

# Survivor Benefit Plan

SECURITY FOR YOUR  
SURVIVORS

## Survivor Benefit Plan: Security for Your Survivors

Why do 8 out of 10 officers elect to participate in the Survivor Benefit Plan (SBP)? Because SBP provides good value, peace of mind, and a financial annuity for survivors of military retirees. This guide will help you decide whether SBP is right for you and help you choose the right coverage to meet your family's needs.

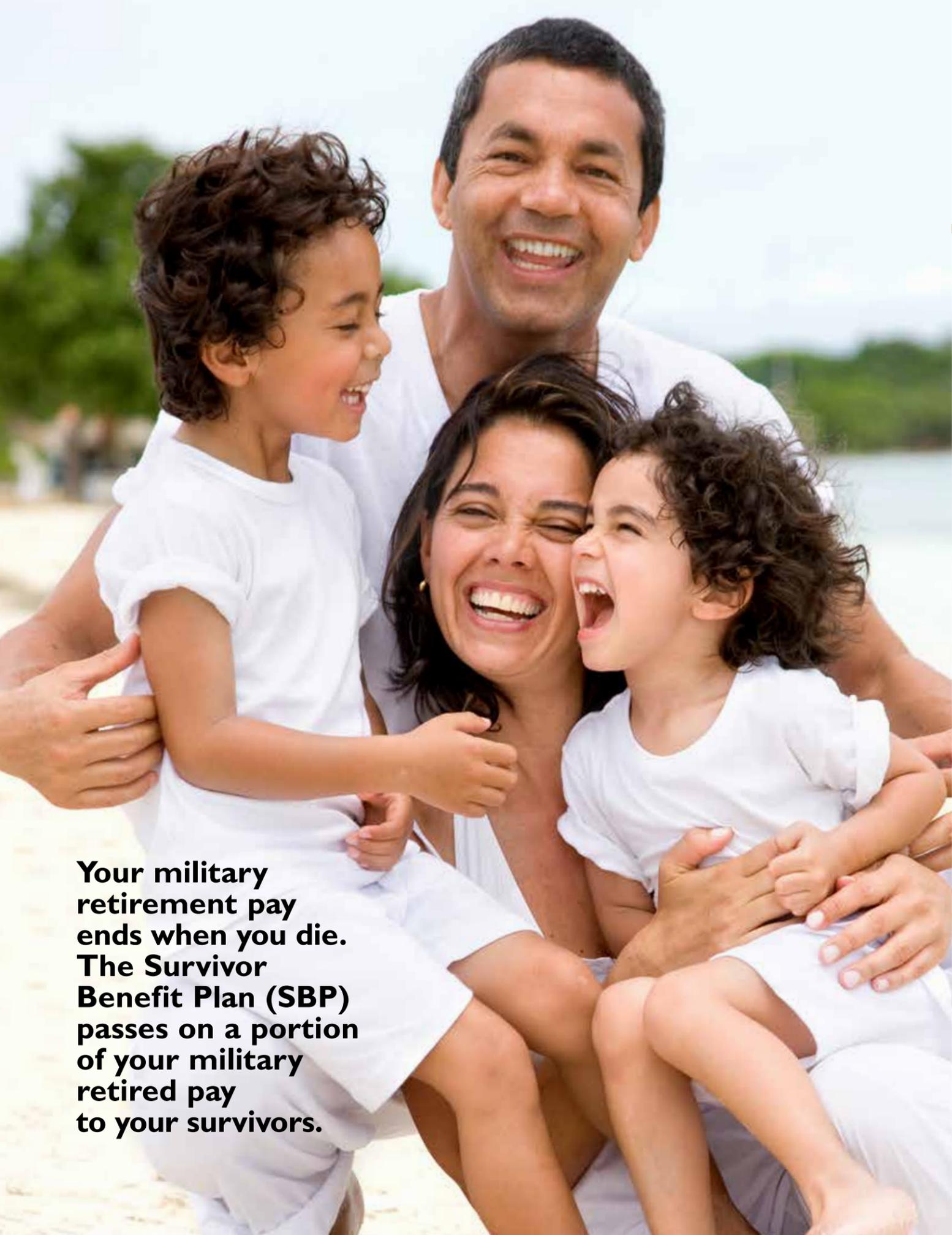
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**Your military retirement pay ends when you die. The Survivor Benefit Plan (SBP) passes on a portion of your military retired pay to your survivors.**

## Introduction

**THE SURVIVOR BENEFIT PLAN (SBP) PROVIDES A MONTHLY INCOME TO SURVIVORS FOR LIFE AND AUTOMATICALLY PROTECTS SURVIVORS OF ACTIVE DUTY SERVICEMEMBERS.**

SBP provides an inflation-adjusted monthly income for military retirees' survivors. It is automatic for survivors of active duty servicemembers.

At MOAA, we've found SBP is one of the least understood military benefits. We know it's not pleasant to consider our families without us, and civilian media do not dwell on topics like death. After all, civilian retirement plans typically pass assets to beneficiaries without a special designation.

Especially if you're counting on your retirement pay to get your children through college or to help fund your spouse's retirement, you'll want to know the intricacies of SBP so you can make an informed decision for you and your family.

You can turn to MOAA to answer your questions and act as your unbiased second opinion. Contact us via the methods below.



Contact MOAA  
about benefits and  
financial information.

- Email [beninfo@moaa.org](mailto:beninfo@moaa.org).
- Visit the MOAA Web Base at [www.moaa.org/benefitsinfo](http://www.moaa.org/benefitsinfo).
- Call the MOAA Member Service Center at (800) 234-MOAA (6622).
- Send mail to: MOAA  
Transition Center  
Benefits and Financial Education  
201 N. Washington St.  
Alexandria, VA 22314.

# Chapter 1

## The Survivor Benefit Plan (SBP)

### INTRODUCTION TO SBP

Although most of us put a great deal of time into planning for our retirements, it's also important to plan ahead to ensure our loved ones are taken care of after we die. Because your military retired pay ends when you die — and statistics show that a large majority of military retirees are survived by their spouses — SBP provides an inflation-adjusted monthly income to survivors for life.

SBP was created by Congress as a voluntary contribution program to provide protection for military retirees' survivors. All active duty servicemembers automatically are covered by SBP. At retirement, servicemembers must decide if they want to continue coverage for their survivors for a premium fee.

Unlike life insurance, the SBP annuity is not a lump-sum payment but a lifetime benefit to your eligible beneficiaries, providing a regular, reliable income that can't be maxed out. SBP holds several key advantages over alternative plans:

- The benefit amount increases regularly to keep pace with inflation.
- Premiums are pretax.
- Premiums are subsidized by the federal government.

When planning for your military retirement, carefully consider the options you have under the SBP plan, because it can affect the financial security of your survivors. This guide will help you assess whether SBP makes sense for you and your family.

### IMPORTANT CHANGES TO SBP

#### Ending the widows tax

The FY 2005 National Defense Authorization Act (NDAA) (P.L. 108-375, Oct. 28, 2004) contained the most important change to SBP in years — the phase-out of the inequitable and benefit-reducing SBP Social Security offset, also known as the “widows tax.”

As of April 1, 2008, recipients of SBP no longer have their annuities reduced/offset by Social Security entitlement.

#### SBP no longer terminates at death of covered former spouse

A recent legislative change made it legal for a retiree to change the SBP beneficiary from “former spouse” to “current spouse” if the former spouse dies while holding SBP beneficiary status.





