BY ORDER OF THE SECRETARY OF THE AIR FORCE

AIR FORCE INSTRUCTION 36-3006

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Personnel

SURVIVOR BENEFIT PLAN (SBP) (ACTIVE, GUARD, RESERVE, AND RETIRED)

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This Air Force Instruction (AFI) implements Executive Order 11687, *Delegating functions conferred upon the President by section 1455 of Title 10 of the Unites States Code, establishing the Retired Serviceman's Survivor Benefit Plan,* 11 October 1972. This AFI implements policy, assigns responsibilities, establishes administrative and management guidelines for the SBP. It implements Air Force Policy Directive (AFPD) 36-30, *Military Entitlements*, and Title 10, United States Code (U.S.C.), chapter 73 — *Annuities Based On Retired or Retainer Pay*. It implements Department of Defense (DoD) Directives 1332.17, *Retired Serviceman's Family Protection Plan*, 18 December 1968, and 1332.27, *Survivor Annuity Programs for the Uniformed Services, 26 June 2003,* and DoDI 1332.42, *Survivor Annuity Program Administration*. This AFI applies to Air Force Guard and Reserve members who retire under Title 10 U.S.C. Sections 8911, 8914, 1204, and 1205, and those Guard and Reserve members who, at the 20-year notification point, decline to make a Reserve Component Survivor Benefit Plan (RCSBP) election and wait until they apply for retired pay at age 60 to make an SBP election. This AFI does not apply to Civil Air Patrol (CAP) members.

This publication requires the collecting and keeping of information protected by the Privacy Act of 1974 authorized by Title 10, United States Code, Section 8013. System of Records Notice (SORN) T7347b, *Defense Military Retiree and Annuity Pay System*. Ensure that all records created as a result of processes prescribed in this publication are maintained in accordance with AFMAN 33-363, *Management of Records* and disposed of in accordance with the AF *Records Disposition Schedule* **https://www.my.af.mil/gcss-af61/afrims/afrims**/.

This publication may not be supplemented. No waivers may be granted for any part of the publication. Send comments and suggested improvements of this AFI on AF Form 847,

Recommendation for Change of Publication to HQ AFPC/DPSIAR, 550 C Street West, Suite 8, Randolph AFB TX 78150-4713. Refer to attachment 1 for glossary.

SUMMARY OF CHANGES

This publication has been updated to reflect the main title change. It updates the office symbol for HQ AFPC/DPPRT, deletes references to DFAS-DE, and changes the mailing address for DFAS-CL. Adds Child Only – Spouse Excluded and Insurable Interest active duty SBP beneficiary options. Reflects the phased elimination of the age-62 annuity reduction to a spouse's or former spouse's annuity, and the phased elimination of the Supplemental Survivor Benefit Plan (SSBP). Replaces the DFAS-CL Form 1172/11a, *Survivor Benefit Plan Remarriage Election Certificate*, with the DD Form 2656-6, *Survivor Benefit Plan Election Change Certificate*. Replaces the DD Form 1884, *Application for Annuity under the Retired Serviceman's Family Protection Plan (RSFPP) and/or Survivor Benefit Plan (SBP)*, with the DD Form 2656-7, *Verification for Survivor Annuity*. Adds the DD Form 2891, *Authorization for Retired Serviceman's Family Protection Plan (RSFPP) and/or Survivor Benefit Plan (SBP) Costs Deduction.*

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Section A—Fundamentals of the Survivor Benefit Plan (SBP)

1. General Plan Information. Military pay stops when a member dies. The SBP is a Government program which makes it possible for retiring members to ensure that after their death, their eligible survivors receive a portion of their military retired pay in the form of a monthly annuity. The Plan was structured so that a surviving spouse cannot outlive the annuity and it has Cost-of-Living Adjustments (COLAs) incorporated so the annuity increases with inflation.

1.1. An active duty member who has eligible dependents is automatically covered by SBP at the maximum level at no cost to the member while he/she remains on active duty (reference paragraph 2.1).

1.2. Prior to retiring, each member must decide whether to continue SBP coverage into retirement. The retired pay of those members who elect to participate is reduced by monthly premiums. The SBP is a unique Plan: Government-subsidized premiums are deducted from a participating member's retired pay <u>before</u> taxes. SBP is the sole means for a member to

continue a portion of their military retired pay to their eligible survivors. If a member chooses (with the concurrence of their spouse) not to participate in the SBP, an annuity cannot be paid.

1.3. The Plan may provide an annuity to certain surviving spouses of members who retired and died before the implementation of the SBP, or in the case of a Reserve member, before the implementation of the Reserve Component SBP (RCSBP) (reference paragraph 3.9).

1.4. Instruments such as a Power of Attorney (POA) may not be used to make an SBP election on behalf of a member, nor may a POA be used to provide a spouse's concurrence.

2. Provisions Applicable to Active Duty Members.

2.1. *Active Duty Death Provision*. All members with eligible dependents are automatically covered by the SBP at no cost while they remain on active duty. The member's death must be classified in line of duty (LOD) in order for an annuity to be payable if the member is not yet retirement eligible (had not accrued 20 years of active duty) on the date of death. The annuity payable is 55 percent of the retired pay the member would have been entitled to receive if retired with a total disability rating on the date of death. ***(*Exception*:*** Reference section E if the spouse or former spouse is age 62 or turns age 62 prior to 1 April 2008.) An annuity may also be payable when the member's death is classified not in LOD, if the member was eligible for retirement (had accrued at least 20 years of active duty) on the date of death. In this case, the annuity payable is 55 percent of the retired pay the member would have been entitled to receive if retired for years of service on the date of death. (Exception: Reference section E if the spouse or former spouse is age 62 or turns age 62 prior to 1 April 2008.)

2.1.1. *Active Duty Death Coverage Types.*

2.1.1.1. *Spouse Only* - This coverage is automatic when an active duty member dies and there is an eligible spouse but no eligible children (unless former spouse SBP was court ordered). A spouse's SBP annuity is reduced by the amount of Dependency and Indemnity Compensation (DIC) authorized by the Department of Veterans Affairs (VA) as a result of the member's service connected death (reference paragraph 16.2) payable on behalf of the spouse. If DIC is not awarded (death not service-connected as determined by the VA), the full SBP annuity may be paid.

2.1.1.2. *Child Only* - This coverage is automatic when an active duty member dies and there is an eligible child(ren) but no eligible spouse (unless former spouse SBP was court ordered). Children receive the annuity in equal shares while eligible (reference paragraph 6.2.1 for definition of an eligible child). The annuity payable to a child(ren) is not reduced by their entitlement to DIC.

2.1.1.3. *Spouse and Child* - This coverage is automatic when an active duty member dies and there is an eligible spouse and an eligible child(ren) (unless former spouse SBP was court ordered). The spouse is the primary beneficiary. Eligible children are contingent beneficiaries and only receive the annuity if the spouse dies or remarries prior to age 55. Children receive the annuity in equal shares while eligible.

2.1.1.4. *Child Only - Spouse Excluded* - This coverage is not automatic. Under the provisions of Public Law (PL) 108-136, 24 November 2003, for deaths in the line of

duty occurring on or after the effective date of the law, the Secretary of the Air Force, after consulting with the member's surviving spouse, may determine that an eligible child(ren) receive the annuity as the primary beneficiary instead of the spouse. HQ AFPC/DPPRT processes these active duty cases. Children receive the annuity in equal shares while eligible. The annuity terminates when the last child loses eligibility and CANNOT be switched to the spouse. Subsequently, PL 109-364, 17 October 2006, retroactively expanded the SAF's authority pay the child(ren) instead of the spouse in cases of active duty deaths in the line of duty that occurred on or after 8 October 2001.

2.1.1.5. *Insurable Interest* – Under the provisions of PL 108-136, 24 November 2003, the Air Force can make this election on the deceased active duty member's behalf for a survivor who was the member's dependent for ID card purposes at the time of the member's death, unless there is an eligible spouse or dependent child(ren).

2.1.1.6. *Former Spouse* – If the member was required by court order to elect SBP coverage at retirement for a former spouse, the active duty death SBP annuity may be payable to the former spouse instead. Court ordered former spouse SBP coverage precludes payment of an annuity to a current spouse, child(ren), or insurable interest beneficiary.

2.2. The active duty death provision also applies to a retired member recalled to active duty, who dies while on that active duty.

2.3. *Active Duty SBP When Retirement Eligible Member Died Prior to 21 September 1972*. PL 96-402, 9 October 1980, widened the active duty death benefit by extending it to surviving spouses of members who died on active duty before SBP was initiated (21 September 1972), who had served on active duty for at least 20 years, and who were eligible to retire at the time of death. Entitlement to the annuity began on 1 December 1980. The annuity was the difference between the spouse's DIC entitlement and 55 percent of the retired pay the member would have been entitled to if retired for years of service on the date of death (adjusted by COLAs applied to retired pay from the date of the member's death through 30 November 1980).

3. Provisions Applicable to Retiring Members. Before retiring, each member must decide (concurrence of spouse may be required) whether to continue active duty SBP coverage (maximum for all eligible dependents) into retirement and pay the associated monthly premiums. SBP premiums are deducted from participant's retired pay and are not counted as taxable income.

3.1. *Automatic Coverage*. If a member fails to make a valid SBP election prior to retiring, the law requires maximum coverage be established for all eligible beneficiaries (e.g., spouse, children, or spouse and children) effective the date retired pay begins. Appropriate premiums will be deducted from the member's retired pay.

3.2. *Spouse Notification Letter*. If the retiring member is married, it is a legal requirement that a letter be sent to his/her spouse regardless of the status of the marriage (i.e., pending divorce, separated, legal separation, etc.) (sample letter at attachment 2). The letter and an

SBP fact sheet (sample at attachment 3) are sent so the spouse can become familiar with the SBP prior to the one-on-one pre-retirement SBP briefing.

3.3. *One-On-One Pre-Retirement SBP Briefing*. Title 10, United States Code, section 1455(b) requires that the Service fully inform each retiring member and their spouse about the options and effects of the SBP so they understand the Plan in order to make an informed decision. These briefings are to be given by Air Force SBP counselors, who are trained on all aspects of the Plan. Every retiring member, including unmarried members and members without eligible dependents, are required to receive this briefing. This briefing is in addition to any mass briefing, and must be a private briefing (no more than one retiree and spouse at a time). All items on the SBP RIP are to be briefed including future options available in the event of a change in marital or dependent status.

3.4. *Spouse Concurrence*. Effective 1 March 1986, PL 99-145 requires the spouse's written concurrence if a married member elects: to decline coverage at retirement; to provide a reduced annuity; or to provide an annuity to a child, but not the spouse. If the spouse is not collocated with the member or cannot visit the Military Personnel Flight (MPF), concurrence can be accomplished by mail (sample transmittal letter at attachment 4). If the spouse cannot visit an MPF, the spouse's signature must be notarized. The spouse's concurrence is not required if the retiring member elects maximum spouse coverage or elects former spouse coverage.

3.4.1. In order for an election to be valid, the required spouse concurrence must be obtained after the member makes the election, but before the member's retirement date. If the concurrence is not obtained before the member's retirement date, maximum SBP coverage is automatically established for the following:

3.4.1.1. For the spouse if the member declines coverage or elects to provide a reduced spouse annuity.

3.4.1.2. For the spouse and eligible child(ren) if the member elects reduced spouse and child coverage, elects child only coverage, or fails to make an election.

3.4.2. If a retiring member is married and elects SBP coverage for a former spouse, or a former spouse and child(ren), neither spouse nor former spouse concurrence is required; however, both the member's current spouse and former spouse must be notified of the election. Attachment 5 contains a sample of the letter which must be sent to the spouse. Attachments 6 and 7 contain samples of the letter and fact sheet which must be sent to the former spouse.

3.5. *Waiver of Spouse Concurrence*. The Secretary of the Air Force (SAF) may waive the requirement to obtain the spouse's written concurrence if the member satisfactorily establishes that the spouse's whereabouts cannot be determined or that, due to exceptional circumstances, the requirement for the member to seek the spouse's concurrence would be otherwise inappropriate.

3.5.1. Marital discord, pending divorce proceedings, or legal separation do <u>not</u> in themselves justify requesting a waiver of the spouse's concurrence.

3.5.2. To apply, the member completes an AF Form 2037, *Request for Waiver of Spouse Concurrence in Survivor Benefit Plan (SBP) Election*, not later than 60 days prior to the

effective date of retirement, and supplies supporting documentation (e.g., copy of missing person's report; notarized statements from spouse's family members verifying whereabouts are unknown, etc.).

3.5.3. The SBP counselor annotates Item 30a of the DD Form 2656, *Data for Payment of Retired Personnel*, with the notation "Request for waiver of spouse concurrence submitted (date)." The SBP counselor sends the original AF Form 2037 with supporting documentation, and the DD Form 2656 to Headquarters (HQ), Air Force Personnel Center (AFPC), Retiree Services Branch (HQ AFPC/DPPRT), 550 C Street West, Suite 3, Randolph Air Force Base TX 78150-4713.

3.5.4. The SBP counselor sends a copy of the DD Form 2656 to the Defense Finance and Accounting Service – Cleveland Center (DFAS-CL) at DFAS-CL, US Military Retirement Pay, PO Box 7130, London KY 40742-7130 for use in establishing the member's retired pay account.

3.5.5. A waiver request not properly completed will be returned without action. If the SAF does not approve the waiver request before the member's retirement, maximum coverage will be established as in paragraph 3.1, above. If the SAF approves the waiver request after the member's retirement, any excess costs deducted before the approval will be refunded to the member. If the SAF approves the waiver request and it is later discovered the member's statement concerning the spouse's whereabouts at the time of retirement was untrue, maximum spouse coverage will be established with cost and interest collected retroactive to member's date of retirement.

3.6. *Two Military Members.*

3.6.1. Two military members, married to one another, may elect spouse coverage for the other. Two military members, divorced from one another, may elect former spouse coverage for each other. Receipt of an SBP annuity will not affect the surviving spouse's or former spouse's receipt of retired pay on their own record.

3.6.2. Two military parents may each elect child SBP coverage for eligible child(ren), and the eligible child(ren) will be paid two annuities in the event both military parents die.

3.7. *Secretarial Election for Mentally Incompetent (MI) Member*.

3.7.1. The SAF makes the SBP election on behalf of a member determined to be incompetent by medical officers of the Uniformed Services or VA, or by a court of competent jurisdiction. The election request should be made by the next-of-kin (NOK) identified on the disability retirement order. As the person most knowledgeable of the service member, the NOK's recommendation about the SBP coverage they believe the member would select if able to act on their own behalf is an important consideration in the SAF's decision. Therefore, the NOK must be thoroughly briefed on the options and effects of the SBP. The designated NOK makes the SBP election in Section IX of the DD Form 2656. Section X must be annotated "NOK REQUESTS THE SAF CONSIDER THIS SBP ELECTION." The designated NOK signs in Item 32a, and dates the form in Item 32b.

3.7.2. The SBP counselor should immediately fax the completed DD Form 2656 and any other pertinent documents to HQ AFPC/DPPRT, then mail the originals to HQ AFPC/DPPRT, 550 C Street West, Suite 3, Randolph AFB, TX 78150-4713. A copy of the package should be mailed to DFAS-CL (DFAS-CL, U.S. Military Retirement Pay, PO Box 7130, London KY 40742-7130) at the same time.

3.7.3. The SBP counselor should inform the NOK that if the member's condition improves and appropriate medical authorities later determine the member to be competent, the SAF election made on the member's behalf may be changed or revoked within 180 days after the competency determination. The member's request for an election change and a copy of the competency determination should be sent to DFAS-CL. Upon approval, the request becomes effective on the first date of the month following receipt of the member's request by DFAS-CL. SBP costs paid before the effective date of revocation or change are not refunded.

3.8. *Overseas Pre-Retirement Processing*. Pre-retirement processing (including the SBP one-on-one briefing and completion of the DD Form 2656) for members assigned outside of the Continental United States (CONUS) must be finalized <u>before</u> the member's departure from the overseas station. If the member later changes his/her mind, the SBP election can be changed at a CONUS base up to the day prior to the date of retirement.

3.9. Air National Guard (ANG)/USAF Reserve (USAFR). A member of the ANG or USAFR is required to make a Reserve Component SBP (RCSBP) election when notified by the Air Reserve Personnel Center (ARPC) of his/her eligibility for retired pay, except for not yet being age 60. The RCSBP is administered by the ARPC. Any member without a valid RCSBP election on file must make a SBP election upon applying for retired pay at age 60.

3.9.1. If a member of the ANG or USAFR who previously elected coverage under the RCSBP is recalled to active duty and becomes eligible to retire from active duty for years of service, that member is required to make an election under the SBP. The RCSBP election remains valid until the member's active duty retirement becomes effective. However, if a member who has been recalled to active duty dies while on that active duty, an annuity may be payable under the active duty death provision (reference paragraph 2.1) if more favorable to the survivors.

3.10. Temporary Disability Retired List (TDRL)/Permanent Disability Retired List (PDRL). A member being placed on the TDRL or PDRL is eligible to make an SBP election regardless of length of active service. If a member is later removed from the TDRL and placed on the PDRL, the election remains in effect and there is no refund of premiums paid during the period the member was on the TDRL. In this case, the member is simply transferred from one retired list to the other. The base amount may be affected if there is a change in the method or disability percentage used to compute retired pay (reference paragraph 5.4).

3.10.1. If a member is removed from the TDRL and returns to active duty, their SBP election is voided. There is no refund of premiums paid during the period the member was on the TDRL. A member returned to active duty (for as little as one day), who subsequently retires for years of service, must make a new SBP election.

3.10.2. If a member is placed in a retired pay status on a date other than the first day of a month and participates in SBP, premiums begin the first day of the following month.

3.11. Members who are recalled to an active duty status after retirement are not eligible to make a new SBP election (reference paragraph 4.3.2) when they revert to retired status.

4. Provisions Applicable to Retired Members.

4.1. Evidence of Participation. Neither certificates nor policies are issued as evidence of SBP participation. DFAS-CL sends the retiree a pay statement which reflects the deduction of SBP premiums when the retired pay account is established, annually following COLAs, and each time there is a change to the retired pay.

