Note 12. Federal Employee and Veteran Benefits Payable

Federal Employee and Veteran Benefits Payable as of September 30, 2019, and 2018

(In billions of dollars)	Civilian 2019	Civilian 2018	Military 2019	Military 2018	Total 2019	Total 2018
Pension and accrued benefits	2,094.1	2,048.9	1,759.2	1,621.3	3,853.3	3,670.2
Veterans compensation and burial benefits	N/A	N/A	3,129.8	2,956.3	3,129.8	2,956.3
Post-retirement health and accrued benefits	415.1	403.3	830.2	787.0	1,245.3	1,190.3
Veterans education and training benefits	N/A	N/A	105.9	65.7	105.9	65.7
Life insurance and accrued benefits	54.6	54.9	5.7	6.3	60.3	61.2
FECA benefits	29.6	27.3	8.2	8.3	37.8	35.6
Liability for other benefits	1.4	1.2	6.5	1.8	7.9	3.0
Total federal employee and veteran benefits payable	2,594.8	2,535.6	5,845.5	5,446.7	8,440.3	7,982.3

Note: "N/A" indicates not applicable.

Change in Pension and Accrued Benefits

(In billions of dollars)	Civilian 2019	Civilian 2018	Military 2019	Military 2018	Total 2019	Total 2018
Actuarial accrued pension liability, beginning of fiscal year	2,048.9	2,013.8	1,621.3	1,568.0	3,670.2	3,581.8
Pension expense:						
Prior (and past) service costs from plan amendments or new plans	-	-	-	8.9	-	8.9
Normal costs	44.0	42.3	32.3	34.2	76.3	76.5
Interest on liability	66.3	68.7	56.1	57.5	122.4	126.2
Actuarial (gains)/losses (from experience)	15.0	(2.0)	1.1	9.6	16.1	7.6
Actuarial (gains)/losses (from assumption changes)	12.5	15.8	108.9	2.1	121.4	17.9
Other	0.2	0.1	-	-	0.2	0.1
Total pension expense	138.0	124.9	198.4	112.3	336.4	237.2
Less benefits paid	(92.8)	(89.8)	(60.5)	(59.0)	(153.3)	(148.8)
Actuarial accrued pension liability, end of fiscal year	2,094.1	2,048.9	1,759.2	1,621.3	3,853.3	3,670.2

Change in Post-Retirement Health and Accrued Benefits

(In billions of dollars)	Civilian 2019	Civilian 2018	Military 2019	Military 2018	Total 2019	Total 2018
Actuarial accrued post-retirement health benefits liability, beginning of fiscal year....	403.3	375.7	787.0	781.6	1,190.3	1,157.3
Post-Retirement health benefits expense:						
Prior (and past) service costs from plan amendments or new plans....................	-	-	-	(20.9)	-	(20.9)
Normal costs	16.3	15.8	21.5	20.5	37.8	36.3
Interest on liability	14.3	14.1	28.6	30.0	42.9	44.1
Actuarial (gains)/losses (from experience)	6.4	0.7	(15.3)	(17.2)	(8.9)	(16.5)
Actuarial (gains)/losses (from assumption changes)	(9.0)	12.9	30.1	14.7	21.1	27.6
Total post-retirement health benefits expense	28.0	43.5	64.9	27.1	92.9	70.6
Less claims paid.....................................	(16.2)	(15.9)	(21.7)	(21.7)	(37.9)	(37.6)
Actuarial accrued post-retirement health benefits liability, end of fiscal year............	415.1	403.3	830.2	787.0	1,245.3	1,190.3

The government offers its employees retirement and other benefits, as well as health and life insurance. The liabilities for these benefits, which include both actuarial amounts and amounts due and payable to beneficiaries and health care carriers, apply to current and former civilian and military employees. Large fluctuations in actuarial amounts can result from changes in estimates to future outflows for benefits based on complex assumptions and cost models.