**SBP doesn't provide a lump sum of immediate cash, but it can be invaluable in the long term by providing a guaranteed continuing source of income that is regularly adjusted for inflation.**

Your Family's Needs

Your Health

Family History

Female Retirees

Cost

Do the Math

SBP and Civil Service

Dual Members of the Services

Alternatives to SBP

Myths and Realities about SBP

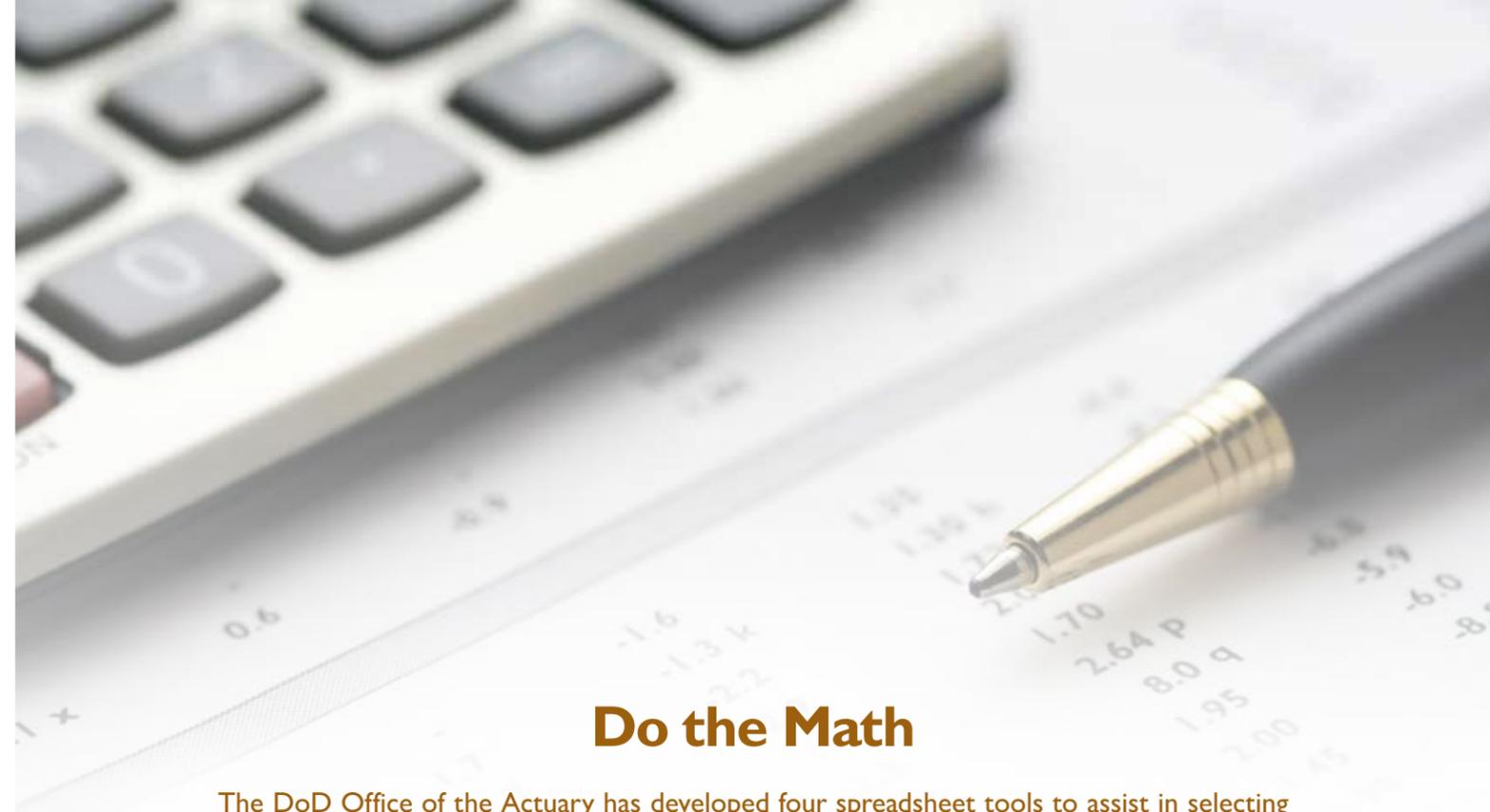
## Chapter 2 To SBP or Not to SBP?

### YOUR FAMILY'S NEEDS

To make a properly informed decision regarding participation in SBP, you should start by examining your needs — or, rather, the needs of your survivors. Take the time to sit down with your spouse and figure out how much income would be needed to maintain the desired lifestyle after your death.

- What expenses will your survivors face?
- Will your survivors be responsible for costs associated with a terminal illness, your funeral expenses, and taxes that must be paid immediately?
- What about other debts?
- How will your family handle mortgage or rent payments, educational expenses, and ordinary living expenses?
- If you die, what funds are available to meet your survivors' immediate needs?

The answers to these questions will tell you how much immediate income your family might require after you die and what they will need in the form of continuing, long-term income.



## Do the Math

The DoD Office of the Actuary has developed four spreadsheet tools to assist in selecting the appropriate level of SBP participation customized to a participant's unique circumstances. To access these tools online, visit [www.moaa.org/governmentsbp](http://www.moaa.org/governmentsbp). Select "Survivor Benefit Plan" and one of the programs below from the drop-down menu.

### SBP'S VALUE IS EVIDENT IN ITS PARTICIPATION RATES

	Army	Marine Corps	Navy	Air Force	Total
All Enlisted	80%	64%	68%	80%	77%
All Officers	80%	76%	75%	82%	79%
Total	80%	68%	70%	81%	78%

SBP participation rates of all military retirees as of Sept. 30, 2017. Source: Statistical Report on the Military Retirement System FY 2017, DoD Office of the Actuary, dated July 2018

**SBP Premium.** This program allows a military retiree to see the monthly premium rates using different SBP base amounts. \*\*\*New this year, RC-SBP premiums for reserve coverage.\*\*\*

**SBP Probability.** This program shows a new retiree the probability that his or her spouse will ever collect SBP benefits (i.e., will the spouse outlive the retiree?). The program uses mortality rates established by the DoD Office of the Actuary and approved by the DoD Retirement Board of Actuaries.

**SBP Subsidy.** A retiree can use this program to evaluate whether to elect SBP based on the value of SBP for his or her unique situation. Age, gender, health, and pay all can change the projected subsidy. In some cases the benefit might be unsubsidized. The program also shows a prospective retiree the value of the benefit that the spouse would receive at different times.

**SBP versus Insurance.** This program makes a financial comparison between buying SBP at the time of retirement and purchasing a term life insurance policy at that time.

SBP doesn't provide a lump sum of immediate cash to pay bills that might exist upon your death, but it will supplement your existing assets and any life insurance lump-sum payment with funds for day-to-day expenditures. SBP can be invaluable in the long term by providing a guaranteed continuing source of income that is regularly adjusted for inflation.

Review any assets you already have to see whether they are sufficient to meet your spouse's income needs over his or her projected lifetime. If not, consider using SBP and life insurance to make up the shortfall. If a combination of participation in SBP at the maximum level and life insurance still does not provide the income needed for your survivor, you might need to consult with a financial advisor to examine other alternatives to make ends meet.

### YOUR HEALTH

SBP coverage is available at retirement regardless of your health situation. Your health history — and your spouse's — are very important factors to consider in your SBP decision. For people in poor health, life insurance might be very difficult to obtain or prohibitively expensive.

If you are in poor health and your spouse is in excellent health, it is likely your spouse could outlive you by a considerable number of years. If you are in good health and your spouse has a history of health problems, you still should consider enrolling in SBP, as your ailing spouse might have difficulty earning an income.

### FAMILY HISTORY

Your family health history also should have a bearing on your SBP decision. Is there a history of heart disease in your family? Do you come from a long line of ancestors who lived much longer than normal life expectancy? What about your spouse's family history? In general, you can expect to live about as long, or a little longer, than your parents and grandparents.

Keep in mind, this is only one indicator and doesn't take into consideration accidents or your own lifestyle history of diet, exercise, alcohol consumption, smoking, etcetera.

As you plan for your family and your spouse, take your spouse's employment history into account.

- Is your spouse employed?
- Would your spouse be able to support himself or herself without your retired pay check?
- Is your spouse covered by an employer pension plan sufficient to cover living expenses?

- If your spouse is not employed, would he or she be able to earn sufficient income to live comfortably after you die?
- Will your spouse have income other than Social Security after age 60?
- Would your spouse have an adequate income if he or she were to become totally disabled?

