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Personnel

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

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This Air Force Instruction (AFI) implements Executive Order 11687, *Delegating functions conferred upon the President by section 1455 of Title 10 of the United States Code, establishing the Retired Serviceman's Survivor Benefit Plan*, 11 October 1972. This AFI implements policy, assigns responsibilities, establishes administrative and management guidelines for the SBP and SSBP. It implements Air Force Policy Directive (AFPD) 36-30, *Military Entitlements*, and Title 10, United States Code (U.S.C.), chapter 73 — *Annuities Based On Retired or Retainer Pay*. It implements Department of Defense (DoD) Directives 1332.17, *Retired Serviceman's Family Protection Plan*, and 1332.27, *Survivor Benefit Plan*.

This instruction requires personnel to collect and maintain information protected by the Privacy Act of 1974. Title 10, U.S.C., chapter 803, section 8013, *Secretary of the Air Force*, grants the authority to collect and maintain such information. Privacy Act System of Records Notice F065 AFAFC K, *USAF Retired Pay System*, applies. The Paperwork Reduction Act of 1995 affects this instruction. The Forms Management Program per AFI 33-360, volume 2, *Forms Management Program*, affects this instruction. Maintain and dispose of records created as a result of prescribed processes in accordance with Air Force Manual (AFMAN) 37-139, *Records Disposition Schedule*. This publication cannot be supplemented. Send comments and suggested improvements of this AFI on AF Form 847, Recommendation for Change of Publication, to HQ AFPC/DPPTR, 550 C Street West, Suite 11, Randolph AFB TX 78150-4713. Refer to attachment 1 for glossary.

SUMMARY OF REVISIONS

This document is substantially revised and must be completely reviewed.

This publication has been expanded to include detailed guidance for SBP counselors to administer the SBP. Expands the active duty death provision to include members who die in the line of duty (LOD) but are not yet eligible for retirement. Deemed election process is clarified. A fact sheet for spouses of retiring members is added. The bar (|) preceding the title indicates a major revision from the previous edition.

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

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

1.1. An active duty member who has a spouse and/or dependent child(ren) is automatically covered by SBP at the maximum level at no cost to the member while he/she remains on active duty (reference paragraph [2.1.](#)).

1.2. Prior to retiring, each member must decide whether to continue SBP coverage into retirement. The retired pay of those members who elect to participate is reduced by monthly premiums. The SBP is a unique Plan: Government-subsidized premiums are deducted from a participating member's retired pay before taxes. SBP is the sole means for a member to continue a portion of their military retired pay to their survivors. If a member chooses not to participate in the SBP, an annuity cannot be paid to survivors.

1.3. The Plan may provide an annuity to certain surviving spouses of members who retired and died before the implementation of the SBP, or in the case of a Reserve member, before the implementation of the Reserve Component SBP (RCSBP) (reference paragraph [29.](#)).

1.4. Supplemental SBP (SSBP) increases the SBP annuity paid to a surviving spouse or former spouse at age 62 or older (reference paragraph [6.7.](#)).

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

2. Provisions Applicable to Active Duty Members.

2.1. *Active Duty Death Provision.* All members with a spouse or dependent child(ren) are automatically covered by the SBP at no cost while they remain on active duty. The member's death must be classified in line of duty (LOD) in order for an annuity to be payable if the member is not yet retirement eligible (has not accrued 20 years of active duty) on the date of death. The annuity payable is 55 percent of the retired pay the member would have been entitled to receive if retired with a total disability rating on the date of death. An annuity may also be payable if the member's death is classified not in LOD, as long as the member was eligible for retirement (has accrued at least 20 years of active duty) on the date of death. In this case, annuity payable is 55 percent of the retired pay the member would have been entitled to receive if retired for years of service on the date of death. This provision also applies to a retired member recalled to active duty, who dies while on that active duty. However, if the member had previously elected SBP coverage, an annuity may be paid according to the member's election if more favorable (CG Decision B-179018, 10 May 1974). The following persons may be eligible for annuity payments under the active duty death provision:

2.1.1. *Spouse.* An annuity is payable to the member's surviving spouse. If the surviving spouse is age 62 or older upon the member's death, or when the surviving spouse reaches age 62, the annuity payable is reduced from 55 percent (reference paragraph [2.1.](#), above) to 35 percent. The annuity is also reduced by the amount of Dependency and Indemnity Compensation (DIC) authorized by the Department of Veterans Affairs (VA) as a result of the member's service-connected death

(reference paragraph [16.2.](#)) payable on behalf of the spouse. If DIC is not awarded (death not service-connected as determined by the VA), the full SBP annuity may be paid.

2.1.2. *Dependent Children.* An annuity is payable to eligible children (reference paragraph [6.2.1.](#) for definition of eligible child) in equal shares if there is no surviving spouse, or if the surviving spouse subsequently dies. If there is an eligible spouse and that spouse remarries before age 55, the annuity is suspended and eligibility does not pass to the children. A child's SBP annuity is not reduced by DIC awarded by the VA.

2.1.3. *Former Spouse.* A former spouse may be paid an annuity under this provision if the member was required by a court order or spousal agreement to provide an annuity to that former spouse upon becoming eligible to be a participant in the Plan; if the member had made an election to provide such an annuity; or if the Defense Finance and Accounting Service – Cleveland Center (DFAS-CL) had received a valid deemed election request from the former spouse (reference paragraph [6.4.6.](#)). A deemed election for former spouse coverage under this provision precludes payment of an annuity to a current spouse. A deemed election may request child coverage in conjunction with former spouse coverage as of 1 March 1986. A deemed election for former spouse and child coverage precludes payment of an annuity to any eligible children except children resulting from the marriage to that former spouse. Suspension of eligibility because of remarriage before age 55 and the age 62 reduction applicable to a spouse (reference paragraph [2.1.1.](#)) are also applicable to a former spouse.

2.1.4. The active duty death benefit does not include the SSBP feature.

2.1.5. *No annuity* is payable under this provision if there is no spouse, dependent children, or eligible former spouse at the time of a member's death.

2.2. Public Law (PL) 96-402, *Uniformed Services Survivor Benefits Amendments of 1980*, 9 October 1980, widened the active duty death benefit by extending it to surviving spouses of members who died on active duty before SBP was initiated (21 September 1972), who had served on active duty for at least 20 years, and who were eligible to retire at the time of death. Entitlement to the annuity began on 1 December 1980. The annuity was the difference between the spouse's DIC entitlement and 55 percent of the retired pay the member would have been entitled to if retired for years of service on the date of death (adjusted by COLAs applied to retired pay from the date of the member's death through 30 November 1980) (reference paragraph [28.](#)).

3. Provisions Applicable to Retiring Members. Before retiring, each member must decide whether to continue active duty coverage into retirement and pay associated premiums. SBP premiums are deducted from participant's retired pay and are not counted as taxable income.

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

3.2. *Spouse Notification Letter.* If the retiring member is married, it is a legal requirement that a letter be sent to his/her spouse regardless of the status of the marriage (i.e., pending divorce, separated, legal separation, etc.) (sample letter at [Attachment 2](#)). The letter and an SBP fact sheet (sample at [Attachment 3](#)) are sent so the spouse can become familiar with the SBP prior to the one-on-one pre-retirement SBP briefing.

3.3. *One-On-One Pre-Retirement SBP Briefing.* Public law requires that the Air Force fully inform retiring Air Force members and their spouses about the options and effects of the SBP so they can make an informed decision. Every retiring member, including unmarried members and members without eligible dependents, are required to be briefed on all aspects of the Plan so they understand future options available in the event of a change in marital or dependent status. SBP briefings are given by Air Force SBP counselors, who are trained on all features of the Plan.

3.4. *Spouse Concurrence.* Effective 1 March 1986, PL 99-145, *Survivor Benefit Plan Amendments of 1985*, 8 November 1985, requires the spouse's written concurrence if a married member elects: to decline coverage at retirement; to provide a reduced annuity; or to provide an annuity to a child, but not the spouse. If the spouse is not collocated with the member or cannot visit the Military Personnel Flight (MPF), concurrence can be accomplished by mail (sample transmittal letter at [Attachment 4](#)). The spouse's concurrence is not required if the retiring member elects maximum spouse SBP, declines SSBP, elects less than the maximum 20 percent SSBP, or elects former spouse coverage.

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

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

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

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

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

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

3.5.2. To apply, the member completes an AF Form 2037, **Request for Waiver of Spouse Concurrence in Survivor Benefit Plan (SBP) Election**, not later than 60 days prior to the effective date of retirement, and supplies supporting documentation (e.g., copy of missing person's report; notarized statements from spouse's family members verifying whereabouts are unknown, etc.).

3.5.3. The SBP counselor annotates Item 30a of the DD Form 2656, **Data for Payment of Retired Personnel**, with the notation "Request for waiver of spouse concurrence submitted (date)." The SBP counselor sends the original AF Form 2037 with supporting documentation, and a copy of the DD Form 2656 to Headquarters (HQ), Air Force Personnel Center (AFPC), Retiree Services Branch (HQ AFPC/DPPTTR), 550 C Street West, Suite 11, Randolph Air Force Base TX 78150-4713.

3.5.4. The SBP counselor sends the original DD Form 2656 and a copy of the AF Form 2037 with supporting documentation to DFAS-CL/PRRAA, P.O. Box 99191, Cleveland, OH 44199-1126 for use in establishing the member's retired pay account.

3.5.5. A waiver request not properly completed will be returned without action. If the SAF does not approve the waiver request before the member's retirement, maximum coverage will be established as in paragraph 3.4.1., above. If the SAF approves the waiver request after the member's retirement, any excess costs deducted before the approval will be refunded to the member. If the SAF approves the waiver request and it is later discovered the member's statement concerning the spouse's whereabouts at the time of retirement was untrue, maximum spouse coverage will be established with cost and interest collected retroactive to member's date of retirement.

3.6. *Two Military Members.*

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

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

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

3.7.1. The SAF makes the SBP election on behalf of a member determined to be incompetent by medical officers of the Uniformed Services or VA, or by a court of competent jurisdiction. The election request should be made by the next-of-kin (NOK) identified on the disability retirement order. As the person most knowledgeable of the service member, the NOK's recommendation about the SBP coverage they believe the member would select if able to act on their own behalf is an important consideration in the SAF's decision. Therefore, the NOK must be thoroughly briefed on the options and effects of the SBP. Item 29 of the DD Form 2656 must be annotated "Secretarial election being processed." The designated NOK initials the desired SBP election in Section IX, signs in Item 32a, and dates the form in Item 32b.

