

Payment of SBP Premiums when Retired Pay is Completely Offset by VA Disability Pay

SBP premiums are deducted from your military retired pay. If your VA disability compensation completely offsets your retired pay, there is no automatic deduction of your monthly SBP premiums. Unpaid SBP premiums carried over into a new billing month will accrue a six percent interest fee.

You will receive a Retired Account Statement (RAS) from DFAS-CL informing you that your retired pay is offset by VA disability pay and you must pay your SBP premium directly to DFAS-CL.

You can pay your SBP premiums by either submitting a DD Form 2891, "Authorization For RSFPP and or SBP Costs Deductions" to the VA or by paying the SBP premiums to DFAS-CL by direct payment.

By submitting the DD Form 2891 to your servicing VA office, you are authorizing the VA to deduct your SBP premiums from your VA disability compensation and pay the premiums directly to DFAS-CL. When your SBP premiums increase based on Cost of Living Adjustments to your retired pay, the VA will automatically adjust your SBP premium payments to DFAS-CL.



You can also pay SBP premiums by direct remittance to DFAS-CL by submitting the payments to the following address:

**Defense Finance and
Accounting Service, DFAS-CL
SBP and RSFPP Remittance
P.O. Box 979013
St. Louis, MO 63197-9000**

Payments sent to any other location, including the Retired and Annuitant Pay offices at DFAS-CL, will not be received.

Do not submit an SBP premium direct payment to DFAS-CL and do not submit a DD Form 2891 to the VA until DFAS-CL provides you a Retired Account Statement (RAS) informing you that your retired pay is offset by VA disability. Otherwise you may be paying double SBP payments and experience difficulty in DFAS-CL indentifying and returning the excess payments.



Contact your Army Retirement Services Officer (RSO) for more information or assistance. This pamphlet was prepared by HQDA, Army Retirement Services, 200 Stovall St, Alexandria, VA 22332-0470. See also: <http://www.armyg1.army.mil/retire> As of 02/12

THE SURVIVOR BENEFIT PLAN (SBP) FACTS RETIRING AND RETIRED SOLDIERS WITH VA DISABILITY NEED TO KNOW



If you are medically retiring or retired with disability, you need to understand how your Department of Veterans Affairs (VA) disability affects your SBP. Based on your medical condition, you may have difficulty obtaining civilian life insurance. This makes SBP an important consideration in planning for your family's future financial wellbeing.

**SBP has provisions
that specifically apply to
disabled retirees.**



SBP is the only way your survivors can receive a portion of your military retired pay when you die. Without SBP – your retired pay stops the day you die!

If you are being medically retired, you need to consider the following in your SBP decision:

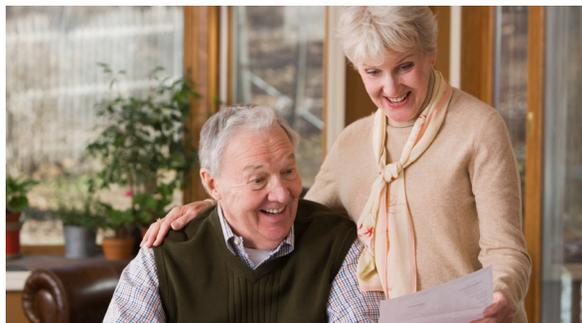
- 1.) SBP and Dependency and Indemnity Compensation (DIC)
- 2.) Withdrawal from SBP based on a VA Total Disability Rating
- 3.) Special Survivor Indemnity Allowance (SSIA)



SBP and Dependency and Indemnity Compensation (DIC)

DIC is only payable from the VA if your death is service connected. If your death is not service connected, SBP provides your survivor annuity.

SBP annuity payments to surviving spouses are offset by DIC payments dollar for dollar. There is no offset of a child's SBP by a child's DIC.



If the VA determines your death was service connected, your spouse will receive a refund of any SBP premiums you paid for the portion of the SBP annuity that are offset by the DIC payments he/she receives after your death.

The Defense Finance and Accounting Service –Cleveland (DFAS-CL) will pay the surviving spouse any portion of the SBP annuity that exceeds the DIC offset amount.

For example, if your death was service connected and the SBP annuity exceeded the DIC by \$400, your spouse would receive both the spouse DIC and the \$400 SBP annuity. Your spouse would also receive a refund of the SBP premiums you paid for the SBP that is offset by DIC. The SBP premiums for the \$400 that exceeds the DIC will not be refunded.

You only pay for the SBP benefit your spouse actually receives.

Withdrawal from SBP based on a VA Total Disability Rating

You may withdraw from SBP if you have a service-connected disability that has been rated by the VA as totally disabling

for five continuous years from the date of retirement; or if awarded after retirement, for ten continuous years.

Withdrawal is allowed because your surviving spouse will qualify for DIC benefits because your death will be presumed to be from service-connected reasons.

After you meet the time frame requirement, you must contact the DFAS-CL Retired Pay in writing to request withdrawal based on total VA disability. Your withdrawal from SBP based on total disability will require your spouse's concurrence. When you die, your surviving spouse will be entitled to a refund of all the SBP costs you paid.

Remember, if you withdraw from SBP based on VA total disability, your spouse will not receive any spouse SBP payments that exceed the spouse DIC payments.

Special Survivor Indemnity Allowance (SSIA)

SSIA will be paid to your surviving spouse if he/she is entitled to DIC, is receiving an SBP annuity that is either partially or completely offset by DIC, and the SBP offset is at least equal to the SSIA. SSIA is not considered to be taxable income.

For more SSIA information, refer to the Army G-1 RSO Fact Sheet, VA Payments and SBP, at <http://www.armyg1.army.mil/rso/sbp.asp> or contact a Retirement Services Officer (RSO). RSO contact information is available at:

<http://www.armyg1.army.mil/rso/rso.asp>