4.2. Disenrollment Provision.

4.2.1. Under the provisions of PL 105-85, 18 November 1997, effective 17 May l998, members who elect SBP coverage at retirement have a one-year period during which they can choose to voluntarily discontinue participation. The one-year period begins on the second anniversary of the date of commencement of retired pay. The date of commencement of retired pay is defined as the date that the retiree becomes entitled to receive retired pay. A recall to active duty following retirement will not alter this date. Neither DFAS-CL nor the Service will notify the member at the second anniversary date; it is the member's responsibility to submit a request to disenroll. After the member's third anniversary, the election becomes irrevocable as long as there is an eligible beneficiary.

4.2.2. A participant eligible to disenroll must submit a written request to DFAS-CL using a DD Form 2656-2, *Survivor Benefit Plan (SBP) Termination Request.* A request for information or a request for termination that is not on a DD Form 2656-2 is not a valid request to disenroll and will not be honored.

4.2.3. Participation is terminated the first day of the month following the month the properly completed form (valid and timely) is received by DFAS-CL. **Example**: A member who retires 1 March 2005 submits a DD Form 2656-2, it is received by DFAS-CL on 29 April 2007, costs terminate 1 May 2007, and the pay adjustment will be in the payment received on 1 June 2007.

4.2.4. SBP premiums paid before the termination effective date are not refunded.

4.2.5. A covered spouse must concur in writing with the member's decision to disenroll (reference paragraph 4.2.7, below). This requirement may not be waived except as described below.

4.2.5.1. If it is determined a spouse is unable to complete the concurrence section of the DD Form 2656-2 because of a verified medical condition (e.g. advanced stages of Alzheimer's disease, etc.), the SAF may approve the member's request to disenroll. The member must submit the DD Form 2656-2 to HQ AFPC/DPPRT, 550 C Street West, Suite 3, Randolph Air Force Base TX 78150-4713 with documentation from medical authority or a court of competent jurisdiction that defines and describes the severity and permanence of the medical condition. The termination form must be submitted during the above one-year period in order to be considered a valid termination request.

4.2.6. Coverage for a former spouse may be terminated under this disenrollment provision only with proper documentation. If former spouse coverage was court ordered, an amended court order releasing the member of any obligation to provide former spouse coverage is required. The former spouse's concurrence is not required in this situation. If former spouse coverage was established voluntarily or to honor a written agreement that was not incorporated in a court order, the former spouse's concurrence is required.

4.2.7. The DD Form 2656-2 is valid only if the spouse or former spouse concurrence is witnessed by a Service-designated SBP counselor or notary public. A photo bearing identification must be presented to the witness to verify the spouse's or former spouse's identity and signature on the DD Form 2656-2.

4.2.8. A member has 30 days following submission to withdraw a request to disenroll.

4.2.9. If a member disenrolls under this provision, all coverage is terminated. No person (e.g., spouse, child, former spouse) will receive an annuity in conjunction with previous coverage, and the member may not participate in the SBP at any future time for any category of beneficiary.

4.3. *Irrevocability of Election.*

4.3.1. A member may change his/her election up to the day before the date of retirement. However, after retiring, a member may not arbitrarily change or discontinue participation in the SBP except under the disenrollment provision (reference paragraph 4.2), total disability condition (reference paragraph 26), or when authorized because the status of a beneficiary changes.

4.3.2. SBP elections are not voided by recall to active duty. If retired pay is suspended by recall to active duty for more than 30 days, SBP premiums are suspended the day before entry on active duty and member is not required to remit premiums for SBP coverage while on active duty. If a member who has been recalled to active duty dies while on that active duty, an annuity may be paid based upon the SBP election or under the active duty death provision (reference paragraph 2.1), whichever is more favorable to the survivors.

4.4. *Procedure to Change SBP Coverage After Retiring when the Status of a Beneficiary Changes.*

4.4.1. It is the retired member's responsibility to notify DFAS-CL (DFAS-CL, U.S. Military Retirement Pay, PO Box 7130, London KY 40742-7130) if the member's marital status changes and when the status of a beneficiary changes. Notification should be made immediately after the change occurs so that available options do not expire and appropriate adjustments may be made to the member's retired pay account in a timely manner.

4.4.2. Notification can be made on a DD Form 2656-6, *Survivor Benefit Plan Election Change Certificate,* or in the form of a signed and dated letter with specific information on the action requested. Appropriate documentation should be included (reference Attachment 8). Additional documents may be required if DFAS-CL determines it necessary to process a requested action.

4.4.3. . If requesting coverage be converted from spouse or spouse and child to former spouse or former spouse and child (reference 6.4.4 and 6.5), the retiree should submit a DD Form 2656-1, *Survivor Benefit Plan (SBP) Election Statement For Former Spouse Coverage,* and a copy of the divorce decree including property settlement (if applicable) to DFAS-CL within one year following divorce. A valid election for former spouse coverage becomes effective the date following the date the divorce was finalized.

4.4.4. A DD Form 2656, *Data For Payment of Retired Personnel,* may NOT be used to update or change an election AFTER a member retires.

Section B—Election Options

5. Base Amount. The retiring member must elect the level of retired pay (base amount) to be covered by SBP. Any amount less than the maximum (gross retired pay) requires spousal concurrence. The base amount is used to calculate both the member's cost and the survivor's annuity. The base amount is increased at the same time and by the same COLA as the member's retired pay. The largest base amount (maximum coverage/full coverage) a member may elect is normally their gross retired pay. However, if the member received a Career Status Bonus (CSB) (reference paragraph 5.1, below), they may elect a base amount up to the amount of retired pay the member could otherwise have been entitled to receive had he/she not elected to receive the CSB. The smallest base amount a member may elect is $300. If their gross retired pay is less than $300, they must designate the whole sum. The member may elect any dollar amount between maximum coverage and $300.

5.1. *Base Amount Which May Be Elected by Members Who Receive the CSB*. PL 106-65, 5 October 1999, allows members with a Date Initial Entry Military Service (DIEMS) on or after 1 August 1986 to choose one of two retirement options: (1) Retire under the High-Three System and their retired pay multiplier will be 2.5 percent for each year of service; or (2) Retire under the provisions of PL 99-348, 17 March 1986 (the 1986 Military Retirement Reform Act (MRRA) also knows as REDUX) and receive a $30,000 CSB at the completion of 15 years of active duty service. If the member chooses to receive the CSB, they agree that their retired pay multiplier at retirement will be 2.5 percent for each year of service <u>less</u> one percent for each year less than 30 years (restored to the same as the High-Three System at age 62). They also agreed to a reduced inflation adjustment equal to COLA minus one percent each year with a one-time catch-up at age 62, and then reverted back to COLA minus one percent each year thereafter.

5.2. *Base Amount When Electing Insurable Interest Coverage*. The base amount for insurable interest coverage (reference paragraph 6.6) must be the member's gross retired pay or, if the member received a CSB at the completion of 15 years of active duty service (reference paragraph 5.1), the amount of retired pay the member could otherwise have been entitled to receive had he/she not elected to receive the CSB.

5.3. *Only One Base Amount Authorized*. A member may not designate one base amount for the spouse or former spouse and another base amount for eligible child(ren) in a spouse and child or former spouse and child election.

5.4. *Base Amount When Change From TDRL to PDRL*. If, upon change from TDRL to PDRL, the member's retired pay is reduced to less than the current base amount, the new

base amount must be the new gross retired pay entitlement. If maximum coverage had been elected and the member's retired pay entitlement is increased as a result of the change, the base amount will be increased to the member's new gross retired pay entitlement. Otherwise, the member's base amount will remain the same regardless of a change in retired pay entitlement and only be increased by interim COLAs.

5.5. *Base Amount When Advanced in Grade After Retiring*. A member who elects maximum coverage at retirement and who is later advanced in grade on the retired list keeps maximum coverage; therefore, the base amount is increased to the member's new retired pay entitlement. When the election is for reduced coverage, advancement in grade will not change the reduced base amount.

6. Beneficiary Options. A member may elect coverage for **one** of the following:

Table 1. Available Beneficiary Options and Levels of Coverage/Base Amounts.

Beneficiary option	Level of coverage	Base amount
Spouse Only (note 1)	Maximum SBP Coverage	Gross retired pay (note 5)
	Reduced SBP Coverage	Any dollar amount between $300 and the member's gross retired pay (note 5)
Child Only (note 2)	Maximum SBP Coverage	Gross retired pay (note 5)
	Reduced SBP Coverage	Any dollar amount between $300 and the member's gross retired pay (note 5)
Spouse and Child (notes 1 and 2)	Maximum SBP Coverage	Gross retired pay (note 5)
	Reduced SBP Coverage	Any dollar amount between $300 and the member's gross retired pay (note 5)
Former Spouse Only (note 1)	Maximum SBP Coverage	Gross retired pay (note 5)

	Reduced SBP Coverage	Any dollar amount between $300 and the member's gross retired pay (note 5)
Former Spouse and Child (notes 1 and 3)	Maximum SBP Coverage	Gross retired pay (note 5)
	Reduced SBP Coverage	Any dollar amount between $300 and the member's gross retired pay (note 5)
Insurable Interest (note 4)	Maximum SBP Coverage	Gross retired pay (note 6)
Decline	None. Retired pay stops and survivors receive no benefits.	None

NOTES:

1. A member may not cover both a current and a former spouse at the same time.
2. Covers ALL the member's eligible children.
3. An election for former spouse and child coverage protects only the eligible children (reference paragraph 6.2.1 for definition of eligible child) resulting from the marriage of the member and that former spouse.
4. An insurable interest election may be made only when there is no eligible spouse or dependent children at retirement**. Exception:** A member who does not have a spouse but has only one dependent child may elect insurable interest coverage for that child.
5. If the member received a CSB at the completion of 15 years of active duty service (reference paragraph 5.1), that member may elect a base amount up to the amount of retired pay the member could otherwise have been entitled to receive had he/she not elected to receive the CSB.
6. If the member received a CSB at the completion of 15 years of active duty service (reference paragraph 5.1), the base amount must be the amount of retired pay the member could otherwise have been entitled to receive had he/she not elected to receive the CSB.

6.1. *Spouse Only Coverage*. A member who is married but declines spouse coverage at retirement may not elect spouse coverage after retirement for the same or a later acquired spouse except when authorized during an open enrollment period (reference paragraph 28). When two or more retirees name the same individual as an SBP spouse and/or former spouse beneficiary, the annuitant may receive only one annuity at a time and must choose which annuity to receive.

6.1.1. *Eligible Spouse*. A spouse married to the member on the date of retirement is an eligible beneficiary regardless of the length of the marriage. A spouse married to the member after retirement becomes an eligible beneficiary the earlier of the first anniversary of marriage, or the birth of a child of the marriage. Adoption of the spouse's child prior to the first anniversary of marriage does not satisfy this requirement (Comptroller General (CG) Decision B-257180, 29 September l994). **Exception**: A spouse divorced from the member who later remarries the member becomes an eligible beneficiary immediately upon remarriage if the member had elected coverage for that spouse at retirement, or if the member retired before 21 September 1972 and elected

coverage for that spouse during the initial SBP enrollment period (21 September l972 - 20 March 1974).

6.1.2. *Spouse Acquired After Retirement When No Spouse at Retirement*. A member who is unmarried on the date of retirement may elect spouse SBP coverage if he/she marries after retiring. The election request with appropriate documentation (reference paragraph 4.4 and attachment 8) must be received by DFAS--CL before the first anniversary of the marriage in order to be considered valid.

6.1.2.1. Spouse coverage may be added to an existing election for child(ren). Coverage then becomes spouse and child coverage. A member with prior child only coverage cannot terminate coverage for the child nor increase or decrease the previous base amount. The eligible spouse (reference paragraph 6.1.1) becomes the primary beneficiary and eligible child(ren) become the contingent beneficiary.

6.1.2.2. A member with former spouse coverage may change coverage to a new spouse, child, or spouse and child only under conditions listed in paragraph 6.4.9, and with appropriate documentation listed in **table 2**

6.1.2.3. A member may terminate insurable interest coverage to elect coverage for a new spouse before the first anniversary of the marriage. However, if the insurable interest beneficiary is a former spouse (reference paragraph 6.6.9), the member may terminate coverage for the former spouse only with appropriate documentation listed in **table 2**.

6.1.3. *Changes Authorized in Spouse Coverage After Remarriage*. Spouse coverage is not terminated when the spouse loses eligibility (through death or divorce). Instead, it is suspended pending the member's remarriage. Following remarriage, the member must notify DFAS-CL prior to the first anniversary of the new marriage (reference paragraph 4.4) and choose one of the following three options:

6.1.3.1. *Resume Suspended Coverage After Remarriage*. A member with suspended spouse coverage who remarries may elect to resume his/her prior level of SBP coverage. The base amount, cost, and annuity amounts will have increased during the interim by applicable COLAs. A member may not reduce the base amount, nor can child coverage be added or eliminated by virtue of this provision alone.

6.1.3.2. *Increase Coverage After Remarriage*. A member with suspended spouse coverage, who previously had reduced coverage, may increase the base amount up to and including gross retired pay. The increase will also apply to existing child coverage, if any.

6.1.3.2.1. The member must pay to DFAS-CL the difference between the SBP cost for existing coverage and the costs, with interest, that would have been incurred if the higher level of coverage had been originally elected. Payment of these additional premiums and interest must be completed prior to the first anniversary of marriage in order for the spouse to be eligible for the increased coverage. Payments may be deducted from the member's retired pay if the member so desires. If payment is not completed prior to the first anniversary of marriage, the election increase is null and void and spouse coverage is resumed at the previous level of coverage. If this occurs, the member will be refunded the

additional premiums and interest that may have been remitted.

6.1.3.2.1.1. Should the member die prior to the first anniversary of marriage, the election for increased coverage is null and void, and any payments that had been remitted to increase the coverage will be refunded with the arrears of pay. Additionally, the new spouse will NOT be paid an annuity unless the spouse is an eligible beneficiary (reference paragraph 6.1.1) on the member's date of death, in which case the annuity would be based on the previous level of coverage. Otherwise, no spouse annuity is payable.

6.1.3.3. *Terminate Suspended Spouse Coverage After Remarriage*. A member with suspended spouse coverage may elect not to resume spouse coverage upon remarriage. This election will not affect existing child coverage, if any. To be valid, the request to terminate suspended spouse coverage must be received by DFAS-CL before the first anniversary of the remarriage. An election under this paragraph is irrevocable.

6.1.4. *Effects of Failure to Comply With Provisions of Paragraph 6.1.3 Following Remarriage*. Failure to notify DFAS-CL of the remarriage prior to the first anniversary of the new marriage will result in the prior level of coverage being automatically reinstated effective the date the new spouse becomes an eligible beneficiary. If the notification is not timely, when DFAS-CL is later notified or obtains verification of the remarriage, a debt of delinquent premiums plus interest will be levied against the member.

6.2. *Child Only Coverage*. A member who has an eligible dependent child(ren), but declines child coverage at retirement, may not elect child coverage after retirement for the same or later acquired child(ren) except during an open enrollment period (reference paragraph 28). In an election for child only coverage, only one annuity is payable. If there is more than one eligible child (reference paragraph 6.2.1 for definition of eligible child) the annuity is divided in equal shares (reference paragraph 17 and **Figure 5**).

6.2.1. *Eligible Child(ren).* Children are eligible for SBP annuity payments as long as they are unmarried and under age 18 (including children under 18 who are serving on active duty in the Uniformed Services); unmarried and at least 18 but under 22 and a full-time student in an accredited school (paragraph 6.2.2, below); enrolled in an institution of higher learning under a military subsistence scholarship; or serving as a cadet or midshipman at a service academy. A child continues to be considered a student during the interim between school semesters, but not for periods longer than 150 days. While pursuing a full-time course of study or training, a child whose 22nd birthday occurs before 1 July or after 31 August of a calendar year is considered to be 22 years of age on the first day of July after that birthday.

6.2.1.1. A dependent child may be a natural child, adopted child, stepchild, grandchild, foster child, or ward who lived with the member in a regular parent-child relationship. To qualify as a dependent child, a grandchild, foster child, or ward must have been in the care and custody of the member by court order at the time of death, receiving over one-half of his or her support from the member, and not be cared for under a social agency contract. If financial support by other than the retiree is court-ordered, it cannot exceed one-half of the child's total support.

6.2.1.2. A child who is disabled and incapable of self-support remains eligible for life or as long as disabled and unmarried if the disability occurred before age 18 (or before age 22 if a full-time student when the disability occurred).

6.2.1.3. Marriage at any age permanently terminates a child's eligibility for an annuity, including an incapacitated child entering into a valid marriage with another incapacitated individual (CG Decision B-221945, 4 August 1986). However, if a child's marriage is ended not by divorce or death of the spouse, but rather by an annulment or judicial decree that voids the marriage, the child's coverage may be reinstated. The member must notify DFAS-CL and provide proper documentation (reference paragraph 4.4 and attachment 8).

6.2.1.4. All the member's dependent children are covered beneficiaries in an election for child only or spouse and child coverage, including child(ren) from previous marriages. The member cannot exclude a specific child or children from receiving the annuity. However, if child coverage is added to former spouse coverage, only the children resulting from the marriage of the member to that former spouse are covered.

6.2.1.5. Child coverage, which has been suspended because the last eligible child between the ages of 18 and 22 no longer attends school full-time, is reinstated if the child reenters school on a full-time basis.

6.2.1.6. A new child(ren), added to an existing election for child coverage, becomes an eligible beneficiary(ies) on the date acquired by the member. The member must notify DFAS-CL and provide proper documentation (reference paragraph 4.4 and attachment 8).

6.2.1.7. Eligible child(ren) can be covered under more than one SBP (e.g., both military parents may elect SBP coverage for the child(ren) (reference paragraph 3.6.2).

6.2.1.8. If an eligible child is adopted after the death of the member, the adoption does not terminate the child's entitlement to the SBP annuity.

6.2.1.9. A member may terminate insurable interest coverage to elect coverage for a new child within the first year of acquiring the eligible child (reference paragraph 6.2.1 for definition of an eligible child). However, if the insurable interest beneficiary is the former spouse, the member may terminate coverage for the former spouse to elect coverage for a new child only with appropriate documentation listed in **table 2**.

6.2.2. *Accredited Schools*. Accredited schools include high school, trade school, technical or vocational institute, junior college, college, university, or comparable recognized educational institute (the final decision will be made by DFAS-CL when the SBP annuity application is processed).