3.7.2. The SBP counselor should immediately fax the completed DD Form 2656 and any other pertinent documents to HQ AFPC/DPPTR, then mail the original DD Form 2656 and copies of all documents to HQ AFPC/DPPTR, 550 C Street West, Suite 11, Randolph AFB, TX 78150-4713. A copy of the package should be mailed to DFAS-CL/PRRAA, P.O. Box 99191, Cleveland, OH 44199-1126 at the same time.

3.7.3. The SBP counselor should inform the NOK that if the member's condition improves and appropriate medical authorities later determine the member to be competent, the SAF election made on the member's behalf may be changed or revoked within 180 days after the competency determination. The member's request for an election change and a copy of the competency determination should be sent to DFAS-CL.

3.7.3.1. Upon approval, the request becomes effective on the first date of the month following receipt of the member's request by DFAS-CL. SBP costs paid before the effective date of revocation or change are not refunded.

3.8. *Overseas Pre-Retirement Processing.* Pre-retirement processing (including the SBP one-on-one briefing and completion of the DD Form 2656) for members assigned outside of the Continental

United States (CONUS) must be finalized before the member's departure from the overseas station. If the member later changes his/her mind, the election can be changed at a CONUS base up to the day prior to the date of retirement.

3.9. *Air National Guard (ANG)/USAF Reserve (USAFR)*. A member of the ANG or USAFR is required to make a Reserve Component SBP (RCSBP) election when notified by the Air Reserve Personnel Center (ARPC) of his/her eligibility for retired pay, except for not yet being age 60. The RCSBP is administered by the ARPC. Any member who submits a valid RCSBP election to decline RCSBP coverage at that time is required to submit a valid SBP election when requesting retired pay at age 60.

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

3.10. *Temporary Disability Retired List (TDRL)/Permanent Disability Retired List (PDRL)*. A member being placed on the TDRL or PDRL is eligible to make an SBP election regardless of length of active service. If a member is later removed from the TDRL and placed on the PDRL, the election remains in effect and there is no refund of premiums paid during the period the member was on the TDRL. In this case, the member is simply transferred from one retired list to the other. The base amount may be affected if there is a change in the method or disability percentage used to compute retired pay (reference paragraph 5.3.).

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

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

4. Provisions Applicable to Retired Members.

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

4.2. *Disenrollment Provision*.

4.2.1. Effective 17 May 1998, members who elect SBP (and SSBP, if applicable) coverage at retirement have a one-year period during which they can choose to voluntarily discontinue participation. The one-year period begins on the second anniversary of the date of commencement of retired pay. The date of commencement of retired pay is defined as the date that the retiree becomes entitled to receive retired pay. A recall to active duty following retirement will not alter this date. Neither DFAS-CL nor the Service will notify the member at the second anniversary date; it is the member's responsibility to submit a request to disenroll. After the member's third anniversary, the election becomes irrevocable as long as there is an eligible beneficiary.

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

4.2.3. Participation is terminated the first day of the month following the month the properly completed form (valid and timely) is received by DFAS-CL. **EXAMPLE:** A member who retired 1 March 1999 submits a DD Form 2656-2, it is received by DFAS-CL on 29 April 2001, costs terminate 1 May 2001, and the pay adjustment will be in the payment received on 1 June 2001.

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

4.2.5. A covered spouse must concur in writing with the member's decision to disenroll. This requirement may not be waived except as provided below.

4.2.5.1. If it is determined a spouse is unable to complete the concurrence section of the DD Form 2656-2 because of a verified medical condition (e.g. advanced stages of Alzheimer's disease, etc.), the SAF may approve the member's request to disenroll. The member must submit the DD Form 2656-2 to HQ AFPC/DPPTTR, 550 C Street West, Suite 11, Randolph Air Force Base TX 78150-4713 with documentation from medical authority or a court of competent jurisdiction that defines and describes the severity and permanence of the medical condition. The termination form must be submitted during the above one-year period in order to be considered a valid termination request.

4.2.6. Coverage for a former spouse can only be terminated under this disenrollment provision with proper documentation. If former spouse coverage was court ordered, an amended court order releasing the member of any obligation to provide former spouse coverage is required. The former spouse's concurrence is not required in this situation. If former spouse coverage was established voluntarily or to honor a written agreement that was not incorporated in a court order, the former spouse's concurrence is required. A photo bearing identification must be presented to the witness (reference [4.2.7.](#), below) to verify the former spouse's identity and signature on the DD Form 2656-2.

4.2.7. The DD Form 2656-2 is only valid if the spouse or former spouse concurrence is witnessed by a Service-designated SBP counselor or notary public.

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

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

4.3. *Irrevocability of Election.*

4.3.1. A member may change his/her election up to the day before the date of retirement. However, after retiring, a member may not arbitrarily change or discontinue participation in either the SBP or SSBP, except as provided for by the disenrollment provision (reference paragraph [4.2.](#)), total disability condition (reference paragraph [25.](#)), or when the status of a beneficiary changes.

4.3.2. Elections are not voided by recall to active duty. If retired pay is suspended by recall to active duty for more than 30 days, SBP premiums are suspended the day before entry on active duty and member is not required to remit premiums for SBP coverage while on active duty. If a

member who has been recalled to active duty dies while on that active duty, an annuity may be paid based upon the SBP election or under the active duty death provision (reference paragraph 2.1.), whichever is more favorable to the member.

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

4.4.1. It is the retired member's responsibility to notify DFAS-CL (DFAS-CL, Retired Pay Operations, P.O. Box 99191, Cleveland, OH 44199-1126) when the status of a beneficiary changes. Notification should be made immediately after the change occurs so that available options do not expire and appropriate adjustments may be made to the member's retired pay account in a timely manner.

4.4.2. Notification can normally be made in the form of a signed and dated letter with specific information on the action requested. Additional documentation may be required if DFAS-CL determines it necessary to process a requested action.

4.4.2.1. A retired member with suspended spouse coverage should report a remarriage on a DFAS-CL Form 1172/11a, **Survivor Benefit Plan Remarriage Election Certificate**, or, if none is available, a signed and dated letter of request. Include a copy of the marriage certificate and the new spouse's full name, Social Security Number (SSN), date of birth, and date of marriage (reference paragraph 6.1.3.).

4.4.2.2. The retiree should submit a DD Form 2656-1, **Survivor Benefit Plan (SBP) Election Statement For Former Spouse Coverage**, and a copy of the divorce decree including property settlement (if applicable) to DFAS-CL within one year following divorce when requesting coverage be converted from spouse or spouse and child to former spouse or former spouse and child (reference paragraphs 6.4.4. and 6.5.).

4.4.2.3. A DD Form 2656 may NOT be used to update or change an election AFTER a member retires.

Section B—Election Options

5. Base Amount. The retiring member must elect the level of retired pay (base amount) to be covered by SBP. The base amount is used to calculate both the member's cost and the survivor's annuity.

5.1. The maximum base amount (full coverage) that a member may elect is his/her gross retired pay. (**EXCEPTION:** The base amount of a member who elected to take a 15-year career status bonus under the provisions of PL 106-65, *National Defense Authorization Act for Fiscal Year 2000*, 5 October 1999 (thus having their retired pay computed under the provisions of PL 99-348, *Military Retirement Reform Act of 1986* [known as REDUX], 17 March 1986), can elect a base amount up to the amount of retired pay the member could otherwise be entitled to receive had he/she not elected to receive the bonus). The minimum base amount that a member may elect is \$300. The member may elect any dollar figure between maximum and minimum (reduced coverage) as the base amount. If gross retired pay is less than \$300, the member must designate the whole sum. The base amount is increased at the same time and by the same COLA as the member's retired pay.

5.2. A member may not designate one base amount for the spouse or former spouse and another base amount for eligible child(ren) in a spouse and child or former spouse and child election.

5.3. If upon change from TDRL to PDRL gross retired pay is reduced to less than the member's current base amount, the new base amount must be the new gross retired pay entitlement. If maximum coverage had been elected and the member's retired pay entitlement is increased as a result of the change, the base amount will be increased to the member's new gross retired pay entitlement. Otherwise, the member's base amount will remain the same regardless of a change in retired pay entitlement.

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

5.5. In order to elect any level of SSBP coverage (reference paragraph 6.7.), the SBP base amount must be the member's gross retired pay entitlement.

5.6. The base amount for insurable interest coverage (reference paragraph 6.6.) must be the member's gross retired pay. The base amount may be reduced when an insurable interest election is changed to coverage for a spouse, child, or spouse and child.

6. Beneficiary Options. A member may elect coverage for **one** of the beneficiary options and levels of coverage/base amounts in **Table 1.**, below.

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

Beneficiary option	Level of coverage	Base amount
Spouse Only (note 1)	Maximum SBP Coverage with SSBP	Gross retired pay. Member must designate SSBP amount equal to 5, 10, 15, or 20 percent of retired pay
	Maximum SBP Coverage	Gross retired pay
	Reduced SBP Coverage	Any dollar amount between \$300 and the member's gross retired pay
Child Only (note 2)	Maximum SBP Coverage	Gross retired pay
	Reduced SBP Coverage	Any dollar amount between \$300 and the member's gross retired pay
Spouse and Child (notes 1 and 2)	Maximum SBP Coverage with SSBP	Gross retired pay. Member must designate SSBP amount equal to 5, 10, 15, or 20 percent of retired pay
	Maximum SBP Coverage	Gross retired pay
	Reduced SBP Coverage	Any dollar amount between \$300 and the member's gross retired pay
Former Spouse Only (note 1)	Maximum SBP Coverage with SSBP	Gross retired pay. Member must designate SSBP amount equal to 5, 10, 15, or 20 percent of retired pay
	Maximum SBP Coverage	Gross retired pay
	Reduced SBP Coverage	Any dollar amount between \$300 and the member's gross retired pay
Former Spouse and Child (notes 1 and 3)	Maximum SBP Coverage with SSBP	Gross retired pay. Member must designate SSBP amount equal to 5, 10, 15, or 20 percent of retired pay
	Maximum SBP Coverage	Gross retired pay
	Reduced SBP Coverage	Any dollar amount between \$300 and the member's gross retired pay
Insurable Interest (notes 4 and 5)	Maximum SBP Coverage	Gross retired pay
Decline	None. Retired pay stops and survivors receive no benefits.	None

NOTES:

1. A member may not cover both a current and a former spouse at the same time.
2. Covers ALL the member's eligible children.
3. An election for former spouse and child coverage protects only the eligible children (reference paragraph 6.2.1.) resulting from the marriage of the member and that former spouse.
4. An insurable interest election may be made only when there is no eligible spouse or children. **EXCEPTION:** A member who does not have a spouse but has only one dependent child may elect insurable interest coverage for that child.