OPM administers the largest civilian plan. DOD and VA administer the largest military plans. Other significant pension plans with more than $10 billion in actuarial accrued liability include those of the Coast Guard (DHS), Foreign Service (State), TVA, and HHS's Public Health Service Commissioned Corps Retirement System. Please refer to the financial statements of the entities listed for further details regarding their pension plans and other benefits.

Change in Civilian Life Insurance and Accrued Benefits

(In billions of dollars)	2019	2018
Actuarial accrued life insurance benefits liability, beginning of fiscal year	54.9	53.1
Life insurance benefits expense:		
New entrant expense	0.5	0.6
Interest on liability	1.8	1.9
Actuarial (gains)/losses (from experience)	(0.4)	(0.6)
Actuarial (gains)/losses (from assumption changes)	(1.6)	0.5
Total life insurance benefits expense	0.3	2.4
Less costs paid	(0.6)	(0.6)
Actuarial accrued life insurance benefits liability, end of fiscal year	54.6	54.9

Significant Long-Term Economic Assumptions Used in Determining Pension Liability and the Related Expense

	Civilian				Military	
	2019		2018		2019	2018
	FERS	CSRS	FERS	CSRS		
Rate of interest	3.50%	2.90%	3.60%	3.00%	3.40%	3.50%
Rate of inflation	1.60%	1.60%	1.60%	1.60%	1.80%	1.50%
Projected salary increases	1.10%	1.10%	1.30%	1.30%	1.80%	2.00%
Cost of living adjustment	1.30%	1.60%	1.40%	1.60%	1.80%	1.50%

Significant Long-Term Economic Assumptions Used in Determining Post-Retirement Health Benefits and the Related Expense

	Civilian		Military	
	2019	2018	2019	2018
Rate of interest	3.50%	3.60%	3.50%	3.60%
Single equivalent medical trend rate	4.40%	4.50%	4.25%	4.16%
Ultimate medical trend rate	3.10%	3.20%	4.05%	4.00%

Significant Long-Term Economic Assumptions Used in Determining Life Insurance Benefits and the Related Expense

	Civilian	
	2019	2018
Rate of interest	3.30%	3.40%
Rate of increase in salary	1.10%	1.30%

The actuarial accrued liability represents an estimate of the present value of the cost of benefits that have accrued, determined based on future economic and demographic assumptions. Actuarial accrued liabilities can vary widely from year to year, due to actuarial gains and losses that result from changes to the assumptions and from experience that has differed from prior assumptions.

In accordance with SFFAS No. 33, *Pension, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates*, entities are required to separately present gains and losses from changes in long-term assumptions used to estimate liabilities associated with pensions, ORB, and OPEB on the Statement of Net Cost. SFFAS No. 33 also provides a standard for selecting the discount rate assumption for present value estimates of federal employee pension, ORB, and OPEB liabilities. The SFFAS No. 33 standard for selecting the discount rate assumption requires it be based on a historical average of interest rates on marketable Treasury securities consistent with the cash flows being discounted. Additionally, SFFAS No. 33 provides a standard for selecting the valuation date for estimates of federal employee pension, ORB, and OPEB liabilities that establishes a consistent method for such measurements.

To provide a sustainable, justifiable data resource for the affected entities, Treasury developed a new model and methodology for developing these interest rates in fiscal year 2014. The model is based on the methodology used to produce the HQM Yield Curve pursuant to the *Pension Protection Act of 2006*.[2] As of July 2014, Treasury began releasing interest rate yield curve data using this new Treasury's TNC yield curve, which is derived from Treasury notes and bonds. The TNC yield curve provides information on Treasury nominal coupon issues and the methodology extrapolates yields beyond 30 years through 100 years maturity. The TNC yield curve is used to produce a Treasury spot yield curve (a zero coupon curve), which provides the basis for discounting future cash flows.

Civilian Employees

Pensions

OPM administers the largest civilian pension plan, which covers substantially all full-time, permanent civilian federal employees. This plan includes two components of defined benefits, the CSRS and the FERS. The basic benefit components of the CSRS and the FERS are financed and operated through the CSRDF, a trust fund. CSRDF monies are generated primarily from employees' contributions, federal entity contributions, payments from the General Fund, and interest on investments in Treasury securities. As of September 30, 2019, USPS has accrued, but not paid OPM, $8.2 billion in CSRS and FERS retirement benefit expenses since 2014.

