



DEFENSE FINANCE AND ACCOUNTING SERVICE

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DFAS-HQ/FMM

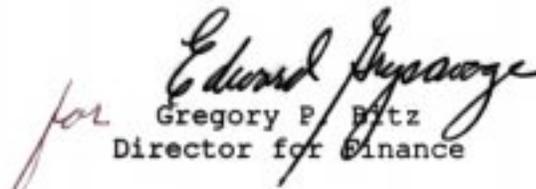
MEMORANDUM FOR DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
CLEVELAND CENTER
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
DENVER CENTER

SUBJECT: Update to the Change to the Department of Defense
Financial Management Regulation (DoDFMR), Volume 7,
Part B, Regarding RCSBP Supplemental Annuity
Computation (DFAS Item I-10)

Attached is DFAS Interim Change Number R11-99 to the
DoDFMR, Volume 7B. This change is effective immediately.

We have evaluated your comments on the draft change to the
DoDFMR, Volume 7B. The attached final version of the change
includes comments where appropriate. Assignment of an interim
change number is your authority to initiate a procedural
modification to facilitate this change. For the Denver Center,
use the attached to initiate the formal change to the DoDFMR,
Volume 7B.

Our point of contact is Mr. Fiti Malufau. He may be
reached at (703) 607-5061 or DSN 327-5061. Our Fax number is
(703) 602-5271 or DSN 332-5271.

for 
Gregory P. Fitz
Director for Finance

Attachment:
As stated

cc: DASD (MMP) (COMP)
ODGC (F)
DFAS-DE/DG
Service Liaisons
USCG/NOAA/PHS Liaisons

1. Revise paragraph 100401b to read:

"b. The total RCSBP Supplemental spouse (or former spouse) premium is an SBP premium plus an RCSBP add-on premium for spouse (or former spouse) coverage and an RCSBP add-on premium for supplemental coverage (see paragraph 100403d, below). The premium increases by cost-of-living adjustment at the same time and in the same manner as the RCSBP premium."

2. Revise paragraph 100402f to read:

"f. Supplemental spouse coverage became effective Apr 1, 1992. The premium rates for Supplemental coverage are in Table 10-4-2, Reserve Component Immediate Supplemental Spouse Annuity Rates, and Table 10-4-3, Reserve Component Deferred Supplemental Annuity Rates. The premium rates apply to each 5 percent increment of supplemental coverage that the member elects. Tables 10-4-2 and 10-4-3 include rates for members over age 60. The rate for a member over age 60 is for use when a member with RCSBP coverage for spouse loses the spouse beneficiary and wishes to provide supplemental coverage as well as RCSBP coverage upon later acquiring a spouse."

3. The example immediately following paragraph 100403c(1), revise to read:

"Reserve Factor: (see paragraph 100402
on cost factor tables) .0400"

4. Revise paragraph 100403d to read:

"d. **RC-SSBP.** The premium for RC-SBP Supplemental spouse (or former spouse) coverage consists of:

(1) the SBP premium for spouse (or former spouse) coverage,

(2) the SBP premium for spouse and child (or former spouse and child) coverage (if applicable),

(3) the RC-SBP add-on premium, immediate or deferred, for spouse (or former spouse) coverage, plus

(4) the RC-SBP add-on premium, immediate or deferred, for supplemental spouse (or former spouse) coverage.

The member elects supplemental coverage to provide supplemental annuity of 5, 10, 15, or 20 percent of the base amount minus the RCSBP add-on premium. The premium factors applicable to each 5 percent increment of the supplemental coverage are in Table 10-4-2, Immediate Supplemental, or Table 10-4-3, Deferred Supplemental. Use the member's age nearest to the date of election. For example: A member, age 57, elected 20 percent Supplemental RCSBP (4 increments of 5 percent). The member has RCSBP deferred coverage. The factor on Table 10-4-3 for a member age 57 is .0270. The (full) base amount is \$1500. Multiply the factor .0270 times the base amount of \$1500 times 4 increments. The RC-SBP add-on premium for supplemental coverage is \$162.00. This premium is in addition to the premiums computed under (1), (2) if applicable, and (3) above."

5. Revise paragraph 100501a to read:

"a. The amount of RCSBP annuity payable to a surviving spouse or former spouse (spouse category) beneficiary is computed in the same manner as SBP except the base amount is reduced by the Reserve add-on premium (excluding the supplemental premium) before applying the 35 or 55 percent multiplier. The RCSBP add-on premium for supplemental coverage is not subtracted from the base amount in computing the supplemental annuity. The monthly annuity for a dependent child is computed on the base amount less the Reserve add-on premium multiplied by 55 percent. The monthly annuity for a natural person with an insurable interest or a former spouse (insurable interest category) is computed on the base amount less the entire RCSBP premium, SBP premium plus the Reserve add-on premium, multiplied by 55 percent.

(1) ...(as is)..."

6. Revise paragraph 100501c to read:

"c. Effective Apr 1, 1992, a member may provide the spouse or former spouse (spouse category) annuitant with Supplemental RCSBP coverage. The Supplemental RCSBP annuity becomes payable when the annuity is reduced at age 62. Supplemental RCSBP annuity increases by cost-of-living adjustments similar to RCSBP."

7. Bibliography additions/changes:

<u>Paragraph</u>	<u>Citation</u>
100401b (add)	OSD Memo, Sep 2, 1997
100402f (add)	OSD Memo, Sep 2, 1997 OSD Memo, Feb 19, 1992
100403d (add)	OSD Memo, Sep 2, 1997
100501a (add)	OSD Memo, Sep 2, 1997