

# **Soldiers for Life – Tri-City Military Retirees**

## **Heidelberg-Mannheim-Karlsruhe Newsletter**

**November 2022**

**Thank you for your service to the United States of America!**

### **Preamble**

Retirees and the annuitants, for the most part, live on a fixed income. For those of us who have financial investments, based on market dynamics, we may have some extra cash in our jeans.

The overall inflation rate has had a devastating effect on the Retirees' and annuitants' fixed income. It is easily seen at the filling stations, super markets and from the energy providers (electricity, heating oil, natural gas and even fire wood).

There will be some relief, because the cost of living adjustment for federal benefits has been set at 8.7% for 2023.

### **Elimination of DIC-SBP Offset**

The Dependency Indemnity Compensation (DIC) offset for widows who are also receiving the Survivor Benefit Plan (SBP) annuity will end on 31 December 2022. Therefore, on 1 January 2023, the widows drawing DIC and authorized SBP will receive the full SBP annuity, which is directly taxable. The DIC remains tax free.

As a review, the elimination occurred over a two-year period, starting on 1 January 2021, when two thirds of the DIC were offset. On 1 January 2022 only one third of the DIC was offset.

During the elimination period the SBP annuitants continued to receive the Special Survivor Indemnity Allowance (SSIA). For 2022, the SSIA was \$346.00 per month. Effective on 1 January 2023, the SSIA will no longer be paid to the surviving spouse.

### **The Testament Executor's Tasks**

The testament's executor normally has numerous tasks. The surviving spouse could be the executor or the executor could be another person. If the surviving spouse will function as the executor, this person must know what to do. There many instances where the surviving spouse, although designated as the executor or personal representative, cannot do what is required. When this is the case, the surviving spouse must find a person to provide assistance.

Some Retirees have an American testament provided by the legal assistance branch of the military Judge Advocate General. This testament can be probated in the United States or in Germany. Other Retirees have a German Testament that is prepared by a German Notar. This testament will be probated in Germany. The various considerations as to where to probate an American will is beyond the scope of this article.

Whether the testament is American or German, the designated heir(s) is/are responsible for getting the testament to the probate court and doing everything that the testament requires.

When the surviving spouse is the last person standing, for example, the wife and there are no immediate family heirs, children, sisters or brothers, the situation requires the designation of an executor. Assuming that the testament will be probated in Germany, this executor must have a durable German power of attorney (Vollmacht) that does not become invalid upon the death of the grantor.

### **The Testament Executor's Tasks (cont.)**

An important task when probating a testament in Germany is to report the financial details of the estate and the heirs to the responsible Finanzamt. The standard form used is the Erbschaftsteuererklärung.

This is a four-page form where the value of the various elements of the estate are reported for inheritance tax purposes.

As promised in the August newsletter, a detailed explanation of the executor's tasks is provided below.

The logical first task is to create an inventory of all assets, financial and other. For Retirees and their spouses, we are talking about joint bank accounts, investments such as stocks and bonds, retirement plans (IRA, TSP, 401k, private annuities, etc.), life insurance policies, real property, jewelry, etc. Essentially, that which falls into the other category are non-cash assets that are easily converted to cash. It is worthwhile for a couple to maintain, as a minimum, a financial asset inventory.

A note on taxation of life insurance benefits in Germany. If the life insurance contract was made before 1 January 2005, the benefit paid out is tax free. However, the pay-out from all life insurance contracts made on or after 1 January 2005 are taxable. The tax rate is 25%.

Concurrent with the asset inventory, the executor must submit the testament to the probate court. This is an important step, because the probate court will issue a document that confirms the opening of the testament. This document is used by the surviving spouse to change joint German financial accounts to single owner accounts in the name of the surviving spouse.

When the asset inventory is clear, that is, bills (such as funeral/cemetery, grave stone) have been paid, non-financial assets as appropriate, have been converted cash and a value has been established for non-financial assets that will not be converted to cash, the

### **The Testament Executor's Tasks (cont.)**

executor will complete and submit the Erbschaftsteuererklärung to the responsible Finanzamt. The Finanzamt is not necessarily the same Finanzamt to which the annual Steuererklärung is submitted. The Erbschaftsteuererklärung includes an attachment for each heir listed in the testament. If the surviving spouse is the sole heir listed in the testament, then only one attachment is required.

After the responsible Finanzamt processes the Erbschaftsteuererklärung and provides its decision in the form of a Bescheid, the executor distributes the assets to the various heirs. If the surviving spouse is the sole heir, this person will pay any inheritance tax assessed.

If there are other heirs, their financial institution data is included on their respective attachment to the Erbschaftsteuererklärung and the Finanzamt will take the tax from their respective bank accounts.

The bottom line to the various tasks that the executor is required to perform is that this person must fulfill the requirements detailed in the testament while complying with the inheritance laws.

### **The Last Person Standing**

The last person standing is the sole survivor receiving payments from public and private sources. This could be a military retiree or a surviving spouse. This person will die and it is best to plan for this eventuality while the last person is still standing. If there are financial assets, it's best to have a testament and designate therein who gets what.

The last person standing must have a trusted agent with a durable power of attorney. This trusted agent must be identified in the testament as the executor. In a German testament the executor is the Testamentsvollstrecker. The executor with the durable power of attorney has the legal authority to take all actions to close out the estate.

## **Closing out an Estate**

There are numerous actions to take to close out an estate for the last person standing. To whomever this responsibility is assigned, this person must be fully informed about all aspects of the estate. This person must have access to all bank accounts to be able to pay all residual bills.

Most closeout actions can be accomplished by email, via a website or fax. Occasionally, a letter is required.

