

VOLUME 7B, CHAPTER 42: “SURVIVOR BENEFIT PLAN (SBP) – APPLICATION OF THE PLAN”

SUMMARY OF MAJOR CHANGES

All changes are denoted by [blue font](#).

Substantive revisions are denoted by an asterisk (*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [bold, italic, blue, and underlined font](#).

The previous version dated [June 2017](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated hyperlinks, references, and formatting to comply with current administrative instructions.	Revision
420202	Added information for additional coverage for SBP.	Addition
420204	Added paragraph for “Effects of Lump Sum Retirement Payment on SBP” based on the new blended retirement system.	Addition
420307.B	Added information for clarification.	Addition
420401	Added clarifying language and information concerning the election of the payment of lump sum retirement and Career Status Bonus after December 31, 2017.	Addition
420405	Updated information for “Cost of Coverage” to include Combat-Related Special Compensation.	Addition
420410	Added information for members who elect lump sums under the blended retirement system.	Addition
420412	Added information for insurable interest for active duty or IDT deaths.	Addition
420414	Added information for clarification.	Addition
420417 (previous)	Deleted definition for “Recognized Educational Institute,” this term is not used in Volume 7B.	Deletion
420422	Added 2019 threshold amount.	Addition
References	Changed “Bibliography” to “References” to comply with new requirements.	Revision

Table of Contents

4201	GENERAL	4
420101.	Purpose	4
420102.	Authoritative Guidance	4
4202	SURVIVOR BENEFIT PLAN (SBP) OVERVIEW	4
420201.	Establishment of SBP	4
*420202.	Additional Coverage	4
420203.	Death Presumption Authority	5
*420204.	Effects of Lump Sum Retirement Payment on SBP	5
4203	ELIGIBLE MEMBERS	6
420301.	Members Eligible to Participate in the Plan	6
420302.	Participants in the Plan	6
420303.	Exceptions	6
420304.	Member on the Temporary Disability Retired List (TDRL)	6
420305.	Mentally Incompetent Member	7
420306.	Qualifying Member During an Open Enrollment Period	7
*420307.	Retired Member After a Record Correction	7
4204	DEFINITIONS	7
*420401.	Base Amount	7
420402.	Change in Coverage	8
420403.	Change in Election	8
420404.	Consideration for Contract	8
*420405.	Cost of Coverage	8
420406.	Cost Refund	8
420407.	Date of Receipt	9
420408.	Dependency and Indemnity Compensation (DIC) Offset	9
420409.	Former Spouse	9
*420410.	Maximum Level	9
420411.	Minimum Income Widow	9
*420412.	Natural Person With an Insurable Interest	9
420413.	Pre- and Post-September 21, 1972 Retiree	10
*420414.	Reduced Base Amount	10
420415.	Reduction Factor	10
420416.	Reserve Component Survivor Benefit Plan (RCSBP) Annuity	10
420417.	Retired Pay	10
420418.	Social Security Offset	10
420419.	Standard Annuity	10
420420.	Supplemental Survivor Benefit Plan (SSBP)	10
420421.	Surviving Spouse	11
*420422.	Threshold	12

Table of Contents (Continued)

*REFERENCES 13

CHAPTER 42

SURVIVOR BENEFIT PLAN (SBP) - APPLICATION OF THE PLAN

4201 GENERAL

420101. Purpose

This chapter provides an overview of the establishment of the SBP (referred to as the Plan), eligibility and benefits, and specialized terminology and definitions used when referring to the Plan.

420102. Authoritative Guidance

The pay policies and requirements established by Department of Defense (DoD) in this chapter are derived primarily from, and prepared in accordance with the United States Code (U.S.C.), including Titles 10 and 37. Due to the subject matter in this chapter, the list of authoritative sources is extensive. The specific statutes, regulations, and other applicable guidance that govern each individual section are listed in a reference section at the end of the chapter.

4202 SURVIVOR BENEFIT PLAN (SBP) OVERVIEW

420201. Establishment of SBP

On September 21, 1972, [Public Law \(PL\) 92-425](#) established the SBP to provide a survivor benefit program for military personnel in retirement to complement the survivor benefits under Social Security laws. The Plan gives all retiring uniformed services retirees an opportunity to elect to have their retired pay reduced by a designated amount in order to provide their survivors an annuity payable after the retiree's death.

