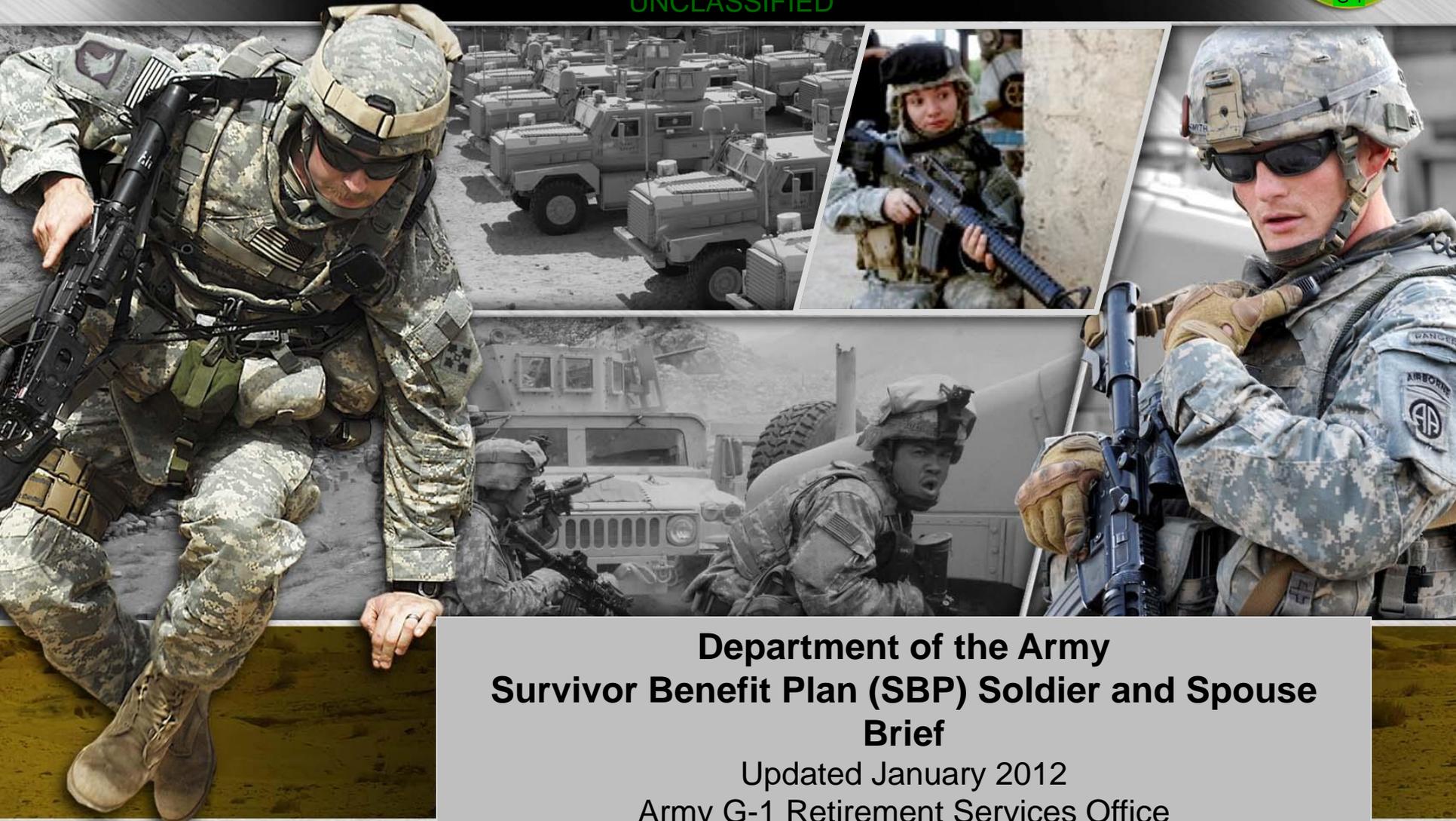




UNCLASSIFIED



**Department of the Army
Survivor Benefit Plan (SBP) Soldier and Spouse
Brief**

Updated January 2012
Army G-1 Retirement Services Office

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Our Goal



CHANGE.... MISINFORMATION
you may have heard about
SBP from
MISINFORMED People



INTO..... INFORMATION
From **INFORMED Counselors**





Purpose

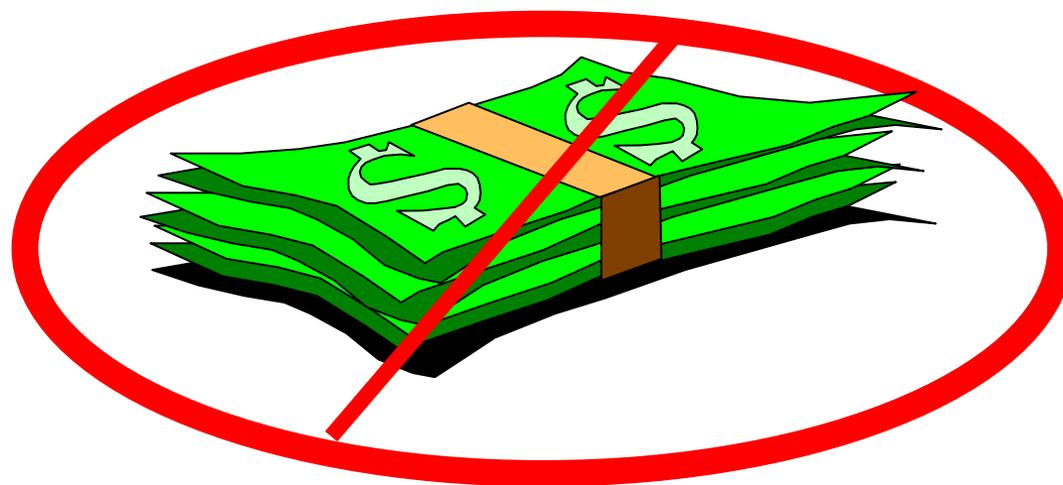


This briefing will break SBP down into manageable understandable blocks, to help you to make an informed decision on your individual SBP election.





THE BOTTOM LINE RETIRED PAY STOPS



WITH THE DEATH OF THE RETIREE!



WHAT IS SBP?



- Enacted by Congress in 1972
- Sole means for retiree to continue a portion of retired pay to survivors
- Coverage is free while on active duty
- Decision at retirement -- begin to share cost
- Over eight out of ten retiring Soldiers elect SBP to protect their family's financial future



What is the risk of your spouse outliving you?

- Life Expectancy (Note 1)
