



## DOD INSTRUCTION 1332.42

### SURVIVOR BENEFIT PLAN

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<b>Originating Component:</b>	Office of the Under Secretary of Defense for Personnel and Readiness
<b>Effective:</b>	December 29, 2020
<b>Releasability:</b>	Cleared for public release. Available on the Directives Division Website at <a href="https://www.esd.whs.mil/DD/">https://www.esd.whs.mil/DD/</a> .
<b>Reissues and Cancels:</b>	DoD Instruction 1332.42, "Survivor Annuity Program Administration," June 23, 2009
<b>Incorporates and Cancels:</b>	Office of the Under Secretary of Defense for Personnel and Readiness Memorandum, "Unreduced Survivor Benefit Plan Annuity Payments for Eligible Surviving Spouses Remarried After Age 57," October 22, 2009 Assistant Secretary of Defense for Readiness and Force Management Memorandum, "Extending Survivor Benefit Plan Coverage to Same-Sex Spouses of Military Members and Retirees," September 5, 2013 Office of the Assistant Secretary of Defense for Manpower and Reserve Affairs Memorandum, "Enabling Payment of Survivor Benefit Plan Annuities to a Special Needs Trust," December 31, 2015 Assistant Secretary of Defense for Manpower and Reserve Affairs Memorandum, "Amendments to Survivor Benefit Plan for Reserve Component Members," April 26, 2017 Under Secretary of Defense for Personnel and Readiness Memorandum, "Administering Survivor Benefit Plan Following a Lump Sum Election of Retired Pay Under the Blended Retirement System," December 22, 2017
<b>Approved by:</b>	Matthew P. Donovan, Under Secretary of Defense for Personnel and Readiness

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**Purpose:** In accordance with the authority in DoD Directive 5124.02, this issuance establishes policy, assigns responsibilities, and provides procedures for administration of the:

- Survivor Benefit Plan (SBP) Program.
- Reserve Component (RC) Survivor Benefit Plan (RC-SBP) Program.
- Special Survivor Indemnity Allowance (SSIA).
- SBP Advisory Group.

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## SECTION 1: GENERAL ISSUANCE INFORMATION

### 1.1. APPLICABILITY.

This issuance applies to:

- a. OSD, the Military Departments (including the Coast Guard at all times, including when it is a Service in the Department of Homeland Security by agreement with that Department), the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within DoD (referred to collectively in this issuance as the “DoD Components”).
- b. The United States Public Health Service (USPHS) Commissioned Corps, by agreement with the Department of Health and Human Services, and the Commissioned Officer Corps of the National Oceanic and Atmospheric Administration (NOAA), by agreement with the Department of Commerce, unless specifically indicated in this issuance.

### 1.2. POLICY.

- a. Retiring members of the uniformed services will have the option to provide, in exchange for a reduction in retired pay, an annuity payable to their survivor or survivors upon their own death.
- b. Uniformed services members on active or inactive duty will be covered automatically by SBP:
  - (1) While in an authorized duty status and serving in the line of duty.
  - (2) At all times while in a duty status, regardless of a line-of-duty determination, after becoming eligible for a regular or non-regular retirement based on length of service.
- c. All Service members who are eligible to participate in SBP upon retirement but who fail to make an election before the date they are placed on the retired list will, by law, automatically have full, immediate SBP coverage for their dependent spouse (as defined in the Glossary) and/or children as of the date placed on the retired list.
- d. All RC Service members who are eligible to participate in RC-SBP, but who fail to make an election in the prescribed time will, by law, automatically have full, immediate RC-SBP coverage for his or her dependent spouse and/or children. The prescribed time limit for RC-SBP election is before the end of the 90th day after the Service member receives notification of having completed the years of service to be eligible for non-regular retirement in accordance with Section 12731 of Title 10, United States Code (U.S.C.), (referred to in this issuance as notification of eligibility (NOE)). Coverage will be effective as of the date of NOE.
- e. All elections to participate in the SBP or the RC-SBP programs, including default elections, are irrevocable except as described in Paragraphs 4.4. through 4.7.

f. All members who are eligible to participate in SBP or RC-SBP must be notified and given the opportunity to make an election.

g. Written spousal consent is required if a Service member declines spousal coverage or provides the spouse with less than the maximum coverage available at the time the member becomes eligible to participate in SBP or RC-SBP. The exception to this requirement is if former spouse coverage is required pursuant to a court order or written agreement, or the former spouse coverage is voluntarily elected by the Service member.

### **1.3. INFORMATION COLLECTIONS.**

a. The forms prescribed in this issuance, beginning with DD Form 2656, have been assigned Office of Management and Budget control number 0704-0569 in accordance with the procedures in Volume 2 of DoD Manual 8910.01. The expiration date of this information collection is listed on the DoD Information Collections System at <https://www.reginfo.gov/public/do/PRASearch>.

b. The following forms are used in accordance with DoD Instruction (DoDI) 7750.07 and are available at [http://www.esd.whs.mil/Directives/forms/dd2500\\_2999/](http://www.esd.whs.mil/Directives/forms/dd2500_2999/):

(1) DD Form 2656, “Data for Payment of Retired Personnel.” Used to collect information needed to establish a retired pay account and make an SBP election.

(2) DD Form 2656-1, “Survivor Benefit Plan (SBP) Election Statement for Former Spouse Coverage.” Used by a member to elect SBP or RC-SBP coverage for a former spouse.

(3) DD Form 2656-2, “Survivor Benefit Plan (SBP) Termination Request.” Used by a member to elect to discontinue SBP coverage and to notify the member of the advantages and disadvantages of making such a request.

(4) DD Form 2656-5, “Reserve Component Survivor Benefit Plan (RC-SBP) Election Certificate.” Used by RC members to elect RC-SBP coverage.

(5) DD Form 2656-6, “Survivor Benefit Plan Election Change Certificate.” Used to change an SBP election when the member has a change in dependency or marital status.

(6) DD Form 2656-7, “Verification for Survivor Annuity.” Used by a beneficiary to verify information necessary to start annuity payments.

(7) DD Form 2656-8, “Survivor Benefit Plan (SBP) – Automatic Coverage Fact Sheet.” Used to contact retirees who were automatically enrolled in SBP but did not provide information on dependents.

(8) DD Form 2656-10, “Survivor Benefit Plan (SBP)/Reserve Component (RC) SBP Request for Deemed Election.” Used by the former spouse of a member or retiree to deem an SBP election pursuant to a court order or divorce decree.

c. The certification referred to in Paragraphs 6.2. and 6.3. of this issuance has been assigned Office of Management and Budget control numbers 0730-0011 and 0730-0014 in accordance with procedures in Volume 2 of DoD Manual 8910.01. The certification required by Paragraph 6.5. of this issuance has been assigned Office of Management and Budget control number 0730-0001.

## **SECTION 2: RESPONSIBILITIES**

### **2.1. ASSISTANT SECRETARY OF DEFENSE FOR MANPOWER AND RESERVE AFFAIRS (ASD(M&RA)).**

Under the authority, direction, and control of the Under Secretary of Defense for Personnel and Readiness, (USD(P&R)), the ASD(M&RA):

- a. Develops and maintains DoD guidance to administer the SBP and RC-SBP programs.
- b. Ensures the DoD Components effectively administer the provisions of the SBP and RC-SBP programs in accordance with this issuance.
- c. Exercises oversight responsibility and coordinates resolution of all policy matters pertaining to SBP and RC-SBP.
- d. Notifies the Secretaries of the Military Departments, Secretary of Homeland Security, Secretary of Commerce, Secretary of Health and Human Services (referred to collectively in this issuance as the “Secretaries concerned”), as well as the Director, Defense Finance and Accounting Service (DFAS), of statutory and policy changes impacting SBP, RC-SBP, or SSIA.
- e. Establishes, manages, and revises, as required, all forms necessary to execute aspects of the SBP and RC-SBP programs.
- f. Identifies potential legislative requirements. Reviews current laws and policies and propose legislative changes, as appropriate. Coordinate legislative change proposals that affect SBP and RC-SBP.
- g. Establishes and chairs an SBP Advisory Group to review SBP and RC-SBP policy and procedures and to make recommendations to revise guidance as needed.

### **2.2. DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR MILITARY PERSONNEL POLICY (DASD(MPP)).**

Under the authority, direction, and control of the ASD(M&RA), the DASD(MPP) will annually publish cost of living adjustments (COLAs) to military retired pay, changes to the SBP threshold amount, adjustments of SSIA, and changes to the RC add-on premium, child coverage premiums, and insurable interest premiums.

### **2.3. DIRECTOR, DEPARTMENT OF DEFENSE HUMAN RESOURCES ACTIVITY.**

Under the authority, direction, and control of the USD(P&R), the Director, Department of Defense Human Resources Activity, through the Chief Actuary, DoD Office of the Actuary (OACT):

- a. Develops, periodically reviews, and proposes rates pertaining to the SBP and RC-SBP programs using actuarial assumptions consistent, as appropriate, with those approved by the DoD Board of Actuaries for determining retirement accrual costs.
- b. Coordinates rates with the Office of the DASD(MPP) for approval and transmits approved rates to the Secretaries concerned and the Director, DFAS.
- c. Publishes annual reports containing statistical information pertaining to SBP, RC-SBP, and SSIA.
- d. Prepares cost estimates for proposed legislative and policy changes.
- e. Annually updates and provides SBP decision analysis tools.
- f. Provides to the Director, DFAS, interest rates to apply to delinquent accounts and cost factors to apply to adjustments in SBP coverage.
- g. Appoints a representative or representatives from OACT to the SBP Advisory Group established by the ASD(M&RA).

#### **2.4. DIRECTOR, DFAS.**

Under the authority, direction, and control of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, Department of Defense, and on behalf of the Secretaries of the Military Departments, the Director, DFAS:

- a. Establishes and maintains SBP coverage history in retired pay accounts.
- b. Determines how SBP annuities will be administered.
- c. Computes and collects SBP premiums from members' retired pay accounts, combat related special compensation (CRSC), or through the direct remittance process.
- d. Maintains SBP election records and processes SBP election changes.
- e. Computes annuities and makes payments to qualified annuitants or their representatives.
- f. Updates and manages established annuity accounts.
- g. Notifies spouses or other beneficiaries, on behalf of the Secretary of the Military Department concerned, as required by statute, of a member's election or change of election in coverage after the member is in a retired pay status.
- h. Determines the dependency status of disabled children claiming entitlement to SBP benefits when they reach the age of 18, or full-time unmarried students who become disabled before age 22, or for purposes of paying an annuity to a special needs trust (SNT) for the benefit of those children.



i. Corrects minor administrative and non-substantive errors that are beyond the scope of the corrections described in Paragraph 4.7. in survivor and annuitant accounts.

j. Appoints a representative or representatives from those offices that oversee the interpretation and implementation of laws and policy regarding SBP to the SBP Advisory Group established by the ASD(M&RA).

## **2.5. SECRETARIES CONCERNED.**

The Secretaries concerned:

a. Administers the SBP and RC-SBP programs for their Service members in accordance with this issuance and Sections 1447 through 1455 of Title 10, U.S.C.

b. Notifies the Secretary of Defense of changes to Service-specific SBP and RC-SBP guidance through the Office of the DASD(MPP).

c. Notifies Service members who are eligible to participate and provides program details on matters such as automatic coverage, open enrollment periods, and eligibility to elect or decline coverage, as appropriate.

d. Provides counselors to inform retiring members, and their spouses when applicable, of available options and to assist retiring members with completion of all forms pertaining to enrollment.

e. Ensures counselors are informed of all relevant statutory and policy changes that impact the SBP and RC-SBP programs.

f. Ensures proper disposition of enrollment and concurrence forms and transmission of data to the Director, DFAS.

g. In accordance with Paragraph 4.7., serves as the final and conclusive authorities in correcting administrative errors regarding elections made under the SBP and RC-SBP programs pursuant to Section 1454 of Title 10, U.S.C.

h. Makes deemed-election determinations on behalf of covered participants for paying an annuity to someone other than a spouse, former spouse, or child because of a natural insurable interest as required and in accordance with this issuance.

i. Notifies annuitants affected by statutory and policy changes impacting SBP, RC-SBP, and SSIA benefits.

j. Appoints subject matter expert representative or representatives for the Service's SBP program to the SBP Advisory Group established and overseen by the ASD(M&RA).

k. Notifies spouses or other beneficiaries of a member's election or change of election coverage after a member becomes a participant in the RC-SBP but before the commencement of retired pay.

**2.6. SECRETARY OF HOMELAND SECURITY, SECRETARY OF COMMERCE, AND SECRETARY OF HEALTH AND HUMAN SERVICES.**

In addition to the responsibilities in Paragraph 2.5., the Secretary of Homeland Security, Secretary of Commerce, and the Secretary of Health and Human Services will each designate an appropriate representative to carry out the responsibility requirement in Paragraph 2.4. instead of the Director, DFAS. For these uniformed services only, all subsequent references in this issuance to the duties of the Director, DFAS, will be the responsibility of the Secretaries' designees.

## SECTION 3: COVERED PARTICIPANTS

### 3.1. PARTICIPATION IN THE SBP AND RC-SBP PROGRAMS.

#### a. General.

(1) The SBP program is administered pursuant to Subchapter II, Chapter 73 of Title 10, U.S.C. SBP pays a monthly benefit to designated survivors of an eligible Service member or retiree. SBP, and the associated RC-SBP program, allows Service members and retirees to ensure their designated beneficiaries continue to receive a partially, and in some cases fully, government-subsidized annuity in place of their retired pay after their own death.

(2) Covered participants in SBP and RC-SBP may be grouped into four categories:

(a) Members who are automatically covered under SBP without cost (i.e., on active or inactive duty while in the line of duty, or retirement eligible but remaining on active duty regardless of line of duty determination).

(b) Retirees who are covered under SBP in exchange for a reduction in retired pay.

(c) Members or retirees who are covered under RC-SBP in exchange for a future reduction in retired pay.

(d) Members who are automatically covered under RC-SBP (i.e., those RC service members automatically covered because they die after achieving eligibility to retire but before they have the opportunity to make an election to participate in RC-SBP).

(3) For members who retire from the uniformed services, participation is voluntary. However, Section 1448 of Title 10, U.S.C. requires an otherwise eligible retiree to be a participant unless he or she elects not to participate before the first day for which he or she is eligible for retired pay. In the case of an RC member who receives NOE, Section 1448 of Title 10, U.S.C. also requires an otherwise eligible retiree to be a participant unless he or she elected not to participate before the 90th day following the date the member received NOE. Procedures for declining or reducing default coverage are in Section 4.

