monthly benefits paid to the various classes of beneficiaries. The point I want to make is that the true cost of a program can be determined only by considering three basic factors: how much do you pay, to whom do you pay it, and for how long do you pay it? When these three factors are properly correlated, it is perfectly possible to have in a program the situation that exists in the proposed bill, a higher immediate cost coupled with ultimate savings.

Let us first examine the two major elements inherent in the program which best illustrate this contrast. The greatest single element of savings under the new program is the elimination of the FECA, which, as I pointed out to you in my previous discussion, has resulted in payments to the survivors of one single class of servicemen, that is to say, reservists who die as a result of peacetime injuries, amounts ranging to as much as 2½ times the amounts paid to the survivors of Regulars and National Guardsmen and reservists killed in wartime. In the table on page 20 of the report it is shown that the elimination of FECA will result in a reduction of the incurred liability of the

Government as a result of the deaths of reservists in a single year of approximately \$43 million. Of this \$43 million, perhaps \$3 million will be saved during the first full year of operation. However, in the second year \$6 million will be saved, and the third year \$9 million will be saved as the survivors of successive year groups become eligible for benefits. Eventually, in approximately 15 years, the total savings realized would equal the total of \$43 million shown in the table. To substantiate this statement, one need only look at the budget for 1956, which, on page 870, shows that the payments by the Bureau of Employees Compensation to survivors of military personnel have increased from \$9,500,000 in 1954 to \$12.1 million in 1956. It should be clear, therefore, that the elimination of this provision of existing law will result in ultimate savings of \$43 million.

Let us look now for a moment at the other side of the coin. On June 30, 1954, there were a total of 608,000 survivors of former service personnel receiving death compensation at the VA. As has been pointed out previously, this bill provides for generous increases to very many of these survivors. The VA has estimated that election of the new benefits provided in this bill by current survivors will result in the initial expenditure of \$38 million during the first full year of the following enactment. However, in contrast to the annual savings resulting from the elimination of FECA, this immediate expenditure will eventually decrease as time takes its toll. For a period of the next 15 years, this amount will unquestionably fluctuate. Two rapidly diminishing categories within this group are parents and the children of the veterans of World War I. In contrast, the widows of the veterans of World War II will probably increase in number during the next 15 years. Widows of World War I veterans however have reached a condition of relative stability. It is safe to state that at the time the annual savings from the FECA reach their peak, approximately 15 years from now, annual expenditures for the increased compensation by the VA will have started to decline and therefore 15 years from now, the Government will be saving from these 2 facets of the bill, not less than \$5 million a year, although the net immediate increase in cost resulting from these 2 provisions would be \$35 million for the first year.

Another provision of the bill which will result in ultimate savings in exactly the same manner as FECA, is the transfer of the current indemnity to the single compensation payable under this act.

Now, I wish to emphasize the veterans' compensation to be paid under this act has been increased under existing law by an amount which, based on lifetime expectancy, is actuarially equivalent to a far greater sum than the \$10,000 free indemnity. However, unlike the indemnity, this increased compensation is contingent upon the dependency of the beneficiary. That is to say, it terminates when the widow dies or remarries and is not payable to nondependent parents. The committee as a whole and I personally have no apologies to make for this

provision. It has been the committee's desire and intent to increase the benefits to dependent survivors of our service people, but it has been its intent and purpose to confine these increased benefits to those who are truly dependent of the Government, those who have suffered financial loss and disaster as a result of the veteran's death. It is obvious that most of the young widows without children will remarry, and it is equally obvious that not all parents of servicemen are dependent or will become dependent upon the deceased serviceman or veteran. It is, therefore, estimated that the long range savings in this provision will amount at the end of 10 years to approximately \$36 million a year. Here again the buildup will be gradual and this net savings will not have its full effect until 10 years after the effective date of the act.

Further minor savings will occur from the sliding scale of dependency established for parents and from the transfer of certain children's benefits to the social security. These might between them total a million dollars a year.

The last aspect of savings lies in the inauguration of contributory social security for the military service. This highly significant provision serves two purposes. It provides not only a large increase in the overall benefits to the service people but it also permits this level to be obtained without a corresponding increase in cost to the Government. This is due solely to the fact that social security is supported by contributions from both the employee, that is to say the serviceman, and the Government as employer. Under existing law, social-security rights which have been granted to service personnel are entirely an obligation of the United States Government. This obligation has been repeatedly acknowledged by the House through the appropriation of funds for this purpose. Unfortunately, the other body to date has not seen fit to recognize this obligation with the result that we are now faced with a due bill of the staggering amount of \$590 million, consisting of \$210 million of actual expenditures made by the social-security fund as a result of these provisions of the law and a liability of \$380 million to be paid in the future for obligations incurred because of these same provisions.

Testimony before our committee indicates, moreover, an additional liability is now being incurred at the rate of not less than \$120 million a year. Taking the figure of \$120 million a year, and I wish to reemphasize that this is the minimum of several estimates given before the select committee by skilled professional actuaries, the contributory feature of this bill will result in a net savings to the Government of approximately \$6 million annually.

Therefore, in summary, let us total the immediate savings and the immediate expenditures resulting from the new program and then let us glance ahead to the ultimate savings which will result to the Government in future years. In the first years of obligation we will save \$3 million from FECA, 3.6 from the transfer of the indemnity, \$1 million in minor savings and \$6 million from the

social security, a total of \$13.6 million. In contrast, we will expend \$38 million to survivors currently on veterans rolls who will receive increased benefits under the new system, or a net increase in the annual expenditure in the first year of \$24.4 million. As I have said, however, the savings will overtake the expenditures sometime within the next 10 or 15 years and, eventually, when the beneficiaries on the veterans rolls consist only of those who have entered it subsequent to the enactment of the law, the full savings shown in table I of approximately \$83 million annually will be effected.

Mr. Chairman, I yield 4 minutes to the gentleman from Massachusetts [Mr. BATES].

Mr. BATES. Mr. Chairman, I yield my 5 remaining minutes to the gentleman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Chairman, in the 1 minute allotted to me by the gentleman from Massachusetts and the 4 by the gentleman from Virginia [Mr. HARDY], I can say very little, but I do want to give a warning about this measure. I feel very strongly that it is the beginning of the end of the Veterans' Administration, and that may be what the Congress wants, perhaps not this year or next year or the next, but at some later time. We talk about what we will do. No one knows whether any one of us will be here 2 months from now, 3 months from now, or a year from now or years from now. We are legislating for the future and what other Members of Congress may do we do not know and we cannot speak for them.

I have been in civilian hospitals a good deal recently, and I have looked into veterans' matters in their hospitals. I think this bill will speed the time when the veterans' hospitalization program will be placed under the Public Health Service. Trend is that way very strongly.

There are people who will lose money under this bill. I think there is no doubt of that. A careful study will show that, but there is not time to explain that in 5 minutes.

I am very glad that the widows are receiving more under this bill as a whole. Those who have worked with veterans' matters for years know how difficult it has been to secure even a pittance for the widows. Perhaps because no man has ever been a widow he does not realize exactly what it means. While this bill provides more compensation for some widows, there are glaring inequities, one of them being the fact that Spanish-American War widows are left out. But not to pass this bill might mean there would be no legislation for widows at this session of Congress.

The bill will have strength because it has representation from the various committees, the Committees on Armed Services, Ways and Means, and Veterans' Affairs.

I have received a good many protests from veterans regarding this legislation. Not very much is understood about it, I know. I think when they do understand it many more protests will be re-

ceived. The Massachusetts American Legion passed various resolutions, and one of them was that they did not want the veterans' benefits to go under social security. There was a very strong resolution to that effect.

I have had a great many protests regarding the elimination of the insurance. The veterans have felt that that insurance was theirs, and they should decide to whom the insurance should be paid. If they wanted to pay it to a niece or a nephew or a cousin or an aunt or somebody else they could do it. But under this bill the insurance is taken away and the benefits will be paid to the people designated under the law. I find great objection to that. I wish we had a longer time to discuss it. I wish there were more Members here. When we take up foreign aid the Chamber is packed. When we take up benefits for our veterans, there are not very many on the floor, not that they are not interested, but they do not realize what the situation is. This bill comes to us under a closed rule. I understand that we cannot even move to strike out the last word. The bill was printed only a very short time ago. It is a very vital bill. I expect to vote for the bill, but I hope the other body will go into it and rectify many of the mistakes. I think over there they are very much interested in veterans' problems. They will have a longer time to study it and there will be a reaction, and insofar as the veterans' organizations are concerned, I know of their interest over all of the years in veterans' legislation. I know they were interested in building up one administration to take care of veterans' affairs. I believe individually they feel extremely sorry to have anything happen to the Veterans' Administration. I think they are placed in a very difficult position, also because they are anxious to have the widows taken care of. Many of you know of the situation over a year ago—how difficult it was to get any rule out of the Committee on Rules. That was one reason I felt so suspicious because the Rules Committee granted a rule to select committee.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. HARDY. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, I shall not take the 5 minutes. I am not accustomed to criticizing committees. I think this committee has worked hard and has come before us with a bill that has much merit. The members of the committee are outstanding in ability and in knowledge of veteran problems. I doubt, however, that we have had sufficient time to read the bill and to study its provisions. I regret that the bill comes to the floor under a closed rule. It would have more quieting to our concern in guarding against inadvertencies if the rule had been open. I am speaking especially for the Spanish-American War group. My colleagues will appreciate my position as the last remaining veteran of that war of the 96 or 97 who have served in this body. Among our Spanish-American War veterans, there is some concern. We feel

that the House could have quieted that concern if there had been an open rule, and it had been permissible to present an amendment that in substance would have recognized that in the Spanish-American War there were no records kept. Now, I know how difficult it is for younger veterans to appreciate conditions at that time. So that it may be made clear in the record, I have requested this time to ask one who knows, the great chairman of the Committee on Veterans' Affairs, the gentleman from Texas [Mr. TEAGUE] to make comment on that phase.

Mr. TEAGUE of Texas. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Illinois. I yield to the distinguished chairman of the Committee on Veterans' Affairs.

Mr. TEAGUE of Texas. I would certainly agree with the gentleman that the records kept during the Spanish-American War and during World War I and World War II are altogether different. The records were very poor, when we find any record at all, so far as the Spanish-American War veterans are concerned.

Mr. O'HARA of Illinois. So that it would be impossible for a Spanish-American War veteran or his widow to prove that the veteran had service-connected injuries?

Mr. TEAGUE of Texas. That is so in practically every case.

Mr. O'HARA of Illinois. I deeply appreciate the statement of the gentleman. I am sure it will carry weight when later there is occasion for consideration of the fact that Spanish war veterans stand on a different basis in that there is no way under the sun in the absence of records the veterans can meet the service-connected proof requirement. We have been concerned that this might work to the harm of the widows of this group, all aged and few in number and mostly subsisting on meager pensions. I am sure that my colleagues would not wish to harm these aged women. Under an open rule it would have been possible to provide against this by writing in the law that in the case of the widows of that war the deaths of the veteran husbands would have had the presumption of service connected. I am sorry we did not have an opportunity to introduce the amendment. I anticipate the amendment would have been accepted by the House. As such eventuality was made impossible by the closed rule, I do hope the Committee on Veterans' Affairs shortly will report out the bill for a small increase in the pensions of these aged widows and that the bill will pass.

I want to thank the gracious gentleman from Virginia for yielding me this time to raise the voice of a Spanish war veteran for the widows of that war of more than half a century ago. I yield back the balance of my time.

The CHAIRMAN. The gentleman from Illinois [Mr. O'HARA] yields back 2 minutes.

Mr. HARDY. Mr. Chairman, I yield 7 minutes to the gentleman from Texas [Mr. TEAGUE].

Mr. TEAGUE of Texas. Mr. Chairman, this is a good bill. I do not have as much fear today about the Department

of Health, Education, and Welfare taking over the Veterans' Administration program or the Veterans' Administration hospitals as I had before we started writing this bill.

It has been said that this is a Pentagon bill. It is true that some mighty fine men in the Pentagon did a lot of work on this bill, but by no stretch of the imagination is it a Pentagon bill.

This committee had two of the finest staff members of the General Accounting Office, the Bureau of the Budget, the Health, Education, and Welfare, the Veterans' Administration, from the Pentagon, all of our major veterans' organizations did a terrific amount of work on this problem. It was interesting to watch this group. When we started we thought it was easy. As time went on we found how difficult and complex it was.

As I said before, a majority of the members of the committee did not want to include contributory social security, but we finally came to the belief that we had to do this.

This bill has a great effect on any service-connected death of a man in the service or a man out of the service. As far as the \$10,000 indemnity program is concerned, that has been eliminated, and a payment substituted in lieu of it that spreads over the lifetime of the widow. The committee made a much more liberal definition of a widow in this bill. Today a dependent parent making more than \$105 a month can receive no compensation. A dependent parent receives \$75 per month or where there are two parents, \$40 each.

This bill tried to eliminate the abrupt cutoff of the fixed-income limitation by making a sliding scale whereby if a parent has a job and makes some income would still receive the same compensation.

Of course the point that has been most criticized and the point which I had greatest fears about was our tying the amount of compensation to attained pay of the man in the service. Compensation is an attempt to compensate a family for what they lost. If a colonel dies or if a sergeant dies, in most cases the colonel's wife would lose more financially than the sergeant's wife. In every phase of our life the survivor benefit is tied to what the man is paid. It seems to me we have done nothing wrong in this bill, and I do not share the fears of a lot of people.

Mr. WIER. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of Texas. I yield to the gentleman from Minnesota.

Mr. WIER. Now that you have mentioned these various organizations and agencies that participated in the preparation of this bill, from your own experience and the very long period of time connected with legislation on veterans' affairs, where did this idea of this type of bill originate? Did it originate with the veterans' organizations or with the Health, Education, and Welfare Department, or in the Pentagon, or did it originate in your committee? What was the first you heard of it?

Mr. TEAGUE of Texas. From this staff group, after considerable hearings,

it became evident there were approximately four basic beliefs. We printed out four committee prints, with one group supporting more of this and another group supporting more of that. We had hearings on those four bills. After very complete hearings on the four bills, this select committee went into the committee room and sat down and wrote this bill. We had the members of the legislative counsel's office assist in the final wording of the bill. So, if this bill came from any place it came from this select committee.

Mr. HARDY. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of Texas. I yield to the gentleman from Virginia.

Mr. HARDY. It would be correct to say that this was an evolutionary process, would it not?

Mr. TEAGUE of Texas. It certainly was.

Mr. WIER. What I am getting at is, how active were the three major veterans' organizations, the DAV, the VFW, and the American Legion? How active were they in participating and urging the support of this bill? We get some very curious questions sometimes in response to letters regarding this bill and what it does to the veterans.

Mr. TEAGUE of Texas. If you talk to Mr. Charles Stevens of the American Legion, he will tell you how many hours they put in on it. I am sure you would be satisfied they had a great deal to do with it. The same with Mr. Adin Downer of the VFW and Mr. Charlie Foster of the DAV and Mr. John Holden of AMVETS. The American Legion supported the bill in its entirety. The AMVETS and the VFW and DAV opposed the difference in compensation to the widow. I do not believe they disagreed with any other point in the bill. I think they made the point that if there should be a war we might want to go back to some kind of an insurance program. I think they made that point.

Mr. SAYLOR. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of Texas. I shall be glad to yield.

Mr. SAYLOR. On page 39 of the salient features which are put out by the Department of Defense appears a very interesting comparison of costs, especially in view of the action just taken by the House Ways and Means Committee. This indicates that there is \$116 million which will be contributed to the social-security fund. That is on the basis of 2 percent. But I understand that this coming week, and maybe tomorrow or Friday according to the majority leader this morning, we will be called upon to vote on a bill which comes out of the House Committee on Ways and Means which will increase the social security from 2 percent beginning January 1, 1956, to 2½ percent; January, 1960, to 3 percent; 1965, 3½ percent; 1970, 4 percent; and in 1975 to 4½ percent. So that within the very near future the amount you have indicated here as costing only \$116 million will be more than doubled. This bill therefore, as to expenditures, will prove a great deal more costly than the present setup.

Mr. TEAGUE of Texas. Mr. Chairman, I want to compliment our fine staff director, Mr. Stephen Carnes, who did an outstanding job on this bill. I have never served on a committee that has worked harder. PORTER HARDY was an excellent chairman, and the members, PAUL KILDAY and BILL BATES, made a wonderful contribution from their knowledge of military affairs. We leaned heavily on BOB KEAN to guide us on social-security matters. The members worked hard at this job and I wish to compliment each one.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. HARDY. Mr. Chairman, I yield the remainder of the time on this side to the gentleman from Texas [Mr. KILDAY] to close the debate.

The CHAIRMAN. The gentleman from Texas is recognized for 6 minutes.

Mr. KILDAY. Mr. Chairman, I think the thing that called the attention of the people and the Congress in the first instance to a necessity for this revision was the survivors' benefits available to the survivors of Reserve personnel in the Korean war. Because that was technically a time of peace, as the gentleman from Virginia [Mr. HARDY] stated, those survivors of Regulars and National Guard men killed in Korea might receive \$87 a month, whereas for Reserves only it was many times that, and frequently more than the man made while alive and on active duty. With that realization, there then became apparent to all what had been known to those of us who have worked on military pay for a long period of time—that while we had made rather adequate provision for active-duty training and retired personnel, we had not taken care of their survivors.

From that beginning and through a well-prepared address by the gentleman from Virginia [Mr. HARDY], it was called to the attention of the Congress at the last session, and the select committee resulted. It is something that has needed the attention of Congress for a long period of time.

I do not agree with the gentlemen who fear what might happen with reference to veterans' programs being taken over by social security. If we were talking now about the attitude in 1938 and 1939 or 1940, I have no doubt in my mind but that in those days the people originally advocating social security hoped to see it be the all-inclusive program with respect to subjects of this kind. However, that time has gone, and I cannot share the apprehension of those who feel that this might in any way lead to the elimination of veterans' hospitals or veterans' benefits because since that time social security has been recognized pretty generally in the United States by labor organizations and by industry as constituting the floor, the beginning of a social program in the United States, and superimposed upon it nowadays in every collective-bargaining agreement you have had a company retirement system.

Effective in 1941, that same thing was imported into the military survivors' benefit system when the \$160 wage credit was granted on a noncontributory basis. We now find ourselves in the position of

having started that \$160 wage credit and being unable to let go. There is no way that you can suddenly abolish that or permit it to expire and then have any uniform program in connection with the survivors' benefits.

My colleague from Texas [Mr. TEAGUE] has expressed his reluctance at having social security on a permanent basis. The further you get into this subject the more you realize it is essential that something of that kind be done. So I do not share the fears of those who express themselves that this might result in the elimination of the veterans' program. It would take another act of Congress and surely not in the conceivable future will there be a time when it would be possible for such a program to be passed by the Congress.

Mr. Chairman, this bill has been worked on diligently and faithfully. I am really surprised to hear any statement made here today that this constitutes a Pentagon bill. This is the first time in my years of service that I have seen a bill written as this one was written. I have never seen a major proposal of this kind involving so many pay scales and such highly technical questions that did not begin with some type of a bill which came from a department which set forth the vehicle upon which that legislation was based. When this committee started to work it had no vehicle of any kind. The committee began studying the situation as it existed under these various laws. There was no committee that had done any work before. There were four committees, all of which could have handled part of it; none could have handled all of it.

After much testimony and with the assistance of people that we asked from the departments, not that the departments sent down here to tell us how they wanted the bill written, we prepared this bill. We asked the General Accounting Office, the Veterans' Administration, the Social Security System, and the Bureau of the Budget to send us specialists from their staffs who could go over this information we had and give us additional information we might need. By working together with this panel, the original basis of the legislation was formulated. This is the first time I have ever seen a bill started off in the committee with no legislative proposal before us. The information was gathered by the committee, the necessity was appreciated by the committee, and from the information that the committee developed we wrote the first bill. Other prints were written. I think there were four prints written before we got down to writing the final bill.

Now, this bill has been available for more than 2 weeks. Bills of this character are generally not available for 2 weeks in advance.

#### SIX MONTHS' DEATH GRATUITY

The 6 months' death gratuity first became law in 1907.

This payment is calculated on 6 months' base pay plus special and incentive pays.

At the present time the minimum payment is \$468 and the maximum payment available is \$7,856.

This payment was originally designed as a relocation allowance to provide an immediate payment to widows living on or near the station with the serviceman immediately prior to death.

In order to achieve its original purpose this payment should be made immediately. In the past, payment has not been made immediately because certain detailed information was required by the disbursing officer before payment would be made. Where the survivor was not a widow, the 6 months' death gratuity was designed to provide a lump-sum payment to the next of kin to clear up all personal obligations of the deceased, and if such kin be dependent, to provide carryover funds until monthly compensation payments begin.

Traditionally the class of beneficiaries to whom this payment is made has been liberal, with distant relatives under certain conditions eligible for this payment.

The cost to the Federal Government of providing the 6 months' death gratuity based on present pay and present in-service military strength is approximately \$8 million.

In 1954 there were 6,135 in-service deaths.

#### PROPOSED CHANGES IN THE 6 MONTHS' DEATH GRATUITY UNDER H. R. 7089

The present 6 months' death gratuity would continue.

There would be a minimum payment of \$800 and a maximum of \$3,000. The class of beneficiaries would be slightly more restrictive than currently exists.

The bill provides that where the survivor is a widow or minor children living on or near a station or post with the serviceman at the time of his death, then the 6 months' death gratuity shall be paid immediately, immediately meaning the very day of death or within 24 hours. The commanding officer and disbursing officer are to waive certain restrictions which currently exist.

Unlike present law this payment is also made to survivors where the former serviceman dies of a service-connected disease or injury within 120 days after separation from the service.

The present 6 months' death gratuity will provide a higher level of benefits for most enlisted men and will result in those officers of rank of lieutenant colonel or above receiving less than they do today.

This program of the committee's bill is considered as a definite improvement over existing legislation and more equitable in its practical application.

The cost of providing the 6 months' death gratuity under the committee's bill will be slightly more expensive than existing law, the cost having been estimated at \$8,600,000.

#### FECA BENEFITS

FECA benefits were first extended to Armed Forces reservists in 1914. This was done to provide certain disability benefits for reservists serving on active duty for short periods of time. When FECA benefits were first extended to the military, perhaps 95 percent of those on active duty were Regulars.

Prior to 1935 reservists were not entitled to VA compensation but were paid under FECA benefits which, except in

the case of high-ranking officers were less than VA benefits.

In 1935 a persuasive argument was made before the Congress that reservists on active duty were being discriminated against. Therefore, an election privilege was granted. Reservists could elect between VA and FECA, choosing the higher benefit. This election meant that all but the high-ranking officers would choose VA compensation. In 1949 the FECA Act was amended and the disability and death benefits under this act were significantly increased.

At the time of these amendments no consideration was given by either House or Senate to the fact that certain reservists who died in line of duty during peacetime had the right of election between FECA and VA benefits.

Therefore, this right of election continued in existence.

Since 1949, 6,700 reservists who died in peacetime periods, and Korea was considered a peacetime period, have collected significantly higher survivor benefits than Regular enlisted men and officers were entitled to under VA compensation.

This has created an inequitable situation.

After review of the legislative history of this program the committee came to the conclusion that it was never the intent of the Congress that reservists be continued under FECA, especially after the FECA Act amendments of 1949.

There were no witnesses appearing before our committee who did not agree that allowing certain reservists to elect FECA benefits, while paying Regulars only lesser VA benefits, was a discriminatory situation which should be corrected, the answer being the termination of FECA.

The committee in its bill, recommends the termination of FECA benefits payable to reservists and in the future survivors of reservists and Regulars will be paid alike.

The Bureau of Employees' Compensation, of the Department of Labor, which administers this program, concurs with the committee that this benefit should be terminated.

Mr. WIER. Mr. Chairman, will the gentleman yield?

Mr. KILDAY. I yield to the gentleman from Minnesota.

Mr. WIER. The gentleman mentioned something about benefits a year ago. Most of the Members have been receiving a large number of letters from beneficiaries or widows or relatives regarding the meager allowance that is being allowed them during these times of high cost of living. They have been pleading for an increase in survivors' benefits. Would the gentleman say this bill meets that situation?

Mr. KILDAY. I would not say that this bill is adequate but it is a tremendous improvement.

Mr. WIER. In other words, if the Veterans' Affairs Committee had come in here today with a bill increasing survivors' benefits by 10 or 15 percent, would this bill serve that purpose?

Mr. KILDAY. Only a portion of it, and a very small portion of it, from \$70 as to present payments to \$122, which

I regard as being a rather substantial benefit, not adequate but much better than it is now.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. HARDY. Mr. Chairman, I ask unanimous consent that all Members may have permission to extend their remarks on the pending bill at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOLVERTON. Mr. Chairman, I am heartily in accord with the provisions of H. R. 7089, entitled Servicemen's and Veterans' Survivor Benefits Act. It meets in an admirable manner and solves problems that have long existed and which have called for solution. After careful study and long consideration, the bill now before us is the result. I congratulate and commend the select committee for the fine work it has done.

The purpose of this bill is to establish a new and equitable survivors' benefits program for members and former members of the uniformed services. This objective has been accomplished in a most satisfactory way.

There is general satisfaction with its provisions. In fact, I have never known any legislation that has met with a greater degree of satisfaction and approval. The report of the committee that contains the views expressed by the several departments of Government, including the President, leaves no doubt that the administration is highly pleased with the bill and is anxious for its early adoption. In this connection, President Eisenhower has addressed a communication to the chairman of the committee, in which he informs the chairman:

It is my hope that your bill will be favorably received both by the Congress and by the civilian groups directly interested, so that we can see it written into law at the earliest possible date.

The departments of Government that have direct contact with the subject have without exception given their approval to the bill. The Secretary of Defense expressed his views by saying:

The Department of Defense strongly supports this legislation.

Further favorable viewpoints could be given if such were deemed necessary at this time.

Likewise, veterans organizations have expressed their favorable attitude toward the legislation. I will make reference at this time to the letter addressed by Seaborn P. Collins, national commander of the American Legion, to Hon. PORTER HARDY, JR., chairman of the Select Committee on Survivor Benefits, dated July 1, 1955, which is characteristic of the general attitude of the veterans and service organizations.

In part, he said:

This is to advise you that the American Legion supports the enactment of H. R. 7089, a bill to provide benefits for the survivors of veterans and servicemen. While this is primarily a peacetime measure designed to improve the status of those in the uniformed services, we are aware that it has many important provisions to improve benefits to survivors of those who are, or were,

eligible for membership in our organization as wartime veterans.

H. R. 7089 is an important step in the reconstruction of veterans benefits and services. There is a special appeal to us in that the bill will provide increased grants to approximately 300,000 widows; that the financial status of some 85,000 orphans of veterans will be improved; that many of the 285,000 dependent parents on the rolls will receive larger awards; that the contract insurance rights of more than six million veteran policy holders and one-half million insurance beneficiaries in death cases are maintained over and above the increased compensation awards; that no one now receiving survivor awards need surrender a penny; and, that those survivors now on the rolls have the option of electing to receive the new awards after January 1, 1956.

The bill is important also in that, while placing the peacetime armed forces personnel under old-age and survivors insurance as contributory members, it preserves the principle of having the Veterans' Administration as the agency handling and administering veterans benefits and services.

In conclusion, may I say that it gives me very great pleasure to vote in favor of this bill.

Mr. SADLAK. Mr. Chairman, I favor the passage of this bill to provide benefits for the survivors of servicemen and veterans and I have great respect and admiration for the excellent job done by this select committee which has labored so diligently and laboriously with a difficult assignment. I do not, however, agree with the procedure under which it has been presented to us and for that reason voted against the closed rule. There is, Mr. Chairman, altogether, too much resort to the device of a closed or gag rule for important legislation on the floor of the House. The trend is increasing and thereby restricting and curtailing the activity and expression of opinions of each Member of this body. During this session there have been brought to the floor bills from many other committees than the Ways and Means Committee from which complicated and technical tax measures have been accorded no amendment rules because of their inherent intricacy and vastness of coverage. The device is becoming too convenient but simultaneously denying the fullest fulfillment of our responsibilities to our constituents. Here we restrict and in the other body there is no limitation. In this particular legislation only 5 Members, all able men, write the provisions and 430 of their colleagues marvel at their ingenuity and resourcefulness but are estopped, by the rule, from changing a word. After 2 hours debate, many questions arise and, by suggested amendments, a better and more comprehensive bill could be adopted today but the rule denies any change.

Incidentally, Mr. Chairman, on Monday suspension of the rules will be used to bring the social-security amendments to the floor. The measure cannot be altered in any way under this procedure; it is, take it or leave it, and I shall take it though I cannot submit for the consideration of the entire membership of the House my amendment offered in the committee of lowering the age of eligibility of benefits to age 60 for widows who would be required to seek employment at that age.

The CHAIRMAN. Under the rule the bill is considered as having been read. No amendments are in order to the bill except those amendments offered by direction of the Select Committee on Survivors' Benefits. Are there any such amendments?

Mr. HARDY. Mr. Chairman, I offer certain amendments.

The Clerk read as follows:

Amendments offered by Mr. HARDY:

Page 32, strike out line 22 and all that follows down through line 8 on page 33, and insert in lieu thereof the following:

"(4) (A) Paragraph (1) of this subsection shall not apply in the case of any service, performed by an individual as a member of a uniformed service, which is creditable under section 4 of the Railroad Retirement Act of 1937. The Railroad Retirement Board shall notify the Secretary of Health, Education, and Welfare, as provided in section 4 (p) (2) of that act, with respect to all such service which is so creditable.

"(B) In any case where benefits under this title are already payable on the basis of such individual's wages and self-employment income at the time such notification (with respect to such individual) is received by the Secretary, the Secretary shall."

Page 53, strike out line 22 and all that follows down through line 25, on page 57, and insert in lieu thereof the following:

"Sec. 411. (a) Section 4 of the Railroad Retirement Act of 1937 is amended by adding at the end thereof the following new subsections:

"(p) (1) Military service rendered by an individual after December 1955 shall be creditable under this section only if the number of such individual's years of service is 10 or more (including, in such years of service, military service which, but for this subsection, would be creditable under this section).

"(2) In any case where an individual has completed 10 or more years of service and such years of service include any military service rendered after December 1955, the Board shall as promptly as is practicable (A) notify the Secretary of Health, Education, and Welfare that such military service is creditable under this section and (B) specify the period or periods of the military service rendered after December 1955 which is so creditable.

"(q) Notwithstanding the provisions of this section and section 2 (c) (2), military service rendered by an individual after December 1955 shall not be used in determining eligibility for, or computing the amount of, any annuity accruing under section 2 for any month if (1) any benefits are payable for that month under title II of the Social Security Act on the basis of such individual's wages and self-employment income, (2) such military service was included in the computation of such benefits, and (3) the inclusion of such service in the computation of such benefits resulted (for that month) in benefits not otherwise payable or in an increase in the benefits otherwise payable.

"(r) The Secretary concerned (as defined in section 102 (9) of the Servicemen's and Veterans' Survivor Benefits Act) shall maintain such records, and furnish the Board upon its request with such information, regarding the months of any individual's military service and the remuneration paid therefor, as may be necessary to enable the Board to carry out its duties under this section and sections 2 and 5."

"(b) (1) The first sentence of section 4 (n) of the Railroad Retirement Act of 1937 is amended—

"(A) by striking out '(1)' and '(1)' and inserting in lieu thereof '(1)' and '(2)', respectively;

"(B) by striking out 'for military service after December 31, 1936' and inserting in lieu



thereof for military service after December 31, 1936, and prior to January 1, 1956; and

"(C) by inserting before the period at the end thereof a comma and the following: 'and (3) an amount found by the Board to be equal to (A) the amount of the total additional excise and income taxes which would have been payable during the preceding fiscal year under chapter 22 of the Internal Revenue Code of 1954 with respect to the compensation, as defined in such chapter, of all individuals entitled (without regard to subsection (p) (1) of this section) to credit under this act for military service after December 1955 if each of such individuals, in addition to compensation actually paid, had been paid such compensation in the amount of \$160 in each calendar month in which he was in such military service during such preceding fiscal year and such taxes were measured by all such compensation without limitation as to amount paid to any individual in any one calendar month, less (B) the amount of the taxes which were paid with respect to such military service under sections 3101 and 3111 of the Internal Revenue Code of 1954.'

"(2) Section 4 (n) of such act is further amended by adding at the end thereof the following new sentence: 'In determining pursuant to section 5 (k) (2) for any fiscal year the total amount to be credited from the Railroad Retirement Account to the Old-Age and Survivors Insurance Trust Fund, credit shall be given such account for the amount of the taxes described in clause (3) (B) of the first sentence of this subsection.'

"(c) Section 1 (q) of the Railroad Retirement Act of 1937 is amended by striking out 'as amended in 1954' and inserting in lieu thereof 'as amended in 1955.'"

Mr. HARDY (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that the further reading of the amendment be dispensed with and printed in the RECORD at this point, after which I will explain the purpose of it.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. HARDY. Mr. Chairman, the purpose of this amendment is to leave as nearly as possible in its present situation the \$160 gratuitous credit which is provided to railroad retirement personnel. The language in the bill provides a slightly different method of reimbursing the railroad retirement account because of service in the military of people who are entitled to railroad retirement benefits. This amendment conforms to the wishes of the Railroad Retirement Board, the Railroad Labor Executives Association, and others.

I quote a memorandum having to do further with the committee's intent:

It is important to clarify the intended effect of the committee amendment upon the status of the railroad retirement account and the old-age and survivors insurance trust fund under the so-called financial interchange provisions of the Railroad Retirement Act. The committee amendment, in continuing the present \$160 credit for military service under the Railroad Retirement Act in the case of certain railroad workers, provides that the railroad retirement account shall be reimbursed for such service in an amount equal to the taxes which would have been paid if it were actual railroad employment minus the amount of the taxes actually paid with respect to such service for social security purposes. At the

rates which will be in effect on January 1, 1956, this reimbursement would be at the rate, with respect to military service performed by an individual in any month, of 12½ percent of \$160 minus 4 percent of that individual's basic pay.

A simple example will serve to illustrate the effect of these provisions, and the manner in which the old-age and survivors insurance trust fund and the railroad retirement account will be provided with the funds needed for the payment of benefits based on military service performed after 1955. If a serviceman has basic pay of \$100 for military service in January 1956, he would pay \$2 in tax and the Government (as his employer) would pay another \$2. This \$4 would be received and held in the old-age and survivors insurance trust fund; the fund, having received the \$4 directly, would not be entitled under the financial interchange provisions to any additional credit with respect to that service, but the receipt of the \$4 would not have the effect of reducing the total of any other amounts to be credited to the fund under those provisions. At the same time, the railroad retirement account would be reimbursed with respect to that month's service in the amount of \$20 (12½ percent of \$160) minus \$4 (the tax actually paid on such service), or \$16. If the benefits which are based on such service are ultimately paid under title II of the Social Security Act, no adjustment would be required with respect to that service; the tax which was collected would simply be used to pay the benefits, without further transfer or credit. If, however, the benefits which are based on such service are ultimately paid under the Railroad Retirement Act, the old-age and survivors insurance trust fund would be charged by the railroad retirement account for the amount of the social security benefits which would be attributable to the service on which such taxes were so collected, counting as the individual's wages or compensation for such purpose only his basic pay of \$100 (since only that amount would have been included if the benefits had been payable as social security benefits) even though the benefits actually payable with respect to such service would be based on a presumed compensation of \$160.

Mr. Chairman, I ask for adoption of the amendment.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. HARDY. Mr. Chairman, I offer another minor amendment.

The Clerk read as follows:

Committee amendment:

Page 20, line 10, strike out the words "dependency or indemnity" and insert "dependency and indemnity."

Page 21, line 5, strike out the comma following the word "pension."

Page 22, line 14, strike out "has" and insert "had."

The committee amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. DOYLE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 7089) to provide benefits for the survivors of servicemen and veterans, and for other purposes, pursuant to House Resolution 295, he reported the bill back to the House with sundry

amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

#### CALL OF THE HOUSE

Mr. LONG. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 116]

Barden	Green, Pa.	Mumma
Buchanan	Gregory	O'Neill
Celler	Hébert	Powell
Chenoweth	Hess	Reed, N. Y.
Cole	Jensen	Rivers
Davis, Tenn.	Kearney	Roosevelt
Diggs	Keating	Short
Dingell	Krueger	Simpson, Pa.
Dolliver, Ia.	McDowell	Smith, Wis.
Eberharter	Miller, Calif.	Taylor
Fernandez	Morrison	

The SPEAKER. On this rollcall 404 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

#### SERVICEMEN'S AND VETERANS' SURVIVOR BENEFITS

The SPEAKER. Is a separate vote demanded on any amendment? If not the Chair will put them en gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. THOMSON of Wyoming. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. THOMSON of Wyoming. I am, Mr. Speaker.

The SPEAKER. The gentleman qualifies. The Clerk will report the motion.

The Clerk read as follows:

Mr. THOMSON of Wyoming moves to recommit the bill H. R. 7089 to the Select Committee on Survivors' Benefits for further research and study.

Mr. HARDY. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. THOMSON of Wyoming. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were refused.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. CRUMPACKER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

The bill was passed; and a motion to reconsider was laid on the table.



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- Sec. 404. Credit for military or naval service performed before January 1, 1956.
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- Sec. 406. Special status in case of service-connected disability.
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## PART B—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1954

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- Sec. 501. Amendments.
- Sec. 502. Repeals.
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- Sec. 504. Miscellaneous.



## DEFINITIONS

SEC. 102. For the purposes of this Act—

(1) “Administrator” means the Administrator of Veterans’ Affairs.

(2) “Member of a uniformed service” means a person appointed, enlisted, or inducted in a component of the Army, Navy, Air Force, Marine Corps, or Coast Guard (including a reserve component of a uniformed service), or in one of those services without specification of component, or as a commissioned officer of the Coast and Geodetic Survey or the Regular or Reserve Corps of the Public Health Service, and any person serving in the Army or Air Force under call or conscription. The term includes—

(A) a retired member of any of those services;

(B) a member of the Fleet Reserve or Fleet Marine Corps Reserve;

(C) a cadet at the United States Military Academy, a midshipman at the United States Naval Academy, and a cadet at the United States Coast Guard Academy or United States Air Force Academy;

(D) a member of the Reserve Officers’ Training Corps, the Naval Reserve Officers’ Training Corps, or the Air Force Reserve Officers’ Training

1 Corps, when ordered to annual training duty for  
2 fourteen days or more, and while performing au-  
3 thorized travel to and from that duty; and

4 (E) any person while en route to or from, or  
5 at, a place for final acceptance or for entry upon  
6 active duty in the military or naval service—

7 (i) who has been provisionally accepted  
8 for such duty; or

9 (ii) who, under the Universal Military  
10 Training and Service Act, has been selected  
11 for active military or naval service;

12 and has been ordered or directed to proceed to  
13 such place.

14 The term does not include a temporary member of the  
15 Coast Guard Reserve.

16 (3) "Reserve component of a uniformed service"  
17 means—

18 (A) The Army Reserve;

19 (B) The Naval Reserve;

20 (C) The Marine Corps Reserve;

21 (D) The Air Force Reserve;

22 (E) The Coast Guard Reserve;

23 (F) The Reserve Corps of the Public Health  
24 Service;

25 (G) The National Guard of the United States;

1                   (H) The Air National Guard of the United  
2                   States;

3                   (I) The federally recognized National Guard  
4                   or Air National Guard of the several States and Ter-  
5                   ritories, and the District of Columbia.

6                   (4) "Active duty" means (A) full-time duty per-  
7                   formed by a member of a uniformed service in the  
8                   active military or naval service, other than active  
9                   duty for training, (B) full-time duty as a commis-  
10                  sioned officer in the Coast and Geodetic Survey, or in  
11                  the Regular Corps of the Public Health Service, or in  
12                  the Reserve Corps of the Public Health Service (other  
13                  than for training purposes), (C) service as a cadet at  
14                  the United States Military, Air Force, or Coast Guard  
15                  Academy, or as a midshipman at the United States  
16                  Naval Academy, and (D) authorized travel to or  
17                  from such duty or service.

18                  (5) "Active duty for training" means (A) full-time  
19                  duty performed by a member of a reserve component  
20                  of a uniformed service in the active military or naval  
21                  service of the United States for training purposes, (B)  
22                  full-time duty as a commissioned officer in the Reserve  
23                  Corps of the Public Health Service for training pur-  
24                  poses, (C) annual training duty performed for a period  
25                  of fourteen days or more by a member of the Reserve

1 Officers' Training Corps, the Naval Reserve Officers'  
2 Training Corps, or the Air Force Reserve Officers'  
3 Training Corps, and (D) authorized travel to or from  
4 such duty. The term does not include duty performed  
5 as a temporary member of the Coast Guard Reserve.

6 (6) (A) "Inactive duty training" means any of the  
7 training, instruction, duty, appropriate duties, or equiva-  
8 lent training, instruction, duty, appropriate duties, or  
9 hazardous duty, performed with or without compensa-  
10 tion by a member of a reserve component of a uni-  
11 formed service, prescribed by the appropriate Secretary  
12 pursuant to section 501 of the Career Compensation  
13 Act of 1949 or any other provision of law. The term  
14 does not include (1) work or study performed by a  
15 member of a reserve component of a uniformed service  
16 in connection with correspondence courses of the Army,  
17 Navy, Air Force, Marine Corps, Coast Guard, or Public  
18 Health Service, (2) attendance at an educational insti-  
19 tution in an inactive status under the sponsorship of the  
20 Army, Navy, Air Force, Marine Corps, Coast Guard, or  
21 Public Health Service, or (3) duty performed as a  
22 temporary member of the Coast Guard Reserve.

23 (B) Any member of a reserve component of a uni-  
24 formed service—

25 (i) who, when authorized or required by com-

1           petent authority, assumes an obligation to perform  
2           active duty for training or inactive duty training;  
3           and

4           (ii) who dies from an injury incurred on or  
5           after January 1, 1956, by him while proceeding  
6           directly to or returning directly from such active  
7           duty for training or inactive duty training, as the  
8           case may be;

9           shall be deemed to have been on active duty for train-  
10          ing or inactive duty training, as the case may be, and  
11          entitled to basic pay at the time such injury was incurred.  
12          For purposes of title III the Secretary concerned, and  
13          for purposes of title II the Administrator, shall deter-  
14          mine whether such member of a reserve component of  
15          a uniformed service was so authorized or required to  
16          perform such duty, and whether he died from injury so  
17          incurred. In making such determinations, the Secretary  
18          concerned or the Administrator, as the case may be,  
19          shall take into consideration the hour on which the  
20          member of a reserve component of a uniformed  
21          service began to so proceed or so return; the hour  
22          on which he was scheduled to arrive for, or on  
23          which he ceased to perform, such duty; the method of  
24          travel employed; his itinerary; the manner in which  
25          the travel was performed; and the immediate cause of

1 death. Whenever any claim is filed alleging that the  
2 claimant is entitled to benefits by reason of this sub-  
3 paragraph, the burden of proof shall be upon the  
4 claimant.

5 (C) Training or duty performed by a member of  
6 the National Guard of the United States, the Air Na-  
7 tional Guard of the United States, or the federally recog-  
8 nized National Guard or Air National Guard of any  
9 of the several States and Territories, or the District  
10 of Columbia, under section 5, 81, 92, 94, 97, 99, or  
11 113 of the National Defense Act, approved June 3,  
12 1916, as amended, shall be deemed to be "active duty  
13 for training", or "inactive duty training", according  
14 to the character of the training or duty performed.

15 (7) The terms "child" and "parent" have the  
16 meanings assigned to them by Veterans Regulation  
17 Numbered 10, as amended.

18 (8) The term "widow" means a woman who was  
19 married to a person—

20 (A) before the expiration of fifteen years after  
21 the termination of the period of active duty, ac-  
22 tive duty for training, or inactive duty training, in  
23 which the injury or disease causing the death of  
24 such person was incurred or aggravated; or

25 (B) for five or more years; or

1 (C) for any period of time if a child was born  
2 of the marriage.

3 (9) "Secretary concerned" means—

4 (A) The Secretary of the Army with respect  
5 to the Army;

6 (B) The Secretary of the Navy with respect  
7 to the Navy and Marine Corps;

8 (C) The Secretary of the Air Force with re-  
9 spect to the Air Force;

10 (D) The Secretary of the Treasury with respect  
11 to the Coast Guard;

12 (E) The Secretary of Commerce with respect  
13 to the Coast and Geodetic Survey; and

14 (F) The Secretary of Health, Education, and  
15 Welfare with respect to the Public Health Service.

16 (10) (A) "Basic pay" means the monthly pay pre-  
17 scribed by section 201 (a), 201 (e), 201 (f), or 508  
18 of the Career Compensation Act of 1949, as may be  
19 appropriate, for a member of a uniformed service on  
20 active duty.

21 (B) The pay received by members of the Reserve  
22 Officers' Training Corps, the Naval Reserve Officers'  
23 Training Corps, and the Air Force Reserve Officers'  
24 Training Corps during periods of annual training duty

1 of fourteen days or more shall be considered to be "basic  
2 pay", and the rank and years of service of such members  
3 shall be a rank (and years of service) comparable to  
4 the pay grade and years of service to which their pay  
5 is related.

6 (11) (A) With respect to a member of a uniformed  
7 service who died while on active duty, active duty for  
8 training, or inactive duty training, the term "basic pay"  
9 (for purposes of title II) means the basic pay (as  
10 defined in paragraph (10)) prescribed on January 1,  
11 1956, or on the date of his death (whichever is the  
12 later date) for a member of a uniformed service on  
13 active duty of the same rank (with the same cumulative  
14 years of service for purposes of pay) as that of the  
15 deceased member of a uniformed service on the date of  
16 his death.

17 (B) With respect to a deceased member or former  
18 member of a uniformed service who did not die on active  
19 duty, active duty for training, or inactive duty training,  
20 the term "basic pay" (for purposes of title II) means  
21 the basic pay (as defined in paragraph (10)) pre-  
22 scribed on January 1, 1956, or on the date of his death  
23 (whichever is the later date) for a member of a uni-  
24 formed service on active duty of the same rank (with  
25 the same cumulative years of service for purposes of



1 pay) as that of the deceased member or former member  
2 of a uniformed service on the date of his last discharge  
3 or release from active duty under conditions other than  
4 dishonorable; however, if his death results from disease  
5 or injury incurred or aggravated while on active duty  
6 for training, or from injury incurred or aggravated while  
7 on inactive duty training, after such last discharge or  
8 release from active duty, his rank and years of service  
9 for purposes of pay shall be those held by him on the  
10 date of his discharge or release from the period of active  
11 duty for training or inactive duty training in which  
12 such injury or disease was incurred or aggravated.

13 (C) With respect to a deceased person who is not  
14 a member or former member of a uniformed service, but  
15 who had a compensable status on the date of his death  
16 under laws administered by the Veterans' Administra-  
17 tion, the head of the department under which such person  
18 performed the services by which he obtained a compen-  
19 sable status shall determine a pay grade for such person  
20 under section 201 (a) of the Career Compensation Act  
21 of 1949, as amended, and a rate of pay within that pay  
22 grade (taking into consideration his duties, responsibili-  
23 ties, and years of service). His "basic pay" shall be  
24 that prescribed on January 1, 1956, or the date of his  
25 death, whichever is the later date, under such section 201

1 (a) for the pay grade and rate of pay so determined.  
2 For the purposes of title II of this Act, only, such  
3 persons shall be deemed to have been on active duty  
4 during the period of service by which they obtained a  
5 compensable status.

6 (D) Whenever basic pay prescribed by section  
7 201 (a), 201 (e), 201 (f), or 508 of the Career  
8 Compensation Act of 1949 is increased or decreased,  
9 "basic pay" determined pursuant to this paragraph (11)  
10 shall increase or decrease accordingly.

11 (E) Any person described in paragraph (2) (E)  
12 who suffers an injury or disease resulting in disability  
13 or death while en route to or from, or at, a place for  
14 final acceptance or entry upon active duty in the mili-  
15 tary or naval service shall be deemed to be on active  
16 duty when such incident occurs, and to be entitled to  
17 the basic pay of the pay grade which he would  
18 receive upon final acceptance or entry upon active duty  
19 in such service.

20 (F) The Secretary concerned shall, at the request  
21 of the Administrator, certify to him the rank or grade  
22 and cumulative years of service for pay purposes of  
23 deceased persons with respect to whose deaths applica-  
24 tions for benefits are filed under title II of this Act.

1 The certification of the Secretary concerned shall be  
2 binding upon the Administrator.

3 (12) Where an individual is discharged or released  
4 on or after January 1, 1956, from a period of active duty,  
5 such individual shall be deemed to continue on active  
6 duty and to be entitled to basic pay (and any special or  
7 incentive pays) at the rate to which he was entitled on  
8 the day prior to his discharge or release from such duty,  
9 during the period of time determined by the Secretary  
10 concerned to be required for him to proceed to his home  
11 by the most direct route, and in any event, until mid-  
12 night of the date of such discharge or release.

13 TITLE II—DEPENDENCY AND INDEMNITY  
14 COMPENSATION

15 DEATHS ENTITLING SURVIVORS TO DEPENDENCY AND  
16 INDEMNITY COMPENSATION

17 SEC. 201. When any person dies on or after January  
18 1, 1956—

19 (1) from disease or injury incurred or aggravated  
20 in line of duty while on active duty or active duty for  
21 training;

22 (2) from injury incurred or aggravated in line of  
23 duty while on inactive duty training; or

1           (3) from a disability compensable under laws ad-  
2           ministered by the Veterans' Administration,  
3           the Administrator shall pay dependency and indemnity com-  
4           pensation under this title to his widow, children, and de-  
5           pendent parents upon application therefor.

6           DEPENDENCY AND INDEMNITY COMPENSATION TO A WIDOW

7           SEC. 202. (a) Dependency and indemnity compensa-  
8           tion shall be paid under this title to a widow at a monthly  
9           rate equal to \$112 plus 12 per centum of the basic pay of  
10          her deceased husband, with the total amount adjusted to  
11          the next highest dollar.

12          (b) If there is more than one child of a deceased per-  
13          son, and the deceased person did not die a fully or currently  
14          insured individual (for purposes of title II of the Social  
15          Security Act), or if his average monthly wage (for purposes  
16          of that title) is less than \$160, the dependency and in-  
17          demnity compensation paid monthly to the widow shall be  
18          increased by \$20 for each such child in excess of one; how-  
19          ever, the total of such increases shall not exceed the differ-  
20          ence between—

21                 (1) the total of the monthly benefits to which such  
22                 widow and children would be entitled under such title II  
23                 if the deceased person's average monthly wage had been  
24                 \$160; and



1 scribed by this section shall be paid to eligible children in  
2 equal shares.

3 SUPPLEMENTAL DEPENDENCY AND INDEMNITY

4 COMPENSATION TO CHILDREN

5 SEC. 204. (a) In the case of a child entitled to de-  
6 pendency and indemnity compensation who has attained the  
7 age of eighteen and who, while under such age, became per-  
8 manently incapable of self-support, the dependency and  
9 indemnity compensation paid monthly to him shall be  
10 increased by \$25.

11 (b) If dependency and indemnity compensation  
12 is payable monthly to a woman as a "widow" and there is  
13 a child (of her deceased husband) who has attained the age  
14 of eighteen and who, while under such age, became perma-  
15 nently incapable of self-support, dependency and indemnity  
16 compensation shall be paid monthly to each such child, con-  
17 currently with the payment of dependency and indemnity  
18 compensation to the widow, in the amount of \$70.

19 (c) If dependency and indemnity compensation is pay-  
20 able monthly to a woman as a "widow" and there is a child  
21 (of her deceased husband) who has attained the age of  
22 eighteen and who, while under the age of twenty-one, is  
23 pursuing a course of instruction at an approved educational  
24 institution, dependency and indemnity compensation shall

1 be paid monthly to each such child, concurrently with the  
 2 payment of dependency and indemnity compensation to the  
 3 widow, in the amount of \$35.

4 **DEPENDENCY AND INDEMNITY COMPENSATION TO PARENTS**

5 **SEC. 205. (a)** Dependency and indemnity compen-  
 6 sation shall be paid monthly under this title to dependent  
 7 parents of a deceased person in the amounts prescribed by  
 8 this section.

9 (b) Except as provided in subsection (d), if there  
 10 is only one dependent parent, dependency and indemnity  
 11 compensation shall be paid to him at a monthly rate equal  
 12 to the amount under column II of the following table oppo-  
 13 site his total annual income as shown in column I:

Column I		Column II
Total annual income		
More than—	Equal to or but less than—	
\$750	\$750	\$75
\$1,000	\$1,000	\$60
\$1,250	\$1,250	\$45
\$1,500	\$1,500	\$30
\$1,750	\$1,750	\$15
	-----	No amount payable

14 (c) Except as provided in subsection (d), if there  
 15 are two dependent parents, but they are not living together,  
 16 dependency and indemnity compensation shall be paid to each  
 17 at a monthly rate equal to the amount under column II

1 of the following table opposite the total annual income of  
 2 each as shown in column I:

Column I		Column II
Total annual income		
More than—	but Equal to or less than—	
\$750	\$750	\$50
\$1,000	\$1,000	\$40
\$1,250	\$1,250	\$30
\$1,500	\$1,500	\$20
\$1,750	\$1,750	\$10
	-----	No amount payable

3 (d) If there are two dependent parents who are living  
 4 together, or if a dependent parent has remarried and is living  
 5 with his spouse, dependency and indemnity compensation  
 6 shall be paid to each such dependent parent at a monthly  
 7 rate equal to the amount under column II of the following  
 8 table opposite the total combined annual income of the de-  
 9 pendent parents, or of the dependent parent and his spouse,  
 10 as the case may be, as shown in column I:

Column I		Column II
Total combined annual income		
More than—	but Equal to or less than—	
\$1,000	\$1,000	\$50
\$1,350	\$1,350	\$40
\$1,700	\$1,700	\$30
\$2,050	\$2,050	\$20
\$2,400	\$2,400	\$10
	-----	No amount payable



1           (e) The Administrator shall require as a condition of  
2 granting or continuing dependency and indemnity compensa-  
3 tion to a dependent parent that such dependent parent file  
4 each year with him (on the form prescribed by him) a re-  
5 port showing the total income which such dependent parent  
6 expects to receive in that year and the total income which  
7 such dependent parent received in the preceding year. The  
8 dependent parent or parents shall file with the Administrator  
9 a revised report whenever there is a material change in the  
10 estimated annual income.

11           (f) If the Administrator ascertains that there have been  
12 overpayments to a dependent parent under this section, he  
13 shall deduct such overpayments (unless waived) from any  
14 future payments made to such dependent parent under this  
15 section.

16           (g) (1) In determining income under this section, all  
17 payments of any kind or from any source shall be included,  
18 except—

19               (A) payments of the six-months' death gratuity;

20               (B) donations from public or private relief or wel-  
21 fare organizations;

22               (C) payments under this title; and

23               (D) payments of death compensation under any  
24 other law administered by the Veterans' Administration.



1 of the deceased person shall thereafter be made under this  
2 title, and shall not thereafter be made to them by reason  
3 of the death of the deceased person under (A) any other law  
4 administered by the Veterans' Administration providing for  
5 the payment of compensation or pension or (B) the Federal  
6 Employees' Compensation Act.

7 (2) Whenever the child or dependent parent of any de-  
8 ceased person is granted dependency and indemnity compen-  
9 sation by reason of this section, payments shall not thereafter  
10 be made to such child or dependent parent by reason of the  
11 death of the deceased person under (A) any other law ad-  
12 ministered by the Veterans' Administration providing for the  
13 payment of compensation or pension or (B) the Federal  
14 Employees' Compensation Act.

15 (c) If children of a deceased person are receiving  
16 death compensation under any other law administered by  
17 the Veterans' Administration, and all such children have  
18 not applied for benefits under this title, (1) benefits paid  
19 to each such child under this title shall not exceed the  
20 amounts which would be paid if the application had been  
21 made by, or on behalf of, all such children, and (2) bene-  
22 fits paid to each child under any other law administered  
23 by the Veterans' Administration providing for the payment  
24 of death compensation or death pension, or under the Fed-  
25 eral Employees' Compensation Act, shall not exceed the

1 amounts which would be paid to him if no such application  
2 had been made.

3 (d) If there are two dependent parents of a deceased  
4 person eligible for benefits by reason of subsection (a), and  
5 an application for benefits under this title is not made by both  
6 dependent parents, (1) benefits paid to the dependent parent  
7 who applies therefor shall not exceed the amounts which  
8 would be paid to him if both dependent parents had so  
9 applied, and (2) benefits paid to the other dependent parent  
10 under any other law administered by the Veterans' Adminis-  
11 tration providing for the payment of death compensation, or  
12 under the Federal Employees' Compensation Act, shall not  
13 exceed the amounts which would be paid to him if no such  
14 application had been made.

15 (e) (1) Except as provided in paragraph (3), no  
16 person who, on January 1, 1956, is a principal or contin-  
17 gent beneficiary of any payments under the Servicemen's  
18 Indemnity Act of 1951 may receive any such payments  
19 based upon the death giving rise to such payments after he  
20 has been granted dependency and indemnity compensation  
21 by reason of this section. No principal or contingent bene-  
22 ficiary who assigns his interest in payments under the Serv-  
23 icemen's Indemnity Act of 1951 after June 28, 1955, may  
24 receive any payments under this title based upon the death

1 giving rise to such payments until the portion of the indem-  
2 nity so assigned is no longer payable to any person.

3 (2) Where a beneficiary is barred from the receipt of  
4 payments under the Servicemen's Indemnity Act of 1951  
5 by virtue of the first sentence of paragraph (1), no pay-  
6 ments of the portion of indemnity in which such beneficiary  
7 had an interest shall be made to any other beneficiary.

8 (3) Where a child is eligible for dependency and in-  
9 demnity compensation by reason of this section, and is also  
10 eligible for payments under the Servicemen's Indemnity  
11 Act of 1951 by reason of the death giving rise to his eligi-  
12 bility for dependency and indemnity compensation, he shall  
13 receive the greater amount. Where a child receives pay-  
14 ments under such Act and such child is also eligible for de-  
15 pendency and indemnity compensation, no payments of  
16 the portion of the indemnity in which such child had an  
17 interest shall be made to any other person except another  
18 child of the deceased person.

19 DETERMINATIONS BY THE VETERANS' ADMINISTRATION

20 SEC. 207. The standards and criteria for determining  
21 incurrence or aggravation of a disease or injury in line  
22 of duty under this title shall be those applicable under dis-  
23 ability compensation laws administered by the Veterans'  
24 Administration.

## DUPLICATION OF BENEFITS

1  
2       SEC. 208. No person eligible for benefits under this  
3 title by reason of any death occurring on or after January  
4 1, 1956, shall be eligible by reason of such death (1) for  
5 death compensation or death pension under any other law  
6 administered by the Veterans' Administration, or (2) for  
7 any payments under the Federal Employees' Compensation  
8 Act.

## ADMINISTRATIVE PROVISIONS

9  
10       SEC. 209. (a) This title shall be administered by the  
11 Administrator. Except as otherwise provided in this Act,  
12 the administrative, definitive, and regulatory provisions  
13 under Public, Numbered 2, Seventy-third Congress, as  
14 amended, shall be for application under this title.

15       (b) Payment of benefits under this title by reason of  
16 any application filed with respect to a death which occurred  
17 before January 1, 1956, shall become effective as of the  
18 date such application is filed; however, payment of such  
19 benefits by reason of any such application shall become  
20 effective as of January 1, 1956—

21               (1) if the application is filed on or before July  
22               1, 1956; or

23               (2) if the application is filed within one year after  
24               the date of such death.

25       (c) Dependency and indemnity compensation shall not

1 be paid under this title to the widow, children, or parents  
2 of any deceased person unless the deceased person (1) was  
3 discharged or released under conditions other than dishon-  
4 orable from the period of active duty, active duty for train-  
5 ing, or inactive duty training in which the disability was  
6 incurred, or (2) died while on active duty, active duty for  
7 training, or inactive duty training.

8 (d) A child eligible for dependency and indemnity  
9 compensation, or death compensation under any other law  
10 administered by the Veterans' Administration, by reason  
11 of the death of a parent may not receive dependency and  
12 indemnity compensation by reason of the death of another  
13 parent who is not a natural parent.

14 (e) No dependency and indemnity compensation shall  
15 be paid under this title to any woman as a "widow" unless  
16 she continuously cohabited with her husband from the date  
17 of marriage to the date of death except where there was a  
18 separation which was due to the misconduct of or procured  
19 by the husband without fault on her part. Payments of de-  
20 pendency and indemnity compensation shall not be made by  
21 reason of the death of her husband to any woman as his  
22 "widow" after she has remarried, unless the purported  
23 remarriage is void.

24 (f) There shall be no recovery of overpayments under

1 this title from any person who, in the judgment of the  
2 Administrator, is without fault on his part if, in the judgment  
3 of the Administrator, such a recovery would defeat the pur-  
4 pose of the benefits payable under this title or would be  
5 against equity and good conscience. No disbursing or certi-  
6 fying officer shall be held liable for any amount paid to  
7 any person where the recovery of such amount from the  
8 payee is waived under this subsection.

9 EXEMPTION FROM TAXATION AND CLAIMS OF CREDITORS

10 SEC. 210. Payments of dependency and indemnity com-  
11 pensation due or to become due under this title shall not  
12 be assignable, shall be exempt from taxation, shall be ex-  
13 empt from the claims of creditors, including any claim of  
14 the United States (except as provided in section 3 of the  
15 Act of August 12, 1935 (38 U. S. C., sec. 454a)), and  
16 shall not be subject to attachment, levy, or seizure by or  
17 under any legal or equitable process whatever either before  
18 or after receipt by the payee.

19 TITLE III—DEATH GRATUITY

20 DEATHS ENTITLING SURVIVORS TO DEATH GRATUITY

21 SEC. 301. (a) Except as provided in section 304 (a),  
22 the Secretary concerned shall have a death gratuity paid  
23 immediately upon official notification of the death of a  
24 member of a uniformed service under his jurisdiction who



1 dies while on active duty, active duty for training, or inactive  
2 duty training.

3 (b) The death gratuity shall equal six months' basic pay  
4 (plus special and incentive pays) at the rate to which the  
5 deceased member of a uniformed service was entitled on  
6 the date of his death, but shall not be less than \$800 nor  
7 more than \$3,000.

8 (c) The death gratuity shall be paid to or for the living  
9 survivor or survivors of the deceased member of a uniformed  
10 service first listed below:

11 (1) His spouse.

12 (2) His children (without regard to their age or marital  
13 status) in equal shares.

14 (3) His parents or his brothers or sisters (including  
15 those of the half blood and those through adoption), when  
16 designated by him.

17 (4) His parents in equal shares.

18 (5) His brothers and sisters (including those of the  
19 half blood and those through adoption) in equal shares.

20 (d) If a survivor dies before he receives the amount to  
21 which he is entitled under this title, such amount shall be  
22 paid to the then living survivor or survivors first listed under  
23 subsection (c).

## 1           IMMEDIATE PAYMENT OF DEATH GRATUITY

2           SEC. 302. In order that payments under section 301  
3 may be made immediately, the Secretary concerned (1)  
4 shall authorize the commanding officers of military or naval  
5 commands, installations, or districts, in which survivors of  
6 deceased members of the Army, Navy, Air Force, Marine  
7 Corps, or Coast Guard are residing, to determine the survi-  
8 vors eligible to receive the death gratuity, and (2) shall  
9 authorize the disbursing or certifying officer of each such  
10 command, installation, or district to make the payments to  
11 the survivors so determined, or certify the payments due to  
12 such survivors, as may be appropriate.

## 13           DEATH GRATUITY COVERAGE AFTER ACTIVE SERVICE

14           SEC. 303. (a) The Secretary concerned shall have a  
15 death gratuity paid in any case where a member or former  
16 member of a uniformed service dies on or after January 1,  
17 1956, during the one hundred and twenty-day period which  
18 begins on the date of his discharge or release from active  
19 duty, active duty for training, or inactive duty training, if the  
20 Administrator determines that the death resulted—

21                   (1) from disease or injury incurred or aggravated  
22                   while on such active duty or active duty for training;  
23                   or

24                   (2) from injury incurred or aggravated while on  
25                   such inactive duty training.

1           (b) Whenever the Administrator determines, on the  
2 basis of a claim for benefits filed with him under title II  
3 of this Act, that a death occurred under the circumstances  
4 referred to in subsection (a), he shall certify that fact to  
5 the Secretary concerned; in all other cases, he shall make the  
6 determination referred to in that subsection at the request  
7 of the Secretary concerned.

8           (c) The standards, criteria, and procedures for deter-  
9 mining incurrence or aggravation of a disease or injury under  
10 this section shall (except for line of duty) be those appli-  
11 cable under disability compensation laws administered by  
12 the Veterans' Administration.

13           (d) For purposes of computing the amount of the death  
14 gratuity to be paid by reason of this section, the deceased  
15 person shall be deemed to be entitled on the date of his death  
16 to basic pay (plus special and incentive pays) at the rate  
17 to which he was entitled on the last day he performed such  
18 active duty, active duty for training, or inactive duty  
19 training.

20           (e) No amounts shall be paid by reason of this section  
21 unless the deceased person was discharged or released under  
22 conditions other than dishonorable from such period of active  
23 duty, active duty for training, or inactive duty training.

## ADMINISTRATIVE PROVISIONS

1

2       SEC. 304. (a) No payment shall be made under this  
3 title if the deceased member of a uniformed service  
4 suffered death as a result of lawful punishment for crime  
5 or for a military or naval offense, except when death was  
6 so inflicted by any hostile force with which the Armed  
7 Forces of the United States have engaged in armed conflict.

8       (b) No certifying or disbursing officer shall be liable  
9 for any amounts erroneously paid or overpaid under this  
10 title to a woman as a "spouse" or to a person as a "child"  
11 in the absence of fraud, gross negligence, or criminality on  
12 his part.

13       (c) The Secretary concerned may waive the recovery  
14 of any such erroneous payments or overpayments when  
15 such recovery would be against equity and good conscience.

16       (d) Payments under this title shall be made from  
17 appropriations available for the pay of members of the  
18 uniformed service concerned.

19       (e) A member of a reserve component of a uniformed  
20 service who performs active duty, active duty for training, or  
21 inactive duty training, without pay, shall, for the purposes of  
22 this title only, be considered as having been entitled to basic  
23 pay while performing such duties. In the case of a member  
24 of a reserve component of a uniformed service who suffers

1 disability while on active duty, active duty for training, or  
2 inactive duty training, and is placed in a pay status while he  
3 is receiving hospitalization or medical care (including out-  
4 patient care) for such disability, he shall be deemed, for  
5 the purposes of this title, to continue on active duty, active  
6 duty for training, or inactive duty training, as the case may  
7 be, for so long as he remains in a pay status.

8 (f) For purposes of this title, a man or woman shall  
9 be considered to be the spouse of a member of a uniformed  
10 service if legally married to the member of a uniformed  
11 service at the time of the member's death.

## 12 TITLE IV—OLD-AGE AND SURVIVORS

### 13 INSURANCE

#### 14 PART A—PROVISIONS RELATING TO TITLE II OF THE

#### 15 SOCIAL SECURITY ACT

#### 16 DEFINITION OF WAGES

17 SEC. 401. Section 209 of the Social Security Act is  
18 amended by adding at the end thereof the following new  
19 paragraph:

20 "For purposes of this title, in the case of an individual  
21 performing service, as a member of a uniformed service, to  
22 which the provisions of section 210 (m) (1) are applicable,  
23 the term 'wages' (as defined in the preceding provisions of  
24 this subsection) shall include as such individual's remunera-

1 tion for such service only his basic pay as described in section  
2 102 (10) of the Servicemen's and Veterans' Survivor  
3 Benefits Act."

4 DEFINITION OF EMPLOYMENT

5 SEC. 402. (a) Section 210 of the Social Security  
6 Act is amended by adding at the end thereof the following  
7 new subsections:

8 "Service in the Uniformed Services

9 "(m) (1) Except as provided in paragraph (4), the  
10 term 'employment' shall, notwithstanding the provisions of  
11 subsection (a) of this section, include service performed  
12 after December 1955 by an individual as a member of a  
13 uniformed service on active duty; but such term shall not  
14 include any such service which is performed while on leave  
15 without pay.

16 "(2) The term 'active duty' means 'active duty' as  
17 described in section 102 of the Servicemen's and Veterans'  
18 Survivor Benefits Act, except that it shall also include 'active  
19 duty for training' as described in such section.

20 "(3) The term 'inactive duty training' means 'inactive  
21 duty training' as described in such section 102.

22 "(4) (A) Paragraph (1) of this subsection shall not  
23 apply in the case of any service, performed by an individual

1 as a member of a uniformed service, which is creditable under  
2 section 4 of the Railroad Retirement Act of 1937. The Rail-  
3 road Retirement Board shall notify the Secretary of Health,  
4 Education, and Welfare, as provided in section 4 (p) (2)  
5 of that Act, with respect to all such service which is so  
6 creditable.

7 “(B) In any case where benefits under this title are  
8 already payable on the basis of such individual’s wages and  
9 self-employment income at the time such notification (with  
10 respect to such individual) is received by the Secretary,  
11 the Secretary shall certify no further benefits for payment un-  
12 der this title on the basis of such individual’s wages and self-  
13 employment income, or shall recompute the amount of any  
14 further benefits payable on the basis of such wages and self-  
15 employment income, as may be required as a consequence of  
16 subparagraph (A) of this paragraph. No payment of a bene-  
17 fit to any person on the basis of such individual’s wages and  
18 self-employment income, certified by the Secretary prior to  
19 the end of the month in which he receives such notification  
20 from the Railroad Retirement Board, shall be deemed by  
21 reason of this subparagraph to have been an erroneous pay-  
22 ment or a payment to which such person was not entitled.  
23 The Secretary shall, as soon as possible after the receipt of

1 such notification from the Railroad Retirement Board, advise  
2 such Board whether or not any such benefit will be reduced or  
3 terminated by reason of subparagraph (A), and if any such  
4 benefit will be so reduced or terminated, specify the first  
5 month with respect to which such reduction or termination  
6 will be effective.

7 "Member of a Uniformed Service

8 "(n) The term 'member of a uniformed service' means  
9 any person appointed, enlisted, or inducted in a component  
10 of the Army, Navy, Air Force, Marine Corps, or Coast  
11 Guard (including a reserve component of a uniformed serv-  
12 ice as defined in section 102 (3) of the Servicemen's and  
13 Veterans' Survivor Benefits Act), or in one of those services  
14 without specification of component, or as a commissioned  
15 officer of the Coast and Geodetic Survey or the Regular or  
16 Reserve Corps of the Public Health Service, and any person  
17 serving in the Army or Air Force under call or conscription.

18 The term includes—

19 "(1) a retired member of any of those services;

20 "(2) a member of the Fleet Reserve or Fleet  
21 Marine Corps Reserve;

22 "(3) a cadet at the United States Military Acad-  
23 emy, a midshipman at the United States Naval Acad-  
24 emy, and a cadet at the United States Coast Guard  
25 Academy or United States Air Force Academy;



1           “(4) a member of the Reserve Officers’ Training  
2 Corps, the Naval Reserve Officers’ Training Corps, or  
3 the Air Force Reserve Officers’ Training Corps, when  
4 ordered to annual training duty for fourteen days or  
5 more, and while performing authorized travel to and  
6 from that duty; and

7           “(5) any person while en route to or from, or at,  
8 a place for final acceptance or for entry upon active  
9 duty in the military or naval service—

10           “(A) who has been provisionally accepted for  
11 such duty; or

12           “(B) who, under the Universal Military Train-  
13 ing and Service Act, has been selected for active  
14 military or naval service;

15           and has been ordered or directed to proceed to such  
16 place.

17 The term does not include a temporary member of the Coast  
18 Guard Reserve.”

19           (b) The first sentence of section 205 (p) (1) of such  
20 Act is amended by inserting “including service, performed as  
21 a member of a uniformed service, to which the provisions  
22 of subsection (m) (1) of such section are applicable,”  
23 immediately after “in the employ of any instrumentality  
24 which is wholly owned by the United States,”.

1 LUMP-SUM DEATH PAYMENTS FOR REINTERMENT OF  
2 DECEASED VETERANS

3 SEC. 403. (a) The fourth sentence of section 202 (i)  
4 of the Social Security Act is amended to read as follows:  
5 "In the case of any individual who died outside the forty-  
6 eight States and the District of Columbia after December  
7 1955 while he was performing service, as a member of a  
8 uniformed service, to which the provisions of section 210  
9 (m) (1) are applicable, and who is returned to any of such  
10 States, or the District of Columbia, or to any Territory or  
11 possession of the United States, for interment or reinterment,  
12 the provisions of the third sentence of this subsection shall not  
13 prevent payment to any person under the second sentence  
14 of this subsection if application for a lump-sum death pay-  
15 ment with respect to such deceased individual is filed by or  
16 on behalf of such person (whether or not legally competent)  
17 prior to the expiration of two years after the date of such  
18 interment or reinterment."

19 (b) The amendment made by subsection (a) shall  
20 take effect on January 1, 1956.

21 CREDIT FOR MILITARY OR NAVAL SERVICE PERFORMED  
22 BEFORE JANUARY 1, 1956

23 SEC. 404. (a) Section 217 (e) of the Social Security  
24 Act is amended to read as follows:

25 "(e) (1) For purposes of determining entitlement to

1 and the amount of any monthly benefit or lump-sum death  
2 payment payable under this title on the basis of wages and  
3 self-employment income of any veteran (as defined in para-  
4 graph (4)), and for purposes of section 216 (i) (3), such  
5 veteran shall be deemed to have been paid wages (in addi-  
6 tion to the wages, if any, actually paid to him) of \$160  
7 in each month during any part of which he served in the  
8 active military or naval service of the United States on or  
9 after July 25, 1947, and prior to January 1, 1956. This  
10 subsection shall not be applicable in the case of any monthly  
11 benefit or lump-sum death payment if—

12           “(A) a larger such benefit or payment, as the  
13 case may be, would be payable without its application;  
14 or

15           “(B) a benefit (other than a benefit payable in a  
16 lump sum unless it is a commutation of, or a substitute  
17 for, periodic payments) which is based, in whole or in  
18 part, upon the active military or naval service of such  
19 veteran on or after July 25, 1947, and prior to January  
20 1, 1956, is determined by any agency or wholly owned  
21 instrumentality of the United States (other than the  
22 Veterans’ Administration) to be payable by it under any  
23 other law of the United States or under a system estab-  
24 lished by such agency or instrumentality.

1 The provisions of clause (B) shall not apply in the case of  
2 any monthly benefit or lump-sum death payment under this  
3 title if its application would reduce by \$0.50 or less the  
4 primary insurance amount (as computed under section 215  
5 prior to any recomputation thereof pursuant to subsection  
6 (f) of such section) of the individual on whose wages and  
7 self-employment income such benefit or payment is based.  
8 The provisions of clause (B) shall also not apply for pur-  
9 poses of section 216 (i) (3). In the case of monthly bene-  
10 fits under this title for months after December 1955 (and any  
11 lump-sum death payment under this title with respect to a  
12 death occurring after December 1955) based on the wages  
13 and self-employment income of a veteran who performed  
14 service (as a member of a uniformed service) to which the  
15 provisions of section 210 (m) (1) are applicable, wages  
16 which would, but for the provisions of clause (B), be deemed  
17 under this subsection to have been paid to such veteran  
18 with respect to his active military or naval service performed  
19 after December 1950 shall be deemed to have been paid  
20 to him with respect to such service notwithstanding the pro-  
21 visions of such clause, but only if the benefits referred to in  
22 such clause which are based (in whole or in part) on such  
23 service are payable solely by the Army, Navy, Air Force,  
24 Marine Corps, Coast Guard, Coast and Geodetic Survey  
25 or Public Health Service.

1       “(2) Upon application for benefits or a lump-sum death  
2 payment on the basis of the wages and self-employment in-  
3 come of any veteran, the Secretary of Health, Education,  
4 and Welfare shall make a decision without regard to clause  
5 (B) of paragraph (1) of this subsection unless he has been  
6 notified by some other agency or instrumentality of the  
7 United States that, on the basis of the military or naval  
8 service of such veteran on or after July 25, 1947, and prior  
9 to January 1, 1956, a benefit described in clause (B) of  
10 paragraph (1) has been determined by such agency or in-  
11 strumentality to be payable by it. If he has not been so noti-  
12 fied, the Secretary of Health, Education, and Welfare shall  
13 then ascertain whether some other agency or wholly owned  
14 instrumentality of the United States has decided that a bene-  
15 fit described in clause (B) of paragraph (1) is payable by  
16 it. If any such agency or instrumentality has decided, or  
17 thereafter decides, that such a benefit is payable by it, it  
18 shall so notify the Secretary of Health, Education, and Wel-  
19 fare, and the Secretary shall certify no further benefits for  
20 payment or shall recompute the amount of any further bene-  
21 fits payable, as may be required by paragraph (1) of this  
22 subsection.

23       “(3) Any agency or wholly owned instrumentality of  
24 the United States which is authorized by any law of the  
25 United States to pay benefits, or has a system of benefits

1 which are based, in whole or in part, on military or naval  
2 service on or after July 25, 1947, and prior to January 1,  
3 1956, shall, at the request of the Secretary of Health, Edu-  
4 cation, and Welfare, certify to him, with respect to any  
5 veteran, such information as the Secretary deems necessary  
6 to carry out his functions under paragraph (2) of this sub-  
7 section.

8 “(4) For the purposes of this subsection, the term  
9 ‘veteran’ means any individual who served in the active  
10 military or naval service of the United States at any time  
11 on or after July 25, 1947, and prior to January 1, 1956, and  
12 who, if discharged or released therefrom, was so discharged  
13 or released under conditions other than dishonorable after  
14 active service of ninety days or more or by reason of a  
15 disability or injury incurred or aggravated in service in line  
16 of duty; but such term shall not include any individual who  
17 died while in the active military or naval service of the  
18 United States if his death was inflicted (other than by an  
19 enemy of the United States) as lawful punishment for a  
20 military or naval offense.”

21 (b) Section 217 of such Act is further amended by add-  
22 ing at the end thereof the following new subsection:

23 “(f) In any case where a World War II veteran (as  
24 defined in subsection (d) (2)) or a veteran (as defined in  
25 subsection (e) (4)) has died or shall hereafter die, and

1 his widow or child is entitled under the Civil Service Retirement  
2 Act of May 29, 1930, as amended, to an annuity in  
3 the computation of which his active military or naval  
4 service was included, clause (B) of subsection (a) (1)  
5 or clause (B) of subsection (e) (1) shall not operate  
6 (solely by reason of such annuity) to make such subsection  
7 inapplicable in the case of any monthly benefit under section  
8 202 which is based on his wages and self-employment in-  
9 come; except that no such widow or child shall be entitled  
10 under section 202 to any monthly benefit in the computation  
11 of which such service is included by reason of this subsection  
12 (A) unless such widow or child after December 1955  
13 waives his or her right to receive such annuity, or  
14 (B) for any month prior to the first month with respect to  
15 which the Civil Service Commission certifies to the Secre-  
16 tary of Health, Education, and Welfare that (by reason of  
17 such waiver) no further annuity will be paid to such widow  
18 or child under such Act of May 29, 1930, as amended, on  
19 the basis of such veteran's military or civilian service. Any  
20 such waiver shall be irrevocable."

21 (c) In the case of any deceased individual—

22 (1) who is a World War II veteran (as defined in  
23 section 217 (d) (2) of the Social Security Act) or a  
24 veteran (as defined in section 217 (e) (4) of such  
25 Act); and

1           (2) whose widow or child is entitled under the  
2 Civil Service Retirement Act of May 29, 1930, as  
3 amended, to an annuity in the computation of which  
4 his active military or naval service after September 15,  
5 1940, and before January 1, 1956, was included; and

6           (3) whose widow or child is entitled under section  
7 202 of the Social Security Act, on the basis of his wages  
8 and self-employment income, to a monthly benefit in the  
9 computation of which such active military or naval serv-  
10 ice was excluded (under clause (B) of subsection (a)  
11 (1) or (e) (1) of section 217 of such Act) solely by  
12 reason of the annuity described in the preceding para-  
13 graph; and

14           (4) whose widow or child is entitled by reason  
15 of section 217 (f) of the Social Security Act to  
16 have such active military or naval service included in  
17 the computation of such monthly benefit,  
18 the Secretary of Health, Education, and Welfare shall, not-  
19 withstanding the provisions of section 215 (f) (1) of the  
20 Social Security Act, recompute the primary insurance amount  
21 of such individual upon the filing of an application, after  
22 December 1955, by or on behalf of such widow or child.  
23 Such recomputation shall be made only in the manner pro-  
24 vided in title II of the Social Security Act as in effect at the  
25 time of such individual's death, and as though application



1 therefor was filed in the month in which he died. No recom-  
2 putation made under this subsection shall be regarded as a  
3 recomputation under section 215 (f) of the Social Security  
4 Act. Any such recomputation shall be effective for and  
5 after the twelfth month before the month in which the appli-  
6 cation is filed, but in no case for any month before the first  
7 month with respect to which such widow or child is entitled  
8 by reason of section 217 (f) of the Social Security Act to  
9 have such active military or naval service included in the  
10 computation of such monthly benefits.

11 SPECIAL INSURED STATUS IN CASES OF IN-SERVICE OR  
12 SERVICE-CONNECTED DEATHS

13 SEC. 405. Section 214 of the Social Security Act is  
14 amended by adding at the end thereof the following new  
15 subsection:

16 "Special Insured Status for Servicemen

17 "(c) In the case of any individual who dies after  
18 December 1955, and whose death occurs—

19 "(1) while on active duty or inactive duty train-  
20 ing as a member of a uniformed service, or

21 "(2) as the result of a disease or injury which the  
22 Veterans' Administration determines was incurred or  
23 aggravated in line of duty while on active duty,  
24 or an injury which the Veterans' Administration  
25 determines was incurred or aggravated in line of

1 duty while on inactive duty training, as a member  
2 of a uniformed service after September 15, 1940, if  
3 the Veterans' Administration determines that such in-  
4 dividual was discharged or released from the period  
5 of such active duty or inactive duty training under con-  
6 ditions other than dishonorable,  
7 he shall be deemed to have died a fully and currently  
8 insured individual."

9 SPECIAL STATUS IN CASE OF SERVICE-CONNECTED  
10 DISABILITY

11 SEC. 406. (a) So much of subparagraph (A) of sec-  
12 tion 216 (i) (2) of the Social Security Act as precedes  
13 clause (i) thereof is amended to read as follows:

14 " (A) if the individual satisfies the requirements  
15 of paragraph (3) on such day or the disability is  
16 service-connected,".

17 (b) Such section 216 (i) (2) is further amended by  
18 striking out subparagraph (B) and inserting in lieu thereof  
19 the following:

20 " (B) if such individual does not satisfy the require-  
21 ments of paragraph (3) on the day referred to in sub-  
22 paragraph (A) and the disability is not service-con-  
23 nected, then on the first day of the first quarter there-  
24 after in which he satisfies such requirements;

25 except that if, on the day referred to in subparagraph (A),

1 such individual is on active duty or inactive duty training,  
2 the period of disability shall begin on the day following the  
3 day on which he is released from active duty, ceases to per-  
4 form inactive duty training, or is separated from service as  
5 a member of a uniformed service.”

6 (c) Section 216 (i) (4) of such Act is amended by  
7 striking out subparagraphs (A) and (B) and inserting in  
8 lieu thereof the following:

9 “(A) the day such disability began, but only if  
10 he satisfies the requirements of paragraph (3) on such  
11 day or the disability is service-connected;

12 “(B) if he does not satisfy such requirements on  
13 such day and the disability is not service-connected,  
14 the first day of the first quarter thereafter in which he  
15 satisfies such requirements;

16 except that if, on the day referred to in subparagraph (A),  
17 such individual is on active duty or inactive duty training,  
18 the period of disability shall begin on the day following the  
19 day on which he is released from active duty, ceases to  
20 perform inactive duty training, or is separated from service  
21 as a member of a uniformed service.”

22 (d) Section 216 (i) of such Act is further amended  
23 by adding at the end thereof the following new paragraphs:

24 “(5) (A) For purposes of paragraphs (2) and (4), in  
25 the case of any individual who, after December 1955,

1 is released from active duty, ceases to perform inactive  
2 duty training, or is separated from service as a member of a  
3 uniformed service, under conditions other than dishonor-  
4 able, a disability is service-connected if it resulted wholly  
5 from a disease or injury which the Veterans' Administration  
6 determines was incurred or aggravated in line of duty while  
7 such individual was on active duty, or from an injury which  
8 the Veterans' Administration determines was incurred or  
9 aggravated in line of duty while such individual was on  
10 inactive duty training, as a member of a uniformed service,  
11 and—

12           “(i) he was under such disability when he was re-  
13 leased from active duty, ceased to perform inactive duty  
14 training, or was separated from service as a member of  
15 a uniformed service or such disability began within three  
16 years after the month in which such release, cessation,  
17 or separation occurred; or

18           “(ii) such disability began within three years after  
19 cessation of a disability which meets the requirements of  
20 clause (i).

21           “(B) Notwithstanding subparagraph (A) of para-  
22 graph (2) or subparagraph (A) of paragraph (4), the  
23 provisions of such subparagraph shall apply, in the case of  
24 any individual who does not satisfy the requirements of  
25 paragraph (3) on the day referred to in such subparagraph,

1 only if he files his application for a disability determination  
2 while under a disability which is service-connected under  
3 paragraph (6) or subparagraph (A) of this paragraph and  
4 such filing occurs (except as otherwise provided in sub-  
5 paragraph (A) of paragraph (6)) within—

6 “(i) three years after the month in which he is  
7 released from active duty, ceases to perform inactive  
8 duty training, or is separated from service as a member  
9 of a uniformed service, or

10 “(ii) three years after the month in which the dis-  
11 ability began,

12 whichever is later.

13 “(6) For purposes of paragraphs (2) and (4), in  
14 the case of any individual who, after September 15, 1940,  
15 but before January 1, 1956, was released from active duty,  
16 ceased to perform inactive duty training, or was separated  
17 from service as a member of a uniformed service, under  
18 conditions other than dishonorable, a disability is service-  
19 connected if it resulted wholly from a disease or injury which  
20 the Veterans' Administration determines was incurred or  
21 aggravated in line of duty while such individual was on  
22 active duty, or from an injury which the Veterans' Adminis-  
23 tration determines was incurred or aggravated in line of duty  
24 while such individual was on inactive duty training, as a  
25 member of a uniformed service, and—

1           “(A) he files an application for a disability deter-  
2           mination while under such disability and prior to Janu-  
3           ary 1, 1959, and

4           “(B) the Veterans’ Administration determines (i)  
5           that while such individual was on active duty as a  
6           member of a uniformed service he incurred a disease or  
7           injury or such disease or injury was aggravated, in  
8           line of duty, or while such individual was on inactive  
9           duty training as a member of a uniformed service he  
10          incurred an injury or such injury was aggravated, in  
11          line of duty, and (ii) that as a result thereof such  
12          individual was under a disability (whether or not within  
13          the meaning of such term as defined in section 216  
14          (i) ) which was total in degree (for purposes of com-  
15          pensation payable by such Administration) at the time  
16          he was released from active duty, ceased to perform  
17          inactive duty training, or was separated from service  
18          as a member of a uniformed service, or within three  
19          years after the month in which such release, cessation,  
20          or separation occurred.

21 Paragraph (4) shall apply with respect to any application  
22 for a disability determination filed under subparagraph (A)  
23 of this paragraph, whether or not such application is filed  
24 before July 1957.”

1       (e) The amendments made by this section shall apply  
2 only with respect to monthly benefits under section 202 of  
3 the Social Security Act for months after December 1955,  
4 and lump-sum death payments under such section 202 in  
5 the case of deaths occurring after December 1955.

6       SPECIAL PROVISIONS IN CASES OF PRIOR DEATHS

7       SEC. 407. (a) In the case of any individual—

8           (1) who died prior to January 1, 1956,

9           (2) who served on active duty or inactive duty  
10 training as a member of a uniformed service after Sep-  
11 tember 15, 1940,

12           (3) whose death (A) occurred while on such active  
13 duty or inactive duty training, or (B) resulted from a  
14 disease or injury which the Veterans' Administration  
15 determines was incurred or aggravated in line of duty  
16 while on active duty, or an injury which the Veterans'  
17 Administration determines was incurred or aggravated  
18 in line of duty while on inactive duty training, as a mem-  
19 ber of a uniformed service after September 15, 1940, if  
20 the Veterans' Administration determines that such indi-  
21 vidual was discharged or released from the period of such  
22 active duty or inactive duty training under conditions  
23 other than dishonorable, and

24           (4) who had less than six quarters of coverage at

1       the time of his death, or who died after June 30, 1954,  
2       and was not a fully and currently insured individual  
3       at the time of his death,  
4       he shall be deemed, for purposes of monthly benefits under  
5       title II of the Social Security Act, to have died a fully  
6       insured individual (except for purposes of determining en-  
7       titlement of a former wife divorced to benefits under sec-  
8       tion 202 (g) of that Act) if he died prior to September  
9       1950, or to have died a fully and currently insured indi-  
10      vidual if he died after August 1950. The terms used in this  
11      section shall have the same meaning as when used in title  
12      II of the Social Security Act.

13       (b) No monthly benefits under title II of the Social  
14      Security Act shall be payable by reason of subsection (a)  
15      for any month prior to January 1956; and no lump-sum  
16      death payment under such title shall be payable by reason of  
17      such subsection.

18       (c) If any monthly benefits are payable under section  
19      202 of the Social Security Act by reason of subsection (a),  
20      the primary insurance amount on which such benefits are  
21      based shall be \$30 instead of the amount computed under  
22      title II of such Act; and, for purposes of section 203 (a)  
23      of such Act, the average monthly wage on which such  
24      benefits are based shall be deemed to be \$55.

25       (d) In the case of any individual to whom subsection



1 (a) is applicable, the requirement in subsection (f) or (h)  
2 of section 202 of the Social Security Act that proof of  
3 support be filed within two years of the date of death shall  
4 not apply if such proof is filed before January 1, 1958.

5 REIMBURSEMENT OF TRUST FUND FOR COST OF WAGE

6 CREDITS FOR CERTAIN MILITARY SERVICE

7 SEC. 408. Section 217 of the Social Security Act is  
8 amended by adding after subsection (f) (as added by sec-  
9 tion 404 (b) of this Act) the following new subsection:

10 “(g) (1) There are hereby authorized to be appro-  
11 priated to the Trust Fund annually, as benefits under this  
12 title are paid after June 1955, such sums as the Secretary  
13 of Health, Education, and Welfare determines to be neces-  
14 sary to meet the additional costs, resulting from subsections  
15 (a), (b), and (e), of such benefits (including lump-sum  
16 death payments).

17 “(2) The Secretary shall, before October 1, 1957, de-  
18 termine the amount which would place the Trust Fund in the  
19 same position in which it would have been at the close of  
20 June 30, 1955, if section 210 of this Act, as in effect prior  
21 to the Social Security Act Amendments of 1950, and section  
22 217 of this Act (including amendments thereof), had not  
23 been enacted. There are hereby authorized to be appro-  
24 priated to the Trust Fund annually, during the first ten fiscal  
25 years beginning after such determination is made, sums

1 aggregating the amount so determined, plus interest accruing  
2 on such amount (as reduced by appropriations made pur-  
3 suant to this paragraph) for each fiscal year beginning after  
4 June 30, 1955, at a rate for such fiscal year equal to the  
5 average rate of interest (as determined by the Managing  
6 Trustee) earned on the invested assets of the Trust Fund  
7 during the preceding fiscal year.”

8 REIMBURSEMENT OF TRUST FUND FOR SPECIAL INSURED  
9 STATUS OF SERVICEMEN

10 SEC. 409. (a) Section 201 of the Social Security Act  
11 is amended by adding at the end thereof the following new  
12 subsection:

13 “(h) There are hereby authorized to be appropriated  
14 to the Trust Fund annually such sums as the Secretary of  
15 Health, Education, and Welfare deems to be necessary to  
16 meet the additional costs, resulting from section 214 (c) of  
17 this Act and from the amendments made to section 216 (i)  
18 of this Act by section 406 of the Servicemen’s and Veterans’  
19 Survivor Benefits Act, of the benefits paid under this title  
20 for months after December 1955 (including lump-sum death  
21 payments in the case of deaths occurring after December  
22 1955).”

23 (b) There are hereby authorized to be appropriated to  
24 the Federal Old-Age and Survivors Insurance Trust Fund

1 annually such sums as the Secretary of Health, Education,  
2 and Welfare determines to be necessary to meet the addi-  
3 tional costs, resulting from section 407 of this Act, of the  
4 benefits paid under title II of the Social Security Act for  
5 months after December 1955.

6                   REQUIREMENT OF APPLICATION

7       SEC. 410. Section 202 of the Social Security Act is  
8 amended by adding at the end thereof the following new  
9 subsection:

10   “Application for Benefits by Survivors of Members and  
11       Former Members of the Uniformed Services

12       “(o) In the case of any individual who would be en-  
13 titled to benefits under subsection (d), (e), (g), or (h)  
14 upon filing proper application therefor, the filing with the  
15 Administrator of Veterans’ Affairs by or on behalf of such  
16 individual of an application for such benefits, on the form  
17 prescribed under section 503 of the Servicemen’s and Vet-  
18 erans’ Survivor Benefits Act, shall satisfy the requirement  
19 of such subsection (d), (e), (g), or (h) that an application  
20 for such benefits be filed.”

21                   AMENDMENTS RELATING TO RAILROAD RETIREMENT

22       SEC. 411. (a) Section 4 of the Railroad Retirement Act  
23 of 1937 is amended by adding at the end thereof the follow-  
24 ing new subsections:

25       “(p) (1) Military service rendered by an individual

1 after December 1955 shall be creditable under this section  
2 only if the number of such individual's years of service is  
3 ten or more (including, in such years of service, military  
4 service which, but for this subsection, would be creditable  
5 under this section).

6 " (2) In any case where an individual has completed  
7 ten or more years of service and such years of service include  
8 any military service rendered after December 1955, the  
9 Board shall as promptly as is practicable (A) notify the  
10 Secretary of Health, Education, and Welfare that such mili-  
11 tary service is creditable under this section and (B) specify  
12 the period or periods of the military service rendered after  
13 December 1955 which is so creditable.

14 " (q) Notwithstanding the provisions of this section and  
15 section 2 (c) (2), military service rendered by an individual  
16 after December 1955 shall not be used in determining eligi-  
17 bility for, or computing the amount of, any annuity accruing  
18 under section 2 for any month if (1) any benefits are pay-  
19 able for that month under title II of the Social Security Act  
20 on the basis of such individual's wages and self-employment  
21 income, (2) such military service was included in the com-  
22 putation of such benefits, and (3) the inclusion of such  
23 service in the computation of such benefits resulted (for that  
24 month) in benefits not otherwise payable or in an increase  
25 in the benefits otherwise payable.

1       “(r) The Secretary concerned (as defined in section  
2 102 (9) of the Servicemen’s and Veterans’ Survivor Bene-  
3 fits Act) shall maintain such records, and furnish the Board  
4 upon its request with such information, regarding the months  
5 of any individual’s military service and the remuneration  
6 paid therefor, as may be necessary to enable the Board to  
7 carry out its duties under this section and sections 2 and 5.”

8       (b) (1) The first sentence of section 4 (n) of the Rail-  
9 road Retirement Act of 1937 is amended—

10           (A) by striking out “(i)” and “(ii)” and inserting  
11 in lieu thereof “(1)” and “(2)”, respectively;

12           (B) by striking out “for military service after  
13 December 31, 1936” and inserting in lieu thereof “for  
14 military service after December 31, 1936, and prior to  
15 January 1, 1956”; and

16           (C) by inserting before the period at the end  
17 thereof a comma and the following: “and (3) an amount  
18 found by the Board to be equal to (A) the amount of  
19 the total additional excise and income taxes which  
20 would have been payable during the preceding fiscal  
21 year under chapter 22 of the Internal Revenue Code of  
22 1954 with respect to the compensation, as defined in  
23 such chapter, of all individuals entitled (without regard  
24 to subsection (p) (1) of this section) to credit under  
25 this Act for military service after December 1955 if

1 each of such individuals, in addition to compensation  
2 actually paid, had been paid such compensation in the  
3 amount of \$160 in each calendar month in which he was  
4 in such military service during such preceding fiscal year  
5 and such taxes were measured by all such compensation  
6 without limitation as to amount paid to any individual  
7 in any one calendar month, less (B) the amount of the  
8 taxes which were paid with respect to such military  
9 service under sections 3101 and 3111 of the Internal  
10 Revenue Code of 1954”.

11 (2) Section 4 (n) of such Act is further amended by  
12 adding at the end thereof the following new sentence: “In  
13 determining pursuant to section 5 (k) (2) for any fiscal  
14 year the total amount to be credited from the Railroad Re-  
15 tirement Account to the Old-Age and Survivors Insurance  
16 Trust Fund, credit shall be given such Account for the  
17 amount of the taxes described in clause (3) (B) of the first  
18 sentence of this subsection.”

19 (c) Section 1 (q) of the Railroad Retirement Act of  
20 1937 is amended by striking out “as amended in 1954”  
21 and inserting in lieu thereof “as amended in 1955”.

22 **SURVIVOR ANNUITIES UNDER THE CIVIL SERVICE**

23 **RETIREMENT ACT**

24 **SEC. 412.** Section 5 of the Civil Service Retirement  
25 Act of May 29, 1930, as amended, is amended by insert-

1 ing after the second paragraph thereof the following new  
2 paragraph:

3       “Notwithstanding any other provision of this section,  
4 any service (other than service covered by military leave  
5 with pay from a civilian position) performed by an in-  
6 dividual after December 1955 as a member of a uniformed  
7 service on active duty or active duty for training (as those  
8 terms are defined in section 102 of the Servicemen’s and  
9 Veterans’ Survivor Benefits Act) shall be excluded in deter-  
10 mining the aggregate period of service upon which an an-  
11 nuity payable under section 4 (b) or 12 of this Act to his  
12 widow or child is to be based, if such widow or child is en-  
13 titled (or would upon proper application be entitled), at  
14 the time of such determination, to monthly survivors bene-  
15 fits under section 202 of the Social Security Act based on  
16 such individual’s wages and self-employment income. If in  
17 the case of the widow such service is not excluded under the  
18 preceding sentence, but upon attaining retirement age (as  
19 defined in section 216 (a) of the Social Security Act) she  
20 becomes entitled (or would upon proper application be en-  
21 titled) to such benefits, the Commission shall redetermine  
22 the aggregate period of service upon which such annuity  
23 is based, effective as of the first day of the month in which  
24 she attains such age, so as to exclude such service. The Sec-  
25 retary of Health, Education, and Welfare shall, upon the

1 request of the Commission, inform the Commission whether  
 2 or not any such widow or child is entitled at any specified  
 3 time to such benefits.”

4 DETERMINATIONS BY ADMINISTRATOR OF VETERANS'  
 5 AFFAIRS

6 SEC. 413. The Administrator of Veterans' Affairs shall,  
 7 whenever requested by the Secretary of Health, Education,  
 8 and Welfare, make any determination provided for in sec-  
 9 tion 214 (c) (2), 216 (i) (5) (A), or 216 (i) (6)  
 10 of the Social Security Act, or in section 407 (a) (3) of  
 11 this Act. In making a determination under any such section,  
 12 the Administrator shall, to the extent not inconsistent with  
 13 such section, utilize the same criteria and procedures as he  
 14 utilizes in making determinations with respect to claims for  
 15 benefits under title II of this Act.

16 PART B—AMENDMENTS TO THE INTERNAL REVENUE  
 17 CODE OF 1954

18 DEFINITION OF WAGES

19 SEC. 414. (a) Section 3121 (i) of the Internal Reve-  
 20 nue Code of 1954 is amended to read as follows:

21 “(i) COMPUTATION OF WAGES IN CERTAIN CASES.—

22 “(1) DOMESTIC SERVICE.—For purposes of this  
 23 chapter, in the case of domestic service described in sub-  
 24 section (a) (7) (B), any payment of cash remunera-  
 25 tion for such service which is more or less than a whole-



1 dollar amount shall, under such conditions and to such  
2 extent as may be prescribed by regulations made under  
3 this chapter, be computed to the nearest dollar. For  
4 the purpose of the computation to the nearest dollar,  
5 the payment of a fractional part of a dollar shall be dis-  
6 regarded unless it amounts to one-half dollar or more,  
7 in which case it shall be increased to \$1. The amount  
8 of any payment of cash remuneration so computed to the  
9 nearest dollar shall, in lieu of the amount actually paid,  
10 be deemed to constitute the amount of cash remunera-  
11 tion for purposes of subsection (a) (7) (B).

12 “(2) SERVICE IN THE UNIFORMED SERVICES.—  
13 For purposes of this chapter, in the case of an individual  
14 performing service, as a member of a uniformed service,  
15 to which the provisions of subsection (m) (1) are ap-  
16 plicable, the term ‘wages’ (as defined in subsection (a) )  
17 shall include as such individual’s remuneration for such  
18 service only his basic pay as described in section 102  
19 (10) of the Servicemen’s and Veterans’ Survivor Ben-  
20 efits Act.”

21 DEFINITION OF EMPLOYMENT

22 SEC. 415. (a) Section 3121 of the Internal Revenue  
23 Code of 1954 is amended by adding at the end thereof the  
24 following new subsections:

1       “(m) SERVICE IN THE UNIFORMED SERVICES.—For  
2 purposes of this chapter—

3           “(1) INCLUSION OF SERVICE.—The term ‘employ-  
4 ment’ shall, notwithstanding the provisions of subsection  
5 (b) of this section, include service performed after De-  
6 cember 1955 by an individual as a member of a uni-  
7 formed service on active duty; but such term shall not  
8 include any such service which is performed while on  
9 leave without pay.

10           “(2) ACTIVE DUTY.—The term ‘active duty’ means  
11 ‘active duty’ as described in section 102 of the Service-  
12 men’s and Veterans’ Survivor Benefits Act, except that  
13 it shall also include ‘active duty for training’ as described  
14 in such section.

15           “(3) INACTIVE DUTY TRAINING.—The term ‘in-  
16 active duty training’ means ‘inactive duty training’ as  
17 described in such section 102.

18           “(n) MEMBER OF A UNIFORMED SERVICE.—For pur-  
19 poses of this chapter, the term ‘member of a uniformed  
20 service’ means any person appointed, enlisted, or inducted  
21 in a component of the Army, Navy, Air Force, Marine  
22 Corps, or Coast Guard (including a reserve component of a  
23 uniformed service as defined in section 102 (3) of the  
24 Servicemen’s and Veterans’ Survivor Benefits Act), or  
25 in one of those services without specification of com-

1 ponent, or as a commissioned officer of the Coast and  
2 Geodetic Survey or the Regular or Reserve Corps of the  
3 Public Health Service, and any person serving in the Army  
4 or Air Force under call or conscription. The term includes—

5 “(1) a retired member of any of those services;

6 “(2) a member of the Fleet Reserve or Fleet  
7 Marine Corps Reserve;

8 “(3) a cadet at the United States Military Acad-  
9 emy, a midshipman at the United States Naval Acad-  
10 emy, and a cadet at the United States Coast Guard  
11 Academy or United States Air Force Academy;

12 “(4) a member of the Reserve Officers’ Training  
13 Corps, the Naval Reserve Officers’ Training Corps,  
14 or the Air Force Reserve Officers’ Training Corps,  
15 when ordered to annual training duty for fourteen days  
16 or more, and while performing authorized travel to and  
17 from that duty; and

18 “(5) any person while en route to or from, or at,  
19 a place for final acceptance or for entry upon active  
20 duty in the military or naval service—

21 “(A) who has been provisionally accepted for  
22 such duty; or

23 “(B) who, under the Universal Military Train-  
24 ing and Service Act, has been selected for active  
25 military or naval service;

1 and has been ordered or directed to proceed to such  
2 place.

3 The term does not include a temporary member of the Coast  
4 Guard Reserve.”

5 (b) The first sentence of section 3122 of the Internal  
6 Revenue Code of 1954 is amended by inserting “including  
7 service, performed as a member of a uniformed service, to  
8 which the provisions of section 3121 (m) (1) are ap-  
9 plicable,” immediately after “in the employ of any instru-  
10 mentality which is wholly owned by the United States,”.

11 (c) Section 3122 of the Internal Revenue Code of  
12 1954 is further amended by inserting after the second sen-  
13 tence thereof the following new sentence: “Payments of the  
14 tax imposed under section 3111 with respect to service, per-  
15 formed by an individual as a member of a uniformed service,  
16 to which the provisions of section 3121 (m) (1) are appli-  
17 cable, shall be made from appropriations available for the  
18 pay of members of such uniformed service.”

19 RECEIPTS FOR EMPLOYEES

20 SEC. 416. Section 6051 (b) of the Internal Revenue  
21 Code of 1954 is amended to read as follows:

22 “(b) SPECIAL RULE AS TO COMPENSATION OF MEM-  
23 BERS OF THE UNIFORMED SERVICES.—In the case of com-  
24 pensation paid for service as a member of the Armed Forces,  
25 the statement required by subsection (a) shall be furnished

1 if any tax was withheld during the calendar year under sec-  
2 tion 3402, or if any of the compensation paid during such  
3 year is includible in gross income under chapter 1, or if dur-  
4 ing the calendar year any amount was required to be with-  
5 held as tax under section 3101. In lieu of the amounts  
6 required to be shown by paragraphs (3) and (5), respec-  
7 tively of subsection (a), such statement shall show as wages  
8 paid during the calendar year (1) the amount of such com-  
9 pensation paid during the calendar year which is not ex-  
10 cluded from gross income under chapter 1 (whether or  
11 not such compensation constituted wages as defined in sec-  
12 tion 3401 (a)), and (2) the total amount of wages as  
13 defined in section 3121 (a), computed in accordance with  
14 such section and section 3121 (i) (2).”

## 15 TITLE V—AMENDMENTS AND REPEALS

### 16 AMENDMENTS

17 SEC. 501. (a) (1) Section 620 of the National Service  
18 Life Insurance Act of 1940 is amended by striking out the  
19 last sentence and inserting in lieu thereof the following:  
20 “Any member of a uniformed service (as that term is defined  
21 in section 102 of the Servicemen’s and Veterans’ Survivor  
22 Benefits Act) while on active duty, active duty for training,  
23 or inactive duty training (as those terms are defined in  
24 such section) shall be deemed to be in the active service for  
25 the purpose of applying for insurance under this section;

1 however, as to persons incurring a disability under the con-  
2 ditions provided in section 102 (11) (E) of such Act,  
3 application for insurance must be filed under this section  
4 within one year after the incurrence of such disability.”

5 (2) Section 621 of the National Service Life Insurance  
6 Act of 1940 is amended by adding at the end thereof the  
7 following:

8 “(c) No insurance shall be granted to any person under  
9 this section on or after January 1, 1956, unless prior to  
10 such date an acceptable application accompanied by proper  
11 and valid remittances or authorizations for the payment of  
12 premiums (1) was received by the Veterans’ Administra-  
13 tion, (2) was placed in the mails properly directed to the  
14 Veterans’ Administration, or (3) was delivered to an  
15 authorized representative of any of the uniformed services.”

16 (3) (A) Section 622 of the National Service Life In-  
17 surance Act of 1940 is amended by inserting “(a)” imme-  
18 diately after “SEC. 622.”, and by adding at the end thereof  
19 the following:

20 “(b) No application may be made after December 31,  
21 1955, for waiver of premiums under this section.”

22 (B) Where any individual dies on or after May 1,  
23 1956, and at the time of his death has in effect a policy of  
24 National Service Life Insurance or United States Government  
25 life insurance under waiver of premiums under section 622

1 of the National Service Life Insurance Act of 1940, no  
2 dependency and indemnity compensation shall be paid under  
3 this Act to his widow, children, or parents by reason of  
4 his death, but death compensation may be paid under laws  
5 administered by the Veterans' Administration to such  
6 widow, child, or parents by reason of his death, notwithstand-  
7 ing the fact that such death occurred after December 31,  
8 1955.

9 (4) The National Service Life Insurance Act of 1940  
10 is amended by adding at the end thereof the following:

11 "SEC. 623. (a) Any person in active service on January  
12 1, 1956, who surrendered a policy of national service life  
13 insurance or United States Government life insurance on  
14 a permanent plan for its cash value while in the active  
15 service on or after April 25, 1951, and prior to January  
16 1, 1956, may, upon application in writing made within one  
17 hundred and twenty days after separation from active serv-  
18 ice, be granted, without medical examination, permanent  
19 plan insurance on the same plan not in excess of the amount  
20 surrendered for cash, or may reinstate such surrendered  
21 insurance upon payment of the required reserve and the  
22 premium for the current month. Waiver of premiums under  
23 this Act shall not be denied in any case of issue or rein-  
24 statement of insurance on a permanent plan under this sec-  
25 tion in which it is shown to the satisfaction of the Admin-

1    istrator that total disability of the applicant commenced  
2    prior to the date of application.

3       “(b) Any person in the active service on January 1,  
4    1956, who had United States Government life insurance or  
5    national service life insurance on the five-year level premium  
6    term plan, the term of which expired while he was in the  
7    active service after April 25, 1951, and prior to January  
8    1, 1956, shall, upon application made within one hundred  
9    and twenty days after separation from active service, pay-  
10   ment of premiums, and evidence of good health satisfactory  
11   to the Administrator, be granted an equivalent amount of  
12   insurance on the five-year level premium term plan at the  
13   premium rate for his then attained age.

14       “(c) Persons deemed to be in the active service for the  
15   purposes of section 5 of the Servicemen’s Indemnity Act of  
16   1951 shall be deemed to be in the active service for the  
17   purposes of this section. The repeal of such Act shall not  
18   affect the insurance rights provided in section 5 thereof (ex-  
19   cept the first sentence) of any person separated from the  
20   service prior to January 1, 1956, whose one-hundred-and-  
21   twenty-day period specified in such section has not expired.”

22       (b) (1) Section 212 of the Public Health Service Act  
23   (42 U. S. C., sec. 213) is amended to read as follows:



## 1 "MILITARY BENEFITS

2 "SEC. 212. (a) Except as provided in subsection (b),  
3 commissioned officers of the Service and their surviving  
4 beneficiaries shall, with respect to active service performed  
5 by such officers—

6 "(1) in time of war;

7 "(2) on detail for duty with the Army, Navy,  
8 Air Force, Marine Corps, or Coast Guard; or

9 "(3) while the Service is part of the military forces  
10 of the United States pursuant to Executive order of the  
11 President;

12 be entitled to all rights, privileges, immunities, and bene-  
13 fits now or hereafter provided under any law of the United  
14 States in the case of commissioned officers of the Army or  
15 their surviving beneficiaries on account of active military  
16 service, except retired pay and uniform allowances.

17 "(b) The President may prescribe the conditions under  
18 which commissioned officers of the Service may be awarded  
19 military ribbons, medals, and decorations.

20 "(c) The authority vested by law in the Department  
21 of the Army, the Secretary of the Army, or other officers  
22 of the Department of the Army with respect to rights,  
23 privileges, immunities, and benefits referred to in subsec-

1 tion (a) shall be exercised, with respect to commissioned  
2 officers of the Service, by the Surgeon General.

3 “(d) Active service of commissioned officers of the  
4 Service shall be deemed to be active military service in the  
5 Armed Forces of the United States for the purposes of all  
6 laws administered by the Veterans’ Administration (except  
7 the Servicemen’s Indemnity Act of 1951) and section 217  
8 of the Social Security Act.”

9 (2) The amendment made by this subsection (A) shall  
10 apply only with respect to service performed on or after  
11 July 4, 1952, (B) shall not be construed to affect the en-  
12 titlement of any person to benefits under the Veterans’ Read-  
13 justment Assistance Act of 1952, (C) shall not be con-  
14 strued to authorize any payment under section 202 (i) of  
15 the Social Security Act, or under Veterans Regulation Num-  
16 bered 9 (a), for any death occurring prior to January 1,  
17 1956, and (D) shall not be construed to authorize payment  
18 of any benefits for any period prior to January 1, 1956.

19 (3) In the case of any individual—

20 (A) who performed active service (i) as a com-  
21 missioned officer of the Public Health Service at any  
22 time during the period beginning July 4, 1952, and  
23 ending December 31, 1955, or (ii) as a commissioned  
24 officer of the Coast and Geodetic Survey at any time

1 during the period beginning July 29, 1945, and ending  
2 December 31, 1955; and

3 (B) (i) who became entitled to old-age insurance  
4 benefits under section 202 (a) of the Social Security  
5 Act prior to January 1, 1956, or

6 (ii) who died prior to January 1, 1956, and whose  
7 widow, child, or parent is entitled for the month of  
8 January 1956, on the basis of his wages and self-em-  
9 ployment income, to a monthly survivor's benefit under  
10 section 202 of such Act; and

11 (C) any part of whose service described in sub-  
12 paragraph (A) was not included in the computation of  
13 his primary insurance amount under section 215 of such  
14 Act but would have been included in such computa-  
15 tion if the amendment made by paragraph (1) of this  
16 subsection or paragraph (1) of subsection (d) had  
17 been effective prior to the date of such computation,  
18 the Secretary of Health, Education, and Welfare shall, not-  
19 withstanding the provisions of section 215 (f) (1) of the  
20 Social Security Act, recompute the primary insurance  
21 amount of such individual upon the filing of an application,  
22 after December 1955, by him or (if he dies without filing  
23 such an application) by any person entitled to monthly  
24 survivor's benefits under section 202 of such Act on the

1 basis of his wages and self-employment income. Such re-  
2 computation shall be made only in the manner provided in  
3 title II of the Social Security Act as in effect at the time  
4 of the last previous computation or recomputation of such  
5 individual's primary insurance amount, and as though appli-  
6 cation therefor was filed in the month in which application  
7 for such last previous computation or recomputation was filed.  
8 No recomputation made under this paragraph shall be re-  
9 garded as a recomputation under section 215 (f) of the Social  
10 Security Act. Any such recomputation shall be effective for  
11 and after the twelfth month before the month in which the  
12 application was filed, but in no case for any month before  
13 January 1956.

14 (c) (1) Section 2 of the Federal Employees' Group  
15 Life Insurance Act of 1954 is amended by striking out all  
16 after "District of Columbia" in subsection (b) and inserting  
17 in lieu thereof a period, and by adding at the end of such  
18 section the following new subsection:

19 " (c) No person shall acquire insurance coverage under  
20 this Act by virtue of his status as a member of a uniformed  
21 service. The insurance granted to any employee under this  
22 Act (1) shall cease (except for a thirty-one day extension  
23 of life insurance coverage) on the day immediately prior to  
24 his entry on active duty or active duty for training, unless  
25 the period of such duty is covered by military leave with pay

1 from a civilian position, and (2) shall not cease during any  
2 period of inactive duty training. The terms used in this sub-  
3 section shall have the meanings assigned to them by section  
4 102 of the Servicemen's and Veterans' Survivors Benefits  
5 Act."

6 (2) The amendments made by this subsection shall not  
7 apply with respect to deaths occurring prior to January  
8 1, 1956, nor shall such amendments apply with respect to  
9 insurance granted prior to January 1, 1956, under the  
10 Federal Employees' Group Life Insurance Act of 1954 to  
11 commissioned officers of the Coast and Geodetic Survey or  
12 of the Regular or Reserve Corps of the Public Health  
13 Service. No dependency and indemnity compensation shall  
14 be payable under this Act to any widow, child, or parent  
15 of any such commissioned officer if any amounts are pay-  
16 able under such insurance by reason of the death of such  
17 officer occurring on or after May 1, 1956.

18 (d) (1) The second sentence of the second paragraph  
19 of section 16 of the Act of May 22, 1917 (33 U. S. C., sec.  
20 857), is amended to read as follows: "Active service of  
21 commissioned officers of the Coast and Geodetic Survey  
22 shall be deemed to be active military service for the purposes  
23 of all laws administered by the Veterans' Administration  
24 (except the Servicemen's Indemnity Act of 1951) and  
25 section 217 of the Social Security Act, and for the purposes

1 of section 210 of the Social Security Act as in effect prior  
2 to the Social Security Act Amendments of 1950.”

3 (2) The amendment made by this subsection (A) shall  
4 apply only with respect to service performed on or after  
5 July 29, 1945, (B) shall not be construed to affect the  
6 entitlement of any person to benefits under the Veterans'  
7 Readjustment Assistance Act of 1952, (C) shall not be  
8 construed to authorize any payment under section 202 (i)  
9 of the Social Security Act, or under Veterans Regulation  
10 Numbered 9 (a), for any death occurring prior to January 1,  
11 1956, and (D) shall not be construed to authorize payment  
12 of any benefits for any period prior to January 1, 1956.

13 (e) Section 40 (b) of the Federal Employees' Com-  
14 pensation Act (5 U. S. C., sec. 790 (b)) is amended—

15 (1) by striking out clauses (2) and (3) and redesi-  
16 gnating clauses (4) and (5) as clauses (2) and (3),  
17 respectively; and

18 (2) by inserting immediately after “United States”  
19 the second time it occurs in the parenthetical phrase in  
20 clause (1) the following: “, but excluding commissioned  
21 officers of the Regular Corps of the Public Health  
22 Service, commissioned officers in the Reserve Corps of  
23 the Public Health Service on active duty, and commis-  
24 sioned officers of the Coast and Geodetic Survey”.

1 (f) Section 304 of the Naval Reserve Act of 1938 (34  
2 U. S. C., sec. 855c) is amended (1) by striking out all be-  
3 ginning with "If in time of peace" through "*Provided fur-*  
4 *ther, That*" in the third proviso and inserting in lieu thereof  
5 "(a) In time of peace", and (2) by adding at the end  
6 thereof the following:

7 "(b) For the purposes of paragraph I (a) of part II of  
8 Veterans Regulation Numbered 1 (a), all members of the  
9 Naval Reserve shall be considered as performing active mili-  
10 tary or naval service when injured while performing active  
11 duty with or without pay, training duty with or without pay,  
12 drills, equivalent instruction or duty, appropriate duty, or  
13 other prescribed duty, or while performing authorized travel  
14 to or from such duties."

15 (g) Section 2 of the Act of August 12, 1935 (38  
16 U. S. C., sec. 556a), is amended by inserting immediately  
17 after "Public Law Numbered 484, Seventy-third Congress,"  
18 the following: "the Servicemen's and Veterans' Survivor  
19 Benefits Act,".

20 (h) (1) The first sentence of paragraph (1) of section  
21 21 of the World War Veterans' Act, 1924 (38 U. S. C.,  
22 sec. 450), is amended by inserting immediately after "pay-  
23 ment of compensation," the following: "dependency and  
24 indemnity compensation,".

1           (2) The first sentence of paragraph (3) of such section  
2 is amended by inserting immediately after "the compensa-  
3 tion," the following: "dependency and indemnity com-  
4 pensation,".

5           (i) The paragraph under the heading "Transfer of  
6 Appropriations" which begins "Army of the Philippines,"  
7 in the Act of February 18, 1946 (38 U. S. C., sec. 38), is  
8 amended by striking out all beginning with "(2)" through  
9 the words "such pensions" where those words appear the  
10 second time in the second proviso, and inserting in lieu  
11 thereof the following: "(2) laws administered by the Vet-  
12 erans' Administration providing for the payment of compen-  
13 sation or dependency and indemnity compensation on account  
14 of service-connected disability or death: *Provided further,*  
15 That such compensation or dependency and indemnity  
16 compensation shall be paid at the rate of one Philippine peso  
17 for each dollar authorized to be paid under the laws provid-  
18 ing for such compensation or dependency and indemnity  
19 compensation, and where annual income is a factor in entitle-  
20 ment to benefits, the dollar limitations in the laws specifying  
21 such annual income shall apply at the rate of one Philip-  
22 pine peso for each dollar".

23           (j) The paragraph beginning "Finance Service, Army,"  
24 under title II of the Act of May 27, 1946 (60 Stat. 223),  
25 is amended by striking out paragraph (6) and the proviso



1 immediately following such paragraph, and inserting in lieu  
2 thereof the following:

3           “(6) The provisions of laws administered by the  
4       Veterans’ Administration for the payment of compensa-  
5       tion or dependency and indemnity compensation on  
6       account of service-connected disability or death:

7       *Provided further*, That payments made under the provisions  
8       of any law referred to in clauses (5) and (6) above shall  
9       be paid at the rate of one Philippine peso for each dollar  
10      authorized by such law: *Provided further*, That where an-  
11      nual income is a factor in entitlement to benefits, the dollar  
12      limitations in the laws specifying such annual income shall  
13      apply at the rate of one Philippine peso for each dollar:”.

14      (k) Paragraph V of part I of Veterans Regulation  
15      Numbered 2 (a) is amended by inserting immediately after  
16      “compensation” each place it occurs therein (except para-  
17      graph (a)) the following: “, dependency and indemnity  
18      compensation”.

19      (1) Section 11 of the Uniformed Services Contingency  
20      Option Act of 1953 (37 U. S. C., sec. 380) is amended by  
21      inserting immediately after “be considered income” the  
22      following: “(except as provided in section 205 (g) of the  
23      Servicemen’s and Veterans’ Survivor Benefits Act)”.

24      (m) The second sentence of paragraph XIII of Vet-  
25      erans Regulation Numbered 10 is amended to read as

1 follows: "The receipt of pension, compensation, or depend-  
2 ency and indemnity compensation by a widow, child, or  
3 parent on account of the death of any person, or receipt  
4 by any person of pension or compensation on account of  
5 his own service, shall not bar the payment of pension, com-  
6 pensation, or dependency and indemnity compensation on  
7 account of the death or disability of any other person."

8 (n) Section 15 of Public, Numbered 2, Seventy-  
9 third Congress (38 U. S. C., sec. 715), is amended (1)  
10 by inserting immediately after "under this title" the first  
11 time it occurs the following: "or the Servicemen's and  
12 Veterans' Survivor Benefits Act", and (2) by inserting  
13 immediately after "under this title" the second time it occurs  
14 the following: "and under the Servicemen's and Veterans'  
15 Survivor Benefits Act".

16 (o) Section 3 of the Act of October 17, 1940 (38  
17 U. S. C., sec. 49a), is amended by inserting immediately  
18 after "compensation" the second time it occurs the following:  
19 ", dependency and indemnity compensation,".

20 (p) The Act of September 7, 1944 (38 U. S. C.,  
21 sec. 733), is amended (1) by inserting immediately after  
22 "Seventy-third Congress, as amended," the following: "or  
23 of dependency and indemnity compensation payable under  
24 the Servicemen's and Veterans' Survivor Benefits Act," and  
25 (2) by inserting immediately after "death pension or com-

1 pensionation" in the second proviso the following: "or depend-  
2 ency and indemnity compensation".

3 (q) The portion of section 201 of the World War  
4 Veterans' Act, 1924 (38 U. S. C., sec. 472), which precedes  
5 paragraph (1) thereof is amended by striking out "That if  
6 death results from injury—" and inserting in lieu thereof:  
7 "If death occurs prior to January 1, 1956, and results from  
8 injury—".

9 (r) The first paragraph of section 3 of the Act of  
10 August 16, 1937 (38 U. S. C., sec. 472b), is amended  
11 by striking out "World War veteran who died" and inserting  
12 in lieu thereof "World War veteran who died prior to  
13 January 1, 1956,".

14 (s) (1) Paragraph IV of part I and paragraph III of  
15 part II of Veterans Regulation Numbered 1 (a) are each  
16 amended by inserting immediately after "deceased person  
17 who died" the following: "prior to January 1, 1956".

18 (2) The amendments made by this subsection shall not  
19 apply with respect to any death occurring on or after May  
20 1, 1956, under the circumstances described in section 501

21 (a) (3) (B) of this Act.

22 (t) Section 121 (a) of the Internal Revenue Code of  
23 1954 is amended by adding at the end thereof the following:

**"(18) Dependency and indemnity compensation paid to survivors of members of a uniformed service and certain other persons, see section 210 of the Servicemen's and Veterans' Survivor Benefits Act."**

## REPEALS

1  
2 SEC. 502. The following Acts or parts of Acts are re-  
3 pealed:

4 (1) The Act of December 17, 1919 (10 U. S. C.,  
5 sec. 903).

6 (2) The second paragraph under "Bureau of Sup-  
7 plies and Accounts" in the Act of June 4, 1920 (34  
8 U. S. C., sec. 943).

9 (3) The Act of March 8, 1928 (10 U. S. C., sec.  
10 903a).

11 (4) The Act of May 12, 1930 (34 U. S. C.,  
12 sec. 944).

13 (5) The Act of July 15, 1939 (5 U. S. C.,  
14 secs. 797, 797a).

15 (6) The Act of July 18, 1940 (5 U. S. C., sec.  
16 798).

17 (7) Section 9 of the Act of January 19, 1942  
18 (33 U. S. C., sec. 870).

19 (8) Section 2 of the Act of December 3, 1942  
20 (33 U. S. C., sec. 855a).

21 (9) (A) Title 14, United States Code, section 489.

22 (B) The portion of the table of sections at the  
23 beginning of chapter 13 of title 14, United States Code,  
24 which reads "489. Death gratuity."

25 (10) The Servicemen's Indemnity Act of 1951.

## 1 APPLICATION FOR BENEFITS

2 SEC. 503. The Administrator and the Secretary of  
3 Health, Education, and Welfare shall jointly prescribe forms  
4 for use by survivors of members and former members of the  
5 uniformed services in filing applications for benefits under  
6 title II of this Act and under title II of the Social Security  
7 Act. Each such form shall request information sufficient to  
8 constitute an application for benefits under both such titles;  
9 and when an application on such form has been filed with  
10 either the Administrator or the Secretary it shall be deemed  
11 to be an application for benefits under both such titles. A  
12 copy of each such application filed with the Administrator,  
13 together with any additional information and supporting docu-  
14 ments (or certifications thereof) which may have been  
15 received by the Administrator with such application, and  
16 which may be needed by the Secretary in connection there-  
17 with, shall be transmitted by the Administrator to the  
18 Secretary; and a copy of each such application filed with the  
19 Secretary, together with any additional information and  
20 supporting documents (or certifications thereof) which may  
21 have been received by the Secretary with such form, and  
22 which may be needed by the Administrator in connection  
23 therewith, shall be transmitted by the Secretary to the Ad-  
24 ministrator. The preceding sentence shall not prevent the  
25 Secretary and the Administrator from requesting the appli-

1 cant, or any other individual, to furnish such additional  
2 information as may be necessary for purposes of title II of  
3 the Social Security Act and title II of this Act, respectively.

4 MISCELLANEOUS

5 SEC. 504. (a) This Act shall take effect on January 1,  
6 1956.

7 (b) The amendment or repeal of any provision of law  
8 by this Act shall not operate to deprive any person of pay-  
9 ments of the six-months' death gratuity or of any payments  
10 which such person would be eligible to receive, but for such  
11 amendment or repeal, by reason of the death or disability of  
12 any person occurring prior to January 1, 1956; nor shall  
13 the amendment or repeal of any such provision operate to  
14 deprive any person disabled prior to January 1, 1956, of  
15 any right to which he is entitled under the Federal Employ-  
16 ees' Compensation Act by reason of such disability.

Passed the House of Representatives July 13, 1955.

Attest:

RALPH R. ROBERTS,

*Clerk.*

84TH CONGRESS  
1ST SESSION

# H. R. 7089

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## AN ACT

To provide benefits for the survivors of service-  
men and veterans, and for other purposes.

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JULY 14, 1955

Read twice and referred to the Committee on Finance

GPO 861-630

SSA - OASI

*Office Memorandum* • UNITED STATES GOVERNMENT

llt:A:K

DATE: July 29, 1955

TO : Administrative, Supervisory,  
and Technical EmployeesFROM : Victor Christgau, Director  
Bureau of Old-Age and Survivors InsuranceSUBJECT: Director's Bulletin No. 223  
Status of Legislation Relating to Military Service Under OASIBill Reported by the Hardy Committee (H.R. 7089)

On July 13 the House of Representatives passed by voice vote H.R. 7089, the bill which includes provision for the extension of contributory OASI coverage to members of the Armed Forces. This bill was discussed in some detail in Director's Bulletin No. 219, dated July 11, 1955. It now appears certain that final action on the bill will not be taken by the Senate during the short period of time remaining in the present session of the Congress. The Senate Committee on Finance has indicated that it will hold public hearings on the bill, but we see no prospect that these hearings will get under way before the next session of the Congress.

H.R. 7089 was debated in the House under a closed rule, which precluded amendments other than those submitted by members of the Select Committee. The only substantive amendment added to the bill on the floor of the House was one relating to the crediting of military service under the Railroad Retirement Act.

When introduced, the bill provided that the gratuitous wage credits of \$160 a month which the Railroad Retirement Act now grants for military service during a "war service period" would not apply to military service performed after 1955. It provided further that a railroad worker could, at the time he applied for a railroad annuity, elect to have his contributory OASI credits for any period of military service occurring after 1955 counted towards his railroad annuity (rather than under OASI) if he was in railroad employment at some time during the calendar year in which the military service began, or during the preceding year. Under the amendment made on the floor of the House, the \$160 gratuitous monthly wage credits for military service provided under the Railroad Retirement Act would be continued; 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. Military service after 1955 which is creditable under the railroad retirement program could not be credited toward benefits under OASI (except in certain over-10-year survivor cases) even though the service had been nominally covered under OASI.



Administrative, Supervisory,  
and Technical Employees--7/29/55

The amendment also includes 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. The precise effect this provision would have is not clear. The intent, however, apparently is to assure that the railroad retirement account would be maintained in approximately the same position as under present law insofar as the balance between income and expenditures based on military service is concerned.

Wage Credit Bill (H.R. 5936)

H.R. 5936, the bill extending until April 1, 1956, the present provision for gratuitous \$160 monthly social security credits for military service, was passed yesterday by the Senate. The provisions of this bill were described in Director's Bulletin No. 219.



Victor Christgau

# Calendar No. 2401

84TH CONGRESS }  
2d Session }

SENATE

{ REPORT  
{ No. 2380

## PROVIDING BENEFITS FOR THE SURVIVORS OF SERVICEMEN AND VETERANS, AND FOR OTHER PURPOSES

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JUNE 28, 1956.—Ordered to be printed

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Mr. BYRD, from the Committee on Finance, submitted the following

### R E P O R T

[To accompany H. R. 7089]

The Committee on Finance, to whom was referred the bill (H. R. 7089) to provide benefits for the survivors of servicemen and veterans, and for other purposes, having considered the same, report favorably thereon with amendments, and recommend that the bill as amended do pass.

#### GENERAL EXPLANATION OF BILL

H. R. 7089, the so-called survivors benefits bill, has been promoted by the administration and the armed services as military career incentive legislation.

In short the bill would cover uniformed military personnel into the contributory Social Security System, thereby supplementing military retirement and survivors benefits.

The bill was referred to the Finance Committee in the Senate primarily because it involved covering servicemen into the Social Security System. In considering the bill the Finance Committee invited collaboration with the Armed Services Committee and received it.

In the House of Representatives the bill was developed, drafted, and managed by a select committee appointed for the purpose. The House committee spent more than 2 years on the bill.

As it is now before the Senate, the bill was reported by the Senate Finance Committee after 9 months of staff study and some 2 weeks of hearings in which all interested parties were given an opportunity to be heard.

Generally, the major objectives of the bill are approved by the President, the Bureau of the Budget, Treasury, General Accounting Office, Department of Health, Education, and Welfare, and the Social Security Administration, Veterans' Administration, Department of De-

fense and its component services, and practically all of the principal veterans organizations including the American Legion, Veterans of Foreign Wars, AMVETS, Disabled American Veterans, etc.

The bill represents extremely complex legislation involving amendments to existing laws relating to the military, the veterans benefits and the Social Security System.

#### SUMMARY OF BILL

Title I of the bill defines "member of a uniformed service," "reserve component of a uniformed service," "active duty," "active duty for training," "inactive duty training," "portal to portal coverage for reserves," "National Guard," "child," "parent," "widow," and "basic pay."

Title II relates to "indemnity compensation for widows, children and parents."

The bill would eliminate the present wartime-peacetime differential in rates payable for servicemen's death. It would change the basis for payment to widows from the present flat rate for all to one determined by rank or pay grade of the deceased serviceman. The widows' rate under the bill would be \$112 plus 12 percent of the basic pay of the deceased husband.

Generally, the bill would revise upward compensation payable to widows of servicemen who die on or from "active duty," "active duty for training," or "inactive duty training" after December 31, 1956. Widows now on the rolls may elect to retain their present status in highly exceptional cases where that may be more advantageous. In the great majority of cases, based on deaths before January 1, 1957, where widows elect to "take" under the new provisions, the applicable basic pay would be that for the rank held by the deceased husband under the pay schedule in effect January 1, 1957.

Under the bill the definition of "widow" would be uniform and generally more liberal than the definition under existing law. As a rule, with few exceptions, the amount paid the widow with children would not be increased on account of additional children after two. Remarriage of the widow would, as at present, stop compensation payments.

Compensation rates for children where there is no eligible widow will be payable in uniform amounts without relationship to the military pay grade of the deceased father. These rates are slightly higher than the existing rates for children, \$70 per month for 1 child (present wartime rate is \$67), \$100 for 2 children (present wartime rate is \$94), \$130 for 3 children (present wartime rate is \$122) and \$25 per month for each child in excess of 3 (present wartime additional rate is \$23).

Current definitions of children are not changed. The basic age limit is 18 years, except for helpless children over 18 and of children attending school between the ages of 18 and 21.

The bill would provide supplemental compensation by the Veterans' Administration of \$25 to an orphan child who is helpless and over 18 years of age in addition to the basic rate of \$70 compensation payable to such a child. The bill would also provide payment of \$70 per month to a helpless child over 18 where there is a widow; this payment would be made concurrently with the payment of compensation to the widow.

In a case involving an eligible widow with a child between 18 and 21 attending school, the child would be paid \$35 monthly compensation in addition to payments to the widow.

Payments to parents would be changed to a sliding-scale basis with 15 rates. The rates range from \$10 to \$100 per month. (Under the present law there are 4 rates: peacetime—\$60 in the case 1 parent and \$64 where there are 2 parents; wartime—\$75 and \$80.

Rates paid a single parent would be controlled by the parent's annual income. The income scale on which payments may be based ranges from \$750 per year to \$1,750 per year. The rates of monthly compensation follow the scale in inverse order, ranging from \$75 per month to \$15 per month. The range for 2 parents living together would run from \$50 each where the combined income is \$1,000 or less to \$10 each if the combined income is as high as \$2,400. There are variances where parents are living apart.

Under existing law a parent may receive compensation if his income does not exceed \$105 per month. Where there are 2 parents compensation may be paid if their combined income does not exceed \$175 per month. Government insurance and any other payments from VA based on disability or death are not included as income.

The bill defines income as all payments received by the parents from any sources except death gratuity, donations from relief organizations, payments of veterans disability compensation and death compensation on account of other deaths, lump sum payments for burial paid by social security, and unusual medical expenses.

Widows, children or parents eligible for compensation based on a death prior to January 1, 1957, may elect to take the compensation under either existing veterans laws or under the provisions of this bill. Parents who cannot qualify for compensation under present law because of excessive income might qualify for a pro rata amount under the bill.

The right of election to the new compensation rates under the bill could not be exercised if a beneficiary now on the rolls continued to receive servicemen's indemnity (free insurance) payments. But the election could be made after the 10-year period during which such insurance payments are made, or upon waiving the indemnity payments.

Receipt of Government insurance (contract) payments, as distinguished from indemnity insurance (free insurance), would not prevent election or require an offset.

Like the present law, the bill covers deaths resulting from active duty or active duty for training, but effective January 1, 1957, it would extend new coverage for death resulting from injury sustained by reservists or national guardsmen while proceeding to or returning from training pursuant to order by competent authority.

This extended coverage would likewise apply with respect to travel to or from active duty training, without regard to whether travel was specifically authorized. One effect of the provision would be to cover cases of death from injury while enroute to weekly drill (inactive duty) training periods.

The bill would extend coverage to national guardsmen dying from disease incurred on active duty training of less than 30 days. Such coverage is now limited to death from injury.

#### 4 BENEFITS FOR SURVIVORS OF SERVICEMEN AND VETERANS

Survivorship benefits would be granted to members of the ROTC ordered to annual training duty of 14 days or more, including authorized travel to or from such duty. (ROTC members are not now covered for VA benefits.)

Title III relates to death gratuity.

Under this bill the service departments would pay death gratuity equal to 6 months' pay to survivors of deceased servicemen. Death must occur while on active duty, active duty training or inactive duty training. It might also occur within 120 days from discharge, if death is due to service. The Veterans' Administration determines service connection in the latter situation. (The present law provides that payment of gratuity will only be made to survivors of the Regular Establishment, Reserves, and National Guard, who die while on duty.)

The bill would restrict payment to survivors who are closely related to the servicemen. (The present law allows payment to anyone who has an insurable interest.)

The bill establishes a minimum of \$800 and a maximum of \$3,000 for this benefit. (The present law fixes a \$468 minimum and a \$7,656 maximum.)

Title IV relates to social security.

Effective January 1, 1957, members of the uniformed services would be placed under the regular contributory OASI coverage while on active duty and active duty for training.

Contributions and benefits are computed on basic pay.

The serviceman, as employee, would pay 2 percent and the United States Government, as employer, would pay 2 percent.

The present \$160 gratuitous social-security wage credit for military service would be discontinued after December 31, 1956, when contributory coverage becomes effective. Authority to reimburse the OASI fund for the previous \$160 free wage credits is contained in the bill.

Social-security benefits would be in addition to any Veterans' Administration compensation benefits or military retired benefits.

Both the serviceman and his wife would be eligible for social-security benefits at age 65.

Like others under social security the widow, if she has a child, would be eligible at once for social-security benefits. When the child becomes 18 years of age, the payments stop. When the widow becomes 65, she is again eligible for regular social-security benefits.

Existing OASI and civil-service retirement laws bar use of the gratuitous \$160 wage credits for social security if a survivor of the veteran is entitled to benefits under the Civil Service Retirement Act based wholly or partially on military service. There is now no right to elect which benefit to take. But this bill would amend the existing law so that—

(1) A widow of a civil-service employee who, because of the \$160 gratuitous wage credit, is eligible for both civil service and social-security benefits may elect to take either. But she cannot take both.

(2) Military service rendered after 1956 cannot be used to increase a widow's civil-service benefit if she is eligible for social-security benefits.

(3) Military service rendered after 1956 cannot be used by a Federal employee for civil-service retirement if he is eligible for social-security benefits.

The bill would continue payments by the Government to the railroad retirement account of \$160 monthly wage credits for each month of military service performed by an individual who has at least 10 years of coverage under the Railroad Retirement Act (including coverage acquired by military service).

The Internal Revenue Code of 1954 would be amended by sections 409, 410, and 411 of the bill to extend appropriate provisions of the Federal Insurance Contributions Act to define "wages" and "employment" for service in the uniformed services.

Title V sets forth amendments and repeal provisions.

As to deaths after January 1, 1957, the bill would suspend the Servicemen's Indemnity Act providing free insurance coverage of \$10,000 in peacetime, but this insurance would be revived in case of war or national emergencies involving hostilities.

The existing privilege of nondisabled veterans to take out term insurance within 120 days after separation from service would be preserved.

The right to take out insurance extended by section 620 of the National Service Life Insurance Act to service-disabled persons would be preserved.

Servicemen who surrendered insurance for cash under section 5 of the Indemnity Act, which provides that they may reinstate the same or take out new insurance within 120 days after service, would be protected in this right if they surrendered their policies prior to January 1, 1957.

The premium waiver privileges under section 622 of the USLI Act would be preserved for those policies under waiver on January 1, 1957. No new application for waiver could be made after that date. If an individual dies on or after May 1, 1957, with a policy under waiver, indemnity compensation would not be payable under this bill. Survivors would be limited to compensation payable under the present death compensation laws now administered by the Veterans' Administration.

Application of the Federal Employees' Compensation Act to reserve officers for peacetime benefits would be repealed as of January 1, 1957. Where death occurred prior to January 1, 1957, survivors could elect to "take" under this bill. Such election would terminate eligibility for FECA benefits. But the rights of any officer entitled to benefits by reason of disability incurred prior to January 1, 1957, would be protected.

Persons with active military service between October 8, 1940, and September 2, 1945, may within one year apply for and, upon a showing of good health, to be granted insurance under the National Service Life Insurance Act of 1940.

#### AMENDMENTS

The substantive amendments to the House bill approved by the committee are:

(a) The Public Health Service and Coast and Geodetic Survey were eliminated from the definition of members of the military service during peacetime.

6 BENEFITS FOR SURVIVORS OF SERVICEMEN AND VETERANS

(b) The right of a veteran to take out term insurance within 120 days after separation from service was continued. The House bill would have prohibited this right to nondisabled veterans.

(c) In cases where the military record is corrected under section 207 of the Legislative Reorganization Act of 1946, the effective date of commencement of VA benefits would be the date application was filed for the correction.

(d) The Servicemen's Indemnity Act (free insurance) would be revived in case of war or national emergency involving hostilities.

(e) Persons with active service between October 8, 1940, and September 2, 1945, would be given the right for 1 year to apply for and, upon a showing of good health, be granted insurance under the National Service Life Insurance Act of 1940.

(f) Use of military service rendered after January 1, 1957, by a civil-service employee for both civil-service retirement and social-security benefits would be prohibited.

(g) Contributory social-security coverage for military personnel would be practically on the same basis as that for other covered groups.

(h) The \$160 gratuitous wage credit is extended from April 1, 1956, to January 1, 1957.

(i) The effective date of the bill is January 1, 1957, unless otherwise specifically provided.

(j) The right of the Treasury Department to levy against the compensation for unpaid income tax is continued.

(k) In the absence of fraud, disbursing officers shall be liable for erroneous payments of death gratuity. The Secretary of the service concerned cannot waive recovery of erroneous or overpayments.

There are numerous technical and clarifying amendments which were recommended by the agencies concerned and approved by the Bureau of the Budget.

The bill authorizes appropriation as follows:

*Cost of H. R. 7089—1st year estimate, 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
JASI.....	-----	115,000,000	+115,000,000
Reimbursed OASI.....	-----	50,000,000	+50,000,000
Disability freeze.....	-----	2,000,000	+2,000,000
<b>Total.....</b>	<b>484,000,000</b>	<b>689,000,000</b>	<b>205,000,000</b>

*Cost of H. R. 7089—projected estimates after 1st year*

1957.....	+\$205,000,000	1975.....	+\$209,000,000
1960.....	+210,000,000	1980.....	+199,000,000
1965.....	+203,000,000	1985.....	+186,000,000
1970.....	+186,000,000		

SECTION-BY-SECTION ANALYSIS

The following section-by-section analysis of the bill, as reported by the committee, reflects the substantive, as well as technical and clerical, amendments made by the Finance committee.

## TITLE I—SHORT TITLE AND DEFINITIONS

*Section 101.*—This section contains the short title of the bill and a table of contents.

*Section 102.*—This section contains definitions of terms used in the bill.

Paragraph (1) of this section provides that “Administrator” means the Administrator of Veterans’ Affairs.

Paragraph (2) defines “member of a uniformed service,” and thereby specifies the persons whose deaths will entitle their survivors to benefits provided by the bill. This term has a somewhat broader meaning than it usually has in laws relating to the Armed Forces, since, in addition to members of the Army, Navy, Air Force, Marine Corps, and Coast Guard, the term includes retired officers, cadets and midshipmen in the service academies, certain members of the various branches of the ROTC, all members of the federally recognized National Guard and Air National Guard of the several States, Territories, and the District of Columbia, and persons provisionally accepted, or selected for induction, who are under orders to report to a particular place.

Paragraph (3) defines “Reserve component of a uniformed service.”

Paragraph (4) defines “active duty.” Clause (A) contains language substantially similar to the definition of such term in the Armed Forces Reserve Act of 1952, but goes beyond the definition in that act insofar as the definition in this bill extends to service performed by certain individuals (as a “member of a uniformed service”) to whom that act does not apply. Clauses (B) and (C) include service in the service academies as active duty, and clause “C” provides that authorized travel to and from the duty or service referred to in clauses (A) and (B) shall be considered as active duty.

Paragraph (5) defines “active duty for training.” Clause (A) defines this term substantially as it is defined in the Armed Forces Reserve Act of 1952, but provides that such duty is that performed by a “member of a uniformed service,” as defined. Clause (B) provides that certain duty performed by members of the ROTC, NROTC, and AFROTC is so included, and clause (C) and subparagraph (6) (B) provide that certain travel to and from such duty shall also be included within the term “active duty training.”

Paragraph (6) relates to “inactive duty training” and “active duty for training.” Subparagraph (A) of this paragraph defines “inactive duty training” to mean training or duty (1) which is prescribed by the Secretary concerned under section 501 of the Career Compensation Act of 1949 (or any other provision of law) and (2) which is performed by a member of a Reserve component of a uniformed service.

Subparagraph (B) of this paragraph provides coverage for members of a Reserve component of a uniformed service while they are traveling to or from active duty for training or inactive duty training. Clause (i) of this subparagraph requires that the duty performed or to be performed must be authorized or required by competent authority in advance, and clause (ii) requires that the death must result from an injury incurred on or after January 1, 1957, while proceeding to or returning from active duty for training or inactive duty training. The committee has established criteria in this subpara-



graph for consideration by the Secretary concerned, or the Administrator, in determining whether a death has resulted from an injury so incurred; however, this list is by no means intended to establish the sole criteria for consideration.

Subparagraph (C) of this paragraph provides that service performed by a member of the federally recognized National Guard or Air National Guard, the National Guard of the United States, or of the Air National Guard of the United States, under certain specific sections of the National Defense Act of June 3, 1916, shall be "active duty for training" or "inactive duty training," depending upon the character of training or duty performed.

Paragraph (7) provides that the terms "child" and "parent" have the meanings which they have in Veterans' Administration death compensation laws.

Paragraph (8) defines "widow," and makes that term more liberal for purposes of payment of dependency and indemnity compensation. Section 206 of the bill provides that persons now on, or eligible to be on, the compensation rolls of the Veterans' Administration may elect to receive dependency and indemnity compensation under the bill. Therefore, the definition of "widow" provided by this paragraph (8) will not operate to remove any person from the rolls, will not prevent any person now on the rolls from receiving the new benefits (whether or not such person meets the new definition of "widow"), and provides a more liberal definition of the term "widow" than is found in existing law with respect to all service-connected deaths in the future.

Paragraph (9) of this subsection defines "Secretary concerned."

Paragraph (10) defines "basic pay" for all purposes of the bill. Clause (A) of this subsection defines "basic pay" by cross reference to the appropriate sections of the Career Compensation Act of 1949.

Clause (B) of this paragraph defines "basic pay" with respect to the various branches of the ROTC.

The definition of "basic pay" is of importance in determining what shall be deemed to be basic pay of deceased persons under paragraph (11) of this section; in determining the increment to the basic \$112 dependency and indemnity compensation paid to widows under title II; in determining the amount of the death gratuity payable under title III; and in determining the social-security benefits which will be paid, and the tax which is imposed for social-security purposes, under the amendments made by title IV.

Paragraph (11) establishes the method of determining "basic pay" for purposes of title II of the bill. Under subparagraph (A), where the deceased person died on active duty, active duty for training, or inactive duty training, his "basic pay" is that which he would have received if serving on active duty and entitled to basic pay at the time of his death.

Under subparagraph (B), where the deceased person did not die on active duty, active duty for training, or inactive duty training, his "basic pay" for purposes of title II is that which he would have received if serving on active duty, in the rank held by him on the date of his discharge or release from the last period of active duty, active duty for training, or inactive duty training, in which the disability causing his death was incurred or aggravated.

Subparagraph (C) provides a method of determining "basic pay" for the limited group of individuals not included in the definition of

“member of a uniformed service,” but who today have a compensable status under Veterans’ Administration laws by reason of being within the definition of the term “person who served” (as that term is used in the Veterans Regulations). The head of the department under which each such person performed the services by which he obtained a compensable status shall determine a pay grade and a rate of pay for that person under the Career Compensation Act of 1949, and such person’s “basic pay” shall be the pay so prescribed. Under the last sentence of this subparagraph, such persons are to be considered as having been on active duty while performing such service.

Under subparagraph (D) whenever basic pay for the uniformed services is changed in the future, payments received by survivors under title II of the bill will also be adjusted accordingly.

Subparagraph (E) provides that persons provisionally accepted, or selected for induction who die or incur a disability while en route or after arrival at a place to which ordered, shall be deemed to be on active duty and entitled to basic pay when they so die or incur a disability.

Subparagraph (F) provides that the Secretary concerned shall certify to the Administrator the basic pay considering rank or grade and years of service of deceased persons with respect to whose deaths applications for benefits are filed.

Paragraph (12) provides coverage for men discharged or released from active duty on or after January 1, 1957 during the time necessary for them to travel to their homes from the place where they are discharged or released, and, in any event, provides coverage for them until midnight of the day on which they receive their discharge or release. In some cases (primarily involving persons retiring from the Regular components), persons are held not to have “homes” at the time of their separation, but for purposes of transportation allowances incident to their separation, are given a year to select a home.

#### TITLE II—DEPENDENCY AND INDEMNITY COMPENSATION

This title provides that the Administrator of Veterans’ Affairs shall pay survivors of deceased veterans dependency and indemnity compensation when the deaths, no matter when they occurred, were the result of service-connected disabilities.

Whenever a veteran dies in the future from a service-connected disability, his survivors will be paid under the provisions of the bill. All survivors now on the compensation rolls may elect to continue to receive benefits under the old laws, or may elect to receive payments under the provisions of the bill in the future.

*Section 201.*—This section specifies the conditions under which a death occurring on or after January 1, 1957, will entitle survivors to dependency and indemnity compensation. The provisions of this section are sufficiently liberal to provide that in the case of all such deaths, persons who would be entitled to death compensation under existing law shall be entitled to dependency and indemnity compensation under the bill, and in addition includes numerous persons not covered today. These persons are (1) members of the National Guard whose deaths are the result of disease incurred or aggravated while performing active duty for training (as defined) for periods of 30 days

or less; (2) members of the ROTC, NROTC, and AFROTC whose deaths are the result of disease or injury incurred or aggravated while on annual training duty; (3) all persons provisionally accepted, or selected for induction, who die from injury incurred while en route to or from, or while at a place to which ordered; (4) persons performing travel to and from active duty or active duty for training, or inactive duty training, under the conditions specified in section 102 (6) (B) of the bill; and (5) persons after their discharge and during the period of time required for them to return to their homes, as provided in section 102 (12) of the bill.

The "line of duty" criteria presently applicable under Veterans' Administration disability compensation laws shall continue to apply to deaths referred to in this section; the new definition of "widow" and the existing definitions of "child" and "parent" applicable to other Veterans' Administration death compensation laws shall apply in determining basic entitlement under this section; and the existing presumptions with respect to service connection of disabilities shall continue to apply for purposes of determining incurrence or aggravation of the disease or injury causing the death.

This section requires that an application must be filed for benefits under this title.

*Section 202.*—This section prescribes rates of dependency and indemnity compensation which shall be paid to a widow. Under subsection (a), each widow will receive \$112 plus 12 percent of the basic pay of her deceased husband, with the total amount increased to the next highest dollar.

With one exception (made by subsec. (b) of this section), there is no increase in dependency and indemnity compensation paid to widows by reason of children of the deceased person. In general, additional benefits for children, and additional benefits to widows where there are children, will come from social-security payments.

By this approach, where the deceased person has a relatively low "average monthly wage" (for social-security purposes) the operation of section 203 (a) of the Social Security Act (the so-called family maximum provision) causes the payments made under that act to a widow with more than one child to be no greater than the amounts paid to a widow with only one child. In addition the deceased person may have had no entitlement to social security benefits at the time of his death. Therefore the committee has provided in subsection (b) that where the deceased person's "average monthly wage" is less than \$160, or where the deceased person had no entitlement to social-security benefits, the Veterans' Administration will make supplemental payments to the widow in the amount of \$30 for each child of the deceased person in excess of one. These supplemental payments, however, are limited to amounts which, when added to the social security payments (if any) made to the widow and children, will not exceed the amounts which would be paid to them under the Social Security Act if the deceased person had died fully and currently insured with an average monthly wage of \$160. Under the Social Security Act at present, the maximum amount which can be paid to a widow and children where the deceased person's average monthly wage equals \$160, is \$128 per month.

*Section 203.*—This section provides for payments of dependency and indemnity compensation to children.

Subsection (a) provides that whenever there is no widow, children shall receive dependency and indemnity compensation at the rate of \$70 for 1 child; \$100 for 2; \$130 for 3; and \$25 additional for each child in excess of 3.

Subsection (b) provides that dependency and indemnity compensation paid by reason of this section shall be paid in equal shares.

*Section 204.*—This section provides for supplemental payments of dependency and indemnity compensation to children, to take care of certain situations which may arise because of the termination of social-security payments to a child who attains age 18.

Subsection (a) provides that an orphan child who attains age 18, and has become permanently incapable of self-support, shall receive a supplemental payment of \$25 per month, in addition to any other payments to which such child is entitled.

Subsection (b) provides that where there is a widow, and a helpless child who has attained the age of 18, dependency and indemnity compensation in the amount of \$70 per month shall be paid to or for such child. This payment will continue so long as the widow is entitled to dependency and indemnity compensation in her own right. When there is no such widow, the child's payment under this subsection will terminate, but will be picked up under section 203 and under section 204 (a).

Subsection (c) provides that where there is a widow entitled to dependency and indemnity compensation, and a child attains the age of 18, and is attending school, a supplemental payment will be made to that child (to compensate for his loss of social security) in the amount of \$35. This payment will continue until the child leaves school, attains the age of 21, or until the widow's entitlement terminates, whichever first occurs. If the widow's entitlement terminates, the child will then be entitled to benefits under section 203.

*Section 205.*—This section provides for payments of dependency and indemnity compensation to parents.

Payments provided for parents will in all cases be geared to their annual income, and as annual income increases, payments under this title will decrease.

Subsection (a) of this section specifies that all payments to parents under this title shall be those prescribed under this section.

Subsection (b) provides the rates of dependency and indemnity compensation where there is only one parent.

Subsection (c) provides rates of dependency and indemnity compensation where there are two parents who are not living together. These rates are exactly one-half of the rates prescribed for two parents living together.

Subsection (d) provides rates of dependency and indemnity compensation for parents living together, and for remarried parents.

Subsection (e) provides for the filing of annual income statements by dependent parents.

Subsection (f) provides for administrative recovery of overpayments made to parents under this section.

Subsection (g) provides that all payments, with six exceptions, received by parents shall be considered as "income." These exceptions are—

- (1) payment of the 6-month death gratuity;
- (2) charitable donations to the parents;

- (3) payments of dependency and indemnity compensation under this title;
- (4) payments of death or disability compensation under other Veterans' Administration laws;
- (5) lump-sum payments under title II of the Social Security Act; and
- (6) amounts spent by parents for unusual medical expenses.

*Section 206.*—This section provides for payments of dependency and indemnity compensation in the case of deaths occurring prior to January 1, 1957.

Subsection (a) provides that any person who on or after December 31, 1956, is eligible for death compensation under other Veterans' Administration laws by reason of a death occurring before that date may receive dependency and indemnity compensation under this title. Paragraph (1) of this subsection provides that payments under this title may be made to persons on the rolls without regard to the character of discharge. Paragraph (2) of this subsection provides that parents who apply under this section must meet the income limitations established by this bill. Both paragraphs of this subsection provide that if existing criteria are liberalized in the future so that additional persons may receive death compensation under Veterans' Administration laws by reason of deaths occurring before January 1, 1957, such persons may receive benefits under the bill.

Subsection (b) provides that where benefits are granted under this title in cases of prior deaths, no payments shall be made by reason of such deaths to the beneficiary concerned under other Veterans' Administration laws or under the Federal Employees' Compensation Act.

Under paragraph (1) of this subsection, an election by a widow is binding upon the children of the deceased person, and paragraph (2) provides that an election by a child or a parent terminates his entitlement to benefits under such other laws.

Subsection (c) provides that where there is more than one child eligible for benefits by reason of this section, and all such children do not elect to receive such benefits, benefits under this title shall be paid to the children who do apply in the amounts they would receive if all such children had applied, and benefits under other laws shall be paid as if no application had been made under this title.

Subsection (d) provides with respect to parents that an application by one shall provide him only with the benefits he would have received if both parents had applied, and benefits to the other parent shall not exceed those which would be payable if no application under this title had been made.

Subsection (e) prohibits payments under this section to beneficiaries who are in receipt of payments under the Servicemen's Indemnity Act of 1951. Such beneficiaries may receive the new benefits when their entitlement to servicemen's indemnity payments ceases, whether by lapse of time or by their renunciation of their right to continue to receive such payments. The second sentence of paragraph (1) of this section prohibits payments to any beneficiary who has assigned his interest in servicemen's indemnity after the date the provisions of this bill first became public knowledge. No payments shall be made to any such beneficiary so long as the portion of indemnity he assigned is payable to any person. This provision is necessary in order to pre-

vent beneficiaries from becoming eligible for the new and more generous rates of compensation by assigning their interest in servicemen's indemnity to another close relative of the deceased person.

Paragraph (2) of this subsection provides that where a beneficiary may not receive payments under the Servicemen's Indemnity Act of 1951 by reason of the first sentence of paragraph (1), no other person may receive such payments.

*Section 207.*—This section provides that the Veterans' Administration shall use the same standards for determining service-connection of deaths entitling beneficiaries to dependency and indemnity compensation as it uses in determining service-connection of disabilities for purposes of payment of disability compensation.

*Section 208.*—This section provides that no payments of death compensation or death pension shall be made under any other law administered by the Veterans' Administration to any person eligible for benefits under this title by reason of a death occurring on or after January 1, 1957. The section also provides that no payments shall be made under the Federal Employees' Compensation Act by reason of any such death. This provision, coupled with section 501 (f) and sections 502 (5) and 502 (6) of the bill, will operate to prevent any payments being made under the Federal Employees' Compensation Act to the survivors of any member of a Reserve component of a uniformed service whose death occurs on or after January 1, 1957, and results from a service-connected cause. This section and sections 501 (f) and 502 (5) and (6) do not, however, affect the FECA benefits payable in the case of disabilities or deaths suffered by temporary members of the Coast Guard Reserve and members of the Coast Guard Auxiliary, or deaths suffered by former members of the Women's Army Auxiliary Corps.

These sections do not affect the eligibility of any person to receive Veterans' Administration or Federal Employees' Compensation Act benefits by reason of deaths occurring prior to January 1, 1957.

*Section 209.*—This section contains administrative provisions.

Subsection (a) provides that the general administrative provisions, provisions relating to definitions of terms, and other regulatory provisions provided in the Veterans' Administration disability and death compensation laws shall apply in the administration of title II of the bill.

Subsection (b) establishes an effective date for awards of dependency and indemnity compensation to persons who are on the rolls and elect under section 206 of the bill to receive the new benefits. It will take some time for these persons to become aware of the new program, and will take some time for them to decide whether to elect the new rates. To provide ample time for such persons, the bill provides that applications for the new benefits made by such persons on or before July 1, 1957, shall become effective as of January 1, 1957, but that applications made after July 1, 1957, shall become effective as of the date they are filed. If, however, an application is filed within 1 year after the date of the death entitling a beneficiary to benefits, benefits are paid under existing law retroactively to the date of death. It is intended that this subsection shall make no change in this practice with respect to deaths occurring before the effective date of the bill; but if an application is filed by reason of a death occurring before

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January 1, 1957, and is filed within 1 year after the date of death and the person filing the claim elects to receive the benefits of the bill, benefits under the bill shall be paid only from January 1, 1957, and benefits under other laws shall be paid under them through December 31, 1956.

Subsection (c) provides the same requirements for character of discharges as is presently required for other Veterans' Administration benefits.

Subsection (d) provides that a child in receipt of dependency and indemnity compensation by reason of the death of one parent may not receive such compensation or death compensation by reason of the death of another parent who is not in the same parental line.

Subsection (e) provides the same "continues cohabitation" requirement and remarriage bar with respect to widows as is found in existing Veterans' Administration laws today.

Subsection (f) provides the same authority for the Administrator of Veterans' Affairs to waive erroneous payments or overpayments made to beneficiaries as he has today under other Veterans' Administration laws.

*Section 210.*—Section 210, making payments of dependency and indemnity compensation nonassignable, exempt from taxation and claims of creditors, and not subject to attachment or seizure, is identical with existing provisions of law relating to death compensation and death pension payable under other Veterans' Administration laws. Treasury Department may levy against benefits for unpaid taxes.

#### TITLE III—DEATH GRATUITY

The death gratuity today, as in this title, is a gratuitous payment made upon the death of a member of a uniformed service, which is equal to 6 months' pay of the deceased person.

*Section 301.*—This section establishes the criteria for determining whether a death gratuity will be paid to survivors of a deceased person; establishes the amount of such death gratuity; and establishes the survivors entitled thereto.

Subsection (a) provides for payment of the death gratuity in the case of the death of a "member of a uniformed service," as defined in section 102, while on "active duty," "active duty for training," or "inactive duty training," as so defined. This has the effect of covering an additional group of persons under the death gratuity provisions who are not so covered today. These persons are the following:

(1) Members of the National Guard, and reservists, whose deaths are the result of disease, and occur (A) while they are performing active duty for training for periods of 30 days or less, or (B) while they are on inactive duty training.

(2) Members of the ROTC, AFROTC, and NROTC whose deaths occur while they are on annual training duty for periods of 14 days or more;

(3) Persons provisionally accepted, or selected for induction, who die while en route to, or from, or at the place to which ordered.

(4) Persons performing authorized travel to or from active duty or active duty for training; persons in a travel status under section 102 (6) (B) of the bill; and persons covered until midnight of the date of discharge or release and during the time necessary to travel to their homes, under section 102 (12) of the bill.

(5) All persons whose deaths are the result of "willful misconduct," and all reservists and National Guardsmen whose deaths are not "in line of duty."

Subsection (b) of this section provides that the death gratuity shall equal 6 months' basic pay, plus special and incentive pays received by the deceased person, but shall not be less than \$800 nor more than \$3,000. Except for the maximum and minimum provisions, this follows existing law.

Subsection (c) lists the survivors eligible to receive the death gratuity. The permitted class of beneficiaries is more restricted than is provided in existing law, being confined to the widow, children, parents, and brothers and sisters. Existing law has been construed to provide for payment to any person having an "insurable interest" in the life of the deceased person.

Subsections (c) and (d) of this section provide that the death gratuity shall be paid only to living survivors, and shall be paid according to the priorities established in subsection (c). Since the gratuity is designed to care for the emergency needs of survivors, there is no reason for the gratuity to be paid to the estate of any person.

*Section 302.*—This section provides that each Secretary of a military department shall, to the maximum extent feasible, delegate to commanding officers of commands, installations, or districts, for further delegation where appropriate, the authority to determine the survivors entitled to the death gratuity, and provides that each such Secretary shall authorize the appropriate disbursing or certifying officers to make the payments to the survivors so determined (or certify payments due to them, in the case of the Coast Guard).

*Section 303.*—This section provides death gratuity coverage for 120 days after discharge or release from active duty, or active duty for training where the death results from a service-connected disability. However, the deceased person must have been discharged or released from the service under conditions other than dishonorable.

Subsection (a) provides that the gratuity shall be paid by the Secretary concerned, after the Administrator of Veterans' Affairs has determined that the death was service-connected.

Subsection (b) is intended to simplify the procedures which must be followed by claimants who are entitled to the death gratuity by reason of this section. Where the Veterans' Administration receives a claim for dependency and indemnity compensation, and it appears that the death gratuity may be payable by reason of this section, the Administrator shall certify that fact to the Secretary concerned who shall then make all determinations as to entitlement except determinations as to service connection.

Subsection (c) provides that determinations made by the Veterans' Administration under this section shall be made in exactly the same manner as determinations made under title II of the bill but as indicated above, line of duty is not to be factor.

Subsection (d) provides that the deceased person will be deemed to have been entitled to basic pay at the time of his death.

Subsection (e) provides that the deceased person must have been discharged or released under conditions other than dishonorable.



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*Section 304.*—This section contains administrative provisions. Subsection (a) provides that the death gratuity shall not be paid if the deceased person was executed for a crime, unless the execution was performed by an enemy of the United States, or by a hostile force with which the Armed Forces of the United States have engaged in armed conflict.

Subsection (b) specifies the source of funds for payment of the death gratuity.

Subsection (c) provides for two situations. Where a reservist performing inactive-duty training without pay is killed, he will be deemed to have been entitled to basic pay at the time of death.

The second sentence of this subsection is designed to insure that payments of the death gratuity will continue to be made in cases where persons who suffer disability while on short tours of duty, or on inactive-duty training, are hospitalized and, after their original orders (if any) have expired, die while so hospitalized. The practice of the services in the past has been to place such individuals at the time of their injury in a pay status, and retain them in a pay status while they are receiving necessary medical care. In the event of the death of such persons while in a pay status, the death gratuity is payable today. This sentence is intended to provide that the services will continue that practice.

Subsection (d) of this section establishes criteria for determining the person who is the spouse of the deceased person for purposes of making payments under this title.

### TITLE IV—OLD-AGE AND SURVIVORS INSURANCE

Title IV is divided into two parts. Part A (consisting of secs. 401 through 408) contains amendments to title II of the Social Security Act as well as certain other provisions (including amendments to the Railroad Retirement Act of 1937 and the Civil Service Retirement Act of May 29, 1930) relating to the old-age and survivors insurance program. Part B (consisting of secs. 409 through 411) contains corresponding amendments to the Internal Revenue Code of 1954.

#### PART A—PROVISIONS RELATING TO TITLE II OF THE SOCIAL SECURITY ACT

*Section 401.*—This section amends section 209 of the Social Security Act (which defines “wages” for purposes of the old-age and survivors insurance program) so as to provide that, in the case of an individual performing service after December 1956 as a member of a uniformed service, only such individual’s basic pay (as described in sec. 102 (10) of the bill) will count as “wages” for purposes of computing the benefits to which he and his survivors may become entitled under that program.

*Section 402.*—This section amends section 210 of the Social Security Act (which defines “employment” and related terms for purposes of the old-age and survivors insurance program) so as to provide coverage under that program, on a regular contributory basis, for service performed in any of the uniformed services.

Subsection (a) of this section adds two new subsections, (m) and (n), at the end of section 210. Under the new subsection (m), except as provided in paragraph (4) thereof, service performed after Decem-

ber 1956 by a member of a uniformed service on active duty (not including service performed while on leave without pay) will constitute covered employment for old-age and survivors insurance purposes. The term "active duty" (which includes active duty for training) is defined by reference to the definitions contained in section 102 of the bill.