 - Male **75.1** years
 - Female **80.2** years
- SBP Annuitants Who Exceed Life Expectancy: **45% or 117,755** (Note 2)



Note 1: US Census Bureau , The 2010 Statistical Abstract

Note 2: Source: DOD Actuary Statistical Report on Military Retirement System



Are You Risk Averse?

Weigh:

Higher risk of leaving your loved ones with insufficient income



Against:

Smaller risk that your survivor may not get back every cent paid in premiums

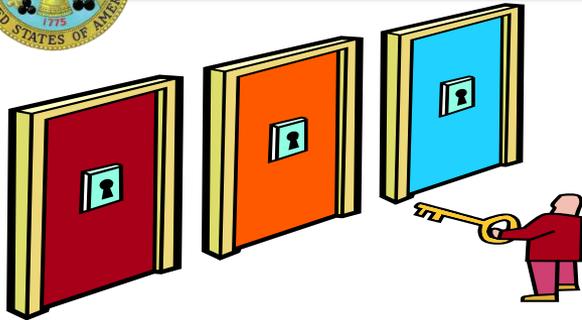


The Annuity



Amount:

- **Annuity of 55% of selected base amount regardless of the annuitants age**



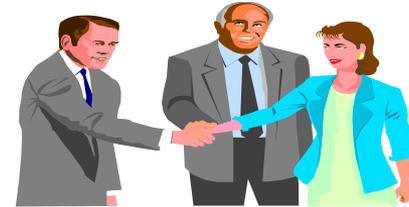
ABOUT ELECTIONS

- Must be made before retirement
- Certain elections need spouse concurrence
- Generally irrevocable
 - may be cancelled with spouse concurrence between months 25-36 following retirement
- For non-regular Reserve retirement (Age-60), only Reservists who elected RCSBP election Option A, Decline RCSBP



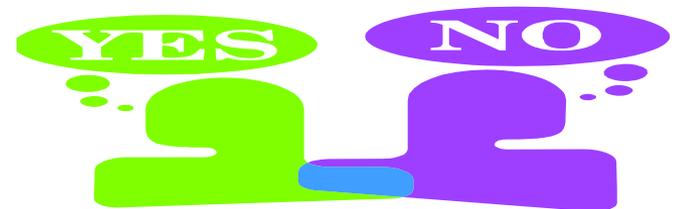
A **JOINT** Decision For Married Soldiers Who . . .