If you answered no to any of these questions, your spouse would be at considerable financial risk if you were to die without sufficient planning. The beauty of SBP is there is no maximum benefit. The annuity continues as long as your eligible beneficiaries live. Because benefits increase automatically with the same cost-of-living increases that apply to military retired pay, SBP benefits keep pace with inflation over the long run.

### FEMALE RETIREES

The same factors that make SBP participation desirable for male retirees make participation debatable for female retirees, particularly at the maximum base amount. That's because women's life expectancy is approximately four to six years greater than men's. This difference in life expectancy, combined with the fact that wives, on average, are two years younger than their husbands, means male retirees can expect their wives to outlive them by a substantial number of years.

SBP for female retirees might not make as much sense, at least not if you're thinking about maximum coverage for your spouse. But if your husband is several years younger than you, SBP participation would be just as valuable to you as it is for a typical male retiree.

Even if you decline spouse coverage, you might want to consider participation in SBP for your children because this coverage is usually available at a minimal cost. Children-only coverage is an excellent value, especially for a child with a qualifying disability, which would entitle the child to benefits indefinitely.

### COST

SBP isn't free, of course, so cost should be one of your considerations. Like life insurance, SBP is a hedge against a potential outcome — your dying before your spouse dies. And like term life insurance, you might never "collect" on your premiums.

For most military retirees, the premium is more than offset by the benefits — and the peace of mind. Other factors to take into consideration include

- Premiums are paid with pretax dollars and are not included in your taxable income. That means the real cost to you each month is actually less because the premium reduces your taxable income.
- Premiums are subsidized by the federal government. The government covers approximately 40 percent of the cost of premiums for regular retirees and even more for reserve retirees, with SBP participants paying the remainder.

### SBP AND CIVIL SERVICE

If you elect SBP coverage and plan on becoming a federal civil service employee who could waive military retired pay for a combined military/civil service retirement payment, you will have the following SBP options at retirement:

- Drop SBP and elect civil service survivor coverage, or
- Keep SBP by declining civil service survivor coverage.

If you don't waive military retired pay, you can have survivor coverage under both SBP and civil service.

### DUAL MEMBERS OF THE SERVICES

Even if both you and your spouse are members of the uniformed services and you both qualify for retired or retainer pay, you still might need SBP, although the need for spousal SBP coverage is lessened. SBP is still worth considering for children-only coverage and, depending on your situation, spousal SBP coverage to supplement uniformed service retired or retainer pay.

### ALTERNATIVES TO SBP

If you're like most people, you'll shop around looking to obtain the greatest benefit for the least cost. As you look at SBP and alternatives, sooner or later you'll compare SBP with life insurance. Insurance

 With SBP, you pay premiums only as long as you have an eligible beneficiary, so if your spouse dies first or if you become divorced, the premiums can be suspended.



agents will tell you they have a program that can "beat" SBP. They don't. What they have only answers your misconceptions about SBP. Many life insurance agents are trained in the sale of life insurance as alternatives to pension survivorship. Even so, SBP is often superior to civilian employer-provided pension survivorship programs used by insurance agents when pitching life insurance as a viable alternative. The shortcomings of these other pension survivorship programs could include annuities that do not benefit from a COLA (as SBP does). Additionally, the reduced pension a retiree receives in practically all civilian plans is permanent, unlike SBP, which includes a paid-up provision after the later of 30 years or age 70 as well as the ability to suspend premiums if the retiree's spouse dies first. With SBP, you pay premiums only

as long as you have an eligible beneficiary, so if your spouse dies first or you become divorced, the premiums can be suspended.

Some retiring servicemembers mistakenly feel the benefits provided by SBP are not worth the premiums. They feel they can provide greater benefits for their survivors through life insurance or other investments. Some retirees pass on SBP in favor of 20- or 30-year term insurance, citing low expenses and intentions to invest. A common problem occurs when, 20 or 30 years down the road, these retirees find great difficulty renewing their term insurance and are unprepared for the high expense of term insurance at advanced ages. Although it is certainly possible to provide the same benefits as SBP through these means, experts find it is equally certain that it cannot be done for the same low cost

or with the same certainty.

You do not have to choose between life insurance and SBP. Even though SBP is an unbeatable program, it has no cash value features to borrow against in times of emergency. Remember you pay plenty for the cash value of insurance. (It's really your money, after all.) You can't cancel SBP to get a cash refund, and it won't provide large sums of immediate cash to pay bills that might exist upon your death.

Although SBP certainly can help in the long term, some type of savings or life insurance might be needed for emergencies or immediate expenses after your death. That is why many retirees supplement SBP with other programs. Life insurance is a valuable and necessary complement to SBP in building your estate, but life insurance can't replace SBP.

# MYTHS AND REALITIES ABOUT SBP

**Myth: Veterans' Group Life Insurance (VGLI) is superior to SBP.**

**Reality:** You should treat VGLI like any other type of life insurance. First, decide about SBP. Second, buy supplemental life insurance as needed, paying the fewest cents per thousand that you can from a reliable company. Look at prospective costs as you age and the cost during your first year of retirement.

**Reality:** SBP doesn't have cash value, and I can't borrow against it. When a product offers you a cash value buildup, you pay plenty for it. SBP is an income protection program that is often compared to term life insurance, which has no cash value. Term insurance is temporary protection purchased to protect a known risk for a known period of time. Its costs rise or the benefits decrease with age. SBP should, in fact, be likened to permanent increasing term protection at a constant relative cost, which cannot be outlived by the spouse recipient.

**Myth: Spouse costs are excessive when compared to benefits received.**

**Reality:** Generally, all SBP costs are recovered through annuity receipt within three years of the retiree's death. The most important features of SBP are that it provides an annuity that cannot be outlived and is adjusted annually for inflation. Some commercial plans have a termination date (a maximum period for which benefits will be paid). Others have a fixed starting date (a date before which no benefits will be paid). SBP has neither of these restrictions, and SBP is guaranteed for a spouse's lifetime, however long.

Considering that life expectancies for women between the ages of 45 and 65 are generally three to four years higher than men of the same age, and most husbands are two to three years older than their wives, costs usually are recouped at an age when Social Security survivor's benefits might not yet be accessible.

**Myth: SBP is an annuity taxed as ordinary income.**

**Reality:** The above is true, but remember this important feature: SBP premiums reduce your taxable pay. You realize this tax benefit because the premiums are deducted from your retired pay before taxable income is reported. This lowers your income tax obligation at a time when family income (and tax burden) is normally highest. The annuitant's tax bracket typically is significantly lower than when the retiree was alive.

**Myth: The cost of SBP increases.**

**Reality:** SBP costs do increase, but relatively speaking, the cost remains constant. Retired pay, SBP costs, and SBP annuities increase at the same rate — the annual retiree COLA. The built-in government subsidy, or cost share, always remains at the targeted 60 percent paid by the retiree and 40 percent paid by the government.

**Myth: SBP is rigid and cannot be tailored to meet individual needs.**

**Reality:** Whereas commercial plans require continual monitoring and adjustment because of changes in the economy and personal assets, SBP requires no review because of its annual inflation adjustments. Tailoring to individual need is accomplished when the SBP base amount is established.

**Reality:** SBP was never intended to be a legacy but was intended to provide protection for military survivor beneficiaries, primarily a spouse. Eligible children can be designated as alternate beneficiaries or, if unmarried, as primary beneficiaries, until they are no longer dependents. If you wish, you can provide assets for a residual estate, using products designed for that purpose: insurance, savings, and investments.

**Myth: I can buy more term insurance the first year cheaper than SBP.**

**Reality:** The key phrase here is "the first year." What happens in the first year doesn't really mean much. Term insurance expires, and premiums required to renew coverage increase with age. The SBP decision is for a lifetime. You can get a more in-depth picture of the actuarial comparisons, costs, and benefits by going to [www.moaa.org/governmentsbp](http://www.moaa.org/governmentsbp) and using the DoD Office of the Actuary online tools located under the Survivor Benefit Plan tab.

**Myth: There isn't a refund or any return of premiums if my spouse dies first.**

**Reality:** True. But you have gotten what you paid for — protection — in the form of a degree of financial security for your spouse had you died first. Your auto insurer does not return premiums if no accident occurs and neither does your home insurer if no fire occurs. Why? Because you paid for protection as it was received. SBP is similar but also is tax-advantaged, government-subsidized, and inflation-adjusted.

