



U.S. ARMY

HEADQUARTERS DEPARTMENT OF THE ARMY RETIREMENT SERVICES OFFICE

Survivor Benefit Plan (SBP)

Mandatory Brief

23 July 2025

“BE ALL YOU CAN BE”



Unclassified

Our Goal

- Provide you with the facts so you can make an informed decision
- Correct misinformation

Purpose

- Break SBP down into manageable understandable blocks, to help you to make an informed decision on your individual SBP election
- Remember your current SBP decision impacts your Family's future financial wellbeing

The Bottom Line

Retired pay **STOPS** with the death of the Retired Soldier!



**SBP ALLOWS YOU TO PROVIDE A
PORTION OF YOUR RETIRED PAY TO
YOUR ELIGIBLE SURVIVORS**

Which risk are you willing to take?

NO SBP

SBP

Risk of leaving
your loved ones
with insufficient
income

Risk that your
survivor may not
get every cent back
in premiums



What is the risk of your spouse outliving you?

Average	
*Life Expectancy Retired Member	81
**Life Expectancy Spouse	87
SBP Spouse Annuitants who outlive the Retired Member	67%

- Considers 82% of FY 2023 retired members were male and 18% were female:
 - For male retired members, 69% of SBP spouses are projected to outlive their retired member sponsor
 - For female retired member, 47% of SBP spouses are projected to outlive their retired member sponsor

Note 1: Source: DOD Actuary. The SBP Probability Tool can be accessed at:
<https://actuary.defense.gov/Survivor-Benefit-Plans/>

*Note 2: Assuming member retired at age 45

**Note 3: Assuming survivor is age 47 at member's retirement

What is SBP?

- Enacted by Congress in 1972
- Sole means for a Retired Soldier to continue a portion of retired pay to survivors
- Coverage is free while on active duty
- Decision at retirement - begin to share cost from date of retirement
- Over eight out of ten retiring Soldiers elect SBP to protect their family's financial future

The Annuity

- Annuity of 55% of selected base amount regardless of the annuitant's age
- Paid until annuitant becomes ineligible or dies

About Elections

- SBP Election must be made prior to retirement
 - If election not made prior to retirement, by law, the member receives automatic full coverage for spouse and or children at retirement
- All Soldiers retiring based on an active duty law and Reserve Soldiers who elected RCSBP Option A must complete the SBP section of the DD Form 2656, even if they have no eligible beneficiaries

About Elections

- Married Soldiers electing anything less than the maximum spouse SBP coverage allowable under the law require spouse's concurrence
- Generally irrevocable but may be cancelled, with spouse concurrence, between the 25th and 36th month following retirement
- Paid-up SBP coverage is paid-up after making 360 payments AND reaching at least age 70

About Elections

- If SBP beneficiaries change (birth, death, divorce, marriage) between election and date of retirement, a new DD Form 2656 with SBP election required

SBP Election Categories

- Spouse Only
- Spouse and Child
- Child Only
- Former Spouse
- Former Spouse and Child
- Insurable Interest

Notes:

- Elections are by category and not by individual
- Special Needs Trust can be elected for an incapacitated SBP covered child
- When “Child” is listed in the category, it assumes “Children” if there is more than one eligible child

Spouse Election Category

- Effective 1 Apr 08 annuity
 - 55% of “base amount”
 - Taxed as unearned income
- Annuity paid forever
 - Unless remarriage occurs prior to age 55
 - If remarriage ends, annuity reinstated
 - Prior to 14 Nov 86 – annuity stopped if remarriage occurred prior to age 60
- SBP or RCSBP increased by annual COLA
- If there are eligible children, Spouse Only SBP excludes those children and any future children
- No SBP premium paid after retirement for periods when there is no spouse beneficiary (effective 14 Oct 76)

Spouse Election

- Provides annuity of 55% of elected base amount
 - Minimum base amount = \$300
 - Maximum base amount = full retired pay
 - Base amount elected increases with COLA
- SBP annuity increased annually by COLA
- SBP premiums paid pre-tax and increase with COLA since it's a percentage of the base amount
- Election by category not by name
- A spouse can only receive one spouse SBP annuity - If spouse is authorized more than one spouse SBP annuity, they must select one

Spouse & Child(ren) Election

- Spouse is the primary beneficiary
- Child(ren) are secondary beneficiaries and receive the annuity **only if** spouse loses SBP eligibility (remarriage prior to age 55 or death) **and** child(ren) are still eligible
- Child cost is based on ages of member, spouse and youngest child
- Cost of child coverage as secondary beneficiary - very low
- Child cost is added to the spouse SBP cost
- If divorces or spouse dies and there are eligible children, the SBP cost is recalculated as child only
- All eligible children are covered at one cost