- decline coverage
- cover less than full retired pay
- elect “child only”
- are under REDUX retirement plan and **do not elect** full base amount based on retired pay they would have received under High-3



It is the Soldier's election

- The spouse can only concur or non concur





Termination Feature



- **termination during one-time, one-year window between 25th and 36th mo. after start of pay**
- **spouse concurrence required**
- **barred from future enrollment**
- **no refund of past premiums**
- **why the law change?**
 - acknowledges need for flexibility



Six Election Categories

- **Spouse Only**
- **Spouse & Child**
- **Child Only**
- **Former Spouse Only**
- **FS & Child**
- **Insurable Interest**





Spouse Election



- provides annuity of 55% regardless of the surviving spouse's age
- annuity paid forever (unless remarriage occurs pre-55)
- if remarriage ends, annuity reinstated
- increased by annual COLA
- taxable as an annuity
- cost stops when no beneficiary



Spouse & Child Election



- **spouse = primary beneficiary**
- **children are secondary beneficiary**
*(receive the annuity **only if** spouse ineligible and they are still eligible)*
- **child cost is based on ages of member, spouse & youngest child**
- **cost of child coverage - very low**
- **child cost stops when no eligible children remain**



Child Only Election



- eligible until 18, or 22 if full-time, unmarried student
- unmarried incapacitated child - eligible forever
- (if condition was incurred pre-18 or 22)
 - **Note: It is recommended that you research the impact SBP for a fully disabled child may have on other benefits the child has or will receive.**
- cost based on ages of member & youngest child
- all eligible children covered at one cost
- cost stops when no eligible children remain
- cheaper than “spouse” due to finite benefit
- costlier option than child when with spouse since child is primary beneficiary
- annuity divided equally among all eligible children



“Insurable Interest” Election



- **Who Can Elect:** unmarried Soldiers with no or one dependent child
- **Eligible Beneficiaries:** relative more closely related than cousin; or business associate w/financial interest in Soldier (proof needed)
- **Base Amount:** Must be full retired pay
- **Cost:** 10% + 5% for each full 5 yrs younger beneficiary is than Soldier (maximum 40%)
- **Benefit:** 55% of retired pay *less* SBP cost
- **Loss of Beneficiary:** May elect new beneficiary within 180 days of current beneficiary’s death.
- In order for an Insurable Interest election for a medically retired Soldier to be valid, they must live one year from retirement or if they die within one year, death must not be attributable to a medical condition for which they were medically retired.



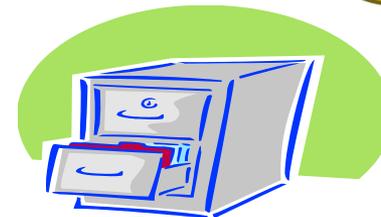
Former Spouse (FS) “Particulars”



- **Former spouse SBP coverage can be:**
 - purely voluntary
 - incorporated into a written agreement
 - court-ordered
- **If divorce prior to retirement:**
 - If court ordered, Soldier should elect former spouse at retirement or could be held in contempt of court
 - Former spouse can provide DFAS-CL divorce decree with subsequent court orders plus a DD Form 2656-10 (Survivor Benefit Plan (SBP)/Reserve Component (RC) SBP Request for Deemed Election) within one year of the court order first awarding former spouse SBP
- **FS coverage can be changed if court order is amended or vacated by former spouse’s death**



No Beneficiary at Retirement?



- **Keep SBP literature**
- **Keep “Echoes” -- RSOs’ ph. nos. listed**
- **Contact nearest RSO for a new briefing as soon as eligible beneficiary is gained**
- **Decision whether or not to enroll new family members **MUST** be made within one year of gaining them**
- **New spouse becomes eligible at 1-year anniversary. (SBP costs do not begin until then)**



Base Amount



- amount of retired pay (in dollars) participation is based on
- minimum, by law = \$300
- maximum, by law = full retired pay
- may choose any \$\$ amount between
- Soldiers retiring under CSB/REDUX may choose full base amount based on retired pay they would have received under High-3.



