

Survivor Benefit Plan Information and Resources

The SBP is a government-subsidized program that guarantees that a portion of a service member's monthly retirement pay will continue to be paid to a spouse or other designated beneficiary after the service member's death. Unlike any other resource available, the SBP monthly payment is guaranteed by the government and protected from inflation.

ENROLLMENT:

All active-duty service members are automatically enrolled in SBP. The government bears the total cost of that coverage while you are on active duty. Should you die in the line of duty, your retired pay entitlement is calculated as of that date, and the SBP annuity flows to your surviving spouse from that amount.

Your decision at retirement, then, is whether you wish to afford your family the same survivor benefits that were in place for you on your last active-duty day. If so, you begin to share SBP's cost with the government by electing to receive reduced retired pay during your lifetime. When a service member maintains SBP coverage, their portion of the cost will be deducted from their retired pay on a pretax basis. The government cost-sharing and pretax treatment of the service member's cost makes the SBP an attractive way to provide long-term financial security for a beneficiary.

ELECTION OPTIONS:

There are six SBP election options. An election enrolls eligible beneficiaries within a category. The most important feature of electing by category is that the decision you make for each category available to you at decision time is binding.

Spouse only: SBP was designed with the military spouse in mind (former spouse costs and benefits follow the same rules). The annuity is paid throughout the surviving spouse's lifetime; it cannot be outlived.

Spouse and children: With the spouse and child option, the spouse is the primary beneficiary and children are secondary beneficiaries. The annuity is not paid to the children unless the spouse first loses eligibility through remarriage before age 55 or by death. Even then, the children must be under age 18 (or 22 for full-time students) to be eligible.

Children only: Children are eligible for coverage if they are unmarried and under the age of 18. If they are still full-time students, they can be covered until age 22. Coverage also applies to children who are unable to support themselves due to a physical or mental disability that existed before they were 18 or 22, if the child was a full-time student when they became incapacitated or disabled.

Former spouse: Benefits for a former spouse are identical to spousal benefits. If a former spouse is covered by SBP, a current spouse and/or children of the current spouse cannot be covered. When electing former spouse coverage, the member must file a written statement with the Defense Finance and Accounting Service (DFAS) indicating the reason for the election. The current spouse must also be informed of the election.

Former spouse and children: For the former spouse and children option, the spouse benefits are the same as the former spouse option. This option, however, only applies to the former spouse's children with the service member.

Insurable interest: If a service member is unmarried, they may cover another family member or a business associate. Covered family members must be more closely related than a cousin. Parents, stepparents, siblings, aunts, uncles and grandparents all qualify. An individual child or stepchild can be covered regardless of dependency status. Business associates can also be protected if they would suffer financially due to the death of the retiree.

COSTS:

Spouse or former spouse: The cost is 6.5 percent of the base amount. The service member can choose any amount from \$300 to their full retired base pay. For example, with a base amount of \$1,000 per month, the cost for spouse coverage is \$65. The annuity is 55 percent of \$1,000 (or \$550) regardless of age.

Spouse (or former spouse) and child: The spouse portion of this election costs 6.5 percent of the base amount. The child cost portion is based on the ages of the retiree, the spouse and the youngest child. This cost is reasonable, given typical ages.

Child only: The cost is based on the ages of the retiree and youngest child. Children are primary beneficiaries in this option. Eligible children equally divide the 55 percent benefit. Premiums continue until the youngest child is no longer eligible for benefits.

Insurable interest: The base amount must be full retired pay in this option. Costs are 10 percent of retired pay, plus 5 percent for each full five years younger the beneficiary is than the retiree, not to exceed 40 percent of retired pay. This option may be canceled at any time. Should you gain a spouse or child in the future, the insurable interest coverage may be changed to spouse or child or both within one year of the change.

USEFUL WEBSITES:

- Defense Finance and Accounting Service: www.dfas.mil/retiredmilitary/provide/sbp.html
- Military OneSource: www.militaryonesource.mil/casualty?content_id=270439
- Navy Mutual Aid Association: <https://www.navymutual.org/Education/Military-Benefits/Survivor-Benefits.aspx>
- Office of the Secretary of Defense: <http://militarypay.defense.gov/Benefits/SurvivorBenefitProgram.aspx>
- U.S. Army Retirement Services Office: <http://soldierforlife.army.mil/retirement/sbp>
- U.S. Air Force Retiree Services: www.retirees.af.mil/sbp