Child(ren) Only Election

- Cost based on ages of member & youngest child at election
- Cost stops when no eligible children remain
- Cheaper than “spouse” due to finite benefit
- Because the child is the primary SBP beneficiary, election is more costly than the Spouse and Child election where the child is the secondary beneficiary
- If you marry and new spouse is added to SBP coverage, the election becomes spouse and child
 - Child cost is recalculated as an add on cost to spouse cost
 - The rules for spouse and child coverage apply

Child(ren) Only Election

- All eligible children covered at one cost
- Cost stops when no eligible children remain
- Annuity divided equally among all eligible children
- A child can receive more than one child SBP annuity

Annuity



Two eligible children

Child 1 ages out or marries

Both age out or marry

Child Eligibility

- Child must be:
 - Unmarried
 - Age: up to 18 or 22 if a full-time student
 - Unmarried Incapacitated child – eligible forever if condition was incurred while eligible for SBP
- Natural child
- Adopted Child
- Stepchild, foster child who is living in a parent child relationship with the military member when that member dies
- When no eligible children remain, child SBP cost stops

Incapacitated Child Considerations

- Research the impact that SBP for a fully disabled child may have on other benefits the child has or will receive.
- Election to pay annuity to a special needs trust for an SBP eligible unmarried incapacitated child allowed.

Advice: Seriously Consider Child Coverage!

Q: Why bother covering my 21-year old son who graduates from college soon?

A: Because....

- incapacitation may occur while still eligible
- “closing” the child category when there are eligible children closes it forever
- family complete? perhaps a step-, grand-, foster- or natural child is in your future
- Cost stops when no eligible children remain
- Spouse and Child or Child Only SBP is inexpensive

Former Spouse (FS)

- Former spouse coverage can be:
 - purely voluntary
 - incorporated into a written agreement
 - court-ordered (since 1986)
- Divorce prior to retirement:
 - If court ordered, Soldier should elect former spouse using the DD Form 2656 and DD Form 2656-1 at retirement or could be held in contempt of court
 - Former spouse can ensure Former Spouse SBP is established by providing DFAS-CL the divorce decree with subsequent court orders plus a DD Form 2656-10 (Survivor Benefit Plan (SBP)/Reserve Component (RC) SBP Request for Deemed Election) within one year of the first court order awarding Former Spouse SBP

Former Spouse (FS)

- Divorce after retirement (must have elected Spouse or Spouse and Child SBP coverage):
 - Soldier has one year from divorce to change Spouse to Former Spouse SBP
 - Former spouse has one year from first court order awarding SBP to deem the election
- Former Spouse SBP coverage can be changed in certain circumstances:
 - Voluntarily – can cancel Former Spouse SBP and elect Spouse RCSBP within one year of marriage
 - Court ordered – amended court order
 - Death of former spouse – change to Spouse RCSBP (contact RSO for details/timeframe)

Former Spouse (FS) and Child(ren)

- The former spouse is the primary beneficiary
- Child(ren) will receive the annuity only if the former spouse becomes ineligible
- If deemed, the court order must state former spouse and child(ren)
- Former spouse and children **only covers children of the marriage to the former spouse**

Insurable Interest Election Category

- **Who Can Elect**: unmarried Soldiers with no eligible children
- **Eligible Beneficiaries**: relative more closely related than cousin; or business associate with financial interest in Soldier (proof needed)
- **Base Amount**: Must be full retired pay
- **Cost**: 10% + 5% for each full 5 years younger beneficiary is than Soldier
- **Benefit**: 55% of retired pay **less** SBP/RCSBP cost

Insurable Interest Election Category

- **Loss of Beneficiary:** May elect new beneficiary within 180 days of current beneficiary's death
 - Must pay premium to date of previous beneficiary's death
 - If new beneficiary is more than 5 years younger than deceased beneficiary, must pay the difference in premium cost between the two beneficiaries to date of initial election with interest

Insurable Interest Election Category

- **Can cancel at any time:**
 - Effective 5 Oct 94
 - Exception: If insurable interest was elected for former spouse
- **Disability Retirement:**
 - Effective 24 Nov 03
 - Insurable interest is invalid if death occurs within one year of medical retirement for a cause related to a disability for which retired
 - Exception: Insurable interest for dependent authorized a Military ID Card
 - Premiums will be refunded to designated beneficiary
 - Does not apply to length of service Retired Soldiers

Spouse Concurrence

SBP is a “JOINT” decision for married Soldiers who...

- Decline coverage
- Cover less than full retired pay for spouse
- Elect “child only”
- Are under REDUX retirement plan and do not elect full base amount based on High-3 retired pay they would have received
- Elect Lump Sum under BRS and do not elect spouse coverage based on retired pay they would have received without Lump Sum

Spouse Concurrence

Remember it is the Soldier's election

- The spouse can only concur or non-concur with the Soldier's election
- Spouse refusal to sign the DD Form 2656 constitutes spouse non-concurrence
- Spouse concurrence is in the law to protect the spouse
- Spouse concurrence cannot occur before the Soldier's election and signature

Note: Spouse concurrence not required for a former spouse election.