SBP Cost Formula *(Spouse Only)*

Formula:

- 6.5% of base amount selected



Examples:

Base Amount:	\$2000	\$3000	\$4000
Cost (6.5%)	\$ 130	\$ 195	\$ 260
Annuity provided:	\$1100	\$1650	\$2200



Sample SBP Costs



(Youngest Child=12)

Monthly Cost

Base Amount	Spouse Only	Spouse & Child	Child Only	Annuity Amount
\$4000	\$260	\$260.52	\$ 8.00	\$2200
\$3000	\$195	\$195.39	\$ 6.00	\$1650
\$2000	\$130	\$130.26	\$ 4.00	\$1100



Supporting Soldiers & Families – Active, Guard, Reserve and Retired



Based on Proposed Active Duty Pay Raise of 1.7%

SBP Cost Examples for 2013 (1 Jan 13)

Based on 1.7% Active Duty Pay Raise Effective 1 Jan 13

Base Amount	Annuity	Premium	Premium
Monthly	Monthly	SBP Threshold Method	6.5% Base Amount Method
\$300	\$165	\$7.50	\$19.50
\$760	\$418	\$19.00	\$49.40
\$800	\$440	\$24	\$52
\$1,000	\$550	\$44	\$65
\$1,200	\$660	\$64	\$78
\$1,300	\$715	\$74	\$85
\$1,400	\$770	\$84	\$91
\$1,446	\$795	\$89	\$94
\$1,500	\$825	\$94	\$98
\$1,629	\$896	\$105.86	\$105.86
\$1,800	\$990		\$117
\$2,000	\$1,100		\$130
\$2,200	\$1,210		\$143
\$2,400	\$1,320		\$156
\$2,600	\$1,430		\$169
\$2,800	\$1,540		\$182
\$3,000	\$1,650		\$195
\$3,500	\$1,925		\$228
\$4,000	\$2,200		\$260
\$4,500	\$2,475		\$293
\$5,000	\$2,750		\$325
\$5,500	\$3,025		\$358
\$6,000	\$3,300		\$390
\$7,000	\$3,850		\$455



“30-Year Paid-Up Provision”

- **effective 1 Oct 2008**
- **no further cost (but annuity payable)**
- **AFTER...**
 - **30 years of paying SBP Premiums (360 payments)...**
- **AND**
 - **reaching age 70**





Years Required for Annuity to Exceed Premiums Paid for Spouse SBP



Length of time Premiums Paid

5 Years
10 Years
15 Years
20 Years
25 Years
*30 Years

Years for Annuity to Exceed Premiums Paid

8 Months
1 Year, 1 Months
1 Year, 6 Months
1 Year, 10 Months
2 Years, 2 Months
2 Years, 5 Months

***No further cost after 360 (30 years) premium payments and age 70)
(Based on data provided by the DOD Actuary Office)**



Medical Retirement SBP Considerations



- Soldiers being medically retired need to consider the following in their SBP decision
 - Withdrawal from SBP based on a VA Total Disability Rating
 - SBP and Dependency and Indemnity Compensation (DIC)
 - Special Survivor Indemnity Allowance (SSIA)



Withdrawal from SBP Based on VA Total Disability Rating



- You may withdraw from SBP if:
 - You have a service-connected disability that has been rated by the VA as totally disabling for
 - not less than five continuous years from the date of retirement --or--
 - if awarded after retirement for ten or more continuous years.
 - Withdrawal is allowed because surviving spouse will qualify for DIC benefits because death will be presumed to be from service-connected reasons
 - When retiree dies, the surviving spouse will be entitled to a refund of all the SBP costs that were paid



SBP and Dependency and Indemnity Compensation (DIC)



- SBP and DIC
 - DIC is only payable if retiree's death is determined by the VA to be service connected
 - SBP provides annuity if death is not determined to be service connected
 - SBP premiums are refunded to the spouse for any portion of SBP that is offset by DIC
 - SBP is offset dollar for dollar by DIC currently
 - \$1195 for spouse
 - \$296 for each child
 - Based on a court case, a surviving spouse authorized both SBP and DIC will receive both if remarried after age 57



Special Survivor Indemnity Allowance (SSIA)

- SSIA is paid to spouses whose SBP annuity is fully or partially offset by DIC and SBP offset is at least equal to the SSIA
 - Payments will be paid in the following monthly amounts:
 - For months during fiscal year 2012, \$80;
 - 2013, \$90;
 - 2014, \$150;
 - 2015, \$200;
 - 2016, \$275;
 - 2017, \$310
 - Ends 1 Oct 2017 unless extended by Congress





