This fact sheet provides information to help you understand the provisions of the Survivor Benefit Plan (SBP), but is not a contract document. The basic statutory provisions of the SBP law are in Chapter 73, Title 10, United States Code.

Spouse and Child SBP Coverage

Your retired pay stops when you die. SBP was designed to give you a way to provide a monthly income to your eligible survivor(s) following your death. One of your election options is spouse and child coverage. It allows you a way to provide a monthly income to your surviving spouse, and in the event your spouse becomes ineligible for the annuity, to your eligible children until they become self-supporting (see "Eligible Children" below). A member's dependent children of a former spouse are also covered under child-only or spouse and child coverage; however, if child coverage is added to former spouse coverage, only the children resulting from the marriage of the member to the elected former spouse are covered. This fact sheet presents key aspects of the SBP spouse and child option.

The Annuity

Only one annuity is payable. It is paid first to the eligible spouse. If the spouse loses eligibility due to death or remarries prior to age 55, the annuity is paid in equal shares to all eligible children. When the last eligible child loses eligibility, SBP payments stop. The annuity can be reinstated for the spouse if the remarriage ends due to death or divorce. This is true even if your surviving spouse remarries and then becomes unmarried years later.

The amount of the annuity payable is determined by the base amount you elect. The base amount may range from a minimum of $300 up to a maximum of your gross retired pay. See Annuity Payable to a Spouse or Former Spouse to determine the amount of the annuity.

Additionally, the base amount, premiums, and annuity payable will increase at the same time and by the same percentage that Cost-Of-Living Adjustments are applied to retired pay.

Notes:
The law controlling the SBP provides that a spouse's eligibility to receive an annuity terminates upon divorce. In order to maintain coverage for that beneficiary after a divorce, the beneficiary category has to be changed from spouse to former spouse. If neither the member nor the former spouse requests the election change within the first year following divorce, former-spouse coverage may not be established thereafter. Even though the retiree may intend to keep SBP in effect after divorce and spouse premiums may

continue to be deducted afterward, the former spouse is not eligible for annuity payments upon the member's death. (See Former-Spouse SBP Coverage or Former-Spouse and Child SBP Coverage).

A child(ren) beneficiary can receive more than one SBP annuity -- e.g., both parents are military retirees and each elect SBP for the child(ren); however, a surviving spouse can receive only one military SBP annuity at any one time, regardless of previous spousal elections.

Eligible Child(ren)

In a spouse and child election, the annuity is paid in equal shares to eligible children only when the spouse loses eligibility due to death or remarriage before age 55. Children are eligible for SBP payments as long as they are unmarried and younger than 18, or younger than 22 if a full-time student in an accredited school (see below). A child who is disabled and incapable of self-support remains eligible for life or as long as disabled and unmarried if the disability occurred before age 18 (or before age 22 if a full-time student). (Please read the fact sheet titled SBP and SSI for information to be considered when electing coverage for an incapacitated child). Marriage at any age terminates a child's eligibility.

While pursuing a full-time course of study or training, a child whose 22nd birthday occurs before July 1 or after Aug. 31 of a calendar year, is considered to be 22 years of age on the first day of July after that birthday.

Accredited Schools

Accredited schools include high school, trade school, technical or vocational institute, junior college, college, university, or comparable recognized educational institute (final decision made by the Defense Finance and Accounting Service.

Spouse Concurrence

The SBP election made prior to retiring is a vital decision only you and your spouse can make. Moreover, it is a decision that will have a profound impact on you and your family in the years ahead. Because of that, Public Law 99-145 (effective March 1, 1986) requires that if you have a spouse at retirement and you elect anything other than maximum spouse coverage, you must obtain your spouse's written concurrence in order to validate your election. If spousal concurrence is not provided, any election for less than full spouse coverage will be invalidated and full spouse or spouse and child coverage will be automatically established; however, an exception would be if you elect coverage for a former spouse or former spouse and child, in which case, your spouse's concurrence is not required.

Spouse Acquired after Retirement When No Spouse at Retirement

A member who is unmarried on the date of retirement and later marries may elect to cover a newly acquired spouse. The election request must be sent to the Defense Finance and Accounting Service and must arrive there prior to the first anniversary of the marriage. The marriage must last for at least one year before the member's spouse becomes eligible to receive the annuity. As an exception, the new spouse becomes an eligible beneficiary upon the birth of a child of the marriage born before the first anniversary. When spouse coverage is added to an existing election for child-only coverage, the election becomes spouse and child coverage. A member with prior child-only coverage cannot terminate coverage for the child nor increase or decrease the previous base amount. The eligible spouse becomes the primary beneficiary and eligible children become the contingent beneficiary.