There are specified and implied tasks to complete. The specified tasks are generally included in the testament. The implied tasks are essentially any other actions that must be taken to close out the estate.

Distributing the financial assets after the testament has been through the probate process is the easiest task.

If the person was living in a rental property, the rental property must be cleared and all related residual bills must be paid. If the apartment or house was owned, this real estate is handled in accordance with the testament. Generally, the real estate is to be sold. This is a specified task. The implied tasks include such actions as the clearing of the property and the redirecting all mail to the executor. Some of the redirected mail may require a follow-on action by the executor.

Another implied task is to inform the various organizations to which the person had a membership status as well as the various agencies with which the person had a business relationship. For example, the person may have been a life member of the Association of the United States Army (AUSA). Logically, this organization should be informed of the person's death so that routine correspondence is stopped.

Agencies that have a mandate to collect fees or quarterly income tax payments need to be informed. If they are not informed of the death, they will continue to automatically take their fees and payments from the person's bank account. Similarly, if the person had set up various monthly payments such as the

## **Closing out an Estate (Cont.)**

monthly rent payment, the executor must cancel whatever the person has set up.

When making the various notifications, the executor should always provide a copy of the death certificate.

Some agencies require a copy of the durable power of attorney. The executor should scan a copy of this document and provide it via email upon request.

When the person dies, the various banking institutions will inform the Finanzamt responsible for the inheritance tax, of the precise total value of the various accounts. This amount becomes the starting point. When the Erbschaftsteuererklärung is submitted, the executor must show sources of all cash flows into and out of the account.

The actions described above are those that apply to the close out of an estate for the last person standing.

There is one final point to make here. The executor must submit the final income tax returns, American and German, as appropriate. Therefore, the executor must notify each agency that will provide a 1099 or 1042S form of the executor's mailing address.

### **Landstuhl Regional Medical Center Update**

#### ***Specialty Care***

Specialty care is advanced care you get from a medical professional who is a specialist. This type of care is for diagnosis and treatment of diseases. If your primary care provider or manager isn't qualified to provide this care, he or she may refer you to a specialist who can.

#### ***Monthly Healthcare Availability Report***

The availability of specialty care varies from month-to-month. This link provides a good overview of what is currently available.

## Landstuhl Regional Medical Center Update (Cont.)

[https://landstuhl.tricare.mil/Portals/134/LRMC\\_Capacity%20Report%20November%202022%20for%20PAO\\_1.pdf](https://landstuhl.tricare.mil/Portals/134/LRMC_Capacity%20Report%20November%202022%20for%20PAO_1.pdf)

## Retiree Appreciation Day 2022

The Kaiserslautern Military Community Retiree Appreciation Day (RAD) was held on Thursday, 13 October 2022 at the Ramstein Officers Club, Ramstein Airbase. The USAG Rheinland-Pfalz and the 86<sup>th</sup> Airlift Wing were the co-sponsors.

It was a high energy happening. Three hundred Retirees, family members, surviving spouses and others attended. We had the opportunity to hear from three local commanders (Colonel Reid E. Furman, USAG Rheinland-Pfalz, Colonel Denny R. Davies, Vice-Commander, 86th Airlift Wing, and Colonel Andrew L. Landers, Landstuhl Regional Medical Center), as well as the director of Retired and Annuitant Pay, Julie Burandt-Partin, and the U.S Army Retirement Services Officer, Mark Overberg.

Each of the speakers focused their remarks on the Retirees. All of the local commanders expressed their admiration for the Retirees and the contributions they make within the various communities. Colonel Landers was very appreciative of the fact that the Retirees' healthcare needs offer some interesting and broadening treatment challenges and experiences for his medical staff.

Ms. Burandt-Partin spoke briefly about her directorate's interest in solving pay problems and providing a web site that is responsive to and user-friendly for Retirees and annuitants.

Mr. Overberg focused his remarks on being a Soldier for Life and doing what one can to promote the Army to young Soldiers and those who are considering an entrance on active duty.

All-in-all, it was a super RAD and much thanks to the lead organizers and planners of the event, Mr. Erik Thomsen, the USAG Rheinland-Pfalz Post Retirement Services Officer and

## Retiree Appreciation Day 2022 (cont.)

Ms. Denise Schleyer, a leading member of the 86<sup>th</sup> Airlift Wing Retiree Activities Office. Their final words on the execution of the RAD – “we’re going to make it even better next year.”

## Casualty Assistance Office (CAO) – What the CAO does and doesn't do

The government provided casualty assistance officer is responsible for assuring the surviving spouse is able to obtain all of the government's survivor benefits to which the survivor is entitled. In many cases, this only scratches the surface.

All private matters will be the responsibility of the surviving spouse. Some of these private matters include: making life insurance claims, probating the testament, taking care of the banking business, submitting TRICARE claims or submitting claims for healthcare provided to the Retiree prior to death to the private healthcare insurer, and advising and assisting the survivor with matters that the survivor is unable to master. A retiree CAO can ride to the rescue and provide such advice and assistance.

## Next Tri-City Retiree Luncheon

A Tri-City Retiree luncheon is planned for 1200 hours, Saturday, 10 December 2022 at the Restaurant Makedonia, Pleikartsförster Straße 130, Heidelberg-Kirchheim. All Retirees, widowed spouses of Retirees, family members and their guests are invited to attend.

To help us better plan the luncheon, please call or email your reservations to LTC (R) Lawrence Applebaum, 06224-52741 (Email: **L-M.Applebaum@t-online.de**) by Wednesday, 7 December 2022.

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A very wise man made a very profound statement, “The worst thing about doing nothing is that you never know when you are finished.