(4) Participating members and retirees are considered to have maximum coverage, meaning coverage based on the full base amount, unless they otherwise elect reduced coverage. The full base amount, which is the maximum amount of coverage allowed under law, is usually the amount of retired pay for which the member is eligible. Base amount is further described in Section 8.

#### b. Members Automatically Covered Under SBP Due to Death in a Duty Status.

(1) Pursuant to Section 1448 of Title 10, U.S.C., the following Service members, who have eligible beneficiaries, are automatically covered participants in the SBP Program without cost:

(a) A Service member who dies in the line of duty while performing service in an authorized duty status on active duty or inactive duty, on or after September 10, 2001; or

(b) A member who dies not in the line of duty, on or after September 10, 2001, who:

1. Has completed the years of active service to qualify for a regular retirement; or

2. Has completed 20 or more years of active service but is not yet eligible to retire as a commissioned officer due to not having the minimum number of years of commissioned service required by statute.

(2) All Service members described in Paragraph 3.1.b.(1)(a) automatically have maximum coverage equal to 55 percent of the retired pay the member was or would have been entitled to on the day the member died, computed as if the member was retired with a total (100 percent) disability. This coverage cannot be reduced.

(3) All Service members described in Paragraph 3.1.b.(1)(b) automatically have maximum coverage equal to 55 percent of the retired pay to which that member was or would have been entitled to on the day the member died, computed based on the member's years of service. This coverage cannot be reduced.

### **c. Members Who Participate in SBP in Exchange for Reduction in Retired Pay.**

(1) Pursuant to Section 1448 of Title 10, U.S.C., the following Service members are covered in exchange for a reduction in retired pay unless opting, with spousal concurrence, if required, to decline coverage:

(a) A Service member who retires from active service with a regular retirement, or who is placed on or transferred to the Permanent Disability Retired List (PDRL);

(b) An RC Service member eligible for non-regular retirement pursuant to Chapter 1223 of Title 10, U.S.C. when he or she reaches the required age to receive retired pay, if the member:

1. Chose to defer an SBP election decision upon NOE and made an election for SBP upon reaching the required age;

2. Received NOE before January 1, 2001, but did not make an election, and had a dependent spouse or child upon reaching the required age; or

3. Elected a delayed SBP annuity that would only begin when he or she reaches the required age to receive retired pay, regardless of the date of death.

(c) A Service member placed on the Temporary Disability Retired List (TDRL) until the member's status on the TDRL is terminated through return to service or separation in accordance with Section 1210 of Title 10, U.S.C., or transfer to the PDRL. SBP coverage continues, in accordance with Paragraph 3.1.c.(1), for members transferred to the PDRL, although the base amount (described in Section 8) may change. If the member is transferred

from the TDRL and retired with a regular or non-regular retirement, the member will have the opportunity for a new election due to the change in retirement plan.

(d) A retired member who did not have a spouse or dependent child at retirement who (see Paragraph 4.3.c. for procedures concerning members who are already participating in SBP or RC-SBP who acquire a spouse or dependent child after retirement or NOE):

1. Did not elect former spouse coverage at retirement or upon NOE.
2. Later acquires a spouse or dependent child.
3. Notifies the Secretary concerned within 1 year after acquiring a spouse or dependent child in accordance with procedures in Section 4.

(e) Any retiree who qualifies and enrolls during an open enrollment period that may be established under future law according to criteria established by that law.

(2) All Service members described in Paragraph 3.1.c.(1)(a) through 3.1.c.(1)(d) have full spouse or spouse and child SBP coverage unless the member, with spousal concurrence if married (see Section 5 for exceptions related to former spouse or former spouse and child coverage that do not require spousal concurrence), elects:

- (a) Spouse coverage at less than the full base amount described in Paragraph 8.2.;
- (b) Child-only coverage; or
- (c) Not to participate in SBP or RC-SBP.

(3) Unless a Service member chooses to reduce or decline coverage before the first day he or she is entitled to retired pay, automatic coverage for maximum spouse, spouse and child coverage, or child-only coverage (if the member is not married but has an eligible dependent child) will be established.

(4) A Service member or retiree may not revoke their decision to participate in SBP if not revoked before the date on which the person becomes entitled to retired pay. Automatic coverage established in Paragraph 3.1.c.(3) is also irrevocable.

#### **d. Members Who Participate in RC-SBP in Exchange for Reduction in Retired Pay.**

(1) The following RC Service members are covered under RC-SBP, and subsequently SBP, unless they choose to reduce, defer, or decline coverage, with spousal concurrence, in exchange for a reduction in retired pay, as discussed in Section 8:

(a) An RC Service member who has received NOE but who is not yet the required age to receive retired pay who has a spouse and/or dependent child at NOE.

- (b) An RC member who does not have a spouse or dependent child at NOE and who:
  1. Did not elect former spouse coverage upon NOE.

2. Later acquires a spouse or dependent child.

3. Notifies the Secretary concerned within 1 year after acquiring a spouse or dependent child in accordance with procedures in Paragraph 4.4.

(c) Any RC Service member who qualifies and enrolls during an open enrollment period that may be established under future law according to criteria established by that law.

(2) If Service members participate in RC-SBP, they will automatically be enrolled in SBP when they become eligible to receive retired pay. RC-SBP coverage converts to SBP coverage with the same beneficiaries and at the same level of coverage. Service members may not enroll in new or secondary coverage when they become entitled to receive retired pay, unless the member previously elected to defer the decision to enroll in coverage.

(3) All members described in Paragraph 3.1.d.(1) who received or who receive NOE on or after October 1, 1978, are eligible to participate in RC-SBP. Service members who received NOE:

(a) On or after October 1, 1978, but before January 1, 2001, were eligible to elect to participate in RC-SBP (and subsequently SBP) upon receiving NOE. Those members who did not make an election before the end of the 90-day period from when they received NOE automatically deferred the decision to elect coverage until they turn 60 years of age and otherwise become eligible to receive retired pay.

(b) On or after January 1, 2001, are participants with maximum RC-SBP coverage (and subsequently SBP coverage), in accordance with the full base amount defined in Paragraph 8.2. The exception to this requirement is if the member, with spousal consent if married elects for, in accordance with Section 4 and Section 9 (see Section 5 for exceptions related to former spouse or former spouse and child coverage that do not require spousal concurrence),:

1. Less-than-maximum spouse coverage for an immediate annuity;

2. Child-only coverage;

3. A delayed annuity that, regardless of the date of death, begins no earlier than the date that the member would have attained age 60; or

4. Not to participate in SBP or RC-SBP.

(4) A Service member or retiree may not revoke their decision to participate in RC-SBP if not revoked before the date which is 90 days after receipt of NOE. Automatic coverage established in Paragraph 3.1.d.(3)(b) is also irrevocable.

#### **e. Members Who Are Automatic Participants in RC-SBP.**

(1) An RC Service member who has eligible beneficiaries and who dies in a non-duty status will automatically be enrolled in RC-SBP if the member:

(a) Has completed the years of creditable service to qualify for a non-regular retirement pursuant to Chapter 1223 of Title 10, U.S.C.

(b) Has not yet reached the age of eligibility for retired pay and:

1. Has not yet received NOE but has completed the years of service to be eligible for a non-regular retirement; or

2. Has received NOE, but 90 days have not yet passed from receipt of that notification, and the member has not yet elected or declined to participate in RC-SBP.

(2) All members described in Paragraph 3.1.e.(1) automatically have maximum immediate coverage in accordance with the full base amount defined in Paragraph 8.2. This coverage cannot be reduced.

### **3.2. SPECIAL RULES FOR FULL AND PARTIAL COVERAGE.**

#### **a. Members Electing the Career Status Bonus (CSB).**

A member who elects a CSB, in accordance with Section 1409 of Title 10, U.S.C. and Section 354 of Title 37, U.S.C., will be covered at the full amount. The full amount is 55 percent of his or her unreduced retired pay without regard to a reduction in retired pay pursuant to the election of a CSB, unless the member elects, with spousal concurrence if married, to reduce that coverage or to decline spouse coverage (see Section 5 for exceptions related to former spouse or former spouse and child coverage that do not require spousal concurrence). The reduction of coverage may be either:

(1) The actual amount of retired pay received after the reduction pursuant to conversion to the REDUX retirement system; or

(2) A whole dollar amount that is less than the actual amount of retired pay received but greater than 300 dollars.

#### **b. Members Electing a Lump Sum of Retired Pay Under the Blended Retirement System (BRS).**

A member covered under BRS who chooses to receive a lump sum of retired pay, in accordance with Section 1415 of Title 10, U.S.C., will be covered at the full amount of his or her unreduced retired pay without regard to a reduction in retired pay pursuant to the lump sum. The member may choose to lower the amount of coverage, with spousal concurrence if married. The reduction of coverage may be any whole dollar amount that is greater than 300 dollars but less than the amount of the unreduced retired pay.

## SECTION 4: NOTIFICATION AND ELECTION

### 4.1. NOTIFICATION TO MEMBERS.

#### a. Secretary Concerned Notification.

The Secretary concerned must notify all members who are eligible to elect to participate in the SBP and RC-SBP programs, such that:

(1) Members qualifying for a regular or disability retirement pursuant to Chapter 61 of Title 10, U.S.C. will be notified of their eligibility to participate in SBP before retirement.

(2) Members qualifying for a non-regular retirement pursuant to Chapter 1223 of Title 10, U.S.C. will be notified of their eligibility to participate in RC-SBP, and SBP, upon NOE.

#### b. Information to be Provided.

(1) The notification must include detailed information about the program or programs to ensure that the member and the spouse, if applicable, have sufficient knowledge to make an informed election. Information provided must contain current policies and procedures, and will be in accordance with Subchapter II of Chapter 73 of Title 10, U.S.C., this issuance, and any future updates to DoD policy related to SBP and RC-SBP.

(2) Those members who are automatically enrolled in SBP or RC-SBP, as described in Paragraph 1.2.c., will be provided DD Form 2656-8, notifying that member of his or her enrollment and affording the member the opportunity to submit a record of eligible beneficiaries.

#### c. Program Counseling.

The Secretary concerned will make program counseling services available to all members who are notified of eligibility to participate in the SBP or RC-SBP programs.

### 4.2. SPOUSAL CONCURRENCE REQUIREMENTS.

#### a. Written Spousal Concurrence.

Written spousal concurrence is required when the member elects less than the maximum coverage, as described in Paragraphs 3.1.c. or 3.1.d.

(1) For regular retirees, the signature of the spouse must be notarized on the DD Form 2656 on a date that is on or after the date the Service member signed the form but before the date of retirement.



(2) For non-regular retirees, the signature of the spouse must be notarized on the DD Form 2656-5 on a date that is on or after the date the Service member signed the form and before the end of the 90-day period that begins on the day the member received NOE.

(3) If a spouse is not geographically co-located with the member, the spouse may sign a separate spouse concurrence statement, approved for use by the Secretary concerned, containing the same information as has been recorded on the official DD Form 2656 or DD Form 2656-5. In such cases, a separate statement must be signed by the spouse on a date that is on or after the date the Service member made the election and the spouse's signature on the separate form must be notarized.

(4) A notarized concurrence signature on the DD Form 2656, DD Form 2656-5, or spouse concurrence statement on a date that is on or after the date the member signed the form constitutes an acknowledgement by the signing spouse that the spouse freely and voluntarily concurred with the SBP election made by the member. This signature acknowledges that the spouse had full knowledge of options available, the effects of those options, and the impact of the decision to concur.

#### **b. Exceptional Circumstances.**

The Secretary concerned may waive the requirement for written spousal concurrence when the spouse's whereabouts cannot be determined or, when due to exceptional circumstances, the member seeking the spouse's concurrence would otherwise be inappropriate. Exceptional circumstances, such as mental or physical incapacitation of the spouse require appropriate documentation, including but not limited to documents such as a physician's statement attesting to the spouse's incapacity. Any determination of exceptional circumstances will be documented in writing by the Secretary concerned at the time of the determination, and will include the rationale for the determination.

### **4.3. ELECTIONS.**

#### **a. All Elections.**

(1) All SBP and RC-SBP elections must be in writing, signed by both the member and the spouse (if required), and properly witnessed by a notary, if required.

(2) A member may elect to cover as a beneficiary:

- (a) A spouse;
- (b) A dependent child (or children), as defined in Section 1447(11) of Title 10, U.S.C.;
- (c) A former spouse;
- (d) A spouse and dependent child (or children);

(e) A former spouse and dependent child (or children) if the former spouse and the member are the parents of the dependent child (or children);

(f) An insurable interest beneficiary (if the member does not have an otherwise eligible spouse, dependent child, or, on or after September 8, 1982, an eligible former spouse); or

(g) A dependent child through an SNT established in accordance with either Section 1396p(d)(4)(A) or Section 1396p(d)(4)(C) of Title 42, U.S.C., for the benefit of at least one of the covered dependent children.

(3) All elections are irrevocable after the date the member is placed on the retired list or the passing of 90 days following NOE, unless otherwise provided by law. Additionally, automatic coverage as described in Paragraphs 3.1.c.(3) and 3.1.d.(3)(b) is also irrevocable unless otherwise provided by law.

#### **b. Specific RC-SBP Elections.**

(1) In the case of a member electing to participate in the RC-SBP program, the member must designate either an immediate or deferred annuity:

(a) **Immediate RC-SBP Annuity.** If elected, an immediate RC-SBP annuity will commence the day following the death of the Service member even if that member has not yet reached the age of eligibility to begin receiving retired pay under a non-regular retirement.

(b) **Deferred Annuity.** If elected, a deferred annuity under the RC-SBP program does not commence until the day the Service member would have turned 60 years of age, or the day following the death of member, whichever is later. A deferred annuity will not commence before the date a member would have turned 60 years old, even if the member would have otherwise qualified for receipt of retired pay at an earlier age pursuant to Section 12731(f)(2) of Title 10, U.S.C.

(2) The election of an immediate or deferred annuity under the RC-SBP program has an impact on both the premium and the annuity payable upon the death of the Service member. Sections 9 and 10 discuss this further.

#### **c. Deemed Insurable Interest Elections.**

In accordance with procedures outlined in Section 10, with respect to a death that occurs on or after November 24, 2003, the Secretary concerned may deem a natural person who had an insurable interest in that covered participant to be the eligible beneficiary if that natural person was a dependent of the member, or would have qualified as a dependent of the member, as defined in Section 1072(2) of Title 10, U.S.C., at the time of the member's death in the line of duty, or while still on active duty but after the member was eligible to retire if the death is not in the line of duty, and there is otherwise no eligible SBP beneficiary.