Paragraph (4) of the new subsection (m) provides, however, that if an individual uses his service as a member of a uniformed service in the computation of any railroad retirement annuity to which he may be entitled, such service may not be counted as "employment" for old-age and survivors insurance purposes.

The new subsection (n) contains a definition of the terms "member of a uniformed service" for old-age and survivors insurance purposes. This definition is the same as the corresponding definition (contained in sec. 102 (2) of the bill) for purposes of dependency and idemnity compensation payable by the Veterans' Administration.

Subsection (b) of this section amends section 205 (p) (1) of the Social Security Act so as to make it clear that the basic determinations with respect to employment and wages in the case of members of the uniformed services will be made by the Secretaries concerned, and will be accepted as final and conclusive by the Secretary of Health, Education, and Welfare for old-age and survivors insurance purposes.

*Section 403.*—This section amends section 202 (i) of the Social Security Act, which provides for the payment of a lump-sum death payment to the widow (or other person paying the burial expenses) upon the death of an insured individual. Section 202 (i) presently requires that application for such payment be made within 2 years after the death of the insured individual; except that where a serviceman dies overseas prior to a specified date, and he is returned to the United States for interment or reinterment, the application may be filed at any time within 2 years after such interment or reinterment. The effect of the amendment made by section 403 of the bill is to continue this provision, extending the period during which application for the lump-sum death payment may be filed in the case of servicemen who are returned to the United States for interment or reinterment, on a permanent basis for members of the uniformed services who die overseas after December 1956.

*Section 404.*—This section amends section 217 of the Social Security Act, which affords a gratuitous wage credit of \$160 a month for active military or naval service performed during and after World War II.

Subsection (a) of this section amends section 217 (e) of the Social Security Act, which affords the gratuitous wage credit for service after the end of World War II. Section 217 (e) (1) (B) presently provides that the credit for any such service may not be counted for old-age and survivors insurance purposes if a benefit is payable under any other Federal law or retirement system (other than by the Veterans' Administration) on the basis of the same service. Under the amendment made by subsection (a) no gratuitous wage credits would be afforded after December 1956; however, a member of a uniformed service who is still in the active service after 1956 will be permitted to count his active military or naval service after 1950 for old-age and survivors insurance purposes, notwithstanding section

217 (e) (1) (B), if his only other Federal retirement benefits which are based on such service are payable by one of the uniformed services.

Subsection (b) of this section amends section 217 of the Social Security Act by adding at the end thereof a new subsection (f). The new subsection (f) would provide that where the widow or child of a former serviceman is entitled under the Civil Service Retirement Act of May 29, 1930, to a survivor's annuity in the computation of which such serviceman's military or naval service (performed after September 15, 1940, and before January 1, 1957) was included, such widow or child may elect, by irrevocably waiving his or her right to the annuity, to have such military or naval service included after December 1956 in the computation of a monthly survivors benefit under title II of the Social Security Act, notwithstanding section 217 (a) (1) (B) or 217 (e) (1) (B) of that act.

Subsection (c) of this section would permit a widow or child who waives his or her right to a survivor's annuity under the Civil Service Retirement Act (as permitted under the amendment made by subsec. (b)) in order to use the serviceman's military or naval service in the computation of a monthly survivors benefit under title II of the Social Security Act, and who already is entitled to such a benefit by reason of the serviceman's other employment or self-employment, to obtain a recomputation of the serviceman's primary insurance amount so as to reflect in the amount of the benefit the inclusion of such service.

It should be noted that any service as a member of a uniformed service performed (on a contributory basis) after December 1956 may be used both for old-age and survivors insurance purposes and in the computation of benefits under another Federal retirement system, except in the case of civil-service survivor annuitants as provided in section 408 of the bill.

*Section 405.*—This section, which amends section 217 of the Social Security Act, authorizes appropriations to reimburse the Federal old-age and survivors insurance trust fund for the actual cost to it of the gratuitous (tax-free) wage credits provided by such section 217 for active military or naval service performed after September 15, 1940 (and prior to January 1, 1957). The amount of such reimbursement would be computed on the "excess cost" basis, and would include the full cost of the old-age and survivors insurance benefits payable in cases where the beneficiary's basic entitlement depends on such service as well as the additional cost of such benefits in cases where some benefits (though smaller in amount) would be payable without such service. The lump sum required to reimburse the trust fund for the additional cost of all such benefits paid before July 1956 would be determined by the Secretary of Health, Education, and Welfare, and would be repaid to such fund (with interest) by annual appropriations over a 10-year period; and the amount required to reimburse the fund for the additional cost each year of such benefits paid after June 1956 would be repaid to the fund by annual appropriations on a current basis.

*Section 406.*—This section adds a new subsection (o) to section 202 of the Social Security Act. The new subsection (o) makes it clear that, in the case of monthly survivors benefits payable under such section 202 to a widow, child, or parent of a deceased individual who was a member of a uniformed service, the requirement that an application for such benefits be filed will be satisfied if such widow, child, or

parent files an application for such benefits with the Administrator of Veterans' Affairs on the application form prescribed under section 601 of the bill.

*Section 407.*—This section contains amendments to the Railroad Retirement Act of 1937. These amendments, which take into account the existing interrelation between the railroad retirement system and the old-age and survivors insurance system, are designed to continue the present policy under both systems with respect to the performance by workers of military or naval service.

(1) After 1956 there will be creditable under railroad retirement, wage credits of \$160 for each month of military service performed by an individual who has at least 10 years of coverage under the Railroad Retirement Act (including coverage acquired by military service).

(2) The compensation received for military service by an individual who, previously, was in railroad employment within the 2-year period immediately preceding his entrance into military service will be subject to the regular 4 percent social security tax (2 percent being paid by the individual and 2 percent by the Government). However, the Government will, by direct appropriations, reimburse the railroad retirement account for each month of military service performed by such individual by an amount equal to 12½ percent of the \$160 wage credit, minus the amount of the 4 percent social security tax paid with respect to his military compensation. (The 12½ percent represents the combined rates of tax payable by both the employer and employee under the Railroad Retirement Act.)

(3) Should the military service be used for payment of social security under title II of the act, no adjustment would be required between railroad retirement fund and social security. The 4 percent tax for social security would be used to pay the benefits. However, should the military service be used for benefits under the Railroad Retirement Act, the OASI trust fund would be charged by the railroad retirement account for the amount of the social security benefits which would be attributable to the military service on which he 4 percent social security taxes were collected.

(4) An individual would not be permitted to receive both benefits on the basis of his military service.

*Section 408.*—This section amends section 5 of the Civil Service Retirement Act of May 29, 1930, so as to provide that the widow or child of an individual who performed service in the uniformed services after 1956 may not use such service for civil service survivor annuity purposes if he or she is entitled (or would upon proper application be entitled) to any monthly survivor benefits under section 202 of the Social Security Act. If the widow is without minor children and will become entitled to such benefits only upon attaining age 65 at a later time, such service may, however, be included in the computation of her civil service survivor annuity until that time. Military service rendered after 1956 cannot be used by a Federal employee for Civil Service Retirement if he is eligible for social security benefits.

PART B—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1954

*Section 409.*—This section amends section 3121 (i) of the Internal Revenue Code of 1954 to provide that in the case of an individual

performing service after December 1956 as a member of a uniformed service, only such individual's basic pay (as described in sec. 102 (10) of the bill), up to a maximum of \$4,200 in any calendar year, will count as "wages" for purposes of tax under the Federal Insurance Contributions Act. The definition of members of a uniformed service in this bill contemplates inclusion of chaplains and other professional personnel in the respective military services for purposes of this section. This amendment corresponds to the amendment made by section 401 of the bill to section 209 of the Social Security Act.

*Section 410.*—Subsection (a) of this section amends section 3121 of the Internal Revenue Code of 1954 by adding two new subsections, (m) and (n), at the end thereof. Under the new subsection (m), service performed after December 1956 by a member of a uniformed service on active duty (not including service performed while on leave without pay) will constitute "employment" for purposes of the Federal Insurance Contributions Act. The term "active duty" (which includes active duty for training) is defined by reference to the definitions contained in section 102 of the bill. The new subsection (n) contains a definition of the term "member of a uniformed service" for purposes of the Federal Insurance Contributions Act; this definition is the same as the corresponding definition (contained in sec. 102 (2) of the bill) for purposes of dependency and indemnity compensation payable by the Veterans' Administration. The amendment made by subsection (a) of this section of the bill corresponds generally to the amendment made by section 402 (a) of the bill to section 210 of the Social Security Act.

Subsection (b) of this section amends section 3122 of the Internal Revenue Code of 1954 so as to make it clear that the basic determinations with respect to employment and wages in the case of members of the uniformed services will be made by the Secretaries concerned, and will be accepted as final and conclusive by the Secretary of the Treasury for purposes of the Federal Insurance Contributions Act. This amendment corresponds to the amendment made by section 402 (b) of the bill to section 205 (p) (1) of the Social Security Act.

Subsection (c) of this section amends section 3122 of the Internal Revenue Code of 1954 so as to make it clear that payments of the employer's tax under the Federal Insurance Contributions Act, with respect to service performed by members of the uniformed services after December 1956, will be made from appropriations available for the pay of such members.

*Section 411.*—This section amends section 6051 (b) of the Internal Revenue Code of 1954, which provides a special rule with respect to the information to be contained on employees' tax receipts in the case of compensation paid for service in the Armed Forces, so as to reflect the coverage of the uniformed services under the old-age and survivors' insurance system pursuant to the preceding provisions of the bill.

#### TITLE V—AMENDMENTS AND REPEALS

Section 501 of this title contain subsections making specific amendments to existing laws.

*Subsection (a).*—Subsection (a) amends the National Service Life Insurance Act of 1940 in four respects. Paragraph (1) of this subsection amends the last sentence of section 620 of that act so as to provide

that the insurance which is granted to disabled veterans of service on or after June 27, 1950, will be similarly granted to all disabled persons granted dependency and indemnity compensation coverage by the bill. Under this amendment, every person who can today obtain this disability insurance will retain the rights he has today, and the new groups first given survivor protection by the bill will also have the right to obtain this insurance.

Paragraphs 2 and 3 amend section 621 of the National Service Life Insurance Act of 1940. This amendment will continue the right of nondisabled individuals to apply for National Service life term insurance within 120 days after they are discharged or released on or after January 1, 1957. There will be no additional cost to the Government because of this amendment. Under this amendment all benefit payments and administrative costs of this insurance would be borne by the premium proceeds. This is accomplished by placing all premiums in the appropriation and making all payments therefrom. Experience has shown that the surplus in the former revolving fund, which will be transferred to the appropriation, was more than adequate to bear the administrative cost.

Subparagraph (A) of paragraph 4 designates the existing section 622 of the National Service Life Insurance Act of 1940 as section (a), and adds a new subsection (b) at the end of such subsection. The new subsection (b) provides that no application for waivers of premiums under such section 622 made on or after January 1, 1957, shall be of any effect except applications filed (1) pursuant to the first proviso of subsection (a) or (2) during a period of war emergency. In the latter case, any such waiver granted would be effective only during the period of such war emergency.

Individuals having their policies under waiver may keep their policies under waiver of premiums; however, in any such case, if such an individual dies from a service-connected cause on or after May 1, 1957, having his policy under waiver, his survivors will not receive the survivor protection provided by title II, of this bill, but will receive death compensation from the Veterans' Administration under the laws in effect on December 31, 1956, or as thereafter amended. Although subsection (o) of this section 501 provides that deaths on or after January 1, 1957, shall not give entitlement to such benefits, this subparagraph (B) makes a limited exception to the amendment made by that subsection, by providing that deaths occurring before May 1, 1957, shall not preclude survivors from obtaining the new rates provided by the bill. Individuals in the service have 120 days after the effective date of the bill to decide (1) whether they wish to receive the new survivor protection coverage provided by the bill, or (2) whether they wish to retain their policies under waiver of premiums, and provide their survivors with existing rates of VA death compensation in case their deaths occur on or after May 1, 1957.

It should be noted that outstanding waivers can be canceled at any time, either before or after May 1, 1957, and thereby provide survivors protection under the bill.

Paragraph (5) of this subsection makes no change in existing law. Section 5 of the Servicemen's Indemnity Act of 1951 provides today that certain insurance on a permanent plan which has been surrendered for cash, and certain term insurance which has expired,

may be reinstated under certain conditions. The new section 623 is designed to preserve these rights and, in view of the fact that indemnity protection will not be available during peacetime, provision is also made for accelerating the time within which they may exercise these rights.

Paragraph (7) of this subsection contains a savings provision designed to insure that nothing in the amendments made to sections 620 and 621 of the National Service Life Insurance Act of 1940 by paragraphs (1) and (2), respectively, of this subsection shall be construed (A) to cancel or restrict rights under insurance contracts issued under such act prior to January 1, 1957, or (B) to cancel or restrict rights or privileges (arising by reason of service in or with the Armed Forces which begins before January 1, 1957) which any person, who is not a member or former member of a uniformed service within the meaning of the bill, has to apply for, and be granted, insurance under such act.

*Subsection (b).*—This subsection amends section 304 of the Naval Reserve Act of 1938 (1) by designating that section as subsection (a); (2) by deleting all of the provisions of that section which grant Federal Employees' Compensation Act benefits to naval reservists; and (3) by adding a new subsection (b) at the end of that section.

The new subsection (b) proposed to be added to that section makes no change in existing law, but merely places in a new place in such section 304 provisions which are interwoven with the matter deleted from section 304 by the amendment referred to in clause (2) of the preceding paragraph.

*Subsection (c).*—This subsection amends section 2 of the act of August 12, 1935, so as to provide specifically for criminal penalties for fiduciaries who misappropriate payments under this act made to them for beneficiaries.

*Subsection (d).*—This subsection amends section 21 of the World War Veterans' Act, 1924, to provide specific authority for payments of dependency and indemnity compensation to guardians of beneficiaries, and other fiduciaries.

*Subsections (e) and (f).*—Provide that the same rules shall obtain with respect to payments of dependency and indemnity compensation to survivors of veterans of the Army of the Philippines and Philippine Scouts as obtain with respect to payments of death compensation under other Veterans' Administration laws. The amendments also provide that the annual income limitations prescribed for payments to parents under section 205 of the bill shall, in the Philippine Islands, be determined on the basis of one peso for one dollar.

*Subsection (g).*—Subsection (g) of this section amends paragraph V of Veterans Regulation No. 2 (a), to provide specifically that payments of dependency and indemnity compensation unpaid at the death of a beneficiary shall be paid to other persons just as is the case today with respect to death compensation.

*Subsection (h).*—This subsection amends section 11 of the Uniformed Services Contingency Option Act of 1953. That section provides today that payments made under that act shall not be considered as "income"; however, this subsection amends that act to insure that there will be no doubt that payments made under that act shall be considered as income in determining eligibility of a parent for benefits.

*Subsection (i).*—This subsection amends the second sentence of paragraph XIII of Veterans Regulation No. 10 to provide that the receipt of dependency and indemnity compensation under the bill shall not bar a recipient who otherwise qualifies from receiving pension or compensation from the Veterans' Administration. Likewise, the receipt of pension, compensation, or dependency and indemnity compensation, shall not bar a recipient who otherwise qualifies from receiving dependency and indemnity compensation. It is not intended, however, that this provision shall in any way override the express provision in section 209 (d) of the bill relating to the dependency and indemnity compensation payable to a child based upon the death of more than one parent.

*Subsection (j).*—This subsection amends section 15 of Public Law 2, 73d Congress, so as to provide clearly and unmistakably in the law that where any person has committed any fraudulent act in connection with a claim for benefits under other Veterans' Administration laws providing for payment of compensation, or (because of nonspecific cross references to this section 15 contained in other laws) similarly, has committed any fraudulent act in connection with a claim for benefits under other Veterans' Administration laws, such person shall forfeit all his benefits under this bill, and under such other laws, and in addition, may be punished by fine and imprisonment.

*Subsection (k).*—This subsection amends section 3 of the act of October 17, 1940, so as to provide specific authority for the Administrator of Veterans' Affairs to apportion to children of the deceased person any part of the dependency and indemnity compensation paid to a widow, where there are children who are not in her care.

*Subsection (l).*—This subsection amends the act of September 7, 1944, so as to provide that the effective date of awards of dependency and indemnity compensation under the bill where a person is reported dead, or found to be dead, shall be the same as is presently provided by that act in the case of death pension or death compensation. Such act of September 7, 1944, provides that the effective date of such awards shall be the day following the date fixed by the Secretary concerned as the date of death, if a claim for benefits is filed within 1 year after such finding is made.

*Subsections (m) and (n).*—Amend provisions of law which are of very limited application today, so as to have these sections (which deal with awards of death compensation) specifically provide that they are no longer of application in the case of deaths occurring after December 31, 1956.

*Subsection (o).*—Subsection (o) amends the paragraphs of the Veterans Regulations which today provide for payment of death compensation to survivors of veterans who die service-connected deaths. The amendments provide that these paragraphs shall not apply to deaths occurring on or after January 1, 1957.

*Subsection (p).*—This subsection is a technical amendment to the Internal Revenue Code of 1954, placed therein to serve as a guide to tax lawyers that there is an exemption from taxation in the case of dependency and indemnity compensation, provided in section 210 of the bill.

*Subsection (q).*—Provides that the current program of free indemnity, under the Servicemen's Indemnity Act of 1951, is continued, but its application to a person in the active service would be limited for only periods of war or national emergency involving hostilities.



*Subsection (r).*—Provides that in cases where the military record is corrected under section 207 of the Legislative Reorganization Act of 1946, the effective date of commencement of Veterans' Administration benefits will be the date the application was filed for correction of the record.

*Section 502.*—This section contains a list of acts and parts of acts which are repealed by the bill.

Paragraph (1) repeals the act of December 17, 1919, which today provides for payment of the 6 months' death gratuity to dependents of members of the Regular Army.

Paragraph (2) repeals a paragraph in an appropriation bill of June 4, 1920, which provides for payment of the 6 months' death gratuity to dependents of members of the Regular Navy and Marine Corps.

Paragraph (3) repeals an obsolete provision of law granting the 6 months' death gratuity to dependents of Army nurses.

Paragraph (4) repeals the provision of law granting the 6 months' death gratuity to dependents of members of the Fleet Reserve and Fleet Marine Corps Reserve.

Paragraph (5) repeals the act of July 15, 1939, which grants Federal Employees' Compensation Act coverage to members of the Army and Air Force Reserve.

Paragraph (6) repeals the act of July 18, 1940, which grants Federal Employees' Compensation Act coverage to certain reservists who suffered injuries prior to July 15, 1939.

Paragraph (7) repeals section 489 of title 14 of the United States Code, which grants the 6 months' death gratuity to dependents of members of the Coast Guard.

#### TITLE VI—MISCELLANEOUS

*Section 601.*—This section provides that there shall be no necessity for a claimant to file more than one basic application for benefits under the Social Security Act and under title II of the bill, and that, to the maximum feasible extent, there shall be no necessity for a claimant to file any particular item of documentary evidence substantiating a claim more than once under such act and title. The section is not intended to foreclose either the Veterans' Administration or the Department of Health, Education, and Welfare from contacting a claimant to procure additional information, or to inform a claimant of his or her rights.

*Section 602* would restore for 1 year the right for persons who had active service between October 8, 1940, and September 2, 1945, to apply for and, upon a showing of good health, to be granted insurance under the National Service Life Insurance Act of 1940.

*Section 603.*—This section contains the effective date of the bill, and a saving provision.

Subsection (a) provides that the bill shall take effect as of January 1, 1957.

Subsection (b) provides that none of the amendments or repeals contained in the bill shall operate to deprive any person of any right to payments which he has by reason of a disability or death occurring prior to January 1, 1957; nor shall anything in any such amendment or repeal deprive any person of any right to which he is entitled under the Federal Employees' Compensation Act by reason of his own disability occurring prior to January 1, 1957.

## CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets; new matter is printed in italics; existing law in which no change is proposed is shown in roman):

## SOCIAL SECURITY ACT

## OLD-AGE AND SURVIVORS INSURANCE BENEFIT PAYMENTS

## Old-Age Insurance Benefits

SEC. 202. \* \* \*

## Lump-Sum Death Payments

(i) Upon the death, after August 1950, of an individual who died a fully or currently insured individual, an amount equal to three times such individual's primary insurance amount, or an amount equal to \$255, whichever is the smaller, shall be paid in a lump sum to the person, if any, determined by the Secretary to be the widow or widower of the deceased and to have been living with the deceased at the time of death. If there is no such person, or if such person dies before receiving payment, then such amount shall be paid to any person or persons, equitably entitled thereto, to the extent and in the proportions that he or they shall have paid the expenses of burial of such insured individual. No payment shall be made to any person under this subsection unless application therefor shall have been filed, by or on behalf of any such person (whether or not legally competent), prior to the expiration of two years after the date of death of such insured individual, or unless such person was entitled to wife's or husband's insurance benefits, on the basis of the wages and self-employment income of such insured individual, for the month preceding the month in which such individual died. [In the case of any individual who died outside the forty-eight States and the District of Columbia after December 1953 and before July 1955, whose death occurred while he was in the active military or naval service of the United States, and who is returned to any of such States, the District of Columbia, Alaska, Hawaii, Puerto Rico, or the Virgin Islands for interment or reinterment, the provisions of the preceding sentence shall not prevent payment to any person under the second sentence of this subsection if application for a lump-sum death payment with respect to such deceased individual is filed by or on behalf of such person (whether or not legally competent) prior to the expiration of two years after the date of such interment or reinterment.] *In the case of any individual who died outside the forty-eight States and the District of Columbia after December 1953 and before January 1, 1957, whose death occurred while he was in the active military or naval service of the United States, and who is returned to any of such States, the District of Columbia, Alaska, Hawaii, Puerto Rico, or the Virgin Islands for interment or reinterment, the provisions of the preceding sentence shall not prevent payment to any person under the second sentence of this subsection if application for a lump-sum death payment with respect to*

such deceased individual is filed by or on behalf of such person (whether or not legally competent) prior to the expiration of two years after the date of such interment or reinterment. In the case of any individual who died outside the forty-eight States and the District of Columbia after December 1956 while he was performing service, as a member of a uniformed service, to which the provisions of section 210 (m) (1) are applicable, and who is returned to any of such States, or the District of Columbia, or to any Territory or possession of the United States, for interment or reinterment, the provisions of the third sentence of this subsection shall not prevent payment to any person under the second sentence of this subsection if application for a lump-sum death payment with respect to such deceased individual is filed by or on behalf of such person (whether or not legally competent) prior to the expiration of two years after the date of such interment or reinterment.

*Application for Benefits by Survivors of Members and Former Members of the Uniformed Services*

(o) In the case of any individual who would be entitled to benefits under subsection (d), (e), (g), or (h) upon filing proper application therefor, the filing with the Administrator of Veterans' Affairs by or on behalf of such individual of an application for such benefits, on the form prescribed under section 601 of the Servicemen's and Veterans' Survivor Benefits Act, shall satisfy the requirement of such subsection (d), (e), (g), or (h) that an application for such benefits be filed.

\* \* \* \* \*

EVIDENCE, PROCEDURE, AND CERTIFICATION FOR PAYMENT

SEC. 205. (a) \* \* \*

\* \* \* \* \*

Special Rules in Case of Federal Service

(p) (1) With respect to service included as employment under section 210 which is performed in the employ of the United States or in the employ of any instrumentality which is wholly owned by the United States, including service, performed as a member of a uniformed service, to which the provisions of subsection (m) (1) of such section are applicable, the Secretary shall not make determinations as to whether an individual has performed such service, the periods of such service, the amounts of remuneration for such service which constitute wages under the provisions of section 209, or the periods in which or for which such wages were paid, but shall accept the determinations with respect thereto of the head of the appropriate Federal agency or instrumentality, and of such agents as such head may designate, as evidenced by returns filed in accordance with the provisions of section 3122 of the Internal Revenue Code of 1954 and certifications made pursuant to this subsection. Such determinations shall be final and conclusive.

\* \* \* \* \*

DEFINITION OF WAGES

SEC. 209. For the purposes of this title, the term "wages" means remuneration paid prior to 1951 which was wages for the purposes of

this title under the law applicable to the payment of such remuneration, and remuneration paid after 1950 for employment, including the cash value of all remuneration paid in any medium other than cash; except that, in the case of remuneration paid after 1950, such term shall not include—

(a) (1) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to \$3,600 with respect to employment has been paid to an individual during any calendar year prior to 1955, is paid to such individual during such calendar year;

(2) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to \$4,200 with respect to employment has been paid to an individual during any calendar year after 1954, is paid to such individual during such calendar year;

(b) The amount of any payment (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) made to, or on behalf of, an employee or any of his dependents under a plan or system established by an employer which makes provision for his employees generally (or for his employees generally and their dependents) or for a class or classes of his employees (or for a class or classes of his employees and their dependents), on account of (1) retirement, or (2) sickness or accident disability, or (3) medical or hospitalization expenses in connection with sickness or accident disability, or (4) death;

(c) Any payment made to an employee (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) on account of retirement;

(d) Any payment on account of sickness or accident disability, or medical or hospitalization expenses in connection with sickness or accident disability, made by an employer to, or on behalf of, an employee after the expiration of six calendar months following the last calendar month in which the employee worked for such employer;

(e) Any payment made to, or on behalf of, an employee or his beneficiary (1) from or to a trust exempt from tax under section 165 (a) of the Internal Revenue Code of 1939 at the time of such payment or, in the case of a payment after 1954, under sections 401 and 501 (a) of the Internal Revenue Code of 1954 unless such payment is made to an employee of the trust as remuneration for services rendered as such employee and not as a beneficiary of the trust, or (2) under or to an annuity plan which, at the time of such payment, meets the requirements of section 165 (a) (3), (4), (5), and (6) of the Internal Revenue Code of 1939 or, in the case of a payment after 1954, the requirements of sections 401 and 501 (a) of the Internal Revenue Code of 1954;

(f) The payment by an employer (without deduction from the remuneration of the employee) (1) of the tax imposed upon an employee under section 1400 of the Internal Revenue Code of 1939, or in the case of a payment after 1954 under section 3101 of the Internal Revenue Code of 1954, or (2) of any payment required from an employee under a State unemployment compensation law;

(g) (1) Remuneration paid in any medium other than cash to an employee for service not in the course of the employer's trade or business or for domestic service in a private home of the employer;

(2) Cash remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than \$50. As used in this paragraph, the term "domestic service in a private home of the employer" does not include service described in section 210 (f) (5);

(3) Cash remuneration paid by an employer in any calendar quarter to an employee for service not in the course of the employer's trade or business, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than \$50. As used in this paragraph, the term "service not in the course of the employer's trade or business" does not include domestic service in a private home of the employer and does not include service described in section 210 (f) (5);

(h) (1) Remuneration paid in any medium other than cash for agricultural labor;

(2) Cash remuneration paid by an employer in any calendar year to an employee for agricultural labor, if the cash remuneration paid in such year by the employer to the employee for such labor is less than \$100;

(i) Any payment (other than vacation or sick pay) made to an employee after the month in which he attains retirement age (as defined in section 216 (a)), if he did not work for the employer in the period for which such payment is made; or

(j) Remuneration paid by an employer in any quarter to an employee for service described in section 210 (k) (3) (C) (relating to home workers), if the cash remuneration paid in such quarter by the employer to the employee for such service is less than \$50.

For purposes of this title, in the case of domestic service described in subsection (g) (2), any payment of cash remuneration for such service which is more or less than a whole-dollar amount shall, under such conditions and to such extent as may be prescribed by regulations made under this title, be computed to the nearest dollar. For the purpose of the computation to the nearest dollar, the payment of a fractional part of a dollar shall be disregarded unless it amounts to one-half dollar or more, in which case it shall be increased to \$1. The amount of any payment of cash remuneration so computed to the nearest dollar shall, in lieu of the amount actually paid, be deemed to constitute the amount of cash remuneration for purposes of subsection (g) (2).

*For purposes of this title, in the case of an individual performing service, as a member of a uniformed service, to which the provisions of section 210 (m) (1) are applicable, the term "wages" shall, subject to the provisions of subsection (a) of this section, include as such individual's remuneration for such service only his basic pay as described in section 102 (10) of the Servicemen's and Veterans' Survivor Benefits Act.*

## DEFINITION OF EMPLOYMENT

SEC. 210. For the purposes of this title—

\* \* \* \* \*

*Service in the Uniformed Services*

(m) (1) Except as provided in paragraph (4), the term "employment" shall, notwithstanding the provisions of subsection (a) of this section, include service performed after December 1956 by an individual as a member of a uniformed service on active duty; but such term shall not include any such service which is performed while on leave without pay.

(2) The term "active duty" means "active duty" as described in section 102 of the Servicemen's and Veterans' Survivor Benefits Act, except that it shall also include "active duty for training" as described in such section.

(3) The term "inactive duty training" means "inactive duty training" as described in such section 102.

(4) (A) Paragraph (1) of this subsection shall not apply in the case of any service, performed by an individual as a member of a uniformed service, which is creditable under section 4 of the Railroad Retirement Act of 1937. The Railroad Retirement Board shall notify the Secretary of Health, Education, and Welfare, as provided in section 4 (p) (2) of that Act, with respect to all such service which is so creditable.

(B) In any case where benefits under this title are already payable on the basis of such individual's wages and self-employment income at the time such notification (with respect to such individual) is received by the Secretary, the Secretary shall certify no further benefits for payment under this title on the basis of such individual's wages and self-employment income, or shall recompute the amount of any further benefits payable on the basis of such wages and self-employment income, as may be required as a consequence of subparagraph (A) of this paragraph. No payment of a benefit to any person on the basis of such individual's wages and self-employment income, certified by the Secretary prior to the end of the month in which he receives such notification from the Railroad Retirement Board, shall be deemed by reason of this subparagraph to have been an erroneous payment or a payment to which such person was not entitled. The Secretary shall, as soon as possible after the receipt of such notification from the Railroad Retirement Board, advise such Board whether or not any such benefit will be reduced or terminated by reason of subparagraph (A), and if any such benefit will be so reduced or terminated, specify the first month with respect to which such reduction or termination will be effective.

*Member of a Uniformed Service*

(n) The term "member of a uniformed service" means any person appointed, enlisted, or inducted in a component of the Army, Navy, Air Force, Marine Corps, or Coast Guard (including a reserve component of a uniformed service as defined in section 102 (3) of the Servicemen's and Veterans' Survivor Benefits Act), or in one of those services without specification of component, and any person serving in the Army or Air Force under call or conscription. The term includes—

(1) a retired member of any of those services;

(2) a member of the Fleet Reserve or Fleet Marine Corps Reserve;

(3) a cadet at the United States Military Academy, a midshipman at the United States Naval Academy, and a cadet at the United States Coast Guard Academy or United States Air Force Academy;

(4) a member of the Reserve Officers' Training Corps, the Naval Reserve Officers' Training Corps, or the Air Force Reserve Officers' Training Corps, when ordered to annual training duty for fourteen days or more, and while performing authorized travel to and from that duty, and

(5) any person while en route to or from, or at, a place for final acceptance or for entry upon active duty in the military or naval service—

(A) who has been provisionally accepted for such duty; or

(B) who, under the Universal Military Training and Service

Act, has been selected for active military or naval service;

and has been ordered or directed to proceed to such place.

The term does not include a temporary member of the Coast Guard Reserve.

\* \* \* \* \*

BENEFITS IN CASE OF VETERANS

SEC. 217. \* \* \*

(e) (1) For purposes of determining entitlement to and the amount of any monthly benefit or lump-sum death payment payable under this title on the basis of wages and self-employment income of any veteran (as defined in paragraph (4)), and for purposes of section 216 (i) (3), such veteran shall be deemed to have been paid wages (in addition to the wages, if any, actually paid to him) of \$160 in each month during any part of which he served in the active military or naval service of the United States on or after July 25, 1947, and prior to [July 1, 1955] *January 1, 1957*. This subsection shall not be applicable in the case of any monthly benefit or lump-sum death payment if—

(A) a larger such benefit or payment, as the case may be, would be payable without its application; or

(B) a benefit (other than a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments) which is based, in whole or in part, upon the active military or naval service of such veteran on or after July 25, 1947, and prior to [July 1, 1955] *January 1, 1957*, is determined by any agency or wholly owned instrumentality of the United States (other than the Veterans' Administration) to be payable by it under any other law of the United States or under a system established by such agency or instrumentality.

The provisions of clause (B) shall not apply in the case of any monthly benefit or lump-sum death payment under this title if its application would reduce by \$0.50 or less the primary insurance amount (as computed under section 215 prior to any recomputation thereof pursuant to subsection (f) of such section) of the individual on whose wages and self-employment income such benefit or payment is based. The provisions of clause (B) shall also not apply for purposes of section 216 (i) (3). *In the case of monthly benefits under this title for months after December 1956 (and any lump-sum death payment under this title with respect to a death occurring after December 1956) based on the wages and self-employment income of a veteran who performed service*

*(as a member of a uniformed service) to which the provisions of section 210 (m) (1) are applicable, wages which would but for the provisions of clause (B), be deemed under this subsection to have been paid to such veteran with respect to his active military or naval service performed after December 1950 shall be deemed to have been paid to him with respect to such service notwithstanding the provisions of such clause, but only if the benefits referred to in such clause which are based (in whole or in part) on such service are payable solely by the Army, Navy, Air Force, Marine Corps, and Coast Guard.*

(2) Upon application for benefits or a lump-sum death payment on the basis of the wages and self-employment income of any veteran, the Secretary of Health, Education, and Welfare shall make a decision without regard to clause (B) of paragraph (1) of this subsection unless he has been notified by some other agency or instrumentality of the United States that, on the basis of the military or naval service of such veteran on or after July 25, 1947, and prior to **[July 1, 1955]** *January 1, 1957*, a benefit described in clause (B) of paragraph (1) has been determined by such agency or instrumentality to be payable by it. If he has not been so notified, the Secretary of Health, Education, and Welfare shall then ascertain whether some other agency or wholly owned instrumentality of the United States has decided that a benefit described in clause (B) of paragraph (1) is payable by it. If any such agency or instrumentality has decided, or thereafter decides, that such a benefit is payable by it, it shall so notify the Secretary of Health, Education, and Welfare, and the Secretary shall certify no further benefits for payment or shall recompute the amount of any further benefits payable, as may be required by paragraph (1) of this subsection.

(3) Any agency or wholly owned instrumentality of the United States which is authorized by any law of the United States to pay benefits, or has a system of benefits which are based, in whole or in part, on military or naval service on or after July 25, 1947, and prior to **[July 1, 1955]** *January 1, 1957*, shall, at the request of the Secretary of Health, Education, and Welfare, certify to him, with respect to any veteran, such information as the Secretary deems necessary to carry out his functions under paragraph (2) of this subsection.

(4) For the purposes of this subsection, the term "veteran" means any individual who served in the active military or naval service of the United States at any time on or after July 25, 1947, and prior to **[July 1, 1955]** *January 1, 1957*, and who, if discharged or released therefrom, was so discharged or released under conditions other than dishonorable after active service of ninety days or more or by reason of a disability or injury incurred or aggravated in service in line of duty; but such term shall not include any individual who died while in the active military or naval service of the United States if his death was inflicted (other than by an enemy of the United States) as lawful punishment for a military or naval offense.

*(f) (1) In any case where a World War II veteran (as defined in subsection (d) (2)) or a veteran (as defined in subsection (e) (4)) has died or shall hereafter die, and his widow or child is entitled under the Civil Service Retirement Act May 29, 1930, as amended, to an annuity in the computation of which his active military or naval service was included, clause (B) of subsection (a) (1) or clause (B) of subsection (e) (1) shall not operate (solely by reason of such annuity) to make such*



subsection inapplicable in the case of any monthly benefit under section 202 which is based on his wages and self-employment income; except that no such widow or child shall be entitled under section 202 to any monthly benefit in the computation of which such service is included by reason of this subsection (A) unless such widow or child, after December 1956, waives his or her right to receive such annuity, or (B) for any month prior to the first month with respect to which the Civil Service Commission certifies to the Secretary of Health, Education, and Welfare that (by reason of such waiver) no further annuity will be paid to such widow or child under such Act of May 29, 1930, as amended, on the basis of such veteran's military or civilian service. Any such waiver shall be irrevocable.

(2) Whenever a widow waives her right to receive such annuity such waiver shall constitute a waiver on her own behalf; a waiver by a legal guardian or guardians, or, in the absence of a legal guardian, the person (or persons) who has the child in his care, of the child's right to receive such annuity shall constitute a waiver on behalf of such child. Such a waiver with respect to an annuity based on a veteran's service shall be valid only if the widow and all children, or, if there is no widow, all the children, waive their rights to receive annuities under the Civil Service Retirement Act of May 29, 1930, as amended, based on such veteran's military or civilian service.

(g) (1) There are hereby authorized to be appropriated to the Trust Fund annually, as benefits under this title are paid after June 1956, such sums as the Secretary of Health, Education, and Welfare determines to be necessary to meet the additional costs, resulting from subsections (a), (b), and (e), of such benefits (including lump-sum death payments).

(2) The Secretary shall, before October 1, 1958, determine the amount which would place the Trust Fund in the same position in which it would have been at the close of June 30, 1956, if section 210 of this Act, as in effect prior to the Social Security Act Amendments of 1950, and section 217 of this Act (including amendments thereof), had not been enacted. There are hereby authorized to be appropriated to the Trust Fund annually, during the first ten fiscal years beginning after such determination is made, sums aggregating the amount so determined, plus interest accruing on such amount (as reduced by appropriations made pursuant to this paragraph) for each fiscal year beginning after June 30, 1956, at a rate for such fiscal year equal to the average rate of interest (as determined by the Managing Trustee) earned on the invested assets of the Trust Fund during the preceding fiscal year.

## RAILROAD RETIREMENT ACT OF 1937

### DEFINITIONS

SECTION 1. For the purposes of this Act—

\* \* \* \* \*

(q) The terms "Social Security Act" and "Social Security Act, as amended" shall mean the Social Security Act [as amended in 1954] as amended in 1956.

### MILITARY SERVICE

SEC. 4 (a). \* \* \*

(n) In addition to the amount authorized to be appropriated in subsection (a) of section 15 of this Act, there is hereby authorized to be

appropriated to the Railroad Retirement Account for each fiscal year, beginning with the fiscal year ending June 30, 1941, **[(i)]** (1) an amount sufficient to meet the additional cost of crediting military service rendered prior to January 1, 1937, and **[(ii)]** (2) an amount found by the Board to be equal to the amount of the total additional excise and income taxes which would have been payable during the preceding fiscal year under Subchapter B of Chapter 9 of the Internal Revenue Code, as amended, with respect to the compensation, as defined in such Subchapter B, of all individuals entitled to credit under the Railroad Retirement Acts, as amended, for military service after December 31, 1936, and prior to January 1, 1957 if each of such individuals, in addition to compensation actually earned, had earned such compensation in the amount of \$160 in each calendar month in which he was in such military service during such preceding fiscal year and such taxes were measured by all such compensation without limitation as to amount earned by any individual in any one calendar **[month]** month, and (3) an amount found by the Board to be equal to (A) the amount of the total additional excise and income taxes which would have been payable during the preceding fiscal year under chapter 22 of the Internal Revenue Code of 1954 with respect to the compensation, as defined in such chapter, of all individuals entitled (without regard to subsection (p) (1) of this section) to credit under this Act for military service after December 1956 if each of such individuals, in addition to compensation actually paid, had been paid such compensation in the amount of \$160 in each calendar month in which he was in such military service during such preceding fiscal year and such taxes were measured by all such compensation without limitation as to amount paid to any individual in any one calendar month, less (B) the amount of the taxes which were paid with respect to such military service under sections 3101 and 3111 of the Internal Revenue Code of 1954. The additional cost of crediting military service rendered prior to January 1, 1937, shall be deemed to be the difference between the actuarial value of each annuity based in part on military service and the actuarial value of the annuity which would be payable to the same individual without regard to military service. In calculating these actuarial values, (1) whenever the annuity based in part on military service begins to accrue before age 60, the annuity without regard to military service shall be valued on the assumption of deferment to age 60, and whenever the annuity based in part on military service is awarded under subsection 2 (a) of section 2 (a), the annuity without regard to military service shall be valued on the assumption of deferment to age 65; and (2) all such actuarial values shall be calculated as of the date on which the annuity based on military service begins to accrue and shall not thereafter be subject to change. All such actuarial calculations shall be based on the Combined Annuity Table of Mortality and all calculations in this subsection shall take into account interest at the rate of 3 per centum per annum compounded annually. The Railroad Retirement Board, as promptly as practicable after the enactment of this amendment, and thereafter annually, shall submit to the Bureau of the Budget estimates of such military service appropriations to be made to the account, in addition to the annual estimate by the Board, in accordance with subsection (a) of section 15 of this Act, of the appropriation to be made to the account to provide for the payment of annuities, pensions and death benefits not based on military service. The

estimate made in any year with respect to military service rendered prior to January 1, 1937, shall be based on the cost, as determined in accordance with the above provisions, of annuities awarded or increased on the basis of such military service up to the close of the preceding fiscal year and not previously appropriated for, and shall take into account interest from the date the annuity began to accrue or was increased to the date or dates on which the amount appropriated is to be credited to the Railroad Retirement Account. In making the estimate for the appropriation for military service rendered after December 31, 1936, the Board shall take into account any excess or deficiency in the appropriation or appropriations for such service in any preceding fiscal year or years, with interest thereon, resulting from an overestimate or underestimate of the number of individuals in creditable military service or the months of military service. *In determining pursuant to section 5 (k) (2) for any fiscal year the total amount to be credited from the Railroad Retirement Account to the Old-Age and Survivors Insurance Trust Fund, credit shall be given such Account for the amount of the taxes described in clause (3) (B) of the first sentence of this subsection.*

(o) Section 4 as herein amended shall be effective as of October 8, 1940. No rights shall be deemed to have accrued under section 4 which would not have accrued had this Act amending section 4 been enacted on October 8, 1940.

(p) (1) *Military service rendered by an individual after December 1956 shall be creditable under this section only if the number of such individual's years of service is ten or more (including, in such years of service, military service which, but for this subsection, would be creditable under this section).*

(2) *In any case where an individual has completed ten or more years of service and such years of service include any military service rendered after December 1956, the Board shall as promptly as is practicable (A) notify the Secretary of Health, Education, and Welfare that such military service is creditable under this section and (B) specify the period or periods of the military service rendered after December 1956 which is so creditable.*

(q) *Notwithstanding the provisions of this section and section 2 (c) (2), military service rendered by an individual after December 1956 shall not be used in determining eligibility for, or computing the amount of, any annuity accruing under section 2 for any month of (1) any benefits are payable for that month under title II of the Social Security Act on the basis of such individual's wages and self-employment income, (2) such military service was included in the computation of such benefits, and (3) the inclusion of such service in the computation of such benefits resulted (for that month) in benefits not otherwise payable or in an increase in the benefits otherwise payable.*

(r) *The Secretary concerned (as defined in section 102 (9) of the Servicemen's and Veterans' Survivor Benefits Act) shall maintain such records, and furnish the Board upon its request with such information, regarding the months of any individual's military service and the remuneration paid therefor, as may be necessary to enable the Board to carry out its duties under this section and sections 2 and 5.*

SECTION 5 OF THE CIVIL SERVICE RETIREMENT ACT OF MAY 29,  
1950, AS AMENDED

## COMPUTATION OF ACCREDITED SERVICE

SEC. 5. Subject to the provisions of section 9 hereof, the aggregate period of service which forms the basis for calculating the amount of any annuity provided in this Act shall be computed from the date of original employment, whether as a classified or an unclassified officer or employee in the civil service of the United States, or in the service of the District of Columbia, including periods of service at different times and in one or more departments, branches, or independent offices, or the legislative branch of the Government, and periods of service as an officer or employee of the Columbia Institution for the Deaf, and of the Pan American Sanitary Bureau, and also periods of service performed overseas under authority of the United States, and periods of honorable service in the Army, Navy, Marine Corps, or Coast Guard of the United States; in the case of an officer or employee, however, who is eligible for and receives retired pay on account of military or naval service, the period of service upon which such retired pay is based shall not be included, except that in the case of an officer or employee who is eligible for and receives retired pay on account of a service-connected disability incurred in combat with an enemy of the United States or resulting from an explosion of an instrument of war, the period of the military service shall be included: *Provided*, That an officer or employee must have served for a total period of not less than five years, exclusive of such military or naval service before he shall be eligible for annuity under this Act. Nothing in this Act shall be construed as to affect in any manner an officer's or employee's right to retired pay, pension, or compensation in addition to the annuity herein provided.

In computing length of service for the purposes of this Act, all periods of separation from the service, and so much of any leaves of absence as may exceed six months in the aggregate in any calendar year, shall be excluded, except leaves of absence granted employees while performing active military or naval service in the Army, Navy, Marine Corps, or Coast Guard of the United States or while receiving benefits under the United States Employees' Compensation Act, and in the case of substitutes in the Postal Service credit shall be given from date of original appointment as a substitute.

*Notwithstanding any other provision of this section, any service (other than service covered by military leave with pay from a civilian position) performed by an individual after December 1956 as a member of a uniformed service on active duty or active duty for training (as those terms are defined in section 102 of the Servicemen's and Veterans' Survivor Benefits Act) shall be excluded in determining the aggregate period of service upon which an annuity payable under this Act to such individual or to his widow or child is to be based, if such individual or widow or child is entitled (or would upon proper application be entitled), at the time of such determination, to monthly old-age or survivors benefits under section 202 of the Social Security Act based on such individual's wages and self-employment income. If in the case of the individual or widow such service is not excluded under the preceding sentence, but upon attaining retirement age (as defined in section 216 (a) of the Social Security*

*Act) he or she becomes entitled (or would upon proper application be entitled) to such benefits, the Commission shall redetermine the aggregate period of service upon which such annuity is based, effective as of the first day of the month in which he or she attains such age, so as to exclude such service. The Secretary of Health, Education, and Welfare shall, upon the request of the Commission, inform the Commission whether or not any such individual or widow or child is entitled at any specified time to such benefits.*

No officer or employee to whom this Act applies who during the period of any war, or of any national emergency as proclaimed by the President or declared by the Congress, has left or leaves his position to enter the armed forces of the United States shall be considered as separated from such position for the purposes of this Act by reason of his service with the armed forces of the United States. This paragraph shall not be so construed as to prevent the payment of refunds as provided by section 7 (a) or 12 (b) of this Act.

In determining the aggregate period of service upon which the annuity is to be based, the fractional part of a month, if any, in the total service shall be eliminated.

Notwithstanding any provision of law to the contrary, title to annuity payable from the civil service retirement and disability fund shall not arise from any separation unless the officer or employee so separated has, within the two-year period immediately preceding such separation, completed at least one year of creditable civilian service during which he was subject to this Act. Any annuity rights based on a separation which (a) terminated service meeting this requirement, or (b) occurred prior to this amendment, shall be restored upon separation from subsequent service which fails to meet said requirement. Any officer or employee who shall have given notice of his desire to come within the purview of this Act pursuant to the last paragraph of section 3 (a) of this Act shall be deemed for the purposes of this requirement to have been subject to the provisions of this Act during any period of service or part thereof ending not later than September 30, 1954, with respect to which there shall have been deposited the amounts specified in section 9.

No credit shall be allowed for any service subsequent to the date of the separation on which title to annuity is based. Any amounts deducted from salary for retirement purposes during such service shall upon separation be refunded to such officer or employee without interest, and shall be subject to redeposit as provided in section 12 (b) (2) of this Act. Any such amount not so refunded to the officer or employee before his death shall be paid in the order of precedence prescribed in section 12 (e).

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#### INTERNAL REVENUE CODE OF 1954

#### PART III—ITEMS SPECIFICALLY EXCLUDED FROM GROSS INCOME

\* \* \* \* \*

#### SEC. 121. CROSS REFERENCES TO OTHER ACTS.

(a) For exemption of—

(1) Adjustments of indebtedness under wage earners' plans, see section 679 of the Bankruptcy Act (52 Stat. 938; 11 U. S. C. 1079);

(2) Allowances and expenditures to meet losses sustained by persons serving the United States abroad, due to appreciation of foreign currencies, see the Acts of March 6, 1934 (48 Stat. 466; 5 U. S. C. 118c) and April 25, 1938 (52 Stat. 221; 5 U. S. C. 118c-1);

(3) Amounts credited to the Maritime Administration under section 9 (b) (6) of the Merchant Ship Sales Act of 1946, see section 9 (c) (1) of that Act (60 Stat. 48; 50 U. S. C. App. 1742);

(4) Benefits under World War Adjusted Compensation Act, see section 308 of that Act, as amended (43 Stat. 125; 44 Stat. 827, § 3; 38 U. S. C. 618);

(5) Benefits under World War Veterans' Act, 1924, see section 3 of the Act of August 12, 1935 (49 Stat. 609; 38 U. S. C. 454a);

(6) Dividends and interest derived from certain preferred stock by Reconstruction Finance Corporation, see section 304 of the Act of March 9, 1933, as amended (49 Stat. 1185; 12 U. S. C. 51d);

(7) Earnings of ship contractors deposited in special reserve funds, see section 607 (h) of the Merchant Marine Act, 1936, as amended (52 Stat. 961, § 28; 46 U. S. C. 1177);

(8) Income derived from Federal Reserve banks, including capital stock and surplus, see section 7 of the Federal Reserve Act (38 Stat. 258; 12 U. S. C. 531);

(9) Income derived from Ogdensburg bridge across Saint Lawrence River, see section 4 of the Act of June 14, 1933, as amended (54 Stat. 259, § 2);

(10) Income derived from Owensboro bridge across Ohio River and nearby ferries, see section 4 of the Act of August 14, 1937 (50 Stat. 643);

(11) Income derived from Saint Clair River bridge and ferries, see section 4 of the Act of June 25, 1930, as amended (48 Stat. 140, § 1);

(12) Leave compensation payments under section 6 of Armed Forces Leave Act of 1946, see section 7 of that Act (60 Stat. 967; 37 U. S. C. 36);

(13) Mustering-out payments made to or on account of veterans under the Mustering-Out Payment Act of 1944, see section 5 (a) of that Act (58 Stat. 10; 38 U. S. C. 691e);

(14) Railroad retirement annuities and pensions, see section 12 of the Railroad Retirement Act of 1935, as amended (50 Stat. 316; 45 U. S. C. 2281);

(15) Railroad unemployment benefits, see section 2 (e) of the Railroad Unemployment Insurance Act, as amended (52 Stat. 1097; 53 Stat. 845, § 9; 45 U. S. C. 352);

(16) Special pensions of persons on Army and Navy medal of honor roll, see section 3 of the Act of April 27, 1916 (39 Stat. 54; 38 U. S. C. 393);

(17) Gain derived from the sale or other disposition of Treasury Bills, issued after June 17, 1930, under the Second Liberty Bond Act, as amended, see Act of June 17, 1930 (C. 512, 46 Stat. 775; 31 U. S. C. 754).

(18) *Dependency and indemnity compensation paid to survivors of members of a uniformed service and certain other persons, see section 210 of the Servicemen's and Veterans' Survivor Benefits Act.*

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Sec. 3121. Definitions.

Sec. 3122. Federal service.

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**SEC. 3121. DEFINITIONS.**

(a) \* \* \*

[(i) **COMPUTATION OF WAGES IN CERTAIN CASES.**—For purposes of this chapter, in the case of domestic service described in subsection (a) (7) (B), any payment of cash remuneration for such service which is more or less than a whole-dollar amount shall, under such conditions and to such extent as may be prescribed by regulations made under this chapter, be computed to the nearest dollar. For the purpose of the computation to the nearest dollar, the payment of a fractional part of a dollar shall be disregarded unless it amounts to one-half dollar or more, in which case it shall be increased to \$1. The amount of any payment of cash remuneration so computed to the nearest dollar shall, in lieu of the amount actually paid, be deemed to constitute the amount of cash remuneration for purposes of subsection (a) (7) (B).]

(i) *Computation of Wages in Certain Cases.*—

(1) *Domestic service.*—For purposes of this chapter, in the case of domestic service described in subsection (a) (7) (B), any payment of cash remuneration for such service which is more or less than a whole-dollar amount shall, under such conditions and to such extent as may be prescribed by regulations made under this chapter, be computed to the nearest dollar. For the purpose of the computation to the nearest dollar, the payment of a fractional part of a dollar shall be disregarded unless it amounts to one-half dollar or more, in which case it shall be increased to \$1. The amount of any payment of cash remuneration so computed to the nearest dollar shall, in lieu of the amount actually paid, be deemed to constitute the amount of cash remuneration for purposes of subsection (a) (7) (B).

(2) *Service in the uniformed services.*—For purposes of this chapter, in the case of an individual performing service, as a member of a uniformed service, to which the provisions of subsection (m) (1) are applicable, the term “wages” shall, subject to the provisions of subsection (a) (1) of this section, include as such individual’s remuneration for such service only his basic pay as described in section 102 (10) of the Servicemen’s and Veterans’ Survivor Benefits Act.

\* \* \* \* \*

(m) **SERVICE IN THE UNIFORMED SERVICES.**—For purposes of this chapter—

(1) **INCLUSION OF SERVICE.**—The term “employment” shall notwithstanding the provisions of subsection (b) of this section, include service performed after December 1956, by an individual as a member of a uniformed service on active duty; but such term shall not include any such service which is performed while on leave without pay.

(2) **ACTIVE DUTY.**—The term “active duty” means “active duty” as described in section 102 of the Servicemen’s and Veterans’ Survivor Benefits Act, except that it shall also include “active duty for training” as described in such section.

(3) **INACTIVE DUTY TRAINING.**—The term “inactive duty training” means “inactive duty training” as described in such section 102.

(n) **MEMBER OF A UNIFORMED SERVICE.**—For purposes of this

chapter, the term "member of a uniformed service" means any person appointed, enlisted, or inducted in a component of the Army, Navy, Air Force, Marine Corps, or Coast Guard (including a reserve component of a uniformed service as defined in section 101 (3) of the Servicemen's and Veterans' Survivor Benefits Act), or in one of those services without specification of component, and any person serving in the Army or Air Force under call or conscription. The term includes—

- (1) a retired member of any of those services;
- (2) a member of the Fleet Reserve or Fleet Marine Corps Reserve;
- (3) a cadet at the United States Military Academy, a midshipman at the United States Naval Academy, and a cadet at the United States Coast Guard Academy or United States Air Force Academy;
- (4) a member of the Reserve Officers' Training Corps, the Naval Reserve Officers' Training Corps, or the Air Force Reserve Officers' Training Corps, when ordered to annual training duty for fourteen days or more, and while performing authorized travel to and from that duty; and
- (5) any person while en route to or from, or at, a place for final acceptance or for entry upon active duty in the military or naval service—
  - (A) who has been provisionally accepted for such duty; or
  - (B) who, under the Universal Military Training and Service Act, has been selected for active military or naval service; and has been ordered or directed to proceed to such place.

The term does not include a temporary member of the Coast Guard Reserve.

#### SEC. 3122. FEDERAL SERVICE

In the case of the taxes imposed by this chapter with respect to service performed in the employ of the United States or in the employ of any instrumentality which is wholly owned by the United States, including service, performed as a member of a uniformed service, to which the provisions of section 3121 (m) (1) are applicable, the determination whether an individual has performed service which constitutes employment as defined in section 3121 (b), the determination of the amount of remuneration for such service which constitutes wages as defined in section 3121 (a), and the return and payment of the taxes imposed by this chapter, shall be made by the head of the Federal agency or instrumentality having the control of such service, or by such agents as such head may designate. The person making such return may, for convenience of administration, make payments of the tax imposed under section 3111 with respect to such service without regard to the \$4,200 limitation in section 3121 (a) (1), and he shall not be required to obtain a refund of the tax paid under section 3111 on that part of the remuneration not included in wages by reason of section 3121 (a) (1). Payments of the tax imposed under section 3111 with respect to service, performed by an individual as a member of a uniformed service, to which the provisions of section 3121 (m) (1) are applicable, shall be made from appropriations available for the pay of members of such uniformed service. The provisions of this section shall be applicable in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Exchanges, Marine Corps Exchanges, or other activities, conducted by an instrumentality of the United States



subject to the jurisdiction of the Secretary of Defense, at installations of the Department of Defense for the comfort, pleasure, contentment, and mental and physical improvement of personnel of such Department; and for purposes of this section the Secretary of Defense shall be deemed to be the head of such instrumentality. The provisions of this subsection shall be applicable also in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard; and for purposes of this subsection the Secretary shall be deemed to be the head of such instrumentality.

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#### SUBPART C—INFORMATION REGARDING WAGES PAID EMPLOYEES

##### SEC. 6051. RECEIPTS FOR EMPLOYEES.

(a) REQUIREMENT.—Every person required to deduct and withhold from an employee a tax under section 3101 or 3402, or who would have been required to deduct and withhold a tax under section 3402 if the employee had claimed no more than one withholding exemption, shall furnish to each such employee in respect of the remuneration paid by such person to such employee during the calendar year, on or before January 31 of the succeeding year, or, if his employment is terminated before the close of such calendar year, on the day on which the last payment of remuneration is made, a written statement showing the following:

- (1) the name of such person,
- (2) the name of the employee (and his social security account number if wages as defined in section 3121 (a) have been paid),
- (3) the total amount of wages as defined in section 3401 (a),
- (4) the total amount deducted and withheld as tax under section 3402,
- (5) the total amount of wages as defined in section 3121 (a), and
- (6) the total amount deducted and withheld as tax under section 3101.

*In the case of compensation paid for service as a member of a uniformed service, the statement shall show, in lieu of the amount required to be shown by paragraph (5), the total amount of wages as defined in section 3121 (a), computed in accordance with such section and section 3121 (i) (2).*

[(b) SPECIAL RULE AS TO COMPENSATION OF MEMBERS OF ARMED FORCES.—In the case of compensation paid for service as a member of the Armed Forces, the statement shall show, as wages paid during the calendar year, the amount of such compensation paid during the calendar year which is not excluded from gross income under chapter 1 (whether or not such compensation constituted wages as defined in section 3401 (a)); such statement to be furnished if any tax was withheld during the calendar year or if any of the compensation paid is includible under chapter 1 in gross income.]

(b) *SPECIAL RULE AS TO COMPENSATION OF MEMBERS OF ARMED FORCES.*—In the case of compensation paid for service as a member of the Armed Forces, the statement required by subsection (a) shall be furnished if any tax was withheld during the calendar year under section 3402, or if any of the compensation paid during such year is includible in gross income under chapter 1, or if during the calendar year any amount was required to be withheld as tax under section 3101. In lieu of the amount required to be shown by paragraph (3) of subsection (a), such statement shall show as wages paid during the calendar year the amount of such compensation paid during the calendar year which is not excluded from gross income under chapter 1 (whether or not such compensation constituted wages as defined in section 3401 (a)).

NATIONAL SERVICE LIFE INSURANCE ACT OF 1940

\* \* \* \* \*

SEC. 619. On and after the date of enactment of the Insurance Act of 1951, except as otherwise provided in section 12 thereof, section 5 of the Servicemen's Indemnity Act of 1951, and sections [620 and 621] 620, 621, and 623 hereof, no National Service life insurance or United States Government life insurance shall be granted to any person under the provisions of the National Service Life Insurance Act of 1940, as amended, or the World War Veterans' Act, 1924, as amended, nor shall any United States Government life insurance or National Service life insurance, on which the United States is authorized by law to pay the premium, be issued or granted to any person under any provision of law, nor shall the United States pay premiums on insurance issued prior to this enactment under the provisions of Public Law Numbered 289, Seventy-seventh Congress, November 5, 1941, Public Law Numbered 571, Seventy-seventh Congress, June 5, 1942, Public Law Numbered 658, Seventy-seventh Congress, July 8, 1942, Public Law Numbered 698, Seventy-seventh Congress, August 4, 1942, Public Law Numbered 729, Seventy-ninth Congress, August 13, 1946, or any other law for any period subsequent to the end of the second calendar month following the date of this enactment: *Provided*, That the foregoing shall not be construed to prohibit the granting or issuing of National Service life insurance or United States Government life insurance in cases in which acceptable applications accompanied by proper and valid remittances or authorizations for the payment of premiums have, on or before the date of approval of this amendatory Act, been received by the Veterans' Administration, or which have, on or before said date, been placed in the mails properly directed to the Veterans' Administration, or been delivered to an authorized representative of any of the uniformed services.

SEC. 620. Any person who is released from active service under other than dishonorable conditions on or after the date of enactment of the Insurance Act of 1951, and is found by the Administrator to be suffering from a disability or disabilities for which compensation would be payable if 10 per centum or more in degree and except for which such person would be insurable according to the standards established by the Administrator for qualifying under the good health provisions of this Act, as amended, shall, upon application in writing made within one year from the date service connection of such disability is determined by the Veterans' Administration and payment

of premiums as provided in this Act, as amended, be granted insurance by the United States against the death of such person occurring while such insurance is in force: *Provided*, That insurance granted under this section shall be issued upon the same terms and conditions as are contained in the standard policies of national service life insurance except (1) the premium rates for such insurance shall be based on the Commissioners 1941 Standard Ordinary Table of Mortality and interest at the rate of 2¼ per centum per annum; (2) all cash, loan, paid-up, and extended values shall be based upon the Commissioners 1941 Standard Ordinary Table of Mortality and interest at the rate of 2¼ per centum per annum; (3) all settlements on policies involving annuities shall be calculated on the basis of The Annuity Table for 1949, and interest at the rate of 2¼ per centum per annum; (4) insurance granted under the provisions of this section shall be on a nonparticipating basis and all premiums and other collections therefor shall be credited directly to a revolving fund in the Treasury of the United States, and any payments on such insurance shall be made directly from such fund. Appropriations to such fund are hereby authorized. Except as herein provided, the provisions of this Act other than those contained in section 621 shall be for application to such insurance: *Provided*, That as to insurance issued under this section waiver of premiums pursuant to section 602 (n) shall not be denied on the ground that the service-connected disability became total prior to the effective date of such insurance. [All persons granted indemnity protection under section 2 of the Servicemen's Indemnity Act of 1951 shall be deemed to be in the active service for the purpose of applying for insurance under this section: *Provided*, That as to persons incurring disability under the conditions stated in the last proviso of section 2 of the Servicemen's Indemnity Act of 1951, application for insurance must be filed within one year after the incurrence of such disability.] *Any member of a uniformed service (as that term is defined in section 102 of the Servicemen's and Veterans' Survivor Benefits Act) while on active duty, active duty for training, or inactive duty training (as those terms are defined in such section) shall be deemed to be in the active service for the purpose of applying for insurance under this section; however, as to persons incurring a disability under the conditions provided in section 102 (11) (E) of such Act, application for insurance must be filed under this section within one year after the incurrence of such disability.*

[SEC. 621. (a) Any person entitled to indemnity protection under section 2 of the Servicemen's Indemnity Act of 1951 who is ordered into active service for a period exceeding thirty days, shall, upon application in writing made within one hundred and twenty days after separation from such active service and payment of premiums as hereinafter provided, and without medical examination, be granted insurance by the United States against the death of such person occurring while such insurance is in force. Insurance granted under this section shall be issued upon the same terms and conditions as are contained in the standard policies of national service life insurance on the five-year level premium term plan except (1) such insurance may not be exchanged for or converted to insurance on any other plan; (2) the premium rates for such insurance shall be based on the Commissioners 1941 Standard Ordinary Table of Mortality and interest at the rate of 2¼ per centum per annum; (3) all settlements on policies

involving annuities shall be calculated on the basis of The Annuity Table for 1949, and interest at the rate of  $2\frac{1}{4}$  per centum per annum; (4) insurance issued hereunder shall be on a nonparticipating basis and all premiums and other collections therefor shall be credited to a revolving fund in the Treasury of the United States and the payments on such term insurance shall be made directly from such fund. Appropriations to such fund are hereby authorized.

(b) The Administrator is authorized to invest in, and the Secretary of the Treasury is authorized to sell and retire, special interest-bearing obligations of the United States for the account of the revolving fund with a maturity date as may be agreed upon by the Administrator and Secretary: *Provided*, That the rate of interest on such obligations shall be fixed by the Secretary of the Treasury at a rate not exceeding the average interest rate on all marketable obligations of the United States Treasury outstanding as of the end of the month preceding the date of issue of this special obligation. ]

*SEC. 621. Any person who is ordered (whether before, on, or after January 1, 1957) to active duty or active duty for training (as those terms are defined in section 102 of the Servicemen's and Veterans' Survivor Benefits Act) for a period exceeding thirty days, shall, upon application in writing made within one hundred and twenty days after separation from such active duty or active duty for training and payment of premiums as hereinafter provided, and without medical examination, be granted insurance by the United States against the death of such person occurring while such insurance is in force. Insurance granted under this section shall be issued upon the same terms and conditions as are contained in the standard policies of national service life insurance on the five-year level premium term plan except (1) such insurance may not be exchanged for or converted to insurance on any other plan; (2) the premium rates for such insurance shall be based on the Commissioners 1941 Standard Ordinary Table of Mortality and interest at the rate of  $2\frac{1}{4}$  per centum per annum; (3) all settlements on policies involving annuities shall be calculated on the basis of the Annuity Table for 1949, and interest at the rate of  $2\frac{1}{4}$  per centum per annum; and (4) insurance issued hereunder shall be on a nonparticipating basis and all premiums and other collections therefor shall be credited directly to the national service life insurance appropriation, and any payment of benefits on such insurance shall be made directly from such appropriation.*

*SEC. 622. (a) After the date of enactment of this section, any person while in active service for a continuous period in excess of thirty days who is insured under national service life insurance or United States Government life insurance shall be entitled, upon written application, to a waiver of all premiums on five-year level premium term insurance and that portion of any permanent insurance premiums representing the cost of the pure insurance risk, as determined by the Administrator, becoming due after the first day of the second calendar month following the date of enactment of this section, or the first day of the second calendar month following entry into active service, whichever is the later date, and during the remainder of such continuous active service and 120 days thereafter: *Provided*, That no premium shall be waived under this section for any period before the date of application therefor, except that if the insured is determined, as provided in the Missing Persons Act (56 Stat. 143), as amended, to have been in a status of*

missing, missing in action, interned, captured, beleaguered, or besieged, at any time after April 25, 1951, and before April 26, 1952, (A) all premiums due or paid after June 1, 1951, on five-year level premium term insurance shall, during the period of such status and during the remainder of his continuous active service and one hundred and twenty days thereafter, be waived unless the insured requests in writing that this waiver be terminated; and (B) that portion of any permanent insurance premiums due or paid after June 1, 1951, which represents the cost of the pure insurance risk shall, during the period of such status and during the remainder of his continuous active service and one hundred and twenty days thereafter, be waived if the insured applies therefor within one hundred and twenty days after the date of enactment of this clause or the date of his return to military jurisdiction, whichever is later, or if the insured dies or is declared dead while in such missing status or if the insured dies on or prior to the last day upon which he may apply for such waiver under this clause, except that premiums shall not be automatically waived with respect to any policy where the amount of the dividend earned would exceed the amount of the premium waived: *Provided*, That if the term of any five-year level premium term insurance on which premiums have been waived under this section expires while the insured is in active service, such term shall be automatically renewed for an additional five-year period and the premiums due at the then attained age shall be waived as provided above: *Provided further*, That premium waiver benefits under this section render the contract of insurance nonparticipating during the period a premium waiver is in effect: *Provided further*, That whenever benefits under such insurance become payable because of the maturity of such policy of insurance while the insured is in active service or within one hundred and twenty days thereafter, liability for payment of such benefits shall be borne by the United States in an amount which, when added to any reserve of the policy at the time of maturity, will equal the then value of such benefits under such policy. Where life contingencies are involved in the calculation of the value of such benefits, the calculation of such liability or liabilities shall be based upon such mortality table or tables as the Administrator may prescribe with interest at the rate of  $2\frac{1}{4}$  per centum per annum as to insurance issued under sections 620 and 621, at the rate of 3 per centum per annum as to other national service life insurance, and  $3\frac{1}{2}$  per centum per annum as to United States Government life insurance. The Administrator is authorized and directed to transfer from time to time from the national service life insurance appropriation to the National Service Life Insurance Fund and from the military and naval insurance appropriation to the United States Government Life Insurance Fund such sums as may be necessary to carry out the provisions of this section.

(b) *Notwithstanding the provisions of subsection (a), no application for waiver of premiums may be made after December 31, 1956, except applications therefor filed (1) pursuant to the first proviso of subsection (a) or (2) during a period of war or of any emergency involving hostilities proclaimed by the Congress or the President. Any waiver granted during a period of war or of any emergency involving hostilities proclaimed by the Congress or the President shall be effective only with respect to such period.*

*Sec. 623. (a) Any person who surrendered a policy of National Service life insurance or United States Government life insurance on a permanent plan for its cash value while in the active service on or after April 25, 1951, and prior to January 1, 1957, may, upon application in writing made while in the active service or within one hundred and twenty days after separation from the active service, be granted, without medical examination, permanent plan insurance on the same plan not in excess of the amount surrendered for cash, or may reinstate such surrendered insurance upon payment of the required reserve and the premium for the current month. Waiver of premiums and total disability income benefits otherwise authorized under this Act or the World War Veterans' Act, 1924, as amended, shall not be denied in any case of issue or reinstatement of insurance on a permanent plan under this section in which it is shown to the satisfaction of the Administrator that total disability of the applicant commenced prior to the date of application. The cost of the premiums waived and total disability income benefits paid by virtue of the preceding sentence and the excess mortality cost in any case where the insurance matures by death from such total disability shall be borne by the United States and the Administrator is authorized and directed to transfer from time to time from the National Service life insurance appropriation to the National Service Life Insurance Fund and from the military and naval insurance appropriation to the United States Government Life Insurance Fund such sums as may be necessary to reimburse the funds for such costs.*

*(b) Any person who had United States Government life insurance or National Service life insurance on the five-year level premium term plan, the term of which expired while he was in the active service after April 25, 1951, or within one hundred and twenty days after separation from such active service, and in either case prior to January 1, 1957, shall, upon application made while in the active service or within one hundred and twenty days after separation from active service, payment of premiums and evidence of good health satisfactory to the Administrator, be granted an equivalent amount of insurance on the five-year level premium term plan at the premium rate for his then attained age.*

*(c) Persons deemed to be in the active service for the purposes of section 5 of the Servicemen's Indemnity Act of 1951 shall be deemed to be in the active service for the purposes of this section.*

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#### SECTION 304 OF THE NAVAL RESERVE ACT OF 1938

**SEC. 304.** [If in time of peace any member of the Naval Reserve is physically injured in the line of duty while performing active military or naval service, or dies as the result of such physical injury, he or his beneficiaries shall be entitled to all the benefits prescribed by law for civil employees of the United States who are physically injured in the line of duty or who die as a result thereof, and the United States Employees' Compensation Commission shall have jurisdiction in such cases and shall perform the same duties with reference thereto as in the cases of civil employees of the United States so disabled: *Provided*, That where a person who is eligible for the benefits prescribed by this section is also eligible for pension under the provisions of the Act of June 23, 1937, entitled "An Act to amend the provisions of the pension laws for peacetime service to include Reserve officers

and members of the enlisted Reserves" (50 Stat. 305), he shall elect which benefit he shall receive, and for the purposes of this section and of said Act all members of the Naval Reserve shall be considered as performing active military or naval service while performing active duty with or without pay, training duty with or without pay, drills, equivalent instruction or duty, appropriate duty, or other prescribed duty, or while performing authorized travel to or from such duties: *Provided further*, That for the purpose of determining the benefits to which entitled under the provisions of this section Naval Reservists so physically injured while performing the foregoing duties in a non-pay status will be held and considered as receiving the pay and allowances they would have received if in a pay status: *Provided further*, That (a) *In time of peace* Naval Reservists who become ill or contract disease in line of duty during the performance of active duty or training duty with or without pay shall be entitled, at Government expense, to such medical, hospital, or other treatment as is necessary for the appropriate treatment of such illness or disease until the disability resulting from such illness or disease cannot be materially improved by hospitalization or treatment, and to the necessary transportation and subsistence incident to such medical and hospital treatment and return to their homes when discharged therefrom: *Provided further*, That no treatment or hospitalization for such illness or disease shall be continued for more than ten weeks following discharge from active or training duty except on the approved recommendation of a board of medical survey, consisting of one or more medical officers of the Navy or on authorization of the Surgeon General of the Navy based on the certificate of a reputable physician that the illness or disease is a continuation of the illness or disease which was sustained or contracted during the period of active or training duty and that further benefit will result from continued treatment: *Provided further*, That any member of the Naval Reserve performing active duty with or without pay for periods of thirty days or less, training duty with or without pay, drills, equivalent instruction or duty, appropriate duty, or prescribed duty, or while performing authorized travel to or from such duties, prior to the official termination of World War II, shall be entitled to all the benefits provided by this section to members of the Naval Reserve in time of peace: *And provided further*, That in no case shall sickness or disease be regarded as an injury within the meaning of this section relating to the Naval Reserve.

(b) *For the purposes of paragraph I (a) of part II of Veterans Regulation Numbered 1 (a), all members of the Naval Reserve shall be considered as performing active military or naval service when injured while performing active duty with or without pay, training duty with or without pay, drills, equivalent instruction or duty, appropriate duty, or other prescribed duty, or while performing authorized travel to or from such duties.*

#### SECTION 2 OF THE ACT OF AUGUST 12, 1935

SEC. 2. Whoever, being a guardian, curator, conservator, committee, or person legally vested with the responsibility or care of a claimant or his estate, or any other person having charge and custody in a fiduciary capacity of money paid under the War Risk Insurance Act, as amended the World War Veterans' Act, 1924, as amended, the Emergency Officers' Retirement Act, as amended, the World War Adjusted Com-

pensation Act, as amended, the pension laws in effect prior to March 20, 1933, Public Law Numbered 2, Seventy-third Congress, as amended, Public Law Numbered 484, Seventy-third Congress, *the Servicemen's and Veterans' Survivor Benefits Act*, or under any Act or Acts amendatory of such Acts, for the benefit of any minor, incompetent, or other beneficiary, shall lend, borrow, pledge, hypothecate, use, or exchange for other funds or property, except as authorized by law, or embezzle or in any manner misappropriate any such money or property derived therefrom in whole or in part and coming into his control in any manner whatever in the execution of his trust, or under color of his office or service as such fiduciary, shall be fined not exceeding \$2,000 or imprisoned for a term not exceeding five years, or both. Any willful neglect or refusal to make and file proper accountings or reports concerning such money or property as required by law, shall be taken to be sufficient evidence, prima facie, of such embezzlement or misappropriation. Section 505 of the World War Veterans' Act, 1924, section 16 of Public Law Numbered 2, Seventy-third Congress, and section 4783 of the Revised Statutes are hereby repealed; but any offense committed before the enactment of this Act may be prosecuted and punishment may be inflicted in accordance with the terms of said sections notwithstanding the repeal of said sections.

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#### WORLD WAR VETERANS' ACT, 1924

SEC. 21. (1) Where any payment of compensation, *dependency and indemnity compensation*, adjusted compensation, pension, emergency officers' retirement pay, or insurance under any Act administered by the Veterans' Administration is to be made to a minor, other than a person in the military or naval forces of the United States, or to a person mentally incompetent, or under other legal disability adjudged by a court of competent jurisdiction, such payment may be made to the person who is constituted guardian, curator, or conservator by the laws of the State of residence of claimant, or is otherwise legally vested with the care of the claimant, or his estate: *Provided*, That where in the opinion of the Administrator any guardian, curator, conservator, or other person is acting as fiduciary in such a number of cases as to make it impracticable to conserve properly the estates or to supervise the persons of the wards, the Administrator is hereby authorized to refuse to make future payments in such cases as he may deem proper: *Provided further*, That prior to receipt of notice by the Veterans' Administration that any such person is under such other legal disability adjudged by some court of competent jurisdiction, payment may be made to such person direct: *Provided further*, That where no guardian, curator, or conservator of the person under a legal disability has been appointed under the laws of the State of residence of the claimant, the Administrator shall determine the person who is otherwise legally vested with the care of the claimant or his estate.

\* \* \* \* \*

(3) All or any part of the compensation, *dependency and indemnity compensation*, pension, emergency officers' retirement pay, or insurance the payment of which is suspended or withheld under this section may, in the discretion of the Administrator, be paid temporarily to



the person having custody and control of the incompetent or minor beneficiary to be used solely for the benefit of such beneficiary, or in the case of an incompetent veteran, may be apportioned to the dependent or dependents, if any, of such veteran.

\* \* \* \* \*

SEC. 201. [That if death results from injury—] *If death occurs prior to January 1, 1957, and results from injury—*

If the deceased leaves a widow or child, or if he leaves a mother or father either or both dependent upon him for support, the monthly compensation shall be the following amounts:

- (a) If there is a widow but no child, \$30.
- (b) If there is a widow and one child, \$40, with \$6 for each additional child.
- (c) If there is no widow, but one child, \$20.
- (d) If there is no widow, but two children, \$30.
- (e) If there is no widow, but three children, \$40, with \$5 for each additional child.
- (f) If there is a dependent mother (or dependent father), \$20, or both, \$30. The amount payable under this subdivision shall not exceed the difference between the total amount payable to the widow and children and the sum of \$75: *Provided*, That in case there is both a dependent mother and a dependent father, the amount payable to them shall not be less than \$20. Such compensation shall be payable, whether the dependency of the father or mother or both arises before or after the death of the person: *Provided*, That the status of dependency shall be determined as of the first day of each year, and the director is authorized to require a submission of such proof of dependency as he, in his discretion, may deem necessary: *Provided further*, That upon refusal or neglect of the claimant or claimants to supply such proof of dependency in a reasonable time the payment of compensation shall be suspended or discontinued.

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**PARAGRAPH WHICH BEGINS "ARMY OF THE PHILIPPINES," UNDER HEADING "TRANSFER OF APPROPRIATIONS" IN THE ACT OF FEBRUARY 18, 1946**

Army of the Philippines: \* \* \* *Provided*, That service in the organized military forces of the Government of the Commonwealth of the Philippines, while such forces were in the service of the armed forces of the United States pursuant to the military order of the President of the United States dated July 26, 1941, shall not be deemed to be or to have been service in the military or naval forces of the United States or any component thereof for the purposes of any law of the United States conferring rights, privileges; or benefits upon any person by reason of the service of such person or the service of any other person in the military or naval forces of the United States or any component thereof, except benefits under (1) the National Service Life Insurance Act of 1940, as amended, under contracts hereof entered into, and (2) laws administered by the Veterans' Administration providing for the payment of [pensions] *compensation or dependency and indemnity compensation* on account of service-connected disability or death and (3) the Missing Persons Act (56 Stat. 143) as amended (50 U. S. C. App. 1001 and the following):

*Provided further, That such [pensions] compensation or dependency and indemnity compensation shall be paid at the rate of one Philippine peso for each dollar authorized to be paid under the laws providing for such [pensions] compensation or dependency and indemnity compensation, and where annual income is a factor in entitlement to benefits, the dollar limitations in the laws specifying such annual income shall apply at the rate of one Philippine peso for each dollar: Provided further, That any payments heretofore made under any such law to or with respect to any member of the military forces of the Government of the Commonwealth of the Philippines who served in the service of the armed forces of the United States shall not be deemed to be invalid by reason of the circumstances that his service was not service in the military or naval forces of the United States or any component thereof within the meaning of such law.*

PARAGRAPH BEGINNING "FINANCE SERVICE, ARMY" UNDER  
TITLE II OF THE ACT OF MAY 27, 1946

TITLE II—MILITARY ESTABLISHMENT

\* \* \* \* \*  
Finance Service, Army, 1942-1946, \$4,704,700, and subappropriations under this head are hereby decreased as follows: (1) expenses of courts martial, \$4,700; (2) apprehension of deserters, \$450,000; (3) Finance Service, \$4,000,000, and (4) claims for damages due to loss or destruction of property, or personal injury, or death, \$250,000: *Provided, That of the provisions of law of the United States conferring rights, privileges, or benefits upon any person by reason of the service of such person or the service of any other person in the armed forces of the United States or any component thereof, only those conferring rights, privileges, or benefits upon persons during the time they are on active duty and those listed below shall, after the date of enactment of this Act, be deemed to apply to persons for service in the Philippine Scouts under the provisions of section 14 of the Act approved October 6, 1945 (Public Law 190, Seventy-ninth Congress):*

- \* \* \* \* \*  
• [(6) The provisions of laws administered by the Veterans' Administration providing for the payment of pensions on account of service-connected disability or death:]

(6) *The provisions of laws administered by the Veterans' Administration for the payment of compensation or dependency and indemnity compensation on account of service-connected disability or death:*

*Provided further, That payments made under the provisions of any law referred to in clauses (5) and (6) above shall be paid at the rate of one Philippine peso for each dollar authorized by such law: Provided further, That where annual income is a factor in entitlement to benefits, the dollar limitations in the laws specifying such annual income shall apply at the rate of one Philippine peso for each dollar:"*

*Provided further, That payments made under the provisions of any law referred to in clauses (5) and (6) above shall be paid at the rate of one Philippine peso for each dollar authorized by such law: And provided further, That the provisions of the National Service Life*

Insurance Act of 1940, as amended, shall apply to persons who serve in the Philippine Scouts under the provisions of section 14 of the Act approved October 6, 1945, only insofar as such provisions relate to contracts of insurance heretofore entered into.

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**PARAGRAPH V OF PART I OF VETERANS REGULATION NUMBERED  
2 (a)**

**PART I**

**EFFECTIVE DATES OF AWARDS OF DISABILITY AND DEATH PENSIONS  
AND PROVISIONS FOR FILING CLAIMS**

V. (1) Pension, compensation, *dependency and indemnity compensation*, or retirement pay authorized under laws administered by the Veterans' Administration, to which a person was entitled prior to the date of his death, and not paid during his lifetime, and due and unpaid for a period not to exceed one year prior to death under existing ratings or decisions, or those based on evidence in the file at date of death, shall, upon the death of such person, be paid as hereinafter set forth:

(a) Upon the death of a person receiving an apportioned share of the veteran's pension, compensation, or retirement pay, all or any part of such unpaid amount, to the veteran or to any other dependent or dependents as may be determined by the Administrator of Veterans' Affairs;

(b) Upon the death of a veteran, to the surviving spouse; or if there be no surviving spouse, to the child or children, dependent mother or father in the order named;

(c) Upon the death of a widow or remarried widow, to the veteran's child or children;

(d) Upon the death of a child, to the surviving child or children of the veteran, entitled to death compensation, *dependency and indemnity compensation* or pension;

(e) In all other cases, only so much of the unpaid pension, compensation, *dependency and indemnity compensation*, or retirement pay may be paid as may be necessary to reimburse a person who bore the expense of last sickness and burial: *Provided, however*, That no part of any of the accrued pension, compensation, *dependency and indemnity compensation*, or retirement pay shall be used to reimburse any political subdivision of the United States for expense incurred in the last sickness or burial of such person;

(f) Payment of the benefits authorized by this paragraph will not be made unless claim therefor be received in the Veterans' Administration within one year from the date of death of the beneficiary or one year after date of this enactment, whichever is later, and such claim is perfected by the submission of the necessary evidence within one year from the date of the request therefor by the Veterans' Administration: *Provided, however*, That a claim for compensation, *dependency and indemnity compensation*, or pension by an apportionee, widow, child, or dependent parent shall be deemed to include claim for any accrued benefits.

(2) A check received by a payee in payment of pension, compensation, *dependency and indemnity compensation*, retirement pay, subsistence allowance, or education and training allowance shall, in the event of the death of the payee on or after the last day of the period covered by said check and unless negotiated by the payee or the duly appointed representative of his estate, be returned to the Veterans' Administration and canceled. The amount represented by any check returned and canceled pursuant to the foregoing or any amount recovered by reason of improper negotiation of any such check shall constitute accrued benefits payable pursuant to the provisions of paragraph V (1): *Provided*, That the one-year limitations of paragraph V (1) shall not apply: *Provided further*, That any amount not so paid shall be paid upon settlement by the General Accounting Office to the estate of the deceased payee, if such estate will not escheat: *And provided further*, That the provisions of this subparagraph in effect prior to the date of approval of this amendment shall be applicable in the case of any payee dying prior to said date.

(3) All Acts and parts of Acts in conflict with or inconsistent with the provisions of this section are hereby repealed.

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**SECTION 11 OF THE UNIFORMED SERVICES CONTINGENCY OPTION  
ACT OF 1953**

SEC. 11. Annuities payable under this Act shall be in addition to any pensions or other payments to which the beneficiaries may now or hereafter be entitled under other provisions of law, and shall not be considered income (*except as provided in section 205 (g) of the Servicemen's and Veterans' Survivor Benefits Act*) under any law administered by the Veterans' Administration.

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**PARAGRAPH XIII OF VETERANS REGULATION NUMBERED 10**

XIII. Not more than one award of pension, compensation, or emergency officers' or regular retirement pay, shall be made concurrently to any person based on his own service. The receipt of [pension or compensation] *pension, compensation, or dependency and indemnity compensation* by a widow, child, or parent on account of the death of any person, or receipt by any person of pension or compensation on account of his own service, shall not bar the payment of [pension or compensation] *pension, compensation, or dependency and indemnity compensation* on account of the death or disability of any other person. This paragraph is hereby made applicable to all laws administered by the Veterans' Administration. Section 4715 of the Revised Statutes (U. S. C., title 38, sec. 25) and any other laws in conflict herewith are hereby repealed or modified accordingly.

Pension, compensation, or retirement pay on account of his own service shall not be paid while the person is in receipt of active service pay.

The third proviso of paragraph 2 of section 1 of the Act of March 3, 1891 (U. S. C., title 38, sec. 26); the last proviso of paragraph 2 of section 3 of the Act of January 28, 1915 (U. S. C., title 38, sec. 27), and any other provision of law or veterans regulation contrary hereto is hereby repealed or modified accordingly.

SECTION 15 OF PUBLIC LAW NUMBERED 2, SEVENTY-THIRD  
CONGRESS

SEC. 15. Any person who shall knowingly make or cause to be made, or conspire, combine, aid, or assist in, agree to, arrange for, or in any wise procure the making or presentation of a false or fraudulent affidavit, declaration, certificate, statement, voucher, or paper, or writing purporting to be such, concerning any claim for benefits under this title or *title II of the Servicemen's and Veterans' Survivor Benefits Act*, shall forfeit all rights, claims, and benefits under this title and under *title II of the Servicemen's and Veterans' Survivor Benefits Act*, and, in addition to any and all other penalties imposed by law, shall be guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of not more than \$1,000 or imprisonment for not more than one year, or both.

## SECTION 3 OF THE ACT OF OCTOBER 17, 1940

SEC. 3. Where a disabled person, entitled to pension, compensation, or emergency officers' retirement pay under laws or regulations administered by the Veterans' Administration, and his wife are not living together, or where the child or children are not in the custody of the disabled person; or where, in death cases, the child or children are not in the custody of the widow, the amount of the pension, compensation, *dependency and indemnity compensation*, or emergency officers' retirement pay may be apportioned as may be prescribed by the Administrator of Veterans' Affairs.

The Act of March 3, 1899 (30 Stat. 1379, ch. 460; U. S. C., title 38, secs. 45, 46, 47, and 49), with the exception of the last proviso (U. S. C., title 38, sec. 192), paragraph VII of Veterans Regulation Numbered 6 series (U. S. C., title 38, ch. 12, appendix), and all other provisions of law or regulation in conflict with the foregoing are repealed or modified to conform with the provisions of this section.

## ACT OF SEPTEMBER 7, 1944

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That effective December 7, 1941, where in the case of a person in the active land or naval service a report of death or a finding of death has been made by the Secretary of War or the Secretary of the Navy, the effective date of an award of death pension or compensation payable under Public Law Numbered 2, Seventy-third Congress, as amended, or of *dependency and indemnity compensation payable under the Servicemen's and Veterans' Survivor Benefits Act*, shall be the day following the date fixed by the Secretary as the date of death in such report or finding: *Provided*, That claim be filed prior to one year after report or finding of death is made: *And provided further*, That death pension or compensation or *dependency and indemnity compensation* under the laws administered by the Veterans' Administration shall not be payable to any dependent for any period for which such dependent has received, or is entitled to receive, an allowance, allotment, or service pay of the deceased.

FIRST PARAGRAPH OF SECTION 3 OF THE ACT OF AUGUST 16, 1937

SEC. 3. That effective on the first day of the month next following the date of enactment of this Act, the rates of death compensation payable under the provisions of existing laws or veterans' regulations to a surviving widow, child, or children, and/or dependent mother or father now on the rolls or hereafter to be placed on the rolls as a surviving widow, child, or children, and/or dependent mother or father of any World War veteran who died prior to January 1, 1957, as the result of injury or disease incurred in or aggravated by active military or naval service in the World War, shall be as follows:

VETERANS REGULATION NUMBERED 1 (a)

PART I

PENSIONS TO VETERANS AND THE DEPENDENTS OF VETERANS FOR DISABILITY OR DEATH RESULTING FROM ACTIVE MILITARY OR NAVAL SERVICE DURING THE SPANISH-AMERICAN WAR, BOXER REBELLION, PHILIPPINE INSURRECTION, AND/OR THE WORLD WAR

\* \* \* \* \*

IV. The surviving widow, child or children, and dependent mother or father of any deceased person who died prior to January 1, 1957 as the result of injury or disease incurred in or aggravated by active military or naval service as provided in part I, paragraph I, hereof, shall be entitled to receive compensation at the monthly rates specified next below.

Widow but no child, \$87; widow with one child, \$121 (with \$29 for each additional child); no widow but one child, \$67; no widow but two children, \$94 (equally divided); no widow but three children, \$122 (equally divided) (with \$23 for each additional child; total amount to be equally divided); dependent mother or father, \$75 (or both), \$40 each.

\* \* \* \* \*

PART II

PAYMENT OF PENSION FOR DISABILITY OR DEATH INCURRED DURING PEACETIME SERVICE

\* \* \* \* \*

III. The surviving widow, child or children, and dependent mother or father of any deceased person who died prior to January 1, 1957 as a result of injury or disease incurred in or aggravated by active military or naval service as provided for in part II, paragraph I hereof, shall be entitled to receive compensation at 80 per centum of the rates specified for such dependents in paragraph IV, part I hereof, as now or hereafter amended.

VETERANS REGULATION NO. 2 (a), AS AMENDED

Effective Dates of Awards of Disability and Death Pensions; Provisions for Filing Claims; Review of Presumptive Claims by Special Review Boards

## PART I

EFFECTIVE DATES OF AWARDS OF DISABILITY AND DEATH PENSIONS  
AND PROVISIONS FOR FILING CLAIMS

I. \* \* \*

(a) \* \* \*

(1) \* \* \*

(2) \* \* \*

(3) Where a claim has been finally disallowed, a subsequent claim on the same factual basis, if supported by new and material evidence, shall have the attributes of a new claim, [notwithstanding the provisions of paragraph II, Part II of Veterans Regulation No. 2—Series.] *except that, whenever any disallowed claim is reopened and thereafter allowed on the basis of new and material evidence resulting from the correction of the military or naval records of the proper service department under section 207 of the Legislative Reorganization Act of 1946, the effective date of commencement of the benefit so awarded shall be the date on which an application was filed for correction of the military record.*

\* \* \* \* \*

## ACT OF DECEMBER 17, 1919

[AN ACT To provide for the payment of six months' pay to the widow, children, or other designated dependent relative of any officer or enlisted man of the Regular Army whose death results from wounds or disease not the result of his own misconduct.

[*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That hereafter, immediately upon the official notification of the death from wounds or disease, not the result of his own misconduct, of any officer or enlisted man on the active list of the Regular Army or on the retired list when on active duty, the Quartermaster General of the Army shall cause to be paid to the widow, and if there be no widow to the child or children, and if there be no widow or child to any other dependent relative of such officer or enlisted man previously designated by him, an amount equal to six months' pay at the rate received by such officer or enlisted man at the date of his death. The Secretary of War shall establish regulations requiring each officer and enlisted man having no wife or child to designate the proper dependent relative to whom this amount shall be paid in case of his death. Said amount shall be paid from funds appropriated for the pay of the Army: Provided, That nothing in this Act, shall be construed as making the provisions thereof applicable to officers or enlisted men of any forces or troops of the Army of the United States other than those of the Regular Army, and nothing in this Act shall be construed to apply in commissioned grades to any officers except those holding premanent appointments in the Regular Army: And provided further, That in the event of the death of any beneficiary before payment to and collection by such beneficiary of the amount authorized herein, such gratuity shall be paid to the next living beneficiary in the order of succession above stated: And provided further, That if there be no widow, child, or previously designated dependent relative, the Secretary of War shall cause the amount herein provided to be paid to any grandchild, parent, brother or sister, or grandparent shown to have been dependent upon such officer or enlisted man prior to his death, and the determination of*

such fact by the Secretary of War shall be final and conclusive upon the accounting officers of the Government: *And provided further*, That the last foregoing proviso shall be effective as of August 27, 1940.

【SEC. 2. That nothing in this Act shall be construed as making the provisions of this Act applicable to officers or enlisted men of any forces or troops of the Army of the United States other than those of the Regular Army, and nothing in this Act shall be construed to apply in commissioned grades to any officers except those holding permanent or provisional appointments in the Regular Army.】

SECOND PARAGRAPH UNDER "BUREAU OF SUPPLIES AND ACCOUNTS" IN THE ACT OF JUNE 4, 1920

BUREAU OF SUPPLIES AND ACCOUNTS

\* \* \* \* \*

【That hereafter, immediately upon official notification of the death from wounds or disease, not the result of his or her own misconduct, of any officer, enlisted man, or nurse on the active list or the Regular Navy or Regular Marine Corps, or on the retired list when on active duty, the Paymaster General of the Navy shall cause to be paid to the widow, and if there be no widow to the child or children, and if there be no widow or child, to any other dependent relative of such officer, enlisted man, or nurse previously designated by him or her, an amount equal to six months' pay at the rate received by such officer, enlisted man, or nurse at the date of his or her death. The Secretary of the Navy shall establish regulations requiring each officer and enlisted man or nurse having no wife or child to designate the proper dependent relative to whom this amount shall be paid in case of his or her death. Said amount shall be paid from funds appropriated for the pay of the Navy and pay of the Marine Corps, respectively: *Provided*, That if there be no widow, child, or previously designated dependent relative, the Secretary of the Navy shall cause the amount herein provided to be paid to any grandchild, parent, brother or sister or grandparent shown to have been actually dependent upon such officer, enlisted man, or nurse prior to his or her death and the determination of such fact by the Secretary of the Navy shall be final and conclusive upon the accounting officers of the Government: *Provided*, That nothing in this section or in other existing legislation shall be construed as making the provisions of this section applicable to officers, enlisted men, or nurses of any forces of the Navy of the United States other than those of the Regular Navy and Marine Corps, and nothing in this section shall be construed to apply in commissioned grades to any officers except those holding permanent or probationary appointments in the Regular Navy or Marine Corps: *Provided*, That the provisions of this section shall apply to the officers and enlisted men of the Coast Guard, and the Secretary of the Treasury will cause payment to be made accordingly: *And provided further*, That in the event of the death of any beneficiary before payment to and collection by such beneficiary of the amount authorized herein, such amount shall be paid to the next living beneficiary in the order of succession above stated.】



ACT OF MARCH 8, 1928

【AN ACT To amend an Act entitled "An Act To provide for the payment of six months' pay to the widow, children, or other designated dependent relative of any officer or enlisted man of the Regular Army whose death results from wounds or disease not the result of his own misconduct," approved December 17, 1919, so as to include nurses of the Regular Army.

*【Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act of Congress approved December 17, 1919 (Forty-first Statutes at Large, page 367), entitled "An Act to provide for the payment of six months' pay to the widow, children, or other designated dependent relative of any officer or enlisted man of the Regular Army whose death results from wounds or disease not the result of his own misconduct," shall apply to nurses of the Regular Army to the same extent and under the same conditions as to officers and enlisted men of the Regular Army.】*

ACT OF MAY 12, 1930

【AN ACT Authorizing payment of six months' death gratuity to beneficiaries of transferred members of the Fleet Naval Reserve and Fleet Marine Corps Reserves who die while on active duty.

*【Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the provisions of the Act of June 4, 1920, as amended, which authorized the payment of an amount equal to six months' pay to the beneficiaries of personnel of the regular Navy or Marine Corps, and retired personnel of the Navy and Marine Corps, when on active duty, shall be extended to transferred members of the Fleet Naval Reserve and Fleet Marine Corps Reserve who die while on active duty and not as a result of their own misconduct, and transferred members of the Fleet Naval Reserve and Fleet Marine Corps Reserve shall be required to file with the Navy Department the name of beneficiary other than wife or child to which payment of the amount equal to six months' pay shall be made in the event of their death while on active duty and not the result of their own misconduct.】*

ACT OF JULY 15, 1939

【AN ACT To extend the benefits of the United States Employees' Compensation Act to members of the Officers' Reserve Corps and of the Enlisted Reserve Corps of the Army who are physically injured in line of duty while performing active duty or engaged in authorized training, and for other purposes.

*【Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That if in time of peace any member of the Officers' Reserve Corps or of the Enlisted Reserve Corps of the Army is physically injured in line of duty (1) while on active duty, or (2) when engaged in authorized travel to and from such duty, or (3) when engaged in authorized training without pay, or dies as the result of such physical injury, he or his beneficiary shall be entitled to all the benefits prescribed by law for civil employees of the United States who are physically injured in*

line of duty or who die as a result thereof, and the United States Employees' Compensation Commission shall have jurisdiction in such cases and shall perform the same duties with reference thereto as in the cases of civil employees of the United States so injured: *Provided*, That the benefits shall accrue to any such member or his beneficiary, whether the disability or death is the result of sickness or disease contracted in line of duty while on active duty when such sickness or disease is proximately caused by service on active duty: *Provided further*, That employees' compensation under this Act shall not be paid concurrently with active-duty pay or pension based upon military service, and in the event a person becomes eligible for the benefits of the United States Employees' Compensation Act and is also eligible for, or is in receipt of, a pension based upon military service, he shall elect which benefit to receive: *Provided further*, That authorized training without pay is defined as inactive-status training under written authorization by competent military authority covering a specific training assignment and prescribing a time limit: *Provided further*, That for the purpose of determining the benefits to which entitled under the provisions of this Act members of the Officers' Reserve Corps or of the Enlisted Reserve Corps of the Army physically injured when engaged in authorized training without pay will be held and considered as receiving the pay and allowances they would have received if in a pay status: *Provided further*, That Reserve Officers entitled to the benefits of the last proviso of section 5 of the Act of April 3, 1939 (Public, Numbered 18, Seventy-sixth Congress), shall not be entitled to the benefits of this Act: *And provided further*, That nothing herein shall be construed to authorize compensation benefits for any period prior to the approval of this Act.

【SEC. 2. As used in this Act, the term "in time of peace" shall include that period after September 8, 1945 (the date of formal surrender by Japan), which is prior to the first day on which the United States is, by the action of the Congress or the President, or both, no longer engaged in any war in which the United States is engaged on the date of enactment of this section.】

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#### ACT OF JULY 18, 1940

【*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That where in time of peace any member of the Officers' Reserve Corps or of the Enlisted Reserve Corps of the Army was physically injured in line of duty (1) while on active duty, or (2) while engaged in authorized travel to and from such duty, or (3) while engaged in authorized training without pay, or dies or has died as the result of such physical injury, where such injury or death occurred between the dates of February 28, 1925, and July 15, 1939, both inclusive, when such injury or death results from an accident involving a military hazard such as flying in military aircraft, participation in military drills, target practice and tactical exercises, and in injury cases where such injury has resulted in permanent partial or permanent total disability, he or his beneficiary shall be entitled to all the benefits prescribed by law for civil employees of the United States who are physically injured in line of duty or who die as a result thereof, and the United States Em-

ployees' Compensation Commission shall have jurisdiction in such cases and shall perform the same duties with reference thereto as in the cases of civil employees of the United States so injured: *Provided*, That the benefits shall accrue to any such member, or his beneficiary, whether the disability or death is the result of sickness or disease contracted in line of duty while on active duty when such sickness or disease is proximately caused by service on active duty: *Provided further*, That employees' compensation under this Act shall not be paid concurrently with active-duty pay or pension based upon military service, and in the event a person become eligible for the benefits of the United States Employees' Compensation Act and is also eligible for, or is in receipt of, a pension based upon military service, he shall elect which benefit to receive: *Provided further*, That authorized training without pay is defined as inactive-status training under written authorization by competent military authority covering a specific training assignment and prescribing a time limit: *Provided further*, That for the purpose of determining benefits to which entitled under the provisions of this Act members of the Officers' Reserve Corps or of the Enlisted Reserve Corps of the Army physically injured when engaged in authorized training without pay will be held and considered as receiving the pay and allowances they would have received if in a pay status: *And provided further*, That nothing herein shall be construed to authorize compensation benefits which may have accrued for any period prior to the approval of this Act, but eligibility for compensation benefits shall be determined as of the date of approval of this Act and any benefits payable shall date only from such approval and the eight-year period of limitation in section 10-G of the Federal Employees' Compensation Act of September 7, 1916, shall be computed for purposes of this Act, from the date of approval thereof.

【Where injury or death has been sustained by any member of the Officers' Reserve Corps or Enlisted Reserve Corps while performing authorized training without pay upon inactive status it shall be presumed that such training was being performed under written authorization of competent military authority covering a specific training assignment and prescribing a time limit and thus subject to the provision of this Act unless a duly appointed Examining Board, appointed at the time of said accident, has found and reported to the contrary.

【All claims for disability or death benefits allowed under the provisions of this Act shall be made within one year from its approval by the President.】

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#### SECTION 489 OF TITLE 14, UNITED STATES CODE

##### 【§ 489. Death gratuity

【The provisions of law relating to the payment of an additional amount of pay to the widow, children, or other dependent relative of an officer or enlisted person of the Regular Navy or Marine Corps upon official notification of the death of such officer or enlisted man shall apply in the same manner, to the same extent, and under the same conditions to officers and enlisted men of the Regular Coast Guard. The authority and duty vested in the Secretary of the Navy by such provisions of law shall be exercised by the Secretary of the Treasury in the application and administration of such laws to the Coast Guard when it is in the Treasury Department.】

## SERVICEMEN'S INDEMNITY ACT OF 1951

SEC. 1. This part may be cited as the "Servicemen's Indemnity Act of 1951".

SEC. 2. Except as hereinafter provided, [on and after June 27, 1950] any person in the active service of the Army, Navy, Air Force, Marine Corps, Coast Guard, or the Reserve components thereof, including the National Guard when called or ordered to active duty or active training duty for fourteen days or more; members of the Reserve Officers' Training Corps, the Naval Reserve Officers' Training Corps, and the Air Force Reserve Officers' Training Corps, when called or ordered to active training duty for fourteen days or more while on such active training duty; cadets and midshipmen at the United States Military, Naval, and Coast Guard Academies; commissioned officers of the Public Health Service while entitled to full military benefits as provided in section 212 (a) of the Act of July 1, 1944 (58 Stat. 689), as amended (42 U. S. C. 213); and commissioned officers of the Coast and Geodetic Survey while assigned to duty [during a period of war or an emergency as proclaimed by the President or the Congress] on projects for the Army, Navy, or Air Force in areas outside the continental United States or in Alaska or in coastal areas of the United States determined by the Department of Defense to be of immediate military hazard, shall be automatically insured by the United States, without cost to such person, [against death in such service in the principal amount of \$10,000] *against death in such service, occurring during the period of any war or of any emergency involving hostilities proclaimed by the Congress or the President, in the principal amount of \$10,000:* [Provided, That any person called to extended active service for a period exceeding thirty days shall continue to be so protected for a period of one hundred and twenty days after separation or release from such active service:] *Provided further,* That persons in the Reserve components, including the National Guard, while engaged in aerial flights in Government owned or leased aircraft for any period, with or without pay, as an incident to their military or naval training, shall be deemed to be in the active service for the purposes of this Act: *And provided further,* That for the purposes of this part, any person, who, [on or after June 27, 1950] was or shall be provisionally accepted and directed or ordered to report to a place for final acceptance or for entry upon active duty in the military or naval service and who died or shall die as the result of disability incurred while en route to such place and within one hundred and twenty days after the incurrence of such disability, or any registrant under the *Universal Military Training and Service Act*, or any other Act of Congress which provides for the involuntary induction of persons into the Armed Forces, who [the Selective Service Act of 1948, as amended, who on or after June 27, 1950] in response to an order to report for induction into the Armed Forces and who, after reporting to a local draft board, died or dies as the result of disability incurred while en route from such draft board to a designated induction station and within one hundred and twenty days after the incurrence of such disability shall be deemed to have died in active service.

SEC. 3. Upon certification by the Secretary of the service department concerned of the death of any person deemed to have been automatically insured under this part, the Administrator of Veterans'

Affairs shall cause the indemnity to be paid as provided in section 4 only to the surviving spouse, child or children (including a stepchild if designated as beneficiary by the insured or if a member of the insured's household, adopted child, or an illegitimate child if the latter was designated as beneficiary by the insured), parent (including a parent by adoption, or person who stood in loco parentis to the insured prior to attainment of twenty-one years of age and for a period of not less than one year prior to entry into the active service, or a stepparent who does not meet the loco parentis requirement if designated as beneficiary), brother, or sister of the insured, including those of the half-blood and those through adoption. The insured shall have the right to designate the beneficiary or beneficiaries of the indemnity within the classes herein provided; to designate the proportion of the principal amount to be paid to each; and to change the beneficiary or beneficiaries without the consent thereof but only within the classes herein provided. If the designated beneficiary or beneficiaries do not survive the insured, or if none has been designated, the Administrator shall make payment of the indemnity to the first eligible class of beneficiaries according to the order set forth above, and in equal shares if the class is composed of more than one person. Unless designated otherwise by the insured, the term "parent" shall include only the mother and father who last bore that relationship to the insured.

Any installments of an indemnity not paid to a beneficiary during such beneficiary's lifetime shall be paid to the named contingent beneficiary, if any; otherwise, to the beneficiary or beneficiaries within the permitted class next entitled to priority: *Provided*, That no payment shall be made to the estate of any deceased person.

SEC. 4. The indemnity shall be payable in equal monthly installments of one hundred and twenty in number with interest at the rate of 2¼ per centum per annum.

[SEC. 5. The automatic indemnity coverage authorized by section 2 shall apply to any person in the active service of the named Armed Forces who, upon death in such active service, or within one hundred and twenty days after separation or release from such active service as prescribed in section 2, is insured against such death under a contract of national service life insurance or United States Government life insurance, but only with respect to a principal amount of indemnity equal to the difference between the amount of insurance in force at the time of death and \$10,000. Any person in active service, who is insured under a permanent plan of national service life insurance or United States Government life insurance, may elect to surrender such contract for its cash value. In any such case the person, upon application in writing made within one hundred and twenty days after separation from active service, may be granted, without medical examination, permanent plan insurance on the same plan not in excess of the amount surrendered for cash, or may reinstate such surrendered insurance upon payment of the required reserve and the premium for the current month. Any person in the active service having United States Government life insurance or national service life insurance on the five-year level premium term plan, the term of which expires while such person is in active service after the date of this enactment, shall, upon application made within one hundred and twenty days after separation from service, payment of premiums and evidence of

good health satisfactory to the Administrator, be granted an equivalent amount of insurance on the five-year level premium term plan at the premium rate for his then attained age. Waiver of premiums and total disability income benefits otherwise authorized under the National Service Life Insurance Act of 1940, as amended, or the World War Veterans' Act, 1924, as amended, shall not be denied in any case of issue or reinstatement of insurance on a permanent plan under this section in which it is shown to the satisfaction of the Administrator that total disability of the applicant commenced prior to the date of his application. The cost of premiums waived and total disability income benefits paid by virtue of the preceding sentence and the excess mortality cost in any case where the insurance matures by death from such total disability shall be borne by the United States and the Administrator is authorized and directed to transfer from time to time from the national service life insurance appropriation to the national service life insurance fund and from the military and naval insurance appropriation to the United States Government life insurance fund such sums as may be necessary to reimburse the funds for such costs. ]

*SEC. 5. The automatic indemnity coverage authorized by section 2 shall apply to any person in the active service of the named Armed Forces who, upon death in such active service, is insured against such death under a contract of national service life insurance or United States Government life insurance, but only with respect to a principal amount of indemnity equal to the difference between the amount of insurance in force at the time of death and \$10,000.*

*SEC. 6. The Administrator of Veterans' Affairs is authorized to promulgate such rules and regulations, not inconsistent with the provisions of this part, as are necessary or appropriate to carry out its purposes.*

*SEC. 7. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this part, to be known as the servicemen's indemnity appropriation, for the payment of liabilities under this part.*

*SEC. 8. Any person guilty of mutiny, treason, spying, or desertion, or who, because of conscientious objections refuses to perform services in the land or naval forces of the United States or refuses to wear the uniform of such force, shall forfeit all rights to an indemnity under this Act: *Provided*, That restoration to active duty after commission of any such offense shall restore all rights to an indemnity under this Act. No indemnity shall be payable for death inflicted as a lawful punishment for crime or for military or naval offense, except when inflicted by an enemy of the United States.*

*SEC. 9. The provisions of Public Law Numbered 262, Seventy-fourth Congress, approved August 12, 1935 (49 Stat. 607), as amended, titles II and III of Public Law Numbered 844, Seventy-fourth Congress, approved June 29, 1936 (49 Stat. 2031), as amended, and section 15 of Public Law Numbered 2, Seventy-third Congress, March 20, 1933, insofar as they are applicable, shall apply to the provisions of this part: *Provided*, That assignments of all or any part of the beneficiary's interest may be made by a beneficiary to any other person or persons within the permitted class of beneficiaries, as specified in section 3, if all other persons having contingent rights of equal or*

62 BENEFITS FOR SURVIVORS OF SERVICEMEN AND VETERANS

greater priority to those of the assignee join in the assignment: *Provided further*, That such assignment shall not affect any payments made prior to its receipt by the Veterans' Administration.

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UNITED STATES CODE

CHAPTER 13.—PAY, ALLOWANCES, AWARDS, AND OTHER RIGHTS AND BENEFITS

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461. Pay and allowances.

\* \* \* \* \*

[489. Death gratuity.]

\* \* \* \* \*

509. Prisoners; allowances to; transportation.



Calendar No. 2401

84TH CONGRESS  
2D SESSION

# H. R. 7089

[Report No. 2380]

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IN THE SENATE OF THE UNITED STATES

JULY 14, 1955

Read twice and referred to the Committee on Finance

JUNE 28, 1956

Reported by Mr. BYRD, with amendments

[Omit the part struck through and insert the part printed in italic]

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## AN ACT

To provide benefits for the survivors of servicemen and veterans,  
and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **TITLE I—SHORT TITLE AND DEFINITIONS**

4 **SHORT TITLE**

5 **SEC. 101.** This Act, divided into titles and sections ac-  
6 cording to the following table of contents, may be cited as  
7 the "Servicemen's and Veterans' Survivor Benefits Act".

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- Sec. 601. Application for benefits.  
 Sec. 602. Extension of insurance privileges.  
 Sec. 603. Effective dates.

## DEFINITIONS

1  
2 SEC. 102. For the purposes of this Act—

3 (1) "Administrator" means the Administrator of  
4 Veterans' Affairs.

5 (2) "Member of a uniformed service" means a per-  
6 son appointed, enlisted, or inducted in a component  
7 of the Army, Navy, Air Force, Marine Corps, or Coast  
8 Guard (including a reserve component of a uniformed  
9 service), or in one of those services without specification  
10 of component, ~~or as a commissioned officer of the Coast~~  
11 ~~and Geodetic Survey or the Regular or Reserve Corps~~  
12 ~~of the Public Health Service,~~ and any person serving  
13 in the Army or Air Force under call or conscription.

14 The term includes—

15 (A) a retired member of any of those services;

16 (B) a member of the Fleet Reserve or Fleet  
17 Marine Corps Reserve;

18 (C) a cadet at the United States Military  
19 Academy, a midshipman at the United States Naval  
20 Academy, and a cadet at the United States Coast  
21 Guard Academy or United States Air Force  
22 Academy;

23 (D) a member of the Reserve Officers' Train-  
24 ing Corps, the Naval Reserve Officers' Training  
25 Corps, or the Air Force Reserve Officers' Training

1 Corps, when ordered to annual training duty for  
2 fourteen days or more, and while performing au-  
3 thorized travel to and from that duty; and

4 (E) any person while en route to or from, or  
5 at, a place for final acceptance or for entry upon  
6 active duty in the military or naval service—

7 (i) who has been provisionally accepted  
8 for such duty; or

9 (ii) who, under the Universal Military  
10 Training and Service Act, has been selected  
11 for active military or naval service;

12 and has been ordered or directed to proceed to  
13 such place.

14 The term does not include a temporary member of the  
15 Coast Guard Reserve.

16 (3) "Reserve component of a uniformed service"  
17 means—

18 (A) The Army Reserve;

19 (B) The Naval Reserve;

20 (C) The Marine Corps Reserve;

21 (D) The Air Force Reserve;

22 (E) The Coast Guard Reserve;

23 ~~(F) The Reserve Corps of the Public Health~~  
24 ~~Service;~~

1           ~~(G)~~ (F) The National Guard of the United  
2 States;

3           ~~(H)~~ (G) The Air National Guard of the United  
4 States; *States.*

5           ~~(I)~~ The federally recognized National Guard  
6 or Air National Guard of the several States and  
7 Territories, and the District of Columbia.

8           (4) "Active duty" means (A) full-time duty per-  
9 formed by a member of a uniformed service in the  
10 active military or naval service, other than active  
11 duty for training, ~~(B)~~ full-time duty as a commis-  
12 sioned officer in the Coast and Geodetic Survey, or in  
13 the Regular Corps of the Public Health Service, or in  
14 the Reserve Corps of the Public Health Service ~~(other~~  
15 ~~than for training purposes)~~; ~~(C)~~ (B) service as a cadet  
16 at the United States Military, Air Force, or Coast Guard  
17 Academy, or as a midshipman at the United States  
18 Naval Academy, and ~~(D)~~ (C) authorized travel to or  
19 from such duty or service.

20           (5) "Active duty for training" means (A) full-time  
21 duty performed by a member of a reserve component  
22 of a uniformed service in the active military or naval  
23 service of the United States for training purposes, ~~(B)~~  
24 full-time duty as a commissioned officer in the Reserve  
25 Corps of the Public Health Service for training pur-

1 poses; ~~(C)~~ (B) annual training duty performed for a  
2 period of fourteen days or more by a member of the  
3 Reserve Officers' Training Corps, the Naval Reserve  
4 Officers' Training Corps, or the Air Force Reserve  
5 Officers' Training Corps, and ~~(D)~~ (C) authorized travel  
6 to or from such duty. The term does not include duty  
7 performed as a temporary member of the Coast Guard  
8 Reserve.

9 (6) (A) "Inactive duty training" means any of the  
10 training, instruction, duty, appropriate duties, or equiva-  
11 lent training, instruction, duty, appropriate duties, or  
12 hazardous duty, performed with or without compensa-  
13 tion by a member of a reserve component of a uni-  
14 formed service, prescribed by the appropriate Secretary  
15 pursuant to section 501 of the Career Compensation  
16 Act of 1949 or any other provision of law. The term  
17 does not include (1) work or study performed by a  
18 member of a reserve component of a uniformed service  
19 in connection with correspondence courses of the Army,  
20 Navy, Air Force, Marine Corps, or Coast Guard, or  
21 ~~Public Health Service~~, (2) attendance at an educational  
22 institution in an inactive status under the sponsorship of  
23 the Army, Navy, Air Force, Marine Corps, or Coast  
24 Guard, or ~~Public Health Service~~, or (3) duty performed  
25 as a temporary member of the Coast Guard Reserve.

1           (B) Any member of a reserve component of a uni-  
2 formed service—

3           (i) who, when authorized or required by com-  
4 petent authority, assumes an obligation to perform  
5 active duty for training or inactive duty training;  
6 and

7           (ii) who dies from an injury incurred on or  
8 after January 1, ~~1956~~ 1957, by him while pro-  
9 ceeding directly to or returning directly from such  
10 active duty for training or inactive duty training,  
11 as the case may be;

12 shall be deemed to have been on active duty for train-  
13 ing or inactive duty training, as the case may be, and  
14 entitled to basic pay at the time such injury was incurred.

15 For purposes of title III, *except section 303*, the Secre-  
16 tary concerned, and for purposes of title II *and section*  
17 *303*, the Administrator, shall determine whether such  
18 member of a reserve component of a uniformed serv-  
19 ice was so authorized or required to perform such  
20 duty, and whether he died from injury so incurred.  
21 In making such determinations, the Secretary con-  
22 cerned or the Administrator, as the case may be,  
23 shall take into consideration the hour on which the  
24 member of a reserve component of a uniformed  
25 service began to so proceed or so return; the hour

1 on which he was scheduled to arrive for, or on  
2 which he ceased to perform, such duty; the method of  
3 travel employed; his itinerary; the manner in which  
4 the travel was performed; and the immediate cause of  
5 death. Whenever any claim is filed alleging that the  
6 claimant is entitled to benefits by reason of this sub-  
7 paragraph, the burden of proof shall be upon the  
8 claimant.

9 ~~(C) Training or duty performed by a member of~~  
10 ~~the National Guard of the United States, the Air Na-~~  
11 ~~tional Guard of the United States, or the federally recog-~~  
12 ~~nized National Guard or Air National Guard of any~~  
13 ~~of the several States and Territories, or the District~~  
14 ~~of Columbia, under section 5, 81, 92, 94, 97, 99, or~~  
15 ~~113 of the National Defense Act, approved June 3,~~  
16 ~~1916, as amended, shall be deemed to be "active duty~~  
17 ~~for training", or "inactive duty training", according~~  
18 ~~to the character of the training or duty performed.~~

19 *(C) A member of the National Guard or Air*  
20 *National Guard of the several States, Territories, or*  
21 *the District of Columbia, when performing training or*  
22 *duty under sections 92, 94, 97, 99, or 113 of the Na-*  
23 *tional Defense Act of June 3, 1916, as amended, shall,*  
24 *for the purpose of benefits provided herein, be considered*  
25 *a "member of a reserve component of a uniformed*

1     *service*”, and training or duty performed by such a  
2     *member under those sections of that Act shall be con-*  
3     *sidered “active duty for training”, or “inactive duty*  
4     *training” as appropriate.*

5             (7) *Except for purposes of title IV, the terms*  
6     *“child” and “parent” have the meanings assigned to*  
7     *them by Veterans Regulation Numbered 10, as amended.*

8             (8) *Except for purposes of title IV, the term*  
9     *“widow” means a woman who was married to a*  
10    *person—*

11            (A) before the expiration of fifteen years after  
12    the termination of the period of active duty, ac-  
13    tive duty for training, or inactive duty training, in  
14    which the injury or disease causing the death of  
15    such person was incurred or aggravated; or

16            (B) for five or more years; or

17            (C) for any period of time if a child was born  
18    of the marriage.

19            (9) *“Secretary concerned” means—*

20            (A) The Secretary of the Army with respect  
21    to the Army;

22            (B) The Secretary of the Navy with respect  
23    to the Navy and Marine Corps;

24            (C) The Secretary of the Air Force with re-  
25    spect to the Air Force;



1 (D) The Secretary of the Treasury with respect  
2 to the Coast Guard; *Guard*.

3 ~~(E) The Secretary of Commerce with respect~~  
4 ~~to the Coast and Geodetic Survey; and~~

5 ~~(F) The Secretary of Health, Education, and~~  
6 ~~Welfare with respect to the Public Health Service.~~

7 (10) (A) "Basic pay" means the monthly pay pre-  
8 scribed by section 201 (a), 201 (e), 201 (f), or 508  
9 of the Career Compensation Act of 1949, as may be  
10 appropriate, for a member of a uniformed service on  
11 active duty.

12 (B) The pay received by members of the Reserve  
13 Officers' Training Corps, the Naval Reserve Officers'  
14 Training Corps, and the Air Force Reserve Officers'  
15 Training Corps during periods of annual training duty  
16 of fourteen days or more shall be considered to be "basic  
17 pay", and the rank and years of service of such members  
18 shall be a rank (and years of service) comparable to  
19 the pay grade and years of service to which their pay  
20 is related.

21 (11) (A) With respect to a member of a uniformed  
22 service who died while on active duty, active duty for  
23 training, or inactive duty training, the term "basic pay"  
24 (for purposes of title II) means the basic pay (as  
25 defined in paragraph (10)) prescribed on January 1,

1 ~~1956~~ 1957, or on the date of his death (whichever is the  
2 later date) for a member of a uniformed service on  
3 active duty of the same rank (with the same cumulative  
4 years of service for purposes of pay) as that of the  
5 deceased member of a uniformed service on the date of  
6 his death.

7 (B) With respect to a deceased member or former  
8 member of a uniformed service who did not die on active  
9 duty, active duty for training, or inactive duty training,  
10 the term "basic pay" (for purposes of title II) means  
11 the basic pay (as defined in paragraph (10)) pre-  
12 scribed on January 1, ~~1956~~ 1957, or on the date of his  
13 death (whichever is the later date) for a member of a  
14 uniformed service on active duty of the same rank (with  
15 the same cumulative years of service for purposes of  
16 pay) as that of the deceased member or former member  
17 of a uniformed service on the date of his last discharge  
18 or release from active duty under conditions other than  
19 dishonorable; however, if his death results from disease  
20 or injury incurred or aggravated while on active duty  
21 for training, or from injury incurred or aggravated while  
22 on inactive duty training, after such last discharge or  
23 release from active duty, his rank and years of service  
24 for purposes of pay shall be those held by him on the  
25 date of his discharge or release from the period of active

1 duty for training or inactive duty training in which  
2 such injury or disease was incurred or aggravated.

3 (C) With respect to a deceased person who is not  
4 a member or former member of a uniformed service, but  
5 who had a compensable status on the date of his death  
6 under laws administered by the Veterans' Administra-  
7 tion, the head of the department under which such person  
8 performed the services by which he obtained a compen-  
9 sable status shall determine a pay grade for such person  
10 under section 201 (a) of the Career Compensation Act  
11 of 1949, as amended, and a rate of pay within that pay  
12 grade (taking into consideration his duties, responsibili-  
13 ties, and years of service). His "basic pay" shall be that  
14 prescribed on January 1, ~~1956~~ 1957, or the date of his  
15 death, whichever is the later date, under such section 201  
16 (a) for the pay grade and rate of pay so determined.  
17 For the purposes of title II of this Act, only, such  
18 persons shall be deemed to have been on active duty  
19 during the period of service by which they obtained a  
20 compensable status.

21 (D) Whenever basic pay prescribed by section  
22 201 (a), 201 (e), 201 (f), or 508 of the Career  
23 Compensation Act of 1949 is increased or decreased,  
24 "basic pay" determined pursuant to this paragraph (11)  
25 shall increase or decrease accordingly.

1           (E) Any person described in paragraph (2) (E)  
2 who suffers an injury or disease resulting in disability  
3 or death while en route to or from, or at, a place for  
4 final acceptance or entry upon active duty in the mili-  
5 tary or naval service shall be deemed to be on active  
6 duty when such incident occurs, and to be entitled to  
7 the basic pay of the pay grade which he would  
8 receive upon final acceptance or entry upon active duty  
9 in such service.

10           (F) The Secretary concerned shall, at the request  
11 of the Administrator, certify to him the *basic pay con-*  
12 *sidering* rank or grade and cumulative years of service  
13 for pay purposes of deceased persons with respect to  
14 whose deaths applications for benefits are filed under  
15 title II of this Act. The certification of the Secretary  
16 concerned shall be binding upon the Administrator.

17           (12) Where an individual is discharged or released on  
18 or after January 1, ~~1956~~ 1957, from a period of active  
19 duty, such individual shall be deemed to continue on  
20 active duty and to be entitled to basic pay (and any  
21 special or incentive pays) at the rate to which he was  
22 entitled on the day prior to his discharge or release  
23 from such duty, during the period of time *immediately*  
24 *following the date of such discharge or release* deter-  
25 mined by the Secretary concerned to be required for

1 him to proceed to his home by the most direct route,  
 2 and in any event, until midnight of the date of such  
 3 discharge or release.

4 TITLE II—DEPENDENCY AND INDEMNITY  
 5 COMPENSATION

6 DEATHS ENTITLING SURVIVORS TO DEPENDENCY AND  
 7 INDEMNITY COMPENSATION

8 SEC. 201. When any person dies on or after January  
 9 1, ~~1956~~ 1957—

10 (1) from disease or injury incurred or aggravated  
 11 in line of duty while on active duty or active duty for  
 12 training;

13 (2) from injury incurred or aggravated in line of  
 14 duty while on inactive duty training; or

15 (3) from a disability compensable under laws ad-  
 16 ministered by the Veterans' Administration,

17 the Administrator shall pay dependency and indemnity com-  
 18 pensation under this title to his widow, children, and de-  
 19 pendent parents upon application therefor.

20 DEPENDENCY AND INDEMNITY COMPENSATION TO A WIDOW

21 ~~SEC. 202. (a)~~ Dependency and indemnity compensa-  
 22 tion shall be paid under this title to a widow at a monthly  
 23 rate equal to ~~\$112~~ plus ~~12~~ per centum of the basic pay of  
 24 her deceased husband, with the total amount adjusted to  
 25 the next highest dollar.

1       ~~(b)~~ If there is more than one child of a deceased per-  
2 son; and the deceased person did not die a fully or currently  
3 insured individual ~~(for purposes of title II of the Social~~  
4 ~~Security Act)~~; or if his average monthly wage ~~(for purposes~~  
5 ~~of that title)~~ is less than \$160, the dependency and in-  
6 demnity compensation paid monthly to the widow shall be  
7 increased by \$20 for each such child in excess of one; how-  
8 ever, the total of such increases shall not exceed the differ-  
9 ence between—

10           ~~(1)~~ the total of the monthly benefits to which such  
11 widow and children would be entitled under such title II  
12 if the deceased person's average monthly wage had been  
13 \$160; and

14           ~~(2)~~ the total of the monthly benefits to which such  
15 widow and children are entitled under such title II.

16 It shall be assumed for purposes of clause ~~(1)~~ that such  
17 widow and all such children are entitled to such benefits  
18 and that the deceased person died a fully and currently in-  
19 sured individual. The amounts referred to in clauses ~~(1)~~ and  
20 ~~(2)~~ shall be determined by the Secretary of Health, Educa-  
21 tion, and Welfare, making all reductions required by section  
22 203 ~~(a)~~ of the Social Security Act, and shall be certified by  
23 him to the Administrator.

24       *SEC. 202. (a) Dependency and indemnity compensation*  
25 *shall be paid under this title to a widow at a monthly rate*

1 equal to \$112 plus 12 per centum of the basic pay of her  
2 deceased husband.

3 (b) If there are two or more children of a deceased  
4 person and—

5 (1) at least two of such children have not attained  
6 the age of eighteen, and

7 (2) (A) such deceased person died neither a fully  
8 nor currently insured individual (for purposes of title II  
9 of the Social Security Act) nor completely or partially  
10 insured (for purposes of section 5 of the Railroad Re-  
11 tirement Act of 1937, as amended), or

12 (B) the total of monthly benefits to which the widow  
13 and children, who have not attained the age of 18, of  
14 such deceased person are or would, upon the filing of an  
15 application, be entitled under section 202 of the Social  
16 Security Act, or section 5 of the Railroad Retirement  
17 Act of 1937, as amended, on the basis of such deceased  
18 person's earnings is less than \$128,

19 then the dependency and indemnity compensation paid  
20 monthly to the widow pursuant to subsection (a) of this  
21 section, shall be increased by \$30 for each such child, who has  
22 not attained the age of eighteen, in excess of one; except that  
23 the total of such increases shall not exceed the difference  
24 between (i) \$128, and (ii) the total of the monthly benefits  
25 to which such individuals are or would, upon the filing of

1 *an application, be entitled under the Social Security Act*  
2 *(after reduction under section 203 (a) of the Social Security*  
3 *Act but without regard to the deduction provisions of such*  
4 *section 203), or under section 5 of the Railroad Retirement*  
5 *Act of 1937, as amended (after reduction under section 4*  
6 *(i) and section 5 (h) of such Act), whichever is applicable.*

7 *(c) The amount determined under subsection (a) shall,*  
8 *after increase (if any) under subsection (b), be adjusted*  
9 *by the Administrator to the next higher dollar. The amount*  
10 *referred to in clause (ii) of subsection (b) shall be deter-*  
11 *mined by the Secretary of Health, Education, and Welfare*  
12 *or the Railroad Retirement Board, as the case may be, and*  
13 *shall be certified to the Administrator upon his request.*

14 **DEPENDENCY AND INDEMNITY COMPENSATION TO**  
15 **CHILDREN**

16 **SEC. 203. (a)** Whenever there is no widow of a de-  
17 ceased person entitled to dependency and indemnity com-  
18 pensation under this title, dependency and indemnity com-  
19 pensation shall be paid to the children of the deceased person  
20 at the following rates:

- 21 (1) One child, \$70 per month.  
22 (2) Two children, \$100 per month.  
23 (3) Three children, \$130 per month.  
24 (4) More than three children, \$130 per month,



1 plus \$25 per month for each child in excess of three.

2 (b) Dependency and indemnity compensation pre-  
3 scribed by this section shall be paid to eligible children in  
4 equal shares.

5 SUPPLEMENTAL DEPENDENCY AND INDEMNITY

6 COMPENSATION TO CHILDREN

7 SEC. 204. (a) In the case of a child entitled to de-  
8 pendency and indemnity compensation who has attained the  
9 age of eighteen and who, while under such age, became per-  
10 manently incapable of self-support, the dependency and  
11 indemnity compensation paid monthly to him shall be  
12 increased by \$25.

13 (b) If dependency and indemnity compensation  
14 is payable monthly to a woman as a "widow" and there is  
15 a child (of her deceased husband) who has attained the age  
16 of eighteen and who, while under such age, became perma-  
17 nently incapable of self-support, dependency and indemnity  
18 compensation shall be paid monthly to each such child, con-  
19 currently with the payment of dependency and indemnity  
20 compensation to the widow, in the amount of \$70.

21 (c) If dependency and indemnity compensation is pay-  
22 able monthly to a woman as a "widow" and there is a child  
23 (of her deceased husband) who has attained the age of  
24 eighteen and who, while under the age of twenty-one, is  
25 pursuing a course of instruction at an approved educational

1 institution, dependence and indemnity compensation shall  
 2 be paid monthly to each such child, concurrently with the  
 3 payment of dependency and indemnity compensation to the  
 4 widow, in the amount of \$35.

5 **DEPENDENCY AND INDEMNITY COMPENSATION TO PARENTS**

6 **SEC. 205. (a)** Dependency and indemnity compen-  
 7 sation shall be paid monthly under this title to ~~dependent~~  
 8 parents of a deceased person in the amounts prescribed by  
 9 this section.

10 (b) Except as provided in subsection (d), if there  
 11 is only one ~~dependent~~ parent, dependency and indemnity  
 12 compensation shall be paid to him at a monthly rate equal  
 13 to the amount under column II of the following table oppo-  
 14 site his total annual income as shown in column I:

Column I		Column II
Total annual income		
More than—	Equal to or but less than—	
	\$750	\$75
\$750	\$1,000	\$60
\$1,000	\$1,250	\$45
\$1,250	\$1,500	\$30
\$1,500	\$1,750	\$15
\$1,750	-----	No amount payable

15 (c) Except as provided in subsection (d), if there  
 16 are two ~~dependent~~ parents, but they are not living together,  
 17 dependency and indemnity compensation shall be paid to each  
 18 at a monthly rate equal to the amount under column II

1 of the following table opposite the total annual income of  
 2 each as shown in column I:

Column I		Column II
Total annual income		
More than—	Equal to or but less than—	
	\$750	\$50
\$750	\$1,000	\$40
\$1,000	\$1,250	\$30
\$1,250	\$1,500	\$20
\$1,500	\$1,750	\$10
\$1,750	-----	No amount payable

3 (d) If there are two dependent parents who are living  
 4 together, or if a dependent parent has remarried and is living  
 5 with his spouse, dependency and indemnity compensation  
 6 shall be paid to each such dependent parent at a monthly  
 7 rate equal to the amount under column II of the following  
 8 table opposite the total combined annual income of the de-  
 9 pendent parents, or of the dependent parent and his spouse,  
 10 as the case may be, as shown in column I:

Column I		Column II
Total combined annual income		
More than—	Equal to or but less than—	
	\$1,000	\$50
\$1,000	\$1,350	\$40
\$1,350	\$1,700	\$30
\$1,700	\$2,050	\$20
\$2,050	\$2,400	\$10
\$2,400	-----	No amount payable

11 (e) The Administrator shall require as a condition of  
 12 granting or continuing dependency and indemnity compensa-

1 tion to a ~~dependent~~ parent that such ~~dependent~~ parent file  
2 each year with him (on the form prescribed by him) a re-  
3 port showing the total income which such ~~dependent~~ parent  
4 expects to receive in that year and the total income which  
5 such ~~dependent~~ parent received in the preceding year. The  
6 ~~dependent~~ parent or parents shall file with the Administrator  
7 a revised report whenever there is a material change in the  
8 estimated annual income.

9 (f) If the Administrator ascertains that there have been  
10 overpayments to a ~~dependent~~ parent under this section, he  
11 shall deduct such overpayments (unless waived) from any  
12 future payments made to such ~~dependent~~ parent under this  
13 section.

14 (g) (1) In determining income under this section, all  
15 payments of any kind or from any source shall be included  
16 except—

17 (A) payments of the six-months' death gratuity;

18 (B) donations from public or private relief or wel-  
19 fare organizations;

20 (C) payments under this title; ~~and~~

21 (D) payments of death *or disability* compensation  
22 under any other law administered by the Veterans'  
23 ~~Administration.~~ *Administration;*

24 (E) *lump-sum death payments under title II of*  
25 *the Social Security Act.*

1 (2) The Administrator may provide by regulation for  
2 the exclusion from income under this section of amounts  
3 paid by a dependent parent for unusual medical expenses.

4 DEPENDENCY AND INDEMNITY COMPENSATION IN CASES  
5 OF PRIOR DEATHS

6 SEC. 206. (a) (1) Any person who, on or after De-  
7 cember 31, ~~1955~~ 1956, is eligible as a widow or child for  
8 death compensation under any other law administered by the  
9 Veterans' Administration by reason of a death occurring on  
10 or before that date may receive dependency and indemnity  
11 compensation under this title upon application therefor, with-  
12 out regard to clause (1) of section 209 (c).

13 (2) Any person who, on or after December 31, ~~1955~~

1 of the deceased person shall thereafter be made under this  
2 title, and shall not thereafter be made to them by reason  
3 of the death of the deceased person under (A) any other law  
4 administered by the Veterans' Administration providing for  
5 the payment of compensation or pension or (B) the Federal  
6 Employees' Compensation Act.

7 (2) Whenever the child or ~~dependent~~ parent of any de-  
8 ceased person is granted dependency and indemnity compen-  
9 sation by reason of this section, payments shall not thereafter  
10 be made to such child or ~~dependent~~ parent by reason of the  
11 death of the deceased person under (A) any other law ad-  
12 ministered by the Veterans' Administration providing for the  
13 payment of compensation or pension or (B) the Federal  
14 Employees' Compensation Act.

15 (c) If children of a deceased person are receiving  
16 death compensation under any other law administered by  
17 the Veterans' Administration, and all such children have  
18 not applied for benefits under this title, (1) benefits paid  
19 to each such child under this title shall not exceed the  
20 amounts which would be paid if the application had been  
21 made by, or on behalf of, all such children, and (2) bene-  
22 fits paid to each child under any other law administered  
23 by the Veterans' Administration providing for the payment  
24 of death compensation or death pension, or under the Fed-  
25 eral Employees' Compensation Act, shall not exceed the

1 amounts which would be paid to him if no such application  
2 had been made.

3 (d) If there are two ~~dependent~~ parents of a deceased  
4 person eligible for benefits by reason of subsection (a), and  
5 an application for benefits under this title is not made by both  
6 ~~dependent~~ parents, (1) benefits paid to the dependent parent  
7 who applies therefor shall not exceed the amounts which  
8 would be paid to him if both ~~dependent~~ parents had so  
9 applied, and (2) benefits paid to the other ~~dependent~~ parent  
10 under any other law administered by the Veterans' Adminis-  
11 tration providing for the payment of death compensation, or  
12 under the Federal Employees' Compensation Act, shall not  
13 exceed the amounts which would be paid to him if no such  
14 application had been made.

15 (e) (1) ~~Except as provided in paragraph (3), no~~ No  
16 person who, on January 1, ~~1956~~ 1957, is a principal or con-  
17 tingent beneficiary of any payments under the Servicemen's  
18 Indemnity Act of 1951 may receive any such payments  
19 based upon the death giving rise to such payments after he  
20 has been granted dependency and indemnity compensation  
21 by reason of this section. No principal or contingent bene-  
22 ficiary who assigns his interest in payments under the Serv-  
23 icemen's Indemnity Act of 1951 after June 28, ~~1955~~ 1956,  
24 may receive any payments under this title based upon the

1 death giving rise to such payments until the portion of the  
2 indemnity so assigned is no longer payable to any person.

3 (2) Where a beneficiary is barred from the receipt of  
4 payments under the Servicemen's Indemnity Act of 1951  
5 by virtue of the first sentence of paragraph (1), no pay-  
6 ments of the portion of indemnity in which such beneficiary  
7 had an interest shall be made to any other beneficiary.

8 ~~(3) Where a child is eligible for dependency and in-~~  
9 ~~demnity compensation by reason of this section, and is also~~  
10 ~~eligible for payments under the Servicemen's Indemnity~~  
11 ~~Act of 1951 by reason of the death giving rise to his eligi-~~  
12 ~~bility for dependency and indemnity compensation, he shall~~  
13 ~~receive the greater amount. Where a child receives pay-~~  
14 ~~ments under such Act and such child is also eligible for de-~~  
15 ~~pendency and indemnity compensation, no payments of~~  
16 ~~the portion of the indemnity in which such child had an~~  
17 ~~interest shall be made to any other person except another~~  
18 ~~child of the deceased person.~~

19 DETERMINATIONS BY THE VETERANS' ADMINISTRATION

20 SEC. 207. The standards and criteria for determining  
21 incurrence or aggravation of a disease or injury in line  
22 of duty under this title shall be those applicable under dis-  
23 ability compensation laws administered by the Veterans'  
24 Administration.



## DUPLICATION OF BENEFITS

1  
2       SEC. 208. No person eligible for benefits under this  
3 title by reason of any death occurring on or after January  
4 1, ~~1956~~ 1957, shall be eligible by reason of such death (1)  
5 for death compensation or death pension under any other  
6 law administered by the Veterans' Administration, or (2)  
7 for any payments under the Federal Employees' Compen-  
8 sation Act.

## ADMINISTRATIVE PROVISIONS

9  
10       SEC. 209. (a) This title shall be administered by the  
11 Administrator. Except as otherwise provided in this Act,  
12 the administrative, definitive, and regulatory provisions  
13 under Public, Numbered 2, Seventy-third Congress, as  
14 amended, shall be for application under this title. *De-*  
15 *pendency and indemnity compensation which is otherwise*  
16 *payable to a child shall commence effective the date on*  
17 *which the child's entitlement arose if application is filed*  
18 *within one year from that date; otherwise from the date*  
19 *of filing application.*

20       (b) Payment of benefits under this title by reason of  
21 any application filed with respect to a death which occurred  
22 before January 1, ~~1956~~ 1957, shall become effective as of the  
23 date such application is filed; however, payment of such  
24 benefits by reason of any such application shall become  
25 effective as of January 1, ~~1956~~ 1957—

1           (1) if the application is filed on or before July  
2           1, ~~1956~~ 1957; or

3           (2) if the application is filed within one year after  
4           the date of such death.

5           (c) Dependency and indemnity compensation shall not  
6           be paid under this title to the widow, children, or parents  
7           of any deceased person unless the deceased person (1) was  
8           discharged or released under conditions other than dishon-  
9           orable from the period of active duty, active duty for train-  
10          ing, or inactive duty training in which the disability was  
11          incurred, or (2) died while on active duty, active duty for  
12          training, or inactive duty training.

13          (d) ~~A child eligible for~~ *If a child receives or there is*  
14          *paid on account of a child dependency and indemnity*  
15          *compensation, or death compensation under any other law*  
16          *administered by the Veterans' Administration, by reason*  
17          *of the death of a parent parent, may not receive dependency*  
18          *and indemnity compensation by reason of the death of*  
19          *another parent who is not a natural parent who is not in the*  
20          *same parental line may not be paid to or on account of*  
21          *such child.*

22          (e) No dependency and indemnity compensation shall  
23          be paid under this title to any woman as a "widow" unless  
24          she continuously cohabited with her husband from the date  
25          of marriage to the date of death except where there was a

1 separation which was due to the misconduct of or procured  
2 by the husband without fault on her part. Payments of de-  
3 pendency and indemnity compensation shall not be made by  
4 reason of the death of her husband to any woman as his  
5 "widow" *for any period* after she has remarried, unless the  
6 purported remarriage is void.

7 (f) There shall be no recovery of overpayments under  
8 this title from any person who, in the judgment of the  
9 Administrator, is without fault on his part if, in the judgment  
10 of the Administrator, such a recovery would defeat the pur-  
11 pose of the benefits payable under this title or would be  
12 against equity and good conscience. No disbursing or certi-  
13 fying officer shall be held liable for any amount paid to  
14 any person where the recovery of such amount from the  
15 payee is waived under this subsection.

16 EXEMPTION FROM TAXATION AND CLAIMS OF CREDITORS

17 SEC. 210. Payments of dependency and indemnity com-  
18 pensation due or to become due under this title shall not  
19 be assignable, shall be exempt from taxation, shall be ex-  
20 empt from the claims of creditors, including any claim of  
21 the United States (except as provided in section 3 of the  
22 Act of August 12, 1935 (38 U. S. C., sec. 454a)), and  
23 shall not be subject to attachment, levy, or seizure by or  
24 under any legal or equitable process whatever either before  
25 or after receipt by the payee. *Notwithstanding the foregoing*

1 *provisions of this section, payments of dependency and in-*  
2 *demnity compensation due or to become due under this title*  
3 *shall not be exempt from levy under the provisions of sub-*  
4 *chapter D of chapter 64 of the Internal Revenue Code*  
5 *of 1954, relating to seizure of property for collection of*  
6 *taxes.*

7 **TITLE III—DEATH GRATUITY**

8 **DEATHS ENTITLING SURVIVORS TO DEATH GRATUITY**

9 **SEC. 301. (a)** Except as provided in section 304 (a),  
10 the Secretary concerned shall have a death gratuity paid  
11 immediately upon official notification of the death of a  
12 member of a uniformed service under his jurisdiction who  
13 dies while on active duty, active duty for training, or inactive  
14 duty training.

15 (b) The death gratuity shall equal six months' basic pay  
16 (plus special and incentive pays) at the rate to which the  
17 deceased member of a uniformed service was entitled on  
18 the date of his death, but shall not be less than \$800 nor  
19 more than \$3,000.

20 (c) The death gratuity shall be paid to or for the living  
21 survivor or survivors of the deceased member of a uniformed  
22 service first listed below:

23 (1) His spouse.

24 (2) His children (without regard to their age or marital  
25 status) in equal shares.

1 (3) His parents or his brothers or sisters (including  
2 those of the half blood and those through adoption), when  
3 designated by him.

4 (4) His parents in equal shares.

5 (5) His brothers and sisters (including those of the  
6 half blood and those through adoption) in equal shares.

7 (d) If a survivor dies before he receives the amount to  
8 which he is entitled under this title, such amount shall be  
9 paid to the then living survivor or survivors first listed under  
10 subsection (c).

11 **IMMEDIATE PAYMENT OF DEATH GRATUITY**

12 **SEC. 302.** In order that payments under section 301  
13 may be made immediately, the Secretary concerned (1)  
14 shall authorize the commanding officers of military or naval  
15 commands, installations, or districts, in which survivors of  
16 deceased members of the Army, Navy, Air Force, Marine  
17 Corps, or Coast Guard are residing, to determine the survi-  
18 vors eligible to receive the death gratuity, and (2) shall  
19 authorize the disbursing or certifying officer of each such  
20 command, installation, or district to make the payments to  
21 the survivors so determined, or certify the payments due to  
22 such survivors, as may be appropriate.

23 **DEATH GRATUITY COVERAGE AFTER ACTIVE SERVICE**

24 **SEC. 303.** (a) The Secretary concerned shall have a  
25 death gratuity paid in any case where a member or former

1 member of a uniformed service dies on or after January 1,  
2 ~~1956~~ 1957, during the one hundred and twenty-day period  
3 which begins on *the day following* the date of his discharge  
4 or release from active duty, active duty for training, or  
5 inactive duty training, if the Administrator determines that  
6 the death resulted—

7 (1) from disease or injury incurred or aggravated  
8 while on such active duty or active duty for training;  
9 or

10 (2) from injury incurred or aggravated while on  
11 such inactive duty training.

12 (b) Whenever the Administrator determines, on the  
13 basis of a claim for benefits filed with him under title II  
14 of this Act, that a death occurred under the circumstances  
15 referred to in subsection (a), he shall certify that fact to  
16 the Secretary concerned; in all other cases, he shall make the  
17 determination referred to in that subsection at the request  
18 of the Secretary concerned.

19 (c) The standards, criteria, and procedures for deter-  
20 mining incurrence or aggravation of a disease or injury under  
21 this section shall (except for line of duty) be those appli-  
22 cable under disability compensation laws administered by  
23 the Veterans' Administration.

24 (d) For purposes of computing the amount of the death  
25 gratuity to be paid by reason of this section, the deceased

1 person shall be deemed to be entitled on the date of his death  
2 to basic pay (plus special and incentive pays) at the rate  
3 to which he was entitled on the last day he performed such  
4 active duty, active duty for training, or inactive duty  
5 training.

6 (e) No amounts shall be paid by reason of this section  
7 unless *the Administrator determines that* the deceased person  
8 was discharged or released under conditions other than dis-  
9 honorable from such period of active duty, active duty for  
10 training, or inactive duty training.

11 ADMINISTRATIVE PROVISIONS

12 SEC. 304. (a) No payment shall be made under this  
13 title if the deceased member of a uniformed service  
14 suffered death as a result of lawful punishment for crime  
15 or for a military or naval offense, except when death was  
16 so inflicted by any hostile force with which the Armed  
17 Forces of the United States have engaged in armed conflict.

18 ~~(b) No certifying or disbursing officer shall be liable~~  
19 ~~for any amounts erroneously paid or overpaid under this~~  
20 ~~title to a woman as a "spouse" or to a person as a "child"~~  
21 ~~in the absence of fraud, gross negligence, or criminality on~~  
22 ~~his part.~~

1       ~~(e)~~ The Secretary concerned may waive the recovery  
2 of any such erroneous payments or overpayments when  
3 such recovery would be against equity and good conscience.

4       ~~(d)~~ (b) Payments under this title shall be made from  
5 appropriations available for the pay of members of the  
6 uniformed service concerned.

7       ~~(e)~~ (c) A member of a reserve component of a uni-  
8 formed service who performs active duty, active duty for  
9 training, or inactive duty training, without pay, shall, for the  
10 purposes of this title only, be considered as having been en-  
11 titled to basic pay while performing such duties. In the case  
12 of a member of a reserve component of a uniformed service  
13 who suffers disability while on active duty, active duty for  
14 training, or inactive duty training, and is placed in a pay  
15 status while he is receiving hospitalization or medical care  
16 (including outpatient care) for such disability, he shall be  
17 deemed, for the purposes of this title, to continue on active  
18 duty, active duty for training, or inactive duty training, as  
19 the case may be, for so long as he remains in a pay status.

20       ~~(f)~~ (d) For purposes of this title, a man or woman shall  
21 be considered to be the spouse of a member of a uniformed  
22 service if legally married to the member of a uniformed  
23 service at the time of the member's death.



## 1 TITLE IV—OLD-AGE AND SURVIVORS

## 2 INSURANCE

## 3 PART A—PROVISIONS RELATING TO TITLE II OF THE

## 4 SOCIAL SECURITY ACT

## 5 DEFINITION OF WAGES

6 SEC. 401. Section 209 of the Social Security Act is  
7 amended by adding at the end thereof the following new  
8 paragraph:

9 “For purposes of this title, in the case of an individual  
10 performing service, as a member of a uniformed service, to  
11 which the provisions of section 210 (m) (1) are applicable,  
12 the term ‘wages’ ~~(as defined in the preceding provisions of~~  
13 ~~this subsection)~~ shall include *shall, subject to the provisions of*  
14 *subsection (a) of this section, include* as such individual’s  
15 remuneration for such service only his basic pay as described  
16 in section 102 (10) of the Servicemen’s and Veterans’  
17 Survivor Benefits Act.”

## 18 DEFINITION OF EMPLOYMENT

19 SEC. 402. (a) Section 210 of the Social Security  
20 Act is amended by adding at the end thereof the following  
21 new subsections:

## 22 “Service in the Uniformed Services

23 “(m) (1) Except as provided in paragraph (4), the  
24 term ‘employment’ shall, notwithstanding the provisions of  
25 subsection (a) of this section, include service performed

1 after December ~~1955~~ 1956 by an individual as a member of  
2 a uniformed service on active duty; but such term shall not  
3 include any such service which is performed while on leave  
4 without pay.

5 “(2) The term ‘active duty’ means ‘active duty’ as  
6 described in section 102 of the Servicemen’s and Veterans’  
7 Survivor Benefits Act, except that it shall also include ‘active  
8 duty for training’ as described in such section.

9 “(3) The term ‘inactive duty training’ means ‘inactive  
10 duty training’ as described in such section 102.

11 “(4) (A) Paragraph (1) of this subsection shall not  
12 apply in the case of any service, performed by an individual  
13 as a member of a uniformed service, which is creditable under  
14 section 4 of the Railroad Retirement Act of 1937. The Rail-  
15 road Retirement Board shall notify the Secretary of Health,  
16 Education, and Welfare, as provided in section 4 (p) (2)  
17 of that Act, with respect to all such service which is so  
18 creditable.

19 “(B) In any case where benefits under this title are  
20 already payable on the basis of such individual’s wages and  
21 self-employment income at the time such notification (with  
22 respect to such individual) is received by the Secretary,  
23 the Secretary shall certify no further benefits for payment un-  
24 der this title on the basis of such individual’s wages and self-  
25 employment income, or shall recompute the amount of any

1 further benefits payable on the basis of such wages and self-  
2 employment income, as may be required as a consequence of  
3 subparagraph (A) of this paragraph. No payment of a bene-  
4 fit to any person on the basis of such individual's wages and  
5 self-employment income, certified by the Secretary prior to  
6 the end of the month in which he receives such notification  
7 from the Railroad Retirement Board, shall be deemed by  
8 reason of this subparagraph to have been an erroneous pay-  
9 ment or a payment to which such person was not entitled.  
10 The Secretary shall, as soon as possible after the receipt of  
11 such notification from the Railroad Retirement Board, advise  
12 such Board whether or not any such benefit will be reduced or  
13 terminated by reason of subparagraph (A), and if any such  
14 benefit will be so reduced or terminated, specify the first  
15 month with respect to which such reduction or termination  
16 will be effective.

17 "Member of a Uniformed Service

18 "(n) The term 'member of a uniformed service' means  
19 any person appointed, enlisted, or inducted in a component  
20 of the Army, Navy, Air Force, Marine Corps, or Coast  
21 Guard (including a reserve component of a uniformed serv-  
22 ice as defined in section 102 (3) of the Servicemen's and  
23 Veterans' Survivor Benefits Act), or in one of those services  
24 without specification of component, ~~or as a commissioned~~  
25 ~~officer of the Coast and Geodetic Survey or the Regular or~~

1 ~~Reserve Corps of the Public Health Service~~, and any person  
2 serving in the Army or Air Force under call or conscription.

3 The term includes—

4 “(1) a retired member of any of those services;

5 “(2) a member of the Fleet Reserve or Fleet  
6 Marine Corps Reserve;

7 “(3) a cadet at the United States Military Acad-  
8 emy, a midshipman at the United States Naval Acad-  
9 emy, and a cadet at the United States Coast Guard  
10 Academy or United States Air Force Academy;

11 “(4) a member of the Reserve Officers’ Training  
12 Corps, the Naval Reserve Officers’ Training Corps, or  
13 the Air Force Reserve Officers’ Training Corps, when  
14 ordered to annual training duty for fourteen days or  
15 more, and while performing authorized travel to and  
16 from that duty; and

17 “(5) any person while en route to or from, or at,  
18 a place for final acceptance or for entry upon active  
19 duty in the military or naval service—

20 “(A) who has been provisionally accepted for  
21 such duty; or

22 “(B) who, under the Universal Military Train-  
23 ing and Service Act, has been selected for active  
24 military or naval service;

1 and has been ordered or directed to proceed to such  
2 place.

3 The term does not include a temporary member of the Coast  
4 Guard Reserve."

5 (b) The first sentence of section 205 (p) (1) of such  
6 Act is amended by inserting "including service, performed as  
7 a member of a uniformed service, to which the provisions  
8 of subsection (m) (1) of such section are applicable,"  
9 immediately after "in the employ of any instrumentality  
10 which is wholly owned by the United States,".

11 LUMP-SUM DEATH PAYMENTS FOR REINTERMENT OF  
12 DECEASED VETERANS

13 SEC. 403. (a) The fourth sentence of section 202 (i)  
14 of the Social Security Act is amended to read as follows:  
15 ~~"In the case of any individual who died outside the forty-~~  
16 ~~eight States and the District of Columbia after December~~  
17 ~~1955 while he was performing service, as a member of a~~  
18 *"In the case of any individual who died outside the forty-*  
19 *eight States and the District of Columbia after December*  
20 *1953 and before January 1, 1957, whose death occurred*  
21 *while he was in the active military or naval service of the*  
22 *United States, and who is returned to any of such States,*  
23 *the District of Columbia, Alaska, Hawaii, Puerto Rico, or*  
24 *the Virgin Islands for interment or reinterment, the provi-*  
25 *sions of the preceding sentence shall not prevent payment*

1 to any person under the second sentence of this subsection if  
2 application for a lump-sum death payment with respect to  
3 such deceased individual is filed by or on behalf of such  
4 person (whether or not legally competent) prior to the  
5 expiration of two years after the date of such interment or  
6 reinterment. In the case of any individual who died out-  
7 side the forty-eight States and the District of Columbia after  
8 December 1956 while he was performing service, as a mem-  
9 ber of a uniformed service, to which the provisions of  
10 section 210 (m) (1) are applicable, and who is re-  
11 turned to any of such States, or the District of Columbia,  
12 or to any Territory or possession of the United States, for  
13 interment or reinterment, the provisions of the third sentence  
14 of this subsection shall not prevent payment to any person  
15 under the second sentence of this subsection if application  
16 for a lump-sum death payment with respect to such deceased  
17 individual is filed by or on behalf of such person (whether  
18 or not legally competent) prior to the expiration of two  
19 years after the date of such interment or reinterment.”

20 ~~(b) The amendment made by subsection (a) shall~~  
21 ~~take effect on January 1, 1956.~~

22 (b) The amendment made by subsection (a) shall be  
23 effective as though it had been enacted on March 31, 1956.

1 CREDIT FOR MILITARY OR NAVAL SERVICE PERFORMED  
2 BEFORE JANUARY 1, ~~1956~~ 1957

3 SEC. 404. (a) Section 217 (e) of the Social Security  
4 Act is amended to read as follows:

5 “(e) (1) For purposes of determining entitlement to  
6 and the amount of any monthly benefit or lump-sum death  
7 payment payable under this title on the basis of wages and  
8 self-employment income of any veteran (as defined in para-  
9 graph (4)), and for purposes of section 216 (i) (3), such  
10 veteran shall be deemed to have been paid wages (in addi-  
11 tion to the wages, if any, actually paid to him) of \$160  
12 in each month during any part of which he served in the  
13 active military or naval service of the United States on or  
14 after July 25, 1947, and prior to January 1, ~~1956~~ 1957.  
15 This subsection shall not be applicable in the case of any  
16 monthly benefit or lump-sum death payment if—

17 “(A) a larger such benefit or payment, as the  
18 case may be, would be payable without its application;  
19 or

20 “(B) a benefit (other than a benefit payable in a  
21 lump sum unless it is a commutation of, or a substitute  
22 for, periodic payments) which is based, in whole or in  
23 part, upon the active military or naval service of such  
24 veteran on or after July 25, 1947, and prior to January  
25 1, ~~1956~~ 1957, is determined by any agency or wholly

1 owned instrumentality of the United States (other than  
2 the Veterans' Administration) to be payable by it under  
3 any other law of the United States or under a system  
4 established by such agency or instrumentality.

5 The provisions of clause (B) shall not apply in the case of  
6 any monthly benefit or lump-sum death payment under this  
7 title if its application would reduce by \$0.50 or less the  
8 primary insurance amount (as computed under section 215  
9 prior to any recomputation thereof pursuant to subsection  
10 (f) of such section) of the individual on whose wages and  
11 self-employment income such benefit or payment is based.

12 The provisions of clause (B) shall also not apply for pur-  
13 poses of section 216 (i) (3). In the case of monthly bene-  
14 fits under this title for months after December ~~1955~~ 1956  
15 (and any lump-sum death payment under this title with  
16 respect to a death occurring after December ~~1955~~ 1956)  
17 based on the wages and self-employment income of a veteran  
18 who performed service (as a member of a uniformed serv-  
19 ice) to which the provisions of section 210 (m) (1) are  
20 applicable, wages which would, but for the provisions of  
21 clause (B), be deemed under this subsection to have been  
22 paid to such veteran with respect to his active military or  
23 naval service performed after December 1950 shall be  
24 deemed to have been paid to him with respect to such  
25 service notwithstanding the provisions of such clause, but



1 only if the benefits referred to in such clause which are based  
2 (in whole or in part) on such service are payable solely by  
3 the Army, Navy, Air Force, Marine Corps, ~~Coast Guard,~~  
4 ~~Coast and Geodetic Survey or Public Health Service and~~  
5 *Coast Guard.*

6 “(2) Upon application for benefits or a lump-sum death  
7 payment on the basis of the wages and self-employment in-  
8 come of any veteran, the Secretary of Health, Education,  
9 and Welfare shall make a decision without regard to clause  
10 (B) of paragraph (1) of this subsection unless he has been  
11 notified by some other agency or instrumentality of the  
12 United States that, on the basis of the military or naval  
13 service of such veteran on or after July 25, 1947, and prior  
14 to January 1, ~~1956~~ 1957, a benefit described in clause (B)  
15 of paragraph (1) has been determined by such agency or in-  
16 strumentality to be payable by it. If he has not been so noti-  
17 fied, the Secretary of Health, Education, and Welfare shall  
18 then ascertain whether some other agency or wholly owned  
19 instrumentality of the United States has decided that a bene-  
20 fit described in clause (B) of paragraph (1) is payable by  
21 it. If any such agency or instrumentality has decided, or  
22 thereafter decides, that such a benefit is payable by it, it  
23 shall so notify the Secretary of Health, Education, and Wel-  
24 fare, and the Secretary shall certify no further benefits for

1 payment or shall recompute the amount of any further bene-  
2 fits payable, as may be required by paragraph (1) of this  
3 subsection.

4 “(3) Any agency or wholly owned instrumentality of  
5 the United States which is authorized by any law of the  
6 United States to pay benefits, or has a system of benefits  
7 which are based, in whole or in part, on military or naval  
8 service on or after July 25, 1947, and prior to January 1,  
9 ~~1956~~ 1957, shall, at the request of the Secretary of Health,  
10 Education, and Welfare, certify to him, with respect to any  
11 veteran, such information as the Secretary deems necessary  
12 to carry out his functions under paragraph (2) of this sub-  
13 section.

14 “(4) For the purposes of this subsection, the term  
15 ‘veteran’ means any individual who served in the active  
16 military or naval service of the United States at any time  
17 on or after July 25, 1947, and prior to January 1, ~~1956~~  
18 1957, and who, if discharged or released therefrom, was so  
19 discharged or released under conditions other than dishonor-  
20 able after active service of ninety days or more or by reason  
21 of a disability or injury incurred or aggravated in service in  
22 line of duty; but such term shall not include any individual  
23 who died while in the active military or naval service of the  
24 United States if his death was inflicted (other than by an

1 enemy of the United States) as lawful punishment for a  
2 military or naval offense.”

3 (b) Section 217 of such Act is further amended by add-  
4 ing at the end thereof the following new subsection:

5 “(f) (1) In any case where a World War II veteran (as  
6 defined in subsection (d) (2)) or a veteran (as defined in  
7 subsection (e) (4)) has died or shall hereafter die, and  
8 his widow or child is entitled under the Civil Service Retire-  
9 ment Act of May 29, 1930, as amended, to an annuity in  
10 the computation of which his active military or naval  
11 service was included, clause (B) of subsection (a) (1)  
12 or clause (B) of subsection (e) (1) shall not operate  
13 (solely by reason of such annuity) to make such subsection  
14 inapplicable in the case of any monthly benefit under section  
15 202 which is based on his wages and self-employment in-  
16 come; except that no such widow or child shall be entitled  
17 under section 202 to any monthly benefit in the computation  
18 of which such service is included by reason of this subsection  
19 (A) unless such widow or child after December ~~1955~~ 1956  
20 waives his or her right to receive such annuity, or  
21 (B) for any month prior to the first month with respect to  
22 which the Civil Service Commission certifies to the Secre-  
23 tary of Health, Education, and Welfare that (by reason of  
24 such waiver) no further annuity will be paid to such widow  
25 or child under such Act of May 29, 1930, as amended, on

1 the basis of such veteran's military or civilian service. Any  
2 such waiver shall be ~~irrevocable.~~ *irrevocable.*

3       “(2) *Whenever a widow waives her right to receive*  
4 *such annuity such waiver shall constitute a waiver on her own*  
5 *behalf; a waiver by a legal guardian or guardians, or, in the*  
6 *absence of a legal guardian, the person (or persons) who*  
7 *has the child in his care, of the child's right to receive such*  
8 *annuity shall constitute a waiver on behalf of such child.*  
9 *Such a waiver with respect to an annuity based on a veteran's*  
10 *service shall be valid only if the widow and all children, or,*  
11 *if there is no widow, all the children, waive their rights to*  
12 *receive annuities under the Civil Service Retirement Act of*  
13 *May 29, 1930, as amended, based on such veteran's military*  
14 *or civilian service.”*

15       (c) In the case of any deceased individual—

16           (1) who is a World War II veteran (as defined in  
17 section 217 (d) (2) of the Social Security Act) or a  
18 veteran (as defined in section 217 (e) (4) of such  
19 Act); and

20           (2) whose widow or child is entitled under the  
21 Civil Service Retirement Act of May 29, 1930, as  
22 amended, to an annuity in the computation of which  
23 his active military or naval service after September 15,  
24 1940, and before January 1, ~~1956~~ 1957, was included;  
25 and

1           (3) whose widow or child is entitled under section  
2           202 of the Social Security Act, on the basis of his wages  
3           and self-employment income, to a monthly benefit in the  
4           computation of which such active military or naval serv-  
5           ice was excluded (under clause (B) of subsection (a)  
6           (1) or (e) (1) of section 217 of such Act) solely by  
7           reason of the annuity described in the preceding para-  
8           graph; and

9           (4) whose widow or child is entitled by reason  
10          of section 217 (f) of the Social Security Act to  
11          have such active military or naval service included in  
12          the computation of such monthly benefit,  
13          the Secretary of Health, Education, and Welfare shall, not-  
14          withstanding the provisions of section 215 (f) (1) of the  
15          Social Security Act, recompute the primary insurance amount  
16          of such individual upon the filing of an application, after  
17          December ~~1955~~ 1956, by or on behalf of such widow or  
18          child. Such recomputation shall be made only in the manner  
19          provided in title II of the Social Security Act as in effect at  
20          the time of such individual's death, and as though application  
21          therefor was filed in the month in which he died. No recom-  
22          putation made under this subsection shall be regarded as a  
23          recomputation under section 215 (f) of the Social Security  
24          Act. Any such recomputation shall be effective for and  
25          after the twelfth month before the month in which the appli-

1 cation is filed, but in no case for any month before the first  
 2 month with respect to which such widow or child is entitled  
 3 by reason of section 217 (f) of the Social Security Act to  
 4 have such active military or naval service included in the  
 5 computation of such monthly benefits. *The terms used in*  
 6 *this subsection shall have the same meaning as when used*  
 7 *in title II of the Social Security Act.*

8       *(d) Except for the last sentence of section 217 (e) (1)*  
 9 *of the Social Security Act as amended by subsection (a) of*  
 10 *this section, the amendments made by such subsection (a)*  
 11 *shall be effective as though they had been enacted on March*  
 12 *31, 1956. Such last sentence of section 217 (e) (1) of*  
 13 *the Social Security Act shall become effective January 1,*  
 14 *1957.*

15 ~~SPECIAL INSURED STATUS IN CASES OF IN-SERVICE OR~~  
 16 ~~SERVICE-CONNECTED DEATHS~~

17       SEC. 405. Section 214 of the Social Security Act is  
 18 amended by adding at the end thereof the following new  
 19 subsection:

20               ~~“Special Insured Status for Servicemen~~

21       ~~“(e) In the case of any individual who dies after~~  
 22 ~~December 1955, and whose death occurs—~~

23               ~~“(1) while on active duty or inactive duty train-~~  
 24 ~~ing as a member of a uniformed service, or~~

25               ~~“(2) as the result of a disease or injury which the~~

1 Veterans' Administration determines was incurred or  
2 aggravated in line of duty while on active duty,  
3 or an injury which the Veterans' Administration  
4 determines was incurred or aggravated in line of  
5 duty while on inactive duty training, as a member  
6 of a uniformed service after September 15, 1940, if  
7 the Veterans' Administration determines that such in-  
8 dividual was discharged or released from the period  
9 of such active duty or inactive duty training under con-  
10 ditions other than dishonorable,  
11 he shall be deemed to have died a fully and currently  
12 insured individual."

13 SPECIAL STATUS IN CASE OF SERVICE-CONNECTED  
14 DISABILITY

15 SEC. 406. (a) So much of subparagraph (A) of sec-  
16 tion 216 (i) (2) of the Social Security Act as precedes  
17 clause (i) thereof is amended to read as follows:

18 "(A) if the individual satisfies the requirements  
19 of paragraph (3) on such day or the disability is  
20 service-connected,".

