

VOLUME 7B, CHAPTER 45: “SURVIVOR BENEFIT PLAN (SBP) PREMIUMS”**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 **November 2014** is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated formatting to comply with current administrative instructions.	Revision
450101	Added “Purpose” paragraph.	Addition
450102	Added “Authoritative Guidance” paragraph.	Addition
4504	Revised examples in “Computation of Premiums” section to reflect latest rates in the 2015 factor table.	Revision
450403	Added information for a natural person with an insurable interest for clarification.	Addition
450603.B	Added information to clarify the “Premium Changes” when spouse is no longer eligible.	Addition
450603.F	Added information for coverage by reason of a court order.	Addition
450603.G	Added information for coverage for spouse after the death of the former spouse.	Addition
450606	Moved section 450606 to 450905.	Revision
450904	Added dates for an additional open enrollment period in the “Buy-In Premium” paragraph which was not included in previous version.	Addition
450905	Moved section 450606 to 450905.	Revision
450905.B	Added information for paid-up period for a member who became an SBP participant or increased the base amount coverage during April 1, 1992 through March 31, 1993.	Addition
4511	Added information for clarification concerning exclusion from taxable income.	Addition
4512	Added information in “Veterans Affairs (VA) Total Disability Ratings” for clarification.	Addition
Bibliography	Updated “Bibliography” to reflect new references and formatting.	Revision

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CHAPTER 45

SURVIVOR BENEFIT PLAN (SBP) PREMIUMS

4501 GENERAL

*450101. Purpose

The purpose of this chapter is to provide information on premiums for SBP coverage based on the type of coverage as well as the computation and payment of these premiums.

*450102. Authoritative Guidance

The bibliography at the end of this chapter lists the authoritative references.

4502 PREMIUM

450201. Premium Coverage

The premium for SBP coverage is based on the type of coverage (spouse and/or children, former spouse or former spouse and children, or natural person with an insurable interest (NIP)) and the base amount, maximum or reduced, as elected by or on behalf of the member. The SBP premium increases at the same time and by the same percentage as do increases for retired or retainer pay.

450202. Premium Collection

Members electing SBP coverage **must** pay a premium for such coverage. Premiums are collected either through reduction of retired pay or direct remittance.

450203. Premiums Not Specified

All premiums not specified in this chapter are calculated by the Department of Defense (DoD) using assumptions (as to mortality and economic conditions) approved by the DoD Board of Actuaries and the Director of Military Compensation. See [Office of the Actuary](#).

4503 BASIC SPOUSE/FORMER SPOUSE PREMIUM CALCULATION

450301. Initial Premium Calculation

There are two methods for calculating the initial premium for the standard SBP annuity coverage for a spouse or former spouse. These methods are:

- A. An amount equal to 6.5 percent of the base amount; and

B. An amount equal to 2.5 percent of a “threshold amount” plus 10 percent of the difference between the base amount and the threshold amount. The threshold amount is adjusted at the same time and by the same percentage as the average increase in basic pay. See paragraph 450302. The original threshold amount of \$300 has been increased by the same percentage increase as basic pay since October 1, 1985.

C. A person who became a member before March 1, 1990 or who is entitled to disability or non-regular (i.e., reserve) retirement, is entitled to whichever method is more favorable as described in 450301 A and B.

D. Effective March 1, 1990, the initial SBP premium formula for spouse or former spouse coverage [for a member who did not have a disability or non-regular \(i.e., reserve\) retirement](#) became 6.5 percent of the base amount as described in 450302.

E. Premium Calculation [Members](#) Before March 1, 1990

1. For a person who became a member of the Uniformed Services before March 1, 1990, the initial premium for spouse or former spouse coverage was computed on a standard cost formula of 2.5 percent of the threshold amount, plus 10 percent of the base amount in excess of the threshold amount. The threshold amount is increased as set out in paragraph 450302.