5. Insurable interest coverage may be changed to coverage for a new spouse, child, or spouse and child, or it can be arbitrarily discontinued by the member at any time unless the coverage is for a former spouse (reference paragraph 6.6.9.). Insurable interest coverage for a former spouse can only be changed to coverage for a spouse, child, or spouse and child if appropriate documentation (reference table 6.2) is provided to DFAS-CL with a written request.

6.1. *Spouse Only Coverage.* A member who is married but declines spouse coverage at retirement may not elect spouse coverage after retirement for the same or a later acquired spouse except when authorized during an open enrollment period (reference paragraph 27.).

6.1.1. *Eligible Spouse.* A spouse married to the member on the date of retirement is an eligible beneficiary regardless of the length of the marriage. A spouse married to the member after retirement becomes an eligible beneficiary the earlier of the first anniversary of marriage, or the birth of a child of the marriage. Adoption of the spouse's child prior to the first anniversary of marriage does not satisfy this requirement (Comptroller General (CG) Decision B-257180, 29 September 1994). **EXCEPTION:** A spouse divorced from the member who later remarries the member becomes an eligible beneficiary immediately upon remarriage if the member had elected coverage for that spouse at retirement, or if the member retired before 21 September 1972 and elected coverage for that spouse during the initial SBP enrollment period (21 September 1972 - 20 March 1974).

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

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

6.1.2.2. A member with former spouse coverage may change coverage to a new spouse, child, or spouse and child only under conditions listed in paragraph 6.4.9., and with appropriate documentation listed in table 6.2.

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

6.1.3. *Changes Authorized in Spouse Coverage After Remarriage.* Spouse coverage is not terminated when the spouse loses eligibility (through death or divorce). Instead, it is suspended pending the member's remarriage. A member's SBP coverage (and SSBP coverage, if applicable) is automatically reinstated at the previous level on the date the new spouse becomes an eligible beneficiary (reference paragraph 6.1.1.) unless, before that date, the member elects to increase coverage (paragraph 6.1.3.2., below), or not to resume spouse coverage (paragraph 6.1.3.3., below). Following remarriage, the member must notify DFAS-CL prior to the first anniversary of the new marriage (reference paragraph 4.4.2.1.) and choose one of the following options:

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

6.1.3.1.1. A member may not reduce or discontinue the previous level of SSBP coverage. If the member elects to resume his/her suspended coverage after remarriage, any SSBP coverage is also reinstated at the same level that previously existed on the date the new spouse becomes an eligible beneficiary (reference paragraph 6.1.1.) with the same premium rate and benefit percentage as previously existed.

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

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

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

6.1.3.3. *Terminate Suspended Spouse Coverage After Remarriage.* A member with suspended spouse coverage can elect not to resume spouse coverage upon remarriage. Any SSBP coverage will also be terminated. This election will not affect existing child coverage, if any. An election under this paragraph is irrevocable.

6.1.4. *Effects of Failure to Comply With Provisions of Paragraph 6.1.3.* Failure to notify DFAS-CL of the remarriage in accordance with paragraph 6.1.3. above will result in the prior level of coverage automatically being reinstated effective the date the new spouse becomes an eligible beneficiary. When DFAS-CL is later notified or obtains verification of the remarriage, a debt of delinquent premiums plus interest will be levied against the member.

6.1.5. Provisions applicable to elections for former spouse coverage are contained in paragraph 6.4., below.

6.2. *Child Only Coverage.* A member who has eligible dependent children, but declines child coverage at retirement, may not elect child coverage after retirement for the same or later acquired children except as provided for during an open enrollment period (reference paragraph 27.). Only one annuity

is payable. If there is more than one eligible child (paragraph 6.2.1., below) the annuity is paid in equal shares (reference paragraph 17. and figure 17.1).

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

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

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

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

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

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

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

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

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

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

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

6.2.3. *Child(ren) Acquired After Retirement When No Eligible Child at Retirement.* A member who did not have an eligible child on the date of retirement may provide coverage for a child(ren) acquired after retirement. An election must be filed within the first year after acquiring the child in order to provide coverage (reference paragraph **4.4.** and **Attachment 8**). Coverage is effective upon receipt of the election request by DFAS-CL. If spouse coverage was previously elected, the new election must be for spouse and child coverage.

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

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

6.4.1. A former spouse election precludes payment of an annuity to a spouse. It also excludes children that did not result from the marriage of the member and former spouse as contingent beneficiaries if the member elects former spouse and child coverage.

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

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

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

6.4.4. *Changing from Spouse to Former Spouse Coverage When Divorced After Retirement.* A retired member, with spouse coverage who divorces, may elect within the first year following divorce to provide an annuity to the former spouse. A person who was the member's former spouse when the member retired may not be named a beneficiary under this paragraph. An eligible

former spouse is a person, who was the member's spouse on the date the member became entitled to retired pay, and was divorced from the member after the member retired; or married the member after retirement and remained married to the member for at least one year before becoming divorced; or married the member after retirement and became divorced within one year, but is the parent of issue of that marriage. A retired member who does not have spouse coverage cannot elect former spouse coverage under this paragraph.

6.4.4.1. If the member was ordered by a court to elect former spouse coverage before 14 November 1986, a second court order, issued on or after 14 November 1986, enforcing the original order which requires a former spouse election, constitutes a modification of the previous order and establishes a new one-year period during which the former spouse may request a deemed election to be filed. However, a modification of a court order dated after 14 November 1986 that merely restates the previous provision and imposes no new obligation on the member does not begin a new one-year period. A subsequent court order holding a member in contempt of court for failing to fulfill the prior agreement cannot be used to begin a new one-year period (CG Decision B-244101, 3 August 1992). In these cases, the member should be advised that correction of military records is the only avenue of administrative appeal.

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

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

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

6.4.4.5. If spouse coverage had been based on full retired pay, the member may elect, increase, or drop SSBP coverage when electing former spouse coverage. A court may not order or require a member to elect SSBP coverage for a former spouse, but the member may voluntarily do so.

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

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

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

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

6.4.6. *Deemed Election Request by a Former Spouse for SBP Coverage.* If a member is required to elect former spouse SBP coverage either to comply with a court order dated after

13 November 1986 or written agreement filed with the court of appropriate jurisdiction in accordance with applicable State law, and the member fails or refuses to do so, former spouse coverage may still be established by DFAS-CL if the former spouse submits a valid deemed election request within one year after the date of the decree of divorce, dissolution, or annulment. This method does not require the member's active participation.

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

6.4.6.2. The former spouse's request must include the following: member's name; SSN; whether the member is retired or on active duty; the former spouse's full name, SSN; date of birth; and mailing address, and a certified copy of the court order issued after 13 November 1986 which requires the member to elect to provide an annuity to the former spouse; or a certified copy of the member's written agreement to make such an election along with a statement from the clerk of the court or other appropriate official that the written agreement was filed with the court as the applicable state law requires.

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

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

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

6.4.6.6. A member may not be ordered or required to elect SSBP for a former spouse (reference paragraph [6.4.4.5](#)). Deemed elections that include SSBP coverage may only be established if the member has signed a voluntary written agreement to do so that was properly incorporated in a court order or filed with the court of competent jurisdiction.

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

6.4.8. *Suspended Former Spouse Coverage Reinstated.* Former spouse coverage suspended as a result of the former spouse's remarriage prior to age 55 is reinstated if the former spouse's remarriage terminates unless in the interim the member filed a valid election to change to spouse, child,

or spouse and child coverage (paragraph 6.4.9., below). To reinstate suspended former spouse coverage, the member must provide DFAS-CL a copy of documentation that shows the former spouse's marriage has terminated (e.g., divorce decree or the death certificate of the person to whom the former spouse was married) (reference paragraph 4.4.1.).

6.4.9. *Changing Former Spouse to Spouse, Child, or Spouse and Child Coverage.* A member may request former spouse coverage be changed to cover a spouse, child, or spouse and child by submitting a signed letter of request with appropriate documentation (reference table 6.2) to DFAS-CL. An election request for child coverage must be received by DFAS-CL within one year of acquiring the eligible child(ren). A request to change an election from former spouse to spouse coverage may be made at any time after the member remarries without regard to the one-year time limitation previously imposed by Federal statute (reference PL 105-85, *National Defense Authorization Act for Fiscal Year 1998*, 18 November 1997). The former spouse coverage is terminated when the spouse becomes an eligible beneficiary (reference paragraph 6.1.1.). If the member remarries the former spouse, the former spouse immediately becomes an eligible spouse beneficiary. This applies whether or not the former spouse coverage was court ordered, required by a written agreement, or voluntary. If court ordered, no amended/modified court order is required.

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

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

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

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

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

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

6.6. *Insurable Interest Coverage.* A member, who has neither a spouse nor a dependent child at retirement, may elect SBP coverage for a natural person with an insurable interest. (**EXCEPTION:** A person who does not have a spouse at retirement and has only one dependent child may elect insurable interest coverage for that dependent child [CG Decision B-179465, 19 July 1974]). An insurable interest person (also called natural person with an insurable interest) is one who has a basis to expect some

financial benefit or advantage from the continuance of the member's life. This can be either a family member or a non-related person.

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

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

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

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

6.6.5. A member must elect maximum coverage when electing insurable interest coverage.

6.6.6. A former spouse could not be named a beneficiary under this option after 1 March 1986 (reference paragraph 6.6.9., below).

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

6.6.8. *Terminating Insurable Interest Coverage.*

6.6.8.1. Coverage terminates upon the death of the covered insurable interest beneficiary. The member must provide a copy of the death certificate to DFAS-CL. The member may not name another insurable interest beneficiary.

6.6.8.2. Insurable interest coverage for a person who is not the member's former spouse can be arbitrarily discontinued at any time by submitting a written request to DFAS-CL (DFAS-CL, Retired Pay Operations, P.O. Box 99191, Cleveland, OH 44199-1126). The member's written request must be signed, include his/her SSN, and state that the member wants to terminate SBP participation. A request for information will not be considered a request to terminate SBP participation. When DFAS-CL receives a request to terminate coverage under this provision, the member will be mailed a cover letter with fact sheets that explain the advantages and disadvantages of participation and the disadvantages of terminating participation. The member has 30 days from the date of the cover letter to withdraw a termination request. If the member does not respond within the prescribed 30-day period, the member's participation will be terminated effective the first day of the month following the month in which the member's request was received by DFAS-CL. When coverage is terminated under this provision, another

insurable interest beneficiary cannot be named.

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

6.6.9. *Insurable Interest Elections for Former Spouse Coverage.* Elections for former spouse coverage under the insurable interest option were permitted for retiring members after 8 September 1982 and for retired members after 24 September 1983. As of 1 March 1986, no new elections for former spouse coverage under this option were permitted. Participants were given the opportunity to change insurable interest elections for former spouse coverage to coverage under the same provisions (options, cost, annuity payment) as spouse coverage during a one-year period (8 November 1985 - 7 November 1986) if the former spouse concurred in the change. As of 1 March 1986, all new former spouse elections are under the same provisions as spouse coverage (reference paragraph 6.4.).