The FRTIB administers the TSP. The TSP investment options include two fixed income funds (the G and F Funds), three stock funds (the C, S, and I Funds) and five lifecycle funds (L 2050, L 2040, L 2030, L 2020, and L Income). The L Funds diversify participant accounts among the G, F, C, S, and I Funds, using professionally determined investment mixes (allocations) that are tailored to different time horizons. Treasury securities held in the G Fund are included in federal debt securities held by the public and accrued interest on the Balance Sheet. The G Fund held $243.4 billion and $245.5 billion in nonmarketable Treasury securities as of September 30, 2019, and 2018, respectively.

The actuarial liability for civilian pension and accrued benefits payable increased $45.2 billion. This increase is partly attributable to changes in actuarial assumptions. The assumption loss results primarily from decreases to the assumed rates of interest, which was partly offset by a modest gain from changes to the assumed rates of salary increases and FERS annuitant COLA.

Post-Retirement Health Benefits

The post-retirement civilian health benefit liability is an estimate of the government's future cost of providing post-retirement health benefits to current employees and retirees. Although active and retired employees pay insurance premiums under the Federal Employee Health Benefits Program, these premiums cover only a portion of the costs. The OPM actuary applies economic and demographic assumptions to historical cost information to estimate the liability.

As of September 30, 2019, the USPS has accrued but not paid to the Postal Service Retiree Health Benefits Fund $47.2 billion in payments required under the *Postal Accountability and Enhancement Act of 2006* (P.L. 109-435, Title VIII). As of September 30, 2019, USPS has indicated payment of the total $47.2 billion due will remain open. The cost for each year's payment, including defaulted payments, along with all other benefit program costs, are included in USPS' net cost for that year in the consolidated Statements of Net Cost. The liability is not included on the governmentwide balance sheet due to the USPS liability being eliminated with the OPM receivable.

The post-retirement civilian health benefit liability increased $11.8 billion. This increase is due to the accruing cost of benefits and interest on the existing liability, slightly offset by an actuarial gain primarily attributable to updated cost curve, retirement plan choice assumptions and population changes.

Life Insurance Benefits

One of the other significant employee benefits is the FEGLI Program. Employee and annuitant contributions and interest on investments fund a portion of this liability. The actuarial life insurance liability is the expected present value of future benefits to pay to, or on behalf of, existing FEGLI participants, less the expected present value of future contributions to be collected from those participants. The OPM actuary uses salary increase and interest rate yield curve assumptions that are generally consistent with the pension liability.

As of September 30, 2019, the total amount of FEGLI insurance in-force is estimated at $711.5 billion ($608.5 billion for employees and $103.0 billion for annuitants).

[2] Treasury's HQM resource is available at: https://www.treasury.gov/resource-center/economic-policy/corp-bond-yield/Pages/Corp-Yield-Bond-Curve-Papers.aspx.

Workers' Compensation Benefits

DOL determines both civilian and military entities' liabilities for future workers' compensation benefits for civilian federal employees, as mandated by the FECA, for death, disability, medical, and miscellaneous costs for approved compensation cases, and a component for incurred, but not reported, claims. The FECA liability is determined annually using historical benefit payment patterns related to injury years to predict the future payments.

The actuarial methodology provides for the effects of inflation and adjusts historical payments to constant dollars by applying wage inflation factors (COLA) and medical inflation factors (CPIM) to the calculation of projected benefits.

DOL selects the COLA factors, CPIM factors, and discount rate by averaging the COLA rates, CPIM rates, and interest rates for the current and prior four years. Using averaging renders estimates that reflect historical trends over five years instead of conditions that exist in one year.

The COLAs and CPIMs used in the projections for fiscal year 2019 are listed below in the table.