2. If the individual first became a member of a Uniformed Service before March 1, 1990, is providing spouse coverage, and the SBP premium exceeds 6.5 percent of the base amount, the SBP premium was recomputed effective March 1, 1990, on the flat-rate reduction formula of 6.5 percent.

[450302.](#) Threshold Amount Increase

The threshold amount is increased by:

A. The same percentage as the average increase in basic pay effective on or after October 1, 1985. The increase occurs at the same time. This applies to a member whose retired pay is computed on the basic pay rate in effect or after the effective date of such increase in basic pay; or

B. The same percentage as a cost-of-living adjustment (COLA) applied to the member’s retired pay on or after October 1, 1985, if the member first participates in the SBP after the effective date of the COLA increase and after the effective date of the basic pay rates on which the member’s retired pay is computed. This is in addition to the increase in subparagraph 450302.A and the increase occurs at the same time as the COLA increase.

[450303.](#) Children Coverage Charge

If the SBP coverage is for spouse and child, former spouse and child, or child only, a formula must be applied against the base amount (or base amount times 55 percent before

April 1983) to determine the charge for coverage of the children. The age of the youngest child is used to determine the premium. If there is an incapacitated child over 18 years of age and there also is a competent child over age 18 but younger than the incapacitated child, then use age 17 to determine the premium. The premium can be determined from the SBP Factor Tables by contacting the Defense Finance and Accounting Service-Cleveland (DFAS-CL) Site, Directorate Retired and Annuitant Pay. A cost computation can be obtained by contacting a SBP counselor at the nearest military installation.

*4504 COMPUTATION OF PREMIUMS

450401. Spouse Only or Former Spouse Only

See Table 45-1, Rule 1.

450402. Spouse and Child, Former Spouse and Child, or Children Only

See Table 45-1, Rules 2 and 3.

A. The following steps are used to compute the premium:

1. Determine the age of the:
 - a. Member, spouse, and child for spouse and child coverage;
 - b. Member, former spouse, and child for former spouse and child coverage; or
 - c. Member and child for child coverage.
2. Determine the cost factor from the appropriate SBP Factor Tables;
3. Multiply the base amount by the factor to determine the child premium; then
4. Add the child premium to the spouse (or former spouse) premium.

B. The following are examples of computing premiums:

Example 1: A member retires on July 1, 2010, with 20 years of active service. The gross retired pay is \$1,000.00. The member elects maximum coverage for spouse and children. Birth dates are: member-February 2, 1971; spouse-September 2, 1975; child-May 1, 2001.

Step 1. Compute ages. Six months or more is considered a full year.
 Note: Months are computed in 30 day increments for pay purposes only.

Member	100701	Spouse	100701	Child	100701
	<u>710202</u>		<u>750902</u>		<u>010501</u>
	390429		340929		90200
	(39)		(35)		(9)

Step 2. Using the SBP Factor Table to locate the combination of a member age 39, spouse age 35, and child age 9. A cost computation can be obtained by contacting the [DFAS-CL](#) Site, Directorate Retired and Annuitant Pay or by contacting a SBP counselor at the nearest military installation.

Steps 3 and 4. Determine total premium:

Spouse premium:		
(Flat-rate formula)	\$1,000.00	
	<u>x .065</u>	
	\$ 65.00	\$65.00
Child premium:	\$1,000.00	
	<u>x .00001</u>	
	\$.01	+\$.01
Total Premium:		\$65.01

Example 2: The spouse in Example 1 becomes an ineligible beneficiary on March 3, 2011. Coverage changes to child only.

Step 1. Recompute the ages for member and child.

Member	110303	Child	110303
	<u>710202</u>		<u>010501</u>
	400102		91003
	(40)		(10)

Step 2. The SBP Factor Table is used to locate the combination of a member age 40 and child age 10. The resulting factor is .0016.