A. Under the Plan, a member who retired before September 21, 1972, and who had previously elected to participate in the Retired Serviceman's Family Protection Plan (RSFPP) had the option to retain or cancel the RSFPP coverage when electing to participate in the SBP.

B. The Plan provides, without cost, a minimum guarantee to an [unmarried](#) widow or widower of a member who died before March 21, 1974. For additional information, see Chapter 46. A surviving spouse of a member who died before November 1, 1953, is entitled to an annuity, which may be in addition to the annuity payable under the minimum income annuity provisions.

*420202. Additional Coverage

The Plan also includes:

A. Survivor benefits [for the child, limited insurable interest](#), surviving spouse, or former spouse of a member who dies on active duty;

B. A Reserve Component (RC) annuity on behalf of a member who is eligible to provide a Reserve Component Survivor Benefit Plan (RCSBP) Annuity and dies:

1. Before notification of retirement eligibility;
2. During the 90-day period following notification of retirement eligibility if the member had not made an election; or
3. After electing to participate in RCSBP following notification of retirement eligibility but before reaching the age of eligibility to receive retired pay; and

C. An annuity calculated in the same manner as an annuity based on an active duty death paid to the qualified survivors of a member who, under certain circumstances, dies in the line of duty during inactive duty training (IDT) (see Chapter 54); or

D. An annuity calculated in the same manner as an annuity based on an RC death paid to the qualified survivors of a member who, under certain circumstances, dies during IDT but not in the line of duty (see Chapter 54).

420203. Death Presumption Authority

A. The Plan provides for annuity payments under a determination by the Secretary of the Military Department concerned (or designee) that a participating member is presumed dead. Upon application of the beneficiary of a participant in the Plan who is missing, the Secretary of the Military Department concerned may determine that the participant is presumed dead.

B. A determination of presumed death is a determination by the Secretary of the Military Department concerned (or designee) that a participating member is presumed dead if:

1. The member's retired or retainer pay has been suspended or would have been suspended had the member been in receipt of pay; and
2. The member has been missing at least 30 days under circumstances that lead to a reasonable conclusion that the member is dead.

*420204. Effects of Lump Sum Retirement Payment on SBP

SBP premiums for members who elect lump sums under the blended retirement system will be equivalent to what they would have been without the lump sum, and consequently, the survivors' annuities will be equivalent to what they would have been without the lump sum. Premiums are to be deducted from the portion of retired pay that the member continues to receive after the lump sum payment. For more information about SBP premiums, see Chapter 45.

4203 ELIGIBLE MEMBERS

420301. Members Eligible to Participate in the Plan

The following members are eligible to participate in the Plan:

A. Members entitled to retired pay; and

B. Members who would be eligible for [non-regular](#) retired pay, but have not yet become entitled to receive retired pay because of age. See Chapter 54.

420302. Participants in the Plan

A. Standard Annuity Participants. The Plan applies to a person who is eligible to participate in the Plan under subparagraph 420301.A and who is married or has a dependent child when the member becomes entitled to retired pay, unless the member elects (with the spouse's concurrence, if required) not to participate in the Plan.

B. RCSBP Annuity Participants. The Plan applies to a person who is eligible to participate in the Plan under subparagraph 420301.B and is married or has a dependent child when the member is notified that he or she has completed the years of service required for eligibility for RC retired pay, unless the member elects (with spousal concurrence, if required) not to participate in the Plan. Note: If such member elects not to participate in the Plan (chooses option "A") upon becoming entitled to retired pay, the member may elect to participate in the Plan as a Standard annuity participant under subparagraph 420302.A.

