

SURVIVOR BENEFIT PLAN (SBP)



6-1 GENERAL

You may have heard about the Survivor Benefit Plan (SBP) and the Reserve Component Survivor Benefit Plan (RCSBP) from friends, coworkers, or financial advisors. Unfortunately, not all of your “advisors” will provide complete and correct information. You are encouraged to keep an open mind and obtain all the facts from the best-informed advisor available to you—your Retirement Services Officer (RSO). A listing of RSOs is available at <https://soldierforlife.army.mil/retirement/contact-us> or on the last page of the *Change of Mission* newsletter, or in your state’s resource locator at the MyArmyBenefits website (<https://myarmybenefits.us.army.mil/Benefit-Library/Resource-Locator>).

Army Reserve Soldiers may contact their Readiness Division or 9th Mission Support Command Retirement Services Office (www.usar.army.mil/retirement) for assistance. Army National Guard Soldiers may contact their state’s Retirement Services Officer, whose contact information is located in your state’s resource locator at the MyArmyBenefits website (<https://myarmybenefits.us.army.mil/Benefit-Library/Resource-Locator>).

Additionally, you can use the MyArmyBenefits calculators to calculate your approximate retired pay as well as your SBP/RCSBP cost and annuity. The MyArmyBenefits calculators and benefit fact sheets are available at <https://myarmybenefits.us.army.mil/>.

The decision you and your spouse make with respect to SBP will greatly impact your family’s financial future and is likely the most important retirement-related decision you will make. Your election is generally permanent and irrevocable.

6-2 SURVIVOR BENEFIT PLAN (SBP)

SBP was established by Public Law 92-425 on 21 September 1972. It was designed to allow a Retired Soldier to provide a portion of retired pay as a monthly annuity to eligible survivors after the Retired Soldier’s death. The federal government pays all of the premiums for Soldiers while they are on active duty. At retirement, the Soldier must decide whether to continue SBP coverage and start paying a portion of the cost.

REMEMBER, RETIRED PAY STOPS WITH THE DEATH OF THE RETIRED SOLDIER. If you decline SBP coverage, no continuing benefits from your retired pay will be payable to your surviving family members. If you and your spouse will depend wholly or in part upon your retired pay to live, it is very probable your surviving spouse will need to receive a portion of that retired pay after you die. SBP is a cost-sharing program between you and the government, with the government subsidizing almost half of the cost. SBP is a monthly annuity taxed as unearned income and is equal to 55 percent of the amount of retired pay you elect to cover. **You must make your SBP election before you retire or you’ll receive automatic coverage based on your full retired pay for the dependents at the time of retirement – by law.**

Please note, **SBP IS INCOME PROTECTION; IT IS NOT LIFE INSURANCE;** it is not a savings plan; it is not an investment program; and it is not available through a commercial or private company. It does not replace life insurance but could be supplemented by life insurance. Each individual’s financial situation is different. It is impossible to address all of the variables Soldiers have in this document. However, your RSO can address your individual questions. Schedule an appointment with the RSO, and make an informed decision that best meets your and your family’s needs.

Numerous independent studies on SBP, conducted by government agencies, private industry actuaries, and even commercial insurance companies, have concluded that, **“For most Retired Soldiers, SBP is the most financially advantageous option.”** Unlike a private company, the government cannot go out of business or file for bankruptcy and

leave you with nothing. Remember that SBP is government-subsidized and inflation-protected. SBP costs are not based on your age, your health, or on economic forecasts. SBP costs do not include costs to advertise, to make a profit, to pay a salesperson's commission, to pay stock dividends, to build new company buildings or to support an investment portfolio. SBP is cost-of-living-adjusted to keep pace with inflation. It provides a tax shelter in possibly some of your highest earning years since the premiums are deducted from retired pay before income taxes are calculated. SBP is guaranteed by the U.S. Government and it is payable for the lifetime of the surviving spouse. SBP premiums will stop for those who reach at least age 70 and have paid premiums for 30 years (360 months).

There is a one year window between the 25th and 36th month following commencement of retired pay to terminate SBP participation, with spouse consent.