#### **d. Same-Sex Spouse Elections.**

(1) Effective June 26, 2013, a member who becomes eligible to participate in SBP or RC-SBP under any of the conditions outlined in Paragraph 3.1., who is married to a same-sex spouse will have the SBP and RC-SBP programs applied as for any other married couple, including the requirement for written spousal concurrence for less than full coverage, described in Paragraph 4.2.

(2) Members who were legally married to a same-sex spouse before first becoming eligible to participate in SBP or RC-SBP and who retired before June 26, 2013, had 1 year from June 26, 2013, to elect, with written spousal concurrence, to decline or reduce coverage. If no election was received before June 25, 2014, such retirees are considered full participants in SBP or RC-SBP and are responsible for payment of premiums effective from June 26, 2013, in accordance with Section 9.

(3) A member who was not married upon becoming eligible to participate in SBP or RC-SBP, but who later married a same-sex spouse before June 26, 2013, had until June 25, 2014, to elect to cover his or her same-sex spouse as spouse or former spouse beneficiaries. A member who did not make such an election within that 1-year period is prohibited from later making such an election.

(4) Members who were already covered participants in the program before June 26, 2013, but who no longer had an eligible spouse beneficiary, and who marry a same-sex spouse after that date, are eligible to elect to cover the new spouse under the same guidelines as described in Paragraph 4.4.b.

#### **4.4. MAKING OR CHANGING AN ELECTION AFTER RETIREMENT OR NOE.**

##### **a. General.**

(1) A member will have an opportunity to change an election in certain circumstances as described in this paragraph.

(2) Once spouse coverage is established at retirement or at NOE, or in certain circumstances after retirement or NOE in accordance with this section, spouse coverage remains in effect unless changed by a specific provision of law that allows or requires such change.

(3) A spouse becomes ineligible as a beneficiary, and coverage is suspended, upon:

(a) Death of the spouse; or

(b) Divorce, dissolution, or annulment of marriage. It is important to note that transition from spouse coverage to former spouse coverage is not automatic upon divorce, dissolution, or annulment. Former spouse coverage must be elected in accordance with Section 5. A member who elects to provide former spouse coverage pursuant to a requirement contained in a court order or written agreement may not change or discontinue such coverage unless the applicable requirements of Section 5 have been satisfied. Failure to elect former spouse coverage in accordance with a court order, written agreement, or voluntary agreement will result in suspended spouse coverage.

(4) Declining spouse coverage in any of the situations described in Paragraphs 4.4.b. through 4.4.d. will terminate eligibility for spouse coverage for that spouse and any future spouse(s).

**b. Remarriage After Retirement or NOE When Spouse Coverage is Suspended.**

(1) A covered participant with spouse or spouse and child coverage who does not have a current eligible spouse beneficiary (i.e., elected to participate in SBP or RC-SBP but whose previous beneficiary is no longer eligible for reasons described in Paragraph 4.4.a.(3)) may, within 1 year of remarriage to a new spouse:

(a) Default to resuming the same level of coverage in effect before remarriage;

(b) Elect not to provide coverage for the new spouse;

1. In the case of a member who had spouse and child coverage, the member will continue to have child-only coverage and pay premiums as described in Section 8.

2. Such an election is irrevocable and requires the Secretary concerned to notify the spouse of the election not to provide coverage in accordance with Section 1455 of Title 10, U.S.C.

(c) Or, elect to increase coverage upon remarriage if previously providing less-than-maximum coverage.

1. Such an election requires the member to pay an amount equal to the difference between the premium that would have been payable if the higher coverage had been in effect since becoming a participant in the SBP or RC-SBP programs and the amount of premiums actually paid, plus interest as described in Section 9.

2. The payment will be deposited as described in Paragraph 9.3.d.

3. The election is effective on the first anniversary of the marriage and is contingent upon any delinquent premium payments being made.

4. If payment for increased coverage is not made before the earlier of the member's death or the first anniversary of the marriage, then the newly acquired spouse is not covered at the increased amount. Coverage will revert to the previous less-than-maximum amount.

(2) This provision does not affect any right or obligation to elect to provide an annuity to a former spouse. This means that for a covered participant who elected to provide an annuity to a former spouse (or was deemed to have made such an election), if no action is taken upon remarriage, the coverage for the former spouse continues in effect.

(3) An election not to provide coverage, to provide coverage at less than the maximum, or to provide child-only coverage requires the Secretary concerned to make a reasonable attempt to notify the spouse of the election. Inability of the Secretary concerned to prove that the spouse

was notified will not result in automatic spouse coverage if the member made a clear decision to decline coverage.

**c. Remarriage Automatic Coverage.**

In the case of a covered participant with a newly acquired spouse who does not make an election in accordance with Paragraph 4.4.b. within 1 year immediately following remarriage, and who does not otherwise have an eligible former spouse beneficiary:

- (1) The new spouse will become an eligible beneficiary as though the member had made an election to resume the previously suspended coverage;
- (2) Coverage for the new spouse will resume at the level in effect before the remarriage:
  - (a) Costs will accrue upon the first anniversary of the remarriage.
  - (b) Any amount of unpaid costs will be treated as a debt subject to collection with interest assessed in accordance with Paragraph 9.2.h.

**d. Marriage After Retirement or NOE When There Was Not an Eligible Spouse or Former Spouse When Initially Electing SBP or RC-SBP Coverage.**

(1) A covered participant who did not have a spouse or former spouse when he or she was initially eligible to make an election to participate in SBP or RC-SBP, who later marries, may elect within 1 year of marriage to cover the new spouse (note that coverage is not automatic).

- (a) If there is no existing SBP or RC-SBP beneficiary, the member may elect to cover the new spouse effective as of the date of the first anniversary of the marriage, with costs accruing as of the first anniversary of the marriage.
- (b) If the previous election was for child SBP or RC-SBP coverage, the member may elect to add spouse coverage, resulting in spouse and child coverage, with a recalculation of the premium effective as of the date of the first anniversary of the marriage.
- (c) If the previous election was for an insurable interest beneficiary, the coverage for the insurable interest beneficiary must be terminated in order to cover the new spouse, effective as of the date of the first anniversary of the marriage.
- (d) If a retiring member of the Reserve Component previously elected to decline RC-SBP coverage with the option to make an SBP election once he or she reaches the age of eligibility for retired pay (known as “Option A” on the election form), the newly married retiree may not make the election to cover the new spouse until making an SBP election upon reaching that age of eligibility for retired pay, and is not subject to the 1 year limit.

(2) The election may be made by submitting a signed, written election on the DD Form 2656-6 that is received by the Secretary concerned within the 1-year period immediately after marrying the spouse.

(3) In order for a spouse to receive an annuity in the event of the member's death, the surviving spouse:

(a) Must have been married to the member for at least 1 year immediately before the member's death; or

(b) Be the parent of an issue from that marriage.

(4) An election under this paragraph is irrevocable unless otherwise provided by law.

**e. Electing Coverage for Newly Acquired Child.**

(1) A member who does not have a dependent child when the member initially became eligible to participate in SBP or RC-SBP but later acquires a dependent child may elect to participate in SBP or RC-SBP. If the Service member or retiree is already an SBP or RC-SBP participant, he or she may elect to add child coverage, by submitting a signed, written election on the DD Form 2656-6. This election must be received by the Secretary concerned within the 1-year period immediately after acquiring the dependent child.

(2) A member who did not elect child coverage for a dependent child, either at the time of becoming eligible for retired pay (if applicable) or within 1 year of acquiring the first dependent child, may not elect child coverage for subsequently acquired dependent children unless otherwise provided by law.

(3) Once child coverage is established, all newly-acquired dependent children are automatically covered in equal shares.

(4) An election under this paragraph is irrevocable unless otherwise provided by law.

**f. Electing a New Insurable Interest Beneficiary.**

A member who elected insurable interest coverage, as described in Section 7, may, upon death of that beneficiary, elect to cover a new beneficiary who qualifies as a natural person with an insurable interest in the member. Such an election must be made before the end of the 180- day period beginning on the date of the death of the previous beneficiary and requires the member to pay, if applicable, an additional amount described in Paragraph 9.1.d.(3). Such election is also subject to guidance in Section 7.

**4.5. ELECTING SPOUSE COVERAGE UPON DEATH OF COVERED FORMER SPOUSE.**

In accordance with Section 1448(b) of Title 10, U.S.C., as amended by Section 641 of Public Law (PL) 114-92, a retiree who is participating in SBP or RC-SBP with former spouse coverage, may, upon the death of that former spouse, elect to cover his or her spouse under certain conditions described in Paragraphs 4.5.a. through 4.5.c.

**a. Remarried Before Death of Former Spouse on or After November 25, 2015.**

(1) If the covered participant was married to a new spouse before the death of his or her former spouse, the participant may elect to cover his or her spouse if the former spouse died on or after November 25, 2015.

(2) The election to cover the new spouse must be made by the participant in writing to the Secretary concerned within 1 year of the death of the former spouse. Coverage is not automatic.

(3) The covered participant may not change level of coverage already in place.

(4) Coverage for the new spouse is effective as of the first day of the first month following the month of the death of the former spouse beneficiary, or the first anniversary of the marriage, whichever is later.

**b. Remarried After Death of Former Spouse on or After November 25, 2015.**

(1) If the covered participant marries a new spouse after the death of his or her former spouse, the participant may elect to cover his or her spouse if the former spouse died on or after November 25, 2015.

(2) The election to cover the new spouse must be made by the participant in writing to the Secretary concerned within 1 year of remarriage. Coverage is not automatic.

(3) The covered participant may not change the level of coverage.

(4) Coverage for the new spouse is effective as of the first day of the first month following the month in which the election is received by the Secretary concerned, or the first anniversary of the marriage, whichever is later.

**c. Special Provisions When the Former Spouse Died Before November 25, 2015.**

(1) In the case of a covered participant who was already remarried before November 25, 2015, and whose former spouse beneficiary died before November 25, 2015, there is a 1-year window to designate the new spouse as beneficiary, in accordance with PL 114-92. The enrollment window for such participants ended on November 24, 2016. While the level of coverage was required to remain the same, the effective date of coverage depended on how long the covered participants was married to the new spouse in relation to the death of the former spouse:

(a) If the covered participant was married to the new spouse for at least 1 year at the time of the death of the former spouse, the effective date of spouse coverage is the first day of the first month after the death of the former spouse.

(b) If the covered participant married the new spouse within the year immediately before the death of the former spouse, or after the death of the former spouse, the effective date of spouse coverage is the first day of the first month following the first anniversary of the remarriage.

(2) If the former spouse died before November 25, 2015, but the covered participant was not yet married to the new spouse as of November 25, 2015, that covered participant has 1 year from the date of marriage to elect coverage for the new spouse. Coverage is not automatic.

#### **4.6. DISCONTINUING PARTICIPATION.**

##### **a. General.**

(1) A member may elect to discontinue participation in SBP by submitting DD Form 2656-2 only during the period that is more than 2 years, but less than 3 years, after the first date of entitlement to receive retired pay.

(2) The member must sign the request no earlier than the 1st day of the 25th month, and no later than the last day of the 36th month from the date of entitlement to retired pay, with spousal written concurrence, if applicable. The Director, DFAS, must receive the member's signed request no earlier than the first day of the 25th month, and no later than the last day of the 36th month from the date of entitlement to retired pay.

(3) A member electing to discontinue coverage is not eligible for continuation in SBP; however, the member has 30 days after submitting a request to discontinue participation to revoke that request.

(4) If a former spouse election was required by a court order, the retiree must provide a certified copy of a modified court order that allows for discontinuation of SBP during that period. Former spouse concurrence is not required when discontinuation is authorized by court order based on a proceeding in which the former spouse was a participant.

(5) If a former spouse election was voluntarily made based on a written agreement between the member or retiree and the former spouse that was not incorporated in a court order, former spouse concurrence is required before discontinuing participation in SBP.

(6) A member that elects to discontinue SBP coverage after having previously participated in the RC-SBP Program will continue to have the cost of the RC-SBP coverage deducted from retired pay.

##### **b. Discontinuing Insurable Interest Coverage.**

(1) A member who has elected insurable interest coverage for someone other than a former spouse may terminate the coverage at any time.

(2) The Secretary concerned will make a reasonable attempt to notify the affected beneficiary when a member elects to discontinue coverage for an insurable interest beneficiary. Inability of the Secretary concerned to prove that the beneficiary was notified will not result in restored coverage if the member made a clear decision to terminate coverage.

##### **c. Discontinuing Former Spouse Coverage or Former Spouse and Child Coverage.**



(1) A member who has voluntarily elected former spouse or former spouse and child coverage, when not otherwise required by Section 5 to provide that coverage, may change the election to cover a spouse, or spouse and dependent child.

(2) The election may be made at any time after the person acquires the spouse, or within 1 year of acquiring a dependent child if the member did not have a dependent child when the member first became eligible to participate in the SBP or RC-SBP programs.

(3) A member who is required to provide coverage for a former spouse or former spouse and dependent child may also change the election in certain circumstances specified in Section 5.

(4) The Secretary concerned will make a reasonable attempt to notify the affected beneficiary when a member elects to discontinue coverage for a former spouse or former spouse and child. Inability of the Secretary concerned to prove that the beneficiary was notified will not result in restored coverage if the participant made a clear decision to discontinue coverage.

**d. Discontinuing Spouse, Child, or Spouse and Child Coverage When Rated as Totally Disabled.**

(1) A retiree may discontinue participation upon notifying the Secretary concerned that:

(a) The Department of Veterans Affairs (VA) has granted the retiree a service-connected, totally-disabled rating.

(b) The retiree has suffered from that disability while so rated continuously for:

1. Either 10 or more years; or

2. For at least 5 years from the retiree's date of last discharge or release from active duty, if the retiree was rated as totally disabled from the date of last discharge or release from active duty.

(2) An election to discontinue spouse, child, or spouse and child coverage due to a total-disability rating must be in writing and requires written consent of the spouse beneficiary.

(3) The Director, DFAS, acting on behalf of the Secretary concerned, must provide a written statement to the retiree of the advantages of participating and the possible disadvantages of discontinuing participation.

(4) Premiums and coverage for a spouse, child, or spouse and child end on the first day of the first month following the day when the Secretary concerned receives the written consent of the beneficiary or beneficiaries required by Paragraph 4.6.d.(2). The retiree may revoke the request to discontinue participation within the 30-day period after submitting the request to the Secretary concerned.

