

VOLUME 7B, CHAPTER 42 “SURVIVOR BENEFIT PLAN (SBP) – APPLICATION OF THE PLAN”

SUMMARY OF MAJOR CHANGES

All changes are denoted by **blue font**.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by **bold, italic, blue and underlined font**.

The previous version dated August 2010 is archived.

| PARAGRAPH | EXPLANATION OF CHANGE/REVISION | PURPOSE |
|----------------------------|-------------------------------------------------------------------------------------------|----------------|
| 420202 | Included a note to clarify the base amount of members who selected a Career Status Bonus. | Add |
| 420214 | Added a statement to include members who selected a Career Status Bonus. | Add |
| <u>Bibliography</u> | Added citation. | Add |

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CHAPTER 42

SURVIVOR BENEFIT PLAN (SBP) - APPLICATION OF THE PLAN**4201 PURPOSE**420101. [Background](#)

The Survivor Benefit Plan (SBP), established September 21, 1972, provides a survivor benefit program for military personnel in retirement to complement the survivor benefits under Social Security laws. This plan gives all retiring Uniformed Services retirees an opportunity to elect to have their retired pay reduced by a designated amount in order to provide their survivors an annuity payable after the retiree's death.

A. Under this plan, a member who retired before September 21, 1972 and who had previously elected to participate in the Retired Serviceman's Family Protection Plan (RSFPP), had the option to retain or cancel the RSFPP coverage when electing to participate in the SBP.

B. The plan provides without cost a minimum guarantee to a widow [or widower](#) of a member who died before March 21, 1974. For additional information see [Chapter 46](#). A surviving spouse of a member who died before November 1, 1953 is entitled to an annuity which may be in addition to the annuity payable under the minimum income annuity provisions.

420102. [Additional Survivor Benefits](#)

The plan includes survivor benefits for the surviving spouse, dependent child, or former spouse of a member who dies on active duty, or a Reserve Component annuity on behalf of a member who dies before notification of retirement eligibility, or during the 90-day period following notification of retirement eligibility if member had not made an election or, under certain circumstances, if the member dies in the line of duty during inactive duty training.

420103. [Death Presumption Authority](#)

The plan provides for annuity payments under a determination by the Secretary of the Military Department concerned (or designee) that a participating member is presumed dead.

***4202 SPECIALIZED TERMS**420201. [Annuitant](#)

The term [“annuitant”](#) means a person who is entitled for annuity payments under the plan.

420202. Base Amount

The money amount selected by the member, with the concurrence of the member's spouse if required, or the amount selected on behalf of a member by the Secretary of the Military Department concerned (or designee), on which the annuity is based. This amount may range from a \$300 minimum up to full gross retired pay entitlement (Note: For a member who selected the Career Status Bonus, the amount is based on unreduced retired pay, not considering any reduction under 10 U.S.C. 1409 (b) (2)). Once selected, the base amount is adjusted consistent with cost-of-living increases in retired pay. If advancement or change from Temporary Disability Retired List (TDRL) to Permanent Disability Retired List (PDRL) occurs, the member's new base amount is the new full gross retired pay entitlement. A member may not designate different base amounts between the spouse and the children.

420203. Beneficiary

The term "beneficiary" means a spouse and/or child(ren) of the retiree; a former spouse or former spouse and children; a natural person with an insurable interest in the life of the retiree who is designated to receive coverage under the plan.

420204. Change in Coverage

The term "change in coverage" means an action taken because of a change in the member's family status which requires a change in beneficiaries.

420205. Change in Election

The term "change in election" means an authorized change in the type of beneficiary eligible for survivor coverage because of a change in the retiree's family status.

420206. Common-Law Marriage

A marriage as defined by pertinent state law

420207. Consideration for Contract

The total amount of premiums paid by the participant member for the type of SBP selected. Also see definition for cost of coverage in paragraph 420207.

420208. Cost of Coverage

The term "cost of coverage" means the cost for coverage under the plan paid by deductions from retired pay or by direct remittance when member is not receiving retired pay.

420209. Cost Refund

The term “cost refund” means the difference between cost paid by the member and the recalculated cost of the annuity after Dependency and Indemnity Compensation reduction.

420210. Date of Receipt

The day of receipt of an election or election change by the office administering payment of retired pay. 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.

420211. Declination

The term “declination” means the result of a member with eligible beneficiaries who declines to elect any type of survivor coverage under this plan.

420212. Dependency and Indemnity Compensation Offset

The term “dependency and indemnity compensation offset” means the reduction of the SBP annuity due to compensation entitlement from the Department of Veterans Affairs to the widow or widower of a member who dies from a service-connected or comparable disability.

420213. Determination of Presumed Death

The determination by the Secretary of the Military Department concerned (or designee) that a participating member is presumed dead where the member’s retired or retainer pay has been suspended or would have been suspended had the member been in receipt of pay and the member has been missing at least 30 days under circumstances which lead to a reasonable conclusion that the member is dead.

420214. Former Spouse

The term “former spouse” means the surviving former husband or wife of a person who is eligible to participate in the plan.

420215. Maximum Level

The full, gross retired pay used as a base amount for coverage. A member who elected to receive a Career Status Bonus shall, at the time of Program election, have the maximum base amount computed as if that member had not been subject to the Military Retirement Reform Act of 1986 (referred to as REDUX) under 10 U.S.C. 1409 (b) (2).