Because of its many positive features, we strongly recommend you make SBP the foundation of your family's financial support package. The following information on SBP will assist you in making an informed decision.

6-3 BASIC SBP QUESTIONS ANSWERED

- **What is SBP and why was it created?**

Congress created the Uniformed Services Survivor Benefit Plan (SBP) in 1972 to alleviate the conditions that make survivors of service members destitute. SBP is the sole means by which survivors can receive a portion of military retired pay. Without SBP—retired pay stops with the death of the Retired Soldier!

SBP provides 55 percent of military retired pay to eligible designated survivors. It was never intended to protect a Retired Soldier's total estate. However, it is a strong "income protection" plan which provides a guaranteed inflation-adjusted income to eligible survivors.



- **Is SBP impacted by receipt of Social Security?**

No.

- **What is SBP's greatest advantage?**

SBP's #1 advantage is the annual cost-of-living adjustment that keeps pace with inflation. This feature helps keep the SBP annuity's purchasing power in step with the value of tomorrow's dollar.

- **Who can be an SBP beneficiary?**

There are six election categories: (1) spouse; (2) spouse and children; (3) children only; (4) former spouse; (5) former spouse and children; and (6) natural person with an insurable interest.

#1: Spouse. Your spouse at retirement is an eligible beneficiary regardless of the length of your marriage. Spouses will receive SBP for life unless remarried prior to age 55. If that marriage ends, the SBP annuity will resume. If your spouse dies first or you get divorced, SBP costs will stop (once you notify the Defense Finance and Accounting Service). All aspects of spouse SBP apply to same sex marriages. Your spouse's concurrence is required in writing if you elect less than the maximum spouse SBP coverage allowed by law. If you fail to make your SBP election before your retirement date, you will receive automatic full SBP for all of your eligible dependents on your retirement date.

The cost for spouse SBP coverage is 6.5 percent of the base amount per month. For example, with a base amount of \$1,000 per month, the monthly cost for spouse coverage is \$65. The annuity amount is 55 percent of \$1,000 (or \$550) regardless of the annuitant's age. For Soldiers who entered service prior to March 1, 1990, those who are medically retiring, or Reserve Component Soldiers retiring for non-regular service, the SBP cost is the most advantageous of either

6.5% of the chosen base amount or 2.5% of the threshold amount plus 10% of the remaining base amount. The threshold amount will increase at the same time and by the same percentage as future active duty basic pay. Effective January 1, 2021, the threshold is \$895. You can calculate your SBP premium by accessing the MyArmyBenefits calculator at <https://myarmybenefits.us.army.mil/Benefit-Calculators/SBP-Premium-Calculator>. The basic spouse or former spouse SBP premium is calculated as shown below.

IF THE SBP BASE AMOUNT IS	THEN THE MONTHLY SBP COST IS
\$1,917.86 or less	2.5% of the first \$895 (threshold amount) + 10% of the remainder
\$1,917.86 or more	6.5% of the SBP base amount

Note: \$895 is threshold amount as of January 1, 2021. The threshold increases at the same time and by the same percentage as future active duty pay.

If you do not have a spouse when you retire, you have one year from the date of a future marriage after retirement to notify the Defense Finance and Accounting Service (DFAS) that you are electing SBP for your new spouse. If you take no action within one year to notify DFAS you are electing spouse SBP coverage, SBP coverage is closed for that spouse and any future spouse. If your spouse dies first or you get divorced, SBP costs will stop (once you notify DFAS).

If your death is determined to be service connected by the Department of Veterans Affairs (VA), Dependency and Indemnity Compensation (DIC) is payable by the VA. Spouse SBP is offset dollar for dollar by DIC. The spouse will receive any SBP that exceeds the DIC amount plus the Special Survivor Indemnity Allowance (SSIA). As of December 1, 2020, DIC was \$1,357.56 and SSIA was \$327. Based on the Sharp v. United States court case, a surviving spouse authorized both SBP and DIC will receive both if remarried after age 57. The National Defense Authorization Act for Fiscal Year 2020 phases-out the offset of SBP by DIC. Starting January 1, 2021, the SBP offset by DIC will decrease to 2/3 of the DIC amount. Starting January 1, 2022, only 1/3 of the DIC amount will offset SBP. Lastly, effective January 1, 2023 the offset of SBP by DIC will be eliminated. As a result of the elimination of the offset, SSIA will no longer be paid out effective January 1, 2023.