(5) Upon the death of a retiree who is totally disabled, and who elected to discontinue coverage, any premiums paid for spouse coverage must be refunded to the surviving spouse.

(6) In the case of the VA changing the rating of the retiree to less than totally disabled, the participant may elect to resume SBP or RC-SBP coverage within the 1-year period immediately following the VA notification of such a change. Coverage is limited to the type and amount of SBP or RC-SBP coverage initially elected unless another provision of this issuance allows for changes. Premiums begin on the effective date as described in Paragraph 4.8.

**e. Discontinuing Coverage for Civil Service Retirees.**

A retiree who is a participant in SBP or RC-SBP who elected to waive military retired pay to qualify for or enhance a civil service retirement remains a participant unless the retiree elects to provide the spouse a survivor's annuity through the Civil Service Retirement System (CSRS) or the Federal Employee Retirement System (FERS).

**f. Electing, Changing, or Discontinuing Coverage for Covered Participants Determined to be Incompetent.**

(1) The Secretary concerned may make an SBP or RC-SBP election on behalf of a covered participant who is declared incompetent by:

- (a) A medical officer of one of the uniformed services;
- (b) The VA; or
- (c) A court of competent jurisdiction.

(2) In the event the covered participant is later declared competent by one of the authorities listed above, the participant may elect to revoke the Secretary's election within the 180-day period following a determination of competency.

(3) There is no refund of premiums paid for coverage during a period of declared incompetence.

**4.7. ADMINISTRATIVE ERROR CORRECTIONS.**

**a. Correcting Administrative Errors After Retirement.**

In accordance with Section 1454 of Title 10, U.S.C., a retiree who believes he or she was erroneously enrolled in the SBP or RC-SBP may request correction of coverage within 1 year following the date of his or her retirement or, in the case of non-regular retirees, within 1 year of the end of the 90 day period that followed NOE or within 1 year of the date of entitlement to receive retired pay. The retiree must provide detailed justification for the correction in writing to the Secretary concerned. If it is proper to dis-enroll the participant from SBP, the applicable refund will be processed, if not otherwise prohibited by law. Such errors must be administrative in nature and not as a result of neglect by the participant. All other corrections may only be made by the applicable Board of Correction of Military (Naval) Records.

**b. Service-specific Guidance.**

Secretaries concerned may impose stricter time limits and additional procedures for requesting administrative error correction.

#### **4.8. EFFECTIVE DATE OF ELECTIONS.**

Unless specified elsewhere in this issuance, an election to participate, change, or discontinue coverage will be effective as of the first day of the first month following the month in which the Secretary concerned receives the election.

#### **4.9. MEMBERS UNABLE TO MAKE AN ELECTION.**

Because members who are automatically covered, in accordance with Paragraph 3.1.b. or 3.1.e., are unable to make an election with regard to survivor benefits, the order of priority for paying an annuity will be in accordance with Paragraph 10.1.b.

#### **4.10. NOTIFICATION OF ELECTION TO CURRENT SPOUSE.**

In accordance with Section 1455 of Title 10, U.S.C. the Secretary concerned will make a reasonable attempt to notify a covered participant's current spouse when a covered participant, who is eligible to provide an annuity to that spouse, elects former spouse coverage or former spouse and dependent child coverage. This requirement for notification of the current spouse does not infringe on the participant's right to elect former spouse or former spouse and child coverage in lieu of spouse coverage. Inability of the Secretary concerned to prove that the spouse was notified does not alter the former spouse or former spouse and child coverage if properly elected.

## **SECTION 5: FORMER SPOUSE PROVISIONS**

### **5.1. ELECTING FORMER SPOUSE COVERAGE UPON BECOMING ELIGIBLE TO PARTICIPATE.**

#### **a. Electing Former Spouse Coverage Upon Becoming Eligible to Participate.**

A member who has a former spouse upon becoming eligible to participate in SBP or RC-SBP may elect former spouse coverage in accordance with Paragraph 4.3. Such election, using DD Form 2656 or DD Form 2656-5, as applicable, and DD Form 2656-1, may be made:

(1) Voluntarily as part of, or incident to, a proceeding of divorce, dissolution, or annulment; or

(2) Pursuant to the requirements of a court order, or a written agreement subsequent to a proceeding of divorce, dissolution, or annulment.

#### **b. Members with More Than One Former Spouse.**

If a member has more than one former spouse, the member will designate which former spouse is the designated beneficiary.

#### **c. Coverage for Spouse or Dependent Child When Former Spouse Coverage Elected.**

An election to provide coverage to a former spouse or former spouse and child prevents payment of an annuity to a spouse or dependent child unless the dependent child resulted from the person's marriage to the former spouse who is receiving coverage and former spouse and child coverage is elected.

#### **d. Notification.**

In accordance with Section 1455 of Title 10, U.S.C., the Secretary concerned will make a reasonable attempt to notify the member's current spouse, if any, of the election of former spouse coverage. Inability of the Secretary concerned to prove that the spouse was notified does not alter the former spouse or former spouse and child coverage if properly elected.

#### **e. Later Election.**

If a member does not make an election for former spouse coverage for a former spouse that the member has at the time he or she becomes eligible to participate in SBP or RC-SBP, the member cannot later make an SBP or RC-SBP election for that former spouse.

### **5.2. CHANGING FROM SPOUSE COVERAGE TO FORMER SPOUSE COVERAGE AFTER RETIREMENT OR NOE.**

#### **a. Divorce After First Becoming Eligible to Participate.**

(1) A member who elected spouse coverage upon becoming eligible to participate in SBP or RC-SBP, and later divorces, may elect to cover that former spouse (who was not the member's former spouse at the time the member became eligible to participate) within 1 year after the date of decree of divorce, dissolution, or annulment.

(2) Former spouse coverage is not automatic upon divorce, dissolution, or annulment. A court order alone does not create coverage.

(3) There is no option to change the level of coverage (i.e., base amount) for an election under this paragraph.

**b. Former Spouse Married After Retirement and Later Divorced.**

To be eligible to elect to cover a former spouse whom the member married after becoming eligible for retired pay, the member must have been married to that former spouse for at least 1 year, or that former spouse must be the parent of an issue resulting from that marriage.

**c. Termination of Prior Coverage.**

An election in accordance with Paragraph 5.2.a. or 5.2.b. terminates any previous coverage and may not be revoked unless otherwise provided by law.

**5.3. NOTIFICATION OF ELECTING FORMER SPOUSE COVERAGE.**

**a. Notifying the Secretary Concerned.**

A member electing former spouse SBP or RC-SBP coverage will complete DD Form 2656-1 indicating whether the election is being made pursuant to the requirements of a court order or pursuant to a written agreement previously entered into voluntarily as part of, or incident to, a proceeding of divorce, dissolution, or annulment. The member will also indicate whether such voluntary written agreement has been incorporated in or ratified by a court order.

**b. Deemed Former Spouse Election.**

(1) A member described in Paragraph 5.1. or 5.2. who is required by court order, or who executes a written agreement that is incorporated, ratified, or approved by a court order, or filed with a court in accordance with applicable State law, to elect former spouse or former spouse and child SBP or RC-SBP coverage, and who does not make such an election at the base amount described below, will be deemed to have made the required election if the Director, DFAS, receives from the former spouse or the former spouse's legal representative, including an attorney, the DD Form 2656-10, requesting that former spouse coverage be in place, within 1 year from the date of the court order or filing involved.

(a) The form must be accompanied by a copy of the court order, regular on its face, or an appropriate official statement that the agreement has been filed with the court in accordance with applicable State law.

(b) Both the DD Form 2656-10 and court order are required.

(c) The election will be effective on the first day of the first month that begins after the date of the court order or filing, or the date the member first becomes eligible to participate in RC-SBP or SBP, whichever is later.

(2) For a former spouse deemed election made upon the member first becoming eligible to participate in SBP or RC-SBP, the base amount must be the full base amount unless the former spouse has consented to a reduced base amount.

(3) For a former spouse deemed election made after the member has first become eligible to participate (i.e., when the member initially elected spouse coverage), the base amount must be the same base amount that was previously established as described in Paragraph 5.2.a.(2).

(4) An election under this paragraph cannot be changed or revoked unless otherwise provided by law, as described in Paragraph 5.4.

#### **c. Limited Duration Former Spouse Election.**

In a situation in which a court order or written agreement requires the establishment of former spouse coverage for only a fixed period of time, the participant will nevertheless be deemed to have made an irrevocable former spouse election under Paragraph 5.3.b. The provisions of the court order or written agreement limiting the length of the required coverage will be disregarded.

#### **d. Cost Sharing.**

In a situation in which a court order or written agreement provides that the establishment of former spouse coverage is contingent upon the former spouse becoming responsible for the costs of coverage, the member will nevertheless be deemed to have made a former spouse election under Paragraph 5.3.b. The provisions of the court order or written agreement relating to the former spouses' options and costs will not be enforced. SBP premiums will be deducted directly from the member's retired pay, CRSC, or VA disability pay, in accordance with procedures in Section 9. This does not restrict the covered participant and former spouse from entering into an agreement concerning cost reimbursement or cost sharing of the SBP premiums, but no such agreement will be enforced by the Director, DFAS.

### **5.4. DISCONTINUING FORMER SPOUSE COVERAGE IN FAVOR OF SPOUSE AND/OR CHILD COVERAGE.**

A member who has elected former spouse or former spouse and child SBP or RC-SBP coverage, either as required by a court order or by written agreement, whether or not voluntarily, who later seeks to elect coverage for a spouse, or a spouse and child, must provide to the Secretary concerned:

**a. Court Order.**

If the former spouse or former spouse and child election was required by court order, a certified copy of the court order that is regular on its face, modifying the provisions of all previous court orders that required the original election, and certifying to the Secretary concerned that the latest court order is valid and in effect; or

**b. Signed Written Statement.**

If the former spouse or former spouse and child election was made by written agreement and not incorporated, ratified, or approved by a court order, a notarized written statement, signed by the former spouse beneficiary, agreeing to such a change in coverage and certifying to the Secretary concerned that the agreement is current and in effect.

**5.5. POSTHUMOUS DEEMED FORMER SPOUSE ELECTION.**

A former spouse may only seek a deemed former spouse election after the death of a retired participant if:

**a. Voluntary Election Before Retiree's Death.**

The retiree voluntarily elected former spouse coverage before death in accordance with Paragraph 5.1.a.; or

**b. Court Order Before Retiree's Death.**

If the original court order or written agreement filed with a court in accordance with applicable State law, subsequent to a proceeding of divorce, dissolution, or annulment before the member's death, specified former spouse coverage.

**5.6. POSTHUMOUS VACATION OF A DIVORCE ORDER.**

For purposes of determining an SBP beneficiary, a member's marital status is fixed on the date of the member's death. A posthumous court order that vacates or sets-aside a previously issued divorce order between the member or retiree and his or her former spouse will not result in the spouse becoming eligible for an SBP or RC-SBP annuity. The spouse would only be eligible for an SBP or RC-SBP if the member or retiree had previously established coverage for a former spouse, or a deemed election was made by that former spouse in accordance with Paragraph 5.3.b., before the member or retiree's death.

## SECTION 6: CHILD COVERAGE

### 6.1. DEPENDENT CHILDREN.

#### a. Definition.

In accordance with Section 1447(11) of Title 10, U.S.C., a dependent child is the child of the member covered by SBP or RC-SBP (including a step child or foster child who lived with that member in a regular parent-child relationship), who is unmarried and either:

(1) Under 18 years of age, or at least 18 but under 22 years of age, and pursuing a full-time course of study or training in a high school, trade school, technical or vocational institute, junior college, college, university, or comparable recognized educational institution; or

(2) Over 18 years of age but incapable of self-support because of a mental or physical incapacity existing before the person's eighteenth birthday or incurred on or after that birthday, but before the person's twenty-second birthday, while pursuing such a full-time course of study or training.

#### b. Child Born After the Death of a Member.

(1) A child who was conceived, but not yet born, or in the case of assistive reproductive technologies, was implanted but not yet born, before the death of a covered participant may be considered to be a dependent if the participant had previously elected child coverage.

(2) A child who was conceived, but not yet born, or in the case of assistive reproductive technologies, was implanted but not yet born, before the death of a member on active or inactive duty may be considered to be a dependent child for the purposes of SBP or RC-SBP if:

(a) There is no eligible spouse or former spouse and the child is the only child or an additional child of the member, or

(b) Following consultation with the surviving spouse, with no other dependent children as described in Paragraph 6.1.a, for a death that occurs before January 1, 2023, the Secretary concerned elects that the annuity be paid on behalf of the dependent child in accordance with Paragraph 10.1.c.;

(c) After consultation with the surviving spouse, for a death that occurs before January 1, 2023, the Secretary concerned previously elected that the annuity be paid on behalf of the dependent child or children instead of the surviving spouse in accordance with Paragraph 10.1.c.

(3) A child who was conceived, or in the case of assistive reproductive technologies, was implanted, after the death of a covered participant is not considered a dependent child for the purposes of SBP or RC-SBP coverage.



## **6.2. REQUIREMENTS FOR COVERAGE OF ADULT DISABLED CHILDREN.**

### **a. Substantiation.**

For a disabled dependent child of a covered participant to be entitled to an SBP or RC-SBP annuity after reaching adulthood, the child, or the child's parent or legal guardian, must certify to the Director, DFAS, or in the case of the Coast Guard, USPHS, to the authority designated by the Secretary concerned, that he or she has or had a physical or mental condition before age 18 (or 22 if pursuing a full-time course of study) that causes the child to be incapable of self-support. The child or the child's parent or legal guardian must demonstrate:

- (1) Medical evidence of the physical or mental condition.
- (2) Income and expense evidence showing that he or she is incapable of self-support due to the qualifying impairment.
- (3) Periodic recertification of eligibility.

### **b. Medical Evidence.**

(1) A child, or the parent or legal guardian of a child, claiming a physical or mental condition qualifying for continued receipt of an SBP or RC-SBP annuity into adulthood must submit a current (within the past 4 months) medical evaluation prepared by a physician, or other qualified medical professional, that provides in detail:

- (a) The past medical history of the potential beneficiary.
- (b) The age of onset of the condition.
- (c) How the condition precludes the potential beneficiary from self-support now and in the future.

(2) The physician's evaluation should provide a full medical history, clinical findings (e.g., the results of physical or mental status examinations), laboratory findings (e.g., blood pressure, x-rays), diagnosis, treatment prescribed with response and prognosis, and a statement about what activities the claimant can perform despite his or her impairment(s), based on the medical source's findings on the above factors. The evaluation should be comprehensive and detailed enough that the claim reviewers can trace the condition from date of onset to the present.