If the possibility of getting no money back upon your spouse's death bothers you, there is one simple way to minimize or eliminate that: insure your spouse's life. In fact, you can use the tax savings offered by SBP to purchase such a policy.

Don't forget, because SBP elections are "by category," the loss of your spouse suspends your costs until you remarry, at which time your previous coverage can be resumed at the same cost (6.5 percent). With a commercial product, the new spouse's particulars (age, health, and risk factors) would determine the cost of protection.



**Even if you are unmarried and don't have eligible children, you can choose coverage for relatives such as sisters, parents, aunts, and grandchildren.**

Changes After Retirement

Active Duty

Coverage Options

Spousal Concurrence

Payments for Incapacitated Survivors

Insurable Interest Coverage

## Chapter 3 Enrolling in SBP

In general, the decision to elect SBP coverage must occur before the date of your military retirement.

If you are not married and do not have dependent children at the time you retire, you can enroll in SBP later. Just remember, you must file the SBP election within one year after your marriage or acquisition of a dependent child.

### CHANGES AFTER RETIREMENT

Under some circumstances you can enroll in or make changes to your SBP election after your retirement

- New dependents. If you acquire eligible children or grandchildren, you can add them to SBP.
- Divorce. You can terminate coverage for a spouse as a result of divorce, unless you are compelled to continue coverage by court order or a divorce settlement.
- Death of spouse. SBP premiums payments are suspended if your spouse dies before you do.
- Remarriage. You can resume payments and protection 12 months after you remarry.

### ACTIVE DUTY

Although you might not realize it, if you are currently on active duty and you're married or have dependent children, you already are benefiting from SBP.

Retroactive to Sept. 10, 2001, SBP was amended to benefit survivors of all servicemembers who die on active duty. This is a vast improvement over previous regulations. Before Sept. 10, 2001, automatic SBP enrollment for active duty servicemembers only occurred after 20 years of service, and survivors of servicemembers who died with fewer than 20 years served were not covered by SBP.

Survivors of those who die on active duty are entitled to an SBP annuity of 55 percent of the deceased servicemember's retired pay — with retired pay being calculated as if the servicemember had retired on the day of death. For servicemembers with less than 30 years of service, this retirement pay is calculated as though they had retired on total disability, or 75 percent of base pay. Those with 30 to 40 years of service would have a retired base pay of 75 to 100 percent.

If the surviving spouse of an active duty servicemember has dependent children, the service secretaries, in consultation with the surviving spouse, may opt to have any dependent children receive the SBP annuity. Dependent children are also eligible to receive the SBP annuity when there is no eligible surviving spouse.

## COVERAGE OPTIONS

### Spouse-only

A spouse married to a servicemember on the date of retirement is eligible for SBP beginning on the date retired pay begins, with no length-of-marriage requirement.

Servicemembers who are unmarried on the date of retirement but later marry may provide SBP coverage for their first spouse acquired after retirement, but they must notify their pay agent in writing prior to the first anniversary of the marriage. The pay agent cannot honor a request received after the first anniversary of the marriage. The marriage must last for at least one year before the servicemember's spouse becomes eligible to receive the annuity. If a servicemember fails to elect SBP coverage for his or her first spouse acquired after retirement and subsequently divorces or the spouse dies, the servicemember cannot elect coverage for any subsequent spouse.

Servicemembers also may elect coverage for a former spouse or former spouse with children. Please see page 18 for more information about this option.

**Benefit amount election.** The annuity payable in the event of your death is 55 percent of the SBP base amount elected at retirement, adjusted for inflation. Base amount options range from a minimum of \$300 to full retirement pay. More than 95 percent of SBP participants elect full retirement pay as the base amount.

SBP annuitants are not precluded from accepting assistance from other people in completing and filing annuity application forms. Consequently, there is no basis for objection to an agent, under

a power of attorney, filing an annuity application form on a survivor's behalf, with the request that benefit payments be made directly to him or her provided he or she is not mentally incompetent (1986 65 CG 621).

**Cost.** Computing the cost of SBP is as easy as choosing your base amount, which can range from a minimum of \$300 up to a maximum of your gross retired pay. If you became a member of a uniformed service on or after March 1, 1990, and you are retiring for length of service (not disability), SBP cost is a flat 6.5 percent of the base amount (e.g., if your base amount is \$1,000, your monthly cost would be \$65.)

If you became a member of the uniformed services before March 1, 1990, or are retired due to a disability, you have the option of having SBP costs calculated under one of two formulas, whichever provides the lesser premium:

- 6.5 percent of base amount, or
- 2.5 percent of the established threshold amount (\$822 as of Jan. 1, 2018) plus 10 percent of the remaining base amount. The threshold amount increases each year at the same rate as active duty basic pay increases. Contact the SBP office at your local base to check the current threshold amount.

To calculate the cost of premiums for your family, visit [www.moaa.org/governmentsbp](http://www.moaa.org/governmentsbp) and click the DoD Actuary link. Select the premium calculator located under the Survivor Benefit Plan pull-down tab.

### Spouse and children

Spouse and children coverage provides a way to ensure a monthly income for your surviving spouse and, if your spouse dies or remarries before age 55, an annuity to your eligible children until they become self-supporting.

SBP benefits for spouse and children coverage are paid to your surviving spouse. Payments will be made only to unmarried children if the surviving spouse is no longer eligible because of remarriage before age 55 or death. The annuity would be divided evenly between eligible children. See "Children-only" coverage, next column, for eligibility requirements for children to receive benefits.

**Cost.** The cost of SBP for spouse and children is the sum of the premium for spousal coverage and an additional cost based on the ages of the youngest child and both spouses.

## Spousal Concurrence

Because your decision on SBP is of vital importance to both you and your spouse, the law requires you to obtain your spouse's concurrence in writing if you do not elect the maximum spouse coverage at the time of retirement.

If all requirements for an election needing the spouse's concurrence have not been satisfied before retirement, full spouse costs and coverage will be implemented, regardless of any request by the servicemember to do otherwise. If spousal concurrence is not obtained as a result of some administrative error, the servicemember should request an administrative correction of records.

Spousal concurrence is not required if you elect to provide coverage for a former spouse or former spouse and children. Spousal concurrence also is not required if you establish that you cannot determine your spouse's whereabouts or that, because of exceptional circumstances, seeking the spouse's concurrence would be inappropriate. Such exceptional circumstances are evaluated on a case-by-case basis. When a servicemember claims the spouse's whereabouts are unknown, the servicemember must sign a statement to that effect.



DoD establishes cost factors for children. Assuming maximum coverage, multiply the base amount by the cost factor to get the additional cost for child coverage.

#### **Former spouse/former spouse and children**

You may elect to provide SBP coverage for a former spouse or former spouse and children.

If you currently are married and elect SBP coverage for a former spouse, your current spouse must be notified, but spousal concurrence is not required.

Many servicemembers assume coverage will continue for their spouse after a divorce. But if you want to continue coverage for your now-former spouse, you must convert your SBP election from spouse coverage to former spouse coverage within one year of the date of the divorce.

You also might be required to provide coverage for the former spouse by court order, such as in cases of divorce, but only if you already were enrolled for spousal coverage under SBP. The benefit level for former spouse coverage has to remain the same as for spouse coverage. The court may not dictate a level of coverage greater or lower than that elected before the divorce.

The servicemember must, at the time of making the election for a former spouse, provide his or her pay agent with a written statement. It must be signed by the servicemember and the former spouse, setting forth whether the election is made pursuant to a written agreement entered into voluntarily by the servicemember or as a part of a divorce, dissolution, or annulment agreement and, if so, whether such voluntary written agreement has been incorporated in, or ratified or approved by, a court order.

**Cost.** The cost for former spouse or former spouse and children coverage is set according to the same formula as spouse and spouse/children coverage.