Loss of Spouse Beneficiary

Spouse coverage and costs are suspended if the spouse dies or if the member and covered spouse divorce. The member must notify DFAS and provide a copy of the death certificate or divorce decree (with property settlement, if applicable). Spouse coverage and costs are not terminated -- they are only suspended pending the member's remarriage (see Spouse SBP Currently Suspended and Effects of Remarriage). The cost for spouse coverage is suspended the first day of the month following the date of the loss of the spouse beneficiary. The child portion of the cost is recalculated using a factor based on the ages of the member and the youngest child on their birthdays nearest the day after the loss of the spouse. The recalculated cost is effective the first day of the month following the date of the loss of the spouse. The child portion of the coverage and costs is suspended effective the first day of the month following the date the last remaining child becomes ineligible.

In order to maintain coverage for a spouse beneficiary after a divorce, the beneficiary category has to be changed from spouse to former spouse. If neither the member nor the former spouse requests the election change within the first year following divorce, former-spouse coverage may not be established thereafter. Even though the retiree may intend to keep SBP in effect after divorce and spouse premiums may continue to be deducted afterward, the former spouse is not eligible for annuity payments upon the member's death (see Former Spouse SBP Coverage).

Member Remarriage

See Spouse SBP Currently Suspended and Effects of Remarriage.

Coverage for a Former Spouse or Former Spouse and Child(ren)

See Former-Spouse SBP Coverage or Former-Spouse and Child SBP Coverage.

Children Acquired After Retirement

A child acquired after retirement may be covered under SBP within one year if no eligible children existed at the time of retirement. The election request must be sent to the Defense Finance and Accounting Service and must arrive there within one year of acquiring the child. Costs will be computed on the basis of the current age of the member, spouse, and child.

A child acquired after retirement is automatically covered if child coverage was taken at retirement. No change in costs will occur unless costs were suspended because all other children became ineligible. In which case, costs will be recomputed using the current ages of the member, spouse, and youngest child.

SBP Costs
See SBP Coverage Costs

Tax Savings

Monthly SBP costs are not included in your taxable income. Your gross taxable retired pay is reduced by the cost of SBP and only the remainder will be subject to federal income tax. The true cost for SBP is thus less than the amount deducted from retired pay because the premiums are paid with pre-tax dollars and less federal tax is paid. SBP payments to survivors are taxable, but spouses usually receive benefits when total income is less and the extra tax exemption for being older than 65 is applicable.

Member's Responsibilities

It is a retired member's responsibility to notify DFAS (Defense Finance and Accounting Service, U.S. Military Retirement Pay, 8899 E 56th St, Indianapolis IN 46249-1200) when the status of a beneficiary changes. Notification, with supporting documentation, should be made immediately after the change occurs so the appropriate adjustment may be made to your retired pay account. Examples of documentation include: copy of death certificate when reporting death of spouse; copy of divorce decree and property settlement (if applicable) when reporting a divorce; copy of marriage certificate when reporting a marriage or remarriage; copy of annulment decree; copy of birth certificate to report birth of eligible child beneficiary, etc.

While pursuing a full-time course of study or training, a child whose 22nd birthday occurs before July 1 or after Aug. 31 of a calendar year, is considered to be 22 years of age on the first day of July after that birthday; therefore, child premiums will automatically be suspended effective July 1 when such a child is the last remaining eligible child. To suspend child coverage and premiums at an earlier date (because the last remaining child marries or terminates full-time school attendance), the member must notify DFAS. If the member gives the exact date of loss of last dependent child, the change in premium is effective the first of the month following the date provided. If the exact date is not given, DFAS will use the first day of the month after receipt of notification.

Payment of Annuity

The annuity is paid monthly to the eligible annuitant. Payment of the annuity is effective the first day after the death of the member unless death occurs on the 30th day of a 31-day month. In that case, the annuity starts on the first day of the next month. Annuity payments end effective the last day of the month before the month in which the annuitant becomes ineligible.

Example of Annuity Paid to Eligible Children

The following is an example of benefit payments for four eligible children and what happens to the annuity as one loses eligibility:

Number of children	4
Base amount of retired pay elected by member	$2,000
Base amount X 55% (2,000 X .55)	$1,100
Annuity divided by number of children (1,100/4)	$275 each

As one of the children becomes ineligible because of age, marriage, or because he/she is older than 18 and no longer a full-time student, the remaining three children will share the payment. The annuity amount per child will be as follows:

Number of children	3
Annuity divided by number of children (1,100/3)	$366.66 each

Note:
A suspended child’s share will not be reapportioned to another child until evidence is received that the suspended child’s eligibility has ended. Must provide proof the suspended child did not attend school full-time, married, joined the military or passed away. When the last child loses eligibility, all annuity payments terminate.

Non-Resident Alien Tax on SBP

Non-resident alien SBP beneficiaries living in foreign countries are subject to a withholding tax by the U.S. government on their monthly annuity. The withholding tax rate is 30 percent of the payable annuity. The tax levy is not part of the SBP laws but results from individual tax treaties between the U.S. government and various foreign countries. The 30 percent is a fixed tax that must be withheld by DFAS; however, there may be tax treaties with individual countries that reduce or eliminate the 30 percent tax rate. Check with the Internal Revenue Service or DFAS for more information.