6.2.3. *Child(ren) Acquired After Retirement When No Eligible Child at Retirement.* A member who did not have an eligible child on the date of retirement may provide coverage for a child(ren) acquired after retirement. An election must be filed within the first year after acquiring the <u>first</u> child in order to provide coverage (reference paragraph 4.4. and attachment 8). Coverage is effective upon receipt of the election request by

DFAS-CL. If spouse coverage was previously elected, the new election must be for spouse and child coverage.

6.3. *Spouse and Child Coverage*. Reference paragraph 6.1.1 for definition of eligible spouse and paragraph 6.2.1 for definition of eligible child(ren). Only one annuity is payable under the spouse and child option. The spouse is the primary beneficiary. If the spouse loses eligibility due to death or remarriage prior to age 55, the annuity is paid in equal shares to the remaining eligible children. When the last eligible child loses eligibility, the SBP annuity stops pending the end of the spouse's disqualifying marriage.

6.4. *Former Spouse Coverage***.** This paragraph applies to former spouse elections effective on or after 1 March 1986 and elections converted from former spouse coverage of the insurable interest type to former spouse coverage of the spouse type. Refer to paragraph 6.6.9 for information on former spouse coverage of the insurable interest type that was established prior to 1 March 1986.

6.4.1. A former spouse election precludes payment of an annuity to a spouse.

6.4.2. When two or more retirees name the same individual as a spouse or former spouse SBP beneficiary, the annuitant may receive only one annuity at a time and must choose which annuity to receive.

6.4.3. *Former Spouse Election by Retiring Member*. A member who has a former spouse may elect to provide SBP coverage for that former spouse upon retiring. If a retiring member is married and elects SBP coverage for a former spouse, the member's current spouse must be notified of the election (reference attachment 5); however, neither the spouse's nor the former spouse's concurrence is required on the DD Form 2656.

6.4.3.1. A retiring member may elect child SBP coverage in conjunction with a former spouse election (paragraph 6.5, below).

6.4.4. *Changing from Spouse to Former Spouse Coverage When Divorced After Retirement.* A retired member with spouse coverage who divorces may elect, within the first year following divorce, to change the election from spouse coverage to former spouse coverage. A person who was the member's former spouse when the member retired may not be named a beneficiary under this paragraph. An eligible former spouse is a person, who was the member's spouse on the date the member became entitled to retired pay, and was divorced from the member after the member retired; or married the member after retirement and remained married to the member for at least one year before becoming divorced; or married the member after retirement and became divorced within one year, but is the parent of issue of that marriage. A retired member who does not have spouse coverage cannot elect former spouse coverage under this paragraph.

6.4.4.1. If the member was ordered by a court to elect former spouse coverage before 14 November l986, a second court order, issued on or after 14 November l986, enforcing the original order which requires a former spouse election, constitutes a modification of the previous order and establishes a new one-year period during which the election can be changed from spouse to former spouse coverage. However, a modification of a court order dated after 14 November 1986 that merely restates the previous provision and imposes no new obligation on the member does not begin a new one-year period. A subsequent court order holding a member in contempt of

court for failing to fulfill the prior agreement cannot be used to begin a new one-year period (CG Decision B-244101, 3 August 1992). In these cases, the member should be advised that, in some cases, a correction of military record may be an avenue of administrative appeal.

6.4.4.2. A valid election for former spouse coverage terminates any previous coverage and prevents payment of an annuity to a spouse.

6.4.4.3. The SBP base amount cannot be changed nor can the court award a level of coverage greater than the base amount before the divorce.

6.4.4.4. A retired member may elect child SBP coverage in conjunction with former spouse coverage (paragraph 6.5, below).

6.4.5. *DD Form 2656-1, Survivor Benefit Plan (SBP) Election Statement For Former Spouse Coverage*. To request former spouse coverage either at retirement or following a divorce after retirement, a completed DD Form 2656-1, signed by both the member and the former spouse, must be submitted to DFAS-CL with a copy of the finalized divorce decree including property settlement (if applicable), setting forth whether:

6.4.5.1. The election is being made pursuant to the requirements of a court order incident to a proceeding of divorce, dissolution, or annulment; or

6.4.5.2. The election is being made pursuant to a written agreement entered into voluntarily by the member as part of or incident to a proceeding of divorce, but the agreement was not incorporated in, ratified, or approved by a court order. Both the member and former spouse must sign and date the written agreement statement; or

6.4.5.3. The member is making the election voluntarily (not required by a court order or written agreement).

6.4.6. *Deemed Election Request by a Former Spouse for SBP Coverage***.** If a member is required to elect former spouse SBP coverage either to comply with a court order dated after 13 November l986 or written agreement filed with the court of appropriate jurisdiction in accordance with applicable State law, and the member fails or refuses to do so, former spouse coverage may still be established by DFAS-CL if the former spouse submits a valid deemed election request within one year after the date of the decree of divorce, dissolution, or annulment. This method does not require the member's active participation.

6.4.6.1. A deemed election is a letter submitted by the former spouse to DFAS-CL requesting that an election for former spouse SBP coverage be deemed to have been made. The former spouse must make the request within one year of the divorce or it cannot be honored. If an election for former spouse coverage was agreed to or ordered by an earlier court order, a subsequent order or modification that merely restates the previous provision and imposes no new obligation on the member does not begin a new one-year period. A subsequent court order holding a member in contempt of court for failing to fulfill the prior agreement cannot be used to begin a new one-year period to deem an election (reference paragraph 6.4.4.1).

6.4.6.2. The former spouse's request must include the following: member's name; SSN; whether the member is retired or on active duty; the former spouse's full name;

SSN; date of birth; and mailing address, and a certified copy of the court order issued after 13 November l986 which requires the member to elect to provide an annuity to the former spouse; or a certified copy of the member's written agreement to make such an election along with a statement from the clerk of the court or other appropriate official that the written agreement was filed with the court as the applicable state law requires.

6.4.6.3. No election may be deemed to have been made which could never have been made by the member concerned (e.g., if the retiree did not previously have spouse coverage, former spouse coverage cannot be deemed following a divorce). Furthermore, a request for a deemed election will be rejected if the court order contains language that is otherwise unenforceable.

6.4.6.4. If more than one former spouse makes a qualifying request, the first request received with complete documentation is the one honored.

6.4.6.5. Since 1 March 1986, a former spouse may request child coverage in conjunction with a deemed election.

6.4.7. *Former Spouse Coverage Suspended*. Former spouse coverage is suspended if the former spouse remarries before age 55. In order to suspend the premiums, the member must include a copy of the former spouse's remarriage certificate with notification to DFAS-CL. While the former spouse coverage is suspended, the election cannot be changed or terminated unless the member files a valid election to change to spouse, child, or spouse and child coverage (paragraph 6.4.9, below) or the former spouse dies. If the member dies during the period the former spouse's coverage is suspended because of remarriage before age 55, the former spouse would be eligible for an annuity in the event the disqualifying remarriage subsequently terminates.

6.4.8. *Suspended Former Spouse Coverage Reinstated*. Former spouse coverage suspended as a result of the former spouse's remarriage prior to age 55 is reinstated if the former spouse's remarriage terminates unless in the interim the member filed a valid election to change to spouse, child, or spouse and child coverage (paragraph 6.4.9, below). To reinstate suspended former spouse coverage, the member must provide DFAS-CL documentation that shows the former spouse's marriage has terminated (e.g., divorce decree or the death certificate of the person to whom the former spouse was married) (reference paragraph 4.4.1).

6.4.9. *Changing Former Spouse to Spouse, Child, or Spouse and Child Coverage*. A member may request former spouse coverage be changed to cover a spouse, child, or spouse and child by submitting a signed letter of request <u>with</u> <u>appropriate</u> <u>documentation</u> (reference table 6.2) to DFAS-CL. An election request for child coverage must be received by DFAS-CL within one year of acquiring the eligible child(ren). A request to change an election from former spouse to spouse coverage may be made at any time after the member remarries without regard to the one-year time limitation previously imposed by Federal statute (reference PL 105-85, *National Defense Authorization Act for Fiscal Year 1998*, 18 November 1997). The former spouse coverage is terminated when the spouse becomes an eligible beneficiary (reference paragraph 6.1.1). If the member remarries the former spouse, the former spouse immediately becomes an eligible spouse beneficiary. This applies whether or not the former spouse coverage was court ordered,

required by a written agreement, or voluntary. If court ordered, no amended/modified court order is required.

6.4.9.1. If the election change request is received by DFAS-CL within the first year of remarriage, the previous level of coverage can be increased (reference paragraph 6.1.3.2). However, if the member requests the election change after one year of remarriage, the base amount cannot be changed, and the spouse coverage is effective on the date the election change request is received by DFAS-CL.

6.4.10. *Former Spouse Coverage Terminated*. Former spouse coverage is terminated in the event of the former spouse's death.

Table 2. Documentation Required to Terminate Former Spouse Coverage in Order to Elect Spouse, Child, or Spouse and Child Coverage.

If former spouse election was:	In order to change that election, the following is required:
Required by court order incident to a proceeding of divorce, dissolution, or annulment	The retired member must furnish DFAS-CL a written request with a certified copy of a court order that amends/modifies all previous court orders relating to such election so as to permit the member to change the election. **Exception**: If the member remarries the covered former spouse, no amended/modified court order is required to change the election to spouse coverage.
Required by a written agreement that was not incorporated in a court order	The member must furnish DFAS-CL a written request with a notarized statement signed by the former spouse that evidences the former spouse's agreement with termination of coverage and certified by the member that the statement is current and in effect.
Voluntary	The member must furnish DFAS-CL a written request. In this case, the former spouse's concurrence is not required in the change; however, the former spouse will be notified by DFAS-CL of the termination of former spouse coverage.
Any of the above, and the former spouse dies	Copy of the former spouse's death certificate.

6.5. *Former Spouse and Child Coverage*. A member who elects former spouse SBP coverage may also elect to provide coverage for eligible children. Only one annuity is payable under the former spouse and child option. The former spouse is the primary beneficiary. If the former spouse loses eligibility due to death or remarriage prior to age 55, the annuity is paid in equal shares to any eligible children (reference paragraph 6.2.1 for definition of an eligible child). In a former spouse and child election, <u>only</u> eligible children resulting from the marriage of the member and that former spouse are covered. When the last eligible child loses eligibility, SBP payments stop. If the former spouse lost eligibility due to remarriage prior to age 55, the former spouse would again become eligible for the annuity if the disqualifying marriage ends. This paragraph applies to former spouse elections effective on or after 1 March 1986 and elections converted from former spouse coverage of the insurable interest type to former spouse coverage of the spouse type. Reference paragraph 6.6.9 for former spouse coverage of the insurable interest type.

6.5.1. *Changing from Former Spouse and Child to Spouse, Child, or Spouse and Child Coverage.* A member may change former spouse and child coverage to spouse, child, or spouse and child coverage under the conditions described in paragraph 6.4.9. An election for child or spouse and child coverage includes all the member's eligible children (reference paragraph 6.2.1 for definition of an eligible child).

6.6. *Insurable Interest Coverage*. A member, who has neither a spouse nor a dependent child at retirement, may elect SBP coverage for a natural person with an insurable interest. (**Exception:** A person who does not have a spouse at retirement and has only one dependent child may elect insurable interest coverage for that dependent child [CG Decision B-179465, 19 July l974]). However, the member may not by-pass one dependent child and elect coverage for another insurable interest person. An insurable interest person (also called natural person with an insurable interest) is one who has a basis to expect some financial benefit or advantage from the continuance of the member's life. This can be either a family member or a non-related person.

6.6.1. Family members with an insurable interest include a parent, stepparent, grandparent, grandchild, brother, sister, aunt, uncle, cousin, one dependent child who would have qualified under paragraph 6.2.1 (reference paragraph 6.6, above), or a non-dependent child (e.g., adult capable of self-support). Non-related insurable interest parties may include a close business associate, who would be financially affected by the member's death, a business partner, a joint property owner, etc. Documentation that an insurable interest exists is required for all non-related persons and family members related as distantly as a cousin. If the election is subsequently disapproved by DFAS-CL (because it is determined the person designated is not an eligible beneficiary), any costs collected will be refunded to the member.

6.6.2. Only one person can be named as an insurable interest beneficiary.

6.6.3. A member with no spouse and no dependent child, who has several adult children, can elect insurable interest coverage for one of those adult children, or can bypass those adult children and elect coverage for another insurable interest beneficiary (e.g., brother, sister, etc.).

6.6.4. An insurable interest beneficiary's SBP eligibility is not affected by that person's age, student status, financial, or marital status.

6.6.5. A member must elect maximum coverage (reference paragraph 5.2) when electing insurable interest coverage.

6.6.6. A former spouse could not be named a beneficiary under this option after 1 March l986 (reference paragraph 6.6.9, below).

6.6.7. *Insurable Interest Authorized Changes*. Insurable interest coverage can be changed to coverage for a spouse and/or dependent child(ren) acquired after retirement. The member must make the election change within 1 year of acquiring the spouse and/or child(ren). A member changing from insurable interest coverage to spouse, child, or spouse and child may change the base amount at the same time. The costs for insurable interest coverage stop effective the date costs for the new coverage become effective.

6.6.8. *Terminating Insurable Interest Coverage.*

6.6.8.1. Coverage terminates upon the death of the covered insurable interest beneficiary. The member must provide a copy of the death certificate to DFAS-CL (DFAS-CL, U.S. Military Retirement Pay, PO Box 7130, London KY 40742-7130). The member may not name another insurable interest beneficiary.

6.6.8.2. Insurable interest coverage for a person who is not the member's former spouse can be arbitrarily discontinued at any time by submitting a written request to DFAS-CL. The member's written request must be signed, include his/her SSN, and state that the member wants to terminate SBP participation. A request for information will not be considered a request to terminate SBP participation. When DFAS-CL receives a request to terminate coverage under this provision, the member will be mailed a cover letter with fact sheets that explain the advantages and disadvantages of participation and the disadvantages of terminating participation. The member has 30 days from the date of the cover letter to withdraw a termination request. If the member does not respond within the prescribed 30-day period, the member's participation will be terminated effective the first day of the month following the month in which the member's request was received by DFAS-CL. When coverage is terminated under this provision, another insurable interest beneficiary cannot be named.

6.6.8.3. A member who terminates insurable interest coverage may subsequently elect coverage for a new spouse or dependent child within one year of acquiring the eligible family member.

6.6.9. *Insurable Interest Elections for Former Spouse Coverage*. Elections for former spouse coverage under the insurable interest option were permitted for retiring members after 8 September l982 and for retired members after 24 September l983. As of 1 March 1986, no new elections for former spouse coverage under this option were permitted. Participants were given the opportunity to change insurable interest elections for former spouse coverage to coverage under the same provisions (options, cost, and annuity payment) as spouse coverage during a one-year period (8 November 1985 - 7 November 1986) if the former spouse concurred in the change. As of 1 March 1986, all new former spouse elections are under the same provisions as spouse coverage (reference paragraph 6.4).

6.6.9.1. Former spouse elections of the insurable interest type could not have been ordered by the divorce court unless the member had agreed to provide SBP coverage for the former spouse.

6.6.9.2. The election could not include child coverage.

6.6.9.3. *Changing Insurable Interest Elections for Former Spouse Coverage to Spouse, Child, or Spouse and Child Coverage***.** A member may change former spouse elections of the insurable interest type to coverage for a spouse, child, or spouse and child under the same conditions described in paragraph 6.4.9.

Section C—Coverage Costs

7. General Premium Information. DFAS-CL deducts monthly SBP premiums from a participant's retired pay in accordance with DoD Financial Management Regulation (FMR),

volume 7B, *Military Pay Policy and Procedures For Retired Pay*. Premiums are deducted when there is an eligible beneficiary (reference paragraph 14). Premiums deducted from retired pay are not subject to Federal income tax. COLAs applied to the member's military retired pay also apply to his/her SBP premiums. Participants who waive military retired pay must remit monthly premiums directly to DFAS-CL. A member whose retired pay is offset by VA compensation for a service-connected disability may submit a DD Form 2891, *Authorization for Retired Serviceman's Family Protection Plan (RSFPP) and/or Survivor Benefit Plan (SBP) Costs Deduction***,** to the VA to request the premiums be deducted from the member's VA disability compensation. If a member is placed in a retired pay status effective on a date other than the first day of a month (such as TDRL or PDRL) and participates in the SBP, premiums begin the first day of the following month (reference paragraph 3.10.2).

8. Premiums for Spouse Coverage. One of two formulas may be used to compute premiums for spouse coverage. For all members who initially entered active duty after 28 February 1990 and who are not retiring for disability, the only formula used for computing spouse premiums is 6.5 percent of the base amount (reference paragraph 5 for definition of base amount). However, a previous formula (referred to herein as the "old formula") may be used if more beneficial for members who initially entered active duty on or before 28 February 1990, and members who retire for disability (regardless of the date of entry on active duty). The old formula is 2.5 percent of the threshold amount (reference paragraph 8.1, below, for definition of threshold amount), plus 10 percent of the base amount in excess of the threshold amount. 1. *Threshold Amount*. The threshold amount is the low-cost portion of the base amount multiplied by 2.5 percent when the old formula is used. The threshold amount was $300 until 28 February l986, and has risen since then by active duty pay increases. After a member's retirement, the threshold amount is increased by COLAs applied to the member's retired pay. **Table 3**., below, lists a history of all threshold amounts through 1 January 2007 with effective dates. Contact AFPC/DPPRT for subsequent threshold amount information. **Figure 3**., below, shows sample spouse premium computations using both the old and new formulas.

Table 3. History of Threshold Amounts.

Effective Date	Threshold Amount*
Until 28 February 1986	$300
1 March 1986	309
1 January 1987	318
1 January 1988	324
1 January 1989	337
1 January 1990	349
1 January 1991	363
1 January 1992	378
1 January 1993	392
1 January 1994	401
1 January 1995	411
1 January 1996	421
1 January 1997	434
1 January 1998	446

1 January 1999	462
1 January 2000	484
1 July 2000	491
1 January 2001	509
1 July 2001	512
1 January 2002	547
1 January 2003	572
1 January 2004	595
1 January 2005	616
1 January 2006	635
1 January 2007	649

Figure 1. Sample Spouse Premium Computations (using 1 January 2007 threshold amount of $649).