**Former spouse “deemed election.”** If you are the former spouse and your divorce decree stipulates the military member make the former spouse election, you should make a deemed election. You or your attorney should submit a deemed election request to make the former spouse election on your behalf due to the court order. The deemed election must be made within one year from the date of the court order. Mail the deemed election to your pay agent at the address found in Appendix C.

#### **Children-only**

Another option is to select coverage for your

children only. This might be appropriate for retirees with school-age children or children who are disabled or unable to care for themselves.

Since the cost is minimal, serious consideration should be given to this option even if you do not choose spousal coverage. A dependent child may be an adopted child, stepchild, grandchild, foster child, or recognized natural child (if the recognized natural child lived with the servicemember in a regular parent-child relationship).

Before you elect this children-only coverage, note you cannot later add coverage for your spouse or former spouse.

**Cost.** The cost formula for children-only coverage is based on your age and the age of the youngest child. Cost factors are determined by DoD. Multiply your base amount by the cost factor to arrive at the monthly premium.

Remember, deductions for child coverage stop when there is no longer an eligible child beneficiary.

To calculate the cost of premiums for your family, visit [www.moaa.org/governmentsbp](http://www.moaa.org/governmentsbp) and click the DoD Actuary link. Select the premium calculator located under the Survivor Benefit Plan pull-down tab.

**Benefits.** The annuity is always 55 percent of the base amount. It does not vary according to how many children you select as beneficiaries. It is not reduced by the amount of a child’s Dependency and Indemnity Compensation (DIC) entitlement (if eligible).

- Proceeds are shared equally by all eligible children.
- Payments will be made to unmarried children until they reach age 18.
- Payments will be made until age 22 for an unmarried child attending school full-time. For children whose birthdays fall before July 1 or after Aug. 31, DoD calculates the 22nd birthday based on age on July 1. For example, a child whose 22nd birthday is March 18 sees benefits cease on July 1 of the same year. A child turning 22 on Nov. 18 retains benefits until July 1 of the following year.

**Note:** In all cases you must consider the impact of SBP receipt on income limits for other benefits such as Medicaid, Supplemental Security Income (SSI), and related government benefits if you do not use a Special Needs Trust for an incapacitated child. Seek counsel from a qualified financial planner, attorney, etcetera.

## Payments for Incapacitated Survivors

You may choose to establish a court-appointed guardian or a representative payee for a designated SBP beneficiary who is mentally or physically incapable of self-support (referred to here as an incapacitated annuitant).

The SBP survivor benefit can be paid to a special needs trust for an incapacitated child (only a child). This ensures the SBP benefit payment does not negatively impact other state or federal aid your child may receive. Talk to your pay agency on the details behind establishing a special needs trust as your SBP beneficiary for your child.

There is no age limit for SBP payments to beneficiaries who are incapacitated children. Payments will be made to unmarried children

who are mentally or physically incapable of self-support because of a condition that existed before age 18 (or before age 22 if in school full-time). For such children, the annuity remains at 55 percent for life.

In all cases, don’t forget to consider the impact of SBP receipt on income limits for other benefits such as Medicaid, Supplemental Security Income, and related government benefits if you do not use a special needs trust for your child. A special needs trust cannot be used for SBP in cases where the beneficiary is not your child. Talk to your pay agency for the details behind designating a representative payee or court-appointed guardian for your SBP beneficiary.



### Additional considerations

- If you add a new dependent child after all your other children have become ineligible for an annuity and all premiums for their coverage have been terminated, the newly acquired child is eligible for an annuity even if you fail to notify your pay agent of the child's existence. You would be responsible for all delinquent premiums before annuity payments could begin.
- If you can document that a grandchild lives with you and is supported by you, the grandchild can qualify as a dependent child with certain limitations. This situation can become very technical. Discuss your specific situation thoroughly with your pay agent.
- If both you and your spouse are SBP participants, it is possible for your children to receive more than one SBP annuity if you both designate the children as your beneficiary.

### INSURABLE INTEREST COVERAGE

The insurable interest option is available only at retirement, and only if you are unmarried with either no dependent children or one dependent child. You may elect insurable interest coverage for that child regardless of the child's age or dependency.

The definition of a person with insurable interest is someone with a reasonable and lawful expectation of financial support from the continued life of the servicemember or a person having a reasonable and lawful basis founded upon the relationship of parties to each other, either financial or by blood or affinity, to expect some benefit or advantage from the continuance of the life of the retiree. Proof of financial benefit from the continuance of the life of the servicemember is required.

Examples of eligible people as insurable interest beneficiaries include:

- Parents, stepparents, grandparents, grandchildren, aunts, uncles, sisters, brothers, half-sisters, half-brothers, a dependent or nondependent child or stepchild, or any other person more closely related than a cousin.
- Unrelated persons (not a company or an organization) with a financial interest in your life and who would be financially affected by your death, such as business partners, joint property owners, etcetera.
- A former spouse cannot be named under this option.

Other circumstances include:

- If you are unmarried, you may elect an insurable interest annuity under SBP for your dependent child.
- If you are unmarried with adult children, you can elect insurable interest coverage for one of those adult children.

**Note:** An insurable interest beneficiary's eligibility is not affected by that person's age, student status, or financial or marital status. If you elect this coverage, you can change it to cover a spouse and children acquired after retirement.

**Cost.** The cost of insurable interest participation is considerably higher than the basic spouse-only cost. It is 10 percent of the gross retired pay plus an additional 5 percent of that pay for each full five years the beneficiary is younger than the retiree. The total cost cannot exceed 40 percent of the retired pay.

Paid-up status (a sum equal to 360 SBP premium payments) may not apply to insurable interest coverage. Contact your pay agent for more information.

**Annuity benefit.** It is important to note the benefit to the insurable interest beneficiary is not 55 percent of the base amount as it is for other beneficiaries. The benefit here is 55 percent of your gross retired pay less the premiums for this coverage.

Insurable interest coverage is voided if the servicemember retires for disability and dies within 12 months of retirement for a cause related to that disability, with premiums being refunded to the insurable interest. An exception is made in the event the insurable interest beneficiary is the sole dependent child named as an insurable interest rather than children-only coverage.

 The insurable interest option is available at retirement if you are unmarried with either no dependent children or one dependent child. You later can cover a spouse and children.



**Changes.** If you want to change your election to cover a newly acquired spouse or child, you must do so within one year after marriage or acquiring a child any time during that year. A written request for this change should be submitted to the servicemember's pay agent.

You can cancel an insurable interest election at any time. A written request for such withdrawal should be submitted to the servicemember's pay agent. If canceled, you cannot name a

new insurable interest.

If the named insurable interest dies, the retiree has 180 days to name a new insurable interest by submitting a written request to the pay agent. Coverage and premiums commence the first day of the month following the request. Coverage is canceled if the retiree dies within 24 months of the request, with premiums paid from the time of the second insurable interest election being refunded to the beneficiary.

## Chapter 4 Benefits of SBP

### AFFORDABLE PEACE OF MIND

In general, the annuity paid under SBP begins at the time of your death. Except for insurable interest beneficiaries, the amount of the benefit is equal to 55 percent of the base amount you selected (your base amount is between \$300 and the maximum amount of your gross retired pay). For insurable interest beneficiaries, see Coverage Options, page 16.

Benefits will be paid to your beneficiaries as follows:

- Spouse/former spouse — for life unless your survivor remarries before age 55.
- Dependent children — until age 18 (or until age 22 if enrolled as full-time students). Children must remain unmarried to receive the benefit.
- Disabled/incapacitated children — no age limit as long as they remain unmarried.
- Parties with insurable interest — for life.

### INCREASES IN BENEFITS

What makes SBP so valuable compared to most civilian pension survivorship plans is SBP benefits increase annually for inflation based on increases in the consumer price index. A monthly SBP annuity of \$1,650 a month today will grow to \$2,700 a month in 20 years.

These adjustments are one of the biggest advantages of the SBP program because they boost

the projected size of the annuity while you're alive — and your survivors will continue to see increases after you die even though you've stopped paying premiums.