Fiscal Year	COLA	CPIM
2020	1.47%	2.86%
2021	1.85%	3.05%
2022	2.12%	3.09%
2023	2.17%	3.47%
2024+	2.21%	3.88%

DOL selected the interest rate assumptions whereby projected annual payments were discounted to present value based on interest rate assumptions on the TNC Yield Curve to reflect the average duration of income payments and medical payments. The average durations for income payments and medical payments were 14.8 years and 9.3 years, respectively. Based on averaging the TNC Yield Curves for the current and prior four years, the interest rate assumptions for income payments and medical payments were 2.61% and 2.35%, respectively.

For the COLAs, CPIMs, average durations, and interest rate assumptions used in the projections for fiscal year 2018, refer to the fiscal year 2018 *Financial Report.*

Military Employees (Including Veterans)

Pensions

The Military Retirement System consists of a funded, noncontributory, defined benefit plan for military personnel (Services of Army, Navy, Air Force, and the Marine Corps) with an entry date prior to January 1, 2018 and the BRS, generally for military personnel with an entry date on or after January 1, 2018. The defined benefit plan includes non-disability retired pay, disability retired pay, survivor annuity programs, and Combat-Related Special Compensation. The Service Secretaries may approve immediate non-disability retired pay at any age with credit of at least 20 years of active duty service. Reserve retirees must be at least 60 years old and have at least 20 qualifying years of service before retired pay commences; however, in some cases, the age can be less than 60 if the reservist performs certain types of active service. P.L. 110-181 provides for a 90-day reduction in the reserve retirement age from age 60 for every 3 months of certain active duty service served within a fiscal year for service after January 28, 2008 (not below age 50). There is no vesting of defined benefits before non-disabled retirement. There are distinct non-disability benefit formulas related to four populations within the Military Retirement System: Final Pay, High-3, Career Status Bonus/Redux, and the BRS enacted in the *National Defense Authorization Act for Fiscal Year 2016*, effective January 1, 2018. The BRS is a new retirement benefit merging aspects of both a defined benefit annuity with a defined contribution account, through the TSP. The date an individual enters the military generally determines which retirement system they would fall under and if they have the option to select, via a one-time irrevocable election, their retirement system. Military personnel with a start date on or after January 1, 2018 are automatically enrolled in BRS. Although all members serving as of December 31, 2017 were grandfathered under the prior retirement system, Active Duty, National Guard and Reserve personnel meeting established criteria may have opted into BRS during calendar year 2018. Under the BRS, retiring members are given the option to receive a portion of their retired pay annuity in the form of a lump sum distribution. For more information on these benefits, see DOD's Office of Military Compensation website https://militarypay.defense.gov.

The DOD Military Retirement Fund was established by P.L. 98-94 (currently Chapter 74 of Title 10, U.S.C.) and accumulates funds to finance, on an accrual basis, the liabilities of DOD military retirement and survivor benefit programs. This Fund receives income from three sources: monthly normal cost payments from the Services to pay for DOD's portion of the current year's service cost; annual payments from the Treasury to amortize the unfunded liability and pay for the increase in the normal cost attributable to Concurrent Receipt (certain beneficiaries with combat-related injuries who are receiving payments from VA) per P.L. 108-136; and investment income.

The $137.9 billion increase in the Military Retirement Pension liability is primarily attributable to actuarial losses from assumptions changes, specifically, an increase in the assumed rate of future COLAs and decrease in the assumed rate of future interest.

Post-Retirement Health Benefits

Military retirees who are not yet eligible for Medicare (and their non-Medicare eligible dependents) are eligible for post-retirement medical coverage provided by DOD. Depending on the benefit plan selected, retirees and their eligible dependents may receive care from MTFs on a space-available basis or from civilian providers. This TRICARE coverage is available as Select (a preferred provider organization – a health plan that contracts with medical providers to create a network of participating providers; member cost-shares are typically higher for services received out-of-network) and PRIME (a health maintenance organization- a health plan that limits services to a specific network of medical personnel and facilities and usually by requiring referral by a primary-care physician for specialty care; coverage is also available for non-referred and out-of-network care, subject to higher cost-sharing). These postretirement medical benefits are paid by the Defense Health Agency on a pay-as-you-go basis.