#2: Spouse and Children. The spouse is the primary beneficiary, with eligible children receiving the annuity only if the spouse dies, remarries before age 55, or is involved in the Retired Soldier's wrongful death. The 55 percent annuity is divided equally among all of the eligible children. If your spouse dies or you divorce and do not elect former spouse SBP, your premiums are recalculated as child coverage. The child portion of your coverage is based on the age of your youngest child, your spouse and you. Child SBP eligibility criteria is listed below in Child Only coverage.

#3: Children Only. Eligible children are the primary beneficiaries. Eligibility ends for a child at age 18 or at age 22 if a full-time, unmarried student. It does not end for a child who is incapacitated during the eligibility age window. Marriage by a child at any age ends the child's SBP eligibility. If you die while your child is eligible, the 55 percent annuity continues until your youngest child exceeds the age of eligibility. "Eligible children" includes adopted children, stepchildren, foster children and recognized natural children who live with the Retired Soldier in a regular parent-child relationship. Children of all marriages and or relationships are eligible beneficiaries. All eligible children are covered by spouse and children or children only elections. All eligible children are covered at one cost and the cost is based on your age and the age of the youngest child. For example, using a \$1,000 base amount, if you are 42 when you retire and your youngest child is 10, the child cost is \$2.00 per month. Children are the only beneficiaries in this option. Eligible children equally divide the 55 percent benefit. When there are no longer eligible children, your SBP cost is suspended.

A child election offers excellent protection for incapacitated children, since the 55 percent annuity is payable to them for life unless they remarry. The mental or physical incapacity must have been incurred while the child was eligible. You should research the impact that SBP for a fully disabled child may have on other benefits the child will receive, such as

Social Security. The SBP law allows payment of the child's SBP to a Special Needs Trust (SNT) if the child is an unmarried and incapable of self-support because of a mental or physical incapacity. Setting up payment of the SBP to an SNT may be made at the time of retirement, after retirement, and even after death of the Retired Soldier. You will be required to provide a separate statement from an actively licensed attorney certifying that the trust is an SNT created for the benefit of your child and is in compliance with all applicable federal and state laws. When SBP is paid to an SNT, that child's SBP will not affect the SBP of other eligible children. The RSO can explain and assist you with the process to set up a special needs for an incapacitated child.

#4: Former Spouse. This option at retirement may be elected voluntarily, by a written agreement, or be required by a court order. Former spouse costs and benefits are identical to those for a spouse. Remarriage limitations also apply. Former spouse coverage precludes spouse coverage at that time. When court ordered former spouse SBP is elected, the only way to stop the former spouse SBP and change the election to spouse SBP is to have all court orders that apply amended to show former spouse SBP is not court ordered or with the death of the former spouse.

#5: Former Spouse and Children. This is identical to the "spouse and children" option in costs, benefits, and eligibility except that only children of the marriage to the former spouse are eligible beneficiaries. Under this election, the child receives an SBP annuity only if the former spouse becomes ineligible (through death or remarriage before age 55). For spouse and child SBP, the spouse's portion of this election costs 6.5 percent of the base amount. The child cost portion is based on the ages of the Soldier, the former spouse, and the youngest child. The child cost is very low, given typical ages.

#6: Natural Person with an Insurable Interest. If you are unmarried and have either no children or only one eligible child at retirement, you may select this option. If you have only one eligible child, you cannot elect insurable interest SBP for someone else and ignore the child. If the insurable interest is not a relative closer than a cousin, the insurable interest must be someone with a proven financial interest in your life. Examples are a close relative or a business partner. This is a very expensive election for both RCSBP and SBP and can be cancelled at any time. Insurable interest must be based on full base amount. The basic cost is 10 percent of your full retired pay with an additional five percent for each five years the beneficiary is younger than you -- up to a maximum of 40 percent. The SBP annuity is calculated by subtracting the SBP cost from the base amount and taking 55 percent of that amount. If you marry or gain an eligible child you can cancel insurable interest and elect spouse and or child within one year of marriage and/or acquiring a child. If no action is taken within one year of marriage and or acquiring a child, you close that category or categories for both RCSBP and SBP.