420216. Minimum Income Widow

A person who on September 21, 1972 was, or during the period beginning on September 22, 1972 and ending on March 20, 1974 became, a widow of a person who was

entitled to retired or retainer pay when he died. This individual must have income below the threshold and meet the eligibility criteria in [section 4615](#).

420217. Missing Status

A member missing, missing in action, interned in a foreign country, captured, beleaguered, besieged by hostile force, or detained in a foreign country against his or her will.

420218. Natural Person With an Insurable Interest

The term “natural person with an insurable interest” means a person who has a reasonable and lawful expectation of pecuniary benefits from the continued life of the participating member. For further information see [paragraph 440205](#).

420219. Pre- and Post-September 21, 1972 Retiree

A Pre-September 21, 1972 retiree is a member who retired before September 21, 1972; a post-September 21, 1972 retiree is a member who retired on or after September 21, 1972.

420220. Plan

The term “plan” means the Survivor Benefit Plan or SBP.

420221. Recognized Educational Institute

The term “recognized educational institute” means the high school, trade school, technical or vocational institute, junior college, college, university, or comparable educational institution.

420222. Reduced Base Amount

The term “reduced base amount” means an amount less than the member’s full gross retired pay, but not less than \$300.

420223. Reduction Factor

A four-digit actuarial decimal used to compute the monthly cost for children.

420224. Reserve Component Annuity

An annuity provided by virtue of eligibility of a person who would be eligible for Reserve-Component retired pay but for the fact that they are under 60 years of age or is a member of a Reserve Component and dies in the line of duty during inactive duty training.

420225. Retired Pay

The term includes retainer pay.

420226. Social Security Offset

The term “Social Security offset” means a reduction from the SBP annuity due to widow’s or widower’s Social Security entitlements. Social Security offset was eliminated effective April 1, 2008.

420227. Standard Annuity

The annuity provided by virtue of eligibility of persons entitled to retired pay.

420228. Supplemental Survivor Benefit Plan (SSBP)

A supplemental annuity provided to a spouse or former spouse. SSBP was repealed, effective April 1, 2008.

420229. Surviving Spouse

The term “surviving spouse” means the widow or widower of a deceased member.

420230. Threshold

This term applies to one of the alternative cost formulas. In the cost formula of 2.5 percent of the first \$XXX.XX, plus 10 percent of the remainder of the base amount, the portion of the base amount upon which the member is charged 2.5 percent cost is the threshold. The threshold is indexed.

4203 MEMBERS ELIGIBLE TO PARTICIPATE IN THE PLAN

420301. Standard Annuity Participants

A member entitled to retired pay who, upon retiring from active service or active duty, has a spouse, former spouse, or dependent child.

420302. Reserve Component Annuity Participants

A Reserve Component (RC) member who has a spouse, former spouse, or dependent child upon notification of eligibility to receive retired pay, or in the case of a member who elected not to participate in RCSBP, when the member becomes entitled to receive retired pay.

420303. Exceptions

A member otherwise eligible according to paragraph 420301 or 420302, except that:

A. A member who does not have a spouse or dependent child and did not elect coverage for a former spouse (if applicable) at the time of eligibility for the program may elect coverage for a person who has an insurable interest in the member.

B. A member who does not have a spouse or dependent child at the time of eligibility for the program may elect SBP or RCSBP coverage upon notification to the Secretary concerned within the 1-year period after acquiring a spouse or dependent child. An election shall be effective as of the first day of the first month following the month in which the Secretary concerned receives the election.

420304. A Member on the Temporary Disability Retired List (TDRL)

Eligibility ends when the member is removed from TDRL without further entitlement to retired pay. The coverage continues when the member is transferred from TDRL to PDRL. If the member's retired pay is reduced to an amount less than the base amount originally elected, then the full retired pay to which the member is entitled thereafter is considered the base amount.

420305. A Mentally Incompetent Member

The plan applies to a mentally incompetent member regardless of date of retirement. For members retiring after September 20, 1972, the Secretary concerned, upon request, may act on behalf of the member and elect other than the maximum automatic coverage. In the absence of an eligible spouse or children, the Secretary concerned may, upon request, elect coverage for a natural person with an insurable interest. The person applying to have an election made is not given preference in designation as the beneficiary.

420306. A Member Qualifying During an Open Enrollment Period

The Plan applies to any member who qualifies during an open enrollment period according to the provisions established by law.

420307. A Retired Member After a Record Correction

A. A member whose military record is corrected to show retirement before September 21, 1972 after September 20, 1972 is not automatically covered under the plan. Coverage may be established upon request of the member if the election is received within 18 months from the date of notification of the correction action.

B. A member who retroactively becomes entitled to retired pay on a date after September 20, 1972, generally will be given automatic full coverage, unless the member elects reduced coverage or declines participation, with proper concurrence of the eligible spouse, if applicable.

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420203 10 U.S.C. 1450(a)
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4203 MEMBERS ELIGIBLE TO PARTICIPATE IN THE PLAN

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420305 10 U.S.C. 1448(c)
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52 Comp Gen 973
420307.B 54 Comp Gen 116