

CHAPTER 57

**RESERVE COMPONENT SURVIVOR BENEFIT PLAN –
ANNUITY AMOUNT AND OFFSETS**5701 ANNUITY AMOUNT570101. General

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 portion of the RCSBP premium before applying the 35 or 55 percent multiplier. The SBP premium portion of the RCSBP premium is not subtracted from the base amount in determining the annuity amount. The RC-SSBP annuity is computed as the base amount reduced by the Reserve add-on premium portion of the RCSBP premium times the 5 to 20 percent multiplier elected by the member. The monthly annuity for a dependent child is computed on the base amount less the Reserve add-on premium, times 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 and Reserve add-on premium, times 55 percent.

1. Immediate Annuity Option. If the member dies before age 60 with immediate annuity option, the initial annuity amount payable is computed on the basis of what the member's retired pay would have been on the date of member's death using the basic pay rates on that date.

2. Deferred Annuity Option. If the member dies before age 60 with the deferred annuity option, the initial annuity amount payable is computed on the basis of the retired pay the member would have received had that member lived to age 60 and become entitled to receive retired pay.

B. Public Law 99-145, Section 711 (reference (fc)), establishes a two-tier benefit system for annuitants and eliminates the social security offset system. Effective March 1, 1986, the spouse or former spouse (spouse category) beneficiary who is under age 62 receives a monthly annuity that is computed on the base amount, cost-of-living adjusted, less the Reserve add-on premium, times 55 percent. If the spouse or former spouse is age 62 or more when becoming entitled to the annuity, or the first day of the month after the spouse or former spouse reaches age 62, the monthly annuity is computed on the base amount, cost-of-living adjusted, less the Reserve add-on premium, times 35 percent. However, the eligible spouse or former spouse annuitant on October 1, 1985, or the eligible spouse or former spouse beneficiary of a member on October 1, 1985, who is qualified for that pay except that member has not applied for or been granted that pay, may receive annuity at the 55 percent rate less social security offset, if it is more favorable. There is no subsequent comparison.

C. Effective April 1, 1992, a member may provide the spouse or former spouse (spouse category) annuitant with RC-SSBP coverage. The Supplemental SBP annuity is an additional percentage of the annuity base amount less the Reserve add-on premium portion of the RCSBP premium elected by the member. The RC-SSBP annuity becomes payable when the annuity is reduced at age 62. Supplemental SBP annuity increases by cost-of-living adjustments similar to RCSBP.

570102. Eligible Annuitants and Amounts. Monthly RCSBP and RC-SSBP annuities, if not a multiple of \$1, shall be rounded to the next lower multiple of \$1. Annuities to which survivors were entitled on September 30, 1983, were rounded with the next cost-of-living adjustment. Then, and with each later cost-of-living adjustment, the annuity is rounded to the next lower multiple of \$1. After rounding, RCSBP and RC-SSBP annuities are combined for payment.

A. Spouse or Former Spouse (Spouse Category). See Table 46-1. Generally, however, the RCSBP annuity is somewhat less than 55 or 35 percent, depending on the Reserve add-on premium which is deducted in determining the annuity amount. The RCSBP annuity for a spouse or former spouse is reduced by a Dependency and Indemnity Compensation (DIC) award payable on behalf of the same deceased retired member. The RC-SSBP annuity like the RCSBP annuity is somewhat less than the 5 to 20 percent elected by member. The RC-SSBP annuity is not reduced by DIC.

B. Children Only. If there is more than one eligible child, the annuity is paid in equal shares. The annuity for children is not subject to DIC offset.

C. Spouse and Child or Former Spouse and Child. The annuity is paid to the spouse or former spouse, as long as eligibility exists. If the surviving spouse or former spouse loses eligibility due to death or remarriage before age 55 (age 60, if remarriage is before November 14, 1986), the annuity is paid to the child annuitants. An election for former spouse and child includes the children that resulted from the member-former spouse marriage only. If the member elects coverage for the spouse and children and the spouse is not eligible under 10 U.S.C. 1447(3)(a) (reference (c)), the spouse qualifies as the eligible annuitant on the birthdate of a posthumous child of the marriage.