(3) The statement must describe the claimant's ability to perform work-related activities, such as sitting, standing, walking, lifting, carrying, handling objects, hearing, speaking, and traveling. It must also describe the claimant's capacity to understand, to carry out and remember instructions, and to respond appropriately to supervision, co-workers, and work pressures in a work setting. It must discuss the claimant's daily activities, the location, duration, frequency, and intensity of pain or other symptoms; the precipitating and aggravating factors, the type, dosage, effectiveness, and side effects of any medication; the treatments, other than medications, for the relief of pain or other symptoms; any measures the claimant uses or has used to relieve

pain or other symptoms; and other factors concerning the claimant's functional limitations due to pain or other symptoms.

(4) If at all possible, medical evidence should be submitted from the treating sources themselves (i.e. treating physician or other medical professional). Evidence from a treating source is especially important because the medical professionals who actually treat(ed) the claimant are most able to provide a detailed longitudinal picture of the claimant's impairment(s) and may bring a unique perspective to the medical evidence that cannot be obtained from the medical findings alone or from reports of individual examinations or brief hospitalizations. Therefore, timely, accurate, and adequate medical reports from treating sources, where available, should be requested.

(5) The child, or the child's parent or legal guardian, may also submit information from other sources that helps to show the extent to which a claimant's incapacity affects his or her ability to function in a work setting. Other sources include public and private agencies, non-medical sources such as schools, parents and caregivers, social workers and employers, and other practitioners such as naturopaths, chiropractors, and audiologists.

### **c. Income and Expense Evidence.**

A child, or the parent or legal guardian of a child, claiming a physical or mental condition qualifying for continued receipt of an SBP or RC-SBP annuity into adulthood must provide income and expense evidence demonstrating that he or she is incapable of self-support due to a qualifying impairment. Claimants must submit:

(1) A statement providing the claimant's marital status and whether he or she has ever married in the past;

(2) A statement listing the claimant's income, expenses, and all support provided by the claimant's parent, guardian, spouse, ex-spouse or other provider.

(3) A history of employment and statement of earnings if the potential beneficiary is or has ever been employed.

(4) A copy of any Internal Revenue Service Form W-2, "Wages and Tax Statement" income tax returns or social security earnings statements for the most recent 3 years.

(5) Other evidence that the potential beneficiary is dependent on others for financial support.

(6) A statement regarding whether the Social Security Administration has determined the potential beneficiary's eligibility for Medicare Part A or B.

(7) A statement as to whether the claimant has qualified for and, if qualified, has been issued a DoD identification card under Section 1072 of Title 10, U.S.C.

**d. Periodic Recertification.**

Once the Director, DFAS, has determined an adult disabled child is incapable of self-support due to a qualifying disability and is entitled to an SBP or RC-SBP annuity, the child or the parent or legal guardian of the child will be required to recertify that eligibility by updating the documentation required by Paragraphs 6.2.b. and 6.2.c. with any changes. The minimum periodicity of the recertification is every 4 years, however the Director, DFAS, may require eligibility recertification more frequently in individual cases as required.

**6.3. PROCEDURES FOR CLAIMING COVERAGE OF ADULT DISABLED CHILDREN.**

**a. Submission of the Claim.**

(1) In addition to those processes for applying for an annuity described in Section 10, a claim for an SBP or RC-SBP annuity payable to an adult disabled child must be submitted to the Director, DFAS, with documentation in accordance with Paragraphs 6.2.b. and 6.2.c.

(2) The burden is on the claimant to substantiate the claim for an annuity. A claim may only be approved upon receipt of satisfactory substantiating documentation. Whether the claimant qualifies as a dependent child will be determined based on a full consideration of the facts of the claimant's case as established by the substantiating documents submitted. Gaps in the substantiating evidence, such as failing to provide information regarding marital status, may result in the denial of the claim.

(3) The documents that may be submitted include both narrative and actual documentary evidence.

(4) If a claimant indicates he or she cannot, or will not, submit medical or income evidence, as required by Paragraphs 6.2.b. and 6.2.c. due to religious or personal reasons, the claimant will be informed that:

(a) The claimant's impairment must be established by medical evidence.

(b) The claimant has a duty to submit all evidence that relates to his or her claim.

(c) Without substantiating medical evidence, the Director, DFAS, or designee, will make a disability determination based on information available in the case.

(d) If evidence is insufficient, the claim may be denied.

(5) Evidence that the claimant has ever been married, even if the marriage ended in death or divorce, will result in the denial of the claim, unless the marriage was annulled while both parties were living.

(6) Evidence that the claimant is qualified for a DoD identification card will be considered as a factor in granting the claim, but is not alone conclusive.

## **b. Procedures Following Adjudication of a Claim.**

(1) When a claim is approved, the Director, DFAS, or designee, will advise the claimant of the approval and future recertification requirements in Paragraph 6.2.d.

(2) When a claim is disapproved, the Director, DFAS, or designee, will provide the claimant a full explanation of the reasons for the denial including specific determinations regarding whether the claimant:

(a) Submitted sufficient medical evidence of a mental or physical disabling condition that arose before age 18 (or between ages 18 and 22 while pursuing a full-time course of study).

(b) Submitted sufficient income and expense evidence to show that he or she is incapable of self-support.

(c) Submitted sufficient evidence to show a nexus between the disabling physical or mental condition and the lack of capacity for self-support.

(3) Additionally, when a claim is disapproved, the claimant will be advised of his or her right to appeal the determination to the Defense Office of Hearings and Appeals, under the provisions of DoDI 1340.21, and the procedures for submitting an appeal to the Defense Office of Hearings and Appeals.

## **6.4. SNT**

### **a. General.**

(1) PL 113-291 amended Sections 1448, 1450, and 1455 of Title 10, U.S.C., to give Service members and retirees the option to direct payment of an SBP annuity to an SNT established for the benefit of a dependent child. A covered participant who elects to cover a dependent child may direct that the SBP or RC-SBP annuity be payable to an SNT. The SNT must have been created for the benefit of a dependent child. The SNT will receive any annuity that would otherwise be payable to, or on behalf of, the dependent child, without disqualifying that individual from other Federal or State benefits, to which that person may also be entitled.

(2) The decision to direct that a dependent child annuity become a dependent child SNT annuity is irrevocable.

(3) In situations in which more than one dependent child is entitled to receive an annuity following the death of a covered participant, the SNT will be treated as a dependent child for purposes of determining the shares payable to each of the children.

### **b. Election of an SNT During the Life of the Covered Participant.**

A covered participant may irrevocably elect to designate an SNT established for the benefit of a dependent child in accordance with all other procedures for electing coverage in Paragraph 4.3.

**c. Election of an SNT Following the Death of a Covered Participant.**

If an SNT was not designated during the life of the covered participant but the member or retiree has previously elected child coverage, the dependent child's surviving parent, grandparent, or court-appointed legal guardian or fiduciary may irrevocably designate a SNT that was established, in accordance with subparagraph (A) or (C) of Section 1396p(d)(4) of Chapter 7, Title 42, U.S.C., for the sole benefit of the dependent child, either by the covered participant or by the dependent child's surviving parent, grandparent, or court-appointed legal guardian or fiduciary.

**d. Election of an SNT Following the Death of a Member on Active or Inactive Duty.**

If a member is covered under SBP due to death on active or inactive duty, in accordance with Paragraph 3.1.b., or who dies before making an election in accordance with Paragraph 3.1.e., and coverage for the dependent child has been elected by the Secretary concerned, in accordance with Paragraph 10.1.c., then a dependent child's surviving parent, grandparent, or court appointed legal guardian or fiduciary may irrevocably elect to designate that an SNT is established, either by the covered participant or by the dependent child's surviving parent, grandparent, or court-appointed legal guardian or fiduciary.

**e. Types of SNT.**

There are two types of SNT that comply with Section 1396p(d)(4) of Title 42, U.S.C.:

(1) A First-Party SNT, in accordance with Section 1396p(d)(4)(A) of Title 42, U.S.C., is a type of SNT established by the disabled dependent child's parent, grandparent, legal guardian, or a court for the benefit of the disabled dependent child only. Transfers into a First-Party SNT do not prevent a person with special needs from accessing government benefits.

(2) A pooled trust, in accordance with Section 1396p(d)(4)(C) of Title 42, U.S.C., is a type of SNT established by a non-profit organization, with individual beneficiaries creating accounts within the larger trust. Such a trust consists of the assets of many people with special needs in a "pool." Transfers into a pooled trust, like transfers into a First-Party SNT, do not prevent a person with special needs from accessing government benefits.

**f. Procedure for Designating an SNT.**

In order to receive payment of an SBP annuity, the SNT must be for the benefit of a person or persons considered disabled under Section 1382c(a)(3) of Title 42, U.S.C. While an SNT is governed by State law, an SNT must also comply with Section 1917(d)(4) of the Social Security Act (Section 1396p(d)(4) of Title 42, U.S.C.). To elect that payment be directed to a SNT in accordance with Paragraphs 6.4.b. through 6.4.d., the covered participant or the disabled dependent child's surviving parent, grandparent, or court-appointed legal guardian or fiduciary must submit to the Director, DFAS:

(1) A statement of the decision to have the annuity paid irrevocably to the SNT with the name and tax identification number for the SNT.

(2) A separate statement from an active, licensed attorney certifying that the trust is an SNT created for the benefit of the disabled dependent child and is in compliance with all applicable Federal and State laws, or, in the case of a pooled trust, a copy of the non-profit organization's agreement to handle the trust.

(3) Certified SNT paperwork must be submitted to the following DFAS address:

DFAS  
U.S. Military Retired Pay  
8899 East 56th Street  
Indianapolis, IN 46249-1200

**g. Invalid SNT.**

If the SNT is found to be invalid or otherwise fails, an annuity payable under Section 9 will revert to being paid directly to the dependent child. If this occurs, the dependent child's entitlement to other Federal benefits such as Supplemental Security Income and Medicaid may be impacted. Those seeking to direct payment to a SNT for SBP or RC-SBP must exercise due diligence to ensure that they consult with an attorney well-versed in this specialized and complex area of law.

**6.5. CERTIFICATION OF FULL-TIME COURSE OF STUDY.**

**a. General.**

In accordance with Paragraph 6.1.a.(2), a dependent child who is at least 18 years of age, but under 22 years of age, may be considered an eligible dependent child of a covered participant if pursuing a full-time course of study or training in a high school, or trade school, technical institute, vocational institute, junior college, college, university, or comparable recognized educational institution.

**b. Special Rule for Students Turning Age 22 During a School Semester.**

A child whose 22nd birthday occurs before July 1 or after August 31 of a calendar year, who is pursuing such a course of study or training, is considered to have become 22 years of age on the first day of July after that birthday.

**c. Continuing Benefit During Interim Periods.**

A child who is a student is considered to remain a student during an interim between school semesters if the interim is not more than 150 days and if the child demonstrates to the Director, DFAS, that he or she has a bona fide intention of continuing to pursue a course of study or training in the same or a different school immediately after the interim.

**d. Verification.**

An annuitant described in Paragraph 6.1.a.(1) must provide written verification in the manner prescribed by the Director, DFAS of enrollment in a full-time course of study in accordance with Chapter 46 of Volume 7B of DoD 7000.14-R.

**e. Suspension.**

Failure to provide documentation may result in suspension or delay of the annuity payment, and in some cases, recoupment of previous payments.

## SECTION 7: INSURABLE INTEREST BENEFICIARIES

### 7.1. GENERAL.

#### a. Insurable Interest Beneficiaries.

At retirement or upon NOE, a covered participant, who does not otherwise have an eligible spouse or dependent child and does not decide to elect former spouse coverage, may elect to cover or the Secretary concerned may designate in accordance with Paragraph 4.3.c., as a beneficiary, a natural person who has an insurable interest in the member or retiree. This includes any person who:

- (1) Has a reasonable and lawful expectation of financial benefit from the continued life of the covered participant.
- (2) Has a reasonable and lawful basis founded upon the relation of parties to each other, either financial or of blood relation or affinity, to expect some benefit or advantage from the continuance of the life of the covered participant.
- (3) On or after September 8, 1982, is not the former spouse of the member or retiree.

#### b. Proof of Financial Benefit.

- (1) If the election is for a person who is more-nearly related than a cousin, no proof of financial expectation is required.
- (2) If the election is for a beneficiary who is a cousin or less-closely related than a cousin, proof of financial benefit from the continued life of the covered participant is required.

#### c. Insurable Interest Coverage Limitation for Disability Retirees.

If a covered participant retired or retires on or after November 24, 2003, under a provision of Chapter 61 of Title 10, U.S.C., and elects or elected insurable interest coverage, the election is invalidated if the covered participant died or dies within 1 year after being retired and the cause of death is related to the disability for which retired, unless the coverage was elected for a dependent of that covered participant as defined in Section 1072(2) of Title 10, U.S.C. If the election is invalidated, any premiums deducted under Section 9 will be paid to the person to whom the annuity would have been paid.

#### d. Limitation When Electing a New Insurable Interest Beneficiary.

If a covered participant elects insurable interest coverage in accordance with Paragraph 4.4.f. and dies before the 2-year period beginning on the effective date of the election, the election is invalidated and any premiums deducted under Section 9 will be paid to the person to whom the annuity would have been paid.



## SECTION 8: BASE AMOUNT AND THRESHOLD AMOUNT

### 8.1. GENERAL.

#### a. Base Amount.

In accordance with Section 1447 of Title 10, U.S.C., base amount is the amount of retired pay to which a member is or was entitled when first becoming eligible for that pay or later became entitled due to any post-retirement adjustments. The reduction in retired pay to pay SBP and RC-SBP premiums, in accordance with Section 9, and any annuity paid in accordance with Section 10 is generally predicated on this base amount.

#### b. Threshold Amount.

The threshold amount is an alternative means of calculating the reduction in retired pay for certain covered participants, in accordance with Section 9.

### 8.2. FULL BASE AMOUNT.

#### a. Members in Receipt of Retired Pay.

For a member entitled to retired pay under a regular retirement, non-regular retirement, or disability retirement, the full base amount is the amount of money to which the member:

(1) Was entitled to when he or she became eligible for retired pay without regard to any reduction in retired pay pursuant to:

(a) An election of a CSB, in accordance with Section 1409 of Title 10, U.S.C. and Section 354 of Title 37 U.S.C.; or

(b). An election of a lump sum of retired pay in accordance with Section 1415 of Title 10, U.S.C.