No Beneficiary at Retirement?

- Keep SBP literature
- Keep “Army Echoes” - RSO contact info listed
- Contact nearest RSO for a new briefing as soon as eligible beneficiary is gained
- Decision whether to enroll new family members **MUST** be made within one year of gaining them or you will close that SBP category
- Submit DD Form 2656-6 to DFAS within one year of gaining new beneficiary
- New spouse becomes eligible at 1-year anniversary or birth of a child of that marriage - SBP costs do not begin until then

Base Amount

- Dollar amount of retired pay participation is based on
 - Minimum, by law = \$300
 - Maximum, by law = full retired pay
 - May choose any amount between
- Soldiers retiring under CSB/REDUX may choose full base amount based on retired pay they would have received under High-3
- Soldiers retiring under the Blended Retirement System (BRS) who elect a lump sum at retirement may choose full base amount based on retired pay they would have received without the lump sum election
- The base amount like retired pay and the SBP annuity, increase with COLA

Estimating Your Retired Pay and Premiums

- MyArmyBenefits Retirement calculator
 - CAC or DS Logon
 - Pulls pertinent information from your record so you don't have to
 - Estimates retired pay
 - Comparison of SBP premium estimates for election categories

<https://myarmybenefits.us.army.mil/NEW-Benefit-Calculators/SBP-Premium-Calculator>

SBP Cost Formula (Spouse Only)

- Formula:
 - 6.5% of base amount selected (example below)
 - alternate formula option for active duty retirements prior to March 1990, medical retirements and non-regular retirement (will be discussed in future slide)

Example

Base Amount	Cost (6.5%)	Annuity Amount
\$2,000	\$130	\$1,100
\$3,000	\$195	\$1,650
\$4,000	\$260	\$2,200

Sample SBP Costs

(Ages: Member=44; Spouse=41; Youngest Child=12)

Monthly Cost

Base Amount	Spouse Only	Spouse and Child	Child Only	Monthly Annuity
\$4000	\$260	\$260.36	\$7.20	\$2,200
\$3000	\$195	\$195.27	\$5.40	\$1,650
\$2000	\$130	\$130.18	\$3.60	\$1,100

- Chart shows the relationship of the costs for Spouse, Spouse and Child, and Child only SBP
- Child only child cost is higher than in Spouse and Child SBP since the child is the primary beneficiary

Tax Free Premiums – Real cost of SBP

	No SBP	SBP
Retired Pay	\$2,000	\$2,000
SBP Cost	\$0	\$130
Taxable Pay	\$2,000	\$1,870
Tax Paid (28%)	\$560	\$524
Tax Savings	\$0	\$36
Actual SBP Cost	\$0	\$94

* The SBP participant receives a \$36/month tax savings – and a future survivor benefit of \$1,100. Tax rates will vary based on an individual's financial situation.

SBP Premium Calculation Spouse

Two formulas for computing spouse premiums

SBP Premium Formula

- **Eligibility**
 - All active-duty retirements for members with a date of initial entry into military service (DIEMS) of 1 Mar 90 or later
- **6.5%** of selected base amount (will have yearly COLA)

Threshold Formula

- **Eligibility:**
 - Active-duty retirements with a DIEMS prior to 1 Mar 90
 - Medical retirements
 - Non-regular retirements
- **2.5% of threshold amount plus 10% of the difference between the threshold and the selected base amount (will have yearly COLA)**

Note: If Retired Soldier is eligible to have premiums calculated both ways, DFAS will charge the lower of the two premiums.

Threshold Spouse SBP Calculation

2025 SBP Cost Examples Effective for 1 Jan 25
Based on 4.5% Active Duty Pay Raise Request

Base Amount	Annuity	Premium	Premium
Monthly Amount of Retired Pay Covered	Monthly Annuity Either Method	Old Method Threshold Monthly Cost (Note 1)	6.5% of Base Amount Monthly Cost (Note 2)
\$300	\$165	\$7.50	\$19.50
\$1,000	\$550	\$25.00	\$65.00
\$1,056 (Note 3)	\$581	\$26.40	\$68.64
\$1,200	\$660	\$40.80	\$78.00
\$1,400	\$770	\$60.80	\$91.00
\$1,600	\$880	\$80.80	\$104.00
\$1,800	\$990	\$100.80	\$117.00
\$2,000	\$1,100	\$120.80	\$130.00
\$2,262.86 (Note 4)	\$1,245	\$147.09	\$147.09
\$2,400	\$1,320	\$160.80	\$156.00
\$2,600	\$1,430	\$180.80	\$169.00
\$2,800	\$1,540	\$200.80	\$182.00
\$3,000	\$1,650	\$220.80	\$195.00
\$3,500	\$1,925	\$270.80	\$227.50
\$4,000	\$2,200	\$320.80	\$260.00

Note 1. SBP Cost Threshold Method: 2.5% of threshold amount + 10% of the remainder of base amount.