Since fiscal year 2002, DOD has provided medical coverage to Medicare-eligible retirees (and their eligible Medicare-eligible dependents). This coverage, called TFL, is a Medicare Supplement plan which includes inpatient, outpatient and pharmacy coverage. Enrollment in Medicare Part B is required to maintain eligibility in TFL. Retirees with TFL coverage can obtain care from MTFs on a space-available basis or from civilian providers.

10 U.S.C., Chapter 56 created the DOD MERHCF, which became operative on October 1, 2002. The purpose of this fund is to account for and accumulate funds for the health benefit costs of Medicare-eligible military retirees, and their dependents and survivors who are Medicare eligible. The Fund receives revenues from three sources: interest earnings on MERHCF assets, Uniformed Services normal cost contributions, and Treasury contributions. The DOD Medicare-Eligible Retiree Health Care Board of Actuaries (the MERHCF Board) approves the methods and assumptions used in actuarial valuations of the MERHCF for the purpose of calculating the per capita normal cost rates (to fund the annual accrued benefits) and determining the unfunded liability amortization payment (the U.S. Treasury contribution). The Secretary of Defense directs the Secretary of Treasury to make DOD's normal cost payments. The MERHCF pays for medical costs incurred by Medicare-eligible beneficiaries at MTFs and civilian providers (including payments to U.S. Family Health Plans for grandfathered beneficiaries), plus the costs associated with claims administration.

DOD's actuaries calculate the actuarial liabilities annually using assumptions and experience (e.g., mortality and retirement rates, health care costs, medical trend rates, and the discount rate). Actuarial liabilities are calculated for all DOD retiree medical benefits, including both the benefits funded through the MERHCF as well as the benefits for pre-Medicare retirees who are paid on a pay-as-you-go basis. Military post-retirement health and accrued benefits payable increased $43.2 billion. This increase is due primarily to changes in actuarial assumptions and normal and interest costs, offset by changes due to benefit outlays and favorable recent claims experience. The change in actuarial assumptions totaling $30.1 billion is attributable to a $14.7 billion loss resulting from an increase in average medical trends and a $15.4 billion loss due to other assumption changes.

In addition to the health care benefits the federal government provides for civilian and military retirees and their dependents, the VA also provides medical care to veterans on an "as available" basis, subject to the limits of the annual appropriations. In accordance with 38 CFR 17.36(c), VA's Secretary makes an annual enrollment decision that defines the veterans, by priority, who will be treated for that fiscal year subject to change based on funds appropriated, estimated collections, usage, the severity index of enrolled veterans, and changes in cost. While VA expects to continue to provide medical care to veterans in future years, an estimate of such future benefits cannot be reasonably made. Accordingly, medical care expenses are recognized in the period the medical care services are provided and included on the Statement of Net Cost. For the fiscal years 2015 through 2019, the average medical care cost per year was $68.5 billion.

Veterans Compensation and Burial Benefits

The government compensates disabled veterans and their survivors. Veterans' compensation is payable as a disability benefit or a survivor's benefit. Entitlement to compensation depends on the veteran's disabilities incurred in or aggravated during active military service, death while on duty, or death resulting from service-connected disabilities after active duty.

Eligible veterans who die or are disabled during active military service-related causes, as well as their dependents, and dependents of service members who died during active military service, receive compensation benefits. In addition, service members who die during active military service and veterans who separated under other than dishonorable conditions are provided with a burial flag, headstone/marker, and grave liner for burial in a VA national cemetery or are provided a burial flag, headstone/marker and a plot allowance for burial in a private cemetery. These benefits are provided under 38 U.S.C., Part 2, Chapter 23 in recognition of a veteran's military service and are recorded as a liability in the period the requirements are met.

The liability for veterans' compensation and burial benefits payable is based on an actuarial estimate of future compensation and burial payments. It increased by $173.5 billion in fiscal year 2019. The $173.5 billion increase is primarily attributable to experience losses and assumption changes. The major impact of experience losses was an increase in veterans who first became eligible for benefits during fiscal year 2019. The major impact of losses from assumption changes was due to a decrease in the discount rate.