(2) Later became entitled to by being advanced on the retired list, performing active duty subsequent to eligibility for retired pay, being transferred from the TDRL to the PDRL, or having his or her retired pay re-computed at age 62 due to credit for community service under Temporary Early Retirement Authority (TERA) or retirement under REDUX.

#### b. Members Not Yet in Receipt of Retired Pay.

For a member who has qualified for a non-regular retirement but dies before attaining the age of eligibility to receive retired pay, the full base amount is the amount of money to which the member would have been entitled to if he or she had been 60 years of age, or the age of eligibility for retired pay if that member met the requirements for reduced-age retirement in accordance with DoDI 1215.07, on the day he or she dies.

**c. Members Automatically Covered.**

The full base amount may not be reduced for members who are automatically covered under SBP or RC-SBP in accordance with Paragraph 3.1.b. or 3.1.e.

**8.3. PARTIAL BASE AMOUNT.**

**a. Reduced Base Amount.**

A member who becomes eligible to receive retired pay may elect a reduced base amount, meaning an amount less than the full amount of retired pay to which he or she is entitled, as described in Paragraph 8.2.a., that is not less than \$300, except as provided in Paragraph 3.2.a., with written concurrence of the person's spouse, if required in accordance with Paragraph 4.2. The reduced base amount will be increased at the same time and by the same percentage as the gross retired pay may be increased.

**b. Timing of Decision to Elect a Reduced Base Amount.**

A member who becomes eligible to receive retired pay must make the decision to elect a reduced base amount on or before:

- (1) The first day he or she becomes eligible to receive retired pay for members in receipt of a regular retirement or disability retirement; or,
- (2) 90 days from NOE for members qualifying for a non-regular retirement.

**c. Court-Ordered Base Amount.**

A base amount cannot be reduced by court order after a member becomes eligible to receive retired pay.

**8.4. THRESHOLD AMOUNT.**

**a. General.**

The threshold amount is an alternative to the base amount that may be used to calculate the reduction in retired pay described in Paragraph 9.1. The original threshold amount established on October 1, 1985 was \$300. This amount has been increased by the same percentage as the annual increase in basic military pay for each year subsequent to 1985.

**b. Annual Increase.**

The threshold amount is adjusted as follows:

- (1) Increased at the same time and by the same percentage as the overall increase in basic pay effective on or after October 1, 1985. This applies to a member whose retired pay is

computed on the basic pay rate in effect on or after the effective date of such increase in basic pay.

(2) In addition to the increase described above, the threshold amount will be further increased by subsequent COLA increases that apply to the basic pay rate.

**c. Publication.**

The threshold amount is published annually by the DASD(MPP).

## **SECTION 9: REDUCTION IN RETIRED PAY (PREMIUMS)**

### **9.1. BASIC PREMIUMS.**

#### **a. General.**

Members described in Paragraph 3.1.c. or 3.1.d. who elect to provide SBP or RC-SBP coverage will pay a monthly premium for such coverage. Premiums may only be paid as a payroll deduction from the military retired pay, CRSC, or VA disability compensation payable to a retiree, or by direct remittance to the Department of Treasury via the Director, DFAS.

#### **b. Calculating Spouse and Former Spouse Premiums.**

There are two methods for calculating the reduction in retired pay for a retiree electing SBP coverage for a spouse or former spouse:

- (1) An amount equal to 6.5 percent of the base amount, as defined in Section 8; or,
- (2) An amount equal to 2.5 percent of the lesser of the threshold amount or the retiree's base amount, plus 10 percent of any base amount in excess of the threshold amount as defined in Section 8, adjusted and published as described in Paragraph 8.4. (this method is only applicable to certain retirees, as described in Paragraph 9.3.a.).

#### **c. Calculating Child-Only Premiums.**

A member described in Paragraph 3.1.c. or 3.1.d. may elect to only cover his or her child or children, with written spousal concurrence if applicable:

- (1) The premium for child-only coverage is determined based upon the age differential between the covered participant and the youngest child.
- (2) The cost factor multiplied against the base amount to determine the premium is derived from SBP factor tables as calculated by the Chief Actuary, OACT and published, as required, by the DASD(MPP).

#### **d. Calculating Insurable Interest Premiums.**

(1) Covered participants electing insurable interest coverage, as defined in Section 7, will pay a premium, subject to a 40 percent maximum reduction in retired pay, that is:

- (a) In the case of regular retirement, 10 percent of the retiree's retired pay plus 5 percent for each full 5 years the beneficiary is younger than the covered participant; or,
- (b) In the case of a non-regular retirement pursuant to Chapter 1223 of Title 10, U.S.C., an amount calculated by the Chief Actuary, OACT and published annually by the DASD(MPP).

(2) The reduction in the covered participant's retired pay for insurable interest coverage will continue during the retiree's lifetime until the beneficiary's death, until coverage is terminated, or until the covered participant changes the election in favor of covering a spouse or dependent child. In the case of a member who elects a CSB or a member who elects a lump sum of retired pay under BRS, the full base amount described in Paragraph 8.2.a.(1) will apply.

(3) In addition to the reduction in the covered participant's retired pay described in Paragraph 9.1.d.(1), a retiree who elects a new insurable interest beneficiary under Paragraph 4.3.d. of this issuance must also pay an amount equal to:

(a) The difference in the amount of the reduction in the member's retired pay for the previous beneficiary.

(b) The reduction in retired pay that would have been made had the previous beneficiary not died and been a covered beneficiary through the date of the new election. Such amount will be computed as if the previous beneficiary had been the same number of years younger or older than the member (if any) as the new beneficiary.

## **9.2. ADDITIONAL PREMIUMS.**

### **a. RC Add-On Premium.**

(1) Members notified of their eligibility to retire with a non-regular retirement in accordance with Section 12731 of Title 10, U.S.C., who elect the option of coverage with an immediate annuity or an annuity delayed until age 60 in accordance with Paragraph 4.3.b.(1)(a), must pay an additional premium to cover the period before eligibility for retired pay.

(2) The RC add-on premium is calculated by the Chief Actuary, OACT and published, as required, by the DASD(MPP).

(3) A non-regular retiree who qualifies to receive retired pay earlier than age 60, in accordance with DoDI 1215.07, will have the RC add-on premium reduced accordingly. In such circumstances, the add-on premium is lowered by a reduction factor. The reduction factor is determined using a table calculated by the Chief Actuary, OACT and published, as required, by the DASD(MPP).

### **b. Child Add-On Premium.**

(1) In addition to the premium for spouse or former spouse coverage, described in Paragraph 9.1.b., a member described in Paragraph 3.1.c. or 3.1.d. who elects spouse and child, or former spouse and child coverage must pay an additional premium to cover the child or children.

(2) The add-on premium for child coverage is determined based upon combined ages of the covered participant, the spouse or former spouse, and the youngest child.

(3) The cost factor multiplied against the base amount to determine the premium is derived from SBP factor tables as calculated by the Chief Actuary, OACT and published, as required, by the DASD(MPP).

(4) The child add-on premium remains payable even after the child or children are no longer eligible beneficiaries, unless the child or children die, in which case the add-on premium stops.

### **9.3. REDUCTION IN RETIRED PAY.**

#### **a. Reduction of Retired Pay for SBP Coverage Only.**

(1) The retired pay of an SBP participant who is providing an annuity for a spouse or former spouse, will, in months where there is an eligible beneficiary, be reduced by:

(a) The lesser amount of Paragraph 9.1.b.(1) or 9.1.b.(2), in the case of a covered participant in SBP who:

1. Has a date of initial entry into military service (DIEMS) or date of initial entry into uniformed service (DIEUS) before March 1, 1990;
2. Is receiving disability retired pay pursuant to Chapter 61 of Title 10, U.S.C.; or
3. Is receiving non-regular retired pay pursuant to Chapter 1223 of Title 10, U.S.C.

(b) The amount calculated in Paragraph 9.1.b.(1) for a retiree who has a DIEMS or DIEUS on or after March 1, 1990, in the case of a retiree who is a covered participant in SBP other than a retiree who is entitled to and is receiving retired pay pursuant to Chapters 61 or 1223 of Title 10, U.S.C.

(2) A participant providing coverage as described in Paragraph 9.3.a.(1), who also elects coverage for a dependent child or who elects child-only coverage will, in months where there is an eligible dependent child beneficiary, have the coverage premium increased as a result of the additional coverage.

#### **b. Reduction in Retired Pay for Non-Regular Retirees Electing RC-SBP Coverage.**

(1) A retiree who elected immediate coverage under RC-SBP in accordance with Paragraph 4.3.b.(1)(a), will have retired pay reduced by an amount equal to the lesser of Paragraph 9.1.b.(1) or 9.1.b.(2) plus an amount for the RC Add-On Premium, described in Paragraph 9.2.a.

(2) The RC Add-On Premium will be charged for all months' even if the retiree elects to discontinue coverage under Paragraph 4.6. (unless the retiree discontinues coverage due to a rating of total disability, in accordance with Paragraph 4.6.d.):

(a) In the case of spouse, former spouse, or insurable interest coverage, until the earlier of:

1. The first day of the month in which a spouse or former spouse beneficiary is no longer eligible due to death, divorce, annulment, or remarriage before age 55, as applicable.

2. The first day of the month in which the insurable interest beneficiary dies.

3. The first day of the month following the month in which the participant's retired pay has been reduced for a total of 360 months.

(b) In the case of child-only coverage, until the participant's retired pay has been reduced for a total of 360 months.

### **c. Reduction in Retired Pay for Child-Only Coverage..**

Members electing child-only coverage will have their retired pay reduced:

(1) In the case of a retiree described in Paragraph 9.3.a.:

(a) In months where there is an eligible child beneficiary; or,

(b) Until the member has made 360 payments and is 70 years of age or older.

(2) In the case of a participant described in Paragraph 9.3.b., in months where there is an eligible child beneficiary after the member becomes entitled to begin receiving retired pay, and for all months, even if there is no child beneficiary, based upon any period that child-only coverage was provided before becoming entitled to receive retired pay.

## **9.4. REDUCTION FROM CRSC.**

In accordance with Section 1452(d) of Title 10, U.S.C., if a covered participant who has been awarded both retired pay and CRSC does not receive enough retired pay to cover the cost of the SBP or RC-SBP premiums, that retiree's CRSC will be reduced to cover the amount that otherwise would have been deducted from that covered participant's retired pay for that period.

## **9.5. FULL SBP OFFSET.**

A retiree who waives military retired pay in order to receive VA disability compensation in accordance with Section 5305 of Title 38, U.S.C. and who is a participant in SBP, may only waive retired pay in excess of the amount of SBP and RC-SBP premiums owed. If a retiree is entitled to CRSC, the retiree may waive retired pay up to the amount of CRSC, although premiums will be reduced from CRSC in accordance with Paragraph 9.4. SBP and RC-SBP premiums will continue to be collected from the retiree's military retired pay before calculating the amount of waived retired pay.

## 9.6. OTHER RULES.

### a. Premium Increases.

The amount of premium reduction from the retiree's retired pay will increase at the same time and by the same percentage as the retired pay of that retiree.

### b. Special Rule for REDUX Members.

In the case of a member who elects a CSB pursuant to Section 354 of Title 37, U.S.C., (under the REDUX retirement program) whose retired pay is recomputed at age 62, the reduction in retired pay will be adjusted based upon such re-computation and will be effective on the effective date of the re-computation of retired pay.

### c. Special Rule for TERA Members.

In the case of a member who retired from active service pursuant to TERA authority contained in Section 4403 of PL 102-484, whose retired pay is recomputed at age 62 to reflect any credit for qualifying public and community service, the reduction in retired pay will be increased by the same percentage as the increase in retired pay and will be effective on the same date as the re-computation of retired pay.

### d. Remittance of Premiums or Interest Due.

(1) A covered participant is required to deposit funds with the U.S. Treasury via the Director, DFAS, to pay for coverage during any month in which the amount of military retired pay, CRSC, or VA disability compensation entitlement is less than the amount needed to pay for that month's coverage. This requirement does not apply when the member is serving on active duty for 30 or more days, or has elected to waive military retired pay to qualify for or enhance a civil service retirement, under CSRS or FERS, and has selected a surviving spouse annuity under that system, in accordance with Paragraph 4.6.e.

(2) A retiree or annuitant required to repay interest that is due will pay the rate of interest approved by the Board of Actuaries for the current fiscal year in the actuarial valuation of the Military Retirement Fund.

(3) Failure to remit SBP premiums when the amount of military retired pay, CRSC, or VA disability compensation entitlement is less than the amount needed to pay for that month's coverage will result in a debt collection action against the covered participant.

### e. Refund of Premiums.

SBP and RC-SBP premiums will only be refunded:

(1) When discontinuing coverage for a totally disabled retiree, as described in Paragraph 4.6.d.:



(2) Pursuant to the Dependency and Indemnity Compensation (DIC) offset described in Paragraph 10.3.; or

(3) When a premium deduction is made due to an administrative error and payment is not otherwise prohibited by law.

**f. Paid-Up Premiums.**

Effective October 1, 2008, premiums will not be required and the covered participant is considered a fully paid-up participant after the later of:

- (1) The 360th month for which the participant has paid premiums.
- (2) The month during which the participant attains 70 years of age.

## SECTION 10: ANNUITIES

### 10.1. ANNUITIES PAYABLE TO SURVIVORS OF MEMBERS WHO DIE IN THE LINE OF DUTY.

#### a. Eligibility.

The Secretary concerned will pay an immediate annuity to the survivors of:

- (1) A member who dies in the line of duty while serving on active duty on or after September 10, 2001.
- (2) A member who dies not in the line of duty while serving on active duty and who:
  - (a) Was eligible to receive retired pay;
  - (b) Was qualified for that pay but had not applied for or been granted that pay; or
  - (c) Had completed 20 or more years of active service but was not yet eligible to retire as a commissioned officer due to not having 10 years of commissioned service.
- (3) An RC member who dies from an illness or injury incurred or aggravated in the line of duty during inactive duty training performed on or after September 10, 2001.
- (4) An RC member who dies after completing the years of service required to qualify for a non-regular retirement pursuant to Chapter 1223 of Title 10, U.S.C., but who:
  - (a) Has not yet received NOE; or,
  - (b) Has received NOE but 90 days has not passed from receipt of that notification, and the member has not yet elected or declined to participate in RC-SBP.