If you retire for disability and your death occurs within one year of your retirement for a cause related to your disability, your Insurable Interest election will be invalidated unless you made the election for a family member authorized a Military Dependent ID Card as your dependent. If your death occurs within one year of your retirement for a cause related to the disability retirement, premiums paid will be refunded to designated beneficiary. This provision does not apply to Soldiers who retire for length-of-service.

You may elect in writing to cover a new natural person insurable interest beneficiary within 180 days of the death of your original insurable interest beneficiary. You must live two years from the effective date of the election for it to be valid. If you die before the end of the two-year period, the election is invalid and all premiums paid for the coverage since the new election's effective date will be paid in a lump sum to the person who was the intended beneficiary. Your premium for the new insurable interest election will be based on the age of the new beneficiary.

- **What is a "base amount?"**

This is the dollar amount of retired pay on which you base your participation. It can be any amount between \$300 per month and your full retired pay. Soldiers retiring under the REDUX retired pay plan can elect the retired pay they would have had under the High 3 retired pay plan as the base amount. If retired under the Blended Retirement System (BRS) and electing a lump sum at retirement, the base amount for SBP can be the amount retired pay would have been without the lump sum election.

- **Is there a cost for SBP Coverage?**

While on active duty, you are automatically enrolled in SBP at no cost to you until your date of retirement, at which time you must decide whether to continue SBP coverage and start paying a portion of the SBP cost. Currently, about 45 percent of the SBP cost for Retired Soldiers is paid by the federal government. Your premiums are deducted from your retired pay before taxes are calculated, which reduces your taxable income.

- **What does it cost Soldiers on active duty?**

There is no cost for this participation. Public Law 107-107, December 28, 2001, expanded the eligibility for SBP to include all members, not only retirement-eligible members. Line of Duty (LOD) considerations apply. This law applies to deaths on active duty or inactive duty for training since September 10, 2001.

- **How is SBP Taxed?**

Monthly SBP costs are not included in your taxable federal income. The true cost for SBP is thus less than the amount deducted from retired pay because less federal tax will be paid. This also applies to most state income taxes. SBP payments to survivors are taxable, but spouses usually receive benefits when their total income is less and the extra tax exemption for being over age 65 is applicable. The surviving spouse's tax rate should be lower and, in the long-run, significant tax savings should result. Children's SBP is taxed as the children's income.

- **Is there inflation protection?**

Retired pay is increased annually by a COLA to keep pace with inflation. Survivor payments are increased at the same time, by the same percentage. These COLAs are made even after the member dies.

- **Can an SBP election be changed?**

Elections are generally permanent and irrevocable. However, you may disenroll from the Plan during a one year period between the 25th and 36th month following your retirement. Your spouse's written concurrence is required. No costs will be refunded because you've received the coverage you paid for. You'll be prevented from enrolling again in the future too. If you made a former spouse election in accordance with a court order, a change to the court order is required before you can change your SBP election. An Insurable interest option can be cancelled at any time following retirement. You may elect a new insurable interest beneficiary within 180 days of current insurable interest beneficiary's death. If you combine your military retirement with a federal civil service retirement, you can retain the military SBP or elect the federal civil service SBP. If the federal civil service SBP is elected, the Office of Personnel Management will inform the Defense Finance and Accounting Service to terminate the military SBP.

SBP elections are made by category, so the choice you make for your eligible beneficiaries at retirement applies to all future beneficiaries. For example, if you are married and decline coverage for your spouse at retirement, and subsequently remarry, you may not enroll your new spouse—the spouse category is closed to you. The same applies to child coverage. If you have eligible children for whom you decline coverage, you may not cover future children (or grandchildren you may raise).