21 (b) Such section 216 (i) (2) is further amended by  
22 striking out subparagraph (B) and inserting in lieu thereof  
23 the following:

24 "(B) if such individual does not satisfy the require-

1       ments of paragraph ~~(3)~~ on the day referred to in sub-  
2       paragraph ~~(A)~~ and the disability is not service-con-  
3       nected, then on the first day of the first quarter there-  
4       after in which he satisfies such requirements;  
5       except that if, on the day referred to in subparagraph ~~(A)~~,  
6       such individual is on active duty or inactive duty training,  
7       the period of disability shall begin on the day following the  
8       day on which he is released from active duty, ceases to per-  
9       form inactive duty training, or is separated from service as  
10      a member of a uniformed service.”

11      ~~(c)~~ Section 216 ~~(i)~~ ~~(4)~~ of such Act is amended by  
12      striking out subparagraphs ~~(A)~~ and ~~(B)~~ and inserting in  
13      lieu thereof the following:

14           ~~“(A)~~ the day such disability began, but only if  
15           he satisfies the requirements of paragraph ~~(3)~~ on such  
16           day or the disability is service-connected;

17           ~~“(B)~~ if he does not satisfy such requirements on  
18           such day and the disability is not service-connected,  
19           the first day of the first quarter thereafter in which he  
20           satisfies such requirements;

21      except that if, on the day referred to in subparagraph ~~(A)~~,  
22      such individual is on active duty or inactive duty training,  
23      the period of disability shall begin on the day following the  
24      day on which he is released from active duty, ceases to



1 perform inactive duty training, or is separated from service  
2 as a member of a uniformed service."

3 ~~(d)~~ Section 216 ~~(i)~~ of such Act is further amended  
4 by adding at the end thereof the following new paragraphs:

5 "~~(5)~~ ~~(A)~~ For purposes of paragraphs ~~(2)~~ and ~~(4)~~, in  
6 the case of any individual who, after December 1955,  
7 is released from active duty, ceases to perform inactive  
8 duty training, or is separated from service as a member of a  
9 uniformed service, under conditions other than dishonor-  
10 able, a disability is service-connected if it resulted wholly  
11 from a disease or injury which the Veterans' Administration  
12 determines was incurred or aggravated in line of duty while  
13 such individual was on active duty, or from an injury which  
14 the Veterans' Administration determines was incurred or  
15 aggravated in line of duty while such individual was on  
16 inactive duty training, as a member of a uniformed service,  
17 and—

18 "~~(i)~~ he was under such disability when he was re-  
19 leased from active duty, ceased to perform inactive duty  
20 training, or was separated from service as a member of  
21 a uniformed service or such disability began within three  
22 years after the month in which such release, cessation,  
23 or separation occurred; or

24 "~~(ii)~~ such disability began within three years after

1        cessation of a disability which meets the requirements of  
2        clause (i).

3        ~~“(B) Notwithstanding subparagraph (A) of para-~~  
4        ~~graph (2) or subparagraph (A) of paragraph (4), the~~  
5        ~~provisions of such subparagraph shall apply, in the case of~~  
6        ~~any individual who does not satisfy the requirements of~~  
7        ~~paragraph (3) on the day referred to in such subparagraph,~~  
8        ~~only if he files his application for a disability determination~~  
9        ~~while under a disability which is service-connected under~~  
10       ~~paragraph (6) or subparagraph (A) of this paragraph and~~  
11       ~~such filing occurs (except as otherwise provided in sub-~~  
12       ~~paragraph (A) of paragraph (6)) within—~~

13                ~~“(i) three years after the month in which he is~~  
14                ~~released from active duty, ceases to perform inactive~~  
15                ~~duty training, or is separated from service as a member~~  
16                ~~of a uniformed service, or~~

17                ~~“(ii) three years after the month in which the dis-~~  
18                ~~ability began,~~

19        ~~whichever is later.~~

20        ~~“(6) For purposes of paragraphs (2) and (4), in~~  
21        ~~the case of any individual who, after September 15, 1940,~~  
22        ~~but before January 1, 1956, was released from active duty,~~  
23        ~~ceased to perform inactive duty training, or was separated~~  
24        ~~from service as a member of a uniformed service, under~~

1 conditions other than dishonorable, a disability is service-  
2 connected if it resulted wholly from a disease or injury which  
3 the Veterans' Administration determines was incurred or  
4 aggravated in line of duty while such individual was on  
5 active duty, or from an injury which the Veterans' Adminis-  
6 tration determines was incurred or aggravated in line of duty  
7 while such individual was on inactive duty training, as a  
8 member of a uniformed service, and—

9       “(A) he files an application for a disability deter-  
10 mination while under such disability and prior to Janu-  
11 ary 1, 1959, and

12       “(B) the Veterans' Administration determines (i)  
13 that while such individual was on active duty as a  
14 member of a uniformed service he incurred a disease or  
15 injury or such disease or injury was aggravated, in  
16 line of duty, or while such individual was on inactive  
17 duty training as a member of a uniformed service he  
18 incurred an injury or such injury was aggravated, in  
19 line of duty, and (ii) that as a result thereof such  
20 individual was under a disability (whether or not within  
21 the meaning of such term as defined in section 216  
22 (i)) which was total in degree (for purposes of com-  
23 pensation payable by such Administration) at the time  
24 he was released from active duty, ceased to perform  
25 inactive duty training, or was separated from service

1 as a member of a uniformed service, or within three  
 2 years after the month in which such release, cessation,  
 3 or separation occurred.

4 Paragraph (4) shall apply with respect to any application  
 5 for a disability determination filed under subparagraph (A)  
 6 of this paragraph, whether or not such application is filed  
 7 before July 1957."

8 (c) The amendments made by this section shall apply  
 9 only with respect to monthly benefits under section 202 of  
 10 the Social Security Act for months after December 1955,  
 11 and lump-sum death payments under such section 202 in  
 12 the case of deaths occurring after December 1955.

13 SPECIAL PROVISIONS IN CASES OF PRIOR DEATHS

14 SEC. 407. (a) In the case of any individual—

15 (1) who died prior to January 1, 1956,

16 (2) who served on active duty or inactive duty  
 17 training as a member of a uniformed service after Sep-  
 18 tember 15, 1940,

19 (3) whose death (A) occurred while on such active  
 20 duty or inactive duty training, or (B) resulted from a  
 21 disease or injury which the Veterans' Administration  
 22 determines was incurred or aggravated in line of duty  
 23 while on active duty, or an injury which the Veterans'  
 24 Administration determines was incurred or aggravated  
 25 in line of duty while on active duty training, as a mem-

1 ber of a uniformed service after September 15, 1940, if  
2 the Veterans' Administration determines that such indi-  
3 vidual was discharged or released from the period of such  
4 active duty or inactive duty training under conditions  
5 other than dishonorable, and

6 ~~(4)~~ who had less than six quarters of coverage at  
7 the time of his death, or who died after June 30, 1954,  
8 and was not a fully and currently insured individual  
9 at the time of his death,

10 he shall be deemed, for purposes of monthly benefits under  
11 title II of the Social Security Act, to have died a fully  
12 insured individual ~~(except for purposes of determining en-~~  
13 ~~titlement of a former wife divorced to benefits under sec-~~  
14 ~~tion 202 (g) of that Act)~~ if he died prior to September  
15 1950, or to have died a fully and currently insured indi-  
16 vidual if he died after August 1950. The terms used in this  
17 section shall have the same meaning as when used in title  
18 II of the Social Security Act.

19 ~~(b)~~ No monthly benefits under title II of the Social  
20 Security Act shall be payable by reason of subsection ~~(a)~~  
21 for any month prior to January 1956; and no lump-sum  
22 death payment under such title shall be payable by reason of  
23 such subsection.

24 ~~(c)~~ If any monthly benefits are payable under section  
25 202 of the Social Security Act by reason of subsection ~~(a)~~,

1 the primary insurance amount on which such benefits are  
2 based shall be \$30 instead of the amount computed under  
3 title II of such Act; and, for purposes of section 203 ~~(a)~~  
4 of such Act, the average monthly wage on which such  
5 benefits are based shall be deemed to be \$55.

6 ~~(d)~~ In the case of any individual to whom subsection  
7 ~~(a)~~ is applicable, the requirement in subsection ~~(f)~~ or ~~(h)~~  
8 of section 202 of the Social Security Act that proof of  
9 support be filed within two years of the date of death shall  
10 not apply if such proof is filed before January 1, 1958.

#### 11 REIMBURSEMENT OF TRUST FUND FOR COST OF WAGE

#### 12 CREDITS FOR CERTAIN MILITARY SERVICE

13 SEC. 408 405. Section 217 of the Social Security Act is  
14 amended by adding after subsection (f) (as added by sec-  
15 tion 404 (b) of this Act) the following new subsection:

16 “(g) (1) There are hereby authorized to be appro-  
17 priated to the Trust Fund annually, as benefits under this title  
18 are paid after June ~~1955~~ 1956, such sums as the Secretary  
19 of Health, Education, and Welfare determines to be neces-  
20 sary to meet the additional costs, resulting from subsections  
21 (a), (b), and (e), of such benefits (including lump-sum  
22 death payments).

23 “(2) The Secretary shall, before October 1, ~~1957~~ 1958,  
24 determine the amount which would place the Trust Fund in  
25 the same position in which it would have been at the close of

1 June 30, ~~1955~~ 1956, if section 210 of this Act, as in effect  
 2 prior to the Social Security Act Amendments of 1950, and  
 3 section 217 of this Act (including amendments thereof), had  
 4 not been enacted. There are hereby authorized to be appro-  
 5 priated to the Trust Fund annually, during the first ten fiscal  
 6 years beginning after such determination is made, sums  
 7 aggregating the amount so determined, plus interest accruing  
 8 on such amount (as reduced by appropriations made pur-  
 9 suant to this paragraph) for each fiscal year beginning after  
 10 June 30, ~~1955~~ 1956, at a rate for such fiscal year equal to  
 11 the average rate of interest (as determined by the Managing  
 12 Trustee) earned on the invested assets of the Trust Fund  
 13 during the preceding fiscal year."

14 REIMBURSEMENT OF TRUST FUND FOR SPECIAL INSURED  
 15 STATUS OF SERVICEMEN

16 SEC. 409. ~~(a)~~ Section 201 of the Social Security Act  
 17 is amended by adding at the end thereof the following new  
 18 subsection:

19 "(h) There are hereby authorized to be appropriated  
 20 to the Trust Fund annually such sums as the Secretary of  
 21 Health, Education, and Welfare deems to be necessary to  
 22 meet the additional costs, resulting from section 214 ~~(e)~~ of  
 23 this Act and from the amendments made to section 216 ~~(i)~~  
 24 of this Act by section 406 of the Servicemen's and Veterans'  
 25 Survivor Benefits Act, of the benefits paid under this title

1 for months after December 1955 (including lump-sum death  
2 payments in the case of deaths occurring after December  
3 1955).”

4 (b) There are hereby authorized to be appropriated to  
5 the Federal Old-Age and Survivors Insurance Trust Fund  
6 annually such sums as the Secretary of Health, Education,  
7 and Welfare determines to be necessary to meet the addi-  
8 tional costs, resulting from section 407 of this Act, of the  
9 benefits paid under title II of the Social Security Act for  
10 months after December 1955.

11 REQUIREMENT OF APPLICATION

12 SEC. 410 406. Section 202 of the Social Security Act is  
13 amended by adding at the end thereof the following new  
14 subsection:

15 “Application for Benefits by Survivors of Members and  
16 Former Members of the Uniformed Services

17 “(o) In the case of any individual who would be en-  
18 titled to benefits under subsection (d), (e), (g), or (h)  
19 upon filing proper application therefor, the filing with the  
20 Administrator of Veterans’ Affairs by or on behalf of such  
21 individual of an application for such benefits, on the form  
22 prescribed under section ~~503~~ 601 of the Servicemen’s and  
23 Veterans’ Survivor Benefits Act, shall satisfy the requirement  
24 of such subsection (d), (e), (g), or (h) that an application  
25 for such benefits be filed.”



## 1        AMENDMENTS RELATING TO RAILROAD RETIREMENT

2        SEC. 414 407. (a) Section 4 of the Railroad Retirement  
3 Act of 1937 is amended by adding at the end thereof the  
4 following new subsections:

5        “(p) (1) Military service rendered by an individual  
6 after December ~~1955~~ 1956 shall be creditable under this sec-  
7 tion only if the number of such individual’s years of service is  
8 ten or more (including, in such years of service, military  
9 service which, but for this subsection, would be creditable  
10 under this section).

11        “(2) In any case where an individual has completed  
12 ten or more years of service and such years of service include  
13 any military service rendered after December ~~1955~~ 1956, the  
14 Board shall as promptly as is practicable (A) notify the  
15 Secretary of Health, Education, and Welfare that such mili-  
16 tary service is creditable under this section and (B) specify  
17 the period or periods of the military service rendered after  
18 December ~~1955~~ 1956 which is so creditable.

19        “(q) Notwithstanding the provisions of this section and  
20 section 2 (c) (2), military service rendered by an individual  
21 after December ~~1955~~ 1956 shall not be used in determining  
22 eligibility for, or computing the amount of, any annuity accru-  
23 ing under section 2 for any month if (1) any benefits are pay-  
24 able for that month under title II of the Social Security Act  
25 on the basis of such individual’s wages and self-employment

1 income, (2) such military service was included in the com-  
2 putation of such benefits, and (3) the inclusion of such  
3 service in the computation of such benefits resulted (for that  
4 month) in benefits not otherwise payable or in an increase  
5 in the benefits otherwise payable.

6 “(r) The Secretary concerned (as defined in section  
7 102 (9) of the Servicemen’s and Veterans’ Survivor Bene-  
8 fits Act) shall maintain such records, and furnish the Board  
9 upon its request with such information, regarding the months  
10 of any individual’s military service and the remuneration  
11 paid therefor, as may be necessary to enable the Board to  
12 carry out its duties under this section and sections 2 and 5.”

13 (b) (1) The first sentence of section 4 (n) of the Rail-  
14 road Retirement Act of 1937 is amended—

15 (A) by striking out “(i)” and “(ii)” and inserting  
16 in lieu thereof “(1)” and “(2)”, respectively;

17 (B) by striking out “for military service after  
18 December 31, 1936” and inserting in lieu thereof “for  
19 military service after December 31, 1936, and prior to  
20 January 1, ~~1956~~ 1957”; and

21 (C) by inserting before the period at the end  
22 thereof a comma and the following: “and (3) an amount  
23 found by the Board to be equal to (A) the amount of  
24 the total additional excise and income taxes which  
25 would have been payable during the preceding fiscal

1 year under chapter 22 of the Internal Revenue Code of  
2 1954 with respect to the compensation, as defined in  
3 such chapter, of all individuals entitled (without regard  
4 to subsection (p) (1) of this section) to credit under  
5 this Act for military service after December ~~1955~~ 1956  
6 if each of such individuals, in addition to compensation  
7 actually paid, had been paid such compensation in the  
8 amount of \$160 in each calendar month in which he was  
9 in such military service during such preceding fiscal year  
10 and such taxes were measured by all such compensation  
11 without limitation as to amount paid to any individual  
12 in any one calendar month, less (B) the amount of the  
13 taxes which were paid with respect to such military  
14 service under sections 3101 and 3111 of the Internal  
15 Revenue Code of 1954”.

16 (2) Section 4 (n) of such Act is further amended by  
17 adding at the end thereof the following new sentence: “In  
18 determining pursuant to section 5 (k) (2) for any fiscal  
19 year the total amount to be credited from the Railroad Re-  
20 tirement Account to the Old-Age and Survivors Insurance  
21 Trust Fund, credit shall be given such Account for the  
22 amount of the taxes described in clause (3) (B) of the first  
23 sentence of this subsection.”

24 (c) Section 1 (q) of the Railroad Retirement Act of

1 1937 is amended by striking out "as amended in 1954"  
2 and inserting in lieu thereof "as amended in ~~1955~~ 1956".

3 SURVIVOR ANNUITIES UNDER THE CIVIL SERVICE

4 RETIREMENT ACT

5 SEC. 412. Section 5 of the Civil Service Retirement Act  
6 of May 20, 1930, as amended, is amended by insert-  
7 ing after the second paragraph thereof the following new  
8 paragraph:

9 "Notwithstanding any other provision of this section,  
10 any service (other than service covered by military leave  
11 with pay from a civilian position) performed by an in-  
12 dividual after December 1955 as a member of a uniformed  
13 service on active duty or active duty for training (as those  
14 terms are defined in section 102 of the Servicemen's and  
15 Veterans' Survivor Benefits Act) shall be excluded in deter-  
16 mining the aggregate period of service upon which an an-  
17 nuity payable under section 4 (b) or 12 of this Act to his  
18 widow or child is to be based, if such widow or child is en-  
19 titled (or would upon proper application be entitled), at  
20 the time of such determination, to monthly survivors bene-  
21 fits under section 202 of the Social Security Act based on  
22 such individual's wages and self-employment income. If in  
23 the case of the widow such service is not excluded under the  
24 preceding sentence, but upon attaining retirement age (as

1 defined in section 216 (a) of the Social Security Act) she  
2 becomes entitled (or would upon proper application be en-  
3 titled) to such benefits, the Commission shall redetermine  
4 the aggregate period of service upon which such annuity  
5 is based, effective as of the first day of the month in which  
6 she attains such age, so as to exclude such service. The Sec-  
7 retary of Health, Education, and Welfare shall, upon the  
8 request of the Commission, inform the Commission whether  
9 or not any such widow or child is entitled at any specified  
10 time to such benefits."

11 *ANNUITIES UNDER THE CIVIL SERVICE RETIREMENT ACT*

12 *SEC. 408. Section 5 of the Civil Service Retirement Act*  
13 *of May 29, 1930, as amended, is amended by inserting after*  
14 *the second paragraph thereof the following new paragraph:*

15 *"Notwithstanding any other provision of this section,*  
16 *any service (other than service covered by military leave with*  
17 *pay from a civilian position) performed by an individual*  
18 *after December 1956 as a member of a uniformed service*  
19 *on active duty or active duty for training (as those terms*  
20 *are defined in section 102 of the Servicemen's and Veterans'*  
21 *Survivor Benefits Act) shall be excluded in determining the*  
22 *aggregate period of service upon which an annuity payable*  
23 *under this Act to such individual or to his widow or child*  
24 *is to be based, if such individual or widow or child is entitled*  
25 *(or would upon proper application be entitled), at the time*

1 of such determination, to monthly old-age or survivors bene-  
 2 fits under section 202 of the Social Security Act based on  
 3 such individual's wages and self-employment income. If in  
 4 the case of the individual or widow such service is not ex-  
 5 cluded under the preceding sentence, but upon attaining  
 6 retirement age (as defined in section 216 (a) of the Social  
 7 Security Act) he or she becomes entitled (or would upon  
 8 proper application be entitled) to such benefits, the Com-  
 9 mission shall redetermine the aggregate period of service upon  
 10 which such annuity is based, effective as of the first day of  
 11 the month in which he or she attains such age, so as to exclude  
 12 such service. The Secretary of Health, Education, and Wel-  
 13 fare shall, upon the request of the Commission, inform the  
 14 Commission whether or not any such individual or widow  
 15 or child is entitled at any specified time to such benefits."

16 DETERMINATIONS BY ADMINISTRATOR OF VETERANS'  
 17 AFFAIRS

18 SEC. 413. The Administrator of Veterans' Affairs shall,  
 19 whenever requested by the Secretary of Health, Education,  
 20 and Welfare, make any determination provided for in sec-  
 21 tion 214 (c) (2) 216 (i) (5) (A), or 216 (i) (6)  
 22 of the Social Security Act, or in section 407 (a) (3) of  
 23 this Act. In making a determination under any such section,  
 24 the Administrator shall, to the extent not inconsistent with  
 25 such section, utilize the same criteria and procedures as he

1 utilizes in making determinations with respect to claims for  
2 benefits under title II of this Act.

3 **PART B—AMENDMENTS TO THE INTERNAL REVENUE**  
4 **CODE OF 1954**

5 **DEFINITION OF WAGES**

6 **SEC. 414 409.** (a) Section 3121 (i) of the Internal  
7 Revenue Code of 1954 is amended to read as follows:

8 “(i) **COMPUTATION OF WAGES IN CERTAIN CASES.—**

9 “(1) **DOMESTIC SERVICE.—**For purposes of this  
10 chapter, in the case of domestic service described in sub-  
11 section (a) (7) (B), any payment of cash remunera-  
12 tion for such service which is more or less than a whole-  
13 dollar amount shall, under such conditions and to such  
14 extent as may be prescribed by regulations made under  
15 this chapter, be computed to the nearest dollar. For  
16 the purpose of the computation to the nearest dollar,  
17 the payment of a fractional part of a dollar shall be dis-  
18 regarded unless it amounts to one-half dollar or more,  
19 in which case it shall be increased to \$1. The amount  
20 of any payment of cash remuneration so computed to the  
21 nearest dollar shall, in lieu of the amount actually paid,  
22 be deemed to constitute the amount of cash remunera-  
23 tion for purposes of subsection (a) (7) (B).

24 “(2) **SERVICE IN THE UNIFORMED SERVICES.—**  
25 For purposes of this chapter, in the case of an individual

1 performing service, as a member of a uniformed service,  
 2 to which the provisions of subsection (m) (1) are ap-  
 3 plicable, the term 'wages' ~~(as defined in subsection (a))~~  
 4 ~~shall include~~ shall, subject to the provisions of subsection  
 5 (a) (1) of this section, include as such individual's re-  
 6 munerations for such service only his basic pay as de-  
 7 scribed in section 102 (10) of the Servicemen's and  
 8 Veterans' Survivor Benefits Act."

#### 9 DEFINITION OF EMPLOYMENT

10 SEC. ~~415~~ 410. (a) Section 3121 of the Internal Revenue  
 11 Code of 1954 is amended by adding at the end thereof the  
 12 following new subsections:

13 "(m) SERVICE IN THE UNIFORMED SERVICES.—For  
 14 purposes of this chapter—

15 "(1) INCLUSION OF SERVICE.—The term 'employ-  
 16 ment' shall, notwithstanding the provisions of subsection  
 17 (b) of this section, include service performed after De-  
 18 cember ~~1955~~ 1956 by an individual as a member of a  
 19 uniformed service on active duty; but such term shall  
 20 not include any such service which is performed while  
 21 on leave without pay.

22 "(2) ACTIVE DUTY.—The term 'active duty' means  
 23 'active duty' as described in section 102 of the Service-  
 24 men's and Veterans' Survivor Benefits Act, except that



1 it shall also include 'active duty for training' as described  
2 in such section.

3 " (3) INACTIVE DUTY TRAINING.—The term 'in-  
4 active duty training' means 'inactive duty training' as  
5 described in such section 102.

6 " (n) MEMBER OF A UNIFORMED SERVICE.—For pur-  
7 poses of this chapter, the term 'member of a uniformed  
8 service' means any person appointed, enlisted, or inducted  
9 in a component of the Army, Navy, Air Force, Marine  
10 Corps, or Coast Guard (including a reserve component of a  
11 uniformed service as defined in section 102 (3) of the  
12 Servicemen's and Veterans' Survivor Benefits Act), or  
13 in one of those services without specification of com-  
14 ponent, or as a commissioned officer of the Coast and  
15 Geodetic Survey or the Regular or Reserve Corps of the  
16 Public Health Service, and any person serving in the Army  
17 or Air Force under call or conscription. The term includes—

18 " (1) a retired member of any of those services;

19 " (2) a member of the Fleet Reserve or Fleet  
20 Marine Corps Reserve;

21 " (3) a cadet at the United States Military Acad-  
22 emy, a midshipman at the United States Naval Acad-  
23 emy, and a cadet at the United States Coast Guard  
24 Academy or United States Air Force Academy;

25 " (4) a member of the Reserve Officers' Training

1 Corps, the Naval Reserve Officers' Training Corps,  
2 or the Air Force Reserve Officers' Training Corps,  
3 when ordered to annual training duty for fourteen days  
4 or more, and while performing authorized travel to and  
5 from that duty; and

6 " (5) any person while en route to or from, or at,  
7 a place for final acceptance or for entry upon active  
8 duty in the military or naval service—

9 " (A) who has been provisionally accepted for  
10 such duty; or

11 " (B) who, under the Universal Military Train-  
12 ing and Service Act, has been selected for active  
13 military or naval service;

14 and has been ordered or directed to proceed to such  
15 place.

16 The term does not include a temporary member of the Coast  
17 Guard Reserve."

18 (b) The first sentence of section 3122 of the Internal  
19 Revenue Code of 1954 is amended by inserting "including  
20 service, performed as a member of a uniformed service, to  
21 which the provisions of section 3121 (m) (1) are ap-  
22 plicable," immediately after "in the employ of any instru-  
23 mentality which is wholly owned by the United States,".

24 (c) Section 3122 of the Internal Revenue Code of  
25 1954 is further amended by inserting after the second sen-

1 tence thereof the following new sentence: "Payments of the  
 2 tax imposed under section 3111 with respect to service, per-  
 3 formed by an individual as a member of a uniformed service,  
 4 to which the provisions of section 3121 (m) (1) are appli-  
 5 cable, shall be made from appropriations available for the  
 6 pay of members of such uniformed service."

7 **RECEIPTS FOR EMPLOYEES**

8 **SEC. 416.** Section 6051 (b) of the Internal Revenue  
 9 Code of 1954 is amended to read as follows:

10 "~~(b)~~ **SPECIAL RULE AS TO COMPENSATION OF MEM-**  
 11 **BERS OF THE UNIFORMED SERVICES.**—In the case of com-  
 12 pensation paid for service as a member of the Armed Forces,  
 13 the statement required by subsection (a) shall be furnished  
 14 if any tax was withheld during the calendar year under sec-  
 15 tion 3402, or if any of the compensation paid during such  
 16 year is includible in gross income under chapter 1, or if dur-  
 17 ing the calendar year any amount was required to be with-  
 18 held as tax under section 3101. In lieu of the amounts  
 19 required to be shown by paragraphs (3) and (5), respec-  
 20 tively of subsection (a), such statement shall show as wages  
 21 paid during the calendar year (1) the amount of such com-  
 22 pensation paid during the calendar year which is not ex-  
 23 cluded from gross income under chapter 1 (whether or  
 24 not such compensation constituted wages as defined in sec-  
 25 tion 3401 (a)), and (2) the total amount of wages as

1 defined in section 3121 (a), computed in accordance with  
2 such section and section 3121 (i) (2).”

3       *SEC. 411. (a) Section 6051 (a) of the Internal Revenue*  
4 *Code of 1954 is amended by adding at the end thereof the*  
5 *following new sentence: “In the case of compensation paid*  
6 *for service as a member of a uniformed service, the state-*  
7 *ment shall show, in lieu of the amount required to be shown*  
8 *by paragraph (5), the total amount of wages as defined in*  
9 *section 3121 (a), computed in accordance with such section*  
10 *and section 3121 (i) (2).”*

11       *(b) Section 6051 (b) of the Internal Revenue Code of*  
12 *1954 is amended to read as follows:*

13       *“(b) SPECIAL RULE AS TO COMPENSATION OF MEM-*  
14 *BERS OF ARMED FORCES.—In the case of compensation paid*  
15 *for service as a member of the Armed Forces, the statement*  
16 *required by subsection (a) shall be furnished if any tax*  
17 *was withheld during the calendar year under section 3402,*  
18 *or if any of the compensation paid during such year is in-*  
19 *cludible in gross income under chapter 1, or if during the*  
20 *calendar year any amount was required to be withheld as tax*  
21 *under section 3101. In lieu of the amount required to be*  
22 *shown by paragraph (3) of subsection (a), such statement*  
23 *shall show as wages paid during the calendar year the*  
24 *amount of such compensation paid during the calendar year*  
25 *which is not excluded from gross income under chapter 1*

1 *(whether or not such compensation constituted wages as de-*  
2 *finied in section 3401 (a))."*

### 3 TITLE V—AMENDMENTS AND REPEALS

#### 4 AMENDMENTS

5 SEC. 501. (a) (1) Section 620 of the National Service  
6 Life Insurance Act of 1940 is amended by striking out the  
7 last sentence and inserting in lieu thereof the following:  
8 "Any member of a uniformed service (as that term is defined  
9 in section 102 of the Servicemen's and Veterans' Survivor  
10 Benefits Act) while on active duty, active duty for training,  
11 or inactive duty training (as those terms are defined in  
12 such section) shall be deemed to be in the active service for  
13 the purpose of applying for insurance under this section;  
14 however, as to persons incurring a disability under the con-  
15 ditions provided in section 102 (11) (E) of such Act,  
16 application for insurance must be filed under this section  
17 within one year after the incurrence of such disability."

18 ~~(2)~~ Section 621 of the National Service Life Insurance  
19 Act of 1940 is amended by adding at the end thereof the  
20 following:

21 "(e) No insurance shall be granted to any person under  
22 this section on or after January 1, 1956, unless prior to  
23 such date an acceptable application accompanied by proper  
24 and valid remittances or authorizations for the payment of  
25 premiums ~~(1)~~ was received by the Veterans' Administra-

1 tion, ~~(2)~~ was placed in the mails properly directed to the  
2 Veterans' Administration, or ~~(3)~~ was delivered to an  
3 authorized representative of any of the uniformed services."

4 (2) Section 621 of the National Service Life Insurance  
5 Act of 1940 is amended to read as follows:

6 "SEC. 621. Any person who is ordered (whether before,  
7 on, or after January 1, 1957) to active duty or active  
8 duty for training (as those terms are defined in section 102  
9 of the Servicemen's and Veterans' Survivor Benefits Act)  
10 for a period exceeding thirty days, shall, upon application  
11 in writing made within one hundred and twenty days after  
12 separation from such active duty or active duty for training  
13 and payment of premiums as hereinafter provided, and  
14 without medical examination, be granted insurance by the  
15 United States against the death of such person occurring  
16 while such insurance is in force. Insurance granted under  
17 this section shall be issued upon the same terms and conditions  
18 as are contained in the standard policies of national service  
19 life insurance on the five-year level premium term plan ex-  
20 cept (1) such insurance may not be exchanged for or con-  
21 verted to insurance on any other plan; (2) the premium  
22 rates for such insurance shall be based on the Commissioners  
23 1941 Standard Ordinary Table of Mortality and interest  
24 at the rate of  $2\frac{1}{4}$  per centum per annum; (3) all settlements  
25 on policies involving annuities shall be calculated on the basis

1 of the Annuity Table for 1949, and interest at the rate of  
2  $2\frac{1}{4}$  per centum per annum; and (4) insurance issued here-  
3 under shall be on a nonparticipating basis and all premiums  
4 and other collections therefor shall be credited directly to the  
5 national service life insurance appropriation, and any pay-  
6 ment of benefits on such insurance shall be made directly  
7 from such appropriation."

8 (3) The Administrator is authorized and directed to  
9 liquidate the assets of the revolving fund, known as the Vet-  
10 erans Special Term Insurance Fund, established by section  
11 621 (a) of the National Service Life Insurance Act (as  
12 such section was added by the Insurance Act of 1951) and  
13 to transfer the total amount of such fund to the credit of the  
14 national service life insurance appropriation.

15 ~~(3)~~ (4) (A) Section 622 of the National Service Life  
16 Insurance Act of 1940 is amended by inserting "(a)" imme-  
17 diately after "SEC. 622.", and by adding at the end thereof  
18 the following:

19 ~~"(b) No application may be made after December 31,~~  
20 ~~1955, for waiver of premiums under this section."~~

21 "(b) Notwithstanding the provisions of subsection (a),  
22 no application for waiver of premiums may be made after  
23 December 31, 1956, except applications therefor filed  
24 (1) pursuant to the first proviso of subsection (a) or (2)  
25 during a period of war or of any emergency involving hos-

1 *ilities proclaimed by the Congress or the President. Any*  
2 *waiver granted during a period of war or of any emergency*  
3 *involving hostilities proclaimed by the Congress or the Presi-*  
4 *dent shall be effective only with respect to such period."*

5 ~~(B) Where any individual dies on or after May 1,~~  
6 ~~1956, and at the time of his death has in effect a policy of~~  
7 ~~national service life insurance or United States Government~~  
8 ~~life insurance under waiver of premiums under section 622~~  
9 ~~of the National Service Life Insurance Act of 1940, no~~  
10 ~~dependency and indemnity compensation shall be paid under~~  
11 ~~this Act to his widow, children, or parents by reason of~~  
12 ~~his death, but death compensation may be paid under laws~~  
13 ~~administered by the Veterans' Administration to such~~  
14 ~~widow, child, or parents by reason of his death, notwithstand-~~  
15 ~~ing the fact that such death occurred after December 31,~~  
16 ~~1955.~~

17 *(B) Except as herein otherwise provided, where an*  
18 *individual dies on or after May 1, 1957, and at the time*  
19 *of his death has in effect a policy of national service life*  
20 *insurance or United States Government life insurance under*  
21 *waiver of premiums under section 622 of the National*  
22 *Service Life Insurance Act of 1940, no dependency and*  
23 *indemnity compensation shall be paid under this Act to his*  
24 *widow, children, or parents by reason of his death, but death*  
25 *compensation may be paid under laws administered by the*



1 *Veterans' Administration to such widow, children, or parents*  
2 *by reason of his death, notwithstanding the fact that such*  
3 *death occurred after December 31, 1956. In no event shall*  
4 *the foregoing provision be applicable with respect to any*  
5 *person entitled to waiver of premiums (1) under the first*  
6 *proviso to section 622 (a) of the National Service Life*  
7 *Insurance Act of 1940, as amended, whose death occurs*  
8 *prior to his return to military jurisdiction or within one*  
9 *hundred and twenty days thereafter, or (2) during a period*  
10 *of war or of any emergency involving hostilities proclaimed*  
11 *by the Congress or the President.*

12       ~~(4)~~(5) The National Service Life Insurance Act of  
13 1940 is amended by adding at the end thereof the following:

14       "~~SEC. 622. (a)~~ Any person in active service on January  
15 1, 1956, who surrendered a policy of national service life  
16 insurance or United States Government life insurance on  
17 a permanent plan for its cash value while in the active  
18 service on or after April 25, 1951, and prior to January  
19 1, 1956, may, upon application in writing made within  
20 one hundred and twenty days after separation from active  
21 service, be granted, without medical examination, perma-  
22 nent plan insurance on the same plan not in excess of the  
23 amount surrendered for cash, or may reinstate such surrend-  
24 ered insurance upon payment of the required reserve and the  
25 premium for the current month. Waiver of premiums under

1 this Act shall not be denied in any case of issue or rein-  
2 statement of insurance on a permanent plan under this sec-  
3 tion in which it is shown to the satisfaction of the Admin-  
4 istrator that total disability of the applicant commenced  
5 prior to the date of application.

6       “(b) Any person in the active service on January 1,  
7 1956, who had United States Government life insurance  
8 or national service life insurance on the five-year level  
9 premium term plan, the term of which expired while he was  
10 in the active service after April 25, 1951, and prior to  
11 January 1, 1956, shall, upon application made within one  
12 hundred and twenty days after separation from active service,  
13 payment of premiums, and evidence of good health satisfac-  
14 tory to the Administrator, be granted an equivalent amount  
15 of insurance on the five-year level premium term plan at  
16 the premium rate for his then attained age.

17       “SEC. 623. (a) Any person who surrendered a policy  
18 of National Service life insurance or United States Govern-  
19 ment life insurance on a permanent plan for its cash value  
20 while in the active service on or after April 25, 1951, and  
21 prior to January 1, 1957, may, upon application in writing  
22 made while in the active service or within one hundred and  
23 twenty days after separation from the active service, be  
24 granted, without medical examination, permanent plan in-  
25 surance on the same plan not in excess of the amount sur-

1 rendered for cash, or may reinstate such surrendered insur-  
2 ance upon payment of the required reserve and the premium  
3 for the current month. Waiver of premiums and total dis-  
4 ability income benefits otherwise authorized under this Act  
5 or the World War Veterans' Act, 1924, as amended, shall  
6 not be denied in any case of issue or reinstatement of insur-  
7 ance on a permanent plan under this section in which it is  
8 shown to the satisfaction of the Administrator that total dis-  
9 ability of the applicant commenced prior to the date of  
10 application. The cost of the premiums waived and total  
11 disability income benefits paid by virtue of the preceding  
12 sentence and the excess mortality cost in any case where the  
13 insurance matures by death from such total disability shall  
14 be borne by the United States and the Administrator is  
15 authorized and directed to transfer from time to time from  
16 the National Service life insurance appropriation to the  
17 National Service Life Insurance Fund and from the mili-  
18 tary and naval insurance appropriation to the United States  
19 Government Life Insurance Fund such sums as may be  
20 necessary to reimburse the funds for such costs.

21       “(b) Any person who had United States Government  
22 life insurance or National Service life insurance on the five-  
23 year level premium term plan, the term of which expired  
24 while he was in the active service after April 25, 1951, or  
25 within one hundred and twenty days after separation from

1 *such active service, and in either case prior to January 1,*  
2 *1957, shall, upon application made while in the active service*  
3 *or within one hundred and twenty days after separation from*  
4 *active service, payment of premiums and evidence of good*  
5 *health satisfactory to the Administrator, be granted an equiva-*  
6 *lent amount of insurance on the five-year level premium term*  
7 *plan at the premium rate for his then attained age.*

8       “(c) Persons deemed to be in the active service for the  
9 purposes of section 5 of the Servicemen’s Indemnity Act of  
10 1951 shall be deemed to be in the active service for the  
11 purposes of this ~~section.~~ *section.*” ~~The repeal of such Act~~  
12 ~~shall not affect the insurance rights provided in section 5~~  
13 ~~thereof (except the first sentence) of any person separated~~  
14 ~~from the service prior to January 1, 1956 1957, whose~~  
15 ~~one hundred and twenty day period specified in such section~~  
16 ~~has not expired.”~~

17       (6) *Section 619 of the National Service Life Insurance*  
18 *Act of 1940 is amended by striking out “sections 620 and*  
19 *621” and inserting in lieu thereof “sections 620, 621, and*  
20 *623”.*

21       (7) *Nothing contained in the amendments made by*  
22 *paragraphs (1) and (2) of this subsection shall be con-*  
23 *strued to cancel or restrict any rights under insurance con-*  
24 *tracts issued under the National Service Life Insurance Act*  
25 *of 1940 prior to the effective date of this Act, or to cancel*

1 *or restrict any rights or privileges, arising by reason of*  
2 *service in or with the Armed Forces which begins before*  
3 *January 1, 1957, of any person with respect to insurance*  
4 *under such Act.*

5       ~~(b) (1)~~ Section 212 of the Public Health Service Act  
6 ~~(42 U. S. C., sec. 213)~~ is amended to read as follows:

7                   “MILITARY BENEFITS

8       “SEC. 212. ~~(a)~~ Except as provided in subsection ~~(b)~~,  
9 commissioned officers of the Service and their surviving  
10 beneficiaries shall, with respect to active service performed  
11 by such officers—

12               “~~(1)~~ in time of war;

13               “~~(2)~~ on detail for duty with the Army, Navy,  
14 Air Force, Marine Corps, or Coast Guard; or

15               “~~(3)~~ while the Service is part of the military forces  
16 of the United States pursuant to Executive order of the  
17 President;

18 be entitled to all rights, privileges, immunities, and bene-  
19 fits now or hereafter provided under any law of the United  
20 States in the case of commissioned officers of the Army or  
21 their surviving beneficiaries on account of active military  
22 service, except retired pay and uniform allowances.

23       “~~(b)~~ The President may prescribe the conditions under  
24 which commissioned officers of the Service may be awarded  
25 military ribbons, medals, and decorations.

1       ~~“(e) The authority vested by law in the Department~~  
2       ~~of the Army, the Secretary of the Army, or other officers~~  
3       ~~of the Department of the Army with respect to rights,~~  
4       ~~privileges, immunities, and benefits referred to in subsec-~~  
5       ~~tion (a) shall be exercised, with respect to commissioned~~  
6       ~~officers of the Service, by the Surgeon General.~~

7       ~~“(d) Active service of commissioned officers of the~~  
8       ~~Service shall be deemed to be active military service in the~~  
9       ~~Armed Forces of the United States for the purposes of all~~  
10       ~~laws administered by the Veterans' Administration (except~~  
11       ~~the Servicemen's Indemnity Act of 1951) and section 217~~  
12       ~~of the Social Security Act.”~~

13       ~~(2) The amendment made by this subsection (A) shall~~  
14       ~~apply only with respect to service performed on or after~~  
15       ~~July 4, 1952, (B) shall not be construed to affect the en-~~  
16       ~~titlement of any person to benefits under the Veterans' Read-~~  
17       ~~justment Assistance Act of 1952, (C) shall not be con-~~  
18       ~~strued to authorize any payment under section 202 (i) of~~  
19       ~~the Social Security Act, or under Veterans Regulation Num-~~  
20       ~~bered 9 (a), for any death occurring prior to January 1,~~  
21       ~~1956, and (D) shall not be construed to authorize payment~~  
22       ~~of any benefits for any period prior to January 1, 1956.~~

23       ~~(3) In the case of any individual—~~

24               ~~(A) who performed active service (i) as a com-~~  
25       ~~missioned officer of the Public Health Service at any~~

1 time during the period beginning July 4, 1952, and  
2 ending December 31, 1955, or (ii) as a commissioned  
3 officer of the Coast and Geodetic Survey at any time  
4 during the period beginning July 29, 1945, and ending  
5 December 31, 1955; and

6 ~~(B)~~ (i) who became entitled to old-age insurance  
7 benefits under section 202 (a) of the Social Security  
8 Act prior to January 1, 1956, or

9 (ii) who died prior to January 1, 1956, and whose  
10 widow, child, or parent is entitled for the month of  
11 January 1956, on the basis of his wages and self-em-  
12 ployment income, to a monthly survivor's benefit under  
13 section 202 of such Act; and

14 ~~(C)~~ any part of whose service described in sub-  
15 paragraph (A) was not included in the computation of  
16 his primary insurance amount under section 215 of such  
17 Act but would have been included in such computa-  
18 tion if the amendment made by paragraph (1) of this  
19 subsection or paragraph (1) of subsection (d) had  
20 been effective prior to the date of such computation;  
21 the Secretary of Health, Education, and Welfare shall, not-  
22 withstanding the provisions of section 215 (f) (1) of the  
23 Social Security Act, recompute the primary insurance  
24 amount of such individual upon the filing of an application,  
25 after December 1955, by him or (if he dies without filing

1 such an application) by any person entitled to monthly  
2 survivor's benefits under section 202 of such Act on the  
3 basis of his wages and self-employment income. Such re-  
4 computation shall be made only in the manner provided in  
5 title II of the Social Security Act as in effect at the time  
6 of the last previous computation or recomputation of such  
7 individual's primary insurance amount, and as though appli-  
8 cation therefor was filed in the month in which application  
9 for such last previous computation or recomputation was  
10 filed. No recomputation made under this paragraph shall be  
11 regarded as a recomputation under section 215 (f) of the  
12 Social Security Act. Any such recomputation shall be effec-  
13 tive for and after the twelfth month before the month in  
14 which the application was filed, but in no case for any month  
15 before January 1956.

16 (c) (1) Section 2 of the Federal Employees' Group  
17 Life Insurance Act of 1954 is amended by striking out all  
18 after "District of Columbia" in subsection (b) and inserting  
19 in lieu thereof a period, and by adding at the end of such  
20 section the following new subsection:

21 "(c) No person shall acquire insurance coverage under  
22 this Act by virtue of his status as a member of a uniformed  
23 service. The insurance granted to any employee under this  
24 Act (1) shall cease (except for a thirty-one day extension



1 of life insurance coverage) on the day immediately prior to  
2 his entry on active duty or active duty for training, unless  
3 the period of such duty is covered by military leave with pay  
4 from a civilian position, and ~~(2)~~ shall not cease during any  
5 period of inactive duty training. The terms used in this sub-  
6 section shall have the meanings assigned to them by section  
7 102 of the Servicemen's and Veterans' Survivors Benefits  
8 Act."

9 ~~(2)~~ The amendments made by this subsection shall not  
10 apply with respect to deaths occurring prior to January  
11 1, 1956, nor shall such amendments apply with respect to  
12 insurance granted prior to January 1, 1956, under the  
13 Federal Employees' Group Life Insurance Act of 1954 to  
14 commissioned officers of the Coast and Geodetic Survey or  
15 of the Regular or Reserve Corps of the Public Health  
16 Service. No dependency and indemnity compensation shall  
17 be payable under this Act to any widow, child, or parent  
18 of any such commissioned officer if any amounts are pay-  
19 able under such insurance by reason of the death of such  
20 officer occurring on or after May 1, 1956.

21 ~~(d)~~ ~~(1)~~ The second sentence of the second paragraph  
22 of section 16 of the Act of May 22, 1917 (~~33 U. S. C.~~, see:  
23 857), is amended to read as follows: "Active service of  
24 commissioned officers of the Coast and Geodetic Survey  
25 shall be deemed to be active military service for the purposes

1 of all laws administered by the Veterans' Administration  
2 ~~(except the Servicemen's Indemnity Act of 1951)~~ and  
3 section 217 of the Social Security Act, and for the purposes  
4 of section 210 of the Social Security Act as in effect prior  
5 to the Social Security Act Amendments of 1950."

6 ~~(2)~~ The amendment made by this subsection ~~(A)~~ shall  
7 apply only with respect to service performed on or after  
8 July 29, 1945, ~~(B)~~ shall not be construed to affect the  
9 entitlement of any person to benefits under the Veterans'  
10 Readjustment Assistance Act of 1952, ~~(C)~~ shall not be  
11 construed to authorize any payment under section 202 ~~(i)~~  
12 of the Social Security Act, or under Veterans Regulation  
13 Numbered 9 ~~(a)~~, for any death occurring prior to January  
14 1, 1956, and ~~(D)~~ shall not be construed to authorize pay-  
15 ment of any benefits for any period prior to January 1, 1956.

16 ~~(c)~~ Section 40 ~~(b)~~ of the Federal Employees' Com-  
17 pensation Act (5 U. S. C., sec. 790 ~~(b)~~) is amended—

18 ~~(1)~~ by striking out clauses ~~(2)~~ and ~~(3)~~ and redес-  
19 ignating clauses ~~(4)~~ and ~~(5)~~ as clauses ~~(2)~~ and ~~(3)~~,  
20 respectively; and

21 ~~(2)~~ by inserting immediately after "United States"  
22 the second time it occurs in the parenthetical phrase in  
23 clause ~~(1)~~ the following: " , but excluding commissioned  
24 officers of the Regular Corps of the Public Health  
25 Service, commissioned officers in the Reserve Corps of

1 the Public Health Service on active duty, and commis-  
2 sioned officers of the Coast and Geodetic Survey”.

3 ~~(f)~~ (b) Section 304 of the Naval Reserve Act of 1938 (34  
4 U. S. C., sec. 855c) is amended (1) by striking out all be-  
5 ginning with “If in time of peace” through “*Provided fur-*  
6 *ther, That*” in the third proviso and inserting in lieu thereof  
7 “(a) In time of peace”, and (2) by adding at the end  
8 thereof the following:

9 “(b) For the purposes of paragraph I (a) of part II of  
10 Veterans Regulation Numbered 1 (a), all members of the  
11 Naval Reserve shall be considered as performing active mili-  
12 tary or naval service when injured while performing active  
13 duty with or without pay, training duty with or without pay,  
14 drills, equivalent instruction or duty, appropriate duty, or  
15 other prescribed duty, or while performing authorized travel  
16 to or from such duties.”

17 ~~(g)~~ (c) Section 2 of the Act of August 12, 1935 (38  
18 U. S. C., sec. 556a), is amended by inserting immediately  
19 after “Public Law Numbered 484, Seventy-third Congress,”  
20 the following: “the Servicemen’s and Veterans’ Survivor  
21 Benefits Act,”.

22 ~~(h)~~ (d) (1) The first sentence of paragraph (1) of  
23 section 21 of the World War Veterans’ Act, 1924 (38  
24 U. S. C., sec. 450), is amended by inserting immediately

1 after "payment of compensation," the following: "depen-  
2 dency and indemnity compensation,".

3 (2) The first sentence of paragraph (3) of such section  
4 is amended by inserting immediately after "the compensa-  
5 tion," the following: "dependency and indemnity com-  
6 pensation,".

7 ~~(i)~~ (e) The paragraph under the heading "Transfer of  
8 Appropriations" which begins "Army of the Philippines,"  
9 in the Act of February 18, 1946 (38 U. S. C., sec. 38), is  
10 amended by striking out all beginning with "~~(2)~~" through  
11 the words "such pensions" where those words appear the  
12 second time in the second proviso, and inserting in lieu  
13 thereof the following: "~~(2)~~ laws administered by the Vet-  
14 erans' Administration providing for the payment of compen-  
15 sation or dependency and indemnity compensation on account  
16 of service-connected disability or death: *Provided further,*  
17 *That* such compensation or dependency and indemnity  
18 compensation shall be paid at the rate of one Philippine peso  
19 for each dollar authorized to be paid under the laws provid-  
20 ing for such compensation or dependency and indemnity  
21 compensation, and where annual income is a factor in entitle-  
22 ment to benefits, the dollar limitations in the laws specifying  
23 such annual income shall apply at the rate of one Philip-  
24 pine peso for each dollar". in the Act of February 18, 1946

1 (60 Stat. 14), as amended (38 U. S. C. 38), is amended  
2 by striking out all beginning with "and (2)", and inserting  
3 in lieu thereof the following: "(2) laws administered by the  
4 Veterans' Administration providing for the payment of com-  
5 pensation or dependency and indemnity compensation on ac-  
6 count of service-connected disability or death, and (3) the Miss-  
7 ing Persons Act (56 Stat. 143) as amended (50 U. S. C.  
8 App. 1001 and the following): Provided further, That such  
9 compensation or dependency and indemnity compensation  
10 shall be paid at the rate of one Philippine peso for each dollar  
11 authorized to be paid under the laws providing for such com-  
12 pensation or dependency and indemnity compensation, and  
13 where annual income is a factor in entitlement to benefits, the  
14 dollar limitations in the laws specifying such annual income  
15 shall apply at the rate of one Philippine peso for each dollar:  
16 Provided further, That any payments heretofore made under  
17 any such law to or with respect to any member of the military  
18 forces of the Government of the Commonwealth of the Philip-  
19 pines who served in the services of the Armed Forces of the  
20 United States shall not be deemed to be invalid by reason of  
21 the circumstances that his service was not service in the  
22 military or naval forces of the United States or any com-  
23 ponent thereof within the meaning of such law."

24        ~~(j)~~ (f) The paragraph beginning "Finance Service,  
25 Army," under title II of the Act of May 27, 1946 (60 Stat.

1 223), is amended by striking out paragraph (6) and the  
2 proviso immediately following such paragraph, and inserting  
3 in lieu thereof the following:

4           “(6) The provisions of laws administered by the  
5       Veterans’ Administration for the payment of compensa-  
6       tion or dependency and indemnity compensation on  
7       account of service-connected disability or death:

8       *Provided further*, That payments made under the provisions  
9       of any law referred to in clauses (5) and (6) above shall  
10      be paid at the rate of one Philippine peso for each dollar  
11      authorized by such law: *Provided further*, That where an-  
12      nual income is a factor in entitlement to benefits, the dollar  
13      limitations in the laws specifying such annual income shall  
14      apply at the rate of one Philippine peso for each dollar:”.

15      ~~(k)~~ (g) Paragraph V of part I of Veterans Regulation  
16      Numbered 2 (a) is amended by inserting immediately after  
17      compensation” each place it occurs therein (except para-  
18      graph (a) ) the following: “, dependency and indemnity  
19      compensation”.

20      ~~(l)~~ (h) Section 11 of the Uniformed Services Contin-  
21      gency Option Act of 1953 (37 U. S. C., sec. 380) is amended  
22      by inserting immediately after “be considered income” the  
23      following: “(except as provided in section 205 (g) of the  
24      Servicemen’s and Veterans’ Survivor Benefits Act)”.

25      ~~(m)~~ (i) The second sentence of paragraph XIII of Vet-

1 erans Regulation Numbered 10 is amended to read as  
2 follows: "The receipt of pension, compensation, or depend-  
3 ency and indemnity compensation by a widow, child, or  
4 parent on account of the death of any person, or receipt  
5 by any person of pension or compensation on account of  
6 his own service, shall not bar the payment of pension, com-  
7 pensation, or dependency and indemnity compensation on  
8 account of the death or disability of any other person."

9 ~~(n)~~ (j) Section 15 of Public, Numbered 2, Seventy-  
10 third Congress (38 U. S. C., sec. 715), is amended (1)  
11 by inserting immediately after "under this title" the first  
12 time it occurs the following: "or *title II of the Servicemen's*  
13 *and Veterans' Survivor Benefits Act*", and (2) by inserting  
14 immediately after "under this title" the second time it occurs  
15 the following: "and under *title II of the Servicemen's and*  
16 *Veterans' Survivors Benefits Act*".

17 ~~(o)~~ (k) Section 3 of the Act of October 17, 1940 (38  
18 U. S. C., sec. 49a), is amended by inserting immediately  
19 after "compensation" the second time it occurs the following:  
20 ", dependency and indemnity compensation,".

21 ~~(p)~~ (l) The Act of September 7, 1944 (38 U. S. C.,  
22 sec. 733), is amended (1) by inserting immediately after  
23 "Seventy-third Congress, as amended," the following: "or  
24 of dependency and indemnity compensation payable under

1 the Servicemen's and Veterans' Survivor Benefits Act," and  
2 (2) by inserting immediately after "death pension or com-  
3 pensation" in the second proviso the following: "or depend-  
4 ency and indemnity compensation".

5 ~~(q)~~ (m) The portion of section 201 of the World War  
6 Veterans' Act, 1924 (38 U. S. C., sec. 472), which precedes  
7 paragraph (1) thereof is amended by striking out "That if  
8 death results from injury—" and inserting in lieu thereof:  
9 "If death occurs prior to January 1, ~~1956~~ 1957, and results  
10 from injury—".

11 ~~(r)~~ (n) The first paragraph of section 3 of the Act of  
12 August 16, 1937 (38 U. S. C., sec. 472b), is amended  
13 by striking out "World War veteran who died" and inserting  
14 in lieu thereof "World War veteran who died prior to  
15 January 1, ~~1956~~ 1957,".

16 ~~(s)~~ (o) (1) Paragraph IV of part I and paragraph III  
17 of part II of Veterans Regulation Numbered 1 (a) are each  
18 amended by inserting immediately after "deceased person  
19 who died" the following: "prior to January 1, ~~1956~~ 1957".

20 (2) The amendments made by this subsection shall not  
21 apply with respect to any death occurring on or after May  
22 1, ~~1956~~ 1957, under the circumstances described in section  
23 501 (a) (3) (B) of this Act.



1       ~~(t)~~ (p) Section 121 (a) of the Internal Revenue Code of  
2 1954 is amended by adding at the end thereof the following:

**“(18) Dependency and indemnity compensation paid to survivors of members of a uniformed service and certain other persons, see section 210 of the Servicemen’s and Veterans’ Survivor Benefits Act.”**

3       (q) (1) Section 2 of the Servicemen’s Indemnity Act of  
4 1951 is amended—

5           (A) by striking out “on and after June 27, 1950,”;

6           (B) by striking out “during a period of war or an  
7 emergency as proclaimed by the President or the Con-  
8 gress”;

9           (C) by striking out “against death in such service  
10 in the principal amount of \$10,000” and inserting in  
11 lieu thereof “against death in such service, occurring  
12 during the period of any war or of any emergency  
13 involving hostilities proclaimed by the Congress or the  
14 President, in the principal amount of \$10,000”;

15           (D) by striking out the first proviso;

16           (E) by striking out “, on or after June 27, 1950,”;  
17 and

18           (F) by striking out “the Selective Service Act of  
19 1948, as amended, who on or after June 27, 1950,”  
20 and inserting in lieu thereof “the Universal Military  
21 Training and Service Act, or any other Act of Congress  
22 which provides for the involuntary induction of persons  
23 into the Armed Forces, who”.

1       (2) *Section 5 of the Servicemen's Indemnity Act of*  
2 *1951 is amended to read as follows:*

3       “*SEC. 5. The automatic indemnity coverage authorized*  
4 *by section 2 shall apply to any person in the active service of*  
5 *the named Armed Forces who, upon death in, such active*  
6 *service, is insured against such death under a contract of*  
7 *national service life insurance or United States Government*  
8 *life insurance, but only with respect to a principal amount*  
9 *of indemnity equal to the difference between the amount*  
10 *of insurance in force at the time of death and \$10,000.”*

11       *(r) (1) Subparagraph I (a) (3) of part I of Veterans*  
12 *Regulation Numbered 2 (a) is amended to read as follows:*

13       “*(3) Where a claim has been finally disallowed, a sub-*  
14 *sequent claim on the same factual basis, if supported by new*  
15 *and material evidence, shall have the attributes of a new*  
16 *claim, except that, whenever any disallowed claim is reopened*  
17 *and thereafter allowed on the basis of new and material evi-*  
18 *dence resulting from the correction of the military or naval*  
19 *records of the proper service department under section 207*  
20 *of the Legislative Reorganization Act of 1946, the effective*  
21 *date of commencement of the benefit so awarded shall be the*  
22 *date on which an application was filed for correction of the*  
23 *military record.”*

24       (2) *The amendments made by this subsection shall be*  
25 *effective as of August 2, 1946, except that no payment shall*

1 *be made for any period before the date of enactment of this*  
 2 *subsection unless application therefor is made within one*  
 3 *year after the date of enactment of this subsection.*

4 REPEALS

5 SEC. 502. The following Acts or parts of Acts are re-  
 6 pealed:

7 (1) The Act of December 17, 1919 (10 U. S. C.,  
 8 sec. 903).

9 (2) The second paragraph under "Bureau of Sup-  
 10 plies and Accounts" in the Act of June 4, 1920 (34  
 11 U. S. C., sec. 943).

12 (3) The Act of March 8, 1928 (10 U. S. C., sec.  
 13 903a).

14 (4) The Act of May 12, 1930 (34 U. S. C.,  
 15 sec. 944).

16 (5) The Act of July 15, 1939 (5 U. S. C.,  
 17 secs. 797, 797a).

18 (6) The Act of July 18, 1940 (5 U. S. C., sec.  
 19 798).

20 ~~(7) Section 9 of the Act of January 10, 1942~~  
 21 ~~(33 U. S. C., sec. 870).~~

22 ~~(8) Section 2 of the Act of December 3, 1942~~  
 23 ~~(33 U. S. C., sec. 855a).~~

24 ~~(9) (7) (A) Title 14, United States Code, sec-~~  
 25 ~~tion 489.~~

1 (B) The portion of the table of sections at the  
2 beginning of chapter 13 of title 14, United States Code,  
3 which reads "489. Death gratuity."

4 ~~(10) The Servicemen's Indemnity Act of 1951.~~

5 *TITLE VI—MISCELLANEOUS*

6 *APPLICATION FOR BENEFITS*

7 ~~SEC. 503~~ 601. The Administrator and the Secretary of  
8 Health, Education, and Welfare shall jointly prescribe forms  
9 for use by survivors of members and former members of the  
10 uniformed services in filing applications for benefits under  
11 title II of this Act and under title II of the Social Security  
12 Act. Each such form shall request information sufficient to  
13 constitute an application for benefits under both such titles;  
14 and when an application on such form has been filed with  
15 either the Administrator or the Secretary it shall be deemed  
16 to be an application for benefits under both such titles. A  
17 copy of each such application filed with the Administrator,  
18 together with any additional information and supporting docu-  
19 ments (or certifications thereof) which may have been  
20 received by the Administrator with such application, and  
21 which may be needed by the Secretary in connection there-  
22 with, shall be transmitted by the Administrator to the  
23 Secretary; and a copy of each such application filed with the  
24 Secretary, together with any additional information and  
25 supporting documents (or certifications thereof) which may

1 have been received by the Secretary with such form, and  
2 which may be needed by the Administrator in connection  
3 therewith, shall be transmitted by the Secretary to the Ad-  
4 ministrator. The preceding sentence shall not prevent the  
5 Secretary and the Administrator from requesting the appli-  
6 cant, or any other individual, to furnish such additional  
7 information as may be necessary for purposes of title II of  
8 the Social Security Act and title II of this Act, respectively.

9 *EXTENSION OF INSURANCE PRIVILEGES*

10 *SEC. 602. (a) Notwithstanding the provisions of section*  
11 *619 of the National Service Life Insurance Act of 1940,*  
12 *as amended, insurance may be granted under section 602*  
13 *(c) (2) of the National Service Life Insurance Act of 1940,*  
14 *as amended, upon application made in writing within one*  
15 *year after the effective date of this Act, and subject to the*  
16 *limitations provided in such section.*

17 *(b) Notwithstanding any time limitation for filing*  
18 *application for insurance contained in section 620 or section*  
19 *621 of the National Service Life Insurance Act of 1940,*  
20 *as amended, any person who, prior to January 1, 1957,*  
21 *was eligible to apply for insurance under such sections*  
22 *shall, upon application made in writing within one year*  
23 *after the effective date of this Act, be granted insurance*  
24 *thereunder, subject to the other limitations specified in such*  
25 *sections, except that where application for insurance under*

1 *the provisions of section 621 of the Act is made more than*  
 2 *one hundred and twenty days after separation from active*  
 3 *service the applicant shall be required to submit evidence*  
 4 *satisfactory to the Administrator of Veterans' Affairs of*  
 5 *good health at the time of such application.*

6 MISCELLANEOUS EFFECTIVE DATES

7 SEC. 504 603. (a) *This Act Except as otherwise pro-*  
 8 *vided herein, this Act shall take effect on January 1, 1956*  
 9 *1957.*

10 (b) *The amendment or repeal of any provision of law*  
 11 *by this Act shall not operate to deprive any person of pay-*  
 12 *ments of the six-months' death gratuity or of any payments*  
 13 *which such person would be eligible to receive, but for such*  
 14 *amendment or repeal, by reason of the death or disability of*  
 15 *any person occurring prior to January 1, 1956 1957; nor*  
 16 *shall the amendment or repeal of any such provision operate*  
 17 *to deprive any person disabled prior to January 1, 1956*  
 18 *1957, of any right or the continuation of benefits to which he*  
 19 *is entitled under the Federal Employees' Compensation Act*  
 20 *by reason of such disability would otherwise be entitled by*  
 21 *reason of such disability except for such amendment or repeal.*

Passed the House of Representatives July 13, 1955.

Attest:

RALPH R. ROBERTS,

*Clerk.*

Calendar No. 2401

84TH CONGRESS  
2D SESSION

**H. R. 7089**

[Report No. 2380]

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**AN ACT**

To provide benefits for the survivors of servicemen and veterans, and for other purposes.

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JULY 14, 1955

Read twice and referred to the Committee on Finance

JUNE 28, 1956

Reported with amendments

GPO 861-630

**BENEFITS FOR SURVIVORS OF  
SERVICEMEN AND VETERANS**

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar 2401, H. R. 7089, to provide benefits for the survivors of servicemen and veterans, and for other purposes.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 7089) to provide benefits for the survivors of servicemen and veterans, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Finance, with amendments.

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**BILL PASSED OVER**

The bill (H. R. 7089) to provide benefits for the survivors of veterans, and for other purposes, was announced as next in order.

Mr. BIBLE. Mr. President, I ask that that bill be passed over. It is the unfinished business.

The PRESIDING OFFICER. The bill will be passed over.

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Mr. BIBLE. Mr. President, I suggest the absence of a quorum, with the understanding that the Senator from Montana will not lose his right to the floor.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BIBLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Montana is recognized.

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**BENEFITS FOR SURVIVORS OF  
SERVICEMEN AND VETERANS**

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H. R. 7089) to provide benefits for the survivors of servicemen and veterans, and for other purposes.

Mr. MANSFIELD obtained the floor.

Mr. BIBLE. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. BIBLE. Would the Senator have any objection to a quorum call at this time?

Mr. MANSFIELD. No.

### BENEFITS FOR SURVIVORS OF SERVICEMEN AND VETERANS

The Senate resumed the consideration of the bill (H. R. 7089) to provide benefits for the survivors of servicemen and veterans, and for other purposes.

Mr. BYRD. Mr. President, I ask unanimous consent that the committee amendments to House bill 7089 be agreed to en bloc, and that the bill as thus amended be considered as original text for the purpose of the amendment.

The PRESIDING OFFICER (Mr. MANSFIELD in the chair.) Is there objection? The Chair hears none, and it is so ordered.

The committee amendments agreed to en bloc are as follows:

In the table of contents, on page 2, under the heading "Title IV," in section 404, after "January 1," to strike out "1956" and insert "1957"; after section 404, to strike out:

"Sec. 405. Special insured status in cases of in-service or service-connected deaths.

"Sec. 406. Special status in case of service-connected disability.

"Sec. 407. Special provisions in cases of prior deaths."

To change section number "408" to "405"; after section 408, to strike out:

"Sec. 409. Reimbursement of trust fund for special insured status of servicemen and veterans."

To change section number "410" to "406"; to change section number "411" to "407"; to change section number "412" to "408"; after the amendment just above stated, to strike out "survivor annuities" and insert "Annuities"; after section 412, to strike out:

"Sec. 413. Determinations by Administrator of Veterans' Affairs."

To change section number "414" to "409"; to change section number "415" to "410"; to change section number "416" to "411"; after section 502, to strike out:

"Sec. 503. Applications for benefits.  
"Sec. 504. Miscellaneous."

After the amendment just above stated, to insert:

#### "TITLE VI—MISCELLANEOUS

"Sec. 601. Application for benefits.

"Sec. 602. Extension of insurance privileges.  
"Sec. 603. Effective dates."

On page 3, line 10, after the word "component", to strike out "or as a commissioned officer of the Coast and Geodetic Survey or the Regular or Reserve Corps of the Public Health Service"; on page 4 after line 22, to strike out:

"(F) The Reserve Corps of the Public Health Service."

On page 5, at the beginning of line 1, to change the "(G)" to "(F)"; at the beginning of line 3, to change the "(H)" to "(G)"; line 4, to strike out "States;" and insert "States.;" after line 4, to strike out:

"(I) The federally recognized National Guard or Air National Guard of the several States and Territories, and the District of Columbia."

In line 11, after the word "training", to strike out "(B) full-time duty as a commissioned officer in the Coast and Geodetic Survey, or in the Regular Corps of the Public Health Service, or in the Reserve Corps of the Public Health Service (other than for training purposes), (C)" and insert "(B)"; in line 18, after the word "and", to strike out "(D)" and insert "(C)"; in line 23, after the word "purposes", to strike out "(B) full-time duty as a commissioned officer in the Reserve Corps of the Public Health Service for training purposes, (C)" and insert "(B)"; on page

6, line 5, after the word "and", to strike out "(D)" and insert "(C)"; in line 20, after the word "Corps", to insert "or", and in the same line, after the word "Guard", to strike out "or Public Health Service"; in line 23, after the word "Corps", to insert "or"; in line 24, after the word "Guard", to strike out "or Public Health Service"; on page 7, line 8, after "January 1," to strike out "1956" and insert "1957"; in line 15, after "III", to insert "except section 303"; in line 16, after "II", to insert "and section 303"; on page 8, after line 8, to strike out:

"(C) Training or duty performed by a member of the National Guard of the United States, the Air National Guard of the United States, or the federally recognized National Guard or Air National Guard of any of the several States and Territories, or the District of Columbia, under sections 5, 81, 92, 97, 99, or 113 of the National Defense Act, approved June 3, 1916, as amended, shall be deemed to be "active duty for training"; or "inactive duty training", according to the character of the training or duty performed."

And, in lieu thereof, to insert:

"(C) A member of the National Guard or Air National Guard of the several States, Territories, or the District of Columbia, when performing training or duty under sections 92, 94, 97, 99, or 113 of the National Defense Act of June 3, 1916, as amended, shall, for the purpose of benefits provided herein, be considered a 'member of a Reserve component of a uniformed service,' and training or duty performed by such a member under those sections of that act shall be considered 'active duty for training,' or 'inactive duty training' as appropriate."

On page 9, line 5, after "(7)", to strike out "The" and insert "Except for purposes of title IV, the"; in line 8, after "(8)", to strike out "The" and insert "Except for purposes of title IV, the"; on page 10, line 2, after the word "Coast", to strike out "Guard;" and insert "Guard.;" after line 2, to strike out:

"(E) The Secretary of Commerce with respect to the Coast and Geodetic Survey; and

"(F) The Secretary of Health, Education, and Welfare with respect to the Public Health Service."

On page 11, at the beginning of line 1, to strike out "1956" and insert "1957"; in line 12, after "January 1," to strike out "1956" and insert "1957"; on page 12, in line 14, after "January 1," to strike out "1956" and insert "1957"; on page 13, line 11, after the word "the", where it appears the second time, to insert "basic pay considering"; in line 18, after "January 1," to strike out "1956" and insert "1957"; in line 23, after the word "time", to insert "immediately following the date of such discharge or release"; on page 14, line 9, after the numeral "1", to strike out "1956" and insert "1957"; after line 20, to strike out:

"Sec. 202. (a) Dependency and indemnity compensation shall be paid under this title to a widow at a monthly rate equal to \$112 plus 12 per cent of the basic pay of her deceased husband, with the total amount adjusted to the next higher dollar.

"(b) If there is more than one child of a deceased person, and the deceased person did not die a fully or currently insured individual (for purposes of title II of the Social Security Act), or if his average monthly wage (for purposes of that title) is less than \$160, the dependency and indemnity compensation paid monthly to the widow shall be increased by \$20 for each such child in excess of one; however, the total of such increases shall not exceed the difference between—

"(1) the total of the monthly benefits to which such widow and children would be entitled under such title II if the deceased person's average monthly wage had been \$160; and

"(2) the total of the monthly benefits to which such widow and children are entitled under such title II.

It shall be assumed for purposes of clause (1) that such widow and all such children are entitled to such benefits and that the deceased person died a fully and currently insured individual. The amounts referred to in clauses (1) and (2) shall be determined by the Secretary of Health, Education, and Welfare, making all reductions required by section 203 (a) of the Social Security Act, and shall be certified by him to the Administrator."

And, in lieu thereof, to insert:

"Sec. 202. (a) Dependency and indemnity compensation shall be paid under this title to a widow at a monthly rate equal to \$112 plus 12 percent of the basic pay of her deceased husband.

"(b) If there are two or more children of a deceased person and—

"(1) at least 2 of such children have not attained the age of 18, and

"(2) (A) such deceased person died neither a fully nor currently insured individual (for purposes of title II of the Social Security Act) nor completely or partially insured (for purposes of section 5 of the Railroad Retirement Act of 1937, as amended), or

"(B) the total of monthly benefits to which the widow and children, who have not attained the age of 18, of such deceased person are or would, upon the filing of an application, be entitled under section 202 of the Social Security Act, or section 5 of the Railroad Retirement Act of 1937, as amended, on the basis of such deceased person's earnings is less than \$128,

then the dependency and indemnity compensation paid monthly to the widow pursuant to subsection (a) of this section, shall be increased by \$30 for each such child, who has not attained the age of 18, in excess of one; except that the total of such increases shall not exceed the difference between (i) \$128, and (ii) the total of the monthly benefits to which such individuals are or would, upon the filing of an application, be entitled under the Social Security Act (after reduction under section 203 (a) of the Social Security Act but without regard to the deduction provisions of such section 203), or under section 5 of the Railroad Retirement Act of 1937, as amended (after reduction under section 4 (i) and section 5 (h) of such act), whichever is applicable.

"(c) The amount determined under subsection (a) shall, after increase (if any) under subsection (b), be adjusted by the Administrator to the next higher dollar. The amount referred to in clause (ii) of subsection (b) shall be determined by the Secretary of Health, Education, and Welfare or the Railroad Retirement Board, as the case may be, and shall be certified to the Administrator upon his request."

On page 19, line 11, after the word "one", to strike out "dependent"; in line 16, after the word "two", to strike out "dependent"; on page 20, line 3, after the word "two", to strike out "dependent"; in line 4, after the word "a", to strike out "dependent"; in line 6, after the word "such", to strike out "dependent"; in line 8, after the word "the", where it appears the second time, to strike out "dependent"; in line 9, after the word "the", to strike out "dependent"; on page 21, line 1, after the word "a", to strike out "dependent", and in the same line, after the word "such", to strike out "dependent"; in line 3, after the word "such" to strike out "dependent"; in line 5, after the word "such", to strike out "dependent"; at the beginning of line 6, to strike out "dependent"; in line 10, after the word "a", to strike out "dependent"; in line 12, after the word "such", to strike out "dependent"; in line 20, after the word "title", to strike out "and"; in line 21, after the word "death", to insert "or disability"; in line 23, to strike

out "Administration," and insert "Administration"; after line 23, to insert:

"(E) lump-sum death payments under title II of the Social Security Act."

On page 22, line 3, after the word "a", to strike out "dependent"; in line 7, after the numerals "31", to strike out "1955" and insert "1956"; in line 13, after the numerals "31", to strike out "1955" and insert "1956"; in line 14, after the word "a", to strike out "dependent"; in line 15, after the word "a", to strike out "dependent"; in line 22, after the word "such", to strike out "dependent"; on page 23, line 7, after the word "or", to strike out "dependent"; in line 10, after the word "or", to strike out "dependent"; on page 24, line 3, after the word "two", to strike out "dependent"; at the beginning of line 6, to strike out "dependent"; in line 8, after the word "both", to strike out "dependent"; in line 9, after the word "other", to strike out "dependent"; in line 15, after "(1)", to strike out "Except as provided in paragraph (3), no" and insert "No"; in line 16, after the numeral "1", to strike out "1956" and insert "1957"; in line 23, after the numerals "28", to strike out "1955" and insert "1956"; on page 25, after line 7, to strike out:

"(3) Where a child is eligible for dependency and indemnity compensation by reason of this section, and is also eligible for payments under the Servicemen's Indemnity Act of 1951 by reason of the death giving rise to his eligibility for dependency and indemnity compensation, he shall receive the greater amount. Where a child receives payments under such act and such child is also eligible for dependency and indemnity compensation, no payments of the portion of the indemnity in which such child had an interest shall be made to any other person except another child of the deceased person."

On page 26, line 4, after the numeral "1", to strike out "1956" and insert "1957"; in line 14, after the word "title", to insert "Dependency and indemnity compensation which is otherwise payable to a child shall commence effective the date on which the child's entitlement arose if application is filed within 1 year from that date; otherwise from the date of filing application"; in line 22, after the numeral "1", to strike out "1956" and insert "1957"; in line 25, after the numeral "1", to strike out "1956" and insert "1957"; on page 27, line 2, after the numeral "1", to strike out "1956" and insert "1957"; in line 13, after "(d)", to strike out "A child eligible for" and insert "If a child receives or there is paid on account of a child"; in line 17, after the word "a", to strike out "parent" and insert "parent," and in the same line, after the amendment just above stated, to strike out "may not receive"; in line 19, after the word "parent", where it appears the first time, to strike out "who is not a natural parent" and insert "who is not in the same parental line may not be paid to or on account of such child"; on page 28, line 5, after the word "widow", to insert "for any period"; in line 25, after the word "payee", to insert "Notwithstanding the foregoing provisions of this section, payments of dependency and indemnity compensation due or to become due under this title shall not be exempt from levy under the provisions of subchapter D of chapter 64 of the Internal Revenue Code of 1954, relating to seizure of property for collection of taxes"; on page 31, at the beginning of line 2, to strike out "1956" and insert "1957"; in line 3, after the word "on", to insert "the day following"; on page 32, line 7, after the word "unless", to insert "the Administrator determines that"; after line 17, to strike out:

"(b) No certifying or disbursing officer shall be liable for any amounts erroneously paid or overpaid under this title to a woman as a "spouse" or to a person as a "child" in the absence of fraud, gross negligence, or criminality on his part.

"(c) The Secretary concerned may waive the recovery of any such erroneous payments or overpayments when such recovery would be against equity and good conscience."

On page 33, at the beginning of line 4, to strike out "(d)" and insert "(b)"; at the beginning of line 7, to strike out "(e)" and insert "(c)"; at the beginning of line 20, to strike out "(f)" and insert "(d)"; on page 34, line 12, after the word "wages", to strike out "(as defined in the preceding provisions of this subsection) shall include" and insert "shall, subject to the provisions of subsection (a) of this section, include"; on page 35, line 1, after "December", to strike out "1955" and insert "1956"; on page 36, line 24, after the word "component", to strike out "or as a commissioned officer of the Coast and Geodetic Survey or the Regular or Reserve Corps of the Public Health Service"; on page 38, after line 14, to strike out "In the case of any individual who died outside the 48 States and the District of Columbia after December 1955 while he was performing service, as a member of a" and, in lieu thereof, to insert "In the case of any individual who died outside the 48 States and the District of Columbia after December 1953 and before January 1, 1957, whose death occurred while he was in the active military or naval service of the United States, and who is returned to any of such States, the District of Columbia, Alaska, Hawaii, Puerto Rico, or the Virgin Islands for interment or reinterment, the provisions of the preceding sentence shall not prevent payment to any person under the second sentence of this subsection if application for a lump-sum death payment with respect to such deceased individual is filed by or on behalf of such person (whether or not legally competent) prior to the expiration of 2 years after the date of such interment or reinterment. In the case of any individual who died outside the 48 States and the District of Columbia after December 1956 while he was performing service, as a member of a"; on page 39, after line 19, to strike out:

"(b) The amendment made by subsection (a) shall take effect on January 1, 1956."

And, in lieu thereof, to insert:

"(b) The amendment made by subsection (a) shall be effective as though it had been enacted on March 31, 1956."

On page 40, line 2, after the numeral "1", to strike out "1956" and insert "1957"; in line 14, after the numeral "1", to strike out "1956" and insert "1957"; in line 25, after the numeral "1", to strike out "1956" and insert "1957"; on page 41, line 14, after the word "December", to strike out "1955" and insert "1956"; in line 16, after the word "December", to strike out "1955" and insert "1956"; on page 42, line 3, after the word "Corps", to strike out "Coast Guard, Coast and Geodetic Survey or Public Health Service" and insert "and Coast Guard"; in line 14, after the numeral "1", to strike out "1956" and insert "1957"; on page 43, at the beginning of line 9, to strike out "1956" and insert "1957"; in line 17, after the numeral "1", to strike out "1956" and insert "1957"; on page 44, line 5, after "(f)", to insert "(1)"; in line 19, after the word "December", to strike out "1955" and insert "1956"; on page 45, line 2, after the word "be", to strike out "irrevocable." and insert "irrevocable."; after line 2, to insert:

"(2) Whenever a widow waives her right to receive such annuity such waiver shall constitute a waiver on her own behalf; a waiver by a legal guardian or guardians, or, in the absence of a legal guardian, the person (or persons) who has the child in his care, of the child's right to receive such annuity shall constitute a waiver on behalf of such child. Such a waiver with respect to an annuity based on a veteran's service shall be valid only if the widow and all children, or, if there is no widow, all the children, waive their rights to receive annuities under the Civil Service Retirement Act of May 29,

1930, as amended, based on such veteran's military or civilian service."

In line 24, after the numeral "1", to strike out "1956" and insert "1957"; on page 46, line 17, after the word "December", to strike out "1955" and insert "1956"; on page 47, line 5, after the word "benefits", to insert "The terms used in this subsection shall have the same meaning as when used in title II of the Social Security Act."; after line 7, to insert:

"(d) Except for the last sentence of section 217 (e) (1) of the Social Security Act as amended by subsection (a) of this section, the amendments made by such subsection (a) shall be effective as though they had been enacted on March 31, 1956. Such last sentence of section 217 (e) (1) of the Social Security Act shall become effective January 1, 1957."

After line 14, to strike out:

"SPECIAL INSURED STATUS IN CASES OF IN SERVICE OR SERVICE-CONNECTED DEATHS

"SEC. 405. Section 214 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"Special Insured Status for Servicemen

"(c) In the case of any individual who dies after December 1955, and whose death occurs—

"(1) while on active duty or inactive duty training as a member of a uniformed service, or

"(2) as the result of a disease or injury which the Veterans' Administration determines was incurred or aggravated in line of duty while on active duty, or an injury which the Veterans' Administration determines was incurred or aggravated in line of duty while on inactive duty training, as a member of a uniformed service after September 15, 1940, if the Veterans' Administration determines that such individual was discharged or released from the period of such active duty or inactive duty training under conditions other than dishonorable, he shall be deemed to have died a fully and currently insured individual."

"SPECIAL STATUS IN CASE OF SERVICE-CONNECTED DISABILITY

"SEC. 406. (a) So much of subparagraph (A) of section 216 (i) (2) of the Social Security Act as precedes clause (i) thereof is amended to read as follows:

"(A) if the individual satisfies the requirements of paragraph (3) on such day or the disability is service-connected."

"(b) Such section 216 (i) (2) is further amended by striking out subparagraph (B) and inserting in lieu thereof the following:

"(B) if such individual does not satisfy the requirements of paragraph (3) on the day referred to in subparagraph (A) and the disability is not service-connected, then on the first day of the first quarter thereafter in which he satisfies such requirements; except that if, on the day referred to in subparagraph (A), such individual is on active duty or inactive duty training, the period of disability shall begin on the day following the day on which he is released from active duty, ceases to perform inactive duty training, or is separated from service as a member of a uniformed service."

"(c) Section 216 (i) (4) of such act is amended by striking out subparagraphs (A) and (B) and inserting in lieu thereof the following:

"(A) the day such disability began, but only if he satisfies the requirements of paragraph (3) on such day or the disability is service-connected;

"(B) if he does not satisfy such requirements on such day and the disability is not service-connected, the first day of the first quarter thereafter in which he satisfies such requirements;

except that if, on the day referred to in subparagraph (A), such individual is on active duty or inactive duty training, the

period of disability shall begin on the day following the day on which he is released from active duty, ceases to perform inactive duty training, or is separated from service as a member of a uniformed service."

"(c) Section 216 (i) of such act is further amended by adding at the end thereof the following new paragraphs:

"(5) (A) For purposes of paragraphs (2) and (4), in the case of any individual who, after December 1955, is released from active duty, ceases to perform inactive duty training, or is separated from service as a member of a uniformed service, under conditions other than dishonorable, a disability is service-connected if it resulted wholly from a disease or injury which the Veterans' Administration determines was incurred or aggravated in line of duty while such individual was on active duty, or from an injury which the Veterans' Administration determines was incurred or aggravated in line of duty while such individual was on inactive duty training, as a member of a uniformed service, and—

"(he was under such disability when he was released from active duty, ceased to perform inactive duty training, or was separated from service as a member of a uniformed service or such disability began within 3 years after the month in which such release, cessation, or separation occurred; or

"(ii) such disability began within 3 years after cessation of a disability which meets the requirements of clause (i).

"(B) Notwithstanding subparagraph (A) of paragraph (2) or subparagraph (A) of paragraph (4), the provisions of such subparagraph shall apply, in the case of any individual who does not satisfy the requirements of paragraph (3) on the day referred to in such subparagraph, only if he files his application for a disability determination while under a disability which is service-connected under paragraph (6) or subparagraph (A) of this paragraph and such filing occurs (except as otherwise provided in subparagraph (A) of paragraph (6)) within—

"(i) 3 years after the month in which he is released from active duty, ceases to perform inactive duty training, or is separated from service as a member of a uniformed service, or

"(ii) 3 years after the month in which the disability began; whichever is later.

"(6) For purposes of paragraphs (2) and (4), in the case of any individual who, after September 15, 1940, but before January 1, 1956, was released from active duty, ceased to perform inactive duty training, or was separated from service as a member of a uniformed service, under conditions other than dishonorable, a disability is service connected if it resulted wholly from a disease or injury which the Veterans' Administration determines was incurred or aggravated in line of duty while such individual was on active duty, or from an injury which the Veterans' Administration determines was incurred or aggravated in line of duty while such individual was on inactive duty training, as a member of a uniformed service, and

"(A) he files an application for a disability determination while under such disability and prior to January 1, 1959, and

"(B) the Veterans' Administration determines (i) that while such individual was on active duty as a member of a uniformed service he incurred a disease or injury or such disease or injury was aggravated, in line of duty, or while such individual was on inactive duty training as a member of a uniformed service he incurred an injury or such injury was aggravated, in line of duty, and (ii) that as a result thereof such individual was under a disability (whether or not within the meaning of such term as defined in section 216 (1)) which was total in degree (for purposes of compensation payable by such

Administration) at the time he was released from active duty, ceased to perform inactive duty training, or was separated from service as a member of a uniformed service, or within 3 years after the month in which such release, cessation, or separation occurred.

Paragraph (4) shall apply with respect to any application for a disability determination filed under subparagraph (A) of this paragraph, whether or not such application is filed before July 1957.

"(e) The amendments made by this section shall apply only with respect to monthly benefits under section 202 of the Social Security Act for months after December 1955, and lump-sum death payments under such section 202 in the case of deaths occurring after December 1955.

#### "SPECIAL PROVISIONS IN CASES OF PRIOR DEATHS

"SEC. 407. (a) In the case of any individual—

"(1) who died prior to January 1, 1956,

"(2) who served on active duty or inactive duty training as a member of a uniformed service after September 15, 1940,

"(3) whose death (A) occurred while on such active duty or inactive duty training, or (B) resulted from a disease or injury which the Veterans' Administration determines was incurred or aggravated in line of duty while on active duty, or an injury which the Veterans' Administration determines was incurred or aggravated in line of duty while on active duty training, as a member of a uniformed service after September 15, 1940, if the Veterans' Administration determines that such individual was discharged or released from the period of such active duty or inactive duty training under conditions other than dishonorable, and

"(4) who had less than six quarters of coverage at the time of his death, or who died after June 30, 1954, and was not a fully and currently insured individual at the time of his death,

he shall be deemed, for purposes of monthly benefits under title II of the Social Security Act, to have died a fully insured individual (except for purposes of determining entitlement of a former wife divorced to benefits under section 202 (g) of that Act) if he died prior to September 1950, or to have died a fully and currently insured individual if he died after August 1950. The terms used in this section shall have the same meaning as when used in title II of the Social Security Act.

"(b) No monthly benefits under title II of the Social Security Act shall be payable by reason of subsection (a) for any month prior to January 1956; and no lump-sum death payment under such title shall be payable by reason of such subsection.

"(c) If any monthly benefits are payable under section 202 of the Social Security Act by reason of subsection (a), the primary insurance amount on which such benefits are based shall be \$30 instead of the amount computed under title II of such act; and, for purposes of section 203 (a) of such act, the average monthly wage on which such benefits are based shall be deemed to be \$55.

"(d) In the case of any individual to whom subsection (a) is applicable, the requirement in subsection (f) or (h) of section 202 of the Social Security Act that proof of support be filed within 2 years of the date of death shall not apply if such proof is filed before January 1, 1958."

On page 55, line 13, to change the section number from "408" to "405"; in line 18, after the word "June", to strike out "1955" and insert "1956"; in line 23, after the numeral "1," to strike out "1957" and insert "1958"; on page 56, line 1, after the numerals "30", to strike out "1955" and insert "1956"; in line 10, after the numerals

"30", to strike out "1955" and insert "1956"; after line 13, to strike out:

#### "REIMBURSEMENT OF TRUST FUND FOR SPECIAL INSURED STATUS OF SERVICEMEN

"Sec. 409. (a) Section 201 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(h) There are hereby authorized to be appropriated to the trust fund annually such sums as the Secretary of Health, Education, and Welfare deems to be necessary to meet the additional costs, resulting from section 214 (c) of this act and from the amendments made to section 216 (i) of this act by section 406 of the Servicemen's and Veterans' Survivor Benefits Act, of the benefits paid under this title for months after December 1955 (including lump-sum death payments in the case of deaths occurring after December 1955)."

"(b) There are hereby authorized to be appropriated to the Federal Old Age and Survivors Insurance Trust Fund annually such sums as the Secretary of Health, Education, and Welfare determines to be necessary to meet the additional costs, resulting from section 407 of this act, of the benefits paid under title II of the Social Security Act for months after December 1955."

On page 57, at the beginning of line 12, to change the section number from "410" to "406"; in line 22, after the word "section", to strike out "503" and insert "601"; on page 58, at the beginning of line 2, to change the section number from "411" to "407"; in line 6, after the word "December", to strike out "1955" and insert "1956"; in line 13, after the word "December", to strike out "1955" and insert "1956"; in line 18, after the word "December", to strike out "1955" and insert "1956"; in line 21, after the word "December", to strike out "1955" and insert "1956"; on page 59, line 20, after the numeral "1", to strike out "1956" and insert "1957"; on page 60, line 5, after the word "December", to strike out "1955" and insert "1956"; on page 61, line 2, after the word "in", to strike out "1955" and insert "1956"; after line 2, to strike out:

#### "SURVIVOR ANNUITIES UNDER THE CIVIL SERVICE RETIREMENT ACT

"Sec. 412. Section 5 of the Civil Service Retirement Act of May 29, 1930, as amended, is amended by inserting after the second paragraph thereof the following new paragraph:

"Notwithstanding any other provision of this section, any service (other than service covered by military leave with pay from a civilian position) performed by an individual after December 1955, as a member of a uniformed service on active duty or active duty for training (as those terms are defined in section 102 of the Servicemen's and Veterans' Survivor Benefits Act) shall be excluded in determining the aggregate period of service upon which an annuity payable under section 4 (b) or 12 of this act to his widow or child is to be based, if such widow or child is entitled (or would upon proper application be entitled), at the time of such determination, to monthly survivors benefits under section 202 of the Social Security Act based on such individual's wages and self-employment income. If in the case of the widow such service is not excluded under the preceding sentence, but upon attaining retirement age (as defined in section 216 (a) of the Social Security Act) she becomes entitled (or would upon proper application be entitled) to such benefits, the Commission shall redetermine the aggregate period of service upon which such annuity is based, effective as of the first day of the month in which she attains such age, so as to exclude such service. The Secretary of Health, Education, and Welfare shall, upon the request of the Commission, inform the Commission whether or not any such widow or child is entitled at any specified time to such benefits."

And, in lieu thereof, to insert:

"ANNUITIES UNDER THE CIVIL SERVICE  
RETIREMENT ACT

"SEC. 408. Section 5 of the Civil Service Retirement Act of May 29, 1930, as amended, is amended by inserting after the second paragraph thereof the following new paragraph:

"Notwithstanding any other provision of this section, any service (other than service covered by military leave with pay from a civilian position) performed by an individual after December 1956, as a member of a uniformed service on active duty or active duty for training (as those terms are defined in section 102 of the Servicemen's and Veterans' Survivor Benefits Act) shall be excluded in determining the aggregate period of service upon which an annuity payable under this act to such individual or to his widow or child is to be based, if such individual or widow or child is entitled (or would upon proper application be entitled), at the time of such determination, to monthly old-age or survivors benefits under section 202 of the Social Security Act based on such individual's wages and self-employment income. If in the case of the individual or widow such service is not excluded under the preceding sentence, but upon attaining retirement age (as defined in section 216 (a) of the Social Security Act) he or she becomes entitled (or would upon proper application be entitled) to such benefits, the Commission shall re-determine the aggregate period of service upon which such annuity is based, effective as of the first day of the month in which he or she attains such age, so as to exclude such service. The Secretary of Health, Education, and Welfare shall, upon the request of the Commission, inform the Commission whether or not any such individual or widow or child is entitled at any specified time to such benefits."

On page 63, after line 15, to strike out:

"DETERMINATIONS BY ADMINISTRATOR OF  
VETERANS' AFFAIRS

"SEC. 413. The Administrator of Veterans' Affairs shall, whenever requested by the Secretary of Health, Education, and Welfare, make any determination provided for in section 214 (c) (2) 216 (i) (5) (A), or 216 (i) (6) of the Social Security Act, or in section 407 (a) (3) of this act. In making a determination under any such section, the Administrator shall, to the extent not inconsistent with such section, utilize the same criteria and procedures as he utilizes in making determinations with respect to claims for benefits under title II of this act."

On page 64, at the beginning of line 6, to change the section number from "414" to "409"; on page 65, line 3, after the word "wages", to strike out "(as defined in subsection (a)) shall include" and insert "shall, subject to the provisions of subsection (a) (1) of this section, include"; at the beginning of line 10, to change the section number from "415" to "410"; in line 18, after the word "December", to strike out "1955" and insert "1956"; on page 66, line 14, after the word "component", to strike out "or as a commissioned officer of the Coast and Geodetic Survey or the Regular or Reserve Corps of the Public Health Service,"; on page 68, after line 7, to strike out:

"SEC. 416. Section 6051 (b) of the Internal Revenue Code of 1954 is amended to read as follows:

"(b) Special rule as to compensation of members of the Uniformed Services: In the case of compensation paid for service as a member of the Armed Forces, the statement required by subsection (a) shall be furnished if any tax was withheld during the calendar year under section 3402, or if any of the compensation paid during such year is includible in gross income under chapter 1, or if during the calendar year any amount was required to be withheld as tax under section 3101. In lieu of the amounts required to be shown by paragraphs

(3) and (5), respectively of subsection (a), such statement shall show as wages paid during the calendar year (1) the amount of such compensation paid during the calendar year which is not excluded from gross income under chapter 1 (whether or not such compensation constituted wages as defined in section 3401 (a)), and (2) the total amount of wages as defined in section 3121 (a), computed in accordance with such section and section 3121 (i) (2)."

And, in lieu thereof, to insert:

"SEC. 411. (a) Section 6051 (a) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new sentence: 'In the case of compensation paid for service as a member of a uniformed service, the statement shall show, in lieu of the amount required to be shown by paragraph (5), the total amount of wages as defined in section 3121 (a), computed in accordance with such section and section 3121 (i) (2).'

"(b) Section 6051 (b) of the Internal Revenue Code of 1954 is amended to read as follows:

"(b) Special rule as to compensation of members of Armed Forces: In the case of compensation paid for service as a member of the Armed Forces, the statement required by subsection (a) shall be furnished if any tax was withheld during the calendar year under section 3402, or if any of the compensation paid during such year is includible in gross income under chapter 1, or if during the calendar year any amount was required to be withheld as tax under section 3101. In lieu of the amount required to be shown by paragraph (3) of subsection (a), such statement shall show as wages paid during the calendar year the amount of such compensation paid during the calendar year which is not excluded from gross income under chapter 1 (whether or not such compensation constituted wages as defined in section 3401 (a))."

On page 70, after line 17, to strike out: "(2) Section 621 of the National Service Life Insurance Act of 1940 is amended by adding at the end thereof the following:

"(c) No insurance shall be granted to any person under this section on or after January 1, 1956, unless prior to such date an acceptable application accompanied by proper and valid remittances or authorizations for the payment of premiums (1) was received by the Veterans' Administration, (2) was placed in the mails properly directed to the Veterans' Administration, or (3) was delivered to an authorized representative of any of the uniformed services."

And, in lieu thereof, to insert:

"(2) Section 621 of the National Service Life Insurance Act of 1940 is amended to read as follows:

"SEC. 621. Any person who is ordered (whether before, on, or after January 1, 1957) to active duty or active duty for training (as those terms are defined in section 102 of the Servicemen's and Veterans' Survivor Benefits Act) for a period exceeding 30 days, shall, upon application in writing made within 120 days after separation from such active duty or active duty for training and payment of premiums as hereinafter provided, and without medical examination, be granted insurance by the United States against the death of such person occurring while such insurance is in force. Insurance granted under this section shall be issued upon the same terms and conditions as are contained in the standard policies of national service life insurance on the 5-year level premium term plan except (1) such insurance may not be exchanged for or converted to insurance on any other plan; (2) the premium rates for such insurance shall be based on the Commissioners' 1941 standard ordinary table of mortality and interest at the rate of 2½ percent per annum; (3) all settlements on policies involving annuities shall be calculated on the basis of the annuity table for 1949, and interest at

the rate of 2¼ percent per annum; and (4) insurance issued hereunder shall be on a nonparticipating basis and all premiums and other collections therefore shall be credited directly to the national service life insurance appropriation, and any payment of benefits on such insurance shall be made directly from such appropriation.'

"(3) The Administrator is authorized and directed to liquidate the assets of the revolving fund, known as the veterans special term insurance fund, established by section 621 (a) of the National Service Life Insurance Act (as such section was added by the Insurance Act of 1951) and to transfer the total amount of such fund to the credit of the national service life insurance appropriation."

On page 72, at the beginning of line 15, to strike out "(3)" and insert "(4)"; after line 18, to strike out:

"(b) No application may be made after December 31, 1955, for waiver of premiums under this section."

And in lieu thereof to insert:

"(b) Notwithstanding the provisions of subsection (a), no application for waiver of premiums may be made after December 31, 1956, except applications therefor filed (1) pursuant to the first proviso of subsection (a) or (2) during a period of war or of any emergency involving hostilities proclaimed by the Congress or the President. Any waiver granted during a period of war or of any emergency involving hostilities proclaimed by the Congress or the President shall be effective only with respect to such period."

On page 73, after line 4, to strike out:

"(B) Where any individual dies on or after May 1, 1956, and at the time of his death has in effect a policy of national service life insurance or United States Government life insurance under waiver of premiums under section 622 of the National Service Life Insurance Act of 1940, no dependency and indemnity compensation shall be paid under this act to his widow, children, or parents by reason of his death, but death compensation may be paid under laws administered by the Veterans' Administration to such widow, child, or parents by reason of his death, notwithstanding the fact that such death occurred after December 31, 1955.

And, in lieu thereof, to insert:

"(B) Except as herein otherwise provided, where an individual dies on or after May 1, 1957, and at the time of his death has in effect a policy of national service life insurance or United States Government life insurance under waiver of premiums under section 622 of the National Service Life Insurance Act of 1940, no dependency and indemnity compensation shall be paid under this act to his widow, children, or parents by reason of his death, but death compensation may be paid under laws administered by the Veterans' Administration to such widows, children, or parents by reason of his death, notwithstanding the fact that such death occurred after December 31, 1956. In no event shall the foregoing provision be applicable with respect to any person entitled to waiver of premiums (1) under the first proviso to section 622 (a) of the National Service Life Insurance Act of 1940, as amended, whose death occurs prior to his return to military jurisdiction or within 120 days thereafter, or (2) during a period of war or of any emergency involving hostilities proclaimed by the Congress or the President."

On page 74, at the beginning of line 12, to strike out "(4)" and insert "(5)"; after line 13, to strike out:

"SEC. 623. (a) Any person in active service on January 1, 1956, who surrendered a policy of national service life insurance or United States Government life insurance on a permanent plan for its cash value while in the active service on or after April 25, 1951, and prior to January 1, 1956, may, upon applica-

tion in writing made within 120 days after separation from active service, be granted, without medical examination, permanent plan insurance on the same plan not in excess of the amount surrendered for cash, or may reinstate such surrendered insurance upon payment of the required reserve and the premium for the current month. Waiver of premiums under this act shall not be denied in any case of issue or reinstatement of insurance on a permanent plan under this section in which it is shown to the satisfaction of the Administrator that total disability of the applicant commenced prior to the date of application.

"(b) Any person in the active service on January 1, 1956, who had United States Government life insurance or national service life insurance on the 5-year level premium term plan, the term of which expired while he was in the active service after April 25, 1951, and prior to January 1, 1956, shall, upon application made within 120 days after separation from active service, payment of premiums, and evidence of good health satisfactory to the Administrator, be granted an equivalent amount of insurance on the 5-year level premium term plan at the premium rate for his then attained age."

And, in lieu thereof, to insert:

"Sec. 623. (a) Any person who surrendered a policy of national service life insurance or United States Government life insurance on a permanent plan for its cash value while in the active service on or after April 25, 1951, and prior to January 1, 1957, may, upon application in writing made while in the active service or within 120 days after separation from the active service, be granted, without medical examination, permanent plan insurance on the same plan not in excess of the amount surrendered for cash, or may reinstate such surrendered insurance upon payment of the required reserve and the premium for the current month. Waiver of premiums and total disability income benefits otherwise authorized under this act or the World War Veterans' Act, 1924, as amended, shall not be denied in any case of issue or reinstatement of insurance on a permanent plan under this section in which it is shown to the satisfaction of the Administrator that total disability of the applicant commenced prior to the date of application. The cost of the premiums waived and total disability income benefits paid by virtue of the preceding sentence and the excess mortality cost in any case where the insurance matures by death from such total disability shall be borne by the United States and the Administrator is authorized and directed to transfer from time to time from the national service life insurance appropriation to the national service life insurance fund and from the military and naval insurance appropriation to the United States Government life insurance fund such sums as may be necessary to reimburse the funds for such costs.

"(b) Any person who had United States Government life insurance or national service life insurance on the 5-year level premium term plan, the term of which expired while he was in the active service after April 25, 1951, or within 120 days after separation from such active service, and in either case prior to January 1, 1957, shall, upon application made while in the active service or within 120 days after separation from active service, payment of premiums and evidence of good health satisfactory to the Administrator, be granted an equivalent amount of insurance on the 5-year level premium term plan at the premium rate for his then attained age."

On page 77, line 11, after the word "this", to strike out "section." and insert "section." and in the same line, after the amendment just above stated, to strike out "The repeal of such act shall not affect the insurance rights provided in section 5 thereof (except the first sentence) of any

person separated from the service prior to January 1, 1956 1957, whose 120-day period specified in such section has not expired."

After line 16, to insert:

"(6) Section 619 of the National Service Life Insurance Act of 1940 is amended by striking out 'sections 620 and 621' and inserting in lieu thereof 'sections 620, 621, and 623'.

"(7) Nothing contained in the amendments made by paragraphs (1) and (2) of this subsection shall be construed to cancel or restrict any rights under insurance contracts issued under the National Service Life Insurance Act of 1940 prior to the effective date of this act, or to cancel or restrict any rights or privileges, arising by reason of service in or with the Armed Forces which begins before January 1, 1957, of any person with respect to insurance under such act."

On page 78, after line 4, to strike out:

"(b) (1) Section 212 of the Public Health Service Act (42 U. S. C., sec. 213) is amended to read as follows:

"MILITARY BENEFITS

"SEC. 212. (a) Except as provided in subsection (b), commissioned officers of the Service and their surviving beneficiaries shall, with respect to active service performed by such officers—

"(1) in time of war;

"(2) on detail for duty with the Army, Navy, Air Force, Marine Corps, or Coast Guard; or

"(3) while the Service is part of the military forces of the United States pursuant to Executive order of the President;

be entitled to all rights, privileges, immunities, and benefits now or hereafter provided under any law of the United States in the case of commissioned officers of the Army or their surviving beneficiaries on account of active military service, except retired pay and uniform allowances.

"(b) The President may prescribe the conditions under which commissioned officers of the Service may be awarded military ribbons, medals, and decorations.

"(c) The authority vested by law in the Department of the Army, the Secretary of the Army, or other officers of the Department of the Army with respect to rights, privileges, immunities, and benefits referred to in subsection (a) shall be exercised, with respect to commissioned officers of the Service, by the Surgeon General.

"(d) Active service of commissioned officers of the Service shall be deemed to be active military service in the Armed Forces of the United States for the purposes of all laws administered by the Veterans' Administration (except the Servicemen's Indemnity Act of 1951) and section 217 of the Social Security Act."

"(2) The amendment made by this subsection (A) shall apply only with respect to service performed on or after July 4, 1952, (B) shall not be construed to affect the entitlement of any person to benefits under the Veterans' Readjustment Assistance Act of 1952, (C) shall not be construed to authorize any payment under section 202 (i) of the Social Security Act, or under Veterans Regulation No. 9 (a), for any death occurring prior to January 1, 1956, and (D) shall not be construed to authorize payment of any benefits for any period prior to January 1, 1956.

"(3) In the case of any individual—

"(A) who performed active service (i) as a commissioned officer of the Public Health Service at any time during the period beginning July 4, 1952, and ending December 31, 1955, or (ii) as a commissioned officer of the Coast and Geodetic Survey at any time during the period beginning July 29, 1945, and ending December 31, 1955; and

"(B) (i) who became entitled to old-age insurance benefits under section 202 (a) of the Social Security Act prior to January 1, 1956, or

"(ii) who died prior to January 1, 1956, and whose widow, child, or parent is entitled for the month of January 1956, on the basis of his wages and self-employment income, to a monthly survivor's benefit under section 202 of such act; and

"(C) any part of whose service described in subparagraph (A) was not included in the computation of his primary insurance amount under section 215 of such act but would have been included in such computation if the amendment made by paragraph (1) of this subsection or paragraph (1) of subsection (d) had been effective prior to the date of such computation.

the Secretary of Health, Education, and Welfare shall, notwithstanding the provisions of section 215 (f) (1) of the Social Security Act, recompute the primary insurance amount of such individual upon the filing of an application, after December 1955, by him or (if he dies without filing such an application) by any person entitled to monthly survivor's benefits under section 202 of such act on the basis of his wages and self-employment income. Such recomputation shall be made only in the manner provided in title II of the Social Security Act as in effect at the time of the last previous computation or recomputation of such individual's primary insurance amount, and as though application therefor was filed in the month in which application for such last previous computation or recomputation was filed. No recomputation made under this paragraph shall be regarded as a recomputation under section 215 (f) of the Social Security Act. Any such recomputation shall be effective for and after the 12th month before the month in which the application was filed, but in no case for any month before January 1956.

"(c) (1) Section 2 of the Federal Employees' Group Life Insurance Act of 1954 is amended by striking out all after 'District of Columbia' in subsection (b) and inserting in lieu thereof a period, and by adding at the end of such section the following new subsection:

"(c) No person shall acquire insurance coverage under this act by virtue of his status as a member of a uniformed service. The insurance granted to any employee under this act (1) shall cease (except for a 31-day extension of life insurance coverage) on the day immediately prior to his entry on active duty or active duty for training, unless the period of such duty is covered by military leave with pay from a civilian position, and (2) shall not cease during any period of inactive duty training. The terms used in this subsection shall have the meanings assigned to them by section 102 of the Servicemen's and Veterans' Survivors Benefits Act."

"(2) The amendments made by this subsection shall not apply with respect to deaths occurring prior to January 1, 1956, nor shall such amendments apply with respect to insurance granted prior to January 1, 1956, under the Federal Employees' Group Life Insurance Act of 1954 to commissioned officers of the Coast and Geodetic Survey or of the Regular or Reserve Corps of the Public Health Service. No dependency and indemnity compensation shall be payable under this act to any widow, child, or parent of any such commissioned officer if any amounts are payable under such insurance by reason of the death of such officer occurring on or after May 1, 1956.

"(d) (1) The second sentence of the second paragraph of section 16 of the act of May 22, 1917 (33 U. S. C., sec. 857), is amended to read as follows: 'Active service of commissioned officers of the Coast and Geodetic Survey shall be deemed to be active military service for the purposes of all laws administered by the Veterans' Administration (except the Servicemen's Indemnity Act of 1951) and section 217 of the Social Security Act, and for the purposes of section 210 of the



Social Security Act as in effect prior to the Social Security Act Amendments of 1950.

"(2) The amendment made by this subsection (A) shall apply only with respect to service performed on or after July 29, 1945, (B) shall not be construed to affect the entitlement of any person to benefits under the Veterans' Readjustment Assistance Act of 1952, (C) shall not be construed to authorize any payment under section 202 (i) of the Social Security Act, or under Veterans Regulation No. 9 (a), for any death occurring prior to January 1, 1956, and (D) shall not be construed to authorize payment of any benefits for any period prior to January 1, 1956.

"(e) Section 40 (b) of the Federal Employees' Compensation Act (5 U. S. C., sec. 790 (b)) is amended—

"(1) by striking out clauses (2) and (3) and redesignating clauses (4) and (5) as clauses (2) and (3), respectively; and

"(2) by inserting immediately after 'United States' the second time it occurs in the parenthetical phrase in clause (1) the following: ', but excluding commissioned officers of the Regular Corps of the Public Health Service, commissioned officers in the Reserve Corps of the Public Health Service on active duty, and commissioned officers of the Coast and Geodetic Survey'."

On page 84, at the beginning of line 3, to strike out "(f)" and insert "(b)"; at the beginning of line 17, to strike out "(g)" and insert "(c)"; at the beginning of line 22, to strike out "(h)" and insert "(d)"; on page 85, at the beginning of line 7, to strike out "(i)" and insert "(e)"; after line 8, to strike out "in the act of February 18, 1946 (38 U. S. C., sec. 38), is amended by striking out all beginning with '(2)' through the words 'such pensions' where those words appear the second time in the second proviso, and inserting in lieu thereof the following: '(2) laws administered by the Veterans' Administration providing for the payment of compensation or dependency and indemnity compensation on account of service-connected disability or death: *Provided further*, That such compensation or dependency and indemnity compensation shall be paid at the rate of one Philippine peso for each dollar authorized to be paid under the laws providing for such compensation or dependency and indemnity compensation, and where annual income is a factor in entitlement to benefits, the dollar limitations in the laws specifying such annual income shall apply at the rate of one Philippine peso for each dollar." and, in lieu thereof, to insert "in the act of February 18, 1946 (60 Stat. 14), as amended (38 U. S. C. 38), is amended by striking out all beginning with 'and (2)', and inserting in lieu thereof the following: '(2) laws administered by the Veterans' Administration providing for the payment of compensation or dependency and indemnity compensation on account of service-connected disability or death, and (3) the Missing Persons Act (56 Stat. 143) as amended (50 U. S. C. App. 1001 and the following): *Provided further*, That such compensation or dependency and indemnity compensation shall be paid at the rate of one Philippine peso for each dollar authorized to be paid under the laws providing for such compensation or dependency and indemnity compensation, and where annual income is a factor in entitlement to benefits, the dollar limitations in the laws specifying such annual income shall apply at the rate of one Philippine peso for each dollar: *Provided further*, That any payments heretofore made under any such law to or with respect to any member of the military forces of the Government of the Commonwealth of the Philippines who served in the services of the Armed Forces of the United States shall not be deemed to be invalid by reason of the circumstances that his service was not service in the military or naval forces of the United States or any component thereof within the meaning of such law."

On page 86, at the beginning of line 24, to strike out "(j)" and insert "(f)"; on page 87, at the beginning of line 15, to strike out "(k)" and insert "(g)"; at the beginning of line 20, to strike out "(l)" and insert "(h)"; at the beginning of line 25, to strike out "(m)" and insert "(i)"; on page 88, at the beginning of line 9, to strike out "(n)" and insert "(j)"; in line 12, after the word "or", to insert "title II of"; in line 15, after the word "under", to insert "title II of"; at the beginning of line 17, to strike out "(o)" and insert "(k)"; at the beginning of line 21, to strike out "(p)" and insert "(l)"; on page 89, at the beginning of line 5, to strike out "(q)" and insert "(m)"; in line 9, after the numeral "1", to strike out "1956" and insert "1957"; at the beginning of line 11, to strike out "(r)" and insert "(n)"; in line 15, after the numeral "1", to strike out "1956" and insert "1957"; at the beginning of line 16, to strike out "(s)" and insert "(o)"; in line 19, after the numeral "1", to strike out "1956" and insert "1957"; in line 22, after the numeral "1", to strike out "1956" and insert "1957"; on page 90, at the beginning of line 1, to strike out "(t)" and insert "(p)"; after line 2, to insert:

"(q) (1) Section 2 of the Servicemen's Indemnity Act of 1951 is amended—

"(A) by striking out 'on and after June 27, 1950';

"(B) by striking out 'during a period of war or an emergency as proclaimed by the President or the Congress';

"(C) by striking out 'against death in such service in the principal amount of \$10,000' and inserting in lieu thereof 'against death in such service, occurring during the period of any war or of any emergency involving hostilities proclaimed by the Congress or the President, in the principal amount of \$10,000';

"(D) by striking out the first proviso;

"(E) by striking out ', on or after June 27, 1950; and

"(F) by striking out 'the Selective Service Act of 1948, as amended, who on or after June 27, 1950,' and inserting in lieu thereof 'the Universal Military Training and Service Act, or any other Act of Congress which provides for the involuntary induction of persons into the Armed Forces, who'.

"(2) Section 5 of the Servicemen's Indemnity Act of 1951 is amended to read as follows:

"Sec. 5. The automatic indemnity coverage authorized by section 2 shall apply to any person in the active service of the named Armed Forces who, upon death in such active service, is insured against such death under a contract of national service life insurance or United States Government life insurance, but only with respect to a principal amount of indemnity equal to the difference between the amount of insurance in force at the time of death and \$10,000."

"(r) (1) Subparagraph I (a) (3) of part I of Veterans Regulation No. 2 (a) is amended to read as follows:

"(3) Where a claim has been finally disallowed, a subsequent claim on the same factual basis, if supported by new and material evidence, shall have the attributes of a new claim, except that, whenever any disallowed claim is reopened and thereafter allowed on the basis of new and material evidence resulting from the correction of the military or naval records of the proper service department under section 207 of the Legislative Reorganization Act of 1946, the effective date of commencement of the benefit so awarded shall be the date on which an application was filed for correction of the military record."

"(2) The amendments made by this subsection shall be effective as of August 2, 1946, except that no payment shall be made for any period before the date of enactment

of this subsection unless application therefor is made within 1 year after the date of enactment of this subsection."

On page 92, after line 19, to strike out: "(7) Section 9 of the act of January 19, 1942 (33 U. S. C., sec. 870).

"(8) Section 2 of the act of December 3, 1942 (33 U. S. C., sec. 855a)."

At the beginning of line 24, to strike out "(9)" and insert "(7)"; on page 93, after line 3, to strike out:

"(10) The Servicemen's Indemnity Act of 1951."

After line 4, to insert:

"TITLE VI—MISCELLANEOUS

At the beginning of line 7, to change the section number from "503" to "601"; on page 94, after line 8, to insert:

"EXTENSION OF INSURANCE PRIVILEGES

"Sec. 602. (a) Notwithstanding the provisions of section 619 of the National Service Life Insurance Act of 1940, as amended, insurance may be granted under section 602 (c) (2) of the National Service Life Insurance Act of 1940, as amended, upon application made in writing within 1 year after the effective date of this act, and subject to the limitations provided in such section.

"(b) Notwithstanding any time limitation for filing application for insurance contained in section 620 or section 621 of the National Service Life Insurance Act of 1940, as amended, any person who, prior to January 1, 1957, was eligible to apply for insurance under such sections shall, upon application made in writing within 1 year after the effective date of this act, be granted insurance thereunder, subject to the other limitations specified in such sections, except that where application for insurance under the provisions of section 621 of the act is made more than 120 days after separation from active service the applicant shall be required to submit evidence satisfactory to the Administrator of Veterans' Affairs of good health at the time of such application."

On page 95, line 6, to strike out "Miscellaneous" and insert "effective dates"; at the beginning of line 7, to change the section number from "504" to "603," and in the same line, after "(a)", to strike out "This act" and insert "Except as otherwise provided herein, this act"; in line 8, after the numeral "1," to strike out "1956" and insert "1957"; in line 15, after the numeral "1", to strike out "1956" and insert "1957"; in line 17, after the numeral "1", to strike out "1956" and insert "1957"; in line 18, after the word "right", to insert "or the continuation of benefits"; and at the beginning of line 19, to strike out "is entitled under the Federal Employees' Compensation Act by reason of such disability" and insert "would otherwise be entitled by reason of such disability except for such amendment or repeal."

Mr. BYRD. Mr. President, H. R. 7089, the so-called survivors benefits bill, has been promoted by the administration and the armed services as military career incentive legislation.

In short, the bill would cover unformed military personnel into the contributory social security system, thereby supplementing military retirement and survivors benefits.

The bill was referred to the Finance Committee in the Senate primarily because it involved veterans compensation and covering servicemen into the Social Security System. In considering the bill, the Finance Committee invited collaboration with the Armed Services Committee, and received it.

In the House of Representatives the bill was developed, drafted, and managed by a select committee appointed for

the purpose, which included the distinguished Representative from Virginia, Mr. HARDY. The House committee spent more than 2 years on the bill.

As it is now before the Senate, the bill was reported by the Senate Finance Committee after 9 months of staff study and some 2 weeks of hearings in which all interested parties were given an opportunity to be heard.

Generally, the major objectives of the bill are approved by the President, the Bureau of the Budget, Treasury, General Accounting Office, Department of Health, Education, and Welfare and the Social Security Administration, Veterans' Administration, Department of Defense and its component services, and practically all of the principal veterans organizations including the American Legion, Veterans of Foreign Wars, AMVETS, Disabled American Veterans, etc.

The bill represents extremely complex legislation involving amendments to existing laws relating to the military, veterans benefits, and the Social Security System.

A summary of its provisions will be found on the desks of Members of the Senate. The detail is in the Committee report. I shall briefly describe the effect of the various titles and sections of the bill in the order in which they are reached from beginning to end.

I shall omit discussion of strictly technical and clarifying amendments.

Title I of the bill defines "member of a uniformed service," "a reserve component of a uniformed service," "active duty," "active duty for training," "inactive duty training," "portal to portal coverage for reserves," "National Guard," "child," "parent," "widow," and "basic pay."

Title II relates to "indemnity compensation for widows, children and parents."

This bill would eliminate the present wartime-peace-time differential in rates payable for servicemen's death.

It would change the basis for payment to widows from the present flat rate for all to one determined by rank or pay grade of the deceased serviceman. The widows' rate under the bill would be \$112 plus 12 percent of the basic pay of the deceased husband.

Generally, the bill would revise upward compensation payable to widows of servicemen who die on or from active duty, active duty for training, or inactive-duty training after December 31, 1956.

Widows now on the rolls might elect to retain their present status on highly exceptional cases where that may be more advantageous. In the great majority of cases, based on deaths before January 1, 1957, where widows elect to "take" under the new provisions, the applicable basic pay would be that for the rank held by the deceased husband under the pay schedule in effect January 1, 1957.

Under the bill, the definition of "widow" would be uniform and generally more liberal than the definition under existing law.

As a rule, with few exceptions, the amount paid the widow with children would not be increased on account of additional children after two.

Remarriage of the widow would, at the present, stop compensation payments.

Compensation rates for children where there is no eligible widow would be payable in uniform amounts without relationship to the military pay grade of the deceased father. These rates would be slightly higher than the existing rates for children, \$70 per month for 1 child—present wartime rate is \$67—\$100 for 2 children—present wartime rate is \$94—\$130 for 3 children—present wartime rate is \$122—and \$25 per month for each child in excess of 3—present wartime additional rate is \$23.

Current definitions of children would not be changed. The basic age limit is 18 years, except for helpless children over 18 and children attending school between the ages of 18 and 21.

The bill would provide supplemental compensation by the Veterans' Administration of \$25 to an orphan child who is helpless and over 18 years of age in addition to the basic rate of \$70 compensation payable to such a child. The bill would also provide payment of \$70 per month to a helpless child over 18 where there is a widow. This payment would be made concurrently with the payment of compensation to the widow.

In a case involving an eligible widow with a child between 18 and 21 attending school, the child would be paid \$35 monthly compensation in addition to payments to the widow.

Payments to parents would be changed to a sliding-scale basis with 15 rates. The rates would range from \$10 to \$100 per month. Under the present law there are 4 rates: peacetime—\$60 in the case of one parent and \$64 where there are two parents; wartime—\$75 and \$80.

Rates paid a single parent would be controlled by the parent's annual income. The income scale ranges from \$750 per year to \$1,750 per year. The rates of monthly compensation would follow the scale in inverse order, ranging from \$75 per month to \$15 per month. The range for two parents living together would run from \$50 each, where the combined income is \$1,000 or less, to \$10 each if the combined income is as high as \$2,400. There would be variations where parents are living apart.

Under existing law, a parent may receive compensation if his income does not exceed \$105 per month. Where there are two parents compensation may be paid if their combined income does not exceed \$175 per month. Government insurance and any other payments from VA based on disability or death are not included as income.

The bill would define income as all payments received by the parents from any sources except death gratuity, donations from relief organizations, payments of veterans disability compensation and death compensation on account of other deaths, lump-sum payments for burial paid by social security, and unusual medical expenses.

Widows, children, or parents eligible for compensation based on a death prior to January 1, 1957, may elect to take the compensation under either existing

veterans laws or under the provisions of this bill. Parents who cannot qualify for compensation under present law because of excessive income might qualify for a pro rata amount under the bill.

The right of election to the new compensation rates under the bill could not be exercised if a beneficiary now on the rolls continued to receive servicemen's indemnity—free insurance—payments. But the election could be made after the 10-year period during which such insurance payments are made, or upon waiving the indemnity payments.

Receipt of Government insurance—contract—payments, as distinguished from indemnity insurance—free insurance—would not prevent election or require an offset.

Like the present law, the bill would cover deaths resulting from active duty or active duty for training; but effective January 1, 1957, it would extend new coverage for death resulting from injury sustained by reservists or national guardsmen while proceeding to or returning from training pursuant to order by competent authority.

The extended coverage would likewise apply with respect to travel to or from active-duty training, without regard to whether travel was specifically authorized. One effect of the provision would be to cover cases of death from injury while en route to weekly drills—inactive duty—training periods.

The bill would extend coverage to national guardsmen dying from disease incurred on active duty training of less than 30 days. Such coverage is now limited to death from injury.

Survivorship benefits would be granted to members of the ROTC ordered to annual training duty of 14 days or more, including authorized travel to or from such duty. ROTC members are not now covered for VA benefits.

Title III relates to death gratuity.

Under this bill the service departments would pay death gratuity equal to 6 months' pay to survivors of deceased servicemen. Death must occur while on active duty, active duty training, or inactive duty training. It might also occur within 120 days from discharge, if death is due to service. The Veterans' Administration determines service connection in the latter situation. The present law provides that payment of gratuity will only be made to survivors of the regular establishment, Reserves, and National Guard who die while on duty.

The bill would restrict payment to survivors who are closely related to the serviceman. The present law allows payment to anyone who has an insurable interest.

The bill would establish a minimum of \$800 and a maximum of \$3,000 for this benefit. The present law fixes a \$468 minimum and a \$7,656 maximum.

Title IV relates to social security.

Effective January 1, 1957, members of the uniformed services would be placed under the regular contributory OASI coverage while on active duty and active duty for training.

Contributions and benefits would be computed on basic pay.



The serviceman as employee would pay 2 percent, and the United States Government as employer would pay 2 percent.

The present \$160 gratuitous social security wage credit for military service would be discontinued after December 31, 1956, when contributory coverage would be effective. Reimbursement of the OASI fund for the previous \$160 free wage credit would be authorized by the bill.

Social security benefits would be in addition to any Veterans' Administration compensation benefits or military retired benefits.

Both the serviceman and his wife would be eligible for social security benefits at age 65.

Like others under social security, the widow, if she has a child, would be eligible at once for social security benefits. When the child becomes 18 years of age, the payments stop. When the widow becomes 65, she is again eligible for regular social security benefits.

Existing OASI and civil service retirement laws bar the use of the gratuitous \$160 wage credits for social security if a survivor of a veteran is entitled to benefits under the Civil Service Retirement Act, based wholly or partially on military service. There is now no right to elect which benefit to take. But this bill would amend the existing law so that—

First, a widow of a civil service employee who, because of the \$160 gratuitous wage credit, is eligible for both civil service and social security benefits, might elect to take either; but she could not take both.

Second, military service rendered after 1956 could not be used to increase a widow's civil service benefit, if she is eligible for social security benefits.

Third, military service rendered after 1956 could not be used by a Federal employee for civil service retirement, if he is eligible for social security benefits.

The bill would continue payment by the Government to the railroad retirement account of \$160 monthly wage credit for each month of military service performed by men with at least 10 years of coverage under the Railroad Retirement Act—including coverage acquired by military service.

The Internal Revenue Code of 1954 would be amended by sections 409, 410, and 411 of the bill, to extend appropriate provisions of the Federal Insurance Contributions Act to define "wages" and "employment" for service in the uniformed services.

Title V sets forth amendments and repeal provisions.

As to deaths after January 1, 1957, the bill would suspend the Servicemen's Indemnity Act providing free insurance coverage of \$10,000 except in time of war or national emergencies.

The existing privilege of nondisabled veterans to take out term insurance within 120 days after separation from service would be preserved.

The right to take out insurance extended by section 620 of the National Service Life Insurance Act to service-disabled persons would be preserved.

The right of servicemen who surrendered insurance for cash under section 5 of the Indemnity Act to reinstate it or take out new insurance within 120 days after service would be protected if they surrendered their policies prior to January 1, 1957.

The premium waiver privileges under section 622 of the NSLI Act would be preserved for those policies under waiver on January 1, 1957. No new application for waiver would be made after that date. Indemnity compensation would not be payable under the bill if an individual dies on or after May 1, 1957, with a policy under waiver. The survivors would be limited to the compensation payable under the present death compensation laws now administered by the Veterans' Administration.

Persons with active service between October 8, 1940, and September 2, 1945, and since April 25, 1951, would be given the right for 1 year, upon showing of good health, to purchase insurance under the National Service Life Insurance Act of 1940.

Application of the Federal Employees' Compensation Act to Reserve officers for peacetime benefits would be repealed as of January 1, 1957. Where death occurred prior to January 1, 1957, survivors could elect to "take" under this bill. Such election would terminate eligibility for F. E. C. A. benefits. But the rights of any officer entitled to benefits by reason of disability incurred prior to January 1, 1957, would be protected.

Mr. President, this is a complex bill. Numerically, the majority of changes made by the Finance Committee are in the nature of necessary technical and clarifying amendments which, once made must be carried forward throughout the bill.

Mr. SALTONSTALL. Mr. President, has the Senator concluded?

Mr. BYRD. Yes.

Mr. SALTONSTALL. First, as a member of the Armed Services Committee, upon which I serve with the distinguished Senator from Virginia, let me commend the Senator for reporting the bill to the Senate from the Committee on Finance and for having it considered, because he knows, as I do, how much the Department of Defense has urged that this bill become a part of the so-called fringe-benefits system we are trying to evolve, so as to encourage men to remain in the service.

I should also like to inquire, from the point of view of the armed services, about the Public Health Service, and why it was left out of the Senate committee version of the bill. Let me give a little of the history which I asked to have furnished to me.

Since its inception in 1873 the personnel system of the commissioned corps of the United States Public Health Service has been identified with the personnel system of the military services.

To cite some examples:

First. An act of 1920 included both military services and Public Health Services in a single pay act.

Second. This was continued in the Pay Readjustment Acts of 1922 and 1942 and in the Career Compensation Act of 1949.

Third. The Congress again included the Public Health Service in the uniformed Services Contingency Option Act of 1953.

Fourth. The Medical and Dental Procurement Act of 1956, and most recently in the Dependents Medical Care Act of 1956, included the Public Health Service.

Fifth. In addition to recognizing the mission of the Public Health Service, the Congress included the Public Health Service in Selective Service System legislation.

That legislation provides that service by physicians and dentists in the commissioned corps of the Public Health Service counts as fulfilling obligated service.

Carrying forward that history, I wondered why the Public Health Service should not be included in this bill. We must maintain that service, as well as the military services.

Mr. BYRD. The committee went very fully into that question. The Public Health Service and the Coast and Geodetic Service employees have never been under the Social Security System in time of peace, and they have never been under the VA benefits in time of peace. This bill would give them benefits in time of war when they are taken into the military.

Mr. SALTONSTALL. There was discussion in the Armed Services Committee, and we decided to include them, for two reasons. First, as I understand, their compensation is based upon their rank—lieutenant, captain, major, and so forth. Therefore we felt that inasmuch as the pay grades were the same as the pay grades in the armed services, in view of the difficulties involved in inducing men to enter the service and inducing career men to remain in the service, we should include them, even though it is not a peacetime operation.

Mr. BYRD. That is not disturbed.

Mr. SALTONSTALL. I understand; but if we include them at the pay rates of the Armed Forces in peacetime, and we need the men in the Public Health Service, because we are continually building up the Public Health Service, should we not include them in this bill too?

Mr. BYRD. A major question is whether the Public Health Service should be brought under social security in time of peace. Public Health Service personnel in peacetime have never been under social security, as the Senator knows. There has been a special provision of \$160 a month credit for all servicemen, but that is not applicable to Public Health Service personnel. If they go back into the military service, they will receive the benefits. This bill has nothing to do with the rates of pay.

Mr. SALTONSTALL. I understand that.

Mr. BYRD. The question involved is whether the Public Health Service is a military organization. They have never been in the military, except in time of war.

Mr. SALTONSTALL. I agree to that. However, in peacetime, in building up our present system of large armed services, which are bigger than ever before, we also have a continually expanding

Public Health Service. Based upon their rates of pay, and based upon the fact that Public Health Service personnel are included in the Selective Service Act, should they not be included in this bill? I am asking the Senator the question. I am not sure myself.

Mr. BYRD. If the Congress should enact a bill giving them military status, they would be covered by this bill. If Congress should declare them to be a part of the military, they would come under this bill automatically.

Mr. SALTONSTALL. If Congress believed that in the long run it would be better for them to be included in this retirement system, and should place them in the military service—

Mr. BYRD. That would not be a question for the Finance Committee, but for the Armed Services Committee. The Finance Committee is dealing with the question of social security. If the Armed Services Committee reports a bill, and it is passed, making such personnel a part of the military, they will come under this bill and receive the full benefits.

Mr. SALTONSTALL. Automatically?

Mr. BYRD. I am advised that that is correct.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. SMITH of New Jersey. I should like to raise the same question that was raised by the Senator from Massachusetts. Being a member of the Committee on Labor and Public Welfare, I was surprised that the Public Health Service was left out of this bill, although it appeared in the House bill.

I am not familiar with all the ramifications of the questions presented in the Armed Services Committee or the Finance Committee.

I believe that the Public Health Service situation is most important. I have been in conference with members of the House Committee on Education and Labor. As I understand, the Secretary of Health, Education, and Welfare feels that the Public Health Service should have been included.

Mr. BYRD. That is correct. He wrote a letter to the committee to that effect.

Mr. SMITH of New Jersey. I express the hope that when the bill goes to conference, inasmuch as the House has included the Public Health Service, careful consideration will be given to the latest developments in the Public Health Service. The Surgeon General of the Public Health Service has done a wonderful job, notwithstanding the fact that his service involved some sacrifice on the part of his family.

Mr. BYRD. I do not believe the passage of this bill would have any effect upon the Surgeon General.

Mr. SMITH of New Jersey. I do not think it would, but we desire to retain that type of persons in the Public Health Service.

Mr. BYRD. They are not in permanent military status.

Mr. SMITH of New Jersey. I understand that.

Mr. BYRD. Therefore the Senate Finance Committee struck out that serv-

ice, so far as social security is concerned, and so far as VA benefits are concerned. If they revert to military status, either pursuant to law enacted by Congress, or by reason of a declaration of war, they will receive all these benefits automatically.

Mr. SMITH of New Jersey. I am very glad to have this explanation.

Mr. HUMPHREY of Minnesota. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. HUMPHREY of Minnesota. First, I wish to join with Senators who have complimented the Senator from Virginia and his committee on their very excellent work in connection with the pending bill. Particularly I congratulate him for allowing a year of grace for reinstatement of the NSLI policies, and making it possible to restore the right of non-disabled veterans to take out term insurance.

My question is in reference to the rate of compensation for widows, with or without children, of both the officer class and those below the officer class. As I understand, the pending bill provides a basic floor of \$112 a month for a widow, with or without children, plus 12 percent of the monthly pay of the deceased.

Mr. BYRD. Yes.

Mr. HUMPHREY of Minnesota. So the average payment for widows of officers would be about \$167 a month, and for enlisted men's widows, about \$137 a month, and the rates would range from \$122 to a maximum of \$266 for the widow of a general or admiral.

Mr. President, I also noted, in the brief study I have been able to make of the bill, that about 18,000 of the 350,000 and more cases now being paid both classes of compensation are from the Regular Military Establishment and the remainder are from the Reserves or inductees. Is that correct?

Mr. BYRD. I think the Senator is correct.

Mr. HUMPHREY of Minnesota. I shall offer an amendment designed to change the base pay schedule from \$112 plus 12 percent to \$140 plus 8 percent. I should like to get the Senator's views on such an amendment. In the meantime I should like to tell him why I believe it would be advantageous to adopt my amendment. The effect of my amendment would be to raise the compensation payment to a widow of a private from \$122 to \$137, while the widow of an officer, whose pay, for example was \$500 a month, would receive only \$2 less a month than is provided under the present wording of the bill.

My concern is for the widow of a private or the widow of a man who had less than officer rank, because her needs are just as great in many ways, familywise, as those of the widow of an officer.

I have no desire to cut down the compensation of the officer group at all. However, I feel that the disparity between the two groups is rather obvious.

For example, as I have been able to tabulate the figures, there is a difference as between \$137 and \$266, which is almost a 100-percent difference in compensation as between the 2 groups. Needless to say, the largest number of widows is in the less-than-officer class.

During wartime the greatest number of casualties is suffered by enlisted men and second and first lieutenants, and captains. By far the greatest number of service-connected deaths occur outside the ranks of the Regular Establishment. What would be the view of the Senator from Virginia on what I have expressed? I know he has given serious consideration to this subject.

Mr. BYRD. The Committee on Finance followed the language of the House bill. I am told that such an amendment as the Senator from Minnesota suggests would increase the cost of the bill by \$55 million a year. It is merely a question of what the policy should be. The Senator knows that under present law the widow of a private receives as much as the widow of an officer.

Mr. HUMPHREY of Minnesota. That is correct. The bill provides a fundamental change.

Mr. BYRD. The bill provides a fundamental change. It is a question of judgment as to how far it should go.

Mr. LONG. Mr. President, in this debate there is one point which should be emphasized. It is that one of the purposes of the bill is to try to make the armed services attractive as a professional career. Making it attractive for people to reenlist in peacetime is one of the principal objectives sought to be brought about by the proposed legislation.

The members of the armed services who do not rise above the rate of private are not those we seek to encourage to reenlist. Those we would seek to have reenlist are the specialists, the highly skilled people, and experienced officers. We are hopeful that if this bill becomes a law they will be encouraged to stay in the service.

For example, let me take the case of a pilot of an airplane. Our Government oftentimes spends \$100,000 in providing adequate training for a pilot, in the necessary skills required by his duties. Such a man faces great hazards from day to day. His attitude is that if he cannot be paid as much as he would be paid in civilian life, at least it is only fair that the Government should in effect have a good insurance program whereby his wife and children would be protected if he should be killed in a plane crash. That is the type of situation the pending bill seeks to reach.

While I have my sympathies for the Senator's amendment, I believe it should also be pointed out that those who are in the higher categories make a much larger contribution to the fund than those in the lower categories, and that that fact should justify their receiving more in compensation, in accordance with the insurance principle that the more a person pays, the more he gets out of an insurance policy.

One of the defects of the whole program up to this time has been that there has been no relationship whatever between the benefits a widow draws in comparison with the earnings she has been accustomed to having, based on her husband's income.

The pending bill, while it does not put that relationship into full focus, does give some recognition to the different

earning power as between a general and a private, for example.

Mr. HUMPHREY of Minnesota. I fully recognize the very honorable and worthy purposes of the proposed legislation. As I said earlier, the Committee on Finance has undertaken a long overdue revision of the whole question of compensation and survivor schedules. However, I am concerned with the very drastic increase in the cost of living for a widow with children, whose husband held less than officer status. I refer, for example, to a technical sergeant.

Mr. LONG. Has the Senator looked at what a widow with children would draw under the pending bill?

Mr. HUMPHREY of Minnesota. I have the schedule before me.

Mr. BYRD. The widow of a private killed during peacetime now receives \$69.60. Under the pending bill such a widow would receive \$122 a month, which is a 75-percent increase.

Mr. LONG. If that figure is related to the family income prior to the time the private was killed, it will be seen that the widow's income is not reduced by nearly the same amount, proportionately, as is the income of the widow of an officer, in terms of reduction of family income.

Mr. HUMPHREY of Minnesota. My point is that while under the bill we are making substantial increases in an enlisted man's survivor compensation benefits, a much larger increase is made for the officer group. I am not trying to set one group against another. What I am trying to do is to determine if there is not a chance of having a little more solid base provided for the survivors of other than officers.

Mr. LONG. Does the Senator have the figure which would apply to a widow with two children, particularly as to what such a widow would draw while the two children were below 18 years of age?

Mr. HUMPHREY of Minnesota. Under my amendment?

Mr. LONG. No; under the bill as it is before the Senate at the present time.

Mr. BYRD. The Senator must take into consideration social security benefits, which the widow is not receiving now.

Mr. HUMPHREY of Minnesota. They are also supplemental, of course.

Mr. BYRD. Yes. In addition to the 75-percent increase, the widow would receive social-security payments, and that would make a substantial increase for her.

Mr. HUMPHREY of Minnesota. I should like to get the information to which the Senator from Louisiana has just referred.

Mr. LONG. We are speaking about a widow with two children. She would get \$122 under the bill, for herself. Then, in addition to that, she would get \$123 in social-security payments until the two children reached the age of 18 years.

Mr. HUMPHREY of Minnesota. Provided she is how old?

Mr. BYRD. Age is no factor.

Mr. LONG. When the children reach 18 years of age, she ceases to draw the payments for her children, but she con-

tinues to draw the \$122 until the day she becomes 65 years of age. At that point she begins to draw social-security retirement benefits, which push her income above \$200 a month for retirement purposes.

That, of course, is distinguished from the situation with respect to social security coverage alone, under which there is no income for the widow from the time the children reach 18 until the widow reaches 65. Under the bill, the widow would be drawing \$250 a month, which, when related to the private's income prior to the time of his death, compares very favorably.

Mr. HUMPHREY of Minnesota. Does not that provision also apply to widows of officers as well as to widows of enlisted men? I refer to the social security benefit payments.

Mr. LONG. Yes; widows of officers also would receive the \$123 under social security.

Mr. HUMPHREY of Minnesota. That is the minimum which would be involved so far as the two children were concerned. Is that correct?

Mr. LONG. The Senator is right. She would receive slightly more than that.

Mr. HUMPHREY of Minnesota. On the basis of earned income over the number of quarters which would make her eligible as the survivor of the head of the household.

Mr. LONG. Let us consider the case of a private who has been receiving less than \$250 a month, and who dies. The income for his family will be as great as was the family income when he was living.

An officer may be making \$800 a month. When he dies there is a tremendous reduction in the income of the family. Comparatively speaking, there is a much greater reduction for the wife and children of an officer than for the wife and children of a private.

Mr. HUMPHREY of Minnesota. Yes, but I think the Senator from Louisiana will agree with me that when the private soldier was alive, with the \$250 he was receiving he was having a hard time to put aside any savings for his heirs or for those who would follow him, while the officer earning \$800 a month would be in a little more desirable situation.

I have no idea of trying to cut down the officer group, but I think it should be recognized that there are a number of people who feel that there should be a uniformity of payment as between the groups.

As the Senator from Virginia [Mr. BYRD] said, there is an increase of about 75 percent in the nonofficer group, but there is in excess of 100-percent increase for the officer group. I think there is 115-percent increase in that group.

I only wish to establish a minimum which would be a little more generous and which would bridge some of the gap between the officer and nonofficer groups. I do not think we are having much difficulty getting officers through the ROTC. I find there is a constant increase in the number of available officers. The problem is in the enlisted personnel, the technical sergeants, those in aviation who make up the ground

crews and the repair crews. That is where we have the real difficulty.

If we wish to have a career service in the Army—and I think that is desirable—we should place a substantial portion of the benefits in the nonofficer group, or we will not have a career service.

Mr. CURTIS. Mr. President, will the distinguished Senator yield to me?

Mr. HUMPHREY of Minnesota. Mr. President, I am going to offer my amendment, and the Senate can either vote it up or vote it down. I should like to make a statement with reference to it, and then we shall see what will happen to it.

Mr. President, I send my amendment to the desk, if the Senator from Virginia will yield for that purpose, and ask that it be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Minnesota will be stated.

The LEGISLATIVE CLERK. On page 16, line 1, it is proposed to strike out "\$112 plus 12," and insert in lieu thereof "\$130 plus 8."

Mr. HILL. Mr. President, I should like to address myself for a moment concerning the omission of the United States Public Health Service from this bill. I shall not offer an amendment. If the Senator will permit me—

Mr. HUMPHREY of Minnesota. Mr. President, we have had most of the debate on this amendment. Since I have offered the amendment, I think I have a right to discuss it. I shall not speak more than 5 minutes.

Mr. HILL. The truth is that the Senator did not exactly get the floor. The Senator from Virginia had the floor. But the Senator says he will not take more than 5 minutes. I know he would not think of taking 1 second beyond that. [Laughter.]

Mr. HUMPHREY of Minnesota. The Senator has never made a truer statement in his life. The generous remarks of the Senator from Alabama are characteristic of his fine nature and character, and I appreciate it.

Mr. President, as I said earlier, the pending bill provides for a base of \$112 a month for all widows, plus 12 percent of the basic pay of the deceased husband. Under this provision it is estimated that the average payment for the widows of enlisted personnel would be \$137 a month, while the average payments for widows of officers would be \$167 a month, with considerably higher payment to the widows of senior officers.

But, looking more closely, this provision means that the widow of a private with 6 months' service would be awarded only \$122 a month, while the widow of a major general would receive \$242 a month. This is a differential of almost 100 percent, and has been termed the "rank in death" provision of the bill.

While a certain differential in the compensation rates may be desirable from the standpoint of providing career incentives, the present differential is far too discriminatory.

The effect of the amendment would be to raise the compensation payment to the widow of a private from \$122 to about \$137, while the widow of an officer whose base pay was \$500 a month would receive

\$2 less a month than under the present wording of the bill.

I pause to emphasize that the decrease in compensation of the senior officer's widow would be less than \$2 a month, but the increase in the enlisted man's survivors' benefit would be \$15 a month. That would help to buy bread and butter, groceries, clothing, medical care, school books, all the little necessities of life that a widow would need as the survivor of one of our servicemen. I wish to point out that this \$15 a month will mean more to the person who is receiving it than the loss of \$2 a month would mean to a person who had been receiving \$240 or more as a benefit payment.

I have noted that during wartime, the greatest casualties are suffered in the lower ranks of both officers and enlisted men. By far the greater number of service-connected deaths occur outside the ranks of the Regular Establishment. To illustrate, of the 350,000 service-connected deaths for which the Government is paying compensation, only 18,000 were in the Regular Establishment.

Furthermore, Mr. President, many of the inductees from civilian life who are sent within a short time into combat are individuals whose civilian income considerably exceeded their income as a private or private first-class. It would seem only just, in determining the rates of compensation, to recognize this fact, and to make an effort to provide for the widows of inductees a monthly income more nearly in keeping with the preservice income of their husbands.

Mr. President, I trust that I did not speak more than 5 minutes.

Mr. LONG. Mr. President, the junior Senator from Minnesota is one who always seeks to look after the underprivileged and the less fortunate. I should like to point out, however, that much consideration has been given to the needs of those in the low-income brackets, the widows of privates and other enlisted men, under this bill.

Let us consider a private with a wife and two children. If that private were killed in the service after this bill becomes effective, his wife and two children would receive \$250 under the bill until the two children reached the age of 18 years.

When we look at the whole benefit, the income for the widow and those two children would amount to \$100 a month more than the income of the husband while he was living.

Mr. HUMPHREY of Minnesota. While he was in the armed services.

Mr. LONG. Yes.

Mr. HUMPHREY of Minnesota. But he may have come from civilian life where he had a job paying him \$600 a month. That is the point I was trying to make earlier; the civilian income is not taken into consideration at all.

Mr. LONG. Nevertheless, the retroactive benefit for the wife and two children is substantial, and it is certainly an increase in family income of about 70 percent over and above what the family was receiving while the private was living.

Furthermore, the widow would draw \$122 a month at the time the children reached the age of 18 and until she was

in a position to retire at age 65, or age 62 if the new social security bill should also pass this year. At that point she would have her social security retirement benefits in addition to the \$122 a month.

By contrast, let us consider the case of the widow of a general. Assume that she, too, has two children. The family income in that case would be \$1,295 a month. If the general passed away, then, based on the bill, the widow and the two children would draw \$397 a month.

It is true that that is substantially more—about 60 or 70 percent more—than the private's widow would draw. On the other hand, Senators should remember that the general's income was about 1,000 percent greater than the private's income. The income of the general's family would be greatly reduced as a result of the death of the general, the general's widow would receive only about one-third the rate of income which the family had been receiving prior to the general's death. The general's widow would have to adjust herself and her children to a much lower rate of income, and their standard of living would be greatly reduced.

At the time the children reached the age of 18, the widow would draw \$240 a month until she reached the retirement age, when she would receive her social security benefit. While this is almost twice the amount of the private's widow's pension, she would be the survivor of a person who had spent many years in the service at a much greater income.

I believe the bill takes into account the needs of the private. The committee has made a very sincere effort to take care of the private and the enlisted man, while at the same time it has tried to recognize to some degree the greater additional earning power of those whom we are trying to keep in the service, hoping that they will become commissioned officers and will devote themselves to a lifetime of patriotic duty in the Armed Services.

Mr. HUMPHREY of Minnesota. I hope the Senator from Louisiana realizes that I believe the committee has done commendable work. I have no desire to deny adequate compensation to the officer group. I think it is a national disgrace that they have not been paid better. Often fine persons, whose husbands have given a lifetime of service to the country, have been actually left to the mercy of friends, relatives, and savings.

The point I am trying to make is that when we compare the income of a general, who is a career man, and who has served his life as a military man, and who has an income of \$1,000 a month, with the income of a private, we must remember that the private, in the main, had his career marked out for him in civil life. He lived the normal community life, so the comparison of income is not exactly germane.

I hope the Senator from Louisiana sees the point I am trying to make. The buck private or first class private who was inducted or who enlisted, may very well have left a civilian position which

paid him several times more than his military pay, so his family income through the selective service, while he is in the Army, has been reduced substantially. If he should be killed or should lose his life otherwise in the service, his family would be left with a rate of compensation or survivorship benefits which would not be related to the civilian income at all, but would be related basically to the military income. Seen in that light, a relatively good picture can be made for the non-officer group.

Mr. President, I shall not take any more time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. HUMPHREY].

The amendment was rejected.

Mr. HILL. Mr. President, I understand the distinguished Senator from Nebraska wishes to ask a question of the chairman of the committee. I yield to him for that purpose.

Mr. CURTIS. Mr. President, it appears that section 602, page 94, of the bill would grant the right to everyone who has served in the armed services since 1940 to apply now and to receive coverage under the national service life insurance and to collect the insurance.

Mr. BYRD. The Senator from Louisiana is the author of that amendment, I yield to him.

Mr. CURTIS. How many persons would be eligible to apply for such insurance?

Mr. LONG. Approximately 14 million veterans of World War II and the Korean war failed to avail themselves of the opportunity to take out national service life insurance. Approximately 2½ million veterans took out national service life insurance when they had the opportunity to get it when they were discharged from the Armed Forces.

It was the feeling of the committee and of the majority of the Senators who joined in sponsoring the bill that this insurance should be made possible to the many veterans who have family obligations today, who need this type of insurance, and who would like to avail themselves of the opportunity to get it.

NSLI will save the veteran anywhere from 20 to 70 percent of the cost of insurance premiums, depending on the type of policy the veteran takes.

Mr. CURTIS. Do I understand correctly that the bill would extend insurance to all former members of the Armed Forces, even though they can pass a physical examination to secure insurance elsewhere?

Mr. LONG. That is correct.

Mr. CURTIS. Theoretically, the bill would give that opportunity to, roughly, 12 million veterans?

Mr. LONG. Fourteen million.

Mr. CURTIS. That is the total number of veterans, is it not?

Mr. LONG. No; there are 14 million veterans of World War II and the Korean war who do not have NSLI insurance and who would have the opportunity to apply for the insurance.

Mr. CURTIS. I notice that this is a provision which was not in the bill as it

came from the House. Does the Senator know whether the Veterans' Administration and the Bureau of the Budget approve the bill?

Mr. LONG. There was no objection from any department or agency except the Bureau of the Budget.

The cost would be about \$3.50 a policy. Assuming there would be one million veterans who would avail themselves of the opportunity, the cost would be \$3,500,000.

Some phases of NSLI insurance are especially advantageous to veterans. For example, there is a 5-year term renewable policy, on which the rate tends to increase every 5 years. That is very advantageous, so far as the veteran is concerned. At age 35, the rate for the NSLI 5-year term renewal policy is only about one-third the lowest rate I have found for any of the major insurance companies offering this type of policy.

I have found that wherever veterans were informed that this measure was being considered, there was a very enthusiastic response. In the State which I have the honor, in part, to represent, a great number of veterans associations have unanimously approved petitions asking that they be given an opportunity to take out the insurance.

I am positive there are great numbers of families in which the husbands do not have insurance to protect the families, but who would avail themselves of the opportunity now, realizing that the insurance is a good bargain and a good buy, and who realize that they made a mistake in not taking it out previously. Many veterans, of course, have had a change in their family situations, so that the insurance is now needed.

I am very hopeful that Congress will agree to this provision. I hope the House will be willing to accept the provision, if it goes to conference, because the American Legion, the Veterans of Foreign Wars, and the American Veterans of World War II—sometimes called the AMVETS—are in favor of it. It would cost the Government very little. Large numbers of families would be protected by insurance who are not today protected.

Mr. CURTIS. As I understand, the only agency which filed an adverse report was the Bureau of the Budget.

Mr. LONG. Yes. I believe their statement was to the effect that they would prefer not to have the opportunity for insurance extended to veterans again. However, I point out to the Senator that there is a precedent for this. It is my understanding that some years after World War I, when many veterans realized that they had lost an opportunity to take out insurance, Congress passed a law giving veterans a limited period in which they could apply for veterans insurance.

Mr. CURTIS. I thank the Senator from Louisiana.

Mr. HILL. Mr. President, I share the concern of the Senator from Massachusetts [Mr. SALTONSTALL], and the Senator from New Jersey [Mr. SMITH] over the omission in the bill, by the Committee on Finance, of the commissioned officers of the United States Public Health Service. In view of the out-

standing work performed by the United States Public Health Service, I feel it would be a major deficiency and a great mistake if the omission should remain.

The committee has proposed the exclusion of commissioned officers of the United States Public Health Service from the bill as it passed the House, and in which these officers are included.

The gaps and deficiencies which exist in the survivor benefit program currently available to these officers, as compared to the benefits now applicable to the military services, would be magnified if the Senate version of the bill were enacted. In view of the outstanding history of the Public Health Service, this would be a major deficiency and a great mistake.

The Public Health Service was initially established as the Marine Hospital Service by an act of Congress in 1798, thus making it one of the oldest services in the Federal Government. The Commissioned Corps of the Public Health Service was established in 1873 by regulations of the Treasury Department—where it was then administratively located. Sixteen years later, in 1889, the Corps was given statutory recognition by the Congress.

The Commissioned Corps is a body of Regular and Reserve officers who are experts in public health, medical care, medical research, and related fields. From its inception, the Commissioned Corps personnel system has been identified with the personnel systems of the military services.

Presidential appointments; rank and tenure; a system of regular promotion; retirement; pay; and mobility in assignment—these and other characteristics of the Corps have had a proved and continuing appeal to professional people through the years. They have contributed in no small measure to the record that the Public Health Service has established for devotion to duty, competence, and leadership.

The identification of the Public Health Service Commissioned Corps with the military services was strengthened by the Congress in 1920, when both groups were included for the first time in a single pay act. The new pattern of a uniform pay act for all services was more firmly established with the pay acts of 1922 and 1942, and with the Career Compensation Act of 1949. The Career Compensation Act specifically identified the "Uniformed Services" of the Federal Government as the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, and the Commissioned Corps of the United States Public Health Service. In so doing, the act gave recognition to the personnel system within the Federal Government which has evolved for all the uniformed services.

The pattern thus established by the Career Compensation Act has been extended through the enactment of subsequent legislation affecting pay, allowances, and benefits for all the uniformed services, including the Commissioned Corps of the Public Health Service. The most recent examples of such legislation are the Uniformed Services Contingency Option Act of 1953, the Medical and Dental Officer Procurement Act of 1956, and the Dependents' Medical Care Act of 1956.

However, the Public Health Service Commissioned Corps has not had permanent legislation which would authorize survivor protection equal to that afforded to survivors of military personnel, except for the period during World War II when the Commissioned Corps was made a military service by Executive order of the President. With the formal termination of the war in 1952, the Commissioned Corps reverted to nonmilitary status, and the benefits temporarily derived from military legislation ended. The obligations of Public Health Service officers, in peace as well as in war, did not end, however.

Public Health Service officers have died in the past in their time-honored fight to eliminate disease and protect the health of our people. Public Health Service officers have also given their lives while on duty with the military services in our country's wars. The diverse missions of the Service have led to a tradition of discipline under which its officers are subject to transfer. They are required to accept assignments that often are varied, frequently are isolated, and sometimes are hazardous. These include sea duty with the Coast Guard, service with missions of the International Cooperation Administration in underdeveloped countries throughout the world, and tours of duty in small Indian hospitals in isolated areas of our Western States and in Alaska.

The existing survivor benefit program presently available to commissioned officers of the Public Health Service is now generally limited to the Federal Employees' Group Life Insurance Act and the Federal Employees' Compensation Act. The first of these acts provides an insurance policy for each Public Health Service officer in an average amount of approximately \$6,000, paid for in part by the officer, as contrasted with the \$10,000 indemnity insurance coverage afforded to members of the military services without payment. Benefits under the second act, which a workmen's compensation act, have not been available to dependents of over 80 percent of those Public Health Service officers who have died on active duty.

Survivor benefits, in one form or another, are now included in all the personnel systems of the Federal Government. The survivor benefit program currently in effect in the military services, and the survivor benefit program provided for by H. R. 7089, are not of themselves military in nature, nor are they basically related to the hazards of wartime service. Rather, survivor benefits are an extension of pay, and are necessarily integrated into the pay system applicable to any group of employees.

Members of the Commissioned Corps of the Public Health Service receive compensation under the same pay legislation and subject to the same conditions as the military services. To deny such members the benefits of H. R. 7089 that would be extended to members of the military services, who also are paid under the Career Compensation Act, would result in discrimination in the matter of pay and allowances.



During the present session of the Congress, Public Law 492 was enacted as an administration bill. It amended the Public Health Service Act in several ways, including authorization for the President to make the Commissioned Corps of the Public Health Service a military service in times of emergency involving the national defense as well as in time of war. I am advised that a survivor benefit section was dropped from the bill before submission to Congress because survivor benefits for the Public Health Service were included in H. R. 7089, in conformance with the past practice of providing benefits on an equal basis for the survivors of members of all the uniformed services.

In 1953, when the Congress enacted the Uniformed Services Contingency Option Act, which provides for survivor protection if an officer dies while in retirement, the Commissioned Corps of the Public Health Service was included with the other uniformed services. If today an officer dies while in retirement, the survivor benefits go to his survivor; but if he dies while on duty or while in active service, those benefits will not be obtained if the omission is not corrected.

H. R. 7089 is really a companion measure to the Contingency Option Act, in that it provides for survivor protection for members while they are on active duty. Together the two acts—if H. R. 7089 is enacted as proposed by the Senate Committee on Finance—will provide the dependents of members of the uniformed services, with the exception of the commissioned officers of the Public Health Service and the Coast and Geodetic Survey, with a well-rounded survivor protection program.

The Congress has provided retired Public Health Service officers with the same survivor benefits as those provided for the other uniformed services. It is not reasonable, therefore, that survivors of Public Health Service officers who die on active duty should be treated differently from those of the other services. The penalizing of the survivors of these competent and dedicated officers by excluding them from benefits under H. R. 7089 is not equitable or consistent.

Moreover, the lack of an adequate survivor-benefit program for active duty officers of the Public Health Service today is forcing experienced officers into early retirement so that they may protect their survivors under the Contingency Option Act.

As I have said, if they retire and then die, the survivors will get the benefits, but if they die while in active service, there are no benefits to be had.

Many of these officers are at their greatest use at the time of retirement. Private industry is continually seeking the services of such competent personnel, and it is capable of paying them salaries which the Federal Government is not able to meet.

Certainly, to protect its investment and to encourage the retention of experienced health and medical personnel in programs vital to the welfare of our people, officers of the Commissioned Corps of the Public Health Service should be eligible for the benefits provided under H. R. 7089.

The Public Health Service, like the other uniformed services, is now experiencing difficulties in attracting and retaining personnel of high professional caliber to man its many programs of medical research, public health, and medical care. These programs, in one way or another, touch all of us and our families, and are regarded hopefully by millions of Americans as leading the way to a future in which disease, and the pain and sorrow attending disease, will be reduced to a manageable minimum.

Public Health Service officers are shifted among the Service's 16 major hospitals, its 56 Indian health hospitals in our Western States and Alaska, or sent out on the high seas with the United States Coast Guard as needed. They serve at home and abroad on quarantine duty, and with overseas missions to provide health services to underdeveloped regions of the world. They also serve in this country in large research centers—such as the Communicable Disease Center in Atlanta, Ga.; the National Institutes of Health, at Bethesda, Md.—we know the wonderful work being done in the National Institutes of Health at Bethesda in the battle to find the cause and cure and prevention of communicable disease—and the Robert A. Taft Sanitary Engineering Center, at Cincinnati, Ohio. Often their assignments are dangerous. More than a few have died in order that other Americans might live.

The officers of the Public Health Service are serving mankind as few such groups of professional people can do. To omit them from legislation benefiting survivors of members of the uniformed services is to ignore the vital and humanitarian work they and the Public Health Service have been doing for many generations.

I wish to digress to pay tribute to the retiring head of the United States Public Health Service, Surg. Gen. Leonard A. Scheele. I have known General Scheele for a number of years. I have worked closely with him. He is one of the finest and one of the most devoted public servants I have even known. He has rendered great and outstanding service to his country and to the people of the United States.

Mr. HUMPHREY of Minnesota. Mr. President, will the Senator yield?

Mr. HILL. I yield to my friend from Minnesota.

Mr. HUMPHREY of Minnesota. I should like to join the distinguished Senator from Alabama, and the chairman of the Committee on Labor and Public Welfare, in this tribute to Dr. Scheele, the Surgeon General of the United States, for his outstanding service to his country and his outstanding professional contribution to the profession of medicine.

I also wish to associate myself, if the Senator from Alabama will permit, with his remarks regarding the United States Public Health Service, the oldest established line agency of our Government. The Public Health Service is the envy of the world, I would say, in terms of its professional competence and its great contributions in the field of the healing arts and medicine. I feel that everything that we in the Congress can do to help

the Public Health Service in its great work will be to the public good.

In conclusion, Mr. President, let me say that the Senator from Alabama [Mr. HILL] has been a stalwart worker in the field of public health. By his own legislative activities and by his guidance and counsel, he has contributed immeasurably in the areas of public health and medical care. Therefore, it is most appropriate that the Senator from Alabama speak today in behalf of the Public Health Service.

I, too, wish to have the officers of the Public Health Service covered by the provisions of the bill, because in peace as well as in war they are the first line of our health defense. They always have been so, and they always will be so.

Therefore, Mr. President, I join the Senator from Alabama in his words of commendation of this great agency of the United States.

Mr. HILL. Mr. President, I thank the Senator from Minnesota for his contribution.

I wish to say that before the distinguished Senator from Minnesota came to this body, he was a licensed pharmacist. When he came here, he became a member of the Committee on Labor and Public Welfare, on which he worked diligently and tirelessly on its Subcommittee on Health. In that work he had an insight into the work of the Public Health Service, and had an opportunity to appraise the outstanding service and fine leadership of Surgeon General Scheele.

Mr. HUMPHREY of Minnesota. I thank the Senator from Alabama.

Mr. HILL. Mr. President, I thank the Senator from Minnesota for the contribution he has made here this afternoon.

Mr. SMITH of New Jersey. Mr. President, will the Senator from Alabama yield to me?

The PRESIDING OFFICER (Mr. NEUBERGER in the chair). Does the Senator from Alabama yield to the Senator from New Jersey?

Mr. HILL. I yield.

Mr. SMITH of New Jersey. Mr. President, I wish to associate myself completely with the remarks of the distinguished Senator from Alabama [Mr. HILL], the chairman of the Committee on Labor and Public Welfare; and I desire to join him wholeheartedly in his tribute to Dr. Scheele.

I have had the privilege of serving on the committee while Dr. Scheele has been Surgeon General of the United States. So far as I know, no one who had ever occupied that high position has rendered greater service to the people of the United States than that rendered by Dr. Scheele; and I refer particularly to the work done last year on the polio vaccine problem.

So I wish to join both the Senator from Alabama and the Senator from Minnesota in their tribute to Dr. Scheele.

Mr. HILL. I thank the Senator from New Jersey. He has served well and long on the Committee on Labor and Public Welfare, and has also had an insight into the work of the Public Health Service and the fine work of Surgeon

General Scheele. I appreciate the contribution the Senator from New Jersey has made to this debate.

Mr. President, I was very much gratified when the distinguished Senator from Virginia [Mr. BYRD], who will be one of the conferees on the pending bill, assured the Senate that the Senate conferees will give careful and thorough consideration to the proposed inclusion of the Public Health Service under the provisions of the bill, including its provisions for survivor benefits. I know that the Senator from Virginia wishes to do the fair thing and the right thing; and I am indeed gratified that he will go into this matter thoroughly, completely, and sympathetically.

Mr. MARTIN of Pennsylvania. Mr. President, I wish to commend the Senator from Virginia [Mr. BYRD] for the magnificent job he has done on this very controversial bill. I think much more is involved in this bill than some of us may think. The real purpose of the bill is to make the military service or the Defense Department more attractive to more young Americans, young men who will prepare themselves as commissioned officers or noncommissioned officers and technicians in the various branches of our armed services. The military or the Defense Department now has become composed of men of great technical knowledge. We wish to encourage young men to remain in the service. Unfortunately, at the present time there is a turnover of practically one-third every year. Financially, that is not good for the United States; furthermore, it is not good so far as defense is concerned.

The distinguished senior Senator from Virginia, the chairman of the Finance Committee, has given very thorough consideration to the problem, and has listened carefully to all the witnesses who appeared before the committee; and I believe that the bill constitutes a fine step toward the fulfillment of a long-standing need, insofar as the armed services are concerned. I sincerely trust that the action of the committee will be approved and that the bill will be speedily enacted.

The PRESIDING OFFICER. The bill is open to amendment.

If there be no amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill (H. R. 7089) was read the third time, and passed.

Mr. BYRD. Mr. President, I move that the Senate insist upon its amendments to the bill, request a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BYRD, Mr. GEORGE, Mr. KERR, Mr. MILLIKIN, and Mr. MARTIN of Pennsylvania conferees on the part of the Senate.

Mr. BYRD. Mr. President, I ask unanimous consent that House bill 7089 be printed with the Senate amendments numbered.

84TH CONGRESS  
2D SESSION

# H. R. 7089

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IN THE SENATE OF THE UNITED STATES

JULY 2, 1956

Ordered to be printed with the amendments of the Senate numbered

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## AN ACT

To provide benefits for the survivors of servicemen and veterans,  
and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **TITLE I—SHORT TITLE AND DEFINITIONS**

4 **SHORT TITLE**

5 **SEC. 101.** This Act, divided into titles and sections ac-  
6 cording to the following table of contents, may be cited as  
7 the "Servicemen's and Veterans' Survivor Benefits Act".

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## DEFINITIONS

1  
2       SEC. 102. For the purposes of this Act—

3           (1) “Administrator” means the Administrator of  
4       Veterans’ Affairs.

5           (2) “Member of a uniformed service” means a per-  
6       son appointed, enlisted, or inducted in a component  
7       of the Army, Navy, Air Force, Marine Corps, or Coast  
8       Guard (including a reserve component of a uniformed  
9       service), or in one of those services without specification  
10      of component, ~~(16) or as a commissioned officer of the~~  
11      ~~Coast and Geodetic Survey or the Regular or Reserve~~  
12      ~~Corps of the Public Health Service~~, and any person  
13      serving in the Army or Air Force under call or con-  
14      scription. The term includes—

15           (A) a retired member of any of those services;

16           (B) a member of the Fleet Reserve or Fleet  
17       Marine Corps Reserve;

18           (C) a cadet at the United States Military  
19       Academy, a midshipman at the United States Naval  
20       Academy, and a cadet at the United States Coast  
21       Guard Academy or United States Air Force  
22       Academy;

23           (D) a member of the Reserve Officers’ Train-  
24       ing Corps, the Naval Reserve Officers’ Training  
25       Corps, or the Air Force Reserve Officers’ Training

1 Corps, when ordered to annual training duty for  
 2 fourteen days or more, and while performing au-  
 3 thorized travel to and from that duty; and

4 (E) any person while en route to or from, or  
 5 at, a place for final acceptance or for entry upon  
 6 active duty in the military or naval service—

7 (i) who has been provisionally accepted  
 8 for such duty; or

9 (ii) who, under the Universal Military  
 10 Training and Service Act, has been selected  
 11 for active military or naval service;

12 and has been ordered or directed to proceed to  
 13 such place.

14 The term does not include a temporary member of the  
 15 Coast Guard Reserve.

16 (3) "Reserve component of a uniformed service"  
 17 means—

18 (A) The Army Reserve;

19 (B) The Naval Reserve;

20 (C) The Marine Corps Reserve;

21 (D) The Air Force Reserve;

22 (E) The Coast Guard Reserve;

23 ~~(17)(F) The Reserve Corps of the Public Health~~  
 24 ~~Service;~~

1           ~~(18)(G)~~ (F) The National Guard of the United  
2 States;

3           ~~(19)(H)~~ (G) The Air National Guard of the  
4 United ~~(20)~~States; *States*.

5           ~~(21)(I)~~ The federally recognized National Guard  
6 or Air National Guard of the several States and  
7 Territories, and the District of Columbia.

8           (4) "Active duty" means (A) full-time duty per-  
9 formed by a member of a uniformed service in the  
10 active military or naval service, other than active  
11 duty for training, ~~(22)(B)~~ full-time duty as a commis-  
12 sioned officer in the Coast and Geodetic Survey, or in  
13 the Regular Corps of the Public Health Service, or in  
14 the Reserve Corps of the Public Health Service (other  
15 than for training purposes), ~~(C)~~ (B) service as a cadet  
16 at the United States Military, Air Force, or Coast Guard  
17 Academy, or as a midshipman at the United States  
18 Naval Academy, and ~~(23)(D)~~ (C) authorized travel to  
19 or from such duty or service.

20           (5) "Active duty for training" means (A) full-time  
21 duty performed by a member of a reserve component  
22 of a uniformed service in the active military or naval  
23 service of the United States for training purposes,  
24 ~~(24)(B)~~ full-time duty as a commissioned officer in the

1 ~~Reserve Corps of the Public Health Service for training~~  
 2 ~~purposes, (C)~~ (B) annual training duty performed for a  
 3 period of fourteen days or more by a member of the  
 4 Reserve Officers' Training Corps, the Naval Reserve  
 5 Officers' Training Corps, or the Air Force Reserve  
 6 Officers' Training Corps, and ~~(25)(D)~~ (C) authorized  
 7 travel to or from such duty. The term does not include  
 8 duty performed as a temporary member of the Coast  
 9 Guard Reserve.