#### b. Order of Priority for Payment of Annuities.

An annuity will be paid to survivors of a Service member who died in the line of duty in the following order of priority:

- (1) The member's former spouse, if:
  - (a) The member was required under a court order or spousal agreement to provide an annuity to the former spouse at the time of the member's death, regardless of whether the deemed former spouse election requirements contained in Section 5 have been completed;
  - (b) The member has previously made an election to provide an annuity to the former spouse; or,
  - (c) Upon the member's death there was a court case pending regarding the award of former spouse SBP that was subsequently awarded after the member's death, but only if the

Secretary concerned determines that the deceased member's interests were adequately represented in those court proceedings occurring after the member's death.

(2) The surviving spouse, if married at the time of death of the member regardless of the length of the marriage;

(3) A dependent child if the member's spouse beneficiary is determined to be ineligible to receive the annuity due to remarriage before age 55, or there is no surviving spouse; or,

(4) In certain situations described in paragraphs 10.1.c. and 10.1.d., to a dependent child or children even if there is an eligible surviving spouse, or to an insurable interest if there is no other eligible former spouse, spouse, or dependent child.

### **c. Optional Child Annuity.**

(1) Notwithstanding Paragraph 10.1.b., and effective with respect to a death that occurs after October 7, 2001, but before January 1, 2023, an annuity may be paid to the surviving dependent child of a member who dies in the line of duty if the Secretary concerned, in consultation with the surviving spouse, determines that it would be more appropriate to provide the annuity to the dependent child in lieu of payment to the eligible surviving spouse.

(2) An election by the Secretary concerned may not be revoked or changed by the surviving spouse.

(3) In accordance with Paragraph 6.1.b., if a member, who has no dependent children upon his or her death, is survived by a spouse who is pregnant by the member with a child who was conceived, or in the case of assistive reproductive technologies was implanted, but not yet born before the death of the member, an annuity may be paid to the spouse until the child is born. After the birth of the child, the Secretary concerned, in accordance with Paragraph 10.1.c.(1), may direct that the annuity be paid on behalf of the dependent child instead of the surviving spouse. If the Secretary concerned directs that payment of the annuity be made on behalf of a dependent child who was conceived or was implanted, but not yet born before the member's death, that election will be effective on the first day of the first month following the Secretarial determination.

(4) A previous decision by the Secretary concerned, in consultation with the surviving spouse of a member who died in the line of duty, to pay an SBP annuity to a dependent child or children will be modified on January 1, 2023:

(a) If the surviving spouse is otherwise qualified to receive an annuity (i.e., not having remarried before the age of 55 or in receipt of an SBP annuity due to the death of a different Service member or retiree), the annuity will be paid to that surviving spouse without regard to the previous decision to elect an optional child annuity, regardless of the age or status of the child or children.

(b) If the surviving spouse is ineligible for SBP the annuity will continue to be paid to the eligible child or children in accordance with criteria in Paragraph 6.1., unless and until the spouse regains eligibility for SBP.

**d. Deemed Insurable Interest Election.**

If no other annuity is payable on behalf of the member under any other provision described in Paragraph 10.1.b. or 10.1.c., effective with respect to a death that occurs on or after November 24, 2003, the Secretary concerned may pay an annuity to a natural person who had an insurable interest if that person was a dependent of the member as defined in Section 1072(2) of Title 10, U.S.C., at the time of the member's death.

**e. Duration of Annuity.**

(1) A spouse or former spouse who is an annuitant will continue to receive an annuity while alive, except in the event of remarriage before reaching age 55, as described in Paragraph 10.1.f.

(2) A child who is an annuitant will continue to receive an annuity while alive and unmarried until:

(a) Reaching age 18;

(b) Reaching age 22, if pursuing a full-time course of study in accordance with Paragraph 6.5.; or

(c) Marrying or loss of certification as an adult dependent child in accordance with Paragraph 6.2.

(3) Marriage by a child annuitant permanently ends eligibility for an annuity regardless of age.

(4) Payment of an annuity to an SNT ends when the dependent child dies or when the adult child is no longer certified as dependent, whichever comes first.

**f. Remarriage Before Age 55.**

In the event a spouse or former spouse annuitant remarries before age 55:

(1) If there are eligible dependent children, the annuity will be divided equally among the eligible dependent children.

(2) If there are no eligible dependent children, the annuity is suspended. However, the annuity may resume if the remarriage is terminated by death, annulment, or divorce. The effective day for either the suspension or resumption of the annuity is the first day of the month in which the event occurs.

**g. Beneficiaries of Multiple Uniformed Services Members.**

A spouse or former spouse who is a potential SBP or RC-SBP beneficiary due to marriages to more than one participating member must choose which annuity to receive. Receipt of two or more SBP annuities is prohibited.

## **10.2. ANNUITIES PAYABLE TO SURVIVORS OF RETIREES.**

### **a. Eligibility.**

The Secretary concerned will pay an annuity to an eligible survivor who was an eligible dependent of the covered participant or insurable interest beneficiary, subject to Section 7, commencing:

- (1) On the day immediately following the death of a covered participant; or
- (2) If the covered participant elected an RC-SBP deferred annuity, on the day following the death of the member or the day the member would have attained age 60, whichever is later.

### **b. Duration of Annuity.**

(1) A spouse or former spouse who is an annuitant will continue to receive an annuity while alive except in the event of remarriage before reaching age 55, as described in Paragraph 10.2.c.

- (2) A child who is an annuitant will continue to receive an annuity while alive until:
- (a) Reaching age 18;
  - (b) Reaching age 22, if pursuing a full-time course of study in accordance with Paragraph 6.5.; or
  - (c) Marrying or loss of certification as an adult dependent child in accordance with Paragraph 6.2.

### **c. Remarriage Before Age 55.**

In the event a spouse or former spouse annuitant remarries before age 55:

- (1) If there are eligible dependent children, the annuity will be divided equally among the eligible dependent children.
- (2) If there are no eligible dependent children, the annuity is suspended. However, the annuity may resume if the remarriage is terminated by death, annulment, or divorce. The effective day for either the suspension or resumption of the annuity is the first day of the month in which the event occurs.

### **d. Beneficiaries of Multiple Uniformed Services Members.**

A spouse or former spouse who is a potential SBP or RC-SBP beneficiary due to marriages to more than one participating member must choose which annuity to receive. Receipt of two or more SBP annuities is prohibited.

### **10.3. DIC OFFSET.**

#### **a. DIC Offset.**

(1) In accordance with Section 1450(c) of Title 10, U.S.C., as modified by P.L. 116-92, an SBP or RC-SBP annuity paid to a spouse on or before December 31, 2022, will be reduced in accordance with the following:

(a) For amounts payable for all periods before and including the period ending on December 31, 2020, the full amount of DIC paid by the VA to that survivor based on the same covered participant's service.

(b) For amounts payable for the period beginning on January 1, 2021, but ending on December 31, 2021, two-thirds of the amount of DIC paid by the VA to that survivor based on the same covered participant's service.

(c) For amounts payable for the period beginning on January 1, 2022, but ending on December 31, 2022, one-third of the amount of DIC paid by the VA to that survivor based on the same covered participant's service.

(d) For amounts payable for all periods beginning on or after January 1, 2023, there will be no reduction.

(2) The reduction of an annuity under this paragraph may entitle the spouse to a refund of all or part of the premium amounts paid for SBP or RC-SBP coverage:

(a) Surviving spouses of retired members who received a refund of SBP or RC-SBP premiums, before January 1, 2020, in part or in full, due to the DIC offset will not be required to repay such premiums when SBP or RC-SBP payments are adjusted in accordance with Paragraphs 10.3.a.(b) through 10.3.a.(d).

(b) Surviving spouses of retired members who died on or after January 1, 2020, but before January 1, 2023, will receive a prorated refund of SBP or RC-SBP premiums for the period of time that the surviving spouse is subject to the DIC offset.

(c) Surviving spouses of retired members who die on or after January 1, 2023, will not receive a refund of SBP or RC-SBP premiums.

#### **b. Remarriage After Attaining Age 55 But Before Attaining Age 57.**

(1) In the event the spouse loses DIC eligibility because of remarriage and the spouse is age 55 or more on the date of such marriage, the SBP or RC-SBP annuity will be adjusted to restore any DIC reduction previously applied, subject to repayment by the spouse of any premium amounts refunded.

(2) The repayment will be deposited as described in Paragraph 9.6.d. If the repayment is not made in a lump sum, interest will be charged as described in Paragraph 9.6.d.(3).

(3) The effective date of an annuity adjustment will be the same date that a DIC entitlement terminates.

**c. Surviving Spouses Who Remarry After Reaching Age 57.**

(1) An otherwise eligible surviving spouse who is in receipt of both SBP and DIC as a result of the death of the same Service member, is not subject to the DIC offset described in Paragraph 10.3.a. if remarrying after the survivor's 57th birthday.

(2) Effective from January 1, 2004, or the date of remarriage, whichever is later, a survivor who is receiving DIC and who remarries after turning 57 years old is eligible to receive the full, unreduced amount of SBP or RC-SBP annuity entitled to them without the reduction described in Section 1450(c) of Title 10, U.S.C. Any SBP premiums previously refunded to a survivor due to the DIC offset must be repaid before receiving the full, unreduced SBP annuity following remarriage after turning 57 years old.

**d. Eligibility for SSIA.**

An offset of an SBP or RC-SBP annuity due to receipt of DIC may entitle the spouse to SSIA, in accordance with Section 11.

**10.4. AMOUNT OF SBP OR RC-SBP ANNUITY.**

**a. Spouse, Former Spouse, or Dependent Child.**

The annuity amount for an annuitant who is a spouse, former spouse, or dependent child when becoming entitled to the annuity in the case of a member providing:

(1) A standard annuity for a spouse or former spouse or an annuity divided among eligible dependent children by reason of conditions described in Paragraph 3.1.c. (a regular or disability retiree covered under SBP), is 55 percent of the base amount.

(2) An RC-SBP annuity for a spouse, former spouse, or an annuity divided among eligible dependent children by reason of conditions described in Paragraph 3.1.d. (a non-regular retiree), is 55 percent of the difference between the base amount and an RC-SBP survivor reduction factor set by the Office of the DASD(MPP) (currently equal to 0.0001 times the base amount).

(3) An annuity by reason of conditions described in Paragraph 3.1.b.(1) (a member who dies in the line of duty while on active or inactive duty), is 55 percent of the retired pay the member was or would have been entitled to on the day the member died, computed as if the member was retired with a total (100 percent) disability pursuant to Section 1201 of Title 10, U.S.C.

(4) An annuity by reason of conditions described in Paragraph 3.1.b.(1)(b) (a member who dies not in the line of duty but after completing the years of service to qualify for a regular retirement), is 55 percent of the retired pay the member was or would have been entitled to on

the day the member died computed based on years of service in accordance with Section 1409 of Title 10, U.S.C.

(5) An annuity by reason of conditions described in Paragraph 3.1.e. (an RC member who had completed the years of creditable service to be eligible for a non-regular retirement but who had not yet elected RC-SBP coverage), is 55 percent of the retired pay the member was or would have been entitled to on the day the member died, computed based on years of service in accordance with Section 12733 of Title 10, U.S.C.

**b. Insurable Interest Beneficiary.**

(1) In the case of a retiree who is not currently and who was not previously covered under RC-SBP, the standard annuity payable under SBP to an insurable interest beneficiary is 55 percent of the difference between the base amount and the premium reduction as described in Paragraph 9.1.d. for insurable interest coverage.

(2) In the case of a beneficiary covered under an RC-SBP annuity, by reason of conditions described in Paragraph 3.1.d. (a non-regular retiree), the annuity payable to an insurable interest beneficiary is 55 percent of the difference between the covered participant's retired pay and the sum of the premium reduction for insurable interest coverage described in Paragraph 9.1.d., plus the cost of the RC Add-On Premium described in Paragraph 9.2.a.

**c. Immediate RC-SBP Annuity.**

The base amount for an RC-SBP annuity, when the covered participant providing such an annuity dies before becoming entitled to begin receiving retired pay, will be calculated using the appropriate computation, as determined by the member's or retiree's applicable retirement plan, as of the date the member or retiree:

- (1) Dies, in the case of a member or retiree providing an immediate annuity; or
- (2) Would have turned age 60, in the case of a member or retiree who elected a deferred annuity.

**d. Annuity for Members Who Elected a CSB.**

A member who has a DIEMS/DIEUS after July 31, 1986, and who elected to receive a CSB pursuant to Section 354 of Title 37, U.S.C., will, at the time of the election, have the maximum base amount computed as if that member had not been a REDUX member.

**e. Annuity for Deaths In the Line of Duty When Member Made Previous Election.**

An annuity paid to the survivor of a covered participant who dies in the line of duty while in a duty status in accordance with Paragraph 3.1.b.(1) (a member who dies in the line of duty while on active or inactive duty) will be computed in accordance with Paragraph 10.4.a.(3) regardless of any previous elections made by the member.



## **10.5. ADJUSTMENT TO BASE AMOUNT AND ANNUITIES.**

### **a. Base Amount Adjustments.**

(1) The base amount selected by a member when electing SBP or RC-SBP coverage will increase at the same time and by the same percentage as the retired pay of that member.

(2) The base amount for a participant who is a REDUX member will have a one-time adjustment at age 62 to add the difference between COLA increases that would have been applied had the member not been a REDUX member, and the actual COLA adjustments applied. This adjustment will be effective on the first day of the first month after the member turns 62 years old. Thereafter, adjustments to the base amount will be made in accordance with Paragraph 10.5.a.(1).

(3) The base amount for a covered participant who retired from active service pursuant to the TERA contained in Section 4403 of PL 102-484, will be re-computed at age 62 by the same percentage as the increase in the participant's retired pay to reflect any credit for qualifying public and community service. This adjustment will be effective on the first day of the first month after the member turns 62 years old. Thereafter, adjustments to the base amount will be made in accordance with Paragraph 10.5.a.(1).

(4) In the case of a participant who is a REDUX member and who was retired from active service pursuant to TERA, the base amount will be re-computed at age 62 in accordance with Paragraph 10.5.a.(2), but not Paragraph 10.5.a.(3). Thereafter, adjustments to the base amount will be made in accordance with Paragraph 10.5.a.(1).

### **b. Annuity Amount Adjustments.**

(1) An annuity will increase at the same time and by the same percentage that the retired pay of the member would have increased had the member been alive and eligible for the increase. Such an increase will be applied to the full amount of the annuity before any DIC offset reductions.

(2) Whenever the annuity is increased, any portion less than a whole dollar amount will be rounded down to the nearest whole dollar.