- **What happens to my spouse coverage if I get divorced after I retire?**

Your spouse coverage will be suspended when DFAS receives proof of your divorce. If the court ordered you to pay for former spouse SBP coverage or a written agreement requires former spouse coverage, you have one year from the date of divorce to make a written request to change the election from spouse to former spouse in order to comply, or you may do it voluntarily without a court order or written agreement. If former spouse SBP was court-ordered or part of a written agreement, the former spouse has a one year period from the date of the first court order awarding SBP or written agreement to request that a former spouse election be deemed. If you do not elect former spouse SBP, SBP coverage automatically resumes for your new spouse on the first anniversary of your new marriage unless you write to DFAS and decline resumption before that date.

- **How is SBP affected by my Department of Veterans Administration (VA) disability pay?**

Spouse SBP is offset dollar for dollar by Dependency and Indemnity Compensation (DIC). DIC is only paid if the VA determines your death as service connected. Surviving spouses who receive DIC in addition to SBP will receive any SBP that exceeds the DIC amount plus the Special Survivor Indemnity Allowance (SSIA), and any premiums their Soldier paid for SBP coverage that was offset by DIC. SSIA is a permanent benefit paid to surviving spouses with an offset by DIC. In 2021, the SSIA is \$327 a month. SSIA increases each year by the same COLA as SBP and retired pay. Surviving spouses who remarry after age 57 keep both SBP and DIC. A new law gradually eliminates the offset of SBP by DIC between 2020 and 2023. As a result of the elimination of the SBP offset by DIC effective January 1, 2023, SSIA will no longer be paid out. As part of the new law, any surviving spouses of Retired Soldiers who first become eligible to receive the SBP benefit after January 1, 2020 and whose SBP benefit is offset by DIC will receive a prorated refund of premiums until the elimination of the offset. For details, contact a Retirement Services Officer.

- **Why should I elect SBP if I'm being medically retired?**

You should elect SBP because there is no guarantee when you retire that your dependents will receive DIC. Your surviving spouse or eligible children will only receive DIC if the VA determines your death was service-connected. If your death is not service-connected and you didn't elect SBP, your dependents won't receive anything based on your service. In addition, if the VA determines your death as service-connected and your surviving spouse receives the DIC amount, the dollar for dollar offset of SBP by DIC will be eliminated January 1, 2023 so that your surviving spouse would receive both the SBP and DIC annuity.

- **How can I pay my SBP premiums if I am medically retired and my retired pay is fully offset by my VA disability pay?**

If your SBP premiums cannot be deducted from your retired pay, DFAS will deduct it from your Combat Related Special Compensation (CRSC), if you receive that. Otherwise, you must make either a direct payment to DFAS or start a payment from your VA disability pay to DFAS. Failure to pay your SBP premiums means you're building a debt your surviving spouse must pay before receiving the SBP annuity.

- **If I am rated totally disabled by the VA, can I stop SBP?**

Yes, you may withdraw from SBP if you have a service-connected disability rated by the VA as totally disabling for five continuous years from the date of your retirement; or if awarded after retirement, for ten continuous years. Withdrawal from SBP is allowed because the VA will presume you died of a service-connected reason regardless of your actual cause of death and your surviving spouse will qualify for DIC benefits. After you meet one of these timeframes, you must contact DFAS to request withdrawal in writing based on your total VA disability. Your withdrawal from SBP will require your spouse's notarized concurrence. After your death, your spouse will be entitled to a refund of all the SBP premiums you paid for SBP. If you withdraw from SBP, your spouse will not be entitled to any SBP or SSIA. If you continue SBP participation, your spouse will receive the SBP amount that exceeds the DIC, and any authorized SSIA. Starting January 1, 2021, the offset of SBP by DIC will decrease every year until eliminated effective January 1, 2023.

- **Is SBP a good value?**

The subsidy, before tax premiums, cost of living adjustments, and 55 percent annuity structure make SBP a good buy for most Soldiers.

6-4 SBP'S PERCEIVED NEGATIVES

Some common concerns about SBP include:

- **The cost of SBP increases.**

True, but the relative cost remains constant. Retired pay, SBP premiums and SBP annuities increase based on the same COLA. Remember that the premiums the government pays for you also increase.