For example, assuming COLA adjustments of 2.5 percent, a 45-year-old servicemember retires, elects an SBP base amount of \$3,000, and subsequently makes 360 payments for a total of almost \$103,000. After making the last payment, the now 75-year-old retiree dies, and the first SBP payment is 55 percent of an inflation-adjusted base amount of \$6,139.22, equaling \$3,376.57, and is paid monthly to the 73-year-old survivor. Within three years, the survivor has collected annuities in excess of total premiums paid; and within 20 years, at age 93, the survivor has received over \$1 million.

The chart below shows what can happen after retirement when inflation is 2.5 percent a year. Retired pay is increased periodically to keep pace with inflation, and survivor payments generally are increased at the same time by the same percentage. These increases are made even after the servicemember dies.

In this example, the annuity at age 90 would be roughly two times the amount it would have been at age 60. This demonstrates two very favorable features of SBP:

- Payments can never run out.
- Payments keep increasing in tandem with the cost of living.



### RETIRED PAY AND SBP APPRECIATION

Your Age	Retired Pay	Cost of SBP	55% Monthly Annuity	Total Yearly Annuity
60	\$3,000	\$195	\$1,650	\$19,800
65	\$3,395	\$220.68	\$1,867.25	\$22,407
70	\$3,840	\$249.60	\$2,112	\$25,344
75	\$4,345	\$282.43	\$2,389.75	\$28,677
80	\$4,915	\$319.48	\$2,703.25	\$32,439
85	\$5,560	\$361.40	\$3,058	\$36,696
90	\$6,290	\$408.85	\$3,459.50	\$41,514

Retired pay is increased to keep pace with inflation, and survivor payments generally are increased by the same percentage. This chart illustrates how significant these increases can be and how SBP can be a viable source of income for your survivors, just as you plan for your retired pay to be.



Keeping Pace With Life's Changes

Death of Spouse or Divorce

Remarriage

Revoking Coverage for Former Spouse

Remarriage of Former Spouse

## Chapter 5 Changing Your SBP Coverage

### KEEPING PACE WITH LIFE'S CHANGES

It is your responsibility to notify your pay agent when the status of a beneficiary changes. (See the list of pay agents in Appendix C.) Notification, with supporting documentation, should be made immediately after a change occurs so the appropriate adjustment may be made to your retired pay account. Examples of documentation include:

- copy of a death certificate when reporting the death of a former spouse;
- copy of a divorce decree and property settlement (if applicable) when reporting a divorce from a former spouse; or
- copy of a marriage certificate when reporting a remarriage of a former spouse prior to age 55.

### DEATH OF SPOUSE OR DIVORCE

Deductions from your retired pay continue as long as you have an eligible beneficiary for the SBP annuity. Deductions from your retirement pay will be suspended if your spouse dies before you do or following a divorce or marriage annulment.

To stop the SBP deduction, contact your pay agent with a letter providing your complete name and Social Security number and an explanation of your request. (Military members should complete a Survivor Benefit Plan Election Change Certificate (DD Form 2656-6) and send it, along with a copy of the death certificate or divorce or annulment decree, to the pay agent.)

### REMARRIAGE

If you remarry, your new spouse automatically assumes the same SBP coverage that was in effect for your previous spouse on the first anniversary of the remarriage (after you notify your pay agent of your remarriage). You have the option not to provide coverage for your new spouse. Your new spouse must be notified, and the option must be exercised within one year after remarriage.

Liability for deductions from retired pay begins one year after the remarriage, at which time the new spouse becomes an eligible beneficiary. An earlier date applies

if a child is born of that marriage. If you remarry your former spouse and your former spouse was your spouse at retirement, the one-year wait is not applicable and costs for coverage are effective with the date of remarriage.

Within one year of remarrying, a retiree who has spouse or spouse and children SBP coverage at less than the maximum level can increase the level of coverage to 55 percent of gross military retired pay. If coverage is increased, the military retiree must pay the difference, with interest, between the amount paid and the amount of SBP costs that would have been incurred if this level of coverage had been elected originally.

In this situation, the additional cost of spouse and children coverage will be discontinued when the youngest child reaches age 18, or age 22 if he or she is an unmarried full-time student.

The same rule applies if you elect children-only coverage. Simply send a letter or form to your pay agent when you no longer have a child eligible for SBP benefits. If you have combined spouse and children coverage and are divorced or your spouse dies, the cost for the children's coverage (if still eligible) will be recalculated. That might result in a higher premium rate for the children's component of the coverage. But the total premium rate will be much less because the spouse is dropped from coverage.

### REVOKING COVERAGE FOR FORMER SPOUSE

A servicemember who elects to provide an annuity to a former spouse or to both a former spouse and dependent child may, subject to statutory rules summarized below, change that election and provide an annuity to his or her spouse or dependent child. In all cases, the servicemember is required to notify the former spouse of any such change in an SBP election.

If the servicemember's previous election of SBP coverage for the former spouse (or to both a former spouse and dependent child) was made pursuant to a court order or if a servicemember enters into a written agreement (whether voluntary or required by a court order) to make such an election and the agreement has been incorporated, ratified, or approved by a court order, the servicemember or former spouse must furnish a certified copy of the court order to the pay agent within one year from the date of divorce.

If the servicemember's previous election of SBP coverage for the former spouse was made pursu-

ant to a written agreement with the former spouse entered into as a part of or incident to a proceeding of divorce, dissolution, or annulment, but the agreement has not been incorporated, ratified, or approved by a court order, the servicemember must furnish a statement signed by the former spouse certifying the former spouse's agreement to the change in the election to the pay agent. Such a change can be made only with the former spouse's written concurrence.

If the agreement was part of a court-ordered settlement, a change to the court order no longer mandating former spouse coverage must be obtained before changing coverage.

### REMARRIAGE OF FORMER SPOUSE

If your former spouse remarries prior to age 55, both coverage and premiums are suspended. But this only suspends your obligation while your former spouse is remarried. You cannot terminate former spouse coverage or change your beneficiary to spouse and/or children coverage based solely on the former spouse's remarriage.

To suspend coverage and premiums because of the former spouse's remarriage prior to age 55, the servicemember must include a copy of the former spouse's marriage certificate with notification to the pay agent. Former spouse costs will be suspended on the first day of the month after the date the former spouse remarries.

If former spouse coverage and premiums were suspended as a result of the former spouse's remarriage prior to age 55 and the remarriage ends, former spouse coverage is reinstated the day after the date of the termination of the remarriage, and costs for former spouse coverage are reinstated effective the first day of the month after the date the former spouse's remarriage terminates. You must provide your pay agent a copy of the former spouse's divorce decree or the death certificate of the person to whom the former spouse was married.

If the servicemember dies during the period in which former spouse coverage is suspended because of the former spouse's remarriage before age 55, the former spouse would be eligible for an annuity if the remarriage subsequently ends.

A former spouse's remarriage at age 55 or older does not affect either former spouse coverage or premiums because the former spouse remains eligible to receive an annuity immediately in the event of the servicemember's death.

## Chapter 6 Other Survivor Benefit Considerations

### DEPENDENCY AND INDEMNITY COMPENSATION (DIC) BENEFIT

The VA pays a benefit called Dependency and Indemnity Compensation (DIC) to a surviving spouse and dependent children if a servicemember dies of a service-connected cause. This includes death while on active duty or death later due to an injury or disease contracted while the servicemember was on active duty.

DIC is important whether or not you're enrolled in SBP. It is tax-free compensation to a surviving spouse, not a pension for the needy. It's not connected with any kind of earnings test. It is payable to a surviving spouse regardless of any other income.

If you have any indication of a service-connected disability, you should arrange for a VA evaluation at the time of your retirement. It is important any kind of service-connected condition be made a matter of record. It will make things much easier for your survivors if a claim for DIC is possible.

#### DIC Benefits

DIC is a benefit paid monthly to eligible survivors of a:

- military servicemember who died while on active duty, or
- a veteran whose death resulted from a service-related injury or disease, or
- a veteran whose death resulted from a non- service-related injury or disease and who was receiving or was entitled to receive VA compensation for a service-connected disability that was rated as totally disabling:
  - for at least 10 years immediately before death, or
  - since the veteran's release from active duty and for at least five years immediately preceding death, or
  - for at least one year before death if the veteran was a former prisoner of war who died after Sept. 30, 1999.