(3) The amount provided to an annuitant by a REDUX member will, upon the date the member would have become 62 years old, be recomputed to equal the amount it would have been had full COLA increases been applicable to the member and annuitant. This adjustment will be effective on the first day of the first month after the member would have become 62 years old. After such re-computation, the provisions of Paragraph 10.5.a.(1) apply with respect to further annuity increases.

(4) The SBP annuity paid to an annuitant based on a member retired under TERA, who elected coverage based on full retired pay, will be recomputed when the member would have turned 62 years old. The total years of active service will be treated as including any years (or fractions of a year) of qualifying public or community service as of the date the member became

entitled to retired pay. This adjustment will be effective on the first day of the first month after the member would have turned 62 years old.

## **10.6. APPLYING FOR ANNUITY.**

To initiate an annuity payment under the SBP or RC-SBP programs, the beneficiary, or the guardian of such beneficiary, will complete DD Form 2656-7, and submit that form for verification in accordance with instructions provided on DD Form 2656-7. For an annuity to be payable, a written claim must be submitted.

## **10.7. OTHER MATTERS.**

### **a. Civil Service Retirees.**

An annuity will not be payable upon the death of a participant if the retiree had a waiver of military retired pay in effect to qualify for or enhance an annuity under CSRS or FERS unless the member had declined a survivor annuity pursuant to Subchapter III of Chapter 83 or 84 of Title 5, U.S.C.

### **b. Scope of Annuity.**

Except as otherwise provided by law, SBP and RC-SBP benefits are in addition to any other payments the annuitant is entitled to receive.

### **c. Subjectivity to Legal Processes.**

(1) Except as otherwise provided by law, SBP and RC-SBP annuities are not subject to assignment, execution, levy, attachment, garnishment, or other legal process.

(2) The Secretary concerned may reduce an annuity to recover premium amounts due.

(3) In general, debts of the member or retiree may not be collected from the annuitant through reduction of the annuity, with the exception of uncollected premiums plus interest for any period of SBP coverage not presently collected, which will be deducted from the annuity until paid.

### **d. Presumption of Death of the Retiree.**

(1) The Secretary concerned may, upon a request from the retiree's beneficiary, declare that a retiree is presumed to be dead if:

(a) The retiree has been missing for at least 30 days and the circumstances under which the retiree is missing would lead a reasonably prudent person to conclude that the participant is dead; and

(b) The retiree's retired pay has been suspended; or

(c) In the case of an RC member eligible for retired pay but who is not yet entitled to receive such pay, if the member's retired pay would have been suspended.

(2) When the Secretary concerned determines that the retiree is presumed to be dead, the beneficiary will be eligible for the annuity with the effective date being the date the member's retired pay was suspended.

(3) If the Secretary concerned establishes that the member is alive after determining that the retiree is presumed to be dead, the annuity payments will be terminated and any amount paid under SBP or RC-SBP must be repaid to the government from the retiree's military retired pay, CRSC, or any other payment from the United States to which the member is otherwise entitled.

(4) If the retiree dies before the full recovery of the amount of annuity payments already made, the remaining amount of such annuity payments will be collected from the annuitant in accordance with Section 1450(1)(C)(3) of Title 10, U.S.C.

#### **e. Payment to Guardian or Fiduciary.**

(1) If a guardian or other fiduciary has been appointed for the annuitant, or if the annuitant is a minor or mentally incompetent, the Secretary concerned may pay a person other than the annuitant, as directed by the guardian or fiduciary. For a legally disabled person for whom a guardian or other fiduciary has not been appointed, the Secretary concerned may make the determination that it is appropriate to pay the third party.

(2) If the annuity cannot be paid directly to the annuitant or to a third party as described in Paragraph 10.7.e.(1), amounts will remain unpaid and accrue until the annuitant is determined to be competent or until a third party has been properly appointed to receive the annuity on behalf of the annuitant. Any payment is still subject to the limitation prescribed in Section 3702(b) of Title 31, U.S.C.

#### **f. Erroneous Annuity Payments.**

In the event an amount under the SBP or RC-SBP programs is paid erroneously, the Secretary concerned may recover the amount by reducing later payments to the member or annuitant. Recovery may be waived if Director, DFAS, determines there has been no fault by the person to whom the amount was erroneously paid and the recovery of such amount would be contrary to the purpose of the program or against equity and good conscience.

#### **g. Responsibility for the Death.**

No payments will be made to a beneficiary when the Secretary concerned determines that the beneficiary contributed to the member or retiree's death and the facts show felonious intent on the beneficiary's part.

## SECTION 11: SSIA

### 11.1. GENERAL.

Effective October 1, 2008, SSIA must be paid to a surviving spouse who is eligible for an SBP or RC-SBP annuity that is reduced in accordance with Paragraph 10.3. The amount of SSIA payable is subject to the limits specified in Paragraph 11.2.

### 11.2. AMOUNT.

#### a. Limitation.

SSIA is limited to and may not exceed the offset amount of the SBP or RC-SBP annuity to which the beneficiary otherwise would have been entitled before the reduction of the SBP or RC-SBP annuity described in Paragraph 10.3.

#### b. Rate.

(1) Section 621 of PL 115-91 and Section 622 of PL 115-232 modified Section 1450(m)(2) of Title 10, U.S.C. to make SSIA a permanent authority. The maximum amount of SSIA payable for months from October 2016 through November 2018 was \$310.

(2) After November 2018, this amount is increased annually at the same time and by the same rate as military retired pay and will be annually published by the DASD(MPP).

(3) SSIA does not constitute an annuity, and any amounts paid are not subject to adjustment or offset due to receipt of DIC from VA.

(4) Whenever SSIA is increased, any portion less than a whole dollar amount will be rounded down to the nearest whole dollar.

#### c. Discontinuation of SSIA.

SSIA will not be paid for any period beginning on or after January 1, 2023.

## **SECTION 12: SBP ADVISORY GROUP**

### **12.1. GENERAL.**

The Office of the ASD(M&RA) will establish and chair an advisory group to review SBP and RC-SBP policy and procedures and make recommendations to manage the programs as required.

### **12.2. MEMBERSHIP.**

Each official assigned responsibilities in Section 2 will designate a representative to the SBP Advisory Group. The chair of the group may invite other offices or individuals to participate as required.

### **12.3. MEETINGS.**

The SBP Advisory Group will meet annually, or more often as required.

## GLOSSARY

### G.1. ACRONYMS.

ACRONYM	MEANING
ASD(M&RA)	Assistant Secretary of Defense for Manpower and Reserve Affairs
BRS	Blended Retirement System
COLA	cost of living adjustment
CRSC	combat-related special compensation
CSB	career status bonus
CSRS	Civil Service Retirement System
DASD(MPP)	Deputy Assistant Secretary of Defense for Military Personnel Policy
DFAS	Defense Finance and Accounting Service
DIC	Dependency and Indemnity Compensation
DIEMS	date of initial entry into military service
DIEUS	date of initial entry into uniformed service
DoDI	DoD instruction
FERS	Federal Employee Retirement System
IDT	inactive duty for training
NOAA	National Oceanic and Atmospheric Administration
NOE	notification of eligibility
OACT	Office of the Actuary
PL	public law
PDRL	Permanent Disability Retired List
RC	Reserve Component
RC-SBP	Reserve Component Survivor Benefit Plan
SBP	Survivor Benefit Plan
SNT	special needs trust
SSIA	Special Survivor Indemnity Allowance
TDRL	Temporary Disability Retired List
TERA	Temporary Early Retirement Authority
U.S.C.	United States Code
USD(P&R)	Under Secretary of Defense for Personnel and Readiness

USPHS United States Public Health Service  
VA Department of Veterans Affairs

**G.2. DEFINITIONS.**

Unless otherwise noted, these terms and their definitions are for the purpose of this issuance.

<b>TERM</b>	<b>DEFINITION</b>
<b>add-on</b>	A premium amount that is charged in addition to the premium normally charged for the given coverage. For example, when used in conjunction with “child” (i.e., a child add-on), add-on means the additional premium for child coverage when spouse and child or former spouse and child coverage is elected. When used in conjunction with “Reserve Component” (i.e., an RC add-on), add-on is the premium, in addition to the basic SBP premium, for coverage during the period before the RC member was entitled to receive retired pay.
<b>age of eligibility for retired pay</b>	For RC members who qualify for non-regular retired pay, this is normally age 60, although it may be later than age 60 if the member continues to serve in an active status. The age of eligibility may be earlier than age 60 – but no earlier than age 50 – if the member has performed certain qualifying service for reduced age retirement in accordance with DoDI 1215.07.
<b>base amount</b>	Defined in Section 1447(6) of Title 10, U.S.C.
<b>creditable service</b>	Defined in DoDI 1215.07.
<b>dependent child</b>	Defined in Section 1447(11) of Title 10, U.S.C.
<b>DIEMS or DIEUS</b>	The date an individual was initially enlisted, inducted, or appointed in a regular or RC of a uniformed service as a commissioned officer, warrant officer, or enlisted member. For cadets or midshipmen at one of the Military Service academies, it is the date of entry into the academy; for ROTC cadets or midshipmen, it is the date of scholarship contract or the date the cadet or midshipman began the advanced ROTC course, whichever is earlier. For members of the delayed entry program, it is the date an enlistment contract is signed, regardless of when the member actually enters active duty. Breaks in service do not affect a DIEMS/DIEUS date.
<b>disability compensation</b>	Compensation paid to a veteran by the VA as a recompense for loss, injury, or suffering from uniformed service duty.

<b>TERM</b>	<b>DEFINITION</b>
<b>inactive duty</b>	<p>For purposes of eligibility for SBP and in accordance with Section 204(g)(1) of Title 37, U.S.C., a member is considered to be performing inactive duty:</p> <p>During any period of funeral honors duty or inactive duty for training (IDT).</p> <p>While traveling directly to or from the place at which funeral honors duty or IDT is performed.</p> <p>While remaining overnight immediately before the commencement of IDT or between successive periods of IDT at or in the vicinity of the site of the IDT.</p> <p>While remaining overnight at or in the vicinity of the place the funeral honors duty is to be performed immediately before serving such duty, if the place of duty is outside of a reasonable commuting distance from the member's residence.</p>
<b>insurable interest deemed election</b>	<p>Defined in Section 1448(d)(6) of Title 10, U.S.C.</p>
<b>line of duty death</b>	<p>A member who dies in the line of duty is one who is in an authorized duty status and whose death is determined not to be the result of his or her own intentional misconduct or willful negligence. The Secretary concerned will make a determination as to whether the member's death occurred while in the line of duty on active duty or while performing IDT. The finding must describe the circumstances under which the member died, and it must address whether the death was caused by his or her own intentional misconduct or willful negligence.</p>
<b>medical officer</b>	<p>An officer of the Medical Corps of the Army, an officer of the Medical Corps of the Navy, or an officer in the Air Force designated as a medical officer in accordance with Section 101 of Title 10, U.S.C. A commissioned officer of the USPHS Commissioned Corps in the grades of medical director, senior surgeon, surgeon, senior assistant surgeon, assistant surgeon, or junior assistant surgeon in accordance with Section 207 of Title 42, U.S.C.</p>
<b>natural person who has insurable interest</b>	<p>Any person who has a reasonable and lawful expectation of financial benefit from the continued life of the participating member. Also, any individual having a reasonable and lawful basis founded upon the</p>



<b>TERM</b>	<b>DEFINITION</b>
	relation of parties to each other, either financial or of blood or affinity, to expect some benefit or advantage from the continuance of the life of the retired member.
<b>non-regular retirement</b>	Defined in Chapter 1223 of Title 10, U.S.C.
<b>REDUX</b>	A retirement plan available for Service members who entered active duty service after July 31, 1986, but before January 1, 2018 and have completed at least 15 years of service. Under the REDUX plan, Service members may reduce their retirement multiplier in exchange for receiving the CSB. The reduction in the retirement multiplier is 1 percent for each full year of creditable service less than 30, and 1/12th of 1 percent for each full month of creditable service less than a full year. Additionally, retirees covered by REDUX receive a decreased annual cost of living increase compared to other military retirement plans. That cost of living increase is equal to 1 percentage point less than the Consumer Price Index when it exceeds 1 percent.
<b>regular retirement</b>	An immediate retirement earned based on performing a minimum number of creditable years of active duty service in accordance with Chapter 71 of Title 10, U.S.C.
<b>Secretary concerned</b>	Defined in Section 101 of Title 37, U.S.C.
<b>Service member</b>	See “uniformed services member”
<b>SNT</b>	A legal instrument that can be established in order to ensure that assets are retained and can be used for the supplemental needs of a disabled individual, as defined in Subparagraph (A) or (C) of Section 1917(d)(4) of the Social Security Act.
<b>spouse</b>	Any person married to the covered participant without regard to the gender of the spouse.
<b>threshold amount</b>	An amount used in the premium computation of a member electing SBP coverage with respect to members with a DIEMS before March 1, 1990; members receiving a disability retirement (regardless of DIEMS); and members receiving RC retired pay (regardless of DIEMS). This amount is increased annually at the same rate as the average increase in basic pay.

<b>TERM</b>	<b>DEFINITION</b>
<b>uniformed services</b>	In accordance with Section 101 of Title 37, U.S.C., the Army, Navy, Air Force, Marine Corps, Space Force, Coast Guard, NOAA, and USPHS.
<b>uniformed services member</b>	An officer or enlisted member of the Army, Navy, Air Force, Marine Corps, Space Force, Coast Guard, NOAA, and USPHS

## **REFERENCES**

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- DoD Directive 5124.02, “Under Secretary of Defense for Personnel and Readiness (USDP&R),” June 23, 2008
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- DoD Instruction 7750.07, “DoD Forms Management Program,” October 10, 2014, as amended
- DoD Manual 8910.01, Volume 2, “DoD Information Collections Manual: Procedures for DoD Public Information Collections,” June 30, 2014, as amended
- Public Law 102-484, “The National Defense Authorization Act for Fiscal Year 1993,” October 23, 1992
- Public Law 113-291, “Carl Levin and Howard P. “Buck” McKeon National Defense Authorization Act for Fiscal Year 2015,” December 19, 2014
- Public Law 114-92, “The National Defense Authorization Act for Fiscal Year 2016,” November 25, 2015
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- Public Law 116-92, “The National Defense Authorization Act for Fiscal Year 2020,” December 20, 2019
- United States Code, Title 5
- United States Code, Title 10
- United States Code, Title 31
- United States Code, Title 37
- United States Code, Title 38
- United States Code, Title 42