- **I can buy more private insurance at less cost than SBP.**

The key here is that this statement may be true during the first several years of your retirement, but your SBP decision is for your lifetime. The indexing of retired pay for inflation gives SBP a lot of value later which private insurance cannot offer or guarantee. You can get a true picture of the long-term, extended costs and benefits by asking your RSO for an actuarial valuation and comparison of SBP versus term insurance, which is also available at <http://actuary.defense.gov/>.

- **SBP does not have cash value and I cannot borrow against it.**

True. When a product offers cash value buildup, you pay extra for it. SBP is an income protection program that is, unfortunately, often compared to term life insurance. Term insurance is temporary protection purchased to protect you from a known risk for a known period of time. Costs rise or benefits decrease as you age. SBP should, in fact, be likened to permanent, increasing term protection at a constant cost whose proceeds cannot be outlived by the recipient. Since SBP is subsidized by the government, you are not paying all the cost of the SBP coverage.

- **The SBP annuity is taxed.**

True, but you pay the premiums before the taxes on your retired pay are calculated. This lowers your income tax obligation at a time when your family income (and tax bracket) is normally the highest. After your death, your spouse's tax bracket is normally significantly lower than your combined tax bracket when you're alive. You get the tax benefit up front.

- **No money is returned if my spouse dies first.**

True. You have, however, gotten what you paid for — protection — in the form of a degree of financial security for your spouse had you died first. Your car insurer does not return your insurance premiums if you don't have an accident. Why? Because you paid for protection you received. SBP is similar, but is also tax-advantaged, government-subsidized, and COLA adjusted. If the possibility of getting no money back upon your spouse's death really bothers you, one simple way to minimize or eliminate that is to insure your spouse's life. In fact, you could use the tax savings offered by SBP to purchase the policy. Also, do not forget that SBP elections are made by "category," so upon the loss of your spouse the costs are suspended. If you remarry in the future, you have one year to either resume coverage (still at 6.5 percent) or decline to resume. With commercial insurance, your age and health would determine the cost of your new protection, if you could get it at all.

- **There is no residual estate for my children when my spouse dies.**

True, but SBP was never intended to be an inherited benefit; instead, it continues a portion of your retired pay to a beneficiary, primarily your spouse. However, your eligible children can be designated as primary or alternate beneficiaries. Insurance, savings and investments are products designed to provide assets for a residual estate. SBP offers the best inheritance you can give your children—a financially independent surviving parent.

- **SBP costs are excessive compared to benefits received.**

Not true. You get what you pay for. Lower costs do not necessarily mean greater benefits. Some commercial plans have a "termination date" — a maximum period for which benefits will be paid. Others have a "fixed starting date" — a date before which no benefits are paid. Only the RCSBP Option B has a fixed starting date. SBP and RCSBP Option C do not. One of the most important features of SBP is that your spouse cannot outlive it as he or she can do with life insurance proceeds. Consider these facts based on a male retired officer age 45, with a spouse age 42. Forty percent of surviving spouses could survive as long as 22 years following the Retired Soldier's death; 50 percent—19 years; and 70 percent—15 years. With no portion of retired pay continued through SBP, it is likely that there will be a period when your spouse will outlive your life insurance, and may not have sufficient income to meet basic needs. SBP is guaranteed for the surviving spouse's lifetime, however long that is (although it is suspended if remarriage occurs before age 55).

- **SBP cannot be tailored to meet my individual needs.**

Not true. You can choose the dependent category you protect and the amount of SBP you want to provide. SBP is 55 percent of the base amount you choose to cover. The base amount is between the minimum of \$300 per month and to the maximum of your full retired pay. You can elect an amount of SBP you want to provide by adjusting your base amount.

- **Once I am enrolled, I am in forever.**

Not true. You may withdraw from SBP between the 25th and 36th month after you retire. Your spouse's written and notarized concurrence is required to terminate coverage. Also, the law allows you to withdraw if the VA rates you as totally disabled for not less than five continuous years from your retirement date or for ten or more continuous years if the VA rates you totally disabled after your retirement.

Hopefully, the facts provided in this guide will help you make an informed decision. Because the SBP decision has such a tremendous impact on your total estate planning, you should request individual, in-depth counseling from your installation RSO, and avail yourself of the government's personal financial counselors and the SBP calculators at <https://myarmybenefits.us.army.mil/benefit-calculators/survivor-benefits> .