10 (6) (A) "Inactive duty training" means any of the  
 11 training, instruction, duty, appropriate duties, or equiva-  
 12 lent training, instruction, duty, appropriate duties, or  
 13 hazardous duty, performed with or without compensa-  
 14 tion by a member of a reserve component of a uni-  
 15 formed service, prescribed by the appropriate Secretary  
 16 pursuant to section 501 of the Career Compensation  
 17 Act of 1949 or any other provision of law. The term  
 18 does not include (1) work or study performed by a  
 19 member of a reserve component of a uniformed service  
 20 in connection with correspondence courses of the Army,  
 21 Navy, Air Force, Marine Corps, ~~(26)~~or Coast Guard,  
 22 ~~(27)~~or Public Health Service, (2) attendance at an  
 23 educational institution in an inactive status under the  
 24 sponsorship of the Army, Navy, Air Force, Marine  
 25 Corps, ~~(28)~~or Coast Guard, ~~(29)~~or Public Health

1 Service, or (3) duty performed as a temporary member  
2 of the Coast Guard Reserve.

3 (B) Any member of a reserve component of a uni-  
4 formed service—

5 (i) who, when authorized or required by com-  
6 petent authority, assumes an obligation to perform  
7 active duty for training or inactive duty training;  
8 and

9 (ii) who dies from an injury incurred on or  
10 after January 1, ~~(30)1956~~ 1957, by him while  
11 proceeding directly to or returning directly from  
12 such active duty for training or inactive duty  
13 training, as the case may be;

14 shall be deemed to have been on active duty for train-  
15 ing or inactive duty training, as the case may be, and  
16 entitled to basic pay at the time such injury was incurred.

17 For purposes of title III(31), *except section 303*, the  
18 Secretary concerned, and for purposes of title II  
19 (32)and *section 303*, the Administrator, shall determine  
20 whether such member of a reserve component of a uni-  
21 formed service was so authorized or required to perform  
22 such duty, and whether he died from injury so incurred.  
23 In making such determinations, the Secretary con-  
24 cerned or the Administrator, as the case may be,  
25 shall take into consideration the hour on which the

1 member of a reserve component of a uniformed  
2 service began to so proceed or so return; the hour  
3 on which he was scheduled to arrive for, or on  
4 which he ceased to perform, such duty; the method of  
5 travel employed; his itinerary; the manner in which  
6 the travel was performed; and the immediate cause of  
7 death. Whenever any claim is filed alleging that the  
8 claimant is entitled to benefits by reason of this sub-  
9 paragraph, the burden of proof shall be upon the  
10 claimant.

11 ~~(33)(C)~~ Training or duty performed by a member of  
12 the National Guard of the United States, the Air Na-  
13 tional Guard of the United States, or the federally recog-  
14 nized National Guard or Air National Guard of any  
15 of the several States and Territories, or the District  
16 of Columbia, under section 5, 81, 92, 94, 97, 99, or  
17 113 of the National Defense Act, approved June 3,  
18 1916, as amended, shall be deemed to be "active duty  
19 for training", or "inactive duty training", according  
20 to the character of the training or duty performed.

21 *(C) A member of the National Guard or Air*  
22 *National Guard of the several States, Territories, or*  
23 *the District of Columbia, when performing training or*  
24 *duty under sections 92, 94, 97, 99, or 113 of the Na-*  
25 *tional Defense Act of June 3, 1916, as amended, shall,*

1     *for the purpose of benefits provided herein, be considered*  
2     *a "member of a reserve component of a uniformed*  
3     *service", and training or duty performed by such a*  
4     *member under those sections of that Act shall be con-*  
5     *sidered "active duty for training", or "inactive duty*  
6     *training" as appropriate.*

7           (7) ~~(34)~~*The Except for purposes of title IV, the*  
8     terms "child" and "parent" have the meanings assigned  
9     to them by Veterans Regulation Numbered 10, as  
10    amended.

11           (8) ~~(35)~~*The Except for purposes of title IV, the*  
12    term "widow" means a woman who was married to a  
13    person—

14           (A) before the expiration of fifteen years after  
15    the termination of the period of active duty, ac-  
16    tive duty for training, or inactive duty training, in  
17    which the injury or disease causing the death of  
18    such person was incurred or aggravated; or

19           (B) for five or more years; or

20           (C) for any period of time if a child was born  
21    of the marriage.

22           (9) "Secretary concerned" means—

23           (A) The Secretary of the Army with respect  
24    to the Army;



1 (B) The Secretary of the Navy with respect  
2 to the Navy and Marine Corps;

3 (C) The Secretary of the Air Force with re-  
4 spect to the Air Force;

5 (D) The Secretary of the Treasury with respect  
6 to the Coast~~(36)~~ Guard; *Guard*.

7 ~~(37)(E)~~ The Secretary of Commerce with respect  
8 to the Coast and Geodetic Survey; and

9 ~~(38)(F)~~ The Secretary of Health, Education, and  
10 Welfare with respect to the Public Health Service.

11 (10) (A) "Basic pay" means the monthly pay pre-  
12 scribed by section 201 (a), 201 (e), 201 (f), or 508  
13 of the Career Compensation Act of 1949, as may be  
14 appropriate, for a member of a uniformed service on  
15 active duty.

16 (B) The pay received by members of the Reserve  
17 Officers' Training Corps, the Naval Reserve Officers'  
18 Training Corps, and the Air Force Reserve Officers'  
19 Training Corps during periods of annual training duty  
20 of fourteen days or more shall be considered to be "basic  
21 pay", and the rank and years of service of such members  
22 shall be a rank (and years of service) comparable to  
23 the pay grade and years of service to which their pay  
24 is related.

25 (11) (A) With respect to a member of a uniformed

1 service who died while on active duty, active duty for  
2 training, or inactive duty training, the term "basic pay"  
3 (for purposes of title II) means the basic pay (as  
4 defined in paragraph (10)) prescribed on January 1,  
5 ~~(39)1956~~ 1957, or on the date of his death (whichever  
6 is the later date) for a member of a uniformed service  
7 on active duty of the same rank (with the same cumu-  
8 lative years of service for purposes of pay) as that of the  
9 deceased member of a uniformed service on the date of  
10 his death.

11 (B) With respect to a deceased member or former  
12 member of a uniformed service who did not die on active  
13 duty, active duty for training, or inactive duty training,  
14 the term "basic pay" (for purposes of title II) means  
15 the basic pay (as defined in paragraph (10)) pre-  
16 scribed on January 1, ~~(40)1956~~ 1957, or on the date of  
17 his death (whichever is the later date) for a member of  
18 a uniform service on active duty of the same rank (with  
19 the same cumulative years of service for purposes of  
20 pay) as that of the deceased member or former member  
21 of a uniformed service on the date of his last discharge  
22 or release from active duty under conditions other than  
23 dishonorable; however, if his death results from disease  
24 or injury incurred or aggravated while on active duty  
25 for training, or from injury incurred or aggravated while

1 on inactive duty training, after such last discharge or  
2 release from active duty, his rank and years of service  
3 for purposes of pay shall be those held by him on the  
4 date of his discharge or release from the period of active  
5 duty for training or inactive duty training in which  
6 such injury or disease was incurred or aggravated.

7 (C) With respect to a deceased person who is not  
8 a member or former member of a uniformed service, but  
9 who had a compensable status on the date of his death  
10 under laws administered by the Veterans' Administra-  
11 tion, the head of the department under which such person  
12 performed the services by which he obtained a compen-  
13 sable status shall determine a pay grade for such person  
14 under section 201 (a) of the Career Compensation Act  
15 of 1949, as amended, and a rate of pay within that pay  
16 grade (taking into consideration his duties, responsibili-  
17 ties, and years of service). His "basic pay" shall be that  
18 prescribed on January 1, ~~(41)1956~~ 1957, or the date of  
19 his death, whichever is the later date, under such section  
20 201 (a) for the pay grade and rate of pay so determined.  
21 For the purposes of title II of this Act, only, such  
22 persons shall be deemed to have been on active duty  
23 during the period of service by which they obtained a  
24 compensable status.

25 (D) Whenever basic pay prescribed by section

1       201 (a), 201 (e), 201 (f), or 508 of the Career  
2       Compensation Act of 1949 is increased or decreased,  
3       “basic pay” determined pursuant to this paragraph (11)  
4       shall increase or decrease accordingly.

5           (E) Any person described in paragraph (2) (E)  
6       who suffers an injury or disease resulting in disability  
7       or death while en route to or from, or at, a place for  
8       final acceptance or entry upon active duty in the mili-  
9       tary or naval service shall be deemed to be on active  
10      duty when such incident occurs, and to be entitled to  
11      the basic pay of the pay grade which he would  
12      receive upon final acceptance or entry upon active duty  
13      in such service.

14          (F) The Secretary concerned shall, at the request  
15      of the Administrator, certify to him the (42) *basic pay*  
16      *considering* rank or grade and cumulative years of serv-  
17      ice for pay purposes of deceased persons with respect to  
18      whose deaths applications for benefits are filed under  
19      title II of this Act. The certification of the Secretary  
20      concerned shall be binding upon the Administrator.

21          (12) Where an individual is discharged or released on  
22      or after January 1, (43) ~~1956~~ 1957, from a period of  
23      active duty, such individual shall be deemed to continue  
24      on active duty and to be entitled to basic pay (and any  
25      special or incentive pays) at the rate to which he was

1 entitled on the day prior to his discharge or release  
 2 from such duty, during the period of time (44) *immedi-*  
 3 *ately following the date of such discharge or release deter-*  
 4 *mined by the Secretary concerned to be required for*  
 5 *him to proceed to his home by the most direct route,*  
 6 *and in any event, until midnight of the date of such*  
 7 *discharge or release.*

8 TITLE II—DEPENDENCY AND INDEMNITY  
 9 COMPENSATION

10 DEATHS ENTITLING SURVIVORS TO DEPENDENCY AND  
 11 INDEMNITY COMPENSATION

12 SEC. 201. When any person dies on or after January  
 13 1, (45)~~1956~~ 1957—

14 (1) from disease or injury incurred or aggravated  
 15 in line of duty while on active duty or active duty for  
 16 training;

17 (2) from injury incurred or aggravated in line of  
 18 duty while on inactive duty training; or

19 (3) from a disability compensable under laws ad-  
 20 ministered by the Veterans' Administration,

21 the Administrator shall pay dependency and indemnity com-  
 22 pensation under this title to his widow, children, and de-  
 23 pendent parents upon application therefor.

## 1 DEPENDENCY AND INDEMNITY COMPENSATION TO A WIDOW

2 ~~(46)SEC. 202. (a)~~ Dependency and indemnity compensa-  
3 tion shall be paid under this title to a widow at a monthly  
4 rate equal to \$112 plus 12 per centum of the basic pay of  
5 her deceased husband, with the total amount adjusted to  
6 the next highest dollar.

7 ~~(b)~~ If there is more than one child of a deceased per-  
8 son, and the deceased person did not die a fully or currently  
9 insured individual ~~(for purposes of title II of the Social~~  
10 ~~Security Act)~~, or if his average monthly wage ~~(for purposes~~  
11 ~~of that title)~~ is less than \$160, the dependency and in-  
12 demnity compensation paid monthly to the widow shall be  
13 increased by \$20 for each such child in excess of one; how-  
14 ever, the total of such increases shall not exceed the differ-  
15 ence between—

16 ~~(1)~~ the total of the monthly benefits to which such  
17 widow and children would be entitled under such title II  
18 if the deceased person's average monthly wage had been  
19 \$160; and

20 ~~(2)~~ the total of the monthly benefits to which such  
21 widow and children are entitled under such title II.

22 It shall be assumed for purposes of clause ~~(1)~~ that such  
23 widow and all such children are entitled to such benefits

1 and that the deceased person died a fully and currently in-  
 2 sured individual. The amounts referred to in clauses (1) and  
 3 (2) shall be determined by the Secretary of Health, Educa-  
 4 tion, and Welfare, making all reductions required by section  
 5 203 (a) of the Social Security Act, and shall be certified by  
 6 him to the Administrator.

7       *SEC. 202. (a) Dependency and indemnity compensation*  
 8 *shall be paid under this title to a widow at a monthly rate*  
 9 *equal to \$112 plus 12 per centum of the basic pay of her*  
 10 *deceased husband.*

11       *(b) If there are two or more children of a deceased*  
 12 *person and—*

13           *(1) at least two of such children have not attained*  
 14 *the age of eighteen, and*

15           *(2) (A) such deceased person died neither a fully*  
 16 *nor currently insured individual (for purposes of title II*  
 17 *of the Social Security Act) nor completely or partially*  
 18 *insured (for purposes of section 5 of the Railroad Re-*  
 19 *irement Act of 1937, as amended), or*

20           *(B) the total of monthly benefits to which the widow*  
 21 *and children, who have not attained the age of eighteen,*  
 22 *of such deceased person are or would, upon the filing of*

1        *an application, be entitled under section 202 of the Social*  
2        *Security Act, or section 5 of the Railroad Retirement*  
3        *Act of 1937, as amended, on the basis of such deceased*  
4        *person's earnings is less than \$128,*  
5        *then the dependency and indemnity compensation paid*  
6        *monthly to the widow pursuant to subsection (a) of this*  
7        *section, shall be increased by \$30 for each such child, who has*  
8        *not attained the age of eighteen, in excess of one; except that*  
9        *the total of such increases shall not exceed the difference*  
10       *between (i) \$128, and (ii) the total of the monthly benefits*  
11       *to which such individuals are or would, upon the filing of*  
12       *an application, be entitled under the Social Security Act*  
13       *(after reduction under section 203 (a) of the Social Security*  
14       *Act but without regard to the deduction provisions of such*  
15       *section 203), or under section 5 of the Railroad Retirement*  
16       *Act of 1937, as amended (after reduction under section 4*  
17       *(i) and section 5 (h) of such Act), whichever is applicable.*

18        *(c) The amount determined under subsection (a) shall,*  
19        *after increase (if any) under subsection (b), be adjusted*  
20        *by the Administrator to the next higher dollar. The amount*  
21        *referred to in clause (ii) of subsection (b) shall be deter-*



1 *mined by the Secretary of Health, Education, and Welfare,*  
 2 *or the Railroad Retirement Board, as the case may be, and*  
 3 *shall be certified to the Administrator upon his request.*

4           DEPENDENCY AND INDEMNITY COMPENSATION TO  
 5   CHILDREN

6           SEC. 203. (a) Whenever there is no widow of a de-  
 7 ceased person entitled to dependency and indemnity com-  
 8 pensation under this title, dependency and indemnity com-  
 9 pensation shall be paid to the children of the deceased person  
 10 at the following rates:

- 11                   (1) One child, \$70 per month.  
 12                   (2) Two children, \$100 per month.  
 13                   (3) Three children, \$130 per month.  
 14                   (4) More than three children, \$130 per month,  
 15 plus \$25 per month for each child in excess of three.

16           (b) Dependency and indemnity compensation pre-  
 17 scribed by this section shall be paid to eligible children in  
 18 equal shares.

19           SUPPLEMENTAL DEPENDENCY AND INDEMNITY  
 20   COMPENSATION TO CHILDREN

21           SEC. 204. (a) In the case of a child entitled to de-  
 22 pendency and indemnity compensation who has attained the  
 23 age of eighteen and who, while under such age, became per-  
 24 manently incapable of self-support, the dependency and

1 indemnity compensation paid monthly to him shall be  
2 increased by \$25.

3 (b) If dependency and indemnity compensation  
4 is payable monthly to a woman as a "widow" and there is  
5 a child (of her deceased husband) who has attained the age  
6 of eighteen and who, while under such age, became perma-  
7 nently incapable of self-support, dependency and indemnity  
8 compensation shall be paid monthly to each such child, con-  
9 currently with the payment of dependency and indemnity  
10 compensation to the widow, in the amount of \$70.

11 (c) If dependency and indemnity compensation is pay-  
12 able monthly to a woman as a "widow" and there is a child  
13 (of her deceased husband) who has attained the age of  
14 eighteen and who, while under the age of twenty-one, is  
15 pursuing a course of instruction at an approved educational  
16 institution, dependence and indemnity compensation shall  
17 be paid monthly to each such child, concurrently with the  
18 payment of dependency and indemnity compensation to the  
19 widow, in the amount of \$35.

20 **DEPENDENCY AND INDEMNITY COMPENSATION TO PARENTS**

21 **SEC. 205.** (a) Dependency and indemnity compen-  
22 sation shall be paid monthly under this title to (47) de-  
23 pendent parents of a deceased person in the amounts pre-  
24 scribed by this section.

1 (b) Except as provided in subsection (d), if there  
 2 is only one (48) dependent parent, dependency and indem-  
 3 nity compensation shall be paid to him at a monthly rate  
 4 equal to the amount under column II of the following table  
 5 opposite his total annual income as shown in column I:

Column I		Column II
Total annual income		
More than—	but	Equal to or less than—
\$750		\$75
\$1,000	\$750	\$60
\$1,250	\$1,000	\$45
\$1,500	\$1,250	\$30
\$1,750	\$1,500	\$15
	\$1,750	No amount payable
	-----	

6 (c) Except as provided in subsection (d), if there are  
 7 two (49) dependent parents, but they are not living together,  
 8 dependency and indemnity compensation shall be paid to each  
 9 at a monthly rate equal to the amount under column II  
 10 of the following table opposite the total annual income of  
 11 each as shown in column I:

Column I		Column II
Total annual income		
More than—	but	Equal to or less than—
\$750		\$50
\$1,000	\$750	\$40
\$1,250	\$1,000	\$30
\$1,500	\$1,250	\$20
\$1,750	\$1,500	\$10
	\$1,750	No amount payable
	-----	

1 (d) If there are two ~~(50)dependent~~ parents who are  
 2 living together, or if a ~~(51)dependent~~ parent has remarried  
 3 and is living with his spouse, dependency and indemnity  
 4 compensation shall be paid to each such ~~(52)dependent~~ par-  
 5 ent at a monthly rate equal to the amount under column II  
 6 of the following table opposite the total combined annual  
 7 income of the ~~(53)dependent~~ parents, or of the ~~(54)de-~~  
 8 ~~pendent~~ parent and his spouse, as the case may be, as shown  
 9 in column I:

Column I		Column II
Total combined annual income		
More than—	Equal to or but less than—	
\$1, 000	\$1, 000	\$50
\$1, 350	\$1, 350	\$40
\$1, 700	\$1, 700	\$30
\$2, 050	\$2, 050	\$20
\$2, 400	\$2, 400	\$10
	-----	No amount payable

10 (e) The Administrator shall require as a condition of  
 11 granting or continuing dependency and indemnity compensa-  
 12 tion to a ~~(55)dependent~~ parent that such ~~(55)dependent~~  
 13 parent file each year with him (on the form prescribed by  
 14 him) a report showing the total income which such ~~(56)de-~~  
 15 ~~pendent~~ parent expects to receive in that year and the total  
 16 income which such ~~(57)dependent~~ parent received in the

1 preceding year. The ~~(58)dependent~~ parent or parents shall  
2 file with the Administrator a revised report whenever there  
3 is a material change in the estimated annual income.

4 (f) If the Administrator ascertains that there have been  
5 overpayments to a ~~(59)dependent~~ parent under this section,  
6 he shall deduct such overpayments (unless waived) from any  
7 future payments made to such ~~(60)dependent~~ parent under  
8 this section.

9 (g) (1) In determining income under this section, all  
10 payments of any kind or from any source shall be included  
11 except—

12 (A) payments of the six-months' death gratuity;

13 (B) donations from public or private relief or wel-  
14 fare organizations;

15 (C) payments under this title; ~~(61)and~~

16 (D) payments of death ~~(62)or disability~~ compen-  
17 sation under any other law administered by the Veter-  
18 ans' ~~(63)Administration. Administration;~~

19 ~~(64)(E) lump-sum death payments under title II~~  
20 *of the Social Security Act.*

21 (2) The Administrator may provide by regulation for  
22 the exclusion from income under this section of amounts  
23 paid by a ~~(65)dependent~~ parent for unusual medical  
24 expenses.

1 DEPENDENCY AND INDEMNITY COMPENSATION IN CASES  
2 OF PRIOR DEATHS

3 SEC. 206. (a) (1) Any person who, on or after De-  
4 cember 31, ~~(66)1955~~ 1956, is eligible as a widow or child for  
5 death compensation under any other law administered by the  
6 Veterans' Administration by reason of a death occurring on  
7 or before that date may receive dependency and indemnity  
8 compensation under this title upon application therefor, with-  
9 out regard to clause (1) of section 209 (c).

10 (2) Any person who, on or after December 31, ~~(67)~~  
11 ~~1955~~ 1956, is eligible as a ~~(68)dependent~~ parent, or, but for  
12 his annual income, would be eligible as a ~~(69)dependent~~ par-  
13 ent, for death compensation under any other law administered  
14 by the Veterans' Administration by reason of a death occur-  
15 ring on or before that date may receive dependency and in-  
16 demnity compensation under this title upon application  
17 therefor, without regard to clause (1) of section 209 (c) ;  
18 however, the annual income limitations established by section  
19 205 shall apply to each such ~~(70)dependent~~ parent.

20 (b) (1) Whenever the widow of a deceased person  
21 is granted dependency and indemnity compensation by  
22 reason of this section, payments to her and to the children  
23 of the deceased person shall thereafter be made under this  
24 title, and shall not thereafter be made to them by reason

1 of the death of the deceased person under (A) any other law  
2 administered by the Veterans' Administration providing for  
3 the payment of compensation or pension or (B) the Federal  
4 Employees' Compensation Act.

5 (2) Whenever the child or ~~(71)dependent~~ parent of  
6 any deceased person is granted dependency and indemnity  
7 compensation by reason of this section, payments shall not  
8 thereafter be made to such child or ~~(72)dependent~~ parent by  
9 reason of the death of the deceased person under (A) any  
10 other law administered by the Veterans' Administration pro-  
11 viding for the payment of compensation or pension or (B)  
12 the Federal Employees' Compensation Act.

13 (c) If children of a deceased person are receiving  
14 death compensation under any other law administered by  
15 the Veterans' Administration, and all such children have  
16 not applied for benefits under this title, (1) benefits paid  
17 to each such child under this title shall not exceed the  
18 amounts which would be paid if the application had been  
19 made by, or on behalf of, all such children, and (2) bene-  
20 fits paid to each child under any other law administered  
21 by the Veterans' Administration providing for the payment  
22 of death compensation or death pension, or under the Fed-  
23 eral Employees' Compensation Act, shall not exceed the

1 amounts which would be paid to him if no such application  
2 had been made.

3 (d) If there are two ~~(73)dependent~~ parents of a de-  
4 ceased person eligible for benefits by reason of subsection  
5 (a), and an application for benefits under this title is not  
6 made by both ~~(74)dependent~~ parents, (1) benefits paid to  
7 the dependent parent who applies therefor shall not exceed  
8 the amounts which would be paid to him if both ~~(75)depend-~~  
9 ~~ent~~ parents had so applied, and (2) benefits paid to the  
10 other ~~(76)dependent~~ parent under any other law admin-  
11 istered by the Veterans' Administration providing for the  
12 payment of death compensation, or under the Federal Em-  
13 ployees' Compensation Act, shall not exceed the amounts  
14 which would be paid to him if no such application had been  
15 made.

16 (e) (1) ~~(77)Except as provided in paragraph (3), no~~  
17 No person who, on January 1, ~~(78)1956~~ 1957, is a prin-  
18 cipal or contingent beneficiary of any payments under the  
19 Servicemen's Indemnity Act of 1951 may receive any such  
20 payments based upon the death giving rise to such payments  
21 after he has been granted dependency and indemnity com-  
22 pensation by reason of this section. No principal or contin-



1 gent beneficiary who assigns his interest in payments under  
 2 the Servicemen's Indemnity Act of 1951 after June 28,  
 3 ~~(79)1955~~ 1956, may receive any payments under this title  
 4 based upon the death giving rise to such payments until the  
 5 portion of the indemnity so assigned is no longer payable to  
 6 any person.

7 (2) Where a beneficiary is barred from the receipt of  
 8 payments under the Servicemen's Indemnity Act of 1951  
 9 by virtue of the first sentence of paragraph (1), no pay-  
 10 ments of the portion of indemnity in which such beneficiary  
 11 had an interest shall be made to any other beneficiary.

12 ~~(80)(3)~~ Where a child is eligible for dependency and in-  
 13 demnity compensation by reason of this section, and is also  
 14 eligible for payments under the Servicemen's Indemnity  
 15 Act of 1951 by reason of the death giving rise to his eligi-  
 16 bility for dependency and indemnity compensation, he shall  
 17 receive the greater amount. Where a child receives pay-  
 18 ments under such Act and such child is also eligible for de-  
 19 pendency and indemnity compensation, no payments of  
 20 the portion of the indemnity in which such child had an  
 21 interest shall be made to any other person except another  
 22 child of the deceased person.

23 DETERMINATIONS BY THE VETERANS' ADMINISTRATION

24 SEC. 207. The standards and criteria for determining  
 25 incurrence or aggravation of a disease or injury in line

1 of duty under this title shall be those applicable under dis-  
2 ability compensation laws administered by the Veterans'  
3 Administration.

4 **DUPLICATION OF BENEFITS**

5 **SEC. 208.** No person eligible for benefits under this  
6 title by reason of any death occurring on or after January 1,  
7 ~~(81)1956~~ 1957, shall be eligible by reason of such death (1)  
8 for death compensation or death pension under any other  
9 law administered by the Veterans' Administration, or (2)  
10 for any payments under the Federal Employees' Compensa-  
11 tion Act.

12 **ADMINISTRATIVE PROVISIONS**

13 **SEC. 209.** (a) This title shall be administered by the  
14 Administrator. Except as otherwise provided in this Act,  
15 the administrative, definitive, and regulatory provisions  
16 under Public, Numbered 2, Seventy-third Congress, as  
17 amended, shall be for application under this title. ~~(82)~~*De-*  
18 *pendency and indemnity compensation which is otherwise*  
19 *payable to a child shall commence effective the date on*  
20 *which the child's entitlement arose if application is filed*  
21 *within one year from that date; otherwise from the date*  
22 *of filing application.*

23 (b) Payment of benefits under this title by reason of  
24 any application filed with respect to a death which occurred  
25 before January 1, ~~(83)1956~~ 1957, shall become effective as

1 of the date such application is filed; however, payment of  
 2 such benefits by reason of any such application shall become  
 3 effective as of January 1, ~~(84)1956~~ 1957—

4 (1) if the application is filed on or before July  
 5 1, ~~(85)1956~~ 1957; or

6 (2) if the application is filed within one year after  
 7 the date of such death.

8 (c) Dependency and indemnity compensation shall not  
 9 be paid under this title to the widow, children, or parents  
 10 of any deceased person unless the deceased person (1) was  
 11 discharged or released under conditions other than dishon-  
 12 orable from the period of active duty, active duty for train-  
 13 ing, or inactive duty training in which the disability was  
 14 incurred, or (2) died while on active duty, active duty for  
 15 training, or inactive duty training.

16 (d) ~~(86)A child eligible for~~ *If a child receives or there*  
 17 *is paid on account of a child dependency and indemnity*  
 18 *compensation, or death compensation under any other law*  
 19 *administered by the Veterans' Administration, by reason*  
 20 *of the death of a* ~~(87)parent~~ *parent, (88)may not receive*  
 21 *dependency and indemnity compensation by reason of the*  
 22 *death of another parent* ~~(89)who is not a natural parent~~  
 23 *who is not in the same parental line may not be paid to or on*  
 24 *account of such child.*

25 (e) No dependency and indemnity compensation shall

1 be paid under this title to any woman as a "widow" unless  
2 she continuously cohabited with her husband from the date  
3 of marriage to the date of death except where there was a  
4 separation which was due to the misconduct of or procured  
5 by the husband without fault on her part. Payments of de-  
6 pendency and indemnity compensation shall not be made by  
7 reason of the death of her husband to any woman as his  
8 "widow" (90) *for any period* after she has remarried, unless  
9 the purported remarriage is void.

10 (f) There shall be no recovery of overpayments under  
11 this title from any person who, in the judgment of the  
12 Administrator, is without fault on his part if, in the judgment  
13 of the Administrator, such a recovery would defeat the pur-  
14 pose of the benefits payable under this title or would be  
15 against equity and good conscience. No disbursing or certi-  
16 fying officer shall be held liable for any amount paid to  
17 any person where the recovery of such amount from the  
18 payee is waived under this subsection.

19 **EXEMPTION FROM TAXATION AND CLAIMS OF CREDITORS**

20 **SEC. 210.** Payments of dependency and indemnity com-  
21 pensation due or to become due under this title shall not  
22 be assignable, shall be exempt from taxation, shall be ex-  
23 empt from the claims of creditors, including any claim of  
24 the United States (except as provided in section 3 of the  
25 Act of August 12, 1935 (38 U. S. C., sec. 454a)), and

1 shall not be subject to attachment, levy, or seizure by or  
2 under any legal or equitable process whatever either before  
3 or after receipt by the payee. (91) *Notwithstanding the fore-*  
4 *going provisions of this section, payments of dependency and*  
5 *indemnity compensation due or to become due under this title*  
6 *shall not be exempt from levy under the provisions of sub-*  
7 *chapter D of chapter 64 of the Internal Revenue Code of*  
8 *1954, relating to seizure of property for collection of taxes.*

### 9 TITLE III—DEATH GRATUITY

#### 10 DEATHS ENTITLING SURVIVORS TO DEATH GRATUITY

11 SEC. 301. (a) Except as provided in section 304 (a),  
12 the Secretary concerned shall have a death gratuity paid  
13 immediately upon official notification of the death of a  
14 member of a uniformed service under his jurisdiction who  
15 dies while on active duty, active duty for training, or inactive  
16 duty training.

17 (b) The death gratuity shall equal six months' basic pay  
18 (plus special and incentive pays) at the rate to which the  
19 deceased member of a uniformed service was entitled on  
20 the date of his death, but shall not be less than \$800 nor  
21 more than \$3,000.

22 (c) The death gratuity shall be paid to or for the living

1 survivor or survivors of the deceased member of a uniformed  
2 service first listed below :

3 (1) His spouse.

4 (2) His children (without regard to their age or marital  
5 status) in equal shares.

6 (3) His parents or his brothers or sisters (including  
7 those of the half blood and those through adoption), when  
8 designated by him.

9 (4) His parents in equal shares.

10 (5) His brothers and sisters (including those of the  
11 half blood and those through adoption) in equal shares.

12 (d) If a survivor dies before he receives the amount to  
13 which he is entitled under this title, such amount shall be  
14 paid to the then living survivor or survivors first listed under  
15 subsection (c).

16 IMMEDIATE PAYMENT OF DEATH GRATUITY

17 SEC. 302. In order that payments under section 301  
18 may be made immediately, the Secretary concerned (1)  
19 shall authorize the commanding officers of military or naval  
20 commands, installations, or districts, in which survivors of  
21 deceased members of the Army, Navy, Air Force, Marine  
22 Corps, or Coast Guard are residing, to determine the survi-

1 vors eligible to receive the death gratuity, and (2) shall  
 2 authorize the disbursing or certifying officer of each such  
 3 command, installation, or district to make the payments to  
 4 the survivors so determined, or certify the payments due to  
 5 such survivors, as may be appropriate.

6 DEATH GRATUITY COVERAGE AFTER ACTIVE SERVICE

7 SEC. 303. (a) The Secretary concerned shall have a  
 8 death gratuity paid in any case where a member or former  
 9 member of a uniformed service dies on or after January 1,  
 10 ~~(92)1956~~ 1957, during the one hundred and twenty-day  
 11 period which begins on ~~(93)~~*the day following* the date of his  
 12 discharge or release from active duty, active duty for train-  
 13 ing, or inactive duty training, if the Administrator determines  
 14 that the death resulted—

15 (1) from disease or injury incurred or aggravated  
 16 while on such active duty or active duty for training;  
 17 or

18 (2) from injury incurred or aggravated while on  
 19 such inactive duty training.

20 (b) Whenever the Administrator determines, on the  
 21 basis of a claim for benefits filed with him under title II  
 22 of this Act, that a death occurred under the circumstances  
 23 referred to in subsection (a), he shall certify that fact to  
 24 the Secretary concerned; in all other cases, he shall make the

1 determination referred to in that subsection at the request  
2 of the Secretary concerned.

3 (c) The standards, criteria, and procedures for deter-  
4 mining incurrence or aggravation of a disease or injury under  
5 this section shall (except for line of duty) be those appli-  
6 cable under disability compensation laws administered by  
7 the Veterans' Administration.

8 (d) For purposes of computing the amount of the death  
9 gratuity to be paid by reason of this section, the deceased  
10 person shall be deemed to be entitled on the date of his death  
11 to basic pay (plus special and incentive pays) at the rate  
12 to which he was entitled on the last day he performed such  
13 active duty, active duty for training, or inactive duty  
14 training.

15 (e) No amounts shall be paid by reason of this section  
16 unless ~~(94)~~ *the Administrator determines that* the deceased  
17 person was discharged or released under conditions other  
18 than dishonorable from such period of active duty, active  
19 duty for training, or inactive duty training.

20 ADMINISTRATIVE PROVISIONS

21 SEC. 304. (a) No payment shall be made under this  
22 title if the deceased member of a uniformed service  
23 suffered death as a result of lawful punishment for crime  
24 or for a military or naval offense, except when death was



1 so inflicted by any hostile force with which the Armed  
2 Forces of the United States have engaged in armed conflict.

3 ~~(95)(b)~~ No certifying or disbursing officer shall be liable  
4 for any amounts erroneously paid or overpaid under this  
5 title to a woman as a "spouse" or to a person as a "child"  
6 in the absence of fraud, gross negligence, or criminality on  
7 his part.

8 ~~(96)(c)~~ The Secretary concerned may waive the recovery  
9 of any such erroneous payments or overpayments when  
10 such recovery would be against equity and good conscience.

11 ~~(97)(4)~~ (b) Payments under this title shall be made from  
12 appropriations available for the pay of members of the  
13 uniformed service concerned.

14 ~~(98)(c)~~ (c) A member of a reserve component of a uni-  
15 formed service who performs active duty, active duty for  
16 training, or inactive duty training, without pay, shall, for the  
17 purposes of this title only, be considered as having been en-  
18 titled to basic pay while performing such duties. In the case  
19 of a member of a reserve component of a uniformed service  
20 who suffers disability while on active duty, active duty for  
21 training, or inactive duty training, and is placed in a pay  
22 status while he is receiving hospitalization or medical care

1 (including outpatient care) for such disability, he shall be  
 2 deemed, for the purposes of this title, to continue on active  
 3 duty, active duty for training, or inactive duty training, as  
 4 the case may be, for so long as he remains in a pay status.  
 5 ~~(99)(f)~~ (d) For purposes of this title, a man or woman shall  
 6 be considered to be the spouse of a member of a uniformed  
 7 service if legally married to the member of a uniformed  
 8 service at the time of the member's death.

#### 9 TITLE IV—OLD-AGE AND SURVIVORS

#### 10 INSURANCE

#### 11 PART A—PROVISIONS RELATING TO TITLE II OF THE 12 SOCIAL SECURITY ACT

#### 13 DEFINITION OF WAGES

14 SEC. 401. Section 209 of the Social Security Act is  
 15 amended by adding at the end thereof the following new  
 16 paragraph:

17 “For purposes of this title, in the case of an individual  
 18 performing service, as a member of a uniformed service, to  
 19 which the provisions of section 210 (m) (1) are applicable,  
 20 the term ‘wages’ ~~(100)~~(as defined in the preceding provi-  
 21 sions of this subsection) shall include *shall, subject to the*  
 22 *provisions of subsection (a) of this section, include* as such

1 individual's remuneration for such service only his basic pay  
2 as described in section 102 (10) of the Servicemen's and  
3 Veterans' Survivor Benefits Act."

4 DEFINITION OF EMPLOYMENT

5 SEC. 402. (a) Section 210 of the Social Security  
6 Act is amended by adding at the end thereof the following  
7 new subsections:

8 "Service in the Uniformed Services

9 "(m) (1) Except as provided in paragraph (4), the  
10 term 'employment' shall, notwithstanding the provisions of  
11 subsection (a) of this section, include service performed  
12 after December ~~(101)1955~~ 1956 by an individual as a mem-  
13 ber of a uniformed service on active duty; but such term shall  
14 not include any such service which is performed while on  
15 leave without pay.

16 "(2) The term 'active duty' means 'active duty' as  
17 described in section 102 of the Servicemen's and Veterans'  
18 Survivor Benefits Act, except that it shall also include 'active  
19 duty for training' as described in such section.

20 "(3) The term 'inactive duty training' means 'inactive  
21 duty training' as described in such section 102.

22 "(4) (A) Paragraph (1) of this subsection shall not  
23 apply in the case of any service, performed by an individual  
24 as a member of a uniformed service, which is creditable under  
25 section 4 of the Railroad Retirement Act of 1937. The Rail-

1 road Retirement Board shall notify the Secretary of Health,  
2 Education, and Welfare, as provided in section 4 (p) (2)  
3 of that Act, with respect to all such service which is so  
4 creditable.

5 “(B) In any case where benefits under this title are  
6 already payable on the basis of such individual’s wages and  
7 self-employment income at the time such notification (with  
8 respect to such individual) is received by the Secretary,  
9 the Secretary shall certify no further benefits for payment un-  
10 der this title on the basis of such individual’s wages and self-  
11 employment income, or shall recompute the amount of any  
12 further benefits payable on the basis of such wages and self-  
13 employment income, as may be required as a consequence of  
14 subparagraph (A) of this paragraph. No payment of a bene-  
15 fit to any person on the basis of such individual’s wages and  
16 self-employment income, certified by the Secretary prior to  
17 the end of the month in which he receives such notification  
18 from the Railroad Retirement Board, shall be deemed by  
19 reason of this subparagraph to have been an erroneous pay-  
20 ment or a payment to which such person was not entitled.  
21 The Secretary shall, as soon as possible after the receipt of  
22 such notification from the Railroad Retirement Board, advise  
23 such Board whether or not any such benefit will be reduced or  
24 terminated by reason of subparagraph (A), and if any such  
25 benefit will be so reduced or terminated, specify the first

1 month with respect to which such reduction or termination  
2 will be effective.

3                   “Member of a Uniformed Service

4           “(n) The term ‘member of a uniformed service’ means  
5 any person appointed, enlisted, or inducted in a component  
6 of the Army, Navy, Air Force, Marine Corps, or Coast  
7 Guard (including a reserve component of a uniformed serv-  
8 ice as defined in section 102 (3) of the Servicemen’s and  
9 Veterans’ Survivor Benefits Act), or in one of those services  
10 without specification of component, ~~(102) or as a commis-~~  
11 ~~sioned officer of the Coast and Geodetic Survey or the Regu-~~  
12 ~~lar or Reserve Corps of the Public Health Service, and any~~  
13 person serving in the Army or Air Force under call or  
14 conscription. The term includes—

15           “(1) a retired member of any of those services;

16           “(2) a member of the Fleet Reserve or Fleet  
17 Marine Corps Reserve;

18           “(3) a cadet at the United States Military Acad-  
19 emy, a midshipman at the United States Naval Acad-  
20 emy, and a cadet at the United States Coast Guard  
21 Academy or United States Air Force Academy;

22           “(4) a member of the Reserve Officers’ Training  
23 Corps, the Naval Reserve Officers’ Training Corps, or  
24 the Air Force Reserve Officers’ Training Corps, when  
25 ordered to annual training duty for fourteen days or

1 more, and while performing authorized travel to and  
2 from that duty; and

3 “(5) any person while en route to or from, or at,  
4 a place for final acceptance or for entry upon active  
5 duty in the military or naval service—

6 “(A) who has been provisionally accepted for  
7 such duty; or

8 “(B) who, under the Universal Military Train-  
9 ing and Service Act, has been selected for active  
10 military or naval service;

11 and has been ordered or directed to proceed to such  
12 place.

13 The term does not include a temporary member of the Coast  
14 Guard Reserve.”

15 (b) The first sentence of section 205 (p) (1) of such  
16 Act is amended by inserting “including service, performed as  
17 a member of a uniformed service, to which the provisions  
18 of subsection (m) (1) of such section are applicable,”  
19 immediately after “in the employ of any instrumentality  
20 which is wholly owned by the United States,”.

21 LUMP-SUM DEATH PAYMENTS FOR REINTERMENT OF  
22 DECEASED VETERANS

23 SEC. 403. (a) The fourth sentence of section 202 (i)  
24 of the Social Security Act is amended to read as follows:  
25 (103)“In the case of any individual who died outside the

1 ~~forty-eight States and the District of Columbia after Decem-~~  
2 ~~ber 1955 while he was performing service, as a member of a~~  
3 *“In the case of any individual who died outside the forty-*  
4 *eight States and the District of Columbia after December*  
5 *1953 and before January 1, 1957, whose death occurred*  
6 *while he was in the active military or naval service of the*  
7 *United States, and who is returned to any of such States,*  
8 *the District of Columbia, Alaska, Hawaii, Puerto Rico, or*  
9 *the Virgin Islands for interment or reinterment, the provi-*  
10 *sions of the preceding sentence shall not prevent payment*  
11 *to any person under the second sentence of this subsection if*  
12 *application for a lump-sum death payment with respect to*  
13 *such deceased individual is filed by or on behalf of such*  
14 *person (whether or not legally competent) prior to the*  
15 *expiration of two years after the date of such interment or*  
16 *reinterment. In the case of any individual who died out-*  
17 *side the forty-eight States and the District of Columbia after*  
18 *December 1956 while he was performing service, as a mem-*  
19 *ber of a uniformed service, to which the provisions of*  
20 *section 210 (m) (1) are applicable, and who is re-*  
21 *turned to any of such States, or the District of Columbia,*  
22 *or to any Territory or possession of the United States, for*  
23 *interment or reinterment, the provisions of the third sentence*  
24 *of this subsection shall not prevent payment to any person*  
25 *under the second sentence of this subsection if application*

1 for a lump-sum death payment with respect to such deceased  
 2 individual is filed by or on behalf of such person (whether  
 3 or not legally competent) prior to the expiration of two  
 4 years after the date of such interment or reinterment.”

5 ~~(114)(b)~~ The amendment made by subsection ~~(a)~~ shall  
 6 take effect on January 1, 1956.

7 *(b) The amendment made by subsection (a) shall be*  
 8 *effective as though it had been enacted on March 31, 1956.*

9 CREDIT FOR MILITARY OR NAVAL SERVICE PERFORMED  
 10 BEFORE JANUARY 1, ~~(105)~~<sup>1956</sup> 1957

11 SEC. 404. (a) Section 217 (e) of the Social Security  
 12 Act is amended to read as follows:

13 “(e) (1) For purposes of determining entitlement to  
 14 and the amount of any monthly benefit or lump-sum death  
 15 payment payable under this title on the basis of wages and  
 16 self-employment income of any veteran (as defined in para-  
 17 graph (4) ), and for purposes of section 216 (i) (3), such  
 18 veteran shall be deemed to have been paid wages (in addi-  
 19 tion to the wages, if any, actually paid to him) of \$160  
 20 in each month during any part of which he served in the  
 21 active military or naval service of the United States on or  
 22 after July 25, 1947, and prior to January 1, ~~(106)~~<sup>1956</sup>  
 23 1957. This subsection shall not be applicable in the case of  
 24 any monthly benefit or lump-sum death payment if—

25 “(A) a larger such benefit or payment, as the



1 case may be, would be payable without its application;

2 or

3 “(B) a benefit (other than a benefit payable in a  
4 lump sum unless it is a commutation of, or a substitute  
5 for, periodic payments) which is based, in whole or in  
6 part, upon the active military or naval service of such  
7 veteran on or after July 25, 1947, and prior to January  
8 1, ~~(107)1956~~ 1957, is determined by any agency or  
9 wholly owned instrumentality of the United States  
10 (other than the Veterans' Administration) to be pay-  
11 able by it under any other law of the United States or  
12 under a system established by such agency or in-  
13 strumentality.

14 The provisions of clause (B) shall not apply in the case of  
15 any monthly benefit or lump-sum death payment under this  
16 title if its application would reduce by \$0.50 or less the  
17 primary insurance amount (as computed under section 215  
18 prior to any recomputation thereof pursuant to subsection  
19 (f) of such section) of the individual on whose wages and  
20 self-employment income such benefit or payment is based.

21 The provisions of clause (B) shall also not apply for pur-  
22 poses of section 216 (i) (3). In the case of monthly bene-  
23 fits under this title for months after December ~~(108)1955~~  
24 1956 (and any lump-sum death payment under this title with  
25 respect to a death occurring after December ~~(109)1955~~

1 1956) based on the wages and self-employment income of a  
2 veteran who performed service (as a member of a uniformed  
3 service) to which the provisions of section 210 (m) (1) are  
4 applicable, wages which would, but for the provisions of  
5 clause (B), be deemed under this subsection to have been  
6 paid to such veteran with respect to his active military or  
7 naval service performed after December 1950 shall be  
8 deemed to have been paid to him with respect to such  
9 service notwithstanding the provisions of such clause, but  
10 only if the benefits referred to in such clause which are based  
11 (in whole or in part) on such service are payable solely by  
12 the Army, Navy, Air Force, Marine Corps, ~~(110)Coast~~  
13 ~~Guard, Coast and Geodetic Survey or Public Health Service~~  
14 *and Coast Guard.*

15 “(2) Upon application for benefits or a lump-sum death  
16 payment on the basis of the wages and self-employment in-  
17 come of any veteran, the Secretary of Health, Education,  
18 and Welfare shall make a decision without regard to clause  
19 (B) of paragraph (1) of this subsection unless he has been  
20 notified by some other agency or instrumentality of the  
21 United States that, on the basis of the military or naval  
22 service of such veteran on or after July 25, 1947, and prior  
23 to January 1, ~~(111)1956~~ 1957, a benefit described in clause  
24 (B) of paragraph (1) has been determined by such agency  
25 or instrumentality to be payable by it. If he has not been so

1 notified, the Secretary of Health, Education, and Welfare  
2 shall then ascertain whether some other agency or wholly  
3 owned instrumentality of the United States has decided that a  
4 benefit described in clause (B) of paragraph (1) is payable  
5 by it. If any such agency or instrumentality has decided, or  
6 thereafter decides, that such a benefit is payable by it, it  
7 shall so notify the Secretary of Health, Education, and Wel-  
8 fare, and the Secretary shall certify no further benefits for  
9 payment or shall recompute the amount of any further bene-  
10 fits payable, as may be required by paragraph (1) of this  
11 subsection.

12 “(3) Any agency or wholly owned instrumentality of  
13 the United States which is authorized by any law of the  
14 United States to pay benefits, or has a system of benefits  
15 which are based, in whole or in part, on military or naval  
16 service on or after July 25, 1947, and prior to January 1,  
17 ~~(112)~~<sup>1956</sup> 1957, shall, at the request of the Secretary of  
18 Health, Education, and Welfare, certify to him, with respect  
19 to any veteran, such information as the Secretary deems  
20 necessary to carry out his functions under paragraph (2) of  
21 this subsection.

22 “(4) For the purposes of this subsection, the term  
23 ‘veteran’ means any individual who served in the active  
24 military or naval service of the United States at any time on  
25 or after July 25, 1947, and prior to January 1, ~~(113)~~<sup>1956</sup>

1 1957, and who, if discharged or released therefrom, was so  
2 discharged or released under conditions other than dishonor-  
3 able after active service of ninety days or more or by reason  
4 of a disability or injury incurred or aggravated in service in  
5 line of duty; but such term shall not include any individual  
6 who died while in the active military or naval service of the  
7 United States if his death was inflicted (other than by an  
8 enemy of the United States) as lawful punishment for a  
9 military or naval offense.”

10 (b) Section 217 of such Act is further amended by add-  
11 ing at the end thereof the following new subsection:

12 “(f) ~~(114)~~(1) In any case where a World War II vet-  
13 eran (as defined in subsection (d) (2) ) or a veteran (as de-  
14 fined in subsection (e) (4) ) has died or shall hereafter die,  
15 and his widow or child is entitled under the Civil Service  
16 Retirement Act of May 29, 1930, as amended, to an annuity  
17 in the computation of which his active military or naval  
18 service was included, clause (B) of subsection (a) (1)  
19 or clause (B) of subsection (e) (1) shall not operate  
20 (solely by reason of such annuity) to make such subsection  
21 inapplicable in the case of any monthly benefit under section  
22 202 which is based on his wages and self-employment in-  
23 come; except that no such widow or child shall be entitled  
24 under section 202 to any monthly benefit in the computation  
25 of which such service is included by reason of this subsection

1 (A) unless such widow or child after December ~~(115)1955~~  
2 1956 waives his or her right to receive such annuity, or  
3 (B) for any month prior to the first month with respect to  
4 which the Civil Service Commission certifies to the Secre-  
5 tary of Health, Education, and Welfare that (by reason of  
6 such waiver) no further annuity will be paid to such widow  
7 or child under such Act of May 29, 1930, as amended, on  
8 the basis of such veteran's military or civilian service. Any  
9 such waiver shall be ~~(116)irrevocable.~~<sup>22</sup> *irrevocable.*

10 ~~(117)~~<sup>22</sup> *“(2) Whenever a widow waives her right to receive*  
11 *such annuity such waiver shall constitute a waiver on her own*  
12 *behalf; a waiver by a legal guardian or guardians, or, in the*  
13 *absence of a legal guardian, the person (or persons) who*  
14 *has the child in his care, of the child's right to receive such*  
15 *annuity shall constitute a waiver on behalf of such child.*  
16 *Such a waiver with respect to an annuity based on a veteran's*  
17 *service shall be valid only if the widow and all children, or,*  
18 *if there is no widow, all the children, waive their rights to*  
19 *receive annuities under the Civil Service Retirement Act of*  
20 *May 29, 1930, as amended, based on such veteran's military*  
21 *or civilian service.”*

22 (c) In the case of any deceased individual—

23 (1) who is a World War II veteran (as defined in  
24 section 217 (d) (2) of the Social Security Act) or a

1       veteran (as defined in section 217 (e) (4) of such  
2       Act); and

3               (2) whose widow or child is entitled under the  
4       Civil Service Retirement Act of May 29, 1930, as  
5       amended, to an annuity in the computation of which  
6       his active military or naval service after September 15,  
7       1940, and before January 1, ~~(118)1956~~ 1957, was  
8       included; and

9               (3) whose widow or child is entitled under section  
10       202 of the Social Security Act, on the basis of his wages  
11       and self-employment income, to a monthly benefit in the  
12       computation of which such active military or naval serv-  
13       ice was excluded (under clause (B) of subsection (a)  
14       (1) or (e) (1) of section 217 of such Act) solely by  
15       reason of the annuity described in the preceding para-  
16       graph; and

17               (4) whose widow or child is entitled by reason  
18       of section 217 (f) of the Social Security Act to  
19       have such active military or naval service included in  
20       the computation of such monthly benefit,

21       the Secretary of Health, Education, and Welfare shall, not-  
22       withstanding the provisions of section 215 (f) (1) of the  
23       Social Security Act, recompute the primary insurance amount  
24       of such individual upon the filing of an application, after  
25       December ~~(119)1955~~ 1956, by or on behalf of such widow or

1 child. Such recomputation shall be made only in the manner  
2 provided in title II of the Social Security Act as in effect at  
3 the time of such individual's death, and as though application  
4 therefor was filed in the month in which he died. No recom-  
5 putation made under this subsection shall be regarded as a  
6 recomputation under section 215 (f) of the Social Security  
7 Act. Any such recomputation shall be effective for and  
8 after the twelfth month before the month in which the appli-  
9 cation is filed, but in no case for any month before the first  
10 month with respect to which such widow or child is entitled  
11 by reason of section 217 (f) of the Social Security Act to  
12 have such active military or naval service included in the  
13 computation of such monthly benefits. ~~(120)~~*The terms used*  
14 *in this subsection shall have the same meaning as when used*  
15 *in title II of the Social Security Act.*

16 ~~(121)~~*(d) Except for the last sentence of section 217*  
17 *(e) (1) of the Social Security Act as amended by subsection*  
18 *(a) of this section, the amendments made by such subsection*  
19 *(a) shall be effective as though they had been enacted on*  
20 *March 31, 1956. Such last sentence of section 217 (e) (1)*  
21 *of the Social Security Act shall become effective January 1,*  
22 *1957.*

1 (122) SPECIAL INSURED STATUS IN CASES OF IN-SERVICE  
2 OR SERVICE-CONNECTED DEATHS

3 SEC. 405. Section 214 of the Social Security Act is  
4 amended by adding at the end thereof the following new  
5 subsection:

6 "Special Insured Status for Servicemen

7 "(e) In the case of any individual who dies after  
8 December 1955, and whose death occurs—

9 "(1) while on active duty or inactive duty train-  
10 ing as a member of a uniformed service, or

11 "(2) as the result of a disease or injury which the  
12 Veterans' Administration determines was incurred or  
13 aggravated in line of duty while on active duty,  
14 or an injury which the Veterans' Administration  
15 determines was incurred or aggravated in line of  
16 duty while on inactive duty training, as a member  
17 of a uniformed service after September 15, 1940, if  
18 the Veterans' Administration determines that such in-  
19 dividual was discharged or released from the period  
20 of such active duty or inactive duty training under con-  
21 ditions other than dishonorable,



1 he shall be deemed to have died a fully and currently  
2 insured individual."

3 (123) SPECIAL STATUS IN CASE OF SERVICE-CONNECTED  
4 DISABILITY

5 SEC. 406. (a) So much of subparagraph (A) of sec-  
6 tion 216 (i) (2) of the Social Security Act as precedes  
7 clause (i) thereof is amended to read as follows:

8 "(A) if the individual satisfies the requirements  
9 of paragraph (3) on such day or the disability is  
10 service-connected,"

11 (b) Such section 216 (i) (2) is further amended by  
12 striking out subparagraph (B) and inserting in lieu thereof  
13 the following:

14 "(B) if such individual does not satisfy the require-  
15 ments of paragraph (3) on the day referred to in sub-  
16 paragraph (A) and the disability is not service-con-  
17 nected, then on the first day of the first quarter there-  
18 after in which he satisfies such requirements;

19 except that if, on the day referred to in subparagraph (A),  
20 such individual is on active duty or inactive duty training,  
21 the period of disability shall begin on the day following the  
22 day on which he is released from active duty, ceases to per-  
23 form inactive duty training, or is separated from service as  
24 a member of a uniformed service."

25 (c) Section 216 (i) (4) of such Act is amended by

1 striking out subparagraphs ~~(A)~~ and ~~(B)~~ and inserting in  
2 lieu thereof the following:

3       “~~(A)~~ the day such disability began, but only if  
4 he satisfies the requirements of paragraph ~~(3)~~ on such  
5 day or the disability is service-connected;

6       “~~(B)~~ if he does not satisfy such requirements on  
7 such day and the disability is not service-connected,  
8 the first day of the first quarter thereafter in which he  
9 satisfies such requirements;

10 except that if, on the day referred to in subparagraph ~~(A)~~,  
11 such individual is on active duty or inactive duty training,  
12 the period of disability shall begin on the day following the  
13 day on which he is released from active duty, ceases to  
14 perform inactive duty training, or is separated from service  
15 as a member of a uniformed service.”

16       ~~(d)~~ Section 216 ~~(i)~~ of such Act is further amended  
17 by adding at the end thereof the following new paragraphs:

18       “~~(5)~~ ~~(A)~~ For purposes of paragraphs ~~(2)~~ and ~~(4)~~, in  
19 the case of any individual who, after December 1955,  
20 is released from active duty, ceases to perform inactive  
21 duty training, or is separated from service as a member of a  
22 uniformed service, under conditions other than dishonor-  
23 able, a disability is service-connected if it resulted wholly  
24 from a disease or injury which the Veterans' Administration  
25 determines was incurred or aggravated in line of duty while

1 such individual was on active duty, or from an injury which  
2 the Veterans' Administration determines was incurred or  
3 aggravated in line of duty while such individual was on  
4 inactive duty training, as a member of a uniformed service,  
5 and—

6       “(i) he was under such disability when he was re-  
7 leased from active duty, ceased to perform inactive duty  
8 training, or was separated from service as a member of  
9 a uniformed service or such disability began within three  
10 years after the month in which such release, cessation,  
11 or separation occurred; or

12       “(ii) such disability began within three years after  
13 cessation of a disability which meets the requirements of  
14 clause (i).

15       “(B) Notwithstanding subparagraph (A) of para-  
16 graph (2) or subparagraph (A) of paragraph (4), the  
17 provisions of such subparagraph shall apply, in the case of  
18 any individual who does not satisfy the requirements of  
19 paragraph (3) on the day referred to in such subparagraph,  
20 only if he files his application for a disability determination  
21 while under a disability which is service-connected under  
22 paragraph (6) or subparagraph (A) of this paragraph and  
23 such filing occurs (except as otherwise provided in sub-  
24 paragraph (A) of paragraph (6)) within—

25       “(i) three years after the month in which he is

1 released from active duty, ceases to perform inactive  
2 duty training, or is separated from service as a member  
3 of a uniformed service, or

4 “(ii) three years after the month in which the dis-  
5 ability began,  
6 whichever is later.

7 “(6) For purposes of paragraphs (2) and (4), in  
8 the case of any individual who, after September 15, 1940,  
9 but before January 1, 1956, was released from active duty,  
10 ceased to perform inactive duty training, or was separated  
11 from service as a member of a uniformed service, under  
12 conditions other than dishonorable, a disability is service-  
13 connected if it resulted wholly from a disease or injury which  
14 the Veterans' Administration determines was incurred or  
15 aggravated in line of duty while such individual was on  
16 active duty, or from an injury which the Veterans' Adminis-  
17 tration determines was incurred or aggravated in line of duty  
18 while such individual was on inactive duty training, as a  
19 member of a uniformed service, and—

20 “(A) he files an application for a disability deter-  
21 mination while under such disability and prior to Janu-  
22 ary 1, 1959, and

23 “(B) the Veterans' Administration determines (i)  
24 that while such individual was on active duty as a  
25 member of a uniformed service he incurred a disease or

1 injury or such disease or injury was aggravated, in  
2 line of duty, or while such individual was on inactive  
3 duty training as a member of a uniformed service he  
4 incurred an injury or such injury was aggravated, in  
5 line of duty, and (ii) that as a result thereof such  
6 individual was under a disability (whether or not within  
7 the meaning of such term as defined in section 216  
8 (i)) which was total in degree (for purposes of com-  
9 pensation payable by such Administration) at the time  
10 he was released from active duty, ceased to perform  
11 inactive duty training, or was separated from service  
12 as a member of a uniformed service, or within three  
13 years after the month in which such release, cessation,  
14 or separation occurred.

15 Paragraph (4) shall apply with respect to any application  
16 for a disability determination filed under subparagraph (A)  
17 of this paragraph, whether or not such application is filed  
18 before July 1957."

19 (c) The amendments made by this section shall apply  
20 only with respect to monthly benefits under section 202 of  
21 the Social Security Act for months after December 1955,  
22 and lump-sum death payments under such section 202 in  
23 the case of deaths occurring after December 1955.

24 SPECIAL PROVISIONS IN CASES OF PRIOR DEATHS

25 SEC. 407. (a) In the case of any individual—

1           (1) who died prior to January 1, 1956,

2           (2) who served on active duty or inactive duty  
3 training as a member of a uniformed service after Sep-  
4 tember 15, 1940,

5           (3) whose death (A) occurred while on such active  
6 duty or inactive duty training, or (B) resulted from a  
7 disease or injury which the Veterans' Administration  
8 determines was incurred or aggravated in line of duty  
9 while on active duty, or an injury which the Veterans'  
10 Administration determines was incurred or aggravated  
11 in line of duty while on active duty training, as a mem-  
12 ber of a uniformed service after September 15, 1940, if  
13 the Veterans' Administration determines that such indi-  
14 vidual was discharged or released from the period of such  
15 active duty or inactive duty training under conditions  
16 other than dishonorable, and

17           (4) who had less than six quarters of coverage at  
18 the time of his death, or who died after June 30, 1954,  
19 and was not a fully and currently insured individual  
20 at the time of his death,

21 he shall be deemed, for purposes of monthly benefits under  
22 title II of the Social Security Act, to have died a fully  
23 insured individual (except for purposes of determining en-  
24 titlement of a former wife divorced to benefits under sec-  
25 tion 202 (g) of that Act) if he died prior to September

1 1950, or to have died a fully and currently insured indi-  
2 vidual if he died after August 1950. The terms used in this  
3 section shall have the same meaning as when used in title  
4 II of the Social Security Act.

5       (b) No monthly benefits under title II of the Social  
6 Security Act shall be payable by reason of subsection (a)  
7 for any month prior to January 1956; and no lump-sum  
8 death payment under such title shall be payable by reason of  
9 such subsection.

10       (c) If any monthly benefits are payable under section  
11 202 of the Social Security Act by reason of subsection (a),  
12 the primary insurance amount on which such benefits are  
13 based shall be \$30 instead of the amount computed under  
14 title II of such Act; and, for purposes of section 203 (a)  
15 of such Act, the average monthly wage on which such  
16 benefits are based shall be deemed to be \$55.

17       (d) In the case of any individual to whom subsection  
18 (a) is applicable, the requirement in subsection (f) or (h)  
19 of section 202 of the Social Security Act that proof of  
20 support be filed within two years of the date of death shall  
21 not apply if such proof is filed before January 1, 1958.

1 REIMBURSEMENT OF TRUST FUND FOR COST OF WAGE  
2 CREDITS FOR CERTAIN MILITARY SERVICE

3 SEC. ~~(124)408~~ 405. Section 217 of the Social Security  
4 Act is amended by adding after subsection (f) (as added by  
5 section 404 (b) of this Act) the following new subsection:

6 “(g) (1) There are hereby authorized to be appro-  
7 priated to the Trust Fund annually, as benefits under this title  
8 are paid after June ~~(125)1955~~ 1956, such sums as the  
9 Secretary of Health, Education, and Welfare determines  
10 to be necessary to meet the additional costs, resulting from  
11 subsections (a), (b), and (e), of such benefits (including  
12 lump-sum death payments).

13 “(2) The Secretary shall, before October 1, ~~(126)1957~~  
14 1958, determine the amount which would place the Trust  
15 Fund in the same position in which it would have been at the  
16 close of June 30, ~~(127)1955~~ 1956, if section 210 of this Act,  
17 as in effect prior to the Social Security Act Amendments of  
18 1950, and section 217 of this Act (including amendments  
19 thereof), had not been enacted. There are hereby authorized  
20 to be appropriated to the Trust Fund annually, during the  
21 first ten fiscal years beginning after such determination is



1 made, sums aggregating the amount so determined, plus in-  
 2 terest accruing on such amount (as reduced by appropria-  
 3 tions made pursuant to this paragraph) for each fiscal year  
 4 beginning after June 30, ~~(128)1955~~ 1956, at a rate for such  
 5 fiscal year equal to the average rate of interest (as deter-  
 6 mined by the Managing Trustee) earned on the invested as-  
 7 sets of the Trust Fund during the preceding fiscal year.”

8 ~~(129)REIMBURSEMENT OF TRUST FUND FOR SPECIAL~~  
 9 ~~INSURED STATUS OF SERVICEMEN~~

10 ~~SEC. 409. (a) Section 201 of the Social Security Act~~  
 11 ~~is amended by adding at the end thereof the following new~~  
 12 ~~subsection:~~

13 ~~“(h) There are hereby authorized to be appropriated~~  
 14 ~~to the Trust Fund annually such sums as the Secretary of~~  
 15 ~~Health, Education, and Welfare deems to be necessary to~~  
 16 ~~meet the additional costs, resulting from section 214 (e) of~~  
 17 ~~this Act and from the amendments made to section 216 (i)~~  
 18 ~~of this Act by section 406 of the Servicemen’s and Veterans’~~  
 19 ~~Survivor Benefits Act, of the benefits paid under this title~~  
 20 ~~for months after December 1955 (including lump-sum death~~  
 21 ~~payments in the case of deaths occurring after December~~  
 22 ~~1955).”~~

23 ~~(b) There are hereby authorized to be appropriated to~~  
 24 ~~the Federal Old-Age and Survivors Insurance Trust Fund~~  
 25 ~~annually such sums as the Secretary of Health, Education,~~

1 and Welfare determines to be necessary to meet the addi-  
 2 tional costs, resulting from section 407 of this Act, of the  
 3 benefits paid under title II of the Social Security Act for  
 4 months after December 1955.

5                   REQUIREMENT OF APPLICATION

6       SEC. ~~(130)410~~ 406. Section 202 of the Social Security  
 7 Act is amended by adding at the end thereof the following  
 8 new subsection:

9       “Application for Benefits by Survivors of Members and  
 10           Former Members of the Uniformed Services

11       “(o) In the case of any individual who would be en-  
 12 titled to benefits under subsection (d), (e), (g), or (h)  
 13 upon filing proper application therefor, the filing with the  
 14 Administrator of Veterans’ Affairs by or on behalf of such  
 15 individual of an application for such benefits, on the form  
 16 prescribed under section ~~(131)503~~ 601 of the Servicemen’s  
 17 and Veterans’ Survivor Benefits Act, shall satisfy the re-  
 18 quirement of such subsection (d), (e), (g), or (h) that  
 19 an application for such benefits be filed.”

20                   AMENDMENTS RELATING TO RAILROAD RETIREMENT

21       SEC. ~~(132)411~~ 407. (a) Section 4 of the Railroad Re-  
 22 tirement Act of 1937 is amended by adding at the end  
 23 thereof the following new subsections:

24       “(p) (1) Military service rendered by an individual  
 25 after December ~~(133)1955~~ 1956 shall be creditable under

1 this section only if the number of such individual's years of  
2 service is ten or more (including, in such years of service,  
3 military service which, but for this subsection, would be  
4 creditable under this section).

5       “(2) In any case where an individual has completed  
6 ten or more years of service and such years of service include  
7 any military service rendered after December ~~(134)1955~~  
8 1956, the Board shall as promptly as is practicable (A)  
9 notify the Secretary of Health, Education, and Welfare  
10 that such military service is creditable under this section  
11 and (B) specify the period or periods of the military service  
12 rendered after December ~~(135)1955~~ 1956 which is so  
13 creditable.

14       “(q) Notwithstanding the provisions of this section and  
15 section 2 (c) (2), military service rendered by an individual  
16 after December ~~(136) 1955~~ 1956 shall not be used in deter-  
17 mining eligibility for, or computing the amount of, any  
18 annuity accruing under section 2 for any month if (1) any  
19 benefits are payable for that month under title II of the  
20 Social Security Act on the basis of such individual's wages  
21 and self-employment income, (2) such military service was  
22 included in the computation of such benefits, and (3) the  
23 inclusion of such service in the computation of such benefits  
24 resulted (for that month) in benefits not otherwise payable  
25 or in an increase in the benefits otherwise payable.

1       “(r) The Secretary concerned (as defined in section  
2 102 (9) of the Servicemen’s and Veterans’ Survivor Bene-  
3 fits Act) shall maintain such records, and furnish the Board  
4 upon its request with such information, regarding the months  
5 of any individual’s military service and the remuneration  
6 paid therefor, as may be necessary to enable the Board to  
7 carry out its duties under this section and sections 2 and 5.”

8       (b) (1) The first sentence of section 4 (n) of the Rail-  
9 road Retirement Act of 1937 is amended—

10           (A) by striking out “(i)” and “(ii)” and inserting  
11 in lieu thereof “(1)” and “(2)”, respectively;

12           (B) by striking out “for military service after  
13 December 31, 1936” and inserting in lieu thereof “for  
14 military service after December 31, 1936, and prior to  
15 January 1, ~~(137) 1956~~ 1957”; and

16           (C) by inserting before the period at the end  
17 thereof a comma and the following: “and (3) an amount  
18 found by the Board to be equal to (A) the amount of  
19 the total additional excise and income taxes which  
20 would have been payable during the preceding fiscal  
21 year under chapter 22 of the Internal Revenue Code of  
22 1954 with respect to the compensation, as defined in  
23 such chapter, of all individuals entitled (without regard  
24 to subsection (p) (1) of this section) to credit under  
25 this Act for military service after December ~~(138)1955~~

1       1956 if each of such individuals, in addition to compen-  
2       sation actually paid, had been paid such compensation in  
3       the amount of \$160 in each calendar month in which he  
4       was in such military service during such preceding fiscal  
5       year and such taxes were measured by all such compen-  
6       sation without limitation as to amount paid to any indi-  
7       vidual in any one calendar month, less (B) the amount  
8       of the taxes which were paid with respect to such  
9       military service under sections 3101 and 3111 of the  
10      Internal Revenue Code of 1954”.

11      (2) Section 4 (n) of such Act is further amended by  
12      adding at the end thereof the following new sentence: “In  
13      determining pursuant to section 5 (k) (2) for any fiscal  
14      year the total amount to be credited from the Railroad Re-  
15      tirement Account to the Old-Age and Survivors Insurance  
16      Trust Fund, credit shall be given such Account for the  
17      amount of the taxes described in clause (3) (B) of the first  
18      sentence of this subsection.”

19      (c) Section 1 (q) of the Railroad Retirement Act of  
20      1937 is amended by striking out “as amended in 1954”  
21      and inserting in lieu thereof “as amended in ~~(139)1955~~  
22      1956”.

1    (140) SURVIVOR ANNUITIES UNDER THE CIVIL SERVICE  
 2    RETIREMENT ACT

3    SEC. 412. Section 5 of the Civil Service Retirement Act  
 4 of May 20, 1930, as amended, is amended by insert-  
 5 ing after the second paragraph thereof the following new  
 6 paragraph:

7       “Notwithstanding any other provision of this section,  
 8 any service ~~(other than service covered by military leave~~  
 9 ~~with pay from a civilian position)~~ performed by an in-  
 10 dividual after December 1955 as a member of a uniformed  
 11 service on active duty or active duty for training (as those  
 12 terms are defined in section 102 of the Servicemen’s and  
 13 Veterans’ Survivor Benefits Act) shall be excluded in deter-  
 14 mining the aggregate period of service upon which an an-  
 15 nuity payable under section 4 ~~(b)~~ or 12 of this Act to his  
 16 widow or child is to be based, if such widow or child is en-  
 17 titled ~~(or would upon proper application be entitled)~~, at  
 18 the time of such determination, to monthly survivors bene-  
 19 fits under section 202 of the Social Security Act based on  
 20 such individual’s wages and self-employment income. If in  
 21 the case of the widow such service is not excluded under the  
 22 preceding sentence, but upon attaining retirement age (as

1 defined in section 216 (a) of the Social Security Act) she  
2 becomes entitled (or would upon proper application be en-  
3 titled) to such benefits, the Commission shall redetermine  
4 the aggregate period of service upon which such annuity  
5 is based, effective as of the first day of the month in which  
6 she attains such age, so as to exclude such service. The Sec-  
7 retary of Health, Education, and Welfare shall, upon the  
8 request of the Commission, inform the Commission whether  
9 or not any such widow or child is entitled at any specified  
10 time to such benefits."

11 *ANNUITIES UNDER THE CIVIL SERVICE RETIREMENT ACT*

12 *SEC. 408. Section 5 of the Civil Service Retirement Act*  
13 *of May 29, 1930, as amended, is amended by inserting after*  
14 *the second paragraph thereof the following new paragraph:*

15 *"Notwithstanding any other provision of this section,*  
16 *any service (other than service covered by military leave with*  
17 *pay from a civilian position) performed by an individual*  
18 *after December 1956 as a member of a uniformed service*  
19 *on active duty or active duty for training (as those terms*  
20 *are defined in section 102 of the Servicemen's and Veterans'*  
21 *Survivor Benefits Act) shall be excluded in determining the*  
22 *aggregate period of service upon which an annuity payable*  
23 *under this Act to such individual or to his widow or child*  
24 *is to be based, if such individual or widow or child is entitled*  
25 *(or would upon proper application be entitled), at the time*

1 of such determination, to monthly old-age or survivors bene-  
2 fits under section 202 of the Social Security Act based on  
3 such individual's wages and self-employment income. If in  
4 the case of the individual or widow such service is not ex-  
5 cluded under the preceding sentence, but upon attaining  
6 retirement age (as defined in section 216 (a) of the Social  
7 Security Act) he or she becomes entitled (or would upon  
8 proper application be entitled) to such benefits, the Com-  
9 mission shall redetermine the aggregate period of service upon  
10 which such annuity is based, effective as of the first day of  
11 the month in which he or she attains such age, so as to exclude  
12 such service. The Secretary of Health, Education, and Wel-  
13 fare shall, upon the request of the Commission, inform the  
14 Commission whether or not any such individual or widow  
15 or child is entitled at any specified time to such benefits."

16        (141) DETERMINATIONS BY ADMINISTRATOR OF  
17                       VETERANS' AFFAIRS

18        SEC. 413. The Administrator of Veterans' Affairs shall,  
19 whenever requested by the Secretary of Health, Education,  
20 and Welfare, make any determination provided for in sec-  
21 tion 214 (e) (2), 216 (i) (5) (A), or 216 (i) (6)  
22 of the Social Security Act, or in section 407 (a) (3) of  
23 this Act. In making a determination under any such section,  
24 the Administrator shall, to the extent not inconsistent with



1 such section, utilize the same criteria and procedures as he  
2 utilizes in making determinations with respect to claims for  
3 benefits under title II of this Act.

4 PART B—AMENDMENTS TO THE INTERNAL REVENUE  
5 CODE OF 1954

6 DEFINITION OF WAGES

7 SEC. ~~(142)~~414 409. (a) Section 3121 (i) of the Inter-  
8 nal Revenue Code of 1954 is amended to read as follows:

9 “(i) COMPUTATION OF WAGES IN CERTAIN CASES.—

10 “(1) DOMESTIC SERVICE.—For purposes of this  
11 chapter, in the case of domestic service described in sub-  
12 section (a) (7) (B), any payment of cash remunera-  
13 tion for such service which is more or less than a whole-  
14 dollar amount shall, under such conditions and to such  
15 extent as may be prescribed by regulations made under  
16 this chapter, be computed to the nearest dollar. For  
17 the purpose of the computation to the nearest dollar,  
18 the payment of a fractional part of a dollar shall be dis-  
19 regarded unless it amounts to one-half dollar or more,  
20 in which case it shall be increased to \$1. The amount  
21 of any payment of cash remuneration so computed to the  
22 nearest dollar shall, in lieu of the amount actually paid,  
23 be deemed to constitute the amount of cash remunera-  
24 tion for purposes of subsection (a) (7) (B).

25 “(2) SERVICE IN THE UNIFORMED SERVICES.—

1 For purposes of this chapter, in the case of an individual  
 2 performing service, as a member of a uniformed service,  
 3 to which the provisions of subsection (m) (1) are ap-  
 4 plicable, the term 'wages' ~~(143)~~ ~~(as defined in sub-~~  
 5 ~~section (a))~~ shall ~~include~~ shall, subject to the provisions  
 6 of subsection (a) (1) of this section, include as such  
 7 individual's remuneration for such service only his basic  
 8 pay as described in section 102 (10) of the Service-  
 9 men's and Veterans' Survivor Benefits Act."

#### 10 DEFINITION OF EMPLOYMENT

11 SEC. ~~(144)~~ ~~445~~ 410. (a) Section 3121 of the Internal  
 12 Revenue Code of 1954 is amended by adding at the end  
 13 thereof the following new subsections:

14 " (m) SERVICE IN THE UNIFORMED SERVICES.—For  
 15 purposes of this chapter—

16 " (1) INCLUSION OF SERVICE.—The term 'employ-  
 17 ment' shall, notwithstanding the provisions of subsection  
 18 (b) of this section, include service performed after De-  
 19 cember ~~(145)~~ ~~1955~~ 1956 by an individual as a member  
 20 of a uniformed service on active duty; but such term shall  
 21 not include any such service which is performed while  
 22 on leave without pay.

23 " (2) ACTIVE DUTY.—The term 'active duty' means  
 24 'active duty' as described in section 102 of the Service-  
 25 men's and Veterans' Survivor Benefits Act, except that

1       it shall also include 'active duty for training' as described  
2       in such section.

3           “(3) **INACTIVE DUTY TRAINING.**—The term ‘in-  
4       active duty training’ means ‘inactive duty training’ as  
5       described in such section 102.

6           “(n) **MEMBER OF A UNIFORMED SERVICE.**—For pur-  
7       poses of this chapter, the term ‘member of a uniformed  
8       service’ means any person appointed, enlisted, or inducted  
9       in a component of the Army, Navy, Air Force, Marine  
10      Corps, or Coast Guard (including a reserve component of a  
11      uniformed service as defined in section 102 (3) of the  
12      Servicemen’s and Veterans’ Survivor Benefits Act), or  
13      in one of those services without specification of com-  
14      ponent, (146) ~~or as a commissioned officer of the Coast and  
15      Geodetic Survey or the Regular or Reserve Corps of the  
16      Public Health Service,~~ and any person serving in the Army  
17      or Air Force under call or conscription. The term includes—

18           “(1) a retired member of any of those services;

19           “(2) a member of the Fleet Reserve or Fleet  
20      Marine Corps Reserve;

21           “(3) a cadet at the United States Military Acad-  
22      emy, a midshipman at the United States Naval Acad-  
23      emy, and a cadet at the United States Coast Guard  
24      Academy or United States Air Force Academy;

25           “(4) a member of the Reserve Officers’ Training

1 Corps, the Naval Reserve Officers' Training Corps,  
2 or the Air Force Reserve Officers' Training Corps,  
3 when ordered to annual training duty for fourteen days  
4 or more, and while performing authorized travel to and  
5 from that duty; and

6 “(5) any person while en route to or from, or at,  
7 a place for final acceptance or for entry upon active  
8 duty in the military or naval service—

9 “(A) who has been provisionally accepted for  
10 such duty; or

11 “(B) who, under the Universal Military Train-  
12 ing and Service Act, has been selected for active  
13 military or naval service;

14 and has been ordered or directed to proceed to such  
15 place.

16 The term does not include a temporary member of the Coast  
17 Guard Reserve.”

18 (b) The first sentence of section 3122 of the Internal  
19 Revenue Code of 1954 is amended by inserting “including  
20 service, performed as a member of a uniformed service, to  
21 which the provisions of section 3121 (m) (1) are ap-  
22 plicable,” immediately after “in the employ of any instru-  
23 mentality which is wholly owned by the United States,”.

24 (c) Section 3122 of the Internal Revenue Code of  
25 1954 is further amended by inserting after the second sen-

1 tence thereof the following new sentence: "Payments of the  
2 tax imposed under section 3111 with respect to service, per-  
3 formed by an individual as a member of a uniformed service,  
4 to which the provisions of section 3121 (m) (1) are appli-  
5 cable, shall be made from appropriations available for the  
6 pay of members of such uniformed service."

7 RECEIPTS FOR EMPLOYEES

8 ~~(147)~~SEC. 416. Section 6051 ~~(b)~~ of the Internal Revenue  
9 Code of 1954 is amended to read as follows:

10 "~~(b)~~ SPECIAL RULE AS TO COMPENSATION OF MEM-  
11 BERS OF THE UNIFORMED SERVICES.—In the case of com-  
12 pensation paid for service as a member of the Armed Forces,  
13 the statement required by subsection ~~(a)~~ shall be furnished  
14 if any tax was withheld during the calendar year under sec-  
15 tion 3402, or if any of the compensation paid during such  
16 year is includible in gross income under chapter 1, or if dur-  
17 ing the calendar year any amount was required to be with-  
18 held as tax under section 3101. In lieu of the amounts  
19 required to be shown by paragraphs ~~(3)~~ and ~~(5)~~, respec-  
20 tively of subsection ~~(a)~~, such statement shall show as wages  
21 paid during the calendar year ~~(1)~~ the amount of such com-  
22 pensation paid during the calendar year which is not ex-  
23 cluded from gross income under chapter 1 ~~(whether or~~  
24 ~~not such compensation constituted wages as defined in sec-~~  
25 ~~tion 3401 (a))~~, and ~~(2)~~ the total amount of wages as

1 defined in section ~~3121 (a)~~, computed in accordance with  
2 such section and section ~~3121 (i) (2)~~.”

3       *SEC. 411. (a) Section 6051 (a) of the Internal Revenue*  
4 *Code of 1954 is amended by adding at the end thereof the*  
5 *following new sentence: “In the case of compensation paid*  
6 *for service as a member of a uniformed service, the state-*  
7 *ment shall show, in lieu of the amount required to be shown*  
8 *by paragraph (5), the total amount of wages as defined in*  
9 *section 3121 (a), computed in accordance with such section*  
10 *and section 3121 (i) (2).”*

11       *(b) Section 6051 (b) of the Internal Revenue Code of*  
12 *1954 is amended to read as follows:*

13       *“(b) SPECIAL RULE AS TO COMPENSATION OF MEM-*  
14 *BERS OF ARMED FORCES.—In the case of compensation paid*  
15 *for service as a member of the Armed Forces, the statement*  
16 *required by subsection (a) shall be furnished if any tax*  
17 *was withheld during the calendar year under section 3402,*  
18 *or if any of the compensation paid during such year is in-*  
19 *cludible in gross income under chapter 1, or if during the*  
20 *calendar year any amount was required to be withheld as tax*  
21 *under section 3101. In lieu of the amount required to be*  
22 *shown by paragraph (3) of subsection (a), such statement*  
23 *shall show as wages paid during the calendar year the*  
24 *amount of such compensation paid during the calendar year*  
25 *which is not excluded from gross income under chapter 1*

1 *(whether or not such compensation constituted wages as de-*  
2 *fin'd in section 3401 (a))."*

3 TITLE V—AMENDMENTS AND REPEALS

4 AMENDMENTS

5 SEC. 501. (a) (1) Section 620 of the National Service  
6 Life Insurance Act of 1940 is amended by striking out the  
7 last sentence and inserting in lieu thereof the following:  
8 "Any member of a uniformed service (as that term is defined  
9 in section 102 of the Servicemen's and Veterans' Survivor  
10 Benefits Act) while on active duty, active duty for training,  
11 or inactive duty training (as those terms are defined in  
12 such section) shall be deemed to be in the active service for  
13 the purpose of applying for insurance under this section;  
14 however, as to persons incurring a disability under the con-  
15 ditions provided in section 102 (11) (E) of such Act,  
16 application for insurance must be filed under this section  
17 within one year after the incurrence of such disability."

18 ~~(148)(2)~~ Section 621 of the National Service Life Insurance  
19 Act of 1940 is amended by adding at the end thereof the  
20 following:

21 ~~"(e) No insurance shall be granted to any person under~~  
22 ~~this section on or after January 1, 1956, unless prior to~~  
23 ~~such date an acceptable application accompanied by proper~~  
24 ~~and valid remittances or authorizations for the payment of~~  
25 ~~premiums (1) was received by the Veterans' Administra-~~

1 tion, ~~(2)~~ was placed in the mails properly directed to the  
2 Veterans' Administration, or ~~(3)~~ was delivered to an  
3 authorized representative of any of the uniformed services."

4 (2) Section 621 of the National Service Life Insurance  
5 Act of 1940 is amended to read as follows:

6 "SEC. 621. Any person who is ordered (whether before,  
7 on, or after January 1, 1957) to active duty or active  
8 duty for training (as those terms are defined in section 102  
9 of the Servicemen's and Veterans' Survivor Benefits Act)  
10 for a period exceeding thirty days, shall, upon application  
11 in writing made within one hundred and twenty days after  
12 separation from such active duty or active duty for training  
13 and payment of premiums as hereinafter provided, and  
14 without medical examination, be granted insurance by the  
15 United States against the death of such person occurring  
16 while such insurance is in force. Insurance granted under  
17 this section shall be issued upon the same terms and conditions  
18 as are contained in the standard policies of national service  
19 life insurance on the five-year level premium term plan ex-  
20 cept (1) such insurance may not be exchanged for or con-  
21 verted to insurance on any other plan; (2) the premium  
22 rates for such insurance shall be based on the Commissioners  
23 1941 Standard Ordinary Table of Mortality and interest  
24 at the rate of  $2\frac{1}{4}$  per centum per annum; (3) all settlements  
25 on policies involving annuities shall be calculated on the basis



1 of the Annuity Table for 1949, and interest at the rate of  
 2  $2\frac{1}{4}$  per centum per annum; and (4) insurance issued here-  
 3 under shall be on a nonparticipating basis and all premiums  
 4 and other collections therefor shall be credited directly to the  
 5 national service life insurance appropriation, and any pay-  
 6 ment of benefits on such insurance shall be made directly  
 7 from such appropriation."

8 (3) The Administrator is authorized and directed to  
 9 liquidate the assets of the revolving fund, known as the Vet-  
 10 erans Special Term Insurance Fund, established by section  
 11 621 (a) of the National Service Life Insurance Act (as  
 12 such section was added by the Insurance Act of 1951) and  
 13 to transfer the total amount of such fund to the credit of the  
 14 national service life insurance appropriation.

15 ~~(149)~~<sup>(3)</sup> (4) (A) Section 622 of the National Service Life  
 16 Insurance Act of 1940 is amended by inserting "(a)" imme-  
 17 diately after "SEC. 622.", and by adding at the end thereof  
 18 the following:

19 ~~(150)~~<sup>(b)</sup> "No application may be made after December 31,  
 20 1955, for waiver of premiums under this section."

21 "(b) Notwithstanding the provisions of subsection (a),  
 22 no application for waiver of premiums may be made after  
 23 December 31, 1956, except applications therefor filed  
 24 (1) pursuant to the first proviso of subsection (a) or (2)  
 25 during a period of war or of any emergency involving hos-

1 *ilities proclaimed by the Congress or the President. Any*  
2 *waiver granted during a period of war or of any emergency*  
3 *involving hostilities proclaimed by the Congress or the Presi-*  
4 *dent shall be effective only with respect to such period."*

5 ~~(151)(B)~~ ~~Where any individual dies on or after May 1,~~  
6 ~~1956, and at the time of his death has in effect a policy of~~  
7 ~~national service life insurance or United States Government~~  
8 ~~life insurance under waiver of premiums under section 622~~  
9 ~~of the National Service Life Insurance Act of 1940, no~~  
10 ~~dependency and indemnity compensation shall be paid under~~  
11 ~~this Act to his widow, children, or parents by reason of~~  
12 ~~his death, but death compensation may be paid under laws~~  
13 ~~administered by the Veterans' Administration to such~~  
14 ~~widow, child, or parents by reason of his death, notwithstand-~~  
15 ~~ing the fact that such death occurred after December 31,~~  
16 ~~1955.~~

17 *(B) Except as herein otherwise provided, where an*  
18 *individual dies on or after May 1, 1957, and at the time*  
19 *of his death has in effect a policy of national service life*  
20 *insurance or United States Government life insurance under*  
21 *waiver of premiums under section 622 of the National*  
22 *Service Life Insurance Act of 1940, no dependency and*  
23 *indemnity compensation shall be paid under this Act to his*  
24 *widow, children, or parents by reason of his death, but death*  
25 *compensation may be paid under laws administered by the*

1 *Veterans' Administration to such widow, children, or parents*  
 2 *by reason of his death, notwithstanding the fact that such*  
 3 *death occurred after December 31, 1956. In no event shall*  
 4 *the foregoing provision be applicable with respect to any*  
 5 *person entitled to waiver of premiums (1) under the first*  
 6 *proviso to section 622 (a) of the National Service Life*  
 7 *Insurance Act of 1940, as amended, whose death occurs*  
 8 *prior to his return to military jurisdiction or within one*  
 9 *hundred and twenty days thereafter, or (2) during a period*  
 10 *of war or of any emergency involving hostilities proclaimed*  
 11 *by the Congress or the President.*

12 ~~(152)~~(4) (5) The National Service Life Insurance Act of  
 13 1940 is amended by adding at the end thereof the following:  
 14 ~~(153)~~"SEC. 623. (a) Any person in active service on Janu-  
 15 ary 1, 1956, who surrendered a policy of national service  
 16 life insurance or United States Government life insurance  
 17 on a permanent plan for its cash value while in the active  
 18 service on or after April 25, 1951, and prior to January  
 19 1, 1956, may, upon application in writing made within  
 20 one hundred and twenty days after separation from active  
 21 service, be granted, without medical examination, perma-  
 22 nent plan insurance on the same plan not in excess of the  
 23 amount surrendered for cash, or may reinstate such surrend-  
 24 ered insurance upon payment of the required reserve and the  
 25 premium for the current month. Waiver of premiums under

1 this Act shall not be denied in any case of issue or rein-  
2 statement of insurance on a permanent plan under this sec-  
3 tion in which it is shown to the satisfaction of the Admin-  
4 istrator that total disability of the applicant commenced  
5 prior to the date of application.

6 “(b) Any person in the active service on January 1,  
7 1956, who had United States Government life insurance  
8 or national service life insurance on the five-year level  
9 premium term plan, the term of which expired while he was  
10 in the active service after April 25, 1951, and prior to  
11 January 1, 1956, shall, upon application made within one  
12 hundred and twenty days after separation from active service,  
13 payment of premiums, and evidence of good health satisfac-  
14 tory to the Administrator, be granted an equivalent amount  
15 of insurance on the five-year level premium term plan at  
16 the premium rate for his then attained age.

17 “SEC. 623. (a) Any person who surrendered a policy  
18 of National Service life insurance or United States Govern-  
19 ment life insurance on a permanent plan for its cash value  
20 while in the active service on or after April 25, 1951, and  
21 prior to January 1, 1957, may, upon application in writing  
22 made while in the active service or within one hundred and  
23 twenty days after separation from the active service, be  
24 granted, without medical examination, permanent plan in-  
25 surance on the same plan not in excess of the amount sur-

1 rendered for cash, or may reinstate such surrendered insur-  
2 ance upon payment of the required reserve and the premium  
3 for the current month. Waiver of premiums and total dis-  
4 ability income benefits otherwise authorized under this Act  
5 or the World War Veterans' Act, 1924, as amended, shall  
6 not be denied in any case of issue or reinstatement of insur-  
7 ance on a permanent plan under this section in which it is  
8 shown to the satisfaction of the Administrator that total dis-  
9 ability of the applicant commenced prior to the date of  
10 application. The cost of the premiums waived and total  
11 disability income benefits paid by virtue of the preceding  
12 sentence and the excess mortality cost in any case where the  
13 insurance matures by death from such total disability shall  
14 be borne by the United States and the Administrator is  
15 authorized and directed to transfer from time to time from  
16 the National Service life insurance appropriation to the  
17 National Service Life Insurance Fund and from the mili-  
18 tary and naval insurance appropriation to the United States  
19 Government Life Insurance Fund such sums as may be  
20 necessary to reimburse the funds for such costs.

21       “(b) Any person who had United States Government  
22 life insurance or National Service life insurance on the five-  
23 year level premium term plan, the term of which expired  
24 while he was in the active service after April 25, 1951, or  
25 within one hundred and twenty days after separation from

1 *such active service, and in either case prior to January 1,*  
2 *1957, shall, upon application made while in the active service*  
3 *or within one hundred and twenty days after separation from*  
4 *active service, payment of premiums and evidence of good*  
5 *health satisfactory to the Administrator, be granted an equiva-*  
6 *lent amount of insurance on the five-year level premium term*  
7 *plan at the premium rate for his then attained age.*

8       “(c) Persons deemed to be in the active service for the  
9 purposes of section 5 of the Servicemen’s Indemnity Act of  
10 1951 shall be deemed to be in the active service for the  
11 purposes of this ~~(154)section. section.~~” ~~(155)The repeal of~~  
12 ~~such Act shall not affect the insurance rights provided in sec-~~  
13 ~~tion 5 thereof (except the first sentence) of any person sepa-~~  
14 ~~rated from the service prior to January 1, 1956 1957, whose~~  
15 ~~one hundred and twenty day period specified in such section~~  
16 ~~has not expired.”~~

17 ~~(156)(6) Section 619 of the National Service Life Insur-~~  
18 ~~ance Act of 1940 is amended by striking out “sections 620~~  
19 ~~and 621” and inserting in lieu thereof “sections 620, 621,~~  
20 ~~and 623”.~~

21 ~~(157)(7) Nothing contained in the amendments made by~~  
22 ~~paragraphs (1) and (2) of this subsection shall be con-~~  
23 ~~strued to cancel or restrict any rights under insurance con-~~  
24 ~~tracts issued under the National Service Life Insurance Act~~  
25 ~~of 1940 prior to the effective date of this Act, or to cancel~~

1 *or restrict any rights or privileges, arising by reason of*  
2 *service in or with the Armed Forces which begins before*  
3 *January 1, 1957, of any person with respect to insurance*  
4 *under such Act.*

5 ~~(158)(b) (1)~~ Section 242 of the Public Health Service Act  
6 ~~(42 U. S. C., sec. 243)~~ is amended to read as follows:

7 "MILITARY BENEFITS

8 "SEC. 242. ~~(a)~~ Except as provided in subsection ~~(b)~~,  
9 commissioned officers of the Service and their surviving  
10 beneficiaries shall, with respect to active service performed  
11 by such officers—

12 "1) in time of war;

13 "2) on detail for duty with the Army, Navy,  
14 Air Force, Marine Corps, or Coast Guard; or

15 "3) while the Service is part of the military forces  
16 of the United States pursuant to Executive order of the  
17 President;

18 be entitled to all rights, privileges, immunities, and bene-  
19 fits now or hereafter provided under any law of the United  
20 States in the case of commissioned officers of the Army or  
21 their surviving beneficiaries on account of active military  
22 service, except retired pay and uniform allowances.

23 "(b) The President may prescribe the conditions under  
24 which commissioned officers of the Service may be awarded  
25 military ribbons, medals, and decorations.

1       “(e) The authority vested by law in the Department  
2 of the Army, the Secretary of the Army, or other officers  
3 of the Department of the Army with respect to rights,  
4 privileges, immunities, and benefits referred to in subsec-  
5 tion (a) shall be exercised, with respect to commissioned  
6 officers of the Service, by the Surgeon General.

7       “(d) Active service of commissioned officers of the  
8 Service shall be deemed to be active military service in the  
9 Armed Forces of the United States for the purposes of all  
10 laws administered by the Veterans' Administration (except  
11 the Servicemen's Indemnity Act of 1951) and section 217  
12 of the Social Security Act.”

13       (2) The amendment made by this subsection (A) shall  
14 apply only with respect to service performed on or after  
15 July 4, 1952, (B) shall not be construed to affect the en-  
16 titlement of any person to benefits under the Veterans' Read-  
17 justment Assistance Act of 1952, (C) shall not be con-  
18 strued to authorize any payment under section 202 (i) of  
19 the Social Security Act, or under Veterans Regulation Num-  
20 bered 9 (a), for any death occurring prior to January 1,  
21 1956, and (D) shall not be construed to authorize payment  
22 of any benefits for any period prior to January 1, 1956.

23       (3) In the case of any individual—

24       (A) who performed active service (i) as a com-



1       missioned officer of the Public Health Service at any  
2       time during the period beginning July 4, 1952, and  
3       ending December 31, 1955, or (ii) as a commissioned  
4       officer of the Coast and Geodetic Survey at any time  
5       during the period beginning July 29, 1945, and ending  
6       December 31, 1955; and

7               (B) (i) who became entitled to old-age insurance  
8       benefits under section 202 (a) of the Social Security  
9       Act prior to January 1, 1956, or

10              (ii) who died prior to January 1, 1956, and whose  
11       widow, child, or parent is entitled for the month of  
12       January 1956, on the basis of his wages and self-em-  
13       ployment income, to a monthly survivor's benefit under  
14       section 202 of such Act; and

15              (C) any part of whose service described in sub-  
16       paragraph (A) was not included in the computation of  
17       his primary insurance amount under section 215 of such  
18       Act but would have been included in such computa-  
19       tion if the amendment made by paragraph (1) of this  
20       subsection or paragraph (1) of subsection (d) had  
21       been effective prior to the date of such computation,  
22       the Secretary of Health, Education, and Welfare shall, not-  
23       withstanding the provisions of section 215 (f) (1) of the  
24       Social Security Act, recompute the primary insurance  
25       amount of such individual upon the filing of an application,

1 after December 1955, by him or (if he dies without filing  
2 such an application) by any person entitled to monthly  
3 survivor's benefits under section 202 of such Act on the  
4 basis of his wages and self-employment income. Such re-  
5 computation shall be made only in the manner provided in  
6 title II of the Social Security Act as in effect at the time  
7 of the last previous computation or recomputation of such  
8 individual's primary insurance amount, and as though appli-  
9 cation therefor was filed in the month in which application  
10 for such last previous computation or recomputation was  
11 filed. No recomputation made under this paragraph shall be  
12 regarded as a recomputation under section 215 (f) of the  
13 Social Security Act. Any such recomputation shall be effec-  
14 tive for and after the twelfth month before the month in  
15 which the application was filed, but in no case for any month  
16 before January 1956.

17 (e) (1) Section 2 of the Federal Employees' Group  
18 Life Insurance Act of 1954 is amended by striking out all  
19 after "District of Columbia" in subsection (b) and inserting  
20 in lieu thereof a period, and by adding at the end of such  
21 section the following new subsection:

22 "(e) No person shall acquire insurance coverage under  
23 this Act by virtue of his status as a member of a uniformed  
24 service. The insurance granted to any employee under this  
25 Act (1) shall cease (except for a thirty-one day extension

1 ~~of life insurance coverage)~~ on the day immediately prior to  
2 his entry on active duty or active duty for training, unless  
3 the period of such duty is covered by military leave with pay  
4 from a civilian position, and ~~(2)~~ shall not cease during any  
5 period of inactive duty training. The terms used in this sub-  
6 section shall have the meanings assigned to them by section  
7 102 of the Servicemen's and Veterans' Survivors Benefits  
8 Act."

9 ~~(2)~~ The amendments made by this subsection shall not  
10 apply with respect to deaths occurring prior to January  
11 1, 1956, nor shall such amendments apply with respect to  
12 insurance granted prior to January 1, 1956, under the  
13 Federal Employees' Group Life Insurance Act of 1954 to  
14 commissioned officers of the Coast and Geodetic Survey or  
15 of the Regular or Reserve Corps of the Public Health  
16 Service. No dependency and indemnity compensation shall  
17 be payable under this Act to any widow, child, or parent  
18 of any such commissioned officer if any amounts are pay-  
19 able under such insurance by reason of the death of such  
20 officer occurring on or after May 1, 1956.

21 ~~(d)~~ ~~(1)~~ The second sentence of the second paragraph  
22 of section 16 of the Act of May 22, 1917 (33 U. S. C., sec.  
23 857), is amended to read as follows: "Active service of  
24 commissioned officers of the Coast and Geodetic Survey  
25 shall be deemed to be active military service for the purposes

1 of all laws administered by the Veterans' Administration  
2 ~~(except the Servicemen's Indemnity Act of 1951)~~ and  
3 section 217 of the Social Security Act, and for the purposes  
4 of section 210 of the Social Security Act as in effect prior  
5 to the Social Security Act Amendments of 1950."

6 ~~(2)~~ The amendment made by this subsection ~~(A)~~ shall  
7 apply only with respect to service performed on or after  
8 July 29, 1945, ~~(B)~~ shall not be construed to affect the  
9 entitlement of any person to benefits under the Veterans'  
10 Readjustment Assistance Act of 1952, ~~(C)~~ shall not be  
11 construed to authorize any payment under section 202 ~~(i)~~  
12 of the Social Security Act, or under Veterans Regulation  
13 Numbered 9 ~~(a)~~, for any death occurring prior to January  
14 1, 1956, and ~~(D)~~ shall not be construed to authorize pay-  
15 ment of any benefits for any period prior to January 1, 1956.

16 ~~(c)~~ Section 40 ~~(b)~~ of the Federal Employees' Com-  
17 pensation Act ~~(5 U. S. C., sec. 790 (b))~~ is amended—

18 ~~(1)~~ by striking out clauses ~~(2)~~ and ~~(3)~~ and redesi-  
19 gnating clauses ~~(4)~~ and ~~(5)~~ as clauses ~~(2)~~ and ~~(3)~~,  
20 respectively; and

21 ~~(2)~~ by inserting immediately after "United States"  
22 the second time it occurs in the parenthetical phrase in  
23 clause ~~(1)~~ the following: "—, but excluding commissioned  
24 officers of the Regular Corps of the Public Health  
25 Service, commissioned officers in the Reserve Corps of

1 the Public Health Service on active duty, and commis-  
2 sioned officers of the Coast and Geodetic Survey”.

3 ~~(159)(f)~~ (b) Section 304 of the Naval Reserve Act of  
4 1938 (34 U. S. C., sec. 855c) is amended (1) by striking  
5 out all beginning with “If in time of peace” through “*Pro-*  
6 *vided further, That*” in the third proviso and inserting in  
7 lieu thereof “(a) In time of peace”, and (2) by adding at  
8 the end thereof the following:

9 “(b) For the purposes of paragraph I (a) of part II of  
10 Veterans Regulation Numbered 1 (a), all members of the  
11 Naval Reserve shall be considered as performing active mili-  
12 tary or naval service when injured while performing active  
13 duty with or without pay, training duty with or without pay,  
14 drills, equivalent instruction or duty, appropriate duty, or  
15 other prescribed duty, or while performing authorized travel  
16 to or from such duties.”

17 ~~(160)(g)~~ (c) Section 2 of the Act of August 12, 1935 (38  
18 U. S. C., sec. 556a), is amended by inserting immediately  
19 after “Public Law Numbered 484, Seventy-third Congress,”  
20 the following: “the Servicemen’s and Veterans’ Survivor  
21 Benefits Act,”.

22 ~~(161)(h)~~ (d) (1) The first sentence of paragraph (1) of  
23 section 21 of the World War Veterans’ Act, 1924 (38  
24 U. S. C., sec. 450), is amended by inserting immediately

1 after "payment of compensation," the following: "depen-  
2 dency and indemnity compensation,".

3 (2) The first sentence of paragraph (3) of such section  
4 is amended by inserting immediately after "the compensa-  
5 tion," the following: "dependency and indemnity com-  
6 pensation,".

7 ~~(162)(i) (e)~~ The paragraph under the heading "Transfer of  
8 Appropriations" which begins "Army of the Philippines,"  
9 ~~(163)~~in the Act of February 18, 1946 ~~(38 U. S. C., sec. 38),~~  
10 is amended by striking out all beginning with "~~(2)~~" through  
11 the words "such pensions" where those words appear the  
12 second time in the second proviso, and inserting in lieu  
13 thereof the following: "~~(2)~~ laws administered by the Vet-  
14 erans' Administration providing for the payment of compen-  
15 sation or dependency and indemnity compensation on account  
16 of service-connected disability or death: *Provided further,*  
17 *That such compensation or dependency and indemnity*  
18 *compensation shall be paid at the rate of one Philippine peso*  
19 *for each dollar authorized to be paid under the laws provid-*  
20 *ing for such compensation or dependency and indemnity*  
21 *compensation, and where annual income is a factor in entitle-*  
22 *ment to benefits, the dollar limitations in the laws specifying*  
23 *such annual income shall apply at the rate of one Philip-*  
24 *pine peso for each dollar". in the Act of February 18, 1946*

1 (60 Stat. 14), as amended (38 U. S. C. 38), is amended  
2 by striking out all beginning with "and (2)", and inserting  
3 in lieu thereof the following: "(2) laws administered by the  
4 Veterans' Administration providing for the payment of com-  
5 pensation or dependency and indemnity compensation on ac-  
6 count of service-connected disability or death, and (3) the Miss-  
7 ing Persons Act (56 Stat. 143) as amended (50 U. S. C.  
8 App. 1001 and the following): Provided further, That such  
9 compensation or dependency and indemnity compensation  
10 shall be paid at the rate of one Philippine peso for each dollar  
11 authorized to be paid under the laws providing for such com-  
12 pensation or dependency and indemnity compensation, and  
13 where annual income is a factor in entitlement to benefits, the  
14 dollar limitations in the laws specifying such annual income  
15 shall apply at the rate of one Philippine peso for each dollar:  
16 Provided further, That any payments heretofore made under  
17 any such law to or with respect to any member of the military  
18 forces of the Government of the Commonwealth of the Philip-  
19 pines who served in the services of the Armed Forces of the  
20 United States shall not be deemed to be invalid by reason of  
21 the circumstances that his service was not service in the  
22 military or naval forces of the United States or any com-  
23 ponent thereof within the meaning of such law."

24 ~~(164)(j)~~ (f) The paragraph beginning "Finance Service,  
25 Army," under title II of the Act of May 27, 1946 (60 Stat.

1 223), is amended by striking out paragraph (6) and the  
2 proviso immediately following such paragraph, and inserting  
3 in lieu thereof the following:

4           “(6) The provisions of laws administered by the  
5 Veterans’ Administration for the payment of compensa-  
6 tion or dependency and indemnity compensation on  
7 account of service-connected disability or death:

8 *Provided further*, That payments made under the provisions  
9 of any law referred to in clauses (5) and (6) above shall  
10 be paid at the rate of one Philippine peso for each dollar  
11 authorized by such law: *Provided further*, That where an-  
12 nual income is a factor in entitlement to benefits, the dollar  
13 limitations in the laws specifying such annual income shall  
14 apply at the rate of one Philippine peso for each dollar:”.

15 ~~(165)(k)~~ (g) Paragraph V of part I of Veterans Regulation  
16 Numbered 2 (a) is amended by inserting immediately after  
17 compensation” each place it occurs therein (except para-  
18 graph (a)) the following: “, dependency and indemnity  
19 compensation”.

20 ~~(166)(l)~~ (h) Section 11 of the Uniformed Services Contin-  
21 gency Option Act of 1953 (37 U. S. C., sec. 380) is amended  
22 by inserting immediately after “be considered income” the  
23 following: “(except as provided in section 205 (g) of the  
24 Servicemen’s and Veterans’ Survivor Benefits Act)”.

25 ~~(167)(m)~~ (i) The second sentence of paragraph XIII of



1 Veterans Regulation Numbered 10 is amended to read as  
2 follows: "The receipt of pension, compensation, or depend-  
3 ency and indemnity compensation by a widow, child, or  
4 parent on account of the death of any person, or receipt  
5 by any person of pension or compensation on account of  
6 his own service, shall not bar the payment of pension, com-  
7 pensation, or dependency and indemnity compensation on  
8 account of the death or disability of any other person."

9 ~~(168)(+)~~ (j) Section 15 of Public, Numbered 2, Seventy-  
10 third Congress (38 U. S. C., sec. 715), is amended (1)  
11 by inserting immediately after "under this title" the first  
12 time it occurs the following: "or ~~(169)~~ *title II of the Service-*  
13 *men's and Veterans' Survivor Benefits Act*", and (2) by  
14 inserting immediately after "under this title" the second time  
15 it occurs the following: "and under ~~(170)~~ *title II of the*  
16 *Servicemen's and Veterans' Survivors Benefits Act*".

17 ~~(171)(+)~~ (k) Section 3 of the Act of October 17, 1940 (38  
18 U. S. C., sec. 49a), is amended by inserting immediately  
19 after "compensation" the second time it occurs the following:  
20 " , dependency and indemnity compensation, ,".

21 ~~(172)(p)~~ (l) The Act of September 7, 1944, (38 U. S. C.,  
22 sec. 733), is amended (1) by inserting immediately after  
23 "Seventy-third Congress, as amended," the following: "or  
24 of dependency and indemnity compensation payable under

1 the Servicemen's and Veterans' Survivor Benefits Act," and  
2 (2) by inserting immediately after "death pension or com-  
3 pensation" in the second proviso the following: "or depend-  
4 ency and indemnity compensation".

5 ~~(173)(q)~~ (m) The portion of section 201 of the World War  
6 Veterans' Act, 1924 (38 U. S. C., sec. 472), which precedes  
7 paragraph (1) thereof is amended by striking out "That if  
8 death results from injury—" and inserting in lieu thereof:  
9 "If death occurs prior to January 1, ~~(174)1956~~ 1957, and  
10 results from injury—".

11 ~~(175)(r)~~ (n) The first paragraph of section 3 of the Act of  
12 August 16, 1937 (38 U. S. C., sec. 472b), is amended  
13 by striking out "World War veteran who died" and inserting  
14 in lieu thereof "World War veteran who died prior to  
15 January 1, ~~(176)1956~~ 1957,".

16 ~~(177)(s)~~ (o) (1) Paragraph IV of part I and paragraph III  
17 of part II of Veterans Regulation Numbered 1 (a) are each  
18 amended by inserting immediately after "deceased person  
19 who died" the following: "prior to January 1, ~~(178)1956~~  
20 1957".

21 (2) The amendments made by this subsection shall not  
22 apply with respect to any death occurring on or after May  
23 1, ~~(179)1956~~ 1957, under the circumstances described in  
24 section 501 (a) (3) (B) of this Act.

1 ~~(180)(t)~~ (p) Section 121 (a) of the Internal Revenue  
 2 Code of 1954 is amended by adding at the end thereof the  
 3 following:

**“(18) Dependency and indemnity compensation paid  
 to survivors of members of a uniformed service and cer-  
 tain other persons, see section 210 of the Servicemen’s and  
 Veterans’ Survivor Benefits Act.”**

4 ~~(181)(q)~~ (1) Section 2 of the Servicemen’s Indemnity Act  
 5 of 1951 is amended—

6 (A) by striking out “on and after June 27, 1950,”;

7 (B) by striking out “during a period of war or an  
 8 emergency as proclaimed by the President or the Con-  
 9 gress”;

10 (C) by striking out “against death in such service  
 11 in the principal amount of \$10,000” and inserting in  
 12 lieu thereof “against death in such service, occurring  
 13 during the period of any war or of any emergency  
 14 involving hostilities proclaimed by the Congress or the  
 15 President, in the principal amount of \$10,000”;

16 (D) by striking out the first proviso;

17 (E) by striking out “, on or after June 27, 1950,”;

18 and

19 (F) by striking out “the Selective Service Act of  
 20 1948, as amended, who on or after June 27, 1950,”  
 21 and inserting in lieu thereof “the Universal Military  
 22 Training and Service Act, or any other Act of Congress

1       *which provides for the involuntary induction of persons*  
2       *into the Armed Forces, who”.*

3       *(2) Section 5 of the Servicemen’s Indemnity Act of*  
4       *1951 is amended to read as follows:*

5       *“SEC. 5. The automatic indemnity coverage authorized*  
6       *by section 2 shall apply to any person in the active service of*  
7       *the named Armed Forces who, upon death in such active*  
8       *service, is insured against such death under a contract of*  
9       *national service life insurance or United States Government*  
10       *life insurance, but only with respect to a principal amount*  
11       *of indemnity equal to the difference between the amount*  
12       *of insurance in force at the time of death and \$10,000.”*

13       *(r) (1) Subparagraph I (a) (3) of part I of Veterans*  
14       *Regulation Numbered 2 (a) is amended to read as follows:*

15       *“(3) Where a claim has been finally disallowed, a sub-*  
16       *sequent claim on the same factual basis, if supported by new*  
17       *and material evidence, shall have the attributes of a new*  
18       *claim, except that, whenever any disallowed claim is reopened*  
19       *and thereafter allowed on the basis of new and material evi-*  
20       *dence resulting from the correction of the military or naval*  
21       *records of the proper service department under section 207*  
22       *of the Legislative Reorganization Act of 1946, the effective*  
23       *date of commencement of the benefit so awarded shall be the*

1 *date on which an application was filed for correction of the*  
2 *military record."*

3 (2) *The amendments made by this subsection shall be*  
4 *effective as of August 2, 1946, except that no payment shall*  
5 *be made for any period before the date of enactment of this*  
6 *subsection unless application therefor is made within one*  
7 *year after the date of enactment of this subsection.*

8 **REPEALS**

9 **SEC. 502.** The following Acts or parts of Acts are re-  
10 **pealed:**

11 (1) The Act of December 17, 1919 (10 U. S. C.,  
12 sec. 903).

13 (2) The second paragraph under "Bureau of Sup-  
14 plies and Accounts" in the Act of June 4, 1920 (34  
15 U. S. C., sec. 943).

16 (3) The Act of March 8, 1928 (10 U. S. C., sec.  
17 903a).

18 (4) The Act of May 12, 1930 (34 U. S. C.,  
19 sec. 944).

20 (5) The Act of July 15, 1939 (5 U. S. C.,  
21 secs. 797, 797a).

22 (6) The Act of July 18, 1940 (5 U. S. C., sec.  
23 798).

24 ~~(182)(7) Section 9 of the Act of January 10, 1942~~  
25 ~~(33 U. S. C., sec. 870).~~

1       ~~(183)(8)~~ Section 2 of the Act of December 3, 1942  
 2       ~~(23 U. S. C., sec. 855a).~~

3       ~~(184)(9)~~ (7) (A) Title 14, United States Code, sec-  
 4       tion 489.

5               (B) The portion of the table of sections at the  
 6       beginning of chapter 13 of title 14, United States Code,  
 7       which reads "489. Death gratuity."

8       ~~(185)(10)~~ The Servicemen's Indemnity Act of 1951.

9               ~~(186)~~ *TITLE VI—MISCELLANEOUS*

10                               *APPLICATION FOR BENEFITS*

11       SEC. ~~(187)503~~ 601. The Administrator and the Secre-  
 12       tary of Health, Education, and Welfare shall jointly prescribe  
 13       forms for use by survivors of members and former members  
 14       of the uniformed services in filing applications for benefits  
 15       under title II of this Act and under title II of the Social Se-  
 16       curity Act. Each such form shall request information suffi-  
 17       cient to constitute an application for benefits under both such  
 18       titles; and when an application on such form has been filed  
 19       with either the Administrator or the Secretary it shall be  
 20       deemed to be an application for benefits under both such  
 21       titles. A copy of each such application filed with the Ad-  
 22       ministrator, together with any additional information and  
 23       supporting documents (or certifications thereof) which may  
 24       have been received by the Administrator with such applica-  
 25       tion, and which may be needed by the Secretary in connec-

1 tion therewith, shall be transmitted by the Administrator to  
2 the Secretary; and a copy of each such application filed with  
3 the Secretary, together with any additional information and  
4 supporting documents (or certifications thereof) which may  
5 have been received by the Secretary with such form, and  
6 which may be needed by the Administrator in connection  
7 therewith, shall be transmitted by the Secretary to the Ad-  
8 ministrator. The preceding sentence shall not prevent the  
9 Secretary and the Administrator from requesting the appli-  
10 cant, or any other individual, to furnish such additional  
11 information as may be necessary for purposes of title II of  
12 the Social Security Act and title II of this Act, respectively.

13           (188) *EXTENSION OF INSURANCE PRIVILEGES.*

14           *SEC. 602. (a) Notwithstanding the provisions of section*  
15 *619 of the National Service Life Insurance Act of 1940,*  
16 *as amended, insurance may be granted under section 602*  
17 *(c) (2) of the National Service Life Insurance Act of 1940,*  
18 *as amended, upon application made in writing within one*  
19 *year after the effective date of this Act, and subject to the*  
20 *limitations provided in such section.*

21           *(b) Notwithstanding any time limitation for filing*  
22 *application for insurance contained in section 620 or section*  
23 *621 of the National Service Life Insurance Act of 1940,*

1 *as amended, any person who, prior to January 1, 1957,*  
 2 *was eligible to apply for insurance under such sections*  
 3 *shall, upon application made in writing within one year*  
 4 *after the effective date of this Act, be granted insurance*  
 5 *thereunder, subject to the other limitations specified in such*  
 6 *sections, except that where application for insurance under*  
 7 *the provisions of section 621 of the Act is made more than*  
 8 *one hundred and twenty days after separation from active*  
 9 *service the applicant shall be required to submit evidence*  
 10 *satisfactory to the Administrator of Veterans Affairs of*  
 11 *good health at the time of such application.*

12 **(189) MISCELLANEOUS EFFECTIVE DATES**

13 SEC. **(190)504 603.** (a) **(191)This Act** *Except as*  
 14 *otherwise provided herein, this Act shall take effect on Jan-*  
 15 *uary 1, (192)1956 1957.*

16 (b) The amendment or repeal of any provision of law  
 17 by this Act shall not operate to deprive any person of pay-  
 18 ments of the six-months' death gratuity or of any payments  
 19 which such person would be eligible to receive, but for such  
 20 amendment or repeal, by reason of the death or disability of  
 21 any person occurring prior to January 1, **(193)1956 1957;**  
 22 nor shall the amendment or repeal of any such provision



1 operate to deprive any person disabled prior to January 1,  
2 ~~(194)1956~~ 1957, of any right ~~(195)~~ *or the continuation of*  
3 *benefits* to which he ~~(196)~~ *is entitled under the Federal Em-*  
4 *ployees' Compensation Act by reason of such disability would*  
5 *otherwise be entitled by reason of such disability except for*  
6 *such amendment or repeal.*

Passed the House of Representatives July 13, 1955.

Attest: RALPH R. ROBERTS,  
*Clerk.*

Passed the Senate with amendments July 2, 1956.

Attest: FELTON M. JOHNSTON,  
*Secretary.*

84<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R. 7089**

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**AN ACT**

To provide benefits for the survivors of servicemen and veterans, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

JULY 2, 1956

Ordered to be printed with the amendments of the  
Senate numbered

SSA -- OASI

*Office Memorandum* • UNITED STATES GOVERNMENT

14:A:K

DATE: July 3, 1956

TO : Administrative, Supervisory,  
and Technical EmployeesFROM : Victor Christgau, Director  
Bureau of Old-Age and Survivors InsuranceSUBJECT: Director's Bulletin No. 238  
Senate Passage of H.R. 7089 (the Hardy Bill)

On July 2 the Senate, by voice vote, passed H.R. 7089 (the Hardy bill) in the form in which it was recently reported out by the Senate Committee on Finance. Although H.R. 7089 is intended primarily to revamp and simplify existing Federal military survivor-benefit programs, the bill is of considerable importance from the standpoint of the old-age and survivors insurance program since it would extend contributory social security coverage to members of the uniformed services. The bill will now go to conference for reconciliation of the differences between the provisions approved by the Senate and those passed by the House in July 1955. Senate conferees will be Senators Byrd, George, Millikin, Kerr, and Martin. It is expected that the House conferees will include Representative Hardy and other members of the House Select Committee on Survivor Benefits.

Senate passage of the bill virtually assures that servicemen will be covered under social security effective January 1, 1957. The bill also provides for reimbursement of the Federal Old-Age and Survivors Insurance Trust Fund for the cost of the special provisions in the existing social security law which relate to servicemen and veterans. (The amount to be reimbursed includes roughly \$200 million already paid out in benefits, and more than \$600 million in expected future disbursements attributable to the present provisions.)

Although the Senate bill follows the same general pattern as the bill which was developed by the House Select Committee and passed by the House of Representatives, a number of revisions and deletions were made by the Finance Committee. The only change of any importance in the old-age and survivors insurance provisions of the bill was the deletion of provisions for deeming an individual to be insured under OASI if he died in military service or from service-connected causes, and for waiving the work requirements of the OASI disability freeze provisions for an individual who has a service-connected disability.

The contributory OASI coverage provisions under the Senate bill are substantially the same as those contained in the House version except that commissioned officers of the Public Health Service and the

Administrative, Supervisory, and  
Technical Employees - 7/3/56

Coast and Geodetic Survey would not be included under these or other provisions of the bill. The Senate Finance Committee also added a provision which would preclude crediting military service towards retirement benefits under both OASI and the civil service retirement system. A summary of the provisions of the Senate bill affecting OASI follows:

1. OASI coverage would apply only to the basic pay of servicemen, thus excluding such items as the value of food, shelter and various allowances and special pay. The effect of covering only basic pay will be to establish a base for OASI benefits and contributions approximately one-third lower, on the average, than if servicemen's gross pay were covered.

2. The bill provides for reimbursement of the Federal Old-Age and Survivors Insurance Trust Fund for past and future expenditures resulting from the \$160 military service wage credit provision in the present law and the special provision which applied to deaths of World War II veterans during the 3-year period following discharge from service. Reimbursement for aggregate expenditures through June 1956 would be payable in annual installments over a 10-year period; reimbursement for future expenditures resulting from the gratuitous wage credits and the special provision mentioned above would be made annually as benefits are paid.

3. The gratuitous \$160 wage credits in existing law would be extended to service after March 31, 1956, and before January 1, 1957, the effective date of contributory coverage. In the case of individuals who serve in the uniformed services on or after January 1, 1957, the present restrictions on the granting of the gratuitous wage credits when a benefit is payable by one of the uniformed services retirement systems would not apply with respect to military service performed after 1950 and before 1957.

4. Survivor annuitants under the 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 benefit. With regard to military service performed after December 1956, the survivor would have no option; if he is eligible for a social security survivor benefit, his military service could not be counted in computing a survivor annuity under the Civil Service Retirement Act. Similarly, the bill precludes military service after 1956 from counting for both OASI and civil service retirement payments.

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and Technical Employees - 7/3/56

5. The \$160 gratuitous monthly wage credits for military service provided under the Railroad Retirement Act would be continued. For military service after 1956, however, 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. Military service after 1956 which is creditable under the railroad retirement program could not be credited toward benefits under OASI (except in certain over-10-year survivor cases) even though the service had been nominally covered under OASI.

6. An application filed for veterans' death compensation would constitute an application for social security survivor benefits and vice versa. The intent of the provision is that a claim filed with the Veterans Administration will establish a filing date for OASI purposes and vice versa and that proofs filed with a claim with either of the two agencies will, as necessary, be made available to the other agency.

The major changes that would be provided in survivor benefit programs (other than OASI) for members and former members of the Armed Forces are generally very similar to the corresponding changes in the House bill and therefore will not be repeated here.

I will advise you of any further changes in the provisions of the bill as finally approved.



Victor Christgau

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MESSAGE FROM THE SENATE

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

H. R. 7089. An act to provide benefits for the survivors of servicemen and veterans, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BYRD, Mr. GEORGE, Mr. KERR, Mr. MILLIKIN, and Mr. MARTIN of Pennsylvania to be the conferees on the part of the Senate.

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**BENEFITS FOR SURVIVORS OF SERVICEMEN AND VETERANS**

Mr. HARDY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 7089) to provide benefits for the survivors of servicemen and veterans, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference requested by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

Mrs. ROGERS of Massachusetts. Reserving the right to object, Mr. Speaker, I should like to say how glad I am that this bill has come over from the other body, carrying as it does help for the widows and other survivors of servicemen and veterans. I am pleased that the bill will soon be on its way to become law.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Speaker appointed the following conferees: Messrs. HARDY, TEAGUE of Texas, KILDAY, BATES, and KEAN.

SERVICEMEN'S AND VETERANS' SURVIVOR BENEFITS  
ACT

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JULY 16, 1956.—Ordered to be printed

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Mr. HARDY, from the committee of conference, submitted  
the following

CONFERENCE REPORT

[To accompany H. R. 7089]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7089) to provide benefits for the survivors of servicemen and veterans, and for other purposes, having met after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 16, 17, 18, 19, 22, 23, 24, 25, 26, 27, 28, 29, 36, 37, 38, 102, 110, 146, 149, 152, 157, 159, 160, 161, 162, 164, 165, 166, 167, 168, 171, 172, 173, 175, 177, 180, and 182.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 4, 8, 9, 13, 14, 20, 21, 30, 31, 32, 33, 34, 35, 39, 40, 41, 42, 43, 44, 45, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 75, 76, 78, 79, 81, 82, 83, 84, 85, 86, 87, 88, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 103, 104, 105, 106, 107, 108, 109, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 123, 125, 126, 127, 128, 129, 131, 133, 134, 135, 136, 137, 138, 139, 141, 143, 145, 153, 154, 155, 163, 169, 170, 174, 176, 178, 179, 183, 186, 187, 189, 190, 191, 192, 193, 194, 195, and 196, and agree to the same.

Amendment numbered 2:

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows:

Strike out the matter proposed to be stricken out by the Senate amendment and in lieu thereof insert *SEC. 405. Payment of benefits in certain cases of in-service or service-connected deaths.*; and the Senate agree to the same.



## Amendment numbered 3:

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 406; and the Senate agree to the same.

## Amendment numbered 5:

That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 407; and the Senate agree to the same.

## Amendment numbered 6:

That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 408; and the Senate agree to the same.

## Amendment numbered 7:

That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 409; and the Senate agree to the same.

## Amendment numbered 10:

That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 410; and the Senate agree to the same.

## Amendment numbered 11:

That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 411; and the Senate agree to the same.

## Amendment numbered 12:

That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 412; and the Senate agree to the same.

## Amendment numbered 15:

That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows:

On page 2 of the Senate engrossed amendments, in the matter following line 6, strike out "SEC. 602. Extension of insurance privileges." and in lieu thereof insert *SEC. 602. Renewal of term insurance.*; and the Senate agree to the same.

Amendment numbered 46:

That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

*SEC. 202.* (a) *Dependency and indemnity compensation shall be paid under this title to a widow at a monthly rate equal to \$112 plus 12 per centum of the basic pay of her deceased husband.*

(b) *If there are two or more children of a deceased person who have not attained the age of eighteen, and the total of the monthly benefits to which the widow and children who have not attained the age of eighteen of such deceased person are or would, upon the filing of an application, be entitled under—*

(1) *section 405 of this Act,*

(2) *section 202 of the Social Security Act (after reduction under section 203 (a) of such Act but without regard to the deduction provisions of such section 203), on the basis of such deceased person's earnings, and*

(3) *section 5 of the Railroad Retirement Act of 1937 (after reduction under section 4 (i) and section 5 (h) of such Act), on the basis of such deceased person's earnings, is less than the amount described in subsection (d), then the dependency and indemnity compensation paid monthly to the widow pursuant to subsection (a) of this section shall be increased by \$25 for each child who has not attained the age of eighteen in excess of one.*

(c) *The total of increases under subsection (b) shall, in any case, not exceed an amount equal to—*

(1) *the amount described in subsection (d), less*

(2) *the total of the monthly benefits to which such widow and such children who have not attained the age of eighteen are or would, upon the filing of an application, be entitled under—*

(A) *section 405 of this Act,*

(B) *section 202 of the Social Security Act (after reduction under section 203 (a) of such Act but without regard to the deduction provisions of such section 203), on the basis of the deceased person's earnings, and*

(C) *section 5 of the Railroad Retirement Act of 1937 (after reduction under section 4 (i) and section 5 (h) of such Act), on the basis of the deceased person's earnings.*

(d) *The amount referred to in subsections (b) and (c) (1) is an amount equal to the total of the monthly benefits to which a widow and two children of a deceased person would be entitled under section 202 of the Social Security Act if the deceased person's average monthly wage had been \$160 (after reduction under section 203 (a) of such Act but without regard to deduction provisions of such section 203).*

(e) *The amount determined under subsection (a) shall, after increase (if any) under subsection (b), be adjusted by the Administrator to the next higher dollar. The amount referred to in paragraph (2) (A) or (B) or paragraph (2) (C) of subsection (c) shall be determined by the Secretary of Health, Education, and Welfare, or the Railroad Retirement Board, as the case may be, and shall be certified to the Administrator upon his request.*

And the Senate agree to the same.

Amendment numbered 74:

That the House recede from its disagreement to the amendment of the Senate numbered 74, and agree to the same with an amendment as follows:

Strike out the matter proposed to be stricken out by the Senate amendment and on page 22 of the House engrossed bill, in line 6, strike out "dependent" where it appears the second time; and the Senate agree to the same.

Amendment numbered 77:

That the House recede from its disagreement to the amendment of the Senate numbered 77, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *Except as provided in paragraphs (3) and (4), no*; and the Senate agree to the same.

Amendment numbered 80:

That the House recede from its disagreement to the amendment of the Senate numbered 80, and agree to the same with an amendment as follows:

Strike out the matter proposed to be stricken out by the Senate amendment and in lieu thereof insert the following:

(3) *In the case of a child who has applied for dependency and indemnity compensation pursuant to this section, and who is or becomes a beneficiary under the Servicemen's Indemnity Act of 1951 by reason of the death giving rise to his eligibility for dependency and indemnity compensation, the Administrator shall determine and pay to such child for each month, or part thereof, payments under this title or under such Act, whichever payment he determines to be the greater amount.*

(4) *Notwithstanding paragraph (2), where a child receives dependency and indemnity compensation under this title, and thereafter dies, the portion of servicemen's indemnity in which such child had an interest may be paid (subject to paragraph (3)) to another child of the person by reason of whose death such servicemen's indemnity was payable.*

And the Senate agree to the same.

Amendment numbered 89:

That the House recede from its disagreement to the amendment of the Senate numbered 89, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *in the same parental line may not be paid to or on account of such child*; and the Senate agree to the same.

Amendment numbered 122:

That the House recede from its disagreement to the amendment of the Senate numbered 122, and agree to the same with an amendment as follows:

Strike out the matter proposed to be stricken out by the Senate amendment and in lieu thereof insert the following:

## PAYMENT OF BENEFITS IN CERTAIN CASES OF IN-SERVICE OR SERVICE-CONNECTED DEATHS

SEC. 405. (a) *In the case of any individual—*

(1) *who dies after December 1956 and is not a fully and currently insured individual (as defined in section 214 of the Social Security Act) at the time of his death; and*

(2) *whose death occurs—*

(A) *while on active duty, active duty for training, or inactive duty training as a member of a uniformed service; or*

(B) *as the result of a disease or injury which the Administrator determines was incurred or aggravated in line of duty while on active duty or active duty for training, or an injury which the Administrator determines was incurred or aggravated in line of duty while on inactive duty training, as a member of a uniformed service after September 15, 1940, if the Administrator determines that such individual was discharged or released from the period of such active duty, active duty for training, or inactive duty training under conditions other than dishonorable; and*

(3) *who leaves one or more survivors who are not entitled for any month to monthly benefits under section 202 of the Social Security Act on the basis of his wages and self-employment income but who would, upon application therefor, be entitled to such benefits if he had been both fully and currently insured at the time of his death;*

*the Administrator shall pay for such month benefits under this section to each such survivor in an amount equal to the amount of the benefits which would have been paid for such month to such survivor under title II of the Social Security Act, if such individual had been both fully and currently insured at the time of his death and if such survivor had filed application therefor on the same date on which application for benefits under this section is filed with the Administrator.*

(b) *The determination (other than a determination required by subsection (a) (2)) as to whether any survivor described in subsection (a) (3) of a deceased individual would be entitled to benefits under section 202 of the Social Security Act for any month and as to the amount of the benefits which would be paid for such month, if the deceased individual had been a fully and currently insured individual at the time of his death, shall be made by the Secretary of Health, Education, and Welfare, and shall be certified by him to the Administrator upon request of the Administrator.*

(c) *Upon the basis of estimates made by the Secretary of Health, Education, and Welfare after consultation with the Administrator, the Administrator shall pay to the Secretary an amount equal to the costs which will be incurred in making determinations and certifications under subsection (b). Such payments shall be made with respect to the costs incurred during such period (but not shorter than a calendar quarter) as the Secretary and the Administrator may prescribe. The amount payable for any period shall be increased or reduced to compensate for any underpayment or overpayment, as the case may be, of the costs incurred in any preceding period.*

(d) *Except with respect to determinations made under subsection (b), the Administrator shall prescribe such regulations as may be necessary to carry out the provisions of this section.*

*And the Senate agree to the same.*

Amendment numbered 124:

That the House recede from its disagreement to the amendment of the Senate numbered 124, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 406; and the Senate agree to the same.

Amendment numbered 130:

That the House recede from its disagreement to the amendment of the Senate numbered 130, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 407; and the Senate agree to the same.

Amendment numbered 132:

That the House recede from its disagreement to the amendment of the Senate numbered 132, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 408; and the Senate agree to the same.

Amendment numbered 140:

That the House recede from its disagreement to the amendment of the Senate numbered 140, and agree to the same with an amendment as follows:

On page 15 of the Senate engrossed amendments, in line 5, strike out "408" and in lieu thereof insert 409; and the Senate agree to the same.

Amendment numbered 142:

That the House recede from its disagreement to the amendment of the Senate numbered 142, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 410; and the Senate agree to the same.

Amendment numbered 144:

That the House recede from its disagreement to the amendment of the Senate numbered 144, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 411; and the Senate agree to the same.

Amendment numbered 147:

That the House recede from its disagreement to the amendment of the Senate numbered 147, and agree to the same with an amendment as follows:

On page 17 of the Senate engrossed amendments, in line 1, strike out "411" and in lieu thereof insert 412; and the Senate agree to the same.

Amendment numbered 148:

That the House recede from its disagreement to the amendment of the Senate numbered 148, and agree to the same with an amendment as follows:

Restore the matter proposed to be stricken out by the Senate amendment, omit the matter proposed to be inserted by the Senate

amendment, and on page 64 of the House engrossed bill, in line 9, strike out "1956" and in lieu thereof insert 1957; and the Senate agree to the same.

Amendment numbered 150:

That the House recede from its disagreement to the amendment of the Senate numbered 150, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

(b) *Notwithstanding the provisions of subsection (a), no application for waiver of premiums may be made after December 31, 1956, except applications therefor filed pursuant to the first proviso of subsection (a).*

And the Senate agree to the same.

Amendment numbered 151:

That the House recede from its disagreement to the amendment of the Senate numbered 151, and agree to the same with an amendment as follows:

On page 20 of the Senate engrossed amendments, in line 19, strike out "(1)" and, in lines 23, 24, and 25, strike out "or (2) during a period of war or of any emergency involving hostilities proclaimed by the Congress or the President"; and the Senate agree to the same.

Amendment numbered 156:

That the House recede from its disagreement to the amendment of the Senate numbered 156, and agree to the same with an amendment as follows:

On page 23 of the Senate engrossed amendments, in line 1, strike out "(6)" and in lieu thereof insert (5); and the Senate agree to the same.

Amendment numbered 158:

That the House recede from its disagreement to the amendment of the Senate numbered 158, and agree to the same with an amendment as follows:

Restore the matter proposed to be stricken out by the Senate amendment and—

(1) on page 68 of the House engrossed bill, in line 17, strike out "1956" and insert 1957;

(2) on page 68 of the House engrossed bill, in line 18, strike out "1956" and insert 1957;

(3) on page 68 of the House engrossed bill, in line 23, strike out "1955" and insert 1956;

(4) on page 69 of the House engrossed bill, in line 2, strike out "1955" and insert 1956;

(5) on page 69 of the House engrossed bill, in line 5, strike out "1956" and insert 1957;

(6) on page 69 of the House engrossed bill, in line 6, strike out "1956" and insert 1957;

(7) on page 69 of the House engrossed bill, in line 8, strike out "1956" and insert 1957;

(8) on page 69 of the House engrossed bill, in line 22, strike out "1955" and insert 1956;

(9) on page 70 of the House engrossed bill, in line 13, strike out "1956" and insert 1957;

(10) on page 71 of the House engrossed bill, in line 8, strike out "1956" and insert 1957;

(11) on page 71 of the House engrossed bill, in line 9, strike out "1956" and insert 1957;

(12) on page 71 of the House engrossed bill, in line 17, strike out "1956" and insert 1957;

(13) on page 72 of the House engrossed bill, in line 11, strike out "1956" and insert 1957; and

(14) on page 72 of the House engrossed bill, in line 12, strike out "1956" and insert 1957.

And the Senate agree to the same.

Amendment numbered 181:

That the House recede from its disagreement to the amendment of the Senate numbered 181, and agree to the same with an amendment as follows:

On page 26 of the Senate engrossed amendments, beginning with line 4, strike out all through line 10 on page 27 of the Senate engrossed amendments, and on page 27 of the Senate engrossed amendments, in line 11, strike out "(r)" and insert in lieu thereof (u); and the Senate agree to the same.

Amendment numbered 184:

That the House recede from its disagreement to the amendment of the Senate numbered 184, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: (8); and the Senate agree to the same.

Amendment numbered 185:

That the House recede from its disagreement to the amendment of the Senate numbered 185, and agree to the same with an amendment, as follows:

Restore the matter proposed to be stricken out by the Senate amendment and, on page 78 of the House engrossed bill, in line 25, strike out "(10)" and in lieu thereof insert (9); and the Senate agree to the same.

Amendment numbered 188:

That the House recede from its disagreement to the amendment of the Senate numbered 188, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

#### RENEWAL OF TERM INSURANCE

*Sec. 602. (a) Subsection (f) of section 602 of the National Service Life Insurance Act of 1940 (38 U. S. C., sec. 802) is amended by striking out "and which is not lapsed" in the first proviso, and by adding immediately after such proviso the following: "Provided further, That such renewal shall be effected in cases where the policy is lapsed only in the event the lapse occurred not earlier than two months prior to expiration of the*

*term period, and reinstatement in such cases shall be under terms and conditions prescribed by the Administrator:".*

*(b) The amendments made by subsection (a) shall be effective July 23, 1953.*

And the Senate agree to the same.

PORTER HARDY, JR.,  
OLIN E. TEAGUE,  
PAUL J. KILDAY,  
ROBERT W. KEAN,  
WILLIAM H. BATES,

*Managers on the Part of the House.*

HARRY F. BYRD,  
WALTER F. GEORGE,  
ROBT. S. KERR,  
E. D. MILLIKIN,  
EDWARD MARTIN,

*Managers on the Part of the Senate.*



#### STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7089) to provide benefits for survivors of servicemen and veterans, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

#### TECHNICAL AND CLERICAL AMENDMENTS

The following Senate amendments made technical, clerical, clarifying, or conforming changes (including changes made necessary to conform to laws enacted after the bill passed the House in 1955): 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 18, 19, 20, 21, 23, 25, 26, 28, 33, 34, 35, 36, 44, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 63, 65, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 86, 87, 88, 89, 90, 93, 94, 97, 98, 99, 100, 114, 116, 120, 124, 130, 131, 132, 142, 143, 144, 147, 149, 152, 154, 156, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 175, 177, 180, 183, 184, 186, 187, 189, 190, 191, 195, and 196. With respect to these amendments (1) the House either recedes or recedes with amendments which are technical, clerical, clarifying, or conforming in nature, or (2) the Senate recedes in order to conform to other action agreed on by the committee of conference.

#### AMENDMENTS RELATING TO EFFECTIVE DATE

The effective date of the bill as it passed the House was January 1, 1956. The following Senate amendments either (1) establish January 1, 1957, as the effective date of the bill, or (2) make conforming changes to reflect the January 1, 1957, effective date: 1, 30, 39, 40, 41, 43, 45, 66, 67, 78, 81, 83, 84, 85, 92, 101, 115, 118, 119, 125, 126, 127, 128, 133, 134, 135, 136, 137, 138, 139, 145, 174, 176, 178, 179, 192, 193, and 194. The House recedes.

#### AMENDMENTS EXTENDING GRATUITOUS WAGE CREDITS

The following Senate amendments (1) extend gratuitous wage credits of \$160 per month for all persons in the military service between April 1, 1956, and December 31, 1956, or (2) make conforming changes in the Social Security Act to reflect this extension of the gratuitous wage credits: 105, 106, 107, 108, 109, 111, 112, 113, and 121. The House recedes.

#### AMENDMENTS RELATING TO PUBLIC HEALTH SERVICE AND COAST AND GEODETIC SURVEY

The following Senate amendments eliminated commissioned officers of the Public Health Service and Coast and Geodetic Survey from the coverage of the bill under normal conditions of service: 16, 17, 22, 24, 27, 29, 37, 38, 102, 110, 146, and 182. The Senate recedes.

## OTHER SUBSTANTIVE AMENDMENTS

Amendments Nos. 31 and 32: Under section 102 (6) (B) of the House bill, coverage is extended to members of Reserve components who are proceeding directly to or returning directly from active duty for training or inactive-duty training. In case any such reservist incurs a disability during such travel and dies from it within 120 days, the death gratuity provided by section 303 of the bill will be payable. The Senate amendments provide that determinations for purposes of section 303 of the bill with respect to these reservists shall be made by the Administrator of Veterans' Affairs. The House recedes.

Amendment No. 42: The House bill provided that the Secretary concerned shall certify to the Administrator of Veterans' Affairs, upon request, the rank and years of service of deceased persons with respect to whose deaths applications for benefits are filed under title II of the bill. The Senate amendment provides that the Secretary shall certify the basic pay of the deceased person, and does not preclude certification of rank and years of service. The House recedes.

Amendment No. 46: Section 202 of the House bill, in subsection (a), established the basic rate of payment of dependency and indemnity compensation to a widow, and in subsection (b) provided for a supplemental payment from the Veterans' Administration to a widow with two or more children where social security payments to her and the children are inadequate. For purposes of determining the number of children on whose account this payment would be made, the House bill provided for including children over 18 years if (1) helpless or (2) under 21 and attending school. The payment would have equaled \$20 for each child in excess of 1, subject to an overall ceiling under which the supplemental payments combined with social-security payments could not exceed the amount which would have been payable under the Social Security Act if the deceased person had died fully and currently insured with an average monthly wage of \$160.

The Senate amendment increased the supplemental payment to \$30 for each child in excess of 1, limited the children on whose account the payment could be made to children under the age of 18, provided for taking account of Railroad Retirement Act benefits in determining the supplement payable, and provided that the ceiling on payments under the Social Security Act (or the Railroad Retirement Act) and the supplemental payments should not exceed \$128.

The House recedes with an amendment. Under the conference substitute, the supplemental payment is to be \$25 for each child in excess of 1. The substitute also limits the children on whose account the payment can be made to children under the age of 18, takes Railroad Retirement Act benefits into account in determining the supplement payable, and provides that the supplemental payments, when combined with payments under the Social Security Act, the Railroad Retirement Act of 1937, and section 405 of the bill, shall not exceed the amount payable under the Social Security Act to a widow and 2 children based upon an average monthly wage of \$160.

Amendment No. 62: Section 205 (g) of the House bill specified the items to be excluded by the Administrator of Veterans' Affairs in determining income of a parent for purposes of establishing the dependency and indemnity compensation payable to the parent.

The Senate amendment provides that disability compensation payable by the Veterans' Administration to a parent shall be excluded in determining such income. The House recedes.

Amendment No. 64: The Senate amendment provides that lump-sum death payments under title II of the Social Security Act shall not be taken into account in determining income of a parent for purposes of establishing the dependency and indemnity compensation payable to the parent. The House recedes.

Amendment No. 79: Section 206 (e) (1) of the House bill provides that persons now entitled to servicemen's indemnity may not receive servicemen's indemnity after being granted the new benefits from the Veterans' Administration. The second sentence of this section prohibits payments to any beneficiary who has assigned his interest in servicemen's indemnity after June 28, 1955. The Senate amendment prohibits such payments to any beneficiary who has assigned his interest in servicemen's indemnity after June 28, 1956, the date the bill was reported to the Senate. The House recedes.

Amendment No. 80: Section 206 (e) (3) of the House bill provided an exception to other provisions of the House bill prohibiting payment of servicemen's indemnity to beneficiaries who had been granted the new benefits. This section was intended to provide (1) that where a child is eligible for the new benefits and (but for the receipt of the new benefits) would be entitled to payments of servicemen's indemnity in amounts greater than the new benefits, the child shall receive payments of indemnity, and (2) that one child could succeed to the indemnity rights of another child who has been granted the new benefits.

The Senate amendment deleted this paragraph. The House recedes with an amendment, which clarifies the intent of this paragraph as it was adopted by the House, and makes it clear that children shall receive payments under either program of benefits, whichever is determined by the Administrator to be more beneficial to the child for the period involved. The amendment also restores the provisions of the House bill under which a child can succeed to the rights of another child to indemnity, where the latter child has been granted the new benefits and thereafter dies.

Amendment No. 82: The House bill provided that the effective date of awards of the new benefits from the Veterans' Administration would be the same as is provided in other laws administered by the Veterans' Administration.

The Senate amendment provides that in certain cases children's benefits should be paid retroactively to the date their entitlement arose, and in all other cases should be paid effective as of the date of application. The House recedes.

Amendment No. 91: The House bill provides that new benefits shall be exempt from taxation, and claims of creditors, and not subject to attachment or seizure.

The Senate amendment provides that the new benefits shall not be exempt from levy under the Internal Revenue Code of 1954 for collection of unpaid taxes. The Senate amendment makes the new benefits subject to the same provisions of law as apply in the case of all other veterans' benefits. The House recedes.

Amendment No. 95: The House bill provided that certifying or disbursing officers should not be liable for erroneous payments or over-

payments of the death gratuity in certain cases. The Senate amendment deletes this provision from the House bill. The House recedes.

Amendment No. 96: The House bill provided authority for the Secretary concerned to waive recovery of erroneous payments or overpayments of the death gratuity when such recovery would be against equity and good conscience.

The Senate amendment deletes this provision from the House bill. The House recedes.

Amendments Nos. 103 and 104: The House bill provided a continuation of the present provision in the Social Security Act under which applications for lump-sum death payments in cases where an individual dies overseas in the active military or naval service of the United States and is returned to the United States for interment or reinterment may be filed within 2 years after such interment or reinterment, instead of having to be filed within 2 years of the date of death.

The Senate amendment extends this provision to apply to deaths occurring after March 31, 1956, the date of expiration of the provisions of existing law on this subject. The House recedes.

Amendment No. 117: The House bill provided that in cases where the widow or child is entitled to an annuity under the Civil Service Retirement Act, such annuity is based in part on military service, and but for the receipt of such annuity, the widow (or child, as appropriate) could receive social-security benefits, the widow or child or children of the deceased person could waive their civil-service annuity and receive social-security benefits. The Senate amendment specifies the persons who may make the waiver on behalf of children, and requires that any waiver of civil-service benefits must be made by all children, and the widow (if there is one) in order for the waiver to be effective as to any of them. The House recedes.

Amendment No. 122: The House bill, in section 405, provided that every person dying after the effective date of the bill (1) in the military service, or (2) from a service-connected disability incurred or aggravated after September 15, 1940, should be deemed, for the purposes of the Social Security Act, to have died fully and currently insured. The Senate amendment deleted this provision from the bill.

The House recedes with an amendment. The conference substitute provides that where an individual dies under the circumstances listed above, and does not die both fully and currently insured for purposes of the Social Security Act, the Administrator of Veterans' Affairs shall, upon application, make monthly payments to the survivors of the deceased individual, not otherwise eligible for payments under the Social Security Act on the individual's wage record, in the same amounts as would have been payable to them under the Social Security Act of such individual had died fully and currently insured. If the individual did not die fully and currently insured, the Secretary of Health, Education, and Welfare will determine the amount of benefits which would have been payable under the Social Security Act, had he died so insured, to the survivors by whom or on whose behalf the application was filed and who are not eligible for such benefits, and will, upon request of the Administrator, certify monthly to the Administrator of Veterans' Affairs the amounts so determined. The Administrator will then pay the amounts so certified to or for such survivors.

The amendment also authorizes the Administrator of Veterans' Affairs to make necessary regulations for the administration of the section, and provides for advance payments by him to the Secretary of Health, Education, and Welfare to defray costs incurred in making determinations and certifications under subsection (b) of this section.

Amendment No. 123: The House bill provided that in certain cases involving totally disabled individuals whose disability is service-connected, the requirements of the Social Security Act with respect to the number of quarters of coverage needed by such individual (but for the provisions of the House bill) to qualify for the "disability freeze" under the Social Security Act should not be applicable.

The House bill also provided that individuals dying before the effective date of the bill (1) in the military service or (2) from a service-connected disability incurred or aggravated after September 15, 1940, should be deemed, for purposes of the Social Security Act, to have died fully and currently insured.

The Senate amendment deletes these provisions from the House bill. The House recedes.

Amendment No. 129: The House bill provided for reimbursement of the old-age and survivors' insurance trust fund for its additional costs arising out of the provisions of the House bill under which individuals dying in service or from service-connected causes would be deemed to have died fully and currently insured for purposes of the Social Security Act, whether or not such individuals had sufficient quarters of coverage to be fully and currently insured, or to meet the insured status requirements for purposes of the "disability freeze" under title II of that act.

The Senate amendment deleted this provision from the House bill. In view of the action of the conference with respect to amendments Nos. 122 and 123, the provisions of the House bill relating to reimbursement of the trust fund are unnecessary. The House recedes.

Amendment No. 140: The House bill provided that military service rendered after the effective date of the bill should not be counted in the computation of survivor annuities under the Civil Service Retirement Act for months with respect to which a social security survivor benefit is payable.

The Senate amendment, which was recommended by the Civil Service Commission, includes the same provisions with respect to survivors, and adds a provision that military service rendered after the effective date of the bill shall not be creditable to any individual for purposes of retirement annuities under the Civil Service Retirement Act for any month with respect to which an old-age insurance benefit is payable under the Social Security Act. The House recedes with a clerical amendment.

Amendment No. 141: The House bill provided for certain determinations to be made by the Administrator of Veterans' Affairs under the provisions of the House bill establishing a presumed insured status under the Social Security Act for individuals dying in service or service-connected deaths. Amendments Nos. 122 and 123 delete these provisions from the House bill. In view of the action of the conference with respect to Amendments Nos. 122 and 123, this provision of the House bill is unnecessary. The House recedes.

Amendment No. 148: The House bill provides that no national service life insurance shall be granted after the effective date of the

bill under section 621 of the National Service Life Insurance Act of 1940 except pursuant to applications filed before the effective date of the bill. The Senate amendment deleted these provisions of the House bill, and would have authorized the granting of such insurance under such section 621. The Senate amendment also provided for liquidation of the present revolving fund established for insurance granted under such section 621.

The House recedes with an amendment, which deletes the matter proposed to be inserted by the Senate amendment, and restores the original provisions of the House bill with a technical amendment required by the change in the effective date of the bill.

Amendment No. 150: The House bill provided that no waiver of premiums could be granted under section 622 of the National Service Life Insurance Act of 1940 after the effective date of the bill.

The Senate amendment deleted the provisions of the House bill, and inserted new language, which would have precluded the waiving of premiums under that section after December 31, 1956, except in certain cases involving members of the Armed Forces missing in action, and during periods of war or emergency involving hostilities.

The House recedes with an amendment. Under the conference substitute, no application for waiver of premiums made after the effective date of the bill shall be effective, except applications made in the case of members of the Armed Forces who are missing in action.

Amendment No. 151: The House bill provided that where individuals die on or after May 1, 1956, having in effect a policy of national service life insurance under waiver of premiums, the new Veterans' Administration benefits may not be paid to his survivors, but the old benefits should be payable.

The Senate amendment retains these provisions of the House bill, but only with respect to deaths occurring on or after May 1, 1957, and provides that these provisions of the bill should not apply in the case of deaths of persons having insurance under waiver of premiums (1) while they are missing in action, or (2) during any period of war or emergency involving hostilities.

The House recedes with an amendment. Under the conference substitute the provisions of the Senate amendment are retained deleting, however, those provisions authorizing payment of the new benefits where an individual dies during war or emergency having insurance in force under waiver of premiums.

Amendments Nos. 153 and 155: The House bill added a new section 623 to the National Service Life Insurance Act of 1940, preserving the right of individuals in the active service on the effective date of the bill to reinstate surrendered permanent plan national service life insurance or to obtain new term insurance where national service life insurance on the term plan had expired during their active service. The proposed new section 623 also contained provisions protecting insurance rights of persons discharged from the active service before the effective date of the bill.

The Senate amendment authorizes individuals in the active service whose insurance so expired or was surrendered before January 1, 1957, to reinstate their permanent plan insurance, or be granted new term insurance, while continuing in the active service, as well as during the 120-day period thereafter. The Senate amendment would apply to persons discharged before as well as after the effective date of the

bill. The amendment also provides that the excess costs arising out of insurance granted under this section should be paid from the national service life insurance appropriation, thereby reflecting changes in the law made by Public Law 194, 84th Congress, enacted after passage of the House bill. Since amendment No. 153 would protect insurance rights of persons discharged before the effective date of the bill, the provisions of the House bill with respect to these persons are unnecessary. The House recedes on both amendments.

Amendment No. 157: This amendment inserted a provision in the bill to protect insurance rights of certain commissioned officers of the Public Health Service and Coast and Geodetic Survey, which was necessary in view of the Senate amendments deleting these officers from full coverage under the bill.

In view of the conference action restoring these officers to coverage under the bill, amendment No. 157 is unnecessary. The Senate recedes.

Amendment No. 158: The House bill amended the Public Health Service Act, the act of May 22, 1917, and the Federal Employees Compensation Act, so as to provide coverage under the bill to commissioned officers of the Public Health Service and Coast and Geodetic Survey; made a technical amendment to the Federal Employees Group Life Insurance Act of 1954 made necessary by the repeal of the Servicemen's Indemnity Act of 1951; and authorized recomputation of benefits under the Social Security Act in certain cases involving commissioned officers of the Public Health Service and the Coast and Geodetic Survey, or their survivors, who might be entitled to greater benefits under the Social Security Act by reason of the provisions of the House bill.

The Senate amendment deleted these provisions from the House bill. The House recedes with an amendment, which restores to the bill the matter deleted by the Senate amendment, with amendments making the effective date of these provisions the same as the effective date of the bill.

Amendment No. 181: The House bill repealed the Servicemen's Indemnity Act of 1951. Senate amendment No. 185 struck out this provision of the House bill, but Senate amendment No. 181 would have suspended the operation of such act so that it would be applicable only in time of war or emergency involving hostilities. Senate amendment No. 181 also contained a provision under which the effective date of awards of veterans' benefits shall be the date of application for correction of a military or naval record under section 207 of the Legislative Reorganization Act of 1946, where eligibility for such benefits is restored solely by reason of such correction.

The House recedes with an amendment. Under the conference agreement the provisions of the Senate amendment making the Servicemen's Indemnity Act of 1951 applicable in time of war or emergency involving hostilities are deleted, and the provision of the Senate amendment relating to effective dates of awards are retained.

Amendment No. 185: The House bill repealed the Servicemen's Indemnity Act of 1951; the Senate amendment deleted this provision from the bill. The House recedes with an amendment. Under the conference agreement this provision of the House bill is restored with a clerical change.

Amendment No. 188: The Senate amendment added to the bill a provision under which World War II veterans could have obtained insurance under section 602 of the National Service Life Insurance Act of 1940, if application was made within 1 year after the effective date of the bill, and authorized veterans of service after April 25, 1951, to be granted insurance under section 620 or 621 of the National Service Life Insurance Act of 1940 if application was made within 1 year after the effective date of the bill.

The House recedes with an amendment. The conference substitute amends the National service Life Insurance Act of 1940 so as to authorize certain of the persons covered by the Senate amendment to reinstate their term insurance, by removing, effective as of July 23, 1953, the existing bar to the automatic renewal of term policies of national service life insurance which lapse in the 59th or 60th month of the term.

PORTER HARDY, Jr.,  
OLIN E. TEAGUE,  
PAUL J. KILDAY,  
ROBERT W. KEAN,  
WILLIAM H. BATES,

*Managers on the Part of the House.*



amendments of the Senate to the bill (H. R. 7089) to provide benefits for the survivors of servicemen and veterans, and for other purposes, having met after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 16, 17, 18, 19, 22, 23, 24, 25, 26, 27, 28, 29, 36, 37, 38, 102, 110, 146, 149, 152, 157, 159, 160, 161, 162, 164, 165, 166, 167, 168, 171, 172, 173, 175, 177, 180, and 182.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 4, 8, 9, 13, 14, 20, 21, 30, 31, 32, 33, 34, 35, 39, 40, 41, 42, 43, 44, 45, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 75, 76, 78, 79, 81, 82, 83, 84, 85, 86, 87, 88, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 103, 104, 105, 106, 107, 108, 109, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 123, 125, 126, 127, 128, 129, 131, 133, 134, 135, 136, 137, 138, 139, 141, 143, 145, 153, 154, 155, 163, 169, 170, 174, 176, 178, 179, 183, 186, 187, 189, 190, 191, 192, 193, 194, 195, and 196, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: Strike out the matter proposed to be stricken out by the Senate amendment and in lieu thereof insert "Sec. 405. Payment of benefits in certain cases of in-service or service-connected deaths."; and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "406"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "407"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "408"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "409"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "410"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "411"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "412"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree

to the same with an amendment as follows: On page 2 of the Senate engrossed amendments, in the matter following line 6, strike out "Sec. 602. Extension of insurance privileges." and in lieu thereof insert "Sec. 602. Renewal of term insurance."; and the Senate agree to the same.

Amendment numbered 46: That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Sec. 202. (a) Dependency and indemnity compensation shall be paid under this title to a widow at a monthly rate equal to \$112 plus 12 per centum of the basic pay of her deceased husband.

"(b) If there are two or more children of a deceased person who have not attained the age of eighteen, and the total of the monthly benefits to which the widow and children who have not attained the age of eighteen of such deceased person are or would, upon the filing of an application, be entitled under—

"(1) section 405 of this Act,

"(2) section 202 of the Social Security Act (after reduction under section 203 (a) of such Act but without regard to the deduction provisions of such section 203), on the basis of such deceased person's earnings, and

"(3) section 5 of the Railroad Retirement Act of 1937 (after reduction under section 4 (i) and section 5 (h) of such Act), on the basis of such deceased person's earnings, is less than the amount described in subsection (d), then the dependency and indemnity compensation paid monthly to the widow pursuant to subsection (a) of this section shall be increased by \$25 for each child who has not attained the age of eighteen in excess of one.

"(c) The total of increases under subsection (b) shall, in any case, not exceed an amount equal to—

"(1) the amount described in subsection (d), less

"(2) the total of the monthly benefits to which such widow and such children who have not attained the age of eighteen are or would, upon the filing of an application, be entitled under—

"(A) section 405 of this Act,

"(B) section 202 of the Social Security Act (after reduction under section 203 (a) of such Act but without regard to the deduction provisions of such section 203), on the basis of the deceased person's earnings, and

"(C) section 5 of the Railroad Retirement Act of 1937 (after reduction under section 4 (i) and section 5 (h) of such Act), on the basis of the deceased person's earnings.

"(d) The amount referred to in subsections (b) and (c) (1) is an amount equal to the total of the monthly benefits to which a widow and two children of a deceased person would be entitled under section 202 of the Social Security Act if the deceased person's average monthly wage had been \$160 (after reduction under section 203 (a) of such Act but without regard to deduction provisions of such section 203).

"(e) The amount determined under subsection (a) shall, after increase (if any) under subsection (b), be adjusted by the Administrator to the next higher dollar. The amount referred to in paragraph (2) (A) or (B) or paragraph (2) (C) of subsection (c) shall be determined by the Secretary of Health, Education, and Welfare, or the Railroad Retirement Board, as the case may be, and shall be certified to the Administrator upon his request."

And the Senate agree to the same.

Amendment numbered 74: That the House recede from its disagreement to the amendment of the Senate numbered 74, and agree to the same with an amendment as follows: Strike out the matter proposed to be stricken out by the Senate amendment and on page

#### SERVICEMEN'S AND VETERANS' SURVIVOR BENEFITS ACT

Mr. HARDY. Mr. Speaker, I call up the conference report on the bill (H. R. 7089) to provide benefits for the survivors of servicemen and veterans, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

#### CONFERENCE REPORT (H. REPT. No. 2718)

The committee of conference on the disagreeing votes of the two Houses on the

22 of the House engrossed bill, in line 6, strike out "dependent" where it appears the second time; and the Senate agree to the same.

Amendment numbered 77: That the House recede from its disagreement to the amendment of the Senate numbered 77, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "Except as provided in paragraphs (3) and (4), no"; and the Senate agree to the same.

Amendment numbered 80: That the House recede from its disagreement to the amendment of the Senate numbered 80, and agree to the same with an amendment as follows: Strike out the matter proposed to be stricken out by the Senate amendment and in lieu thereof insert the following:

"(3) In the case of a child who has applied for dependency and indemnity compensation pursuant to this section, and who is or becomes a beneficiary under the Servicemen's Indemnity Act of 1951 by reason of the death giving rise to his eligibility for dependency and indemnity compensation, the Administrator shall determine and pay to such child for each month, or part thereof, payments under this title or under such Act, whichever payment he determines to be the greater amount.

"(4) Notwithstanding paragraph (2), where a child receives dependency and indemnity compensation under this title, and thereafter dies, the portion of servicemen's indemnity in which such child had an interest may be paid (subject to paragraph (3)) to another child of the person by reason of whose death such servicemen's indemnity was payable."

And the Senate agree to the same.

Amendment numbered 89: That the House recede from its disagreement to the amendment of the Senate numbered 89, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "in the same parental line may not be paid to or on account of such child"; and the Senate agree to the same.

Amendment numbered 122: That the House recede from its disagreement to the amendment of the Senate numbered 122, and agree to the same with an amendment as follows: Strike out the matter proposed to be stricken out by the Senate amendment and in lieu thereof insert the following:

"PAYMENT OF BENEFITS IN CERTAIN CASES OF IN-SERVICE OR SERVICE-CONNECTED DEATHS

"Sec. 405. (a) In the case of any individual—

"(1) who dies after December 1956 and is not a fully and currently insured individual (as defined in section 214 of the Social Security Act) at the time of his death; and

"(2) whose death occurs—

"(A) while on active duty, active duty for training, or inactive duty training as a member of a uniformed service; or

"(B) as the result of a disease or injury which the Administrator determines was incurred or aggravated in line of duty while on active duty or active duty for training, or an injury which the Administrator determines was incurred or aggravated in line of duty while on inactive duty training, as a member of a uniformed service after September 15, 1940, if the Administrator determines that such individual was discharged or released from the period of such active duty, active duty for training, or inactive duty training under conditions other than dishonorable; and

"(3) who leaves one or more survivors who are not entitled for any month to monthly benefits under section 202 of the Social Security Act on the basis of his wages and self-employment income but who would, upon application therefor, be entitled to

such benefits if he had been both fully and currently insured at the time of his death; the Administrator shall pay for such month benefits under this section to each such survivor in an amount equal to the amount of the benefits which would have been paid for such month to such survivor under title II of the Social Security Act, if such individual had been both fully and currently insured at the time of his death and if such survivor had filed application therefor on the same date on which application for benefits under this section is filed with the Administrator.

"(b) The determination (other than a determination required by subsection (a) (2)) as to whether any survivor described in subsection (a) (3) of a deceased individual would be entitled to benefits under section 202 of the Social Security Act for any month and as to the amount of the benefits which would be paid for such month, if the deceased individual had been a fully and currently insured individual at the time of his death, shall be made by the Secretary of Health, Education, and Welfare, and shall be certified by him to the Administrator upon request of the Administrator.

"(c) Upon the basis of estimates made by the Secretary of Health, Education, and Welfare after consultation with the Administrator, the Administrator shall pay to the Secretary an amount equal to the costs which will be incurred in making determinations and certifications under subsection (b). Such payments shall be made with respect to the costs incurred during such period (but not shorter than a calendar quarter) as the Secretary and the Administrator may prescribe. The amount payable for any period shall be increased or reduced to compensate for any underpayment or overpayment, as the case may be, of the costs incurred in any preceding period.

"(d) Except with respect to determinations made under subsection (b), the Administrator shall prescribe such regulations as may be necessary to carry out the provisions of this section."

And the Senate agree to the same.

Amendment numbered 124: That the House recede from its disagreement to the amendment of the Senate numbered 124, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "406"; and the Senate agree to the same.

Amendment numbered 130: That the House recede from its disagreement to the amendment of the Senate numbered 130, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "407"; and the Senate agree to the same.

Amendment numbered 132: That the House recede from its disagreement to the amendment of the Senate numbered 132, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "408"; and the Senate agree to the same.

Amendment numbered 140: That the House recede from its disagreement to the amendment of the Senate numbered 140, and agree to the same with an amendment as follows:

On page 15 of the Senate engrossed amendments, in line 5, strike out "408" and in lieu thereof insert "409"; and the Senate agree to the same.

Amendment numbered 142: That the House recede from its disagreement to the amendment of the Senate numbered 142, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "410"; and the Senate agree to the same.

Amendment numbered 144: That the House recede from its disagreement to the amendment of the Senate numbered 144, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "411"; and the Senate agree to the same.

Amendment numbered 147: That the House recede from its disagreement to the amendment of the Senate numbered 147, and agree to the same with an amendment as follows:

On page 17 of the Senate engrossed amendments, in line 1, strike out "411" and in lieu thereof insert "412"; and the Senate agree to the same.

Amendment numbered 148: That the House recede from its disagreement to the amendment of the Senate numbered 148, and agree to the same with an amendment as follows:

Restore the matter proposed to be stricken out by the Senate amendment, omit the matter proposed to be inserted by the Senate amendment, and on page 64 of the House engrossed bill, in line 9, strike out "1956" and in lieu thereof insert "1957"; and the Senate agree to the same.

Amendment numbered 150: That the House recede from its disagreement to the amendment of the Senate numbered 150, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(b) Notwithstanding the provisions of subsection (a), no application for waiver of premiums may be made after December 31, 1956, except applications therefor filed pursuant to the first proviso of subsection (a)."

And the Senate agree to the same.

Amendment numbered 151: That the House recede from its disagreement to the amendment of the Senate numbered 151, and agree to the same with an amendment as follows:

On page 20 of the Senate engrossed amendments, in line 19, strike out "(1)" and, in lines 23, 24, and 25, strike out ", or (2) during a period of war or of any emergency involving hostilities proclaimed by the Congress or the President"; and the Senate agree to the same.

Amendment numbered 156: That the House recede from its disagreement to the amendment of the Senate numbered 156, and agree to the same with an amendment as follows:

On page 23 of the Senate engrossed amendments, in line 1, strike out "(6)" and in lieu thereof insert "(5)"; and the Senate agree to the same.

Amendment numbered 158: That the House recede from its disagreement to the amendment of the Senate numbered 158, and agree to the same with an amendment as follows:

Restore the matter proposed to be stricken out by the Senate amendment and—

(1) on page 68 of the House engrossed bill, in line 17, strike out "1956" and insert "1957";

(2) on page 68 of the House engrossed bill, in line 18, strike out "1956" and insert "1957";

(3) on page 68 of the House engrossed bill, in line 23, strike out "1955" and insert "1956";

(4) on page 69 of the House engrossed bill, in line 2, strike out "1955" and insert "1956";

(5) on page 69 of the House engrossed bill, in line 5, strike out "1956" and insert "1957";

(6) on page 69 of the House engrossed bill, in line 6, strike out "1956" and insert "1957";

(7) on page 69 of the House engrossed bill, in line 8, strike out "1956" and insert "1957";

(8) on page 69 of the House engrossed bill, in line 22, strike out "1955" and insert "1956";

(9) on page 70 of the House engrossed bill, in line 13, strike out "1956" and insert "1957";

(10) on page 71 of the House engrossed bill, in line 8, strike out "1956" and insert "1957";

(11) on page 71 of the House engrossed bill, in line 9, strike out "1956" and insert "1957";

(12) on page 71 of the House engrossed bill, in line 17, strike out "1956" and insert "1957";

(13) on page 72 of the House engrossed bill, in line 11, strike out "1956" and insert "1957"; and

(14) on page 72 of the House engrossed bill, in line 12, strike out "1956" and insert "1957".

And the Senate agree to the same.