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

6.6.9.2. The election could not include child coverage nor was the annuity reduced when the surviving former spouse attained age 62.

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

6.7. *SSBP.* PL 101-189, *Military Survivor Benefits Improvement Act of 1989*, 29 November 1989, established the SSBP effective 1 April 1992. An election for SSBP allows a member to supplement the standard 35 percent SBP annuity that is payable to an otherwise eligible spouse or former spouse, who is age 62 or older. SSBP is payable in an amount equal to 5, 10, 15, or 20 percent of the member's gross retired pay, depending on the percentage of SSBP the member elects (5, 10, 15, or 20 percent). (**EXCEPTION:** Due to a technical error in the statute (which was corrected by PL 101-189), the SBP annuity for a former spouse of a retiree, who was retired or eligible to retire prior to 2 October 1985 and whose divorce from the member was finalized prior to 30 November 1989, is not subject to reduction when the former spouse attains age 62; therefore, SSBP in this case is not applicable.)

6.7.1. *SSBP Election At Retirement.* Retiring members who elect SBP coverage for a spouse or former spouse at the maximum level may simultaneously elect SSBP coverage. An election to provide SSBP coverage is not valid if the base amount for spouse or former spouse SBP coverage is less than full retired pay.

6.7.2. *SSBP Election By A Retiree Upon Marriage/Remarriage.*

6.7.2.1. A member who marries or remarries after retiring may elect within one year of such marriage to provide an SSBP annuity for the new spouse. In order to do so, the member must provide SBP coverage at the maximum level.

6.7.2.2. A member with suspended spouse SBP coverage at less than the maximum level who remarries and elects to increase to the maximum level of spouse SBP coverage may also elect to provide an SSBP annuity for that spouse.

6.7.2.3. A member with suspended spouse coverage who remarries may not reduce any previously elected level of SSBP coverage and is automatically reinstated at the previous level of SSBP coverage on the date the new spouse becomes an eligible beneficiary (reference paragraph 6.1.1.) unless, before that date:

6.7.2.3.1. The member, who previously had partial SSBP coverage, elects to increase the previous level of SSBP coverage (e.g., previously had 5 percent and increases to 20 percent), or

6.7.2.3.2. The member submits a valid request to terminate suspended spouse coverage. A valid request submitted under this paragraph is irrevocable, and both spouse SBP and SSBP coverage will be terminated. This election will not affect existing child coverage, if any.

6.7.3. *SSBP Election By A Retiree Upon Divorce.*

6.7.3.1. A retiree who makes a valid election to convert full spouse SBP coverage to former spouse SBP coverage following a divorce may simultaneously elect to provide that former spouse an SSBP annuity. Such an election can be made whether or not spouse SSBP had been in effect. However, no election for SSBP may be required by a court order.

Section C—Coverage Costs

7. General Premium Information. DFAS-CL deducts monthly SBP and SSBP premiums from a participant's retired pay in accordance with DoD Financial Management Regulation (FMR), volume 7B, *Military Pay Policy and Procedures For Retired Pay*. Premiums are deducted as long as there is an eligible beneficiary (reference paragraph 7.1., below). Premiums deducted from retired pay are not subject to Federal income tax. COLAs applied to military retired pay also apply to SBP and SSBP premiums. Participants who waive military retired pay must remit monthly premiums directly to DFAS-CL. A member whose retired pay is offset by VA compensation for a service-connected disability may send a request to DFAS-CL, Direct Remittance, to have the VA deduct the premiums from the member's VA disability compensation. If a member is placed in a retired pay status effective on a date other than the first day of a month (such as TDRL or PDRL) and participates in the SBP, premiums begin the first day of the following month (reference paragraph 3.10.).

7.1. *Paid-Up Provision.* PL 105-261, *Strom Thurmond National Defense Authorization Act for Fiscal Year 1999*, 17 October 1998, stipulates that effective 1 October 2008, retired members, age 70 or older, whose retired pay has been reduced for SBP premiums for 360 months (reference paragraph 7.1.1., below), will be considered "paid-up." No further premiums will be deducted from their retired pay, but their eligible beneficiary will still receive an annuity when they die.

7.1.1. *Effect of Change in Level of Coverage.* If a retired member increased the level of SBP coverage during either the 1981-1982 or the 1992-1993 open enrollment periods (reference paragraph 27.), only that portion of the premium shall be discontinued that pertains to the qualifying level of coverage. For example, a member retired 30 years ago and elected reduced SBP coverage for his spouse. The member increased her level of coverage to full during the 1981-1982 open enrollment period 10 years later. Today, the member has paid 240 monthly premiums for full coverage (currently \$130 a month [example premium amount only]), and 360 months of premiums relating to the original base amount (currently \$15 [example premium amount only]). Only \$15 of the mem-

ber's monthly premium will be discontinued, and the additional \$115 (\$130 minus \$15) of premiums must continue to be deducted for another 120 premium payments. (**EXCEPTION:** PL 106-65, 5 October 1999, stipulates that members who enrolled or increased their coverage during the 1999-2000 open enrollment period be given credit for the months covered by the lump-sum payment.)

8. Premiums for Spouse Coverage. One of two formulas may be used to compute premiums for spouse coverage. For all members who initially entered active duty after 28 February 1990 and who are not retiring for disability, the only formula used for computing spouse premiums is 6.5 percent of the base amount (reference paragraph 5. for definition of base amount). However, a previous formula (referred to herein as the "old formula") may be used if more beneficial for members who initially entered active duty on or before 28 February 1990, and members who retire for disability (regardless of the date of entry on active duty). The old formula is 2.5 percent of the threshold amount (reference paragraph 8.1., below, for definition of threshold amount), plus 10 percent of the base amount in excess of the threshold amount.

8.1. *Threshold Amount.* That low-cost portion of the base amount multiplied by 2.5 percent when the old formula is used is referred to as the threshold amount. The threshold amount was \$300 until 28 February 1986, and has risen since then by active duty pay increases. After a member's retirement, the threshold amount is increased by COLAs applied to a member's retired pay. **Table 3.**, below, lists a history of all threshold amounts through 1 January 2002 with effective dates. Contact AFPC/DPPTTR for subsequent threshold amount information. **Figure 1.**, below, shows sample spouse premium computations using both the old and new formulas.

Table 3. History of Threshold Amounts.

Effective Date	Threshold Amount*
Until 28 February 1986	\$300
1 March 1986	309
1 January 1987	318
1 January 1988	324
1 January 1989	337
1 January 1990	349
1 January 1991	363
1 January 1992	378
1 January 1993	392
1 January 1994	401
1 January 1995	411
1 January 1996	421
1 January 1997	434
1 January 1998	446
1 January 1999	462
1 January 2000	484
1 July 2000	491
1 January 2001	509
1 July 2001	512
1 January 2002	547

NOTE: If an officer retires on the effective date of a COLA increase, the member must have 20 years and 1 full month of active duty on the day prior to retiring in order to get paid using the new year's pay table. These officers retiring under the old pay rates would use the prior year's SBP threshold amount for determining the monthly premium. This restriction does not apply to enlisted members.

Figure 1. Sample Spouse Premium Computations (using 1 January 2002 threshold amount of \$547).

Base amount of \$980		
OLD FORMULA		NEW FORMULA
\$980		\$980
- 547 (threshold amount) X .025 = \$13.67	OR	<u>X .065</u>
433 (excess of threshold) X .10 = 43.30		\$63.70
\$56.97		
Monthly premium is \$56.97		
Base amount of \$1,500		
OLD FORMULA		NEW FORMULA
\$1,500		\$1,500
- 547 (threshold amount) X .025 = \$13.67	OR	<u>X .065</u>
953 (excess of threshold) X .10 = 95.30		\$97.50
\$108.97		
Monthly premium is \$97.50		

8.2. Suspension or Reinstatement of Spouse Premiums.

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

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

9. Premiums for Child Only Coverage. Adding a child acquired after retirement to the member's original election for child only coverage will not change the cost unless coverage and premiums were suspended because all previously designated children had become ineligible (paragraph 9.3.2., below). To compute child only costs, multiply the base amount by the cost factor from the SBP Child Only cost factor table (each SBP counselor will maintain a copy of the cost factor table) using the ages of the member and the youngest child on their birthdays nearest the effective date of the election.

9.1. *Child Only Cost Factor.* The youngest child's age on his/her birthday nearest the effective date of the election is used to determine the appropriate cost factor. See **Figure 2.**, below, for a sample child only premium computation. A disabled child, age 18 or older, is considered to be age 17 for cost factor purposes. Age 17 is also used when there is an incapacitated child over age 18 and a competent child also over age 18 but younger than the incapacitated child.

Figure 2. Sample Child Only Premium Computation.

Using a \$1,000 base amount	
Base amount	\$1,000
Child cost factor for member age 48 and youngest child age 12	<u>X .0058</u>
Monthly cost	\$5.80

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

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

9.3. *Suspension or Reinstatement of Child Premiums.*

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

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

9.3.2.1. Cost for child coverage suspended because the child no longer attended school full-time may be reinstated if the unmarried child between the ages of 18 and 22 reenters school on a full-time basis. Cost is effective the first day of the month after the date the child resumes school attendance. To reinstate coverage, the member notifies DFAS-CL of the date the child reenters school (reference paragraph **4.4.**).

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

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

Figure 3. Sample Spouse and Child Premium Computation.

Using a \$1,500 base amount		
Member's age 48, spouse's age 45, and youngest child's age 12		
Spouse cost	\$1,500	
	<u>X .065</u>	
	\$97.50	\$97.50 (Spouse cost)
<hr/>		
Child cost	\$1,500	
Cost factor for child	<u>X.00023</u>	
	.35	<u>.35 (Child Cost)</u>
<hr/>		
Total Cost		\$97.85

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

10.1.1. *Suspension of Spouse and Child Premiums.* The spouse portion of the premium is suspended effective the first day of the month following the date the spouse beneficiary loses eligibility. The cost for the child portion of the coverage is recomputed at that time. To compute child costs in this case, multiply the base amount by the cost factor from the SBP Child Only cost factor table (each SBP counselor will maintain a copy of the cost factor table) using the ages of the member and the youngest child on their birthdays nearest the date of the loss of the spouse beneficiary. The recalculated cost for the child coverage becomes effective the first day of the month following the date of the loss of the spouse beneficiary. All child costs are suspended effective the first day of the month following the date the last remaining child loses eligibility (reference paragraph 9.3.1.).