Note 2. SBP Cost 6.5% Base Amount Method: 6.5% of the base amount.

Note 3. Threshold Amount (that which costs 2.5%) is \$1,056; cost is \$26.40.

Note 4. Base amounts on or above \$2,262.86 receive best premium under SBP cost 6.5% method cited above (.065 times base amount).

Note 5. The SBP Program Manager will send out the updated amounts annually.

How can I tailor SBP to meet my needs?

Think “Base Amount”

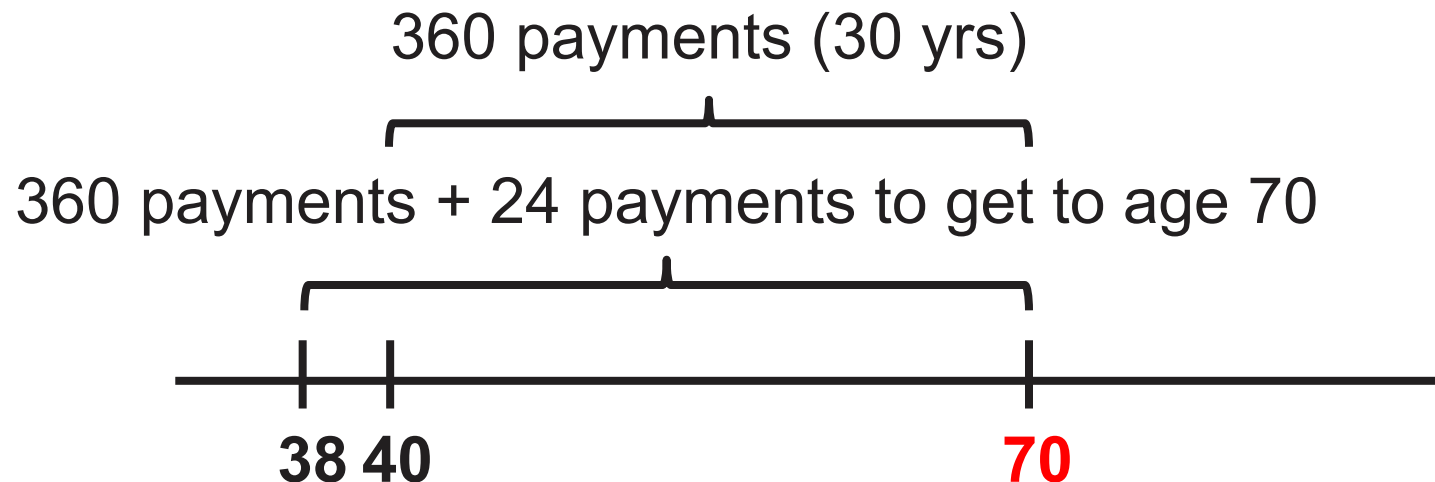
- Challenge: What base amount should I cover to meet our needs?
- Solution: Divide the goal amount by 55%
$$\$2,000 / 0.55 = \$3,636$$
- Base amount increases with COLA like retired pay and as a result, so will the premium cost