Step 3. Determine total premium: $\$1,000.00 \times .0016 = \1.60

Example 3a: The member elects spouse and child coverage (Example 1) at retirement on July 1, 2010. The spouse becomes an ineligible beneficiary (dies or divorces) and coverage changes to child only (Example 2) on March 3, 2011. The member marries a different spouse on May 14, 2011. The birth date for the new spouse is October 12, 1975. Spouse and child coverage resumes on May 14, 2012 unless the member elects not to resume spouse coverage. The new premium

for spouse and child is effective on May 14, 2012. See Table 45-3, Rule 9 and note 8.

Step 1. Recompute ages for member, spouse, and child.

Member	120514	Spouse	120514	Child	120514
	<u>710202</u>		<u>751012</u>		<u>010501</u>
	410312		360702		110013
	(41)		(37)		(11)

Step 2. The SBP Factor Table is used to locate the combination of a member age 41 spouse age 37, and child age 11.

Steps 3 and 4. Determine the total premium:

Spouse premium:		
(Flat-rate formula)	\$1,000.00	
	<u>x .065</u>	
	\$ 65.00	\$ 65.00
Child premium:		
	\$1,000.00	
	<u>x .00001</u>	
	\$.01	+ \$.01
Total Premium		\$ 65.01

Example 3b: The member elects spouse and child coverage at retirement on July 1, 2010 (Example 1). The spouse becomes an ineligible beneficiary and coverage changes to child only (Example 2) effective March 3, 2011. The member remarries on May 14, 2011. The birth date for the new spouse is October 12, 1975. Coverage would have resumed for the spouse and child on May 14, 2012, the first anniversary of the marriage; however, the spouse becomes the parent of issue by that marriage before the first anniversary. Coverage changes to spouse and child on the date the child is born of that marriage. The new premium is effective the first day of the month following the birth. See Table 45-3, Rule 9 and note 8. Assume that the child is born March 27, 2012.

Step 1. Recompute ages for member, spouse, and child.

Member	120327	Spouse	120327	Child	120327
	<u>710202</u>		<u>751012</u>		<u>120327</u>
	410125		360515		000000
	(41)		(36)		(00)

Step 2. The SBP Factor Table is used to locate the combination of a member age 41, spouse age 36, and child age 0.

Steps 3 and 4. Determine total premium:

Spouse premium:			
(Flat-rate formula)	\$1,000.00		
	<u>x .065</u>		
	\$ 65.00	\$ 65.00	
Child premium:	\$1,000.00		
	<u>x .00001</u>		
	\$.01	+ \$.01	
Total Premium		\$ 65.01	

Example 4: The member elects spouse and child coverage at retirement on July 1, 2010 (Example 1). The member divorces on April 15, 2011, and coverage changes to child only. See Example 2 for recomputation. The member elects coverage for former spouse and child based on a court order dated June 2, 2011. The premium for the former spouse and the child is effective July 1, 2011. Recompute ages on the date the election is received.

Step 1. Recompute ages.

Member	110602	Former	110602	Child	110602
	<u>710202</u>	Spouse	<u>750902</u>		<u>000501</u>
	400400		350900		100101
	(40)		(36)		(10)

Step 2. The SBP Factor Table is used to locate the combination of a member age 40, spouse age 36, and child age 10.

Step 3. Determine the premium as in Example 1.

*450403. Natural Person with an Insurable Interest (NIP)

In some cases, the Insurable Interest category may include former spouse. The premium formula for the Insurable Interest category is 10 percent of retired pay plus 5 percent for each full five years the individual designated is younger than the member. However, the total Insurable Interest premium cannot exceed 40 percent and must be based on full retired pay. Refer to Table 45-1, Rule 4.

4505 EFFECTIVE DATE OF PREMIUM

See Table 45-2 or 45-3 as applicable.

4506 SUSPENSION, CHANGE, AND TERMINATION OF PREMIUM

450601. No Eligible Beneficiary

Premiums are suspended for spouse or former spouse coverage when there is no longer an eligible beneficiary. Premiums are also suspended for child coverage when there is no eligible child beneficiary, but see Chapter 54 for RC-SBP child coverage.

450602. School Nonattendance

If the SBP premium was adjusted or discontinued based on school nonattendance of the child beneficiary, the premium is adjusted retroactively to the first day of the month after the child resumed school attendance.