Base amount of $980		
OLD FORMULA		**NEW FORMULA**
$980		$980
- 649 (threshold amount) X .025 = $16.22	**OR**	X .065
331 (excess of threshold) X .10 = 33.10		**$63.70**
$49.32		
Monthly premium is $49.32		
Base amount of $1,500		
OLD FORMULA		**NEW FORMULA**
$1,500		$1,500
- 649 (threshold amount) X .025 = $16.22	**OR**	X .065
851 (excess of threshold) X .10 = 85.10		**$97.50**
$101.32		
Monthly premium is $101.32		

8.2. *Suspension or Reinstatement of Spouse Premiums*.

8.2.1. *Suspension of Spouse Premiums*. Premiums for spouse coverage are suspended the first day of the month following the date of the loss of the spouse beneficiary due to divorce, death, or annulment. If the member fails to advise DFAS-CL in a timely manner, any refund of premiums he/she paid after the spouse lost eligibility may be subject to the 6-year statute of limitation.

8.2.2. *Reinstatement of Spouse Premiums after Remarriage*. Unless a member with suspended spouse coverage elects to terminate spouse coverage after remarriage (reference paragraph 6.1.3.3), spouse costs resume effective the first day of the month following the date the new spouse becomes an eligible beneficiary (reference paragraph 6.1.1). (**Exception**: If the spouse becomes an eligible beneficiary on the first day of the month, costs are collected for that month.) If a member elects to increase the SBP base amount upon remarriage, refer to paragraph 6.1.3.2.

9. Premiums for Child Only Coverage. To compute child only costs, multiply the base amount by the cost factor from the SBP Child Only cost factor table (each SBP counselor will maintain a copy of the cost factor table) using the ages of the member and the youngest child on their birthdays nearest the effective date of the election. See **Figure 2.**, below, for a sample child only premium computation. A disabled child, age 18 or older, is considered to be age 17 for cost factor purposes. Age 17 is also used when there is an incapacitated child over age 18 and a competent child also over age 18 but younger than the incapacitated child.

Figure 2. Sample Child Only Premium Computation.

Using a $1,000 base amount	
Base amount	$1,000
Child cost factor for member age 48 and youngest child age 12	X .0031
Monthly cost	$3.10

9.1. *Adding an Additional Child*. Adding a child acquired after retirement to the member's original election for child only coverage will not change the cost unless coverage and premiums are suspended because all previously designated children have become ineligible (paragraph 9.3.2, below).

9.2. *Child(ren) Acquired After Retirement When No Eligible Child At Retirement.*

9.2.1. A member without a dependent child on retirement may provide coverage for a child acquired after that date (reference paragraph 6.2.3). The election must be filed within the first year after acquiring the first child. Costs for the child coverage begin the first day of the month following the date the election is received by DFAS-CL.

9.3. *Suspension or Reinstatement of Child Premiums*.

9.3.1. *Suspension of Child Premiums*. The member may provide a written request to DFAS-CL to suspend child coverage if the last remaining eligible child marries, if the last eligible child between the ages of 18 or 22 is not enrolled as a full-time student, or if the disabled child over 18 becomes capable of self-support (reference paragraph 6.2.1). Premiums for child coverage are suspended effective the first day of the month following the end of the child's eligibility. If the last eligible child age 18 or older becomes ineligible because of not attending school on a full-time basis, it is the member's responsibility to notify DFAS-CL of the last date the child attended school. If a child loses eligibility due to marriage, a copy of the marriage certificate is required. If the child dies, a copy of the death certificate is required (reference paragraph 4.4 and attachment 8).

9.3.2. *Reinstatement of Child Premiums.* If child premiums had been suspended because all children previously covered became ineligible and the member acquires a child(ren), the cost is recomputed based on the ages of the member and youngest newly acquired child on their birthdays nearest the date the child is acquired.

9.3.2.1. Cost for child coverage suspended because the child no longer attended school full-time may be reinstated if the unmarried child between the ages of 18 and 22 reenters school on a full-time basis. Cost is effective the first day of the month

after the date the child resumes school attendance. To reinstate coverage, the member notifies DFAS-CL of the date the child reenters school (reference paragraph 4.4).

9.4. *Recomputation of Child Costs When Spouse Coverage Is Added***.** A member who had no eligible spouse at retirement and elected child only coverage who later marries may elect to add the new spouse within the first year of marriage (reference paragraph 6.1.2). The new election must be for spouse and child coverage, and the child cost will be recalculated. Any additional children acquired as a result of the remarriage would also be covered. To compute the new child cost, multiply the base amount times the cost factor from the SBP Spouse and Child cost factor table (each SBP counselor will maintain a copy of the cost factor table) using the ages of the member, spouse, and youngest child on their birthdays nearest the date the new spouse becomes an eligible beneficiary, and add this cost to the spouse portion of the cost (reference paragraph 8). The recalculated cost is effective the first day of the month following the month in which the spouse becomes an eligible beneficiary.

10. Premiums for Spouse and Child Coverage. Monthly premiums for the spouse portion of the coverage are computed as shown in paragraph 8. A charge for the child coverage is added to the spouse premium. To compute the child portion of the premium, multiply the base amount times the cost factor from the SBP Spouse and Child cost factor table (each SBP counselor will maintain a copy of the cost factor table) using the ages of the member, spouse, and the youngest child on their birthdays nearest the effective date of the election. See **Figure 3.**, below, for a sample spouse and child premium computation.

Figure 3. Sample Spouse and Child Premium Computation.

Using a $1,500 base amount Member's age 48, spouse's age 45, and youngest child's age 12	
Base Amount	$1,500
	X .065
Spouse Cost:	$97.50
Base Amount	$1,500
Cost factor for child	X.00016
Child Cost	.24
Total Cost	$97.74

10.1. *Suspension or Reinstatement of Spouse and Child Premiums.*

10.1.1. *Suspension of Spouse and/or Child Premiums*. The spouse portion of the premium is suspended effective the first day of the month following the date the spouse beneficiary loses eligibility. The election reverts to child only coverage while there is no eligible spouse. The cost for the child portion of the coverage is recomputed at that time. To compute the child cost in this case, multiply the base amount by the cost factor from the SBP Child Only cost factor table (each SBP counselor will maintain a copy of the cost factor table) using the ages of the member and the youngest child on their birthdays nearest the date of the loss of the spouse beneficiary. The recalculated cost for the child coverage becomes effective the first day of the month following the date of the loss of the

spouse beneficiary. The child portion of the premium is suspended effective the first day of the month following the date the last remaining child loses eligibility (reference paragraph 9.3.1.) and the election reverts to spouse only coverage as long as there are no eligible children.

10.1.2. *Reinstatement of Spouse and/or Child Premiums.* Reference paragraph 8.2.2 for reinstatement of the spouse portion of the premiums following a remarriage. The election reverts back to spouse and child coverage. The child portion of the cost is recalculated at that time. To compute the child portion of the cost when an eligible spouse beneficiary is added, multiply the base amount by the cost factor from the SBP Spouse and Child cost factor table (each SBP counselor will maintain a copy of the cost factor table) using the ages of the member, spouse, and youngest child on their birthdays nearest the effective date of the election. That premium is added to the spouse premium.

10.1.2.1. If the child portion of the premium had been suspended because all children previously covered became ineligible and the member acquires a new child(ren), the election reverts back to spouse and child coverage if there is also an eligible spouse. To compute the child portion of the cost, multiply the base amount by the cost factor from the SBP Spouse and Child cost factor table (each SBP counselor will maintain a copy of the cost factor table) using the nearest ages of the member, spouse and youngest child on their birthdays nearest the date the child is acquired. That premium is added to the spouse cost. The change in cost is effective the first day of the month after the date the new child is acquired.

11. Premiums for Former Spouse Coverage. Former spouse premiums are computed using the same formulas used to compute spouse costs (reference paragraph 8).

11.1. *Suspension, Termination, or Reinstatement of Former Spouse Premiums.*

11.1.1. *Suspension or Termination of Former Spouse Premiums. Former spouse coverage is suspended if the former spouse remarries before age 55. Premiums can be suspended by sending a copy of the former spouse's marriage certificate with written notification to DFAS-CL (reference paragraph 4.4.1). Former spouse coverage is terminated if the former spouse dies. The member must send a copy of the former spouse's death certificate with written notification to DFAS-CL to terminate the premiums (reference paragraph 4.4.1). Premiums stop the first day of the month after the date there is no longer an eligible former spouse beneficiary. If the member dies during the period the former spouse coverage is suspended because of the former spouse's remarriage before age 55, the former spouse becomes eligible for the annuity in the event the disqualifying remarriage subsequently terminates. Appropriate documentation must be provided to DFAS-CL, (DFAS-CL, U.S. Military Annuitant Pay, PO Box 7131, London KY 40742-7031) with an application for the annuity.*

11.1.2. *Reinstatement of Former Spouse Premiums*. Premiums suspended as a result of the former spouse's remarriage prior to age 55 are reinstated effective the first day of the month after the date the former spouse's remarriage terminates, unless in the interim the member had filed a valid election to change to spouse, child, or spouse and child coverage with appropriate documentation (reference paragraph 6.4.9 and table 6-2). To reinstate former spouse premiums, the member should include a copy of the former spouse's divorce decree or the death certificate of the person to whom the former spouse

was married, whichever is appropriate, with written notification to DFAS-CL (reference paragraph 4.4.1).

12. Premiums for Former Spouse and Child Coverage. Cost for former spouse and child coverage are computed using the same formulas used to compute costs for spouse and child coverage (reference paragraph 10).

12.1. *Suspension, Termination, or Reinstatement of Former Spouse and Child Premiums.*

12.1.1. *Suspension or Termination of Former Spouse and Child Premiums*. The former spouse portion of the cost is suspended if the former spouse remarries before age 55 and terminated if the former spouse dies. If a child resulting from the marriage of the member and that former spouse is still eligible, the cost for the child portion of the coverage is recomputed. The recalculated cost for child only coverage becomes effective the first day of the month following the date the former spouse loses eligibility. To compute child costs, multiply the base amount by the cost factor from the SBP Child Only cost factor table (each SBP counselor will maintain a copy of the cost factor table) using the ages of the member and the youngest eligible child on their birthdays nearest the effective date of the election. The child portion of the cost is suspended effective the first day of the month following the date the last remaining eligible child loses eligibility (reference paragraph 6.2.1).

12.1.2. *Reinstatement of Former Spouse and Child Premiums*. If the former spouse portion of the cost was suspended as a result of the former spouse's remarriage before age 55 and that marriage terminates, costs for former spouse coverage are reinstated effective the first day of the month after the date the former spouse's remarriage terminates. If there is an eligible child (reference paragraph 6.2.1), the cost for the child portion of the coverage is recomputed at that time. To compute the child cost, multiply the base amount by the cost factor from the SBP Spouse and Child cost factor table (each SBP counselor will maintain a copy of the cost factor table) using the ages of the member, former spouse, and youngest eligible child on their birthdays nearest the effective date of the election. The recalculated cost for the child portion of the coverage becomes effective the first day of the month following the date the former spouse becomes an eligible beneficiary.

13. Premiums for Insurable Interest Coverage. The premiums are computed as 10 percent of the member's gross retired pay (reference paragraph 5.2 if the member received a CSB) plus an additional 5 percent for each full 5 years the beneficiary is younger than the member. The total cost may not exceed 40 percent of member's retired pay. See **Figure 4** below for a sample insurable interest premium computation.

Figure 4. Sample Insurable Interest Premium Computation.

Using a base amount of $1,000 Member age 45 and beneficiary age 32	
Age difference is 13 years (which is two full 5-year periods). Therefore, the cost percentage of this member's retired pay is 20 percent.	
Cost Computation:	

Base amount	$1,000
Multiply by cost percentage	X .20
Monthly cost	$200

13.1. *Terminating Insurable Interest Premiums*.

13.1.1. A retiree with insurable interest coverage for a person who is not the member's former spouse may arbitrarily discontinue coverage at any time by submitting a written request to DFAS-CL. In this case, costs terminate the first day of the month following receipt of the member's request by DFAS-CL (reference paragraph 6.6.8.2). No premiums, properly collected, will be refunded as a result of terminating coverage under this provision.

13.1.2. Premiums for insurable interest coverage terminate the first day of the month after the date the insurable interest beneficiary dies. The member must provide a copy of the death certificate to DFAS-CL.

13.2. *Premiums for Insurable Interest Elections for Former Spouse Coverage Prior to 1 March 1986.* As of 1 March 1986, a former spouse cannot be named a beneficiary under the insurable interest option. Premiums for insurable interest elections for former spouse coverage were computed as in paragraph 13, above.

14. Paid-Up Provision. PL 105-261, *Strom Thurmond National Defense Authorization Act for Fiscal Year 1999*, 17 October 1998, stipulates that effective 1 October 2008, retired members, who are age 70 or older, whose retired pay has been reduced for SBP premiums for 360 months (reference paragraph 14.1) will be considered "paid-up." No further premiums will be deducted from their retired pay, but an annuity remains payable to their covered beneficiary.

14.1. *Effect of Change in Level of Coverage*. If a retired member increased the level of SBP coverage during either the 1981-1982 or the 1992-1993 open enrollment periods (reference paragraph 28), only that portion of the premium shall be discontinued that pertains to the qualifying level of coverage. For example, a member retired on 1 October 1978 and elected reduced SBP coverage for his/her spouse. The member increased his/her level of coverage to full on 1 October 1992 (during the 1992-1993 open enrollment period). As of 1 October 2005, the member has paid approximately 156 monthly premiums for the full level of coverage (currently $130 a month [example premium amount only]), and 324 months of premiums relating to the original base amount (currently $15 [example premium amount only]). Only $15 of the member's monthly premium will be discontinued effective 1 October 2008, and the additional $115 ($130 minus $15) of premiums must continue to be deducted for another 168 premium payments following that date. (**Exception**: Members who enrolled or increased their coverage during the 1999-2000 or the 2005-2006 open enrollment periods will be given credit for the months covered by their lump-sum buy-in payment.)

Section D—The Annuity

15. General Annuity Information. The Defense Finance and Accounting Service - Cleveland Center (DFAS-CL, U.S. Military Annuitant Pay, PO Box 7131, London KY 40742-7131) is the point of contact to establish, suspend, reinstate, and terminate annuity payments. Payment of an annuity is not automatic. A properly completed DD Form 2656-7, *Verification For Survivor*

Annuity has to be completed and submitted in accordance with instructions contained in AFI 36-3002, *Casualty Services.*

15.1. An annuity is payable to the eligible beneficiary(ies) beginning the day after the member's death unless death occurs on the 30th day of a 31-day month. In that case, the annuity starts on the first day of the next month.

15.2. The annuity increases at the same rate and time retired pay is increased by COLAs; however, if the member received a CSB (reference paragraph 5.1), the annuity increase will be equal to the COLA minus one percent with a one-time readjustment when the deceased member would have been age 62. After the increase is applied to the annuity, if the increased annuity is not a multiple of $1, it will be rounded to the next lower multiple of $1. The annuity terminates on the last day of the month before the month in which the beneficiary becomes ineligible. **Example**: If the annuitant dies on 15 April, the annuity terminates 31 March.

15.3. When two or more retirees name the same individual as an SBP spouse and/or former spouse beneficiary, the annuitant may receive only one annuity at a time and must choose which annuity to receive. An eligible child, however, may receive more than one SBP annuity if named as a beneficiary by more than one military member (reference paragraph 3.6.2.).

15.4. An annuity will not be paid directly to a mentally incapacitated adult annuitant or an annuitant determined to be incompetent to manage their financial affairs. The annuity may be paid to a third party on behalf of the incapacitated annuitant if the third party has been appointed as guardian, custodian, or other fiduciary pursuant to a state court. The annuity may also be paid to a representative payee, who is responsible for the care of the annuitant, as determined by DFAS-CL. A representative payee will not be established solely on the basis of a written request from a third party that an annuitant is incapable of handling their own financial affairs. DFAS-CL must receive a determination of incompetence made either by a state court, or by a physician or psychologist before the annuitant will be considered unable to handle their financial affairs. A representative payee is required to spend or invest the annuity solely for the benefit of the annuitant and must certify on a representative payee application form submitted to DFAS-CL that the annuity will be used for the annuitant's benefit.

15.5. Annuity payments cannot be paid directly to a trust. For income tax purposes, annuity payments must be made payable using the annuitant's SSN.

16. Spouse Annuity. The annuity paid to a spouse is 55 percent of the base amount. (Note: If the surviving spouse is or turns age 62 prior to April 1, 2008, the annuity may be subject to a temporary reduction [reference section E, below]).

16.1. *Suspension, Reinstatement, or Termination of Spouse Annuity.*

16.1.1. *Suspension*. Effective 14 November 1986, a surviving spouse's annuity is suspended if he/she remarries before age 55. The annuity is suspended the last day of the month before the month of remarriage. Prior to 14 November 1986, the annuity was suspended if remarriage occurred before age 60.

16.1.2. *Reinstatement.* An annuity suspended because of the surviving spouse's remarriage prior to age 55 may be reinstated if the remarriage terminates. The annuity begins the first day of the month in which the remarriage terminates.

16.1.3. *Termination Due to Death of Spouse Annuitant*. The annuity terminates effective the last day of the month before the month in which the annuitant dies. The NOK should notify DFAS-CL at their toll-free number (1-800-321-1080) to avoid an overpayment.

16.2. *DIC Offset*. If the surviving spouse is awarded DIC by the VA based on the service-connected death of the same member who provided the SBP coverage, DFAS-CL reduces the spouse's SBP annuity by the amount of the DIC award. The SBP annuity is not reduced if the spouse's DIC is derived from the service of another member (U.S. Court of Appeals for the Federal Circuit, 87-1037, Gertrude M. Croteau vs United States).

16.2.1. For offset purposes, the DIC award includes any additional amount paid to the spouse by the VA because of the veteran's total disability rating for a continuous period of at least 8 years preceding death. To be eligible, the spouse had to be married to the member for those same 8 years. It does not include any amount attributable to child entitlement or additional VA payments to the spouse for aid and attendance or housebound.

16.2.2. DIC payments normally begin on the first day of the month following the month of the member's death (reference paragraph 16.2.5). The SBP annuity is reduced by DIC on the date DIC payments begin. The DIC offset to the SBP increases each time DIC rates increase.

16.2.2.1. If the DIC award is greater than the SBP annuity, no SBP annuity is paid and the SBP premiums for spouse coverage paid by a retiree are refunded to the surviving spouse. The spouse must apply for the SBP annuity in order to receive the SBP premium refund.