Several significant actuarial assumptions were used in the valuation of compensation and burial benefits to calculate the present value of the liability. A liability was recognized for the projected benefit payments to: 1) those beneficiaries, including veterans and survivors, currently receiving benefit payments; 2) current veterans who are expected in the future to become beneficiaries of the compensation program; and 3) a proportional share of those in active military service as of the valuation date who are expected to be future veterans and to become beneficiaries of the compensation program. Future benefit payments to survivors of those veterans in classes 1, 2, and 3 above are also incorporated into the projection. Additionally, on June 25, 2019, the President signed into law the *Blue Water Navy Vietnam Veterans Act of 2019* (P.L. 116-23) which extends the presumption of herbicide exposure, such as Agent Orange, to veterans who served in the offshore of the Republic of Vietnam between January 9, 1962 and May 7, 1975. The estimated cost of P.L. 116-23 was included as part of the prior service costs in the fiscal year 2019 liability estimate. The projected liability does not include any administrative costs.

The veterans' compensation and burial benefits liability is developed on an actuarial basis. It is impacted by interest on the liability balance, experience gains or losses, changes in actuarial assumptions, prior service costs, and amounts paid for costs included in the liability balance.

Change in Veterans Compensation and Burial Benefits

	Compensation		Burial		Total	
(In billions of dollars)	2019	2018	2019	2018	2019	2018
Actuarial accrued liability, beginning of fiscal year	2,949.1	2,805.1	7.2	4.9	2,956.3	2,810.0
Current year expense:						
Interest on the liability balance	103.8	102.7	0.3	0.2	104.1	102.9
Prior (and past) service costs from program amendments or new programs during the period	20.7	14.3	-	-	20.7	14.3
Actuarial (gains)/losses (from experience)	121.2	45.5	(0.1)	(0.1)	121.1	45.4
Actuarial (gains)/losses (from assumption changes)	20.9	66.8	-	2.4	20.9	69.2
Total current year expense	266.6	229.3	0.2	2.5	266.8	231.8
Less benefits paid	(93.0)	(85.3)	(0.3)	(0.2)	(93.3)	(85.5)
Actuarial accrued liability, end of fiscal year	3,122.7	2,949.1	7.1	7.2	3,129.8	2,956.3

Significant Economic Assumptions Used in Determining Veterans Compensation and Burial Benefits as of September 30, 2019, and 2018

	2019	2018
Rate of interest	3.42%	3.52%
Rate of inflation	2.23%	2.28%

Veterans Education and Training Benefits

For eligible Veterans and their dependents, the VA provides four education/retraining type programs:

- Post 9/11 GI Bill
- Montgomery GI Bill-Active Duty
- VR&E
- Survivors' & Dependents' Educational Assistance

Based on the actuarial estimates of future payments, the total liability for the four education and training programs increased by $40.2 billion in fiscal year 2019. The $40.2 billion increase is primarily attributable to experience losses and assumption changes. The addition of new projections for inclusion of future new enrollees in its actuarial models significantly increased the current year expenses and is included in the actuarial losses from assumption changes.

Prior to fiscal year 2019, the education actuarial modeling estimates were based only on enrollees who had already started to use their benefits and did not include assumptions for potential future new enrollees as an input to calculate the estimated liability. However, based on experience, it was probable that new enrollees would enroll in these programs in future years and that the associated liability needed to be recognized. However, during the fiscal year 2018, there was no reliable and credible experience data about new enrollees that could be used to develop an accurate estimate. As a result, a $12.0 billion adjustment was made outside of the model to account for the potential new enrollees in the next year. That adjustment was based on the number of new enrollees who began to use their Post-9/11 GI Bill benefits in fiscal year 2018.

In fiscal year 2019, VA conducted an in-depth experience study to refine the impact of the potential new enrollee assumption to be used in the estimates. As a result of the in-depth study, VA's September 30, 2019 education and training liability now includes an estimate of $48.3 billion for potential new enrollees who are eligible for Post-9/11 GI Bill and VR&E benefits.