*450603. Premium Changes

The premium changes when:

A. Coverage is for spouse and children (or former spouse and children) and the last dependent child is no longer an eligible beneficiary. The premium for coverage is changed to spouse (or former spouse) only. See Table 45-3, Rule 8; or

* B. Coverage is for spouse only and the spouse is no longer eligible and the member remarries. Within 1 year after member's remarriage, the member may:

1. Resume coverage;
2. Elect not to resume spouse coverage;

3. Increase the base amount up to and including full retired pay for spouse or spouse and child coverage. The member may increase the base amount at any increment up to full coverage. An increase in level of coverage will result in an increased premium. When level of coverage is increased upon remarriage, a member must pay for premiums as if that level of spouse coverage had always been in effect. The member must pay for premiums which would have been charged had this level of coverage always been in effect less the amount of premiums already paid by the member. In addition, this amount owed will be charged with interest. Full coverage is based on full retired pay which means the spouse will receive 55 percent of the retirement pay. If lesser coverage is selected then the spouse will receive 55 percent of the elected base amount. See Table 45-3, Rule 6; or

C. Coverage is for spouse and children and the spouse is no longer eligible or the coverage is for former spouse and children and the former spouse is no longer eligible. See Table 45-3, Rule 7, for computation for the child premium. Within 1 year of a remarriage, the member with suspended spouse coverage has the same options as in subparagraph 450603.B, while the former spouse is still living; there is no time limitation for an election change to spouse coverage by a member with suspended former spouse coverage. Note: A member may not

increase spouse coverage on a spouse election that is made after the death of a former spouse. See Table 45-3, Rule 9;

D. Coverage is for spouse at the time of the member's retirement (or before March 21, 1974 for a pre-September 21, 1972 retiree), and the member subsequently divorces and then remarries that former spouse. The premium is effective the first day of the month following the remarriage, unless the remarriage is the first day of the month, then the premium is effective on the date of marriage; or

E. Coverage is for spouse after date of retirement and the member subsequently divorces and then remarries that former spouse. The premium of coverage is resumed the first day of the month following the first anniversary unless the remarriage is the first day of the month, then the premium resumes on the first day of the first anniversary; or

* F. Coverage is for spouse or spouse and child and is changed to former spouse under Chapter 43, paragraph 430603. In the case of a person required to make the election by reason of a court order or the filing of which is after October 16, 1998, then the premium is effective the first day of the month after the date of that court order or filing. See Table 45-3, Rule 10.

* G. Coverage for spouse after the death of the former spouse. Upon electing coverage for a spouse after the death of a former spouse, the member may not increase or decrease the amount of coverage.

1. Married for at least one year on the date of former spouse's death. If the member had been married for at least one year on the former spouse's date of death, and the member makes a spouse election within one year of the former spouse's death, premiums will resume on the first day of the first calendar month following the death of the former spouse.

2. Married within the one year period preceding the date of death of the former spouse. If the member married within the one year period preceding the date of death of the former spouse and the member makes a spouse election within one year of the former spouse's death, premiums will resume on the first day of the calendar month following the first anniversary of the marriage.

3. Married after the death of the Former Spouse. If the member marries after the former spouse's date of death, and the member makes a spouse election within one year of the marriage, premiums will resume on the first day of the month following the first anniversary of the marriage.

450604. Premium Termination

The SBP premium **terminates** for a **NIP** under the following circumstances:

A. When the beneficiary dies;

B. When the member terminates coverage for the NIP; or

C. On the date a spouse or child acquired after retirement becomes the eligible beneficiary if the member elected coverage for such spouse or child. The SBP premium is terminated as of the date shown in Table 45-4, Suspension and Termination of Premium. See Chapter 43, section 4307 for more information on termination procedures.

450605. Voluntary Termination

If a member voluntarily discontinues SBP participation under Chapter 43, the premium terminates on the effective date of the election which is the first day of the month following the date of the receipt of the request. Any premium deducted for periods on or after such effective date **must** be refunded and the member notified of the final action concerning termination of coverage.