16.2.2.2. If the DIC award is less than the SBP annuity, the spouse is paid an SBP annuity equal to the difference between the full annuity and the DIC. A refund of SBP premiums is made based on the difference between the costs actually incurred and the costs that would have been incurred in order to provide the annuity payable after the DIC reduction.

16.2.3. The cost refund does not include premium additions attributable to the 1992-1993 open enrollment; any lump sum buy-in premiums attributable to the 1999-2000 or 2005-2006 open enrollments; or any interest charges due to delinquent costs.

16.2.4. A spouse whose DIC award is suspended because of remarriage prior to age 57 may have the full SBP annuity reinstated if the remarriage occurs after age 55. The spouse must repay any SBP premiums refunded at the time DIC was awarded. The SBP annuity is reinstated effective the date the DIC is suspended. The spouse may repay the premiums in a lump sum or monthly installments. If the surviving spouse elects to make repayment in installments, DFAS-CL will deduct installment payments from the SBP annuity payable. The deductions will be in the amount of 50 percent of the DIC amount or 50 percent of the gross annuity, whichever is less. No interest will accrue until the date of the first readjusted annuity payment. Thereafter, interest accumulates on any unpaid balance until the full amount has been repaid. If the marriage later terminates and

the spouse again becomes eligible for DIC, the SBP annuity will again be reduced by the amount of the DIC, but no second refund of SBP premiums will be paid.

16.2.5. When a claim for DIC is not filed within one year after the member's death, the effective date of the DIC award is the date of receipt of the DIC claim by the VA. In this case, the surviving spouse receives the full amount of the SBP annuity until the effective date of the DIC award and no SBP premiums will be refunded.

16.3. *Certificate of Eligibility (COE).* Once the annuity is established, DFAS-CL mails an annual COE to the annuitant that must be completed and returned in order to certify continued eligibility. Prompt return of the statement will ensure there will be no interruption in the annuity payments.

17. Child Annuity. The annuity payable is 55 percent of the base amount and is paid in equal shares to eligible children beginning the day after the member's death (reference paragraph 6.2.1 for definition of an eligible child). See **Figure 5.**, below, for an example of annuity paid to several children.

Figure 5. Example of Annuity Paid to Several Children.

Number of children	4
Annuity amount	$1,100
Annuity divided by number of children ($1,100 ÷ 4) =	$275 each eligible child
As one of the children loses eligibility because of age, marriage, or because he/she is over 18 and no longer a full-time student, the remaining 3 children share the annuity. The annuity amount per child will then be as follows:	
Number of children	3
Annuity divided by number of children ($1,100 ÷ 3) =	$366 each eligible child
All annuity payments terminate when the last child loses eligibility	

A child may receive more than one SBP annuity if named as the beneficiary by more than one military member (reference paragraph 3.6).

Marriage at any age terminates a child's eligibility for the annuity. An annulment of a child's marriage which renders the marriage void and invalid, or a judicial decree by a court of competent jurisdiction declaring the marriage void, would serve as a basis for reinstating a child's eligibility for the annuity prospectively from the date of the judicial decree. Termination of a child's marriage by death or divorce does not restore annuity eligibility.

A child's SBP annuity is not reduced by the child's DIC entitlement, if applicable.

17.1. *Suspension, Reinstatement, or Termination of Child(ren) Annuity.*

17.1.1. *Suspension of Annuity*. A child's annuity is suspended if the child marries, if the child between the ages of 18 or 22 is not enrolled as a full-time student, or if a disabled child over 18 becomes capable of self-support (reference paragraph 6.2.1).

17.1.2. *Reinstatement of Annuity.* A suspended annuity may be reinstated when a child between the ages of 18 and 22 reenters school on a full-time basis, the recurrence of a disability incurred before the child's 18th birthday (or before the 22nd birthday if disability incurred while a full-time student) which again renders the child incapable of self-support, or the child's marriage is properly annulled. DFAS-CL must be provided appropriate documentation before the annuity can be reinstated (reference attachment 8). Divorce or death of the child's spouse does not reinstate a previously married child's eligibility for the annuity.

17.1.3. *Termination of Annuity.* The annuity terminates the last day of the month before the month the last remaining child's eligibility ends.

17.2. *Annuity Payments for Minor Child*. An SBP annuity may not be paid directly to a minor. Annuity payments for a minor child are paid to the legal guardian; or, if there is no legal guardian, to the natural parent, who has care, custody, and control of the child; or to a representative payee of the child as determined by DFAS-CL (reference paragraph 15.4). The annuity can be paid directly to an eligible child only when the child is considered to be of majority age under the laws in the state of residence. The child is then considered an adult for annuity purposes and a custodian or legal fiduciary is no longer required unless the child is incapacitated (reference paragraph 17.3, below).

17.3. *Annuity Payments to a Mentally Incapacitated Adult Child or Adult Child Determined by Medical Authority to be Incapable of Managing Own Financial Affairs.* In this case, the annuity may be paid to a legal guardian; or if there is no legal guardian, to the natural parent who has care, custody, and control of the child; or to a representative payee of the child as determined by DFAS-CL (reference paragraph 15.4).

17.4. *Verification of Continued Eligibility of Child(ren).* DFAS-CL requires students between the age of 18 and 22 to complete a DD Form 2788, *Child Annuitant's School Certification*, to provide certification of intent to continue full-time study or training for each school semester or other period in which the school year is divided. A separate certificate is required for each term/semester in which the school year is divided. Payments to a student continue during any interval between school semesters that does not exceed 150 days if the student demonstrates, to the satisfaction of DFAS-CL, that he or she has a bona fide intention of continuing a full-time course of study or training at a recognized educational institution (reference paragraph 6.2.2) immediately after that interval.

17.4.1. An otherwise eligible child, properly enrolled in a full-time course of study or training at a recognized educational institution, who becomes ill or requires non-elective surgery during a school term, retains his/her student status for the rest of that school term.

17.4.2. DFAS-CL confirms eligibility of a disabled child every 2 years. If medical documentation shows that the disability is permanent, further documentation may not be required.

18. Spouse and Child Annuity. Only one annuity is payable. It is paid first to the spouse, who is the primary beneficiary. If the spouse loses eligibility due to remarriage prior to age 55 or death, the annuity is paid in equal shares to any eligible child(ren). When the last eligible child loses eligibility, SBP payments stop. The annuity can be reinstated for the spouse if the remarriage ends. Reference paragraph 16 for the annuity amount paid to a spouse and paragraph

17 for annuity amounts paid to an eligible child(ren). When an election is for spouse and child coverage and a DIC refund is made under paragraph 16.2, the refund to the spouse does not include any additional amounts the member paid for child coverage. If the spouse remarries before age 55 or dies, the full SBP annuity is paid in equal shares to any eligible child(ren) (reference paragraph 6.2.1).

18.1. *Suspension, Reinstatement, or Termination of a Spouse and Child Annuity.* Reference paragraph 16.1 for information on suspending, reinstating or terminating a spouse's annuity. Reference paragraph 17.1 for information on suspending, reinstating, or terminating a child's annuity.

19. Former Spouse Annuity. The same rules that apply to a spouse annuity also apply to a former spouse annuity (reference paragraph 16).

19.1. *Suspension, Reinstatement, or Termination of a Former Spouse Annuity.* The same rules that apply to the suspension, reinstatement, or termination of a spouse annuity also apply to a former spouse annuity (reference paragraph 16.1) unless the member dies during the period the former spouse coverage and premiums are suspended because of the former spouse's remarriage prior to age 55, the former spouse regains eligibility for the annuity in the event the remarriage subsequently terminates.

20. Former Spouse and Child Annuity. Only one annuity is payable. It is payable to the eligible former spouse, who is the primary beneficiary. If the former spouse becomes ineligible, it is paid in equal shares to any eligible child(ren). Only eligible children resulting from the marriage of the member and that former spouse are eligible to receive the annuity. Reference paragraph 19 for the annuity amount payable to the former spouse. Reference paragraph 17 for the annuity amount payable to eligible child(ren).

20.1. *Suspension, Reinstatement, or Termination of a Former Spouse and Child Annuity.* A former spouse and child annuity is suspended, reinstated, or terminated under the same conditions as a spouse and child annuity (reference paragraph 18.1).

21. Insurable Interest Annuity. The annuity is 55 percent of the member's retired pay remaining after the monthly cost has been deducted. See **Figure 6.**, below, for a sample insurable interest annuity computation. Payment of the annuity is not affected by the annuitant's marriage, age, or student status. Payments are increased by COLAs at the same time and by the same percentage as retired pay is increased.

Figure 6. Sample Insurable Interest Annuity Computation.

Base amount	$1,000
Minus monthly cost (10 to 40% - reference paragraph 13)	- $200
	$800
Multiply remainder by 55%	X .55
Monthly annuity	$440

21.1. *Termination of Insurable Interest Annuity.* The annuity terminates effective the last day of the month before the month in which the annuitant dies. DFAS-CL should be notified at their toll-free number (1-800-321-1080) to avoid an overpayment.

Section E—Provisions Which May Be Applicable to the Annuity of a Spouse or Former Spouse Age 62 or Older Prior to 1 April 2008.

22. Spouse or Former Spouse Annuity Reduction at Age 62. Until passage of PL 108-375, dated 28 October 2004, the annuity payable to a surviving spouse or former spouse who was age 62 or older was reduced from 55 percent to 35 percent of the base amount. The spouse or former spouse of any member who was already retired or retirement eligible prior to 2 October 1985, was grandfathered under an older Social Security Offset reduction method (55% of the base amount minus the Social Security entitlement based upon the member's military service time) if that provided a larger annuity. (Exception: The annuity for a former spouse of a retiree who was retired or eligible to retire prior to 2 October 1985 and whose divorce from the member was finalized before 30 November 1989 was not subject to reduction when the former spouse attained age 62.) PL 108-375 authorized the elimination of the age 62 reduction to a surviving spouse's or former spouse's SBP annuity according to the following annuity increase schedule:

Table 4. Phased Annuity Increase Schedule.

Annuity paid:	**Annuity computed**
Any month prior to Oct 2005	35% of the base amount (unless grandfathered and the Social Security Offset reduction method provides a larger annuity - see Note)
Oct 2005 through Mar 2006	40% of the base amount (unless grandfathered and the Social Security Offset reduction method provides a larger annuity - see Note)
Apr 2006 through Mar 2007	45% of the base amount (unless grandfathered and the Social Security Offset reduction method provides a larger annuity - see Note)
Apr 2007 through Mar 2008	50% of the base amount (unless grandfathered and the Social Security Offset reduction method provides a larger annuity - see Note)
Apr 2008	all Spouse annuities will be 55% without regard to the annuitant's age.

Note: The spouse or former spouse of any member who was already retired or retirement eligible on or before 1 October 1985, was grandfathered under the older Social Security Offset reduction method (55% of the base amount minus Social Security entitlement based upon the member's military service time) if that provided a larger annuity.

22.1. *Initial Annuities Computed.* Effective 1 October 2005 and ending on 31 March 2008, for an annuitant who is age 62 or older upon initial commencement of the SBP annuity, the annuity was computed using the above Phased Annuity Increase Schedule percentage. The annuity was subsequently recomputed each annuity increase period. All annuities commencing on or after 1 April 2008 are computed at 55 percent of the base amount selected by the member.

22.2. *Existing Annuities Recomputed*. A surviving spouse who, on 1 October 2005, was receiving an SBP annuity, had their annuity recomputed on 1 October 2005 so that the annuity reflected the percentage amount in the above Phased Annuity Increase Schedule. A recomputation occurred each of the above periods. To compute the increased annuity, the annuity amount being paid on 30 September 2005 was used to determine an "implied" base amount at death. The implied base amount was divided by the percentage of the base amount being paid on that date. The product became the "implied" base amount at death. The implied base amount was multiplied by the appropriate percent in the above Phased Annuity Increase Schedule each increase period. Applicable COLAs for each year were then added to determine the new annuity amount each increase period. However, if the annuitant was grandfathered under the older Social Security Offset reduction method (reference NOTE, above) and that provided a larger annuity, the annuitant received that annuity amount during that annuity increase period. This comparison was done each period until the annuity payable was larger using the above Phased Annuity Increase Schedule percentage.

23. Supplemental SBP (SSBP). PL 101-189, 29 November l989, established the SSBP effective 1 April 1992. An election for SSBP allowed a member to supplement the standard 35 percent SBP annuity that was payable to an otherwise eligible spouse or former spouse who was age 62 or older. SSBP was payable in an amount equal to 5, 10, 15, or 20 percent of the member's gross retired pay, depending on the percentage of SSBP the member elected (5, 10, 15, or 20 percent). SSBP paid a spouse or former spouse who was age 62 or older an extra benefit of 5, 10, 15, or 20 percent in addition to the 35 percent normally paid. If full SSBP (20 percent) was elected, the annuity would remain at 55 percent after the spouse or former spouse turned age 62. Any member who elected SSBP coverage waived the right to have the SBP annuity computed under the Social Security Offset method (reference NOTE, above). Effective 1 April 1992 retiring members who elected SBP coverage for a spouse or former spouse at the maximum level could simultaneously elect SSBP coverage. An election to provide SSBP coverage was not valid if the base amount for spouse or former spouse SBP coverage was less than full retired pay. PL 101-189, 29 November 1989, also authorized a one-year open enrollment period (1 April 1992 – 31 March 1993) for members who were already retired. Members with full SBP coverage or members who increased their SBP to full during the open enrollment period could elect SSBP coverage.

23.1. *SSBP Premiums* The SSBP was designed to operate on an actuarially-neutral basis so the SSBP was not Government subsidized. SSBP premiums were based upon the member's age and were in addition to premiums paid for standard SBP coverage. The phased age-62 annuity increase (reference table 22-1) authorized by PL 108-375, 28 October 2004 prohibited any new election for SSBP coverage effective 1 November 2004. For those retired members who were paying for SSBP coverage, the reduction in their retired pay for SSBP premiums was terminated effective 1 November 2004.

23.2. *SSBP Annuity Payable***.**

23.2.1. Members who retired prior to 28 October 2004, who elected some level of SSBP continued to have that coverage through the age 62 phased annuity increase schedule (reference Figure 22-1) but without further payment of SSBP premiums. The annuity for a spouse or former spouse who was covered by SSBP, was increased by the appropriate amount of SSBP coverage. However, the annuity could not be greater than 55 percent of the base amount. (Example: If the member elected 5 percent SSBP, the 1 October 2005

annuity recomputation was at 45 percent and not 40 percent; the 1 April 2006 recomputation was at 50 percent and not 45 percent; the 1 April 2007 recomputation was at 55 percent and not 50 percent; thereafter it remained at 55 percent as the annuity could not be larger than 55 percent of the base amount). Spouse's or former spouse's of members who retired prior to 28 October 2004 who did not elect SSBP were subject to the age 62 reduction and phased annuity increase schedule (reference table 22-1).

23.2.2. Members who retired after 28 October 2004, who elected FULL spouse or former spouse SBP coverage had free full SSBP coverage (called "presumed coverage") during the period 28 October 2004 to 1 April 2008 UNLESS they retired for disability. If the member retired for disability, full SSBP coverage only applied if the member lived for one year following disability retirement or, if they died within the first year following disability retirement, the cause of death was not related to a medical condition for which they were medically retired. Members who retire after 28 October 2004, who elected reduced spouse or former spouse SBP coverage could not be considered to have SSBP and their beneficiary is subject to the age 62 reduction and phased annuity increases.

23.2.3. SSBP was not applicable to active duty deaths, so the phased annuity increase schedule (above) was applicable if the spouse or former spouse was or turned age 62 prior to 1 April 2008.

23.2.4. The following chart shows, by group, the presumed SSBP coverage during the period 28 October 2004 to 1 April 2008:

Table 5. Presumed SSBP Coverage.

Category	Presumed SSBP
Currently Retired with SSBP	Yes
Currently Retired without SSBP	No
Retired after 28 Oct 04 with full Spouse or Former Spouse SBP	Yes
Retired after 28 Oct 04 with reduced Spouse or Former Spouse SBP	No
Disability retired after 28 Oct 04 with full Spouse or Former Spouse SBP and die within one year of cause for which retired	No
Disability retired after 28 Oct 04 with full Spouse or Former Spouse SBP and live one year or if death is within one year cause of death is not related to medical reason for which retired	Yes
Member dies on active duty	No

Section F—Miscellaneous Provisions

24. Taxes.

24.1. *Federal Income Tax.*

24.1.1. *Taxability of Premiums.* Members do not pay Federal income tax on monthly premiums deducted from retired pay for SBP coverage. A member whose pay is subject to tax withholding will, while in a pay status, receive the tax savings through a reduction in the amount of taxable income that is reported to the Internal Revenue Service (IRS). The taxability of the member's retired pay has no bearing on the taxability of annuity payments to the survivor or cost refund to the surviving spouse.

24.1.2. *Taxability of Annuity.* The SBP annuity is subject to Federal income tax when paid to the beneficiary. A refund of premiums resulting from an administrative error, correction of record, or the awarding of DIC is taxable to the annuitant. DFAS-CL withholds Federal income tax from the annuity using married status with three exemptions unless the beneficiary contacts DFAS-CL with the desired marital status and number of exemptions. A beneficiary has the right to elect no withholding. At the end of the year, DFAS-CL provides the beneficiary an income tax form to show gross SBP income and the amount of Federal tax withheld.

24.2. *Non-Resident Alien Beneficiary.* Non-resident alien SBP beneficiaries living in foreign countries are subject to a withholding tax by the US government on their monthly annuity. The withholding tax rate is 30 percent of the payable annuity. The tax levy is not part of the SBP laws, but results from individual tax treaties between the US government and various foreign countries. The 30 percent is a fixed tax that must be withheld by DFAS-CL. However, there may be tax treaties with individual countries exempting the annuity from this tax or specifying a withholding rate other than 30 percent. An IRS Form W-8BEN, *Certificate of Foreign Status of Beneficiary Owner for United States Tax Withholding*, can be used to request the SBP annuity be tax exempt or to specify a withholding rate other than 30 percent based on a tax treaty. If non-resident alien beneficiaries desire more information concerning this matter, they should contact the IRS, DFAS-CL, or the nearest American Embassy.

24.3. *Federal Estate Tax.* The value of the SBP annuity at the time of the member's death may be subject to Federal estate tax. Beneficiaries should address tax questions to a legal assistance officer or their nearest IRS office.