For details regarding actuarial assumptions and the four education and training type programs, please refer to VA's financial statements.

Change in Veterans Education and Training Benefits

(In billions of dollars)	2019	2018
Actuarial accrued liability, beginning of fiscal year	65.7	50.7
Current year expense:		
Interest on liability	1.5	1.3
Actuarial (gains)/losses (from experience)	12.7	14.6
Actuarial (gains)/losses (from assumption changes)	37.1	10.0
Total current year expense	51.3	25.9
Less benefits paid	(11.1)	(10.9)
Actuarial accrued liability, end of fiscal year	105.9	65.7

Life Insurance Benefits

The largest veterans' life insurance programs consist of the following:

- NSLI covers policyholders who served during World War II.
- VSLI was established in 1951 to meet the insurance needs of veterans who served during the Korean Conflict and through the period ending January 1, 1957.
- S-DVI program was established in 1951 to meet the insurance needs of veterans who received a service-connected disability rating.

The components of veteran life insurance liability for future policy benefits are presented below:

Veterans Life Insurance Liability as of September 30, 2019, and 2018

(In billions of dollars)	2019	2018
Insurance death benefits:		
NSLI	1.8	2.3
VSLI	1.0	1.1
S-DVI	0.8	0.7
Other	0.3	0.3
Total death benefits	3.9	4.4
Disability income & waiver	0.8	0.8
Insurance dividends payable	0.8	0.9
Unpaid policy claims	0.2	0.2
Total veterans life insurance liability	5.7	6.3

Death benefit liabilities consist of reserves for permanent plan and term policies as well as policy benefits for Veterans Mortgage Life Insurance. Disability income and waiver liabilities consist of reserves to fund the monthly payments to disabled insureds under the Total Disability Income Provision and the policy premiums waived for qualifying disabled veterans. Insurance dividends payable consists of dividends left on deposit with VA and dividends payable to policyholders. Unpaid policy claims consists of insurance claims that are pending at the end of the reporting period, an estimate of claims that have been incurred but not yet reported, and disbursements in transit.

The VA supervises SGLI and Veterans Group Life Insurance programs that provide life insurance coverage to members of the uniformed armed services, reservists, and post-Vietnam Veterans as well as their families. VA has entered into a group policy with the Prudential Insurance Company of America to administer and provide the insurance payments under these programs. All SGLI insureds are automatically covered under the Traumatic Injury Protection program, which provides for insurance payments to veterans who suffer a serious traumatic injury in service.

The amount of insurance in-force is the total face amount of life insurance coverage provided by each administered and supervised program at the end of the fiscal year. It includes any paid-up additional coverage provided under these policies. The supervised programs' policies and face values are not reflected in VA's liabilities because the risk of loss on these programs is assumed by Prudential and its reinsurers through the terms and conditions of the group policy. As a result, the information provided for the supervised programs is for informational purposes only and is unaudited. The face value for supervised programs as of September 30, 2019, and 2018, was $1,167.3 billion and $1,207.8 billion, respectively. The face value for administered programs as of September 30, 2019, and 2018, was $6.6 billion and $7.3 billion, respectively. The face value of the insurance provided by Prudential and its reinsurers represents 99 percent of the total insurance in-force for both fiscal years 2019 and 2018.

Pension Benefits

The VA also provides certain veterans and/or their dependents with pension benefits, based on annual eligibility reviews. The pension program for veterans is not accounted for as a "federal employee pension plan" under SFFAS No. 5, *Accounting for Liabilities of the Federal Government* due to differences between its eligibility conditions and those of federal employee pensions. Therefore, a future liability for pension benefits is not recorded. VA pension liabilities are recognized when due and payable. The projected amounts of future payments for pension benefits (presented for informational purposes only) as of September 30, 2019, and 2018, was $100.2 billion and $104.8 billion, respectively.

Liability for Other Benefits

Liability for other benefits includes several programs. The largest program is VA's Community Care Program, with an estimated liability of $4.7 billion.