Annuity	Base Amount Required
\$2,000	\$3,636
\$1,000	\$1,818

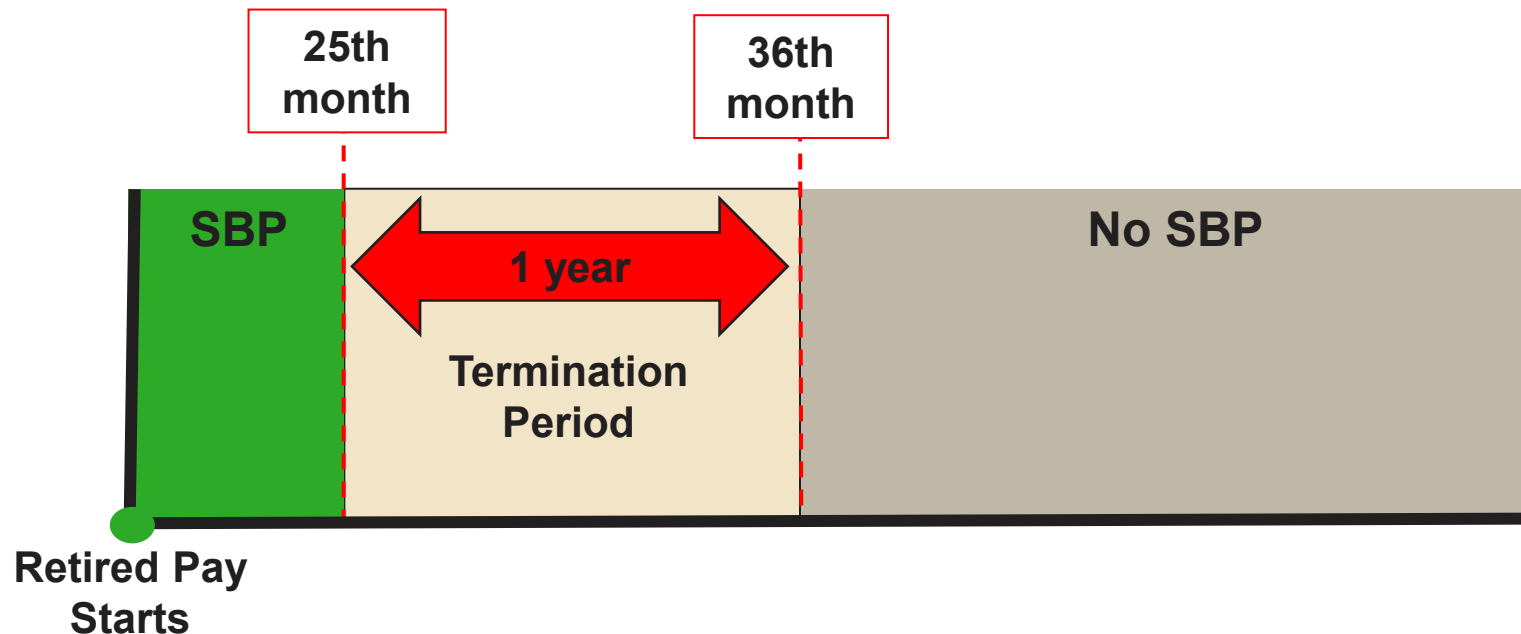
“30-Year Paid-Up Provision”

Since 1 Oct 08 no premiums after:

- 30 years of paying SBP Premiums (360 payments)
- AND
- reaching age 70



SBP Termination Feature



- Spouse concurrence required
- Barred from future enrollment
- No refund of past premiums
- Law change acknowledges need for flexibility
- One-time only termination for those already retired two years (17 May 98 - 16 May 99)

***Note:** Does **NOT** stop RCSBP premiums which are for coverage already received

Termination Feature

- To terminate you must complete a DD Form 2656-2, obtain your spouse or former spouse concurrence
- Must submit to DFAS during the period between your 25th and 36th month following retirement
- DD Form 2656-2 cannot be signed prior to start of 25th month following commencement of retired pay

SBP Positives

The previous slides discussed and showed examples of the following positive aspects of SBP. You need to take these into account when you make your SBP decision.

- Government-subsidized plan
- Tax-free premiums
- Inflation-adjusted annuity
- Flexible: can terminate between the 25th and 36th month of retirement

SBP Positives (continued)

- “Paid-up” after 30 years paying premiums and age 70
- Survivors cannot outlive annuity
- Age, **health**, smoking, sex, lifestyle -- not considered
- Cost in today’s dollars; benefit in tomorrow’s dollars
- Can only be changed by Congress
- Income safety net; peace of mind
- Every active-duty Soldier enrolled at no cost from day one
- Subsidized by the government

Comparing SBP to Life Insurance

- It takes a surprising amount of life insurance to replace SBP
- Unlike life insurance, SBP does not consider age or health when determining premium cost
 - As you age it may become more difficult to find a low cost option
 - If retired for disability, insurance may be very expensive or even impossible to obtain due to existing medical conditions
- Unlike SBP, life insurance does not have COLA increases so it is not protected from inflation

Replacement Value of Annuity

Ret. Pay: \$5,000

Member's Age: 43

Spouse's Age: 41

Spouse's Age at Death of Soldier	Annual After Tax SBP Benefit	*Replacement Value of SBP
41	\$29,040 (\$68,973 at 87)	\$960,000
51	\$20,221 (\$68,973 at 87)	\$990,000
61	\$28,377 (\$68,973 at 87)	\$971,500
71	\$32,933 (\$68,973 at 87)	\$778,000
81	\$38,220 (\$68,973 at 87)	\$408,500

This slide shows that it takes a surprising amount of life insurance to replace SBP even as the spouse beneficiary ages because SBP is inflation protected and life insurance is not. Assumes inflation at 2.5% and insurance was invested with a rate of return of 4%. Assumes spouse life expectancy of age 87.

*Face value of insurance needed to equal SBP benefit.