24.4. *State Taxes.* Whether SBP annuities are subject to state inheritance or income tax and the method of calculating such tax depend upon the laws of the state concerned. Current statutes, however, do not allow DFAS-CL to withhold state income taxes from an annuity.

25. Options for Future Civil Service Retirement.

25.1. A retiree who is an SBP participant and who subsequently retires from Civil Service and waives military retired pay to combine civilian and military service credits may not participate in both the military SBP and the Civil Service survivor annuity program. Such a member may:

25.1.1. Decline the Civil Service survivor coverage and continue in SBP, sending SBP premiums directly to DFAS-CL, or

25.1.2. Participate in the Civil Service survivor program at any level and SBP coverage will be suspended. If the waiver of military retired pay is terminated for any reason, SBP coverage resumes when the member again begins to receive retired pay.

25.2. An SBP participant who does not waive military retired pay upon retirement from Civil Service must continue SBP participation. The member may also elect coverage under the Civil Service annuity plan and a survivor may receive annuities from both plans.

26. Withdrawal Provision For Totally VA Disabled Members. PL 96-402, 9 October 1980, permits a member who is rated totally disabled by the VA from a service-connected cause and who has been so rated continuously for 10 years, or a lesser period of at least 5 years from the date of last discharge or release from active duty, to withdraw from SBP. The initial date for determining the 5- or 10-year period is the effective date of the VA rating of total disability. The eligible survivor(s) of a member, who meets the criteria for withdrawal, may be entitled to DIC upon the member's death even if the member dies of a nonservice-connected cause. The member should contact the VA to verify the survivor's entitlement to DIC before submitting a withdrawal request. A member whose rating is later reduced to less than total (therefore, DIC to member's survivors will not be assured), may apply to have the SBP reinstated. Survivors of members who die while participation is withdrawn under this provision are barred from receiving an SBP annuity.

26.1. The retiree should send a withdrawal request to DFAS-CL with a statement authorizing DFAS-CL to verify the length of the member's total disability rating with the VA and the beneficiary's written and notarized consent to the withdrawal. Should the beneficiary(ies) be a dependent child or children, written consent may be accepted from the other parent, a stepparent, foster parent, guardian, or an individual appointed by a court of competent jurisdiction.

26.2. DFAS-CL provides the member a statement of the advantages of participating in the SBP and the possible disadvantages of discontinuing participation.

26.2.1. *Possible Advantages of Continuing Participation:*

26.2.1.1. If the SBP annuity is greater than the DIC entitlement, the spouse is paid SBP in an amount equal to the difference between the SBP and the DIC. SBP premiums attributable to the amount of SBP not received are refunded (reference paragraph 16.2.2.2 and 16.2.3).

26.2.1.2. Although a spouse's DIC entitlement is suspended for remarriage prior to age 57, a spouse may retain the SBP annuity if the spouse is age 55 or older at the time of remarriage. This would result in the full SBP annuity being reinstated (having previously been offset by the DIC) after the annuitant repays the SBP cost refund.

26.2.1.3. In the event a spouse (whose SBP annuity is being offset by DIC) dies or remarries before age 55, the full SBP annuity becomes payable to any eligible child(ren) if the SBP election is for spouse and child coverage.

26.2.1.4. If the SBP election is for child only coverage, the child(ren) will be paid both DIC and the full SBP annuity. This is an important consideration when a child is permanently disabled.

26.2.2. *Possible Disadvantage of Withdrawing.* If member's disability rating is reduced to less than total and he or she fails to reinstate SBP coverage, the survivors receive no benefits from SBP and possibly no benefits from DIC.

26.2.3. A member may withdraw a request for discontinued participation within 30 days after the request is received by DFAS-CL.

26.3. The withdrawal request will not take effect until the member confirms receipt of the information, acknowledges that he/she still wishes to withdraw, and the member's disability rating is verified. DFAS-CL will terminate all coverage effective the first day of the month following the month the valid request was received by DFAS-CL. The member is refunded any costs paid after the effective date of withdrawal. Costs deducted or paid before the effective date of withdrawal are refunded to the surviving spouse upon the member's death (reference paragraph 26.5, below). If the spouse does not survive the retiree, no refund is authorized.

26.4. If a member dies after the date a request for withdrawal has been received by DFAS-CL, but before the effective date of that request, the beneficiary is entitled to the annuity.

26.5. Upon the death of a member who has discontinued participation under this provision, a refund of SBP premiums, without interest, shall be paid to the widow or widower.

26.6. A member whose disability rating is reduced to less than total may again elect to participate in SBP by making application within 1 year of the effective date of the lowered disability rating. Resumption of participation is limited to the previous type and level of coverage elected, allowing only authorized changes. To be valid, the application must include documentation that the VA has reduced the member's service-connected disability rating. If the member, who applies for resumption of participation, dies before the effective date, the beneficiary is entitled to an annuity on the date the election would have been effective.

27. Payment of Annuity When Retiree Is Missing and Presumed Dead. An SBP beneficiary may apply for the annuity if the participating member's retired pay has been suspended because the member is missing and presumed dead. For the purpose of initiating SBP payments, the SAF is authorized to determine if a member is presumed dead. The member may be presumed dead if missing for at least 30 days under circumstances that would cause a reasonably prudent person to believe the member is dead.

27.1. The DFAS-CL calculates the SBP annuity in accordance with the base amount previously elected by the missing retiree as if the member died on the date the retired pay was suspended or would have been suspended if no retired pay is payable (e.g., full VA waiver).

27.2. SBP annuity payments stop if the member is later found to be alive. All past payments constitute a debt to the US, which will be collected or offset from any retired pay otherwise payable or from any other payment from the US to which the member is entitled. If the member should die before liquidating the debt, the balance may be collected from the beneficiary if that beneficiary had received the annuity during the period the member was presumed dead.

28. Open Enrollment Periods. An open enrollment period requires Congressional authorization. During an open enrollment period, changes in coverage which are not normally authorized may be allowed. Each open enrollment period carries separate guidelines.

28.1. PL 92-425, 21 September 1972, repealed the RSFPP (reference paragraph 31) and established the SBP. The open enrollment period, originally scheduled from 21 September 1972 – 20 September 1973 was later extended to 20 March 1974 by PL 93-155, 16 November 1973. A member with RSFPP coverage could keep RSFPP and also participate in the SBP or cancel the RSFPP and participate in the SBP. A spouse, married to the retiree at the time of retirement, was automatically covered on the effective date of the election.

28.2. PL 97-35, 13 August 1981, authorized an open enrollment period from 1 October 1981 – 30 September 1982 for members who were entitled to retired pay on or before 13 August 1981. Members could enroll or increase their coverage if they previously had reduced coverage. Members who submitted an open enrollment election had to live for two years before the election was valid.

28.3. PL 101-189, 29 November 1989, originally authorized a one-year open enrollment period to begin 1 October 1991; however the beginning date was delayed until 1 April 1992 by PL 101-510, 5 November 1990. Members could enroll, increase their coverage, and/or elect SSBP if they had or increased their SBP coverage to maximum spouse or former spouse coverage. Members who submitted an open enrollment election had to live for two years before the election was valid. Members were required to pay a premium addition (up to 4.5 percent) based on the number of years that elapsed since the member's date of retirement.

28.4. PL 105-261, 17 October 1998, authorized an open enrollment period from 1 March 1999 – 29 February 2000. Members who submitted an open enrollment election had to live for two years before the election was valid. A one-time buy-in premium was required in addition to the monthly premiums. The amount was determined by the date the retiree was first eligible to enroll.

28.5. PL 108-375, 28 October 2004, authorized an open enrollment period from 1 October 2005 – 30 September 2006. Members who submitted an open enrollment election had to live for two years before the election was valid. A one-time buy-in premium was required in addition to the monthly premiums. The amount was determined by the date the retiree was first eligible to enroll.

Section G— Other Annuity Programs

29. Minimum Income Widow's (MIW) Benefit.

29.1. *Member Qualifications*. Under the provisions of PL 92-425, 21 September 1972, the SBP may provide a monthly income to unremarried widows of retirees if the member:

29.1.1. Retired from active duty prior to 21 September 1972 and died before 21 March l974.

29.2. *Surviving Spouse Qualifications*: A qualifying surviving spouse for purposes of this provision of law is one who:

29.2.1. Was legally married to the member on the date of death.

29.2.2. Has not remarried since death of member.

29.2.3. Must be receiving VA widow's nonservice-connected death pension based on need.

29.2.4. Total annual income from all sources, except the VA pension, is less than the current income level established by public law.

29.3. *Application Process*. A properly completed application form (DD Form 1885**,** *Survivor Benefit Plan--Minimum Income Claim*) has to be submitted. Additional information on this benefit may be obtained from HQ AFPC/DPPRT.

30. Annuity for Certain Military Surviving Spouses (ACMSS) (also known as Forgotten Widows).

30.1. *Member Qualifications*. Under the provisions of PL 105-85, 18 November 1997, the SBP may provide a monthly ACMSS annuity to unremarried widows of retirees if the member:

30.1.1. Retired from active duty prior to 21 September 1972 and died before 21 March l974; or

30.1.2. Was a member of a Reserve component of the Armed Forces, qualified for retired pay, except not yet 60 years of age, and died before 1 October l978.

30.2. *Surviving Spouse Qualifications*. A qualifying surviving spouse for purposes of this provision of law is one who:

30.2.1. Was legally married to the member on the date of death and was married to the member at the time of the member's retirement; or if married to the member after retirement, was married to the member for at least one year before the date of death; or was the parent of a child born of the marriage to the member, and

30.2.2. Has not remarried since death of member.

30.3. *Application Process*. Payment of this annuity is not automatic. A properly completed DD Form 2769, *Application for Annuity, Certain Military Surviving Spouses*, has to be submitted to HQ AFPC/DPPRT, 550 C Street West, Suite 3, Randolph AFB, TX 78150-4713, with proper documentation which includes:

30.3.1. A certified true copy of the marriage certificate to the deceased member.

30.3.2. A certified true copy of the member's death certificate.

30.3.3. A copy of the deceased retiree's final DD Form 214 (*Certificate of Discharge*), or a copy of a retirement order, or copy of Notice of Retirement Eligibility, or other official service document verifying the deceased member's retired status.

30.3.4. Other documents the applicant may feel relevant to the claim.

30.4. *Annuity Payable*: The amount of the annuity payable will be reduced by any amount paid to the surviving spouse for the same period under any of the following:

30.4.1. Minimum Income Widow's benefit (reference paragraph 29).

30.4.2. Retired Serviceman's Family Protection Plan (RSFPP) (reference paragraph 31, below) or SBP annuity based on the military service of this or any other deceased member.

30.4.3. DIC from the VA.

31. Retired Serviceman's Family Protection Plan (RSFPP). The RSFPP was the DoD survivor program in effect prior to 21 September l972 when it was replaced by the SBP. This section provides MPFs the information needed to respond to retiree and survivor inquiries about the RSFPP.

31.1. *Election Options.*

Option 1 - Spouse only

Option 2 - Child only.

Option 3 - Spouse and child. A member who elected option 3 could elect a single annuity (paid to the spouse until death or remarriage and thereafter to eligible dependent children in equal shares) or 2 separate annuities (a combination of option 1 for spouse and option 2 for child).

Option 4 - Option (which carried an additional cost) that permitted an RSFPP participant to terminate, withdraw, or reduce participation. A member who retired before 13 August l968 had to select option 4 in order to terminate, withdraw, or reduce coverage. Each member who retired on or after 13 August 1968 automatically had option 4.

31.2. *Features of RSFPP.*

31.2.1. The member had to elect RSFPP coverage prior to completing 18 years of service for pay purposes. If enrollment occurred after the 18th year of service, a member had to serve an additional 3 years on active duty for the election to be valid upon retirement (changed to 19th year of service and 2 additional years on active duty effective 1 November 1968). The member could elect coverage based on a percent of expected retired pay (one-half, one-fourth, or one-eighth); however, the annuity could not be less than $25 a month. The cost was based on the member's expected age at retirement and the relative age of the spouse (years spouse was younger or older than the member). The age of the youngest child was also factored in to compute spouse and child costs.

31.2.2. Neither RSFPP premiums nor the annuity paid to the beneficiary are subject to COLAs (reference paragraph 31.8 for exception); therefore, both remain at the same level as originally established on the date of the member's retirement.

31.2.3. RSFPP premiums deducted from a member's retired pay are not subject to Federal income tax. The annuity, however, is subject to Federal income tax.

31.2.4. Only the spouse married to the member and the dependent children the member had on the date of retirement could be covered. A spouse or child acquired after retirement may not be covered by the RSFPP.

31.2.5. There are no provisions under the RSFPP for former spouse coverage.

31.3. *Payment of Annuity.* An annuity is payable to the eligible beneficiary beginning the first day of the month in which the member's death occurs. The annuity terminates on the last day of the month prior to the month in which the beneficiary loses eligibility.

31.4. *Period of Eligibility.*

31.4.1. *Spouse.* A covered spouse is an eligible RSFPP annuitant for life or until remarriage before age 60. An annuity terminated due to remarriage before age 60 may not be reinstated. (**Exception**: If the marriage is not ended by divorce or death of the spouse, but rather by an annulment or judicial decree that voids the marriage, the widow's coverage may be reinstated when DFAS-CL is provided a certified copy of the annulment decree or court order declaring the marriage void.) An RSFPP annuity is not terminated if the spouse remarries after age 60.

31.4.2. *Child(ren).* Unmarried children are eligible beneficiaries until age 18 if the member retired before 1 November l968. If the member retired on or after 1 November l968, unmarried children are eligible beneficiaries until age 18, or age 23 if attending school full time. Unmarried mentally or physically incapacitated children are eligible beneficiaries for life if the disabling condition rendered them incapable of self-support and the incapacitating condition existed before the child reached age 18.

31.5. *Terminate, Withdraw, or Reduce RSFPP Coverage:* Only members with option 4 are allowed to terminate, withdraw, or reduce RSFPP coverage.

31.5.1. *Terminate Coverage (When No Eligible Beneficiary).* It is the member's responsibility to send a termination request to DFAS-CL, (DFAS-CL, US Military Retirement Pay, PO Box 7130, London KY 40742-7130) with substantiating documentation (e.g., copy divorce decree or death certificate). There is no refund of premiums properly collected.

31.5.1.1. Spouse premiums and coverage are terminated upon loss of the spouse beneficiary through death or divorce.

31.5.1.2. Child only premiums and coverage are terminated when the last remaining dependent child becomes ineligible due to age, marriage, or death.

31.5.1.3. Spouse and Child (Single Option) premiums and coverage continue as long as there is an eligible spouse or child beneficiary if the member retired before 1 November 1968. If the member retired after 31 October 1968, all costs cease on the loss of the spouse, and the eligible child(ren) continue to be covered until no longer eligible at no cost to the member.

31.5.2. *Withdraw Coverage (When Beneficiary Still Eligible).* The member must submit the request to HQ AFPC/DPPRT, 550 C Street West, Suite 3, Randolph AFB, TX 78150-4713. Costs and coverage terminate effective the first day of the seventh month after the application is received by HQ AFPC/DPPRT.

31.5.3. *Reduction of Annuity.* The retiree may request to reduce the survivor annuity to an amount not less than 12 ½ percent of the member's retired pay or not less than a $25 monthly annuity. The reduction is effective the first day of the seventh month following the month HQ AFPC/DPPRT receives the request.

31.6. *Impact of Other Federal Benefits on the RSFPP Annuity.* An RSFPP annuity is not subject to offset by DIC. **Exception**: The survivor of a member, retired for physical disability with less than 19 years of service (18 years of service before 13 August 1968), may not be paid an RSFPP annuity if entitled to DIC from the VA. In this case, the survivor is refunded premiums paid by the member for the RSFPP annuity.

31.6.1. An RSFPP annuity is not subject to a reduction when the surviving spouse attains age 62.

31.6.2. There is no conflict between Civil Service survivor payments and an RSFPP annuity. A beneficiary may receive both even though the retiree waived military retired pay for Civil Service retirement and elected survivor coverage under the Civil Service program. A retiree who waives military retired pay for Civil Service retirement remits RSFPP premiums directly to DFAS-CL.

31.7. *Evidence of RSFPP Participation.* Neither certificates nor policies are issued as evidence of RSFPP participation. DFAS-CL sends the retiree a pay statement each time there is a change to the retired pay which verifies RSFPP participation.

31.8. *COLA Adjustments for Certain Beneficiaries.* The RSFPP annuity of a beneficiary whose sponsor died before 21 March 1974 is adjusted proportionately by the COLAs applied to military retired pay. The annuity for the survivor of a participant whose death occurred after 21 March 1974 is a fixed percentage of the member's retired pay as of the date of retirement and is not cost-of-living adjusted.

31.9. *Application Process*. Payment of this annuity is not automatic. A properly completed DD Form 2656-7, *Verification for Survivor Annuity*, has to be completed and submitted in accordance with instructions contained in AFI 36-3002.

Section H— Responsibilities

32. Headquarters, Air Force Personnel Center (HQ AFPC).

32.1. *Retiree Services Branch (HQ AFPC/DPPRT).* The Air Force office of primary responsibility for the SBP and RSFPP. Direct any queries, comments, and suggestions to the office at HQ AFPC/DPPRT, 550 C Street West, Suite 3, Randolph Air Force Base, Texas 78150-4713; DSN: 665-2273; commercial (210) 565-2273; toll-free 1-800-531-7502; FAX: 665-2322.

32.1.1. Administers the SBP and RSFPP; provides administrative, policy, and counseling guidance and tools to base-level administrators; conducts periodic workshops for SBP counselors.

32.1.2. Establishes Air Force position and makes recommendation to the Air Force Board for Correction of Military Records (AFBCMR) on appeals pertaining to the SBP and RSFPP.

32.1.3. Acting as Special Assistant to the Director, Secretary of the Air Force Personnel Council, the Chief, Retiree Services Branch is authorized to correct or revoke an election when it is necessary to correct an administrative error.

32.1.4. Is Air Force primary member of the DoD Joint RSFPP/SBP Board, periodically serving as chairperson.

32.1.5. Provides administrative assistance to co-chairmen and members of the Air Force Retiree Council on SBP matters.

32.1.6. Monitors SBP participation rates in accordance with AFPD 36-30, *Military Entitlements*, to identify and correct potential SBP counseling problems.