6-5 THE RESERVE COMPONENT SURVIVOR BENEFIT PLAN (RCSBP)

Congress created the RCSBP on October 1, 1978 to provide the SBP Benefit to reserve component members.

6-6 RCSBP ELIGIBILITY

Upon being notified that you qualify for non-regular retired pay (i.e., receive your NOE/20-Year Letter), you are eligible to enroll in RCSBP, and you must, by law, make your RCSBP election within the next 90 days. Effective January 1, 2001, if you do not make this election, by law you'll be automatically enrolled in Option C at maximum coverage for all of your eligible dependents at the date of the NOE.

6-7 RCSBP ELECTION OPTIONS

RCSBP has the same spouse concurrence feature as SBP. Married Soldiers who don't elect the maximum coverage under Option C will receive that coverage if their spouse does not concur in writing on the election form.

- **OPTION A (DECLINE TO PARTICIPATE)**

Under this option, you will have no survivor protection in place before your non-regular retirement date. Should you die, none of your retired pay will be payable to a beneficiary. However, you remain eligible to enroll in SBP when you apply for retired pay. There is no RCSBP cost. If you have no eligible beneficiaries at the time you receive your NOE, you should leave Section IV, block 12 labeled "Options" portion of the DD 2656-5 blank.

- **OPTION B (DEFERRED ANNUITY)**

This option provides an annuity, payable to your beneficiary starting on the 60th anniversary of your birth, if you die before age 60, or immediately if you die after age 60. If your non-regular retirement and receipt of retired pay is before age 60 and you subsequently die prior to age 60, the annuity is not payable until your 60th birthday. This RCSBP election becomes your SBP election at non-regular retirement.

- **OPTION C (IMMEDIATE ANNUITY)**

This option provides an annuity, payable immediately upon your death, whether you die before or after age 60. This RCSBP election becomes your SBP election at non-regular retirement.

- **NO SPOUSE OR CHILD**

If you do not have a spouse or child and do not desire to elect insurable interest or former spouse coverage when you receive your NOE, you cannot make an RCSBP election. However, within one year of acquiring a spouse or child following receipt of your 20-year letter, you can request RCSBP coverage for the eligible beneficiary. If you do not initiate the RCSBP election within one year of acquiring the RCSBP-eligible dependent, the RCSBP election defaults to Option A, Decline RCSBP participation and then you will have to wait until non-regular retirement to make an SBP election.

6-8 RCSBP ELECTION CATEGORIES

They are identical to SBP. You must report any change in beneficiary status immediately to HRC, or for ARNG Soldiers to the State Retirement Services Office or RPAM Administrator, to include any actions involving court-ordered or voluntary former spouse elections. Once ARNG Soldiers transfer to the Retired Reserve, reporting changes to beneficiary status go to HRC instead of the State.

6-9 RCSBP ELECTION COSTS

Depending on which option you choose, there are two possible costs associated with RCSBP: the basic cost and the reserve portion. The reserve portion is paid for the period of RCSBP coverage that you receive prior to receipt of retired pay. You pay both the basic cost and reserve portion from your retired pay once you begin receiving it. Following is a brief summary of each.

a. Basic SBP Cost

For spouse coverage, SBP costs 6.5% of the base amount covered unless 2.5% of the threshold amount plus 10% of the remaining base amount would cost less, which is the full retired pay for 98% of Retired Soldiers. For spouse and child coverage, children add literally pennies to the monthly premium. For child only coverage, it depends on the age of the youngest child, but is normally a few dollars per month. Talk to your RSO or use the MyArmyBenefits SBP premium calculator to get a precise estimate.

b. Reserve Portion

Option A — No cost since there was no survivor coverage in place.

Option B and Option C — The reserve portion premium is a percentage of the SBP base amount, and is derived from your age and your beneficiary's nearest age on your election date.

c. Annuity

Surviving beneficiaries will receive an annuity equal to 55 percent of the covered base amount of retired pay regardless of age or Social Security entitlement.