Amendment numbered 181: That the House recede from its disagreement to the amendment of the Senate numbered 181, and agree to the same with an amendment as follows:

On page 26 of the Senate engrossed amendments, beginning with line 4, strike out all through line 10 on page 27 of the Senate engrossed amendments, and on page 27 of the Senate engrossed amendments, in line 11, strike out "(r)" and insert in lieu thereof "(u)"; and the Senate agree to the same.

Amendment numbered 184: That the House recede from its disagreement to the amendment of the Senate numbered 184, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "(8)"; and the Senate agree to the same.

Amendment numbered 185: That the House recede from its disagreement to the amendment of the Senate numbered 185, and agree to the same with an amendment, as follows:

Restore the matter proposed to be stricken out by the Senate amendment and, on page 78 of the House engrossed bill, in line 25, strike out "(10)" and in lieu thereof insert (9); and the Senate agree to the same.

Amendment numbered 188: That the House recede from its disagreement to the amendment of the Senate numbered 188, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

#### "RENEWAL OF TERM INSURANCE

"SEC. 602. (a) Subsection (f) of section 602 of the National Service Life Insurance Act of 1940 (38 U. S. C., sec. 802) is amended by striking out 'and which is not lapsed' in the first proviso, and by adding immediately after such proviso the following: 'Provided further, That such renewal shall be effected in cases where the policy is lapsed only in the event the lapse occurred not earlier than two months prior to expiration of the term period, and reinstatement in such cases shall be under terms and conditions prescribed by the Administrator:'

"(b) The amendments made by subsection (a) shall be effective July 23, 1953."

And the Senate agree to the same.

PORTER HARDY, Jr.,  
OLIN E. TEAGUE,  
PAUL J. KILDAY,  
ROBERT W. KEAN,  
WILLIAM H. BATES,

*Managers on the Part of the House.*

HARRY F. BYRD,  
WALTER F. GEORGE,  
ROBT. S. KERR,  
E. D. MILLIKIN,  
EDWARD MARTIN,

*Managers on the Part of the Senate.*

#### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of

the two Houses on the amendments of the Senate to the bill (H. R. 7089) to provide benefits for survivors of servicemen and veterans, and for the other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

#### TECHNICAL AND CLERICAL AMENDMENTS

The following Senate amendments made technical, clerical, clarifying, or conforming changes (including changes made necessary to conform to laws enacted after the bill passed the House in 1955): 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 18, 19, 20, 21, 23, 25, 28, 28, 33, 34, 35, 36, 44, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 63, 65, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 86, 87, 88, 89, 90, 93, 94, 97, 98, 99, 100, 114, 116, 120, 124, 130, 131, 132, 142, 143, 144, 147, 149, 152, 154, 156, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 175, 177, 180, 183, 184, 186, 187, 189, 190, 191, 195, and 196. With respect to these amendments (1) the House either recedes or recedes with amendments which are technical, clerical, clarifying, or conforming in nature, or (2) the Senate recedes in order to conform to other action agreed on by the committee of conference.

#### AMENDMENTS RELATING TO EFFECTIVE DATE

The effective date of the bill as it passed the House was January 1, 1956. The following Senate amendments either (1) establish January 1, 1957, as the effective date of the bill, or (2) make conforming changes to reflect the January 1, 1957, effective date: 1, 30, 39, 40, 41, 43, 45, 66, 67, 78, 81, 83, 84, 85, 92, 101, 115, 118, 119, 125, 126, 127, 128, 133, 134, 135, 136, 137, 138, 139, 145, 174, 176, 178, 179, 192, 193, and 194. The House recedes.

#### AMENDMENTS EXTENDING GRATUITOUS WAGE CREDITS

The following Senate amendments (1) extend gratuitous wage credits of \$160 per month for all persons in the military service between April 1, 1956, and December 31, 1956, or (2) make conforming changes in the Social Security Act to reflect this extension of the gratuitous wage credits: 105, 106, 107, 108, 109, 111, 112, 113, and 121. The House recedes.

#### AMENDMENTS RELATING TO PUBLIC HEALTH SERVICE AND COAST AND GEODETIC SURVEY

The following Senate amendments eliminated commissioned officers of the Public Health Service and Coast and Geodetic Survey from the coverage of the bill under normal conditions of service: 16, 17, 22, 24, 27, 29, 37, 38, 102, 110, 146, and 182. The Senate recedes.

#### OTHER SUBSTANTIVE AMENDMENTS

Amendments Nos. 31 and 32: Under section 102 (6) (B) of the House bill, coverage is extended to members of Reserve components who are proceeding directly to or returning directly from active duty for training or inactive-duty training. In case any such reservist incurs a disability during such travel and dies from it within 120 days, the death gratuity provided by section 303 of the bill will be payable. The Senate amendments provide that determinations for purposes of section 303 of the bill with respect to these reservists shall be made by the Administrator of Veterans' Affairs. The House recedes.

Amendment No. 42: The House bill provided that the Secretary concerned shall certify to the Administrator of Veterans' Affairs, upon request, the rank and years of service of deceased persons with respect to whose deaths applications for benefits are filed under title II of the bill. The Senate amendment provides that the Secretary shall certify the basic pay of the deceased person, and does not preclude certification of rank and years of service. The House recedes.

Amendment No. 46: Section 202 of the House bill, in subsection (a), established the basic rate of payment of dependency and indemnity compensation to a widow, and in subsection (b) provided for a supplemental payment from the Veterans' Administration to a widow with two or more children where social security payments to her and the children are inadequate. For purposes of determining the number of children on whose account this payment would be made, the House bill provided for including children over 18 years if (1) helpless or (2) under 21 and attending school. The payment would have equaled \$20 for each child in excess of 1, subject to an overall ceiling under which the supplemental payments combined with social-security payments could not exceed the amount which would have been payable under the Social Security Act if the deceased person had died fully and currently insured with an average monthly wage of \$160.

The Senate amendment increased the supplemental payment to \$30 for each child in excess of 1, limited the children on whose account the payment could be made to children under the age of 18, provided for taking account of Railroad Retirement Act benefits in determining the supplement payable, and provided that the ceiling on payments under the Social Security Act (or the Railroad Retirement Act) and the supplemental payments should not exceed \$128.

The House recedes with an amendment. Under the conference substitute, the supplemental payment is to be \$25 for each child in excess of 1. The substitute also limits the children on whose account the payment can be made to children under the age of 18, takes Railroad Retirement Act benefits into account in determining the supplement payable, and provides that the supplemental payments, when combined with payments under the Social Security Act, the Railroad Retirement Act of 1937, and section 405 of the bill, shall not exceed the amount payable under the Social Security Act to a widow and 2 children based upon an average monthly wage of \$160.

Amendment No. 62: Section 205 (g) of the House bill specified the items to be excluded by the Administrator of Veterans' Affairs in determining income of a parent for purposes of establishing the dependency and indemnity compensation payable to the parent. The Senate amendment provides that disability compensation payable by the Veterans' Administration to a parent shall be excluded in determining such income. The House recedes.

Amendment No. 64: The Senate amendment provides that lump-sum death payments under title II of the Social Security Act shall not be taken into account in determining income of a parent for purposes of establishing the dependency and indemnity compensation payable to the parent. The House recedes.

Amendment No. 79: Section 206 (e) (1) of the House bill provides that persons now entitled to servicemen's indemnity may not receive servicemen's indemnity after being granted the new benefits from the Veterans' Administration. The second sentence of this section prohibits payments to any beneficiary who has assigned his interest in servicemen's indemnity after June 28, 1955. The Senate amendment prohibits such payments to any beneficiary who has assigned his interest in servicemen's indemnity after June 28, 1956, the date the bill was reported to the Senate. The House recedes.

Amendment No. 80: Section 206 (e) (3) of the House bill provided an exception to other provisions of the House bill prohibiting payment of servicemen's indemnity to beneficiaries who had been granted the new benefits. This section was intended to provide (1) that where a child is eligible for the new benefits and (but for the receipt of the new benefits) would be entitled to payments of servicemen's indemnity in amounts greater

than the new benefits, the child shall receive payments of indemnity, and (2) that one child could succeed to the indemnity rights of another child who has been granted the new benefits.

The Senate amendment deleted this paragraph. The House recedes with an amendment, which clarifies the intent of this paragraph as it was adopted by the House, and makes it clear that children shall receive payments under either program of benefits, whichever is determined by the Administrator to be more beneficial to the child for the period involved. The amendment also restores the provisions of the House bill under which a child can succeed to the rights of another child to indemnity, where the latter child has been granted the new benefits and thereafter dies.

Amendment No. 82: The House bill provided that the effective date of awards of the new benefits from the Veterans' Administration would be the same as is provided in other laws administered by the Veterans' Administration.

The Senate amendment provides that in certain cases children's benefits should be paid retroactively to the date their entitlement arose, and in all other cases should be paid effective as of the date of application. The House recedes.

Amendment No. 91: The House bill provided that the new benefits shall not be exempt from taxation, and claims of creditors, and not subject to attachment or seizure.

The Senate amendment provides that the new benefits shall not be exempt from levy under the Internal Revenue Code of 1954 for collection of unpaid taxes. The Senate amendment makes the new benefits subject to the same provisions of law as apply in the case of all other veterans' benefits. The House recedes.

Amendment No. 95: The House bill provided that certifying or disbursing officers should not be liable for erroneous payments or overpayments of the death gratuity in certain cases. The Senate amendment deletes this provision from the House bill. The House recedes.

Amendment No. 96: The House bill provided authority for the Secretary concerned to waive recovery of erroneous payments or overpayments of the death gratuity when such recovery would be against equity and good conscience.

The Senate amendment deletes this provision from the House bill. The House recedes.

Amendments Nos. 103 and 104: The House bill provided a continuation of the present provision in the Social Security Act under which applications for lump-sum death payments in cases where an individual dies overseas in the active military or naval service of the United States and is returned to the United States for interment or reinterment may be filed within 2 years after such interment or reinterment, instead of having to be filed within 2 years of the date of death.

The Senate amendment extends this provision to apply to deaths occurring after March 31, 1956, the date of expiration of the provisions of existing law on this subject. The House recedes.

Amendment No. 117: The House bill provided that in cases where the widow or child is entitled to an annuity under the Civil Service Retirement Act, such annuity is based in part on military service, and but for the receipt of such annuity, the widow (or child, as appropriate) could receive social-security benefits, the widow or child or children of the deceased person could waive their civil-service annuity and receive social-security benefits. The Senate amendment specifies the persons who may make the waiver on behalf of children, and requires that any waiver of civil-service benefits must be made by all children, and the widow (if there is one) in order for the waiver to be

effective as to any of them. The House recedes.

Amendment No. 122: The House bill, in section 405, provided that every person dying after the effective date of the bill (1) in the military service, or (2) from a service-connected disability incurred or aggravated after September 15, 1940, should be deemed, for the purposes of the Social Security Act, to have died fully and currently insured. The Senate amendment deleted this provision from the bill.

The House recedes with an amendment. The conference substitute provides that where an individual dies under the circumstances listed above, and does not die both fully and currently insured for purposes of the Social Security Act, the Administrator of Veterans' Affairs shall, upon application, make monthly payments to the survivors of the deceased individual, not otherwise eligible for payments under the Social Security Act on the individual's wage record, in the same amounts as would have been payable to them under the Social Security Act if such individual had died fully and currently insured. If the individual did not die fully and currently insured, the Secretary of Health, Education, and Welfare will determine the amount of benefits which would have been payable under the Social Security Act, had he died so insured, to the survivors by whom or on whose behalf the application was filed and who are not eligible for such benefits, and will, upon request of the Administrator, certify monthly to the Administrator of Veterans' Affairs the amount so determined. The Administrator will then pay the amounts so certified to or for such survivors.

The amendment also authorizes the Administrator of Veterans' Affairs to make necessary regulations for the administration of the section, and provides for advance payments by him to the Secretary of Health, Education, and Welfare to defray costs incurred in making determinations and certifications under subsection (b) of this section.

Amendment No. 123: The House bill provided that in certain cases involving totally disabled individuals whose disability is service-connected, the requirements of the Social Security Act with respect to the number of quarters of coverage needed by such individual (but for the provisions of the House bill) to qualify for the "disability freeze" under the Social Security Act should not be applicable.

The House bill also provided that individuals dying before the effective date of the bill (1) in the military service or (2) from a service-connected disability incurred or aggravated after September 15, 1940, should be deemed, for purposes of the Social Security Act, to have died fully and currently insured.

The Senate amendment deletes these provisions from the House bill. The House recedes.

Amendment No. 129: The House bill provided for reimbursement of the old-age and survivors' insurance trust fund for its additional costs arising out of the provisions of the House bill under which individuals dying in service or from service-connected causes would be deemed to have died fully and currently insured for purposes of the Social Security Act, whether or not such individuals had sufficient quarters of coverage to be fully and currently insured, or to meet the insured status requirements for purposes of the "disability freeze" under title II of that act.

The Senate amendment deleted this provision from the House bill. In view of the action of the conference with respect to amendments Nos. 122 and 123, the provisions of the House bill relating to reimbursement of the trust fund are unnecessary. The House recedes.

Amendment No. 140: The House bill provided that military service rendered after the effective date of the bill should not be counted in the computation of survivor annuities under the Civil Service Retirement Act for months with respect to which a social security survivor benefit is payable.

The Senate amendment, which was recommended by the Civil Service Commission, includes the same provisions with respect to survivors, and adds a provision that military service rendered after the effective date of the bill shall not be creditable to any individual for purposes of retirement annuities under the Civil Service Retirement Act for any month with respect to which an old-age insurance benefit is payable under the Social Security Act. The House recedes with a clerical amendment.

Amendment No. 141: The House bill provided for certain determinations to be made by the Administrator of Veterans' Affairs under the provisions of the House bill establishing a presumed insured status under the Social Security Act for individuals dying in service or service-connected deaths. Amendments Nos. 122 and 123 delete these provisions from the House bill. In view of the action of the conference with respect to Amendments Nos. 122 and 123, this provision of the House bill is unnecessary. The House recedes.

Amendment No. 148: The House bill provides that no national service life insurance shall be granted after the effective date of the bill under section 621 of the National Service Life Insurance Act of 1940 except pursuant to applications filed before the effective date of the bill. The Senate amendment deleted these provisions of the House bill, and would have authorized the granting of such insurance under such section 621. The Senate amendment also provided for liquidation of the present revolving fund established for insurance granted under such section 621.

The House recedes with an amendment, which deletes the matter proposed to be inserted by the Senate amendment, and restores the original provisions of the House bill with a technical amendment required by the change in the effective date of the bill.

Amendment No. 150: The House bill provided that no waiver of premiums could be granted under section 622 of the National Service Life Insurance Act of 1940 after the effective date of the bill.

The Senate amendment deleted the provisions of the House bill, and inserted new language, which would have precluded the waiving of premiums under that section after December 31, 1956, except in certain cases involving members of the Armed Forces missing in action, and during periods of war or emergency involving hostilities.

The House recedes with an amendment. Under the conference substitute, no application for waiver of premiums made after the effective date of the bill shall be effective, except applications made in the case of members of the Armed Forces who are missing in action.

Amendment No. 151: The House bill provided that where individuals die on or after May 1, 1956, having in effect a policy of national service life insurance under waiver of premiums, the new Veterans' Administration benefits may not be paid to his survivors, but the old benefits should be payable.

The Senate amendment retains these provisions of the House bill, but only with respect to deaths occurring on or after May 1, 1957, and provides that these provisions of the bill should not apply in the case of deaths of persons having insurance under waiver of premiums (1) while they are missing in action, or (2) during any period of war or emergency involving hostilities.

The House recedes with an amendment. Under the conference substitute the provisions of the Senate amendment are retained

deleting, however, those provisions authorizing payment of the new benefits where an individual dies during war or emergency having insurance in force under waiver of premiums.

Amendments Nos. 153 and 155: The House bill added a new section 623 to the National Service Life Insurance Act of 1940, preserving the right of individuals in the active service on the effective date of the bill to reinstate surrendered permanent plan national service life insurance or to obtain new term insurance where national service life insurance on the term plan had expired during their active service. The proposed new section 623 also contained provisions protecting insurance rights of persons discharged from the active service before the effective date of the bill.

The Senate amendment authorizes individuals in the active service whose insurance so expired or was surrendered before January 1, 1957, to reinstate their permanent plan insurance, or be granted new term insurance, while continuing in the active service, as well as during the 120-day period thereafter. The Senate amendment would apply to persons discharged before as well as after the effective date of the bill. The amendment also provides that the excess costs arising out of insurance granted under this section should be paid from the national service life insurance appropriation, thereby reflecting changes in the law made by Public Law 194, 84th Congress, enacted after passage of the House bill. Since amendment No. 153 would protect insurance rights of persons discharged before the effective date of the bill, the provisions of the House bill with respect to these persons are unnecessary. The House recedes on both amendments.

Amendment No. 157: This amendment inserted a provision in the bill to protect insurance rights of certain commissioned officers of the Public Health Service and Coast and Geodetic Survey, which was necessary in view of the Senate amendments deleting these officers from full coverage under the bill.

In view of the conference action restoring these officers to coverage under the bill, amendment No. 157 is unnecessary. The Senate recedes.

Amendment No. 158: The House bill amended the Public Health Service Act, the act of May 22, 1917, and the Federal Employees Compensation Act, so as to provide coverage under the bill to commissioned officers of the Public Health Service and Coast and Geodetic Survey; made a technical amendment to the Federal Employees Group Life Insurance Act of 1954 made necessary by the repeal of the Servicemen's Indemnity Act of 1951; and authorized recomputation of benefits under the Social Security Act in certain cases involving commissioned officers of the Public Health Service and the Coast and Geodetic Survey, or their survivors, who might be entitled to greater benefits under the Social Security Act by reason of the provisions of the House bill.

The Senate amendment deleted these provisions from the House bill. The House recedes with an amendment, which restores to the bill the matter deleted by the Senate amendment, with amendments making the effective date of these provisions the same as the effective date of the bill.

Amendment No. 181: The House bill repealed the Servicemen's Indemnity Act of 1951. Senate amendment No. 185 struck out this provision of the House bill, but Senate amendment No. 181 would have suspended the operation of such act so that it would be applicable only in time of war or emergency involving hostilities. Senate amendment No. 181 also contained a provision under which the effective date of awards of veterans' benefits shall be the date of application for correction of a military or naval rec-

ord under section 207 of the Legislative Reorganization Act of 1946, where eligibility for such benefits is restored solely by reason of such correction.

The House recedes with an amendment. Under the conference agreement the provisions of the Senate amendment making the Servicemen's Indemnity Act of 1951 applicable in time of war or emergency involving hostilities are deleted, and the provision of the Senate amendment relating to effective dates of awards are retained.

Amendment No. 185: The House bill repealed the Servicemen's Indemnity Act of 1951; the Senate amendment deleted this provision from the bill. The House recedes with an amendment. Under the conference agreement this provision of the House bill is restored with a clerical change.

Amendment No. 188: The Senate amendment added to the bill a provision under which World War II veterans could have obtained insurance under section 602 of the National Service Life Insurance Act of 1940, if application was made within 1 year after the effective date of the bill, and authorized veterans of service after April 25, 1951, to be granted insurance under section 620 or 621 of the National Service Life Insurance Act of 1940 if application was made within 1 year after the effective date of the bill.

The House recedes with an amendment. The conference substitute amends the National Service Life Insurance Act of 1940 so as to authorize certain of the persons covered by the Senate amendment to reinstate their term insurance, by removing, effective as of July 23, 1953, the existing bar to the automatic renewal of term policies of national service life insurance which lapse in the 59th or 60th month of the term.

PORTER HARDY, Jr.,  
OLIN E. TEAGUE,  
PAUL J. KILDAY,  
ROBERT W. KEAN,  
WILLIAM H. BATES,

*Managers on the Part of the House.*

Mr. KEAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. KEAN. Mr. Speaker, with the passage of this conference report today the five members of the select committee complete one of the most arduous and involved tasks which, I am sure, any of them has ever undertaken.

Survivors benefits had been in a jumble. They had been under the jurisdiction of five different House committees. In most cases benefits were inadequate. In a very few cases through a quirk in the law they were overgenerous.

This bill, part of President Eisenhower's legislative program, simplifies and expands the present law. It will give substantial increases in benefits to 300,000 widows, 85,000 children, and 285,000 dependent parents.

No one on the rolls today will have his benefits reduced. All will have the option of receiving the old or new benefits, whichever are the greater. Widows most of whom now receive only \$87 a month will have their benefits increased to \$112 a month plus 12 percent of base pay.

Members of the Armed Forces have been receiving a temporary \$160 gratuitous credit toward social security. Un-

der this bill they join the social-security system on the same basis as the worker in industry. Survivors' benefits will be a combination of the social-security benefits and payments from the Veterans' Administration.

I want to address myself particularly to those provisions which have to deal with social security.

The social-security law provides that total family benefits may not exceed 80 percent of a worker's average wage. It was evident that applying this provision would result in inadequate benefits for the family of a soldier, sailor, or airman who should unfortunately die while still in the lower grades.

To take care of this the conference report provides special increases in benefits from the Veterans' Administration for children of those whose average wage was less than \$160 a month, of \$25 per month, per child. This was an increase of \$5 over what was in the original House bill.

As you know, under the social-security law a worker is not covered for survivors' benefits until he is under the OASI system for at least 6 quarters—18 months.

The House had provided that the moment a man enters the military service he would be considered as insured for survivors' benefits. The Senate struck out this provision, fearing a precedent for other workers covered by social security. But to omit this provision would have thrown the whole bill out of kilter. Dependents of some young soldiers dying shortly after entering the service would have received lower benefits than others—often dependent to a large extent on whether they had had social-security credits before entering the service.

The conference adopted a provision which would accomplish the same purpose as was in the original House bill. We provided that a payment of the same amount as if a soldier had been fully covered by social security be paid by the Veterans' Administration but administered by social security. The Veterans' Administration could not undertake all the complicated calculations necessary under the social-security law.

The House conferees had to recede on the provision in our bill that any member of the Armed Forces who became permanently and totally disabled through a service-connected injury would be presumed to have had the 5-year coverage necessary under the Social Security Act to entitle him to the freeze on his wage record. In my opinion the House provisions were desirable, but they were not essential to the bill.

I believe that the survivors of those who died in the service may now look forward to fair treatment and to receiving their benefits promptly without the disagreeable red tape to which they were formerly subjected.

I congratulate my colleagues on the committee: our chairman, Mr. Hardy, Mr. Teague, Mr. Kilday, and Mr. Bates, and our able counsel, Steve Carnes, on a task well done.

The SPEAKER. The question is on the conference report.

The conference report was agreed to. A motion to reconsider was laid on the table.

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**BENEFITS FOR SURVIVORS OF  
SERVICEMEN AND VETERANS—  
CONFERENCE REPORT**

**Mr. BYRD.** Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7089) to provide benefits for the survivors of servicemen and veterans, and for other purposes. I ask unanimous consent for the present consideration of the report.

The **PRESIDING OFFICER** (Mr. **HOLLAND** in the chair). The report will be read for the information of the Senate.

The legislative clerk read the report.  
(For conference report, see House proceedings, pp. 13186-13190.)

The **PRESIDING OFFICER**. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

The **PRESIDING OFFICER**. The question is on agreeing to the conference report.

The report was agreed to.

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Office Memorandum • UNITED STATES GOVERNMENT

SSA - OASI

14:A:K

DATE: July 27, 1956

: Administrative, Supervisory,  
and Technical Employees

FROM : Victor Christgau, Director  
Bureau of Old-Age and Survivors Insurance

SUBJECT: Director's Bulletin No. 240  
H.R. 7089 (the Hardy Bill) Sent to the White House

H.R. 7089, the "Servicemen's and Veterans' Survivor Benefits Act" has been approved by both Houses of the Congress and sent to the President. The new legislation makes broad changes in the various military survivor benefit programs and establishes contributory old-age and survivors insurance coverage as the base for a simplified and improved structure of benefits. The new legislation has been strongly supported by the Administration, and the President on several occasions has urged its enactment. I am enclosing a summary of the provisions of the legislation.

Final approval of H.R. 7089 came after a number of years of intensive study of military survivor benefits by the executive branch of the Government and by committees created by the Congress. A report submitted to the Congress by the Committee on Retirement Policy for Federal Personnel (the Kaplan Committee) in May 1954 recommended that the military survivor benefit programs be revamped, with survivor benefits bearing a relationship to an individual's attained pay, and that contributory OASI coverage be extended to military personnel. In August 1954 the House of Representatives established a Select Committee on Survivor Benefits, with Representative William H. Bates as Chairman, to study the existing military survivor benefit programs and to develop appropriate legislation. The Select Committee was unable to complete its work before the expiration of the 83rd Congress at the end of 1954 and was reestablished by the 84th Congress, with Representative Porter Hardy, Jr., as Chairman. This Committee, after conducting public hearings and making a careful study of various possible approaches, developed the so-called Hardy bill, H.R. 7089.

The Hardy bill substantially carried out the recommendations of the Kaplan Committee but restricted OASI coverage to basic service pay, whereas the Kaplan Committee had recommended coverage of servicemen's gross pay, including the value of such items as food and shelter. The Department of Health, Education, and Welfare, in testifying before the congressional committees,



Administrative, Supervisory,  
and Technical Employees - 7/27/56

advocated OASI coverage on the basis of gross pay of servicemen but emphasized that contributory coverage on any basis would be preferable to other possible approaches. H.R. 7089, after approval by the House of Representatives, was referred to the Senate Committee on Finance and additional public hearings were held. Subsequently, the bill was passed by the Senate, with contributory OASI coverage and other major provisions remaining in substantially the same form as developed by the Hardy Committee.

The extension of coverage to nearly 3 million servicemen closes one of the two major remaining gaps in OASI coverage. Like other major extensions of OASI coverage, coverage of this large group helps to reduce the cost to the OASI system of paying benefits based on relatively brief periods of work and contributions. This cost arises because the method of weighting the OASI benefit formula to favor workers with low average earnings makes it possible for high-paid workers whose working lifetime is divided between covered and noncovered work to have an artificially low average monthly wage under OASI and thus obtain the benefit of the weighting in the formula despite their high earnings. The status of the OASI trust fund is further improved by H.R. 7089 in that the bill provides for reimbursement of the trust fund for some \$800 million in costs attributable to the various provisions for gratuitous OASI credit for military service performed during the period from September 16, 1940, through December 31, 1956.

Special procedures are being developed in conjunction with the Department of Defense to expedite social security registration of servicemen on a Nation-wide basis. Tentative plans are that the service departments will make social security reports semi-annually with quarterly breakdowns of service basic pay. You will receive further information about these procedures and plans as they are firmed up.



Victor Christgau

Enclosure



SUMMARY OF PROVISIONS OF THE  
"SERVICEMEN'S AND VETERANS'  
SURVIVOR BENEFITS ACT"

OASI Coverage of Uniformed Services

1. Regular OASI contributory coverage is extended, beginning January 1, 1957, to members of the uniformed services on active duty (including active duty for training), with contributions and benefits computed on their basic service pay, up to \$4,200 per year. (Basic pay ranges from \$78 to \$335 a month for enlisted men and from \$220 to \$1,076 for officers.) OASI coverage will apply to members of the regular components of the uniformed services, including commissioned officers of the United States Public Health Service and Coast and Geodetic Survey, reserve officers and enlistees when on full-time duty or active duty for training, midshipmen and cadets of the service academies, and members of the Reserve Officers Training Corps when ordered to annual training for 14 days or more.

2. The period for granting gratuitous \$160 monthly military wage credits is extended to include service in the active military or naval service after March 1956 and before January 1957. The gratuitous credits therefore apply to service in the armed forces after September 15, 1940, and up to January 1, 1957. The law provides that the new extension is to have the same effect as though it had been enacted on March 31, 1956. The law also provides for granting gratuitous wage credits retroactively to active service (1) as a commissioned officer of the Public Health Service performed after July 3, 1952, and before January 1, 1957, and (2) as a commissioned officer of the Coast and Geodetic Survey performed after July 29, 1945, and before January 1, 1957. Servicemen on active duty after December 1956 will receive the \$160 wage credits for military service performed after 1950 and before 1957 even though benefits based on such service (in whole or in part) are payable by one of the service staff retirement systems, the Coast and Geodetic Survey or the Public Health Service systems.

3. The law makes permanent the previous temporary provisions relating to OASI lump-sum death payments in cases of reburial in this country of servicemen dying overseas. Application for a lump-sum death payment (based on reimbursement for burial expenses) may be filed within a 2-year period following the interment or reinterment in this country of the body of a serviceman who dies overseas after June 24, 1950.

4. The Federal Old-Age and Survivors Insurance Trust Fund is to be reimbursed from general revenues for past and future expenditures resulting from the various provisions for granting of \$160 monthly military wage credits and from the special provision enacted in 1946

which granted OASI insured status to certain World War II veterans who died within 3 years after leaving service. Approximately \$200 million has already been paid out of the trust fund as a result of these provisions, and more than \$600 million is expected to be paid out in the future. Reimbursement is to be made annually over a 10-year period for the aggregate past expenditures as of June 30, 1956. Reimbursement with respect to future expenditures is to be made annually as benefits are paid.

Provisions Affecting Both OASI and the Veterans' Administration, or OASI and Another Federal Agency

1. An application filed after December 1956 for veterans' death compensation will constitute an application for survivors benefits under the OASI program and vice versa. Veterans' Administration and OASI forms will be designed so that a tear-off portion will be furnished the other agency at the time the initial application is filed with either agency. A filing date will be established for both survivor compensation and OASI survivor benefits on the basis of the initial application filed with one agency. This provision does not preclude the second agency from taking regular application forms and contacting the claimants directly as necessary. Proofs (and other information) furnished either agency will be made available to the other. Under a tentative plan now being developed, the Department of Defense is to notify OASI (as well as the Veterans' Administration) at the time of a serviceman's death.

2. The survivors of servicemen who die after 1956 while in service or who die as the result of a disability incurred or aggravated in military service after September 15, 1940, and who are not entitled to OASI benefits because the serviceman did not die fully and currently insured are to receive monthly payments from the Veterans' Administration under the same conditions as, and in amounts equal to, those which would have been payable under OASI if the serviceman had died fully and currently insured. At the request of the Veterans' Administration, the Department of Health, Education, and Welfare will determine the eligibility of the survivors for payments and the amount of the payments and will make monthly certifications to the Veterans' Administration.

3. In those cases where the serviceman is survived by a widow and two or more children under age 18 and the OASI benefits are relatively low, the Veterans' Administration will make supplemental compensation payments of \$25 per month for each child (under 18) in excess of one. Supplemental payments may not total more than the difference between (a) the OASI family maximum which would be payable on the basis of an

average monthly wage of \$160 and (b) the OASI benefits (or any benefits paid under the Railroad Retirement Act) plus any amount paid by the Veterans' Administration under the new "noninsured" provision described in paragraph (2) above.

4. The \$160 gratuitous monthly wage credits for military service provided under the Railroad Retirement Act are continued. As under the present law, the gratuitous railroad credits may be granted only for military service performed by an individual who had railroad employment in the year in which he entered service or in the preceding year. For military service after 1956, however, such gratuitous credits will be available only to workers with 10 or more years of railroad employment, including military service. If military service after 1956 is creditable under the Railroad Retirement Act, it will not be creditable toward OASI benefits despite the fact that such service will in other respects be considered covered by OASI. Cost adjustments between the Railroad Retirement Account and OASI trust fund are to take into account the amount of taxes (under contributory coverage of military service) paid by railroad retirement workers into the OASI trust fund.

5. Two new provisions coordinate military service credits under the Civil Service Retirement Act and OASI on the basis of military service before and after January 1, 1957. Widow or child annuitants under the Civil Service Retirement Act may elect to waive all rights to a civil service survivor annuity and may have military service after September 15, 1940, and before January 1, 1957, used in determining eligibility for and the amount of OASI benefits. The waiver must cover the widow and all children, and where there is no widow, all children must waive their civil service annuity rights. Once made, the waiver is irrevocable. Military service performed after 1956 is not creditable under the Civil Service Retirement Act if any retirement or survivors benefit is payable under OASI. Such military service may be used for purposes of a civil service annuity if an OASI benefit is not currently payable. If an OASI benefit becomes payable at a later date, the civil service annuity will be recomputed to exclude such military service.

#### Provisions Which Do Not Directly Affect OASI

1. New monthly survivor compensation levels are established under the Veterans' Administration effective January 1, 1957, and are significantly increased over former rates. (Veterans survivor compensation is a monthly payment to survivors of a deceased veteran whose death resulted from an injury, wound, or disease incurred in active service in line of duty during peacetime or wartime.) The amount of

a widow's payment is derived by adding \$112 and 12 percent of the deceased serviceman's basic pay. Under this formula a widow will receive **between** \$122 and \$244 a month. Whenever there is no widow, the child or children will receive a fixed amount based on the number of children. In the case of a parent (or parents) the monthly payment based on a sliding scale formula is geared to the income of the parent. Survivors eligible for compensation based on a death prior to January 1, 1957, may elect to take the compensation under previous veterans laws or under the new compensation rates. However, if a beneficiary now on the rolls continues to receive servicemen's indemnity payments (see 2 below) the new compensation rates cannot be elected without waiving the indemnity payments, but the election may be made after the expiration of the 10-year indemnity payment period. Receipt of Government insurance payments does not bar a survivor from electing the new rates. Compensation payments will be made for the first time to survivors of reservists and national guardsmen whose deaths (after December 1956) result from injury sustained while traveling to or returning from authorized training.

2. The gratuitous servicemen's indemnity program which provided monthly payments of \$92.90 to survivors over a 10-year period will be suspended during peacetime with respect to all deaths occurring after 1956. This insurance will be revived, however, in case of war or national emergencies involving hostilities. The new compensation payments established by the law are significantly larger than the previous payments and reflect an indemnity increment.

3. The 6 months' death gratuity payment program administered by the respective services is continued but with modifications. As under previous law, the amount payable is equal to six times the serviceman's basic pay, but the minimum payment has been changed from \$468 to \$800 and the maximum has been reduced from \$7,656 to \$3,000. Payment now becomes restricted to close relatives of the deceased serviceman, but is extended to cases in which a former serviceman dies of a service-connected disease or injury within 120 days after separation from the service.

4. Eligible dependent survivors of reservists who die as a result of physical injury in line of duty during peacetime have been paid benefits under the Federal Employees Compensation Act. The law now eliminates reserve components from coverage under the Federal Employees Compensation Act effective with respect to deaths occurring after December 1956.

5. The right of servicemen to acquire nonparticipating insurance under the National Service Life Insurance Act within 120 days after leaving service is terminated except for those who leave while under a physical disability.

Public Law 881 - 84th Congress  
Chapter 837 - 2d Session  
H. R. 7089

AN ACT

All 70 Stat. 857.

To provide benefits for the survivors of servicemen and veterans, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

Servicemen's and  
Veterans' Sur-  
vivor Benefits  
Act.

TITLE I—SHORT TITLE AND DEFINITIONS

SHORT TITLE

SEC. 101. This Act, divided into titles and sections according to the following table of contents, may be cited as the "Servicemen's and Veterans' Survivor Benefits Act".

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Post, p. 868.

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TITLE IV—OLD-AGE AND SURVIVORS INSURANCE

Post, p. 869.

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Sec. 401. Definition of wages.  
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Post, p. 886.

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DEFINITIONS

SEC. 102. For the purposes of this Act—

"Administrator".

(1) "Administrator" means the Administrator of Veterans' Affairs.

"Member of a uniformed service".

(2) "Member of a uniformed service" means a person appointed, enlisted, or inducted in a component of the Army, Navy, Air Force, Marine Corps, or Coast Guard (including a reserve component of a uniformed service), or in one of those services without specification of component, or as a commissioned officer of the Coast and Geodetic Survey or the Regular or Reserve Corps of the Public Health Service, and any person serving in the Army or Air Force under call or conscription. The term includes—

(A) a retired member of any of those services;

(B) a member of the Fleet Reserve or Fleet Marine Corps Reserve;

(C) a cadet at the United States Military Academy, a midshipman at the United States Naval Academy, and a cadet at the United States Coast Guard Academy or United States Air Force Academy;

(D) a member of the Reserve Officers' Training Corps, the Naval Reserve Officers' Training Corps, or the Air Force Reserve Officers' Training Corps, when ordered to annual training duty for fourteen days or more, and while performing authorized travel to and from that duty; and

(E) any person while en route to or from, or at, a place for final acceptance or for entry upon active duty in the military or naval service—

(i) who has been provisionally accepted for such duty; or

(ii) who, under the Universal Military Training and Service Act, has been selected for active military or naval service;

and has been ordered or directed to proceed to such place.

The term does not include a temporary member of the Coast Guard Reserve.

"Reserve component of a uniformed service".

(3) "Reserve component of a uniformed service" means—

(A) The Army Reserve;

(B) The Naval Reserve;

(C) The Marine Corps Reserve;

(D) The Air Force Reserve;

(E) The Coast Guard Reserve;

(F) The Reserve Corps of the Public Health Service;

(G) The National Guard of the United States;

(H) The Air National Guard of the United States.

"Active duty".

(4) "Active duty" means (A) full-time duty performed by a member of a uniformed service in the active military or naval service, other than active duty for training, (B) full-time duty as a commissioned officer in the Coast and Geodetic Survey, or in the Regular Corps of the Public Health Service, or in the Reserve

Corps of the Public Health Service (other than for training purposes), (C) service as a cadet at the United States Military, Air Force, or Coast Guard Academy, or as a midshipman at the United States Naval Academy, and (D) authorized travel to or from such duty or service.

(5) "Active duty for training" means (A) full-time duty performed by a member of a reserve component of a uniformed service in the active military or naval service of the United States for training purposes, (B) full-time duty as a commissioned officer in the Reserve Corps of the Public Health Service for training purposes, (C) annual training duty performed for a period of fourteen days or more by a member of the Reserve Officers' Training Corps, the Naval Reserve Officers' Training Corps, or the Air Force Reserve Officers' Training Corps, and (D) authorized travel to or from such duty. The term does not include duty performed as a temporary member of the Coast Guard Reserve.

"Active duty for training".

(6) (A) "Inactive duty training" means any of the training, instruction, duty, appropriate duties, or equivalent training, instruction, duty, appropriate duties, or hazardous duty, performed with or without compensation by a member of a reserve component of a uniformed service, prescribed by the appropriate Secretary pursuant to section 501 of the Career Compensation Act of 1949 or any other provision of law. The term does not include (1) work or study performed by a member of a reserve component of a uniformed service in connection with correspondence courses of the Army, Navy, Air Force, Marine Corps, Coast Guard, or Public Health Service, (2) attendance at an educational institution in an inactive status under the sponsorship of the Army, Navy, Air Force, Marine Corps, Coast Guard, or Public Health Service, or (3) duty performed as a temporary member of the Coast Guard Reserve.

"Inactive duty training".

63 Stat. 825.  
37 USC 301.

(B) Any member of a reserve component of a uniformed service—

(i) who, when authorized or required by competent authority, assumes an obligation to perform active duty for training or inactive duty training; and

(ii) who dies from an injury incurred on or after January 1, 1957, by him while proceeding directly to or returning directly from such active duty for training or inactive duty training, as the case may be;

shall be deemed to have been on active duty for training or inactive duty training, as the case may be, and entitled to basic pay at the time such injury was incurred. For purposes of title III, except section 303, the Secretary concerned, and for purposes of title II and section 303, the Administrator, shall determine whether such member of a reserve component of a uniformed service was so authorized or required to perform such duty, and whether he died from injury so incurred. In making such determinations, the Secretary concerned or the Administrator, as the case may be, shall take into consideration the hour on which the member of a reserve component of a uniformed service began to so proceed or so return; the hour on which he was scheduled to arrive for, or on which he ceased to perform, such duty; the method of travel employed; his itinerary; the manner in which the travel was performed; and the immediate cause of death. Whenever any claim is filed alleging that the claimant is entitled to benefits by reason of this subparagraph, the burden of proof shall be upon the claimant.

Post, p. 868.  
Post, p. 862.



39 Stat. 206-  
211.  
32 USC 62-65, 144-  
146, 183.

Post, p. 869.  
"Child"; "Parent".

Post, p. 884.  
"Widow".

"Basic pay".

63 Stat. 805, 828.  
37 USC 232, 308.

Post, p. 862.

Post, p. 862.

(C) A member of the National Guard or Air National Guard of the several States, Territories, or the District of Columbia, when performing training or duty under sections 92, 94, 97, 99, or 113 of the National Defense Act of June 3, 1916, as amended, shall, for the purpose of benefits provided herein, be considered a "member of a reserve component of a uniformed service", and training or duty performed by such a member under those sections of that Act shall be considered "active duty for training", or "inactive duty training" as appropriate.

(7) Except for purposes of title IV, the terms "child" and "parent" have the meanings assigned to them by Veterans Regulation Numbered 10, as amended.

(8) Except for purposes of title IV, the term "widow" means a woman who was married to a person—

(A) before the expiration of fifteen 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 of such person was incurred or aggravated; or

(B) for five or more years; or

(C) for any period of time if a child was born of the marriage.

(9) "Secretary concerned" means—

(A) The Secretary of the Army with respect to the Army;

(B) The Secretary of the Navy with respect to the Navy and Marine Corps;

(C) The Secretary of the Air Force with respect to the Air Force;

(D) The Secretary of the Treasury with respect to the Coast Guard;

(E) The Secretary of Commerce with respect to the Coast and Geodetic Survey; and

(F) The Secretary of Health, Education, and Welfare with respect to the Public Health Service.

(10) (A) "Basic pay" means the monthly pay prescribed by section 201 (a), 201 (e), 201 (f), or 508 of the Career Compensation Act of 1949, as may be appropriate, for a member of a uniformed service on active duty.

(B) The pay received by members of the Reserve Officers' Training Corps, the Naval Reserve Officers' Training Corps, and the Air Force Reserve Officers' Training Corps during periods of annual training duty of fourteen days or more shall be considered to be "basic pay", and the rank and years of service of such members shall be a rank (and years of service) comparable to the pay grade and years of service to which their pay is related.

(11) (A) With respect to a member of a uniformed service who died while on active duty, active duty for training, or inactive duty training, the term "basic pay" (for purposes of title II) means the basic pay (as defined in paragraph (10)) prescribed on January 1, 1957, or on the date of his death (whichever is the later date) for a member of a uniformed service on active duty of the same rank (with the same cumulative years of service for purposes of pay) as that of the deceased member of a uniformed service on the date of his death.

(B) With respect to a deceased member or former member of a uniformed service who did not die on active duty, active duty for training, or inactive duty training, the term "basic pay" (for purposes of title II) means the basic pay (as defined in paragraph (10)) prescribed on January 1, 1957, or on the date of his death

(whichever is the later date) for a member of a uniformed service on active duty of the same rank (with the same cumulative years of service for purposes of pay) as that of the deceased member or former member of a uniformed service on the date of his last discharge or release from active duty under conditions other than dishonorable; however, if his death results from disease or injury incurred or aggravated while on active duty for training, or from injury incurred or aggravated while on inactive duty training, after such last discharge or release from active duty, his rank and years of service for purposes of pay shall be those held by him on the date of his discharge or release from the period of active duty for training or inactive duty training in which such injury or disease was incurred or aggravated.

(C) With respect to a deceased person who is not a member or former member of a uniformed service, but who had a compensable status on the date of his death under laws administered by the Veterans' Administration, the head of the department under which such person performed the services by which he obtained a compensable status shall determine a pay grade for such person under section 201 (a) of the Career Compensation Act of 1949, as amended, and a rate of pay within that pay grade (taking into consideration his duties, responsibilities, and years of service). His "basic pay" shall be that prescribed on January 1, 1957, or the date of his death, whichever is the later date, under such section 201 (a) for the pay grade and rate of pay so determined. For the purposes of title II of this Act, only, such persons shall be deemed to have been on active duty during the period of service by which they obtained a compensable status.

37 USC 232.

Post, p. 862.

(D) Whenever basic pay prescribed by section 201 (a), 201 (e), 201 (f), or 508 of the Career Compensation Act of 1949 is increased or decreased, "basic pay" determined pursuant to this paragraph (11) shall increase or decrease accordingly.

37 USC 232,  
308.

(E) Any person described in paragraph (2) (E) who suffers an injury or disease resulting in disability or death while en route to or from, or at, a place for final acceptance or entry upon active duty in the military or naval service shall be deemed to be on active duty when such incident occurs, and to be entitled to the basic pay of the pay grade which he would receive upon final acceptance or entry upon active duty in such service.

(F) The Secretary concerned shall, at the request of the Administrator, certify to him the basic pay considering rank or grade and cumulative years of service for pay purposes of deceased persons with respect to whose deaths applications for benefits are filed under title II of this Act. The certification of the Secretary concerned shall be binding upon the Administrator.

Post, p. 862.

(12) Where an individual is discharged or released on or after January 1, 1957, from a period of active duty, such individual shall be deemed to continue on active duty and to be entitled to basic pay (and any special or incentive pays) at the rate to which he was entitled on the day prior to his discharge or release from such duty, during the period of time immediately following the date of such discharge or release determined by the Secretary concerned to be required for him to proceed to his home by the most direct route, and in any event, until midnight of the date of such discharge or release.

TITLE II—DEPENDENCY AND INDEMNITY  
COMPENSATION

DEATHS ENTITLING SURVIVORS TO DEPENDENCY AND INDEMNITY  
COMPENSATION

SEC. 201. When any person dies on or after January 1, 1957—

- (1) from disease or injury incurred or aggravated in line of duty while on active duty or active duty for training;
  - (2) from injury incurred or aggravated in line of duty while on inactive duty training; or
  - (3) from a disability compensable under laws administered by the Veterans' Administration,
- the Administrator shall pay dependency and indemnity compensation under this title to his widow, children, and dependent parents upon application therefor.

DEPENDENCY AND INDEMNITY COMPENSATION TO A WIDOW

SEC. 202. (a) Dependency and indemnity compensation shall be paid under this title to a widow at a monthly rate equal to \$112 plus 12 per centum of the basic pay of her deceased husband.

(b) If there are two or more children of a deceased person who have not attained the age of eighteen, and the total of the monthly benefits to which the widow and children who have not attained the age of eighteen of such deceased person are or would, upon the filing of an application, be entitled under—

(1) section 405 of this Act,

(2) section 202 of the Social Security Act (after reduction under section 203 (a) of such Act but without regard to the deduction provisions of such section 203), on the basis of such deceased person's earnings, and

(3) section 5 of the Railroad Retirement Act of 1937 (after reduction under section 4 (i) and section 5 (h) of such Act), on the basis of such deceased person's earnings,

is less than the amount described in subsection (d), then the dependency and indemnity compensation paid monthly to the widow pursuant to subsection (a) of this section shall be increased by \$25 for each child who has not attained the age of eighteen in excess of one.

(c) The total of increases under subsection (b) shall, in any case, not exceed an amount equal to—

(1) the amount described in subsection (d), less

(2) the total of the monthly benefits to which such widow and such children who have not attained the age of eighteen are or would, upon the filing of an application, be entitled under—

(A) section 405 of this Act,

(B) section 202 of the Social Security Act (after reduction under section 203 (a) of such Act but without regard to the deduction provisions of such section 203), on the basis of the deceased person's earnings, and

(C) section 5 of the Railroad Retirement Act of 1937 (after reduction under section 4 (i) and section 5 (h) of such Act), on the basis of the deceased person's earnings.

(d) The amount referred to in subsections (b) and (c) (1) is an amount equal to the total of the monthly benefits to which a widow and two children of a deceased person would be entitled under section 202 of the Social Security Act if the deceased person's average monthly wage had been \$160 (after reduction under section 203 (a) of such Act but without regard to deduction provisions of such section 203).

49 Stat. 623.  
42 USC 402, 403.  
Post, pp. 871,  
876.

50 Stat. 312; 65  
Stat. 686.  
45 USC 228e,  
228c-1.

42 USC 402, 403,  
Post, pp. 871,  
876.

45 USC 228e.

42 USC 402,  
403.  
Post, pp. 871,  
876.

(e) The amount determined under subsection (a) shall, after increase (if any) under subsection (b), be adjusted by the Administrator to the next higher dollar. The amount referred to in paragraph (2) (A) or (B) or paragraph (2) (C) of subsection (c) shall be determined by the Secretary of Health, Education, and Welfare, or the Railroad Retirement Board, as the case may be, and shall be certified to the Administrator upon his request.

DEPENDENCY AND INDEMNITY COMPENSATION TO CHILDREN

SEC. 203. (a) Whenever there is no widow of a deceased person entitled to dependency and indemnity compensation under this title, dependency and indemnity compensation shall be paid to the children of the deceased person at the following rates:

- (1) One child, \$70 per month.
- (2) Two children, \$100 per month.
- (3) Three children, \$130 per month.
- (4) More than three children, \$130 per month, plus \$25 per month for each child in excess of three.

(b) Dependency and indemnity compensation prescribed by this section shall be paid to eligible children in equal shares.

SUPPLEMENTAL DEPENDENCY AND INDEMNITY COMPENSATION TO CHILDREN

SEC. 204. (a) In the case of a child entitled to dependency and indemnity compensation who has attained the age of eighteen and who, while under such age, became permanently incapable of self-support, the dependency and indemnity compensation paid monthly to him shall be increased by \$25.

(b) If dependency and indemnity compensation is payable monthly to a woman as a "widow" and there is a child (of her deceased husband) who has attained the age of eighteen and who, while under such age, became permanently incapable of self-support, dependency and indemnity compensation shall be paid monthly to each such child, concurrently with the payment of dependency and indemnity compensation to the widow, in the amount of \$70.

(c) If dependency and indemnity compensation is payable monthly to a woman as a "widow" and there is a child (of her deceased husband) who has attained the age of eighteen and who, while under the age of twenty-one, is pursuing a course of instruction at an approved educational institution, dependency and indemnity compensation shall be paid monthly to each such child, concurrently with the payment of dependency and indemnity compensation to the widow, in the amount of \$35.

DEPENDENCY AND INDEMNITY COMPENSATION TO PARENTS

SEC. 205. (a) Dependency and indemnity compensation shall be paid monthly under this title to parents of a deceased person in the amounts prescribed by this section.

(b) Except as provided in subsection (d), if there is only one parent, dependency and indemnity compensation shall be paid to him

at a monthly rate equal to the amount under column II of the following table opposite his total annual income as shown in column I:

Column I		Column II
Total annual income		
More than—	Equal to or less than—	
	\$750	\$75.
\$750	\$1,000	\$80.
\$1,000	\$1,250	\$45.
\$1,250	\$1,500	\$30.
\$1,500	\$1,750	\$15.
\$1,750	-----	No amount payable.

(c) Except as provided in subsection (d), if there are two parents, but they are not living together, dependency and indemnity compensation shall be paid to each at a monthly rate equal to the amount under column II of the following table opposite the total annual income of each as shown in column I:

Column I		Column II
Total annual income		
More than—	Equal to or less than—	
	\$750	\$50.
\$750	\$1,000	\$40.
\$1,000	\$1,250	\$30.
\$1,250	\$1,500	\$20.
\$1,500	\$1,750	\$10.
\$1,750	-----	No amount payable.

(d) If there are two parents who are living together, or if a parent has remarried and is living with his spouse, dependency and indemnity compensation shall be paid to each such parent at a monthly rate equal to the amount under column II of the following table opposite the total combined annual income of the parents, or of the parent and his spouse, as the case may be, as shown in column I:

Column I		Column II
Total combined annual income		
More than—	Equal to or less than—	
	\$1,000	\$50.
\$1,000	\$1,350	\$40.
\$1,350	\$1,700	\$30.
\$1,700	\$2,050	\$20.
\$2,050	\$2,400	\$10.
\$2,400	-----	No amount payable.

(e) The Administrator shall require as a condition of granting or continuing dependency and indemnity compensation to a parent that such parent file each year with him (on the form prescribed by him) a report showing the total income which such parent expects to receive in that year and the total income which such parent received in the preceding year. The parent or parents shall file with the Adminis-

trator a revised report whenever there is a material change in the estimated annual income.

(f) If the Administrator ascertains that there have been overpayments to a parent under this section, he shall deduct such overpayments (unless waived) from any future payments made to such parent under this section.

(g) (1) In determining income under this section, all payments of any kind or from any source shall be included, except—

- (A) payments of the six-months' death gratuity;
- (B) donations from public or private relief or welfare organizations;
- (C) payments under this title;
- (D) payments of death or disability compensation under any other law administered by the Veterans' Administration;
- (E) lump-sum death payments under title II of the Social Security Act.

49 Stat. 622.  
42 USC 401-421.  
Post, p. 869  
et seq.

(2) The Administrator may provide by regulation for the exclusion from income under this section of amounts paid by a parent for unusual medical expenses.

DEPENDENCY AND INDEMNITY COMPENSATION IN CASES OF PRIOR DEATHS

SEC. 206. (a) (1) Any person who, on or after December 31, 1956, is eligible as a widow or child for death compensation under any other law administered by the Veterans' Administration by reason of a death occurring on or before that date may receive dependency and indemnity compensation under this title upon application therefor, without regard to clause (1) of section 209 (c).

(2) Any person who, on or after December 31, 1956, is eligible as a parent, or, but for his annual income, would be eligible as a parent, for death compensation under any other law administered by the Veterans' Administration by reason of a death occurring on or before that date may receive dependency and indemnity compensation under this title upon application therefor, without regard to clause (1) of section 209 (c); however, the annual income limitations established by section 205 shall apply to each such parent.

(b) (1) Whenever the widow of a deceased person is granted dependency and indemnity compensation by reason of this section, payments to her and to the children of the deceased person shall thereafter be made under this title, and shall not thereafter be made to them by reason of the death of the deceased person under (A) any other law administered by the Veterans' Administration providing for the payment of compensation or pension or (B) the Federal Employees' Compensation Act.

63 Stat. 865.  
5 USC 751 note.

(2) Whenever the child or parent of any deceased person is granted dependency and indemnity compensation by reason of this section, payments shall not thereafter be made to such child or parent by reason of the death of the deceased person under (A) any other law administered by the Veterans' Administration providing for the payment of compensation or pension or (B) the Federal Employees' Compensation Act.

5 USC 751 note.

(c) If children of a deceased person are receiving death compensation under any other law administered by the Veterans' Administration, and all such children have not applied for benefits under this title, (1) benefits paid to each such child under this title shall not exceed the amounts which would be paid if the application had been made by, or on behalf of, all such children, and (2) benefits paid to each child under any other law administered by the Veterans' Administration providing for the payment of death compensation or death pension, or under the Federal Employees' Compensation Act, shall

5 USC 751 note.

not exceed the amounts which would be paid to him if no such application had been made.

(d) If there are two parents of a deceased person eligible for benefits by reason of subsection (a), and an application for benefits under this title is not made by both parents, (1) benefits paid to the parent who applies therefor shall not exceed the amounts which would be paid to him if both parents had so applied, and (2) benefits paid to the other parent under any other law administered by the Veterans' Administration providing for the payment of death compensation, or under the Federal Employees' Compensation Act, shall not exceed the amounts which would be paid to him if no such application had been made.

5 USC 751 note.  
Post, p. 886. (e) (1) Except as provided in paragraphs (3) and (4), no person who, on January 1, 1957, is a principal or contingent beneficiary of any payments under the Servicemen's Indemnity Act of 1951 may receive any such payments based upon the death giving rise to such payments after he has been granted dependency and indemnity compensation by reason of this section. No principal or contingent beneficiary who assigns his interest in payments under the Servicemen's Indemnity Act of 1951 after June 28, 1956, may receive any payments under this title based upon the death giving rise to such payments until the portion of the indemnity so assigned is no longer payable to any person.

Post, p. 886. (2) Where a beneficiary is barred from the receipt of payments under the Servicemen's Indemnity Act of 1951 by virtue of the first sentence of paragraph (1), no payments of the portion of indemnity in which such beneficiary had an interest shall be made to any other beneficiary.

Post, p. 886. (3) In the case of a child who has applied for dependency and indemnity compensation pursuant to this section, and who is or becomes a beneficiary under the Servicemen's Indemnity Act of 1951 by reason of the death giving rise to his eligibility for dependency and indemnity compensation, the Administrator shall determine and pay to such child for each month, or part thereof, payments under this title or under such Act, whichever payment he determines to be the greater amount.

(4) Notwithstanding paragraph (2), where a child receives dependency and indemnity compensation under this title, and thereafter dies, the portion of servicemen's indemnity in which such child had an interest may be paid (subject to paragraph (3)) to another child of the person by reason of whose death such servicemen's indemnity was payable.

#### DETERMINATIONS BY THE VETERANS' ADMINISTRATION

SEC. 207. The standards and criteria for determining incurrence or aggravation of a disease or injury in line of duty under this title shall be those applicable under disability compensation laws administered by the Veterans' Administration.

#### DUPLICATION OF BENEFITS

63 Stat. 865.  
5 USC 751 note. SEC. 208. No person eligible for benefits under this title by reason of any death occurring on or after January 1, 1957, shall be eligible by reason of such death (1) for death compensation or death pension under any other law administered by the Veterans' Administration, or (2) for any payments under the Federal Employees' Compensation Act.

ADMINISTRATIVE PROVISIONS

SEC. 209. (a) This title shall be administered by the Administrator. Except as otherwise provided in this Act, the administrative, definitive, and regulatory provisions under Public, Numbered 2, Seventy-third Congress, as amended, shall be for application under this title. Dependency and indemnity compensation which is otherwise payable to a child shall commence effective the date on which the child's entitlement arose if application is filed within one year from that date; otherwise from the date of filing application.

48 Stat. 8.  
38 USC 701-  
721.

(b) Payment of benefits under this title by reason of any application filed with respect to a death which occurred before January 1, 1957, shall become effective as of the date such application is filed; however, payment of such benefits by reason of any such application shall become effective as of January 1, 1957—

(1) if the application is filed on or before July 1, 1957; or

(2) if the application is filed within one year after the date of such death.

(c) Dependency and indemnity compensation shall not be paid under this title to the widow, children, or parents of any deceased person unless the deceased person (1) was discharged or released under conditions other than dishonorable from the period of active duty, active duty for training, or inactive duty training in which the disability was incurred, or (2) died while on active duty, active duty for training, or inactive duty training.

(d) If a child receives or there is paid on account of a child dependency and indemnity compensation, or death compensation under any other law administered by the Veterans' Administration, by reason of the death of a parent, dependency and indemnity compensation by reason of the death of another parent in the same parental line may not be paid to or on account of such child.

(e) No dependency and indemnity compensation shall be paid under this title to any woman as a "widow" unless she continuously cohabited with her husband from the date of marriage to the date of death except where there was a separation which was due to the misconduct of or procured by the husband without fault on her part. Payments of dependency and indemnity compensation shall not be made by reason of the death of her husband to any woman as his "widow" for any period after she has remarried, unless the purported remarriage is void.

(f) There shall be no recovery of overpayments under this title from any person who, in the judgment of the Administrator, is without fault on his part if, in the judgment of the Administrator, such a recovery would defeat the purpose of the benefits payable under this title or would be against equity and good conscience. No disbursing or certifying officer shall be held liable for any amount paid to any person where the recovery of such amount from the payee is waived under this subsection.

EXEMPTION FROM TAXATION AND CLAIMS OF CREDITORS

SEC. 210. Payments of dependency and indemnity compensation due or to become due under this title shall not be assignable, shall be exempt from taxation, shall be exempt from the claims of creditors, including any claim of the United States (except as provided in section 3 of the Act of August 12, 1935 (38 U. S. C., sec. 454a)), and shall not be subject to attachment, levy, or seizure by or under any legal or equitable process whatever either before or after receipt by the payee. Notwithstanding the foregoing provisions of this section,

49 Stat. 609.



68A Stat. 783.  
26 USC 6331-  
6344.

payments of dependency and indemnity compensation due or to become due under this title shall not be exempt from levy under the provisions of subchapter D of chapter 64 of the Internal Revenue Code of 1954, relating to seizure of property for collection of taxes.

### TITLE III—DEATH GRATUITY

#### DEATHS ENTITLING SURVIVORS TO DEATH GRATUITY

Sec. 301. (a) Except as provided in section 304 (a), the Secretary concerned shall have a death gratuity paid immediately upon official notification of the death of a member of a uniformed service under his jurisdiction who dies while on active duty, active duty for training, or inactive duty training.

(b) The death gratuity shall equal six months' basic pay (plus special and incentive pays) at the rate to which the deceased member of a uniformed service was entitled on the date of his death, but shall not be less than \$800 nor more than \$3,000.

(c) The death gratuity shall be paid to or for the living survivor or survivors of the deceased member of a uniformed service first listed below:

- (1) His spouse.
- (2) His children (without regard to their age or marital status) in equal shares.
- (3) His parents or his brothers or sisters (including those of the half blood and those through adoption), when designated by him.
- (4) His parents in equal shares.
- (5) His brothers and sisters (including those of the half blood and those through adoption) in equal shares.

(d) If a survivor dies before he receives the amount to which he is entitled under this title, such amount shall be paid to the then living survivor or survivors first listed under subsection (c).

#### IMMEDIATE PAYMENT OF DEATH GRATUITY

Sec. 302. In order that payments under section 301 may be made immediately, the Secretary concerned (1) shall authorize the commanding officers of military or naval commands, installations, or districts, in which survivors of deceased members of the Army, Navy, Air Force, Marine Corps, or Coast Guard are residing, to determine the survivors eligible to receive the death gratuity, and (2) shall authorize the disbursing or certifying officer of each such command, installation, or district to make the payments to the survivors so determined, or certify the payments due to such survivors, as may be appropriate.

#### DEATH GRATUITY COVERAGE AFTER ACTIVE SERVICE

Sec. 303. (a) The Secretary concerned shall have a death gratuity paid in any case where a member or former member of a uniformed service dies on or after January 1, 1957, during the one hundred and twenty-day period which begins on the day following the date of his discharge or release from active duty, active duty for training, or inactive duty training, if the Administrator determines that the death resulted—

- (1) from disease or injury incurred or aggravated while on such active duty or active duty for training; or
- (2) from injury incurred or aggravated while on such inactive duty training.

(b) Whenever the Administrator determines, on the basis of a claim for benefits filed with him under title II of this Act, that a death occurred under the circumstances referred to in subsection (a), he shall certify that fact to the Secretary concerned; in all other cases, he shall make the determination referred to in that subsection at the request of the Secretary concerned.

Ante, p. 862.

(c) The standards, criteria, and procedures for determining in-currence or aggravation of a disease or injury under this section shall (except for line of duty) be those applicable under disability compensation laws administered by the Veterans' Administration.

(d) For purposes of computing the amount of the death gratuity to be paid by reason of this section, the deceased person shall be deemed to be entitled on the date of his death to basic pay (plus special and incentive pays) at the rate to which he was entitled on the last day he performed such active duty, active duty for training, or inactive duty training.

(e) No amounts shall be paid by reason of this section unless the Administrator determines that the deceased person was discharged or released under conditions other than dishonorable from such period of active duty, active duty for training, or inactive duty training.

ADMINISTRATIVE PROVISIONS

SEC. 304. (a) No payment shall be made under this title if the deceased member of a uniformed service suffered death as a result of lawful punishment for crime or for a military or naval offense, except when death was so inflicted by any hostile force with which the Armed Forces of the United States have engaged in armed conflict.

(b) Payments under this title shall be made from appropriations available for the pay of members of the uniformed service concerned.

(c) A member of a reserve component of a uniformed service who performs active duty, active duty for training, or inactive duty training, without pay, shall, for the purposes of this title only, be considered as having been entitled to basic pay while performing such duties. In the case of a member of a reserve component of a uniformed service who suffers disability while on active duty, active duty for training, or inactive duty training, and is placed in a pay status while he is receiving hospitalization or medical care (including out-patient care) for such disability, he shall be deemed, for the purposes of this title, to continue on active duty, active duty for training, or inactive duty training, as the case may be, for so long as he remains in a pay status.

(d) For purposes of this title, a man or woman shall be considered to be the spouse of a member of a uniformed service if legally married to the member of a uniformed service at the time of the member's death.

Spouse.

TITLE IV—OLD-AGE AND SURVIVORS INSURANCE

PART A—PROVISIONS RELATING TO TITLE II OF THE SOCIAL SECURITY ACT

DEFINITION OF WAGES

SEC. 401. Section 209 of the Social Security Act is amended by adding at the end thereof the following new paragraph:

49 Stat. 625.  
42 USC 409.

"For purposes of this title, in the case of an individual performing service, as a member of a uniformed service, to which the provisions of section 210 (m) (1) are applicable, the term 'wages' shall, subject to the provisions of subsection (a) of this section, include as such

Post, p. 870.

individual's remuneration for such service only his basic pay as described in section 102 (10) of the Servicemen's and Veterans' Survivor Benefits Act." Ante, p. 858.

DEFINITION OF EMPLOYMENT

42 USC 410. SEC. 402. (a) Section 210 of the Social Security Act is amended by adding at the end thereof the following new subsections:

"Service in the Uniformed Services

"(m) (1) Except as provided in paragraph (4), the term 'employment' shall, notwithstanding the provisions of subsection (a) of this section, include service performed after December 1956 by an individual as a member of a uniformed service on active duty; but such term shall not include any such service which is performed while on leave without pay.

"(2) The term 'active duty' means 'active duty' as described in section 102 of the Servicemen's and Veterans' Survivor Benefits Act, except that it shall also include 'active duty for training' as described in such section.

"(3) The term 'inactive duty training' means 'inactive duty training' as described in such section 102.

"(4) (A) Paragraph (1) of this subsection shall not apply in the case of any service, performed by an individual as a member of a uniformed service, which is creditable under section 4 of the Railroad Retirement Act of 1937. The Railroad Retirement Board shall notify the Secretary of Health, Education, and Welfare, as provided in section 4 (p) (2) of that Act, with respect to all such service which is so creditable. Post, p. 876.  
Post, p. 876.

"(B) In any case where benefits under this title are already payable on the basis of such individual's wages and self-employment income at the time such notification (with respect to such individual) is received by the Secretary, the Secretary shall certify no further benefits for payment under this title on the basis of such individual's wages and self-employment income, or shall recompute the amount of any further benefits payable on the basis of such wages and self-employment income, as may be required as a consequence of subparagraph (A) of this paragraph. No payment of a benefit to any person on the basis of such individual's wages and self-employment income, certified by the Secretary prior to the end of the month in which he receives such notification from the Railroad Retirement Board, shall be deemed by reason of this subparagraph to have been an erroneous payment or a payment to which such person was not entitled. The Secretary shall, as soon as possible after the receipt of such notification from the Railroad Retirement Board, advise such Board whether or not any such benefit will be reduced or terminated by reason of subparagraph (A), and if any such benefit will be so reduced or terminated, specify the first month with respect to which such reduction or termination will be effective.

"Member of a Uniformed Service

"(n) The term 'member of a uniformed service' means any person appointed, enlisted, or inducted in a component of the Army, Navy, Air Force, Marine Corps, or Coast Guard (including a reserve component of a uniformed service as defined in section 102 (3) of the Servicemen's and Veterans' Survivor Benefits Act), or in one of those services without specification of component, or as a commissioned officer of the Coast and Geodetic Survey or the Regular or Reserve Corps of the Public Health Service, and any person serving in the Ante, p. 858.

Army or Air Force under call or conscription. The term includes—

“(1) a retired member of any of those services;

“(2) a member of the Fleet Reserve or Fleet Marine Corps Reserve;

“(3) a cadet at the United States Military Academy, a midshipman at the United States Naval Academy, and a cadet at the United States Coast Guard Academy or United States Air Force Academy;

“(4) a member of the Reserve Officers’ Training Corps, the Naval Reserve Officers’ Training Corps, or the Air Force Reserve Officers’ Training Corps, when ordered to annual training duty for fourteen days or more, and while performing authorized travel to and from that duty; and

“(5) any person while en route to or from, or at, a place for final acceptance or for entry upon active duty in the military or naval service—

“(A) who has been provisionally accepted for such duty;

or

“(B) who, under the Universal Military Training and Service Act, has been selected for active military or naval service;

and has been ordered or directed to proceed to such place.

The term does not include a temporary member of the Coast Guard Reserve.”

(b) The first sentence of section 205 (p) (1) of such Act is amended <sup>42 USC 405.</sup> by inserting “including service, performed as a member of a uniformed service, to which the provisions of subsection (m) (1) of such section are applicable,” immediately after “in the employ of any instrumentality which is wholly owned by the United States,”.

LUMP-SUM DEATH PAYMENTS FOR REINTERMENT OF DECEASED VETERANS

SEC. 403. (a) The fourth sentence of section 202 (i) of the Social Security Act is amended to read as follows: “In the case of any individual who died outside the forty-eight States and the District of Columbia after December 1953 and before January 1, 1957, whose death occurred while he was in the active military or naval service of the United States, and who is returned to any of such States, the District of Columbia, Alaska, Hawaii, Puerto Rico, or the Virgin Islands for interment or reinterment, the provisions of the preceding sentence shall not prevent payment to any person under the second sentence of this subsection if application for a lump-sum death payment with respect to such deceased individual is filed by or on behalf of such person (whether or not legally competent) prior to the expiration of two years after the date of such interment or reinterment. In the case of any individual who died outside the forty-eight States and the District of Columbia after December 1956 while he was performing service, as a member of a uniformed service, to which the provisions of section 210 (m) (1) are applicable, and who is returned <sup>Ante, p. 870.</sup> to any of such States, or the District of Columbia, or to any Territory or possession of the United States, for interment or reinterment, the provisions of the third sentence of this subsection shall not prevent payment to any person under the second sentence of this subsection if application for a lump-sum death payment with respect to such deceased individual is filed by or on behalf of such person (whether or not legally competent) prior to the expiration of two years after the date of such interment or reinterment.”

(b) The amendment made by subsection (a) shall be effective as <sup>Effective date.</sup> though it had been enacted on March 31, 1956.

CREDIT FOR MILITARY OR NAVAL SERVICE PERFORMED BEFORE  
JANUARY 1, 1957

6 Stat. 773.  
2 USC 417.

SEC. 404. (a) Section 217 (e) of the Social Security Act is amended to read as follows:

2 USC 416.

"(e) (1) For purposes of determining entitlement to and the amount of any monthly benefit or lump-sum death payment payable under this title on the basis of wages and self-employment income of any veteran (as defined in paragraph (4)), and for purposes of section 216 (i) (3), such veteran shall be deemed to have been paid wages (in addition to the wages, if any, actually paid to him) of \$160 in each month during any part of which he served in the active military or naval service of the United States on or after July 25, 1947, and prior to January 1, 1957. This subsection shall not be applicable in the case of any monthly benefit or lump-sum death payment if—

"(A) a larger such benefit or payment, as the case may be, would be payable without its application; or

"(B) a benefit (other than a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments) which is based, in whole or in part, upon the active military or naval service of such veteran on or after July 25, 1947, and prior to January 1, 1957, is determined by any agency or wholly owned instrumentality of the United States (other than the Veterans' Administration) to be payable by it under any other law of the United States or under a system established by such agency or instrumentality.

2 USC 415.

The provisions of clause (B) shall not apply in the case of any monthly benefit or lump-sum death payment under this title if its application would reduce by \$0.50 or less the primary insurance amount (as computed under section 215 prior to any recomputation thereof pursuant to subsection (f) of such section) of the individual on whose wages and self-employment income such benefit or payment is based. The provisions of clause (B) shall also not apply for purposes of section 216 (i) (3). In the case of monthly benefits under this title for months after December 1956 (and any lump-sum death payment under this title with respect to a death occurring after December 1956) based on the wages and self-employment income of a veteran who performed service (as a member of a uniformed service) to which the provisions of section 210 (m) (1) are applicable, wages which would, but for the provisions of clause (B), be deemed under this subsection to have been paid to such veteran with respect to his active military or naval service performed after December 1950 shall be deemed to have been paid to him with respect to such service notwithstanding the provisions of such clause, but only if the benefits referred to in such clause which are based (in whole or in part) on such service are payable solely by the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey or Public Health Service.

te, p. 870.

"(2) Upon application for benefits or a lump-sum death payment on the basis of the wages and self-employment income of any veteran, the Secretary of Health, Education, and Welfare shall make a decision without regard to clause (B) of paragraph (1) of this subsection unless he has been notified by some other agency or instrumentality of the United States that, on the basis of the military or naval service of such veteran on or after July 25, 1947, and prior to January 1, 1957, a benefit described in clause (B) of paragraph (1) has been determined by such agency or instrumentality to be payable by it. If he has not been so notified, the Secretary of Health, Education, and Welfare shall then ascertain whether some other agency or wholly owned instrumentality of the United States has decided that a benefit

described in clause (B) of paragraph (1) is payable by it. If any such agency or instrumentality has decided, or thereafter decides, that such a benefit is payable by it, it shall so notify the Secretary of Health, Education, and Welfare, and the Secretary shall certify no further benefits for payment or shall recompute the amount of any further benefits payable, as may be required by paragraph (1) of this subsection.

“(3) Any agency or wholly owned instrumentality of the United States which is authorized by any law of the United States to pay benefits, or has a system of benefits which are based, in whole or in part, on military or naval service on or after July 25, 1947, and prior to January 1, 1957, shall, at the request of the Secretary of Health, Education, and Welfare, certify to him, with respect to any veteran, such information as the Secretary deems necessary to carry out his functions under paragraph (2) of this subsection.

“(4) For the purposes of this subsection, the term ‘veteran’ means <sup>“Veteran”.</sup> any individual who served in the active military or naval service of the United States at any time on or after July 25, 1947, and prior to January 1, 1957, and who, if discharged or released therefrom, was so discharged or released under conditions other than dishonorable after active service of ninety days or more or by reason of a disability or injury incurred or aggravated in service in line of duty; but such term shall not include any individual who died while in the active military or naval service of the United States if his death was inflicted (other than by an enemy of the United States) as lawful punishment for a military or naval offense.”

(b) Section 217 of such Act is further amended by adding at the <sup>42 USC 417.</sup> end thereof the following new subsection:

“(f) (1) In any case where a World War II veteran (as defined in subsection (d) (2)) or a veteran (as defined in subsection (e) (4)) has died or shall hereafter die, and his widow or child is entitled under the Civil Service Retirement Act of May 29, 1930, as amended, to an <sup>46 Stat. 468.</sup> annuity in the computation of which his active military or naval <sup>5 USC 691 note</sup> service was included, clause (B) of subsection (a) (1) or clause (B) <sup>Post, p. 877.</sup> of subsection (e) (1) shall not operate (solely by reason of such annuity) to make such subsection inapplicable in the case of any monthly benefit under section 202 which is based on his wages and <sup>42 USC 402.</sup> self-employment income; except that no such widow or child shall be <sup>Ante, p. 871;</sup> entitled under section 202 to any monthly benefit in the computation <sup>Post, 876.</sup> of which such service is included by reason of this subsection (A) unless such widow or child after December 1956 waives his or her right to receive such annuity, or (B) for any month prior to the first month with respect to which the Civil Service Commission certifies to the Secretary of Health, Education, and Welfare that (by reason of such waiver) no further annuity will be paid to such widow or child under such Act of May 29, 1930, as amended, on the basis of such veteran’s military or civilian service. Any such waiver shall be irrevocable.

“(2) Whenever a widow waives her right to receive such annuity such waiver shall constitute a waiver on her own behalf; a waiver by a legal guardian or guardians, or, in the absence of a legal guardian, the person (or persons) who has the child in his care, of the child’s right to receive such annuity shall constitute a waiver on behalf of such child. Such a waiver with respect to an annuity based on a veteran’s service shall be valid only if the widow and all children, or, if there is no widow, all the children, waive their rights to receive annuities under the Civil Service Retirement Act of May 29, 1930, as <sup>5 USC 691 note.</sup> amended, based on such veteran’s military or civilian service.” <sup>Post, p. 877.</sup>

- (c) In the case of any deceased individual—
- (1) who is a World War II veteran (as defined in section 217 (d) (2) of the Social Security Act) or a veteran (as defined in section 217 (e) (4) of such Act); and
- (2) whose widow or child is entitled under the Civil Service Retirement Act of May 29, 1930, as amended, to an annuity in the computation of which his active military or naval service after September 15, 1940, and before January 1, 1957, was included; and
- (3) whose widow or child is entitled under section 202 of the Social Security Act, on the basis of his wages and self-employment income, to a monthly benefit in the computation of which such active military or naval service was excluded (under clause (B) of subsection (a) (1) or (e) (1) of section 217 of such Act) solely by reason of the annuity described in the preceding paragraph; and
- (4) whose widow or child is entitled by reason of section 217 (f) of the Social Security Act to have such active military or naval service included in the computation of such monthly benefit,
- the Secretary of Health, Education, and Welfare shall, notwithstanding the provisions of section 215 (f) (1) of the Social Security Act, recompute the primary insurance amount of such individual upon the filing of an application, after December 1956, by or on behalf of such widow or child. Such recomputation shall be made only in the manner provided in title II of the Social Security Act as in effect at the time of such individual's death, and as though application therefor was filed in the month in which he died. No recomputation made under this subsection shall be regarded as a recomputation under section 215 (f) of the Social Security Act. Any such recomputation shall be effective for and after the twelfth month before the month in which the application is filed, but in no case for any month before the first month with respect to which such widow or child is entitled by reason of section 217 (f) of the Social Security Act to have such active military or naval service included in the computation of such monthly benefits. The terms used in this subsection shall have the same meaning as when used in title II of the Social Security Act.
- (d) Except for the last sentence of section 217 (e) (1) of the Social Security Act as amended by subsection (a) of this section, the amendments made by such subsection (a) shall be effective as though they had been enacted on March 31, 1956. Such last sentence of section 217 (e) (1) of the Social Security Act shall become effective January 1, 1957.
- 42 USC 417.  
Ante, p. 872.
- 5 USC 691 note.  
Post, p. 877.
- 42 USC 402.  
Ante, p. 871;  
post, p. 876.
- Ante, p. 872.
- Ante, p. 873.
- 42 USC 415.
- 42 USC 401-421.  
Ante, p. 869  
et seq.
- Ante, p. 873.
- Effective date.  
Ante, p. 872.

PAYMENT OF BENEFITS IN CERTAIN CASES OF IN-SERVICE OR SERVICE-CONNECTED DEATHS

- SEC. 405. (a) In the case of any individual—
- (1) who dies after December 1956 and is not a fully and currently insured individual (as defined in section 214 of the Social Security Act) at the time of his death; and
- (2) whose death occurs—
- (A) while on active duty, active duty for training, or inactive duty training as a member of a uniformed service; or
- (B) as the result of a disease or injury which the Administrator determines was incurred or aggravated in line of duty while on active duty or active duty for training, or an injury which the Administrator determines was incurred or aggravated in line of duty while on inactive duty training, as a member of a uniformed service after September 15, 1940, if
- 64 Stat. 505.  
42 USC 414.

the Administrator determines that such individual was discharged or released from the period of such active duty, active duty for training, or inactive duty training under conditions other than dishonorable; and

(3) who leaves one or more survivors who are not entitled for any month to monthly benefits under section 202 of the Social Security Act on the basis of his wages and self-employment income but who would, upon application therefor, be entitled to such benefits if he had been both fully and currently insured at the time of his death;

42 USC 402.  
Ante, p. 871;  
post, p. 876.

the Administrator shall pay for such month benefits under this section to each such survivor in an amount equal to the amount of the benefits which would have been paid for such month to such survivor under title II of the Social Security Act, if such individual had been both fully and currently insured at the time of his death and if such survivor had filed application therefor on the same date on which application for benefits under this section is filed with the Administrator.

42 USC 401-  
421.  
Ante, p. 869  
et seq.

(b) The determination (other than a determination required by subsection (a) (2)) as to whether any survivor described in subsection (a) (3) of a deceased individual would be entitled to benefits under section 202 of the Social Security Act for any month and as to the amount of the benefits which would be paid for such month, if the deceased individual had been a fully and currently insured individual at the time of his death, shall be made by the Secretary of Health, Education, and Welfare, and shall be certified by him to the Administrator upon request of the Administrator.

42 USC 402.  
Ante, p. 871;  
post, p. 876.

(c) Upon the basis of estimates made by the Secretary of Health, Education, and Welfare after consultation with the Administrator, the Administrator shall pay to the Secretary an amount equal to the costs which will be incurred in making determinations and certifications under subsection (b). Such payments shall be made with respect to the costs incurred during such period (but not shorter than a calendar quarter) as the Secretary and the Administrator may prescribe. The amount payable for any period shall be increased or reduced to compensate for any underpayment or overpayment, as the case may be, of the costs incurred in any preceding period.

(d) Except with respect to determinations made under subsection (b), the Administrator shall prescribe such regulations as may be necessary to carry out the provisions of this section.

REIMBURSEMENT OF TRUST FUND FOR COST OF WAGE CREDITS FOR CERTAIN  
MILITARY SERVICE

SEC. 406. Section 217 of the Social Security Act is amended by adding after subsection (f), (as added by section 404 (b) of this Act) the following new subsection:

Ante, p. 873.

“(g) (1) There are hereby authorized to be appropriated to the Trust Fund annually, as benefits under this title are paid after June 1956, such sums as the Secretary of Health, Education, and Welfare determines to be necessary to meet the additional costs, resulting from subsections (a), (b), and (e), of such benefits (including lump-sum death payments).

“(2) The Secretary shall, before October 1, 1958, determine the amount which would place the Trust Fund in the same position in which it would have been at the close of June 30, 1956, if section 210 of this Act, as in effect prior to the Social Security Act Amendments of 1950, and section 217 of this Act (including amendments thereof), had not been enacted. There are hereby authorized to be appropriated to the Trust Fund annually, during the first ten fiscal years

42 USC 410.  
64 Stat. 477.  
42 USC 301 note.



beginning after such determination is made, sums aggregating the amount so determined, plus interest accruing on such amount (as reduced by appropriations made pursuant to this paragraph) for each fiscal year beginning after June 30, 1956, at a rate for such fiscal year equal to the average rate of interest (as determined by the Managing Trustee) earned on the invested assets of the Trust Fund during the preceding fiscal year."

REQUIREMENT OF APPLICATION

42 USC 402.  
Ante, p. 871.

SEC. 407. Section 202 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"Application for Benefits by Survivors of Members and Former Members of the Uniformed Services

Post, p. 886.

"(o) In the case of any individual who would be entitled to benefits under subsection (d), (e), (g), or (h) upon filing proper application therefor, the filing with the Administrator of Veterans' Affairs by or on behalf of such individual of an application for such benefits, on the form prescribed under section 601 of the Servicemen's and Veterans' Survivor Benefits Act, shall satisfy the requirement of such subsection (d), (e), (g), or (h) that an application for such benefits be filed."

AMENDMENTS RELATING TO RAILROAD RETIREMENT

60 Stat. 729.  
45 USC 228o-1.

SEC. 408. (a) Section 4 of the Railroad Retirement Act of 1937 is amended by adding at the end thereof the following new subsections:

"(p) (1) Military service rendered by an individual after December 1956 shall be creditable under this section only if the number of such individual's years of service is ten or more (including, in such years of service, military service which, but for this subsection, would be creditable under this section).

"(2) In any case where an individual has completed ten or more years of service and such years of service include any military service rendered after December 1956, the Board shall as promptly as is practicable (A) notify the Secretary of Health, Education, and Welfare that such military service is creditable under this section and (B) specify the period or periods of the military service rendered after December 1956 which is so creditable.

42 USC 401-421.  
Ante, p. 869  
et seq.

"(q) Notwithstanding the provisions of this section and section 2 (c) (2), military service rendered by an individual after December 1956 shall not be used in determining eligibility for, or computing the amount of, any annuity accruing under section 2 for any month if (1) any benefits are payable for that month under title II of the Social Security Act on the basis of such individual's wages and self-employment income, (2) such military service was included in the computation of such benefits, and (3) the inclusion of such service in the computation of such benefits resulted (for that month) in benefits not otherwise payable or in an increase in the benefits otherwise payable.

Ante, p. 858.

"(r) The Secretary concerned (as defined in section 102 (9) of the Servicemen's and Veterans' Survivor Benefits Act) shall maintain such records, and furnish the Board upon its request with such information, regarding the months of any individual's military service and the remuneration paid therefor, as may be necessary to enable the Board to carry out its duties under this section and sections 2 and 5."

45 USC 228b,  
228e.

(b) (1) The first sentence of section 4 (n) of the Railroad Retirement Act of 1937 is amended—

(A) by striking out "(i)" and "(ii)" and inserting in lieu thereof "(1)" and "(2)", respectively;

(B) by striking out "for military service after December 31, 1936" and inserting in lieu thereof "for military service after December 31, 1936, and prior to January 1, 1957"; and

(C) by inserting before the period at the end thereof a comma and the following: "and (3) an amount found by the Board to be equal to (A) the amount of the total additional excise and income taxes which would have been payable during the preceding fiscal year under chapter 22 of the Internal Revenue Code of 1954 with respect to the compensation, as defined in such chapter, of all individuals entitled (without regard to subsection (p) (1) of this section) to credit under this Act for military service after December 1956 if each of such individuals, in addition to compensation actually paid, had been paid such compensation in the amount of \$160 in each calendar month in which he was in such military service during such preceding fiscal year and such taxes were measured by all such compensation without limitation as to amount paid to any individual in any one calendar month, less (B) the amount of the taxes which were paid with respect to such military service under sections 3101 and 3111 of the Internal Revenue Code of 1954".

68A Stat. 431.  
26 USC 3201-3233.

26 USC 3101, 3111.

(2) Section 4 (n) of such Act is further amended by adding at the end thereof the following new sentence: "In determining pursuant to section 5 (k) (2) for any fiscal year the total amount to be credited from the Railroad Retirement Account to the Old-Age and Survivors Insurance Trust Fund, credit shall be given such Account for the amount of the taxes described in clause (3) (B) of the first sentence of this subsection."

(c) Section 1 (q) of the Railroad Retirement Act of 1937 is amended by striking out "as amended in 1954" and inserting in lieu thereof "as amended in 1956".

68 Stat. 1097.  
45 USC 228a.

ANNUITIES UNDER THE CIVIL SERVICE RETIREMENT ACT

SEC. 409. Section 5 of the Civil Service Retirement Act of May 29, 1930, as amended, is amended by inserting after the second paragraph thereof the following new paragraph:

46 Stat. 472.  
5 USC 707.

"Notwithstanding any other provision of this section, any service (other than service covered by military leave with pay from a civilian position) performed by an individual after December 1956 as a member of a uniformed service on active duty or active duty for training (as those terms are defined in section 102 of the Servicemen's and Veterans' Survivor Benefits Act) shall be excluded in determining the aggregate period of service upon which an annuity payable under this Act to such individual or to his widow or child is to be based, if such individual or widow or child is entitled (or would upon proper application be entitled), at the time of such determination, to monthly old-age or survivors benefits under section 202 of the Social Security Act based on such individual's wages and self-employment income. If in the case of the individual or widow such service is not excluded under the preceding sentence, but upon attaining retirement age (as defined in section 216 (a) of the Social Security Act) he or she becomes entitled (or would upon proper application be entitled) to such benefits, the Commission shall redetermine the aggregate period of service upon which such annuity is based, effective as of the first day of the month in which he or she attains such age, so as to exclude such service. The Secretary of Health, Education, and Welfare shall, upon the request of the Commission, inform the Commission whether or not any such individual or widow or child is entitled at any specified time to such benefits."

Ante, p. 858.

42 USC 402.  
Ante, pp. 871, 876.

42 USC 416.

PART B—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1954

DEFINITION OF WAGES

68A Stat. 425.  
26 USC 3121.

SEC. 410. Section 3121 (i) of the Internal Revenue Code of 1954 is amended to read as follows:

“(i) COMPUTATION OF WAGES IN CERTAIN CASES.—

“(1) DOMESTIC SERVICE.—For purposes of this chapter, in the case of domestic service described in subsection (a) (7) (B), any payment of cash remuneration for such service which is more or less than a whole-dollar amount shall, under such conditions and to such extent as may be prescribed by regulations made under this chapter, be computed to the nearest dollar. For the purpose of the computation to the nearest dollar, the payment of a fractional part of a dollar shall be disregarded unless it amounts to one-half dollar or more, in which case it shall be increased to \$1. The amount of any payment of cash remuneration so computed to the nearest dollar shall, in lieu of the amount actually paid, be deemed to constitute the amount of cash remuneration for purposes of subsection (a) (7) (B).

Infra.

“(2) SERVICE IN THE UNIFORMED SERVICES.—For purposes of this chapter, in the case of an individual performing service, as a member of a uniformed service, to which the provisions of subsection (m) (1) are applicable, the term ‘wages’ shall, subject to the provisions of subsection (a) (1) of this section, include as such individual’s remuneration for such service only his basic pay as described in section 102 (10) of the Servicemen’s and Veterans’ Survivor Benefits Act.”

Ante, p. 858.

DEFINITION OF EMPLOYMENT

SEC. 411. (a) Section 3121 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subsections:

“(m) SERVICE IN THE UNIFORMED SERVICES.—For purposes of this chapter—

“(1) INCLUSION OF SERVICE.—The term ‘employment’ shall, notwithstanding the provisions of subsection (b) of this section, include service performed after December 1956 by an individual as a member of a uniformed service on active duty; but such term shall not include any such service which is performed while on leave without pay.

Ante, p. 858.

“(2) ACTIVE DUTY.—The term ‘active duty’ means ‘active duty’ as described in section 102 of the Servicemen’s and Veterans’ Survivor Benefits Act, except that it shall also include ‘active duty for training’ as described in such section.

“(3) INACTIVE DUTY TRAINING.—The term ‘inactive duty training’ means ‘inactive duty training’ as described in such section 102.

“(n) MEMBER OF A UNIFORMED SERVICE.—For purposes of this chapter, the term ‘member of a uniformed service’ means any person appointed, enlisted, or inducted in a component of the Army, Navy, Air Force, Marine Corps, or Coast Guard (including a reserve component of a uniformed service as defined in section 102 (3) of the Servicemen’s and Veterans’ Survivor Benefits Act), or in one of those services without specification of component, or as a commissioned officer of the Coast and Geodetic Survey or the Regular or Reserve Corps of the Public Health Service, and any person serving in the Army or Air Force under call or conscription. The term includes—

Ante, p. 858.

“(1) a retired member of any of those services;

“(2) a member of the Fleet Reserve or Fleet Marine Corps Reserve;

"(3) a cadet at the United States Military Academy, a midshipman at the United States Naval Academy, and a cadet at the United States Coast Guard Academy or United States Air Force Academy;

"(4) a member of the Reserve Officers' Training Corps, the Naval Reserve Officers' Training Corps, or the Air Force Reserve Officers' Training Corps, when ordered to annual training duty for fourteen days or more, and while performing authorized travel to and from that duty; and

"(5) any person while en route to or from, or at, a place for final acceptance or for entry upon active duty in the military or naval service—

"(A) who has been provisionally accepted for such duty;

or

"(B) who, under the Universal Military Training and Service Act, has been selected for active military or naval service; <sup>62 Stat. 604.</sup>  
<sub>50 USC app. 451.</sub>

and has been ordered or directed to proceed to such place.

The term does not include a temporary member of the Coast Guard Reserve."

(b) The first sentence of section 3122 of the Internal Revenue Code of 1954 is amended by inserting "including service, performed as a member of a uniformed service, to which the provisions of section 3121 (m) (1) are applicable," immediately after "in the employ of any instrumentality which is wholly owned by the United States," <sup>26 USC 3122.</sup>

(c) Section 3122 of the Internal Revenue Code of 1954 is further amended by inserting after the second sentence thereof the following new sentence: "Payments of the tax imposed under section 3111 with respect to service, performed by an individual as a member of a uniformed service, to which the provisions of section 3121 (m) (1) are applicable, shall be made from appropriations available for the pay of members of such uniformed service." <sup>26 USC 3111.</sup>

RECEIPTS FOR EMPLOYEES

SEC. 412. (a) Section 6051 (a) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new sentence: "In the case of compensation paid for service as a member of a uniformed service, the statement shall show, in lieu of the amount required to be shown by paragraph (5), the total amount of wages as defined in section 3121 (a), computed in accordance with such section and section 3121 (i) (2)." <sup>68A Stat. 747.</sup>  
<sub>26 USC 6051.</sub> *Ante*, p. 878.

(b) Section 6051 (b) of the Internal Revenue Code of 1954 is amended to read as follows:

"(b) SPECIAL RULE AS TO COMPENSATION OF MEMBERS OF ARMED FORCES.—In the case of compensation paid for service as a member of the Armed Forces, the statement required by subsection (a) shall be furnished if any tax was withheld during the calendar year under section 3402, or if any of the compensation paid during such year is includible in gross income under chapter 1, or if during the calendar year any amount was required to be withheld as tax under section 3101. In lieu of the amount required to be shown by paragraph (3) of subsection (a), such statement shall show as wages paid during the calendar year the amount of such compensation paid during the calendar year which is not excluded from gross income under chapter 1 (whether or not such compensation constituted wages as defined in section 3401 (a))." <sup>26 USC 3402.</sup>  
<sub>26 USC 3101.</sub> <sup>26 USC 1 et seq.</sup>  
<sub>26 USC 3401.</sub>

TITLE V—AMENDMENTS AND REPEALS

AMENDMENTS

- 65 Stat. 36.  
38 USC 821.
- Ante*, p. 858.
- 38 USC 822.
- 38 USC 823.
- 43 Stat. 607.  
38 USC 421.  
*Post*, pp. 883,  
885.
- SEC. 501. (a) (1) Section 620 of the National Service Life Insurance Act of 1940 is amended by striking out the last sentence and inserting in lieu thereof the following: "Any member of a uniformed service (as that term is defined in section 102 of the Servicemen's and Veterans' Survivor Benefits Act) while on active duty, active duty for training, or inactive duty training (as those terms are defined in such section) shall be deemed to be in the active service for the purpose of applying for insurance under this section; however, as to persons incurring a disability under the conditions provided in section 102 (11) (E) of such Act, application for insurance must be filed under this section within one year after the incurrence of such disability."
- (2) Section 621 of the National Service Life Insurance Act of 1940 is amended by adding at the end thereof the following:
- "(c) No insurance shall be granted to any person under this section on or after January 1, 1957, unless prior to such date an acceptable application accompanied by proper and valid remittances or authorizations for the payment of premiums (1) was received by the Veterans' Administration, (2) was placed in the mails properly directed to the Veterans' Administration, or (3) was delivered to an authorized representative of any of the uniformed services."
- (3) (A) Section 622 of the National Service Life Insurance Act of 1940 is amended by inserting "(a)" immediately after "SEC. 622.", and by adding at the end thereof the following:
- "(b) Notwithstanding the provisions of subsection (a), no application for waiver of premiums may be made after December 31, 1956, except applications therefor filed pursuant to the first proviso of subsection (a)."
- (B) Except as herein otherwise provided, where an individual dies on or after May 1, 1957, and at the time of his death has in effect a policy of national service life insurance or United States Government life insurance under waiver of premiums under section 622 of the National Service Life Insurance Act of 1940, no dependency and indemnity compensation shall be paid under this Act to his widow, children, or parents by reason of his death, but death compensation may be paid under laws administered by the Veterans' Administration to such widow, children, or parents by reason of his death, notwithstanding the fact that such death occurred after December 31, 1956. In no event shall the foregoing provision be applicable with respect to any person entitled to waiver of premiums under the first proviso to section 622 (a) of the National Service Life Insurance Act of 1940, as amended, whose death occurs prior to his return to military jurisdiction or within one hundred and twenty days thereafter.
- (4) The National Service Life Insurance Act of 1940 is amended by adding at the end thereof the following:
- "SEC. 623. (a) Any person who surrendered a policy of National Service life insurance or United States Government life insurance on a permanent plan for its cash value while in the active service on or after April 25, 1951, and prior to January 1, 1957, may, upon application in writing made while in the active service or within one hundred and twenty days after separation from the active service, be granted, without medical examination, permanent plan insurance on the same plan not in excess of the amount surrendered for cash, or may reinstate such surrendered insurance upon payment of the required reserve and the premium for the current month. Waiver of premiums and total disability income benefits otherwise authorized under this Act or the World War Veterans' Act, 1924, as amended, shall not be denied in

any case of issue or reinstatement of insurance on a permanent plan under this section in which it is shown to the satisfaction of the Administrator that total disability of the applicant commenced prior to the date of application. The cost of the premiums waived and total disability income benefits paid by virtue of the preceding sentence and the excess mortality cost in any case where the insurance matures by death from such total disability shall be borne by the United States and the Administrator is authorized and directed to transfer from time to time from the National Service life insurance appropriation to the National Service Life Insurance Fund and from the military and naval insurance appropriation to the United States Government Life Insurance Fund such sums as may be necessary to reimburse the funds for such costs.

“(b) Any person who had United States Government life insurance or National Service life insurance on the five-year level premium term plan, the term of which expired while he was in the active service after April 25, 1951, or within one hundred and twenty days after separation from such active service, and in either case prior to January 1, 1957, shall, upon application made while in the active service or within one hundred and twenty days after separation from active service, payment of premiums and evidence of good health satisfactory to the Administrator, be granted an equivalent amount of insurance on the five-year level premium term plan at the premium rate for his then attained age.

“(c) Persons deemed to be in the active service for the purposes of section 5 of the Servicemen’s Indemnity Act of 1951 shall be deemed to be in the active service for the purposes of this section.” Post, p. 886.

(5) Section 619 of the National Service Life Insurance Act of 1940 is amended by striking out “sections 620 and 621” and inserting in lieu thereof “sections 620, 621, and 623”. 38 USC 820.

(b) (1) Section 212 of the Public Health Service Act (42 U. S. C., sec. 213) is amended to read as follows: 58 Stat. 689.

“MILITARY BENEFITS

“Sec. 212. (a) Except as provided in subsection (b), commissioned officers of the Service and their surviving beneficiaries shall, with respect to active service performed by such officers—

“(1) in time of war;

“(2) on detail for duty with the Army, Navy, Air Force, Marine Corps, or Coast Guard; or

“(3) while the Service is part of the military forces of the United States pursuant to Executive order of the President;

be entitled to all rights, privileges, immunities, and benefits now or hereafter provided under any law of the United States in the case of commissioned officers of the Army or their surviving beneficiaries on account of active military service, except retired pay and uniform allowances.

“(b) The President may prescribe the conditions under which commissioned officers of the Service may be awarded military ribbons, medals, and decorations.

“(c) The authority vested by law in the Department of the Army, the Secretary of the Army, or other officers of the Department of the Army with respect to rights, privileges, immunities, and benefits referred to in subsection (a) shall be exercised, with respect to commissioned officers of the Service, by the Surgeon General.

“(d) Active service of commissioned officers of the Service shall be deemed to be active military service in the Armed Forces of the United States for the purposes of all laws administered by the Veterans’

Post, p. 886. Administration (except the Servicemen's Indemnity Act of 1951)  
Ante, pp. 872, and section 217 of the Social Security Act."  
873, 875.

66 Stat. 663. (2) The amendment made by this subsection (A) shall apply only  
38 USC 901 note. under the Veterans' Readjustment Assistance Act of 1952, (B) shall  
Ante, p. 871. not be construed to affect the entitlement of any person to benefits  
38 USC ch. 12A. (a), for any death occurring prior to January 1, 1957, and (D) shall  
not be construed to authorize payment of any benefits for any period  
prior to January 1, 1957.

(3) In the case of any individual—

(A) who performed active service (i) as a commissioned officer  
of the Public Health Service at any time during the period begin-  
ning July 4, 1952, and ending December 31, 1956, or (ii) as a com-  
missioned officer of the Coast and Geodetic Survey at any time  
during the period beginning July 29, 1945, and ending Decem-  
ber 31, 1956; and

42 USC 402. (B) (i) who became entitled to old-age insurance benefits  
under section 202 (a) of the Social Security Act prior to January  
1, 1957, or

(ii) who died prior to January 1, 1957, and whose widow, child,  
or parent is entitled for the month of January 1957, on the basis  
of his wages and self-employment income, to a monthly survivor's  
benefit under section 202 of such Act; and

Ante, pp. 871,  
876.

(C) any part of whose service described in subparagraph (A)  
was not included in the computation of his primary insurance  
amount under section 215 of such Act but would have been in-  
cluded in such computation if the amendment made by paragraph  
(1) of this subsection or paragraph (1) of subsection (d) had  
been effective prior to the date of such computation,

42 USC 415.

the Secretary of Health, Education, and Welfare shall, notwithstand-  
ing the provisions of section 215 (f) (1) of the Social Security Act,  
recompute the primary insurance amount of such individual upon  
the filing of an application, after December 1956, by him or (if he  
dies without filing such an application) by any person entitled to  
monthly survivor's benefits under section 202 of such Act on the basis  
of his wages and self-employment income. Such recomputation shall  
be made only in the manner provided in title II of the Social Security  
Act as in effect at the time of the last previous computation or recom-  
putation of such individual's primary insurance amount, and as  
though application therefor was filed in the month in which applica-  
tion for such last previous computation or recomputation was filed.  
No recomputation made under this paragraph shall be regarded as a  
recomputation under section 215 (f) of the Social Security Act. Any  
such recomputation shall be effective for and after the twelfth month  
before the month in which the application was filed, but in no case  
for any month before January 1957.

42 USC 402.  
Ante, pp. 871,  
876.

42 USC 401-421.  
Ante, p. 869  
et seq.

(c) (1) Section 2 of the Federal Employees' Group Life Insurance  
Act of 1954 is amended by striking out all after "District of Columbia"  
in subsection (b) and inserting in lieu thereof a period, and by adding  
at the end of such section the following new subsection:

"(c) No person shall acquire insurance coverage under this Act by  
virtue of his status as a member of a uniformed service. The insurance  
granted to any employee under this Act (1) shall cease (except for a  
thirty-one day extension of life insurance coverage) on the day im-  
mediately prior to his entry on active duty or active duty for training,  
unless the period of such duty is covered by military leave with pay  
from a civilian position, and (2) shall not cease during any period of

68 Stat. 736.  
5 USC 2091.

inactive duty training. The terms used in this subsection shall have the meanings assigned to them by section 102 of the Servicemen's and Veterans' Survivor Benefits Act."

Ante, p. 858.

(2) The amendments made by this subsection shall not apply with respect to deaths occurring prior to January 1, 1957, nor shall such amendments apply with respect to insurance granted prior to January 1, 1957, under the Federal Employees' Group Life Insurance Act of 1954 to commissioned officers of the Coast and Geodetic Survey or of the Regular or Reserve Corps of the Public Health Service. No dependency and indemnity compensation shall be payable under this Act to any widow, child, or parent of any such commissioned officer if any amounts are payable under such insurance by reason of the death of such officer occurring on or after May 1, 1957.

5 USC 2091 note.

(d) (1) The second sentence of the second paragraph of section 16 of the Act of May 22, 1917 (33 U. S. C., sec. 857), is amended to read as follows: "Active service of commissioned officers of the Coast and Geodetic Survey shall be deemed to be active military service for the purposes of all laws administered by the Veterans' Administration (except the Servicemen's Indemnity Act of 1951) and section 217 of the Social Security Act, and for the purposes of section 210 of the Social Security Act as in effect prior to the Social Security Act Amendments of 1950."

40 Stat. 88.

Post, p. 886.  
Ante, pp. 872, 873,  
875.  
42 USC 410.

(2) The amendment made by this subsection (A) shall apply only with respect to service performed on or after July 29, 1945, (B) shall not be construed to affect the entitlement of any person to benefits under the Veterans' Readjustment Assistance Act of 1952, (C) shall not be construed to authorize any payment under section 202 (i) of the Social Security Act, or under Veterans Regulation Numbered 9 (a), for any death occurring prior to January 1, 1957, and (D) shall not be construed to authorize payment of any benefits for any period prior to January 1, 1957.

38 USC 901  
note.  
Ante, p. 871.  
38 USC ch. 12A.

(e) Section 40 (b) of the Federal Employees' Compensation Act (5 U. S. C., sec. 790 (b)) is amended—

39 Stat. 750.

(1) by striking out clauses (2) and (3) and redesignating clauses (4) and (5) as clauses (2) and (3), respectively; and

(2) by inserting immediately after "United States" the second time it occurs in the parenthetical phrase in clause (1) the following: ", but excluding commissioned officers of the Regular Corps of the Public Health Service, commissioned officers in the Reserve Corps of the Public Health Service on active duty, and commissioned officers of the Coast and Geodetic Survey".

(f) Section 304 of the Naval Reserve Act of 1938 (34 U. S. C., sec. 855c) is amended (1) by striking out all beginning with "If in time of peace" through "Provided further, That" in the third proviso and inserting in lieu thereof "(a) In time of peace", and (2) by adding at the end thereof the following:

52 Stat. 1181.

"(b) For the purposes of paragraph I (a) of part II of Veterans Regulation Numbered 1 (a), all members of the Naval Reserve shall be considered as performing active military or naval service when injured while performing active duty with or without pay, training duty with or without pay, drills, equivalent instruction or duty, appropriate duty, or other prescribed duty, or while performing authorized travel to or from such duties."

38 USC ch. 12A.

(g) Section 2 of the Act of August 12, 1935 (38 U. S. C., sec. 556a), is amended by inserting immediately after "Public Law Numbered 484, Seventy-third Congress," the following: "the Servicemen's and Veterans' Survivor Benefits Act,".

49 Stat. 609.

(h) (1) The first sentence of paragraph (1) of section 21 of the World War Veterans' Act, 1924 (38 U. S. C., sec. 450), is amended



by inserting immediately after "payment of compensation," the following: "dependency and indemnity compensation,".

(2) The first sentence of paragraph (3) of such section is amended by inserting immediately after "the compensation," the following: "dependency and indemnity compensation,".

(i) The paragraph under the heading "Transfer of Appropriations" which begins "Army of the Philippines," in the Act of February 18, 1946 (60 Stat. 14), as amended (38 U. S. C. 38), is amended by striking out all beginning with "and (2)", and inserting in lieu thereof the following: "(2) laws administered by the Veterans' Administration providing for the payment of compensation or dependency and indemnity compensation on account of service-connected disability or death, and (3) the Missing Persons Act (56 Stat. 143) as amended (50 U. S. C. App. 1001 and the following): *Provided further*, That such compensation or dependency and indemnity compensation shall be paid at the rate of one Philippine peso for each dollar authorized to be paid under the laws providing for such compensation or dependency and indemnity compensation, and where annual income is a factor in entitlement to benefits, the dollar limitations in the laws specifying such annual income shall apply at the rate of one Philippine peso for each dollar: *Provided further*, That any payments heretofore made under any such law to or with respect to any member of the military forces of the Government of the Commonwealth of the Philippines who served in the services of the Armed Forces of the United States shall not be deemed to be invalid by reason of the circumstances that his service was not service in the military or naval forces of the United States or any component thereof within the meaning of such law."

(j) The paragraph beginning "Finance Service, Army," under title II of the Act of May 27, 1946 (60 Stat. 223), is amended by striking out paragraphs (6) and the proviso immediately following such paragraph, and inserting in lieu thereof the following:

"(6) The provisions of laws administered by the Veterans' Administration for the payment of compensation or dependency and indemnity compensation on account of service-connected disability or death:

*Provided further*, That payments made under the provisions of any law referred to in clauses (5) and (6) above shall be paid at the rate of one Philippine peso for each dollar authorized by such law: *Provided further*, That where annual income is a factor in entitlement to benefits, the dollar limitations in the laws specifying such annual income shall apply at the rate of one Philippine peso for each dollar:".

38 USC oh. 12A. (k) Paragraph V of part I of Veterans Regulation Numbered 2 (a) is amended by inserting immediately after "compensation" each place it occurs therein (except paragraph (a)) the following: "dependency and indemnity compensation".

67 Stat. 504. (l) Section 11 of the Uniformed Services Contingency Option Act of 1953 (37 U. S. C., sec. 380) is amended by inserting immediately after "be considered income" the following: "(except as provided in section 205 (g) of the Servicemen's and Veterans' Survivor Benefits Act)".

38 USC oh. 12A. (m) The second sentence of paragraph XIII of Veterans Regulation Numbered 10 is amended to read as follows: "The receipt of pension, compensation, or dependency and indemnity compensation by a widow, child, or parent on account of the death of any person, or receipt by any person of pension or compensation on account of his own service, shall not bar the payment of pension, compensation, or dependency and indemnity compensation on account of the death or disability of any other person."

(n) Section 15 of Public, Numbered 2, Seventy-third Congress (38 U. S. C., sec. 715), is amended (1) by inserting immediately after "under this title" the first time it occurs the following: "or title II of the Servicemen's and Veterans' Survivor Benefits Act", and (2) by inserting immediately after "under this title" the second time it occurs the following: "and under title II of the Servicemen's and Veterans' Survivor Benefits Act".

48 Stat. 11.  
Ante, p. 862.

(o) Section 3 of the Act of October 17, 1940 (38 U. S. C., sec. 49a), is amended by inserting immediately after "compensation" the second time it occurs the following: ", dependency and indemnity compensation,".

54 Stat. 1195.

(p) The Act of September 7, 1944 (38 U. S. C., sec. 733), is amended (1) by inserting immediately after "Seventy-third Congress, as amended," the following: "or of dependency and indemnity compensation payable under the Servicemen's and Veterans' Survivor Benefits Act," and (2) by inserting immediately after "death pension or compensation" in the second proviso the following: "or dependency and indemnity compensation".

58 Stat. 728.

(q) The portion of section 201 of the World War Veterans' Act, 1924 (38 U. S. C., sec. 472), which precedes paragraph (1) thereof is amended by striking out "That if death results from injury—" and inserting in lieu thereof: "If death occurs prior to January 1, 1957, and results from injury—".

(r) The first paragraph of section 3 of the Act of August 16, 1937 (38 U. S. C., sec. 472b), is amended by striking out "World War veteran who died" and inserting in lieu thereof "World War veteran who died prior to January 1, 1957,".

(s) (1) Paragraph IV of part I and paragraph III of part II of Veterans Regulation Numbered 1 (a) are each amended by inserting immediately after "deceased person who died" the following: "prior to January 1, 1957".

38 USC ch. 12A.

(2) The amendments made by this subsection shall not apply with respect to any death occurring on or after May 1, 1957, under the circumstances described in section 501 (a) (3) (B) of this Act.

Nonapplicability.

(t) Section 121 (a) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following:

26 USC 121.

**"(18) Dependency and indemnity compensation paid to survivors of members of a uniformed service and certain other persons, see section 210 of the Servicemen's and Veterans' Survivor Benefits Act."**

(u) (1) Subparagraph I (a) (3) of part I of Veterans Regulation Numbered 2 (a) is amended to read as follows:

38 USC ch. 12A.

"(3) Where a claim has been finally disallowed, a subsequent claim on the same factual basis, if supported by new and material evidence, shall have the attributes of a new claim, except that, whenever any disallowed claim is reopened and thereafter allowed on the basis of new and material evidence resulting from the correction of the military or naval records of the proper service department under section 207 of the Legislative Reorganization Act of 1946, the effective date of commencement of the benefit so awarded shall be the date on which an application was filed for correction of the military record."

60 Stat. 837.  
5 USC 191a, 275.

(2) The amendments made by this subsection shall be effective as of August 2, 1946, except that no payment shall be made for any period before the date of enactment of this subsection unless application therefor is made within one year after the date of enactment of this subsection.

Effective date.

REPEALS

- 41 Stat. 367.           Sec. 502. The following Acts or parts of Acts are repealed:
- (1) The Act of December 17, 1919 (10 U. S. C., sec. 903).
- 41 Stat. 824.           (2) The second paragraph under "Bureau of Supplies and  
Accounts" in the Act of June 4, 1920 (34 U. S. C., sec. 943).
- 46 Stat. 268.           (3) The Act of March 8, 1928 (10 U. S. C., sec. 903a).
- 53 Stat. 1042.          (4) The Act of May 12, 1930 (34 U. S. C., sec. 944).
- 54 Stat. 762.           (5) The Act of July 15, 1939 (5 U. S. C., secs. 797, 797a).
- 56 Stat. 8.             (6) The Act of July 18, 1940 (5 U. S. C., sec. 798).
- 63 Stat. 534.           (7) Section 9 of the Act of January 19, 1942 (33 U. S. C.,  
sec. 870).
- (8) (A) Title 14, United States Code, section 489.  
                          (B) The portion of the table of sections at the beginning of  
chapter 13 of title 14, United States Code, which reads "489.  
Death gratuity."
- 65 Stat. 33.            (9) The Servicemen's Indemnity Act of 1951.
- 38 USC 851 note.

TITLE VI—MISCELLANEOUS

APPLICATION FOR BENEFITS

Ante, p. 862.  
42 USC 401-421.  
Ante, p. 869.  
et seq.

SEC. 601. The Administrator and the Secretary of Health, Education, and Welfare shall jointly prescribe forms for use by survivors of members and former members of the uniformed services in filing applications for benefits under title II of this Act and under title II of the Social Security Act. Each such form shall request information sufficient to constitute an application for benefits under both such titles; and when an application on such form has been filed with either the Administrator or the Secretary it shall be deemed to be an application for benefits under both such titles. A copy of each such application filed with the Administrator, together with any additional information and supporting documents (or certifications thereof) which may have been received by the Administrator with such application, and which may be needed by the Secretary in connection therewith, shall be transmitted by the Administrator to the Secretary; and a copy of each such application filed with the Secretary, together with any additional information and supporting documents (or certifications thereof) which may have been received by the Secretary with such form, and which may be needed by the Administrator in connection therewith, shall be transmitted by the Secretary to the Administrator. The preceding sentence shall not prevent the Secretary and the Administrator from requesting the applicant, or any other individual, to furnish such additional information as may be necessary for purposes of title II of the Social Security Act and title II of this Act, respectively.

RENEWAL OF TERM INSURANCE

- 67 Stat. 186.           SEC. 602. (a) Subsection (f) of section 602 of the National Service Life Insurance Act of 1940 (38 U. S. C., sec. 802) is amended by striking out "and which is not lapsed" in the first proviso, and by adding immediately after such proviso the following: "*Provided further*, That such renewal shall be effected in cases where the policy is lapsed only in the event the lapse occurred not earlier than two months prior to expiration of the term period, and reinstatement in such cases shall be under terms and conditions prescribed by the Administrator:".
- Effective date.       (b) The amendments made by subsection (a) shall be effective July 23, 1953.

EFFECTIVE DATES

SEC. 603. (a) Except as otherwise provided herein, this Act shall take effect on January 1, 1957.

(b) The amendment or repeal of any provision of law by this Act shall not operate to deprive any person of payments of the six-months' death gratuity or of any payments which such person would be eligible to receive, but for such amendment or repeal, by reason of the death or disability of any person occurring prior to January 1, 1957; nor shall the amendment or repeal of any such provision operate to deprive any person disabled prior to January 1, 1957, of any right or the continuation of benefits to which he would otherwise be entitled by reason of such disability except for such amendment or repeal.

Approved August 1, 1956.

August 1, 1956

Background Statement on  
Coverage of Military Personnel Under  
Old-Age and Survivors Insurance

Members of the uniformed services on active duty will be brought under the old-age and survivors insurance program of the social security system on a permanent, contributory basis after 1956 under provisions of the Servicemen's and Veterans' Survivor Benefits Act which President Eisenhower signed into law on August 1. This means regular social security credit for service personnel for their years of active service in uniform after 1956 without affecting the military retirement pay of career soldiers and sailors.

Beginning with January 1, 1957, military personnel of all grades will be covered by social security during active service and will be building personal and family protection under the program in substantially the same way as have been 9 out of 10 persons in civilian employment and self-employment.

The Federal Government and the servicemen will share the social security tax in the same manner as employers and employees in private industry. This tax will be at the same rate as that provided for civilian workers and employers. For servicemen the social security tax will be on the service person's basic pay and will not be imposed on such items as the value of food, shelter, and various allowances and special pay.

It is contemplated that the service departments will report wages of military personnel generally in the same manner that employers now report covered wages paid to civilian employees. Social security account number cards will be issued to members of the armed forces under special procedures. It will not be necessary for servicemen to contact social security district offices to apply for cards.

While contributory social security coverage for members of the uniformed services will not begin until January 1, 1957, there will be no gap in social security protection to servicemen and their families, as the non-contributory wage credits of \$160 a month provided by the old law have been extended through December 31, 1956. Those special social security wage credits had been given for military service beginning September 1940 but, until this adjustment was made, had been cut off at March 1956.

Heretofore, a career person in the armed services could not expect to get the \$160-a-month military wage credits under old-age and survivors insurance because the wage credits were not granted when a benefit based in whole or in part on the same period of military service was payable by any one of the uniformed services' staff retirement systems and certain other Federal retirement systems.

Under the new law active service on or after January 1, 1957, may carry with it gratuitous \$160-per-month wage credits for military service performed any time in the period after 1950 and before 1957, even if the same period is creditable towards a retirement payment from the service department.

The gratuitous wage credits of \$160 a month for service prior to January 1, 1957, cannot be used toward social security benefits if that service was used in connection with a monthly payment under the civil service retirement system for Federal civilian employees. However, under a provision of the new law, survivors may, if to their advantage, give up all rights to a civil service annuity and elect to have pre-1957 military service counted toward social security benefits. Since military service performed on or after January 1, 1957, will be covered under social security on a contributory basis, credit for that service will not generally be given under the civil service retirement system.

Beginning January 1, 1957, applications for survivor benefits filed with either the Social Security Administration or the Veterans Administration by survivors of servicemen will constitute applications for benefits from both agencies. In addition, proofs filed with either agency will be made available to the other agency.

The new law provides for reimbursement of the Federal Old-Age and Survivors Insurance Trust Fund out of the general government revenues for the additional costs of benefit payments resulting from the non-contributory \$160-per-month military wage credits which were given for active service after September 15, 1940. The trust fund will be reimbursed also for special survivor payments made after 1950 under 1946 legislation which applied to deaths of World War II veterans during the three-year period following discharge from service. Under the old law, these expenditures from the trust fund had to come out of the social security taxes paid by civilian employees, their employers, and the self-employed. Money already taken out of the trust fund for these purposes will be paid back into the fund over a 10-year period.

In the future, the trust fund will be reimbursed annually for current expenditures based on the pre-1957 \$160 wage credits.

SSA - OASI

# Office Memorandum • UNITED STATES GOVERNMENT

14:A:K

DATE: August 3, 1956

**TO :** Administrative, Supervisory,  
and Technical Employees

**FROM :** Victor Christgau, Director  
Bureau of Old-Age and Survivors Insurance

**SUBJECT:** Director's Bulletin No. 242  
Enactment of Public Law 881--H.R. 7089 (the Hardy Bill)

On August 1, when the President signed H.R. 7225, the Social Security Amendments of 1956, he also signed H.R. 7089, the Servicemen's and Veterans' Survivor Benefits Act.

From the standpoint of the old-age and survivors insurance program alone, this legislation represents a significant achievement in that it extends old-age and survivors insurance coverage to nearly 3 million members of the uniformed services, thereby closing the biggest single gap in the coverage of the program. This extension of coverage, moreover, plays an extremely important role in the broad and improved survivor benefit program that the new law establishes for the uniformed services. The following statement issued by the President at the time he signed the Servicemen's and Veterans' Survivor Benefits Act indicates the significance that he attaches to this legislation:

"I have today, with great satisfaction, approved H.R. 7089, an act to establish a new and equitable survivor benefit program for members and former members of the uniformed services.

The Congress, by completely revising the entire military survivorship system for the first time in many years, has given a measure of financial security to the families of our soldiers, sailors, airmen and marines which will enable them to face the inherent hazards and uncertainties of military life with increased confidence. Thus, this important measure will have a far-reaching effect on service personnel, at home or stationed on our widely flung posts, ships and bases around the world."

Director's Bulletin No. 240, dated July 27, 1956, contains a detailed summary of the old-age and survivors insurance provisions that are included in this new law.



Victor Christgau

# *An Analysis of Public Law 881*

(H. R. 7089)

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## **Servicemen's and Veterans' Survivor Benefits Act**

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Compiled By

**SELECT COMMITTEE ON SURVIVOR BENEFITS  
HOUSE OF REPRESENTATIVES**

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**EIGHTY-FOURTH CONGRESS  
SECOND SESSION**



SELECT COMMITTEE ON SURVIVOR BENEFITS

House of Representatives

---

PORTER HARDY, JR., *Chairman*  
PAUL J. KILDAY  
OLIN E. TEAGUE

WILLIAM H. BATES  
ROBERT W. KEAN

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STEPHEN D. CARNES, JR., *Counsel.*

**SERVICEMEN'S AND VETERANS' SURVIVOR BENEFITS ACT**  
**PUBLIC LAW 881**

(H. R. 7089)

**SUMMARY:** Public Law 881 substantially revises the benefits provided survivors of servicemen and veterans, whose deaths are service-connected. **The act does not provide payment of VA benefits to survivors of veterans whose deaths are not service-connected.**

The principal benefits of Public Law 881 are:

- I. Dependency and indemnity compensation (explained on pages 2 and 3) payable by the Veterans' Administration after December 31, 1956, for service-connected deaths.
- II. Contributory social security coverage after December 31, 1956, for all Armed Forces personnel.
- III. Continuation of lump-sum 6 months' death gratuity for in-service deaths occurring after December 31, 1956. Revised to provide a minimum payment of \$800 and a maximum of \$3,000.

**GENERAL PROVISIONS:**

1. **PUBLIC LAW 881 IS A COMPENSATION LAW:** Eligible beneficiaries under Public Law 881 are the survivors of men dying service-connected deaths. The Act does not apply to the survivors of veterans whose deaths are not service-connected.

2. **EFFECTIVE DATE:** Public Law 881 takes effect on January 1, 1957.

3. **NO DIFFERENCE BETWEEN WARTIME AND PEACETIME SERVICE:** In the past there has been a distinction between wartime and peacetime deaths for purposes of determining the amount of VA compensation payable. Under Public Law 881 no distinction is made between wartime and peacetime deaths for such purposes.

4. **PROVISIONS RELATING TO SERVICE-CONNECTED DEATHS OCCURRING BEFORE JANUARY 1, 1956:**

(a) *Right of Election:* Persons now receiving death compensation from the VA for a service-connected death may continue to receive their present VA benefits, or elect to receive dependency and indemnity compensation from the VA at the new rates. The election may be made at any time, and thereafter the old VA benefits are no longer payable.

(b) *Elections Where Servicemen's Indemnity is Payable:* Persons currently receiving servicemen's indemnity payments (the free \$10,000 insurance) who elect to receive benefits under Public Law 881 may not receive such free insurance payments after making such election; however, in the case of an election made by, or in behalf of, a child to receive the new benefits, the child may receive the new benefits or the free insurance payments, whichever is higher for the period involved. The election to receive the new benefits may be made at any time.

(c) *No Offset Because of Government Life Insurance:* With two exceptions, referred to below, a survivor may receive the new VA benefits concurrently with payments under policies of National Service Life Insurance, U. S. Government Life Insurance (issued to World War I veterans), and Federal Employees' Group Life Insurance (issued to Government employees). The two exceptions are as follows: First, where a member of a uniformed service dies after May 1, 1957, having National Service Life Insurance, or U. S. Government Life Insurance in force under waiver of the premiums, the old VA benefits are payable in lieu of the new;

and second, survivors of commissioned officers of the Coast and Geodetic Survey, and Public Health Service who die after May 1, 1957, having Federal Employees' Group Life Insurance policies in force, may not receive the new VA benefits.

(d) *Election to Receive New Benefits:* The VA will send election forms outlining new benefits to individuals eligible for existing benefits. Elections for the new benefits, if filed before July 1, 1957, are effective as of January 1, 1957.

**5. PROVISIONS RELATING TO SERVICE-CONNECTED DEATHS OCCURRING AFTER DECEMBER 31, 1956:**

(a) *Coverage:* The following persons are covered by new VA benefits:

All persons on active duty, or active duty for training (such as summer camps) with the Armed Forces.

All members of the Reserves and National Guard while on inactive duty training (such as weekly drills), while traveling directly to and from such training, covered only for death resulting from an injury.

Members of the ROTC while on active duty for training (summer camps).

Cadets and midshipmen at the service academies.

Commissioned officers of the Coast and Geodetic Survey and Public Health Service.

(b) *Widows With Minor Children:* The new benefits for widows of servicemen and veterans dying after January 1, 1957, from service-connected disabilities will be \$112 plus 12% of the deceased serviceman's base pay. There is no increase in benefits payable to widows above the \$112 plus 12% for minor children since Social Security will be payable in such cases. The rates for widows, orphaned children, and parents are set forth on pages 3 and 4 of this sheet under "Analysis of Benefits."

(c) *Application for Benefits:* Application forms to establish a claim for both VA and Social Security can be filed with VA regional offices. This single form will establish the date of the claim for both agencies. Either agency may require of the applicant additional data which would be obtained by correspondence.

**ANALYSIS OF BENEFITS:**

I. Dependency and Indemnity Compensation paid by the VA.

**Rates**

(a) **WIDOWS:** A table setting forth the compensation payments under Public Law 881 appears on page 3.

# Dependency and Indemnity Compensation as Provided by the Servicemen's and Veterans' Survivor Benefits Act (Public Law 881)

PAY GRADE	COMPENSATION FORMULA <sup>1</sup>	YEARS OF ACTIVE MILITARY SERVICE <sup>1</sup>													
		Under 2	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10	Over 12	Over 14	Over 16	Over 18	Over 22	Over 26	Over 30
<b>Commissioned Officers</b>															
O-8	\$112 + 12%	\$228.00	\$228.00	\$235.00	\$235.00	\$235.00	\$235.00	\$235.00	\$235.00	\$235.00	\$235.00	\$235.00	\$235.00	\$235.00	\$242.00
O-7	112 + 12	209.00	209.00	215.00	215.00	215.00	215.00	215.00	215.00	215.00	215.00	215.00	215.00	215.00	229.00
O-6	112 + 12	184.00	184.00	188.00	188.00	188.00	188.00	188.00	188.00	188.00	188.00	188.00	188.00	188.00	210.00
O-5	112 + 12	169.00	169.00	173.00	173.00	173.00	173.00	173.00	173.00	173.00	173.00	173.00	173.00	173.00	193.00
O-4	112 + 12	161.00	161.00	164.00	164.00	164.00	164.00	164.00	164.00	164.00	164.00	164.00	164.00	164.00	184.00
O-3	112 + 12	152.00	152.00	155.00	155.00	155.00	155.00	155.00	155.00	155.00	155.00	155.00	155.00	155.00	174.00
O-2	112 + 12	144.00	145.00	145.00	153.00	153.00	153.00	153.00	153.00	153.00	153.00	153.00	153.00	153.00	162.00
O-1	112 + 12	139.00	141.00	148.00	148.00	150.00	152.00	152.00	154.00	154.00	156.00	157.00	157.00	157.00	157.00
<b>Warrant Officers</b>															
W-4	\$112 + 12%	\$152.00	\$155.00	\$155.00	\$155.00	\$157.00	\$157.00	\$157.00	\$161.00	\$163.00	\$163.00	\$167.00	\$167.00	\$169.00	\$176.00
W-3	112 + 12	149.00	151.00	151.00	151.00	152.00	152.00	152.00	154.00	156.00	156.00	157.00	157.00	158.00	168.00
W-2	112 + 12	144.00	146.00	146.00	146.00	147.00	147.00	147.00	149.00	151.00	151.00	154.00	154.00	155.00	163.00
W-1	112 + 12	139.00	143.00	143.00	143.00	145.00	147.00	147.00	148.00	148.00	149.00	150.00	150.00	151.00	157.00
<b>Enlisted Persons</b>															
E-7	\$112 + 12%	\$137.00	\$139.00	\$139.00	\$140.00	\$141.00	\$143.00	\$143.00	\$144.00	\$145.00	\$145.00	\$146.00	\$146.00	\$147.00	\$153.00
E-6	112 + 12	134.00	135.00	135.00	136.00	136.00	136.00	136.00	136.00	136.00	136.00	136.00	136.00	136.00	147.00
E-5	112 + 12	130.00	132.00	132.00	134.00	135.00	135.00	135.00	135.00	135.00	135.00	135.00	135.00	135.00	143.00
E-4	112 + 12	127.00	129.00	129.00	132.00	132.00	132.00	132.00	132.00	132.00	132.00	132.00	132.00	132.00	139.00
E-3	112 + 12	124.00	127.00	127.00	128.00	128.00	128.00	128.00	128.00	128.00	128.00	128.00	128.00	128.00	132.00
E-2	112 + 12	123.00	125.00	125.00	126.00	126.00	126.00	126.00	126.00	126.00	126.00	126.00	126.00	126.00	128.00
E-1	112 + 12	122.00	124.00	124.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00
Under 4 months															

<sup>1</sup> New dependency and indemnity (VA) compensation rates vary as shown on this table according to the grade or rank last held by the serviceman and the number of years of active military service. The rates shown would be payable to the widow, without regard to the number of children, for her remaining lifetime or as long as she remains unmarried.

based upon a flat \$112 plus 12% of the basic pay authorized under the Career Compensation Act of 1949, as amended. This means that widows now entitled to VA compensation (serviceman's death service-connected) would be entitled to the new dependency and indemnity compensation, computed on the current basic pay rates for the rank and years of service of the serviceman when he was last in active service.

<sup>2</sup> The dependency and indemnity compensation rates provided by the law are

**A Table Setting Forth the Equivalent Ranks of Various Pay Grades of Enlisted, Warrant, and Officer Personnel**

**Commissioned Officers**

<i>Army</i>	<i>Air Force</i>	<i>Marine Corps</i>	<i>Navy</i>
O-8 General of the Army	General of the Air Force		Fleet Admiral
O-8 General	General	General	Admiral
O-8 Lieutenant General	Lieutenant General	Lieutenant General	Vice Admiral
O-8 Major General	Major General	Major General	Rear Admiral (upper half)
O-7 Brigadier General	Brigadier General	Brigadier General	Rear Admiral (lower half)
			Commodore
O-6 Colonel	Colonel	Colonel	Captain
O-5 Lieutenant Colonel	Lieutenant Colonel	Lieutenant Colonel	Commander
O-4 Major	Major	Major	Lieutenant Commander
O-3 Captain	Captain	Captain	Lieutenant
O-2 First Lieutenant	First Lieutenant	First Lieutenant	Lieutenant (JG)
O-1 Second Lieutenant	Second Lieutenant	Second Lieutenant	Ensign

**Warrant Officers (Marine Corps and Navy)**

W-4 Chief warrant	Chief warrant	Commissioned warrant over 20 years' service
W-3 Chief warrant	Chief warrant	Commissioned warrant over 10 years' service
W-2 Chief warrant	Chief warrant	Commissioned warrant less than 10 years' service
W-1 Warrant officer (JG)	Warrant officer (JG)	Warrant officer

**Enlisted Personnel**

E-7 Master Sergeant	Master Sergeant	Master Sergeant	Chief Petty Officer
E-6 Sergeant, First Class	Technical Sergeant	Technical Sergeant	Petty Officer, First Class
E-5 Sergeant	Staff Sergeant	Staff Sergeant	Petty Officer, Second Class
E-4 Corporal	Airman, First Class	Sergeant	Petty Officer, Third Class
E-3 Private, First Class	Airman, Second Class	Corporal	Seaman
E-2 Private	Airman, Third Class	Private, First Class	Seaman apprentice
E-1 Private	Airman, Basic	Private	Seaman recruit

(b) **ORPHANED CHILDREN:** Under Public Law 881 children will receive new benefits from the VA when there is no widow eligible for benefits. The table for children is set forth below:

1 child.....	\$70	3 children.....	\$130
2 children.....	100	Each additional child.....	25

(c) **SPECIAL VA PAYMENTS:** In those cases where no Social Security is payable (primarily because the serviceman or veteran may not have acquired the mandatory minimum coverage) Public Law 881 provides for a supplemental payment by the VA in lieu of benefits from Social Security.

In other cases where the Social Security benefit to a widow with two or more minor children is less than \$128, a supplemental payment by the VA will be made.

(d) **PARENTS:** Dependency and indemnity compensation is payable to parents on a sliding scale, based upon annual income, whether or not there is a widow or a child eligible and is payable in amounts as set forth in the following table:

One Parent		COMPENSATION (per month)
TOTAL ANNUAL INCOME		
More Than—	But Equal to or Less Than—	
	\$750.....	\$75
\$750.....	1,000.....	60
1,000.....	1,250.....	45
1,250.....	1,500.....	30
1,500.....	1,750.....	15
1,750.....		(1)

<sup>1</sup> No amount payable.

**Two Parents (not living together)**

TOTAL ANNUAL INCOME		COMPENSATION (each, per month)
More Than—	But Equal to or Less Than—	
	\$750.....	\$50
\$750.....	1,000.....	40
1,000.....	1,250.....	30
1,250.....	1,500.....	20
1,500.....	1,750.....	10
1,750.....		(1)

<sup>1</sup> No amount payable.

**Two Parents (living together)**

TOTAL COMBINED ANNUAL INCOME		COMPENSATION (jointly, per month)
More Than—	But Equal to or Less Than—	
	\$1,000.....	\$100
\$1,000.....	1,350.....	80
1,350.....	1,700.....	60
1,700.....	2,050.....	40
2,050.....	2,400.....	20
2,400.....		(1)

<sup>1</sup> No amount payable.

II. Contributory Social Security.—Contributions and benefits same as in civilian employment.

III. Six Months' Death Gratuity. (Computed on base, special, and incentive pays.)

- (a) How much—six times the monthly base pay (plus special and incentive pays) of deceased with a minimum of \$800 and maximum of \$3,000.
- (b) When paid—as soon after death as possible.
- (c) By whom—local disbursing officer (where practicable), or Service Finance Centers.
- (d) How paid—lump sum.

BACKGROUND.—The proposed survivor benefits legislation had its genesis more than 7 years ago when a subcommittee of the House Expenditures Committee, headed by Representative Porter Hardy, Jr., (D) Va., investigated the National Service Life Insurance Program. That committee recommended that the Congress reevaluate and revise the basic survivor benefit structure for Armed Forces and veterans.

On June 24, 1953, Representative Hardy reiterated that Congress "in the interest of equity, economy and administrative simplicity devise a more concise, coordinated, and integrated system of survivor benefits."

In further pursuance of the subject he introduced in June 1953 H. Res. 202 calling for a full study and investigation of existing survivor benefits.

On May 17, 1954, Representative William H. Bates introduced H. Res. 549 identical in content with H. Res. 202.

The House on August 4, 1954, adopted the Bates resolution and established a Select Committee of the House. This committee served for the remainder of the 83d Congress and submitted an interim report.

The work of the Select Committee was continued in the 84th Congress following adoption of H. Res. 35 on February 2, 1955. The ultimate result was approval of Public Law 881 on August 1, 1956, which becomes effective January 1, 1957.

**SURVIVOR BENEFITS**

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**REPORT**

OF THE

**SELECT COMMITTEE ON SURVIVOR  
BENEFITS**

(Pursuant to H. Res. 549, 2d Session, 83d Congress)



**SUBMITTED BY MR. BATES**

**DECEMBER 17, 1954.—Committed to the Committee of the Whole House on  
the State of the Union and ordered to be printed**

---

**SELECT COMMITTEE ON SURVIVOR BENEFITS**

**WILLIAM H. BATES, Massachusetts, *Chairman***

**ROBERT W. KEAN, New Jersey**

**OLIN E. TEAGUE, Texas**

**BERNARD W. KEARNEY, New York**

**PORTER HARDY, Jr., Virginia**

**STEPHEN D. CARNES, Jr., *Counsel***

**II**



# Union Calendar No. 927

83D CONGRESS } HOUSE OF REPRESENTATIVES { REPT. 2682  
2d Session } } Part 1

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## SURVIVOR BENEFITS

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DECEMBER 17, 1954.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. BATES, from the Select Committee on Survivor Benefits, submitted the following

### REPORT

[Pursuant to H. Res. 549, 83d Cong., 2d sess.]

#### THE AUTHORIZATION AND JURISDICTION OF THIS COMMITTEE

House Resolution 549, 2d session, 83d Congress, provided:

The committee is authorized and directed (1) to conduct a full and complete investigation and study of the benefits provided under Federal law for the surviving dependents of deceased members and former members of the Armed Forces, and (2) on the basis of such investigation, and study, to make such recommendations as it may deem advisable and to prepare such legislation as it may consider appropriate to carry out such recommendations.

The committee shall report to the House as soon as practicable during the present Congress the results of its investigation and study, together with its recommendation and the legislation, if any, prepared under the preceding paragraph.

It will be noted that the study of this committee was to embrace the survivor benefits paid Armed Forces personnel and former Armed Forces personnel. However, because of time limitations and the extreme complexity of the subject under consideration, this committee has been unable to evaluate fully the existing benefits paid survivors of former Armed Forces personnel.

The authorizing resolution of this committee contains the instructions that the committee shall draft such legislation as it may deem appropriate. The committee feels, even after having had the subject of survivor benefits under serious study for several months, and having held an extensive period of public and executive session hearings, that it would be premature at this juncture to attempt to draft legislation that would embody the scope of providing a new survivor benefit program for survivors of Armed Forces personnel or to make any specific legislative recommendations at this time with regard to the existing program.

## BACKGROUND

At the present time the Federal Government maintains five separate and distinct survivor benefit programs. These programs have evolved through the years and are the result of so-called piecemeal legislation. A representative of the Veterans of Foreign Wars, testifying before this committee, stated, "The present program, as we see it, has grown like Topsy." In addition, many Members of Congress have frequently referred to the various survivor benefit programs provided by the Federal Government as a hodgepodge.

At the present time when a man dies in the armed services his survivors are advised to file for survivor benefits with five Government agencies. If such survivor qualifies for an award then such individual would receive checks from each Government agency on a monthly basis.

Today thousands of survivors of Armed Forces personnel are receiving monthly aggregate survivor benefits which amount to more than was the total base pay and allowances of the deceased while on active duty. By the same token, however, there are other survivors of deceased Armed Forces personnel who are today receiving survivor benefits which are inadequate to meet their basic minimum needs.

It has been the thought of many that the maze of administrative details to which survivors are subjected in filing application for possible survivor benefit payments could be greatly simplified, and in some cases duplicative efforts avoided.

With such conditions it became evident that an objective reappraisal of the existing survivor benefit program provided for Armed Forces personnel and former Armed Forces personnel by the Federal Government was needed.

There are 4 standing committees of the House which have jurisdiction over the 5 existing survivor benefit programs. However, inasmuch as an objective simultaneous reappraisal of all survivor benefits appeared warranted, the appointment of a select committee was deemed the most realistic approach.

In an attempt to achieve this end Mr. Bates, on May 17, 1954, introduced a House resolution, House Resolution 549, that a select committee be created to study survivor benefits provided Armed Forces and former Armed Forces personnel.

This resolution was passed by the House on August 4, 1954, and thus the Select Committee on Survivor Benefits was created.

## SCOPE

At the present time there are approximately 465,000 cases on the various death compensation rolls. In peacetime years approximately 7,000 new cases are added annually, while death, remarriage, and other circumstances tend to reduce the rolls by an indeterminate number.

The estimated cost of providing the existing survivor benefits paid by five Government agencies is \$365 million per annum.

The aggregate assumed liability of all agencies' survivor benefit cases now on the rolls over the next 30- to 50-year period will exceed \$11 billion.

Death compensation, as distinguished from pensions, is paid only

to survivors of those individuals who die while on active duty, or from service-connected causes.

#### THE EXISTING SURVIVOR BENEFIT PROGRAMS

At the present time the Federal Government provides for survivors of Armed Forces personnel five separate survivor benefit programs. They are:

1. *A 6-months' death gratuity.*—Minimum payment \$468, maximum payment \$6,857. While filing is required, this is virtually an automatic payment made to the next of kin, dependency no factor. This survivor benefit program is administered by the Department of Defense. Standing committee having jurisdiction: House Armed Services Committee.

2. *Gratuitous indemnity of \$10,000.*—Payments under this program are \$92.90 per month for a period of 10 years. Benefit payments usually accrue to the next of kin. However, the deceased had the right to elect and name such beneficiary as he might desire to designate, within specified classes. Survivor must file for this benefit. Award and payment made by the Veterans' Administration. Standing committee having jurisdiction: House Veterans' Affairs Committee.

3. *Veterans' Administration compensation.*—Payments are as follows:

Widow only.....	\$87
Widow, 1 child.....	<sup>1</sup> 121
No widow, 1 child.....	67
No widow, 2 children.....	94
No widow, 3 children.....	<sup>2</sup> 122
Dependent mother and father.....	75
Dependent mother or father.....	40

<sup>1</sup> \$29 for each additional child.

<sup>2</sup> \$23 for each additional child.

Survivor must file for this benefit. In those cases where the survivor is a widow with minor children or the survivors are minor children only, dependency is no factor. Payments to widows cease upon remarriage; payments to minor children continue until such children reach age 18. Award and payment made by the Veterans' Administration. Standing committee having jurisdiction: House Veterans' Affairs Committee.

(NOTE.—Although a survivor must file for the gratuitous indemnity as well as VA compensation with the Claims Division of the Veterans' Administration, there are two separate sets of papers required for such survivor to file for each of these benefits. In those cases where an award is made entitling the survivor to the gratuitous indemnity and compensation, the survivor will subsequently receive from the Veterans' Administration two separate checks each month.)

4. *Social security.*—Through the Social Security Act Amendments of 1946 and 1950, all men who served in the Armed Forces after September 16, 1940, were gratuitously granted by the Federal Government \$160 per month social security wage credits.

The dollar amount of social security benefits to which a survivor may be entitled is subject to many variables. Assuming that a survivor's social security entitlement is predicated only on the deceased having been granted the \$160 per month gratuitous wage credit for a period of not less than 6 quarters (further assuming that

## SURVIVOR BENEFITS

the serviceman's starting dates would yield an average monthly wage of \$160), then such survivors would be entitled to the following dollar amounts:

	<i>Per month</i>
Widow only.....	<sup>1</sup> \$52. 90
Widow, 1 child.....	<sup>2</sup> 105. 80
Widow, 2 or more children.....	<sup>3</sup> 128. 00
Mother and father.....	105. 80
Mother or father.....	52. 90

<sup>1</sup> After 65 and for life.

<sup>2</sup> Until child is 18.

<sup>3</sup> This amount is reduced when older child reaches age 18.

Because of the mandatory 6 quarters coverage requirement before entitlement to social security survivor benefits, a young man entering the service who was not previously covered under social security would have no survivor benefit under this program until he had served a full 18 months.

The \$160 per month gratuitous wage credit cannot serve to provide OASI retirement benefits at age 65 for those individuals receiving military retirement benefits.

The social security program is administered by the Social Security Administration of the Department of Health, Education, and Welfare. Claims for all benefits must be filed with this agency and award and payments are made by this agency. Standing committee having jurisdiction: House Ways and Means Committee.

5. *Federal Employees' Compensation Act.*—The survivors of "certain" reservists whose death is service connected are eligible to receive survivor benefits paid under the Federal Employees' Compensation Act.

The dollar amount of FECA benefits is contingent upon the rank of the deceased at the time of death; therefore, it is difficult to state any dollar amount of FECA benefits payable to survivors. The rate at which survivors are paid is 45 percent of the deceased's pay and allowances where the survivor is a widow only. Where the survivor is a widow with minor children the rate is 40 percent plus 15 percent for each child, such aggregate payments not to exceed a maximum of \$525. Where the survivors are minor children only, the rate is 35 percent for the first dependent child and 15 percent for each additional dependent child, the amount being divided equally among all dependent children.

In calculating FECA benefits it should be remembered that base pay plus special pays and all allowances is used for all calculations. Under existing laws, a survivor cannot receive simultaneously FECA payments and VA compensation payments. It is incumbent upon all survivors who may be entitled to FECA payments to evaluate whether the FECA payments dollarwise would be greater than VA payments and then make an election.

Survivors applying for FECA payments file their claims with the Bureau of Employees' Compensation of the Department of Labor. Standing committee having jurisdiction: House Committee on Education and Labor.

## GENERAL

There is no evidence that there has ever been an objective overall appraisal by Congress of the benefits provided Armed Forces and

former Armed Forces survivors. In fact, no single standing committee has authority; thus, the need and justification of this select committee appears fully warranted and the activation of such a committee long overdue.

The present maze of administrative detail which confronts survivors in filing for benefits is sufficient to confound the intellect of the informed, and completely frustrate the uninformed.

The subject under consideration by the select committee becomes very complex when the ramifications of certain suggested corrective measures are pursued; but, the need for such corrective measures, or legislation, looms an ever-increasing necessity if the intent of Congress to provide adequately and equitably for the survivors of Armed Forces and former Armed Forces personnel is to be a practical reality.

#### THE KAPLAN COMMITTEE

In June 1952, the Bureau of the Budget recommended to the House Post Office and Civil Service Committee, when they were considering several pension bill amendments, as well as the funding of the civil service retirement fund, that a full evaluation and reappraisal of all Government retirement systems be made.

Pursuant to the recommendation of the Bureau of the Budget, in July 1952 the Committee for Retirement Policy for Federal Personnel was created in the executive department. In November 1952, Mr. H. Eliot Kaplan was appointed by the President to head this committee. The Kaplan committee was activated in December 1952.

While the Kaplan committee was primarily concerned with retirement benefits and systems, the committee also reviewed survivor benefits payable to Federal employees, including the armed services. The committee's specific authorization extended only to Federal employees, and therefore the committee did not study survivor benefits paid to former Armed Forces personnel.

The Kaplan report was submitted in May 1954, in five parts. Part 2 of this report contains several recommendations with regard to survivor benefits for Armed Forces personnel. The recommendations of the Kaplan committee are as follows:

1. *Six months' death gratuity.*—Benefits under this program are currently calculated on base pay and special pays. Minimum payment \$468, maximum payment \$6,857. Recommended changes are minimum payment of \$1,200, maximum of \$3,000. Where 6 month pay is greater than \$1,200 but less than \$3,000 such calculated dollar amounts are the benefit payment.

2. *Service compensation payments.*—The Kaplan committee recommends a new service compensation program in lieu of the existing veterans compensation program with payments predicated on the grade or rank of the deceased, each such grade or rank having assigned thereto a fixed dollar amount which represents base pay, special pays, and allowances.

Survivor benefits would be 80 percent of the first \$100 per month and 20 percent of the remainder.

Below is a chart of wage credits assigned by the Kaplan committee for each rate or rank and the corresponding survivor benefit payment which would be paid:

## SURVIVOR BENEFITS

Pay grade	Wage credit	Service compensation	Pay grade	Wage credit	Service compensation
E-1	\$200	\$100	W-4	650	190
E-2	200	100	O-1	400	140
E-3	220	104	O-2	500	160
E-4	260	112	O-3	600	180
E-5	300	120	O-4	675	195
E-6	350	130	O-5	750	210
E-7	400	140	O-6	900	240
W-1	400	140	O-7	1,125	265
W-2	450	150	O-8	1,250	310
W-3	525	165			

If the survivor is a widow with no minor children, then such survivor is not eligible for social security benefits until reaching age 65. Therefore, notwithstanding the foregoing chart, the Kaplan report recommends that where the survivor is a widow only the minimum benefit be \$125 per month. However, when the beneficiary becomes eligible to receive social security benefits the rates stated in the foregoing chart would prevail.

3. *Gratuitous indemnity of \$10,000.*—The Kaplan committee recommended that this benefit be discontinued. The apparent philosophy behind this recommendation was that by providing, for the most part, a more liberal Veterans' Administration compensation payment, and by placing all Armed Forces personnel under social security on a contributory basis, the level of survivor benefits paid by these two programs would be sufficient to eliminate the necessity for the \$10,000 gratuitous indemnity program.

4. *Social security.*—The Kaplan committee recommends that all Armed Forces personnel be placed under social security on a contributory basis.

5. *FECA survivorship benefits.*—The Kaplan committee recommended that the payment of Federal Employees' Compensation Act benefits to survivors of certain reservists be discontinued.

The Kaplan committee apparently favored restricting the class of beneficiaries to whom survivor benefit payments could be made. Under the Kaplan proposal a mother and father, brother or sister, or any other relative, could not receive any survivor benefit payments under any circumstances if the deceased were survived by a widow with or without minor children.

This committee is grateful that the findings and recommendations of the Kaplan committee were available when the study of this committee was begun. These recommendations represent a new approach to providing survivor benefits for Armed Forces personnel.

It is regrettable that the scope of the Kaplan committee study did not encompass survivor benefits paid to former Armed Forces personnel, for certain conflicts of interest arise which the Kaplan committee did not consider.

## FINDINGS OF THE COMMITTEE

After diligent staff research for a period of several months, frequent executive sessions of the committee, and extensive public hearings, the findings of this select committee are set forth as follows:

1. There definitely exists an urgent need for continuing a searching reappraisal of the manner in which the Federal Government provides

survivorship payments to Armed Forces and former Armed Forces personnel.

2. Such reappraisal can best be made by a select committee which, without regard to jurisdictional bounds, can evaluate simultaneously all survivor benefits provided.

3. The present system, or systems, of providing survivor benefits is cumbersome, often duplicative in its intent and purpose, in many cases inequitable, and unduly costly to administer.

4. Thousands of survivors are currently receiving monthly payments of only \$87 per month, or less, while other thousands are receiving monthly payments of aggregate survivor benefits which are in excess of the total base pay and allowances of the deceased while on active duty. The disparity in benefit payments currently being made offends the sense of equity.

5. Because of lack of knowledge, misunderstandings, and the necessity of filing several claims with various Government agencies, thousands of survivors are not receiving survivorship payments to which they are entitled.

6. Survivors of a reservist who dies in line of duty can elect either FECA or VA payments, while survivors of a regular who dies in line of duty are permitted only VA compensation. In many cases FECA compensation payments are considerably in excess of like VA payments. Mr. William McCauley, Director, Bureau of Employees' Compensation, Department of Labor, when testifying before the committee gave the following example of an actual case history:

Mr. McCauley. I have here an actual case involving a major in the Air Force Reserve. His pay, including his subsistence allowance, flight pay, and other advantages, was \$724.50 a month. He was survived by a widow, age 33, and 3 children, 10, 6, and 2 years of age, respectively.

The widow's award is \$280 a month. She receives for the three children \$245 a month, bringing the total award up to a maximum permitted under the law of \$525 per month.

Mr. Carnes. What was the base pay of that man while on active service?

Mr. McCauley. \$724.50. That was his gross pay.

Mr. Carnes. Gross pay and allowances?

Mr. McCauley. His base pay was \$427.50. He was a major with 12 years' service.

Mr. Carnes. That \$525 is tax exempt?

Mr. McCauley. It is tax exempt. The estimated value of that award, the amount of money we would pay to the widow during the life expectancy, discounting the probability of death or remarriage, is \$94,766. The value of the award to the children, gross is \$38,031, making a total of \$132,797.

Mr. Carnes. By the same token, that man, in order to have provided his survivors with that amount of protection, would have had to have \$132,797 worth of commercial insurance?

Mr. McCauley. Yes.

Mr. Kean. Social security alone added to that means that he would have \$725, which is more than the gross pay.

Mr. McCauley. That would be in addition to this amount.

Mr. Carnes. The \$92.90 a month would be in addition to that?

Mr. McCauley. Yes.

Mr. Carnes. It is possible then in that particular case that the survivors could receive approximately \$800—\$525, \$200, and \$92.90. For the first 10 years they would receive over \$800, and after that \$725, if the social security were applicable.

This disparity in benefit payments made to like survivors results from a quirk in the law, and testimony before the committee clearly indicated that it was never the intent of Congress to provide today's military reservists with FECA compensation payments.

Mr. McCauley further testified before the committee as follows:

Mr. CARNES. Mr. McCauley, in the concluding part of your statement you make the observation:

"Further, we believe that the committee should consider the feasibility of establishing a system of benefits in a framework different from the Federal Employees' Compensation Act."

Mr. McCauley, it appears to me you hedge just a bit there. Is what you are really saying that you think Federal Employees' Compensation Act benefits to the military service should be terminated?

Mr. McCauley. Yes, that would be our conclusion in regard to a new system of uniform benefits.

7. The gratuitous provision by the Federal Government of \$160 per month social security wage credits to all persons serving in the Armed Forces from September 16, 1940, through June 30, 1955, has done much to maintain the continuity of wage credits for millions who have served or are currently serving in the Armed Forces. However, the granting of such wage credits has established for tens of thousands of individuals an additional survivor benefit program provided by the Federal Government. With the addition of this new survivor benefit program no consideration was given to the then existing survivor benefit programs.

Because of the mandatory six quarters coverage before entitlement to social security benefits, a young man entering the service who was not previously covered under social security would have no protection or right to benefits until he had served a full 18 months (six quarters). Thus, such a draftee who is called to serve for a 2-year period is only provided this survivor benefit protection for the last 6 months of his tour of duty.

Under existing law, the \$160 per month gratuitous social security wage credit cannot serve to provide OASI retirement benefits for those who will also receive military retirement benefits.

Since granting the social security military wage credits, the Congress has failed to appropriate the funds necessary to reimburse the OASI trust fund for the liability incurred or actual expenditures made. The present obligation of the Federal Government is currently estimated at \$590 million.

Many witnesses appearing before the committee strongly urged that all Armed Forces personnel be placed under social security on a contributory basis.

It should be remembered that if Armed Forces personnel are placed under social security on a contributory basis the Federal Government must pay the traditional employer's tax (now 2 percent), and the estimated cost of this payment is \$215 million per annum.

8. All witnesses appearing before the committee who spoke on the 6 months' death gratuity were of the unanimous opinion that this survivor benefit served a real purpose in providing the next of kin almost immediately with a lump-sum payment to meet emergent needs. The current minimum payment of \$468 was acknowledged as too low and the maximum payment of \$6,857 perhaps excessive.

The feasibility and wisdom of providing a flat sum payment not predicated upon the deceased's pay and allowances was advanced.

9. The committee at this time takes no position on the proposal that the \$10,000 gratuitous indemnity be discontinued, as recommended in the Kaplan report.

The Veterans' Administration, in testimony before this committee, opposed this proposal on the grounds that regardless of how much



VA compensation may be increased, or whatever may be done in the realm of social security benefits, there would be—

a hue and cry to maintain the gratuitous indemnity of \$10,000 or reinstate some form of Government insurance program where the deceased would have the right to designate his beneficiary.

The majority of the veterans' organizations appearing before the committee also opposed the termination of the gratuitous indemnity.

Under the recommendations of the Kaplan report, only prescribed classes of beneficiaries can be eligible for benefit payments. Under the USGLI and NSLI Government insurance programs and the Gratuitous Indemnity Act, the right to designate beneficiaries is permitted. There was testimony before this committee that the serviceman should have some program in which he could designate his beneficiary.

10. Official spokesmen of national associations of life insurance agents, as well as life insurance companies, expressed the hope that the Federal Government would provide Armed Forces personnel with a system of survivor benefits which would meet the basic human needs of all survivors, but were quick to add that the individual serviceman, especially officers, should to some degree attempt personally to provide through life insurance, savings, etc., a supplement to whatever basic survivorship program is gratuitously provided by the Federal Government.

In the opinion of these witnesses, the Federal Government should not provide a survivor benefit program so liberal in its aggregate payments as to make an individual unmindful of his personal responsibility to loved ones or dependents.

11. Several witnesses appearing before the committee presented testimony that the Federal Government, which in most cases provides adequately for Armed Forces personnel, has failed to provide adequately for survivors of former Armed Forces personnel while under retirement either by virtue of longevity or disability.

12. Recommendations were made that Veterans' Administration compensation payments be predicated on the pay of the deceased at the time of death. The Veterans' Administration and most of the veterans' organizations are opposed to compensation payments having any relation to the pay of the deceased. The argument is advanced that a man's rate or rank in the service is not a proper criterion of such individual's potential earning power, and so long as there remains any element of compulsion for men to serve in the Armed Forces, to predicate survivor benefits on pay would be both inequitable and undemocratic.

Mr. Omar B. Ketchum, national legislative officer, Veterans of Foreign Wars, testifying on this point, stated:

No one can persuade me that military rank and pay is the criterion of one's ability to earn an income and take care of his family under the manner in which they come into the service and the manner in which they serve.

The Kaplan committee recommended that survivor benefits for members of the Armed Forces be predicated on the base pay and allowances of the deceased at the time of death. The Department of Defense is supporting this Kaplan committee recommendation.

13. It was acknowledged by all witnesses appearing before the committee that certain administrative changes could perhaps be effected

which would simplify the administration of the present survivor benefit program.

In simplifying the administrative procedure it was further acknowledged that the service rendered survivors could perhaps be improved and expedited, and the information and documentation required of survivors could be lessened, avoiding duplication of filings wherever possible.

At the present time it is not uncommon for tens of thousands of survivors to receive four separate survivor benefit checks from the Federal Government monthly. Such conditions should not exist.

14. Members of the Armed Forces are not adequately informed as to existing survivor benefit programs.

A spokesman of the Department of Defense, testifying before the committee, said:

I doubt that if you stopped 50 men in the Pentagon, including officers of high rank, that 10 could give you in detail what survivor benefits would accrue to their families if they were to pass on.

With such a lack of knowledge of an existing program designed in part to improve the morale of the Armed Forces and make military service more attractive, it appears that part of the intended purpose is being completely invalidated. With the exception of the Air Force, statistics indicate that other branches of the armed services have not successfully disseminated information to their personnel with regard to existing survivor benefit programs.

15. Many witnesses before the committee acknowledged that there may be some justification for paying career personnel of the Armed Forces somewhat more liberal survivor benefits than are provided to noncareer servicemen.

No concrete recommendation was made to the committee as to how there could be an adequate distinction made between regular members of the Armed Forces and those reservists who continue on active duty for an indefinite period of time, possibly until retirement.

16. The committee finds that any reappraisal of the existing survivor benefit program is complicated by the fact that if the benefit payments for any class of beneficiaries be increased beyond current levels, beneficiaries now on the compensation rolls would no doubt seek the right of an election which would allow them likewise to receive any increased benefits.

17. Several witnesses expressed concern that in reappraising the existing survivor benefit program legislation may evolve which would abrogate the contract provisions of existing United States Government life insurance and national life insurance policies.

The committee is fully aware of the fact that all USGLI and NSLI policies represent a contractual relationship between the Federal Government and the insured which cannot be abrogated.

18. This committee is of the opinion that the chart on page 1 of part 2 of the Kaplan report does not accurately and properly reflect the cost of providing military survivor benefits.

The committee takes exception to the item "Government obligation for present \$160 OASI coverage—\$240,566,000." This figure has not been substantiated in testimony before the committee.

Thus, the committee does not subscribe to the statement that the implementation of the Kaplan committee's recommendations would annually save the Federal Government \$108,123,000. It is quite likely that the cost of providing survivor benefits under the Kaplan

proposal would be more costly to the Federal Government than the present system.

#### RECOMMENDATIONS OF THE COMMITTEE

1. Having studied and carefully evaluated the facts which are now available, this committee strongly urges that a Select Committee of the House on Survivor Benefits be continued by the 84th Congress, and that the authority, jurisdiction, and responsibilities of such committee be the same as that authorized under House Resolution 549, 2d session, 83d Congress.

2. The committee, at this time, is of the opinion that Federal Employees' Compensation Act survivor benefits for "certain" Reserve personnel should be terminated, and recommends immediate action upon this matter.

3. With the exception of FECA, the committee is of the opinion that other inequities which currently exist should be corrected as soon as possible, but only when a comprehensive bill can be drafted incorporating all changes in survivor benefits for Armed Forces and former Armed Forces personnel which may be deemed necessary.

4. With regard to the 6 months' death gratuity paid by the Department of Defense, the committee believes that a program of this nature serves a very useful purpose and should be continued.

It is the opinion of the committee that a flat lump-sum payment has considerable merit, but that the level of such lump-sum benefit can only be fixed when there exists full knowledge as to the level of payments provided under any revised survivor benefit program.

5. At this time the committee takes no position with regard to proposed changes in the method of determining Veterans' Administration compensation payments.

On this point the recommendations of the Kaplan committee, those of the Veterans of Foreign Wars, and those of the General Accounting Office, all suggest a new approach to determining Veterans' Administration payments.

If the basic recommendations of the Kaplan committee, with regard to Armed Forces personnel, are to be subscribed to, some changes must be made in the manner of computing Veterans' Administration compensation. It is acknowledged that if the Kaplan committee recommendations be adopted, then, generally speaking, the total benefit payments to eligible survivors would be increased.

6. The committee recommends that serious consideration be given to the placing of Armed Forces personnel under social security on a contributory basis, with such benefits as would accrue therefrom being in lieu of certain survivor benefits now provided gratuitously.

This recommendation is made in consideration of the fact that to place all Armed Forces personnel under social security on a contributory basis would require the Federal Government to pay annually an employer's tax which at present strength and present pay scales would require an appropriation of more than \$215 million.

7. The committee finds that there is an appalling lack of information among Armed Forces personnel with regard to existing survivor benefit programs. Members of the Armed Forces, by some program left to the discretion of the Department of Defense, should be more fully informed as to those benefits provided by the Federal Government for their survivors.

SURVIVOR BENEFITS

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REPORT

OF THE

SELECT COMMITTEE ON SURVIVOR  
BENEFITS

(Pursuant to H. Res. 549, 2d Session, 83d Congress)



SUBMITTED BY MR. BATES

JANUARY 3, 1955.—Committed to the Committee of the Whole House on  
the State of the Union and ordered to be printed

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WASHINGTON : 1955

SELECT COMMITTEE ON SURVIVOR BENEFITS

WILLIAM H. BATES, Massachusetts, *Chairman*

ROBERT W. KEAN, New Jersey

OLIN E. TEAGUE, Texas

BERNARD W. KEARNEY, New York

PORTER HARDY, JR., Virginia

STEPHEN D. CARNES, JR., *Counsel*

# Union Calendar No. 927

83D CONGRESS  
2d Session

} HOUSE OF REPRESENTATIVES { REPT. 2682  
Part 2

## SURVIVOR BENEFITS

JANUARY 3, 1955.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. BATES of Massachusetts, from the Select Committee on Survivor Benefits, submitted the following

## REPORT

[Pursuant to H. Res. 549]

## APPENDICES

### APPENDIX A

#### AUTHORIZING RESOLUTION (H. RES. 549)

[H. Res. 549, 83d Cong., 2d sess.]

RESOLUTION Creating a select committee to conduct an investigation and study of the benefits provided under Federal law for the surviving dependents of deceased members and former members of the Armed Forces

*Resolved*, That there is hereby created a select committee to be composed of five Members of the House of Representatives to be appointed by the Speaker, one of whom he shall designate as chairman. Any vacancy occurring in the membership of the committee shall be filled in the same manner in which the original appointment was made.

The committee is authorized and directed (1) to conduct a full and complete investigation and study of the benefits provided under Federal law for the surviving dependents of deceased members and former members of the Armed Forces and (2) on the basis of such investigation, and study, to make such recommendations as it may deem advisable and to prepare such legislation as it may consider appropriate to carry out such recommendations.

The committee shall report to the House as soon as practicable during the present Congress the results of its investigation and study, together with its recommendations and the legislation, if any, prepared under the preceding paragraph.

For the purpose of carrying out this resolution the committee, or any subcommittee thereof authorized by the committee to hold hearings, is authorized to sit and act during the present Congress at such times and places within the United States, its Territories, and possessions, whether the House is in session, has recessed, or has adjourned, and to hold such hearings, as it deems necessary.

## APPENDIX B

## CHAIRMAN'S OPENING STATEMENT

Mr. BATES. The committee will please come to order.

The purpose of this select committee as stated in the authorizing resolution (H. Res. 549), is:

"(1) To conduct a full and complete investigation and study of the benefits provided under Federal law for the surviving dependents of deceased members, and former members, of the Armed Forces, and (2) On the basis of such investigation, and study, to make such recommendations as it may deem advisable and to prepare such legislation as it may consider appropriate to carry out such recommendations."

It will be our purpose to evaluate the existing survivorship program provided by the Federal Government for Armed Forces personnel and former Armed Forces personnel and to determine to the best of our ability, with full knowledge of those facts available, whether the existing survivorship program is adequate or inadequate, equitable, or inequitable in its application; and to determine what changes, if any, can be made to provide a uniform system of survivor benefits which will best provide for the needs of surviving dependents.

We of the committee feel that it is incumbent upon us to review the findings of the executive committee's study on survivor benefits conducted by the Kaplan Committee. This Committee, however, does not feel bound by the recommendations of the Kaplan Committee, and I wish to state at the outset that the committee has not and will not pass upon the merits of the Kaplan recommendations until these hearings have been completed and the testimony analyzed.

It is perhaps obvious to all that a real desire is developing within the Congress, as well as within the executive department, to formulate a system of providing survivor benefits for Armed Forces personnel and former Armed Forces personnel which will be adequate to provide for the basic needs of all survivors, and that all survivors as recipients of benefit payments be treated equitably.

Of necessity, consideration must be given to the cost of providing survivor benefits. There are individual cases where survivors are drawing more than the active duty total base pay and allowances of the deceased. This committee does not subscribe to such philosophy. By the same token, there are other survivors receiving what appears to be less than a subsistence level. Neither does the committee subscribe to this philosophy.

While the committee desires certain information of all who shall testify, the committee further desires that all witnesses appearing before the committee volunteer any suggestions or comments which they feel may be of assistance to the committee in analyzing the subject of survivor benefits.

Individuals or organizations appearing before the committee who have prepared statements which cannot be delivered within 20 minutes are requested to file such statements with the committee and present in summary form the contents of the statements. It is my intention insofar as possible to begin all morning sessions promptly at 10 a. m. and to conclude morning sessions by 12:30 p. m. Afternoon sessions will begin at 2 p. m. and will be concluded by 4:30 p. m.

## APPENDIX C

## LEGISLATIVE HISTORY OF THE FIVE EXISTING SURVIVOR BENEFIT PROGRAMS PREPARED BY THE LIBRARY OF CONGRESS

(The Legislative History Sets Forth Both Statute References and a Narrative Statement Regarding Each Program)

## HISTORICAL DEVELOPMENT OF COMPENSATION BENEFITS FOR DECEASED SERVICEMEN

## I. CITATIONS TO LAWS AND BASIC REGULATIONS (INCLUDING BRIEF IDENTIFICATION OF THE LEGISLATION)

Act of July 14, 1862 (12 Stat. 566)

Instituted what is known as the general pension law; granted pensions to dependent relatives of soldiers dying from service-connected injury or disease.