32.2. *Field Operations Branch (HQ AFPC/DPFFO).* Implements SBP pre-retirement counseling procedures at base-level MPFs.

32.3. *Casualty Assistance Branch (HQ AFPC/DPFCS).* Implements and monitors procedures for assisting the survivors of active duty and retired military members in applying for SBP, RCSBP and/or RSFPP benefits according to this AFI.

32.4. *Disability Retirements Branch (HQ AFPC/DPPDS).* Provides a copy of disability retirement cases to DPPRT for members who have been determined incompetent for pay and records so that DPPRT can prepare SAF actions (reference paragraph 3.7).

33. Major Command (MAJCOM). DPPs or equivalent assure good management of the SBP at all bases within the command jurisdiction giving specific attention to the quality of counseling, timeliness in forwarding documents to DFAS-CL, filing the SBP Report Individual Person (RIP) and the DD Form 2656 in the member's Unit Personnel Record Group (UPRG), and maintenance of SBP files in accordance with the Air Force Records Disposition Schedule (RDS).

34. Military Personnel Flight (MPF) Chief. Ensures all retiring personnel and their spouses are provided information about the SBP from a trained SBP counselor. Provides the SBP counselor a private counseling area. Ensures that the SBP counselor displays a positive attitude toward this program. Identifies training needs and ensures new counselors receive funding to attend an SBP workshop not later than 180 days after assuming SBP counselor responsibilities.

35. SBP Counselor. The SBP counselor is the base-level office of primary responsibility (OPR) for the SBP. When appropriate, duties are split between SBP and Casualty Assistance Representative (CAR) responsibilities. Elements of Casualty duties are contained in AFI 36-3002.

35.1. Submits short articles on the SBP to base papers for publication at least quarterly to familiarize the active duty population with the SBP.

35.2. Only SBP counselors and their representatives are authorized to provide information on the SBP at group/mass pre-retirement briefings (i.e., TAP, etc.). The SBP counselor should present a short briefing with general information about the SBP in order to provide members with preliminary information so they can think about SBP before their one-on-one briefing. Sample mass briefing slides with notes are available on the SBP Counselor's Corner of the SBP website.

35.3. The Air Force requires each retiring member and spouse, if applicable, to receive a thorough one-on-one briefing with an SBP counselor so they are aware of the options and effects of the SBP as it applies to each person's circumstances. The SBP counselor must explain how the Plan operates and the possible consequences of not enrolling in the Plan. The SBP counselor is also responsible to advise members who have no eligible beneficiary upon retirement of future options available in the event their family status changes.

35.4. Ensures SBP pre-retirement counseling procedures comply with guidelines published on the SBP Counselor's Corner of the SBP website.

35.5. Properly completes the SBP RIP and DD Form 2656, ensures they are distributed in a timely manner with appropriate additional documentation. Ensures the SBP RIP and DD

Form 2656 with original signatures are placed in the permanent section of each member's UPRG before the member's records are retired.

35.6. Ensures an SBP file is maintained in accordance with the AF Records Disposition Schedule.

36. Headquarters, Air Reserve Personnel Center (ARPC). Notifies USAFR and ANG members of their eligibility to participate in the RCSBP when they are notified that they have completed the eligibility requirements (20 years of satisfactory service) for Reserve retired pay at age 60 (20-Year Letter); notifies members who did not previously elect RCSBP of the options and effects of the SBP when they apply for retired pay at age 60. Direct questions to the ARPC Contact Center at Toll Free: 1-800-525-0102, DSN 926-6438, or write to HQ ARPC/DPPE, 6760 E. Irvington Place, Denver CO 80280-4000.

37. Retiring Members. Prior to retiring, each member must attend an SBP one-on-one briefing, ensure the spouse's presence at this briefing if at all possible, and complete the required documents prior to his/her departure date and at least 60 days before the effective date of retirement. Failure to properly complete the DD Form 2656 in a timely manner will result in the retired pay account being established with maximum spouse coverage.

38. Retired Members. It is the retired member's responsibility to immediately notify DFAS-CL of any changes in family status that may affect their SBP coverage.

39. Adopted Forms.

AF Form 847**,** *Recommendation for Change of Publication* DD Form 1885, *Survivor Benefit Plan--Minimum Income Claim*; DD Form 2656, *Data for Payment of Retired Personnel;* DD Form 2656-1, *Survivor Benefit Plan (SBP) Election Statement For Former Spouse Coverage;* DD Form 2656-2, Survivor Benefit *Plan (SBP) Termination Request;* DD Form 2656-6, *Survivor Benefit Plan Election Change Certificate;* DD Form 2656-7, *Verification For Survivor Annuity*; DD Form 2769, *Application for Annuity, Certain Military Surviving Spouses;* DD Form 2788, *Child Annuitant's School Certification;* and DD Form 2891, *Authorization for Retired Serviceman's Family Protection Plan (RSFPP) and/or Survivor Benefit Plan (SBP) Costs Deduction;* IRS Form W-8BEN, *Certificate of Foreign Status of Beneficiary Owner for United States Tax Withholding.*

40. Prescribed Forms.

AF Form 2037, *Request for Waiver of Spouse Concurrence in Survivor Benefit Plan (SBP) Election.*

RICHARD Y. NEWTON III, Lt General, USAF
DCS/Manpower and Personnel

Attachment 1

GLOSSARY OF REFERENCES AND SUPPORTING INFORMATION

References

Executive Order 11687, *Delegating functions conferred upon the President by section 1455 of Title 10 of the Unites States Code, establishing the Retired Serviceman's Survivor Benefit Plan,* 11 October 1972

Public Law 92-425, *Armed Forces Survivor Benefit Plan Establishment*, 21 September 1972

Public Law 95-397, *Uniformed Services Survivors Benefits Amendments*, 30 September 1978

Public Law 96-402, *Uniformed Services Survivor Benefits Amendments of 1980*, 9 October 1980

Public Law 99-145, *Survivor Benefit Plan Amendments of 1985*, 8 November l985

Public Law 99-348, *Military Retirement Reform Act of 1986*, 17 March 1986

Public Law 101-189, *Military Survivor Benefits Improvement Act of 1989*, 29 November l989

Public Law 105-85, *National Defense Authorization Act for Fiscal Year 1998*, 18 November 1997

Public Law 105-261, *Strom Thurmond National Defense Authorization Act for Fiscal Year 1999*, 17 October 1998

Public Law 106-65, *National Defense Authorization Act for Fiscal Year 2000*, 5 October 1999

Public Law 106-182, *Senior Citizens Freedom to Work Act of 2000*, 7 April 2000

Public Law 107-107, *National Defense Authorization Act for Fiscal Year 2002*, 28 December 2001

Public Law 108-136, *National Defense Authorization Act for Fiscal Year 2004*, 24 November 2003

Public Law 108-375, *Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005*, 28 October 2004

DoDD 1332.17, *Retired Serviceman's Family Protection Plan*, 18 December 1968

DoDD 1332.27, *Survivor Annuity Programs for the Uniformed Services*, 26 June 2003

Title 10, U.S.C., chapter 803, section 8013, *Secretary of the Air Force*

Title 10, U.S.C., chapter 73, *Annuities Based On Retired or Retainer Pay*

DoD Financial Management Regulation (FMR), volume 7B, *Military Pay Policy and Procedures For Retired Pay*

AFPD 36-30, *Military Entitlements*

AFI 36-2910, *Line of Duty (Misconduct) Determination*

AFI 36-3002, *Casualty Services*

AFI 33-360, *Publications and Forms Management Programs*

AF Records Disposition Schedule

U.S. Court of Appeals for the Federal Circuit, 87-1037, Gertrude M. Croteau vs United States).

Abbreviations and Acronyms

ACMSS—Annuity for Certain Military Surviving Spouses

AF—Air Force

AFBCMR—Air Force Board for Correction of Military Record

AFMAN—Air Force Manual

AFPC—Air Force Personnel Center

AFPD—Air Force Policy Directive

ANG—Air National Guard

ARPC—Air Reserve Personnel Center

CAR—Casualty Assistance Representative

CG—Comptroller General

COLA—Cost-of-Living Adjustment

CONUS—Continental United States

COE—Certificate of Eligibility

CSB— Career Status Bonus

CSRS—Civil Service Retirement System

DD—Department of Defense (used on forms)

DFAS—**CL—**Defense Finance and Accounting Service-Cleveland Center

DIC—Dependency and Indemnity Compensation

DoD—Department of Defense

FMR—Financial Management Regulation

HQ—Headquarters

IRS—Internal Revenue Service

LOD—Line of Duty

MAJCOM—Major Command

MI—Mentally Incompetent

MIW—Minimum Income Widow

MPF—Military Personnel Flight

NOK—Next-of-Kin

NRA—Normal Retirement Age (for Social Security purposes)

OPR—Office of Primary Responsibility

PDRL—Permanent Disability Retired List

PEBLO—Physical Evaluation Board Liaison Officer

PL—Public Law

POA—Power of Attorney

RCSBP—Reserve Component Survivor Benefit Plan

RDS—Air Force Records Disposition Schedule (AF RDS)

RIP—Report Individual Person

RSFPP—Retired Serviceman's Family Protection Plan

SAF—Secretary of the Air Force

SBP—Survivor Benefit Plan

SSO—Social Security Offset

SSBP—Supplemental Survivor Benefit Plan

SSN—Social Security Number

TDRL—Temporary Disability Retired List

UPRG—Unit Personnel Record Group

USAFR—United States Air Force Reserve

U.S.C.—United States Code

VA—Department of Veterans Affairs

Terms

Annuitant— The person eligible to receive annuity payments under the Plan, who is named by (or on behalf of) the retiree. The annuitant may also be referred to as the "beneficiary."

Annuity— The amount paid monthly to the annuitant.

Base Amount— The amount on which the annuity and cost are based.

Beneficiary(ies)— The person(s) designated by the retiree to be covered by the Plan. A spouse and/or child(ren); a former spouse or former spouse and child(ren); a natural person with an insurable interest in the retiree's life.

Change in Coverage— An action taken because of a change in the member's family status which requires a change to previously established SBP coverage (e.g., loss of spouse beneficiary).

Change in Election— An authorized change in the type of beneficiary eligible for survivor coverage because of a change in the retiree's family status (e.g., when a retiree with no eligible child at retirement adds a child born after retirement to spouse only coverage and the election becomes spouse and child coverage).

Common Law Marriage— A common law marriage has the same recognition as a ceremonial statutory marriage when the parties live in a state where common law marriage is recognized. The status of common law marriage can be changed by the state legislature or by court decision. Refer all cases involving common law marriage to HQ AFPC/DPPRT.

Cost of Coverage— The monthly premium for coverage under the Plan paid by deductions from retired pay or by direct remittance when member is not receiving retired pay.

Cost Refund— The difference between total spouse premiums paid by the member and the recalculated cost of the annuity after DIC reduction. Open enrollment premium additions, lump sum buy-in premiums, interest charges due to delinquent premiums, and premiums for child coverage are not refunded.

Court Order— A court's final decree of divorce, dissolution, or annulment, or a court ordered, ratified, or approved property settlement incident to such a decree (including a final decree modifying the terms of previously issued decrees or settlements).

Date of Receipt— The day of receipt of an election or election change recorded by DFAS-CL. The postmarked date of an election may be considered as date of receipt when the validity of such election might be prejudiced because of a limited time factor.

Deemed Election— A valid request by a former spouse for SBP coverage when coverage is ordered by a court, or by a written agreement

Dependency and Indemnity Compensation (DIC)— Monthly payments made by the Department of Veterans Affairs (VA) to the survivors of a member whose death is determined by the VA to be service-connected.

Effective Election— The last SBP election filed before a member is awarded retired pay, or the last valid election change made after retirement.

Former Spouse— The surviving former husband or wife of a person, who is eligible to participate in the Plan.

Gross Retired Pay— The total amount of the member's retired pay before any deductions.

Insurable Interest— One who has a basis to expect some financial benefit or advantage from the continuance of the life of the participating member. Must be a natural person (cannot be a company, organization, fraternity, etc.). Can be either a family member or a non-related person. Also known as a natural person with an insurable interest.

Line of Duty— Reference AFI 36-2910, Line of Duty (Misconduct) Determination, for a definition.

Maximum Level of Coverage— The largest base amount the member may elect.

Natural Person With an Insurable Interest— See Insurable Interest, above.

One-on-One SBP Briefing— Briefing presented by the SBP counselor to the retiring member and, if at all possible, the spouse. Briefing should be in a private area free from outside noise and distractions.

REDUX— Retired pay and SBP annuities computed under the provisions of the Military Retirement Reform Act of 1986.

Reserve Component Survivor Benefit Plan (RCSBP)— A survivor benefit program for National Guard and Reserve members who have performed at least 20 years of qualifying service and are eligible to receive retired pay, except for attaining age 60. The RCSBP allows these members an option to leave a portion of their future retired pay to their survivors even if they die before they start receiving retired pay.

Retired Serviceman's Family Protection Plan (RSFPP)— The survivor annuity program that preceded the SBP.

Social Security Offset— Reduction in SBP annuity when widow or widower was age 62 or older; considers Social Security entitlements based on the member's military service after 31 December 1956. One method that may be used if member retired or was retirement-eligible on or before 1 October 1985.

Stepchild— A child resulting from the member's spouse's previous marriage. The stepchild relationship terminates upon the divorce of the parent spouse, but not upon the death of the parent spouse.

Surviving Spouse— The widow or widower of a deceased member.

Suspended Coverage or Annuity Payments— Coverage or annuity payments are temporarily stopped when there is no eligible beneficiary.

Threshold Amount— The portion of the base amount subject to 2.5 percent multiplier in the old formula for computing spouse or former spouse SBP costs. The threshold amount was $300 for members who retired prior to 1 March 1986 and has increased since then by active duty pay rate increases.

Two—Tier Method - Annuity calculated at 55 percent of the base amount for spouses or former spouses under 62 years of age and 35 percent of the base amount at age 62 or older. This feature was eliminated by PL 108-375, 28 October 2004. Previously, if the annuity was established at 55 percent of the base amount and the annuitant later reached age 62, the annuity was reduced to 35 percent on the first day of the month after age 62. Only reduction method used if member was not retired or retirement eligible until after 1 October 1985. See the scheduled elimination of the age 62 reduction at Table 22-1.

Widow— The lawful spouse at the time of the member's death, who meets the eligibility requirements in paragraph 6.1.1. When used in this regulation, the term widow includes widowers. The widow also may be referred to as the "surviving spouse."

Attachment 2

SAMPLE SPOUSE NOTIFICATION LETTER

To be retyped on SBP Counselor's unit letterhead
Keep a copy for SBP file
Send by first-class mail

(Spouse's Name (Date)
Street Address
City, State, ZIP Code)

Dear _____

Your (husband's/wife's) Air Force retired pay will stop upon (his/her) death. The Survivor Benefit Plan (SBP) is a program that provides survivors a monthly annuity that starts when the member dies. Although you may not have been aware of it, you are automatically covered by the SBP at the maximum level while your (husband/wife) remains on active duty. The government provides this protection at no cost to the member while (he/she) remains on active duty. Before retiring, your (husband/wife) must decide whether or not to continue SBP coverage into retirement because, after retiring, SBP coverage is no longer free.

By law, you will be protected by maximum SBP coverage after your (husband/wife) retires unless you concur in (his/her) decision to elect lower coverage, to decline coverage, or to elect coverage only for your dependent children. If SBP coverage is elected, a monthly premium will be deducted from (his/her) Air Force retired pay. If coverage is declined for eligible family members at retirement, arbitrary enrollment at a later date is prohibited.

Members cannot enroll in the SBP after retiring; however, if coverage is elected at retirement, it can be permanently terminated between the 25th and 36th month after retiring if the protection is no longer needed or in the event of a financial crisis. The Air Force urges you and your (husband/wife) to carefully weigh the many advantages of the SBP and it's importance in your estate planning.

Because your financial security will be significantly affected by your (husband's/wife's) SBP decision, it is important that you understand the Plan. Please read the enclosed handout which explains beneficiary categories, amounts of coverage, costs, annuity amounts, etc. In addition, the Air Force strongly encourages you to attend an SBP briefing with your (husband/wife) which is scheduled on (date) at (time and location).

You may contact me at (telephone number) for further information or if you have any questions.

Sincerely

SBP Counselor's Name and Grade
Title

Attachments:
1. Cost and Annuity Estimates
2. Fact Sheet

Attachment 3

SURVIVOR BENEFIT PLAN (SBP) FACT SHEET FOR SPOUSES OF RETIRING AIR FORCE PERSONNEL

Plan Summary.

Your spouse's military retirement pay will stop when he/she dies. SBP was designed to give him/her a way to ensure that part of that pay can be paid to you after his/her death.

All members with a spouse or dependent children are automatically covered by the SBP at the maximum level while they remain on active duty. If your spouse dies in the line of duty while on active duty, you would currently be eligible for a monthly annuity valued at 55 percent of the retired pay he/she would be entitled to receive if retired on the date of death. This coverage is provided at no cost while he/she remains on active duty. Prior to retiring, the member must decide whether to continue that SBP coverage for you into retirement. The retired pay of members who elect to participate is reduced by monthly premiums. If he/she chooses not to participate in the SBP, an annuity cannot be paid to you.

Spouse Concurrence.

The law requires your written concurrence if your husband/wife declines coverage, elects to provide reduced coverage, or to provide an annuity to a child, but not to you. Your concurrence is not required if he/she elects former spouse coverage.

Base Amount.

SBP premiums and the amount of the annuity depend on the level of coverage or "base amount" the retiring member elects. The base amount is not the amount of the annuity - it is the amount used to compute the cost and the annuity. The base amount can be equal to the member's gross monthly retired pay or just a portion, down to as little as $300. When retired pay increases because of cost-of-living adjustments (COLAs), so does the base amount, and as a result, so do premiums and the annuity payable.

Beneficiary Categories Available When Retiring Member Is Married.

Coverage is elected for a category of beneficiary, not a specifically named person. For example, spouse coverage covers not only the retiring member's present spouse, but any future spouse if the current marriage ends in death or divorce. A married member can elect one of the following categories of beneficiary:

Spouse Coverage - An annuity will be payable for the lifetime of the spouse, and is not interrupted if remarriage occurs after age 55. The annuity, however, is suspended if you remarry before age 55 and resumes if that remarriage ends by death or divorce.

