



Hill Air Force Base Airman & Family Readiness Center



Survivor Benefit Plan (SBP)

What is SBP?

- Retired pay stops when you die!
 - Many widows were being left destitute
 - 21 Sep 72 Congress implemented the SBP
 - Government subsidized annuity program
 - Patterned after the Civil Service annuity plan
- SBP is only way your survivors may continue to receive a portion of retired pay

Who can be a beneficiary and receive the payments?

- Spouse only
 - Receives payments for life
 - Remarriage after 55 does not suspend payments
- Child(ren) only
 - Eligible until age 18 or until 22 if unmarried and a fulltime student
 - Permanently disabled child receives for life
 - All eligible children receive the annuity in equal shares

Who can be a beneficiary and receive the payments? (cont.)

- Spouse and Child
 - Spouse is primary beneficiary
 - All eligible children receive the annuity in equal shares only if spouse becomes ineligible due to death or remarriage before age 55
- Former Spouse only
- Former Spouse and Child
 - Only the member's and that former spouse's children can be covered under this option

Who can be a beneficiary and receive the payments? (cont.)

- Insurable Interest Person
 - Only when no spouse or children at retirement
 - Can be a relative
 - If related closer than a cousin, no financial justification required
 - Can be non-related person with financial interest in retiree
 - Proof must be provided: life insurance beneficiary, joint property owners

What is a Base Amount?

- Base amount is the amount that determines:
 - The monthly cost to the member
 - The annuity paid to the eligible survivor
- Retiree selects the base amount:
 - Highest -- full gross retired pay
 - Lowest -- \$300

How much does SBP cost?

- Monthly spouse costs are usually 6.5 percent of base amount
- Child only cost is based on age of member and youngest child
 - Less expensive than spouse coverage
- Spouse and child coverage:
- Spouse cost plus additional amount for the children
 - Additional child cost is based on age of member, spouse and youngest child (less than the cost of child only coverage)

Cost Examples

- Assume the base amount is \$1700 and ages are:
 - Retiring member: 43; Spouse: 41; Youngest child: 7
- Assume full coverage is elected
 - Spouse only coverage costs \$110.50 per month
 - Child only coverage costs \$5.78 per month
 - Spouse and child coverage costs \$110.99
 - Additional cost for child's portion is only 49 cents

How much does a spouse receive?

- Example of annuity payable upon member's death:
 - If base amount selected is: \$1700
 - 55% of base amount: X .55
 - Monthly annuity: \$935

How much does a child receive?

- Example of annuity payable upon member's death:
 - If base amount selected is: \$1700
 - 55% of base amount: X .55
 - Monthly annuity: \$935
- Benefit split equally among all eligible children
 - 2 eligible children receive \$467.50 each
- *Caution: Child coverage, is less expensive, but it can't replace spouse coverage*

Different than Insurance

- SBP premiums are non-taxable
- SBP coverage can't be canceled due to ill health or advanced age
- Government pays portion of SBP premiums
- Insurance provides lump sum payments, however-
 - Pay-out usually decreases with age or premiums rise
 - When lump sum is gone, that's it!
- SBP provides life-time payments to spouse
- SBP annuity increases with COLAs

Mandatory Retirement Processing Actions

- It is the member's responsibility to use available resources and decide on an SBP coverage election prior to the one-on-one mandatory briefing
 - Briefing is for you and your spouse
 - Not mandatory for spouse
- Member will not be allowed to complete final out processing without attending one-on-one briefing
 - Member and spouse are sent information, form, and appointment date/time
 - By law, spouse must be informed of the options and effects of the SBP

Mandatory Retirement Processing Actions (cont.)

- EVERY retiring member MUST complete the DD Form 2656, Data for Payment of Retired Personnel, PRIOR to their appointment
 - Properly establishes member's retired pay account
 - SBP election / Tax status / Correspondence address / Arrears of pay beneficiary information
 - Failure to complete DD 2656 prior to retirement establishes automatic full SBP spouse coverage
 - Spouse must concur in any election of less than full SBP spouse coverage, sign the DD Form 2656, and have signature notarized

QUESTIONS?