The VA determines who is eligible for DIC. This benefit is not automatic. An application form has to be submitted to the VA. Contact the VA at (800) 827-1000 for more information.

Find the latest DIC benefit rates at [http://benefits.va.gov/compensation/current\\_](http://benefits.va.gov/compensation/current_)



rates\_dic.asp. DIC is a lifetime income for surviving spouses. However, remarriage by a surviving spouse on or before age 55 suspends the annuity. If the remarriage ends, the annuity will start again. If remarriage occurs on or after age 56, the annuity continues uninterrupted.

#### REMARRIAGE

If your surviving spouse remarries, this can affect SBP and DIC.

- The key age for surviving spouse remarriages is 56 for both SBP and DIC since both payments continue at age 56 and after. Remarriages prior to reaching this age leads to a suspension in either DIC or both payments. SBP continues after a remarriage at age 55 and after where DIC is suspended at age 55 and before. Both SBP and DIC are suspended at age 54 and before.
- A surviving spouse who remarries after age 55 maintains both benefits as is.



## Appendix A: Legislative History of SBP

### Sept. 21, 1972 (P.L. 92-425)

- Repealed the Retired Serviceman's Family Protection Plan (RSFPP) and established SBP.
- Established that until age 62, payment is 55 percent of the base amount.
- At age 62 or older, the payment is reduced, dollar-for-dollar, by Social Security entitlements resulting from a servicemember's military service performed after 1956 (Social Security offset).
- COLAs are applied to the base amount and annuity.
- Established active duty death coverage for surviving spouses if a servicemember had 20 or more years of active service.
- Annuity was reduced by Dependency and Indemnity Compensation (DIC) awarded by the VA if a servicemember death is service-connected.
- Suspended payments for surviving spouses remarrying before age 60.

### Nov. 16, 1973 (P.L. 93-155)

- Extended enrollment deadline until March 20, 1974.

### Sept. 2, 1974 (P.L. 93-406)

- Exempted SBP costs from federal income taxes.

### Oct. 14, 1976, but effective Oct. 1, 1976 (P.L. 94-496)

- Spouse costs were suspended if marriage ends in death or divorce.
- Reduced the waiting period for new spouse's eligibility to one year following a postretirement marriage.

### Sept. 30, 1978 (P.L. 95-397)

- Eliminated the Social Security offset for working surviving spouses age 62 or older (SBP is reduced at age 70, regardless of employment status).
- Restored SBP for surviving spouses who remarry after age 60 and lose DIC.

### Oct. 9, 1980, but effective Dec. 1, 1980 (P.L. 96-402)

- Established a new method for computing costs after the COLA.
- The Social Security offset is limited to 40 percent of the pre-age 62 annuity amount.
- Awarded SBP to surviving spouses of retirement-eligible servicemembers who died on active duty before Sept. 21, 1972.
- Added a withdrawal clause for servicemembers rated totally disabled by the VA, after being rated totally disabled by the VA for 10 consecutive years (or five years if awarded a 100-percent VA disability rating at retirement).

### Aug. 13, 1981 (P.L. 97-35)

- Established a one-year open enrollment period (Oct. 1, 1981, to Sept. 30, 1982) for servicemembers entitled to retired pay on or before Aug. 13, 1981.
- Added an option to enroll or increase previously elected coverage.
- Added a spouse option to children-only coverage.
- Established that a servicemember had to live for two years before beneficiary eligibility.

### Sept. 8, 1982 (P.L. 97-252)

- The Uniformed Services Former Spouses' Protection Act

was a provision of this legislation and was later amended by P.L.s 98-525 and 100-456.

- Authorized former spouse coverage for retiring servicemembers. (Elections became effective no earlier than Feb. 1, 1983.)

### Oct. 19, 1984 (P.L. 98-525)

- Deemed elections by former spouses within one year of court order requiring SBP to be established on former spouse's behalf.

### Nov. 8, 1985, but effective March 1, 1986 (P.L. 99-145)

- Required spouse's written concurrence for retiring servicemember's election that provides less than maximum spouse coverage (Title 10 U.S.C. 1448(a)(3)(A)).
- Permitted servicemembers with any SBP option to make new former spouse elections until Nov. 8, 1986 (open season).
- Permitted former spouse and child coverage (open season until Nov. 8, 1986).
- Established a two-tier system (55 percent/35 percent) to determine SBP annuities:

- First tier: 55 percent of base amount until surviving spouse is age 62.
- Second tier: 35 percent of base amount for surviving spouses age 62 or older.

- Annuitants are grandfathered if the servicemember was retired or retirement-eligible on or before Oct. 1, 1985, but the Social Security offset formula can be used if it is more favorable.

- Servicemembers who retired between Oct. 19, 1984, and Nov. 8, 1985, are permitted to withdraw (request must be submitted before Nov. 8, 1986); premiums were refunded.

- SBP for children established if the retirement-eligible servicemember and spouse die as result of common accident.

### July 1, 1986, Military Retirement Reform Act (P.L. 99-348)

- Payments to surviving spouses of servicemembers who first entered active duty after Aug. 1, 1986, will be increased by the Consumer Price Index until the servicemember would have been age 62, then a one-time COLA catch-up will be applied.

### Oct. 28, 1986 (P.L. 99-576)

- Authorized offsetting VA compensation to collect certain service debts, such as SBP premiums.

### Nov. 14, 1986 (P.L. 99-661)

- Remarriage before age 55 suspends coverage or annuity payments.
- Removed the age-62 reduction on annuities of disabled children.
- Established active duty death benefits for children if there is no surviving spouse or the spouse subsequently dies.
- Repealed the common accident limitation under the active duty death provision (formerly, child eligibility contingent upon servicemember and spouse dying as a result of a common accident).

### Nov. 29, 1989 (P.L. 101-189)

- Established a new computation for spouse and former

spouse costs (effective March 1, 1990): 6.5 percent of the base amount. The old formula (2.5 percent of the threshold amount, plus 10 percent of the remaining base amount) will be used if it is more favorable for servicemembers who were on active duty on or before Feb. 28, 1990, or servicemembers retired for disability (Chapter 61) or non-regular service (Chapter 1223).

- Established the Supplemental SBP (SSBP) option for retiring servicemembers (effective Oct. 1, 1991, but deferred until April 1, 1992). The SSBP annuity (5, 10, 15, or 20 percent of full retired pay) is paid in addition to the standard 35-percent tier payment for surviving spouses ages 62 or older. Servicemembers electing SSBP must waive Social Security offset computations, even if these are more favorable. Authorized a one-year open enrollment period scheduled to begin Oct. 1, 1991 (deferred to April 1, 1992). Elections are not valid unless the servicemember lives for two years from the effective date of the election.

### Nov. 5, 1990 (P.L. 101-510)

- Delayed implementation of open enrollment and SSBP until April 1, 1992.

### Nov. 15, 1990 (P.L. 101-508)

- VA limited payment of DIC to widows who do not remarry (effective Nov. 1, 1990).

### Dec. 5, 1991 (P.L. 102-190)

- Authorized an additional premium for open-enrollment elections (up to 4.5 percent for servicemembers retired more than 18 years).
- Established the SSBP annuity must be based on full retired pay.
- Determined servicemember may elect SSBP in increments of 5 percent up to 20 percent (effective April 1, 1992).

### Oct. 23, 1992 (P.L. 102-484)

- Eliminated the two-year survival period for servicemembers making an open-enrollment election if married to survivors who were entitled before Nov. 1, 1990, to receive DIC based on a previous marriage.

### Oct. 29, 1992 (P.L. 102-568)

- Eliminated grade-based DIC payments. Surviving spouses of servicemembers who died on or after Jan. 1, 1993, receive \$750, regardless of the servicemember's grade.
- Increased Servicemembers' Group Life Insurance and Veterans' Group Life Insurance from \$100,000 to \$200,000, effective Dec. 1, 1992.

### Aug. 10, 1993 (P.L. 103-66)

- COLA delayed until March 1, 1994.