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

10.1.2.1. Reference paragraph 9.3.2. for reinstatement of the child portion of the cost when costs had been suspended because the last child lost eligibility and the member acquires a child. The change in cost is effective the first day of the month after the date the new child is acquired (reference paragraph 6.2.1.6.).

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

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

11.1.1. *Suspension or Termination of Former Spouse Premiums.* Former spouse premiums and coverage are suspended if the former spouse remarries before age 55 and terminated if the former spouse dies. Costs stop the first day of the month after the date there is no longer an eligible former spouse beneficiary. Member should include a copy of the former spouse's marriage or death certificate, whichever is appropriate, with written notification to DFAS-CL (reference paragraph 4.4.1.).

11.1.1.1. If the member dies during the period the former spouse coverage is suspended because of the former spouse's remarriage before age 55, the former spouse becomes eligible for the annuity in the event the disqualifying remarriage subsequently terminates. Appropriate documentation must be provided to DFAS-DE (DFAS-DE, 6760 E. Irvington Place, Denver CO 80279-6000) with an application for the annuity.

11.1.2. *Reinstatement of Former Spouse Premiums.* Premiums suspended as a result of the former spouse's remarriage prior to age 55 are reinstated effective the first day of the month after the date the former spouse's remarriage terminates, unless in the interim the member had filed a valid election to change to spouse, child, or spouse and child coverage (reference paragraph 6.4.9.). The member should include a copy of the former spouse's divorce decree or the death certificate of the person to whom the former spouse was married, whichever is appropriate, with written notification to DFAS-CL (reference paragraph 4.4.1.).

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

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

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

12.1.2. *Reinstatement of Former Spouse and Child Premiums.* If the former spouse portion of the cost was suspended as a result of the former spouse's remarriage before age 55 and that marriage terminates, costs for former spouse coverage are reinstated effective the first day of the month after the date the former spouse's remarriage terminates. If there is an eligible child, the cost for the child portion of the coverage is recomputed at that time. To compute the child cost, multiply the base amount by the cost factor from the SBP Spouse and Child cost factor table (each SBP

counselor will maintain a copy of the cost factor table) using the ages of the member, former spouse, and youngest eligible child on their birthdays nearest the effective date of the election. The recalculated cost for the child portion of the coverage becomes effective the first day of the month following the date the former spouse becomes an eligible beneficiary.

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

Figure 4. Sample Insurable Interest Premium Computation.

Using a base amount of \$1,000	
Member age 45 and beneficiary age 32	
Age difference is 13 years (which is two full 5-year periods). Therefore, the cost percentage of this member's retired pay is 20%	
Cost Computation:	
Base amount	\$1,000
Multiply by cost percentage	<u>X .20</u>
Monthly cost	\$200

13.1. Terminating Insurable Interest Premiums.

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

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

13.2. Premiums for Insurable Interest Elections for Former Spouse Coverage Prior to 1 March 1986.

As of 1 March 1986, a former spouse cannot be named a beneficiary under the insurable interest option. Premiums for insurable interest elections for former spouse coverage were computed as in paragraph [13.](#), above.

14. Premiums For SSBP Coverage. SSBP premiums are based upon the member's age and are in addition to premiums paid for standard SBP coverage. SSBP cost factors (each SBP counselor will maintain a copy of the SSBP cost factors) are developed by the DoD Retirement Board of Actuaries with considerations given to mortality, interest rates, and inflation. Cost factors for each 5 percent unit of coverage are expressed as a percentage of the base amount (which must be based on gross retired pay). The premium rate will be determined based upon the amount of SSBP coverage elected (i.e., 5, 10, 15, or 20 percent) by multiplying the cost factor by 1, 2, 3, or 4 respectively. The SSBP is designed to operate on an actuari-

ally-neutral basis so that there is no cost to the Government and there is no subsidy. Refer to paragraph 7. for general SSBP premium information.

14.1. In an SSBP election made at the time of retirement, the age used to determine the cost factor will be the member's age on the birthday nearest the date of retirement.

14.2. SSBP premiums are suspended if the covered spouse or former spouse beneficiary loses eligibility.

14.3. Upon remarriage, if a retired member with suspended spouse SBP coverage at the maximum level elects SSBP coverage, the age used to determine the cost factor is the member's age on the birthday nearest the date the new spouse becomes an eligible beneficiary (reference 6.1.1.).

14.4. Upon remarriage, if a retired member with suspended SSBP coverage provides the same level of coverage for the new spouse as previously elected, the same premium rate that was applicable to the original SSBP election applies.

14.5. Upon remarriage, if a retired member with suspended SSBP coverage elects to provide an SSBP annuity for the new spouse at a higher level than previously elected, the SSBP premiums for all units of SSBP coverage will be computed/recomputed based on the member's age on the birthday nearest the date the new spouse becomes an eligible beneficiary (reference paragraph 6.1.1.).

14.6. A retiree who makes a valid election to convert full spouse SBP coverage to former spouse SBP coverage following a divorce, and simultaneously elects to provide that former spouse an SSBP annuity will have the SSBP premium computed based on the member's age on the birthday nearest the date the former spouse election becomes effective.

14.7. When a former spouse SSBP election is for the same person for whom an SSBP annuity was being provided as a spouse beneficiary and at the same percentage, the SSBP premium rate will remain the same.

14.8. When a former spouse SSBP election is for the same person for whom an SSBP annuity was being provided as a spouse beneficiary, but at a higher percentage, the SSBP premium will be recomputed using the member's age on the birthday nearest the date the former spouse election becomes effective.

14.9. No refund of SSBP premiums will be made. (**EXCEPTIONS:** SSBP premiums may be refunded to the surviving spouse of a member who withdrew from the SBP due to a total VA disability rating because any SSBP coverage was also terminated (paragraph 25., below); to the designated beneficiary if the member's death occurs earlier than the survival requirement for retirees electing coverage during an open enrollment, or as the result of correction of an administrative error.)

Section D—The Annuity

15. General Annuity Information. The Defense Finance and Accounting Service – Denver Center (DFAS-DE, 6760 E. Irvington Place, Denver CO 80279-6000) is the point of contact to establish, suspend, reinstate, and terminate annuity payments. Payment of an annuity is not automatic. A properly completed DD Form 1884, **Application For Annuity Under The Retired Serviceman's Family Protection Plan (RSFPP) And/Or Survivor Benefit Plan (SBP)** has to be completed and submitted in accordance with instructions contained in AFI 36-3002, *Casualty Services*.

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

15.2. The annuity increases at the same rate and time retired pay is increased by COLAs. After the COLA is applied to the annuity, if the increased annuity is not a multiple of \$1, it will be rounded to the next lower multiple of \$1. The annuity terminates on the last day of the month before the month in which the beneficiary becomes ineligible. **EXAMPLE:** If the annuitant dies on 15 April, the annuity terminates 31 March.

15.3. When two or more retirees name the same individual as an SBP spouse or former spouse beneficiary, the annuitant can receive only one annuity and must choose which annuity to receive. An eligible child, however, may receive more than one SBP annuity if named as a beneficiary by more than one military member (reference paragraph 3.6.).

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

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

16. Spouse Annuity. The annuity paid to a spouse is 55 percent of the base amount if the annuitant is younger than age 62. The annuity is subject to reduction on the first day of the month after the annuitant reaches age 62.

16.1. *Age 62 Annuity Computation Methods For Widows(ers).*

16.1.1. *Two-Tier Method.* A spouse's SBP annuity is 35 percent of the base amount when the annuitant reaches age 62. If the annuity is originally established at 55 percent of the base amount because the spouse is younger than 62, it is reduced to 35 percent on the first day of the month after the spouse's 62nd birthday. See [Figure 5.](#), below, for an example of the Two-Tier reduction method. An annuity computed using this method is reduced whether or not the spouse files for Social Security benefits or if the spouse is receiving Social Security benefits on their own earnings or the earnings of another person.

Figure 5. Example of Two-Tier Reduction Method.

(Using base amount of \$1,000)	
Pre-age 62 Computation	Post-age 62 Computation
\$1,000 - Base amount (example)	\$1,000 - Base amount (example)
X .55	X .35
\$550 SBP annuity payable to spouse before age 62	\$350 SBP annuity payable to spouse age 62 or older

16.1.2. *Social Security Offset (SSO) Method.* An alternate reduction method which may be used to compute the annuity if the member was retired or retirement eligible on or before 1 October 1985, or in the case of a Reservist, was qualified for retired pay, but had not applied for or been granted such pay, or would have been eligible for retired pay but for the fact the member was under age 60. The annuity will be computed using both the Two-Tier method and the SSO method. The annuitant will be paid an annuity using the method that provides the greater benefit.

16.1.2.1. Under the SSO method, the SBP annuity is reduced by the amount of Social Security the surviving spouse is entitled to receive based solely on the member's military service performed after 1956; however, the SSO may not reduce the annuity by more than 40 percent.

16.1.2.2. The SSO is based upon the annuitant's Social Security entitlement attributable to the member's military service. If the member elected to take reduced non-disability Social Security benefits before age 65, verification from the Social Security Administration (SSA) is required to ensure the amount of the SSO applied to the annuity is correct.

16.1.2.3. If the annuitant is entitled to have the SBP annuity computed using the SSO method, and if the annuity is reduced by DIC (paragraph 16.2., below) the 40 percent reduction cap (reference paragraph 16.1.2.1., above) will apply to the SBP annuity remaining after the DIC offset.

16.1.2.4. A survivor's Social Security entitlement can be reduced or completely eliminated if they earn over a certain income limit and are under a certain age (called a Retirement Earnings Test [RET]). PL 95-397, *Uniformed Services Survivors Benefits Amendments*, 30 September 1978, permits annuitants age 62 or over who are "ineligible" for Social Security benefits because of the RET to have the reduction to their SBP annuity deferred until they become eligible for Social Security benefits. It also states that if, because of the RET, their eligibility for Social Security benefits is reduced, their SBP annuity cannot be reduced by more than their actual reduced Social Security entitlement. To apply for the reduction or deferral, the annuitant has to submit a request to DFAS-CL with verification from the SSA. PL 106-182, *Senior Citizens Freedom to Work Act of 2000*, 7 April 2000, changed the age at which an annuitant is no longer subject to the RET and can be paid full Social Security benefits even if they continue to work from age 70 to their normal retirement age (NRA). NRA is age 65 for persons born in 1938 or earlier and will eventually reach age 67 for persons born after 1959. Currently, an annuity computed under the SSO method is not reduced if a working spouse between the ages of 62 and 65 furnishes DFAS-DE verification from the SSA that he or she is not eligible for Social Security benefits because of earned income. However, when the working spouse later stops working or attains age 65, the annuity becomes subject to reduction under the SSO method only. If the reduction is more than 40 percent of the gross annuity, the reduction will

be capped at 40 percent. At this point, the Two-Tier method will not be used even if more favorable to the annuitant. DFAS-DE should be notified immediately if a working spouse between the ages of 62 and 65 stops working so the reduction can be applied in order to avoid an overpayment of annuity.