420303. Exceptions

A member otherwise eligible according to subparagraph 420302.A or B, except that:

A. The member does not have a spouse or dependent child and did not elect coverage for a former spouse (if applicable) at the time of eligibility for the program, may elect coverage for a person who has an insurable interest in the member; or

B. The member does not have a spouse or dependent child at the time of eligibility for the program, may elect SBP or RCSBP coverage upon notification to the Secretary concerned within the 1-year period after acquiring a spouse or dependent child. Such an election must be written, signed by the person making the election, and received by the Secretary concerned. An election is effective as of the first day of the first month following the month in which the Secretary concerned receives the election.

420304. Member on the Temporary Disability Retired List (TDRL)

A member's eligibility ends when the member is removed from TDRL without further entitlement to retired pay. The coverage continues when the member is transferred from TDRL to Permanent Disability Retired List (PDRL). If the member's retired pay is reduced to an amount

less than the base amount originally elected, the full retired pay to which the member is entitled thereafter is considered the base amount.

420305. Mentally Incompetent Member

If a person to whom the Plan applies is determined to be mentally incompetent, the Secretary of the Military Department concerned, upon request, may act on behalf of the member and elect other than the maximum automatic coverage. In the absence of an eligible spouse or children, the Secretary of the Military Department concerned, upon request, may elect coverage for a natural person with an insurable interest. The person applying to have an election made is not given preference in designation as the beneficiary.

420306. Qualifying Member During an Open Enrollment Period

The Plan applies to any member who qualifies during an open enrollment period according to the provisions established by law. Open enrollment periods typically occur when there are major changes to the SBP program and must be specifically prescribed by law.

*420307. Retired Member After a Record Correction

A. A member whose military record is corrected on or after September 20, 1972, to show retirement before September 21, 1972, is not automatically covered under the Plan. Coverage may be established upon request of the member if the election is received within 18 months from the date of notification of the correction action.

* B. A member who retroactively becomes entitled to retired pay on a date on or after September 20, 1972, generally will be given automatic full coverage, unless the member elects reduced coverage or declines participation, with proper concurrence of the eligible spouse, if applicable within 18 months of the correction to show retirement unless directed by the individual's Service Secretary within 12 months of the military records correction or directed by the Service's Board for Correction of Military Records.

4204 DEFINITIONS

*420401. Base Amount

The base amount is the money amount selected by the member, with the concurrence of the member's spouse if required, or the amount selected on behalf of a member by the Secretary of the Military Department concerned (or designee), on which the annuity is based. The base amount may range from a \$300 minimum up to full gross retired pay entitlement. The base amount is adjusted consistent with the cost-of-living increases in retired pay. For a member entitled to retired pay under a regular retirement, non-regular retirement, or disability retirement, the full base amount is the amount of money to which the member:

A. Was entitled to when he or she became eligible for retired pay without regard to any reduction in retired pay pursuant to:

1. An election of a lump sum of retired pay in accordance with [10 U.S.C. § 1415](#); or

2. An election of a Career Status Bonus (CSB) in accordance with [10 U.S.C. § 1409\(b\)\(2\)](#) and [37 U.S.C. § 354](#). NOTE: After December 31, 2017, CSB could not be elected. For more information concerning the selection of CSB refer to Volume 7A, Chapter 66; or

B. Later became entitled to by being advanced on the retired list, performing active duty subsequent to eligibility for retired pay, being transferred from the TDRL to the PDRL, or having his or her retired pay re-computed at age 62 due to credit for community service under Temporary Early Retirement Authority or a reduced retirement.

420402. Change in Coverage

A change in coverage is an action taken because of a change in the member's family status that requires a change in beneficiaries.

420403. Change in Election

A change in election is an authorized change in the type of beneficiary eligible for survivor coverage because of a change in the retiree's family status.

420404. Consideration for Contract

The total amount of premiums paid by the participant member for the type of SBP selected is known as consideration for contract.

*420405. Cost of Coverage

The cost of coverage is the cost for coverage under the Plan paid by deductions from retired pay, from the retired member's [Combat-Related Special Compensation \(CRSC\)](#), or by direct remittance when member is not receiving retired pay.

NOTE: Beginning April 2018, if a premium cannot be deducted in the full amount required and the retired member has been awarded CRSC pay under [10 U.S.C. § 1413a](#) the deduction that would otherwise have been made from the retired pay will be taken from the retired member's CRSC for that period. See [10 U.S.C. § 1452\(d\)\(2\)](#). This new deduction is due to a change in the law (PL 114-328, [section 643](#)) which requires SBP premiums to be deducted from CRSC.