### Nov. 18, 1997 (P.L. 105-85)

- Established option to terminate SBP participation.
- Authorized a one-year opportunity (May 17, 1998, to May 16, 1999) for servicemembers retired for more than two years (as of May 17, 1998) to disenroll (must provide spouse/former spouse's written concurrence and release of requirement to provide former spouse SBP, if appropriate).
- Servicemembers retired less than two years on the effective date may terminate participation (with the spouse/former spouse's concurrence and release of requirement to provide former spouse SBP, if appropriate) during the one-year period commencing on the second anniversary of the receipt of retired pay.
- Removed the one-year restriction for servicemembers to change from former spouse to spouse coverage.

- Provided an annuity for certain military surviving spouses of servicemembers who were retired and died prior to March 21, 1974, and reservists who died between Sept. 21, 1972, and Oct. 1, 1978, and who at time of death would have been entitled to retired pay but were not yet age 60. The surviving spouse must not have remarried or otherwise be entitled to SBP, DIC, or RSFPP.

### June 9, 1998 (P.L. 105-178)

- Effective Oct. 1, 1998, reinstated the eligibility of certain remarried surviving spouses for DIC upon termination of that remarriage. The Omnibus Budget Reconciliation Act of 1990 had terminated a survivor's ability to requalify for DIC when a subsequent marriage ended, restricting payment of DIC to survivors who never remarried.
- Changed the first month of eligibility for payment of DIC to a surviving spouse to the month after the month of the termination of such remarriage. No payment is made for any month before October 1998.

### Oct. 17, 1998 (P.L. 105-261)

- Added a paid-up provision for SBP participants age 70 or older, whose retired pay has been reduced for 360 months or more, to become effective Oct. 1, 2008.
- Established SBP open-enrollment period (March 1, 1999, to Feb. 29, 2000) for servicemembers not participating to the fullest possible extent.
- One-time buy-in premium required.
- Amount determined by date retiree first had eligible beneficiary.
- Two-year survival clause: If the retiree dies within two years of the effective date, premiums refunded to person who would have been the beneficiary.
- Prohibited servicemembers who withdrew under P.L. 105-85 from submitting elections during this enrollment.

### Oct. 5, 1999 (P.L. 106-65)

- Authorized two active duty pay increases: one effective Jan. 1, 2000, for all grades; the second, a special pay increase for selected grades effective July 1, 2000, resulting in two SBP threshold amounts.
- Servicemembers who elected SBP coverage during the open enrollment will be treated as if they elected coverage at their first opportunity (time will be used in computing 360 payments for the paid-up provision).
- Extended the paid-up provision (age 70 and 360 payments) to the RSFPP, to become effective Oct. 1, 2008.

### Oct. 30, 2000 (P.L. 106-398)

- Requires National Guard and Reserve servicemembers who have completed their service obligation and are considered entitled for retired pay, but who are not yet age 60, to obtain their spouses' concurrence in reserve component SBP elections that do not provide the maximum spouse coverage (immediate option). Applies to all servicemembers receiving notification of service completion after Jan. 1, 2001.

### Dec. 28, 2001 (P.L. 107-107)

- SBP eligibility extended to spouse or eligible children of all active duty deaths classified in-the-line-of-duty since Sept. 10, 2001.
- The annuity is computed as if the servicemember were retired with full disability rating on the date of death.
- No change was made to the eligibility or the computation of the SBP annuity for a retirement-eligible servicemember

whose death is determined not to be in-the-line-of-duty.  
**Oct. 28, 2004 (P.L. 108-375)**

- Phased out the SBP “widow’s tax” by increasing the minimum SBP annuity for survivors age 62 and older to 40 percent of retired pay as of Oct. 1, 2005; to 45 percent of retired pay on April 1, 2006; to 50 percent on April 1, 2007; and to 55 percent on April 1, 2008.
- Retirees with SSBP will maintain the same coverage levels, but such retirees will no longer have to pay the extra premium for the supplemental SBP coverage as of the date the new law is enacted
- Created an open season and allows retirees not enrolled in SBP to participate in a one-year open-enrollment period starting Oct. 1, 2005, provided they make a lump-sum payment covering all back premiums, plus interest, since the date of first eligibility.

**January 2008 (P.L. 110-181)**

- Contained a temporary provision to minimize the VA’s DIC offset to SBP, and since 2008, survivors subject to this offset have received monthly Special Survivor Indemnity Allowance (SSIA). For FY 2015, SSIA is \$200; for FY 2016, SSIA will be \$275; for FY 2017, SSIA will be \$310. SSIA payments terminate Oct. 1, 2017, unless extended by Congress.

**2013**

- A new legal interpretation of the laws regarding SBP results in a change to SBP coverage in the event of the death of a former spouse. See page 5 for details.

**Dec. 26, 2013 (P.L. 113-67)**

- Modified the annual COLA for working-age retirees by making the adjustments equal to inflation minus 1 percent. This provision would go into effect in December

2015. At age 62, retired pay would be adjusted as if the COLA had been the full CPI adjustment in all the previous years, and the servicemember would receive the full COLA from then on.

- Other than reducing retirement pay base for full SBP election, it is unclear how SBP annuitants are affected. Are SBP annuitants considered paid up at 62 years or following death of retiree before age 62? Are annuitants subject to a 1-percent COLA prior to age 62?

**Nov. 25, 2015 (P.L. 114-92)**

- Amended the SBP statute to provide a member who had made an election to provide SBP or Reserve Component SBP (RCSBP) coverage for a former spouse the ability to cover a subsequent spouse if the former spouse dies. The enactment of this legislation included provisions in the form of an open season period to accommodate members whose covered former spouse beneficiaries were already deceased when the legislation was enacted.
- For those married for at least one year on the former spouse’s date of death, the effective date is the first day of the first month after the date of death of the former spouse.
- For those married after the former spouse’s date of death (or in the one-year period preceding the date of death of the former spouse), the effective date is the first day of the first month after the first anniversary of the marriage.

**Dec. 12, 2017 (P.L. 115-91)**

- Extends SSIA by making it a permanent benefit. The benefit will now be paid at \$310 a month, plus a cost-of-living adjustment each calendar year. The cost-of-living adjustment will begin in 2019.

**January 5, 2021 (P.L. 116-315)**

- H.R. 7105, section 2009, reduced the remarriage age to 55 for survivors with VA DIC allowing them to maintain their DIC payments matching the age at which SBP payments continue after remarriage.



## Appendix B: List of Pay Agents

### For Military Members

Defense Finance and Accounting Service (DFAS)  
U.S. Military Annuitant Pay  
8899 E. 56th St.  
Indianapolis, IN 46249-1300  
(800) 321-1080 or  
(216) 522-5955  
Fax: (800) 982-8459  
**www.dfas.mil**  
Customer service representatives are available Monday-Friday, from 8 a.m. to 5 p.m. Eastern time.

### NOAA

Commanding Officer  
U.S. Coast Guard  
Pay & Personnel Center  
c/o NOAA Corps Payroll Unit  
444 S.E. Quincy St.  
Topeka, KS 66683-3541  
(785) 339-3499 or  
(785) 339-3497  
Fax: (785) 339-3790  
**www.corpscpc.noaa.gov/benefits/index.html**

### U.S. Coast Guard

Commanding Officer (RAS)  
U.S. Coast Guard  
Pay & Personnel Center  
444 S.E. Quincy St.  
Topeka, KS 66683-3591  
(866) 772-8724 or  
(785) 339-2200  
Fax: (785) 339-3780  
**www.dcms.uscg.mil/Our-Organization/Assistant-Commandant-for-Human-Resources-CG-1/Pay-and-Personnel-Center-PPC/**  
Customer service representatives are available Monday-Friday, from 7 a.m. to 4 p.m. Eastern time.

### USPHS

Commanding Officer  
U.S. Coast Guard  
Pay & Personnel Center  
444 S.E. Quincy St.  
Topeka, KS 66683-3591  
(800) 772-8724 or  
(785) 339-3415  
Fax: (785) 339-3770  
**http://dcms.uscg.mil/ppc/ras/**

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