* 450606. Other Suspension and Termination Situations

See Table 45-4 for other suspension and termination of premium situations.

450607. Cost of Living Adjustment (COLA)

SBP premiums normally increase at the same time, and by the same percentage, that retired pay increases by COLA. When the payment of increased retired pay resulting from a COLA is delayed, the increase to SBP premiums will occur at the same time the retired pay is increased rather than the effective date of the COLA increase (or the date that the retired pay would have increased if the member were currently in receipt of retired pay).

4507 PAYMENT OF PREMIUM

450701. Payments

A member who receives enough retired pay to cover the premiums for SBP has those premiums withheld from his or her retired pay. Voluntary allotments may be discontinued to satisfy the premiums for SBP coverage. See Chapter 19 for more information. The reduction in retired pay for the premium of SBP coverage is not treated as a collection for accounting purposes.

450702. Waiver of Retired Pay

A. For any period in which the member is not receiving retired pay because of non-entitlement to or waiver of such pay or the pay received is not enough to cover the total cost of coverage, the member must remit the amount due to the DFAS-CL Site. Deposits are due on the effective date of coverage. For example, member retires June 1; the first payment is due June 1, for the period June 1-30. A member who waives full retired pay for Veterans Affairs (VA) compensation may pay the premium by direct remittance or by deduction from the compensation payments.

B. If the member waives participation in the military survivor benefit program and elects participation in the civil service SBP, and the civil service waiver later becomes ineffective for any period for any reason, previous participation in the military survivor benefit program is resumed and military SBP premium is due from the member.

450703. Emergency Officer's Retired List (EORL)

A member on the EORL may pay premiums by direct remittance or by deduction from EORL payments.

450704. Active Duty Recall

If a member is recalled to active duty for more than 30 days after a break in service, the member does not pay the premium while on active duty.

450705. Active Judicial Duty

The member remains a SBP participant while on active judicial duty and is required to pay the SBP premiums while military retired pay is suspended.

4508 DELINQUENT SBP PREMIUMS

Interest is owed for any delinquent SBP premiums. [The interest rate is a percentage that is compounded annually by the DoD Board of Actuaries.](#) Any delinquent Retired Serviceman's Family Protection Plan premiums existing on date of conversion to SBP continue with interest, until paid. Upon the death of a retiree, any delinquency, plus interest, is collected from the annuitant's benefits before payment of any annuity will commence.

4509 PAID UP SBP PREMIUMS AFTER 30 YEARS AND AGE 70

450901. Coverage In Effect October 2008

Effective with the retired pay entitlement and SBP coverage in effect for the month of October 2008, SBP premium reductions will no longer be made if the member is a qualified SBP participant described in [450902](#). Deposits made by a SBP participant during a period when the participant is not entitled to retired pay qualify as premium reductions.

450902. Birthday Month

A member is a qualified participant for purposes of paid up SBP coverage if the retired member is age 70 or older whose retired pay has been reduced for SBP coverage for 360 months or more. If the member's 70th birthday occurs later than the 360th month for which the member paid SBP premiums, no SBP premiums will be made for that month regardless of the day on which the member becomes age 70.

450903. Effective Date

The first payment that can be affected is the payment for the period of retired pay entitlement beginning October 1, 2008 (due November 3, 2008).

***450904.** Buy-In Premium

A member who elected or changed SBP coverage during the open enrollment periods March 1, 1999 through February 29, 2000 and October 1, 2005 through September 30, 2006 was charged a one-time buy-in premium in addition to the prospective monthly premium. The buy-in premium was due and payable in a lump sum payment at the time the member filed the election. A member who paid the lump sum, buy-in premium received credit toward the 360 months as if the member's retired pay had been reduced monthly for SBP premiums.

***450905.** Paid Up Premiums

A. Premiums for SBP participation are permanently paid up (no further reductions to retired pay or remittances) when a member attains age 70 and has had 360 months of premium payments. See section 4509 for more information.