Payment of SBP Cost when Retired Pay is Completely Offset by VA Disability Pay

- If your VA disability compensation completely offsets your retired pay, there is no automatic deduction of monthly SBP premiums
 - Unpaid SBP premiums carried over into a new billing month will accrue a six (6) percent interest fee
- By submitting a DD Form 2891 (Authorization For RSFPP and or SBP Costs Deductions) to your servicing VA office, you can authorize VA to deduct your SBP premiums from your VA disability compensation and pay directly to the Defense Finance and Accounting Service or you can also pay SBP premiums by direct payment to the following address:

Defense Finance and Accounting Service
DFAS-CL, SBP and RSFPP Remittance
P.O. Box 979013
St. Louis, MO 63197-9013

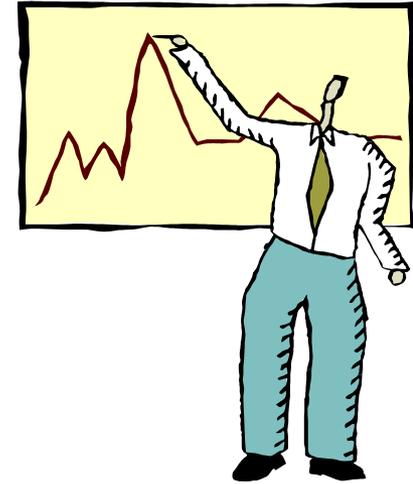


- Do not submit an SBP premium direct payment or by submitting a DD Form 2891 to VA until DFAS provides a Retired Account Statement (RAS) informing you that your retired pay is offset by VA disability



HQDA's Advice To All Retiring Soldiers

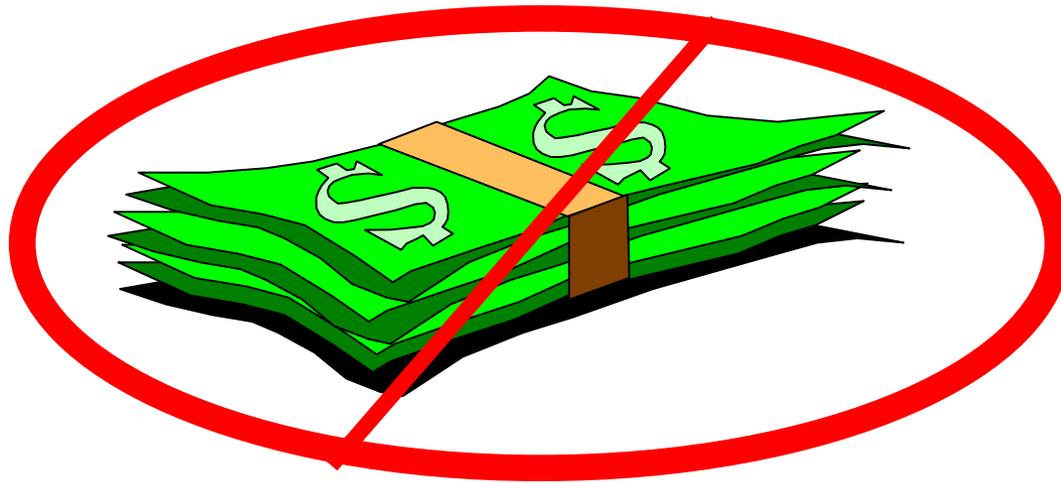
“Do not forfeit SBP without having full knowledge of what you are giving up.”



(Chief, Army Retirement Services Office)



REMEMBER RETIRED PAY STOPS



**WITH THE DEATH
OF THE RETIREE!**



Supporting Soldiers & Families – Active, Guard, Reserve and Retired



For More SBP Information....

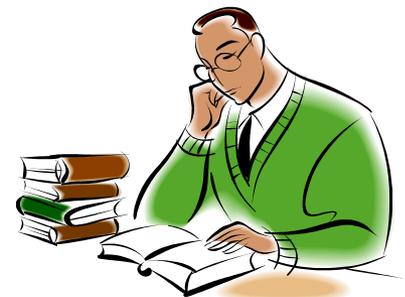
Log on to:

[http://www.armyg1.
army.mil/retire](http://www.armyg1.army.mil/retire)



Contact:

**your nearest Retirement
Services Officer (RSO)**





Supporting Soldiers & Families – Active, Guard, Reserve and Retired



DISABILITY COMPENSATION



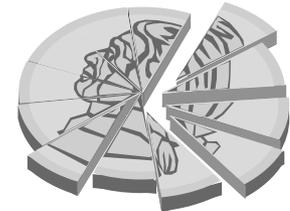
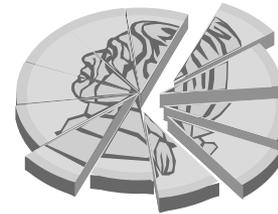
AND



RETIREMENT PAY



✓ Since 1890, law has forbidden concurrent receipt of *military* retired pay and VA disability compensation.





