

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**.

### **SBP's Integration with Dependency and Indemnity Compensation**

The Department of Veterans Affairs pays a benefit called Dependency and Indemnity Compensation to a surviving spouse and dependent children if a member dies of a service-connected cause. This includes deaths while on active duty, and after retirement if the cause of death is due to an injury or disease contracted while the member was on active duty.

DIC may also be paid:

- If the member had a 100 percent VA disability rating for 10 or more continuous years immediately preceding death;
- If the member had a 100 percent VA disability rating for at least five continuous years and the 100 percent disability rating was awarded immediately at retirement (reference Withdrawal from SBP Because of Total VA Disability); or
- If the member had a 100 percent VA disability rating for at least one year immediately preceding death, the member was a former prisoner of war, and death occurred after Sept. 30, 1999.

The VA determines who is eligible for DIC; however, this benefit is not automatic. An application form has to be submitted to the VA. The VA can be contacted at (800) 827-1000 for more information.

DIC payments are periodically adjusted for Cost-of-Living Adjustments, or COLAs. Effective Dec. 1, 2018, DIC payments to surviving spouses are a monthly rate of \$1,319. If the member was rated totally disabled as a result of a service-connected disability for at least eight continuous years preceding death and the spouse was married to the member for those eight years, the spouse may be entitled to an additional monthly amount of \$282.

### **SBP Reduction**

If the surviving spouse is awarded DIC by the VA based on the death of the same member who provided the SBP coverage, DFAS reduces the spouse's SBP annuity by the amount of the DIC award. The spouse's SBP annuity is not reduced if the spouse's DIC is derived from the service of another member. DIC payments to or for children do not affect SBP payments.

### **Refund of SBP Costs**

If the DIC payment offsets the entire SBP annuity, no annuity is paid and the SBP premiums for spouse coverage paid by the member are refunded to the surviving spouse. If the DIC payment is less than the SBP annuity, the spouse is

paid an SBP annuity equal to the difference between the full annuity and the DIC. A refund of SBP premiums is made based on the difference between the costs actually incurred and the costs that would have been incurred in order to provide the annuity payable after the DIC reduction. For purposes of the cost refund, the open season premium addition (the additional penalty added during the 1992 and 1993 open enrollment period), the lump sum buy-in (from both the 1999 and 2000, and 2005 and 2006 open enrollment periods), any child costs, and any interest charges due to delinquent premiums are not refunded. The spouse must apply for the SBP annuity in order to receive the SBP premium refund.

Additionally, when a claim for DIC is not filed by the surviving spouse within one year after the military member's death, the effective date of the DIC award is the date of receipt of the DIC claim by the VA. In this case, the surviving spouse receives the full SBP annuity until the effective date of the DIC award, so no SBP premiums will be refunded.

### **Special Survivor Indemnity Allowance (SSIA)**

As a result of Public Laws 110-181 and 111-31, effective 1 Oct 08 and 22 Jun 09, respectively, surviving spouses whose SBP payments have been offset (partially or totally) as a result of receiving DIC, including surviving spouses of members who died while serving on active duty, are eligible for the SSIA. Monthly payments are taxable and will be paid as follows:

- 1 Oct 08 thru 30 Sep 09 - \$50
- 1 Oct 09 thru 30 Sep 10 - \$60
- 1 Oct 10 thru 30 Sep 11 - \$70
- 1 Oct 11 thru 30 Sep 12 - \$80
- 1 Oct 12 thru 30 Sep 13 - \$90
- 1 Oct 13 thru 30 Sep 14 - \$150
- 1 Oct 14 thru 30 Sep 15 - \$200
- 1 Oct 15 thru 30 Sep 16 - \$275
- 1 Oct 16 thru 30 Sep 17 - \$310
- 1 Oct 17 thru 30 Nov 18 - \$310
- 1 Dec 18 - \$318

After Dec 2018 SSIA will increase annually at the same rate that military retired pay increases.

Examples:

#### Example 1

In the following example, the base amount selected for SBP coverage is \$2,500 which would provide an annuity of \$1,375 (55 percent of the base amount). It assumes that a claim for DIC was filed by the surviving spouse within one year after the member's death and DIC was approved by the VA.

SBP entitlement	\$1,375
Minus DIC entitlement	\$1,319
Net SBP payable	\$ 56
SSIA payable	\$ 318
Total payable after DIC	\$ 374

**Note:**

The total of SBP and DIC is still equal to what SBP would have paid alone (\$56 + \$1,319 = \$1,375); however, the DIC portion of the payment is not taxable as income. The spouse received a refund of SBP premiums deducted from retired pay except the cost that would have been paid to provide an SBP benefit of \$56, unless the member died on active duty.

Example 2

In the following example, the base amount selected for SBP coverage is \$1,500 which would provide an annuity of \$825 (55 percent of the base amount). It assumes that a claim for DIC was filed by the surviving spouse within one year after the member's death and DIC was approved by the VA.

SBP entitlement	\$ 825
Minus DIC entitlement	\$1,319
Net SBP payable	\$ 0
SSIA payable	\$ 318
Total payable after DIC	\$ 318

**Note:**

The DIC entitlement is greater than the SBP payment. In this case, all spouse costs deducted from retired pay for SBP would be refunded to the surviving spouse, unless the member died on active duty.

**Refund of SBP Costs and Taxes**

The SBP cost refund is taxed as income to the spouse since the premiums were not taxed when they were deducted from the member's retired pay; however, any portion of the SBP premium refund that was paid from a member's VA disability compensation should not be considered taxable.

**DIC and Taxes**

DIC payments are exempt from federal and state income taxes, which gives the surviving spouse more take home income.

### **Remarriage and DIC**

Effective Dec. 16, 2003, surviving spouses who remarry after their 57th birthday retain eligibility for DIC payments. Surviving spouses who remarried after their 57th birthday before Dec. 16, 2003 had until Dec. 15, 2004 to apply for restoration of DIC benefit. DIC payments were not payable to these surviving spouses for any period before Jan. 1, 2004.

DIC payments are suspended if a surviving spouse remarries before age 57, but can be reinstated if the remarriage terminates. A spouse, whose DIC award is suspended because of remarriage before age 57, may have the full SBP annuity reinstated if the remarriage occurs after he/she turns age 55. The spouse must repay any SBP premiums refunded at the time DIC was awarded. The SBP annuity is reinstated effective the date the DIC is suspended. The spouse may repay the premiums in a lump sum or monthly installments. If the surviving spouse elects to make repayment in installments, DFAS will deduct installment payments from the SBP annuity payable. The deductions will be in the amount of 50 percent of the DIC amount or 50 percent of the gross annuity, whichever is less. No interest will accrue until the date of the first readjusted annuity payment. Thereafter, interest accumulates on any unpaid balance until the full amount has been repaid. If the surviving spouse's marriage later terminates and the spouse again becomes eligible for DIC, the SBP annuity will again be reduced by the amount of the DIC, but no refund of SBP premiums will be paid.