16.1.2.5. No reduction to the annuity is applicable if the SSA determines that the annuitant is ineligible for Social Security survivor benefits based on the member's wage account due to receipt of his/her own Civil Service Retirement System (CSRS) or teacher retirement (CG Decision B-215768, 22 January 1985). In the event the annuitant's Social Security survivor benefit is reduced due to receipt of their own CSRS or teacher retirement, the SSO applied to the spouse's SBP annuity will be based on the actual amount of their Social Security entitlement (CG Decision B-219162, 29 January 1986).

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

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

16.2.2. DIC payments normally begin on the first day of the month following the month of the retiree's death (reference paragraph 16.2.6.). The SBP annuity is reduced by DIC on the date DIC payments begin. The DIC offset to the SBP increases each time DIC rates increase.

16.2.2.1. If the DIC award is greater than the SBP annuity, no SBP annuity is paid and the SBP premiums for spouse coverage paid by the member are refunded to the surviving spouse. **EXAMPLE:** Assume the monthly DIC entitlement is \$935 and the monthly SBP annuity is \$600. The spouse receives no SBP annuity, but all premiums the member paid for spouse coverage are refunded (reference paragraph 16.2.4., below). However, the spouse must apply for the SBP annuity in order to receive the SBP premium refund.

16.2.2.2. If the DIC award is less than the SBP annuity, the spouse is paid an SBP annuity equal to the difference between the full annuity and the DIC. A refund of SBP premiums is made based on the difference between the costs actually incurred and the costs that would have been incurred in order to provide the annuity payable after the DIC reduction. **EXAMPLE:** Assume the spouse's DIC entitlement is \$935 and the SBP annuity is \$1,200. The spouse will receive a monthly DIC payment of \$935 and the SBP gross amount will be \$265 (\$1,200 SBP minus \$935 DIC). The spouse is refunded the difference between the amount the member paid for the \$1,200 annuity and the amount that would have been paid for the \$265 SBP annuity. The refund of costs is computed using the SBP annuity amount applicable on the effective date of the DIC award. If the refund of costs is computed before the surviving spouse is age 62 and the annuity is later reduced at age 62, no additional refund is due.

16.2.3. A surviving spouse's DIC does not offset an SSBP annuity which becomes payable at age 62.

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

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

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

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

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

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

16.3.3. *Termination Due to Death of Spouse Annuitant.* The annuity terminates effective the last day of the month before the month in which the annuitant dies. The NOK should notify DFAS-DE at their toll-free number (1-800-435-3396) to avoid an overpayment.

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

17. Child Annuity. The annuity payable is 55 percent of the base amount and is paid in equal shares to eligible children beginning the day after the member's death (reference paragraph 6.2.1. for definition of an eligible child). See **Figure 6.**, below, for an example of annuity paid to several children.

Figure 6. Example of Annuity Paid to Several Children.

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

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

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

A child's SBP annuity is not reduced by the child's DIC entitlement, if applicable, nor is it reduced when a disabled child reaches age 62.

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

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

17.1.2. *Reinstatement of Annuity.* A suspended annuity may be reinstated when a child between the ages of 18 and 22 reenters school on a full-time basis, the recurrence of a disability incurred before the child's 18th birthday (or before the 22nd birthday if disability incurred while a full-time student) which again renders the child incapable of self-support, or the child's marriage is properly annulled. DFAS-DE must be provided appropriate documentation before the annuity can be reinstated (reference Attachment 8).

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

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

The child is then considered an adult for annuity purposes and a custodian or legal fiduciary is no longer required unless the child is incapacitated (reference paragraph [17.3.](#), below).

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

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

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

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

18. Spouse and Child Annuity. Only one annuity is payable. It is paid first to the spouse, who is the primary beneficiary. If the spouse loses eligibility due to remarriage prior to age 55 or death, the annuity is paid in equal shares to any eligible child(ren) When the last eligible child loses eligibility, SBP payments stop. The annuity can be reinstated for the spouse if the remarriage ends due to death or divorce. Reference paragraph [16.](#) for the annuity amount paid to a spouse and paragraph [17.](#) for annuity amounts paid to an eligible child(ren).

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

18.1. *Suspension, Reinstatement, or Termination of a Spouse and Child Annuity.* Reference paragraph [16.3.](#) for information on suspending, reinstating or terminating a spouse's annuity. Reference paragraph [17.1.](#) for information on suspending, reinstating, or terminating a child's annuity.

19. Former Spouse Annuity. The same rules that apply to a spouse annuity also apply to a former spouse annuity (reference paragraph [16.](#)) except the annuity for a former spouse of a retiree, who was retired or eligible to retire prior to 2 October 1985 and whose divorce from the member was finalized before 30 November 1989, is not subject to reduction when the former spouse attains age 62.

19.1. *Suspension, Reinstatement, or Termination of a Former Spouse Annuity.* The same rules that apply to the suspension, reinstatement, or termination of a spouse annuity also apply to a former spouse annuity (reference paragraph [16.](#)) except if the member dies during the period the former spouse coverage and premiums are suspended because of the former spouse's remarriage prior to age

55, the former spouse regains eligibility for the annuity in the event the remarriage subsequently terminated.

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

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

21. Insurable Interest Annuity. The annuity is 55 percent of the member's retired pay remaining after the monthly cost has been deducted. See Figure 7., below, for a sample insurable interest annuity computation. There is no reduction at age 62, nor is payment of the annuity affected by the annuitant's marriage. Payments are increased by COLAs at the same time and by the same percentage as retired pay is increased.

Figure 7. Sample Insurable Interest Annuity Computation.

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

21.1. *Termination of Insurable Interest Annuity.* The annuity terminates effective the last day of the month before the month in which the annuitant dies. DFAS-DE should be notified at their toll-free number (1-800-435-3396) to avoid an overpayment.

22. SSBP Annuity. The SSBP annuity is added to an SBP annuity when the 35 percent rate applies because the spouse or former spouse beneficiary is age 62 or older (reference paragraph 19.). SSBP is payable in an amount equal to 5, 10, 15, or 20 percent of the member's gross retired pay, depending on the percentage of SSBP that the member elects.

22.1. A member who elects SSBP coverage forfeits their surviving spouse's or former spouse's future annuity calculated under any method other than the Two-Tier method (reference paragraph 16.1.1.).

22.2. An SSBP annuity is paid to a surviving spouse at age 62 who is also entitled to DIC, even if the DIC offset eliminates the standard SBP annuity. Consequently, any refund of premiums due to receipt of DIC will not include premiums paid by the member for SSBP coverage.

Section E—Miscellaneous Provisions

23. Taxes.

23.1. *Federal Income Tax.*

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

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

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

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

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

24. Options for Future Civil Service Retirement.

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

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

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

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

25. Withdrawal Provision For Totally VA Disabled Members. PL 96-402, 9 October 1980, permits a member who is rated totally disabled by the VA from a service-connected cause and who has been so rated continuously for 10 years, or a lesser period of at least 5 years from the date of last discharge or release from active duty, to withdraw from SBP. The initial date for determining the 5- or 10-year period is the effective date of the VA rating of total disability. The eligible survivor(s) of a member, who meets the criteria for withdrawal, may be entitled to DIC upon the member's death even if the member dies of a non-service-connected cause. The member should contact the VA to verify the survivor's entitlement to DIC before submitting a withdrawal request. If a member withdraws from SBP under this provision, any SSBP coverage (if applicable) is also terminated and no annuity will be payable. A member whose rating is later reduced to less than total (therefore, DIC to member's survivors will not be assured), may apply to have the SBP and SSBP (if applicable) reinstated. Survivors of members who die while participation is withdrawn under this provision are barred from receiving an SBP or SSBP annuity.

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

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

25.2.1. Possible Advantages of Continuing Participation:

25.2.1.1. If the SBP annuity is greater than the DIC entitlement, the spouse is paid SBP in an amount equal to the difference between the SBP and the DIC. SBP premiums attributable to the amount of SBP not received are refunded (reference paragraph [16.2.2.2.](#) and 16.2.4).

25.2.1.2. Although a spouse's DIC entitlement is suspended for remarriage at any age, a spouse can retain the SBP annuity if the spouse is age 55 or older at the time of remarriage. This would result in the full SBP annuity being reinstated (having previously been offset by the DIC) after the SBP cost refund is repaid.

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

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

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

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

25.3. The withdrawal request will not take effect until the member confirms receipt of the information, acknowledges that he/she still wishes to withdraw, and the member's disability rating is verified. DFAS-CL will terminate all coverage effective the first day of the month following the month the valid request was received by DFAS-CL. The member is refunded any costs paid after the effective

date of withdrawal. Costs deducted or paid before the effective date of withdrawal are refunded to the surviving spouse upon the member's death (reference paragraph 25.5., below).

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

25.5. Upon the death of a member who has discontinued participation under this provision, a refund of SBP (and SSBP, if applicable) premiums, without interest, shall be paid to the widow or widower.

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

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

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

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

27. Open Enrollment Periods. An open enrollment period requires Congressional authorization. During an open enrollment period, changes in coverage which are not normally authorized may be allowed. Each open enrollment period carries separate guidelines. Members should be cautioned not to decline SBP coverage or select a low level of coverage at retirement believing they will be able to join during a future open enrollment period because there may not be one.

Section F—Other Annuity Programs

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

28.1. *Member Qualifications.* The SBP may provide a monthly income to unremarried widows of retirees if the member:

28.1.1. Retired from active duty prior to 21 September 1972 and died before 21 March 1974.

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

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

28.2.2. Has not remarried since death of member.

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

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

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

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

29.1. *Member Qualifications.* The SBP may provide a monthly annuity to unremarried widows of retirees if the member:

29.1.1. Retired from active duty prior to 21 September 1972 and died before 21 March 1974; or

29.1.2. Was a member of a Reserve component of the Armed Forces, qualified for retired pay, except not yet 60 years of age, and died before 1 October 1978.

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

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

29.2.2. Has not remarried since death of member.

29.2.3. Is not eligible to receive a MIW pension (reference paragraph 28.), DIC from the VA, an RSFPP annuity (reference paragraph 30., below), or an SBP annuity based on the military service of this or any other deceased retiree.