D. Former Spouse (Insurable Interest Category) or Natural Person With an Insurable Interest. The annuity is payable only to the former spouse or natural person with an insurable interest as designated by or on behalf of the member. The benefits may not be transferred to another person. The annuity is not reduced by DIC.

570103. Payment of Annuity. See paragraph 460103 of this volume. The provisions in subparagraph 460103.C for making annuity payments to representative payees also apply to the RC-SBP program.

5702 OFFSETS TO THE ANNUITY

570201. Offsets. See paragraphs 460201 through 460207 of this volume.

NOTE: The information in Chapters 47 through 50, and 52 of this volume, excluding the minimum income annuitant material, applies to the RCSBP annuitant.

★5703 TAXABILITY OF ANNUITY

570301. The provisions of Chapter 52 of this volume regarding the taxability of annuities also apply to annuities under RCSBP.

REFUND OF MONTHLY RCSBP PREMIUM (See Note)		
All figures should be in month that premium calculation is desired. A change would occur in any month where the base amount, DIC, or cost changes. Additionally, the cost formula for the SBP portion on spouse or former spouse coverage changed effective March 1, 1990.		
1.	Month of premium calculation	=
2.	Actual RCSBP base amount	=
3.	Reserve actuarial factor	=
4.	Reserve add-on premium (2) x (3)	=
5.	Spouse annuity .55 (or .35) x ((2) - (4))	=
6.	DIC amount	=
7.	Revised spouse annuity (5) - (6)	=
8.	Revised base amount (7) divided by .55 or (.35)	=
9.	Calculate N.	=
For members with cost computed on the 6.5 percent flat-rate reduction formula, skip to (19).		
Step 1.	Month of retirement	=
Step 2.	Point in time premium calculation is Desired	=
Step 3.	List all applicable cost of living increases which the member received between (or included in) the month listed in steps 1 and 2 as a factor of 1.xxx where xxx is the cost of living increase. For example, the 4.4 percent cost of living increase of March 1981 would be listed as a factor of 1.044.	
<u>FACTORS</u>		
	<u>FULL</u>	<u>SPECIAL</u>
Beginning of SBP	1.0	
March 1981	1.044	
March 1982	1.087	
April 1983	1.039	1.033
December 1984	1.035	

Table 57-1. Refund of Monthly RCSBP Premium (See Note)

December 1986	1.013	
December 1987	1.042	
December 1988	1.04	
December 1989	1.047	
December 1990	1.054	
December 1991	1.037	
December 1992	1.03	
December 1993	1.026	
December 1994	1.028	
Step 4.	Multiply all factors in step 3 together. If no factors appear in step 3, use 1.0 here.	=
Step 5.	$N = \text{step 4} \times \text{the initial threshold amount.}$	=
10.	Revised base amount minus $N = (8) - (9)$	=
11.	$.025 \times \text{the lesser of (8) or (9)}$	=
12.	$.10 \times (10)$	=
13.	Revised RCSBP premium = $(11) + (12)$ If actual premium for the month is known, skip to (17)	=
14.	Base less Reserve add-on minus $N = (2) \text{ less } (4) \text{ less } (9)$	
15.	$.10 \times (14)$	=
16.	$.025 \times (9)$	=
17.	Actual premium = $(15) + (16)$	=
18.	Monthly refund = Revised premium less actual premium $(17) - (13)$	=
19.	If member had premium computed using the 6.5 percent flat-rate reduction formula, the monthly refund = $6.5 \times (2) - (4) \text{ less } .065 \times (8)$	=

Note: For computation of refund for periods before March 1981, refer to Military Service procedures.

Table 57-1. Refund of Monthly RCSBP Premium (See Note) (Continued)