Note: This program can be accessed on the DOD Actuary homepage, <https://actuary.defense.gov/>

Inflation Adjusted Annuity

Ret. Pay: \$3,000

Member's Age: 42

Spouse's Age: 41

Spouse's Age at Death of Soldier	Annual After Tax SBP Benefit	*Replacement Value of SBP
41	\$17,424	\$579,000
51	\$20,221	\$599,000
61	\$28,377	\$589,000
71	\$32,933	\$470,000
81	\$38,220	\$247,000

This slide shows that it takes a surprising amount of life insurance to replace SBP even as the spouse beneficiary ages because SBP is inflation protected and life insurance is not. Assumes inflation at 2.5% and insurance was invested with a rate of return of 4%.

*Face value of insurance needed to equal SBP benefit.

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Replacing SBP with Life Insurance Proceeds How Long Do They Last?

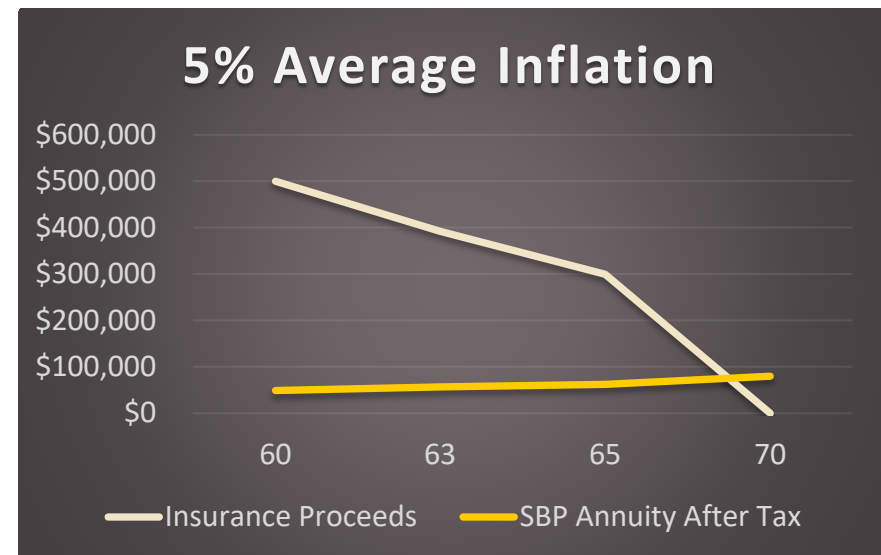
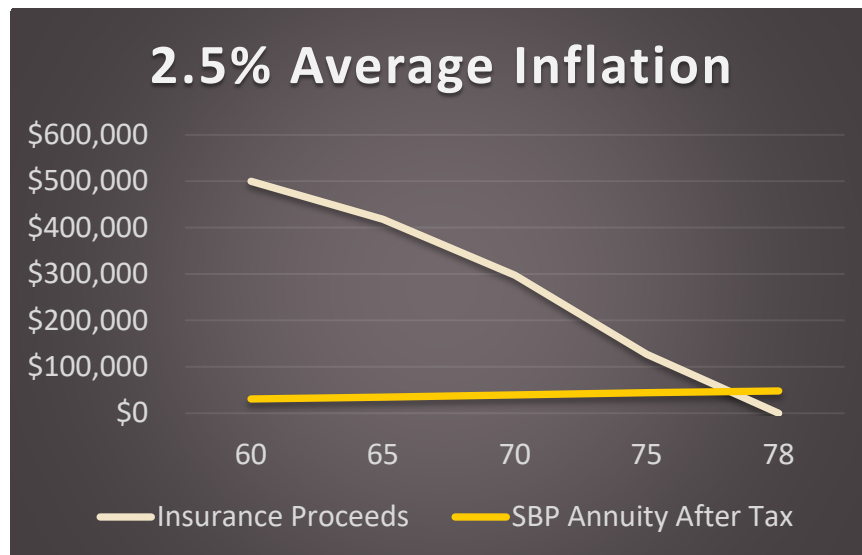
Retired 2025 and dies in 2045 when spouse would be age 60

Monthly Retired Pay = \$3,300; Life Insurance = \$500K;

Monthly SBP Annuity = \$1,815

Assume \$500K with rate of return = 4%

Assume spouse withdraws from the life insurance the annual SBP annuity amount



Because of inflation - insurance will run out sooner than you think!