- Act of July 25, 1866 (14 Stat. 230)  
Provided increase in widow's pension if she had children.
- Act of July 27, 1868 (15 Stat. 235)  
Modified line of succession of dependent relatives.
- Act of March 19, 1886 (24 Stat. 5)  
Increased minimum rate for widows, minor children, and dependent relatives.
- Act of April 19, 1908 (35 Stat. 64)  
Increased minimum rate for all widows.
- Act of September 8, 1916 (39 Stat. 844)  
Increased minimum rate for Civil War widows.
- Act of October 6, 1917 (40 Stat. 398, 408)  
Increased minimum rate for Civil War, war with Spain, or Philippine Insurrection widows.
- Act of May 1, 1920 (41 Stat. 585, 586)  
Increased rate for widow and dependent relatives of Civil War soldiers.
- Act of May 1, 1926 (44 Stat. 382)  
Increased rate for widow of soldier of war with Spain, Philippine Insurrection or Chinese Relief Expedition.
- Act of July 3, 1926 (44 Stat. 806)  
Increased rate for Civil War widows.
- Act of July 2, 1930 (46 Stat. 847)  
Extended benefits of general pension laws to widows of officers and enlisted men of Coast Guard.
- Act of October 6, 1917 (40 Stat. 398, 405), Public Law 90, 65th Congress  
War Risk Insurance Act provided compensation for widows, children, and dependent mothers upon death of serviceman in World War I.
- Act of June 25, 1918 (40 Stat. 609), Public Law 175, 65th Congress  
Amended War Risk Insurance Act by adding dependent fathers to list of eligible beneficiaries.
- Act of June 7, 1924 (43 Stat. 607), Public Law 242, 68th Congress  
World War Veterans' Act, 1924, codified provisions of War Risk Insurance Act with some rate modifications.
- Act of March 20, 1933 (48 Stat. 8), Public Law 2, 73d Congress  
Authorized the President to prescribe regulations establishing pension rates for the dependents of servicemen who died as a result of disease or injury incurred in the naval or military service; repealed certain pension laws.
- Veterans Regulation No. 1 (Executive Order No. 6089), March 31, 1933  
Established rates for pensions of veterans and dependents for disability or death resulting from active service in the Spanish-American War, Boxer Rebellion, or Philippine Insurrection or the World War and for disability or death incurred after April 21, 1898, in other than a war period.
- Veterans Regulation No. 1 (a) (Executive Order No. 6156), June 6, 1933  
Supplanted Regulation No. 1 with certain modifications.
- Act of March 28, 1934 (48 Stat. 521, 524), Public Law 141, 73d Congress  
Restoration, with certain limitations, of rights to compensation and pensions under prior laws, to veterans and dependents of veterans of Spanish-American War and World War I.
- Veterans Regulation No. 1 (g) (Executive Order No. 6989), March 19, 1935  
Increased rates payable to widows and children of veterans of Spanish-American War and World War I and members of the Regular Establishment for service-connected death.
- Act of August 13, 1935 (49 Stat. 614), Public Law 269, 74th Congress (2d Stat.)  
Reenactment of former pension laws for Spanish-American War, Boxer Rebellion, and Philippine Insurrection.
- Act of June 23, 1937 (50 Stat. 305), Public Law 159, 75th Congress  
Amends Veterans Regulations to provide that active service, including service for training purposes, of personnel of the Reserve components shall be considered as active military service for the purposes of qualifying for death compensation; provides for election of benefits if eligible for Federal Employee's Compensation.
- Act of August 16, 1937 (50 Stat. 660), Public Law 304, 75th Congress  
Liberalization of provisions of existing laws governing service-connected benefits for World War veterans and their dependents.



- Act of June 28, 1938 (52 Stat. 1214), Public Law 758, 75th Congress  
 Provided that persons entitled to pensions under the provisions of the general pension law for deaths resulting from service prior to April 21, 1898 should be entitled to rates as provided by Veterans Regulation No. 1 (a).
- Act of July 19, 1939 (53 Stat. 1068, 1069), Public Law 198, 76th Congress  
 Increased benefits for dependents of World War I veterans for service-connected deaths.
- Act of August 21, 1941 (55 Stat. 655), Public Law 242, 77th Congress  
 Granted increases in pensions to certain widows and dependents of persons who served in the military and naval forces of the United States during the war with Spain, the Boxer Rebellion, or the Philippine Insurrection
- Act of December 19, 1941 (55 Stat. 844), Public Law 359, 77th Congress  
 Provided pensions at wartime rates for officers and enlisted men of the Army, Navy, Marine Corps, and Coast Guard disabled in the line of duty as a direct result of armed conflict, while engaged in extra-hazardous service or while the United States is engaged in war, and for the dependents of those who die from such cause.
- Act of July 30, 1942 (56 Stat. 731), Public Law 690, 77th Congress  
 Provided increase in pension rates payable to dependents for veterans of the Regular Establishment.
- Act of July 13, 1943 (57 Stat. 554), Public Law 144, 78th Congress  
 Provided more adequate and uniform administrative provisions in veterans' laws pertaining to compensation, pension, and retirement pay payable by the Veterans' Administration; increased benefits to dependents for service-connected death.
- Act of July 9, 1946 (60 Stat. 524), Public Law 494, 79th Congress  
 Clarified the terms "compensation" and "pension" under laws administered by Veterans' Administration.
- Act of July 1, 1948 (62 Stat. 1213), Public Law 868, 80th Congress  
 Increased the rates of service-connected death compensation payable to certain widows, children, and dependent parents of persons who served in the active military or naval service; establishes service-connected peacetime compensation at 80 percent of wartime rate; qualifies definition of wartime service.
- Act of October 10, 1949 (63 Stat. 730, 733), Public Law 339, 81st Congress  
 Increased the rates of service-connected death compensation payable to a widow with one child.
- Act of May 11, 1951 (65 Stat. 40), Public Law 28, 82d Congress  
 Extended World War II compensation benefits to Korean conflict veterans (those serving on active duty after June 27, 1950).
- Act of May 23, 1952 (66 Stat. 90), Public Law 356, 82d Congress  
 Increased rates of service-connected death compensation.
- Act of August 28, 1954 (68 Stat. 915), Public Law 695, 83d Congress  
 Increased rates of service-connected death compensation.

## II. COMMENTARY ON LEGISLATIVE DEVELOPMENT

### A. EARLY LEGISLATION

The payment of pensions to widows and dependent relatives of servicemen who died while serving with the Armed Forces was instituted in the early days of the Republic. In 1802 the widows and orphans of commissioned officers in the Regular Military Establishment who died from wounds received in the actual service of the United States were authorized to receive half-pay pensions that were to last for 5 years. Act of March 16, 1802 (2 Stat. 132, 135). Eleven years later similar pensions were authorized upon the death of officers of the militia (act of August 2, 1813 (3 Stat. 73)). The following year widows and orphans of officers, seamen, and marines who died while serving on privateers or in the Navy were granted such pensions (act of March 4, 1818 (3 Stat. 103)). Legislation was also enacted which authorized pensions on the death of soldiers of the War of 1812 while in service, en route home, or later as a consequence of war wounds (act of April 16, 1816 (3 Stat. 285)). In 1858 the widows and children who were receiving half-pay pensions on the basis of the above acts were granted a continuance of their payments beyond the normal 5-year termination date. A widow was awarded pension payments for life and a child received the pension until his

16th birthday (act of June 3, 1858 (11 Stat. 309)). Half-pay pensions were also given to the widows and children of soldiers who died in the war with Mexico (act of July 21, 1848 (9 Stat. 249) and the various Indian wars since 1790 (act of February 14, 1871 (16 Stat. 411)).

#### B. THE GENERAL PENSION SYSTEM

The first comprehensive pension legislation was passed in 1862. It was applicable to those men of the Army and Navy, including regulars, volunteers, militia, and the Marine Corps, who died after March 4, 1861, of wounds or disease contracted in the line of duty. This legislation, as amended over the years, still has applicability to survivor benefits based on certain categories of service-connected deaths. The initial act established the following line of succession for pension payments: (1) the widow, (2) children under 16, (3) dependent mother, (4) sister under 16. These beneficiaries would be entitled to the same pension that the deceased would have received if totally disabled. This ranged from \$8 a month for an Army private to \$30 for a lieutenant colonel or higher rank. During the debate of the act in the House, there was opposition voiced to the distinction in pension rates between officers and enlisted men. However, an amendment to establish uniform rates was defeated. (See Congressional Globe, 37 Cong., 2d sess., May 13, 1862, pp. 2102-2106.)

In 1866 the amount of a widow's pension was increased by \$2 a month for each child under 16. The line of succession was modified in 1868 by inserting "fathers" before "sisters under 16" and including "brothers" with the latter. In 1886 the minimum rate for beneficiaries was increased from \$8 to \$12 a month. This minimum applied only to widows married prior to the effective date of the law in 1886. However, in 1908 an act was passed which authorized a \$12 minimum for all widows and children. The minimum allowance for Civil War widows, who had been married at the time of their husband's service, was raised from \$12 to \$20 in 1916. The minimum rate was again increased by the War Risk Insurance Act of 1917 which provided that a widow of a deceased officer or enlisted man of the Army, Navy, or Marine Corps who served in either the Civil War, war with Spain, or Philippine Insurrection should receive at least \$25 a month. In 1920, the pension for Civil War beneficiaries was increased to \$30 a month. A similar rate was provided in 1926 for widows of soldiers dying in the war with Spain, Philippine Insurrection, and the Chinese Relief Expedition. Later, in 1926, the pension for a Civil War widow was increased to \$50 if she was married during the soldier's wartime service. In 1930 the benefits of the general pension laws were extended to widows of officers or enlisted men of the Coast Guard whose death was incurred in the service.

#### C. WAR RISK INSURANCE ACT

The first legislation governing the payment of pensions to the survivors of servicemen who died during World War I was passed in 1917. The bill as reported in the House would have authorized death compensation in accordance with a specified percentage of the serviceman's pay. However, in contrast to the Civil War legislation, an amendment to the bill instituting uniform compensation rates was adopted by a vote of 139 to 3 on the floor of the House (55 Congressional Record 7076). Thus, compensation under this and subsequent legislation has been based on the number and relationship of the dependents rather than on the rank and pay of the serviceman.

The law first used the phrase "compensation" which was payable upon death "resulting from personal injury suffered or disease contracted in the line of duty" of any officer, enlisted man, or nurse employed in the active service by the War or Navy Department. The widow received compensation of \$25 monthly, plus a \$10 allowance for 1 child, an additional \$12.50 for a second child, and \$5 apiece for the next 2 children. A dependent widowed mother received compensation of \$20 a month. However, the total payable on 1 serviceman was \$75 and any sum in excess of this figure was subtracted from the mother's share. The act was amended in 1918 by making dependent fathers eligible for compensation. If 1 parent received compensation it was at a rate of \$20 a month. If both were eligible, \$30 was paid for the pair.

## SURVIVOR BENEFITS

## D. WORLD WAR VETERANS' ACT, 1924

This legislation was "the result of a desire on the part of the officials of the United States Veterans' Bureau representatives of veterans' organizations, and of Congress itself, to remove flaws and inadequacies that appeared in the preceding acts of Congress, codify the laws affecting veterans of the World War, \* \* \*" (H. Doc. 136, 79th Cong.). The provisions of the War Risk Insurance Act were continued with the following rate modifications: (1) if there was a widow but no child, from \$25 to \$30, (2) if there was a widow and one child, from \$35 to \$40 with an increase of \$1 a month for each child with no limit on the number, and (3) if there was no widow but 3 children, \$40 a month, with \$5 for each additional child.

## E. PUBLIC LAW NO. 2, 73D CONGRESS—"THE ECONOMY ACT"—AND SUBSEQUENT LEGISLATION

The basic legislative provisions covering most classes of veterans and their survivors stem from this statute enacted in the midst of the depression. The act authorized the payment of pensions to the "widow, child, or children, dependent mother or father, of any person who dies as a result of disease or injury incurred or aggravated in the line of duty in the military or naval service." The President was authorized to prescribe by regulation the rate of pensions which were to be paid upon deaths resulting from both wartime and peacetime service. On March 31, 1933, he issued his first regulation under the act and set the pension rates payable on death. In the years which have followed, these rates have been changed a number of times by executive order and congressional enactment. These changes are reflected in the following chart:

SURVIVOR BENEFITS

Compensation to widows, children, and dependent parents for service-connected death

A. DURING WARTIME <sup>1</sup>

Year	Widow	Widow, 1 child	Widow, 2 or more children	No widow, 1 child	No widow, 2 children	No widow, 3 or more children	Mother or father
1933	\$30	\$40	\$6 for each additional child.	\$20.00	\$30.00	\$40 (\$5 each additional child).	\$20 (or both \$15 each).
1935	\$30, \$35, or \$40 <sup>2</sup>	\$10 or \$15 additional	\$8 or \$13 <sup>2</sup>	20.00	33.00	\$46 (\$8 each additional child).	Do.
1937-1939, World War I; 1941, Spanish-American War; 1941, World War II.	\$30, \$37.50, or \$45 <sup>1</sup>	do.	do.	20.00	33.00	do.	\$45 (or both \$25 each).
1943	\$38 or \$45 <sup>2</sup>	do.	do.	20.00	33.00	do.	Do.
1946	\$50	\$65	\$13 for each additional child.	25.00	38.00	\$10 each additional child.	Do.
1948	\$60	\$78	\$15.60 for each additional child.	30.00	45.60	\$12 each additional child.	\$54 (or both \$30 each).
1948	\$75	\$100	\$15 for each additional child.	58.00	82.00	\$106 (\$20 each additional child).	\$60 (or both \$35 each).
1949	\$75	\$105	\$25 for each additional child.	58.00	82.00	do.	Do.
1952	\$75	\$121	\$29 for each additional child.	67.00	94.00	\$122 (\$23 for each additional child).	Do.
1954	\$87	\$121	do.	67.00	94.00	do.	\$75 (or both \$40 each).

B. DURING PEACETIME

1933	\$22	\$30	\$4 each additional child.	\$15.00	\$22.00	\$30 (\$3 each additional child).	\$15 (or both \$11 each).
1935	\$22, \$26, or \$30 <sup>1</sup>	\$7 or \$11 additional <sup>2</sup>	\$6 or \$9 for each additional child.	15.00	24.00	\$34 (\$6 each additional child).	Do.
1942	\$30 or \$35	\$8 or \$11 additional <sup>2</sup>	\$6 or \$10 each additional child. <sup>2</sup>	15.00	25.00	\$35 (\$6 each additional child).	\$30 (or both \$20 each).
1943	\$38	\$49	\$10 each additional child.	19.00	28.00	\$8 each additional child.	Do.
1948	\$60	\$80	\$12 each additional child.	46.40	65.60	\$84.80 (\$16 for each additional child).	\$48 (or both \$28 each).
1949	\$60	\$84	\$20 each additional child.	46.40	65.60	do.	Do.
1952	\$60	\$96.80	\$23.20 each additional child.	53.60	75.20	\$97.60 (\$18.40 for each additional child).	Do.
1954	\$69.60	\$96.80	do.	53.60	75.20	do.	\$60 (or both \$32 each).

<sup>1</sup> Wartime rates are payable in peacetime where death resulted from injury or disease received from injury or disease received in line of duty as a direct result of armed conflict or; while engaged in extra hazardous service including such service under conditions simulating war. See 1948 act. The citations to the statutes instituting these changes are found in pt. I of this study.

<sup>2</sup> Payments are based on age of beneficiary.

A number of legislative developments should be noted which fall within the years encompassed by the chart. In 1933 Public Law 2 had repealed all laws granting pensions or compensation to veterans of the Spanish-American War, Boxer Rebellion, Philippine Insurrection, World War I, and to servicemen who served in peacetime after April 21, 1898. However, the following year Congress restored, with certain limitations, the provisions relating to World War veterans which had been established by the World War Veterans' Act, 1924, as amended. The pensions acts pertaining to the Spanish-American War, Boxer Rebellion, and the Philippine Insurrection were restored in 1935. An act passed in 1938 fixed the rates under the general pension law for deaths resulting from peacetime service prior to April 21, 1898, at the same level as those for peacetime death established by the Veterans Regulations.

In 1937 members of the Reserve components while on active duty, including service for training purposes, were brought under the VA's peacetime death-compensation benefits. If the reservist was also eligible for Federal Employees Compensation Act benefits, there had to be an election as to which benefits would be received. See section on FECA benefits for a more complete explanation of this relationship.

Congress enacted legislation in 1943 which made the administrative, definitive, and regulatory provisions of Public Law 2 and the Veterans Regulation issued pursuant to it applicable to certain laws which heretofore had been beyond its purview. Thus, a greater degree of uniformity was obtained in the laws dealing with veterans' compensation.

The act increased substantially the rates of compensation for wartime and peacetime death, adjusting the latter to 75 percent of the wartime rate. This was increased to 80 percent in 1948. The age differentials in the payment of death compensation were eliminated and wartime rates were authorized for the dependents of World War II veterans under the same conditions as those for the veterans of the Spanish-American and subsequent wars.

During this period there also has been an attempt to solve a problem of semantics which had been plaguing veterans' legislation for years. Congress in 1946 declared that under the laws administered by the VA monetary benefits for service-connected disability or death should be designated as "compensation" and not "pension."

#### *Korean conflict*

Congress by joint resolution in 1951 provided that any person who had served on active duty in the Armed Forces after June 27, 1950, and prior to such date as should be designated by the President or Congress would be entitled to the compensation or pension that is provided by law for those persons who served during the period of World War II.

### HISTORICAL DEVELOPMENT OF THE 6 MONTHS' DEATH GRATUITY FOR MEMBERS OF THE ARMED SERVICES

#### II. CITATIONS TO THE LAW (INCLUDING BRIEF IDENTIFICATION OF THE LEGISLATION)

##### *Army*

Act of May 11, 1908 (35 Stat. 106, 108),  
Public Law 112, 60th Congress

Rider to Army appropriation act which provided the widow, or designated beneficiary a gratuity of 6 months' pay for a member of the Regular Army who dies of wounds or disease contracted in the line of duty.

Act of March 3, 1909 (35 Stat. 732, 735),  
Public Law 305, 60th Congress

Rider to Army appropriation act modifying conditions of death upon which the gratuity is authorized.

##### *Navy and Marines*

Act of May 13, 1908 (35 Stat. 127, 129),  
Public Law 115, 60th Congress

Rider to Navy appropriation act providing the same benefits for the personnel of the Regular Navy and Marines.

Act of August 22, 1912 (37 Stat. 328, 329), Public Law 290, 62d Congress

Rider to Navy appropriation act modifying conditions of death upon which gratuity is authorized; clarified line of succession of dependent relatives.

*Army**Navy and Marines*

Act of March 3, 1915 (38 Stat. 928, 938),  
Public Law 271, 63d Congress

Rider to Navy appropriation act which modified deduction for burial expenses from 6 months' gratuity.

Act of August 29, 1916 (39 Stat. 556  
572), Public Law 241, 64th Congress

Rider to Navy appropriation act further modifying deduction for burial expenses.

*Both Services*

Act of October 6, 1917 (40 Stat. 398, 408), Public Law 89, 65th Congress

Provided that laws authorizing gratuities in event of death in the service shall not be applicable to persons entering the naval or military service after the date of the act.

Act of December 17, 1919 (41 Stat. 367),  
Public Law 99, 66th Congress

Provided for the payment of 6 months' pay to the widow, children, or other designated dependent relative of any officer or enlisted man of the Regular Army whose death results from wounds or disease not the result of his own misconduct.

Act of June 4, 1920 (41 Stat. 812, 824),  
Public Law 243, 66th Congress

Brief description: Rider to Navy appropriation act which again authorized 6 months' gratuity with substantially the same provisions as the Army act; applied to nurses of the Regular Navy or Regular Marine Corps; extended coverage to the Coast Guard.

Act of March 2, 1923 (42 Stat. 1377,  
1385), Public Law 465, 67th Congress

Rider to an appropriation act for the War Department which provided that no gratuity payment shall be paid to a child over 21 who is not actually a dependent of the deceased serviceman.

Act of May 22, 1928 (45 Stat. 710),  
Public Law 473, 70th Congress

Codified existing law and provided that if there is no widow, child, or previously designated dependent relative, the Secretary of the Navy could pay the gratuity to a certain class of dependent relatives.

Act of March 8, 1928 (45 Stat. 249),  
Public Law 110, 70th Congress

Amended the 1919 act so as to include nurses of the Regular Army.

Act of March 7, 1942 (56 Stat. 143, 147),  
Public Law 490, 77th Congress

Act of December 17, 1943 (57 Stat. 599),  
Public Law 198, 78th Congress

Provided that if there is no widow, child, or previously designated dependent relative, the Secretary of War could pay the gratuity to a certain class of dependent relatives; provided for payment of gratuity upon death of beneficiary.

Deleted the word "actually" which qualified "dependent" in prior act.

(The United States Code appears to be in error in stating that this statute has been terminated. See U. S. C. 34:943.)

Act of March 29, 1944 (58 Stat. 129)  
Public Law 269, 78th Congress.

Added to list of dependent relatives who could be designated as beneficiaries by the Secretary of the Navy; provided for payment of gratuity upon death of beneficiary.

## SURVIVOR BENEFITS

*Reserve components**Army**Navy and Marines*

Act of May 12, 1930 (46 Stat. 268)  
Public Law 194, 71st Congress.

Authorized payment of the 6 months' gratuity to transferred members of the fleet Naval Reserve and fleet Marine Corps Reserve who died while on active duty.

Act of December 10, 1941 (55 Stat. 796)  
Public Law 329, 77th Congress.

Extended the 6 months' death gratuity benefits to dependents of officers and enlisted men of the Army of the United States who died in the line of duty while in the active military service of the United States.

Act of March 17, 1941 (55 Stat. 43)  
Public Law 16, 77th Congress.

Similar to extension to Army of the United States but applicable to the Naval Reserve and Marine Corps Reserve.

*All Reserve components*

Act of June 20, 1949 (63 Stat. 201) Public Law 108, 81st Congress.

Provided death gratuity for members of the Army, Air Force, Navy, and Marine Corps Reserve and certain members of the National Guard who suffer death from injuries incurred while engaged in active-duty training for periods of less than 30 days or while engaged in inactive-duty training.

## II. COMMENTARY ON LEGISLATIVE DEVELOPMENT

## A. LEGISLATION INSTITUTING THE DEATH GRATUITY

The first legislation authorizing a 6 months' pay gratuity was passed in 1908. Provisions were inserted in both the Army and Navy appropriation acts of that year which declared that upon the death of an officer or enlisted man on the active list a gratuity equal to the deceased serviceman's pay for 6 months would be paid "to the widow of such officer or enlisted man, or any person previously designated by him." Conflicting opinions were voiced during the debate in the House on the conference report of the Army bill as to whether this language allowed a soldier with a wife to designate another beneficiary. See 42 Congressional Record 5947. Both the Army and Navy acts required that \$75 of the gratuity payable on the death of an officer and \$35 on that of an enlisted man should be retained by the armed services to cover burial expenses. If the expenses were less than the amount reserved, the residue would be paid to the beneficiary.

Both acts of 1908 stated that the gratuity would be paid upon the death of a soldier from wounds or disease "contracted in the line of duty." The Army appropriation act of 1909 struck this wording from the legislation and substituted the phrase "not as a result of his own misconduct." It was not until 1912 that the Navy instituted this change in language.

The Navy legislation of 1912, which was also a rider to an appropriation act, cleared up the ambiguity as to the succession of beneficiaries. It stated that the gratuity would be paid "to the widow, if no widow, to the children, and, if there be no children, to any other dependent relative of such officer or enlisted man previously designated by him." However, there was no comparable Army legislation until 1919.

An appropriation act for the Navy in 1915 stated that there should be no deduction from the gratuity for expenses connected with the preparation and transportation of the bodies of deceased servicemen. In 1916 a similar act extended this to include expenses for funeral and interment. During this period, the deduction for burial expenses from the gratuity payable on the death of Army personnel was still in effect.

## B. REPEAL DURING WORLD WAR I AND POSTWAR AUTHORIZATION

Congress passed an act in 1917 authorizing the issuance of war risk insurance. It was thought that this legislation would provide adequate protection for the families of deceased soldiers and sailors. Thus, a provision of the act stated

that "laws providing for gratuities or payments in the event of death in the service" would no longer have applicability.

However, on January 18, 1918, Secretary of War Baker addressed a letter to the chairman of the Senate Committee on Military Affairs which stated in part:

"The theory underlying the gratuity and pension statutes, as they have been on the books since 1908, is that the so-called 6 months' gratuity would provide a fund immediately available to the family upon the decease of the officer or enlisted man, so as to take care of the extraordinary expenses of the period of emergency and readjustment caused by the taking off of the main support of the family, and that the pension allowed to dependents would assist in their support during the period of dependency. These benefits were rightly regarded as part of the remuneration for service in the Army, where pay is, and always has been, small as compared with the wages and salaries of civilians in positions of equal importance.

"The inadequacy of the foregoing plan in the present emergency caused the enactment [of legislation] authorizing the creation of a Bureau of War Risk Insurance. \* \* \* But the act nowhere makes any provision to cover this emergency period [the period immediately following death]. Civilians usually take care of it by insurance payable in a lump sum upon death. The members of the Regular Army have not generally been able to make such provision, and, since 1908, have, in many cases, thought it unnecessary because of the gratuity paid by the Government. At present, with additional premiums required for war risks, the procuring of such insurance is practically out of the question for the lower grades. Therefore, one of the unforeseen consequences of the act is to deprive members of the Regular Army of a most important privilege, of great value to their families. It is, in effect a reduction of their emoluments at a time when such reduction is most disastrous. Because of the necessity of making adequate provision for nonprofessional soldiers, whose military service is temporary only, the professional men of arms ought not to be deprived of any of the allowances which have been heretofore given them and which they have justly come to regard as their right in lieu of higher pay."

Mr. Baker enclosed a draft of a proposed bill for the Army which was enacted in 1919. The Baker letter was included in both the Senate and House reports and was advanced as the justification for the legislation (S. Rept. 158 and H. Rept. 470, 66th Cong.). An amendment was inserted by the Senate which stated that any death gratuity payment should be deducted from the amount payable to dependents under war risk insurance. This amendment was opposed by the Secretary of War in that it was discriminatory to those who continued their insurance. Ultimately, the Senate agreed to its exclusion. The 1919 Army Act was substantially the same as the earlier legislation. It adopted the terminology of the Navy Act of 1912 in establishing an unambiguous beneficiary line of succession and dropped the deduction for burial expenses.

The 1919 act was only applicable to the Regular Army but did apply to personnel on the retired list while on active duty. The following year a provision was inserted in the appropriation act for the Navy which reinstated the gratuity for its Regular personnel and those of the Marine Corps. This act was the same as the Army legislation but was applicable to Navy and Marine Nurses and the personnel of the Coast Guard. The 6 months' death gratuity was not applicable to Regular Army nurses until the passage of legislation in 1928.

#### C. EXTENDING BENEFITS TO RELATIVES UPON A SHOWING OF DEPENDENCY

On December 1, 1927, Secretary of the Navy Wilbur submitted a draft of a proposed bill to the Speaker of the House which authorized the Secretary to pay the death gratuity to any "grandparent, parent, sister, or brother who can be shown to have been actually dependent" upon a deceased officer or enlisted man who had no wife, or child, and had not designated a dependent relative. The House report on the bill explained:

"\* \* \* the original law established this amount more or less as a portion of the officer's estate, to be allowed to any person he might have designated, i. e., to whom he might in a sense have willed it. The later law, however, while continuing the requirement of previous designation except in the case of widow, or child, also required that recipient of this amount should be a relative, and a dependent relative. This changed the character of the award from a part of the officer's or man's regular perquisites, payable after death to his designated heir, to a special allowance for dependents.



"Despite every effort of the Department to insure that all officers and men make the necessary designation of the proper recipient, if any, of this allowance, frequent cases arise where relatives, actually dependent in fact, cannot be paid the allowance solely because of the carelessness of the officer or man in not making the designation. As a result, a number of private bills have been introduced in order to relieve deserving cases.

"This bill permits the payment of this gratuity to any of the relatives named provided that evidence of actual dependency be produced to the satisfaction of the Secretary of the Navy" (H. Rept. 1208, 78th Cong.).

The Navy bill passed in 1928. However, it was not until 1943 that such a provision was adopted for the Army. The latter differed from the Navy act in instituting a line of succession of "grandchild, parent, brother, or sister, or grandparent." The following year Congress amended the Navy act in this respect to bring it in line with the Army legislation and, as the House report stated, "in accord with the order of descent and distribution prevailing under the laws of most States" (H. Rept. 1208, 78th Cong.).

#### D. PROHIBITION OF PAYMENT TO ESTATES OF DECEASED BENEFICIARIES

The Army legislation in 1943 was also concerned with a second problem. The Court of Claims had held in *Spotswood v. U. S.* (1935) (80 Ct. Cl. 836) that where a beneficiary died subsequent to the serviceman's death but prior to receipt of the death gratuity the right to the gratuity payment vested in the estate of the deceased beneficiary and was not payable to the other beneficiaries specified in the act. The Senate report declared that "the purpose for which the original act was passed was to give relief to living dependents of servicemen rather than to pay funds into the estate of a deceased beneficiary to the complete denial of living dependents" (S. Rept. 477, 78th Cong.). A proviso was added to the legislation which stated that in the event of the death of a beneficiary before payment the gratuity would be paid to the next living beneficiary in the line of succession.

The Comptroller General on February 2, 1943, ruled that the *Spotswood* case was also controlling in regard to payments under the Navy Act. A similar proviso was inserted in the Navy Act in 1944.

#### E. DEATH GRATUITY FOR THE RESERVE COMPONENTS

The 6 months' pay gratuity had originally been limited to the Regular Establishment. In 1930, however, an act was passed authorizing the gratuity for transferred members of the Fleet Naval and Fleet Marine Corps Reserve who died while on active duty. The approach of World War II caused further extension of the death gratuity. In 1939 Congress passed an act which declared that personnel of the Army of the United States, as distinguished from the Regular Army, who were ordered into the Federal service for more than 30 days and suffered death or disability should be entitled to receive "the same pensions, compensation, retirement pay, and hospital benefits" as the Regulars. The Congress passed a similar provision for the Naval and Marine Corps Reserve in 1940. However, the Comptroller General adopted a strict interpretation of these provisions and rules that the benefits authorized by these two acts "are personal to the individual concerned and do not extend to such persons' beneficiaries, consequently payment of 6 months' gratuity is not authorized by the terms thereof" (H. Rept. 1280, 77th Cong.). In the light of this decision, Congress amended the two acts in 1941 and added a specific declaration that the 6 months' gratuity was to be included.

The accelerated reserve program after the Second World War gave rise to another problem. The legislation in existence applied to reservists only for periods in excess of 30 days and did not cover the "weekend warriors," those reservists who were on active or inactive duty for short periods of time. To remedy this situation, Congress passed an act in 1949 which was applicable to Reserve personnel of the Army, Air Force, Navy and Marine Corps, and the National Guard, when it performed service in the interest of the Federal Government and extended coverage to the aforementioned groups. The act was made retroactive to August 14, 1945.

It should be noted that if a reservist is also eligible for benefits under the Federal Employees' Compensation Act, an election must be made as to which benefit will be taken. See section on FECA benefits for a more complete explanation of this relationship.

## HISTORICAL DEVELOPMENT OF GOVERNMENT INSURANCE FOR SERVICEMEN

## I. CITATION TO LAW

## (INCLUDING BRIEF IDENTIFICATION OF THE LEGISLATION)

## A. WAR-RISK INSURANCE

- Act of October 6, 1917 (40 Stat. 398, 409-410), Public Law 90, 65th Congress  
Established war-risk insurance program of renewable term insurance for members of the military and naval services of the United States.
- Act of February 12, 1918 (40 Stat. 438), Public Resolution 22, 65th Congress  
Extended application for insurance date until April 12, 1918.
- Act of April 2, 1918 (40 Stat. 502), Public Resolution 27, 65th Congress  
Extended coverage to persons who had been taken prisoner before April 12, 1918.
- Act of June 25, 1918 (40 Stat. 609, 615), Public Law 175, 65th Congress  
Included the father of the insured among permitted beneficiaries of automatic insurance.
- Act of December 24, 1919 (41 Stat. 371, 374-377), Public Law 104, 66th Congress  
Authorized automatic insurance for inducted men, extended class of beneficiaries, established system of payments in the event of the death of beneficiary or lack of beneficiary within the permitted class, and provided optional settlements of lump sum or in installments of 36 months or more.
- Act of August 9, 1921 (42 Stat. 147, 155-157), Public Law 47, 67th Congress  
Authorized reinstatement or conversion of lapsed policies, waiver of premiums for compensable disabilities, and payment to certain beneficiaries.
- Act of March 4, 1923 (42 Stat. 1521, 1525-1527), Public Law 460, 67th Congress  
Included provisions intended to prevent the lapsing of policies and to make policies incontestable after they had been in force for 6 months.
- Act of June 7, 1924 (43 Stat. 607), Public Law 242, 68th Congress  
Repealed all of the above-noted acts.

## B. UNITED STATES GOVERNMENT LIFE INSURANCE

- Act of June 7, 1924 (43 Stat. 607, 624-627), Public Law 242, 68th Congress  
World War Veterans' Act, 1924, codified provisions of War Risk Insurance Act relating to insurance, with certain modifications, and established the United States Government life-insurance program.
- Act of March 4, 1925 (43 Stat. 1302, 1308-1311), Public Law 628, 68th Congress  
Restored certain provisions of War Risk Insurance Act repealed by World War Veterans' Act, 1924, and made certain other changes affecting beneficiaries.
- Act of June 2, 1926 (44 Stat. 686-688), Public Law 325, 69th Congress  
Extended time for reinstatement and conversion of 1-year term insurance until July 2, 1927, and authorized the 5-year level premium policy.
- Act of July 2, 1926 (44 Stat. 790, 798-800), Public Law 448, 69th Congress  
Provided for the reinstatement of certain policies and the application of the \$60 bonus to prevent the lapsing of others.
- Act of May 29, 1928 (45 Stat. 964, 968-971), Public Law 585, 70th Congress  
Provided for the inclusion in existing policies of a disability benefit clause at a slight added premium.
- Act of July 3, 1930 (46 Stat. 991, 1002), Public 522, 71st Congress  
Clarified provision relative to insurance against total disability and required disability to exist for 4 months prior to age 65 and before default in premiums.
- Act of June 24, 1932 (47 Stat. 334), Public Law 194, 72d Congress  
Provided for the renewal of 5-year level premium term policies for a second 5-year term.
- Act of April 15, 1935 (49 Stat. 156, 157), Public Law 37, 74th Congress  
Provided naval and marine aviation cadets with \$10,000 of Government life insurance to be paid out of certain current appropriations.
- Act of June 1, 1937 (50 Stat. 241), Public Law 127, 75th Congress  
Extended the privilege of renewing expiring 5-year level premium policies for a second or third 5-year period.

- Act of June 13, 1939 (53 Stat. 819, 820), Public Law 129, 76th Congress  
 Provided for the continuation of insurance granted naval aviation cadets upon completion of their training, but the premiums thereon were deducted from their pay. When released from duty they had the option of continuing the insurance at their own expense.
- Act of October 8, 1940 (54 Stat. 974, 1013), Public Law 801, 76th Congress  
 Prohibited the further issuance of United States Government life insurance.
- Act of May 14, 1942 (56 Stat. 283), Public Law 556, 77th Congress  
 Extended the privilege of renewing expiring 5-year level premium policies for a second, third, or fourth 5-year period.
- Act of March 23, 1943 (57 Stat. 41), Public Law 13, 78th Congress  
 Authorized the automatic renewal of expiring 5-year level premium policies of those in active military or naval service and certain others outside continental limits of the United States
- Act of April 15, 1947 (61 Stat. 39), Public Law 34, 80th Congress.  
 Extended the privilege of renewing expiring 5-year level premium policies for a second, third, fourth, or fifth 5-year period.
- Act of August 2, 1951 (65 Stat. 151), Public Law 101, 82d Congress  
 Authorized the renewal of 5-year level premium policies for successive 5-year periods.
- Act of July 23, 1953 (67 Stat. 186), Public Law 148, 83d Congress  
 Provided for the automatic renewal of a 5-year level premium policy at the expiration of any 5-year period.

## C. NATIONAL SERVICE LIFE INSURANCE

- Act of October 8, 1940 (54 Stat. 974, 1008-1014), Public Law 801, 76th Congress  
 National Service Life Insurance Act of 1940.
- Act of June 3, 1941 (55 Stat. 239, 240), Public Law 97, 77th Congress  
 Granted \$10,000 free life insurance to enlisted men who were Army aviation cadets while in training.
- Act of June 3, 1941 (55 Stat. 241), Public Law 99, 77th Congress  
 Granted \$10,000 free life insurance to enlisted men who were Army aviation students while in training.
- Act of August 18, 1941 (55 Stat. 626, 627), Public Law 213, 77th Congress  
 Permitted coverage, without examination, if applied for within 120 days after August 18, 1941, of certain servicemen whose period of service was extended and to inductees.
- Act of November 5, 1941 (55 Stat. 759, 760), Public Law 289, 77th Congress  
 Granted \$10,000 free insurance to Naval and Marine Corps Reserve aviation pilots.
- Act of December 20, 1941 (55 Stat. 844, 846), Public Law 360, 77th Congress  
 Permitted coverage, without examination, to any serviceman who applied within 120 days after December 20, 1941, and provided \$5,000 automatic coverage for those who died in active service between October 8, 1940, and 120 days after December 20, 1941, or became totally disabled during the same period for 6 months or more.
- Act of July 11, 1942 (56 Stat. 657-658), Public Law 667, 77th Congress  
 Extended coverage to those captured, besieged, or isolated, included additional cases for automatic insurance, and clarified class of permitted beneficiaries.
- Act of October 17, 1942 (56 Stat. 796), Public Law 749, 77th Congress  
 Granted free insurance to certain Army or Navy flying cadets and aviation students who died between October 8, 1940, and June 3, 1941.
- Act of April 12, 1943 (57 Stat. 64), Public Law 36, 78th Congress  
 Provided for the granting of insurance without a medical history statement.
- Act of September 30, 1944 (58 Stat. 762-764), Public Law 452, 78th Congress  
 Liberalized provisions of the National Service Life Insurance Act to extend coverage and prevent lapsing of policies, and also authorized the refund life-income-option settlement.
- Act of September 30, 1944 (58 Stat. 764), Public Law 453, 78th Congress  
 Liberalized provisions of the National Service Life Insurance Act to prevent the lapsing of policies.
- Act of July 2, 1945 (59 Stat. 315), Public Law 118, 79th Congress  
 Extended the 5-year level premium policies for an additional 3 years
- Act of August 1, 1946 (60 Stat. 781-789), Public Law 589, 79th Congress  
 Insurance Act of 1946.
- Act of August 13, 1946 (60 Stat. 1057, 1061), Public Law 729, 79th Congress  
 Grants \$10,000 free insurance to Navy flight trainees.

- Act of February 21, 1947 (61 Stat. 5-6), Public Law 5, 80th Congress  
Amended provisions re issuance of insurance in permanent plans and reinstatement of insurance.
- Act of June 29, 1948 (62 Stat. 1109-1110), Public Law 838, 80th Congress  
Authorized renewal of level premium policies for a second 5-year term.
- Act of April 25, 1951 (65 Stat. 33, 36-38), Public Law 23, 82d Congress  
Prohibited the further issuance of national service life insurance to servicemen and permitted those called back into service to suspend their insurance while in service.
- Act of August 2, 1951 (65 Stat. 153), Public Law 101, 82d Congress  
Authorized the renewal of level premium policies for successive 5-year periods.
- Act of July 23, 1953 (67 Stat. 186), Public Law 148, 83d Congress  
Provided for the automatic renewal of level premium policies for successive 5-year periods.

#### D. SERVICEMEN'S INDEMNITY

- Act of April 25, 1951 (65 Stat. 33-35), Public Law 23, 82d Congress  
Servicemen's Indemnity Act of 1951.
- Act of August 24, 1954 (68 Stat. 780-781), Public Law 638, 83d Congress  
Extended indemnity coverage to reserves on active-duty training for 14 days or more.

## II. COMMENTARY ON LEGISLATIVE DEVELOPMENT

### A. WAR-RISK INSURANCE

The first Government insurance program for the benefit of members of the Armed Forces of the United States was approved on October 6, 1917. This program recognized the problem confronting many servicemen who would have obtained some insurance protection for their families had they continued in private life, but were unable to make such a provision in times of war or serious emergency except at prohibitive rates. The Government made yearly renewable term insurance against death or total disability of up to \$10,000 available without any medical examination to all members of the armed services who applied for coverage within 120 days after entry into service, or if they were already in service, within 120 days after the policies were first issued. The program went even further and declared that any serviceman who died or became totally disabled within the 120-day period would be covered even though he had not applied for the insurance.

Premiums on these policies were based on the American Table of Mortality and interest at 3½ percent. However, the entire expense of administering the program and all excess mortality and disability costs due to the extra hazards of war were assumed by the United States.

The benefits under these policies were payable in 240 equal monthly installments. In the case of automatic coverage, benefits were fixed at \$25 per month payable only to the insured, or his surviving spouse, child, or widowed mother, in that order. An applicant for this insurance was allowed a wider choice of beneficiaries and the right to change beneficiaries at any time within the specified class. Eligible beneficiaries included the insured's spouse, child, grandchild, parent, brother, or sister.

The insured was also granted the right to convert his term insurance policy, without medical examination, into a number of permanent forms of Government life insurance within 5 years after the termination of World War I. Permanent insurance plans included ordinary life, 20-payment life, and endowment maturing at age 62, as well as such other forms of insurance as might be prescribed by regulation and requested by the insured.

Subsequent to this enactment and prior to the World War Veterans' Act of 1924, a number of amendments were adopted which sought to clarify and expand the coverage of this insurance. Among the more important amendments were those which enlarged the class of beneficiaries, extended automatic coverage to inducted men, waived premiums for service-connected temporary total disability, offered opportunities for the reinstatement of lapsed or canceled policies, included an incontestable clause in all policies, authorized a lump sum or 36 or more month installment settlement, and provided for waiver of premiums for compensable disabilities.

## B. UNITED STATES GOVERNMENT LIFE INSURANCE

The World War Veterans' Act of 1924 established the United States Government life-insurance program and codified all prior legislation with certain modifications intended to remove inequities and shortcomings found to exist in the prior acts. It fixed July 2, 1926, as the final date for the reinstatement of lapsed policies and for the conversion of existing policies into the permanent forms of insurance. In 1926, however, this date was extended until July 2, 1927, and the insured was granted the right to convert his policy into 5-year level premium United States Government term life insurance, at a premium rate for the attained age, with the right to reconvert to a higher premium rate policy.

A total disability benefit and waiver of premium provision was made available in 1928 to holders of converted insurance, at a slight extra premium. Entitlement was based on the insured's being totally disabled for a period of 12 months. This provision was amended in 1930 by reducing the disability period to 4 months and requiring that it occur prior to the insured's attaining age 65 and before default in the premiums. Disability benefits were fixed at \$5.75 per thousand of insurance per month. A fourth-payment option, 120 monthly installments certain, was added administratively in 1944.

The 5-year level premium term policy was renewed for successive 5-year terms in 1932, 1937, 1942, and 1947. The right of renewal at the end of any 5-year term was approved in 1951 and made automatic in 1953.

## C. NATIONAL SERVICE LIFE INSURANCE

In response to the message of President Roosevelt to the Congress of September 14, 1940, calling attention to the existing national emergency and the need for the enactment of legislation to preserve unimpaired insurance and other benefit rights of persons called into active service, the Senate amended the Second Revenue Act of 1940 to include a provision granting the President broad powers to establish a system of insurance for members of the Armed Forces. Proponents of the amendment admitted that it was imperfect and required examination by the conference committee in consultation with representatives of the various Government establishments affected, but nevertheless urged its passage as the only immediately available vehicle in which action could be taken to safeguard these rights. In conference the amendment was completely revised along the general outline of its predecessor of World War I, with certain adjustments to take into consideration current insurance coverages and the experience of both the Government and commercial companies. This system of insurance became national service life insurance.

National service life insurance was available to any member of the armed services upon application within 120 days after entry into active service or from the date of enactment. The \$10,000 maximum of United States Government life insurance was retained, and the policies were issued on a 5-year level premium basis, with conversion rights. There was no provision for automatic coverage, but a waiver of premium provision on account of total disability was included, provided the disability lasted for 6 months and prior to the insured's reaching age 60. Benefits were payable only in the event of death and the class of beneficiaries was restricted to the insured's surviving spouse, child, parent, brother, or sister. The insured again retained the right to change his beneficiary within the stated class.

Benefits were payable under two plans, depending upon the age of the beneficiary at the time the policy matured. If the beneficiary was under 30 years of age at that time, the benefits were payable in 240 equal monthly installments; if over 30, they were payable in 120 equal monthly installments certain, with payments continuing for the remainder of the beneficiary's life.

Premiums were again based on the American Experience Table of Mortality, but at 3 rather than 3½ percent. The United States again assumed the costs of administering the program and the excess mortality and disability costs due to the extra hazards of war.

The program prohibited the further issuance of United States Government life insurance, except to a certain group of World War I veterans. National service life insurance became the only form of Government insurance available to persons in active service. Further, if a serviceman already had United States Government insurance, the total of that coverage plus any coverage under national service life insurance could not exceed \$10,000.

Amendments to the National Service Life Insurance Act followed the pattern of the amendments to United States Government insurance. An effort was made to give every serviceman an opportunity to gain coverage, to enlarge the number of plans of payment, and again to presume coverage, in some instances, for those unable to act timely because of a disability or inaccessibility. However, one important new phase of Government insurance was entered. The Government granted \$10,000 of free insurance to all enlisted aviation trainees, including those in the Enlisted Reserve Corps in prepilot training. Such gratuitous insurance had previously been granted only to naval aviation cadets.

The extension of term insurance also followed the pattern of its World War I predecessor. In 1945 the term was extended for an additional 3 years. It was renewed for another 5-year term in 1948 at the premiums for the attained age. The authority to extend the insurance for successive 5-year terms was granted in 1951, and extensions were made automatic in 1953.

#### D. SERVICEMEN'S INDEMNITY ACT OF 1951

In his budget message to the Congress of January 15, 1951, President Truman urged the early enactment of new legislation to assure financial protection to the families of servicemen. The President suggested that \$10,000 of free and automatic indemnity to the survivors of all who die while on active military duty would be more equitable and more economical than the existing insurance program. This was not a novel proposal in the Congress since it had previously received extensive consideration by certain of its committees. See report of the Committee on Expenditures of the Executive Departments entitled "Inquiry Into the Operations and Fiscal Cost of the Veterans' Administration National Service Life Insurance Program" (H. Rept. 2761, 81st Cong.). A bill to provide the proposed indemnity, introduced on January 3, 1951, received expeditious treatment by the Congress and was approved on April 25, 1951, as the Servicemen's Indemnity Act of 1951.

The Servicemen's Indemnity Act of 1951 provides every person in the Armed Forces of the United States on or after June 27, 1950, with \$10,000 of automatic and free indemnity insurance. Payments to beneficiaries are made only in the event of death and in an amount not in excess of \$92.90 a month for 10 years. Under this program the insured has the right to designate his beneficiaries and to make changes in beneficiaries at any time, but only within a given class. Eligible beneficiaries include the insured's surviving spouse, children, parents, brothers, and sisters. He may also apportion the principal amount among his beneficiaries.

The total insurance liability of the United States is limited to \$10,000 regardless of what other forms of Government insurance are possessed by the insured. Any person having a permanent form of Government insurance in force upon entry into active military service may surrender the policy and receive its cash surrender value. If his Government insurance is on a 5-year level premium term plan, he may apply for a waiver of his premiums during his active service. Within 120 days after separation from service, former holders of Government insurance may have their insurance reinstated.

### HISTORICAL DEVELOPMENT OF FEDERAL EMPLOYEES' COMPENSATION ACT AS APPLIED TO RESERVES

#### I. CITATION TO LAW

##### A. BASIC COMPENSATION ACT

- Act of September 7, 1916 (39 Stat. 742), Public Law 267, 64th Congress  
Federal Employees' Compensation Act provided benefits to Federal employees and their survivors for disability and death from injuries while in the performance of their duties.
- Act of February 12, 1927 (44 Stat. 1086, 1087), Public Law 603, 69th Congress  
Increased the maximum and minimum amounts of wages to be used in computing death benefits.
- Act of July 1, 1944 (58 Stat. 682, 712), Public Law 410, 78th Congress  
Required election of benefits if person eligible under FECA and also another act of Congress.
- Act of October 14, 1949 (63 Stat. 854), Public Law 357, 81st Congress  
Federal Employees' Compensation Act amendment of 1949 increased death benefits to certain categories of beneficiaries.

## SURVIVOR BENEFITS

## B. ACTS EXTENDING FECA TO RESERVE PERSONNEL

*Army*

Act of July 15, 1939 (53 Stat. 1042, c. 284) Public Law 179, 76th Congress

Made the FECA applicable to Army reservists killed or injured during peacetime service.

Act of July 18, 1940 (54 Stat. 762) Public Law 747, 76th Congress

Made the FECA benefits granted under the preceding act applicable retroactively for injuries or death incurred at any time after February 28, 1925.

*Navy*

Act of February 28, 1925 (43 Stat. 1080, 1084), Public Law 512, 68th Congress

Made the FECA applicable to Navy and Marine Corps reservists injured or killed during time of peace.

Act of June 25, 1938 (52 Stat. 1175, 1181), Public Law 732, 75th Congress

Reorganized the Navy and Marine Corps Reserve and continued coverage by FECA of such reservists killed or injured in time of peace.

Act of February 19, 1941 (55 Stat. 9, 12) Public Law 8, 77th Congress

Granted to temporary members of the Coast Guard the coverage of FECA.

Act of September 30, 1944 (58 Stat. 756) Public Law 447, 78th Congress

Revised the Coast Guard Reserve laws and made FECA applicable to such reservists.

Act of August 7, 1946 (60 Stat. 893) Public Law 641, 79th Congress

Place Army reservists from time of the surrender of Japan, under the coverage of FECA on the same basis as they were in peacetime.

Act of August 7, 1946 (60 Stat. 893) Public Law 641, 79th Congress

Placed Navy and Marine Corps reservists from the time of the surrender of Japan, under the coverage of FECA whenever their active service was 30 days or less.

## C. OTHER LAWS GRANTING ALTERNATE BENEFITS

*Both services*

Act of June 23, 1937 (50 Stat. 305) Public Law 159, 75th Congress

Extended to Reserve personnel the benefits administered by the Veterans' Administration for personal injury or disease contracted in line of duty during active service in a period other than war.

*Army**Navy*

Act of April 3, 1939 (53 Stat. 557) Act of August 27, 1940 (54 Stat. 864)  
Public Law 18, 76th Congress Public Law 775, 76th Congress

Provided that Army reservists serving over 30 days were eligible for the benefits otherwise granted only to the Regular Establishment. Put Navy and Marine Corps reserves serving over 30 days on a par with Army Reserves.

*Both services*

Act of June 30, 1949 (63 Stat. 201) Public Law 108, 81st Congress

Provided that all Reserve personnel, whatever the extent of their duty, shall in all instances except where injury or death occurs from sickness or disease, be covered by the benefits accruing to the Regular Establishment.

## II. SUMMARY OF LEGISLATIVE DEVELOPMENT

## A. THE BASIC COMPENSATION ACT

The Federal Employees Compensation Act of 1916, hereinafter called FECA, provided that the United States should pay compensation for the death or disability of a Federal employee "resulting from a personal injury sustained while in the performance of his duty." The act followed the prevailing pattern of workmen's compensation legislation by basing benefit payments to survivors on a specified percentage of the deceased employee's wages. A widow received 35 percent of her deceased husband's wages, with an additional 10 percent for each child, if any. Similar payments were made to a widower if he was wholly dependent on the employee at the time of death. If there were no parents, 25 percent was paid for the first surviving child plus 10 percent for each additional child. In all these multiple beneficiary situations there was a cumulative benefit limit of 66½ percent of the deceased employee's wages. Dependent parents were to receive 25 percent each if the cumulative limit had not been reached. Dependent brothers, sisters, grandparents, and grandchildren were entitled to a lesser percentage if the limit had not been reached by the preceding beneficiaries. A leveling device was inserted in the act which provided that in computing benefits an employee's wages would not be considered to be less than \$50 a month nor more than \$100.

## B. FROM 1925 TO WORLD WAR II

The first act placing Reserve officers and enlisted men under the Federal Employees Compensation Act was passed in 1925. The act reorganized the Navy and Marine Corps Reserve and extended coverage to Reserve personnel while on active duty, training duty with or without pay, or when engaged in authorized travel to and from such duty, in time of peace. The benefits were also restricted to disability or death resulting from injury, excluding disabilities or death resulting from sickness or disease.

The Naval Reserve Act of 1938, while leaving unchanged the basic requirements for eligibility for reservists under the FECA provided that in computing compensation for a man injured or killed in nonpay status, his pay was to be that of a man receiving pay at the same grade or rank. As in the 1925 act, disease or sickness, even though service incurred, was not considered a compensable disability under FECA.

Extension of similar benefits to Army Reserve personnel lagged considerably. In 1939, however, two acts were passed. The first of these was the act of April 30, 1939. It placed officers, warrant officers, and enlisted men of the Army of the United States (as distinguished from the regular components) called into active military service by the Federal Government for a period in excess of 30 days, and who incurred disability or death during that tour of duty, on the same footing with respect to benefits as members of the Regular Army.

The second law, the act of July 15, 1939, extended the benefits of the FECA to reserve officers and enlisted men of the Army. Compensation thereunder was payable for physical injuries received in peacetime service (1) while on active duty, (2) when engaged in authorized travel to and from such duty, or (3) when engaged in training without pay. An amendment inserted by the House Committee on Military Affairs rendered the application of the FECA to Army reserve personnel more liberal than its application to Navy reserve personnel by per-



mitting compensation for disability or death due to sickness or disease contracted in line of duty. The report states that these benefits were to be limited to cases where there is a causal connection between the active duty service and the illness (H. Rept. 1009, 76th Cong., p. 2). Also, an important limitation on the benefits payable to Army Reserve officers was contained in the last proviso which was inserted at the instance of Secretary of War Harry W. Woodring. Reserve officers were thereby prohibited from receiving benefits under the FECA, where, by reason of service over 30 days, they had become eligible for the benefits of the act of April 3, 1939 (S. Rept. 587, 76th Cong., p. 3). In order to place Army and Navy reserve personnel on a par as to the year in which these benefits were applicable to them, an act in 1940 made the benefits of FECA retroactive to cover injuries resulting in disability or death to Army reserve personnel at any time after February 28, 1925. In the same year, 1940, Navy and Marine reserve personnel were placed on the same basis as Army reserve personnel when their service exceeded 30 days and were given coverage under the benefit provisions applying to regular Navy personnel. Only those serving 30 days or less were still covered by FECA.

#### C. THE WAR PERIOD

In 1941, in order to clarify a disputed point, the death gratuity, which was part of the benefits granted the Regular Establishment, was specifically made applicable to reserve personnel dying in service after having served over 30 days. This was also subject to the election provisions.

By act of February 19, 1941, temporary members of the Coast Guard, physically injured in time of war, were entitled to the benefits of FECA. The Coast Guard, of course, is under Navy jurisdiction only during time of war, and its personnel are civil employees under the Treasury Department in time of peace. In September 1944, a revision was made respecting the categories of reserves in the Coast Guard. Accordingly, the coverage of FECA was extended to (1) members of the Reserve on active duty after February 19, 1941, and (2) members of the Coast Guard Auxiliary incurring injury or death after February 19, 1941, while on patrol pursuant to competent Coast Guard authority. Unlike the other services, an arbitrary sum of \$150 a month was set as the presumed pay where a basis was required for determining compensation for injuries incurred in nonpay status.

#### D. POST HOSTILITIES PHASE

In 1946, when it became apparent that the "time of peace" might be indefinitely postponed, Congress provided that "time of peace" for the purposes of the Naval Reserve Act of 1938, and the act of July 15, 1939, both of which placed the Navy and Army Reserve personnel under FECA, should include the period from the surrender of Japan to the time when the United States should no longer be in a state of war. Navy and Marine Corps Reserves serving over 30 days were excepted from coverage; but Army and Air Force reservists, no matter what their period of service (with the exception of Army officers serving over 30 days) had their peacetime FECA coverage completely restored. Survivors of Army officers, however, were considered to have dual coverage. The Labor Department, in construing the 1946 law, allowed this on the grounds that the restriction in the 1939 act applied only to benefits personal to the officers.

The act of June 21, 1949, while not FECA legislation per se, liberalized the benefit position of reserves by extending to those in service for periods of less than 30 days, or on inactive-duty training, the benefits applicable to the Regular Establishment in all instances except sickness and disease.

#### E. ELECTION OF BENEFITS

In 1937 Reserve officers and Enlisted Reserves of the United States Army, Navy, or Marine Corps, were made eligible for Veterans' Administration disability or death pension under Veterans Regulation 1 (a) for injury or disease contracted or suffered in line of duty, during peacetime service, or for any aggravation of a preexisting injury or disease therein. However, an election was required whenever dual benefits accrued. The Naval Reserve Act of 1938 contained an election clause, as did the act of July 15, 1939, which extended FECA coverage to Army Reserve personnel. The 1940 amendment to the Naval Reserve Act of 1938, though placing Navy and Marine Corps Reserve personnel serving over 30 days under the coverage of Regular Navy benefits, continued the concept of election of benefits where the required coverage was met. The Coast Guard Act of 1944 partially prohibited any such election by providing that where there was

concurrent coverage by a State or Territorial workman's compensation act, the FECA did not apply. However, an election was required where there was dual coverage under Federal law.

The 1949 act, in the section amending the Naval Reserve Act of 1938, included an election provision. Army personnel or dependents receiving death compensation and gratuity benefits under the 1949 act are required to make an election under the authority of either the 1937 amendment to the Veterans' Administration regulation or the 1944 amendment to the FECA.

#### F. THE FECA RATE INCREASE OF 1949

Except for an amendment in 1927 which had increased the minimum and maximum amount of monthly wages that could be used in computing benefits, the basic act had undergone no rate changes. The 1949 act altered the rate structure to a considerable degree. It increased the maximum cumulative benefits from 66% to 75 percent of the deceased employee's pay. The minimum monthly pay which would be used in benefit computation was increased from \$87.50 to \$150 and the maximum from \$175 to \$525. It increased the widow's or widower's rate from 35 to 45 percent. If either had a child, their benefit rate was increased to 40 percent with 15 percent additional for each child. If only the children survived, the rate was increased from 25 to 35 percent for the first child with 15 percent for each additional child. No increases for other dependent survivors were provided.

It should be noted that in contrast with the reserve tie-in legislation which normally went through the congressional committees concerned with the armed services, the 1949 FECA amendment was referred to the House Committee on Education and Labor and the Senate Committee on Labor and Public Welfare. There appears to have been no discussion in either the reports on the bill or during the debate on the floor of its impact on the relationship between the benefits paid reservists under amended FECA and those paid to members of the Regular Establishment by the VA. The reports on the amendment estimated that it would increase overall benefit costs between 7 and 7½ million dollars a year (S. Rept. 836 and H. Rept. 729, 81st Cong.).

### HISTORICAL DEVELOPMENT OF SOCIAL SECURITY BENEFITS FOR MILITARY AND NAVAL PERSONNEL

#### I. CITATION TO LAWS (INCLUDING BRIEF IDENTIFICATION OF THE LEGISLATION)

- Act of August 10, 1946 (60 Stat. 979), Public Law 719, 79th Congress
  - Social Security Act Amendments of 1946 gave limited credit toward survivor benefits for service during World War II.
- Act of July 25, 1947 (61 Stat. 454), Public Law 238, 79th Congress
  - Extended above act to July 25, 1947.
- Act of August 28, 1950 (64 Stat. 512), Public Law 734, 81st Congress
  - Social-security amendments of 1950 provided gratuitous wage credits toward OASI insurance benefits for service during World War II for military and naval personnel, including both dependent and survivor benefits
- Act of July 18, 1952 (66 Stat. 773), Public Law 590, 82d Congress
  - Social Security Act Amendments of 1952 extended 1950 act to cover service during Korean emergency or through December 31, 1953.
- Act of August 14, 1953 (67 Stat. 580), Public Law 269, 83d Congress
  - Extended 1950 provisions to July 1, 1955.

#### II. COMMENTARY ON LEGISLATIVE DEVELOPMENT

Survivors of persons with active military or naval service were first given the right to old-age and survivors' insurance benefits, on a limited basis, by the social-security amendments of August 10, 1946. This act, like most of those which have been proposed or enacted since that time, viewed military service as an interruption of civilian employment. But it provided protection only for survivors of persons with active military or naval service of 90 days or more (or regardless of service if discharged because of a service-connected disability) whose death occurred within the 3-year period immediately following an other than dishonorable discharge, provided that service occurred after September 16, 1940, and prior to the termination of World War II. These survivor benefits were based on an assumed average monthly wage of \$160 per month, and were financed by Gov-

ernment appropriations to the old-age and survivors' insurance trust fund to meet their cost.

Background studies showed that, while 72 percent of men and women in the Armed Forces had one or more quarters of coverage at the time of induction, the younger group (under 24½) were less likely to have insured status than were older men and women. In effect, therefore, they were awarded protection for their survivors in the event of their early death, on the assumption that they could have acquired a currently insured status under social security if they had not been in the military service. The flat wage credit of \$160 per month was chosen because this amount was relatively close to average military pay (including subsistence and allotments) at that time and bore a reasonable relationship to pay received by civilians in employment covered by social security.

Meanwhile a variety of proposals had appeared for extending wage credits with full benefit rights to persons in the military services. Questions which arose in connection with such proposals were: How would social-security coverage gear in with existing plans for career military service or veterans legislation? Would the size of the Armed Forces be comparatively large or small? Would they continue to be composed of personnel who spend a few years in military service and the remainder in civilian life? Should such a matter be treated as emergency legislation, or should it be established on a permanent basis? The proposals ranged from the limited-emergency type of plan incorporated in the 1946 amendments to a plan for permanent coverage of military and naval personnel on a contributory basis in the same way they would be covered if they were employed in private industry.

The decision in the 1950 amendments to the Social Security Act was, therefore, in the nature of a compromise between existing legislation and the proposal for permanent coverage. These amendments provided retroactive wage credits of \$160 per month for the period of the war emergency (between September 16, 1940, and July 25, 1947) unless a benefit based in whole or in part on the same service was paid by any Federal agency. Unlike the earlier provision, these wage credits could be used at any time in the future, to establish the right to social-security benefits not only for survivors, but also for the individual and his dependents as well. Thus they could be used, without a time limitation, to determine the right of a wife or of a widow over age 65 to social-security benefits. These wage credits could not, however, be used for establishing entitlement to (1) a lump-sum death payment if the veteran died prior to September 1, 1950; or (2) on behalf of any individual who died in service if his death was inflicted as lawful punishment for a military or naval offense. The receipt of pensions or compensation by the Veterans' Administration did not, however, preclude the granting of benefits—including dependent and survivor benefits—to veterans using the period of military service to help establish the right to social-security benefits. Under the terms of the act, the costs of these benefits were borne by the old-age and survivors' insurance trust fund, rather than by Government contribution as in Public Law 719 (1946).

The proposal to treat men and women in the military or naval service, including career personnel, in the same way as those in other covered employment, as contained in the report of the Committee on Retirement Policy for Federal Personnel (the Kaplan Committee) was first endorsed by the Social Security Administration in its annual report for 1941. A similar recommendation was made by the Advisory Council on Social Security of the Senate Committee on Finance in 1948. An earlier (1946) study for the Ways and Means Committee of the House of Representatives had commented as follows on the problem of overlapping benefits, in its similar recommendation: "As a matter of fact, if no change is made in existing law we may expect an ever-increasing number of cases where OASI benefit rights will be acquired by persons who have retired with military pensions. Permanent coverage of military service for OASI purposes would permit satisfactory solution of this situation as protection under OASI after extended military service could be relied upon, and such modification as may seem desirable made in protections afforded by military law. Also, the problems of the great mass of personnel who serve a short time, qualify for no military retirement, but impair or lose OASI protection, would be solved." (Issues in Social Security. Committee Print of the Ways and Means Committee. House of Representatives, 1946, p. 65.)

## APPENDIX D

EXCERPTS TAKEN FROM PART II OF THE REPORT FROM THE COMMITTEE ON RETIREMENT POLICY FOR FEDERAL PERSONNEL, COMMONLY KNOWN AS THE KAPLAN REPORT, SUCH REPORT BEARING SENATE DOCUMENT NO. 89, 2D SESSION, 83D CONGRESS

(Only those excerpts relating to survivors of Armed Forces personnel are being reproduced)

## COMMITTEE ON RETIREMENT POLICY FOR FEDERAL PERSONNEL

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 GEORGE M. HUMPHREY, Secretary of the Treasury.  
 MARION B. FOLSOM, Under Secretary of the Treasury, alternate.  
 CHARLES E. WILSON, Secretary of Defense.  
 J. P. WOMBLE, JR., Rear Admiral, United States Navy, Director of Personnel Policy, Office of the Secretary of Defense, alternate.  
 WILLIAM McC. MARTIN, JR., Chairman, Board of Governors of the Federal Reserve System.  
 ABBOT L. MILLS, JR., Member of the Board of Governors of the Federal Reserve System, alternate.  
 ROWLAND R. HUGHES, Director of the Bureau of the Budget.  
 DONALD R. BELCHER, Assistant Director of the Bureau of the Budget, alternate.  
 PHILIP YOUNG, Chairman, United States Civil Service Commission.  
 FREDERICK J. LAWTON, Commissioner, United States Civil Service Commission, alternate.

C. VICTOR JOHNSON, Executive Director

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 SAMUEL MILLER, Committee on Retirement Policy for Federal Personnel.  
 ROBERT J. MYERS, Department of Health, Education, and Welfare.

## LETTER OF SUBMITTAL

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EXECUTIVE OFFICE OF THE PRESIDENT,  
COMMITTEE ON RETIREMENT POLICY  
FOR FEDERAL PERSONNEL,  
Washington 25, D. C., May 13, 1954.

HON. RICHARD M. NIXON,  
*Vice President of the United States.*

DEAR MR. VICE PRESIDENT: The Committee on Retirement Policy for Federal Personnel, created pursuant to Public Law 555, 82d Congress, was charged with the responsibility of reporting its findings and recommendations on four major areas. On January 15, 1954, the Committee submitted its first report dealing with:

"The types and amounts of retirement and other related benefits provided to Federal personnel, including their role in the compensation system as a whole."

There is submitted herewith Proposal No. 1: The Uniformed Services Retirement System, which contains the Committee's recommendations on the relationship of the military retirement system to the old-age and survivors insurance system. This report fulfills in part that portion of the law which concerns:

"The relationships of these retirement systems to one another, to the Federal employees' compensation system, and to such general systems as old-age and survivors insurance."

Forthcoming reports will deal with the relationship of the civil-service retirement system and other civilian retirement systems to the old-age and survivors insurance system.

It is proposed herein that old-age and survivors insurance be extended to military personnel on a contributory basis and that the present structure of benefits provided to survivors of servicemen be revised. These recommendations represent a new approach to military retirement planning in a number of respects. First, they constitute a total program of benefits, each component of which fulfills a specific function not duplicated by any other. These various components, moreover, are designed to complement each other so that the total program is consistent with the needs of the armed services. The extension of old-age and survivors insurance benefits to career personnel will result in retirement benefits which are more nearly uniform in terms of percentages of pay for each year of service for the various pay grades. The components of the monthly survivor benefit plan will produce a program which will distribute income when and where it is most needed.

Second, the Committee's recommendations provide for retirement protection for noncareer personnel through full participation in the old-age and survivors insurance system. Except for the partial coverage provided by old-age and survivors insurance on a temporary basis for service during and after World War II, no provision has

been made in the past for retirement protection for personnel serving less than 20 years in the Armed Forces. The Committee's proposal would replace the present temporary arrangement with a program which would assure continuing protection for this group.

And third, the Committee proposes that old-age and survivors insurance be extended to military personnel on the same basis that applies in private industry, that is, with regular contributions by both servicemen and the Department of Defense. In recommending contributory participation in the old-age and survivors insurance program, the Committee is proposing that the individual and the Federal Government as an employer bear the cost of participation in the system rather than the old-age and survivors insurance trust fund.

The Committee's recommendations are designed to carry out substantially that part of the President's program outlined in his State of the Union Message to the Congress on January 7, 1954, in which he stated:

"Pay alone will not retain in the career service of our Armed Forces the necessary numbers of long-term and able personnel. I strongly urge, therefore, a more generous use of traditional benefits important to service morale."

Retired pay and survivor protection are two recognized traditional benefits of the Armed Forces. The Committee's recommendations strengthening them are designed to meet the special needs of the services and to enhance the morale of military personnel.

Under the direction of the Congress, the Committee also has other phases of retirement policy under consideration, including:

"The necessity for special benefit provisions for selected employee groups, including overseas personnel and employees in hazardous occupations; and

"The current financial status of the several systems, the most desirable methods of cost determination and funding, the division of costs between the Government and the members of the systems, and the policies that should be followed in meeting the Government's portion of the cost of the various systems."

Reports will be submitted before June 30 of this year which deal with these other two areas.

The Committee takes this opportunity to express its appreciation to its staff for its work in preparing this report. The project was completed under the direction of C. Victor Johnson, Executive Director, and the report was prepared by Thomas H. Paine, under the supervision and technical direction of Armin A. Surgies. The Committee is also indebted to the departments and agencies of the Government which have cooperated with us in our study. We are particularly indebted to Capt. Joseph B. Hoyt, United States Naval Reserve, and Joseph B. Glenn, Actuary for the United States Air Force, for their work in preparing the valuation of the military retirement system and providing the statistical data enabling the Committee to formulate its policy determinations.

Respectfully yours,

H. ELIOT KAPLAN, *Chairman.*

## FOREWORD

The present structure of retirement and survivor benefits for members of the uniformed services is extremely complex; it consists of a variety of benefit programs administered by a number of different agencies of the Federal Government. Historically, studies of military retirement and survivor policies have invariably been concerned with a particular benefit, its sources, amounts, purposes, etc., and changes have been made with little or no concern of their effects on other benefits or on the total structure. The result of this piecemeal development has been the creation of a hodgepodge of benefits which in some instances pyramid to disproportionately large amounts and in other cases fail to provide adequate protection. The presence of several sources of benefit programs has created a cumbersome, overlapping structure of benefits which has no clear direction and is costly to administer.

### A NEW APPROACH

The Committee believes that this is the first time that a comprehensive study, including an authoritative actuarial valuation, has been made of retirement and survivor benefits for members of the uniformed services from the point of view of considering all the benefit programs involved. The results of this study have demonstrated the need of both strengthening the military retirement system and revising the existing structure of survivor benefits. The Committee's objective has been to develop a comprehensive program of protection for active duty personnel. Each component of this program is designed to fulfill a specific purpose which is not duplicated by any other benefit. In its deliberations, the Committee has been guided by certain basic principles which are notably absent in the existing benefit structure.

The Committee's recommendations conform to the principle that benefits should be related to earnings and service, and are in fact a form of deferred compensation. While this principle underlies the existing retirement provisions, it is neglected almost entirely in the present structure of survivor protection. Benefits payable under present programs reflect the philosophy that survivor protection is in the nature of a gratuity rather than compensation. Thus many benefit amounts are totally unrelated to active duty pay or length of service. Equal amounts are awarded to the widow of a private with 1 year of service and the widow of a general with 30 years of service. The Committee believes that survivor benefits are also a form of deferred compensation rather than a gratuity and, consequently, that benefit amounts should be directly related to earnings and service. In enunciating this basic principle, the Committee is proposing to extend to the uniformed services the same concepts of sound pension policy that prevail for civilian employees in the Government and in private industry.

The Committee fully recognizes that a minimum level of benefits is necessary to insure a basic standard of adequacy. To accomplish

this objective, the benefits under the proposed plan remain weighted in favor of the lower pay grades.

Another principle underlying the Committee's proposals is that persons in similar circumstances should be afforded equal treatment. Under existing law, survivors of military personnel who die during wartime receive higher benefits than survivors of servicemen whose deaths occur during peacetime. The Committee feels that such a disparity is not warranted, since a widow's loss and her need for a continuing income to support her children are no greater during time of war than during peacetime. Existing law also provides for differences in treatment between regular personnel and reservists. Reservists on active duty during any period except when a state of war is declared to exist are eligible for greater benefits than are regulars, even though both groups of servicemen may serve side by side and undergo the same risks. The Committee believes that such distinctions between classes of personnel must be eliminated; deviations from the principle of uniformity of treatment will only cause inequities and dissatisfaction.

One of the underlying reasons for the lack of effectiveness of the existing benefit structure lies in the fact that there are at least five separate programs providing protection for servicemen. This arrangement is not only costly to administer, but it makes the objective of a unified and comprehensive program virtually impossible to attain. The Committee believes that simplicity of program and ease of administration are prerequisites of successful benefit planning. To adhere to that principle, the proposed plan reduces the number of programs involved and simplifies some of the benefit formulas.

#### SCOPE OF THE COMMITTEE'S RESPONSIBILITIES

The Committee's recommendations are not intended to cover the entire scope encompassed by present benefits. Under existing law, some programs continue protection to veterans after they leave military service. However, Public Law 555, 82d Congress, which established the Committee, provides that:

The Committee shall make a comparative study of all retirement systems for all Federal personnel \* \* \*

The Committee is not authorized to study other systems which do not directly affect Federal personnel. Consequently the Committee's proposals are limited to active duty personnel with no recommendations made with respect to veterans.

The recommendations in this report are intended to apply to all members of the uniformed services, including members of the Army, Navy, Air Force, Marine Corps, Army and Air Force Nurse Corps, Navy Nurse Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service. Throughout the report, the terms "uniformed services," "armed services," and "military personnel" are used synonymously. However, these terms are to be construed as including all the services for purposes of this report.



# RETIREMENT POLICY FOR FEDERAL PERSONNEL

## PROPOSAL NO. 1

### THE UNIFORMED SERVICES RETIREMENT SYSTEM

#### *Recommendations*

The old-age and survivors insurance provisions of the Social Security Act should be extended to members of the uniformed services on the usual contributory basis that applies to civilian employment. The present complex structure of compensation payments provided to survivors of military personnel should be replaced by a new service-compensation benefit; the existing veterans' compensation, soldiers' indemnity, and Federal employees' compensation provisions relating to active-duty personnel should be discontinued. These changes would provide a measure of retirement protection for noncareer personnel, improve the retirement protection of the career serviceman, and establish a sound and equitable program of survivor protection for all members of the services.

The result of these recommendations, while improving the uniformed services retirement and survivors benefits, will save the United States Government \$108,123,000 per year. The following table compares the cost of benefits under present provisions with the cost of the proposed plan in terms of dollars spent per year and percentages of payroll.

*Comparison of annual costs of present and proposed military retirement and survivor benefit provisions*

	Annual amount	Percentage of total pay <sup>1</sup>
<b>1. Present provisions:</b>		
Cost of military retirement, less 6-month death gratuity: <sup>2</sup>		
Current service.....	\$580,254,000	4.96
Interest on deficiency.....	522,528,000	4.46
Government obligation for present \$160 OASI coverage <sup>3</sup> .....	240,566,000	2.06
6-month death gratuity.....	8,194,000	.07
Veterans' compensation.....	41,897,000	.36
Indemnity.....	77,500,000	.66
Federal Employees Compensation Act.....	40,981,000	.35
Total.....	1,512,020,000	12.92
<b>2. Proposed provisions:</b>		
Cost of military retirement, less 6-month death gratuity: <sup>2</sup>		
Current service.....	580,254,000	4.96
Interest on deficiency.....	522,528,000	4.46
Government contribution to OASI (H. R. 7199).....	215,918,000	1.85
6-month death gratuity.....	10,856,000	.09
Service compensation.....	74,341,000	.64
Total.....	1,403,897,000	12.00
<b>3: Reduction in annual cost.....</b>	108,123,000	.92

<sup>1</sup> Percentage of the aggregate annual rate of pay of \$11,704,000,000 for military personnel on active or inactive duty June 30, 1953. Total pay includes base pay and allowances and the estimated cost of subsistence, clothing, shelter, and medical attention where furnished in kind.

<sup>2</sup> Excludes the cost of that part of VA pensions which is in excess of military retired pay.

<sup>3</sup> 4 percent of aggregate pay at the rate of \$160 per month, less 1 1/4 percent for exclusion of OASI old-age benefits to persons that will receive military retired pay. This represents a minimum estimate of this item.

NOTE.—The above figures are on an actuarial basis and do not necessarily represent the current annual rate of disbursements for the items shown.

## C. SURVIVOR PROTECTION

Under existing laws, survivors of military personnel may be eligible for 5 types of survivors benefits: (1) The lump-sum death gratuity of 6 months' pay; (2) the \$10,000 soldiers' indemnity, payable in the form of \$92.90 per month for 10 years; (3) veterans' compensation payments of \$75 per month for a surviving widow and additional benefits for dependent children; (4) Federal employees' compensation monthly benefits for survivors of reservists on active duty in an amount of 45 percent of final pay for a widow with additional benefits for minor children; and (5) monthly old-age and survivors' insurance benefits based on the \$160 per month wage credits in an amount of \$48 for aged widows, and \$96 or \$128 per month for widows with dependent children.

The application of this complex structure of survivor provisions is unsatisfactory for several reasons. First, the presence of five sources of benefits results in a cumbersome, overlapping structure with no clear direction and costly to administer. Second, the pyramiding of benefits often results in the payment of benefits which are far greater than the deceased's gross active-duty pay and allowances, sometimes amounting to 150 or 160 percent of pay. Third, the benefits are unevenly distributed over the survivor's lifetime. For example, while the widow of an E-1 or E-2 with 2 minor children may receive \$371 per month, or 150 percent of her husband's active duty pay and allowances, for the first 10 years of her widowhood, her benefit will decrease to \$75 per month when her children reach age 18 and the soldiers' indemnity payments expire. Fourth, survivors of reservists on active duty may receive substantially greater benefits than survivors of Regular personnel, since they are eligible for Federal employees' compensation payments which are more liberal than veterans' compensation. A widow of a Regular O-8 who has no dependent children receives only \$75 per month plus the soldiers' indemnity payments; a widow of a Reserve O-8, on the other hand, receives \$525 per month in addition to the soldier's indemnity benefits. And fifth, benefits may be paid to survivors who are not closely related to the deceased and who suffer no monetary loss through his death.

*Proposed survivor program*

The Committee recommends that the present survivor-benefit structure be revised. It proposes that benefits be limited to three sources: (1) the Department of Defense would continue to administer the 6 months' death gratuity on a revised basis; (2) the Department of Health, Education, and Welfare would administer the old-age and survivors' insurance program for military personnel on the basis of full contributory participation rather than the present free \$160 per month wage credits; and (3) the Veterans' Administration would administer a new service-compensation program. The Committee recommends that the soldiers' indemnity, veterans' compensation, and Federal employees' compensation benefits be discontinued for active-duty personnel. However, this is not to be construed as an impairment of the rights of present recipients of these programs to continue to receive benefits.

While the 6 months' gratuity would continue to be paid, it is proposed that the minimum benefit be \$1,200 and the maximum be \$3,000. Since the purpose of this benefit is to pay for the cost of

burial and family readjustment, such an extreme range in benefits as \$468 to \$6,857 is not justified. The lower amount is considered by the Committee as inadequate, and the higher extreme unnecessary.

Benefits payable under the old-age and survivors' insurance program will be greater under the proposed plan of full participation than under the present arrangement of \$160 per month wage credits. The maximum monthly benefit is increased from \$128 to \$168.90; and if the Social Security Act is amended, as provided in pending H. R. 7199, the maximum will become \$190. Since the wage credits are graduated according to pay grade, the benefits will bear some relation to active-duty pay for the enlisted grades, rather than the present flat wage credit provided to all personnel.

The new service-compensation program recommended by the Committee is based on gross pay rather than base pay. The benefit would be payable to widows, minor children, and dependent parents. The benefit amount is equal to 80 percent of the first \$100 per month of gross pay, plus 20 percent of the remainder. For widows without dependent children who are not eligible for old-age and survivors' insurance benefits, the minimum benefit is \$125 per month. If the only survivor is 1 minor child or 1 dependent parent, the amount of service compensation is reduced by 40 percent.

To facilitate administration, wage credits are assigned to each pay grade which correspond to the average gross pay for that grade, similarly as has been done in assigning credits for contribution and benefit purposes for old-age and survivors' insurance coverage. The average gross pay and assigned wage credit for each pay grade are indicated on the following table:

Pay grade	Gross monthly pay	Wage credit	Pay grade	Gross monthly pay	Wage credit
O-8.....	\$1,266.09	\$1,250	W-2.....	\$465.65	\$450
O-7.....	1,139.33	1,125	W-1.....	406.42	400
O-6.....	915.84	900	E-7.....	409.94	400
O-5.....	760.98	750	E-6.....	354.94	350
O-4.....	688.19	675	E-5.....	308.55	300
O-3.....	603.68	600	E-4.....	264.54	260
O-2.....	499.54	560	E-3.....	226.78	220
O-1.....	397.83	400	E-2.....	211.39	200
W-4.....	645.04	650	E-1.....	206.86	200
W-3.....	553.00	525			

While the service-compensation formula is heavily weighted to favor those in low-earning brackets for the purpose of adequacy, it is directly related to pay so that higher benefits accrue to survivors of personnel with higher earnings. This principle of relating benefits to pay is not adhered to by either the soldiers' indemnity or the present veterans' compensation payments.

Under the Committee's proposal, survivors of military personnel would be eligible for monthly benefits from both the old-age and survivors insurance program and the service-compensation plan. The old-age and survivors insurance benefits vary by the number of dependents. A maximum of \$169 per month is payable to a widow with 2 minor children; when the older child attains age 18, the benefit is reduced to \$128 per month; when there are no minor children, no benefit is payable; and when the widow reaches age 65, \$64 per month

is paid for the remainder of her life. The service-compensation benefit is a constant amount that is paid to the widow until death or remarriage.

The total effect of the two programs is to provide a benefit which takes into account the survivor's need when small children must be supported, and at the same time supplies a modest standard of living for the childless widow. In contrast, the present survivor program is apt to lavish benefits in excess of the deceased's total pay during the widow's first years of widowhood, and, a few years later, pay her an amount which is much too meager. The Committee's proposal would redistribute survivor income in a sounder and more effective way.

The following tabulation traces the monthly income under existing laws and the Committee's recommended plan of a widow of an E-6 regular who was left with 2 children aged 3 and 1 years.

Age of survivors			Monthly income under	
Widow	1st child	2d child	Present laws	Proposed plan
33	3	1	\$400	\$299
43	13	11	278	299
48	18	16	217	258
50	--	18	75	130
65	--	--	123	194

As shown in the table, the widow's initial monthly income under present laws is larger than under the proposed plan, and is, in fact, higher than her husband's active-duty pay. However, after 10 years the proposed plan would pay more than under existing provisions. In this example, the total amount of benefits received up to age 65 would be approximately the same under the proposed plan as under existing provisions.

The effect of the Committee's proposal on the survivor benefits of personnel in each enlisted and officer pay grade is shown in a series of tables in appendix A of this report.

#### *Savings*

The cost of the proposed program is substantially less than under present conditions. The annual cost of existing survivor provisions, based on data as of June 30, 1953, is about \$201 million; the annual cost of the proposed plan is about \$127 million. The new program thus represents an annual savings of approximately \$74 million or about 37 percent.

There are two primary reasons for the substantial savings: First, the classes of beneficiaries under the proposed plan are limited to those who suffer financial loss due to the death of the serviceman. Only widows, minor children, and dependent parents may receive benefits. Significant among these limitations is the cessation of benefits on a widow's remarriage. The plan is designed to give adequate protection to those who may be considered wards of the Government. A widow who depended on a serviceman for support should be compensated if he dies while in the service of his country. However, if she remarries, responsibility for her support should properly be assumed by her new husband. The present soldiers' indemnity,

on the other hand, continues to be paid regardless of the widow's marital status.

The second source of savings under the proposed plan is the discontinuance of Federal employees' compensation benefits. The law specifies that these benefits are limited to reservists killed or disabled in line of duty during time of peace. When they are called to active duty during time of war, they are covered by the regular survivor provisions of the armed services. Since the United States is not technically at war, a unique and unforeseen situation has arisen whereby reservists and regulars may serve side by side, yet the reservists may be covered by more substantial survivor protection. To eliminate this difference in treatment of persons in similar situations, the Committee proposes that this oversight in the law be changed so that survivors of reservists are no longer eligible for Federal employees' compensation benefits.

The following outline illustrates the effect of the Committee's survivor proposals. It shows the principal provisions pertaining to source, classes of beneficiaries, lump-sum payments, and monthly payments and their duration under existing laws and under the proposed plan.

SURVIVOR BENEFITS

Survivor benefits under existing laws

Name	Source	To whom payable	Lump-sum payment	Monthly benefit	Duration
6 months' death gratuity	Appropriate services	Widow, children, dependent parents, brothers or sisters, or any other dependent relatives previously designated.	6 months of all pay, including special pays but excluding allowances to which the deceased member is entitled at time of death.	Widow with no child, \$75 per month. Widow with 1 child, \$121 (with \$29 for each additional child). No widow, 1 child, \$67. No widow, 2 children, \$94. No widow, 3 children, \$122 (with \$23 for each additional child). 1 parent, \$92. 2 parents, \$35 each.	Unremarried lifetime of widow. Unremarried minority of children. Lifetime of parents.
Veterans' compensation	Veterans' Administration	Widow, minor children, and dependent parents.			
Soldiers' Indemnity	do.	Surviving spouse, children (including a stepchild, adopted child, or an illegitimate child if the latter was designated as beneficiary by the insured), parent (including a step-parent, parent by adoption, or person who stood in loco parentis to the insured at any time prior to entry into the active service for a period of not less than 1 year), brother or sister of the insured, including those of the half-blood and those through adoption.			10 years.
Partial old-age and survivors' insurance	Social Security Administration	Widow with minor children, orphaned minor children, or in rare cases, dependent parents.	\$192	\$96 for widow with 1 minor child and \$128 for widow with 2 or more minor children. No benefit for widow alone, except after age 65, when \$45 is payable.	Terminates upon death, remarriage, or when children attain age 18. Payable for life after attainment of age 65.

Federal employees' compensation.	Bureau of Employees Compensation, Department of Labor.	Widow, dependent widower, or children under 18 (over 18 if physically disabled or mentally incapacitated), brothers, sisters, grandparents, grandchildren.	Up to \$400 for burial expenses at the discretion of the Administrator.	The following are percentages of pay and allowances in cash or in kind which have a monetary value: Widow or dependent widower, 45 percent; with 1 child, 55 percent; each additional child, 15 percent to maximum of 75 percent. Parents, brothers, sisters, grandparents, and grandchildren, benefits ranging up to 40 percent.	Terminates upon death, remarriage, cessation of dependency, or (for children) attainment of age 18.
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<sup>3</sup> Based on free \$160 per month wage credits.

<sup>4</sup> Applicable to Army and Air Force reservists for death resulting from either injury or disease. Applicable to Navy and Marine Corps reservists only for deaths resulting from injury.

<sup>1</sup> These are the benefits payable in event of death during time of war or extraordinary peace time. In time of peace, the benefits payable are 80 percent of the above schedule.

<sup>2</sup> The free indemnity is used for the purposes of this comparison, inasmuch as it would be impossible to include on a sheet of this nature all the variations possible under the Government insurance systems.

*Survivor benefits under proposed plan*

Name	Source	To whom payable	Lump-sum payment	Monthly benefit	Duration
6 months' death gratuity	Appropriate service	Widow, children, dependent parents, brothers or sisters, or any other dependent relatives previously designated.	6 months of all pay, including special pays but excluding allowances to which the deceased member is entitled at time of death. Minimum: \$1,200; maximum: \$3,000.	80 percent of first \$100 of gross monthly pay, 20 percent of the balance. In the case of 1 orphaned child or 1 parent, only 60 percent of the above benefit is payable. For widows with no minor children, minimum benefit is \$725.	Unremarried lifetime of widow. Unmarried minority of children. Lifetime of parents.
Service compensation	Veterans' Administration	Widow, minor children, and dependent parents.		From \$105 to \$128 for widow with 1 minor child; from \$140 to \$169 with 2 minor children; and from \$160 to \$169 with 3 or more minor children.	Terminates upon death, remarriage, or when children attain age 18. Payable for life after attainment of age 65.
Full old-age and survivors insurance <sup>1</sup>	Social Security Administration.	Widow with minor children, orphaned minor children or in rare cases, dependent parents.	Varies from \$210 to \$245 under present provisions. <sup>2</sup>	No benefit for widow alone, except after age 65, when from \$52.50 to \$63.80 is payable. <sup>3</sup>	

<sup>1</sup> Social-security participation in the new system would be full participation on the regular taxable basis.  
<sup>2</sup> Under proposed amendments (H. R. 7199), these benefits would range from \$235.50 to \$325.50.  
<sup>3</sup> Under proposed amendments (H. R. 7199), the following benefits would be payable: From \$118 to \$163 for widow with 1 minor child; from \$157 to \$190 with 2 minor children; and from \$160 to \$190 with 3 or more minor children. After age 65, from \$58.90 to \$81.40 is payable.



## B. EXISTING SURVIVOR PROVISIONS

The benefits for which the survivors of a member of the Armed Forces who dies on active duty may qualify are as follows:

(1) A lump-sum cash payment, consisting of an amount equal to 6 months' basic and special pay which the decedent was receiving at the time of death. This benefit is payable to the

widow, and if there be no widow, to the child or children, and if there be no widow or child, to any other dependent relative of such officer or enlisted man previously designated by him.

A child who is married, or who is over 21 years of age cannot qualify unless actually dependent upon the deceased service member. The finance service of the service concerned is the paying agency.

(2) The veterans' compensation: This benefit is a monthly amount paid to unremarried widows, minor children, and parents. The amounts for the widow are either \$75 per month for death in time of war or extra-hazardous peacetime or \$60 per month for death in time of peace. Minor children increase these amounts, and there are commensurate benefits where there are children but no widow, and for dependent parents.<sup>3</sup> These payments are made by the Veterans' Administration, Washington, D. C.

(3) Soldier indemnity: The free indemnity known as serviceman's indemnity provides for a \$10,000 payment, payable in monthly installments of \$92.90 each for a period of 10 years to a widow, children, parents, and a number of other beneficiaries of a serviceman dying in the service subsequent to June 27, 1950. This benefit is gratuitous. The amount of the free indemnity may be less than \$10,000 or zero, dependent upon other Government-insurance arrangements the principal may have had. The total of United States Government insurance, national service life insurance, and the free indemnity cannot exceed \$10,000. A combination may cause a change of form of final settlement. The determination of eligibility for this benefit and subsequent payments are made by the insurance service of the Veterans' Administration through its several district offices throughout the country.

(4) Partial social-security coverage: This benefit is based on a flat wage credit of \$160 for each month of active service. There is no cost to the member. It provides for a benefit (under existing old-age and survivors insurance provisions) of \$48 per month for a widow age 65 or over, \$96 for a widow with 1 minor child, and a benefit of \$128 per month for a widow with 2 or more minor children. (There is a rarely occurring combination of circumstances where the survivors of a retired member may benefit.) Determination of eligibility for this benefit and subsequent payment are made by the Bureau of Old-Age and Survivors Insurance, Baltimore, Md.

(5) The Federal Employees' Compensation Act, applicable only to reservists, provides for benefits which are certain percentages of pay and allowances payable to unremarried widows, children, and other beneficiaries of the deceased serviceman who dies on active duty. The benefit for a widow is equal to 45 percent of the member's pay and allowances; for a widow with 1 child, the benefit is 55 percent, with 15 percent additional for each additional child up to a maximum of 75 percent. Reservists who qualify for these benefits may elect

<sup>3</sup> For a table of survivor benefits payable by the veterans' compensation and pensions system, see Committee on Retirement Policy for Federal Personnel, Retirement Provisions for Federal Personnel, Part I, January 15, 1954, p. 97.

them in lieu of the less liberal veterans' compensation payments. Determination of eligibility and subsequent payment are made by the Bureau of Employees Compensation, Department of Labor, Washington, D. C.

#### C. SURVIVOR PROTECTION

The several programs which now pay death benefits to the survivors of military personnel deceased in service have grown up over many years in response to particular needs. Common review of these programs has been complicated not only by the fact that they were enacted at different times but by the circumstance that in the legislative branch they fall within the jurisdictions of at least 3 different committees in each Chamber of Congress, and in the executive branch they are administered by 4 different agencies. These factors help explain the present unsatisfactory situation in which duplicate benefits are paid to some beneficiaries while in other cases the amounts provided are inadequate.

##### *Veterans' Administration death compensation*

Historically, the death-compensation benefits were the first to be provided to widows and orphans of deceased servicemen. Called "pensions" in earlier times, these benefits date back to the first half of the 19th century. In the past these benefits were administered by various agencies, such as the Interior and Treasury Departments, but they are now paid by the Veterans' Administration.

While death benefits have long been provided to regulars in the Armed Forces during peacetime, almost every conflict the United States has engaged in has resulted in new legislation. For survivors of World War I servicemen, the War Risk Act of 1917 provided death-compensation benefits, although the rates were relatively low compared to present standards (\$25 a month to a widow, plus \$10 a month for the first child compared to existing rates of \$75 for a widow and \$46 for the first child). Death-compensation benefits were made available on a current basis for both wartime and peacetime service under the Veterans Regulations issued pursuant to Public Law 2, 73d Congress, March 20, 1933. As the result all servicemen are now covered by this protection. However, specific laws applicable to World War II and the Korean conflict have also been enacted. At present, the rates for peacetime deaths not the result of conflict or instrument of war are 80 percent of wartime rates.

##### *Six months' death gratuity*

This program was enacted in 1908. At that time, no survivorship benefits were provided to servicemen except for the compensation program, now administered by the Veterans' Administration. Benefits are paid by the various military departments from their appropriations for military pay.

##### *Insurance and indemnities*

At the start of World War I, it was recognized that the death-compensation rates then paid from Government appropriations needed supplementation. A new program of war-risk insurance was accordingly enacted in 1917. Optional term life insurance up to \$10,000 at moderate rates was offered under this program to men in service. The Government bore the extra cost of war hazard as well as the administrative expense under this program. Subsequently, conver-

sion to permanent plan United States Government life insurance was provided, but in 1926 term insurance was authorized once more. The United States Government life insurance continued to be available during peacetime service until 1940, when issuance of new policies was terminated.

To take care of the needs of the rapidly expanding Armed Forces and to keep intact the earlier insurance program, a slightly different program of optional life insurance was enacted by the National Service Life Insurance Act in 1940. It followed the pattern of the World War I program in allowing coverage up to \$10,000 at moderate premium rates. As before, the Government reimbursed the trust fund for all deaths traceable to extra hazard and footed the administrative expenses.

A searching investigation of the national service life insurance program conducted in 1950 by a subcommittee of the House Committee on Expenditures in the Executive Departments revealed serious shortcomings in the program. Because the insurance was optional, a small minority of the servicemen who died in the service turned out to be without badly needed protection for their families. Moreover, for the approximately 90 percent of World War II servicemen who took out insurance, it developed that the cost to the Government was higher than if the same protection had been provided in a more direct fashion. This was so because the insurance approach entailed cumbersome and costly payroll-withholding procedures in the military departments and insurance records in the Veterans' Administration and yet, in the end, the General Treasury paid for most insured deaths because they were determined to be traceable to extra hazard.

As a consequence of these findings that the insurance approach was unsatisfactory, the Congress in 1951 enacted the Servicemen's Indemnity Act, which terminated issuance of new NSLI policies and provided in lieu thereof a gratuitous indemnity of \$10,000 in the case of every peacetime or wartime death in military service. These benefits are paid by the Veterans' Administration over a period of 120 months to a liberal classification of beneficiaries, whether or not they are dependent.

#### *Federal Employees' Compensation Act benefits*

For a considerable period prior to 1937, reservists of all branches deceased while on active duty (as well as on active duty for training) in the Armed Forces during peacetime were not eligible for the death-compensation benefits which were provided by the Veterans' Administration to regular members. Instead, under laws enacted in 1925, 1938, 1939, and 1940 (43 Stat. 1084, 52 Stat. 1181, 53 Stat. 1042, and 54 Stat. 762), they were provided, for service after 1925, benefits under what now is the Federal Employees' Compensation Act program. These benefits, which were paid to civilian employees deceased from work-connected causes, were less adequate than those provided by the Veterans' Administration.

As a parallel development, the act of June 23, 1937 (50 Stat. 305), made reservists of all branches on active service, including active service for training, eligible for the peacetime death compensation benefits paid by the Veterans' Administration. Where the person was eligible also for the Federal Employees' Compensation Act benefits, he was required to elect one of the benefits. Coverage under

this act was made retroactive to June 15, 1933, but benefits were made payable only from date of application or date of enactment, whichever was later.

During the World War II period, reservists on active duty were eligible for the benefits available to regulars rather than for the benefits under the Federal Employees' Compensation Act program. However, the act of August 7, 1946 (60 Stat. 892), declared the period after September 8, 1945, to be a "time of peace" for the purposes of benefits to reservists, and thereby made it possible again for reservists on active duty to elect FECA benefits under the laws enacted in 1925, 1938, and 1939, in lieu of VA death compensation benefits. At the time this act was passed this aspect did not appear important, since FECA benefit rates were still generally lower than the alternative VA death compensation rates.

On June 20, 1949, Public Law 108 was enacted with the purpose of equalizing death and disability benefits for reservists and regulars by making reservists in peacetime as well as in wartime eligible for the same benefits as regulars. However, this law did not repeal the earlier statutes allowing reservists in peacetime to obtain FECA benefits. It only required an election between the regular death compensation and death gratuity benefits and the FECA death benefits. Again this did not appear to be a noticeable defect, because FECA benefits were still lower than the VA death compensation benefits. Another law enacted subsequently in 1949, however, set the stage for the emergence of a considerable problem.

The act of October 14, 1949 (63 Stat. 854), increased FECA benefit rates very substantially. As a result, it became advantageous in many cases for families of deceased reservists who were officers or enlisted men in the higher grades to elect FECA benefits from the Labor Department in lieu of two of the benefits described above, namely, veterans' compensation and the death gratuity. In case FECA benefits were elected, the beneficiaries could still continue to receive the soldiers' indemnity and any old-age and survivors' insurance payments.

Thus, by chance, many reservists in active service became eligible for benefits more liberal than those provided to regulars. Moreover, since the Korean conflict was not legally a "state of war," this situation continued and grew greatly in importance as large numbers of reservists were called to duty and remained in the Armed Forces.

#### *Old-age and survivors' insurance benefits*

Parallel with the developments in the foregoing programs, changes in the Social Security Act added another layer of survivorship benefits for many servicemen. In 1940, with the advent of emergency conditions due to the war in Europe, there was general discussion about the need for protection against the loss of insurance rights under the old-age and survivors' insurance program, railroad retirement, and other Government programs for workers called to military service. A message regarding this was sent by the President to the Congress on September 17, 1940.

While provisions for crediting military service were enacted in the early 1940's under the Railroad Retirement Act and other retirement programs, no action under the general old-age and survivors' insurance system was taken until the end of World War II.

A start toward credit for military service under the old-age and survivors insurance system was made by Public Law 719, 79th Congress, approved August 10, 1946. It provided that any World War II serviceman who died during the period of 3 years after discharge from active service was to have fully insured status under the old-age and survivors' insurance system, with an assumed average wage of \$160 a month. In this law, military service between September 16, 1940, and July 25, 1947, was recognized as in World War II. The purpose of the gratuitous 3-year grant of insured status was to bridge the gap in survivorship protection for servicemen shifting from military to civilian employment. These benefits did not apply in cases of death while in the service, or to servicemen who were discharged later than 4 years after the end of World War II. Nor were they payable in case any Veterans' Administration compensation or pension benefits were determined to be payable on the basis of such military service.<sup>4</sup>

The Treasury was required by Public Law 719 to reimburse the old-age and survivors insurance trust fund for the cost of military-service benefits. Appropriations amounting to \$13.7 million were made during the fiscal years 1949-52 to cover the cost of benefits actually paid. Meanwhile, with the enactment of Public Law 734, 81st Congress, the requirement for reimbursement was dropped and no further appropriations were recommended by the President after fiscal 1952. The cost of all future benefit payments resulting from the provision was thus shifted to the old-age and survivors' insurance trust fund. Credit on a month-to-month basis toward old-age and survivors' insurance benefits for service in World War II was provided by Public Law 734, 81st Congress, approved August 28, 1950. The purpose was to "give World War II veterans the status they might have had if military service had not interfered with their employment."<sup>5</sup> To do this the legislation provided gratuitous wage credits under old-age and survivors' insurance of \$160 for each month of military service performed during World War II, which was again defined as service between September 16, 1940, to July 25, 1947. Since these wage credits were provided to World War II servicemen still in the service as well as to veterans, old-age and survivors' insurance benefits were extended to some military personnel still on active duty as well as to veterans. About 16 million individuals who served in the Armed Forces during World War II received these wage credits.

Public Law 734 included a prohibition against the payment of old-age and survivors' insurance benefits based upon these monthly wage credits if a benefit based in whole or in part on the basis of the same World War II service was paid by any Federal agency. The Senate committee report stated that the—

committee believes that war-service wage credits should be withheld when retirement or survivor insurance credit is given for the same military service under another governmental system, such as railroad retirement, civil-service retirement, or a military pension on account of age alone.<sup>6</sup>

However, benefits paid by the Veterans' Administration were excepted from this provision.

<sup>4</sup> Cf. H. Rept. No. 2526, pp. 3-5; S. Rept. No. 1862, pp. 3-5; and title II of Public Law 719, all of 79th Cong., 2d sess.

<sup>5</sup> H. Rept. No. 1300, 81st Cong., p. 16.

<sup>6</sup> S. Rept. No. 1669, 81st Cong., 2d sess., p. 19.

The House bill provided that the old-age and survivor's insurance trust fund was to be reimbursed by the Treasury for the cost of the wage credits. However, the Senate committee took the opposite position with the explanation that the—

committee believes that the cost of the additional benefits resulting from wage credits, as well as those resulting from the present provisions affecting veterans after the amendments go into effect, should be met directly out of the trust fund rather than from special appropriations from the General Treasury to the trust fund as under present law, since there is a substantial amount now in the trust fund and, as will be indicated subsequently, the trust fund will continue for a considerable time to have an excess of income from contributions over outgo for benefit payments.<sup>7</sup>

The Senate view prevailed in conference and Public Law 734, as approved did not provide for reimbursements to the trust fund for military service credits. Thus far the only reimbursements made were the \$13.7 million noted above in the period from 1949 to 1952 for the cost of the 3-year insured-status provisions of Public Law 719. Under this arrangement, the cost of the gratuitous wage credits must be borne by employees and employers who have contributed to the old-age and survivors' insurance trust fund, rather than by the whole population.

Credit on a month-for-month basis for old-age and survivors' insurance purposes with assumed earnings of \$160 a month basis was extended for military service between July 25, 1947, and December 31, 1953, by Public Law 590, 82d Congress, approved July 18, 1952. This extension made military service from September 16, 1940, to December 31, 1953, creditable for old-age and survivors' insurance purposes.

Both the House and Senate committee reports carried identical explanations of the need for the credits:

The Korean conflict has made urgently necessary an adjustment to protect servicemen's rights under the system. In the 1950 amendments to the Social Security Act, your committee provided wage credits of \$160 for each month of active military or naval service during World War II. No credit was provided for any month after the end of World War II. The millions of men and women who will have served their country during the present emergency, especially those who have fought in Korea, should have the same opportunity to build up old-age and survivors' insurance rights as people in covered employment and those who served in World War II. Your committee believes that credit should be given, also, for service between the end of World War II and the beginning of the Korean hostilities. If such credit is not given the survivors of many of the men already killed in Korea would not be able to qualify for benefits.<sup>8</sup>

As in the military service credit provisions of the 1950 amendments, Public Law 590 contained a prohibition against use of the gratuitous credits for military service between July 25, 1947, and December 31, 1953, if such military service was in whole or in part the basis for any periodic Federal benefit (other than from the Veterans' Administration). In order to reduce the cost of enforcing this prohibition, an exemption was added which removed the prohibition if the credits increased the primary insurance amount by 50 cents or less.

On the question of financing the cost of the military-service credits, the House and Senate committees again disagreed. The House version of the bill authorized an appropriation from the General Treasury to the old-age and survivors' insurance trust fund of the additional cost resulting from the wage credits. The Senate bill specified that—

<sup>7</sup> S. Rept. No. 1669, 81st Cong., 2d sess., p. 19.

<sup>8</sup> H. Rept. No. 1944, 82d Cong., 2d sess., p. 6. S. Rept. No. 1806, pp. 2-6.

as is the case with the World War II credits, this additional cost would be borne by the trust fund.<sup>9</sup>

Pending the development of a permanent solution, a further extension of gratuitous social-security credit for service in the Armed Forces from January 1, 1954, through June 30, 1955, was enacted by Public Law 269, 83d Congress, approved August 14, 1953.

As a result of the various stopgap laws enacted in 1950, 1952, and 1953, military service on the basis of presumed earnings of \$160 a month was credited under the old-age and survivors' insurance system from September 16, 1940, through June 30, 1955, without contributions by the servicemen and, under existing financial provisions, largely at the expense of the old-age and survivors' insurance trust fund. The original purpose of such credits was to preserve and continue unbroken the social security of credits by persons entering the Armed Forces temporarily during emergency periods. However, grants of free credits over a prolonged period have led to results previously not clearly foreseen because they have been sufficient to provide lifetime insured status under the old-age and survivors' insurance system on the basis of military service alone in some cases, and in many cases have added still another layer of survivorship benefits to an already complex array of benefits.

#### *Results of piecemeal historical development*

Under present laws 4 different agencies administer 5 different benefit programs for survivors of personnel who die in military service. Families of such personnel are eligible for (1) the 6 months' death gratuity administered by the Defense Department; (2) the \$10,000 Veterans' Administration indemnity benefits; and (3) the Veterans' Administration compensation payments. (4) In addition, military service is now credited toward old-age and survivors' insurance benefits by the Department of Health, Education, and Welfare and many families are eligible for social-security benefits. All four of these benefits are payable simultaneously. Furthermore, (5) most reserve military personnel are now covered under the Federal employees' compensation system administered by the Labor Department and their survivors may elect benefits under it in lieu of the Veterans' Administration compensation payments.

This situation has resulted because piecemeal changes in laws have been cleared by different committees of the Congress over many years and the total picture has never been thoroughly reviewed. As a consequence of the multiple benefits now provided, many families of deceased servicemen now get more income than they did when the servicemen were alive. Administrative waste also results. On the other hand, survivor protection for officers in the higher ranks is inadequate.

#### *Resulting problem areas*

The application of these five survivor benefits results in many inequities in survivor protection. First, the widow of a deceased enlisted man may receive more in dollars per month than the member received in pay and allowances while alive in active service. Second, the benefits are unevenly distributed over the survivor's lifetime. After expiration of soldiers' indemnity and if not eligible for old-age and survivors' insurance benefits, this same widow receives only \$75

<sup>9</sup> S. Rept. No. 1806, p. 22.

per month. Third, benefits for the survivors of Reserve personnel on active duty may be substantially greater than those of Regulars. Fourth, benefits are paid to survivors who are not closely related to the deceased, and who suffered no monetary loss through his death. And fifth, the presence of five sources of benefits results in a cumbersome, overlapping structure with no clear direction and costly to administer.

The ratios of the survivor's initial monthly income to active-duty pay and allowances for officer and enlisted grades are shown on tables 12 through 15. Table 12 shows the ratios for a widow without children; table 13 for a widow with 1 child; table 14 for a widow with 2 children; and table 15 for a widow with 3 children.

These tables show that survivors of reservists who are eligible for Federal employees' compensation benefits generally have higher initial monthly benefits than survivors of regulars. The initial benefits for widows with dependent children often exceed the amount of active-duty pay and allowances of enlisted personnel.

The initial monthly benefits shown in tables 12 through 15 do not continue for the duration of the survivor's life. The soldiers' indemnity is payable in monthly amounts of \$92.90 for 10 years. When dependent children attain age 18, veterans' pensions, old-age and survivors' insurance, and Federal employees' compensation benefits are reduced. While the reduction in these benefits can be justified by the fact that the widow is in less need of support when her children are no longer dependent upon her for support, the termination of the soldiers' indemnity occurs at the end of 10 years, regardless of the widow's need.

TABLE 12.—Initial monthly income under present survivor provisions and ratio to active duty pay and allowances: Widow without children

Pay grade	Gross pay <sup>1</sup>	Initial monthly income.		Ratio (percent) to total pay	
		Regular <sup>2</sup>	Reservist <sup>3</sup>	Regular	Reservist
E-1.....	\$204.49	\$167.90	\$174.90	82	86
E-2.....	209.31	167.90	177.14	80	85
E-3.....	223.79	167.90	183.65	75	82
E-4.....	279.47	167.90	208.70	60	75
E-5.....	315.81	167.90	224.99	53	71
E-6.....	355.88	167.90	243.07	47	68
E-7.....	418.90	167.90	271.45	40	65
W-1.....	407.49	167.90	267.50	41	66
W-2.....	466.78	167.90	294.33	36	63
W-3.....	535.81	167.90	325.43	31	61
W-4.....	646.14	167.90	374.85	26	58
O-1.....	407.56	167.90	267.63	41	66
O-2.....	503.60	167.90	310.85	33	62
O-3.....	605.12	167.90	356.56	28	59
O-4.....	689.23	167.90	394.40	24	57
O-5.....	761.98	167.90	427.12	22	56
O-6.....	916.18	167.90	496.51	18	54
O-7.....	1,140.05	167.90	597.25	15	52
O-8.....	1,266.81	167.90	617.90	13	49

<sup>1</sup> Total pay from table 1, adjusted for dependency status.

<sup>2</sup> See the following:

Veterans' Administration..... \$75.00  
Soldiers' indemnity..... 92.90

Total..... 167.90

<sup>3</sup> See the following:

Federal employees' compensation: 45 percent of total pay, less medical costs and reenlistment bonus.  
Soldier's indemnity..... 92.90



TABLE 13.—Initial monthly income under present survivor provisions and ratio to active-duty pay and allowances: Widow with 1 child

Pay grade	Gross pay <sup>1</sup>	Initial monthly income		Ratio (percent) to total pay	
		Regular <sup>2</sup>	Reservist <sup>3</sup>	Regular	Reservist
E-1	\$230.29	\$309.90	\$303.32	135	132
E-2	235.11	309.90	306.05	132	130
E-3	249.59	309.90	314.00	124	128
E-4	279.47	309.90	330.44	111	118
E-5	315.81	309.90	350.35	98	111
E-6	355.88	309.90	372.44	87	105
E-7	418.90	309.90	407.13	74	97
W-1	407.49	309.90	402.31	76	99
W-2	466.78	309.90	435.09	66	93
W-3	535.81	309.90	473.10	58	88
W-4	646.14	309.90	533.50	48	83
O-1	407.56	309.90	402.46	76	99
O-2	503.60	309.90	455.28	62	90
O-3	605.12	309.90	511.15	51	84
O-4	689.23	309.90	557.39	45	81
O-5	761.98	309.90	597.39	41	78
O-6	916.18	309.90	682.20	34	74
O-7	1,140.05	309.90	713.90	27	63
O-8	1,266.81	309.90	713.90	24	56

<sup>1</sup> Total pay from table 1, adjusted for dependency status.

<sup>2</sup> See the following:

Veterans' Administration	\$121.00
Soldiers' indemnity	92.00
Social security	96.00
Total	309.00

<sup>3</sup> See the following:

Federal employees' compensation: 55 percent of total pay, less medical costs and reenlistment bonus.	
Soldiers' indemnity	92.00
Social security	96.00

TABLE 14.—Initial monthly income under present survivor provisions and ratio to active-duty pay and allowances: Widow with 2 children

Pay grade	Gross pay <sup>1</sup>	Initial monthly income		Ratio (percent) to total pay	
		Regular <sup>2</sup>	Reservist <sup>3</sup>	Regular	Reservist
E-1	\$250.09	\$370.90	\$380.38	148	152
E-2	250.38	370.90	380.69	148	152
E-3	269.39	370.90	393.98	138	146
E-4	299.27	370.90	414.90	124	139
E-5	335.61	370.90	440.24	111	131
E-6	373.80	370.90	467.04	99	125
E-7	421.72	370.90	500.62	88	119
W-1	407.49	370.90	492.51	91	121
W-2	466.78	370.90	534.23	79	114
W-3	535.81	370.90	582.61	69	109
W-4	646.14	370.90	659.49	57	102
O-1	407.56	370.90	492.70	91	121
O-2	503.60	370.90	559.93	74	111
O-3	605.12	370.90	631.04	61	104
O-4	689.23	370.90	689.89	54	100
O-5	761.98	370.90	740.79	49	97
O-6	916.18	370.90	745.90	40	81
O-7	1,140.05	370.90	745.90	33	65
O-8	1,266.81	370.90	745.90	29	59

<sup>1</sup> Total pay from table 1, adjusted for dependency status.

<sup>2</sup> See the following:

Veterans' Administration	\$150.00
Soldiers' indemnity	92.00
Social security	128.00
Total	370.00

<sup>3</sup> See the following:

Federal employees' compensation: 70 percent of total pay, less medical costs and reenlistment bonus.	
Soldiers' indemnity	92.00
Social security	128.00

## SURVIVOR BENEFITS

TABLE 15.—Initial monthly income under present survivor provisions and ratio to active-duty pay and allowances: Widow with 3 children

Pay grade	Gross pay <sup>1</sup>	Initial monthly income		Ratio (percent) to total pay	
		Regular <sup>2</sup>	Reservist <sup>3</sup>	Regular	Reservist
E-1	\$250.09	\$399.90	\$391.77	160	157
E-2	250.38	399.90	392.10	160	157
E-3	269.39	399.90	406.35	148	151
E-4	299.27	399.90	428.76	134	143
E-5	335.61	399.90	455.91	119	136
E-6	373.80	399.90	484.62	107	130
E-7	421.72	399.90	520.60	95	123
W-1	407.49	399.90	511.91	98	126
W-2	466.78	399.90	556.62	86	119
W-3	535.81	399.90	608.45	75	114
W-4	646.14	399.90	690.81	62	107
O-1	407.56	399.90	512.12	79	126
O-2	503.60	399.90	584.15	67	116
O-3	605.12	399.90	660.33	66	109
O-4	689.23	399.90	723.39	58	105
O-5	761.98	399.90	745.90	52	98
O-6	916.18	399.90	745.90	44	81
O-7	1,140.05	399.90	745.90	35	65
O-8	1,266.81	399.90	745.90	32	59

<sup>1</sup> Total pay from table 1, adjusted for dependency status.

<sup>2</sup> See the following:

Veterans' Administration	\$179.00
Soldiers' indemnity	92.90
Social security	128.00
Total	399.90

<sup>3</sup> See the following:

Federal employees' compensation: 75 percent of total pay, less medical costs and reenlistment bonus	
Soldiers' indemnity	92.90
Social security	128.00

## B. BASIS FOR BENEFITS AND CONTRIBUTIONS

There are, of course, a number of possible approaches to the determination of military-pay amounts to be credited under old-age and survivors' insurance. Wage credits could be graduated according to pay grade, or a flat credit could be given to all servicemen in some specified amount ranging from the present \$160 monthly credit to a maximum of \$300 (corresponding with the \$3,600 annual limitation).

In order to maintain equity between servicemen and civilian employees, it would appear necessary that service pay credited under old-age and survivors' insurance should reflect gross pay rather than actual cash pay. For example, in a graduated pay schedule, the lowest enlisted grade should be credited with about \$200 a month, rather than the cash pay of approximately \$90. In addition to the equities involved, a schedule of presumed military pay beginning at \$200 or more per month, and proceeding by several steps to \$300, would not greatly reduce the eventual old-age and survivors' insurance retirement benefit amount of a more highly paid civilian who spends a year or two in one of the lower enlisted grades of the services.

A flat monthly credit for all servicemen, regardless of grade, would involve slightly less administrative work by the service departments, but the savings over a graduated plan would not be significant and would not appear to outweigh the objection that a flat wage credit fails to relate credit and contributions to actual pay. The present \$160 credit is based on the precedent set by the use of the same amount in the railroad-retirement program. At one time it repre-

sented average monthly compensation for railroad employment, but it is now too low to reflect average wages under either the railroad or old-age and survivors' insurance program. It is also too low to represent the value of pay and perquisites of servicemen even in the lowest ranks. A \$300 flat credit appears too high to represent service pay in the lower grades. It would also mean fairly high contributions, in relation to cash pay, by the lower paid servicemen.

In basing contributions and benefits on the value of total pay rather than actual cash pay, the determination of the amount of total pay for each individual is an impossible administrative task, since the values of the noncash allowances are calculable only on an average basis. Therefore, it seems expedient to assign wage credits for a particular grade that closely correspond to the average total pay for personnel in that grade. For officers and warrant officers, a wage credit of \$300 per month was assigned, since gross pay in all cases exceeds the \$300 monthly maximum creditable for tax and benefit purposes under the old-age and survivors' insurance system. The average gross pay for each enlisted grade and the wage credit assigned that grade are listed below. In the event that the Social Security Act were amended in accordance with H. R. 7199, the wage credit assigned to officers, warrant officers, and enlisted grades E-6 and E-7 would be \$350 per month.

Enlisted grade	Gross pay	OASI wage credit	Enlisted grade	Gross pay	OASI wage credit
E-7.....	\$409.94	\$300	E-3.....	\$226.78	\$220
E-6.....	354.94	300	E-2.....	211.39	200
E-5.....	308.55	300	E-1.....	206.86	200
E-4.....	264.54	260			

Under existing old-age and survivors' insurance provisions, employees contribute at the rate of 2 percent of the first \$3,600 of annual earnings. The following tabulation shows the amounts of monthly contributions for the enlisted grades expressed as percentages of base and gross pay. While old-age and survivors' insurance contributions amount to about 5 percent of the base pay of an E-1, this does not represent 5 percent of cash pay, since payments for shelter, overseas duty, hazardous duty, clothing, and sometimes for subsistence are given in cash.

Pay grade	Monthly contributions <sup>1</sup>	Amount of pay		Contributions as percent of—	
		Base pay <sup>2</sup>	Gross pay <sup>2</sup>	Base pay	Gross pay
E-7.....	\$6.00	\$247.45	\$409.94	2.4	1.5
E-6.....	6.00	200.69	354.94	3.0	1.7
E-5.....	6.00	165.86	308.55	3.6	1.9
E-4.....	5.20	131.84	264.54	3.9	2.0
E-3.....	4.40	103.57	226.78	4.2	1.9
E-2.....	4.00	85.75	211.39	4.6	1.9
E-1.....	4.00	81.88	206.86	4.9	1.9

<sup>1</sup> Based on existing OASI provisions, which specify contributions of 2 percent of the first \$3,600 of annual earnings.

<sup>2</sup> Base-pay and gross-pay figures are based on the average figures shown in table 1.

## V. COORDINATION OF SURVIVOR PROVISIONS

The proposed changes in survivor-benefit provisions for military personnel brought about by the extension of old-age and survivors' insurance are based on the following determinations:

- (1) The changes should apply to active duty personnel, with consideration being given to those who retire for disability.
- (2) The level of survivor benefits should be determined as a percentage of gross pay. The gross-pay levels should be figures similar to those used to establish the proposed old-age and survivors' insurance wage credits for the enlisted grades.
- (3) In dealing with the overlapping that now exists in providing survivor benefits, proposed survivor benefits should be limited to three major sources:
  - (a) The Department of Health, Education, and Welfare to provide old-age and survivors' insurance.
  - (b) The Department of Defense to provide a lump-sum death gratuity.
  - (c) The Veterans' Administration to provide a continuing monthly survivor benefit.
- (4) Survivor benefits should be paid only to those who suffer financial loss due to the death of the serviceman.

## A. BENEFIT LEVELS

Under the proposed plan, lump-sum benefits would be payable from two sources: (1) The present 6 months' gratuity would continue to be paid. The amount of this benefit varies from \$468 for a widow of a recruit to \$6,857 for the widow of a general with 30 years of service on flight pay. It is proposed that this 6 months' gratuity be revised to include a minimum of \$1,200 and a maximum of \$3,000. Since the purpose of this benefit is to pay for the costs of burial and family readjustment, such an extreme range in amounts as \$468 to \$6,857 is not justified. The lower amount could be considered inadequate and the higher extreme unnecessary. (2) Lump-sum payments would also be payable under the old-age and survivors' insurance program. The amount of the benefit equals three times the deceased's primary insurance amount. This would amount to a lump sum in the neighborhood of \$210 to \$255 for covered military personnel under existing old-age and survivors' insurance provisions and about \$235 to \$325 under the provisions of H. R. 7199.

Monthly benefits would be payable from two sources: Old-age and survivors' insurance and the Veterans' Administration. The old-age and survivors' insurance benefit equals three-fourths of the deceased's primary insurance amount for the widow, an additional three-fourths of the primary benefit for one dependent child, and an additional one-half the primary amount for each additional dependent child, up to a maximum of \$168.90 per month. Benefits for dependent children terminate upon attainment of age 18, and the widow is eligible for benefits only if there are dependent children or she is aged 65 or over.

Every member of the Armed Forces would be guaranteed immediate insured status under old-age and survivors' insurance so that he would have survivor protection if he died before completing the normal 18-month qualifying period. In this event he would be guaranteed an average monthly wage of at least \$100 for benefit-computation purposes.

The monthly benefit payable by the Veterans' Administration plus the increased social-security protection are intended to replace three types of present benefits: the \$10,000 soldiers' indemnity, monthly veterans' compensation, and Federal employees' compensation benefits for reservists. The amount of this "service compensation" equals 80 percent of the first \$100 in gross pay and 20 percent of the remainder. This benefit would be payable only to dependents who suffered direct financial loss due to the death of the serviceman, i. e., widow, dependent widowers, children under age 18 (or over age 18 if physically disabled or mentally incapacitated), and dependent parents. For widows and dependent widowers, the benefit would cease on remarriage. If the only survivor were 1 minor child or 1 dependent parent, the amount of service compensation would be reduced by 40 percent. For widows without dependent children who are not eligible for old-age and survivors' insurance benefits, the minimum amount of service compensation would be \$125 per month.

Service compensation would apply to all persons on active duty. Coverage would cease immediately upon separation from the Armed Forces or transfer to inactive status.

The proposed plan would not impair any contractual rights of those who hold national service life insurance policies. Holders of NSLI term policies would be given the option of either converting to permanent policies within a reasonable period or temporarily waiving their term policies until they leave the service. Under the latter arrangement, both contributions and coverage would be suspended during the period of service. In the event of death in service, the benefits under the old-age and survivors' insurance program and the service-compensation plan would be payable, but the NSLI policy would not be in force. (This arrangement would not deprive the present holder of NSLI of any benefits, since the proposed program is more generous than present provisions.) Upon discharge from service, the serviceman could again pick up his term NSLI policy and continue it in force on the same basis as is applicable for all veterans. In event of reentry into service, the veterans would again be given the option of converting to a permanent policy or waiving the term policy during the period of service. The establishment of the service-compensation program would in no way affect the existing conditions with respect to NSLI policies for veterans and those on inactive duty.

In determining the value of total pay used as the basis for computing service-compensation benefits, the old-age and survivors' insurance wage credits assigned enlisted personnel for retirement purposes are used. For officers and warrant officers, the basis for service compensation is in accordance with table 21.

TABLE 21.—Gross monthly pay and wage credits for service-compensation benefits

Pay grade	Gross monthly pay	Wage credit	Pay grade	Gross monthly pay	Wage credit
O-8.....	\$1,266.09	\$1,250	W-2.....	\$465.65	\$450
O-7.....	1,139.33	1,125	W-1.....	406.42	400
O-6.....	915.84	900	E-7.....	409.94	400
O-5.....	760.98	750	E-6.....	354.94	350
O-4.....	688.19	675	E-5.....	308.55	300
O-3.....	603.68	600	E-4.....	264.54	260
O-2.....	499.54	500	E-3.....	226.78	220
O-1.....	397.83	400	E-2.....	211.39	200
W-4.....	645.04	650	E-1.....	206.86	200
W-3.....	533.90	525			

In tables 12 through 15 the ratios of the survivor's initial monthly income to active-duty pay and allowances for officer and enlisted grades were presented for present military survivor provisions. In tables 22 through 25 the proposed old-age and survivors' insurance and service-compensation monthly benefits are shown expressed as the same ratio. Table 22 presents the ratios for a widow without children (assuming no old-age and survivors' insurance benefits); table 23 for a widow with 1 child; table 24 for a widow with 2 children; and table 25 for a widow with 3 children. In table 26 the ratios under present and proposed provisions are compared for the cases illustrated in tables 12 through 15 and 22 through 25.

One effect of the proposed plan, as shown by table 26, is to eliminate any difference in treatment between regulars and reservists. Another result is to make it improbable that the widow of a deceased member would receive more in survivor benefits than the amount of the decedent's total pay and allowances, as is possible in many cases under existing conditions. Only for the 3 lowest enlisted grades may initial monthly benefits exceed gross pay under the proposed plan, and only then if the widow has 3 or more dependent children.

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TABLE 22.—Initial monthly income under proposed survivor plan and ratio to active duty pay and allowances: Widow without children

Pay grade	Wage credit	Initial monthly income			Ratio (percent) to total pay <sup>1</sup>		
		OASI <sup>2</sup>	Service compensation <sup>3</sup>	Total	OASI	Service compensation	Total
E-1	\$200		\$125	\$125		61.1	61.1
E-2	200		125	125		59.7	59.7
E-3	220		125	125		55.9	55.9
E-4	260		125	125		44.7	44.7
E-5	300		125	125		39.6	39.6
E-6	350		130	130		36.5	36.5
E-7	400		140	140		33.4	33.4
W-1	400		140	140		34.4	34.4
W-2	450		150	150		32.2	32.2
W-3	525		165	165		30.9	30.9
W-4	650		190	190		29.5	29.5
O-1	400		140	140		35.2	35.2
O-2	500		160	160		32.0	32.0
O-3	600		180	180		29.8	29.8
O-4	675		195	195		28.3	28.3
O-5	750		210	210		27.6	27.6
O-6	900		240	240		26.2	26.2
O-7	1,125		285	285		25.0	25.0
O-8	1,250		310	310		24.5	24.5

<sup>1</sup> Ratios are calculated on the basis of total pay and allowances, rather than on basis of wage credits. Total pay is based on average pay for each grade as shown in table 1, adjusted for dependency status as in table 12.

<sup>2</sup> No OASI benefit is payable unless the surviving widow has dependent children or is age 65 or over.

<sup>3</sup> Service compensation is calculated as follows: 80 percent of 1st \$100 of wage credit plus 20 percent of remainder.

TABLE 23.—Initial monthly income under proposed survivor plan and ratio to active-duty pay and allowances: Widow with 1 child

Pay grade	Wage credit	Initial monthly income			Ratio (percent) to total pay <sup>1</sup>		
		OASI <sup>2</sup>	Service compensation <sup>3</sup>	Total	OASI	Service compensation	Total
E-1	\$200	\$105	\$100	\$205	43.4	45.6	89.0
E-2	200	105	100	205	42.5	44.7	87.2
E-3	220	110	104	214	44.1	41.7	85.7
E-4	260	119	112	231	42.6	40.1	82.7
E-5	300	128	120	248	40.5	38.0	78.5
E-6	350	128	130	258	36.0	36.5	72.5
E-7	400	128	140	268	30.6	33.4	64.0
W-1	400	128	140	268	31.5	34.4	65.9
W-2	450	128	150	278	27.5	32.2	59.7
W-3	525	128	165	293	24.0	30.9	54.9
W-4	650	128	190	318	19.8	29.5	49.3
O-1	400	128	140	268	32.2	35.2	67.4
O-2	500	128	160	288	25.6	32.0	57.6
O-3	600	128	180	308	21.2	29.8	51.0
O-4	675	128	195	323	18.6	28.3	46.9
O-5	750	128	210	338	16.8	27.6	44.4
O-6	900	128	240	368	14.0	26.2	40.2
O-7	1,125	128	285	413	11.2	25.0	36.2
O-8	1,250	128	310	438	10.1	24.5	34.6

<sup>1</sup> Ratios are calculated on basis of total pay and allowances, rather than on basis of wage credits. Total pay is based on average pay for each grade as shown in table 1, adjusted for dependency status as in table 13.

<sup>2</sup> OASI benefit is calculated as follows:  $\frac{3}{4}$  of primary benefit for wife,  $\frac{1}{2}$  for child, and  $\frac{1}{4}$  for family unit, or total of  $1\frac{1}{2}$  times primary benefit. Primary benefit equals 55 percent of 1st \$100 of wage credit plus 15 percent of next \$200 wage credit. Maximum benefit is \$168.90 per month or 80 percent of wage credit.

<sup>3</sup> Service compensation is calculated as follows: 80 percent of 1st \$100 of wage credit plus 20 percent of remainder.

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TABLE 24.—Initial monthly income under proposed survivor plan and ratio to active-duty pay and allowances: Widow with 2 children

Pay grade	Wage credit	Initial monthly income			Ratio (percent) to total pay <sup>1</sup>		
		OASI <sup>2</sup>	Service compensation <sup>3</sup>	Total	OASI	Service compensation	Total
F-1.....	\$200	\$140	\$100	\$240	56.0	40.0	96.0
F-2.....	200	140	100	240	55.9	39.9	95.8
F-3.....	220	146	104	250	64.2	38.6	92.8
F-4.....	260	158	112	270	52.8	37.4	90.2
F-5.....	300	169	120	289	50.4	35.7	86.1
F-6.....	350	169	130	299	45.2	34.8	80.0
F-7.....	400	169	140	309	40.1	33.2	73.3
W-1.....	400	169	140	309	41.6	34.4	76.0
W-2.....	450	169	150	319	36.3	32.2	68.5
W-3.....	525	169	165	334	31.7	30.9	62.6
W-4.....	650	169	190	359	26.2	29.5	55.7
O-1.....	400	169	140	309	42.5	35.2	77.7
O-2.....	500	169	160	329	33.8	32.0	65.8
O-3.....	600	169	180	349	28.0	29.8	57.8
O-4.....	675	169	195	364	24.6	28.3	52.9
O-5.....	750	169	210	379	22.2	27.6	49.8
O-6.....	900	169	240	409	18.5	26.2	44.7
O-7.....	1,125	169	285	454	14.8	25.0	39.8
O-8.....	1,250	169	310	479	13.3	24.5	37.8

<sup>1</sup> Ratios are calculated on basis of total pay and allowances, rather than on basis of wage credits. Total pay is based on average pay for each grade as shown in table 1, adjusted for dependency status as in table 14.

<sup>2</sup> OASI benefit is calculated as follows:  $\frac{1}{4}$  of primary benefit for wife,  $\frac{1}{2}$  for each child, and  $\frac{1}{4}$  for family unit, or total of 2 times primary benefit. Primary benefit equals 55 percent of 1st \$100 of wage credit plus 15 percent of next \$200 of wage credit. Maximum benefit is \$168.90 per month or 80 percent of wage credit.

<sup>3</sup> Service compensation is calculated as follows: 80 percent of 1st \$100 of wage credit plus 20 percent of remainder.

TABLE 25.—Initial monthly income under proposed survivor plan and ratio to active-duty pay and allowances: Widow with 3 children

Pay grade	Wage credit	Initial monthly income			Ratio (percent) to total pay <sup>1</sup>		
		OASI <sup>2</sup>	Service compensation <sup>3</sup>	Total	OASI	Service compensation	Total
E-1.....	\$200	\$160	\$100	\$260	64.0	40.0	104.0
E-2.....	200	160	100	260	63.9	39.9	103.8
E-3.....	220	169	104	273	62.7	38.6	101.3
E-4.....	260	169	112	281	56.5	37.4	93.9
E-5.....	300	169	120	289	50.4	35.7	86.1
E-6.....	350	169	130	299	45.2	34.8	80.0
E-7.....	400	169	140	309	40.1	33.2	73.3
W-1.....	400	169	140	309	41.6	34.4	76.0
W-2.....	450	169	150	319	36.3	32.2	68.5
W-3.....	525	169	165	334	31.7	30.9	62.6
W-4.....	650	169	190	359	26.2	29.5	55.7
O-1.....	400	169	140	309	42.5	35.2	77.7
O-2.....	500	169	160	329	33.8	32.0	65.8
O-3.....	600	169	180	349	28.0	29.8	57.8
O-4.....	675	169	195	364	24.6	28.3	52.9
O-5.....	750	169	210	379	22.2	27.6	49.8
O-6.....	900	169	240	409	18.5	26.2	44.7
O-7.....	1,125	169	285	454	14.8	25.0	39.8
O-8.....	1,250	169	310	479	13.3	24.5	37.8

<sup>1</sup> Ratios are calculated on basis of total pay and allowances, rather than on basis of wage credits. Total pay is based on average pay for each grade as shown in table 1, adjusted for dependency status as in table 15.

<sup>2</sup> OASI benefit is calculated as follows:  $\frac{1}{4}$  of primary benefit for wife,  $\frac{1}{2}$  for each child, and  $\frac{1}{4}$  for family unit, or total of  $2\frac{1}{2}$  times primary benefit. Primary benefit equals 55 percent of 1st \$100 of wage credit plus 15 percent of next \$200 of wage credit. Maximum benefit is \$168.90 per month or 80 percent of wage credit.

<sup>3</sup> Service compensation is calculated as follows: 80 percent of 1st \$100 of wage credit plus 20 percent of remainder.



TABLE 26.—Initial monthly income provided to survivors as a percent of active-duty pay and allowances: Comparison of present and proposed provisions

[Percent]

Pay grade	Widow, no children			Widow, 1 child			Widow, 2 children			Widow, 3 children		
	Present		Proposed	Present		Proposed	Present		Proposed	Present		Proposed
	Regu-lars	Reserv-ists		Regu-lars	Reserv-ists		Regu-lars	Reserv-ists		Regu-lars	Reserv-ists	
E-1	82	86	61	135	132	89	148	152	96	160	157	104
E-2	80	85	60	132	130	87	148	152	96	160	157	104
E-3	75	82	56	124	126	86	138	146	93	148	151	101
E-4	60	75	45	111	118	83	124	139	90	134	143	94
E-5	53	71	40	98	111	79	111	131	86	119	136	86
E-6	47	63	37	87	105	72	99	125	80	107	130	80
E-7	40	65	33	74	97	64	88	119	73	95	123	73
W-1	41	66	34	76	99	66	91	121	76	98	126	76
W-2	36	63	32	66	93	60	79	114	69	86	119	69
W-3	31	61	31	58	88	55	69	109	63	75	114	63
W-4	26	58	30	48	83	49	57	102	56	62	107	56
O-1	41	66	35	76	99	67	91	121	78	98	126	78
O-2	33	62	32	62	90	58	74	111	66	79	116	66
O-3	28	59	30	51	84	51	61	104	58	66	109	58
O-4	24	57	28	45	81	47	54	100	53	58	105	53
O-5	22	56	28	41	78	44	49	97	50	52	98	50
O-6	18	54	26	34	74	40	40	81	45	44	81	45
O-7	15	52	25	27	63	36	33	65	40	35	65	40
O-8	13	49	25	24	56	35	29	59	38	32	59	38

Another effect of the proposed plan is to make a more effective distribution of benefits over the survivor's lifetime than is the case under present provisions. While old-age and survivors' insurance benefits are subject to change when dependent children attain age 18 and when the widow reaches age 65, the service compensation is payable in a uniform amount throughout the survivor's lifetime.

The proposed plan would also reduce the number of programs providing survivor benefits and the number of agencies involved in making benefit determinations. This would facilitate better administration at reduced cost. The Department of Health, Education, and Welfare administers the social-security program. The collection of old-age and survivors' insurance taxes and the transfer of these funds would be a relatively simple matter for the finance agencies of the armed services, since the use of wage credits to approximate gross pay results in only four levels of wages for tax and benefit purposes. The Department of Defense would continue to pay the 6 months' death gratuity. The Veterans' Administration would administer the service-compensation program, which would involve relatively little administrative cost. There would be no benefits payable by the Bureau of Employees' Compensation, since Federal employees' compensation payments would be eliminated.

The proposed amendments to the Social Security Act (H. R. 7199) would increase the levels of survivor benefits payable under the plan, in some cases as much as \$35 per month. A comparison between the levels of survivor benefits under present old-age and survivors' insurance provisions and under H. R. 7199 is shown on table 27 for each pay grade. The effect of H. R. 7199 on the total amount of survivors' benefits, including service compensation, would be to increase benefits by from 1 to 9 percent. (See table 28.)

## SURVIVOR BENEFITS

TABLE 27.—Initial monthly OASI income under proposed survivor plan: Comparison of present OASI provisions and provisions under proposed Social Security Act Amendments<sup>1</sup>

Pay grade	Wage credit	Widow with 1 child		Widow with 2 children		Widow with 3 children	
		Present	H. R. 7199	Present	H. R. 7199	Present	H. R. 7199
E-1-----	\$200	\$105	\$118	\$140	\$157	\$160	\$160
E-2-----	200	105	118	140	157	160	160
E-3-----	220	110	124	146	165	169	176
E-4-----	260	119	136	158	181	169	190
E-5-----	300	128	148	169	190	169	190
E-6-----	350	128	163	169	190	169	190
E-7-----	350	128	163	169	190	169	190
W-1-----	350	128	163	169	190	169	190
W-2-----	350	128	163	169	190	169	190
W-3-----	350	128	163	169	190	169	190
W-4-----	350	128	163	169	190	169	190
O-1-----	350	128	163	169	190	169	190
O-2-----	350	128	163	169	190	169	190
O-3-----	350	128	163	169	190	169	190
O-4-----	350	128	163	169	190	169	190
O-5-----	350	128	163	169	190	169	190
O-6-----	350	128	163	169	190	169	190
O-7-----	350	128	163	169	190	169	190
O-8-----	350	128	163	169	190	169	190

<sup>1</sup> OASI benefits are calculated as follows:  $\frac{3}{4}$  of primary benefit for wife,  $\frac{1}{2}$  for each child, and  $\frac{1}{4}$  for family unit. Under present provisions, the primary benefit equals 55 percent of the 1st \$100 of wage credit plus 15 percent of next \$200 of wage credit. Maximum benefit is \$168.90 per month or 80 percent of wage credit. Under H. R. 7199, 83d Cong., the primary benefit would equal 55 percent of the 1st \$110 of wage credit plus 20 percent of the next \$240 of wage credit. Maximum benefit is \$190 per month or 80 percent of wage credit.

TABLE 28.—Initial monthly income provided to survivors under proposed plan as a percent of active-duty pay and allowances: Comparison of present OASI provisions and provisions under proposed Social Security Act Amendments<sup>1</sup>

[Percent]

Pay grade	Widow, no children		Widow with 1 child		Widow, 2 children		Widow, 3 children	
	Present	H. R. 7199	Present	H. R. 7199	Present	H. R. 7199	Present	H. R. 7199
E-1-----	61	61	89	95	96	103	104	104
E-2-----	60	60	87	93	96	103	104	104
E-3-----	56	56	86	91	93	100	101	104
E-4-----	45	45	83	89	90	98	94	101
E-5-----	40	40	79	85	86	92	86	82
E-6-----	37	37	72	83	80	86	80	86
E-7-----	33	33	64	72	73	78	73	78
W-1-----	34	34	66	74	76	81	76	81
W-2-----	32	32	60	67	69	73	69	73
W-3-----	31	31	55	61	63	66	63	66
W-4-----	30	30	49	55	56	59	56	59
O-1-----	35	35	67	74	78	81	78	81
O-2-----	32	32	58	64	66	69	66	69
O-3-----	30	30	51	57	58	61	58	61
O-4-----	28	28	47	52	53	56	53	56
O-5-----	28	28	44	49	50	52	50	52
O-6-----	26	26	40	44	45	47	45	47
O-7-----	25	25	36	39	40	42	40	42
O-8-----	25	25	35	37	38	39	38	39

<sup>1</sup> The ratios are based on the total initial monthly income, including OASI and service compensation.

Another method of presenting a comparison between the proposed survivor plan and existing provisions is in terms of the levels of benefits that continue throughout the survivor's lifetime. Tables 29A, 29B, and 29C show the amounts of continuing monthly benefits provided to each enlisted, warrant officer, and officer grade by existing and proposed provisions. The soldiers' indemnity provided under present laws is omitted from the tables, since its payments of \$92.90 per month expire at the end of 10 years. The benefits shown in the

tables reflect income that continues as long as the survivor's applicable dependency status exists. These tables illustrate the more effective distribution of income over the widow's lifetime under the proposed plan than under existing provisions.

TABLE 29.—Continuing monthly benefits provided to survivors of military personnel: Present provisions and proposed plan <sup>1</sup>

## A. ENLISTED PERSONNEL

Pay grade	Widow with 3 children	Widow with 2 children	Widow with 1 child	Widow, no children	Widow, age 65 and over
E-1: Present Regulars.....	\$307	\$278	\$217	\$75	\$123
Present Reserves.....	299	287	210	82	130
Proposed:					
Existing OASI.....	260	240	205	125	153
H. R. 7199.....	260	257	218	125	159
E-2: Present Regulars.....	307	278	217	75	123
Present Reserves.....	299	288	213	84	132
Proposed:					
Existing OASI.....	260	240	205	125	153
H. R. 7199.....	260	257	218	125	159
E-3: Present Regulars.....	307	278	217	75	123
Present Reserves.....	313	301	221	91	139
Proposed:					
Existing OASI.....	273	250	214	125	159
H. R. 7199.....	280	269	228	125	166
E-4: Present Regulars.....	307	278	217	75	123
Present Reserves.....	336	322	238	116	164
Proposed:					
Existing OASI.....	281	270	231	125	171
H. R. 7199.....	302	293	248	125	180
E-5: Present Regulars.....	307	278	217	75	123
Present Reserves.....	363	347	257	132	180
Proposed:					
Existing OASI.....	289	289	248	125	184
H. R. 7199.....	310	310	268	125	194
E-6: Present Regulars.....	307	278	217	75	123
Present Reserves.....	392	374	280	150	198
Proposed:					
Existing OASI.....	299	299	258	130	194
H. R. 7199.....	320	320	293	130	211
E-7: Present Regulars.....	307	278	217	75	123
Present Reserves.....	428	408	314	179	227
Proposed:					
Existing OASI.....	309	309	268	140	204
H. R. 7199.....	330	330	303	140	221

## B. WARRANT OFFICERS

W-1: Present Regulars.....	\$307	\$278	\$217	\$75	\$123
Present Reserves.....	419	400	309	175	223
Proposed:					
Existing OASI.....	309	309	268	140	204
H. R. 7199.....	330	330	303	140	221
W-2: Present Regulars.....	307	278	217	75	123
Present Reserves.....	464	441	342	201	249
Proposed:					
Existing OASI.....	319	319	278	150	214
H. R. 7199.....	340	340	313	150	231
W-3: Present Regulars.....	307	278	217	75	123
Present Reserves.....	516	490	380	233	281
Proposed:					
Existing OASI.....	334	334	293	165	229
H. R. 7199.....	355	355	328	165	246
W-4: Present Regulars.....	307	278	217	75	123
Present Reserves.....	598	567	441	282	330
Proposed:					
Existing OASI.....	359	359	318	190	254
H. R. 7199.....	380	380	353	190	271

See footnote at end of table, p. 56.

TABLE 29.—Continuing monthly benefits provided to survivors of military personnel: Present provisions and proposed plan<sup>1</sup>—Continued

## C. OFFICERS

Pay grade	Widow with 3 children	Widow with 2 children	Widow with 1 child	Widow, no children	Widow, age 65 and over
O-1: Present Regulars.....	\$307	\$278	\$217	\$75	\$123
Present Reserves.....	419	400	310	175	223
Proposed:					
Existing OASI.....	309	309	268	140	204
H. R. 7199.....	330	330	303	140	221
O-2: Present Regulars.....	307	278	217	75	123
Present Reserves.....	491	467	362	218	266
Proposed:					
Existing OASI.....	329	329	288	160	224
H. R. 7199.....	350	350	323	160	241
O-3: Present Regulars.....	307	278	217	75	123
Present Reserves.....	567	538	418	264	312
Proposed:					
Existing OASI.....	349	349	308	180	244
H. R. 7199.....	370	370	343	180	261
O-4: Present Regulars.....	307	278	217	75	123
Present Reserves.....	630	597	464	302	350
Proposed:					
Existing OASI.....	364	364	323	195	259
H. R. 7199.....	385	385	358	195	276
O-5: Present Regulars.....	307	278	217	75	123
Present Reserves.....	653	648	504	334	382
Proposed:					
Existing OASI.....	379	379	338	210	274
H. R. 7199.....	400	400	373	210	291
O-6: Present Regulars.....	307	278	217	75	123
Present Reserves.....	653	653	589	404	452
Proposed:					
Existing OASI.....	409	409	368	240	304
H. R. 7199.....	430	430	403	240	321
O-7: Present Regulars.....	307	278	217	75	123
Present Reserves.....	653	653	621	504	552
Proposed:					
Existing OASI.....	454	454	413	285	349
H. R. 7199.....	475	475	448	285	366
O-8: Present Regulars.....	307	278	217	75	123
Present Reserves.....	653	653	621	525	573
Proposed:					
Existing OASI.....	479	479	438	310	374
H. R. 7199.....	500	500	473	310	391

<sup>1</sup> The soldiers' indemnity provided under existing laws is omitted, since its payments of \$92.90 per month expire at the end of 10 years. This table shows income that continues as long as the applicable dependency status exists.

## B. COST OF SURVIVOR BENEFITS

On the basis of estimates prepared from the 1953 valuation of the uniformed services retirement system, the cost of the proposed survivor plan would be substantially lower than present provisions. Table 30 presents a comparison of costs between existing and proposed conditions, according to dependency status. The table shows that the proposed plan would cost about \$74 million per year less than under present laws, with over half the savings attributable to deaths of unmarried personnel. This is primarily due to the fact that the proposed plan reduces the classes of persons who may be beneficiaries.

TABLE 30.—Comparison of annual costs of survivor benefits under present provisions and proposed plan, by dependency status <sup>1</sup>

[In thousands of dollars]

Dependency status	Present benefits <sup>2</sup>	Proposed plan	Savings
Total.....	\$200, 814	\$126, 859	\$73, 955
Not married.....	74, 964	5, 566	42, 408
Widow only.....	28, 727	24, 544	4, 183
Widow and 1 child.....	38, 788	31, 223	7, 565
Widow and 2 children.....	66, 512	51, 418	15, 094
Widow and 3 children.....	18, 813	14, 108	4, 705

<sup>1</sup> Based on a total Armed Forces strength of 3,600,000, 1948 actual death rates, and 1950 dependency estimates. The deaths are assumed to be distributed between Regulars and Reservists as follows:

	Regular	Reserve
	<i>Percent</i>	<i>Percent</i>
Enlisted.....	100	-----
W-O.....	95	5
O-1 to O-5.....	30	70
O-6.....	93	7
O-7 and O-8.....	98	2

<sup>2</sup> For Regulars, this is the present value of all benefits under the Veterans' Administration, social security, 6 months' death gratuity, and \$10,000 soldiers' indemnity. For reservists, Federal employees' compensation benefits are substituted for veterans' compensation where greater benefits result.

Table 31 presents the cost comparison between present and proposed benefits in terms of pay grades. The table shows that the proposed plan would be less expensive for all grades except E-7, O-6, O-7, and O-8.

These cost estimates do not reflect two other types of savings which would accrue: First, the proposed plan reduces service compensation by 40 percent if there is no widow and only 1 minor child or dependent parent. Second, the estimates of Federal employees' compensation payments are not made on the basis of special pays such as flight pay.

## SURVIVOR BENEFITS

TABLE 31.—Comparison of annual costs of survivor benefits under present provisions and proposed plan, by pay grade <sup>1</sup>

[In thousands of dollars]

Pay grade	Present benefits <sup>2</sup>	Proposed plan	Savings
Total.....	\$200,814	\$126,859	\$73,955
E-1.....	6,794	1,369	5,425
E-2.....	17,357	4,167	13,190
E-3.....	18,762	5,351	13,411
E-4.....	19,348	10,053	9,295
E-5.....	20,494	15,403	5,091
E-6.....	16,853	14,752	2,101
E-7.....	18,907	19,131	-224
W-0.....	1,641	1,607	34
O-1.....	2,187	1,207	980
O-2.....	34,795	22,109	12,686
O-3.....	23,016	14,632	8,384
O-4.....	9,532	6,904	2,628
O-5.....	7,947	5,404	2,543
O-6.....	2,183	3,028	-845
O-7 and O-8.....	998	1,742	-744

<sup>1</sup> Based on a total Armed Forces strength of 3,600,000, 1948 actual death rates, and 1950 dependency estimates. The deaths are assumed to be distributed between regulars and reservists as follows:

	Regular	Reserve
	Percent	Percent
Enlisted.....	100	-----
W-0.....	95	5
O-1 to O-5.....	30	70
O-6.....	93	7
O-7 and O-8.....	98	2

<sup>2</sup> For regulars, this is the present value of all benefits under the Veterans' Administration, Social Security, 6 months' death gratuity, and \$10,000 soldiers' indemnity. For reservists, Federal employees' compensation benefits are substituted for veterans' compensation where greater benefits result.

The cost estimates are based on certain assumptions that are subject to change. A total Armed Forces strength of 3,600,000 is assumed. Death rates are based on actual deaths in 1948 and dependency status as of 1950. The actual 1948 service deaths blown up to 3,600,000 strength, with dependency distribution according to 1950 status, are shown in table 32.

TABLE 32.—Actual 1948 service deaths blown up to 3,600,000 strength with dependency distribution as of 1950

Pay grade	Total deaths	Not married	Widow only	Widow, 1 child	Widow, 2 children	Widow, 3 children
E-1.....	570	541	5	11	11	2
E-2.....	1,396	1,271	54	36	31	4
E-3.....	1,443	1,269	94	42	31	7
E-4.....	1,055	697	181	119	67	11
E-5.....	739	273	183	154	118	31
E-6.....	498	114	100	112	134	38
E-7.....	503	65	112	71	197	58
W-0.....	42	7	7	9	15	4
O-1.....	83	36	27	16	2	2
O-2.....	748	127	177	219	183	42
O-3.....	360	51	60	34	168	47
O-4.....	141	11	29	18	67	16
O-5.....	96	7	16	4	51	18
O-6.....	49	2	9	7	24	7
O-7 and O-8.....	27	2	13	7	5	-----
Total.....	7,750	4,473	1,027	859	1,104	287

One of the principal reasons for the lower cost of the proposed plan as compared to present provisions is that the classes of beneficiaries are more limited. A significant saving results from ceasing service-compensation benefits on a widow's remarriage. The present soldiers' indemnity, on the other hand, continues to be paid regardless of the widow's marital status. Table 33 shows the present values of survivor benefits under existing and proposed conditions for each enlisted, warrant officer, and officer grade. The table, which separates widows who remarry from those who do not remarry, reveals the significant savings resulting from limiting service-compensation payments to unremarried widows.

TABLE 33.—Present values of survivor benefit payments to widows only, by pay grade, split between those widows who remarry and those who do not, under present provisions and proposed plan <sup>1</sup>

Pay grade	System <sup>2</sup>	Present value for—		
		Widows who remarry	Widows who do not remarry	All widows
E-1	Present:			
	Regular.....	\$15,199	\$39,446	\$19,211
	Reserve.....	15,638	41,955	19,994
	Proposed:			
	Present OASI.....	9,046	49,027	15,664
E-2	H. R. 7199.....	9,047	49,394	15,722
	Present:			
	Regular.....	15,234	39,480	19,245
	Reserve.....	15,814	42,796	20,279
	Proposed:			
E-3	Present OASI.....	9,046	49,027	15,664
	H. R. 7199.....	9,047	49,394	15,722
	Present:			
	Regular.....	15,550	39,241	20,601
	Reserve.....	16,585	44,795	22,603
E-4	Proposed:			
	Present OASI.....	9,423	48,592	17,777
	H. R. 7199.....	9,424	49,024	17,866
	Present:			
	Regular.....	15,907	39,068	22,073
E-5	Reserve.....	18,690	53,214	27,892
	Proposed:			
	Present OASI.....	9,734	48,288	19,997
	H. R. 7199.....	9,736	48,838	20,140
	Present:			
E-6	Regular.....	16,405	38,536	24,910
	Reserve.....	20,511	57,557	34,768
	Proposed:			
	Present OASI.....	10,222	47,370	24,494
	H. R. 7199.....	10,227	48,087	24,765
E-7	Present:			
	Regular.....	16,775	37,932	27,498
	Reserve.....	22,341	61,895	42,420
	Proposed:			
	Present OASI.....	10,884	47,660	29,522
W-1	H. R. 7199.....	10,900	49,047	30,217
	Present:			
	Regular.....	17,145	36,909	30,465
	Reserve.....	24,894	67,473	53,643
	Proposed:			
W-2	Present OASI.....	12,067	48,651	36,727
	H. R. 7199.....	12,105	50,279	37,818
	Present:			
	Regular.....	16,900	39,031	25,405
	Reserve.....	24,062	72,214	42,603
W-2	Proposed:			
	Present OASI.....	11,589	52,656	27,372
	H. R. 7199.....	11,598	53,904	27,844
	Present:			
	Regular.....	17,273	38,912	26,926
W-2	Reserve.....	26,522	80,144	50,493
	Proposed:			
	Present OASI.....	12,799	55,445	31,819
	H. R. 7199.....	12,791	56,761	32,398

See footnotes at end of table, p. 60.

## SURVIVOR BENEFITS

TABLE 33.—Present values of survivor benefit payments to widows only, by pay grade, split between those widows who remarry and those who do not, under present provisions and proposed plan <sup>1</sup>—Continued

Pay grade	System <sup>2</sup>	Present value for—		
		Widows who remarry	Widows who do not remarry	All widows
W-3	Present:			
	Regular.....	\$17,743	\$38,900	\$28,466
	Reserve.....	29,406	89,111	59,734
	Proposed:			
W-4	Present OASI.....	14,433	59,776	37,427
	H. R. 7199.....	14,449	61,163	38,122
	Present:			
	Regular.....	19,905	37,731	30,992
O-1	Reserve.....	39,517	97,992	75,986
	Proposed:			
	Present OASI.....	20,851	63,651	47,500
	H. R. 7199.....	20,880	65,194	48,453
O-2	Present:			
	Regular.....	16,327	40,018	21,378
	Reserve.....	22,881	75,189	34,059
	Proposed:			
O-3	Present OASI.....	10,608	54,619	19,989
	H. R. 7199.....	10,606	55,687	20,210
	Present:			
	Regular.....	16,897	40,058	23,063
O-4	Reserve.....	26,637	89,570	43,431
	Proposed:			
	Present OASI.....	12,697	61,277	25,637
	H. R. 7199.....	12,702	62,402	25,929
O-5	Present:			
	Regular.....	17,781	39,912	26,286
	Reserve.....	31,350	102,779	58,869
	Proposed:			
O-6	Present OASI.....	15,347	66,866	35,161
	H. R. 7199.....	15,356	68,114	35,633
	Present:			
	Regular.....	18,308	39,465	29,031
O-7	Reserve.....	35,080	111,673	73,998
	Proposed:			
	Present OASI.....	17,219	69,904	43,948
	H. R. 7199.....	17,235	71,291	44,643
O-8	Present:			
	Regular.....	18,741	38,505	32,061
	Reserve.....	38,135	114,999	90,070
	Proposed:			
O-9	Present OASI.....	18,849	70,850	53,935
	H. R. 7199.....	18,887	72,478	55,026
	Present:			
	Regular.....	19,691	38,128	34,427
O-10	Reserve.....	43,772	126,567	110,108
	Proposed:			
	Present OASI.....	20,909	74,554	63,836
	H. R. 7199.....	20,997	76,478	65,373
O-11	Present:			
	Regular.....	20,724	38,816	35,841
	Reserve.....	50,547	147,633	130,794
	Proposed:			
O-12	Present OASI.....	23,507	83,547	73,364
	H. R. 7199.....	23,703	85,845	75,391
	Present:			
	Regular.....	21,604	37,917	36,540
O-13	Reserve.....	51,610	137,923	130,825
	Proposed:			
	Present OASI.....	24,885	81,335	76,644
	H. R. 7199.....	25,221	83,946	79,047

<sup>1</sup> Based on the 1937 Standard Annuity Table for Female Lives with revised American remarriage rates and an interest rate of 2½ percent.

<sup>2</sup> Benefits included are:

Present (regular):

1. 6 months' death gratuity.
2. Soldiers' indemnity.
3. OASI (deferred to 65) based on \$160 per month wage credit.
4. Veterans' compensation.

Present (reserve): Same as for regular, except Federal employees' compensation benefits are substituted for veterans' compensation.

Proposed:

1. 6 months' death gratuity:  
Minimum \$1,200.  
Maximum \$3,000.
2. OASI (deferred to 65) based on full participation.
3. Service compensation.



## C. COMPARISON OF EXISTING LAWS AND PROPOSED PROVISIONS

The program of proposed survivor benefits represents a distinct improvement over existing provisions in a number of respects. The elimination of inequality of treatment between regulars and reservists, the administrative advantage of only 3 sources of benefits as compared to the present 5, the elimination of benefits which exceed the deceased's total gross pay, the more effective distribution of benefits over the survivor's lifetime, the limiting of benefits to survivors who suffer financial loss due to the death of the serviceman, and the substantially lower cost of the proposed plan have already been mentioned. The inherent reason for these advantages is that the proposed plan constitutes a total program, each component of which is designed to complement the others. The combined effect of the old-age and survivors' insurance benefits and the service-compensation program is to provide a benefit which takes into account the survivor's need when small children must be supported and at the same time supplies a modest standard of living for the childless widow.

In addition, the proposed program adheres to the principle that compensation should be related to the earnings of the insured. While both the old-age and survivors' insurance and service-compensation benefit formulas are weighted in favor of those in low earnings classes for the purpose of adequacy, the application of the provisions results in a program in which increased military pay is reflected in increased survivor protection. In contrast, the present veterans' compensation benefits, the \$10,000 soldiers' indemnity, and old-age and survivors' insurance benefits based on the \$160 per month wage credits provide the same benefits to survivors of personnel in all pay grades.

The proposals to extend old-age and survivors' insurance to military personnel and to establish the service-compensation program apply only to active-duty personnel. In addition, the proposals are concerned only with survivors of military personnel who die after the program becomes effective.

## SURVIVOR BENEFITS

TABLES OF MONTHLY RETIREMENT AND SURVIVOR BENEFITS  
UNDER PRESENT AND PROPOSED PLANS FOR EACH PAY GRADEUNIFORMED SERVICES RETIREMENT SYSTEM: MONTHLY RETIREMENT AND SUR-  
VIVOR BENEFITS PAYABLE UNDER PRESENT AND PROPOSED PLANS.*Pay grade E-1*

## MONTHLY RETIREMENT BENEFITS

Not applicable to pay grade E-1

## MONTHLY SURVIVOR BENEFITS

Dependency status <sup>1</sup>	Wage credit	Regular				Reserve			
		Present		Proposed with—		Present		Proposed with—	
		1st 10 years <sup>2</sup>	After 10 years <sup>2</sup>	Existing OASI	H. R. 7199	1st 10 years <sup>2</sup>	After 10 years <sup>2</sup>	Existing OASI	H. R. 7199
Widow, 3 children.....	\$200	\$400	\$307	\$260	\$260	\$392	\$299	\$260	\$260
Widow, 2 children.....	200	371	278	240	257	380	287	240	257
Widow, 1 child.....	200	310	217	205	218	303	210	205	218
Widow, no children.....	200	168	75	125	125	175	82	125	125
Widow, age 65 and over.....	200	216	123	153	159	223	130	153	159

## ANNUAL COST OF SURVIVOR BENEFITS

Present benefits.....	\$6,794,000
Proposed benefits.....	1,369,000
Savings.....	5,425,000

<sup>1</sup> The benefit amounts shown on this table apply only as long as the applicable dependency status exists (i. e. children remaining under 18 years of age).

<sup>2</sup> The soldiers' indemnity benefit of \$92.90 per month is payable for 10 years. The benefit amounts shown in the column apply only as long as the applicable dependency status exists.

*Pay grade E-2*

## MONTHLY RETIREMENT BENEFITS

Not applicable to pay grade E-2

## MONTHLY SURVIVOR BENEFITS

Dependency status <sup>1</sup>	Wage credit	Regular				Reserve			
		Present		Proposed with—		Present		Proposed with—	
		1st 10 years <sup>2</sup>	After 10 years <sup>2</sup>	Existing OASI	H. R. 7199	1st 10 years <sup>2</sup>	After 10 years <sup>2</sup>	Existing OASI	H. R. 7199
Widow, 3 children.....	\$200	\$400	\$307	\$260	\$260	\$392	\$299	\$260	\$260
Widow, 2 children.....	200	371	278	240	257	381	288	240	257
Widow, 1 child.....	200	310	217	205	218	306	213	205	218
Widow, no children.....	200	168	75	125	125	177	84	125	125
Widow, age 65 and over.....	200	216	123	153	159	225	132	153	159

## ANNUAL COST OF SURVIVOR BENEFITS

Present benefits.....	\$17,357,000
Proposed benefits.....	4,167,000
Savings.....	13,190,000

<sup>1</sup> The benefit amounts shown on this table apply only as long as the applicable dependency status exists (i. e. children remaining under 18 years of age).

<sup>2</sup> The soldiers' indemnity benefit of \$92.90 per month is payable for 10 years. The benefit amounts shown in the column apply only as long as the applicable dependency status exists.

SURVIVOR BENEFITS

Pay grade E-3

MONTHLY RETIREMENT BENEFITS

Not applicable to pay grade E-3

MONTHLY SURVIVOR BENEFITS

Dependency status <sup>1</sup>	Wage credit	Regular				Reserve			
		Present		Proposed with—		Present		Proposed with—	
		1st 10 years <sup>2</sup>	After 10 years <sup>2</sup>	Existing OASI	H. R. 7199	1st 10 years <sup>2</sup>	After 10 years <sup>2</sup>	Existing OASI	H. R. 7199
Widow, 3 children.....	\$220	\$400	\$307	\$273	\$280	\$406	\$313	\$273	\$280
Widow, 2 children.....	220	371	278	250	269	394	301	250	269
Widow, 1 child.....	220	310	217	214	228	314	221	214	228
Widow, no children.....	220	168	75	125	125	184	91	125	125
Widow, age 65 and over.....	220	216	123	159	166	232	139	159	166

ANNUAL COST OF SURVIVOR BENEFITS

Present benefits.....	\$18,762,000
Proposed benefits.....	5,351,000
Savings.....	13,411,000

<sup>1</sup> The benefit amounts shown on this table apply only as long as the applicable dependency status exists (i. e., children remaining under 18 years of age).

<sup>2</sup> The soldiers' indemnity benefit of \$92.90 per month is payable for 10 years. The benefit amounts shown in the column apply only as long as the applicable dependency status exists.

Pay grade E-4

MONTHLY RETIREMENT BENEFITS

Not applicable to pay grade E-4

MONTHLY SURVIVOR BENEFITS

Dependency status <sup>1</sup>	Wage credit	Regular				Reserve			
		Present		Proposed with—		Present		Proposed with—	
		1st 10 years <sup>2</sup>	After 10 years <sup>2</sup>	Existing OASI	H. R. 7199	1st 10 years <sup>2</sup>	After 10 years <sup>2</sup>	Existing OASI	H. R. 7199
Widow, 3 children.....	\$260	\$400	\$307	\$281	\$302	\$429	\$336	\$281	\$302
Widow, 2 children.....	260	371	278	270	293	415	322	270	293
Widow, 1 child.....	260	310	217	231	248	330	238	231	248
Widow, no children.....	260	168	75	125	125	209	116	125	125
Widow, age 65 and over.....	260	216	123	171	180	257	164	171	180

ANNUAL COST OF SURVIVOR BENEFITS

Present benefits.....	\$19,348,000
Proposed benefits.....	10,053,000
Savings.....	9,295,000

<sup>1</sup> The benefit amounts shown on this table apply only as long as the applicable dependency status exists (i. e., children remaining under 18 years of age).

<sup>2</sup> The soldier's indemnity benefit of \$92.90 per month is payable for 10 years. The benefit amounts shown in the column apply only as long as the applicable dependency status exists.

## SURVIVOR BENEFITS

## Pay grade E-5

## MONTHLY SURVIVOR BENEFITS

Dependency status †	Wage credit	Regular				Reserve			
		Present		Proposed with—		Present		Proposed with—	
		1st 10 years ‡	After 10 years ‡	Existing OASI	H. R. 7199	1st 10 years ‡	After 10 years ‡	Existing OASI	H. R. 7199
Widow, 3 children.....	\$300	\$400	\$307	\$289	\$310	\$456	\$363	\$289	\$310
Widow, 2 children.....	300	371	278	289	310	440	347	289	310
Widow, 1 child.....	300	310	217	248	268	350	257	248	268
Widow, no children.....	300	168	75	125	125	225	182	125	125
Widow, age 65 and over.....	300	216	123	184	194	273	180	184	194

## ANNUAL COST OF SURVIVOR BENEFITS

Present benefits.....	\$20,494,000
Proposed benefits.....	15,403,000
Savings.....	5,091,000

NOTE.—Footnotes are to be found at the end of this series of tables, p. 70.

## Pay grade E-6

## MONTHLY SURVIVOR BENEFITS

Dependency status †	Wage credit	Regular				Reserve			
		Present		Proposed with—		Present		Proposed with—	
		1st 10 years ‡	After 10 years ‡	Existing OASI	H. R. 7199	1st 10 years ‡	After 10 years ‡	Existing OASI	H. R. 7199
Widow, 3 children.....	\$350	\$400	\$307	\$299	\$320	\$485	\$392	\$299	\$320
Widow, 2 children.....	350	371	278	299	320	467	374	299	320
Widow, 1 child.....	350	310	217	258	293	372	280	258	293
Widow, no children.....	350	168	75	130	130	243	150	130	130
Widow, age 65 and over.....	350	216	123	194	211	291	198	194	211

## ANNUAL COST OF SURVIVOR BENEFITS

Present benefits.....	\$16,853,000
Proposed benefits.....	14,762,000
Savings.....	2,101,000

NOTE.—Footnotes are to be found at the end of this series of tables, p. 70.

## Pay grade E-7

## MONTHLY SURVIVOR BENEFITS

Dependency status †	Wage credit	Regular				Reserve			
		Present		Proposed with—		Present		Proposed with—	
		1st 10 years ‡	After 10 years ‡	Existing OASI	H. R. 7199	1st 10 years ‡	After 10 years ‡	Existing OASI	H. R. 7199
Widow, 3 children.....	\$400	\$400	\$307	\$309	\$330	\$521	\$428	\$309	\$330
Widow, 2 children.....	400	371	278	309	330	501	408	309	330
Widow, 1 child.....	400	310	217	268	303	407	314	268	303
Widow, no children.....	400	168	75	140	140	271	179	140	140
Widow, age 65 and over.....	400	216	123	204	221	319	227	204	221

## ANNUAL COST OF SURVIVOR BENEFITS

Present benefits.....	\$18,907,000
Proposed benefits.....	19,131,000
Increased cost.....	224,000

NOTE.—Footnotes are to be found at the end of this series of tables, p. 70.