420406. Cost Refund

A cost refund is the difference between cost paid by the member and the recalculated cost of the annuity after Dependency and Indemnity Compensation (DIC) reduction.

420407. Date of Receipt

The date of receipt is the day of receipt of an election or election change by the office administering payment of retired pay. The postmarked date of an election may be considered as date of receipt when the validity of such election might be prejudiced because of a limited time factor.

420408. [Dependency and Indemnity Compensation \(DIC\) Offset](#)

DIC offset is the reduction of the SBP annuity due to compensation entitlement from the Department of Veterans Affairs to the widow or widower of a member who dies from a service-connected or comparable disability.

420409. Former Spouse

A former spouse is the surviving former husband or wife of a person who is eligible to participate in the Plan. [For more information about former spouses, see Chapter 29.](#)

*420410. Maximum Level

The maximum level is the full, gross retired pay used as a base amount for coverage. [For members who elect lump sums under the blended retirement system, the full base amount will be equivalent to what full retired pay would have been without the lump sum.](#) A member who elected to receive a CSB [prior to January 1, 2018 will](#), at the time of program election, have the maximum base amount computed as if that member had not been subject to the Military Retirement Reform Act of 1986 (referred to as REDUX) under 10 U.S.C. § 1409(b)(2).

420411. Minimum Income Widow

A minimum income widow is a person who on September 21, 1972 was, or during the period beginning on September 22, 1972 and ending on March 20, 1974 became, the widow of a person who was entitled to retired or retainer pay when they died. This individual must have income below the threshold and meet the eligibility criteria in Chapter 46.

*420412. Natural Person With an Insurable Interest

A natural person with an insurable interest is a person who has a reasonable and lawful expectation of pecuniary benefits from the continued life of the participating member. For further information, see Chapter 44. [Insurable interest for active duty or IDT death is limited to someone not otherwise covered by the law as an SBP beneficiary who has a Military Dependent Identification Card as the deceased member's dependent or would have qualified as the member's dependent in accordance with 10 U.S.C. § 1072\(2\).](#)

420413. Pre- and Post-September 21, 1972 Retiree

A pre-September 21, 1972 retiree is a member who retired before September 21, 1972; a post-September 21, 1972 retiree is a member who retired on or after September 21, 1972.

*420414. Reduced Base Amount

The reduced base amount is an amount less than the member's full gross retired pay or what the full retired pay would have been if the CSB or lump sum retired pay had not been elected but not less than \$300 unless the full gross retired pay (or what the full retired pay would have been) is less than \$300.

420415. Reduction Factor

The reduction factor is a four-digit actuarially determined decimal used to compute the monthly cost for reservists who become entitled to receive retired pay before age 60.

420416. Reserve Component Survivor Benefit Plan (RCSBP) Annuity

The RCSBP Annuity is the annuity provided to the survivor(s) of a reservist, who completed the years of service required for eligibility for RC retired pay or was a member of an RC and died in the line of duty during IDT. For additional information about the RCSBP, see Chapter 54.

420417. Retired Pay

Retired pay includes retainer pay.

420418. Social Security Offset

Social Security offset means a reduction from the SBP annuity due to the widow's or widower's Social Security entitlements. Social Security offset was eliminated effective April 1, 2008.

420419. Standard Annuity

The standard annuity is the annuity provided to a survivor(s) by virtue of eligibility of persons entitled to retired pay.

420420. Supplemental Survivor Benefit Plan (SSBP)

An SSBP annuity is the annuity provided to a spouse or former spouse. SSBP was repealed effective April 1, 2008.