29.3. *Application Process.* Payment of this annuity is not automatic. A properly completed DD Form 2769, **Application for Annuity, Certain Military Surviving Spouses**, has to be submitted to HQ AFPC/DPPTTR, 550 C Street West, Suite 11, Randolph AFB, TX 78150-4713, with proper documentation which includes:

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

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

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

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

30. Retired Serviceman's Family Protection Plan (RSFPP). The RSFPP was the DoD survivor program in effect prior to 21 September 1972 when it was replaced by the SBP. This section provides MPFs the information needed to respond to retiree and survivor inquiries about the RSFPP.

30.1. *Election Options.*

Option 1 - Spouse only.

Option 2 - Child only.

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

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

30.2. *Features of RSFPP.*

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

30.2.2. Neither RSFPP premiums nor the annuity paid to the beneficiary is subject to COLAs (reference paragraph [30.8](#) for exception); therefore, both remain at the same level as originally established on the date of the member's retirement.

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

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

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

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

30.4. *Period of Eligibility.*

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

30.4.2. *Child(ren).* Unmarried children are eligible beneficiaries until age 18 if the member retired before 1 November 1968. If the member retired on or after 1 November 1968, unmarried

children are eligible beneficiaries until age 18, or age 23 if attending school full time. Unmarried mentally or physically incapacitated children are eligible beneficiaries for life if the disabling condition rendered them incapable of self-support and the incapacitating condition existed before the child reached age 18.

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

30.5.1. *Terminate Coverage (When No Eligible Beneficiary)*. It is the member's responsibility to send a termination request to DFAS-CL, Retired Pay Operations, P.O. Box 99191, Cleveland, OH 44199-1126 with substantiating documentation (e.g., copy divorce decree or death certificate). There is no refund of premiums properly collected.

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

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

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

30.5.2. *Withdraw Coverage (When Beneficiary Still Eligible)*. The member must submit the request to HQ AFPC/DPPTR, 550 C Street West, Suite 11, Randolph AFB, TX 78150-4713. Costs and coverage terminate effective the first day of the seventh month after the application is received by HQ AFPC/DPPTR.

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

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

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

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

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

30.8. *COLA Adjustments for Certain Beneficiaries*. The RSFPP annuity of a beneficiary whose sponsor died before 21 March 1974 is adjusted proportionately by the COLAs applied to military retired

pay. The annuity for the survivor of a participant whose death occurred after 21 March 1974 is a fixed percentage of the member's retired pay as of the date of retirement and is not cost-of-living adjusted.

30.9. *Application Process.* Payment of this annuity is not automatic. A properly completed DD Form 1884 has to be completed and submitted in accordance with instructions contained in AFI 36-3002.

Section G—Responsibilities

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

31.1. *Retiree Services Branch (HQ AFPC/DPPTR).* The Air Force office of primary responsibility for the SBP and RSFPP. Direct any queries, comments, and suggestions to the office at HQ AFPC/DPPTR, 550 C Street West, Suite 11, Randolph Air Force Base, Texas 78150-4713; DSN: 665-2273; commercial (210) 565-2273; toll-free 1-800-531-7502; FAX: 665-2322.

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

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

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

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

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

31.1.6. Monitors SBP participation rates and provides feedback to Major Commands (MAJCOMs) to identify and correct potential SBP counseling problems.

31.2. *MPF and Orderly Room Operations Branch (HQ AFPC/DPSFM).* Implements SBP pre-retirement counseling procedures at base-level MPFs.

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

31.4. *Disability Retirements Branch (HQ AFPC/DPPDS).* Provides a copy of disability retirement cases to DPPTTR for members who have been determined incompetent for pay and records so that DPPTTR can prepare SAF actions (reference paragraph 3.7.). Prepares an estimate of the member's projected disability retired pay and ensures Physical Evaluation Board Liaison Officers (PEBLOs) furnish a copy to the SBP counselor for use in estimating SBP costs and annuity values.

32. Major Command (MAJCOM). DPPs or equivalent assure good management of the SBP at all bases within the command jurisdiction giving specific attention to the quality of counseling, timeliness in forwarding documents to DFAS, filing the SBP Report Individual Person (RIP) and copy of the DD Form 2656 in the member's Unit Personnel Record Group (UPRG), and maintenance of SBP files in accordance with AFMAN 37-139.

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

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

34.1. Informs each retiring member and spouse, if applicable, of the options and effects of the SBP as it applies to each person's circumstances. Explains how the Plan operates, its role in estate planning, and the possible consequences of not enrolling in the Plan. Is responsible to advise members who have no eligible beneficiary upon retirement of future options available in the event their family status changes.

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

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

34.4. Properly completes the SBP RIP and DD Form 2656, ensures they are distributed in a timely manner with appropriate additional documentation. Ensures the SBP RIP with original signatures and a copy of the DD Form 2656 are placed in the permanent section of each member's UPRG before the member's records are retired.

34.5. Ensures an SBP file is maintained in accordance with AFMAN 37-139.

35. Headquarters, Air Reserve Personnel Center (ARPC). Notifies USAFR and ANG members of their eligibility to participate in the RCSBP upon completion of their service obligation when they are notified they are entitled to receive retired pay when they attain age 60 (20-year letter); notifies members who have not previously elected RCSBP of the options and effects of the SBP when they apply for receipt of retired pay at age 60. Direct questions to HQ ARPC/DPSSE, 6760 E. Irvington Place #4000, Denver, CO 80280-4000, DSN: 926-6439; commercial (303) 676-6439.

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

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

38. Forms Adopted. DD Form 1884, **Application For Annuity Under The Retired Serviceman's Family Protection Plan (RSFPP) And/Or Survivor Benefit Plan (SBP)**; DD Form 1885, **Survivor Benefit Plan--Minimum Income Claim**; DD Form 2656, **Data for Payment of Retired Personnel**; DD Form 2656-1, **Survivor Benefit Plan (SBP) Election Statement For Former Spouse Coverage**; DD Form 2656-2, **Survivor Benefit Plan (SBP) Termination Request**; DD Form 2769, **Application for**

Annuity, Certain Military Surviving Spouses; DD Form 2788, Child Annuitant's School Certification; DFAS-CL Form 1172/11a, Survivor Benefit Plan Remarriage Election Certificate; and IRS Form W-8BEN, Certificate of Foreign Status of Beneficiary Owner for United States Tax Withholding.

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

RICHARD E. BROWN III, Lt General, USAF
DCS/Personnel

Attachment 1**GLOSSARY OF REFERENCES AND SUPPORTING INFORMATION*****References***

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

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

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

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

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

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

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

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

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

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

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

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

DoDD 1332.27, *Survivor Benefit Plan*, 4 January 1974

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

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

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

AFPD 36-30, *Military Entitlements*

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

AFI 36-3002, *Casualty Services*

AFI 33-360, volume 2, *Forms Management Program*

AFMAN 37-139, *Records Disposition Schedule*

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

Abbreviations and Acronyms

ACMSS—Annuity for Certain Military Surviving Spouses

AF—Air Force

AFBCMR—Air Force Board for Correction of Military Record

AFMAN—Air Force Manual
AFPC—Air Force Personnel Center
AFPD—Air Force Policy Directive
ANG—Air National Guard
ARPC—Air Reserve Personnel Center
CAR—Casualty Assistance Representative
CG—Comptroller General
COLA—Cost-of-Living Adjustment
CONUS—Continental United States
COE—Certificate of Eligibility
CSRS—Civil Service Retirement System
DD—Department of Defense (used on forms)
DFAS-CL—Defense Finance and Accounting Service-Cleveland Center
DFAS-DE—Defense Finance and Accounting Service-Denver Center
DIC—Dependency and Indemnity Compensation
DoD—Department of Defense
FMR—Financial Management Regulation
HQ—Headquarters
IRS—Internal Revenue Service
LOD—Line of Duty
MAJCOM—Major Command
MI—Mentally Incompetent
MIW—Minimum Income Widow
MPF—Military Personnel Flight
NOK—Next-of-Kin
NRA—Normal Retirement Age (for Social Security purposes)
OPR—Office of Primary Responsibility
PDRL—Permanent Disability Retired List
PEBLO—Physical Evaluation Board Liaison Officer
PL—Public Law
POA—Power of Attorney
RCSBP—Reserve Component Survivor Benefit Plan

RET—Retirement Earnings Test (for Social Security purposes)

RIP—Report Individual Person

RSFPP—Retired Serviceman’s Family Protection Plan

SAF—Secretary of the Air Force

SBP—Survivor Benefit Plan

SSA—Social Security Administration

SSO—Social Security Offset

SSBP—Supplemental Survivor Benefit Plan

SSN—Social Security Number

TDRL—Temporary Disability Retired List

UPRG—Unit Personnel Record Group

USAFR—United States Air Force Reserve

U.S.C.—United States Code

VA—Department of Veterans Affairs

Terms

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

Annuity—The amount paid monthly to the annuitant.

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

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

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

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

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

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

Cost Refund—The difference between total spouse premiums paid by the member and the recalculated cost of the annuity after DIC reduction. Open enrollment premium additions, lump sum buy-in premiums,

interest charges due to delinquent premiums, SSBP premiums, and premiums for child coverage are not refunded.

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

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

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

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

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

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

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

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

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

Maximum Level of Coverage—Gross retired pay used as the base amount.

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

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

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

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

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

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

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

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

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

Two-Tier Method—Annuity calculated at 55 percent of the base amount for spouses or former spouses under 62 years of age and 35 percent of the base amount at age 62 or older. If the annuity is established at 55 percent of the base amount and the annuitant later reaches age 62, the annuity is reduced to 35 percent on the first day of the month after age 62. Only reduction method used if member was not retired or retirement-eligible until after 1 October 1985.

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

Attachment 2**SAMPLE SPOUSE NOTIFICATION LETTER***To be retyped on SBP Counselor's unit letterhead**Keep a copy for SBP file**Send by first-class mail*

(Spouse's Name

(Date)

Street Address

City, State, ZIP Code)

Dear _____

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

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

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

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

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

Sincerely

SBP Counselor's Name and Grade

Title

Attachments:

1. Cost and Annuity Estimates
2. Fact Sheet

Attachment 3

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

Plan Summary.

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

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

Spouse Concurrence.

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

Base Amount.

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

Beneficiary Categories Available When Retiring Member Is Married.

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

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

A spouse married to a member at retirement is eligible for SBP regardless of the length of marriage. However, divorce terminates the spouse's eligibility to receive the annuity. In order to maintain coverage following a divorce, the beneficiary category has to be changed from spouse to former spouse.

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

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

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

Under age 18; or

Over age 18, but under age 22 and still in school full time; or

Suffer a mental or physical incapacity incurred while still eligible as defined above.

SBP Costs.