SURVIVOR BENEFITS

Pay grade W-1

MONTHLY SURVIVOR BENEFITS

Dependency status <sup>a</sup>	Wage credit	Regular				Reserve			
		Present		Proposed with—		Present		Proposed with—	
		1st 10 years <sup>b</sup>	After 10 years <sup>b</sup>	Existing OASI	H. R. 7199	1st 10 years <sup>b</sup>	After 10 years <sup>b</sup>	Existing OASI	H. R. 7199
Widow, 3 children.....	400	\$400	\$307	\$309	\$330	\$512	\$419	\$309	\$330
Widow, 2 children.....	400	371	278	309	330	493	400	309	330
Widow, 1 child.....	400	310	217	268	303	402	309	268	303
Widow, no children.....	400	168	75	140	140	268	175	140	140
Widow, age 65 and over.....	400	216	123	204	221	316	223	204	221

ANNUAL COST OF SURVIVOR BENEFITS (ALL WO)

Present benefits.....	\$1,641,000
Proposed benefits.....	1,607,000
Savings.....	34,000

NOTE.—Footnotes are to be found at the end of this series of tables, p. 70.

Pay grade W-2

MONTHLY SURVIVOR BENEFITS

Dependency status <sup>a</sup>	Wage credit	Regular				Reserve			
		Present		Proposed with—		Present		Proposed with—	
		1st 10 years <sup>b</sup>	After 10 years <sup>b</sup>	Existing OASI	H. R. 7199	1st 10 years <sup>b</sup>	After 10 years <sup>b</sup>	Existing OASI	H. R. 7199
Widow, 3 children.....	450	\$400	\$307	\$319	\$340	\$557	\$464	\$319	\$340
Widow, 2 children.....	450	371	278	319	340	534	441	319	340
Widow, 1 child.....	450	310	217	278	313	435	342	278	313
Widow, no children.....	450	168	75	150	150	294	201	150	150
Widow, age 65 and over.....	450	216	123	214	231	342	249	214	231

ANNUAL COST OF SURVIVOR BENEFITS (ALL WO)

Present benefits.....	\$1,641,000
Proposed benefits.....	1,607,000
Savings.....	34,000

NOTE.—Footnotes are to be found at the end of this series of tables, p. 70.

## SURVIVOR BENEFITS

## Pay grade W-3

## MONTHLY SURVIVOR BENEFITS

Dependency status <sup>a</sup>	Wage credit	Regular				Reserve			
		Present		Proposed with—		Present		Proposed with—	
		1st 10 years <sup>b</sup>	After 10 years <sup>b</sup>	Existing OASI	H. R. 7199	1st 10 years <sup>b</sup>	After 10 years <sup>b</sup>	Existing OASI	H. R. 7199
Widow, 3 children.....	\$525	\$400	\$307	\$334	\$355	\$608	\$516	\$334	\$355
Widow, 2 children.....	525	371	278	334	355	583	490	334	355
Widow, 1 child.....	525	310	217	293	323	473	380	293	323
Widow, no children.....	525	168	75	165	165	325	233	165	165
Widow, age 65 and over.....	525	216	123	229	246	373	281	229	246

## ANNUAL COST OF SURVIVOR BENEFITS (ALL WO)

Present benefits.....	\$1,641,000
Proposed benefits.....	1,607,000
Savings.....	34,000

NOTE.—Footnotes are to be found at the end of this series of tables, p. 70.

## Pay grade W-4

## MONTHLY SURVIVOR BENEFITS

Dependency status <sup>a</sup>	Wage credit	Regular				Reserve			
		Present		Proposed with—		Present		Proposed with—	
		1st 10 years <sup>b</sup>	After 10 years <sup>b</sup>	Existing OASI	H. R. 7199	1st 10 years <sup>b</sup>	After 10 years <sup>b</sup>	Existing OASI	H. R. 7199
Widow, 3 children.....	\$650	\$400	\$307	\$359	\$380	\$691	\$598	\$359	\$390
Widow, 2 children.....	650	371	278	359	380	659	567	359	380
Widow, 1 child.....	650	310	217	318	353	534	441	318	353
Widow, no children.....	650	168	75	190	190	375	282	190	190
Widow, age 65 and over.....	650	216	123	254	271	423	330	254	271

## ANNUAL COST OF SURVIVOR BENEFITS (ALL WO)

Present benefits.....	\$1,641,000
Proposed benefits.....	1,607,000
Savings.....	34,000

NOTE.—Footnotes are to be found at the end of this series of tables, p. 70.

**SURVIVOR BENEFITS**

*Pay grade O-1*

**MONTHLY RETIREMENT BENEFITS**

Not applicable to pay grade O-1

**MONTHLY SURVIVOR BENEFITS**

Dependency status <sup>1</sup>	Wage credit	Regular				Reserve			
		Present		Proposed with—		Present		Proposed with—	
		1st 10 years <sup>2</sup>	After 10 years <sup>2</sup>	Existing OASI	H. R. 7199	1st 10 years <sup>1</sup>	After 10 years <sup>2</sup>	Existing OASI	H. R. 7199
Widow, 3 children.....	\$400	\$400	\$307	\$309	\$330	\$512	\$419	\$309	\$330
Widow, 2 children.....	400	371	278	309	330	493	400	309	330
Widow, 1 child.....	400	310	217	268	303	402	310	268	303
Widow, no children.....	400	168	75	140	140	268	175	140	140
Widow, age 65 and over.....	400	216	123	204	221	316	223	204	221

**ANNUAL COST OF SURVIVOR BENEFITS**

Present benefits.....	\$2,187,000
Proposed benefits.....	1,207,000
Savings.....	980,000

<sup>1</sup> The benefit amounts shown on this table apply only as long as the applicable dependency status exists (i. e. children remaining under 18 years of age).

<sup>2</sup> The soldiers' indemnity benefit of \$92.90 per month is payable for 10 years. The benefit amounts shown in the column apply only as long as the applicable dependency status exists.

*Pay grade O-2*

**MONTHLY RETIREMENT BENEFITS**

Not applicable to pay grade O-2

**MONTHLY SURVIVOR BENEFITS**

Dependency status <sup>1</sup>	Wage credit	Regular				Reserve			
		Present		Proposed with—		Present		Proposed with—	
		1st 10 years <sup>2</sup>	After 10 years <sup>2</sup>	Existing OASI	H. R. 7199	1st 10 years <sup>1</sup>	After 10 years <sup>2</sup>	Existing OASI	H. R. 7199
Widow, 3 children.....	\$500	\$400	\$307	\$329	\$350	\$584	\$491	\$329	\$350
Widow, 2 children.....	500	371	278	329	350	560	467	329	350
Widow, 1 child.....	500	310	217	288	323	455	362	288	323
Widow, no children.....	500	168	75	160	160	311	218	160	160
Widow, age 65 and over.....	500	216	123	224	241	359	266	224	241

**ANNUAL COST OF SURVIVOR BENEFITS**

Present benefits.....	\$34,795,000
Proposed benefits.....	22,109,000
Savings.....	12,686,000

<sup>1</sup> The benefit amounts shown on this table apply only as long as the applicable dependency status exists (i. e., children remaining under 18 years of age).

<sup>2</sup> The soldiers' indemnity benefit of \$92.90 per month is payable for 10 years. The benefit amounts shown in the column apply only as long as the applicable dependency status exists.

## SURVIVOR BENEFITS

## Pay grade O-3

## MONTHLY RETIREMENT BENEFITS

Not applicable to pay grade O-3

## MONTHLY SURVIVOR BENEFITS

Dependency status <sup>1</sup>	Wage credit	Regular				Reserve			
		Present		Proposed with—		Present		Proposed with—	
		1st 10 years <sup>2</sup>	After 10 years <sup>2</sup>	Existing OASI	H. R. 7199	1st 10 years <sup>1</sup>	After 10 years <sup>1</sup>	Existing OASI	H. R. 7199
Widow, 3 children.....	\$600	\$400	\$307	\$349	\$370	\$660	\$567	\$349	\$370
Widow, 2 children.....	600	371	278	349	370	631	538	349	370
Widow, 1 child.....	600	310	217	308	343	511	418	308	343
Widow, no children.....	600	168	75	180	180	357	264	180	180
Widow, age 65 and over.....	600	216	123	244	261	405	312	244	261

## ANNUAL COST OF SURVIVOR BENEFITS

Present benefits.....\$23,016,000  
Proposed benefits.....14,632,000

Savings.....8,384,000

<sup>1</sup> The benefit amounts shown on this table apply only as long as the applicable dependency status exists (i. e., children remaining under 18 years of age).

<sup>2</sup> The soldiers' indemnity benefit of \$92.90 per month is payable for 10 years. The benefit amounts shown in the column apply only as long as the applicable dependency status exists.

## Pay grade O-4

## MONTHLY SURVIVOR BENEFITS

Dependency status <sup>1</sup>	Wage credit	Regular				Reserve			
		Present		Proposed with—		Present		Proposed with—	
		1st 10 years <sup>2</sup>	After 10 years <sup>2</sup>	Existing OASI	H. R. 7199	1st 10 years <sup>1</sup>	After 10 years <sup>1</sup>	Existing OASI	H. R. 7199
Widow, 3 children.....	\$675	\$400	\$307	\$364	\$385	\$723	\$630	\$364	\$385
Widow, 2 children.....	675	371	278	364	385	690	597	364	385
Widow, 1 child.....	675	310	217	323	358	557	464	323	358
Widow, no children.....	675	168	75	195	195	394	302	195	195
Widow, age 65 and over.....	675	216	123	259	276	442	350	259	276

## ANNUAL COST OF SURVIVOR BENEFITS

Present benefits.....\$9,532,000  
Proposed benefits.....6,904,000

Savings.....2,628,000

NOTE.—Footnotes are to be found at the end of this series of tables, p. 70.



SURVIVOR BENEFITS

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Pay grade O-5

MONTHLY SURVIVOR BENEFITS

Dependency status <sup>5</sup>	Wage credit	Regular				Reserve			
		Present		Proposed with—		Present		Proposed with—	
		1st 10 years <sup>6</sup>	After 10 years <sup>6</sup>	Existing OASI	H. R. 7199	1st 10 years <sup>6</sup>	After 10 years <sup>6</sup>	Existing OASI	H. R. 7199
Widow, 3 children.....	\$750	\$400	\$307	\$379	\$400	\$746	\$653	\$379	\$400
Widow, 2 children.....	750	371	278	379	400	741	648	379	400
Widow, 1 child.....	750	310	217	338	373	597	504	338	373
Widow, no children.....	750	168	75	210	210	427	334	210	210
Widow, age 65 and over.....	750	216	123	274	291	475	382	274	291

ANNUAL COST OF SURVIVOR BENEFITS

Present benefits.....	\$7,947,000
Proposed benefits.....	5,404,000
Savings.....	2,543,000

NOTE.—Footnotes are to be found at the end of this series of tables, p. 70.

Pay grade O-6

MONTHLY SURVIVOR BENEFITS

Dependency status <sup>5</sup>	Wage credit	Regular				Reserve			
		Present		Proposed with—		Present		Proposed with—	
		1st 10 years <sup>6</sup>	After 10 years <sup>6</sup>	Existing OASI	H. R. 7199	1st 10 years <sup>6</sup>	After 10 years <sup>6</sup>	Existing OASI	H. R. 7199
Widow, 3 children.....	\$900	\$400	\$307	\$409	\$430	\$746	\$653	\$409	\$430
Widow, 2 children.....	900	371	278	409	430	746	653	409	430
Widow, 1 child.....	900	310	217	368	403	682	589	368	403
Widow, no children.....	900	168	75	240	240	497	404	240	240
Widow, age 65 and over.....	900	216	123	304	321	545	452	304	321

ANNUAL COST OF SURVIVOR BENEFITS

Present benefits.....	\$2,183,000
Proposed benefits.....	3,028,000
Increased cost.....	845,000

NOTE.—Footnotes are to be found at the end of this series of tables, p. 70.

## SURVIVOR BENEFITS

## Pay grade O-7

## MONTHLY SURVIVOR BENEFITS

Dependency status <sup>1</sup>	Wage credit	Regular				Reserve			
		Present		Proposed with—		Present		Proposed with—	
		1st 10 years <sup>2</sup>	After 10 years <sup>2</sup>	Existing OASI	H. R. 7199	1st 10 years <sup>2</sup>	After 10 years <sup>2</sup>	Existing OASI	H. R. 7199
Widow, 3 children.....	\$1,125	\$400	\$307	\$454	\$475	\$746	\$653	\$454	\$475
Widow, 2 children.....	1,125	371	278	454	475	746	653	454	475
Widow, 1 child.....	1,125	310	217	413	448	714	621	413	448
Widow, no children.....	1,125	168	75	285	285	697	504	285	285
Widow, age 65 and over.....	1,125	216	123	349	366	645	552	349	366

## ANNUAL COST OF SURVIVOR BENEFITS (O-7 AND O-8)

Present benefits.....	\$998,000
Proposed benefits.....	1,742,000
Increased cost.....	774,000

## Pay grade O-8

## MONTHLY SURVIVOR BENEFITS

Dependency status <sup>1</sup>	Wage credit	Regular				Reserve			
		Present		Proposed with—		Present		Proposed with—	
		1st 10 years <sup>2</sup>	After 10 years <sup>2</sup>	Existing OASI	H. R. 7199	1st 10 years <sup>2</sup>	After 10 years <sup>2</sup>	Existing OASI	H. R. 7199
Widow, 3 children.....	\$1,250	\$400	\$307	\$479	\$500	\$746	\$653	\$479	\$500
Widow, 2 children.....	1,250	371	278	479	500	746	653	479	500
Widow, 1 child.....	1,250	310	217	438	473	714	621	438	473
Widow, no children.....	1,250	168	75	310	310	618	525	310	310
Widow, age 65 and over.....	1,250	216	123	374	391	666	573	374	391

## ANNUAL COST OF SURVIVOR BENEFITS (O-7 AND O-8)

Present benefits.....	\$998,000
Proposed benefits.....	1,742,000
Increased cost.....	774,000

## FOOTNOTES TO TABLES ILLUSTRATING BENEFIT AMOUNTS FOR PAY GRADES E-5; E-6; E-7; W-1; W-2; W-3; W-4; O-4; O-5; O-6; O-7; AND O-8

<sup>1</sup> Lengths of service of over 30 years are not shown, since personnel who serve more than 30 years invariably have been promoted to a higher rank.

<sup>2</sup> OASI benefits are calculated as having been earned during the period of time spent in military service. Additional OASI coverage in outside employment would increase the amount of benefit. In these illustrations, a full working life under OASI is assumed and the benefit attributable to military service is in the same proportion to the total OASI benefit as the years of military service are to the total working life.

These OASI benefits are payable beginning at age 65. Assuming an entrance for enlisted men of age 20, the age at retirement would be 40, 45, or 50 for years of service of 20, 25, and 30, respectively. According to the 1937 Standard Annuity Table, the proportion of these retirees who would live to age 65 to receive OASI retirement benefits would be 73, 75, and 78 percent, respectively. For officers with an entrance age of 23, the age at retirement would be 43, 48, and 53 for years of service of 20, 25, and 30 years, respectively. The likelihood of survival to age 65 for these retirement ages is 74, 76, and 80 percent, respectively.

<sup>3</sup> Calculated on minimum total salary for the grade and length of service, as shown in table 3.

<sup>4</sup> Calculated on total salary including allowances for dependents and hazardous duty pay, as well as overseas pay for enlisted personnel, as shown in table 3.

<sup>5</sup> The benefit amounts shown on this table apply only as long as the applicable dependency status exists (i. e., children remaining under 18 years of age).

<sup>6</sup> The soldiers' indemnity benefit of \$92.90 per month is payable for 10 years. The benefit amounts shown in the column apply only as long as the applicable dependency status exists.

## APPENDIX E

## PREPARED STATEMENTS OF WITNESSES APPEARING BEFORE THE COMMITTEE

STATEMENT OF CHARLES E. ECKERT, LEGISLATIVE ATTORNEY, OFFICE OF THE COMPTROLLER GENERAL, ACCOMPANIED BY LLOYD A. NELSON, ASSISTANT DIRECTOR, ACCOUNTING SYSTEMS DIVISION, BEFORE THE SELECT COMMITTEE ON SURVIVOR BENEFITS, HOUSE OF REPRESENTATIVES, NOVEMBER 18, 1954

Mr. Chairman, the General Accounting Office appreciates the opportunity to appear before this committee to express its views on the general subject of survivor benefits. It has long been our view that the subject of survivor benefits, particularly as it relates to our active military and veteran population, is one which should receive a careful evaluation by the Congress. This area of benefits is exceedingly broad and complex. However, when regard is had for the millions of present and potential beneficiaries of existing legislation and the large impact of such benefit programs on our Federal budget, now and in the years to come, the importance of the recommendations of this select committee to the Congress, to the beneficiaries and to the taxpayers, is apparent.

Under date of October 27, 1954, the Acting Comptroller General transmitted to the committee a report of the General Accounting Office on the subject. In his letter to the chairman he summarized the basic matters which he felt should be considered by the committee as follows:

1. Establishing for the future the extent of the Government's obligation to its service personnel, divided into two broad groups: (a) the survivors of those who die in the active service, and of those who die after discharge from injuries or disease incurred as a result of active service, and (b) the survivors of those who die after discharge from active military service but whose cause of death is not the result of military service.

2. Providing substantial uniformity of treatment to all survivors of servicemen, and veterans whose death is attributable to service, with limited adjustment between the various grades.

3. Relating the survivor program for military personnel and veterans to the social-security system, which is now nearing universal application to the whole population based on the 1954 amendments, with addition of certain compensation features to reflect the obligation of the general public to the survivors of those who lost their lives in service or because of service.

4. Providing that monthly benefits in all cases should be limited to surviving widows and children under 18, and to dependent widowers and dependent parents, when no widow or children survive.

The area of survivor benefits is today exceedingly complex due primarily to the enactment over the years of piecemeal legislation designed to grant benefits to the survivors of service personnel and veterans. One of the first elements which we feel must be considered is a determination of the extent of the Government's obligation to survivors of military personnel and survivors of veterans who meet an untimely death because of prior military service. Does the Government's obligation extend to all those who during any period may have worn the uniform of the armed services or does it extend only to those who while in uniform were killed or injured and have died in service or after discharge as a result of such injury? Properly for consideration in connection with such question is the number of veterans of the services today, together with the number which can be foreseen as rendering service in the future. Especially significant in this connection is the impact which the social-security system has on the need for special benefits for survivors of veterans, particularly if such benefits are payable merely by reason of service such as presently is the case in connection with benefits paid because of World War I and prior war service.

Once the Congress determines the obligation it must then consider the amount of the benefit and the form which it shall take. The General Accounting Office agrees with the Kaplan Committee that social security should be extended to the military and that such system should be a basic element of any survivor benefit program enacted.

The Kaplan Committee approaches the problem by providing a basic service compensation payment which would be scaled by the rank or grade of the member of the service. The General Accounting Office in its recommendation has grouped the various ranks or grades into three major categories. Historically, this type of legislation has provided only one basic amount which would be uniform in all

cases. In determining the appropriate approach to be taken it would seem pertinent to consider whether the purpose and intent is to provide a specific amount to a beneficiary regardless of other benefits which might be received or whether the purpose and intent is to assure that such beneficiaries will be provided a sufficient amount from any and all sources to provide reasonable compensation. Under the first approach a program could be designed to pay specific monthly amounts to the various classes of survivors of persons killed in or as a result of active service without affecting those programs presently in existence as regards present recipients. Under the second approach the Congress might well determine the monthly amount which might be appropriate to provide the various classes of beneficiaries with reasonable compensation. Once these amounts were established, the Government would in effect guarantee to eligible survivors this monthly amount as a maximum, but would adjust such amount by those amounts payable from any other Federal source such as social security, servicemen's indemnity, and Government insurance.

If this concept were adopted, these various other benefit programs such as compensation and servicemen's indemnity could be discontinued as respects all future beneficiaries. The recommendations of the General Accounting Office as contained in its report of October 27 substantially follow this latter approach. The General Accounting Office feels very strongly that any new program of survivors benefits for service-connected cases should incorporate and/or replace the various existing programs for all future participants and should provide appropriate adjustments of existing benefits. If deemed desirable, provision could be made that existing compensation benefits will not be reduced. While this would result in the administration of several programs for some years to come, nevertheless, the program would envision the eventual termination of the several existing programs and the continuance of the one basic program for all survivors.

The General Accounting Office recommends that any program adopted appropriately provide Government insurance for those members discharged from the service whose insurability has been impaired by reason of active service. Insurance should not be provided by the Federal Government to veterans whose insurability has not been impaired by military service. Also, it is recommended that the committee consider the amounts now being paid under the 6-month death gratuity program and establish a reasonable fixed amount in lieu thereof.

Another element which is of concern to the General Accounting Office is the retirement benefits which would flow to members of the military if social security be extended to the military service. It is believed that such benefit should not be additive to the existing retirement benefits for members of the armed services. The addition of such benefit would greatly increase the existing disparity between retirement benefits for the military and those provided for civilian employees of the Government. It is felt that upon the application of social-security benefits to the armed services, provision should be made to adjust the present military retired pay by the amount of social-security benefit which is attributable to military service. This will still provide all military personnel with the additional benefit of the substantial survivor protection provided by social-security coverage.

The Acting Comptroller General has asked me to assure the committee that members of the staff of the General Accounting Office will be available to provide any possible assistance to the committee.

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SURVIVOR BENEFITS: STATEMENT OF CARTER L. BURGESS, ASSISTANT SECRETARY OF DEFENSE (MANPOWER AND PERSONNEL)

Mr. Chairman and members of the committee, at the outset I wish to say that the Department of Defense is especially pleased that the House of Representatives has seen fit to create this select committee for study of the survivor benefit problem.

The complexities and major inequities in the survivor benefit system under present laws have been a matter of great concern to the Department of Defense for several years. The President has also expressed his concern about the problem, and has cited this area as one in which he considers corrective legislation vitally important to the military services.

We are happy to provide every assistance possible to facilitate this committee's actions. The Department of Defense considers survivor benefits legislation to be one of the most important items in the legislative program and its personnel improvement plans for 1955.

It appears to me that one of the most important features of the proposed plan is its simplicity. There are, of course, major inequities in the present system with

which you are familiar and which should be corrected. I am convinced, however, that the complex, multiple structure of benefits now authorized needs to be simplified as well as equalized.

It is difficult for an individual to determine what the entitlements of his survivors would be under the present system. This is partially a problem of information but is mainly due to the existence of such a variety of benefits and the varying conditions under which they are determined.

The complicated problem of survivors' benefits has been the subject of exhaustive study over a long period of time. Last year, after full and complete restudy by an interservice committee, a legislative proposal was developed which would establish uniformity and equity and simplify the system. This plan was submitted to the Committee on Retirement Policy for Federal Personnel, popularly known as the Kaplan Committee, which was created by Public Law 555, 82d Congress.

After prolonged study, this distinguished Committee recommended a survivors' benefit structure which very closely paralleled the proposal of the Department of Defense. The differences between the two plans were minor, and the recommendations of the Kaplan Committee were adopted in their entirety by the Department of Defense. The legislative proposal submitted to the Bureau of the Budget, copies of which have been furnished this select committee, were based upon the Kaplan Committee recommendations.

I will not take the time of the committee to go into the details of the proposed plan and how it differs from the existing structure, since I know you have already examined it. I believe it is important, however, to discuss the two main elements which we believe are essential to an up-to-date, enlightened survivors' benefit program.

The first of these is the "servicemen's compensation" segment of the plan. The principle of graded compensation—that is, a graduated scale of benefit payments commensurate with the pay grade of the service member, is vital to any progressive approach to the problem. It does not contemplate benefits of such scope as to enrich the survivor, but it does recognize that the family of the serviceman has established, and is entitled to, a standard of living generally in keeping with the lifetime income of the man.

Then, as a close companion to the "servicemen's compensation," full participation in and coverage by old-age and survivor insurance is considered to be a highly realistic and essential feature. OASI is the long-established system of security and survivor insurance for the civilian populace. While the \$160 monthly gratuitous coverage for the military has served its purpose as a stopgap measure, this method is neither financially sound nor equitable. It places a nonfinanced drain on the OASI trust fund and denies coverage to military personnel based upon their full earnings up to \$4,200 a year.

Because of the fact that a large proportion of military personnel are transitory and since social security coverage on a contributory basis is the accepted system for the national population, we believe it is important that military personnel be placed under the system on a full contributory basis.

The equalization of benefits between all categories of personnel is an urgent necessity. The Department of Defense believes that the study conducted by the Kaplan Committee represents a sound basis for the development of an equitable survivor benefit structure. It is entirely possible that certain revisions to the proposed bill may be necessary to protect the constitutional rights of individuals who now hold Government or national service life insurance—or for other technical purposes. It is possible also that other agencies or organizations will urge expansion of the plan to provide coverage for existing widows and families of servicemen. Although the Department of Defense is mainly concerned about securing uniform and equitable benefit entitlements for its active members, we have no objections to an extension of the coverage if the basic elements of the plan are preserved for active members of the uniformed services.

In summary, let me repeat—the Department of Defense considers that the basic features of the Kaplan Committee recommendations are progressive and sound. The need for corrective legislation in this vital area is self-evident and we hope the efforts of this selective committee will bring fruitful results during the next session of the Congress.

Gentlemen, as you undoubtedly know, I have only been in Washington a relatively short time, and the great majority of my time since I have been here has been devoted to the development of plans for the Reserve forces program. I have with me some of the people who have lived with the survivor problem and the existing inequities for a long time. I am sure these gentlemen can answer any questions in whatever detail you desire.

STATEMENT OF WILLIAM MCCAULEY, DIRECTOR, BUREAU OF EMPLOYEES' COMPENSATION, BEFORE THE SELECT COMMITTEE ON SURVIVORS' BENEFITS, HOUSE OF REPRESENTATIVES, NOVEMBER 18, 1954

As Secretary Mitchell pointed out in his report of October 28, 1954, to the chairman of the committee, the Department of Labor favors equal protection for all members of the Armed Forces and their survivors, and it believes that inequities under the present law call for a complete review of the present system. The principal contribution we can make to the committee's study of this important matter pertains to the rights that survivors of certain reservists now have under the Federal Employees' Compensation Act, which is administered by the Department of Labor. I would be glad, of course, to answer any questions or supply any additional information which the committee may desire. Mr. Ward Boote, Assistant Solicitor of the Department, is present and available for any questions which you may wish to put to him respecting the legal issues.

The Federal Employees' Compensation Act, as you know, provides disability compensation for Federal civilian employees injured while in the performance of duty and death benefits for their survivors when death results from such injuries. It is a program based on workmen's compensation principles of compensating employees of the Federal Government for injuries arising out of their employment in civil functions. The benefits provided for this particular civilian coverage were subsequently extended to Reserve personnel of the Armed Forces and on the much broader basis of "line of duty."

The first extension of the benefits of the Compensation Act to personnel of the Armed Forces was authorized by the Naval Reserve Act of February 28, 1925. Under this act naval reservists were made eligible for benefits for physical injuries incurred in line of duty in time of peace. Their dependents were likewise eligible for benefits for death resulting from such injury.

Benefits of the Compensation Act were extended to members of the Officers Reserve Corps and Enlisted Reserve Corps of the Army by the act of July 15, 1939. Provision was subsequently made to extend benefits prospectively for death and permanent disability of this personnel resulting from injuries sustained during the period 1925 to 1939.

During the period of World War II, reservists had no right to benefits under the Federal Employees' Compensation Act, as this right existed only in time of peace. Under the terms of the act, this right would have been reinstated upon the signing of the peace treaty on April 28, 1952. However, under the act of August 7, 1946, the right of reservists to benefits was reinstated, effective September 8, 1945, for Army and Air Force personnel, and effective December 1, 1945, for Navy, Marine Corps, and Coast Guard personnel. This restoration of benefits, however, discriminated between the services, not only in point of time but also in other respects. Navy, Marine Corps, and Coast Guard personnel had their rights restored under the act only for service on active duty for 30 days or less. This limitation, which continued until the peace treaty was signed, resulted in this class of reservists receiving very little in compensation benefits during that period. On the other hand, Army and Air Force reservists had full compensation coverage, including the period of hostilities in Korea from 1950 to 1952, as this period under the law was technically considered a "time of peace."

When the peace treaty was signed, reservists of the various branches of the Armed Forces on active duty and their survivors were restored to the same rights as civilians and their survivors under the Compensation Act. In addition, under an act passed in 1949, reservists and their survivors became eligible for the same benefits which are available to Regular members of the Armed Forces and their survivors. Survivors, however, must elect between the benefits of veterans' laws and those of the Compensation Act. The result of the coverage of reservists by the Compensation Act is that, in many instances, the survivors of reservists may by election receive benefits substantially larger than the benefits to which the survivors of regulars are entitled, although other incidents of their service are the same.

Prior to World War II only a small number of reservists' claims were filed under the Compensation Act. From 1925 to 1934 an average of only three fatal cases a year was reported to the Bureau. Before the increase in the compensation rates for civilian personnel authorized in 1949, reservists were entitled to larger benefits under veterans' laws than under the Compensation Act. This situation was reversed, however, in 1949 and this fact, plus the large increase in the Reserve force, resulted in a large increase in compensation claims.

Under the Compensation Act, the benefits for the widow of a reservist is equal to 45 percent of the reservist's pay and allowance, up to a maximum of \$525 a

month. Within this maximum, the benefit for a widow with 1 child is 55 percent of such pay and allowance, with 15 percent additional for each child up to 75 percent.

At the present time reservists' survivor cases under the Compensation Act number 3,600. The compensation paid in these cases during fiscal year 1954 was approximately nine and a half million dollars. The average cost of each case, based on tables of life expectancy and probability of remarriage in the case of widows, is estimated to be \$61,000.

Other classes of alternate beneficiaries entitled to death benefits within the maximum amount, if actually dependent on the deceased reservists, are widowers, parents, brothers, sisters, grandparents, and grandchildren. Ninety-five percent of the cases, however, involve widows of reservists.

While I do not feel that I am in a position to comment on any particular method to equalize the benefits for survivors of members of the Armed Forces, the Department favors protection under principles of law that are the same for all survivors. Further, we believe that the committee should consider the feasibility of establishing a system of benefits in a framework different from the Federal Employees' Compensation Act. The basic considerations underlying the general question of benefits which military personnel should receive for injuries incurred in line of duty in time of peace are not the same as the considerations pertinent to the compensation of those who earn their livelihood in civilian occupations.

**TESTIMONY ON PROPOSALS FOR IMPROVED SURVIVOR BENEFITS FOR MILITARY AND FORMER MILITARY PERSONNEL, PRESENTED BY PHILIP S. HUGHES, ASSISTANT CHIEF, LABOR AND WELFARE DIVISION, BUREAU OF THE BUDGET, BEFORE THE SELECT COMMITTEE ON SURVIVORS BENEFITS OF THE HOUSE OF REPRESENTATIVES, THURSDAY, NOVEMBER 18, 1954**

The development of a sound and adequate system of survivor benefits for members and former members of the Armed Forces is a task deserving the earnest consideration and full cooperation of all interested agencies and organizations. To meet the twin tests of soundness and adequacy, the system developed must:

- (1) Assure career service personnel that the needs of their survivors will be met in the event of their death either in service or after retirement from service;
- (2) Assure noncareer servicemen and veterans that the needs of their survivors will be met in the event of their death from service-connected causes and that their OASI rights will not be impaired as a result of military service;
- (3) Provide this assurance through programs of a type and scope which can be administered and financed successfully in times of emergency, as well as in peacetime.

Existing programs of survivor protection from servicemen and veterans have been severely criticized for administrative and technical complexity, as well as for the gaps and overlaps which exist in the protection which they afford. These programs are extensive, however, and the protection which they provide is of direct and vital concern to millions of our citizens. Some indication of the social as well as the budgetary importance of the existing programs is reflected in the following estimates of budget expenditures for the principal types of survivor benefits:

<i>Category of survivor benefits, fiscal year 1955</i>	<i>In millions</i>
Veterans' compensation and pensions (including burial).....	\$700
6-month death gratuity.....	8
National service life insurance.....	31
Servicemen's indemnity.....	33

In addition, there are substantial amounts for benefits, based on military service, in the OASI, FECA, and military retirement programs, which are very difficult to identify on a comparable basis.

In his letter of October 25, 1954, the Director expressed the views of the Bureau of the Budget on the recommendations contained in the report of the (Kaplan) Committee on Retirement Policy for Federal Personnel. Since this letter reflects our current views, I can at this point read it into the record or, if the committee prefers, I will request that it be entered in the record at this point and refrain from reading it. A copy of the letter is attached to this statement.

The committee has requested a discussion of the role of insurance and indemnity benefits in the total survivor benefits picture. This problem can best be understood with reference to the Kaplan Committee proposals for survivor benefits for members of the Armed Forces. The Committee proposed a new VA "service compensation" survivor benefit for future deaths in active service. This service compensation benefit would be geared to the gross pay of the serviceman and would ordinarily range from about \$100 to \$310 a month. It would be in addition to a modified 6-month death gratuity benefit payable by the Department of Defense, and OASI benefits payable by the Department of Health, Education, and Welfare to families with minor children or to dependents over 65. The new benefit would be provided in lieu of the present VA indemnity and death-compensation benefits.

When these Kaplan Committee proposals are examined from the standpoint of the insurance and indemnity benefits which are being, or have been, provided by the VA, two main problems become evident. The first arises from the contractual rights to benefits which many servicemen and former servicemen have through national service life insurance and United States Government life insurance policies. It is estimated by the VA that around 1 million persons presently in the Armed Forces have such policies either on a waiver or on a premium-paying basis. In addition, an estimated 5 million veterans have such insurance. Court decisions have held that these policies, including the statutory provisions setting their terms, are contracts and cannot be abrogated. As a result, many personnel now in the service, and a much larger number who might be recalled to the service in the event of a future emergency, would be in a position to obtain not only all the liberal benefits proposed by the Kaplan Committee, but also to retain their present VA insurance policies of up to \$10,000.

Although persons holding NSLI contracts may pay premiums under existing law, they are charged only for the normal mortality risks and the Government reimburses the trust fund for the cost of all deaths traceable to extra hazards of military service. Accordingly, for personnel dying in the service from extra hazards the Government would pay the cost of NSLI or USGLI benefits. That the Government bears the cost of VA insurance for servicemen becomes even clearer when it is recalled that under Public Law 23, 82d Congress, persons in the service may waive payment of premiums and have the Government assume the normal as well as the extrahazard cost of insurance protection. In addition, the Government stands the full cost of administering these insurance benefits. Thus, if the Kaplan Committee benefit scales were put in effect, personnel now holding VA insurance policies would be in a position to receive considerably larger benefits paid for by the Government than personnel who do not have VA insurance. This would cause unequal treatment of two large groups of servicemen. The proposed required conversion of VA policies from term to permanent plan in the draft bill—if it turned out to be legally possible—does not overcome the crucial problem of overlapping and uneven Government benefits, since the Government is required to pay war hazard or waiver costs under permanent plan policies just the same as under 5-year term policies.

Under the Servicemen's Indemnity Act of 1951 (Public Law 23, 82d Cong.), this problem does not arise because combined coverage under the indemnity and VA insurance programs is limited to \$10,000 for any individual. This offset approach was adopted by the Congress in 1951 to overcome essentially the same problem of uneven benefits as the Kaplan Committee recommendations present. While it could not repeal outstanding insurance contracts, it then adopted the course of reducing the gratuitous indemnity benefits which it was enacting by the amount of any outstanding insurance. This approach, where coverage under VA insurance policies is offset against indemnity coverage provided by Public Law 23, provides one possible basis for overcoming the problem of uneven benefits for active service personnel which would arise if the Kaplan Committee proposals were adopted without change. The proposed new service compensation benefits might be reduced by the amount of any VA insurance benefits which may be payable, just as the indemnity benefits are reduced today by the amount of VA insurance coverage. Alternatively personnel in active service would be permitted to terminate their NSLI or USGLI policies and receive the full new service compensation benefits. This approach would eliminate the disparity in benefits which would otherwise result if the Kaplan Committee recommendations for the proposed new service compensation benefit were adopted without adjustment for the benefits also payable under outstanding VA insurance contracts.



There is a second, even more fundamental, problem involving insurance and indemnity benefits which also needs consideration, and which the foregoing suggestion for offsets would not solve. This is the question of whether the Government should depart from its long-standing practice of providing a part of the survivor benefits to military personnel in active service on an insurance or indemnity basis.

Historically, the Government has provided insurance to servicemen since war-risk insurance was authorized in 1917 by the Congress during World War I. This World War I program grew into the United States Government life-insurance program under which policies were issued until 1940. In 1940, with the approach of World War II, the National Service Life Insurance Act was enacted.

Investigations by the subcommittees of the House Committees on Expenditures in the Executive Departments and Veterans' Affairs indicated to the Congress that the national service life insurance had serious weaknesses. Because of these weaknesses, stemming particularly from the war-hazard element of insurance, the Congress in 1951 terminated the issuance of further NSLI policies and adopted the alternative approach of providing gratuitous indemnities. Thus under the Servicemen's Indemnity Act of 1951 all personnel in active military service are given indemnity protection of \$10,000, if they do not have NSLI or USGLI policies, with benefits payable for 10 years at the rate of \$9.29 a month per \$1,000 of indemnity protection for deaths in service or within 120 days after separation.

In view of the long-established precedent of providing insurance or indemnity protection to servicemen, the question has been raised whether there will not be public demand for continuation of such benefits even if the improved scale of benefits under the Kaplan Committee proposals were enacted. Moreover, the Kaplan Committee proposal to eliminate indemnity benefits was filed before the enactment of the Federal Employees Group Life Insurance Act of 1954, which for the first time established group life insurance, financed in part by the Government, for civilian Federal employees. This new development may strengthen demands for retaining NSLI-type insurance benefits or indemnity benefits for military personnel.

To provide insurance to military personnel would, inevitably, involve costs to the Government. Furthermore the potential costs would be much more uncertain and larger than in the case of the civilian program, since war risk costs would be involved in military insurance which do not exist in insurance for civilian employees. In view of the liberal scales of benefits proposed in the Kaplan Committee report, the question regarding whether the indemnity is to be retained or some form of insurance reinstated needs to be considered now, so that appropriate adjustments can be made in the scales and structure of benefits proposed by the Committee. Otherwise, the insurance or indemnity program would constitute an additional layer of benefits on top of those proposed by the Committee.

If, in the light of the foregoing, the Congress wishes to retain an indemnity-type benefit, for active service personnel, there would need to be made some substantial modifications in the structure and scales of benefits proposed by the Kaplan Committee. The Bureau of the Budget will be glad to contribute toward the exploration of the technical problems involved in such modifications if the Committee desires to pursue this line of inquiry.

Our discussion of this insurance and indemnity problem has been confined to personnel on active military service. As you know, the recommendations of the Kaplan Committee also relate only to personnel on active service.

There is, however, as the Director mentioned in his letter of October 25, an additional important problem involving the relationship between survivor benefits for personnel who die in active service and those who die as veterans from service-connected causes or after long years of service. This problem of equitably relating benefits to servicemen and benefits to veterans has not been fully explored. The problem is complicated by the variety and complexity of the existing programs, by long-established precedents, and by the need to bear in mind that the system finally evolved must be of such a nature that it is administratively and financially feasible.

The Director has requested me to say that the Bureau of the Budget appreciates the opportunity afforded by the work of this select committee to participate in the development of solutions to the problems we have mentioned, and that the committee may be assured of our continued cooperation in this important effort.

## STATEMENT OF ALVIN M. DAVID

Mr. Chairman and members of the committee, my name is Alvin M. David. I am an Assistant Director, Bureau of Old-Age and Survivors Insurance, Department of Health, Education, and Welfare. I appreciate this opportunity to testify on the proposal to bring members of the uniformed services under the regular contributory provisions of the old-age and survivors insurance program. As pointed out in the report which Secretary Hobby sent to the committee on October 28, the Department is of the opinion that extension of the Federal OASI program to the uniformed services, in lieu of the gratuitous wage credits which are due to expire June 30, 1955, would improve the retirement and survivor protection of servicemen. It is my understanding that you are particularly interested in the duties and responsibilities that would be imposed upon the several Government departments and upon the servicemen if this proposal were adopted and that you would like for me to outline and discuss briefly the administration of contributory old-age and survivors insurance coverage of military personnel from the standpoint of the Department of Health, Education, and Welfare.

I cannot, of course, specify the precise method that would be used by the Defense Department or the services to report and remit the social security contributions for military personnel. The Department of Health, Education, and Welfare is responsible only for administering the benefit provisions of the social-security law. To fulfill this responsibility the Department must obtain reports of the amount of each covered individual's earnings and record these amounts in the individual's social-security account. The Internal Revenue Service in the Treasury Department has the responsibility for administering the taxing provisions; the Secretary of the Treasury has authority to issue regulations concerning the time and method of filing social-security tax returns and tax remittances. There is, of course, a very close and continuing cooperation between the two Departments in carrying out their respective duties and responsibilities.

Up to the present time, the Treasury Department has not developed a reporting plan for the military services. However, representatives of this Department have met with representatives of the Treasury and Defense Departments informally to discuss the desirability and feasibility of extending social security to the military services. The conclusion reached in these discussions has been that there are no major administrative difficulties to the old-age and survivors insurance coverage of military personnel.

As a result of study by the Department of Health, Education, and Welfare of alternative proposals for administering coverage and our experience in operating under the present law, which now covers most types of employment and self-employment, this Department is convinced there is no question as to the administrative feasibility of bringing the services under social security. Several different reporting systems are now used in securing tax and wage data for social-security purposes; each plan was designed to meet the special needs of the particular group. The most commonly used system, based on quarterly reports of wage information, is applicable to millions of employers in commerce and industry.

Before reviewing the salient features of this reporting method from the standpoint of the provisions contained in the Defense Department bill that would extend old-age and survivors insurance coverage to military personnel, I want to again emphasize that the Treasury Department has authority and responsibility for planning and determining the method that shall be used.

## MILITARY SERVICE TO BE COVERED

Old-age and survivors insurance would cover military service defined to include active service of enlisted personnel and commissioned and warrant officers in all branches of the Armed Forces and in the Public Health Service, Coast Guard, and Coast and Geodetic Survey.

## WAGES DEFINED

Wage credits under old-age and survivors insurance for personnel of the uniformed services would be given by pay grades in an amount designed to approximate the amount of gross pay (including subsistence and allowances). A graduated pay schedule would provide for a \$200 wage credit for the lowest enlisted grade, and proceed by several steps to \$350 a month for the highest enlisted grades, warrant officers, and officers.

There are several important advantages in this approach to determining wages of military personnel for social security. First, basing wage credits on gross pay (including the value of payments in kind) rather than merely cash pay is necessary to maintain equity between servicemen and civilian employees; otherwise the civilian employee who spends 2 or 3 years in the military service might have his earnings over a lifetime substantially reduced when averaged for benefit purposes. Secondly, a schedule of reportable wages by pay grade would simplify the work of the Defense Department or the services in maintaining adequate records, computing tax liability, and filing reports of taxes and wages. The social-security record maintained by the services need only reflect, in addition to an individual's name and social-security account number, the pay grade of the individual at the close of the month. The amount of contribution to be withheld from the serviceman would not need to be computed individually by actual amount of pay received (including the value of "in-kind" payments) but would be the amount of tax established for that pay grade.

An alternative to the graduated pay scale which, I believe, has received some consideration is a flat credit to be given to all servicemen regardless of their pay grade. The primary objection is that this approach fails to relate the servicemen's old-age and survivors insurance credit and contributions to his pay. Moreover, difficulty would be encountered in determining the proper level of a flat credit; the present \$160 is far too low to be realistic for even the lowest pay grade; the maximum \$350 credit per month appears too high to represent service in the lowest ranks and would also mean fairly high contributions, in relation to cash pay, by the lower-paid servicemen. Any intermediate flat wage credit amount would prevent officers and men in the highest enlisted grades from obtaining maximum old-age and survivors insurance credit although the same rate of pay in civilian life would result in maximum credit.

The use of presumed wage credits by pay grade in lieu of actual pay will substantially simplify the administrative work for old-age and survivors insurance coverage of military personnel as compared to the more detailed recordkeeping required of civilian employers.

#### DETERMINATIONS TO BE MADE BY EMPLOYER

In the case of presently covered Federal employment, the law provides that the determination whether an individual has performed service covered under old-age and survivors insurance, the determination of the amount of remuneration for such service which constitutes "wages" for social-security purposes, and the return and payment of taxes imposed, are to be made by the head of the Federal agency or instrumentality having the control of such service, or by such agents as such head may designate. This provision would probably be applicable to covered military services.

Under the present law, questions concerning the coverage of Federal services raised with this Department are directed to the head of the appropriate Federal agency and the ruling of the agency is conclusive and binding upon this Department. On a few occasions where the ruling appears to incorrectly interpret the provisions of law, this Department has so advised the agency and requested that the matter be considered further. In general, this arrangement appears to be working out very well. The Bonneville Power Administration and the Maritime Commission delegated to the Social Security Appeals Council of the Department of Health, Education, and Welfare the authority for determining appeals cases and agreed to be bound by the decisions of the Appeals Council. Although similar arrangements might be made for other agencies, there apparently have not been enough instances to make such a request necessary.

#### EMPLOYER DEFINED

The Internal Revenue Code provides that each head of a Federal agency or instrumentality and each agent designated by the head of the agency or instrumentality who makes a return of taxes withheld for income tax purposes shall be deemed a separate employer. This means that in those instances where a Government agency has several withholding agents submitting tax returns for employees in different organizational units, even though all of the employees are paid from the same appropriation or fund, each such withholding agent is considered a separate employer for purposes of the Federal Insurance Contributions Act (the social-security tax law).

Under this established procedure, there are 15,000 payroll offices in Federal agencies—approximately one-half of which are in the Department of Defense—who are now reporting Federal civilian employment covered under social security. If this procedure were followed for military personnel, the military payroll offices already established in the Defense Department could of course be used in the same manner. In many instances the existing military payroll offices are in the same command posts as civilian payroll offices and any procedures required by military old-age and survivors insurance coverage could be established with a minimum of difficulty.

#### EMPLOYEE AND EMPLOYER TAXES, INCLUDING REMITTANCE TO INTERNAL REVENUE

The designated employer payroll office would deduct the appropriate amount of employee tax from the servicemen's pay and would pay the equivalent of the employer tax under FICA. Social-security contributions by servicemen would give them the same interest and stake in the system that other covered workers have.

It would appear that the established procedure applicable to Federal civilian employment covered by old-age and survivors insurance could be followed. Likewise, quarterly summary tax reports including any wage information needed by the Internal Revenue Service, would be filed in the same manner as by Federal agencies under present law. The reporting form for this purpose is also used by all employers to report income tax withheld from employees, whether or not the employees are covered under social security.

#### EMPLOYER'S IDENTIFICATION NUMBER

Each employer who has workers covered by old-age and survivors insurance is assigned an identification number which he obtains by filing an application with the Internal Revenue Service. This number is entered by the employer on all social-security wage and tax reports filed with the Internal Revenue Service.

#### EMPLOYEE SOCIAL-SECURITY ACCOUNT NUMBER

A lifetime record of the earnings of each individual covered by social security is maintained by the Bureau of Old-Age and Survivors Insurance. These records are maintained under the individual's social security account number assigned by the local social security offices. Any serviceman who has not obtained a social security account number by the time he enters military service would need to apply for such a number; however, a large proportion would already have social security account numbers as a result of previous covered employment.

When coverage was extended to Federal civilian employees in 1950, special arrangements were made whereby applications for numbers were obtained by the various agencies and the assigned numbers were distributed to the individual by the agency employer. Special arrangements were also made to expedite the assignment of social security account numbers in the case of civilian employees of the Defense Department in installations outside the United States and no great difficulties were encountered in meeting this requirement.

#### EMPLOYER INFORMATIONAL REPORTS

Quarterly reports of the worker's name, social security account number, and wages are filed by the employer, together with summary tax reports and tax remittances, with the Internal Revenue Service. The information necessary for maintaining individual social security records of each person are forwarded by Internal Revenue to the Bureau of Old-Age and Survivors Insurance. The feasibility of annual reporting of wages paid to individual employees is now under study. From the standpoint of the requirements of the Bureau of Old-Age and Survivors Insurance, it appears that the use of the presumed wage credits proposed for military social security coverage would make possible the establishment of a fairly simple system of annual reporting for the military departments.

In conclusion, I wish to say once more that the Department of Health, Education, and Welfare believes that contributory old-age and survivors insurance coverage of military service could be administered without creating any major difficulties for the departments concerned.

STATEMENT OF CHARLES W. STEVENS, ASSISTANT DIRECTOR, NATIONAL REHABILITATION COMMISSION, THE AMERICAN LEGION, BEFORE THE SELECT COMMITTEE ON SURVIVOR BENEFITS, HOUSE OF REPRESENTATIVES, NOVEMBER 13, 1954, RELATING TO THE STUDY OF FEDERAL BENEFITS PROVIDED FOR SURVIVING DEPENDENTS OF DECEASED MEMBERS AND FORMER MEMBERS OF THE ARMED FORCES

Mr. Chairman and members of the committee, this opportunity to testify is very much appreciated. You will understand that I am necessarily somewhat at a loss as to just what can be said, on behalf of the American Legion, at this time, in view of the fact that we do not know today what this committee has in mind following the preliminary investigations and studies thus far made.

We do want this committee to have the benefit of an experience our organization has acquired over the past 35 years and trust that we will have a further opportunity later to voice our views, once we learn of its proposals. We believe our own thinking then will merit your thoughtful consideration.

House Resolution 549, 82d Congress, considered and agreed to August 4, 1954, creating this select committee, authorized and directed it "(1) to conduct a full and complete investigation and study of the benefits provided under Federal law for the surviving dependents of deceased members and former members of the Armed Forces, and (2) on the basis of such investigation, and study, to make such recommendations as it may deem advisable and to prepare such legislation as it may consider appropriate to carry out such recommendations."

The scope of your undertaking is broad. We do not have information of the extent or type of the committee's investigations. Nothing has been presented for us to analyze. Noting the quoted language of the resolution, we are constrained to believe that the study encompasses the whole gamut of benefits provided by Federal laws which are administered by several governmental agencies.

In its wisdom, the Congress has painstakingly developed since October 6, 1917, a system of benefit programs for members of the military and naval services, veterans and surviving dependents which generously recognize the service members of the Armed Forces render the Nation in war and in peace. The experience in this period has been the basis for continuing improvements in the programs. Where inequities have been created, they have been removed wherever possible. We think this has been the proper approach. The American Legion is proud of the part it has played; appreciates the consideration the Congress has given its views. The programs have been generally acceptable to the people of the country.

There have been those who have attacked some of the awards made as being out of line with what they deemed adequate. We have often learned that violent opposition to some of the benefit awards was engendered by selfish interests. For this reason our annual national conventions and our national executive committee, policy-making bodies of the American Legion, issue instructions for the guidance of directing heads of our commissions and committees.

With no intention of implying that the motive of the Congress in creating this committee is to effect economies in Federal expenditures, other than those which would result from an efficient administration of the programs, we think nonetheless that we should record here a digest of three resolutions adopted by the 36th annual national convention which met here in Washington from August 30 to September 2, 1954.

No. 33 (Massachusetts) requires opposition to any and all legislation that would in any way limit, hamper, or restrict the present benefits to which veterans are entitled.

No. 275 (Arizona) petitions the Congress of the United States to disapprove any legislation based upon the recommendations of the Citizens Committee for the Hoover Report, or the so-called Second Hoover Commission, and any and all commissions or committees having for their purpose the reduction of benefits to veterans, which would in any way adversely affect the proper administration of veterans' rights under the supervision and control of the Veterans' Administration as it now exists; and authorizes and directs the national legislative commission to take any and all steps necessary to defeat any such proposed legislation presented to the Congress.

No. 472 (Texas) records opposition to any reduction in appropriations which would result in inadequate benefits provided in programs administered by the Veterans' Administration, and urges an adequate annual budget hereafter for VA administration, medical, dental, hospital, and domiciliary services.

Since 1948, there has been a general tendency to seek economy in veterans benefits. This attitude has been manifest in a period when civilian employees of the Federal Government and workers employed in nongovernmental activities throughout the country are realizing increased benefits. The cost of veterans benefits is now no higher percentagewise in relation to the national income than in 1890. We would point out that Federal Government expenditures for benefits and services to veterans and survivors have been reduced one-half in the past 7 years.

The American Legion strongly believes that every possible economy should be effected in the cost of administration of benefit programs, where impairment of services will not result; firmly believes there should be no economy effected at the expense of veterans or survivors whether resulting in an abrogation of rights or reduction in benefits.

Addressing this committee now we are faced, as I remarked earlier, with a lack of knowledge of the thinking of the legislative and executive branches of Government, as relates to the survivor benefits which you are considering.

You must be concerned both with benefits awarded for service-connected and non-service-connected deaths, according to the language of the House resolution. The appropriate Armed Force pays a death gratuity and makes a burial allowance for an in-service death; pays annuities under the Uniformed Services Contingency Option Act in retired personnel death. The Veterans' Administration awards death compensation or pension, war risk, United States Government, or national service life insurance, a servicemen's indemnity, provides a burial allowance, or guarantees a home loan for eligible survivors. The Bureau of Employees' Compensation makes an award to certain eligible survivors of reservists whose deaths result from the performance of military or naval duty under certain specified conditions. The Social Security Administration makes monetary awards to a limited class of beneficiaries on a monthly basis and to defray burial expenses, with wage credit earned by active military or naval service and covered employment. The American Legion considers the Veterans' Administration programs basic; the others, collateral.

The American Legion is convinced that there should be an improvement of these existing survivor-benefit programs; has proposals to make to the 84th Congress relating to death pension and compensation, insurance, the servicemen's indemnity, and burial allowances. We recognize that the various types of benefits mentioned are perforce administered by the agencies as noted. We believe you gentlemen will agree that the American Legion is interested in the provision of adequate survivor benefits; preservation of those rights and benefits which have stood the test of time; the administration of all programs in the best interest of beneficiaries; and has no selfish motive in fostering these objectives.

Frankly, gentlemen, we do want to be helpful, when we can. When we have the opportunity to look over the material acquired by this committee, we will be in position to present our analysis to our associates and in turn present our views to the committee.

Years of experience have impelled our fixed belief that the Committee on Veterans' Affairs is one possessed of the greatest knowledge of the ways through which benefits for veterans and survivors can best be provided. We hope that permanent committee will be entrusted with the responsibility for acting upon at least the major part of the legislation proposed as a result of your complete investigation and study.

Thank you.

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STATEMENT OF MRS. THERESA E. ALEXANDER, LEGISLATIVE CHAIRMAN OF THE SAN DIEGO COUNTY CHAPTER, PRESIDENT OF THE SOUTHWEST REGION, AND MEMBER OF THE BOARD OF DIRECTORS OF GOLD STAR WIVES OF AMERICA, INC.

The membership of the San Diego County Chapter of Gold Star Wives of America, Inc., consists of widows of enlisted and commissioned servicemen from all branches of the Armed Forces who served either as Regular career men or as members of the Reserve components of our uniformed services. Ours is one of the larger chapters of Gold Star Wives. Its membership for the 1954-55 fiscal year is well over 200. In view of the fact that servicemen's widows are properly classified as a minority group—since many more servicemen came back alive than were lost in action—we believe our chapter is large enough to give a good cross-section opinion on the inequities in death compensation laws governing survivors of men who lost their lives while on active duty or as the result of service-connected injuries.

Death compensation laws administered by the Veterans' Administration, under which survivors are compensated in one equal sum regardless of the salary of the serviceman on whom compensation is based, date back to the early pension laws of the Colonies and to the general compensation law enacted by the First Congress in concept. Since that time many changes have taken place in our mode of living as well as in social legislation. Therefore, we are wholeheartedly in accord with the purpose of this select committee and are grateful for the opportunity to express our views on the present method of compensating survivors.

## EQUAL COMPENSATION

We believe the present practice of compensating survivors of military personnel in equal amounts, as spelled out in Public Law 356, 82d Congress, and Public Law 695, 83d Congress, should be discontinued because it does not—in fact—compensate equally. For instance: Under Public Law 356, 82d Congress, one widow's living standard may be reduced 75 percent of her husband's salary and another widow's living standard may be reduced as low as 10 percent of her husband's salary.

## SOCIAL-SECURITY AND FREE INDEMNITY INSURANCE LIMITATION

Inequity is further reflected in regard to time of the serviceman's death. If the surviving widow and two children became eligible for death compensation during the Korean conflict they receive:

Source:	<i>Amount per month</i>
Veterans' Administration compensation.....	\$150. 00
Social security (full coverage).....	128. 00
Insurance—for 10 years.....	92. 90
<b>Total benefits for widow and 2 children.....</b>	<b>370. 90</b>

Had this same family been entered on the compensation rolls before September 16, 1940, it would not be eligible for social security survivors benefits and, since not all servicemen could afford \$10,000 of National Service Life Insurance the insurance annuity (14 or 15 years after the husband's death) may be exhausted. If there was \$10,000 coverage, made payable for 10 years and thereafter until death, the family's monthly income would be:

Source:	<i>Amount per month</i>
Veterans' Administration compensation.....	\$150. 00
Insurance (estimated).....	45. 00
<b>Total monthly benefits for widow and 2 children.....</b>	<b>195. 00</b>
<b>Difference in benefits due to time of death.....</b>	<b>175. 90</b>

## STATE EDUCATIONAL LIMITATIONS

The surviving parent is always concerned about her children's education. The widow receiving \$195 a month in benefits finds that the State law limits educational assistance to war orphans and to children whose father died of war service injuries. The widow receiving \$370.90 a month in benefits is entitled to educational assistance for herself and children if she resides in a State sponsoring such a program.

## WIDOWS WITHOUT DEPENDENT CHILDREN

The same inequities hold true in the case of widows without dependent children, when Public Law 695, 83d Congress, is applicable. The widow over 65 years old whose husband was lost during World War II or the Korean conflict:

Source:	<i>Amount</i>
Veterans' Administration compensation.....	\$87. 00
Social security (full coverage), about.....	44. 00
National service life insurance, about.....	50. 00
<b>Total monthly benefit World War II widow.....</b>	<b>181. 00</b>

The widow over 65 years of age whose husband was lost in World War I would receive:

Source and amount:

Veterans' Administration, \$87.

Due to the fact that compensation after World War I was so low widows of World War I, in many instances, have no more income from Government life insurance. Where annuities from life insurance are no longer payable there is a difference of \$94 a month between the income of the widow of World War I and the widow of World War II or the Korean conflict. The serviceman whose widow is receiving \$181 a month may have been a general or an admiral with as much as 40 years of military service. Had these senior officers lived to collect their retired pay it would have been much more than \$87 a month, the widow's death compensation. Retired pay would have been based on salary and tenure.

#### PHYSICAL DISABILITY

Had either of these senior career military officers been disabled and retired, their disability compensation—under the laws in effect at the time they took their oath of office—would have been based on their salary at time of being released from the service. This would have been 75 percent of the serviceman's basic salary—also far more than the \$87 death compensation for the surviving widow. If, for instance, in a plane crash one senior officer was killed and the other injured and later retired for physical disability, the inequity—or difference between disability and death is:

Senior physically retired officer: 75 percent of basic pay.

Widow of senior officer killed: \$87 a month, regardless of salary or tenure.

Death in line of duty is also "total disability." Therefore, compensation for death should be based on salary for the military man's survivors—as it is for the survivors of other employees of the Federal Government. The military man is a Government employee in every sense—just as career Federal civil service employees, Members of Congress, and Federal judges and justices.

#### WOMBLE COMMITTEE RECOMMENDATIONS

To correct inequities between military and non-military personnel of the Federal Government the Womble Committee recommended that compensation for military survivors be based on the serviceman's salary. It is our understanding that the recommendation applied only to future survivors and not those presently on compensation rolls of the Veterans' Administration. This limitation would add another inequity to those which already exist due to the limitation of the Social Security Act amendments of 1952, and the limitation of the Government free indemnity insurance.

Further, although the Committee recommended that compensation for survivors be based on salary, the percentage of salary diminishes with seniority—the survivors of servicemen in the higher pay grades receiving as little as 35 or 36 percent of pay; while the widows of servicemen in pay grade E-1 receive 60 percent of the pay. We believe that an equal percentage should be given to all survivors. In the lower grades—where pay is less than \$250 a month—for compensation purposes it should be considered to be \$250 a month.

Under the Federal Employees' Compensation Act (Public Law 267, 64th Cong.) compensation for death in line of duty is 45 percent of full salary for the widow alone; the widow with 1 child receives 55 percent; with 2 children 70 percent; and with 3 or more children 75 percent, but in no instance more than \$525 a month. If the same percentages were applied to survivors of military personnel the widow of a serviceman in the E-1 pay grade would receive:

	Widow alone	Widow and 1 child	Widow and 2 children	Widow and 3 children
New law.....	\$112.50	\$137.50	\$175	\$187.50
At present.....	87.00	121.00	150	178.00

The minimum compensation under the Federal Employees' Compensation Act for a widow is \$112.50 a month. Inasmuch as widows with children were not given an increase by Public Law 695, 83d Congress, the increase reflected under new legislation would correct this oversight.



We feel that new legislation should not cause any widow to receive less money than she is presently receiving due to the loss of her husband. Therefore, a saving clause should be included whereby a widow may choose to remain under the present VA-social-security system. Such choice is presently extended to widows of certain reservists whose compensation from the Veterans' Administration would be greater than that granted under the Federal Employees' Compensation Act. This would protect the widows who have made long-range commitments based on their present income.

#### SOCIAL SECURITY

The Womble Committee further recommended that in the future—when compensation for survivors is on a percentage-of-pay basis—social-security coverage for servicemen should be on a contributory basis. We feel that such contributions should be required only from enlisted personnel. Military career personnel should contribute to a "funded" retirement system—the same as other employees of the Federal Government. This would enable career servicemen to build up survivorship protection for dependents throughout their career, instead of the present plan under the Contingency Act. The reduction from active duty pay to retired pay, plus the deduction under the Contingency Act is not practical in all cases.

#### UNFUNDED RETIREMENT

The Hook Commission, in its 1948 report, stated that an amount approximating 3½ percent of the payroll is set aside for retirement purposes. It further stated that this money is not funded because—unlike private industry—the Federal Government is not likely to go out of business or dissolve and, therefore, funding retirement money for military personnel would be useless bookkeeping. In establishing a "funded" retirement system for career servicemen and a contributing social-security system for enlisted servicemen we believe all "unfunded" retirement money accumulated to a serviceman's credit should be credited to his "funded" retirement when it is established.

Further, we feel that widows with minor children who do not now receive social security survivors' benefits because death of the husband occurred before September 16, 1940, and widows with minor children who now receive social security survivors' benefits, shall—in view of the deceased serviceman's unfunded retirement credit—be considered covered by social security and in all instances receive the same social security survivors' benefits as the survivors of those servicemen who will contribute to the system under any new legislation. This should also apply to all servicemen's widows who are over 65 years of age and not drawing social security survivors' benefits because death of the husband occurred before September 16, 1940.

Further, we feel that when a "funded" retirement system is established for career servicemen the survivors who are not now entitled to a pension because income from sources other than Government is more than \$1,400 a year, or \$2,700 a year where there are dependent children; and widows receiving a pension under Public Law 698, 83d Congress, because income is less than the above amounts, should be included and receive the same benefits as widows of retired personnel would under the "funded" retirement plan when it is established.

#### LIFE INSURANCE

We concur with the Womble committee recommendation that if death compensation is based on a percentage of salary that in all future cases the present Government free indemnity insurance should be replaced with Government group life insurance, monthly premiums to be taken from the serviceman's pay.

We also concur with the recommendations of the Strauss committee that insurance for servicemen should include a double indemnity clause and, in event of untimely death, the survivors receive double the face value of the policy.

We also feel that in view of the reduced purchasing value of the dollar that Government insurance should be made available in amounts as high as \$20,000 instead of the present \$10,000 limitation.

#### MEDICAL CARE

We concur with the recommendations of the Moulton committee whereby medical care for dependents of active, retired, and deceased members of the Armed Forces who cannot obtain medical care at a Government facility within

25 miles of their home, can obtain such treatment from private doctors, or at private hospitals, by paying \$10 of the cost of each illness and, when hospitalized, 10 percent of the total medical bill.

#### COST OF LIVING INCREASE IN COMPENSATION

Due to the long time that elapses between cost of living increases we feel Congress should take immediate steps when it convenes in January to adjust military pay so that it will include the total increase in the cost of living as reflected in the Labor Department's Consumers' Price Index. Congressman "Bob" Wilson of California will introduce such a bill. When a true adjustment has been made in military pay we believe the pay scale should then be made subject to adjustment, either upward or downward, so that pay will automatically increase or decrease in line with living costs, as reflected in the Consumers' Price Index.

Further, so that compensation for servicemen's survivors may also be automatically adjusted, we feel that the new compensation rates should be based on the new pay rates as soon as they are established. Like pay, death compensation should automatically keep pace with the Consumers' Price Index. Such adjustments could be made annually, on either a calendar or fiscal year basis, and included in formal requests for appropriations submitted to Congress. Insofar as death compensation is concerned all survivors would then receive the same amount, based percentagewise on pay, irrespective of the date of death of the serviceman on whom compensation is based.

#### COST OF COMPENSATION

In computing the cost of a modern compensation system, based on salary, we hope this committee will bear in mind not only the loss of a loved husband and father, but also the monetary loss that each family must take when full pay stops and compensation begins. If the total cost of the new plan is estimated to be \$500 million it would average less than 3 cents a day from each of the 50 million taxpayers in the United States; or 6 cents a day to raise over \$1 billion to meet this obligation to the survivors of the men who gave their lives in the service of our country.

The compensation increase made possible by such an appropriation would still leave the family in a lower income bracket than the one before death took place. If the widow with dependent children could maintain a proper home for them by being only a "homemaker" and not a "breadwinner" as well, we believe there would be more opportunity for the widow to rehabilitate herself in a new marriage. When the widow is both breadwinner and homemaker there is very little opportunity to have social engagements. In our chapter widows receiving compensation under the Federal Employees Compensation Act remarried in less than 2 years and the marriages are happy ones. Widows receiving compensation from the Veterans' Administration remained "widows" far longer before they remarried. These marriages, in some instances, were not as happy and several ended in divorce within a year.

Widows of Spanish American War veterans whose second marriage ends due to death of the husband or as result of divorce not due to any misconduct on the part of the wife, can be reinstated on the pension rolls. We believe if this reinstatement were extended to all widows that more would be willing to remarry. Many of them hesitate at the altar because if the marriage does not succeed the widow would be far worse off than at present.

#### DISABILITY COMPENSATION

Veterans with a disability compensation as high as 50 percent or more, have been rehabilitated through the GI bill training and earn as much as any able-bodied man doing the same type of work. Veterans admit that GI training has added to their material welfare, and has paid dividends in many other ways. Disabled veterans do not lose their compensation when they marry or remarry. The only effect marriage may have on the disabled veteran's compensation is that it increases his dependency allowance. If the disabled veteran marries a woman with minor children and he adopts these children, they too can be claimed for additional allowances—when the veteran's disability is 50 percent or more.

Unlike veterans, survivors of deceased servicemen were not given the privilege of educational benefits of the GI bill of rights. However, following the husband's death many widows had to become the breadwinners of the family to supple-

ment death compensation which was insufficient to provide for the family's needs.

We suggest that this committee obtain a breakdown of the cost of the GI bill for education and rehabilitation, the cost of compensation for disabled veterans, and the cost of the VA hospital program for veterans. Compare this with the cost of the survivor benefit program.

#### COST OF SURVIVOR BENEFIT PROGRAM

In his annual report ending the 1947 fiscal year, the Administrator of Veterans' Affairs estimated the average monthly value of compensation for survivors of World War II deceased servicemen was \$70.68 per case. This included widows, children, and dependent parents. This committee can obtain more up-to-date estimates from the Veterans' Administration.

The man who was lost in action is not a medical expense to the Government. In many cases his survivors do not live near a Government facility that has medical care available to surviving dependents. Without training the earning capacity of widows is very limited and from this limited salary the cost of child care must be deducted as well as income tax.

When considering the cost of a new type of survivor benefit program we hope consideration will also be given to the loss that each family has suffered; not only the loss of a loved one that no amount of money can bring back, but also the loss of earned income that would have been available to each family under far happier circumstances than the compensation to which this committee feels survivors are entitled.

#### MORALE

We further believe that a realistic, modern death compensation law will do much to help build up the morale in the Armed Forces. If a well-deserved military pay increase is granted by the 84th Congress, then competent men will again be willing to make military life a career. In view of the many lives that have been sacrificed to keep this Nation free we believe that today—more than ever before—we need the Nation's best manpower to defend ourselves. The might of our Armed Forces is the insurance policy for our free way of life. We hope that it will never be necessary for this Nation to again go to war. But if war cannot be avoided we must be ready with arms and men second to none. Should this come about we hope that those who must sacrifice their lives in combat will do so knowing that a grateful Nation will not shirk its pledged responsibility to those who must die in battle. Military men are just as human as nonmilitary men. That they love their families is borne out in letters that were sent from prison camps, where—amidst peril and starvation—their thoughts were about the welfare of each member of their family. They looked forward to a happy homecoming—a homecoming which did not materialize in all cases.

After the promises that were made before victory was won—can you sell them short now?

The naval career of Adm. Marc Mitscher has recently been published under the title "The Magnificent Mitscher." It is required reading at the United States Naval Academy. Would Members of Congress be proud if it included the fact that his widow receives the magnificent sum of \$87 as death compensation?

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#### STATEMENT OF THE DISABLED AMERICAN VETERANS BEFORE THE SELECT COMMITTEE ON SURVIVOR BENEFITS, HOUSE OF REPRESENTATIVES, NOVEMBER 22, 1954

The Disabled American Veterans appreciates the invitation to appear before this committee and to participate in the general subject of survivor benefits now granted to members and former members of the Armed Forces of the United States. We hope that we may be able to contribute something of value to this committee, based upon our experience and intense interest in the problem reported on by the Kaplan Committee. We must speak as individuals, however, as we approach you with no authority or mandate from the DAV to approve or disapprove any of the recommendations of the Kaplan Committee.

The Disabled American Veterans as an organization is primarily interested in the welfare of the serviceman, enlisted man or officer, who was wounded, gassed, disabled, or diseased as a result of his active military service in the Armed Forces of the United States during time of war, and in the widows and dependents of those men who were killed in action or who died as a result of their service-incurred

and service-connected disabilities. We have in the past confined ourselves to the problems of the war disabled and his dependents. We have established a reputation of being a one-purpose outfit. We find we have plenty to do.

We must confess that a study of the Kaplan report left us with the impression that this Committee—the Kaplan Committee—was primarily interested in seeking long-delayed legislation that would provide some protection to the survivors of the career personnel of the armed services.

We noted carefully that the Kaplan Committee report stated that their "recommendations are not intended to cover the entire scope encompassed by present benefits" and that they were instructed to "make a comparative study of all retirement systems for all Federal personnel." As a result, the report states, "The Committee is not authorized to study other systems which do not directly affect Federal personnel. Consequently the Committee's proposals are limited to active-duty personnel with no recommendations made with respect to veterans."

It is apparent, however, Mr. Chairman, from our attendance at previous hearings, this committee desires our views on a much broader scale, including perhaps the entire benefit program established by laws for the members and former members of the Armed Forces of the United States and such laws being administered by the Veterans' Administration and other Federal agencies. It is a big order. We will do the best we can.

At the outset, and because we are of the honest opinion it attempts to remedy a situation which we believe is the crux of the Kaplan Committee investigation and report, we wish to subscribe wholeheartedly to the proposal of the Kaplan Committee "to extend to the uniformed services the same concepts of sound pension (retirement) policy that prevail for civilian employees in the Government and in private industry." Why has this been so long delayed? Without comment, may we quote a single sentence paragraph which appears in the Kaplan report on page 13 under the caption "Financing." "The uniformed services retirement system has always been noncontributory and without advance accruals or funding." Our immediate interest in this problem stems from our personal knowledge and contact with tragic cases of widows and dependent parents of officers and enlisted men of the armed services being left without any financial benefits—in spite of the fact that the career husband was retired with a disability which rendered him unfit for further military service. Not possible? Let me quote a case recently brought to our attention.

Remember, on the death of this career officer, his retirement pay stopped. There was no so-called deferred annuity provision in his retirement or any other officer's retirement. Any social-security credits which he may have accumulated were the \$160 a month wage credits granted him as a World War II serviceman. No benefits to the widow without children until she reaches the age of 65. No 6-month death gratuity as the officer had been retired with disability for over 2 years. She turned to the Veterans' Administration and filed a claim for death compensation. She was denied death compensation by the Veterans' Administration on the ground that the former officer's spinal condition, which forced his retirement, did not cause nor contribute to the cause of his death. He died suddenly from a coronary thrombosis. We will appeal from this decision but because of lack of supporting medical evidence our chances of winning are meager. The widow was denied the \$48 a month non-service-connected death pension because at the moment her income is in excess of \$1,400. Should she find employment that would pay her as little as \$125 a month, under present laws and regulations she would still be denied any benefits.

We are confident that we can multiply this case a thousand times. The Kaplan report and other treatises on the benefits now being received by the survivors of our wars are loaded with information as to how much the survivors receive. It is about time someone should tell about the tragic cases that are denied—denied everything.

We are confident that our organization will not support any recommendation that would wipe out the so-called soldiers' indemnity. The servicemen's indemnity was intended to take the place of United States Government life insurance (war risk insurance) and national service life insurance issued to World War I and World War II veterans and provided indemnity to survivors in the serviceman's immediate family. The Disabled American Veterans supported the change for two reasons. One was because of our knowledge of the tragic cases where men were sent into the frontline and onto the beachheads in action against the enemies of the United States being covered with one or two thousand dollars insurance and in thousands of cases with no insurance at all. This was true in World War I and was a recognized fault. It certainly should not have been allowed to occur in

World War II. The survivors of battle casualties of the Korean conflict were paid whether the youngster had the good sense to take out insurance or not. For every instance that may be related about a distant relative getting the indemnity it must be admitted that hundreds of widows and parents received the benefit that may not have been theirs had the young soldier refused to take out and pay for a policy.

The second reason that brought about the change—and I am sure the chairman of this committee will recall—was the desire to get the Government out of the insurance business after it had protected the serviceman in time of war and had offered protection to the disabled veteran on his return from active service.

In our opinion, and it is our opinion only, should the present indemnity, or free insurance, be done away with, or its identity as insurance lost through merger with death compensation, there will be a demand for the restoration of some form of war-risk insurance—certainly in the event of another emergency, be it called a war or a police action. It should be remembered that in many, many instances there is more than one beneficiary. Ofttimes the indemnity or insurance is divided between the widow and the parents or the children. We do not believe the serviceman going into action should be denied the right of determination of the beneficiary if within his immediate family.

Referring back to the story of the colonel's widow, let me take up the time to emphasize again the fact that the Disabled American Veterans is primarily interested in the serviceman regardless of rank who has suffered wounds or disabilities or disease as a result of his active military service during time of war. Of course, we are ever interested in the main problem before this committee and that is the welfare of the dependents of those who have lost their lives in action or who have died of their service incurred disabilities. Survivor benefits to those who have died in uniform and while in active military service and before discharge has posed no great problem to the DAV other than our constant efforts to secure adequate benefits for the widow and children and the dependent parents of those Americans who never came back from the war.

Our great problem, and it is still our great problem, is securing just and adequate benefits for the dependents of those officers and men who returned from the wars more dead than alive—but still alive. During his lifetime we do everything, of course, when called upon, to secure full compensation, retirement and other benefits for the serviceman or officer who is now a veteran. We may secure full compensation benefits, or where entitled, retirement previously denied. The veteran may be totally disabled but no social-security benefits here because he is still alive. He and his family are living off his compensation. He may live 3 or 5 or 10 years and then die. Even though totally and permanently disabled and unemployable from date of discharge we still must prove that his service-connected disability caused or contributed to the cause of his death. Remember there is no 6 months' gratuity pay here. Compensation stops on the day following his death. In too many instances his insurance has lapsed or he never continued it after discharge. If he was a World War I veteran, unemployed because of his service-connected disabilities he never earned any social-security credits. Proof of death as the result of his service-connected disability must be submitted and must be accepted by the Veterans' Administration. If denied the widow is offered the pension. If she has been employed to supplement the family income she is probably not entitled. She gets nothing.

We note the desire on the part of this committee and of the Kaplan Committee to reduce into one package all survivor benefits and the reasons offered are many. What we are fearful of is the danger that some of these benefits be taken away entirely in the desire to reach an ideal that may be difficult of attainment. We are not in a position at this time to take any stand on the recommendation of the Kaplan Committee favoring the continuance of the 6 months' death gratuity on a revised basis or not. But we are certain that the Department of Defense is the only agency that should be charged with its administration.

We are certain that the Bureau of Old Age and Survivors Insurance, Social Security Administration, Department of Health, Education, and Welfare will insist that they be allowed to administer any social-security benefits to survivors payable under existing or future laws. No one knows better than the members of this committee how carefully each bureau or governmental agency strives to maintain its own identity and carry out its own charges and responsibilities.

Of course the Disabled American Veterans believes that the Veterans' Administration should continue to be the central agency charged with the administration of most laws that affect the disabled veteran and his dependents. We have already indicated how highly important we consider the problem of survivor

benefits and we are well aware that a large percentage of disabled veterans will leave dependent survivors. But the handling of death claims is but one of the responsibilities of the Veterans' Administration. For the very reasons this committee and others are studying the problem of concentrating death or survivorship benefits under one head, has the Veterans' Administration been charged with the administration of such laws providing hospitalization and outpatient treatment, compensation, pension, and insurance, vocational rehabilitation and training, loans and other benefits granted to the living veterans of America's wars.

The services of this organization are at the disposal of this committee. We will furnish you with cases if you desire. We make it a practice never to exaggerate on any case or situation. We do not have to. We do not want to leave you with the thought that the DAV is unappreciative of what this Government has done for its wartime defenders. We only want to impress you with the fact that for every case that is presented to you showing outstanding benefits being received by the survivors or the living veterans we can present actual case files of claimants denied—valid cases that, in our opinion, more than offset the key cases reported to you and to other Government agencies.

While we may be in accord with the committee's recommendation, "that the present survivor-benefit structure be revised" we cannot subscribe to any revision that would destroy or weaken the present compensation, insurance, vocational rehabilitation, and pension structure now being administered by the Veterans' Administration.

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STATEMENT OF THE RETIRED OFFICERS ASSOCIATION BEFORE THE SELECT  
COMMITTEE ON SURVIVOR BENEFITS

I am Capt. Franz O. Willenbacher, USN (retired) executive vice president and legal counsel of the Retired Officers Association and I am accompanied by Rear Adm. Allen P. Mullinnix, USN (retired) assistant legislative counsel. I shall read a short statement which would have been presented by Lt. Gen. Willard S. Paul, the president of the Retired Officers Association, were it possible for him to be here.

The Retired Officers Association is grateful for the invitation to appear here today on the question of survivor benefits for members and former members of the uniformed services.

MEMBERS ON ACTIVE DUTY

The recommendations of the Kaplan Committee, as found in Senate Document 89, part 2, 83d Congress, will, if enacted, provide a uniform and realistic program of benefits for the survivors of members of the uniformed services who die while on active duty. It would remove existing inequities and settle many difficult situations which have arisen in the past.

In addition to the basic benefits which this legislation would provide, it is proposed that members of the uniformed services be blanketed under social security on a contributory basis. The association believes it to be desirable that such benefits accrue to the members of the uniformed services and to their survivors and that they should contribute to this program as do others who are covered under it.

The 6 months' death gratuity should be continued and it should be extended to Public Health Service personnel, the only one of the uniformed services to which this benefit has not been extended. This should be included in the proposed legislation for all of the uniformed services on a basis of equality. In addition to extending this benefit to survivors of the Public Health Service personnel who die while on active service, there should be a provision extending this benefit retroactively to July 4, 1952, the date upon which the Public Health Service lost its military status. Prior to that date the survivors of deceased Public Health Service personnel received the 6 months' death gratuity in view of their military status, but since that time such survivors have not received it. There are approximately 15 widows, or other survivors of personnel of the Public Health Service who died in the service of their country, who have not received this gratuity. The establishment of a maximum and minimum payment under this provision effective after the enactment of the act is fair and equitable. The proposed benefits in the form of compensation payments to survivors of those who die while on active duty, consisting of 80 percent of the first \$100 and 20 percent of the remainder of their gross pay, fall short of the benefits which accrue to survivors of those who are covered under the Federal Employees' Compensation Act, but if based on gross pay as proposed, seem to be reasonable.

It is noteworthy that the Department of Defense recommended compensation payments at the rate of 80 percent of the first \$100 and 40 percent of the balance, but to be based on basic pay. The benefits proposed by the Kaplan Committee, since they are to be related to gross pay, would be substantial, but somewhat less than the amounts which would have resulted had the Department's formula been accepted.

Subject only to the above-mentioned recommendation with reference to retro-active legislation to extend the 6 months' death gratuity credit to the survivors of the Public Health Service personnel who died while on active duty since July 4, 1952, the association has no specific recommendations to make at this time and will fully support the proposed legislation.

#### RETIRED MEMBERS

Public Law 239, 83d Congress, was enacted to permit retired members of the uniformed services to elect certain options with the effect of sharing with their survivors the retired pay to which they were entitled during their lifetimes. Its purpose was to afford a degree of security not theretofore existing for the survivors of this group of individuals. Our association believes this law failed to accomplish its obvious purpose as something less than 10 percent of those members of the uniformed services who were in a retired status on the effective date of the act elected an option under the act.

No one seriously doubted the worth of the plan when enacted. The failure of so many to avail themselves of its benefits was due, in our opinion, to the prohibitive cost. Since the average retired pay is in the order of \$2,400 a year, and since that pay constitutes the sole or principal source of income for a large portion of the group, it was literally impossible for the members involved to curtail their living expenses to take advantage of the benefits of the Uniformed Services Contingency Option Act. This stemmed partially from the fact that three sets of tables were calculated: (1) Covering those retired for physical disability, which apply alike to those previously retired and those who retire in the future; (2) applying to those retired before May 1, 1954, for reasons other than physical disability; and (3) for those retired after April 30, 1954, for reasons other than physical disability. As between these last two tables there is a differential in favor of those in group (3) of approximately one-quarter of the cost, i. e., those in group (2) pay 30 plus percent more than those in group (3). This distinction is difficult to understand or to justify, and it is the belief of the Retired Officers Association that the intent of the Congress when enacting Public Law 239, 83d Congress, was that there be but one table, applicable to all. The association recommends that consideration be given to recalculating the tables with one set of figures to include all categories, and without giving consideration to the physical condition of any retired member. This, the association believes, was clearly the intent of Congress, as no medical examination was required by the act for any member to elect an option under its provisions.

At the hearings on the bill which became Public Law 239, 83d Congress, the Retired Officers Association recommended that the Government assume some substantial portion of the cost of the plan, as it does under other comparable survivor-benefit plans. The association renews this recommendation now. If this were done, it would be necessary to establish another limited time in which retired members could elect an option, and it is the judgment of the association that many more people would avail themselves of the benefits of the plan, if the costs were decreased, and so protect their survivors as it was the original intent of the legislation that they should be able to do.

Under the rates which now exist only those whose income is large enough to participate in this program have found it possible to do so. In other words, those who most need the benefits were unable to avail themselves of its opportunities. A further consideration is that there appears to be no governmental program for annuities or insurance benefits in which the Government does not bear a substantial part of the basic cost. In programs such as these, it is only the military which is asked to bear the full costs. Our association recommends that there be a reconsideration of this former legislation and that a plan be devised under which it can be made available to our retired military personnel and survivors at a smaller cost.

Our association appreciates this opportunity to express its views on this important legislation before this committee.

Thank you.

STATEMENT OF THE COMMISSIONED OFFICERS ASSOCIATION OF THE PUBLIC HEALTH SERVICE BEFORE THE SELECT COMMITTEE ON SURVIVOR BENEFITS, HOUSE OF REPRESENTATIVES, NOVEMBER 18, 1954

I am Capt. Franz O. Willenbacher, USN (retired), national counsel of the Commissioned Officers Association of the Public Health Service.

The Commissioned Officers Association of the Public Health Service appreciates this opportunity of appearing before the Select Committee on Survivors Benefits.

At the outset, the association wishes to say that, in its opinion, no more important proposal for the personnel of the uniformed services could be considered at this time. The recommendations of the Kaplan Committee (S. Doc. 89, pt. 2, 83d Cong.) constitute the first comprehensive suggestion for the establishment of a sound and uniform policy of survivors' benefits for the survivors of those who die while in the service of their country in the Army, Navy, Marine Corps, Air Force, Coast Guard, Coast and Geodetic Survey, and the Public Health Service, to service in the last mentioned of which the members of our association devote their lives.

Our society is progressively becoming more conscious of the essential necessity of providing for the economic survival of the families of those who die prematurely while in gainful employment, upon whom they must rely for their very existence. This proposal will accomplish that for those who must depend upon members of the seven uniformed services who serve on active duty. It, therefore, has the full support of the Commissioned Officers Association of the Public Health Service.

This proposal evolved from original studies and recommendations within the executive branch of the Government in which all seven of the uniformed services cooperated. The plan, thus prepared, was considered, revised, and submitted to the Congress by the Kaplan Committee.

Although this plan is, no doubt, intended to apply uniformly within each of the services, some of the language in the report (S. Doc. 89, pt. 2, 83d Cong.), unless read with that purpose in mind, might, in some respects result in inequity in its application.

It is not the purpose of this statement to analyze the report from that standpoint, in detail, but it is the purpose of this appearance to urge the committee to apply the provisions of this plan to the members of all services and their survivors with equality.

Our association is aware of the statement of the Retired Officers Association and concurs, in general, with its contents, both with reference to the observations made by that association as to "members on active duty" and "retired members."

The Commissioned Officers Association of the Public Health Service wishes to point out one field in which equality of treatment will not result, unless the situation is understood and care is exercised to establish and maintain equality of application. This relates to the 6 months death gratuity.

For many years, the widows or other survivors of military personnel who die while on active duty have received a gratuity of 6 months pay of the deceased member. So too, have the survivors of such members of the Coast and Geodetic Survey received this important benefit. Present law now provides this allowance to the survivors of the members of those six services.

Of the seven uniformed services, although they are all associated for pay purposes under the same laws, serve under comparable conditions, have similar retirement systems, and share identical economic problems, the Public Health Service alone has not been included in permanent legislation for the 6 months death gratuity.

During World War II, while the Public Health Service was, under Executive order, in military status, the 6 months' death gratuity was extended to the widows and survivors of members of the Public Health Service who died while on active duty. However, on July 4, 1952, the military status of the Commissioned Corps of the Public Health Service ceased and, since that date, the 6 months' death gratuity has not been applicable. Since that time there have been 11 deaths of members whose widows or other survivors have been denied this important aid. Two of these deaths took place in Indochina and one in Italy where the officers were serving on foreign duty.

Obviously, this situation needs correction. Not only should the Public Health Service be included in any legislation which may deal with this subject, but such legislation should contain an appropriate retroactive provision to include the few cases which may have developed since July 4, 1952, and prior to the enactment of corrective legislation. This is essential to the problem and it is germane to the proposed legislation now under consideration by the committee.



During the present Congress two bills have been introduced to accomplish this purpose, S. 2831, introduced by Senator Purtell and H. R. 7396, introduced by Representative Wolverson. They are companion bills. It is desired to include a copy of S. 2831 in the record for the information of this committee.

"A BILL To provide for the payment of death gratuity benefits in the case of Commissioned Officers of the Public Health Service

*"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the provisions of the Act of June 4, 1920 (34 U. S. C. 943), relating to the payment of a death gratuity to dependents of Commissioned Officers and other personnel of the Navy or Marine Corps, as amended or as hereafter amended, shall apply to Commissioned Officers of the Public Health Service, except that the duties and obligations imposed in said Act upon the Secretary of the Navy are hereby imposed for the purposes of this Act upon the Secretary of Health, Education, and Welfare, who shall cause the necessary payments to be made from funds appropriated for the Public Health Service: Provided, That the provisions of this Act shall be effective from July 4, 1952."*

If this matter is dealt with in legislation recommended by this committee, it will make other legislation unnecessary.

The Commissioned Officers Association of the Public Health Service strongly supports the proposed plan of survivors benefits for the uniformed services and, subject to the comments in this statement, urges that it be favorably considered by this committee.

STATEMENT OF JOHN R. HOLDEN, NATIONAL LEGISLATIVE DIRECTOR, AMVETS,  
BEFORE THE SELECT COMMITTEE ON SURVIVOR BENEFITS, HOUSE OF REPRESENTATIVES, NOVEMBER 18, 1954

We appreciate this opportunity to express the views of AMVETS on the matter of survivor benefits to Armed Forces personnel.

We have reviewed the Kaplan Committee report and are prepared to offer some comment upon it. We can well appreciate the time and effort Mr. Kaplan and his associates have devoted to an exhaustive study of survivor benefits for members of the uniformed services. We commend them for their efforts to solve this complex problem. However, we cannot endorse the report in its entirety. We feel that certain portions of the report merit this committee's consideration, while other features are objectionable to AMVETS.

We concur with the Kaplan Committee recommendation for revising the death gratuity benefit administered by the Department of Defense to provide a minimum payment of \$1,200 and a maximum of \$3,000. The present minimum of \$468 is too low and the maximum of \$6,857 is more than enough to take care of the readjustment of dependents.

We believe that the proposed plan for full participation in the OASI program is sound. It will permit Armed Forces personnel to contribute and receive wage credits on the same basis as civilian participants in the program. The attendant costs will also be borne by the employer and the employee in the same manner as civilian participation.

We cannot, however, subscribe to the proposal that the serviceman's indemnity be eliminated. This benefit was placed on the statute books for a very definite reason. It was adopted to replace the national service life insurance program then in effect. Call it what you will—gratuity, indemnity or insurance—the fact remains that it serves as an effective substitute for the insurance it is virtually impossible for a serviceman to purchase during time of war or emergency because of the extra hazards of his occupation.

We, therefore, view with apprehension any proposal that would treat the indemnity program as a gratuity to be integrated into a revised service compensation benefit. We recognize the fact, however, that the present classification of potential beneficiaries may be in need of some revision. If the committee feels that some restrictions should be placed on the entitlement to this benefit, we would suggest that the existing classes of beneficiaries be maintained, but that brothers and sisters be required to establish dependency unless designated as beneficiary by the insured. It is the considered opinion of AMVETS that the serviceman's indemnity has in its short span served a very useful purpose in affording insurance protection to service personnel. We, therefore, strongly urge this committee to recommend against its elimination.

We are of the opinion that adoption of the proposed service compensation program will add to the difficulties of administering survivors benefits rather than reducing them. It will burden the Veterans' Administration with an entirely new and different criteria for adjudicating in-service death claims without eliminating any procedures currently in effect for adjudicating death claims of former servicemen.

The present structure of death compensation benefits as administered by the Veterans' Administration is sound. It recognizes the dependency of children and parents even when there is a surviving spouse by providing additional payments to these groups. We respectfully urge that this program be continued.

For the information of the committee, we wish to explain that AMVETS' position on matters pending before congressional committees is governed by mandates adopted at our annual national convention and regularly scheduled meetings of the national executive committee. In the absence of a specific mandate on the question of eliminating a reservist's right to benefits under the Federal Employee's Compensation Act, we cannot offer any recommendation. We recognize the fact, however, that an obvious disparity exists and that corrective action should be recommended by this committee.

During yesterday's testimony, the question of getting eligible persons to apply for benefits to which they are entitled was discussed. The spokesman for the Department of Defense indicated that service personnel receive information on survivor benefits during boot camp or basic training. We feel that orientation and education on this subject should be a continuing process, much in the same manner as the old Articles of War were required subjects at periodic intervals.

This alone is not the answer to the problem. Contact representatives of the Veterans' Administration and representatives of other benefit agencies whose duties include talking with applicants for benefits should be thoroughly versed in benefits administered by all agencies and should have the necessary forms available for benefits administered by other agencies as well as their own. Unfortunately, even then we have not reached all potential beneficiaries. We feel that many of these people are not responding because of a reluctance to transact business by mail.

In an effort to help alleviate this problem, AMVETS have long recommended an expanded Veterans' Administration contact service in rural areas so that potential claimants can be serviced personally rather than through the mail. It is hoped that the Veterans' Administration will adopt this recommendation.

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STATEMENT OF CHARLES E. LOFGREN, SECRETARY OF THE FLEET RESERVE ASSOCIATION

My name is Charles E. Lofgren. I am national secretary of the Fleet Reserve Association. That is a service organization whose membership is composed of enlisted men and temporary officers of the Navy and Marine Corps, active, fleet reserve, and retired.

I speak for the career men of those services who are members of the Fleet Reserve Association.

The Fleet Reserve Association supports, in general, that portion of the Kaplan Committee report dealing with survivor benefit for members of the Armed Services. It is willing to leave to the fair judgment of the Select Committee on Survivor Benefits the job of coordinating the views presented by the representatives of the various Federal agencies, and others, with the Kaplan Committee report, and trusts that the committee may come up with an acceptable plan whereby equity and justice may be meted out to survivors of service personnel, which will be fair both to the Government and to the surviving dependents.

The Fleet Reserve Association appreciates the invitation which has been extended to present any views or comments to more effectively meet the survivor benefits needs of our Armed Forces and former Armed Forces' personnel.

I desire to take my allotted time to bring to the attention of this committee what I consider a deplorable situation confronting some of the widows and orphan children of deceased service personnel, that in my humble opinion is most deserving of consideration by this committee.

At yesterday's hearings I listened to the testimony of Mr. Guy H. Birdsall of the Veterans' Administration. Mr. Birdsall stated in effect that since the Veterans' Administration is charged with the disbursement, that by the same token it should have the right to make determination as to entitlement. I have no argument on that score for I well realize the need for a central agency to assemble all documents to establish proof of claimant's status toward the servicemen, but I

do not believe that any agency of the Government administering survivor benefits should be permitted to overrule the respective department of the Armed Forces on a determination the service department itself has made concerning: (1) Line of duty or misconduct determination as to cause of death; (2) military status of the servicemen at time of death, or (3) date of death.

Such overruling determinations are currently being made, not only by the Veterans' Administration, but also by the Department of Health, Education, and Welfare, and I shall develop this point as I go along.

In the Navy Department, certificates of honorable service, signed by the Secretary of the Navy, are issued to the next of kin of those who die on active duty. Accolades signed by the President of the United States are issued to the next of kin of those who die in battle. It is comforting to the surviving dependent to receive such a beautiful engraved accolade or certificate of honorable service bearing the personal signature of so high an official as the President or the Secretary of the Navy, testifying as to the supreme sacrifice made by the serviceman in defense of his country. But, can you visualize the utter despair that confronts the widow, mother, dependents, or orphan child a few months later when the Veterans' Administration or the Department of Health, Education, and Welfare deny the claim for death compensation or social-security benefits on the grounds that (1) death resulted from the serviceman's own misconduct; or that arbitrarily, and notwithstanding the determination made by the service in which he so faithfully served his Government; (2) that he was not in the active service at time of death, or (3) that the administering agency did not recognize the date of death as certified by the department?

Illustrative of these three conditions: In all cases of violent deaths the Navy conducts a court of inquiry, board of investigation, or board of inquest, inquiring into the circumstances that lead to the serviceman's death. This report is reviewed by the Judge Advocate General of the Navy, who makes a legal determination as to whether or not the man dies not the result of his own misconduct. If the determination is not misconduct, the Navy pays his next of kin the 6-month death gratuity.

In adjudicating claims for death compensation, the Veterans' Administration calls on the Navy for the proceedings of the inquest, and a claim of adjudicator or attorney goes over the gruesome details and decides that the Navy's determination of "not misconduct" was wrong. Picture the condition, confusion, and mental anguish of the bereaved family, to hold in one hand a certificate of honorable service from the branch of the service in which the man served, and in the other hand, a denial of death compensation based on the independent determination of another agency of that same Government.

It just does not make sense.

Turning now to the second illustration: Military status of the serviceman at time of death. A serviceman, CAIQUEP, Arsenio, XC4138264, reported for active duty October 18, 1940. Carried by Navy in a missing status on the fall of Corregidor May 6, 1942. Reported to have been a member of the death march Bataan to Capaz. Reported to have been confined in the Japanese prison at Capaz, Tarlac, Philippines. Under the Missing Persons Act the widow received active-duty pay from date missing in action, May 6, 1942, through June 25, 1945, and the 6-month death gratuity. Upon reoccupation of the Philippines by the United States forces it was found that the serviceman actually died on August 3, 1944, reported to me to have been the direct result of disease and suffering incident to maltreatment on the death march and at the Japanese concentration prison.

From what I gather this serviceman was released from the Japanese prison camp along with numerous others captured at Corregidor for political reasons to cement a better feeling between the Filipino people and their Japanese conquerors. But never having been separated from active duty he was still "United States Navy, active," as evidenced by the fact that the Navy paid his surviving dependent the pay due him through the time he was determined dead—June 25, 1945. How inconsiderate can an agency of this great Government be? Claim for death compensation was denied. On appeal, from which there is no further appeal or legal redress, the Board of Veterans Appeals stated that for purposes of laws administered by the Veterans' Administration, the active naval service of this veteran terminated May 6, 1942, and the appeal was denied.

Beyond that point the widow has no remedy, as decisions of the Veterans' Administration are final, and no court has jurisdiction, except on Veterans' Administration insurance contracts.

I feel deeply over such a miscarriage of justice, and if a court of our country had jurisdiction, which it does not, I don't believe any court in the land would uphold the decision of the Veterans' Administration in this and similar cases.

I hope you gentlemen will agree with my feeling in the matter on such a typical case. The tragic part here is that the Veterans' Administration at first did allow death compensation based on the report of the Navy, from June 26, 1945, through August 31, 1953, then withdrew the award and are now demanding the return from this distressed widow an overpayment of \$6,648.33. I wonder where she is going to get it.

Lastly, how an agency of the Government can arbitrarily rule that a serviceman died on a date other than as certified by the service department is really one for the book.

Here I cite the typical case of Antonio Medenilla, social security account 575-36-0601, case No: F 598-599, Department of Health, Education, and Welfare.

He was on duty in the Navy at the outbreak of World War II at Corregidor, and carried by the Navy as such from June 12, 1941, until December 2, 1945, the date on which his death was presumed to have occurred.

The widow was paid active-duty pay through December 12, 1945, plus the 6 months' death gratuity. The widow filed claim for social-security benefits for herself as mother and for a minor child. The Department of Health, Education, and Welfare denied the claim, and following the administrative procedure set forth in the Social Security Act, she requested a hearing before a referee of the Social Security Administration.

The widow represented that she had received conflicting accounts as to her husband's whereabouts for part of the time when he was in a missing status, and if he survived the fall of Corregidor and the death march, he may have died unaccounted for.

Be that as it may, officially he was a member of the United States Navy on active duty until declared dead officially under the Missing Persons Act.

There attaches no comfort to the widow in not knowing what happened to her husband and the father of her minor son, who apparently died gloriously in the defense of the United States as a naturalized American citizen, and there is no grave where she can pay silent tribute to his memory. Is it any wonder why these poor people are bitter at the treatment accorded them by a presumably grateful Government, when the referee of the Social Security Administration "believes however, that in the case of a serviceman reported 'missing in action,' the presumptive date of death is the date when the serviceman was missing in action," and accordingly ruled that the wage earner died on May 6, 1942. Remember Corregidor.

This widow's sole recourse under the law was to exhaust all administrative procedures by next requesting review of the referee's decision by the Appeals Board, if denied, to enter suit in the United States district court nearest to residence, in this case, probably Hawaii, T. H.

These unfortunate widows in a faraway land do not understand this complicated procedure, nor do they have the wherewithal to engage the services of an attorney to battle for what should rightfully come to them without court litigation. Time limits having long since expired, they have no further remedy at law.

This concludes the factual and typical cases of the points I have developed, and I sincerely trust that this select committee may find it advisable to include in its report to the Congress a specific recommendation that agencies administering survivor benefits for Armed Forces personnel shall be required to follow the official determinations of the department in which the serviceman served, covering line of duty determinations, military status at time of deaths, and dates of deaths, and that this be made retroactive to December 7, 1941, the date on which the United States entered World War II.

I thank you all.

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STATEMENT ON MILITARY SURVIVOR BENEFITS, FILED WITH THE HOUSE SELECT COMMITTEE ON SURVIVOR BENEFITS, BY THE AMERICAN LIFE CONVENTION AND THE LIFE INSURANCE ASSOCIATION OF AMERICA ON NOVEMBER 19, 1954

This statement relates to the study of survivor benefits being provided for Armed Forces and former Armed Forces personnel which is being made by the House Select Committee on Survivor Benefits. It is filed on behalf of the American Life Convention and the Life Insurance Association of America, 2 life

insurance company associations having a combined membership of 244 companies representing approximately 98 percent of the legal reserve life insurance in force in the United States.

We deeply appreciate the opportunity afforded to us to present our views on this subject and we wish to commend the committee on the effort it is making toward solving the problem of how to most effectively meet the survivor benefit needs of our Armed Forces, a matter closely related to the morale of these forces.

This general subject is one that is not new to our two associations. In the past, we have worked with congressional committees and with the Defense Department on the actuarial aspects of the armed services survivor benefit legislation which was proposed during the 81st and 82d Congresses as well as the Uniformed Services Contingency Option Act (Public Law 239, 83d Cong.). Appearances were made during that same period before a subcommittee of the House Committee on Veterans' Affairs and the Senate Finance Committee in connection with Servicemen's Indemnity Act of 1951 (Public Law 23, 82d Cong.).

We are in agreement with the idea of a full and complete investigation and study of these benefits as authorized by House Resolution 549. A distinguished member of your committee, Congressman Hardy, in his speech on the House floor on June 24, 1953, very aptly summarized the confused situation resulting from the operation of 5 separate survivor-benefit programs administered by 4 executive agencies pursuant to legislation coming under the several jurisdictions of at least 5 different congressional committees.

Congressman Hardy recognized the unfortunate effect of the piecemeal legislative development of these programs with their overlapping and duplications resulting in inefficient and uneconomic administration as well as, in many instances, inequitable benefits as between classes of servicemen. It was pointed out that the administrative complexity of these benefit programs has doubtless made it difficult for some beneficiaries to obtain the full benefits to which they are entitled; also, that some survivors of military personnel are entitled to receive more income as survivors than was provided through base pay and allowances when the deceased was on active duty.

The members of the Committee on Retirement Policy for Federal Personnel (Kaplan Committee) recognized these same problems in the foreword to its report on the uniformed services retirement system. The committee pointed out that historically studies in this field have been concerned with particular benefits rather than with the total problem. It is obvious that the time has come for Congress to review the several benefit systems as a whole picture and to develop a single integrated system of benefits.

We are not at this time making specific suggestions. We do not feel that we are in a position to have the necessary facts or to accurately know the problems facing the Defense Establishment in sufficient detail to enable us to make a definite proposal. However, as such proposals materialize and are considered by your committee, we would be interested in having an opportunity to examine them and to make appropriate comment. In that connection, we would be happy to work with the committee or its staff in providing any assistance possible.

We would like to take this opportunity to repeat 1 or 2 general principles which we have stated in the past and to which we hope your committee will give its attention in developing an overall survivor-benefit program. The life-insurance companies recognize the need for a Government program which will provide a measure of protection to the dependents of servicemen while on active duty in the Armed Forces. We respectfully submit, however, that regardless of what form such a program may take, the overall benefit level should not exceed reasonable limits. There should remain an area of incentive for a serviceman to provide supplemental protection for his dependents through a personal insurance and savings program. This is true of similar benefits available to civilian employees under existing welfare programs and the principle would appear to be equally valid when applied to the armed services program.

In this connection, life insurance companies commonly issue complete coverage on servicemen during peacetime and even in time of war are in a position to offer coverage against normal hazards as distinguished from abnormal wartime hazards. In view of the availability of life insurance coverage for servicemen we urge that the level of benefits provided by Government not be so high that the serviceman is discouraged from creating his own insurance estate.

In general, survivorship benefits in the case of servicemen should terminate upon the termination of service, the practice followed in most civilian-employer plans. The Government should not provide coverage for a discharged serviceman whose insurability has not been impaired while in the service; to do so is to place the

Government in direct competition with private insurance companies which are in a position to meet all of the insurance requirements of these men. It is recognized that the serviceman who has suffered physical impairment with a consequent loss of insurability should be offered insurance by the Government without penalty for the impairment incurred.

Again, we appreciate this opportunity to present our views and to assure your committee of our wish to cooperate in this matter in every way possible.

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STATEMENT OF LOUIS J. GRAYSON, CHAIRMAN, COMMITTEE ON AFFAIRS OF VETERANS AND SERVICEMEN, THE NATIONAL ASSOCIATION OF LIFE UNDERWRITERS TO SELECT COMMITTEE ON SURVIVOR BENEFITS, 83D CONGRESS

My name is Louis J. Grayson, and I am chairman of the committee on affairs of veterans and servicemen of the National Association of Life Underwriters. We have a paid membership of some 60,000 life insurance agents in every State of the Union.

Our association is deeply appreciative of your courtesy in inviting us to submit our suggestions and recommendations concerning survivorship benefits for military personnel.

We have studied with much interest the very able report on the Uniformed Services Retirement System submitted to the Congress by the Kaplan Committee on Retirement Policy for Federal Personnel, under date of May 13, 1954. We are in substantial accord with the findings of that body as to the serious defects and inequities in the present system of survivorship benefits. Furthermore, we subscribe in general to the nature of the remedies suggested in that report.

But we are at variance with many of the Kaplan Committee's recommendations as to the magnitude of the proposed new survivorship benefits. It appears to us that these recommendations, if adopted, would tend to enlarge and perpetuate in our economy an alien philosophy which seems to have developed only within the past few years and to which we cannot subscribe; i. e., the concept that the Federal Government alone has an obligation to support in complete comfort and security the survivors of military personnel who die from any cause while on active duty or after. We consider this doctrine insidious and dangerous. So far as we are aware, it has no parallel in any other segment of our people or in any private enterprise.

Under the old-age and survivors insurance program, the Congress has seen fit, and, we believe, wisely, to establish the principle that the dependents of deceased workers should be provided with a basic minimum layer of tax-supported Government benefits—a floor on which they are expected to build their own survivorship programs in accordance with individual means and desires. Until the end of World War II, that same doctrine of providing only minimum benefits prevailed with equal impartiality to civilians and military alike. But, during the past few years, the system of gratuitous survivorship benefits for military personnel has expanded far beyond anything conceived of 10 years ago. The proposals of the Kaplan Committee, while sound in many respects, would in many cases only mark a further expansion and liberalization of these benefits and would, we believe, establish a degree of paternalism which is completely foreign to our concept of government, and touch the hem of socialism.

It is our conviction that beyond any basic floor of economic security provided by the Government lies the broad domain where individual responsibility should remain sovereign. We believe that the Federal Government should neither invade the domain nor usurp individual responsibility. The duty of each individual, military as well as civilian, to provide for his own dependents transcends mere obligation; it is a right and a privilege. For the Federal Government, through a system of excessive gratuitous survivorship benefits, to attempt to do for the individual that which he is in honor bound to do for himself, violates the very precepts of our national philosophy.

It is in many respects strange that we select our military personnel for this paternalism. It is as if we were to say to them: "We are willing to entrust you with the safety and security of our country, but we cannot trust you to provide for your own loved ones." For the Federal Government to attempt to assume that entire responsibility for them robs them of a sense of self-reliance and self-esteem to which they are entitled. Encouraging complete dependence on governmental largess is not calculated to develop character and decision in the members of our Armed Forces.

We are justly, perhaps inordinately, proud of our military personnel. They have a just and enduring right to adequate security for their families. They have the intelligence and the desire to make personal provision for much of that security, if given the means and opportunity. We respectfully submit that sound policy dictates that the Government, instead of undertaking to relieve them of their individual responsibility in this area by providing excessive gratuitous survivorship benefits, should pay our servicemen adequately in order that they may exercise their own good judgment, like other citizens, and follow the dictates of their own conscience.

*Dated: November 19, 1954.*

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#### APPENDIX F

On October 7, 1954, the chairman solicited the comments and views of all Government agencies on part II of the Kaplan report, a copy of a draft bill prepared by the Department of Defense to implement the recommendations of the Kaplan Committee, and any general comments on the subject of survivor benefits which any agency cared to make.

Appendix F are the replies received by the Committee from the various Government agencies.

VETERANS' ADMINISTRATION,  
*Washington 25, D. C., October 22, 1954.*

HON. WILLIAM H. BATES,  
*Chairman, Select Committee on Survivor Benefits,  
House of Representatives, Washington 25, D. C.*

DEAR MR. BATES: This is in response to your request of October 7, 1954, for the comments of the Veterans' Administration on the proposals of the Kaplan Committee in its report on the Uniformed Services Retirement System and with respect to a draft bill submitted with your request which is generally designed to carry out the Kaplan Committee recommendations. You also requested such other comments or views as the Veterans' Administration might consider of interest to your Committee in its consideration of the general subject of benefits for the survivors of members and former members of the Armed Forces.

The enclosed statements are presented in compliance with your request. The first statement deals with what are regarded by the Veterans' Administration as basic considerations applicable to the Kaplan Committee recommendations. The second statement deals specifically with some of the more significant aspects of the draft bill, but does not repeat the aforementioned basic considerations which are equally applicable in any analysis of the bill.

It is our desire to be as helpful as possible to your Committee, and you may be assured that any additional requests from the Committee or its staff director, Mr. Carnes, will receive prompt attention in keeping with the pleasant and cooperative relationship which has already developed.

Advice has been received from the Bureau of the Budget that there would be no objection to the submission of this report to the Committee.

Sincerely yours,

H. V. HIGLEY, *Administrator.*

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#### STATEMENT OF THE VETERANS' ADMINISTRATION WITH RESPECT TO RECOMMENDATIONS OF THE KAPLAN COMMITTEE ON BENEFITS FOR SURVIVORS OF DECEASED SERVICEMEN

The second report of the Kaplan Committee dealing with the Uniformed Services Retirement System (S. Doc. 89, pt. 2, 83d Cong.), proposes basic changes in the overall structure of benefits for the survivors of persons who die in the active military service. The primary concern of the Veterans' Administration is with these recommendations.

Briefly, the plan would consist of (1) social-security benefits provided by a participating system with payment of the "employee" tax by the serviceman and of the "employer" tax by the military department; (2) a revised 6 months' death gratuity; and (3) service compensation awarded by the Veterans' Administration and computed in accordance with a formula of 80 percent of the first \$100 of gross active-duty pay, plus 20 percent of such pay exceeding \$100. The present servicemen's indemnity, existing death compensation payments, and

Federal employees' compensation in Reserve cases would be discontinued insofar as those benefits apply to persons dying in the active service.

However, the proposal would be limited to those dying in the active service subsequent to its enactment, and apparently it would not divest the rights of persons entitled to benefits under existing laws based upon prior deaths in service. Neither would it affect the application of the present death-compensation laws to deaths occurring after separation from service as the result of service-connected disability.

The Veterans' Administration strongly agrees with the Kaplan Committee in its recognition of the problem of inequality between Regulars and Reservists by virtue of the fact that larger benefits are payable under the Federal Employees' Compensation Act by the Department of Labor in many Reserve death cases occurring in a time of technical peace. This problem largely arose from the sharp increase in rates generally available under the Employees' Compensation Act pursuant to the amendments of 1949, which incidentally provided substantial increases in Reserve death cases. There appears to be no justification for this discriminatory situation, and the practical solution would seem to be that offered by the Kaplan Committee—the removal of reservists from death coverage under the employees' compensation program.

Another problem dealt with by the Kaplan Committee is that created by the existing provision for gratuitous social security wage credits in favor of persons in the active service. This is a temporary program which will expire on June 30, 1955. The Congress will doubtless be faced with many demands for extending it, in view of the continued large size of the Armed Forces, unless some alternative measure is adopted. As pointed out by the Kaplan Committee, the cost of the gratuitous wage credit plan falls on the OASI trust fund, which is principally supported by private employers and employees. It is understood that the Government may be faced in the future with the problem of whether it will recognize an obligation to make reimbursement to the fund and to what extent.

The proposal to substitute a contributory OASI plan, continuing on a permanent basis, is very appealing. It is realized that this might involve greater annual costs from the standpoint of the Government by reason of its payment of the employer's tax currently into the fund. This fiscal aspect is a serious consideration, along with the interrelations between the proposed social-security benefits and other benefits. These considerations partly account for the changes in the nature and scope of other major death benefits as recommended by the Committee.

The revision downward of the 6 months' death gratuity, which is proposed by the Committee, would apparently not accomplish very substantial savings. Clearly the elimination of Federal employees' compensation coverage of Reserve deaths would result in a material saving, as well as an equalization. Termination of the free indemnity in future cases and the drastic proposed changes in death compensation benefits for future in-service death cases would raise serious problems of policy apart from the fiscal impact of these actions.

It is apparently the view of the Kaplan Committee that substantial savings will be realized from the abolition of the indemnity protection and the restriction of death payments by the Veterans' Administration to a more limited class of beneficiaries, notably by the exclusion of remarried widows and brothers and sisters who may be eligible for indemnity payments under the existing law but who would not be eligible under the plan of service compensation. As will be discussed hereinafter, it is highly speculative whether the claimed savings can be realized over a long-range period. However, it is desired to raise a preliminary question of policy regarding the effect of the proposal in diluting benefits administered by this Agency.

It is implicit in the Kaplan report that the proposed social-security plan should absorb certain features of the noncontributory benefits now provided through the Veterans' Administration. For example, the proposed service compensation would not afford additional allowances in cases of a widow with several children as does the present death compensation program. The theory seems to be that adequate provision would be made through social-security payments on account of children, when added to the fixed amount receivable as service compensation by the widow. Similarly, it is apparently assumed that social-security payments, when added to service compensation, should supersede the death indemnity. There is no provision in the report for additional allowances of service compensation in favor of dependent parents in those instances where there is a widow or a widow with children.



The Veterans' Administration is pleased to cooperate in any reexamination of the general benefit structure for the survivors of persons who die as the result of military service. It seems entirely in order, however, to point out that the traditional legislative policy has given first place to a plan of noncontributory compensation for service-incurred disability or death resulting therefrom. This type of benefit has been administered by the Veterans' Administration and its predecessor agencies. A prime ingredient of death compensation is monthly payments on a cumulative basis to or for three classes of beneficiaries: widows, children, and dependent parents. Complementing this basic protection has been the longstanding program of Government insurance, which was inaugurated by the War Risk Insurance Act amendments of October 6, 1917 (Public, No. 90, 65th Cong.).

The insurance scheme was a recognition of the fact that many servicemen would obtain some insurance protection for their families in addition to whatever other types of protection they might expect, if they had continued in private life. In times of war or serious emergency they might be deprived of making this provision unless it is extended by the Government. Thus, Government insurance on a contractual plan, with the Government bearing the expense of deaths due to extra hazards of the service, was made available to servicemen until the enactment of Public Law 23, 82d Congress, providing the gratuitous \$10,000 indemnity for death in service or during a period of 120 days thereafter. The latter was designed by the Congress as a substitute for insurance which would avoid the administrative complications incident to the latter. Further, it was the congressional view, considering the extra hazard costs borne by the Government under the insurance plans, that the free indemnity would probably not be more costly. In keeping with the insurance concept, the indemnity coverage was given wider scope with respect to the permitted class of beneficiaries than death compensation, including the surviving spouse, child or children, parent, brother or sister of the insured serviceman.

The foregoing background indicates the growth of a separate body of laws administered by an independent agency of the Government, embodying the policy that death compensation and insurance or indemnity constitute the foundation of the benefit system for survivors of servicemen or veterans dying from service-connected causes. Accordingly, the Veterans' Administration must question the soundness of any proposal which would materially cut down these basic benefits on the assumption that they should be regarded as partially absorbed by social-security payments. Such a move by the Congress would tend to negate the principle of special consideration for veterans and their dependents.

Social-security protection for servicemen on a participating plan partakes of the same nature as that applicable to private employees and offers survivorship protection in the same sense as such protection is made available to the general population. Aside from the question of added expense, this would be a desirable supplement to the basic structure of noncontributory veterans' benefits. On the other hand it is highly questionable whether this should be invoked as a justification for materially altering the primary benefits of compensation and indemnity with all that they imply in terms of recognizing the special obligation of the Government to compensate for losses due to military service.

Apart from the broader factors which have been discussed in the preceding paragraphs, certain specific reasons assigned by the Kaplan Committee for the elimination of the free indemnity should be carefully examined. It is argued that the indemnity payments of \$92.90 per month for the first 10 years following death of the serviceman, when added to other benefits, provide an uneven distribution of payments. Particular notice is taken of the cases of widows under age 65 who receive relatively large amounts from this together with other benefit sources during the first 10 years but suffer a reduction thereafter, if the children have passed the age ceiling, to the amount normally payable as death compensation, which in the case of a deceased Regular member dying as the result of wartime service is presently \$87 per month. It must be conceded that this is a debatable matter, the apparent congressional view having been that the first 10 years represent a more necessitous period of readjustment for the widow and children than the later period when other sources of income may have become available.

If a more uniform distribution of payments is indicated, this could be accomplished by extending the period for indemnity payments and reducing the monthly amount without abandoning the indemnity concept altogether. Likewise, it does not follow that the special indemnity protection should be withdrawn because the permitted class of beneficiaries includes widows after their remarriage and brothers or sisters. This latitude for designation of the beneficiary of the in-

demnity payments was doubtless intended to assure that the indemnity shall achieve the essential purposes of Government life insurance which it superseded. Again, however, if it should be determined that the beneficiary spread of the indemnity coverage is too broad, adjustments could be made by appropriate amendments without wiping out the indemnity in its entirety.

It is difficult to escape the conviction that even if the special indemnity protection should be removed in order to accommodate the situation to an overall plan such as that proposed by the Kaplan Committee, it would not be long before there would be a concerted effort to reinstate this type of protection in addition to all other death benefits. This is a practical consideration which must necessarily be weighed. It tends to lessen the force of any assumption that the claimed savings flowing from the repeal of the Indemnity Act would endure for more than a temporary period.

This leads to the further comment that establishment of the proposed system of service compensation, for application to future cases of in-service death, alongside of death compensation which would continue to apply to cases of post-service death and to the large number of in-service death cases already on the rolls, would produce inequalities of many kinds and probably would not be long maintained. It would be extremely hard to hold the legislative line against the pressures of those on the rolls to obtain equal treatment in all instances in which the new plan offers increased benefits. Conversely, wherever there might be more liberal benefits available under the existing death compensation laws, the beneficiaries of those dying in service after enactment of the new plan would press for a right of election which would give them compensation payments equal to the payments being made to the survivors of persons previously dying in the service or after service from service-connected conditions. The same demands for parity of treatment would also exist as between future in-service cases to which the proposed service compensation would apply on the one hand, and future post-service cases resulting from service-connected conditions in which the existing death compensation would continue for payment.

The practical significance of the comments just made is evidenced by the fact that under the proposed service compensation plan of the Kaplan Committee widows without children would fare better than would such widows who are eligible for the existing death compensation, the range of service compensation rates being from \$125 monthly in the case of an E-1 to \$310 in the case of an O-8, as compared to the wartime death compensation rate of \$87 per month and the peacetime rate of \$69.60. By contrast, in many cases involving widows with children the proposed service compensation would be less than the present death compensation rate. These situations exist wholly aside from the even greater disparities which would arise as between existing Reserve death cases, which would continue on the rolls under the Federal Employees' Compensation Act, and future such cases taking lower rates in the form of service compensation.

The disparities would arise not only in relation to the amounts payable, but also with respect to beneficiaries. As noted, the death compensation laws administered by the Veterans' Administration make provision for increased payments where there are children in addition to the widow and for additional payments to dependent parents. The Kaplan proposal adheres to a fixed amount, variable only in accordance with pay grade, except for a reduction of 40 percent in a case involving only a minor child or one dependent parent. Other differences in this area would probably exist, depending upon the degree to which the definitions of the several classes of dependents might differ from those applicable under existing death compensation laws. As a detail it may be mentioned that the plan would embrace dependent husbands as eligible beneficiaries, in contrast to the fact that death compensation is not payable by the Veterans' Administration under current laws to surviving dependent husbands.

In this connection it is noteworthy that the proposed plan would not distinguish between wartime and peacetime rates and would not require that the death be the result of disease or injury incurred or aggravated in line of duty and not the result of the serviceman's own willful misconduct. These aspects would also represent departures from the death compensation requirements.

A crucial difference between the Kaplan proposal for service compensation covering future in-service deaths and the existing death compensation plan administered by the Veterans' Administration lies in the fact that amounts payable under the proposal would vary in accordance with the rank or active duty pay grade of the deceased servicemen. This would be a sharp departure from the uniform compensation rate structure administered by this Agency, applicable both to deaths in service and deaths after service as the result of service-incurred disability.

For a great many years there has been absent from the basic veterans' compensation system any distinction by reason of rank or active duty pay. This is true in the areas of pension for death not the result of service or pension for non-service-connected conditions, as well as in the areas of disability compensation and compensation for death due to service causes. Variations in rates exist only by reason of dependency status, the Government recognizing an obligation to provide larger amounts where there are several dependents.

The basic principle of uniform rates has prevailed since it was crystallized with the enactment of the War Risk Insurance Act amendments of October 6, 1917 (Public No. 90, 65th Cong.). This question was thoroughly debated on the House floor at the time H. R. 5723, 65th Congress, which became the act of October 6, 1917, was being considered. As reported, the bill would have provided death compensation, as well as disability compensation, in accordance with specified percentages of the active duty pay of the veteran or serviceman, subject to monetary ceilings.

The same argument was advanced as that used by the Kaplan Committee to the effect that the compensation benefit is in the nature of a component of compensation for service rendered, rather than an outright gratuity, and hence should be related to earnings. The bill had been developed on an analogy to workmen's compensation laws of the various States. It was stressed in the floor debates that Regular career personnel of long service had sacrificed opportunities which might otherwise be available in civilian life and their dependents should be compensated accordingly.

Those favoring the uniform system of rates pointed out that the benefits were noncontributory, that differences in death compensation rates based upon rank would not conform to democratic principles which required that the Government accord equality of treatment to dependents, and that the theory of differentials based upon earning capacity was not sound when applied to a Military Establishment composed in large part of draftees and other noncareer personnel. This argument included reference to the fact that many of those drawn temporarily into the military service would receive relatively low rates of pay having little relation to their earning capacity in civilian life, and that in some instances their civilian pay or earnings would exceed the military pay of persons of higher rank.

The amendment rejecting this feature of the bill as reported was adopted by an overwhelming vote of 139 to 3 (55 Congressional Record, pt. 7, p. 7076). In consequence the 1917 law, which was enacted to provide a rounded system of benefits for servicemen and veterans of World War I and their dependents, embodied the firm policy of uniform compensation rates without distinctions based upon the amount of military pay which had been received by the serviceman. No controversy on this matter arose in the Senate, although it was discussed in the committee hearings and mentioned in the floor debates.

Subsequent laws, including the World War Veterans' Act, 1924, and the Public No. 2, 73d Congress, system of compensation provisions, have followed the basic philosophy of equality of treatment without regard to rank in the payment of compensation benefits. In view of the Kaplan Committee statement that under present conditions the average service expectancy is something like 3 years, it is apparent that the present and foreseeable situation of a heterogeneous Military Establishment, made up in large part of noncareer personnel, is similar to that considered by the Congress in 1917 in reaching the definite conclusion that compensation payments should not vary on account of rank or pay grade.

It is claimed by the Kaplan Committee that its proposal, taken as a whole, would cost about \$74 million per year less than present survivorship laws, with over half the savings attributable to deaths of unmarried personnel. There are so many speculative factors involved in attempting to compare cost estimates at this time that such a prediction of savings is questionable, even if it could be assumed that the proposal could be maintained separate and apart from and unaffected by the continuation of the present system for those already on the rolls and for future cases involving postservice deaths. The previous discussion clearly demonstrates that the resulting inequalities and discriminations could easily lead to measures designed to extend the more liberal benefit in all cases. This, in turn, would necessarily serve to increase, rather than decrease, annual expenditures.

The foregoing observations are somewhat generalized and are presented with a view of underscoring the pitfalls in the Kaplan Committee proposals as they would affect the primary benefits administered by the Veterans' Administration. Many items of detail could be discussed, but it is believed that the foregoing is sufficiently comprehensive to reach the fundamental issues.

The Veterans' Administration has not approached this matter in a spirit of defending as sacrosanct every detail of the programs of benefits administered by this Agency which would be changed by the proposal. It may well be in order to consider whether adjustments in the indemnity coverage should be made without impairing or converting the intrinsic nature of that type of protection. It is felt that, in general, the present death-compensation program administered by the Veterans' Administration is sound and should not be materially altered to yield to a social-security program or to accord distinctions based on military rank. Under the circumstances, we have no specific recommendations to submit with respect to basic revisions in these service-connected death benefits.

In addition to the consideration of possible adjustments in the death indemnity and the repeal of laws conferring Federal employees' compensation benefits in cases of future Reserve deaths, the Select Committee may also desire to give some attention to the question of whether the 6 months' death gratuity and the free indemnity represent a partial duplication of payments. This, of course, is complicated by the fact that in addition to other possible differences in precise purpose the 6 months' death gratuity represents for a brief period a continuation of pay in accordance with the pay grade of the decedent, whereas the death indemnity, like death compensation, is payable in a fixed monthly amount without being influenced by the factor of active duty pay or rank.

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STATEMENT OF THE VETERANS' ADMINISTRATION ON DRAFT BILL CONCERNING  
BENEFITS FOR SURVIVORS OF MEMBERS OF THE UNIFORMED SERVICES

The draft bill "To provide benefits for the survivors of members of the uniformed services, and for other purposes", submitted for comment by the Select Committee, is apparently designed to implement the proposals of the Kaplan Committee as contained in its second report dealing with the Uniformed Services Retirement System (S. Doc. 89, pt. 2, 83d Cong.).

The fundamental considerations of policy have been discussed in the separate statement dealing with the Kaplan Committee recommendations and may be considered generally applicable to the draft bill without the necessity for repetition. This statement will be largely confined to certain detailed aspects of the draft bill, including some features which do not correspond with what appears to have been intended by the Kaplan Committee.

In general, the purpose of the bill is to extend OASI coverage to members of the uniformed services on a contributory basis and to revise the system of benefits provided for survivors of members of the uniformed services by limiting them to (1) a scaled-down 6 months' death gratuity, (2) benefits under the Social Security Act, and (3) service compensation payable by the Veterans' Administration. Except for cases involving brief periods of duty or training, the death gratuity and service compensation would be limited to death occurring while on active duty or extended active duty for training.

Section 302 of the bill would repeal the Servicemen's Indemnity Act of 1951. The applicable policy factors have been analyzed in the mentioned statement on the Kaplan Committee report. It may be reiterated that the Veterans' Administration is unable to agree that the Servicemen's Indemnity Act should be completely repealed and is of the view that in the event of its repeal there would exist a strong possibility that at some future time a plan of Government insurance or indemnity would be restored by law in addition to other benefits.

The service compensation provisions in title I, section 103, are somewhat more extensive than the Kaplan proposal in that they cover persons dying on inactive duty training or while on active duty or active duty for training pursuant to an order specifying a period of duty of less than 30 days, or within 120 days from the termination of such duty, except that these cases would be limited to death from injury incurred or preexisting injury aggravated while on such duty. The exact purpose of the extended coverage for 120 days after termination of a short period of duty or training, in the face of the fact that this would not apply in cases of extended active duty, is not clear.

The bill does not specifically provide for repeal of the death compensation laws insofar as they cover future cases of death in service and otherwise, which would be embraced within the proposed service compensation program. This matter is sought to be controlled by section 304, precluding a person "entitled" to survivors benefits under the bill from being "entitled" to monetary benefit under any other law based on the previous military status of the deceased, subject to certain exceptions. This may permit situations to develop in which

different classes of dependents of a person dying in service will take benefits under different laws. For example, if the survivors consisted of a widow and dependent parents, the widow would take under the service compensation plan, and the dependent parent or parents, not being "entitled" to service compensation, might be free pursuant to the language of section 304 to qualify for death compensation under present laws. Similarly, where only a parent is left who could not meet the test of dependency prescribed by subsection 101 (9) of the bill, such a parent might by reason of section 304 be permitted to qualify for death compensation pursuant to the differing standards for determining dependency. This and other possible situations were apparently not contemplated by the Kaplan recommendation, which seems designed completely to replace death compensation in all cases of future deaths in service and to avoid cumulative compensation payments in such cases where there are several classes of dependents.

As indicated, the bill would establish definitions of the several classes of dependents differing in some particulars from definitions applicable in the administration of the existing death compensation laws. Without detailing all of these, it is noted that subsection 101 (5) would include a husband as a "dependent spouse" if he was in fact dependent on the deceased member for over half of his support. Dependent husbands are not eligible for death compensation under currently applicable laws administered by this Agency.

The definitions of "child" and "dependent child" also differ in certain respects from the existing definitions for purposes of death compensation, notably by the inclusion of a stepchild irrespective of whether he is a member of the serviceman's household, the exclusion of an illegitimate child regardless of the circumstances, and the extension of coverage to any unmarried child under 21 years of age. Death compensation is payable on account of a stepchild if he was a member of the individual's household; for an illegitimate child under certain defined conditions; but not generally for a child over 18 years of age unless he became permanently incapable of self-support prior to reaching the age of 18 or is attending an approved school after age 18 but not beyond age 21.

Other differences in the dependency definitions would exist, as in the case of stepparents, who are not covered for death compensation but would be included for service compensation. These variances serve, among other things, to point up the inequalities which would, with other factors, generate pressures for equalization or for rights of election as between those who would be covered for service compensation and those who would continue to receive death compensation.

Subsection 101 (1) of the bill defines "member of a uniformed service" to include officers of the Coast and Geodetic Survey and of the Public Health Service. This is an extension of the existing limited coverage of such personnel for purposes of either death compensation or servicemen's indemnity, since it would include them under all circumstances without regard to conditions of service. As a matter of policy, this is questionable in view of the civilian character of much of the activity of these groups.

The language of subsections 103 (a), 103 (e), and 103 (f) suggests a possible intention that the Veterans' Administration would perform largely ministerial functions, leaving many of the substantive determinations of entitlement to service compensation for certification by the service department. If this is the purpose it is submitted that an undesirable division of administrative duties and responsibilities would exist. The imposition of responsibility on the part of the Veterans' Administration for rendering prompt and effective service to the surviving dependents of servicemen might not be accompanied with the degree of control over basic determinations of eligibility adequate to the proper discharge of that responsibility. Furthermore, the agency would be handicapped in supporting requests for the large appropriations necessary for this program unless it is in a position to formulate the governing policies and procedures and to carry out the basic adjudicative functions which would play such a large part in controlling the scope and efficiency of the program.

Section 301 contains revisions of sections 619, 620, and 621 of the National Service Life Insurance Act of 1940, as amended. Section 303 would repeal section 622 of such act (waiver of premiums while in service) effective 1 year from date of enactment of the bill. Subsection 301 (g) declares that nothing in section 301 shall be construed to "cancel or restrict any rights under insurance contracts issued on or prior to the effective date of this act."

These various amendments to the insurance provisions are evidently considered to be necessary because of the repeal of the Indemnity Act and the substitution of the plan of service compensation plus OASI benefits. It is difficult to perceive a justification for certain of these revisions. No attempt will be made to examine

them in detail, but special attention should be invited to the proposed amendment to section 619 as contained in subsection 301 (d) of the bill, which would require persons in service on or after the date of enactment to convert any term policy of national service life insurance which they may have to a permanent plan policy within 1 year, or to have the term policy suspended until separation from active service. The suspension would be coupled with the privilege within 120 days after separation, upon payment of premiums and evidence of good health, of reinstating the term insurance at premium rate for the attained age.

This provision is apparently to carry out the proposal of the Kaplan Committee that holders of NSLI term policies should be given "the option of either converting to permanent policies within a reasonable period or temporarily waiving their term policies until they leave the service." (S. Doc. 89, pt. 2, 83d Cong., p. 39).

Notwithstanding the view of the Kaplan Committee that this would not deprive the present holder of national service life insurance of benefits "since the proposed program is more generous than present provisions," such a requirement would appear to involve a serious impairment of the contract rights of the individuals concerned. Existing law, regulations, and policy provisions entitle the insured under a term policy to the insurance protection so long as the policy remains in force by the payment or waiver of premiums. Compulsion to convert to a permanent plan, with the alternative of suspension during service, can hardly be regarded as consistent with the contractual rights of the insured. It is difficult to reconcile this and possibly other provisions of section 301 of the bill with subsection 301 (g) to the effect that the amendments shall not be construed to cancel or restrict rights under outstanding insurance contracts.

The reason for requiring conversion of term insurance in these circumstances is not clear. This is a valuable form of insurance which was granted as providing the greatest amount of insurance protection at the lowest premium cost. Conversion to a permanent plan, or complete loss of insurance protection while in the active service, would disrupt the plans of many individuals who are not financially able to afford as much as \$10,000 insurance on a permanent plan basis. It may be expected that some would be forced either to drop their insurance protection or to convert but a portion thereof. The provisions for reinstatement, in the event of suspension, upon meeting good health requirements emphasize the degree of the penalty for failure to convert by depriving men who have become disabled in service of the ability to restore a participating policy, giving them access only to nonparticipating insurance under sections 620 and 621 of the National Service Life Insurance Act, as amended.

In line with the Kaplan Committee recommendations, subsections 301 (h) and 301 (i) would delete from the basic laws granting Federal employees' compensation benefits for reservists of the Army and Navy those provisions conferring such benefits based upon death. In this connection it may be noted that section 305 of the bill provides that the amendment or repeal of any provision of law by this measure shall not deprive any person of any benefit or compensation to which he became entitled before the effective date.

Finally, it should be pointed out that the bill does not embrace provisions governing the administration of the proposed service compensation program such as those which have been enacted for application to similar benefits administered by the Veterans' Administration. Examples of these are the penal provisions of Public No. 2, 73d Congress, as amended; provisions as to guardianship, etc., in Public No. 262, 74th Congress, as amended; provisions relating to attorneys and agents in Public No. 844, 74th Congress, as amended; provisions on waiver of overpayments (38 U. S. C. 453); and provisions as to forfeiture of benefits in cases of fraud (sec. 15, Public No. 2, 73d Cong., as amended).

There are numerous other items of detail which could be mentioned in commenting upon the pattern of the bill. These include various questions in connection with the proposed insurance amendments additional to those heretofore discussed. It is not feasible at this time to attempt an enumeration and analysis or suggested revision as to every detailed aspect. This would require extended and minute study in the event a proposal of this kind were the subject of favorable consideration on general policy grounds. The foregoing items should therefore be regarded as illustrative rather than exhaustive.

The primary considerations applicable to any analysis of this bill are those matters of policy which are discussed at some length in the separate statement of the Veterans' Administration on the Kaplan Committee report.

EXECUTIVE OFFICE OF THE PRESIDENT,  
BUREAU OF THE BUDGET,  
Washington 25, D. C., October 25, 1954.

HON. WILLIAM H. BATES,  
Chairman, Select Committee on Survivor Benefits,  
House of Representatives,  
Washington 25, D. C.

MY DEAR MR. CHAIRMAN: This will acknowledge receipt of your letter of October 7, 1954, in which you request the views of this Bureau on the recommendations contained in the report of the (Kaplan) Committee on Retirement Policy for Federal Personnel, on survivor benefits for Armed Forces personnel, and also on a draft bill enclosed with your letter.

It should be made clear that the enactment of an adequate survivorship benefits system for members of the Armed Forces is in accord with the President's program. The report of the Kaplan Committee and the draft bill to implement it prepared by the Department of Defense represent a useful starting point for consideration of this subject. It should be pointed out, however, that in the press release dated May 13, 1954, by the Committee on Retirement Policy for Federal Personnel, on the occasion of the issuance of its report on the Uniformed Services Retirement System, it was stated "\* \* \* that the Administration has not had an opportunity to complete its review of the report, nor has the Administration indicated any stand thus far thereon." This review is still continuing, and because of the difficult issues which have come up as the result of comments by agencies not represented on the Kaplan Committee, the recent enactment of the Federal Employees' Group Life Insurance Act of 1954, and further analysis on our part, we are at this time unable to give you definitive answers on a number of major points within the time limit you specify. In the belief that your consideration of these issues will speed the development of sound legislation for rationalizing and improving military survivorship benefits, we should like to outline them for you.

1. *Extension of full OASI coverage to military personnel on a contributory basis.*—We consider the provision of full, contributory OASI coverage to personnel in the Armed Forces to be necessary and desirable as a part of any overhauling of the military survivorship benefits laws. As indicated in the report of the Kaplan Committee, a very high proportion of the military personnel serve in the Armed Forces only temporarily and OASI coverage during their military service is essential to give them continuity of protection under the basic social-security system to which the great majority of them belong in civilian life. While the piecemeal and stopgap legislation enacted in the past to provide gratuitous OASI coverage or credits during wartime or emergency periods based on assumed earnings of \$160 during each month of active military service from September 16, 1940, to June 30, 1955, meliorated the situation, this approach is not financially sound or equitable from the standpoint of the OASI trust fund and does not give military personnel coverage based on their full earnings up to \$4,200 a year under the amended Social Security Act. Thus we conclude that full OASI coverage for time spent in active military service in peacetime as well as in wartime is desirable on the same basis as for time spent in other employment. As the questions on your list suggest, there will be various technical problems involved in the provision of full, contributory OASI coverage to military personnel. We are, however, convinced that all of these problems can be worked out readily.

2. *Discontinuance of Federal Employees' Compensation Act benefits for reservists on active duty.*—Many reservists on active service in the Armed Forces during the Korean conflict became eligible for death and disability benefits under the Federal Employees' Compensation Act because of the legal technicality that this period was "peacetime." This has resulted in great unevenness of benefits between regulars and reservists, and it seems generally accepted that FECA benefits should be repealed, as recommended by the Kaplan Committee.

3. *Appropriateness of proposed elimination of the Servicemen's Indemnity Act benefits and required conversion of outstanding term national service life insurance policies into permanent plan policies.*—The Kaplan Committee proposal to eliminate indemnity benefits was filed before the enactment of the Federal Employees' Group Life Insurance Act of 1954, which for the first time established group life insurance, financed in part by the Government, for civilian Federal employees. In view of this new development, the question naturally has arisen whether similar insurance protection also should be extended to military personnel. To do so would, of course, involve costs to the Government. Furthermore, the

potential costs would be much more uncertain and larger than in the case of the civilian program, since war-risk costs would be involved in military insurance. As shown by the 1950 investigation of NSLI, by the House Committee on Expenditures in the Executive Departments, the insurance approach had such serious weaknesses because of this war hazard element that the Congress adopted an alternative approach of providing gratuitous indemnities for deaths in military service or 120 days thereafter.

The question of insurance coverage for military personnel has been raised anew, however, and, in view of the liberal scales of benefits proposed in the Kaplan Committee report, it must be discussed and satisfactorily resolved. If the indemnity is to be retained, or insurance reinstated, appropriate adjustments should be made in the scales and structure of benefits proposed by the Committee. Otherwise, the insurance or indemnity program would constitute an additional layer of costly benefits on top of those proposed by the Committee.

The proposed required conversion of outstanding NSLI policies from term to permanent plans in the bill is closely related to the indemnity question. Under existing laws insurance and indemnity benefits are treated together, and by law coverage under both programs is limited to \$10,000 for any individual serviceman. The courts have held that United States Government Life Insurance and NSLI policies are contracts. Hence, they cannot be abrogated in event the proposed Kaplan Committee benefits are adopted. Accordingly, a major unevenness in benefit levels would be created, since more than 1 million servicemen would be in a position to retain their existing NSLI and USGLI insurance contracts in addition to the full benefits proposed in the Kaplan Committee report, and the Government would be required to pay the war-risk costs of the retained insurance benefits. The proposed required conversion of policies from term to permanent plan—if it turns out to be legally possible—does not overcome the crucial problem of duplicate and uneven Government benefits since the Government is required to pay war-hazard costs under permanent plan policies just the same as under 5-year term policies.

4. *Desirability of legislating different survivorship benefits for servicemen deceased in service and for those deceased from service-connected causes as veterans.*—The Kaplan Committee survivorship proposals cover only personnel who will die in active service in the future. No recommendations are made concerning existing benefits for families of personnel who will die from service-connected causes after discharge. As a result, these two major groups of personnel would be treated unequally. It is difficult to differentiate between the needs and claims of active service personnel and of veterans for survivorship benefits where deaths occur from service-connected causes, and at present benefits are provided under the same VA compensation laws.

A further extension of this problem becomes apparent when it is realized that benefits are now being paid to about 380,000 families of deceased former servicemen and veterans. This is a very complicated matter involving difficult questions of equity and substantial potential costs if adjustments in benefits should be made.

5. *Feasibility of establishing variable payments to survivors based on pay grade of serviceman, as compared to longstanding principle in VA laws of equal benefits regardless of grade.*—The service compensation benefit proposed by the Kaplan Committee would be related to active duty pay and rank on a specified gross-pay basis. This approach represents a major readjustment in the general policy upon which veterans' death compensation has been based in the past, but it would have real incentive advantages for members of the Armed Forces and would help fill certain gaps in existing benefits, for example, for widows of longtime career officers without dependent children.

6. *Problem of extending proposed VA service-compensation benefits to commissioned officers of the Coast and Geodetic Survey and the Public Health Service.*—Participation in veterans' benefits in the past has been limited under a longstanding and sound policy to personnel serving in the Armed Forces. Members of nonmilitary uniformed services have been accorded such benefits upon this principle only while their services were deemed part of the Armed Forces during wartime and emergency periods. While survivorship benefits for the nonmilitary uniformed services are at present clearly inadequate, it is questionable whether additional benefits for them should be provided through the VA. Furthermore, the treatment of these two groups is complicated by the fact that they are covered under the recently enacted Federal Employees' Group Life Insurance Act of 1954.



In addition to the foregoing major issues, the proposed bill also raises numerous other technical and policy issues which need to be worked out before it will be in satisfactory form. These include matters relating to cleanup repeal of existing laws, bringing up to date the OASI provisions to conform with the 1954 amendments, treatment of reservists on short-term duty, disposition of gratuitous past OASI wage credits in retirement and disability cases, and many other problems.

Basic to the whole problem of proposed benefit improvements is the question of costs. The report of the Kaplan Committee indicates that savings will be realized from its recommendations. These estimates are, of course, based on certain actuarial assumptions and an assumption that the gratuitous OASI wage credits, which expire under present law on June 30, 1955, would be extended. Moreover, they lump together the general budgetary accounts and trust accounts of the Government. Consequently, if we look only at the items which would affect the regular budget, the result in the early years would be a net increase in budget expenditures of over \$200 million annually, largely for OASI contributions. The savings which would result from the recommendations would only come gradually in later years as an offset. Furthermore, these estimates relate only to the active duty Armed Forces, and do not reflect large additional costs for benefits to veterans which might result if the issues listed above should be resolved by broadening the coverage of liberalized benefits.

We should like to reiterate that we are keenly aware of the importance of providing an adequate survivor benefits system for members of the Armed Forces which is properly related to the other benefit and compensation systems provided by the Government. We will continue to press forward our work in this area.

Sincerely yours,

ROWLAND HUGHES, *Director.*

DEPARTMENT OF DEFENSE,  
OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE,  
LEGISLATIVE AND PUBLIC AFFAIRS,  
*Washington 25, D. C., October 14, 1954.*

HON. WILLIAM H. BATES,  
*Chairman, Select Committee on Survivor Benefits,  
House of Representatives, Washington, D. C.*

DEAR MR. CHAIRMAN: This will reply in part to your letter of October 7, 1954, addressed to Secretary Wilson raising certain questions with respect to survivor benefits legislation and enclosing copies of the Kaplan Committee report, legislation to implement that report, and a list of questions with respect to fiscal and other related information on this subject.

Your letter indicates that you desire comments on that portion of the Kaplan report, part 2, dealing with survivor benefits to be provided Armed Forces personnel. The Department of Defense concurs in and supports those recommendations.

Enclosure 2 of your letter is a copy of a bill prepared and coordinated within the Department of Defense and submitted to the Bureau of the Budget for advice as to its relationship to the program of the President. As such, it represents a recommendation of the Department which, in its opinion, would adequately implement the Kaplan Committee report. The legislation, however, has not been approved by the Bureau of the Budget or coordinated within the executive branch itself. Our information is that the matter is still under study and that an executive branch position on the legislation cannot be established in the immediate future.

Enclosure 3 of your letter raises certain questions which will require further study within the Department. We are undertaking to obtain the information necessary to reply to that questionnaire and will communicate with you thereon at a later date.

This letter has not been submitted to the Bureau of the Budget for advice as to its relationship to the program of the President.

Sincerely yours,

(Signed) RICHARD A. BUDDEKE  
(For the Assistant Secretary).

CIVIL SERVICE COMMISSION,  
Washington 25, D. C., October 25, 1954.

Hon. WILLIAM H. BATES,  
Chairman, Select Committee on Survivor Benefits,  
House of Representatives, Washington 25, D. C.

DEAR MR. BATES: This is in reply to your letter of October 7 in which you request the Commission's comments on part 2 of the report of the Committee on Retirement Policy for Federal Personnel, particularly with reference to the relationship of proposed survivor benefits for Armed Forces personnel and similar benefits provided civilian employees of the United States Government.

The Committee proposes that old-age and survivors insurance be extended to military personnel on a contributory basis. In part 3 of its report, it made precisely the same recommendation with respect to employment subject to the Civil Service Retirement Act. In comparing the two proposals, we may therefore eliminate that portion of survivor benefits derived from old-age and survivors insurance; benefits from that source would be identical.

The other component of continuing monthly income under the military survivor proposal is service compensation, calculated as 80 percent of the first \$100 of "wage credit," plus 20 percent of the excess. "Wage credit" is derived from average total pay, including allowances, for each pay grade. Service compensation would be paid primarily to a widow during her unremarried lifetime, but there is also provision for payment to minor children and dependent parents under certain conditions. Military personnel would make no contribution for the service compensation benefit.

Under the civil-service survivor proposal, the other component of continuing monthly income, payable only to a widow, is one-half the earned annuity of the deceased employee. This is based on his length of service and highest 5-year average salary, with a minimum of 10 years' service required. Unlike the military proposal, there would be a reduction of the civil-service benefit when the widow attains age 65 and becomes eligible for the widow's benefit under old-age and survivors insurance. The civil-service benefit would be payable during the widow's unremarried lifetime, except that remarriage after age 55 would not terminate the benefit. The employee would contribute 3½ percent of the first \$4,200 of salary, plus 6 percent of any excess, in addition to paying FICA taxes.

The following table compares the proposed monthly service compensation and civil service widow's benefits when the "high 5" civil service average salary equals the military wage credit based on current total pay.

Wage credit—"high 5" salary	Service compensation <sup>1</sup>	Civil-service widow's benefit					
		Before age 65—Years of service			After age 65—Years of service		
		10	20	30	10	20	30
\$200	<sup>2</sup> \$100	\$20	\$41	\$61	\$12	\$23	\$35
220	<sup>2</sup> 104	21	43	64	12	24	37
260	<sup>2</sup> 112	23	47	70	13	26	40
300	<sup>2</sup> 120	25	51	76	15	30	45
350	130	28	56	84	18	35	53
400	140	30	61	91	20	40	60
450	150	34	68	101	23	47	70
500	160	38	75	113	27	54	81
525	165	39	79	118	29	58	87
600	180	45	90	135	35	69	104
650	190	49	98	146	38	77	115
675	195	51	101	152	40	80	121
750	210	56	113	169	46	92	138
900	240	68	135	203	57	114	171
1,125	285	84	169	253	74	148	222
1,250	310	94	188	281	83	167	250

<sup>1</sup> Amounts are not dependent upon age of widow or length of service of deceased.

<sup>2</sup> Increased to \$125 for a widow without dependent children.

For salaries under \$300 it is never possible for the civil-service widow's benefit to be as large as service compensation, since the former cannot exceed 40 percent of salary. At higher salaries, it is possible for the civil-service benefit to equal or exceed service compensation at longer periods of service than those shown in the

above table. For example, at salaries of \$400, \$600, and \$900, the civil-service benefits before age 65 equal service compensation if the periods of civil service are, respectively, 45 years and 11 months, 39 years and 11 months, and 35 years and 6 months. For equality after age 65, the required periods of service are, respectively, 69 years and 9 months, 51 years and 11 months, and 42 years.

As stressed by the Committee on Retirement Policy for Federal Personnel in part 3 of its report, its recommendations would greatly improve survivor protection for members of the civil service retirement system. Hence any comparison of the proposed military survivor program with the present civil service survivor program, with respect to continuing monthly income, would only accentuate the differences illustrated above.

The third component of the proposed military survivor program is a lump-sum death benefit of 6 months' pay, including special pay but excluding allowances, with a minimum of \$1,200 and a maximum of \$3,000. The entire cost would be borne by the Government. The recently enacted Federal Employees' Group Life Insurance Act of 1954 provides for civilian employees a death benefit approximating 1 year's salary, subject to reduction after age 65. Accidental death and dismemberment insurance is also provided, and under certain conditions the life insurance only may be continued after separation from the service. Employees bear two-thirds of the cost of the program, with the Government paying one-third.

Policy determinations concerning the benefits provided for military personnel are, as you know, outside the jurisdiction of this Commission. We are presenting this factual comparison because of the interest expressed in your letter in determining whether the survivor benefits provided military personnel would be roughly in line with those provided for civilian employees.

Sincerely yours,

PHILIP YOUNG, *Chairman.*

UNITED STATES DEPARTMENT OF LABOR,  
OFFICE OF THE SECRETARY,  
Washington, October 28, 1954.

HON. WILLIAM H. BATES,  
*Chairman, Select Committee on Survivors Benefits,  
House of Representatives, Washington, D. C.*

DEAR CONGRESSMAN BATES: I am forwarding this report in response to the request in your letter of October 7, 1954, requesting my comment on part II of the Kaplan committee report dealing with survivor benefits for military reservists under the Federal Employees' Compensation Act.

With respect to survivor benefits the report recommends a uniform system of benefits for all members of the uniformed services including all the armed services, the Coast Guard, Coast and Geodetic Survey, and the Public Health Service. The system proposed would provide benefits from three sources; namely, (1) a 6 months' death gratuity computed under a proposed new formula including a minimum and maximum benefit, (2) old-age and survivorship insurance on a full contributory participation basis, and (3) benefits under a liberalized service compensation program to take the place of present veterans' compensation benefits.

The proposal recommends discontinuance of certain existing benefits, including the servicemen's indemnity and compensation benefits for reservists under the Federal Employees' Compensation Act. Present veterans' compensation benefits would be replaced, as indicated in the preceding paragraph.

I am in favor of establishing equal protection for all members of the armed services and their survivors. Accordingly, I concur generally in the objectives which the Kaplan committee report seeks to achieve. In my opinion, the inequities under existing law call for a complete review of the present system.

Some of the inequities to which reference is made in the report and others not noted result from the extension of benefits of the compensation law to certain reservists and to the lack of uniformity in the protection accorded to different branches of the service. The Department has no objection to the proposal to discontinue such benefits for military personnel in favor of a different benefit system that will provide reasonable survivor income on a parity to all the armed services.

I have no comment at this time regarding the amount of the benefits proposed in the report, as it is understood your committee, in the course of its studies, will fully explore this phase of the subject.

The Department will be glad upon your request to furnish information covering its experience in regard to reservists' claims under the compensation law and furnish any other assistance that may be helpful to your committee.

The Bureau of the Budget advises that it has no objection to the submission of this report.

Sincerely yours,

JAMES P. MITCHELL, *Secretary of Labor.*

COMPTROLLER GENERAL OF THE UNITED STATES,  
Washington 25, October 27, 1954.

HON. WILLIAM H. BATES,  
*Chairman, Select Committee on Survivors Benefits,  
House of Representatives.*

DEAR MR. BATES: Reference is made to your letter of October 7, 1954, transmitting a copy of part II of the report of the Committee on Retirement Policy for Federal Personnel concerning the uniformed services retirement system, a copy of a bill designed to implement that committee's recommendations, and an enclosure raising questions in regard to the extension of social-security coverage to members of the armed services. You request my comments on the enclosures as well as an expression of my views on the general subject of survivor benefits.

The subject of survivor benefits, particularly as it relates to our active military and veteran population, is one which the General Accounting Office has long considered as an area that should receive a careful evaluation by the Congress from an overall viewpoint. The action of the Congress in establishing the Committee on Retirement of Federal Personnel and in creating the select committee of which you are chairman to study and to recommend appropriate legislation in this broad and complex area, which has such a large impact on our Federal budget, is indeed heartening.

In considering the problem of survivor benefits, I recommend that your committee give consideration to the following:

1. Establishing for the future the extent of the Government's obligation to its service personnel, divided into two broad groups: (a) The survivors of those who die in the active service, and of those who die after discharge from injuries or disease incurred as a result of active service and (b) the survivors of those who die after discharge from active military service but whose cause of death is not the result of military service.
2. Providing substantial uniformity of treatment to all survivors of servicemen, and veterans whose death is attributable to service, with limited adjustment between the various grades.
3. Relating the survivor program for military personnel and veterans to the social-security system, which is now nearing universal application to the whole population based on the 1954 amendments, with addition of certain compensation features to reflect the obligation of the general public to the survivors of those who lost their lives in service or because of service.
4. Providing that monthly benefits in all cases should be limited to surviving widows and children under 18, and to dependent widowers and dependent parents, when no widow or children survive.

In the area of military retirement I am concerned that the Kaplan Committee report and the bill proposing to implement that report suggest that the retirement features of the social-security program be in addition to the retirement benefits presently existing for members of the armed services. I believe that such additive benefit is neither necessary nor required and such a step will greatly increase the existing disparity between retirement benefits for the military and those provided for civilian employees of the Government. I feel that upon the application of social-security benefits to the armed services provision should be made to adjust the present military retired pay by the amount of social-security benefit which is attributable to military service. It should be recognized that all military personnel will receive the additional benefit of the substantial survivor protection provided by social-security coverage.

I have had members of my staff review the Kaplan Committee report, the bill designed to implement that report, and the other material which you furnished. The views of the General Accounting Office on the various facets encompassing these matters have been compiled by subject matter and are attached hereto for the information of the committee. However, in view of the limited time available to consider this matter, our work has not been as complete as we would like.

In summary, our recommendations are as follows:

1. Place military personnel under the social security system on a basis similar to commercial employment, and—
  - (a) Eliminate the 6-quarter requirement.
  - (b) Require payment of employer's share of costs from the military appropriations.
  - (c) Reduce the military retired pay by any increase in social-security payments by reason of military service credits.
2. Provide a new service compensation program, modified to payments of \$100 monthly to survivors of enlisted men, \$125 monthly to survivors of warrant officers and officers through captain, and \$150 monthly to survivors of those above the grade of captain. Such a service compensation program to be inaugurated only if
  - (a) The servicemen's indemnity (\$10,000) is repealed.
  - (b) Any insurance payments serve to reduce the monthly rates for the new service compensation program.
  - (c) The service compensation payments are limited to widows, to children, and to dependent widowers, and dependent parents.
  - (d) Eligibility to purchase Government insurance is limited to those whose insurability has been impaired.
  - (e) The widows of servicemen and service-connected veterans be treated alike.
3. Review the advisability of modifying the present free pension (non-service-connected plan) system, under which payments now approximate about \$600 million annually.
4. Establish a fixed amount of \$1,200 or some reasonable sum to be paid to eligible survivors, in lieu of the present 6-month death gratuity.

It is hoped that the information furnished will be helpful to the committee. You are assured that representatives of the General Accounting Office will be available to provide any possible assistance to the committee at your request.

Sincerely yours,

FRANK H. WEITZEL,  
*Acting Comptroller General of the United States.*

#### SECTION I. SURVIVOR BENEFITS FOR SERVICE-CONNECTED DEATHS

##### *Military deaths (current)*

Under currently existing legislation the survivors of the members of the armed services who die while in service are generally entitled, in addition to the 6 months death gratuity and all burial expenses which are treated elsewhere in this analysis, to benefits under servicemen's indemnity, veterans' compensation, and social-security programs. The survivors of certain reserve personnel may receive benefits under the Federal Employees Compensation Act in lieu of compensation under the veterans laws when the former provides a larger benefit. The amount of servicemen's indemnity payable, together with any Government insurance, cannot exceed the principal amount of \$10,000. The amount of veterans' compensation payable is based upon the rates established for a surviving widow, children under age 18, and dependent parents. The amount of the benefit payable under the Federal Employees Compensation Act to a surviving widow is based upon the pay of the member at time of death with additional benefits for minor children. The monthly old-age and survivors' insurance benefits to an aged widow or widows with dependent children is based on the \$160 per month wage credit granted each serviceman in the military service for the period of September 1940 through June 1955. As indicated in (1) earlier reports to the Congress by the Comptroller General, (2) the Congressional Record for June 24, 1953 (pp. 7438 to 7440), and (3) the Kaplan Committee report, there is a need to revise the survivor benefit program to eliminate certain inequities, including adjustment of benefits which now terminate at the end of 10 years. (See table 1.)

##### *Veterans' deaths (current)*

Under currently existing legislation the survivors of veterans who die as a result of service-connected causes are entitled to a \$150 burial allowance subject to a showing of actual expenses, payments in the form of 1 of 4 different options as a result of the Government-insurance contract maturing due to death where insurance was in force, veterans' compensation, the amount based upon the rates established for a surviving widow, children under age 18, and dependent parents, and (assuming coverage under social security) social-security benefits to aged widows, widows with dependent children and children with no surviving parents, based upon the deceased's earnings and time spent under the social-security system. (See table 1.)

*Proposed bill*

The proposed bill implementing the Kaplan Committee report (pt. 2) provides for (1) the establishment of a new service compensation program, (2) revising the 6 months' death gratuity program, (3) extending the old-age and survivors insurance provisions of the Social Security Act to members of the uniformed services on the normal contributory basis, and (4) elimination of the present compensation and \$10,000 death indemnity program with respect to any deaths hereafter occurring. The new service compensation program would be administered by the Veterans' Administration, and pay a monthly service compensation to the dependent survivors of a member of the Armed Forces who dies while in military service. The amount of service compensation payable would be an amount determined by formula and based upon a monthly wage credit specified in the bill which had been recommended by the Kaplan Committee for the pay grade of the deceased member on the date of his death. The amount of such compensation paid to the widow would not have a supplementary payment for children. The adjustment for children would be covered by the social-security system. However, if there was no surviving widow, then one dependent child or dependent parent would receive 60 percent of the compensation and two or more dependent children or dependent parents would receive the full amount of the compensation.

The 6 months' death gratuity would continue to be paid with a minimum benefit of \$1,200 and a maximum of \$3,000, the amount depending upon the rate of pay of the deceased member at time of death. Benefits payable under the social-security program would be based upon a plan of full participation rather than under the present arrangement of \$160 per month wage credit for a temporary period of time. Full participation for the military would be achieved by contributions paid on wage credits graduated according to military pay grades. Thus, the benefits would bear a relationship to the active-duty pay of the individual while in service. Under the proposed bill servicemen would be deemed to be currently and fully insured at the moment they entered service without waiting for the lapse of six quarters.

*Observations and views*

It is of particular importance to observe that existing survivor-benefit legislation is unsatisfactory for several reasons. It is considered that one of the fundamental principles of any survivors' program which has as its purpose the fulfillment of the Government's obligation is equality of treatment under generally similar conditions or circumstances. To this end there should be no difference in treatment of survivors where a death occurs in the military service, be it wartime or peacetime, or in civilian (veteran) life when due to service-connected causes. Today, survivors of certain reservists on active duty are entitled to greater benefits than survivors of regular personnel, or other classes of reservists since they are eligible for Federal employees' compensation payments which are more liberal than veterans' compensation. This requires remedy. Accordingly, the present situation is not always equitable to dependents and is costly to the taxpayer.

The General Accounting Office is in wholehearted agreement with the idea of extending social-security coverage to members of the military service on a contributory basis with contributions based on wage credits graduated according to military pay grade. This action protects the serviceman's social-security plan by giving him adequate credits of both time and wages while in the service, and provides a benefit plan comparable to the civilian system. Based upon the wage credit assigned by the Kaplan Committee and the proposed bill to the various military pay grades and the 1954 amendments to the Social Security Act, the following OASI payments (exclusive of other sources of payments) would result for survivors of men who die while in service:

Wage credit	Widow, 1 child	Widow, 2 children
\$200	\$117.80	\$157.10
\$220	123.80	165.10
\$260	135.80	181.10
\$300	147.80	197.10
\$350	162.80	200.00

It is also agreed that benefits under the Federal employees' compensation program should be discontinued for active duty personnel. For views of the General

Accounting Office on the 6 months' death gratuity and FECA, see the sections devoted thereto elsewhere in this analysis.

In order to provide survivor benefits in a sounder and more effective way there should be taken into account the level of social security benefits under a contributory system, and the needs of dependent survivors. It is agreed that a new service compensation program should be established, effective for all future deaths, to pay a certain sum for life (recognizing that remarriage, death, or adulthood stops the payment) to certain dependent survivors of persons who die while in the military service (same rate for peace and wartime) and to survivors of persons who die in civil life when death is directly traceable to service-connected causes.

It is important to note that the General Accounting Office proposal to include survivors of veterans when death is directly traceable to service connection was not included in either the Kaplan Committee report or the Defense Department bill. However, it is considered important to treat these two groups of survivors alike.

Both the Kaplan Committee report and the proposed bill have related the proposed service compensation to active duty pay by grade. The proposals they make are reflected in table 2 which has been adjusted by us to reflect the 1954 amendments which substantially increased social security rates.

It appears that the amount of compensation being proposed is excessive in the higher grades, especially in view of the 1954 amendments. Accordingly, in the interest of setting more reasonable rates and yet setting the monthly combined benefit (OASI and new compensation) at a level equal to or higher than present survivor compensation benefits, it is recommended that the new compensation rates be set as follows: (The minimum rate might properly be set at a lower level, but the following table uses the same minimum rate suggested by the Kaplan Committee and used in the proposed bill.)

Rank	Monthly compensation
All enlisted grades.....	\$100
Warrant officers, all grades.....	125
Officers, grades O-1 through O-3.....	125
Officers, grades O-4 through O-8.....	150

These suggested rates would apply to survivor widows with or without children. A surviving child without a surviving mother (widow) would receive 60 percent of the above rates and 2 or more such children would share the full rate. The above rates would be applicable to future deaths of veterans who die from service-connected causes as well as men who die in the service. Based on this suggestion, the new plan of combining social security on a contributory basis with a new service compensation system, the various benefits by rank would appear as indicated in table 3.

It will be observed that in the case of the lower 3 or 4 enlisted grades where 2 or more dependents are involved, the monthly income to the survivors is greater than the gross pay of the related serviceman while alive. This excess is most pronounced in the case of a widow and 2 children. It appears however, that if the \$100 minimum service compensation were to be lowered to avoid the above-described situation, then the compensation rate should be lowered generally for all pay grades. Furthermore, under the proposal advanced in the Kaplan Committee report and the proposed bill, the principal survivor benefits are paid from the social security fund, which would be receiving contributions from the serviceman as well as the Government. This contributory feature is not present under existing laws providing survivor benefits for military personnel and veterans. Since all military personnel would be contributing in part to the social security benefits, and since the service compensation is supplementary in character, it might be argued that the supplementary payment (proposed minimum of \$100 per month) be reduced to a level where the combined payments did not exceed the serviceman's gross pay in the service. The following table portrays the situation:

Pay grade and average wage credit	Survivor payments			Benefits exceed pay of man	
	Widow only	Widow and 1 child	Widow and 2 children	Widow and 1 child	Widow and 2 children
E-1—\$200.....	\$100	\$117.80	\$157.10	\$17.80	\$57.10
E-2—\$200.....	100	117.80	157.10	17.80	57.10
E-3—\$220.....	100	123.80	165.10	3.80	45.10
E-4—\$260.....	100	135.80	181.10	-----	21.10

It might be considered that there exists as much financial need on the part of the survivors of these lower enlisted grades as exists in the other enlisted grades, and thus the payments might not be viewed as excessive. It should be kept in mind that this is a compensation program for service deaths or service-connected deaths, and is not a program necessarily related primarily to earnings as would be the case under a retirement plan.

If it should be determined by the committee to follow the Kaplan Committee recommendation to relate the compensation specifically to each pay grade, it is assumed that the rate of service compensation established by that Committee will be reduced by the amount of the increased social-security benefits provided by the 1954 amendments. This would continue to provide the survivors with that amount determined by the Kaplan Committee to be the Government's obligation to the survivors and the amount reasonably necessary for their support.

In any event, the General Accounting Office would strongly recommend that under any program adopted the program provide for the adjustment of the service-compensation payments to correspond to adjustments in the social-security benefits payable in future years.

The following represent examples of the social-security rate increases resulting from the 1954 amendments and not considered by the Kaplan Committee in arriving at their proposed rate of service compensation.

Pay grade and wage credit	Widow and one child			Widow and 2 children		
	Old rate	New rate	Increase	Old rate	New rate	Increase
E-1—\$200.....	\$105	\$117.80	\$12.80	\$140	\$157.10	\$17.10
E-2—\$200.....	105	117.80	12.80	140	157.10	17.10
E-3—\$220.....	110	123.80	13.80	146	165.10	19.10
E-4—\$260.....	119	135.80	16.80	158	181.10	23.10
E-5—\$300.....	128	147.80	19.80	169	197.10	28.10
E-6—\$350.....	128	162.80	34.80	169	200.00	31.00

An additional feature to recognize in the proposed legislation if a new service-compensation system is adopted is that the pay grade of the serviceman at time of discharge should be the basis for determining the service-compensation rate to eligible survivors of a deceased veteran.