A spouse married to a member at retirement is eligible for SBP regardless of the length of marriage. However, divorce terminates the spouse's eligibility to receive the annuity. In order

to maintain coverage following a divorce, the beneficiary category has to be changed from spouse to former spouse.

Former Spouse Coverage - This option may be taken voluntarily by a retiring member, or mandated by a divorce agreement. Because the provisions of the SBP do not allow a member to elect coverage for both a former spouse and a spouse, election of this coverage precludes coverage for a spouse.

Child Coverage - Eligible children may also be SBP beneficiaries. The member may elect child only coverage or add child coverage to spouse or former spouse coverage. Only one annuity is payable. In an election for spouse and child, or former spouse and child, eligible children are paid the annuity only if the spouse or former spouse dies or remarries before age 55. When child coverage is included with former spouse coverage, only children of the marriage to that former spouse are covered. Any other children will not be paid benefits under this option. In a child only option or when children are included with spouse coverage, all eligible children are covered.

Eligible children include dependent adopted children, stepchildren, foster children, grandchildren, and recognized natural children who live with the retiree in a regular parent-child relationship. To qualify as a dependent child, a grandchild must be in the care and custody of the retiree grandparent by court order and meet dependency requirements. To qualify as a dependent child, a foster child must receive over one-half support from the member and such support must not have been provided under a social agency contract. Children qualify for payments only during the time they are unmarried and:

Under age 18; or
Over age 18, but under age 22 and still in school full time; or
Suffer a mental or physical incapacity incurred while still eligible as defined above.

SBP Costs.

To maintain SBP coverage, SBP premiums must be paid after the member retires. See the attached SBP cost and annuity estimate for costs specific to you and your family.

Premiums are paid by reducing retired pay, and they are not counted in taxable income. This means less tax and less out-of-pocket cost for SBP. Also, the overall plan is funded (subsidized) by the government, so the average premiums are well below cost. Child coverage is relatively inexpensive because children are normally eligible for benefits for a short time. Premiums are suspended when there is no longer an eligible beneficiary in a premium category, such as:

A spouse is lost through death or divorce, or
All eligible children marry or become too old for benefits

Annuity Payable to Beneficiary(ies).

The annuity payable to a spouse beneficiary is 55 percent of the selected base amount.

Eligible children equally divide the annuity which is 55 percent of the base amount. ***EXAMPLE***: If five children are eligible, each is paid one-fifth of the annuity. When the first child reaches age 18 with no incapacity and if no longer in school, each of the remaining four children are paid one-fourth of the annuity. This process continues until the youngest child is no longer eligible to receive benefits.

Estate Planning Information.

SBP protects part of the retired pay against the risks of:

The member's early death - SBP is designed to protect against the complete loss of military retired pay when the member dies; and

The widow(er) outliving the benefits; and

The ravages of inflation - Inflation erodes the value of fixed incomes, making them worth less and less as time goes by. SBP protects against this risk because of COLAs.

Still, SBP alone is not a complete estate plan. Other insurance and investments are important in meeting needs outside the scope of SBP. For example, SBP does not have a lump sum benefit that some survivors may need to meet immediate expenses upon a member's death.

On the other hand, insurance and investments without SBP may be less than adequate. Investments may be risky and rely on a degree of financial expertise many people don't have. Consider everything carefully. Don't expect SBP to do it all, but give it full credit for what it does.

Is SBP a Good Buy?

Given the government subsidy, the answer to this question is yes! Whether SBP is a good buy for your family depends on personal preferences and the age, sex, and health of the member and spouse. Beyond this, the answer lies in such questions you should ask yourself.

First, is a subsidized, lifetime, inflation-protected income something that could help my family?

Second, how much SBP can I use? If you know when your spouse will die, how long you will outlive your spouse, and how much inflation will occur, you have the answer. The unknown future is the problem, but SBP meets the need! Even if the member dies shortly after retiring and you live for 50 more years and if inflation is higher than expected, SBP will still be paying. It will probably be paying a lot more than anyone ever expected because inflation has a strong impact over a long period of time. In fact, survivors who began to get SBP benefits in the early 1970s have seen their benefits tripled through COLAs!

Third, is SBP affordable? Due to the subsidy and lack of administrative costs and profit, the Plan is very reasonable. And remember: the tax advantage on premiums reduces the out-of-pocket cost.

Recent Plan Improvements.

Age 62 Annuity Reduction Eliminated. Public Law 108-375 was signed into law 28 October 2004. It authorized the phased elimination of the age-62 reduction to a spouse's SBP annuity. Effective 1 April 2008. every surviving spouse, regardless of age, will receive 55 percent of the base amount elected.

Disenrollment Provision. A survey of non-participating retirees indicated the main reason they did not elect SBP at retirement was uncertainty regarding post-service employment and fear of making a decision that could not be changed. This led to one of the latest improvements in the Plan - making it more flexible. Retirees are now authorized a one-year window between their second and third anniversary of receiving retired pay in which they can disenroll. That allows members who may have a financial crisis or simply decide they no longer need the SBP protection for their survivors to permanently get out of the Plan. This requires the concurrence of the spouse, there is no refund of premiums, and they will be forever barred from reentering. Once the window closes, the election is irrevocable as long as the beneficiary remains eligible.

Paid-Up Provision. Public Law 105-261 was signed into law 17 October 1998. It stipulates that effective 1 October 2008, retired members age 70 or older, who have paid premiums for a level of coverage for at least 30 years, will be considered "Paid-Up." No further premiums will be deducted from their retired pay for that level of coverage, but their eligible beneficiary will still receive an SBP annuity when they die.

Affects of receiving VA Disability Compensation.

If the member dies of service-connected causes, a spouse may qualify for Dependency and Indemnity Compensation (DIC) from the VA. This tax-free benefit reduces, dollar-for-dollar, the basic SBP benefit for a spouse. When all or part of an SBP annuity is offset by DIC, premiums for the offset portion are refunded to the spouse.

Can my spouse enroll in the SBP after he/she retires?

Some people think a retired member can join SBP years after retiring, during a so-called "open season." In the 30-plus-year history of SBP, only four times have retirees had a second chance at SBP. Each time was after major plan improvements. The second time, premiums were raised for new enrollees to help make up for the missed premiums. The last two times, new enrollees were required to pay <u>all</u> missed premiums <u>with interest</u>, <u>plus</u> an additional amount to protect the solvency of the Plan. Open enrollment elections have typically required a two-year waiting period before the election went into effect. This was to prevent new enrollees from having an adverse effect on the Plan (people joining with short life expectations). Although an open season may be enacted by special law, they are not part of the regular Plan. There may not be another.

Note: This is not a contract document. The statutory provisions of SBP law are in Section 1447, Chapter 73, Title 10, United States Code. This fact sheet explains only the very basics of the SBP. More details can be obtained by contacting an SBP counselor at an Air Force installation

or by accessing the “Survivor Benefit Plan” webpage on the Air Force Personnel Center (AFPC) website at http://www.afpc.randolph.af.mil/sbp/.

Attachment 4

SAMPLE LETTER TO TRANSMIT COMPLETED DD FORM 2656 TO SPOUSE TO OBTAIN CONCURRENCE

To be retyped on SBP Counselor's unit letterhead
Keep a copy for SBP file
Send by first-class mail

(Spouse's Name (Date)
Street Address
City, State, ZIP Code)

Dear _____

Our letter dated (date of spouse notification letter at attachment 2) explained that prior to retiring, your (husband/wife) has an opportunity to enroll in the Survivor Benefit Plan (SBP). The letter further explained that the Air Force requires your written concurrence if your (husband/wife) does not choose to provide maximum coverage for you. Your spouse elected the coverage type shown in block 26 and the level of coverage shown in block 27 of the attached Department of Defense (DD) Form 2656, Data For Payment of Retired Personnel.

If you agree with your (husband's/wife's) election, sign and date items 30a and 30b of the form in the presence of a notary public or a Military Personnel Flight (MPF) representative. Item 31 must be completed by the notary public or MPF representative. If you disagree with your (husband's/wife's) election, do not sign the form. Instead, print "Spouse Non-Concurs" in item 30a and initial and date the notation. A witness' signature is not required if you non-concur with your (husband's/wife's) election.

To ensure the Defense Finance and Accounting Service – Cleveland Center (DFAS-CL) establishes your (husband's/wife's) retired pay account accurately, please provide all the information requested and **promptly** return the form to me in the enclosed pre-addressed return envelope (stamp required). It's important for you to understand that maximum spouse coverage and costs will take effect if you do not concur with your (husband's/wife's) election, or if you concur but fail to return the properly completed DD Form 2656 to my office before your (husband's/wife's) retirement date.

You may obtain additional information about the SBP by contacting me at (telephone number) during normal duty hours.

Sincerely

SBP Counselor's Name and Grade
Title

Attachments:
1. DD Form 2656
2. Pre-Addressed Return Envelope

Attachment 5

SAMPLE LETTER TO NOTIFY SPOUSE OF MEMBER'S ELECTION FOR FORMER SPOUSE COVERAGE

To be retyped on SBP Counselor's unit letterhead
Keep a copy for SBP file
Send by first-class mail

(Spouse's Name (Date)
Street Address
City, State, ZIP Code)

Dear _____

Our letter dated (date of spouse notification letter at attachment 2) explained that before retiring, your (husband/wife) would have an opportunity to make a Survivor Benefit Plan (SBP) election. The law requires us to inform you that your (husband/wife) elected coverage on behalf of (his/her) former spouse. Since the law does not permit SBP coverage for both a member's spouse and former spouse, you will not be eligible for a monthly annuity from the Air Force after your (husband's/wife's) death. A spouse's concurrence in an election for former spouse coverage is not required.

If desired, you may obtain additional information by contacting me at (telephone number) during normal duty hours.

Sincerely

SBP Counselor's Name and Grade
Title

Attachment 6

SAMPLE LETTER FOR TRANSMITTING DD FORM 2656-1 AND

SBP INFORMATION TO THE FORMER SPOUSE

To be retyped on SBP Counselor's unit letterhead
Keep a copy for SBP file
Send by first-class mail

(Former Spouse's Name (Date)
Street Address
City, State, ZIP Code)

Dear _____

Your former spouse, (member's grade and name), elected coverage on your behalf under the Survivor Benefit Plan (SBP). The attached fact sheet explains the options and effects of former spouse SBP coverage. The law requires the member and former spouse complete the attached DD Form 2656-1, Survivor Benefit Plan (SBP) Election For Former Spouse Coverage. If you have remarried, a copy of your remarriage certificate is also required. It is recommended that you retain a copy of the completed DD Form 2656-1, but the original must be returned in the enclosed envelope.

Please call me at (telephone number) during normal duty hours if you have any questions.

Sincerely

SBP Counselor's Name and Grade
Title

Attachments:
1. DD Form 2656-1
2. Former Spouse Fact Sheet
3. Pre-Addressed Return Envelope

Attachment 7

SURVIVOR BENEFIT PLAN (SBP) FORMER SPOUSE FACT SHEET

Former Spouse SBP Election by Retiring Member

The Survivor Benefit Plan (SBP) allows a retiring member to elect SBP coverage for a former spouse. A member who makes an election for former spouse coverage is prohibited from concurrently electing coverage for his/her present spouse. Child coverage can be included in a former spouse election; however, only children resulting from the marriage of the member and the former spouse are eligible in a former spouse and child election. In this case, the former spouse is the primary beneficiary; eligible children receive an annuity only if the former spouse remarries before age 55 or dies.

Benefit Payments.
The amount of the monthly SBP annuity is determined by the level of coverage or "base amount" elected. The base amount is not the amount paid to the former spouse; rather, it is the amount used to compute both the monthly cost and annuity. The base amount may range from a minimum of $300 up to a maximum of the member's gross retired pay. The annuity payable is 55 percent of the base amount elected for former spouses.

Suspension of Coverage and Premiums Due to Former Spouse's Remarriage Before Age 55.
If a former spouse remarries before age 55, SBP coverage is suspended for the duration of that marriage. The member must notify the Defense Finance and Accounting Service - Cleveland Center (DFAS-CL, U. S. Military Retirement Pay, PO Box 7130, London, KY 40742-7130) and provide a copy of the former spouse's remarriage certificate in order that premiums can be suspended.

If the former spouse's remarriage ends, coverage is reinstated the day following the termination of the former spouse's remarriage. Former spouse premiums are reinstated effective the first day of the month after the date the former spouse's remarriage terminates. The member must immediately notify the Defense Finance and Accounting Service - Cleveland Center (DFAS-CL, U. S. Military Retirement Pay, PO Box 7130, London, KY 40742-7130) and provide a copy of the former spouse's divorce decree or the death certificate of the person to whom the former spouse was married so that coverage and premiums can be reestablished in a timely manner to avoid a debt of premiums.

If the member dies during the period the former spouse coverage is suspended because of the former spouse's remarriage before age 55, the former spouse would be eligible for the annuity in the event the remarriage subsequently terminated. The former spouse must notify the Defense Finance and Accounting Service - Cleveland Center (DFAS-CL, U. S. Military Annuitant Pay, PO Box 7131, London, KY 40742-7131) and provide a copy of the divorce decree or the death certificate of the person to whom the former spouse was married so the annuity can be established.

A former spouse who remarries at age 55 or older remains eligible to receive the annuity. SBP coverage and premiums remain in effect.

Coverage For Former Spouse And Child(ren).
The eligible child(ren) resulting from the marriage of the member and designated former spouse are covered when an election is made for former spouse and child coverage. Eligible child(ren) are contingent beneficiaries and receive the SBP annuity if the former spouse remarries before age 55 or dies. Eligible child(ren) divide the annuity in equal shares. Children remain eligible as long as they are unmarried and under age 18, or at least 18 but under 22 if a full-time student in an accredited school. A child who is disabled and incapable of self-support remains eligible for life or as long as disabled and unmarried if the disability occurred before age 18 (or before age 22 if a full-time student when the disability occurred).

Changes in Former Spouse Coverage.
A member may terminate former spouse or former spouse and child coverage in order to elect coverage for a spouse, child(ren), or spouse and child(ren). In order to elect child coverage, the election change must be submitted within 1 year of acquiring the dependent child(ren). If the election change is from former spouse to spouse coverage, there is no time limitation on the election period. If the member elects to change from former spouse to spouse coverage after 1 year of remarriage, the coverage is effective on the date the election is received by DFAS-CL and the associated premium is effective on the first day of the month after election receipt. Former spouse coverage, however, can be terminated ONLY under one of the following conditions:

a. If the former spouse election was made pursuant to the requirements of a court order, a certified copy of a court order that modifies all previous court orders relieving the retiree of a court-ordered former spouse election must be furnished to DFAS-CL (DFAS-CL, U. S. Military Retirement Pay, PO Box 7130, London, KY 40742-7130) along with a request to convert to spouse, child, or spouse and child coverage; or

b. If the original election was made pursuant to a written agreement entered into voluntarily by the member and former spouse as a part of or incident to the proceedings of a divorce, a modified written agreement signed by the former spouse agreeing to the change must be furnished to DFAS-CL (DFAS-CL, U. S. Military Retirement Pay, PO Box 7130, London, KY 40742-7130) along with a request to convert to spouse, child, or spouse and child coverage.

c. If the original election was voluntary on the member's part (not part of a court order or written agreement), the election CAN be changed to cover a new spouse, child, or spouse and child without submitting an amended court order or modified written agreement. The member must submit a request to convert to spouse, child, or spouse and child coverage to DFAS-CL (DFAS-CL, U. S. Military Retirement Pay, PO Box 7130, London, KY 40742-7130). The former spouse is notified of the change in election.

Annuity Payments To Surviving Former Spouse.
A surviving former spouse who is receiving an annuity may remarry at age 55 or older and continue to receive the annuity payments. If remarriage occurs before age 55, SBP annuity

payments will stop, but may be resumed if the remarriage later ends. It is the former spouse annuitant's responsibility to notify the DFAS-CL (DFAS-CL, U. S. Military Annuitant Pay, PO Box 7131, London, KY 40742-7131) of any changes in marital status.

NOTE: This is not a contract document. The statutory provisions of SBP law are in Section 1447, Chapter 73, Title 10, United States Code. This fact sheet explains only the very basics of the SBP. More details can be obtained by contacting an SBP counselor at an Air Force installation or by accessing the "Survivor Benefit Plan" webpage on the Air Force Personnel Center (AFPC) website at http//ask.afpc.randolph.af.mil.

Attachment 8

DOCUMENTATION REQUIREMENTS

Rule	To verify:	Documentation required:	Additional information required:
1	Death of Spouse/Former Spouse (see Note 1)	Copy of death certificate	None
2	Divorce (see Note 1)	Copy of divorce decree including the separation agreement or property settlement, if applicable	None
3	An election for former spouse coverage required by a court order	Copy of the final divorce decree including the separation agreement or property settlement which discusses SBP for former spouse coverage, and a properly completed DD Form 2656-1, *Survivor Benefit Plan (SBP) Election Statement for Former Spouse Coverage*	If former spouse has remarried, a copy of the former spouse's remarriage certificate
4	An election for former spouse coverage required by a written agreement	Written agreement signed by the member which states former spouse coverage will be maintained, and a properly completed DD Form 2656-1	
5	A voluntary former spouse election	Properly completed DD Form 2656-1	
6	Marriage or remarriage (see Note 1)	Copy of marriage license/certificate	New spouse's full name, SSN, and date of birth
7	Annulment of marriage (see Note 2)	Copy of annulment decree or court order declaring the marriage void	None
8	Birth of child (see Note 1)	Copy of birth certificate	Child's full name, SSN, and date of birth
9	Adoption of child (see Note 1)	Copy of finalized adoption order/certificate or court order awarding custody	

10	Disability of child (minor or adult) incapable of self-support (see Note 2)	Medical documentation indicating nature of disability, onset, and expected duration (e.g., permanent)	Child's full name, SSN, date of birth, and proof the child was a full-time student if disability occurred at age 18 or older
11	Insurable Interest coverage for a beneficiary who is not related or related as distantly as a cousin (see Note 3)	Proof of financial benefit from the continuance of the member's life	None

Notes:

1. Notification can be made on either a DD Form 2656-6, *Survivor Benefit Plan Election Change Certificate*, or in the form of a signed and dated letter with specific information on the action requested. Additional documents may be required if DFAS-CL determines it necessary to process a requested action.
2. Due to the complexity of this issue, notification should be made in the form of a signed and dated letter with specific information on the action requested.
3. This action is only available to a retiring member.