420421. Surviving Spouse

A surviving spouse applies to:

A. The surviving husband or wife of a retired member:

1. Married to the member at the time the member became eligible for retired pay. Members of the RC become eligible for retired pay upon completion of the requisite years of service necessary to become entitled to retired pay at a later age; or

2. If not married to the member at the time the member became eligible for retired pay:

a. Was married to the member for at least 1 year before the member's death, or

b. Is the parent of issue by that marriage;

B. The surviving spouse of a member who dies while on active duty or IDT:

1. While in the line of duty,

2. After becoming eligible to receive retired pay,

3. After qualifying for retired pay except that the member has not applied for or been granted that pay, or

4. After completing 20 years of active service but before the member is eligible to retire as a commissioned officer, because the member has not completed the required years of active commissioned service (usually 10 years);

C. The surviving spouse of a member who is eligible to provide an RCSBP Annuity and dies:

1. Before being notified under [10 U.S.C. § 12731\(d\)](#) that the member has completed the years of service required for eligibility for RC retired pay, or

2. During the 90-day period beginning on the date the member receives notification under 10 U.S.C. § 12731(d) that they have completed the years of service required for eligibility for RC retired pay if an election to participate in the Plan was not made, provided:

a. That the parties were married at the time the member became eligible for retired pay; or

b. If not married at the time the member became eligible for retired pay, was married to the member for at least 1 year before the member's death, or is the parent of issue by that marriage.

D. The surviving spouse of a member of an RC not described in subparagraphs 420421.B.1, 2, or 3 who dies before being eligible to elect to participate in the Plan from an injury or illness incurred or aggravated in the line of duty during IDT.

*420422. Threshold

The threshold amount is an alternative to the base amount that may be used to calculate the reduction in retired pay described in basic premiums. The original threshold amount was established on October 1, 1985, in the amount of \$300. This amount has been increased by the same percentage as the annual increase in basic military pay for each year subsequent to 1985. The threshold increases at the same time and by the same percentage as the average increase in basic pay. As of January 1, 2019, the threshold amount is \$843. For example, using the cost formula of 2.5 percent of the first \$XXX.XX, plus 10 percent of the remainder of the base amount (see paragraph 420401), the portion of the base amount upon which the member is charged 2.5 percent cost is the threshold. See Chapter 45, section 4503, subparagraphs 450301.A and B for more information.

*REFERENCES

CHAPTER 42 - SURVIVOR BENEFIT PLAN (SBP) - APPLICATION OF THE PLAN

4202 - SBP OVERVIEW

420201	DoD Instruction 1332.42, June 23, 2009 10 U.S.C., Chapter 1223 10 U.S.C. § 1448 10 U.S.C. § 1448a 10 U.S.C. § 1449 10 U.S.C. § 1450 10 U.S.C. § 1451 10 U.S.C. § 1452 DoD Directive 1332.27, June 26, 2003 53 Comptroller General (Comp Gen) 847, B-179018, May 10, 1974 53 Comp Gen 971, B-179018, June 18, 1974 10 U.S.C. § 1448(f)
420203	10 U.S.C. § 1450(l)(1)
420204	PL 115-91, Section 622, December 12, 2017 , National Defense Authorization Act (NDAA) for Fiscal Year 2018

4203 - ELIGIBLE MEMBERS

420301 - 420304	10 U.S.C. § 1448 53 Comp Gen 971, B-179018, June 18, 1974
420305	10 U.S.C. § 1449
420306	10 U.S.C. § 1448
420307	54 Comp Gen 116, B-180050, August 14, 1974

*4204 - DEFINITIONS

420401	10 U.S.C. § 1447(6)
420404	26 U.S.C. § 122(b)(2)
420405	10 U.S.C. § 1452(d)(2) PL 114-328, section 643, December 23, 2016, NDAA for Fiscal Year 2017
420408	10 U.S.C. §§ 1450(c) and 1451(c)(2)
420409	10 U.S.C. § 1447(6)(A)
420411	10 U.S.C. § 1448
420415	10 U.S.C. § 1447
420416	10 U.S.C. § 1447
420417	10 U.S.C. § 1447

*REFERENCES (Continued)

420418	10 U.S.C. § 1447
420420	10 U.S.C. § 1451(e)(3) and (4)
420421	10 U.S.C. § 1447
420422	10 U.S.C. § 1447
	10 U.S.C. § 12731(d)
420422.B.4	10 U.S.C. § 1448(d)(1)(A)(iii)