The Effects

Retirement Pay will be
offset/reduced dollar for dollar
by VA Disability Compensation

**In some cases retirement pay will be
reduced/offset completely.**



The Effects (cont)

Example 1:

- If VA Disability Compensation is less than Retirement Pay, the member will receive full VA Compensation and receive the difference from Retirement Pay.

Retirement Pay = **\$1225.00**

VA Compensation = **\$541.00 (40%)**

$$\$1225.00 - \$541.00 = \boxed{\$684.00 \text{ difference}}$$

- Member will receive \$541.00 from VA Compensation and \$684.00 from Retirement Pay.



The Effects (cont)

Example 2:

- If VA Disability Compensation is greater than the retirement pay, member will only receive the VA Disability Compensation.

Retirement Pay = **\$1225.00**

VA Compensation = **\$1427.00 (80%)**

$\$1225.00 - \$1427.00 =$

\$0.00 difference

- Member will receive \$1427.00 for VA Compensation and \$0.00 for Retirement Pay. There is a total offset to the member's Retirement Pay.



Concurrent Retirement and Disability Payments (CRDP)



- ✓ Original Authority: 04NDAA, provision eff. 1 Jan 04
- ✓ Name: Concurrent Retirement and Disability Payments (CRDP)
- ✓ No application needed
- ✓ Provides full concurrent receipt of retired pay AND VA for SOME over a 10-year phased-in period (ending 2013)
- ✓ Eligibility Requirements
 - Must be a Military Retiree with 20 or more yrs of service
 - If a Chapter 61 Medical Retiree, must have 20 or more yrs of service
 - RC Retiree (in receipt of pay)
 - Must hold VA service-related disability rating of 50% or more

NOTE: Not related to Combat-Related Special Compensation (CRSC)



Combat-Related Special Compensation (CRSC)

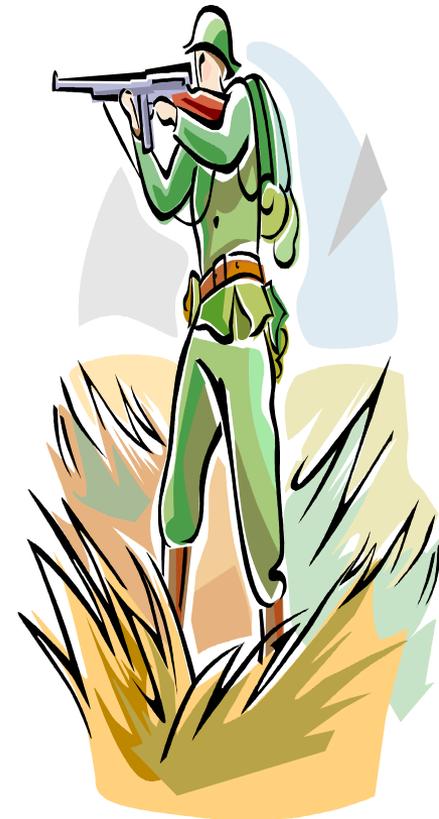
- ✓ Authority: Sect 636, P.L. 108-138, 24 Nov 03
- ✓ Purpose
 - To restore offset retired pay
- ✓ Service eligibility expanded:
 - Simply must be in receipt of pay & have 10% VA Disability
 - Temporary Duty Retired List (TDRL) and Permanent Duty List (PDRL) soldiers regardless of Time in service.
- ✓ Disability eligibility expanded:
 - Combat-related injuries rated by VA as 10-100%





CRSC I & II cont.

- ✓ How To Apply:
 - complete DD Fm 2860
 - <https://www.hrc.army.mil/TAGD/CRSC>
 - attach supporting documents
 - mail to address on form
- ✓ Army information numbers:
 - 1-866-281-3254





CRSC *or* CRDP?

- ✓ Can't receive both
 - both serve same purpose
 - restore lost retired pay
- ✓ If you qualify for both, DFAS will pay you the payment which is more advantageous for you during the phase-in period
- ✓ DFAS-CL will conduct a one-month Open Season annually (widely publicized) to allow retirees to switch between CRSC and CRDP
- ✓ Which IS more advantageous?...You decide:
 - CRSC is tax-free, non-divisible
 - CRDP is treated like retired pay, taxed and divisible