As explained more fully in another section of this report, relating to the Federal life insurance for service personnel, it is essential that any monthly service-compensation payments be reduced by a sum of \$9.29 for 120 months for each \$1,000 of life insurance in force at time of death. Such offset arrangements would be consistent with present provisions of law (Public Law 23) relating to the \$10,000 indemnity program. This reduction (\$9.29 for 120 months per \$1,000 of insurance) in service compensation should apply to service-compensation benefits paid to survivors of veterans who died as a result of disease or injury directly related to hazards of military service. Furthermore, a beneficiary who preferred to receive service compensation immediately should, by law, have the option to (1) waive any claim under a matured-term policy or (2) take the cash surrender value of a permanent plan policy, and in exchange begin receiving the full service-compensation payment each month in lieu of a reduction in such payment of \$9.29 per month for 120 months per \$1,000 of life insurance in force.

To the extent that survivors of future veteran service-connected deaths are not eligible for social-security benefits (this should be a rare situation), it is further recommended that such survivors be made eligible for additional service compensation equal to the minimum social-security benefits. Thus, a widow and one child would receive a minimum \$100 a month in basic service compensation and \$45 a month additional service compensation, both payable by the VA. This sum is higher than the present VA rate of \$21 per month for a widow and one child.

It is important to recognize that the compensation and social-security plans are much more valuable than Government life insurance. The Kaplan report (pp. 49 and 50) gave an indication of "present values" of these two benefits where the survivor was a widow only. It is interesting to observe that "present values" of benefits range from a low of \$48,087 to a high of \$85,845. This is 5 to 8 times the amount of the \$10,000 life-insurance ceiling.

The Kaplan Committee proposal and the proposed bill provide for amended legislation which would automatically give a man at time of entry in military service the status of a currently and fully insured individual under the Social Security Act. Existing legislation requires an individual to have a minimum of



6 quarters of coverage before survivor benefits are payable. This situation is brought to the attention of the committee to point out that eliminating the 6-quarter requirement will add to the cost of benefits paid out by the social-security fund, to the extent that deaths occur in the service during the first 6 quarters of military service without prior nonmilitary quarters of coverage. Conversely, there is no satisfactory solution to the problem, as it is essential that the social security survivor benefits be made effective immediately on entry to military service. If social security coverage were made universal for the entire population between ages 20 or 22 and 65, than the 6-quarter requirement could be eliminated with respect to all survivor benefits. Such an arrangement would result in application of the same principle to military and nonmilitary personnel. As indicated in another section of this analysis, the administrative problem of wage reporting could be materially simplified if the existing legislation were modified to permit calculating benefits and reporting wages on an annual rather than a quarterly basis.

#### SECTION 2. EXISTING GOVERNMENT LIFE-INSURANCE PROGRAMS

During and following World Wars I and II there has been provided a measure of protection to survivors of both military personnel and veterans through the several Government life-insurance programs. These insurance programs were in addition to any other provisions of law regarding compensation payments to surviving widows, children, and dependent parents. During 1950 a comprehensive review of the insurance programs was made by the Government Operations Committee and the Veterans' Affairs Committee of the House of Representatives. These reviews of the life-insurance programs clearly showed the several defects in these programs, such as lack of universal or uniform protection to the survivors, and excessive costs to the Government due to administrative expenses and obsolete mortality tables. The full details of the numerous deficiencies in the insurance programs were brought out by reports to the Congress from the Comptroller General, by the record of the committee hearings, and the resultant committee reports. Accordingly, it is not necessary to go further into detail on this matter in this current report.

The result of the extensive examination into the insurance programs was the enactment of Public Law 23, 82d Congress, which provided a \$10,000 automatic death-indemnity program for all persons in military or naval service, such sum being paid out in monthly installments with 2½ percent interest for 10 years, thus making a monthly installment of \$92.90. The total paid out in 10 years under this program would be \$11,148 per death case. The new law (Public Law 23) did not impair any then existing rights under insurance policies. It permitted the insureds to continue their policies in force on either a premium paying basis or under a waiver of premium during active service and for 120 days after discharge. However, if the insured chose to keep his insurance in force on a premium-paying or waiver basis, the \$10,000 death indemnity was reduced by \$1,000 for each \$1,000 of insurance in force. Thus, the indemnity would be paid off in a lesser amount if insurance was paid. The principle applied in this instance was that the Government had provided a life-insurance program up to \$10,000 for all service personnel. However, due to the lack of full participation in the program, especially by some of those with the greatest need, the Government closed this gap by guaranteeing a full \$10,000 indemnity which was reduced by any insurance the service personnel chose to keep in force. Thus the indemnity was not additive, but was a means of assuring the payment of a full \$10,000 to the designated survivors.

The primary defects in Public Law 23, and some of these are serious from the viewpoint of both the survivors and the taxpayers, are summarized as follows:

(1) The monthly payment of \$9.29 per thousand (maximum of \$92.90) continued for precisely 10 years. This arrangement is distinctly not advantageous to the beneficiaries. For example, a widow with 2 children aged 2 and 4 would have the indemnity payment cease when the children are aged 12 and 14. Thus, this element of income would terminate prior to age 18 and during the remaining years preceding age 18 the widow would lose an important element of income.

(2) Conversely, the indemnity payments may be made at the election of the serviceman, to persons who are not dependent upon him, such as a brother, sister, or parent. These payments should have been made to these classes of beneficiaries only in cases where these persons were in fact dependent upon the serviceman, and then only for such length of time as those survivors were still in a dependency status. It is significant to note that the Kaplan Committee report states (p. 48, table 32) that out of 7,750 total deaths, there were 4,473 involving men who were not married. This indicates that 57

percent of the indemnity payments are being paid to parents, brothers, and sisters. It is recognized, of course, that most of the payments in this 57 percent group are being made to persons who were not dependent upon the serviceman. There is serious doubt that the Government has any obligation to be making these free indemnity payments to this group of beneficiaries (parents, brothers, sisters) unless they were and continue to be dependent in fact on the deceased serviceman.

The Kaplan Committee report recommends that, with respect to future military deaths, there be eliminated the indemnity plan (pt. I, Public Law 23) and the present compensation system (both administered by VA) but, of course, recommends no disturbance of payments being made under claims arising prior to enactment of any new plan. However, there was not found any evidence that the Kaplan Committee made any recommendations regarding offset to existing provisions under insurance policies still in force or hereafter retained in force. The principle of offset was applied to the indemnity program under Public Law 23 and should be applied under any proposed new legislation. Public Law 23 provided free indemnity payments of \$9.29 per month per \$1,000 for 10 years, but also it required a reduction of the indemnity payments of \$9.29 per month for each \$1,000 of insurance in force at time of death.

It must be recognized that the insurance policies are contracts, and therefore must be honored as long as the insured chooses to keep the insurance in force. Conversely, it is most important to recognize that (1) any other payments made by the Government to survivors are made on the basis of a moral rather than a legal obligation and therefore are controllable by the Congress and (2) during World War II about 90 percent of the deaths were determined to be "extra hazard" deaths and the Federal Government appropriated from the general funds of the Treasury for credit to the insurance funds approximately \$4,400 million. Thus the Government did finance most of the deaths covered by insurance in the military service, as well as deaths arising after discharge from service, when such deaths are traceable to injuries or disease arising while in the service. Accordingly, it is essential that the Government through the enactment of any new legislation, frame any new laws in such manner that the Government will not pay a dual benefit through a compensation or indemnity system coupled with social security, and at the same time pay for insurance. The remedy is to appropriately reduce the Government compensation or indemnity payment by the amount of any insurance payments.

The proposed survivors bill title III, section 301 (p. C-444 et al.) deals with certain amendments to the Government life-insurance laws. This is a most complex problem, and must be considered with utmost care in order to avoid impairing any contract rights now enjoyed by the insureds. Without developing the details because of lack of time to make a thorough review, it does appear that enactment of the proposed bill would impair existing contract rights. For example (p. C-446) the insured who does not convert within 1 year after enactment of the proposed bill, would have his insurance suspended, and no benefits would be paid during the suspension period. This would appear to constitute a breach of contract, as it terminates without consent of the insured his survivor rights under the insurance policy.

It appears that no action should be knowingly taken that impairs any contract rights. However, it does appear feasible to obtain the advantage of a policy suspension, provided the insured makes such an election in writing. Accordingly, it appears desirable to amend the insurance acts in certain respects, if (1) the services personnel are to be construed as fully and currently insured under the Social Security Act, and (2) a service compensation is to be provided. Assuming these latter two legislative changes, then the service compensation should be reduced by the amount of any insurance in effect on a premium-paying or waiver basis, thus applying the offset principle contained in Public Law 23, 82d Congress. However, it may be advisable also to make it possible for an insured who is in the service to request in writing the suspension of his insurance policy while in service and during the first 120 days after discharge, accompanied by the privilege of picking up that insurance during that 120 days. Such privilege could then apply to both term- and permanent-plan insurance. If death occurred in the service while the insurance was in suspension status, based on his written request, then no claim could be filed for insurance benefits, but the regular benefits would be paid his survivors under the social-security program and the compensation or indemnity programs.

Unless the beneficiary elects the option proposed in the next paragraph any insurance that would be in force under either a premium-paying or a waiver basis, should serve to reduce the service compensation payment each month by \$9.29

for each \$1,000 of insurance in force, until 120 installments of \$9.29 had been deducted from the service compensation. Thus, during the first 10 years the survivors would receive the insurance proceeds, plus service compensation on a reduced basis. After 10 years the full service compensation rate would be restored. Under this arrangement the contract rights would not be impaired and yet an adequate survivor benefit would be paid each month.

Another legislative change which should be considered is to give the survivor beneficiary (when the beneficiary under the policy and the compensation program are the same) the option to (1) waive any claim under a term policy or (2) take the cash surrender value of a permanent-plan policy, and in exchange begin receiving the full service compensation payment each month in lieu of a reduction of \$9.29 per month for 120 months per \$1,000 insurance in force. This latter option would be available to the survivors of (1) military personnel and (2) veterans whose deaths are directly traceable to military service. Of course beneficiaries who choose to receive the full insurance proceeds could do so but there would be a reduction in the monthly payment for service compensation. The principle of insurance offset against service compensation payments under the new program would apply to survivor service compensation payments for death arising while the serviceman was in service and would apply to veteran deaths outside the service where the death is definitely traceable to service connection.

Public Law 23 made provision for servicemen leaving the service to purchase nonparticipating term insurance during the first 120 days after discharge. This insurance is being made available to men leaving the service who have not suffered any impairment of their insurability while in the service. The continuation of this program should be carefully reviewed, as there appears to be no reason why the Government should continue its activity in this field which should be handled exclusively by the commercial insurance companies. Furthermore, the continuation of such a provision adds to the cost of government, since the administrative expenses are borne by the general taxpayer. This program, authorized by section 10 of Public Law 23 (sec. 621 of NSLI Act) should be repealed. However, the Government should grant insurance to men whose insurability has been impaired due to military service. This can be accomplished by retaining in effect section 620 of the NSLI Act of 1940 (see sec. 10 of Public Law 23), which does protect insurability. It is wholly unnecessary to offer life insurance to men leaving the military service whose insurability has not been impaired.

Our views on the interrelationship of Government life insurance to the proposed service compensation system are briefly summarized as follows:

(1) Any changes in law should not impair existing insurance contract rights.

(2) Since the Federal Government is a substantial underwriter of the Government life-insurance programs both as to extrahazard losses and administrative expenses, and based on the precedent set in Public Law 23, any new service compensation system should reflect a reduction of \$9.29 per month or other appropriate amount, for each \$1,000 of insurance in force at time of death. Further, provision should be made to waive rights under insurance settlements in exchange for immediate payments under the service compensation plan.

(3) The present provisions of law regarding waiver of insurance premiums while in service and for 120 days thereafter should remain in effect, with the added option to servicemen that they may suspend their insurance while in the service, thus suspending insurance benefits and taking full advantage of the service compensation benefits.

(4) The insurability of a serviceman should be protected up to \$10,000, thus permitting a veteran whose insurability has been impaired by military service to purchase Government life insurance under conditions similar to that expressed in section 620 of the NSLI Act, as amended (sec. 10, Public Law 23).

(5) The present law (sec. 621 of NSLI Act, sec. 10 of Public Law 23) permitting all men discharged from service to buy Government insurance during the first 120 days after discharge, should be repealed effective with the effective date of the new service compensation program.

### SECTION 3. FEDERAL EMPLOYEE COMPENSATION SURVIVOR BENEFITS

The Federal Employees Compensation Act, applicable to certain reservists, provides for benefits to unmarried widows, children, and other beneficiaries of the decedent. The benefit for a widow is equal to 45 percent of the member's pay and allowances; for a widow and 1 child, the benefit is 55 percent with 15

percent additional for each additional child up to 75 percent. These benefits are not paid concurrently with the less liberal veterans' compensation payments but are in addition to the social-security benefits, the 6 months' death gratuity, and the serviceman's indemnity payments.

The application of FECA to certain reservists and the incident of the Korean conflict, which was not legally a "state of war," provided many reservists on active duty with survivor benefits more liberal than those provided for members of the National Guard, other reservists, regulars, and members of the Army and Air Force without component. For example, a childless widow of an Army reservist may receive FECA benefits of as much as \$525 a month for life plus \$92.90 for the first 10 years for a total of \$617.90; then \$525 per month until age 65 after which she would receive \$81.40 social security or a total of \$606.40 per month. However, a similarly situated widow without dependent children not entitled to FECA benefits is entitled to only \$179.90 a month for the first 10 years, then \$87 until age 65, after which she is entitled to \$168.40 a month, including veterans' compensation and social security.

The Federal Employees Compensation Act was made applicable to military reservists because reservists on training duty in peacetime then were regarded as essentially civilians and as such not entitled to the benefits provided by law for military personnel. Today legislation is in effect which assimilates the reservists to the benefits provided for regulars. Thus, the basis for making the FECA Act applicable to reservists now has disappeared. In view thereof and of the proposed readjustment of survivor benefits and particularly for the sake of uniformity of treatment of service personnel, the provisions of law extending FECA benefits to reservists should be repealed.

In view of the apparent inequality of treatment of members of the National Guard and of the Army and Air Force without component compared with Army and Air Force reservists respecting Federal Employees' Compensation Act benefits, a bill (S. 3346, 83d Cong.) was introduced to eliminate the apparent inequality of benefits between such members of the services. While such bill would not apply to regulars, the sponsor of the bill indicated his hope that in studying the bill the Committee on Armed Services would consider extending its benefits to the regulars. Since such peacetime benefits would then exceed wartime benefits, if such proposal were adopted, doubtless the next step would be to extend FECA benefits to wartime, or wartime benefits would be commensurately increased, thereby imposing upon the Government additional liabilities of billions of dollars. It is clear that the proper way to eliminate the existing inequality of benefits is to repeal the provisions of law extending FECA benefits to certain reservists.

The Kaplan Committee likewise recommends the elimination of FECA benefits for reservists coincident with the adoption of a new overall uniform survivor benefit program.

The proposed bill to implement the recommendations of the Kaplan Committee, proposes to eliminate survivors benefits under the FECA but continue in effect the eligibility of the member to receive such benefits for injuries received in time of peace. Since present existing legislation covers the entire field of peacetime disability benefits for reservists, this proposal in the bill seems to have no merit.

#### SECTION 4. LUMP-SUM DEATH GRATUITY FOR ACTIVE SERVICE PERSONNEL

Under present law a death gratuity equal to 6 months' pay is paid to the survivors of military personnel. This program was inaugurated in 1908 and undoubtedly represented the first attempt to assist the survivors of deceased military personnel to make the economic change from military to civilian life. The value of this benefit presently varies from \$468 for a widow of a recruit to \$6,857 for the widow of a general on flight pay with 30 years of service.

The Kaplan report recognized the payment of a lump-sum death benefit to survivors (\$255 maximum) if social security is extended to the military and, based upon the conclusion that under the present 6 months' pay gratuity the minimum amount paid is insufficient and the maximum amount so paid excessive, proposes a payment ranging from a minimum of \$1,200 to a maximum of \$3,000.

If social security is extended to the military and the proposed service compensation payment enacted, thus guaranteeing to survivors an amount that the Congress shall determine appropriate for their upkeep, the financial future of such survivors would seem assured leaving to any cash gratuity payment the purpose only of tiding the family over until benefit payments shall commence, and some element of readjustment. What this sum should be, in the light of the proposed benefit programs, should be given careful consideration by the committee. It must be understood that the group here involved, persons who die in the active

service, presently are and will continue to be entitled to have all expenses connected with burial, including travel of the family and transportation of their household effects to their home, paid by the Government. Recognizing this facet and the monthly benefits which will immediately become payable for the family's upkeep, as well as the fact that under the Social Security Act a lump-sum payment at time of death is payable, it is suggested that consideration be given as to whether at this time any lump-sum payment to be made at time of death should not be reduced to a more nominal amount. To be uniform in all cases, and based on the Kaplan report findings that \$1,200 represents an appropriate sum in the majority of cases (75 percent based on actual 1948 deaths), it is suggested that a payment of \$1,200 which would be in addition to the amount paid by social security might well be considered sufficient for all cases. Regardless of any consideration which might be given to adjusting the amounts, it is recommended strongly that the amount be fixed either in one amount uniform for all or in fixed amounts based upon pay grade.

#### SECTION 5. GOVERNMENT'S LIABILITY FOR THE \$160 WAGE CREDITS

The present law provides a \$160 wage credit to each serviceman for each month in the military service for the period between September 16, 1940, and June 30, 1955. This credit, plus credits he earns in nonmilitary employment are combined in the determination of survivor or retirement benefits, except that such \$160 credits are not used in determining social-security retirement if the same months were used in determining military retirement pay.

It is noted that reference is made in the Kaplan Committee report (p. 2) to an estimated cost to the fund for these credits of about three-fourths billion dollars. No effort has been made to determine the basis on which this sum was estimated, nor have any conclusions been reached as to the basis for estimating the amount involved.

The social-security system is based in part on the principle of life insurance. Such insurance principle involves the payment of premiums by a group of insureds over their lifetime into a fund from which claims are paid to survivors at the time of death. This is a sound principle and attempts to carry out the idea that under the social-security system during the working years of an employee he contributes to the OASI trust fund, and in turn receives what amounts to an annuity for himself or his survivors. This approach in the financing of the social-security program carries out in substantial measure the idea of "pay as you go" by relating contributions to the liability being created, rather than follow the principle of merely contributing each year the approximate amount paid out each year.

Based on this approach to financing, which is the current general approach to financing the social-security program, it appears appropriate to have a determination made by the Department of Health, Education, and Welfare regarding the approximate cost to the fund during the period 1940 to 1955, as a result of the free credits of \$160 per month. It appears, on the surface at least, that such liability might possibly be calculated the same as it would have been calculated if such \$160 credit had been the earnings of the man while in civilian covered employment. If that were done, then the combined tax rate for employers and employees, applied to the total man-months of service multiplied by \$160 would result in the amount that should be appropriated by the Congress to transfer to the social-security trust fund. It also may be considered advisable to spread this appropriation over a period of 5 or more years, so as not to upset materially the budget balance of any one year.

#### SECTION 6. NON-SERVICE-CONNECTED PENSIONS

##### *Survivors (current)*

Currently the survivors of veterans of World War I who die as a result of non-service-connected causes are entitled to a \$150 burial allowance subject to a showing of actual expenses, and to a veteran's pension (non-service-connected), the amount based upon a surviving widow and children under age 18. The monthly rate to a widow is \$50.40, a widow and 1 child \$63.00, and \$7.56 for each additional child. The pension payable is conditioned upon the survivors not receiving income from other sources in excess of \$1,400 per annum for a widow and \$2,700 per annum for a widow and children.

##### *Veterans (current)*

Under currently existing legislation veterans of World War I and II and Korea who become totally and permanently disabled are entitled to payment of a non-service-connected pension provided income limitations are met. The amount

of this pension is \$66.15 per month. When the payment has been made for 10 years, or the veteran reaches age 65, the rate changes to \$78.75 per month. A further payment of \$135.45 is also made in these instances where the services of an aide or nurse are required.

*Proposed bill*

Inssofar as the Kaplan Committee report (pt. 2) and the proposed bill implementing the report are concerned, no treatment is accorded the veterans' pension (non-service-connected) program since the report and bill are restricted to benefits payable to survivors of members who die in the military service.

*Observations and views*

It is recognized that the Government has an obligation to meet in connection with providing monetary benefits to survivors of members who die from service-connected causes. The veterans' pension program (non-service-connected) providing coverage to the eligible survivors of veterans and to living veterans was inaugurated long before the social-security system which generally established in 1937 the first comprehensive retirement and survivor system for the general working force. The social-security system, since its inception, has been considerably liberalized with respect to both coverage and size of benefit payment to retired annuitants and surviving widows and children. However, this new coverage or protection was superimposed upon the veterans' pension program, thus permitting a veteran or his survivors to draw dual benefits.

It is most important that the Select Committee review this problem of non-service-connected pensions—free in character—no relationship to injury or disease in service. At present there are 3,300,000 World War I veterans living. Most of these men who reach age 65 will receive \$78.75 a month from the Government in addition to a maximum of \$108.50 monthly from social security. Furthermore, those men who do not survive their wives are leaving a monthly pension of \$50.40 to their widows in addition to whatever social security benefits the widow will be entitled to at age 65.

The cost of this program is steadily climbing. It rose from about \$400 million in fiscal year 1952 to \$590 million in 1954 with about 250,000 beneficiaries currently on the rolls. A serious question seems to exist as to whether at this point in national history, when social security is becoming more universal and the monthly benefits larger, it is proper to assess the general taxpayer \$600 million or more annually to pay that sum to a limited group of citizens who have no service-connected disability or disease.

The import of the veterans' pension program on the future has been the subject of a rather extensive review by House Appropriations Committee during the early months of 1953. The investigative report on this matter is to be found in the hearings on the Second Independent Offices Appropriation for 1954, part I, pages 784-802, inclusive.

It is believed that consideration should be given to the possibility of curtailing the present pension program with respect to future entrants. The pension program could be curtailed by either (1) reducing the amount of pension payable by the Veterans' Administration by the amount of social security benefits payable, or (2) establishing an appropriate monetary ceiling for the combined social security and Veterans' Administration pension payments. Page 787 of the House hearings noted above suggested the following monthly ceiling:

Living veteran, \$100  
Widow, no child, \$75  
Widow, one child, \$140

SECTION 7. SOCIAL SECURITY BENEFITS FOR RETIRED MILITARY PERSONNEL

As proposed by the Kaplan report and in the bill proposed by the Department of Defense, the retirement provisions flowing from the extension of social security to the Defense Establishment would be completely additive to the present military retirement benefits.

While the serviceman would be contributing to this portion of his retirement program, thus giving some basis for making the social security benefits additive, it is believed that an overall examination of the current noncontributory benefit of retired pay now provided and those to be provided from social security, when compared with other comparable programs such as the Federal civilian retirement program, provide ample evidence that the total benefits would be excessive and out of line with the Federal civilian program, as well as being out of line with most non-Federal civilian programs.

For purposes of illustration, there is attached a table setting forth the retirement benefits presently payable to both civilian and military personnel, and the amount payable under the social security legislation to the military and that which has been proposed by the Kaplan Committee if and when social security is extended to the civilian employees of the Government.

Presently, a civilian Government employee with 30 years' service who contributes to the retirement fund receives in retirement an amount equal to approximately 45 to 52 percent of his active duty pay, whereas a member of the military with 30 years' active duty service for no contribution receives an amount equal to approximately 75 percent of his active duty base pay or approximately 40 percent to 61 percent of his normal active duty pay (base pay plus rental and subsistence allowances). (See table 4.) Applying the amounts which would be payable under the Kaplan Committee proposal to the members of the military to those presently received discloses that the member would receive in retirement approximately 86 percent to 135 percent of his active duty base pay or 69 percent to 79 percent of his normal active duty pay (base pay plus rental and subsistence allowances). It is interesting to note that notwithstanding the civilian retirement program is on a contributory basis the Kaplan Committee in its proposal for extending social security coverage to such employees does not propose that the benefits derived therefrom shall be completely additive. To the contrary and unlike the Kaplan Committee recommendation for members of the military, only slight increase of retirement benefits is suggested. Under the Kaplan Committee proposal, civilian employees would receive approximately 49 percent to 63 percent of their active duty compensation.

At the outset, it is believed that a serious question exists as to whether under any retirement program benefits should be provided comparable to a person's working wages. Certainly retirement benefits—as distinguished from survivor benefits—should not normally equal or exceed the amount a person received while actively working.

There would seem to be serious doubt as to the need in retirement of funds comparable to those received while actively employed. Presumably, a person reaching retirement age has advanced beyond the period of need for high income, generally he has raised his family, his home is paid for, he has had the opportunity to accumulate some savings and thus normally would be in a position of providing a comfortable living on substantially less than he received when actively employed. Furthermore, the retired regular military member continues to be eligible for medical and dental care and other privileges.

The General Accounting Office is fully in accord with the extension of social security to the military on a contributory basis. However, it is believed that under present-day retired pay levels, such social security benefits should not be additive to existing retirement benefits. Rather, it is strongly recommended that upon the extension of social security retirement benefits, the legislation appropriately provide for a reduction in monthly military retired pay equal to the amount by which the monthly social security benefit payment is greater due to the military service being included as covered employment. A serviceman retiring before becoming eligible for social security retirement would continue to receive the present military retirement pay which would be subject to recomputation at time of becoming eligible for social security retirement. This, of course, would not affect the benefits of such personnel who enter nonmilitary covered employment, which employment would enable them to become eligible for additional social security retirement, provided the other requirements were met, without reducing their military retirement for that portion of the social security benefit payment.

#### SECTION F. COMMENTS ON ENCLOSURE RELATING TO SOCIAL SECURITY

Comments and recommendations on the enclosure relating to social security are identified below by item number.

Items 1, 1 (a), 1 (b), 3 (a), and 3 (b) are inquiries which require specific replies by the Department of Health, Education, and Welfare, and as such, do not lend themselves to comment by this Office.

Items 2 and 2 (a): Currently, military payrolls are prepared by each base or installation for the net amounts payable; income tax and all other pay deductions are in effect withheld at these points. It would, therefore, be most appropriate for the services to withhold the servicemen's 2 percent contribution to the OASI trust fund in the same manner. The remittance of the 2 percent withheld, together with the additional employer or Government 2 percent contribution, could be forwarded to the collector of internal revenue by the finance centers of the

services simultaneously with the income tax withholdings in accordance with present procedures.

Item 2 (b): Consistent with the item next above, it is recommended that each payroll point within each service independently deduct the contributions from its service personnel and the finance centers of the respective services remit such amounts together with the Government contribution and the income tax withheld. Under this proposal the employer or Government 2 percent contribution should be expended from the respective pay appropriation of each service. This method is considered preferable to a central Government contribution for all military personnel by the Department of Defense since the latter would require the compilation, submission and consolidation of a number of reports for this purpose.

Item 2 (c): It is the opinion of this Office that the employer contribution should come from the pay appropriation of the respective service, thereby relating the employer contribution for social security coverage to the same appropriation as is used to pay the serviceman. This employer contribution is in fact additional compensation that provides the serviceman with supplementary benefits.

Item 3: The administrative burden upon the military could be kept at the absolute minimum if wages were reported annually instead of quarterly. However, this method could be employed only if the Department of Health, Education, and Welfare were authorized to adopt the principle of annual wage reporting for industry as a whole. The application of this principle would first require amendatory legislation which would permit the computation of benefits on the basis of years of coverage, instead of quarters of coverage, except in those relatively few cases where the elimination of quarters would penalize the beneficiary; an optional method of computation could be provided to overcome this disadvantage. There are good precedents for this proposal. Under the present Social Security Act, as amended, self-employed persons, including partnerships, report their wages on an annual basis. Also, the retirement and survivor benefits under the Railroad Retirement Act are computed on the basis of years of service (not quarters). The railroad industry currently prepares over 40 percent of its wage reports on an annual basis, the balance are still submitted quarterly.

Item 4: To the extent that social security OASI benefits are not based on wages other than military wages, it is recommended that the monthly amount of the military retirement benefit be reduced by that portion of the monthly amount payable from the OASI trust fund due to military credit. This subject is treated at greater length in another section of this analysis.



SURVIVOR BENEFITS

COMPARISON OF CURRENT AND PROPOSED SURVIVOR BENEFITS  
 TABLE IA.—*Enlöstes män, raising EI, \$200 average wage*<sup>1</sup>

Type of benefit	Widow without children			Widow, 1 child age 5			Widow, 2 children ages 8 and 5				
	1st 120 months	From 121 months to age 65	After 65 and for life	1st 120 months	From 121 months through 156 months	From 157 months to age 65	After 65 and for life	1st 120 months	From 121 months through 156 months	From 157 months to age 65	After 65 and for life
Present survivor benefits: <sup>2</sup>											
1. Serviceman's indemnity	\$92.90			\$92.90				\$92.90			
2. VA compensation	87.00	\$87.00	\$2.90	121.00	\$121.00	\$87.00	\$87.00	150.00	\$121.00	\$87.00	\$87.00
3. OASI benefits <sup>3</sup>		87		105.80	105.80		62.90	128.00	105.80		52.90
Total if FECA benefits not selected	179.90	138.90	138.90	310.70	226.80	87	138.90	370.90	226.80	87	138.90
4. FECA benefits <sup>4</sup>	90.00	90.00	90.00	110.00	110.00	90	90.00	140.00	110.00	90	90.00
Total if FECA benefits selected	182.90	142.90	142.90	308.70	215.80	90	142.90	360.90	215.80	90	142.80
Proposed survivor benefits: <sup>5</sup>											
1. Service compensation <sup>6</sup>	100.00	100.00	58.90	100.00	100.00	100	100.00	100.00	100.00	100	100.00
2. OASI benefits <sup>7</sup>				117.80	117.80		58.90	157.10	117.80		58.90
Total benefits	100.00	100	158.90	217.80	217.80	100	158.90	257.10	217.80	100	158.90

<sup>1</sup> The average wage as assigned by the Kaplan Committee represents gross pay consisting of base pay, rental, and subsistence for the grade.  
<sup>2</sup> In addition to the survivor benefits enumerated in this table, the 6 months' death gratuity, a lump-sum payment consisting of an amount equal to the deceased member's rate of pay for a period of 6 months, is also made by the military.  
<sup>3</sup> Social-security rates recognize the 1954 amendments and are based on the \$160 monthly wage credit. Also, no OASI benefit is payable unless the surviving widow has dependent children or is age 65 or over.  
<sup>4</sup> FECA benefits calculated on the basis that the assigned average wage represents the earnings of the deceased at time of death. When FECA benefits are payable, VA compensation (line 2) is not payable.  
<sup>5</sup> In addition to the survivor benefits under the proposed benefit program the 6 months' death gratuity would be continued at a lesser rate amounting from \$1,200 to \$3,000 as proposed by the Kaplan Committee or a fixed amount of \$1,200 for each decedent as proposed by the General Accounting Office.  
<sup>6</sup> Kaplan Committee service compensation program as modified by the General Accounting Office.  
<sup>7</sup> Social-security rates recognize the 1954 amendments and are based upon the proposal to extend social security to members of the military service with the conditions based upon the average wage assigned by the Kaplan Committee. Also, no OASI benefit is payable unless the surviving widow has dependent children or is age 65 or over.

SURVIVOR BENEFITS

TABLE 1B.—Enlisted man, rating E5, \$800 average wage<sup>1</sup>

Type of benefit	Widow without children			Widow, 1 child age 5			Widow, 2 children age 8 and 5				
	1st 120 months	From 121 months to age 65	After 65 and for life	1st 120 months	From 121 months through 136 months	From 137 months to age 65	After 65 and for life	1st 120 months	From 121 months through 136 months	From 137 months to age 65	After 65 and for life
Present survivor benefits: <sup>1</sup>											
1. Servicemen's indemnity.....	\$82.90			\$82.90				\$82.90			
2. VA compensation.....	87.00	\$87.00	\$87.00	121.00	\$121.00	\$87.00	\$87.00	150.00	\$121.00	\$87.00	\$87.00
3. OASI benefits <sup>2</sup> .....			52.90	105.80	105.80		52.90	128.00	105.80		52.90
Total if FECA benefits not selected.....	179.90	87.00	139.90	319.70	226.80	87.00	139.90	370.90	226.80	87.00	139.90
4. FECA benefits <sup>3</sup> .....	135.00	135.00	135.00	165.00	165.00	135.00	135.00	210.00	165.00	135.00	135.00
Total if FECA benefits selected.....	227.90	135.00	187.90	363.70	270.80	135.00	187.90	480.90	270.80	135.00	187.90
Proposed survivor benefits: <sup>4</sup>											
1. Servicemen's indemnity.....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
2. OASI benefits <sup>2</sup> .....			73.90	147.80	147.80		73.90	197.10	147.80		73.90
Total benefits.....	100.00	100.00	173.90	247.80	247.80	100.00	173.90	297.10	247.80	100.00	173.90

<sup>1</sup> The average wage as assigned by the Kaplan Committee represents gross pay consisting of base pay, rental, and subsistence for the grade.  
<sup>2</sup> In addition to the survivor benefits enumerated in this table, the 6 months' death gratuity, a lump-sum payment consisting of an amount equal to the deceased member's rate of pay for a period of 6 months, is also made by the military.  
<sup>3</sup> Social-security rates recognize the 1954 amendments and are based on the \$160 monthly wage credit. Also, no OASI benefit is payable unless the surviving widow has dependent children or is age 65 or over.  
<sup>4</sup> FECA benefits calculated on the basis that the assigned average wage represents the earnings of the deceased at time of death. When FECA benefits are payable, VA compensation (line 2) is not payable.

<sup>5</sup> In addition to the survivor benefits under the proposed benefit program the 6 months' death gratuity would be continued at a lesser rate ranging from \$1,200 to \$3,000 as proposed by the Kaplan Committee or a fixed amount of \$1,200 for each decedent as proposed by the General Accounting Office.  
<sup>6</sup> Kaplan Committee service compensation program as modified by the General Accounting Office.  
<sup>7</sup> Social-security rates recognize the 1954 amendments and are based upon the proposal to extend social security to members of the military service with the contributions based upon the average wage assigned by the Kaplan Committee. Also, no OASI benefit is payable unless the surviving widow has dependent children or is age 65 or over.

SURVIVOR BENEFITS

TABLE 1C.—Officer, rank O2—\$500 average wage<sup>1</sup>

Type of benefit	Widow without children			Widow, 1 child age 5			Widow, 2 children age 8 and 5				
	1st 120 months	From 121 months to age 65	After 65 and for life	1st 120 months	From 121 months through 156 months	After 157 months to age 65	After 65 and for life	1st 120 months	From 121 months through 156 months	From 157 months to age 65	After 65 and for life
Present survivor benefits: <sup>2</sup>											
1. Servicemen's indemnity	\$92.90			\$92.90				\$92.90			
2. VA compensation	87.00	\$87.00	\$87.00	121.00	\$121.00	\$87.00	\$87.00	150.00	\$121.00	\$87.00	\$87.00
3. OASI benefits <sup>3</sup>			52.90	105.80	105.80		52.90	128.00	105.80		52.90
Total if FECA benefits not selected	179.90	87.00	139.90	319.70	226.80	87.00	139.90	370.90	226.80	87.00	139.90
4. FECA benefits <sup>4</sup>	225.00	225.00	225.00	275.00	275.00	225.00	225.00	350.00	275.00	225.00	225.00
Total if FECA benefits selected	317.90	225.00	277.90	473.70	380.80	225.00	277.90	570.90	380.80	225.00	277.90
Proposed survivor benefits: <sup>5</sup>											
1. Service compensation <sup>6</sup>	125.00	125.00	81.40	125.00	125.00	125.00	81.40	200.00	125.00	125.00	125.00
2. OASI benefits <sup>7</sup>				162.80	162.80			200.00	162.80		81.40
Total benefits	125.00	125.00	206.40	287.80	287.80	125.00	206.40	325.00	287.80	125.00	206.40

<sup>1</sup> The average wage as assigned by the Kaplan Committee represents gross pay consisting of base pay, rental, and subsistence for the grade.  
<sup>2</sup> In addition to the survivor benefits enumerated in this table, the 6 months' death gratuity, a lump-sum payment consisting of an amount equal to the deceased member's rate of pay for a period of 6 months, is also made by the military.  
<sup>3</sup> Social-security rates recognize the 1964 amendments and are based on the \$160 monthly wage credit. Also, no OASI benefit is payable unless the surviving widow has dependent children or is age 65 or over.  
<sup>4</sup> FECA benefits calculated on the basis that the assigned average wage represents the earnings of the deceased at time of death. When FECA benefits are payable, VA compensation (line 2) is not payable.  
<sup>5</sup> In addition to the survivor benefits under the proposed benefit program the 6 months' death gratuity would be continued at a lesser rate ranging from \$1,200 to \$3,000 as proposed by the Kaplan Committee or a fixed amount of \$1,200 for each decedent as proposed by the General Accounting Office.  
<sup>6</sup> Kaplan Committee service compensation program as modified by the General Accounting Office.  
<sup>7</sup> Social-security rates recognize the 1964 amendments and are based upon the proposal to extend social security to members of the military services with the contributions based upon the average wage assigned by the Kaplan Committee. Also, no OASI benefit is payable unless the surviving widow has dependent children or is age 65 or over.

TABLE 1D.—Officer, rank O5—\$750 average wage<sup>1</sup>

Type of benefit	Widow without children			Widow, 1 child age 5			Widow, 2 children age 8 and 5				
	1st 120 months	From 121 months through 156 months	After 65 months and for life	1st 120 months	From 121 months through 156 months	From 157 months to age 65	After 65 months and for life	1st 120 months	From 121 months through 156 months	From 157 months to age 65	After 65 months and for life
Present survivor benefits: <sup>2</sup>											
1. Servicemen's indemnity	\$92.90			\$92.90				\$92.90			
2. VA compensation	87.00	\$87.00	\$87.00	121.00	\$121.00	\$87.00	\$87.00	150.00	\$121.00	\$87.00	\$87.00
3. OASI benefits <sup>3</sup>			52.90	105.80	105.80		52.90	128.00	105.80		52.90
Total if FECA benefits not selected	179.90	87.00	139.90	319.70	226.80	87.00	139.90	370.90	226.80	87.00	139.90
4. FECA benefits <sup>4</sup>	337.50	337.50	337.50	412.50	412.50	337.50	337.50	525.00	412.50	337.50	337.50
Total if FECA benefits selected	430.40	337.50	390.40	611.20	518.30	337.50	390.40	745.90	518.30	337.50	390.40
Proposed survivor benefits: <sup>5</sup>											
1. Service compensation <sup>6</sup>	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00
2. OASI benefits <sup>7</sup>			81.40	162.80	162.80		81.40	200.00	162.80		81.40
Total benefits	150.00	150.00	231.40	312.80	312.80	150.00	231.40	350.00	312.80	150.00	231.40

<sup>1</sup> The average wage as assigned by the Kaplan Committee represents gross pay consisting of base pay, rental, and subsistence for the grade.  
<sup>2</sup> In addition to the survivor benefits enumerated in this table, the 6 months' death gratuity, a lump-sum payment consisting of an amount equal to the deceased member's rate of pay for a period of 6 months, is also made by the military.  
<sup>3</sup> Social-security rates recognize the 1954 amendments and are based on the \$160 monthly wage credit. Also, no OASI benefit is payable unless the surviving widow has dependent children or is age 65 or over.  
<sup>4</sup> FECA benefits calculated on the basis that the assigned average wage represents the earnings of the deceased at time of death. When FECA benefits are payable, VA compensation (line 2) is not payable.  
<sup>5</sup> In addition to the survivor benefits under the proposed benefit program the 6 months' death gratuity would be continued at a lesser rate ranging from \$1,200 to \$3,000 as proposed by the Kaplan Committee or a fixed amount of \$1,200 for each decedent as proposed by the General Accounting Office.  
<sup>6</sup> Kaplan Committee service-compensation program as modified by the General Accounting Office.  
<sup>7</sup> Social-security rates recognize the 1954 amendments and are based upon the proposal to extend social security to members of the military service with the contributions based upon the average wage assigned by the Kaplan Committee. Also, no OASI benefit is payable unless the surviving widow has dependent children or is age 65 or over.

SURVIVOR BENEFITS

TABLE 2.—Monthly income under proposed Kaplan survivor plan and social-security benefits including 1954 amendments

Pay grade	Wage credit	Widow only			Widow, 1 child			Widow, 2 children		
		OASI <sup>1</sup>	Service compensation	Total	OASI	Service compensation	Total	OASI	Service compensation	Total
E-1	\$200	(3)	\$125	\$125	\$117.80	\$100	\$217.80	\$157.10	\$100	\$257.10
E-2	200	(3)	125	125	117.80	100	217.80	157.10	100	257.10
E-3	220	(3)	125	125	123.80	104	227.80	165.10	104	269.10
E-4	230	(3)	125	125	135.80	112	247.80	181.10	112	293.10
E-5	300	(3)	125	125	147.80	120	267.80	197.10	120	317.10
E-6	350	(3)	130	130	162.80	130	292.80	200.00	130	330.00
E-7	400	(3)	140	140	162.80	140	302.80	200.00	140	340.00
W-1	400	(3)	140	140	162.80	140	302.80	200.00	140	340.00
W-2	450	(3)	150	150	162.80	150	312.80	200.00	150	350.00
W-3	525	(3)	165	165	162.80	165	327.80	200.00	165	365.00
W-4	650	(3)	190	190	162.80	190	352.80	200.00	190	390.00
O-1	400	(3)	140	140	162.80	140	302.80	200.00	140	340.00
O-2	500	(3)	160	160	162.80	160	322.80	200.00	160	360.00
O-3	600	(3)	180	180	162.80	180	342.80	200.00	180	380.00
O-4	675	(3)	195	195	162.80	195	357.80	200.00	195	395.00
O-5	750	(3)	210	210	162.80	210	372.80	200.00	210	410.00
O-6	900	(3)	240	240	162.80	240	402.80	200.00	240	440.00
O-7	1,125	(3)	285	285	162.80	285	447.80	200.00	285	485.00
O-8	1,250	(3)	310	310	162.80	310	472.80	200.00	310	510.00

<sup>1</sup> No OASI benefit is payable unless the surviving widow has dependent children or is age 65 or over.

<sup>2</sup> Death lump sum is payable which is the equivalent of 3 times the primary insurance amount not to exceed \$255.

SURVIVOR BENEFITS

TABLE 3.—Monthly income under GAO proposed survivor plan and social-security benefits including 1954 amendments

Pay grade	Wage credit	Widow without children						Widow, 1 child			Widow, 2 children		
		Under age 65			Over age 65			OASI	Service compensation	Total	OASI	Service compensation	Total
		OASI <sup>1</sup>	Service compensation	Total	OASI	Service compensation	Total						
E-1	\$200	(3)	\$100	\$58.90	\$158.90	\$100	\$117.80	\$217.80	\$157.10	\$100	\$257.10		
E-2	200	(3)	100	58.90	158.90	100	117.80	217.80	157.10	100	257.10		
E-3	220	(3)	100	61.90	161.90	100	123.80	223.80	165.10	100	265.10		
E-4	260	(3)	100	67.90	167.90	100	135.80	235.80	181.10	100	281.10		
E-5	300	(3)	100	73.90	173.90	100	147.80	247.80	197.10	100	297.10		
E-6	350	(3)	100	81.40	181.40	100	162.80	262.80	200.00	100	300.00		
E-7	400	(3)	100	81.40	181.40	100	162.80	262.80	200.00	100	300.00		
E-8	450	(3)	125	81.40	206.40	125	162.80	287.80	200.00	125	325.00		
W-1	450	(3)	125	81.40	206.40	125	162.80	287.80	200.00	125	325.00		
W-2	500	(3)	125	81.40	206.40	125	162.80	287.80	200.00	125	325.00		
W-3	550	(3)	125	81.40	206.40	125	162.80	287.80	200.00	125	325.00		
W-4	600	(3)	125	81.40	206.40	125	162.80	287.80	200.00	125	325.00		
O-1	600	(3)	125	81.40	206.40	125	162.80	287.80	200.00	125	325.00		
O-2	650	(3)	125	81.40	206.40	125	162.80	287.80	200.00	125	325.00		
O-3	675	(3)	125	81.40	206.40	125	162.80	287.80	200.00	125	325.00		
O-4	750	(3)	150	81.40	231.40	150	162.80	312.80	200.00	150	350.00		
O-5	800	(3)	150	81.40	231.40	150	162.80	312.80	200.00	150	350.00		
O-6	900	(3)	150	81.40	231.40	150	162.80	312.80	200.00	150	350.00		
O-7	1,125	(3)	150	81.40	231.40	150	162.80	312.80	200.00	150	350.00		
O-8	1,250	(3)	150	81.40	231.40	150	162.80	312.80	200.00	150	350.00		

<sup>1</sup> No OASI benefit is payable unless the surviving widow has dependent children or is age 65 or over.

<sup>2</sup> Death lump sum is payable which is the equivalent of three times the primary insurance amount not to exceed \$255.

SURVIVOR BENEFITS

TABLE 4.—Comparison of civilian and military retired pay

Civil service retirement pay and social security				Military retired pay and social security										
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
General sched- ule grade	Monthly salary gross <sup>1</sup>	Monthly civil serv- ice retire- ment pay (30 years)	Monthly social security	Monthly civil serv- ice retire- ment and OASI benefits <sup>4</sup>	Percent of civil serv- ice retire- ment and OASI to monthly salary	Grade	Monthly military pay (base) <sup>5</sup>	Monthly base pay + sub- sistence	75 percent of monthly base pay	Percent of monthly retirement base pay + rent + sub- sistence <sup>6</sup>	Monthly social security	Monthly pay + OASI to monthly base pay <sup>7</sup>	Percent of monthly retirement base pay + rent + sub- sistence to monthly retirement base pay <sup>8</sup>	Percent of monthly base pay + rent + sub- sistence to monthly retirement base pay + OASI benefits <sup>7</sup>
3	\$285.83	\$148.00	\$95.90	\$181.25	63.4	E-1	\$98.80	\$186.10	\$74.10	39.8	\$58.00	\$133.00	134.6	71.4
4	304.58	154.00	99.70	191.07	62.7	E-2	124.80	212.10	83.60	44.7	63.60	157.20	126.9	74.1
5	346.66	166.00	107.70	211.70	61.0	E-3	152.88	240.18	114.66	47.8	68.90	183.56	126.0	76.4
6	378.75	176.00	108.90	222.12	58.6	E-4	186.74	311.84	149.05	47.5	78.10	207.45	114.2	72.8
7	412.91	186.00	108.90	232.38	56.3	E-5	236.90	350.06	177.02	50.7	80.20	237.49	111.1	75.2
8	447.90	201.00	108.90	247.37	55.2	E-6	289.90	373.00	194.92	52.2	80.20	263.22	107.7	76.4
9	484.16	218.00	108.90	263.87	54.5	E-7	305.70	418.86	229.32	54.7	80.20	283.32	107.5	78.5
10	520.83	234.00	108.90	280.37	53.8	W-1	310.21	443.99	232.95	52.4	100.50	303.51	107.3	75.1
11	578.33	260.00	108.90	306.25	52.9	W-2	363.14	466.23	272.37	53.9	108.50	360.87	104.8	75.3
12	670.00	301.00	108.90	347.50	51.8	W-3	408.96	539.04	308.12	54.8	108.50	411.86	101.5	74.2
13	780.00	351.00	108.90	397.00	50.8	W-4	454.22	651.60	363.16	55.7	108.50	474.86	106.5	75.7
14	883.33	397.00	108.90	443.50	50.2	O-1	526.04	659.42	244.52	53.2	103.70	348.80	104.8	75.3
15	983.33	442.00	108.90	488.50	49.6	O-2	563.10	805.18	272.55	50.9	108.50	390.80	104.8	74.2
16	1,068.66	480.00	108.90	525.00	48.3	O-3	459.42	909.90	344.56	50.0	108.50	458.04	98.3	72.5
17	1,160.00	517.00	108.90	563.50	48.0	O-4	533.32	701.10	400.14	57.0	108.50	564.21	92.8	71.2
18	1,233.33	555.00	108.90	601.00	48.7	O-5	607.62	792.30	455.71	57.5	108.50	653.13	89.9	71.2
						O-6	726.18	910.86	544.69	59.7	108.50	733.17	87.6	69.8
						O-7	869.66	1,078.44	644.67	59.7	108.50	853.20	86.9	70.4
						O-8	992.94	1,211.82	744.70	61.4	108.50			

<sup>1</sup> Top of grade based on 30 years service.  
<sup>2</sup> Kaplan Committee proposal.  
<sup>3</sup> Based on 30 years service.  
<sup>4</sup> Percent of monthly retirement pay to base pay, plus rental, plus subsistence.  
<sup>5</sup> Monthly retired pay plus OASI benefits.  
<sup>6</sup> Percent of monthly retirement pay plus OASI benefits to monthly base pay.  
<sup>7</sup> Percent of monthly base pay, plus rental, plus subsistence to monthly retirement pay, plus OASI benefits.  
<sup>8</sup> Percent of monthly retirement pay to base pay, plus rental, plus subsistence.

## APPENDIX G

## LETTERS CONTAINING COMMENTS FROM VETERANS' ORGANIZATIONS RECEIVED SUBSEQUENT TO THE COMMITTEE HEARINGS

VETERANS OF FOREIGN WARS OF THE UNITED STATES,  
*Kansas City, Mo., November 12, 1954.*

HON. WILLIAM H. BATES,  
*Chairman, Select Committee on Survivor Benefits,  
 The Capitol, Washington 25, D. C.*

DEAR MR. BATES: This will acknowledge, with appreciation, your kind letter of October 22 advising of the plans of your committee to study survivor benefits affecting personnel of the Armed Forces, and inviting the Veterans of Foreign Wars to comment on this subject in writing prior to public hearings which are tentatively scheduled around the middle of November.

It is our understanding, based on certain questions and answers on the floor of the House, that the study to be made by your committee will be confined to survivor benefits affecting enlisted and commissioned personnel of the Armed Forces whose death occurs in, or as a result of, active duty. This, of course, would eliminate consideration of pension benefits for survivors where death had no relation to active duty.

According to our interpretation this would limit your study to some five survivor benefits; namely, servicemen's indemnity, 6 months' death gratuity payments, death compensation, United States employees compensation affecting certain Reserve personnel, and social security. It is further understood that the motivating force behind the creation of the Select Committee on Survivor Benefits was pertinent comments by commentators and columnists concerning the inadequacy of death compensation payments to the widows of high-ranking officers who died or were killed while on active duty.

We have reviewed, somewhat hurriedly, the Kaplan Committee recommendations and it is interesting to note, from certain tables showing aggregate survivor benefits presently payable to survivors of enlisted and commissioned personnel in all grades, that a much brighter picture is presented than has been grasped by those commentators and columnists whose indignation over inequities must have been based almost entirely on death compensation without taking into consideration the other benefits. We find in reviewing the Kaplan Committee's recommendations that they are designed largely to stretch the survivor benefits more equitably over a period of years. In the final analysis the total amounts recommended are approximately the same as presently payable in a less balanced proportion.

It is further noted in the tables compiled by the Kaplan Committee the potential survivor benefits payable, particularly to widows with children, exceed, in many grades, the monthly income which the serviceman earned while performing active duty. The Kaplan computations do not support the general impression that survivors of Armed Forces personnel are left in desperate straits when compared to survivors of civilians.

Consequently, your committee will be confronted with the question as to whether the aggregate benefits payable to survivors should exceed substantially the amount of income which the serviceman earned and could make available to his family while living. We are inclined to agree with the approach made by the Kaplan Committee insofar as a balanced plan for the monthly payments of the aggregate total survivor benefits are concerned. We believe it would be better to ration, as it were, the monthly payments over the years rather than the present system of heavy monthly payments during a brief period of years and skimpy payments in later years.

While we have no desire to reduce the aggregate of existing survivor benefits—in fact they should be increased, if anything—we raise the question as to whether a sound and reasonable goal could not be reached by confining the benefits to not more than 2, or possibly 3, with the necessary increases in the remaining benefits. For example, it is believed the 6 months' death gratuity payment was adopted as a stopgap measure, in the absence of a guaranteed indemnity payment, and could be eliminated with the attendant savings in administrative costs. There is also a question as to whether United States employees compensation, involving certain reserves in its present discriminatory form, could not be eliminated if a sound survivor benefit program could be accomplished through other methods.



If the 6 months' death-gratuity payment and the United States employees compensation, affecting certain reserves in its present discriminatory form, were eliminated this would leave servicemen's indemnity, death compensation, and social security—with a question on social security—as the three benefits on which to base a sound and reasonable survivor-benefit program. In fact, it might be possible to accomplish a reasonable and adequate program based entirely upon servicemen's indemnity and death compensation. This would, no doubt, necessitate increasing both the servicemen's indemnity and the death-compensation payments with a balanced program of monthly payments in keeping with the life expectancy and needs of the acceptable class of survivors.

It is somewhat ironical to point out that the one angle of survivor benefits, i. e., death-compensation payments which prompted commentators and columnists to evoke indignation, is the very one which is causing us concern as a veterans' organization with a large membership embracing both former enlisted and commissioned personnel of varying grades. In a recent Washington, D. C., meeting our national legislative committee gave some consideration to this forthcoming study of survivor benefits and took a position which, while favoring a substantial increase in death-compensation payments, opposes making any distinction in the amount of said payments based on rank and grade. In other words, it was the snap judgment of our committee, the majority of whom were former commissioned officers, that the survivors of enlisted personnel are just as worthy and deserving as are the survivors of high-ranking commissioned personnel, regardless of the difference in rank and pay while living and on active duty.

Our committee believes that it would be difficult, if not impossible, to properly evaluate the potential earning capacity of a young enlisted man in a low pay grade whose death leaves a widow, and/or children, or dependent parents, as contrasted to the present earnings of an older, high-ranking commissioned officer whose death also leaves a dependent widow, and/or children or dependent parents. The argument can well be advanced that the young enlisted man, with most of his life ahead of him, upon release from the service, might attain outstanding economic success and income far beyond the earnings of a high-ranking commissioned officer. This situation is one of those intangibles which is giving us some trouble and which may require further conferences and discussions before an absolute and positive position is reached.

Our legislative committee further believes that in addition to increasing and maintaining a uniform plan of death-compensation payments, the amount of servicemen's indemnity should be substantially increased or, in the absence of such an increase, to permit the separate purchase of additional national service life insurance. By increasing death compensation payments and servicemen's indemnity, together with a system of balanced payments arranged to meet expectant needs, it might be possible to accomplish a generally satisfactory plan for survivor benefits.

The foregoing comment is very general in nature because of the fact that the problems involved in revising the present system of survivors' benefits are so complex that we have not yet come to any clear-cut and definite conclusion. The matter is still under active consideration by our organization and, consequently, at the present time it is not possible to make specific and detailed recommendations. However, we appreciate your courtesy in inviting the views of the Veterans of Foreign Wars and shall appreciate an opportunity to appear before your committee to discuss the problems involved at greater length in oral testimony.

Respectfully yours,

OMAR B. KETCHUM, *Director.*

RETIREED OFFICERS ASSOCIATION, INC.,  
Washington, D. C., November 8, 1954.

HON. WILLIAM H. BATES,  
*Chairman, Select Committee on Survivor Benefits, House of Representatives,  
The Capitol, Washington, D. C.*

DEAR MR. CHAIRMAN: The Retired Officers Association appreciates the opportunity to make the following comments on the question of survivors' benefits, in response to the invitation contained in your letter to the association dated October 22, 1954.

Members on active duty: The recommendations of the Kaplan Committee, as found in Senate Document 89, part 2, 83d Congress, will, if enacted, provide a uniform and realistic program of benefits for the survivors of members of the

uniformed services who die while on active duty. It would remove existing inequities and settle many difficult situations which have arisen in the past.

In addition to the basic benefits which this legislation would provide, it is proposed that members of the uniformed services be blanketed under social security on a contributory basis. The association believes it to be desirable that such benefits accrue to the members of the uniformed services and to their survivors and that they should contribute to this program as do others who are covered under it.

The 6 months' death gratuity should be continued and it should be extended to Public Health Service personnel, the only one of the uniformed services to which this benefit has not been extended. This should be included in the proposed legislation for all of the uniformed services on a basis of equality. In addition to extending this benefit to survivors of the Public Health Service personnel who die while on active service, there should be a provision extending this benefit retroactively to July 4, 1952, the date upon which the Public Health Service lost its military status. Prior to that date the survivors of deceased Public Health Service personnel received this benefit in view of their military status, but since that time such survivors have not received it. There are approximately 15 widows, or other survivors of personnel of the Public Health Service who died in the service of their country, who have not received this gratuity. The establishment of a maximum and minimum payment under this provision effective after the enactment of the act is fair and equitable. The proposed benefits in the form of compensation payments to survivors of those who die while on active duty, consisting of 80 percent of the first \$100 and 20 percent of the remainder of their gross pay, fall short of the benefits which accrue to survivors of those who are covered under the Federal Employees Compensation Act, but if based on gross pay as proposed, seem to be reasonable.

It is noteworthy that the Department of Defense recommended compensation payments at the rate of 80 percent of the first \$100 and 40 percent of the balance, but to be based on basic pay. The benefits proposed by the Kaplan Committee, since they are to be related to gross pay, would be substantial, but somewhat less than the amounts which would have resulted had the Department's formula been accepted.

Subject only to the above-mentioned recommendation with reference to retroactive legislation to extend the 6 months' death-gratuity credit to the survivors of the Public Health Service personnel who died while on active duty since July 4, 1952, the association has no specific recommendations to make at this time and will fully support the proposed legislation.

Retired members: Public Law 239, 83d Congress, was enacted to permit retired members of the uniformed services to elect certain options with the effect of sharing with their survivors the retired pay to which they were entitled during their lifetimes. Its purpose was to afford a degree of security not theretofore existing for the survivors of this group of individuals. Our association believes this law failed to accomplish its obvious purpose as something less than 10 percent of those members of the uniformed services who were in a retired status on the effective date of the act elected an option under the act.

No one seriously doubted the worth of the plan when enacted. The failure of so many to avail themselves of its benefits was due, in our opinion, to the prohibitive cost. Since the average retired pay is in the order of \$2,400 a year, and since that pay constitutes the sole or principal source of income for a large portion of the group, it was literally impossible for the members involved to curtail their living expenses to take advantage of the benefits of the Uniformed Services Contingency Option Act. This stemmed partially from the fact that three sets of tables were calculated: (1) Covering those retired for physical disability, which apply alike to those previously retired and those who retire in the future; (2) applying to those retired before May 1, 1954, for reasons other than physical disability; and (3) for those retired after April 30, 1954, for reasons other than physical disability. As between these last two tables there is a differential in favor of those in group (3) of approximately one-quarter of the cost, i. e., those in group (2) pay 30 plus percent more than those in group (3). This distinction is difficult to understand or to justify, and it is the belief of the Retired Officers Association that the intent of the Congress when enacting Public Law 239, 83d Congress was that there be but one table, applicable to all. The association recommends that consideration be given to recalculating the tables with one set of figures to include all categories, and without giving consideration to the physical condition of any retired member. This, the association believes, was clearly the intent of Congress, as no medical examination was required by the act for any member to elect an option under its provisions.

At the hearings on the bill which became Public Law 239, 83d Congress, the Retired Officers Association recommended that the Government assume some substantial portion of the cost of the plan, as it does under other comparable survivor benefit plans. The association renews this recommendation now. If this were done, it would be necessary to establish another limited time in which retired members could elect an option, and it is the judgment of the association that many more people would avail themselves of the benefits of the plan, if the costs were decreased, and so protect their survivors as it was the original intent of the legislation that they should be able to do.

Under the rates which now exist only those whose income is large enough to participate in this program have found it possible to do so. In other words, those who most need the benefits were unable to avail themselves of its opportunities. A further consideration is that there appears to be no governmental program for annuities or insurance benefits in which the Government does not bear a substantial part of the basic cost. In programs such as these, it is only the military which is asked to bear the full costs. Our association recommends that there be a reconsideration of this former legislation and that a plan be devised under which it can be made available to our retired military personnel and survivors at a smaller cost.

Sincerely yours,

W. S. PAUL.

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RETIRED OFFICERS ASSOCIATION, INC.,  
*Washington, D. C., December 1, 1954.*

HON. WILLIAM H. BATES,  
*Chairman, Select Committee on Survivors' Benefits,  
House of Representatives.*

DEAR MR. CHAIRMAN: During the testimony of the Retired Officers Association before your committee on November 18, 1954, occasion was taken to oppose the suggestion made by the General Accounting Office that any social-security benefits which might accrue to retired members of the uniformed services at age 65 should not be additive to retired pay. You asked that we give further consideration to this question and write a letter stating our views. This letter is responsive to that request.

You also requested the association to consider the possibility of reducing the percentage of contribution by the retired member into the social-security fund to, for instance, 1 percent, and cover members of the uniformed services into that program only for the part relating to survivors' benefits.

After due consideration the association adheres to its previous statements. The primary purpose of blanketing members of the uniformed services under social security is twofold: (1) To provide continuing coverage for noncareer personnel comparable to the coverage they would have in industry; and (2) to provide protection for their survivors under the conditions contemplated by the social-security system. Since Mr. Kaplan and his Committee found that less than 1 percent of the members now entering the uniformed service would remain in the service until they become eligible for nondisability retirement, it may be seen that the relative number who would thus become eligible for social-security payments in addition to retirement pay is very small. Furthermore, having paid into the social-security fund for all the years of a member's active duty, he would seem to have bought the right to receive the payment, regardless of the fact that the Government, exactly as any other employer, has contributed also to his benefits.

An additional reason for allowing the individual to add the social security due him at age 65 to his other income is that as old age approaches one's necessary outlays may be expected to increase, especially for medical expenses, including hospitalization and in many cases domiciliary care. Finally, there appears to be no supportable reason why the uniformed services should be singled out as the only ones who, having paid into the fund the necessary length of time, would not be eligible for the benefits in addition to any other retirement income of whatever nature.

It would appear that although it might be possible to adopt a system under which the member paid in to the fund a reduced percentage and was provided only with the survivor-benefits portion of the old age and survivor insurance plan, we believe this is both undesirable and impracticable. Nor, from a morale standpoint, could these groups of personnel understand such a differentiation.

If the members of the uniformed services are to be covered at all, it is our position that they should be fully covered. Also, it would be difficult, if not impossible, to segregate the part of the social-security tax which is attributable to the survivors' benefit part of the plan. For these reasons the Retired Officers Association takes the position that members of the uniformed services should be blanketed into social security on a contributory basis, as recommended by Mr. Kaplan, without reservation of any kind.

If a career member who remains in the service until he is retired should have his retired pay reduced by the amount of social-security benefit to which he became entitled at age 65, it would, in effect, follow that part of his retired pay would then be in fact put on a contributory basis, in spite of the fact that it is well understood that the pay scales are reduced to provide for the equivalent of a contribution to one's retired pay. Thus, were the suggestion of the General Accounting Office adopted, the members who remained in the service until retired and who lived to age 65, would, in effect, have contributed twice to that part of their retired pay attributable to social security.

In its statement the association opposed the suggestion of the General Accounting Office that there be established a flat sum to represent the present death gratuity. The association takes the position that due to different economic conditions existing during the lifetime of members of different ranks and grades, and the resulting probable differences in the immediate needs of the survivors upon a member's death, the death gratuity should take the general form as suggested by the Kaplan report, to consist of 6 months basic pay of the deceased member, payable immediately to his survivor, but with reasonable maximum and minimum limits provided. This would accord with well established concepts in this regard, but with a floor and ceiling as suggested.

During this part of the discussion you propounded a hypothetical question, asking, in effect, if our association would approve a flat death gratuity if the other benefits were adjusted to compensate for that provision. In reply to this question we can state only that if the ultimate goal is accomplished of providing adequately for survivors of members who die on active duty, the means to the end are immaterial. However, after considering all the factors, we believe it is more desirable to continue the graduated 6 months' death gratuity, so that there may be provided a reasonably adequate immediate benefit at death which we all know is so much needed at such a dire time.

The association opposes any suggestion that there be a setoff against the benefits accorded survivors of deceased military personnel for payments made to them under the terms of United States Government life insurance or national service life insurance. The point has been made that, if a member who holds a NSLI policy dies while on active duty due to an extra hazardous cause, the indemnity is paid by the Treasury and not by the NSLI fund. In spite of this fact, and regardless of the source of the payment or any other factor, it is the opinion of the association that after an individual has paid premiums at the established rates for a period of time, his designated beneficiaries should receive the proceeds of the policy without penalty to other payments to which they might become entitled. The right rests in contract, and to set off the benefits against other payments would be an abrogation of that contract. Such action would penalize the thrifty individual, who has planned an estate for his survivors and would favor the one who made no such provision for his dependents.

In the statement of the association before your committee attention was called to the fact that the Uniformed Services Contingency Option Act of 1953 (Public Law 239, 83d Cong.) has failed in its hoped for and expected result, in that less than 10 percent of the officers who were in a retired status on the effective date of the act elected an option to provide for their survivors. This beneficial law was intended to reach those who needed protection for their survivors. It was stated that the small percentage of participation was undoubtedly due to the relatively high cost, which put the plan beyond the economic ability of most retired personnel. This stemmed from the fact that the participant in the plan was required to pay the full cost (except administrative expenses) on an actuarial basis. You asked if our association had pointed this probable effect out to the Armed Services Committee during a hearing on H. R. 5304 which became Public Law 239, 83d Congress. In the statement of the association during that hearing it was stated that the costs under the proposed plan would destroy the opportunity for the benefits intended for the vast majority of members heretofore and hereafter retired. The Retired Officers Association recommended at that hearing that the Government assume part of the cost, as it does in all comparable systems. Although this question is not specifically before your committee at this time, and is not covered by the Kaplan report (S. Doc. 89, pt. 2), the Retired Officers Asso-

ciation recommends your report contain observations as to the meager participation in the plan by retired groups, and the reasons therefor.

We hope the foregoing comments may prove beneficial to the deliberations of your committee, and if the Retired Officers Association can assist you further in any way whatever, we would be delighted to undertake to do so.

Sincerely,

W. S. PAUL.

SAN DIEGO COUNTY CHAPTER,  
GOLD STAR WIVES OF AMERICA, INC.,  
Coronado, Calif., December 4, 1954.

Mr. STEPHEN D. CARNES, Jr.,  
Counsel, Bates Committee, Care of Hon. William R. Bates,  
House Office Building, Washington, D. C.

DEAR MR. CARNES: It was indeed a pleasure to meet you when I came to Washington to appear before the Bates committee on behalf of the San Diego County Chapter of Gold Star Wives.

Since my return I've read part 2 of the Kaplan report, as you suggested. The death compensation rates that it proposes are very similar to those proposed by the Womble committee and published in the March or April issue (1953) of the Army-Navy-Air Force Journal. I believe the proposals on insurance and death gratuity are the same as those in the Womble report.

Therefore, our chapter's reaction to the Kaplan proposals is the same as that given in my statement (p. 4) to the Womble committee's recommendation, which reads:

"Further, although the (Womble) committee recommended that compensation for survivors be based on salary, the percentage of salary diminishes with seniority—the survivors of servicemen in the higher pay grades receiving as little as 35 or 36 percent of pay; while the widows of servicemen in pay grade E-1 receive 60 percent of the pay. We believe that an equal percentage should be given to all survivors. In the lower grades—where pay is less than \$250 a month—for compensation purposes it should be considered to be \$250 a month."

In effect, the Kaplan Committee's proposals do not correct present inequities. Under the laws administered by the Veterans' Administration one widow may receive as much as 75 percent of her husband's salary for death compensation, whereas the widow of the career serviceman in the higher echelons receives as little as 10 or 20 percent. This sliding scale of percentages is not reflected in the Federal Employees Compensation Act. Why should such discrimination exist for the military personnel?

Under the Kaplan Committee's recommendation the present inequities between military and civilian employees of the Federal Government would continue. Military and civilian personnel are continually traveling on Government business via Military Air Transport Service (MATS). If such an aircraft crashed and all aboard were lost you would find—in compensating survivors of those lost:

Pay grade of passenger on board	Monthly gross pay average	Monthly compensation for widow only			
		Kaplan plan, military		FECA plan, civilians	
		Amount	Percent	Amount	Percent
O-8 military.....	\$1,250	\$310	25	-----	-----
O-7 military.....	1,125	285	25	-----	-----
O-6 military.....	900	240	26	-----	-----
O-5 military.....	750	210	28	-----	-----
O-4 military.....	675	195	28	-----	-----
O-3 military.....	600	180	30	-----	-----
O-2 military.....	500	160	32	-----	-----
O-1 military.....	400	140	35	-----	-----
Federal judge.....	1,250	-----	-----	\$525	(1)
Senator.....	1,250	-----	-----	525	(1)
GS-15 civilian.....	900	-----	-----	405	45
GS-13 civilian.....	750	-----	-----	337	45
GS-12 civilian.....	675	-----	-----	303	45
GS-11 civilian.....	600	-----	-----	270	45
GS-10 civilian.....	500	-----	-----	225	45
GS-8 civilian.....	400	-----	-----	180	45

<sup>1</sup> Maximum.

Please note that in averaging monthly salaries the military pay and the civilian pay is the same, except in grade O-7 versus that of a Senator. A vice admiral receives \$1,125 a month; a Senator \$1,250.

Civilian employees of the Federal Government who are given temporary additional duty involving transportation via MATS are given the privilege of purchasing \$20,000 life-insurance coverage for 30 days, at \$2 per month. The maximum insurance coverage for military personnel is \$10,000 at present. Both are Government insurance policies.

Further, the military man's counterpart in Federal civil service usually is a senior citizen of his community, owns or is paying for a home, and does not have the expense of the military man who is constantly being ordered from one station or post to another.

The retirement system for the Federal civil-service employee is deducted from his salary and funded; whereas the military man does not enjoy a funded retirement system but—as so often has been pointed out when a military pay raise was requested—the salaries are less than those in civilian endeavor for like responsibilities because of the advantageous retirement pension after 30 years of service. The unfunded money to the credit of servicemen “dies with the incumbent.” Therefore, servicemen who die a few years before they reach retirement age do not benefit from this unfunded system. Under the present laws compensation allowed for the surviving widow is very meager compared with the earned, but not funded retirement money to the serviceman's credit. If the serviceman dies after retirement the surviving widow is not eligible for a pension unless her income from sources other than Government insurance is less than \$1,400 a year. We believe this too should be corrected because it results in hardship for the serviceman's survivors. Like his counterpart in Federal civil service the military man's salary should be increased and a funded retirement system established with provisions for survivors in the event the serviceman dies following retirement.

We believe the compensation paid under the Federal Employees Compensation Act is far easier and simpler to administer, because the percentage is the same for each family group, regardless of pay grade. Further, the duplication reflected in the Kaplan plan for the widow with dependent children doubles administrative cost. One set of records must be kept for the widow in the bureau or agency which would administer the Kaplan recommendations for compensation for the widow, and another set of records must be kept by the Social Security Administration for money due from this source. We believe the Bureau of Federal Employees Compensation could handle the processing of claims for compensation at less expense than the two agencies suggested in the Kaplan plan.

I would also like to call your attention to the fact that where widows of servicemen receive less compensation than is allowed for survivors of Federal civil service personnel under the Federal Employees Compensation Act, the opposite is true for disability compensation. Under present laws the serviceman who has a rated disability remains on the compensation rolls irrespective of the fact that he is employed and earns just as much money as a person who is able-bodied and doing the same type of work. Under the Federal Employees Compensation Act the civil-service worker who is injured in line of duty cannot continue to collect disability compensation when he is employable. In other words, the Federal civil-service employee cannot work full time and draw disability compensation too—but the military man can and does.

Congressmen and Senators do not consider the cost when making appropriations for veterans who return from war. They have a powerful lobby and point out to our legislators that they “bared their chest to the enemy” and came to the aid of our Nation when it was in peril. Did the men who died in battle not do the same? Why favor the veteran with more disability compensation than FECA allows in one instance and in the other instance give survivors of servicemen less death compensation than FECA allows? If “baring your chest to the enemy” is worth so much consideration for ex-servicemen then, by the same token, compensation for survivors of men lost in battle should be in an amount at least equal to the serviceman's full pay.

The financial status of the disabled veteran is never questioned. However, when inadequate compensation rates for servicemen's survivors are mentioned the question is immediately raised as to what financial provision the deceased made for his family. Many servicemen were lost in battle before they reached their 30th birthday. What opportunity did they have to accumulate a fortune on low service pay? The Federal Employees Compensation Bureau pays as much as \$525 a month death compensation to widows of high-salaried Federal civil-service employees, Congressmen, Senators, judges, and justices who died in line

of duty. Since this amount is not questioned—is it an understood fact that key civilians working for the Government and Members of Congress are not in position to provide for their survivors? Is that why up to 75 percent of the full pay is allowed—without question?

It is the cherished hope of the San Diego County Chapter of Gold Star Wives of America that the members of the Bates committee will propose legislation that will completely eradicate the inequities reflected in present laws governing military men's survivors. Further, we hope that the proposed legislation will include all survivors presently on Veterans' Administration death compensation rolls, so that their compensation will be in the same amount as that of survivors yet to be. In addition, it is our hope that the members of the committee will accept the age-old problem of inflation-deflation—which has always been and will continue to be with us—by providing a means whereby in the future upward and downward adjustment in death compensation can be made with the least consumption of legislative time and with minimum delay. This, we believe, can best be accomplished by coupling servicemen's pay schedules with the Consumer Price Index and then have death compensation based on salary so that as the salaries keep in line with the cost of living—as reflected in the Consumer Price Index—the death compensation for widows will also keep in tune with the cost of living.

When a copy of the Bates committee's findings and recommendations is available I would greatly appreciate receiving it. Also, a copy of your recommendations to the committee, mentioned in the attached news item.

Very sincerely yours,

THERESA E. ALEXANDER.

THE AMERICAN LEGION,  
NATIONAL LEGISLATIVE COMMISSION,  
Washington, D. C., December 7, 1954.

Hon. WILLIAM H. BATES,  
Chairman, Select Committee on Survivor Benefits,  
Washington, D. C.

DEAR CHAIRMAN BATES: During the hearings held on November 18, 1954, you were good enough to grant the American Legion permission to file an additional statement on or before December 10, 1954, and in keeping therewith, we respectfully submit the following comments regarding the provision of Federal benefits for survivors of members and former members of the Armed Forces.

We believe that the committee should be concerned only with the Army, Air Force, Navy, Marine Corps, and Coast Guard; that, except when serving with the Armed Forces, other personnel of the Federal Government should be considered civilian employees of the Federal Government.

You asked for our reaction to the Kaplan Committee report. Here it is.

1. The Kaplan Committee recommended, in lieu of a 6 months' death gratuity based upon the pay grade of the deceased serviceman, which ranges from \$468 to \$6,857, that a minimum of \$1,200 and a maximum of \$3,000 be paid as a lump sum at the date of the serviceman's death to a limited beneficiary class. We see merit in the proposal.

2. The Kaplan Committee also recommended a new service-compensation program for in-service deaths, to be administered by the Veterans' Administration. We see no basis for creating such a new program.

The service-compensation feature of the report would provide for a payment to only one person at a time—to a widow first; then, if no widow, to a child; and if no child, to a parent who establishes dependency. The award for a widow would be computed as 80 percent of the first \$100 gross active-service pay, plus 20 percent of the pay exceeding \$100. (Minimum award to the widow would be \$125.) The award to a child or, if none, to a dependent parent, would be 60 percent of the amount which a widow would have been paid.

Death compensation has been payable since October 6, 1917, by the Veterans' Administration and its predecessor agencies for service-connected deaths, whether occurring during or subsequent to service, to widows, orphans, and dependent parents, without regard to the rank or pay of the person who served—a uniform rate providing an equality of treatment to each survivor in these categories.

The American Legion strongly believes that the greatest protection can be provided surviving widows, orphans, and dependent parents by continuing the existing VA death-compensation program which has been tested over a 37-year

period. Under this program, widows, all children, and dependent parents can be awarded the benefit concurrently. We recognize there will be a need for upward adjustments from time to time.

3. The Kaplan Committee further recommended that social-security benefits be provided for personnel of the Armed Forces through a participating system, with contributions by members and, through appropriations, by the Armed Forces.

The American Legion has supported the enactment of legislation which has granted gratuitously a \$160-wage credit monthly, for social-security purposes, for members of the Armed Forces during active service between inclusive dates of September 16, 1940, and June 30, 1955.

The American Legion looks upon the VA-administered programs as basic; others as collateral. If it is deemed advisable by the Congress to superimpose a contributory social-security program for Armed Forces personnel upon existing Federal benefit programs, it is a policy determination with which the American Legion would not disagree. However, let it be said emphatically here that the American Legion is convinced that, notwithstanding, there will be a continuing need for those Federal benefit programs accorded survivors by virtue of the service to their country of those persons upon whom their entitlement depends.

4. The Kaplan Committee recommends termination of servicemen's indemnity coverage. The American Legion does not agree to any such proposal. The American Legion stood alone in urging that the Congress continue the contract-insurance programs administered by the Veterans' Administration, believing that members of the Armed Forces and veterans should have the right to share through premium payment in the provision of economic security for those persons they believed had an insurable interest in their lives.

From June 27, 1950, the Congress determined that, in lieu of contract insurance, members of the Armed Forces should be afforded a gratuitous coverage known as the servicemen's indemnity. This is a substitute for the insurance program. The American Legion now believes this indemnity program should be continued without too great an alteration. It is thought that optional settlements might be provided better to meet the survivors' needs. An election might be afforded whereby, in lieu of payment of \$92.90 monthly over only a 120-month period, payments in lesser amounts could be awarded for 240 months, say, or as a refund life income.

Being a substitute for contract insurance, there is a justification for a larger beneficiary class than would be true in the death-compensation program. For example, the American Legion is convinced that awards of the servicemen's indemnity should be made to parents whether or not dependent, just as awards are now made to such parents under existing insurance contracts. Parents are the sole beneficiaries in about 70 percent of the cases; an evidence that men who serve want them protected.

The American Legion further believes that there should be no impairment of existing contract rights occasioned by the military or naval service of an insured, whatever other programs may be provided; also believes that the postservice insurance programs, for persons with indemnity coverage during service, should be continued.

5. The Kaplan Committee recommends repeal of statutes which provide Federal employees' compensation for certain personnel of the Armed Forces and their survivors. The benefit is one provided primarily for civilian employees of the Federal Government. The fact that a series of legislative enactments made a more attractive benefit available to a limited group of Armed Force personnel in active service was accidental. The American Legion has consistently fostered equitable treatment to all who serve in the Armed Forces, to veterans, and to the survivors. We agree that a need exists for elimination of the present inequality of treatment of survivors.

In the Kaplan report, surprisingly, concern was expressed that, under the existing provisions of law, some of the payments made to survivors exceed the earnings of Armed Force personnel during active military or naval service.

During the course of the hearings, it was observed that there appeared to be some thought given to offsetting of some benefits to reduce the overall protection. For example, lessen the death compensation award in consideration of insurance or indemnity coverage. We can see no justification whatever for doing any such thing.

It will be recognized that the bulk of deaths occurs among those serving in the lowest ranks and that these are the youths who have had little or no oppor-



tunity to demonstrate their potential earning capacities. Approximately \$200 monthly is the gross pay of a soldier, an airman, or a seaman in the lowest pay grade, while a streetcleaner in New York City is paid \$4,300 annually or \$358.33 per month. We have confidence in our youngsters' futures and believe that any sums paid their survivors by the Government will, by and large, seldom equal or exceed the contributions they would have made had they not lost their lives through their service to our Nation.

We know this committee will not overlook the important fact that, in the great majority of death cases, the surviving children are very young and the widows will be faced for many years with the burden of meeting the constantly increasing costs of food, clothing, education, medical and dental care, etc., while the benefits payable will remain constant or be decreased, as for example, where indemnity payments terminate in 10 years.

We also, at this time, want to record our strong belief in the need for the preservation of existing pension programs for war veterans and their surviving widows and orphans. This benefit was not discussed in the Kaplan report.

Regarding two other matters discussed by the committee at the hearings in November, we would like to be permitted to make the following comments:

The American Legion has for many years advocated and supported the Veterans' Administration as a single Federal agency to administer the programs set up by Congress for veterans and their dependents. This has proved successful. There are certain exceptions, such as veterans preference in civil service, veterans employment, and review of disability retirement and discharges which by their very nature have to be under other Federal agencies.

In respect to survivors benefits, we feel that there should be established among all Federal agencies having to do with veterans in one way or the other, a reciprocal arrangement whereby notice of death of a veteran and related information will be exchanged and information disseminated to the end that survivors of veterans will receive all of the benefits to which they are entitled.

The question of whether or not the Federal Government could arrange to issue one check each month, or whatever the period might be, to a survivor covering all awards payable from the Federal Government in a given case would seem to be one which the Federal agencies involved, the Bureau of the Budget and the Treasury Department, would have to determine. In view of the variety of factors in basic entitlement, eligibility, adjudication, and disbursing procedures as to the different laws granting benefits, it seems extremely difficult, if not impossible, for such an arrangement to function properly. However, if the committee desires the official recommendation of the American Legion on the proposal we shall gladly submit it to the national rehabilitation commission for consideration and action. The commission next meets during the first week of March 1955.

I am sending a copy of this letter to the other members of the Select Committee on Survivor Benefits.

With kind personal regards, I am,  
Sincerely yours,

MILES D. KENNEDY, *Director.*

## APPENDIX H

### DRAFT OF PROPOSED DEPARTMENT OF DEFENSE BILL

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE,  
LEGISLATIVE AND PUBLIC AFFAIRS,

*Washington 25, D. C., June 29, 1954.*

HON. ROWLAND R. HUGHES,  
*Director, Bureau of the Budget.*

DEAR MR. HUGHES: Inclosed herewith for review and clearance is a legislative proposal which is a part of this Department's legislative program for 1954. It should be added to appendix C in volume I of the Department of Defense legislative program for 1954, copies of which were submitted to the Bureau of the Budget September 15, 1953.

The short title for this proposal is as follows: "Survivors' Benefit Bill (DOD 83-13)."

This proposal is designed to implement precisely the recommendations contained in part II, proposal No. 1, dated May 13, 1954, of the report to the Congress of the Committee on Retirement Policy for Federal Personnel.

## SURVIVOR BENEFITS

In this connection it should be noted that subsections (d), (e), (f), and (g) of section 301, section 303, and section 304 of the bill pertain to the National Service Life Insurance Act of 1940, and were drafted with the intention of avoiding any impairment of contractual rights of persons holding policies under that act. It is recommended that the attention of the Veterans' Administration be particularly invited to those provisions with a view to eliminating any constitutional or administrative problems which might arise under those provisions.

Sincerely yours,

RICHARD A. BUDDEKE,  
*For the Assistant Secretary.*

DEPARTMENT OF THE NAVY,  
*Washington 25, D. C.*

HON. JOSEPH W. MARTIN, JR.,  
*Speaker of the House of Representatives.*

DEAR MR. SPEAKER: There is forwarded herewith a draft of proposed legislation to provide benefits for the survivors of members of the uniformed services, and for other purposes, and a sectional analysis thereof.

This proposal is part of the Department of Defense legislative program for 1954 and it has been approved by the Bureau of the Budget. The Department of the Navy has been designated as the representative of the Department of Defense for this legislation.

## PURPOSE OF THE LEGISLATION

The purpose of this proposed legislation is to implement the recommendations contained in part II, proposal I, of the report of the Committee on Retirement Policy for Federal Personnel, which was appointed under section 2 of the act of July 16, 1952 (66 Stat. 723). The recommendations of the committee apply to all members of the uniformed services, that is, the Regular and Reserve components of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service.

In general, the committee has made the following recommendations with regard to members of the uniformed services and their survivors:

(1) That the old-age and survivors insurance provisions of the Social Security Act be extended to members of the uniformed services on the same contributory basis as applies to civilian employment. The purpose of this recommendation is to provide retirement protection to noncareer personnel and to provide a more adequate level of retirement benefits for career personnel.

(2) That the present complex structure of compensation payments provided for survivors of members of the uniformed services be revised. The committee recommends that survivor benefits be limited to three sources: (1) the 6 months' death gratuity on a revised basis; (2) old-age and survivors insurance benefits under the Social Security Act; and (3) a new service compensation program. The new service compensation would provide monthly payments to the surviving dependent spouse, minor children, or dependent parents, equal to 80 percent of the first \$100 of the monthly gross pay of the deceased member of a uniformed service, plus 20 percent of the remainder of that pay; and

(3) That the present surviving dependents' veterans' compensation, the gratuitous insurance provided by the Servicemen's Indemnity Act of 1951, and the Federal employees' compensation provisions relating to dependent survivors of certain reservists, be discontinued.

Implementing the foregoing recommendations of the Committee on Retirement Policy for Federal Personnel would provide a measure of retirement protection to noncareer personnel of the uniformed services, improve the retirement protection of career personnel of the uniformed services, and establish an equitable program of survivor protection for all members of the uniformed services.

The details of this proposed legislation are given in the accompanying sectional analysis of the draft.

## COST AND BUDGET DATA

In its recapitulation of estimated costs to the Government, the Committee on Retirement Policy for Federal Personnel report indicated a saving of \$108,123,000 annually. It is estimated, however, that new obligational authority will be required by the Department of Defense which will approximate \$218 million annu-

ally, of which \$215 million would represent the Department's contribution to social security as the employer and \$3 million would represent an increase in the 6 months' death gratuity.

Sincerely yours,

A BILL To provide benefits for the survivors of members of the uniformed services, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Uniformed Services Survivor Benefits Act".*

## TITLE I—DEATH GRATUITY AND SERVICE COMPENSATION

### DEFINITIONS

Sec. 101. In this title:

(1) "Member of a uniformed service" means any person appointed, enlisted, or inducted in a component of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, or Public Health Service, or in one of those services without specification of component, and any person serving in the Army or Air Force under call or conscription, including a person who is a member of the National Guard or Air National Guard of the several States and Territories, and the District of Columbia, when in the service of the United States pursuant to call as provided by law. The term includes a retired member of any of those services and a member of the Fleet Reserve or Fleet Marine Corps Reserve.

(2) "Active duty" includes duty while on the active list.

(3) "Active duty" and "active duty for training" include authorized travel to and from active duty or active duty for training.

(4) "Inactive duty training" includes travel to and from inactive duty training in a vehicle or aircraft of the United States, but does not include work or study performed in connection with a correspondence course of any uniformed service.

(5) "Dependent spouse" means a husband who is in fact dependent on the member for over half of his support, or a wife.

(6) "Child" means a legitimate child, stepchild, or legally adopted child of a member of a uniformed service.

(7) "Dependent child" means an unmarried child under 21 years of age, or an unmarried child who is permanently incapable of self-support because of a physical or mental defect which existed before age 21.

(8) "Parent" includes a stepparent, parent by adoption, or a person who last stood in loco parentis to the member at any time before his death for at least one year.

(9) "Dependent parent" means a parent who is in fact dependent on a member of the uniformed services for over half of his or her support.

(10) "Brother" or "sister" includes those of the halfblood and those through adoption.

### DEATH GRATUITY

Sec. 102. (a) The head of the department concerned shall, immediately upon official notification of the death of the member, have a death gratuity paid in the case of each member of a uniformed service under his jurisdiction who dies—

(1) While on active duty or active duty for training pursuant to an appointment, enlistment, induction, call, or order which does not specify a period of duty of less than 30 days; or

(2) While on inactive duty training, or active duty or active duty for training pursuant to an order which specifies a period of duty of less than 30 days, or within 120 days from the termination thereof, from injury incurred or preexisting injury aggravated while on such duty.

The death gratuity shall be equal to six (6) months' pay (including special pay and hazardous duty pay) at the rate at which the member was paid or would have been paid if serving on active duty with pay on the date of his death, but not less than \$1,200 or more than \$3,000.

(b) The death gratuity shall be paid to or for the living person or class of living persons highest on the following list:

(1) The surviving dependent spouse of the deceased member.

## SURVIVOR BENEFITS

(2) His dependent child or children, a married child, and a child 21 years of age or over, if the married child or the child 21 years of age or over was in fact dependent on the deceased member.

(3) His dependent parent or parents.

(4) His brothers and sisters who were in fact dependent on the deceased member for over half of their support.

(5) Any other relatives, previously designated by the deceased member, who were in fact dependent on him for over half of their support.

(c) The death gratuity shall be paid from funds appropriated for the pay of the uniformed service concerned.

## SERVICE COMPENSATION

SEC. 103. (a) Upon certification by the head of the department concerned of the death of a member of a uniformed service who dies—

(1) While on active duty or active duty for training pursuant to an appointment, enlistment, induction, call, or order which does not specify a period of duty of less than 30 days; or

(2) while on inactive duty training, or active duty or active duty for training pursuant to an order which specifies a period of duty of less than 30 days, or within 120 days from the termination thereof, from injury incurred or preexisting injury aggravated while on such duty;

the Administrator of Veterans' Affairs shall have a monthly service compensation paid to the surviving dependent spouse of the deceased member, to his dependent child or children when there is no surviving dependent spouse or if the surviving dependent spouse dies or remarries, or to his dependent parent or parents if there is no surviving dependent spouse or dependent child at the time of the member's death.

(b) The maximum monthly service compensation payable under subsection (a) shall be an amount equal to 80 per centum of the first \$100 of the monthly wage credit for the pay grade of the deceased member on the date of his death, plus 20 per centum of the remainder of that wage credit. The monthly wage credit for each pay grade is as follows:

<i>Pay grade</i>	<i>Wage credit</i>	<i>Pay grade</i>	<i>Wage credit</i>
O-8-----	\$1, 250	W-2-----	\$450
O-7-----	1, 125	W-1-----	400
O-6-----	900	E-7-----	400
O-5-----	750	E-6-----	350
O-4-----	675	E-5-----	300
O-3-----	600	E-4-----	260
O-2-----	500	E-3-----	220
O-1-----	400	E-2-----	200
W-4-----	650	E-1-----	200
W-3-----	525		

(c) The monthly service compensation payable under subsection (a)—

(1) to a surviving dependent spouse shall be paid until remarriage or death and shall be in an amount equal to the maximum monthly service compensation, except when a surviving dependent spouse is not eligible for old-age or survivors insurance benefits under the Social Security Act then the monthly service compensation shall be not less than \$125 a month and shall be paid to or for that person;

(2) to one dependent child or a dependent parent, shall be in an amount equal to 60 per centum of the maximum monthly service compensation and shall be paid to or for that person; and

(3) to dependent children or dependent parents, shall be in an amount equal to the maximum monthly service compensation and shall be paid to or for the dependent persons in equal parts of that amount until there is one remaining dependent person after which time it shall be paid to or for that person as provided in clause (2).

(d) A person may not in any month be paid service compensation for the death of more than one member of the uniformed services. A person otherwise entitled in any month to service compensation for the death of more than one member of the uniformed services, shall be paid service compensation for the death of that member which will provide the largest payment for that month.

(e) A certification by the head of the department concerned of the death, date of death, and wage credit of a member of a uniformed service is final and conclusive.

(f) The head of the department concerned shall certify to the Administrator of Veterans' Affairs the name of the person to whom the monthly service compensation is to be paid. This certification shall be prima facie evidence of the entitlement of that person to the compensation. The Administrator of Veterans' Affairs may require such further evidence of eligibility as he considers appropriate.

(g) Service compensation accrues from the first day of the month in which the member died as certified by the head of the department concerned and is due and payable not later than the fifteenth day of each month following that month, except that service compensation may not accrue or be paid to a person for the month in which his entitlement to service compensation terminates.

(h) No payment of death gratuity or service compensation shall be made under this title in respect of death inflicted as a result of lawful punishment for crime or for military or naval offense, except when inflicted by an enemy of the United States.

## TITLE II—AMENDMENTS RELATING TO OLD-AGE AND SURVIVORS INSURANCE

### PART A—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

#### DEFINITION OF WAGES

SEC. 201. (a) Section 209 of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"For purposes of this title, in lieu of the remuneration actually paid to an individual for service as a member of a uniformed service, the amount appearing in column II of the following table, on the line on which appears in column I his pay grade for a month during any part of which he performed such service (or, if his pay grade changed during the month, his last pay grade in such month), shall be deemed to be the remuneration paid to him for such service for that month:

I Pay grade	II Presumed monthly remuneration
E-1 .....	\$200
E-2 .....	200
E-3 .....	220
E-4 .....	260
E-5, E-6, and E-7 .....	300
Warrant and commissioned officers (all grades) .....	300"

(b) The amendment made by subsection (a) shall be effective only with respect to remuneration paid after the effective date of this Act.

#### DEFINITION OF EMPLOYMENT

SEC. 202. (a) Section 210 of the Social Security Act is amended by—

(1) Adding at the end thereof the following new subsections:

#### "Service in the Uniformed Services"

"(m) The term 'employment' shall, notwithstanding the provisions of subsection (a) of this section, include service performed by an individual as an employee of the United States, if such service is performed by him after the effective date of this amendatory Act as a member of a uniformed service on active duty or active duty for training; but such term shall not include any such service which is (1) performed pursuant to a call or order to active duty or active duty for training which specifies a period of less than 30 days, or (2) performed while on leave without pay."

#### "Member of a Uniformed Service"

"(n) The term 'member of a uniformed service' means any person appointed, enlisted, or inducted in a component of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, or Public Health Service, or in one of those services without specification of component, and

any person serving in the Army or Air Force under call or conscription; including a person who is a member of the National Guard or Air National Guard of the several States and Territories, and the District of Columbia, when in the service of the United States pursuant to call as provided by law. The term includes a retired member of any of those services and a member of the Fleet Reserve or Fleet Marine Corps Reserve, but does not include a cadet or midshipman."

(2) Changing the period at the end of subsection (k) to "; or" and adding the following new paragraph:

"(4) Any individual (other than an individual who is an employee under paragraph (1), (2), or (3) of this subsection) who performs service as a member of a uniformed service."

(b) The amendments made by this section shall be effective only with respect to services performed after the effective date of this Act.

#### LUMP-SUM DEATH PAYMENTS FOR REINTERMENT OF DECEASED VETERANS

SEC. 203. Section 202 (i) of the Social Security Act is amended by adding at the end thereof the following new sentence:

"In the case of any individual who died outside the forty-eight States and the District of Columbia after the effective date of this amendatory Act, whose death occurred while he was performing service, as a member of a uniformed service, to which the provisions of section 210 (m) are applicable, and who is returned to any of such States, or the District of Columbia, or to any Territory or possession of the United States for interment or reinterment, the provisions of the third sentence of this subsection shall not prevent payment to any person under the second sentence of this subsection if application for a lump-sum death payment with respect to such deceased individual is filed by or on behalf of such persons (whether or not legally competent) prior to the expiration of two years after the date of such interment or reinterment."

#### AMENDMENTS TO PROVISIONS RELATING TO CREDIT FOR WORLD WAR II AND LATER SERVICE

SEC. 204. (a) Clause (B) of section 217 (e) (1) of the Social Security Act is amended by striking out "(other than a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments)" and inserting in lieu thereof "(other than a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments and other than a benefit payable under title IV of the Veterans' Readjustment Assistance Act of 1952)".

(b) (1) Clause (B) of subsection (a) (1) of section 217 of the Social Security Act and clause (B) of subsection (e) (1) of such section are each amended by striking out "(other than the Veterans' Administration)" and inserting in lieu thereof "(other than the Veterans' Administration, Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, and the Public Health Service)".

(2) Subsection (e) of section 217 of the Social Security Act is amended by deleting wherever it appears in that subsection "July 1, 1955" and substituting therefor "the effective date of this amendatory Act".

(c) So much of subsection (a) (1) of section 217 of the Social Security Act as follows clause (B) thereof and so much of subsection (e) (1) of such section as follows clause (B) thereof are each amended by striking out "\$.50" and inserting in lieu thereof "\$1.00".

(d) The amendments made by subsections (a) and (b) of this section shall be applicable only in the case of an individual who has performed service after the effective date of this Act as a member of a uniformed service, and only in the case of applications for lump-sum death payments under section 202 of the Social Security Act with respect to deaths occurring after the effective date of this Act and applications for monthly benefits under such section filed after that date. Benefits based on applications filed after the effective date of this Act may not be paid for any month prior to that date.

#### SPECIAL INSURED STATUS FOR SERVICEMEN WITHOUT PRIOR INSURED COVERAGE

SEC. 205. Section 214 of the Social Security Act is amended by adding after subsection (b) the following new subsection:

## "Special Insured Status for Servicemen

"(c) (1) Any individual who dies after the effective date of this amendatory Act while on active duty or active duty for training as a member of a uniformed service shall be deemed to have died a fully and currently insured individual.

"(2) There are hereby authorized to be appropriated to the Trust Fund from time to time, as benefits under this title become payable by reason of paragraph (1), such sums as the Administrator estimates to be necessary to meet the additional costs, resulting from paragraph (1), of such benefits (including lump-sum death payments). Such estimates shall be arrived at through the use of appropriate accounting statistical, sampling, or other methods.

"(3) In this subsection 'active duty' includes duty while on the active list and both 'active duty' and 'active duty for training' include authorized travel to and from such duty."

## CORRELATION WITH RAILROAD RETIREMENT BENEFITS

SEC. 206. (a) Section 205 (o) of the Social Security Act is amended by striking out "subsection (a) or (e) of section 217 of this Act" and inserting in lieu thereof "subsection (a) or (e) of section 217 of this Act or if wages (as defined in section 209 of the Social Security Act) have been paid to such employee during such month for services after the effective date of this amendatory Act as a member of a uniformed service."

(b) Section 1 (q) of the Railroad Retirement Act of 1937 is amended by striking out "as amended in 1952" and inserting in lieu thereof "as amended in 1954."

(c) The second sentence of section 5 (g) (2) of the Railroad Retirement Act of 1937 is amended to read as follows:

"If an individual is entitled to an annuity for a month under this section and is entitled, or would be so entitled on proper application therefor, for such month to an insurance benefit under section 202 of the Social Security Act, the annuity of such individual for such month under this section shall be only in the amount by which it exceeds such insurance benefit and in the computation of the annuity under this section there shall be excluded any month of military service (as defined in section 3A of this Act) in which wages (as defined in section 209 of the Social Security Act) have been paid to such employee for service after the effective date of this amendatory Act as a member of a uniformed service."

## PART B—AMENDMENTS TO INTERNAL REVENUE CODE

## DEFINITION OF EMPLOYMENT

SEC. 210. (a) Section 1426 of the Internal Revenue Code is amended by adding at the end thereof the following new subsection:

"(m) SERVICE IN THE UNIFORMED SERVICES.—The term 'employment' shall, notwithstanding the provisions of subsection (b) of this section, include service performed by an individual as an employee of the United States, if such service is performed by him after the effective date of this amendatory Act as a member of a uniformed service on active duty or active duty for training; but such term shall not include any such service which is (1) performed pursuant to a call or order to active duty or active duty for training which specified a period of less than 30 days, or (2) performed while on leave without pay. As used in this subsection and subsections (d) and (j) (2), the term 'member of a uniformed service' means any person appointed, enlisted, or inducted in a component of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, or Public Health Service, or in one of those services without specification of component, and any person serving in the Army or Air Force under call or conscription, including a person who is a member of the National Guard or Air National Guard of the several States and Territories, and the District of Columbia, when in the service of the United States pursuant to call as provided by law. The term includes a retired member of those services and a member of the Fleet Reserve or Fleet Marine Corps Reserve, but does not include a cadet or midshipman."

(b) Subsection (d) of section 1426 of the Internal Revenue Code is amended by changing the period at the end thereof to "; or" and adding the following new paragraph:

"(4) Any individual (other than an individual who is an employee under paragraph (1), (2), or (3) of this subsection) who performs service as a member of a uniformed service."

(c) The amendments made by subsections (a) and (b) shall be effective only with respect to services performed after the effective date of this Act.

## SURVIVOR BENEFITS

## COMPUTATION OF WAGES

SEC. 211. (a) Subsection (j) of section 1426 of the Internal Revenue Code is amended to read as follows:

“(j) COMPUTATION OF WAGES IN CERTAIN CASES.”—

“(1) DOMESTIC SERVICE.—For purposes of this subchapter, in the case of domestic service described in subsection (a) (7) (B), any payment of cash remuneration for such service which is more or less than a whole-dollar amount, shall, under such conditions and to such extent as may be prescribed by regulations made under this subchapter, be computed to the nearest dollar. For the purpose of the computation to the nearest dollar, the payment of a fractional part of a dollar shall be disregarded unless it amounts to one-half dollar or more, in which case it shall be increased to \$1. The amount of any payment of cash remuneration so computed to the nearest dollar shall, in lieu of the amount actually paid, be deemed to constitute the amount of cash remuneration for purposes of subsection (a) (7) (B).

“(2) SERVICE IN THE UNIFORMED SERVICES.—For purposes of this subchapter, in lieu of the remuneration actually paid to an individual for service as a member of a uniformed service, the amount appearing in Column II of the following table, on the line on which appears in Column I his pay grade for a month during any part of which he performed such service (or, if his pay grade changed during the month, his last pay grade in such month) shall be deemed to be the remuneration paid to him for such service for that month:

I	II
<i>Pay grade</i>	<i>Presumed monthly remuneration</i>
E-1.....	\$200
E-2.....	200
E-3.....	220
E-4.....	260
E-5, E-6, and E-7.....	300
Warrant and Commissioned Officers (all grades).....	300”

(b) The amendment made by subsection (a) shall be effective only with respect to remuneration paid after the effective date of this Act.

## RECEIPTS FOR EMPLOYEES

SEC. 212. Subsection (a) of section 1633 of the Internal Revenue Code is amended by striking out the last sentence of such subsection and inserting in lieu thereof the following new sentence: “In the case of compensation paid for service as a member of the armed forces, the statement shall show, in lieu of the wages as defined in section 1621 (a), the amount of such compensation paid during the calendar year which is not excluded from gross income under chapter 1 (whether or not such compensation constituted wages as defined in section 1621 (a)); the statement shall be furnished if during the calendar year any tax is withheld under section 1622 or is required to be withheld under section 1400, or if any of the compensation paid is includible under chapter 1 in gross income.”

## TITLE III—AMENDMENTS AND REPEALS

SEC. 301. (a) The following Acts are amended by striking out the words “death gratuity” wherever they appear therein:

(1) Section 4 of the Naval Aviation Personnel Act of 1940 (54 Stat. 864), as amended (34 U. S. C. 855c-1).

(2) The last proviso of section 1 of the Act entitled “An Act to amend the National Defense Act” (49 Stat. 1028), as amended (10 U. S. C. 456).

(3) Section 3 of the Act of June 20, 1949 (ch. 225, 63 Stat. 202; 32 U. S. C. 160a).

(b) Section 9 of the Act of January 19, 1942 (ch. 6, 56 Stat. 8), as amended (33 U. S. C. 870), is further amended by striking out the words “and the provisions of the Act of June 4, 1920 (41 Stat. 824), as amended by the Act of May 22, 1928 (45 Stat. 710), relating to the payment of a death gratuity to dependents of commissioned officers and other personnel of the Navy or Marine Corps.”

(c) Section 212 (a) (1) of the Act of July 1, 1944 (ch. 373, title II, 58 Stat. 689; 42 U. S. C. 213 (a) (1)) is amended by striking out the words “six months’ pay in case of death.”



(d) Section 619 of the National Service Life Insurance Act of 1940 (65 Stat. 36), is amended by—

(1) deleting "section 5 of the Servicemen's Indemnity Act of 1951", and inserting in lieu thereof "this section";

(2) inserting "(a)" after "SEC. 619" and adding the following new subsections:

"(b) Any five year level premium term insurance of any person in active service on the date of the repeal of the Servicemen's Indemnity Act of 1951 may, within one year after that date, be converted, or exchanged upon payment of the difference in reserve, as of the date when any payment becomes due, to any permanent plan of insurance provided herein, except that conversion to an endowment plan may not be made while the policyholder is totally disabled. In the case of any person ordered into active service after the repeal of the Servicemen's Indemnity Act of 1951, the conversion or exchange may be made within one year after his entry into active service. All level premium term policies of persons covered by this section not so converted or exchanged shall be suspended until the policyholder is separated from the active service and no premiums shall be collected or benefits paid during the period of suspension. Any policy so suspended shall, upon application by the policyholder within 120 days after his separation from active service, payment of premiums, and evidence of his good health satisfactory to the Administrator, be reinstated at the premium rate for his then attained age."

"(c) Any person in the active service on the date of repeal of the Servicemen's Indemnity Act of 1951, who surrendered a permanent plan of National Service Life insurance or United States Government life insurance for its cash value under the provisions of section 5, Servicemen's Indemnity Act of 1951, may, upon application in writing made within 120 days after repeal of that Act, be granted, without medical examination, permanent plan insurance on the same plan not in excess of the amount surrendered for cash, or may reinstate the surrendered insurance upon payment of the required reserve and the premium for the current month."

"(d) Any person in active service on the date of the repeal of the Servicemen's Indemnity Act of 1951, who holds a permanent plan of National Service Life insurance or United States Government life insurance may, within one year after that date, elect to: (1) have that policy suspended until his separation from active service, with no premiums to be collected, or benefits to be paid under the policy during the period of suspension; or (2) continue payment of the full premium on the policy and retain his fully insured status. Within 120 days after his separation from active service, any person who has elected to have his policy so suspended may reinstate that policy by payment of the required reserve and the premium for the current month, or he may be granted, without medical examination and at the premium rate for his then attained age, permanent plan insurance on the same plan not in excess of the amount he previously held."

(e) Section 620 of the National Service Life Insurance Act of 1940 (65 Stat. 36), is amended to read as follows:

"SEC. 620. Any person who is released from active service under other than dishonorable conditions on or after the date of enactment of the Uniformed Services Survivor Benefits Act, and is found by the Administrator to be suffering from a disability or disabilities for which compensation would be payable if 10 per centum or more in degree and except for which such person would be insurable according to the standards established by the Administrator for qualifying under the good health provisions of this Act, shall, upon application in writing made within one year from the date service connection of such disability is determined by the Veterans' Administration and payment of premiums as provided in this Act, be granted insurance by the United States against the death of such person occurring while the insurance is in force. Insurance granted under this section shall be issued upon the same terms and conditions as are contained in the permanent plan insurance policies of national service life insurance except: (1) the premium rates for such insurance shall be based on the Commissioners 1941 Standard Ordinary Table of Mortality and interest at the rate of 2¼ per centum per annum; (2) all cash, loan, paid-up, and extended values shall be based upon the Commissioners 1941 Standard Ordinary Table of Mortality and interest at the rate of 2¼ per centum per annum; (3) all settlements on policies involving annuities shall be calculated on the basis of The Annuity Table for 1949 and interest at the rate of 2¼ per centum per annum; (4) insurance granted under the pro-

visions of this section shall be on a nonparticipating basis and all premiums and other collections therefor shall be credited directly to a revolving fund in the Treasury of the United States, and any payments on such insurance shall be made directly from such fund. Appropriations to such fund are hereby authorized. Except as herein provided, the provisions of this Act shall apply to such insurance. Waiver of premiums pursuant to section 602 (n) shall not be denied for any insurance issued under this section on the ground that the service-connected disability became total prior to the effective date of the insurance."

(f) Section 621 (a) of the National Service Life Insurance Act of 1940 (65 Stat. 37), is amended by—

(1) changing the first sentence thereof to read as follows:

"(a) Any person who, on the date of enactment of the Uniformed Services Survivor Benefits Act, is in active service for a period exceeding 30 days, or who is thereafter ordered into active service for a period exceeding 30 days, shall, upon application in writing made within 120 days after separation from active service and payment of premiums as hereinafter provided, and without medical examination, be granted insurance by the United States against the death of one person occurring while the insurance is in force."; and

(2) inserting between the first and second sentence of the section the following sentence: "No person may be granted insurance under this section if he would thereby be insured by the United States against his death in an amount greater than \$10,000."

(g) Nothing contained in this section shall be construed to cancel or restrict any rights under insurance contracts issued on or prior to the effective date of this Act.

(h) The Act of July 15, 1939 (ch. 284, 53 Stat. 1042), as amended (5 U. S. C. 797), is further amended by—

(1) amending the part before the first proviso to read as follows:

"If in time of peace any member of the Army Reserve or the Air Force Reserve is physically injured in line of duty (1) while on active duty, or (2) when engaged in authorized travel to or from such duty, or (3) when engaged in authorized training without pay, he shall be entitled to all the benefits prescribed by law for civil employees of the United States who are physically injured in line of duty, and the Secretary of Labor shall have jurisdiction in such cases and shall perform the same duties with reference thereto as in the cases of civil employees of the United States so injured."; and

(2) deleting in the first proviso the words "or his beneficiary," and the words "or death".

(i) Section 304 of the Naval Reserve Act of 1938 (ch. 690, 52 Stat. 1181) as amended (34 U. S. C. 855c), is further amended by changing the part before the first proviso to read as follows:

"If in time of peace any member of the Naval Reserve is physically injured in line of duty while performing active military or naval service, he shall be entitled to all the benefits prescribed by law for civil employees of the United States who are physically injured in line of duty, and the Secretary of Labor shall have jurisdiction in such cases and shall perform the same duties with reference thereto as in the cases of civil employees of the United States so injured."

SEC. 302. The following are repealed:

(1) Clauses (2) and (3) of section 40 (b) of the Act of September 7, 1916 (ch. 458, 39 Stat. 750) as amended (5 U. S. C. 790 (b)).

(2) Sections 1 and 2 of the Act of December 17, 1919 (ch. 6, 41 Stat. 367), as amended (10 U. S. C. 903).

(3) The second paragraph under "Bureau of Supplies and Accounts" of the Act of June 4, 1920 (ch. 228, 41 Stat. 824), as amended (34 U. S. C. 943).

(4) The Act of March 10, 1928 (ch. 153, 45 Stat. 249; 10 U. S. C. 903a).

(5) The Act of May 12, 1930 (ch. 243, 46 Stat. 268), as amended (34 U. S. C. 944).

(6) 14 U. S. C. 489.

(7) The Servicemen's Indemnity Act of 1951 (65 Stat. 33).

SEC. 303. Section 622 of the National Service Life Insurance Act of 1940 (65 Stat. 36) is repealed effective one year from the date of enactment of this Act.

SEC. 304. No person entitled to survivors benefits under this Act is entitled to any monetary benefit under any other law for or in connection with the previous military status of the deceased or because the deceased was a member or former member of the uniformed services at the time of his death. This section does not apply to payments under an insurance contract, under the Uniformed Services Contingency Option Act of 1953, or under the Civil Service Retirement Act, as amended.

SEC. 305. The amendment or repeal of any provision of law by this Act does not deprive any person of any benefit or compensation to which he became entitled before the effective date of this Act.

SECTIONAL ANALYSIS OF A BILL TO PROVIDE BENEFITS FOR THE SURVIVORS OF MEMBERS OF THE UNIFORMED SERVICES, AND FOR OTHER PURPOSES

TITLE I—DEATH GRATUITY AND SERVICE COMPENSATION

Section 101: This section contains the definitions of certain terms used in title I of the draft.

(1) "Member of a uniformed service" is defined as including any person appointed, enlisted, or inducted in a component of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, or Public Health Service, and a person who is a member of the National Guard or Air National Guard of the several States and Territories, and the District of Columbia when in the service of the United States pursuant to call as provided by law. The term also includes a retired member of any of those services and a member of the Fleet Reserve and Fleet Marine Corps Reserve.

(2) "Active duty" is defined as including duty on the active list.

(3) "Active duty" and "active duty for training" are defined as including authorized travel to and from active duty or active duty for training.

(4) "Inactive duty training" is defined as including travel to and from inactive duty training in a vehicle or aircraft of the United States and as excluding work or study in connection with correspondence courses of a uniformed service.

(5) "Dependent spouse" is defined as meaning a wife, or a husband who is in fact dependent on the member for over half of his support.

(6) "Child" is defined as meaning a legitimate child, a stepchild, or a legally adopted child of a member of a uniformed service.

(7) "Dependent child" is defined as meaning an unmarried child under 21 years of age, or an unmarried child who is permanently incapable of self-support because of a physical or mental defect which existed before age 21.

(8) "Parent" is defined as including a stepparent, a parent by adoption, or a person who last stood in loco parentis to the member at any time before his death for at least 1 year.

(9) "Dependent parent" is defined as a parent who is in fact dependent on a member of a uniformed service for over half of his or her support.

(10) "Brother" or "sister" is defined as including those of the half blood and those through adoption.

Section 102, death gratuity: Subsection (a) provides for a death gratuity to be paid in the case of each member of a uniformed service who (A) dies while on active duty or active duty for training for an indefinite period or for a period of 30 days or more; or (B) dies while on inactive duty training, or active duty for training under orders specifying a period of active duty of less than 30 days, or within 120 days from the termination thereof, from injury incurred or preexisting injury aggravated while on that duty. The head of the department under whose jurisdiction the deceased member was serving, immediately upon official notification of the death of the member, would be required to pay a death gratuity equal to 6 months' total pay at the rate the member was receiving at time of death or at the rate which he would have been entitled to receive had he been serving on active duty at the time of death, but to be not less than \$1,200 nor more than \$3,000.

Subsection (b) provides that the death gratuity shall be paid to the surviving spouse of the deceased member; if there is no surviving spouse to his dependent child or children, a married child, and a child 21 years of age or over, if the married child or the child 21 years of age or over was in fact dependent on the deceased member; if there is no surviving spouse or children to his dependent parent or parents; if there is no surviving spouse, children, or dependent parents to his brothers and sisters if they were in fact dependent on the deceased member for over half of their support; and if there are no persons in those classes to any other previously designated relatives who were in fact dependent on the deceased member for over half of their support.

Subsection (c) provides that the death gratuity shall be paid from funds appropriated for the pay of the uniformed service concerned.

Under existing law the 6 months' death gratuity ranges from \$468 to \$6,857. As the purpose of the gratuity is to pay for immediate expenses and to assist in family readjustments, the lower amount was considered by the committee as inadequate and the higher amount unnecessary.

Section 103, service compensation: Subsection (a) requires the Administrator of Veterans' Affairs to have paid a monthly service compensation to the dependent survivors of a member of a uniformed service who (A) dies while on active duty or active duty for training for an indefinite period or for a period of 30 days or more; or (B) dies while on inactive duty training, or active duty for training under orders specifying duty of less than 30 days, or within 120 days from the termination thereof, from injury incurred or preexisting injury aggravated while on that duty. The monthly service compensation would be payable to the surviving spouse of the deceased member, to his dependent child or children when there is no surviving dependent spouse, or if the surviving dependent spouse dies or remarries, or to his dependent parent or parents if there is no surviving dependent spouse or dependent child at the time of the member's death.

Subsection (b) provides that the maximum monthly service compensation shall be an amount equal to 80 percent of the first \$100 of the monthly wage credit for the pay grade of the deceased member on the date of his death, plus 20 percent of the remainder of that wage credit. A monthly wage credit for each pay grade is established as follows:

Pay grade	Wage credit	Pay grade	Wage credit	Pay grade	Wage credit
O-8	\$1,250	O-1	\$400	E-6	\$350
O-7	1,125	W-4	650	E-5	300
O-6	900	W-3	525	E-4	260
O-5	750	W-2	450	E-3	220
O-4	675	W-1	400	E-2	200
O-3	600	E-7	400	E-1	200
O-2	500				

These wage credits correspond to the average gross pay for each pay grade. With regard to these wage credits the committee in its report stated that "While the service compensation formula is heavily weighted to favor those in low earning brackets for the purpose of adequacy, it is directly related to pay so that higher benefits accrue to survivors of personnel with higher earnings. This principle of relating benefits to pay is not adhered to by either the soldiers indemnity or the present veterans compensation payments."

Subsection (c) provides a monthly service compensation payable to each class of dependents as follows:

(1) A surviving dependent spouse would receive the maximum monthly service compensation, payable until remarriage or death. When, however, the surviving dependent spouse is not eligible for old-age and survivors insurance benefits under the Social Security Act, the monthly service compensation payable would be not less than \$125 a month. When there are no minor children a widow is not entitled to benefits under the Social Security Act until she reaches age 65. This latter provision would assure the widows of members in the lower pay grades of a compensation of at least \$125 a month until such time as they are eligible for the social security benefits.

(2) Where there is no surviving spouse, or if the surviving spouse dies or remarries, the monthly service compensation would be payable to a dependent child. If there is no surviving spouse or dependent child it would be payable to a dependent parent. The monthly service compensation payable to a dependent child or dependent parent would be in an amount equal to 60 percent of the maximum monthly service compensation.

(3) When there is more than one dependent child or more than one dependent parent, the monthly service compensation would equal the maximum amount of that compensation. It would be paid to or for the dependent persons in equal parts until there is one remaining dependent person, at which time it would be reduced to 60 percent of the maximum amount of the monthly service compensation.

Subsection (d) precludes entitlement to more than one service compensation at a time. A person entitled to service compensation because of the death of more than one member of the uniformed services would receive the largest single benefit.

Subsection (e) provides that the determination as to date of death and wage credit made by the head of the department, under whose jurisdiction the deceased member was serving, is final and conclusive.

Subsection (f) requires the head of the department under whose jurisdiction the deceased member was serving to certify to the Administrator of Veterans' Affairs the name of the person to whom the monthly service compensation is to be paid, this certification to be evidence of entitlement to the compensation without the need for other supporting evidence. The Administrator of Veterans' Affairs, however, would be permitted to require such further evidence of eligibility as he considers appropriate.

Subsection (g) provides that the service compensation accrues from the first day of the month in which the member died and is payable not later than the 15th day of each month following that month. No service compensation would accrue or be paid to a person for the month in which his entitlement to the compensation terminated.

Subsection (h) provides that no death gratuity or service compensation shall be paid to survivors of persons executed for crimes, or military or naval offenses, unless executed by enemies of the United States.

#### TITLE II--AMENDMENTS RELATING TO OLD-AGE AND SURVIVORS INSURANCE

Title II of the draft would amend the Social Security Act and the Internal Revenue Code so as to extend the old-age and survivors insurance system to members of the uniformed services. With the exception of cadets and midshipmen, members of the uniformed services called or ordered to active duty under orders specifying a period of duty of 30 days or more would be covered under that system on the same basis as individuals working for private employers. Employee contributions would be deducted from the member's pay and the department concerned would forward both employee contributions and its matching taxes to the old-age and survivors insurance trust fund. The member's earnings during a period of service would count toward the retirement and survivorship benefits payable under the system. To simplify administration a presumed monthly remuneration, on which the taxes and credits would be based, would be established varying from \$200 a month for those in pay grade E-1 to \$300 a month for those in pay grade E-5 and above.

The proposed amendments to the Social Security Act and the Internal Revenue Code are designed to provide retirement protection for noncareer personnel of the uniformed services, to provide a more adequate level of retirement benefits for career personnel of the uniformed services, and to provide benefits to the survivors of members of the uniformed services.

Old-age and survivors insurance wage credits of \$160 a month have been provided to servicemen on a noncontributory basis for service performance since 1940. These temporary credits are due to expire on June 30, 1955, unless further extension is approved by Congress. The \$160 a month, however, does not accurately reflect current gross earnings of military personnel, which are approximately \$200 a month for the lowest enlisted grade. Most persons who are drafted into service from civilian life have their lifetime average wage lowered by the \$160 credit, with the result that their retirement benefits under the old-age and survivors insurance system are decreased. The proposed amendments to the Social Security Act would give to noncareer personnel of the military services the approximate old-age and survivors insurance protection which they would have had if they had been in civilian employment during their period of military service.

While there are some exceptions (e. g., members retired under the second proviso of section 5 of the act of July 31, 1935 (49 Stat. 507), as amended, (10 U. S. C. 971)), military personnel who receive retired or retirement pay do not receive the \$160 a month wage credits under the old-age and survivors insurance system which are given to noncareer personnel. They may become eligible for these benefits only by working in covered employment before or after their period of military service.

The committee in recommending that old-age and survivors insurance benefits be added to the retired pay of members of the uniformed services stated the following in its report:

"The extension of full old-age and survivors insurance benefits to career members of the armed services, as proposed by the committee, will provide a more adequate level of retirement benefits. The old-age and survivors insurance benefits will complement the present uniformed services retired pay in that the highest benefit in terms of percentages of pay will accrue to personnel in the lower pay grades, which presently receive a smaller proportion of their gross pay than members in the higher grades. For example, an officer in pay grade O-6 with 30 years of service may receive a retirement benefit of 1.60 percent of his maximum

gross pay per year of service from the military system; an E-6 with the same service may receive 1.30 percent. The old-age and survivors insurance benefit under the committee's proposal would amount to 0.18 percent of gross pay per year of service for the O-6 and 0.39 percent for the E-6. Thus the total retirement benefit per year of service would be 1.78 percent of gross pay for the O-6 and 1.69 percent for the E-6. By reducing the differential between the various grades, the extension of old-age and survivors benefits to career personnel would result in more equitable retirement benefits."

Under the proposed amendments to the Social Security Act the benefits to survivors of members of the uniformed services would be greater than under the present arrangement of \$160 a month wage credits. The present maximum monthly benefit to survivors is increased from \$128 to \$168.90 a month. Under the proposed amendments the wage credits are graduated according to pay grade and thus bear some relation to active duty pay for the enlisted grades, rather than the present flat wage credit provided for all personnel. Under the committee's proposal survivors of personnel of the uniformed services would be eligible for monthly benefits from both the old-age and survivors insurance program and the service compensation plan. The old-age and survivors benefits vary by the number of dependents. A maximum of \$169 per month is payable to a widow with two minor children. When the older child attains age 18, the benefit is reduced to \$128 a month and when there are no minor children, no benefit is payable. When the widow reaches age 65, \$64 a month is paid for the remainder of her life. The service compensation benefit is a constant amount that is paid to the widow until her death or remarriage.

The effect of the committee's proposal for survivors of personnel of the uniformed services is to provide a benefit which takes into account the survivor's need when small children must be supported and supplies a modest standard of living of the childless widow.

#### Part A—This part would amend the pertinent sections of the Social Security Act

Section 201: Subsection (a) would amend section 209 of the Social Security Act for the purpose of establishing presumed monthly wages for members of the uniformed services. These wages would commence with \$200 a month for members in pay grade E-1 and would increase to \$300 a month for members in pay grade E-5 and above. If the pay grade of the member changes during any month, his presumed wage would be based on his last pay grade in the month.

Subsection (b) provides that the amendment to section 209 would be effective only with respect to wages paid after the effective date of this proposed amendatory legislation.

Section 202: Subsection (a) would amend section 210 of the Social Security Act by adding at the end thereof two new subsections to be designated as subsection (m) and subsection (n). The new subsection (m) defines the term "employment" as including all active service performed after the effective date of this proposed amendatory legislation as a member of a uniformed service on active duty or active duty for training for a period of 30 days or more. Excluded from the definition, however, is service performed while in a leave without pay status. The new subsection (n) defines the term "member of a uniformed service" as that term is defined, except as to cadets and midshipmen, in section 101 of this draft.

This subsection would also amend subsection (k) of section 210 of the Social Security Act by including in the definition of the term "employee" any person who performs service as a member of a uniformed service. This amendment is considered necessary as there is some question as to whether a person in the military or naval service of the United States is an "employee" of the United States.

Subsection (b) provides that the amendments made by section 202 of the draft shall be effective only with respect to services performed after the effective date of this proposed amendatory legislation.

Section 203: This section would amend section 202 (i) of the Social Security Act relating to lump-sum death payments in the case of individuals who are insured under the old-age and survivors insurance system when they die. These payments may now be made to the widow or, if there is none, to the person who paid the expenses of burial of the insured individual, but only if application for the payment is made prior to the expiration of 2 years after the date of the individual's death. Under a temporary amendment made by section 2 of the act of August 14, 1953 (67 Stat. 580), where a person in the active military or naval service dies outside the country after December 1953 and prior to July

1955 and is then returned here for interment or reinterment, the application for the lump-sum death payment may be filed by the individual who paid the expenses of the interment or reinterment at any time prior to the expiration of 2 years after the interment or reinterment. This section would make similar provisions in the case of members of the uniformed services who are insured under this legislation and die outside the United States.

Section 204: Subsection (a) would amend section 217 (e) (1) of the Social Security Act to permit credit under old-age and survivors insurance for military or naval service since July 25, 1947, even though benefits were payable under title IV of the Veterans' Readjustment Assistance Act of 1952 (Unemployment Compensation for Veterans) with respect to the same service.

Subsection (b) would also amend section 217 of the Social Security Act so as to permit credits under old-age and survivors insurance for service during World War II and up to the effective date of this proposed amendatory legislation even though the same service is credited toward retired pay or other benefits from a uniformed service. Under this amendment a member of a uniformed service retiring after the effective date of this proposed amendatory legislation and receiving retired or retirement pay would have his social security benefit computed not only upon the wages established by section 201 of the draft on which taxes would be imposed, but also upon the wage credits of \$160 a month upon which no taxes were imposed.

Subsection (c): Under section 217 of the Social Security Act the gratuitous wage credits on account of military or naval service may be granted to an individual even though he receives credit for the same service toward another Federal benefit, if the granting of that credit does not increase the old-age and survivors insurance benefit by more than \$0.50. This subsection raises the \$0.50 to \$1.

Subsection (d) provides that the amendments proposed by subsections (a), (b), and (c) shall be applicable only in the case of applications for lump-sum death payments under section 202 of the Social Security Act with respect to deaths accruing after the date of this proposed legislation and only in case of applications for monthly benefits under that section filed after that date. In addition, this subsection would bar payments on applications filed after the effective date of the proposed legislation from being made for any month prior to that date.

Section 205: This section would amend section 214 of the Social Security Act by adding thereto a new subsection to be designated as subsection (c). The new subsection would provide that members of the uniformed services who die after the effective date of this amendatory legislation while on active duty or active duty for training (including authorized travel to or from that duty) shall be deemed to have died a fully and currently insured individual even though they do not have the required number of quarters of coverage now specified by the section. This will assure payment of at least a minimum benefit under old-age and survivors insurance in cases of death soon after entrance upon active duty. Subsection (c) further authorizes appropriations to the trust fund to cover the extra cost which may occur because of the immediate and automatic coverage granted to members of the uniformed services.

Section 206: This section makes the amendments to the Social Security Act and the Railroad Retirement Act of 1935 necessary to prevent duplication of credits for military service, as both acts provide for transfer of credits from one system of benefits to the other.

Subsection (a) would amend section 205 (o) of the Social Security Act, which provides for the transfer of credits under the Railroad Retirement Act to the social security system, to exclude gratuitous credits under the Railroad Retirement Act for any month in which the person so credited is covered under the social security system under this proposal.

Subsection (b) amends the definitions in the Railroad Retirement Act of 1935 to assure that references in that act to the Social Security Act will include the amendments made by this proposal.

Subsection (c) amends section 5 (g) (2) of the Railroad Retirement Act of 1935. That section provides that when an individual entitled to an annuity thereunder is also entitled to an insurance benefit under section 202 of the Social Security Act in the same month, he shall receive a Railroad Retirement Act annuity only insofar as it exceeds the social-security benefit. The amendment made by this subsection would exclude credit for military service in computing the Railroad Retirement Act annuity for any month in which coverage under social security would be provided by this legislative proposal.

Part B—This part would amend the pertinent sections of the  
Internal Revenue Code

Section 210: This section would amend section 1426 of the Internal Revenue Code. The amendments which would be made to section 1426 are the same as those which would be made to section 210 of the Social Security Act by section 202 of the draft.

Section 211: This section would amend subsection (j) of section 1426 of the Internal Revenue Code by adding a new paragraph (2). The new paragraph would establish for tax purposes the presumed wages established for benefit purposes in the proposed amendment to section 209 of the Social Security Act contained in section 201 of the draft.

Section 212: This section would amend section 1633 of the Internal Revenue Code so as to assure that members of the Armed Forces will receive annual statements of the amount of wages on which they have paid social-security taxes.

TITLE III—AMENDMENTS AND REPEALS

Section 301: Subsection (a) amends the following laws by deleting the provisions therein relating to death gratuities:

(1) Section 4 of the Naval Aviation Personnel Act of 1940 (34 U. S. C. 855c-1) for members of the Naval and Marine Corps Reserves.

(2) The last proviso of section 1 of the act entitled "An Act to Amend the National Defense Act" (10 U. S. C. 456) for members of the Army and Air Force, except members of the Regular Army and the Regular Air Force.

(3) Section 3 of the act of June 20, 1949 (32 U. S. C. 160a) for members of the National Guard of the United States, Air National Guard of the United States, National Guard, and Air National Guard.

Subsection (b) amends section 9 of the act of January 19, 1942, as amended (33 U. S. C. 870) by deleting the provisions therein relating to death gratuity for members of the Coast and Geodetic Survey.

Subsection (c) amends section 212 (a) (1) of the act of July 1, 1944, by deleting the provisions therein relating to death gratuity for members of the Public Health Service.

Subsections (d), (e), and (f) amend the National Service Life Insurance Act of 1940 so as not to impair any contractual rights of persons holding policies under that act saved to them by the Servicemen's Indemnity Act of 1951, which would be repealed.

Subsection (d) amends section 619 of the National Service Life Insurance Act of 1940 so as to provide the following:

(1) To permit any person in active service on the date of repeal of the Servicemen's Indemnity Act of 1951 (which would be repealed by section 302 of the draft), within 1 year after that date, to convert, or exchange upon payment of the difference in reserve, any 5 year level premium term insurance to a permanent plan of insurance provided under NSLI, except that conversion to an endowment plan could not be made while the policyholder was totally disabled. In the case of persons ordered into active service after the repeal of the Servicemen's Indemnity Act of 1951 the conversion or exchange could be made within 1 year after his entry on active duty. All level premium term policies of persons covered by this section which are not converted or exchanged would be suspended until the policyholder was separated from active duty and during the period of suspension no premiums would be collected or benefits paid under the policy. When a policy is so suspended the policyholder would be permitted to reinstate the policy at the premium rate for his allowed age, upon application within 120 days after his separation from active duty and a showing of good health;

(2) To permit any person in active service on the date of repeal of the Servicemen's Indemnity Act of 1951, who surrendered a permanent plan of national service life insurance or United States Government life insurance for its cash value, under section 5 of the Servicemen's Indemnity Act of 1951, to be granted without medical examination, permanent plan insurance on the same plan not in excess of the amount surrendered for cash, upon application within 120 days after repeal of the Servicemen's Indemnity Act of 1951, or to reinstate the surrendered insurance upon payment of the required reserve and the premium for the current month; and

(3) To permit any person in active service on the date of repeal of the Servicemen's Indemnity Act of 1951, who holds a permanent plan of national service life insurance or United States Government life insurance, to elect, within 1 year after that date to (1) have that policy suspended until his separation from active



duty, with no premiums to be collected or benefits paid under the policy during the period of suspension; or (2) continue payment of the full premium on the policy and retain his fully insured status. A person who elected to have his policy so suspended could, within 120 days after his separation from active duty, reinstate his policy by payment of the required reserve and the premium for the current month; or he could be granted, without medical examination, a permanent plan insurance on the same plan not in excess of the amount he previously held, at the premium rate for his then attained age.

Subsection (e) would amend section 620 of the National Service Life Insurance Act of 1940, so as to provide that insurance authorized by that section for persons disabled in active service shall be permanent plan insurance.

Subsection (f) amends the first sentence of section 621 (a) of the National Service Life Insurance Act of 1940 so as to describe the persons who may be granted insurance under that section as those who are on active duty on the date of enactment of this proposed legislation or who are thereafter ordered to active duty. The section presently describes those persons as those entitled to indemnity protection under section 2 of the Servicemen's Indemnity Act of 1951. This amendment is necessary as the Servicemen's Indemnity Act would be repealed by this proposed legislation.

Subsection (g) provides that nothing contained in the amendments made by section 301 of the draft shall be construed as canceling or restricting any right under insurance contracts issued on or prior to the effective date of the amendments.

Subsections (h) and (i) abolish benefits under the Federal Employees Compensation Act for survivors of military personnel.

Section 302: This section repeals:

(1) Present coverage for members of the Public Health Service under the Federal Employees Compensation Act (5 U. S. C. 790 (b)).

(2) Present law relating to death gratuities for members of the Regular Army and Regular Air Force (10 U. S. C. 903).

(3) Present law relating to death gratuities for members of the Regular Navy and Regular Marine Corps (34 U. S. C. 943).

(4) Present law relating to death gratuities for Regular Army nurses (10 U. S. C. 903a).

(5) Present law relating to death gratuities for transferred members of the Fleet Reserve and Fleet Marine Corps Reserve (34 U. S. C. 944).

(6) Present law for death gratuity for members of the Regular Coast Guard (14 U. S. C. 489).

(7) The Servicemen's Indemnity Act of 1951 (38 U. S. C. 851).

Section 303: This section repeals, effective 1 year after the effective date of this proposed legislation, section 622 of the National Service Life Insurance Act of 1940 (38 U. S. C. 823) which contains authority for the waiver of premiums.

Section 304: This section provides that no person who is entitled to a death gratuity, service compensation, or social security benefits under this proposed legislation is entitled to any monetary benefits from the United States, for or on account of the previous military status or death while in the service of a deceased member of a uniformed service. This section does not prohibit payments under a national service life insurance policy, under the Uniformed Services Contingency Option Act of 1953, or under the Civil Service Retirement Act.

Section 305: This section provides that nothing in the proposed legislation shall deprive any person of any benefits to which he was entitled before its enactment.

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## APPENDIX I

The hearings of the Select Committee on Survivor Benefits are hereby made a part of this committee's report and are incorporated therein by reference.



Committee on Retirement Policy for Federal Personnel  
H. Eliot Kaplan, Chairman  
1742 G Street, N. W., Washington, D. C.  
EXecutive 3-3300, extension 3185

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FOR RELEASE AFTER 10:00 a.m. THURSDAY, MAY 13, 1954

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COMMITTEE'S SECOND REPORT RECOMMENDING REVISION OF  
THE UNIFORMED SERVICES RETIREMENT SYSTEM

The Committee on Retirement Policy for Federal Personnel submitted to the Congress today the Committee's second report embodying recommendations concerning the retirement system for the uniformed services. The Committee's proposals would extend old-age and survivors insurance coverage to the 3.6 million members of the uniformed services and provide more effective survivor protection for military personnel.

In making the report public, H. Eliot Kaplan, Chairman of the Committee, stated that the Committee's recommendations are based on a thorough study of all the programs providing benefits to servicemen, and after actuarial studies of the military system, the first such study in the history of the system.

The Committee believes that two basic changes should be made in the existing benefit structure. First, old-age and survivors insurance should be extended to the uniformed services on a contributory basis. This would improve the retirement and survivor protection for military personnel and insure continuity of protection for the vast number of "civilian servicemen" who serve only a few years in military service. Second, the present cumbersome, overlapping structure of survivor benefits should be revised.

The Committee's objective has been to develop a comprehensive program of protection, each component of which is designed to fulfill a specific purpose not duplicated by any other benefit.

COMMITTEE RECOMMENDATIONS

The Committee recommends that the old-age and survivors insurance provisions of the Social Security Act should be extended to members of the uniformed services on the usual contributory basis that applies to civilian employment. The present complex structure of compensation payments provided to survivors of military personnel should be replaced by a new Service Compensation benefit; the existing Veterans Compensation, Soldiers Indemnity, and Federal Employees' Compensation provisions relating to active duty personnel should be discontinued.

(more)

These changes would provide a measure of retirement protection for non-career personnel, improve the retirement protection of the career serviceman, and establish a sound and equitable program of survivor protection for all members of the services.

"These recommendations which would improve the uniformed services retirement and survivors benefits," Mr. Kaplan stated, "will also save the United States Government over \$100 million a year."

The Committee recommends that the present survivor benefit structure be revised. It proposes that benefits be confined to three basic sources:

- (1) The Department of Defense would continue to administer the six months' death benefit on a somewhat revised basis;
- (2) The Veterans Administration would administer a newly designed service compensation program;
- (3) The Department of Health, Education and Welfare would administer the old-age and survivors insurance program for military personnel on the basis of contributory participation, the same as applies for employees in private industry, rather than the present free wage credits based on an arbitrary amount of \$160 per month regardless of actual salary.

The Committee also recommends that the Soldiers Indemnity, Veterans Compensation, and Federal Employees Compensation benefits be discontinued for active duty personnel, without, however, impairing the rights of present recipients of these benefits.

The proposed changes in survivor benefits for military personnel, Mr. Kaplan pointed out, were based on the following considerations:

- (1) The changes should apply only to active duty personnel;
- (2) The level of survivor benefits should be determined as a percentage of gross pay rather than actual cash pay only.
- (3) In dealing with the overlapping that now exists in providing survivor benefits, proposed survivor benefits should be limited to three major sources:
  - a. The Department of Health, Education, and Welfare to provide old-age and survivors insurance.
  - b. The Department of Defense to provide a lump-sum death gratuity.
  - c. The Veterans Administration to provide a continuing monthly survivor benefit.

(more)

(4) Survivor benefits should be paid only to those who may be presumed to suffer financial loss due to the death of the serviceman.

A copy of the Committee's report on the uniformed services retirement system was also submitted to the President, but Mr. Kaplan pointed out that the Administration has not had an opportunity to complete its review of the report, nor has the Administration indicated any stand thus far thereon.

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The Committee, created by Public Law 555, 82d Congress, July 16, 1952, consists of George M. Humphrey, Secretary of the Treasury, Charles E. Wilson, Secretary of Defense, William McC. Martin, Jr., Chairman, Board of Governors of the Federal Reserve System, Rowland R. Hughes, Director of the Bureau of the Budget, Philip Young, Chairman, United States Civil Service Commission, and H. Eliot Kaplan, Chairman, designee of the President.

PRESS RELEASE

3 June 1955  
10:00 A. M.

SELECT COMMITTEE ON SURVIVOR BENEFITS  
414 Old House Office Building  
Phone: Ext. 2235

The chairman of the House Select Committee on Survivor Benefits, Porter Hardy, Jr., today announced the Select Committee's proposed recommendations to the 84th Congress. The changes called for by the Committee would result in a replacement of the present inequitable and complex structure of survivor benefits for armed forces personnel with an equitable and simple plan.

The Select Committee on Survivor Benefits was created in the closing days of the 83rd Congress. The recommendations of the Select Committee are the result of over eight months of exhaustive public hearings and executive sessions conducted by the Committee under the original chairman, William H. Bates of Massachusetts, and the present chairman, Porter Hardy, Jr., of Virginia. In addition to Congressmen Hardy and Bates, the Committee's present membership includes Congressmen Robert W. Kean of New Jersey, Paul J. Kilday of Texas, Olin E. Teague of Texas, and Committee Counsel, Stephen D. Carnes, Jr.

The Committee met yesterday at the White House with the President and conferred for more than an hour on the proposed bill which the Select Committee hopes to have enacted.

In a press conference this morning Congressman Hardy outlined the Committee's proposal as follows:

1. FECA benefits for certain Reservists will be terminated.
  - A. Under the provisions of the proposed Bill no person in the Armed Forces in the future can become eligible for FECA benefits.
2. The six months' death gratuity will be continued and computed on the same basis as today except that the minimum payment under this benefit will be \$800 and the maximum payment \$3,000. At the present time the minimum benefit is \$468 and the maximum \$6,857. The Committee considers the present minimum too low and the present maximum excessive.
3. Adjustments have been made in the present VA compensation paid a widow, a widow with minor children, dependent parents, and dependent children. Below are the rates proposed by the Committee.

Widow, with or without children, \$100 plus 15% of basic pay.  
On this basis the minimum payment which can be received is as follows:

<u>Pay Grade</u>	<u>\$100 + 15% B.P.</u>
E-1 (under 4 mos.)	\$111.70
E-1 (over 4 mos.)	112.48
E-2 (under 2 years)	112.87
E-3 (under 2 years)	114.91
E-4 (over 2 years)	121.06
E-5 (over 4 years)	127.50
E-6 (over 6 years)	132.18
E-7 (over 8 years)	138.03
W-1 (over 10 years)	144.12
W-2 (over 12 years)	150.31
W-3 (over 18 years)	160.84
W-4 (over 26 years)	177.22
O-1 (under 2 years)	133.35
O-2 (over 2 years)	141.13
O-3 (over 4 years)	156.16
O-4 (over 10 years)	172.54
O-5 (over 14 years)	184.24
O-6 (over 18 years)	207.64
O-7 (over 26 years)	235.72
O-8 (over 30 years)	261.46

No weight is given to a widow with minor children in the above table, for Social Security is weighted in this respect.

With regard to dependent children only the rates set by the Committee are as follows:

- (1) One child \$70
- (2) Two children \$100
- (3) Three children \$130
- (4) More than three children, \$130, plus \$25 for each additional child in excess of three.

With regard to dependent parents the following schedule of survivor benefits is proposed:

<u>Annual Income</u>	<u>VA Comp. (\$75/mo. Max.)</u>	<u>Range of Total Income</u>
0 - \$ 600	\$900 (100%)	\$ 900 - 1,500
601 - 850	720 ( 80%)	1,321 - 1,570
851 - 1,100	540 ( 60%)	1,391 - 1,640
1,101 - 1,350	360 ( 40%)	1,461 - 1,710
1,351 - 1,600	180 ( 20%)	1,531 - 1,780
Over 1,600	0	Over 1,600

	<u>Two Parents (\$100/mo. Max.)</u>	
0 - \$ 800	\$1,200 (100%)	\$1,200 - 2,000
801 - 1,150	960 ( 80%)	1,761 - 2,110
1,151 - 1,500	720 ( 60%)	1,871 - 2,220
1,501 - 1,850	480 ( 40%)	1,981 - 2,330
1,851 - 2,200	240 ( 20%)	2,091 - 2,440
Over 2,200	0	Over 2,200

4. It is proposed that the military be placed under Social Security with the employer and employee tax predicated upon the basic pay of the serviceman. The following table sets forth the minimum benefits to which the various pay grades would be entitled:

<u>Total Service and Pay Grade at Death</u>	<u>Average Basic Pay</u>	<u>Widow &amp; One Child</u>	<u>Widow &amp; Two Children</u>	<u>Child, Aged Widow, Dependent Parent</u>
4 months (E-1)	\$ 78	\$ 64	\$ 64	\$ 32
1 year (E-1)	81	67	67	34
1 1/2 years (E-2)	82	68	68	34
2 years (E-3)	87	72	72	36
3 years (E-4)	104	86	86	43
4 years (E-5)	119	94	95	47
6 years (E-6)	144	101	115	51
10 years (E-7)	185	113	148	57
14 years (E-7)	208	120	160	60
20 years (E-7)	233	127	170	64
1 1/2 years (O-1)	222	124	166	62
3 years (O-2)	245	132	175	66
6 years (O-3)	297	147	196	74
10 years (O-4)	318	153	200	77
14 years (O-5)	327	156	200	78
18 years (O-6)	332	157	200	79
23 years (O-7)	336	159	200	79
30 years (O-8)	339	160	200	80



There is a provision in the Committee's Bill which would give immediate insured status for all men in the Armed Forces. Today Social Security requires six quarters coverage before an individual is insured. For those individuals who die on active duty or a service-connected death before attaining the required six quarters, their beneficiary will be paid Social Security benefits just as though they were currently insured and the Federal Government, from a general appropriation, shall annually reimburse the OASI Trust Fund for all expenditures made under this provision of the Committee's Bill.

At the present time the Social Security law states that if an individual has been under covered employment for more than 5 years and subsequently becomes disabled (totally and permanently), that such individual shall be deemed to be fully insured without making additional contributions, and thereby protect the benefits payable to his survivors as well as his retirement benefits. The Committee has written a provision in the Bill which states that any member of the Armed Forces who is permanently and totally disabled as a result of his military service shall be deemed to have contributed for a period of 5 years and the disability freeze shall be in full force and effect for the man totally and permanently disabled in the service.

In those cases where payments are made under this disability freeze where the serviceman was ineligible for the disability freeze in his own right the Federal Government, from a general appropriation, shall annually reimburse the OASI Trust Fund for all expenditures made under this provision of the Committee's Bill.

Under the proposed Bill Social Security retirement benefits accrued while in the Armed Forces would be additive to the present military retirement. No offset of any kind is proposed.

5. At the present time there are 830,000 in-service NSLI policies under waiver. Of this number 740,000 are term policies and approximately 90,000 permanent plan. It is proposed under the Committee's Bill that servicemen who have policies under waiver shall have the election of letting these policies remain under waiver and receiving the present rates of VA compensation, or electing to resume premium payments on their policies and be allowed the VA compensation benefits provided under this Bill.

This Bill does not have any insurance offset against VA compensation.

6. Under this Bill survivors now on the VA compensation rolls could elect to receive the higher benefits provided under this Bill, except that no election can be made as long as a beneficiary is the recipient of the \$92.90 gratuitous indemnity.

7. In addition to the features enumerated in the previous six captions, this Bill would have the following advantages. The survivor would only have to file one application and one set of substantiating data in order to qualify for both VA compensation and Social Security benefits.

The survivor benefit program set forth under this Bill will no doubt be less costly than the existing survivor benefit program. The reasons for this are three-fold; a more restricted class of dependency for parents, elimination of the gratuitous indemnity with \$10,000 certain, and a part of the survivor benefit (i.e., Social Security) being financed by the serviceman himself.

This Bill pays survivor benefits to widows geared to the highest attained pay of the serviceman while in the Armed Forces. Thus, survivor benefits are rate or rank related. Because base pay is used as the basic determinator and such pay is reflected by years of service, longevity also is a factor.

Congressman Hardy emphasized that the rights of all persons now drawing VA compensation would in no way be impaired by legislation proposed by the Committee.

END

Statement of the Department of Health, Education, and Welfare  
Before The  
House Select Committee on Survivor Benefits  
April 26, 1955

Mr. Chairman and Members of the Select Committee:

I am Charles I. Schottland, Commissioner of Social Security, Department of Health, Education, and Welfare. Secretary Hobby has followed with keen interest the work of this Select Committee and regrets that she is unable to be here today. She has asked me to testify on her behalf and to say to you that we in the Department are conscious of the difficulty of the problems which this Committee has tackled so vigorously and conscientiously in its efforts to develop and improve the structure of survivors benefits for members and former members of the Armed Forces.

The Nature of the OASI Program

Since one of the major proposals under consideration is the extension of old-age and survivors insurance coverage to members of the Armed Forces, I would like to comment briefly on some of the basic principles of the OASI program.

OASI is a social insurance program under which wage earners and self-employed people contribute to a fund during their working years to provide income for themselves and their dependents or survivors when old age or death cuts off the usual income from work. Nine out of 10 people in gainful employment are now covered under the program. OASI is entirely self-supporting--it is financed by the contributions of covered workers and their employers and of persons engaged in covered self-employment. OASI benefits are paid only in the case of persons who have been engaged for a specified period in employment or self-employment that is covered by the law. The amount of an individual's OASI benefits and the amount of his contributions are related to the level of his covered earnings. There is no investigation of an individual's needs or financial resources as a condition to the payment of benefits. The only condition to the continued receipt of benefits is that the beneficiary must not be substantially engaged in gainful employment. Because there is no needs test and because each individual contributes toward his own security, OASI is not a welfare program in the sense that public assistance and private charity are usually considered to be welfare programs.

One of the primary functions of OASI is to provide a foundation of basic protection upon which various forms of supplemental protection can be built. OASI benefits are not high enough to preclude the need for supplementation. The moderate level of basic protection under OASI lends itself to the development of various forms of supplementary protection designed to provide a sufficient total of retirement or survivor income. In the years since OASI was established, there has been a remarkable increase in private life insurance protection, in individual savings of various kinds, and in the number of private pension plans in industry, commerce, and other areas of employment.

#### The Importance of Continued OASI Coverage in Spite of Job Changes

In our economy workers are continually shifting from job to job and from one kind of employment to another. Now that OASI applies to almost all kinds of work, these workers who shift their employment can nearly always retain their basic protection under OASI. The worker who makes a career with one employer can also qualify, in many instances, for supplemental benefits afforded by the employer's special pension system. Some 15 million workers now have coverage under both OASI and one of these special plans.

Under the situation we have today in the Armed Forces, during the course of each year about 1 million individuals either enter or leave military service. Many of the new entrants come from jobs covered under OASI; most of those who leave will soon go into work that is covered under the program and will remain there for the rest of their work lifetime. Most of the young men who leave the service for civilian careers will work until retirement age; about 3 out of every 10 will die before reaching retirement age. In either case if the young man who enters military service in the future ends up with a gap in his OASI earnings record because his military service was not covered by OASI, his benefits or the benefits payable to his survivors may be impaired. In some instances this gap in OASI protection will not greatly reduce the amount of the ultimate OASI benefit. In other instances, the gap will mean a complete loss of benefits for survivors. In most cases, however, if the veteran has received no permanent OASI credit for his period of military service, he is going to be at a disadvantage under OASI compared with the individual who has been in covered employment during that period.

These possible gaps in OASI protection are not the only deficiency inherent in any structure of survivor protection for the Armed Forces that does not include OASI coverage. If OASI is not part of the structure there will inevitably be numerous inequities in the benefit amounts that veterans and their survivors will receive. Some servicemen and veterans will have

established benefit rights under OASI through employment in industry and will be eligible for OASI plus veterans benefits; others will receive only the benefits provided under the veterans' laws. Inequities will occur in both survivor and retirement benefits, and in benefits for career and non-career personnel. If OASI is included in the overall structure, all other benefits can be set in the knowledge that an OASI benefit will also be payable. In our opinion, if OASI is not included, it will be difficult-- if not impossible--to have a rational and equitable system of benefits for all members of the Armed Forces.

This Select Committee is, of course, interested primarily in the survivor provisions of the OASI program. Extending OASI coverage to military personnel would provide a basic level of survivor benefits not only for the families of servicemen who die on active duty but also for the families of the 3 out of 10 veterans who will die after leaving service and before reaching retirement age. This is an important consideration, but we ought not to overlook an equally important advantage which stems from the retirement benefits of the OASI program. By giving servicemen OASI coverage, the Government can fulfill, at a moderate cost, an important obligation that it owes to noncareer servicemen in its capacity as an employer--the obligation to provide some retirement credit for periods of military service. The uniformed services retirement system is designed to promote career service and thus is extremely valuable; it would not be appropriate to give credit to noncareer servicemen under the service retirement system since to do so might impair the value of the system as an incentive to career service. It would seem that the service retirement system, like staff retirement systems in private industry, should continue to reward career servicemen with a higher level of benefits than that provided for short-service personnel. Nevertheless, only about 3 of every 100 persons who enter military service remain long enough to qualify under the service retirement system. If OASI coverage is not provided for servicemen, the Government places itself in the position of not giving any retirement credit to 97 out of every 100 servicemen for their period of military service. The Department of Health, Education, and Welfare believes that the Government should acknowledge the responsibility it has as an employer to provide some retirement credit for all members of its Armed Forces--a responsibility that the Government requires almost all other employers to assume with regard to their employees.

It was, I believe, with these considerations in mind that President Eisenhower, in his State-of-the-Union message to the Congress, recommended that "full contributory coverage under old-age and survivors insurance should be made available to all Federal personnel, just as in private industry." With regard to the Armed Forces, the President asserted that "the protection of the old-age and survivors insurance system would be an important and long-needed addition, especially to their present unequal and inadequate survivorship protection."

In the opinion of the Department of Health, Education, and Welfare, there is no doubt that the extension of contributory OASI coverage to military service would give full value received to the Government. The members of the Armed Forces, as a group, would also receive full value in retirement and survivor protection for the contributions they would pay.

Based on our experience in administering the OASI program, I do not anticipate any strong objections to contributory OASI coverage from the servicemen. Although servicemen in the lowest pay grades will have to make a fairly high contribution compared to their cash pay, I am not at all sure that this group of servicemen will be at a disadvantage in this respect as compared with civilian employees whose gross pay is in the neighborhood of \$200 a month. I doubt that a civilian employee at that pay level has \$80 in cash after paying for his room, board, and other living expenses. Certainly, if we look at the value of the protection which will extend over the whole period of their lifetime, there is no question that this group of servicemen and their dependents are going to get full value for their contributions. Wages in kind are included for purposes of OASI contributions and benefits in private industry and we have heard of no objections from workers in hotels and restaurants where such wages are a substantial part of total pay. In domestic employment, where only cash wages are counted, some workers have urged that their wages in kind be included under OASI.

#### Alternatives to Contributory OASI Coverage

The Department of Health, Education, and Welfare has given serious study to proposals to give OASI credit for military service on some basis other than contributory OASI coverage. Although some of these proposals might be adequate if they are considered as stop-gap measures they have major disadvantages when viewed as possible permanent arrangements. For example, the flat wage-credit provision in the present law would not be satisfactory as a permanent plan. One objection is that the flat credit approach fails to relate the serviceman's OASI credit and contributions to his pay. Moreover, difficulty would be encountered in determining the proper level of a flat wage credit; the present \$160 is far too low to be realistic for even the lowest pay grade; the maximum credit of \$350 a month would be too high to represent service in most of the enlisted pay grades. Any intermediate flat wage credit amount would prevent officers and men in the highest enlisted grades from obtaining maximum OASI credit, although the same rate of pay in civilian life would result in maximum credit. In addition, the plan would probably be costly to the Government since a flat wage credit plan providing anything in excess of a minimum credit would probably have to be noncontributory and the Government would therefore have to bear the entire cost.

Another major alternative to contributory OASI coverage which has received careful study is the proposal to freeze a man's OASI status from the time he enters military service until he leaves. The chief objections to this proposal stem from the fact that it offers a completely negative approach--the serviceman would be prevented from building up any OASI credit during his period of military service. It follows that this proposal, instead of correcting the present inequities, would perpetuate them and might, in some cases, aggravate them. A man who enters service with insured status under OASI would have this status protected; another man who might be within a few days of acquiring insured status at the time he is inducted into the service, would be arbitrarily cut off from the opportunity to establish his rights to OASI protection. I am afraid that it would be difficult to explain this kind of an arrangement to the servicemen, or at least to get them to accept it as being an equitable arrangement.

There would also be other bad situations inherent in a benefit structure involving a freeze under which either the principal veteran's benefit would be reduced by an OASI benefit payable or the veterans' survivors would choose between OASI and the veteran's benefit. Such a provision would mean that a family eligible for OASI benefits would either receive smaller veterans compensation than would be paid in other cases or would, in effect, be denied all, or part of, the OASI benefit which the veteran had earned in employment in private industry. The Department of Health, Education, and Welfare would very strongly oppose an option not only because of the confusion and adverse public relations that would result, but because we believe that the basic protection afforded by OASI should not be taken away or reduced because of other benefits. Moreover, we would not favor any provision which required the principal veteran's benefit to be reduced on account of an OASI benefit--a benefit based not on a Government contribution but rather on the contributions made by the veteran and his employers in private industry.

The Department of Health, Education, and Welfare also believes that from the standpoint of the Government a freeze of OASI insured status and benefit amount for the period of military service would be very expensive. We estimate that the Government's proportionate share of the cost of benefits arising from such a freeze would be about \$350 million a year, assuming an Armed Forces strength of 3.2 million. Moreover, because of the various shortcomings in the protection that a freeze arrangement would provide--for example, the shortcoming that a veteran might be left without adequate OASI protection for some years after his release from service--there would undoubtedly have to be special OASI provisions in order to remedy such shortcomings. The final result would be an expensive arrangement of complicated special provisions--one that would not be satisfactory from the standpoint of correcting the inequities that now exist.

The Department of Health, Education, and Welfare would strongly oppose any provision for OASI credit for military service which does not include assurance of reimbursement of the Federal OASI Trust Fund for the cost of the benefits provided. It is most unfair that the cost of a special benefit for servicemen should be borne by the contributors to the trust fund and that the cost of such a benefit should be met through a flat percentage payroll tax. Such a tax bears most heavily on those with low income and, though satisfactory for meeting the cost of benefits to the contributors, cannot be justified as a means of meeting the costs of other Government payments. Moreover, this Department believes that under a plan for giving OASI credit for military service the Government should pay its proportionate share of the cost, not merely the cost of the additional benefits paid by reason of such credit.

As the predecessor Select Committee was advised in Secretary Hobby's letter of December 15, 1954, the Department urges that provision be made for reimbursement of the trust fund for the cost of the existing military service credit provisions. I would like to emphasize, however, that the basis proposed for settlement of the existing obligation of the Government with respect to credits already granted for military service would not be an acceptable basis for reimbursement under any future plan.

Before concluding, I would like to speak briefly to a point that has been raised concerning the timing of an extension of OASI coverage to the Armed Forces--namely, that the extension of coverage to military personnel should wait upon consideration by the Congress of the question of OASI coverage for the Government's civilian personnel. While the Department of Health, Education, and Welfare believes that extension of OASI coverage to both groups is urgently needed, we believe that the problems involved are quite different and by no means require simultaneous solutions. OASI coverage for military personnel is part of a package which includes various other benefits for servicemen and former servicemen. OASI coverage for civilian personnel would be part of a completely separate package which would include adjustments in some of the benefits provided solely for civilian employees of the Government. The Kaplan Committee, which gave considerable study to the problems in the civilian area, felt strongly that legislation dealing with the relationship between the Federal civil service retirement system and OASI should be entirely separate from legislation relating to military personnel. Civilian and military personnel were treated by that Committee in separate reports and several of the major policy recommendations clearly recognized basic distinctions between the two groups.



To summarize the position of the Department of Health, Education, and Welfare regarding the proposals under consideration by this Select Committee, we recommend that any plan adopted by the Committee include contributory OASI coverage. We believe that OASI, together with assured supplementary benefits, will provide the basic elements of a rational structure of survivor benefits. Under this approach, there would be considerable simplification of present provisions. Benefit rights under regular OASI coverage would be easier for servicemen and their dependents to understand than the restricted benefits that are sometimes granted and sometimes withheld under existing provisions. The OASI coverage can be economically administered by the Service Departments and by OASI under existing facilities. By placing military personnel under contributory OASI coverage the causes of many present inequities in benefit amounts can be removed, and the Government will assume the responsibility it has as an employer of assuring continuity of basic OASI protection to its servicemen.

Statement of the Department of Health, Education, and Welfare  
Before the Committee on Finance of the Senate  
June 6, 1956

Mr. Chairman and the Distinguished Members of the Committee on Finance:

I am Charles I. Schottland, Commissioner of Social Security of the Department of Health, Education, and Welfare. The Department appreciates this opportunity to present its views on H.R. 7089, the "Servicemen's and Veterans' Survivor Benefits Act." Secretary Folsom has asked me to express his regret that he is not able to be here.

The Department believes that the enactment of H.R. 7089 would provide a considerably improved system of survivor benefits for members of the uniformed services. Under this bill, all of the Nation's servicemen would have social security protection on much the same basis as workers in private employment. In addition, if death occurred in service or from service-connected causes, there would be benefits payable to the surviving family under the veterans laws. The enactment of H.R. 7089 would bring about a marked simplification of the present complicated and overlapping provisions for payments to survivors of servicemen. Under the present laws there can be widely varying survivor protection as between servicemen with equal pay and service; in other instances, a completely inadequate benefit may be payable to the widow of an officer who has given a lifetime of service to our Armed Forces. The bill would correct these inequities that now occur. Servicemen would be assured of continuous social security protection which would follow them into and out of military service. Benefit rights under the regular social security coverage provisions would be much easier for servicemen and their dependents to understand than the restricted credits that are sometimes granted and sometimes withheld under the provisions for gratuitous military service credit which expired April 1.

Of the several benefit programs affected by H.R. 7089, this Department is primarily concerned with the old-age and survivors insurance program and I will therefore direct my comments to the provisions of the bill extending social security coverage to members of the Armed Forces. As you know, the need for improvement and simplification of the military survivor-benefit programs has been studied by a number of groups during recent years--by the 1948 Advisory Council on Social Security which was created by the Committee on Finance, by a Special Committee of the Department of Defense, by the Committee

on Retirement Policy for Federal Personnel, by the President's Commission on Veterans' Pensions, and by the Select Committee on Survivors Benefits of the House of Representatives, 84th Congress. Each of these groups has come to the conclusion that a sound system of survivor benefits for members of the Armed Forces must rest on a foundation of social security coverage, and that the social security coverage should be on the same contributory basis that applies to all other segments of the Nation's economy.

This Committee is, of course, aware of the extensive use that has been made of social security benefits in private industry to provide a base on which supplementary survivor or retirement protection can be built. Extending old-age and survivors insurance coverage to military personnel would similarly provide a sound foundation to which can be added appropriate supplemental benefits for the families of servicemen who die from service-connected causes--whether death occurs on active duty or after leaving service. This is the approach that is contemplated in H.R. 7089. We believe that the social security coverage provided by H.R. 7089 would be even more effective if coverage applied to servicemen's gross pay, rather than their basic pay, but the general approach taken by the bill is a sound one.

This Committee is also aware that one of the great advantages of social security coverage for any group is that the broad coverage of the program assures a continuity of protection that cannot be provided under a special system for the group. This advantage of social security coverage is of paramount importance in the case of our Armed Forces. During the course of a year about 850,000 men either enter or leave military service. Many servicemen come from jobs covered under social security; most of those who leave will soon get into work that is covered under the program and will remain there for the rest of their work lifetime. If the veteran does not continue to build up social security rights during his period of military service he will have a gap in his social security earnings record and, in most cases, will be at a definite disadvantage compared with the man who had no break in his social security coverage.

While the survivor benefits of social security, accruing to both the career serviceman and the civilian soldier, would have a vital role in the structure of benefits contemplated by H.R. 7089, the advantages of social security coverage for servicemen from the standpoint of the old-age insurance benefits should not be overlooked. By giving servicemen regular coverage under social security the Government can fulfill at a moderate cost an important obligation

that it owes as an employer to its noncareer servicemen--the obligation to provide some retirement credit for periods of military service. The only special provision for old-age benefits for the noncareer serviceman is the veterans pension, which is of course subject to a test of need. Of every 100 persons who enter our Armed Forces, 97 do not remain for the 20-year period required to qualify for retirement benefits under the service retirement system. The uniformed services retirement system is designed to promote career service and thus performs an invaluable function which might be impaired if retirement credit under that system was also given to noncareer servicemen. Provision of retirement credit for short service personnel by means of social security coverage would raise no such problem and would have important advantages for both the serviceman and the Government. The Congress has said to virtually all employers in private industry that they must share in providing social security credit for their employees. We believe that the Government should accept the obligation that it, too, has as an employer to provide regular social security coverage for the members of its Armed Forces.

The Department has carefully considered proposals which have been made from time to time to give OASI credit for military service on some basis other than contributory OASI coverage. Although some of these proposals might be adequate as stop-gap measures, they have major disadvantages when viewed as possible permanent arrangements. For example, the provision in the present law for a flat \$160-a-month social security wage credit would not be satisfactory as a permanent plan. One objection inherent in any flat-credit approach is the practical difficulty of arriving at a satisfactory amount for the credit. Regardless of the amount selected, it will be either too high to reflect the pay of some servicemen or too low to represent the pay of others. From the standpoint of cost to the Government, the establishment of a flat credit plan as a permanent arrangement would probably soon lead to pressures for substantially increasing the amount of the credit--possibly to the maximum of \$350 a month. Not only would a \$350 wage-credit plan be very costly to the Government but the disadvantages inherent in any flat wage credit approach would be perpetuated.

This Department urges most strongly that your Committee approve the provision in H.R. 7089 for reimbursement of the Federal Old-Age and Survivors Insurance Trust Fund for the cost of the existing provision for gratuitous social security wage credits of \$160 for each month of active military service performed after September 15, 1940. The fact that such reimbursement is provided in H.R. 7089 was a major consideration in this Department's endorsement of the extension to March 31, 1956, of the period of service for

which these gratuitous wage credits can be given. The Department would oppose any long-range extension of the present provision unless reimbursement of the trust fund is also provided for the cost of such extension. The reimbursement provision in H.R. 7089 with respect to the costs of the provisions already enacted is needed to correct the present situation in which the contributors to the trust fund are required to bear the costs of the gratuitous wage credits. It seems to us extremely unfair that the cost of these special benefits which have been provided for servicemen-- a cost that in all other cases is met from general revenues--should in this instance be borne by a special group consisting of the contributors to the trust fund--that is, by those who are required to pay social security taxes. These taxes, unlike income taxes, apply only to the first \$4,200 of annual earnings. Though a tax of this kind is satisfactory for meeting the cost of benefits to the contributors, it cannot be justified as a means of meeting the costs of other Government payments, such as the special benefits for servicemen.

We endorse the inclusion of the Commissioned Corps of the Public Health Service under the provisions of the bill. Under existing law, members of the Commissioned Corps of the Public Health Service have been intermittently entitled to certain Armed Forces survivor benefits while serving on active duty with the Armed Forces, or in time of war when the Corps was declared to be a military service by Presidential Executive Order. This bill would correct the inequities and anomalies that result from this situation by providing that the Commissioned Corps of the Public Health Service shall have continuous coverage under Veterans Administration laws and under old-age and survivors insurance.

There would be no problems of any consequence in administering the provisions of the bill. Based on our discussions with the other agencies involved and our experience in operating under the present law, this Department is convinced that there is no question as to the administrative feasibility of bringing the services under contributory social security. The reporting of necessary wage information can be handled in large part through the existing military payroll offices. We have reached agreement with the Department of Defense on a system of reporting service pay semi-annually rather than on the quarterly basis required of all other employers with the exception of farmers. During our discussions, the possibility of reporting service pay on an annual basis for social security purposes was explored, but we concluded that this step would not be feasible until such time as provision is made for employers generally to report on an annual basis. Legislation providing for annual reporting by all employers, at an estimated savings to the employers of about \$22 million a year, has been introduced in the House and we are hopeful that it will be considered by the Congress.

To summarize, Mr. Chairman, the Department believes that the extension of contributory, wage-related social security protection to members of the uniformed services would be a highly desirable step. In our opinion, H.R. 7089 would provide major improvements in the survivor and retirement protection of the members of those services. The bill would bring about a considerable simplification of present provisions and the causes of many present inequities in benefit amounts would be removed. The social security coverage provided by the bill can be economically administered by the Service departments and by this Department under existing facilities. By providing for reimbursement of the trust fund for the cost of the gratuitous social security benefits now provided for servicemen, the bill would make a much needed correction of an unfair situation that now exists. The Department of Health, Education, and Welfare endorses H.R. 7089 and recommends favorable action on it by the Committee.

## LISTING OF REFERENCE MATERIALS

U.S. Congress. House. Select Committee on Survivor Benefits. *Hearings. . . Pursuant to H. Res. 549. 83d Congress, 2d session.*

U.S. Congress. House. Select Committee on Survivor Benefits. *Hearings. . . Pursuant to H. Res. 35. 84th Congress, 1st session.*

U.S. Congress. Senate. Committee on Finance. *Hearings on H. R. 7089, Veterans' Survivor Benefit Act. 84th Congress, 2d session.*

U.S. Congress. House. Committee on Ways and Means. *Actuarial Cost Estimates for the Old-Age, Survivors, and Disability Insurance System as Modified by Amendments to the Social Security Act in 1956. Prepared. . . by Robert J. Myers, Actuary to the Committee. 84th Congress. 2d session.*