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

Premiums are paid by reducing retired pay, and they are not counted in taxable income. This means less tax and less out-of-pocket cost for SBP. Also, approximately 40 percent of the overall plan is funded (subsidized) by the government, so the average premiums are well below cost. Child coverage is relatively inexpensive because children are normally eligible for benefits for a short time. Premiums are suspended when there is no longer an eligible beneficiary in a premium category, such as:

A spouse is lost through death or divorce, or

All eligible children marry or become too old for benefits

Annuity Payable to Beneficiary(ies).

The annuity payable to a spouse beneficiary is 55 percent of the selected base amount prior to age 62 and 35 percent after age 62.

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

Estate Planning Information.

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

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

The widow(er) outliving the benefits; and

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

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

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

Is SBP a Good Buy?

Given the 40 percent average government subsidy, the answer to this question is yes! Whether SBP is a good buy for your family depends on personal preferences and the age, sex, and health of the member and spouse. Beyond this, the answer lies in three questions you should ask yourself.

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

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

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

Recent Plan Improvements.

Disenrollment Provision. A survey of non-participating retirees indicated the main reason they did not elect SBP at retirement was uncertainty regarding post-service employment and fear of making a decision that could not be changed. This led to one of the latest improvements in the Plan - making it more flexible. Retirees are now authorized a one-year window between their second and third anniversary of receiving retired pay in which they can disenroll. That allows members who may have a financial crisis or simply decide they no longer need the SBP protection for their survivors to permanently get out of the

Plan. This requires the concurrence of the spouse, there is no refund of premiums, and they will be forever barred from reentering. Once the window closes, the election is irrevocable as long as the beneficiary remains eligible.

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

Why the Age 62 Reduction in Benefit for Spouses?

The Federal Government, as an employer, contributes to the Social Security system during the member's military service. They also subsidize the SBP by approximately 40 percent, which means retirees never actually pay the full cost of the 55 percent annuity, which few surviving spouses receive.

SBP was designed to work with Social Security benefits. If death occurs prior to the widow's(er's) 62nd birthday, the spouse will receive the higher annuity (55 percent of the selected base amount). When the widow(er) reaches age 62, the basic SBP benefit reduces from 55 percent to 35 percent of the base amount elected. A widow's(er's) Social Security benefits are not affected by coverage under the SBP.

Supplemental SBP (SSBP).

SSBP is an optional addition to full basic SBP coverage for a spouse. SSBP pays the age 62 widow(er) an extra benefit of 5, 10, 15, or 20 percent in addition to the 35 percent normally paid. If full SSBP (20 percent) is elected, the annuity will remain at 55 percent after the widow(er) turns age 62. SSBP is fully optional and does not require the concurrence of the spouse.

Affects of receiving VA Disability Compensation.

If the member dies of service-connected causes, a spouse may qualify for Dependency and Indemnity Compensation (DIC) from the VA. This tax-free benefit reduces, dollar-for-dollar, the basic SBP benefit for a spouse. When all or part of an SBP annuity is offset by DIC, premiums for the offset portion are refunded to the spouse. However, the SSBP portion of the annuity (if elected), payable after the spouse reaches age 62, is not affected by DIC, so SSBP premiums are not refunded.

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

Some people think a retired member can join SBP years after retiring, during a so-called "open season." In the 25-plus-year history of SBP, only three times have retirees had a second chance at SBP. Each time was after major plan improvements. The second time, premiums were raised for new enrollees to help make up for the missed premiums. The third time, new enrollees were required to pay all missed premiums with interest, plus an additional amount to protect the solvency of the Plan. Open enrollment elections have typically required a two-year waiting period before the election went into effect. This was to prevent new enrollees from having an adverse effect on the Plan (people joining with short life expect-

tations). Although an open season may be enacted by special law, they are not part of the regular Plan. There may not be another.

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

Attachment 4**SAMPLE LETTER TO TRANSMIT COMPLETED DD FORM 2656 TO SPOUSE TO OBTAIN CONCURRENCE***To be retyped on SBP Counselor's unit letterhead***Keep a copy for SBP file***Send by first-class mail*

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

(Date)

Dear _____

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

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

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

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

Sincerely

SBP Counselor's Name and Grade

Title

Attachments:

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

Attachment 5

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

To be retyped on SBP Counselor's unit letterhead

Keep a copy for SBP file

Send by first-class mail

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

(Date)

Dear _____

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

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

Sincerely

SBP Counselor's Name and Grade
Title

Attachment 6**SAMPLE LETTER FOR TRANSMITTING DD FORM 2656-1 AND
SBP INFORMATION TO THE FORMER SPOUSE***To be retyped on SBP Counselor's unit letterhead***Keep a copy for SBP file***Send by first-class mail*

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

(Date)

Dear _____

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

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

Sincerely

SBP Counselor's Name and Grade
Title

Attachments:

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

Attachment 7**SURVIVOR BENEFIT PLAN (SBP)
FORMER SPOUSE FACT SHEET****Former Spouse SBP Election by Retiring Member**

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

Benefit Payments.

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

The annuity payable is 55 percent of the base amount elected for former spouses under age 62. When a former spouse is age 62 or older, the payment is 35 percent of the base amount. A former spouse over age 62 may receive an annuity greater than 35 percent of the base amount if:

a. The member who provided the SBP annuity retired or was eligible for retirement before 2 October 1985 and the divorce was finalized before 30 November 1989. In this case, the former spouse's annuity will remain 55 percent of the base amount; or

b. The member who provided the SBP annuity retired or was eligible for retirement before 2 October 1985; however, the divorce was finalized after 29 November 1989. In this case, the former spouse will receive the greater of 35 percent of the base amount, or 55 percent of the base amount less the Social Security the former spouse would be entitled to receive based solely on the member's military service performed after 1956; or

c. The SBP coverage is based on full retired pay and the member also elected Supplemental SBP (SSBP) to increase the 35 percent annuity paid when the surviving former spouse is age 62 or older. Participation in SSBP is totally voluntary and cannot be required by a court order. The SSBP is designed to

operate on an actuarially neutral basis with no cost to the Government; therefore, it is more costly than SBP.

Suspension of Coverage and Premiums Due to Former Spouse's Remarriage Before Age 55.

If a former spouse remarries before age 55, SBP coverage is suspended for the duration of that marriage. The member must notify the Defense Finance and Accounting Service - Cleveland Center (DFAS-CL) (DFAS, Retired Pay Operations, P.O. Box 99191, Cleveland, OH 44199-1126) and provide a copy of the former spouse's remarriage certificate in order that premiums can be suspended.

If the former spouse's remarriage ends, coverage is reinstated the day following the termination of the former spouse's remarriage. Former spouse premiums are reinstated effective the first day of the month after the date the former spouse's remarriage terminates. The member must immediately notify the Defense Finance and Accounting Service - Cleveland Center (DFAS-CL, Retired Pay Operations, P.O. Box 99191, Cleveland, OH 44199-1126) and provide a copy of the former spouse's divorce decree or the death certificate of the person to whom the former spouse was married so that coverage and premiums can be reestablished in a timely manner to avoid a debt of premiums.

If the member dies during the period the former spouse coverage is suspended because of the former spouse's remarriage before age 55, the former spouse would be eligible for the annuity in the event the remarriage subsequently terminated. The former spouse must notify the Defense Finance and Accounting Service - Denver Center (DFAS-DE, 6760 E. Irvington Place, Denver, CO 80279-6000) and provide a copy of the divorce decree or the death certificate of the person to whom the former spouse was married so the annuity can be established.

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

Coverage For Former Spouse And Child(ren).

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

Changes in Former Spouse Coverage.

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

a. If the former spouse election was made pursuant to the requirements of a court order, a certified copy of a court order that modifies all previous court orders relieving the retiree of a court-ordered former spouse election must be furnished to DFAS-CL (DFAS-CL, Retired Pay Operations, P.O. Box 99191, Cleveland, OH 44199-1126) along with a request to convert to spouse, child, or spouse and child coverage; or

b. If the original election was made pursuant to a written agreement entered into voluntarily by the member and former spouse as a part of or incident to the proceedings of a divorce, a modified written agreement signed by the former spouse agreeing to the change must be furnished to DFAS-CL (DFAS-CL, Retired Pay Operations, P.O. Box 99191, Cleveland, OH 44199-1126) along with a request to convert to spouse, child, or spouse and child coverage.

c. If the original election was voluntary on the member's part (not part of a court order or written agreement), the election **CAN** be changed to cover a new spouse, child, or spouse and child without submitting an amended court order or modified written agreement. The member must submit a request to convert to spouse, child, or spouse and child coverage to DFAS-CL (DFAS-CL, Retired Pay Operations, P.O. Box 99191, Cleveland, OH 44199-1126). The former spouse is notified of the change in election.

Annuity Payments To Surviving Former Spouse.

A surviving former spouse who is receiving an annuity may remarry at age 55 or older and continue to receive the annuity payments. If remarriage occurs before age 55, SBP annuity payments will stop, but may be resumed if the remarriage later ends. It is the former spouse annuitant's responsibility to notify the Defense Finance and Accounting Service - Denver Center (DFAS-DE/FRB, 6760 E. Irvington Place, Denver, CO 80279-6000) of any changes in marital status.

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

Attachment 8

DOCUMENTATION REQUIREMENTS

Rule	To verify:	Documentation required:	Additional information required:
1	Death of Spouse/ Former Spouse	Copy of death certificate	None
2	Divorce	Copy of divorce decree including the separation agreement or property settlement, if applicable	None
3	An election for former spouse coverage required by a court order	Copy of the final divorce decree including the separation agreement or property settlement which discusses SBP for former spouse coverage, and a properly completed DD Form 2656-1, Survivor Benefit Plan (SBP) Election Statement for Former Spouse Coverage	If former spouse has remarried, a copy of the former spouse's remarriage certificate
4	An election for former spouse coverage required by a written agreement	Written agreement signed by the member which states former spouse coverage will be maintained, and a properly completed DD Form 2656-1	
5	A voluntary former spouse election	Properly completed DD Form 2656-1	
6	Marriage or remarriage	Copy of marriage license/certificate	New spouse's full name, SSN, and date of birth
7	Annulment of marriage	Copy of annulment decree or court order declaring the marriage void	None
8	Birth of child	Copy of birth certificate	Child's full name, SSN, and date of birth
9	Adoption of child	Copy of finalized adoption order/certificate or court order awarding custody	
10	Disability of child (minor or adult) incapable of self-support	Medical documentation indicating nature of disability, onset, and expected duration (e.g., permanent)	Child's full name, SSN, date of birth, and proof the child was a full-time student if disability occurred at age 18 or older

Rule	To verify:	Documentation required:	Additional information required:
11	Insurable Interest coverage for a beneficiary who is not related or related as distantly as a cousin	Proof of financial benefit from the continuance of the member's life	None