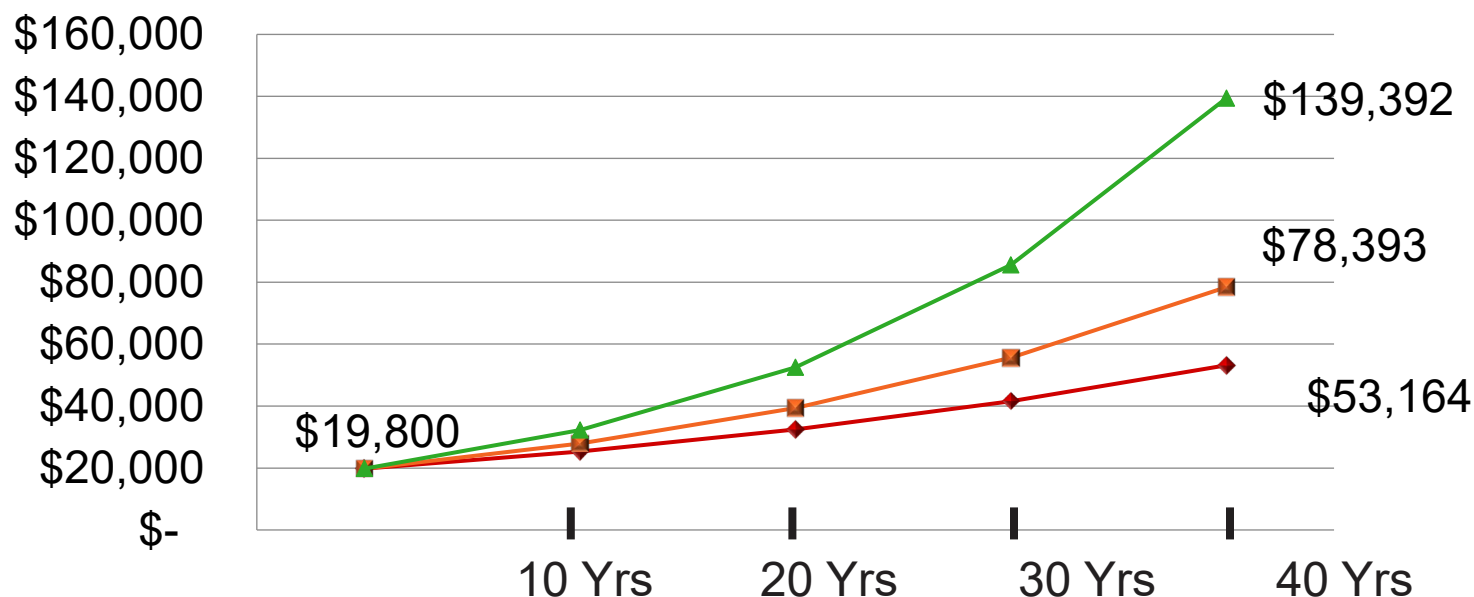
SBP will continue to increase with COLA

Note: Program available at <https://actuary.defense.gov/> and click on “SBP Programs”.

SBP Cost of Living Adjustments (COLA)

Yearly SBP
Annuity

The effects of COLA on SBP over 40 years for a SFC with a \$3,000 SBP base amount, yearly annuity is \$19,800 in 2025.



You pay in today's dollars for an SBP annuity paid in future dollars

- 2.5% COLA represents the DOD actuary assumption
- 3.5% COLA
- 5% COLA

All calculations made using DOD Office of the Actuary tables

Cost in Today's Dollars; Benefit in Tomorrow's Dollars

How long does your survivor need to receive an annuity before that annuity exceeds how much you paid into it?

Length of time Premiums Paid	Years of Annuity Received to Exceed Premiums Paid
5 years	7 months
10 years	1 year, 1 month
15 years	1 year, 6 months
20 years	1 years, 10 months
25 years	2 years, 2 months
30 years	2 years, 5 months

Note 1: Based on a 2.75% long term COLA

Note 2: No further cost after 360 (30 years) premium payments and age 70

Note 3: Based on DOD Actuary

Medical Retirement SBP Considerations

- Soldiers being retired with a service-connected VA disability need to consider the following in their SBP decision
 - If death service connected, the VA may award Dependency and Indemnity Compensation (DIC)
 - If SBP is elected and DIC is approved, the survivor can receive both
 - What happens to family if SBP is not elected and the VA does not consider the death to be service-connected

SBP and Dependency and Indemnity Compensation (DIC)

SBP	DIC
Annuity for survivors if Retired Soldier dies	Annuity for survivors if Retired Soldier's death is determined service connected by VA
Taxed as unearned income	Tax Free
Retired Soldier pays premiums	No premiums
Survivor receives full SBP	Survivor will receive full DIC

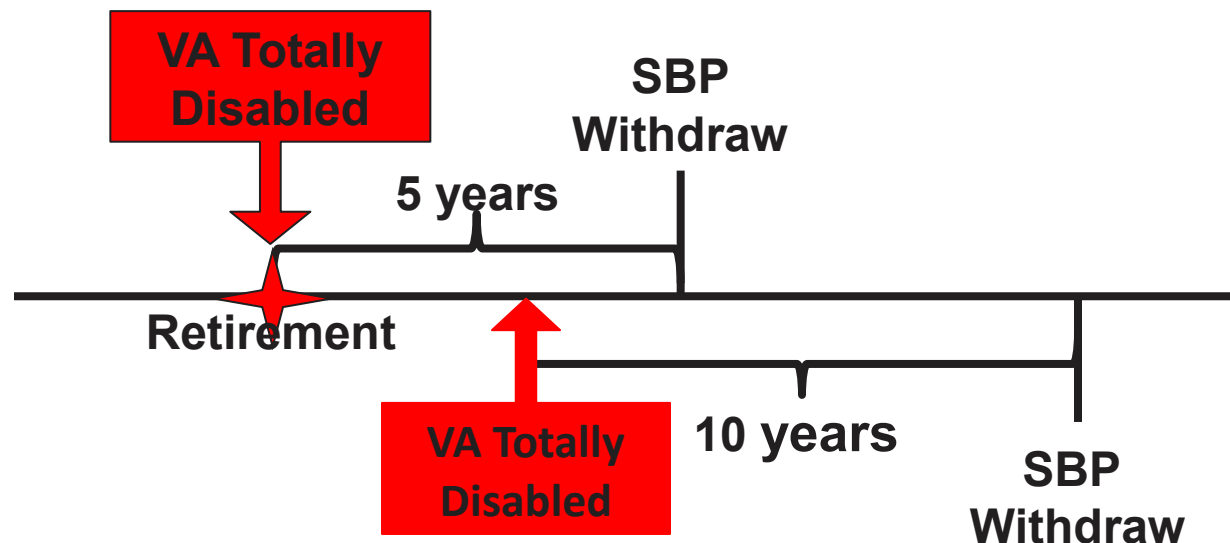
Withdrawal from SBP Based on VA Total Disability Rating

- Withdrawal is allowed because surviving spouse will qualify for DIC benefits and prior to 1 January 2023 there was an offset of the SBP by DIC
- **Consider carefully before withdrawing since your spouse would be eligible to receive both the SBP and DIC in full**
- Withdrawal requires written consent of beneficiary
- If Retired Soldier withdraws from SBP, the surviving spouse will receive a refund of all SBP costs paid (after the VA verifies DIC will be paid)
- **SBP provides coverage for survivors when death is not service connected**

Withdrawal from SBP Based on VA Total Disability Rating

VA Total Disability Rating Withdrawal Timeframes:

- May withdraw from SBP, if rated by the VA as totally disabled, if rating has been held not less than **5** continuous years from last date of active duty
- May withdraw from SBP, if rated by VA as totally disabled for **10** or more continuous years effective at a date after last time on active duty



Payment of SBP Cost When Retired Pay is Completely Offset by VA Disability Pay

- If your VA disability compensation completely offsets your retired pay and you do not receive Combat-Related Special Compensation (CRSC), there is no automatic deduction of monthly SBP premiums available
 - Unpaid SBP premiums carried over into a new billing month will accrue a 6% interest fee

Payment of SBP Cost When Retired Pay is Completely Offset by VA Disability Pay

Options to Pay SBP Premiums	Process
Authorize VA to deduct SBP premiums from VA disability compensation	Reach out to your servicing VA office to help you complete the DD Form 2891 and submit the completed DD Form 2891 to DFAS – VA will pay directly to DFAS
Direct payment to DFAS	Submit payment to: Defense Finance and Accounting Service DFAS-CL, SBP and RSFPP Remittance P.O. Box 979013 St. Louis, MO 63197-9000

Note: Do not submit an SBP premium direct payment or submit a DD Form 2891 to VA until you verify on your Retired Account Statement (RAS) that your retired pay is offset by VA disability and you are unable to pay your SBP premiums.

Actual Widows' Views on SBP

“....each day I thank my late husband for his taking SBP....it allows me to live with decency and independent of others....”

“....I want to thank the Army for sending me an annuity to live on. From the bottom of my heart I am so thankful. With no life insurance on my late husband, without the annuity, I could not live in the wonderful retirement community....”

For More SBP Information....

Army RSO SBP Page:

<https://soldierforlife.army.mil/Army-Retirement/Retirement-Planning/Survivor-Benefit-PlanDecision>

MyArmyBenefits:

<https://myarmybenefits.us.army.mil/>

Contact your nearest RSO:

<https://soldierforlife.army.mil/About-Us/Contact-Your-RSO>

Remember:

Retired pay **STOPS** with the death of the Retired Soldier!



**SBP ALLOWS YOU TO PROVIDE A
PORTION OF YOUR RETIRED PAY
TO YOUR ELIGIBLE SURVIVORS**



U.S. ARMY