*B. A member who became an SBP participant or increased the base amount coverage during April 1, 1992 through March 31, 1993 was required to pay the basic SBP premium and an additional premium, which was a percentage of the basic premium determined by the actuary. The additional premium accounted for the premiums the member would have paid if the member had elected SBP at the earliest possible date. A member who paid the additional premium received credit towards the 360 months paid-up based upon the additional premium paid.

4510 TAXABILITY OF PREMIUMS

For federal income tax purposes, premiums for SBP coverage are excluded from taxable income when they are deducted from the member's retired pay. A member whose pay is subject to tax reporting will, while in a pay status, receive the tax benefit through a reduction in the taxable income reported to the Internal Revenue Service (IRS). No reduction against the taxable income can be given for interest paid on the delinquent premiums.

***4511 INCOME EXCLUSION**

For federal income tax purposes, premiums for SBP/Retired Serviceman's Family Protection Plan coverage are excluded from taxable income when they are deducted from the member's retired pay. A member whose pay is subject to tax reporting will, while in a pay status, receive the tax benefit through a reduction in the taxable income reported to the IRS. No reduction against the taxable income can be given for interest paid on the delinquent premiums. Since a direct remitter has waived retired pay and has no taxable military retired pay he or she does not qualify for the tax benefit.

*4512 DISCONTINUATION DUE TO VA DISABILITY

451201. Discontinuing SBP Participation

A. A retiree may withdraw from participation if:

1. The retiree has a service connected disability rated by the VA as totally disabling for 10 or more continuous years; or

2. The retiree has had a total disability rating from the VA at least 5 continuous years from the last date of active duty.

B. Withdrawal is permitted because the surviving spouse will likely qualify for Dependency and Indemnity Compensation benefits from the VA and retiree's death will be presumed to be from service-connected reasons.

C. A request for withdrawal requires the written consent of the beneficiary. Upon death, the surviving spouse will be entitled to a refund of all the SBP costs that were paid.

451202. Written Statement

When a retiree requests withdrawal under these rules, DFAS must furnish a written statement outlining the advantages and disadvantages of withdrawing. The retiree must confirm receipt of the information and sign acknowledgment of intent to withdraw. An election is effective as of the first day of the first month following the month in which the Secretary concerned receives the confirmation and acknowledgment. The member may revoke the request to discontinue participation within the 30-day period following submission of such request to the Secretary concerned. If, for some reason, the VA disability rating is withdrawn or reduced, SBP coverage may be resumed at the request of the retiree. The request to resume must be made within 1 year after the VA rating has been withdrawn or reduced.

Table 45-1. Computation of SBP Premium on Establishment

COMPUTATION OF SBP PREMIUM ON ESTABLISHMENT		
R U L E	A	B
	If beneficiary is	the formula is
1	spouse or former spouse (spouse category)	6.5 percent of the base amount (note 1) or 2.5 percent of the threshold amount (note 2), as adjusted, plus 10 percent of the remaining base amount. If gross retired pay is less than the threshold amount, use 2.5 percent of gross retired pay.
2	spouse (former spouse-spouse category) and children (notes 3 and 4)	determined under Rule 1, plus an additional premium for children computed by applying the factor from the SBP Factor Table against the base amount. See section 4504 for examples.
3	children only (notes 3 and 4)	shown in the SBP Factor Table, based on the ages of the member and youngest dependent child, against the base amount. See section 4504 for example.
4	NIP or former spouse (NIP category)	10 percent of the member's gross retired pay if the age of the beneficiary is equal to or greater than member's age. If the beneficiary's age is less than member's age, the formula is 10 percent of the member's gross retired pay, plus an additional 5 percent of the gross retired pay for each full 5 years that the beneficiary is younger than member. Six months or more is not counted as an additional year. Total premium may not exceed 40 percent of gross retired pay.

NOTES:

1. Members who first became a member of a Uniformed Service on or after March 1, 1990, and receive a regular retirement will have their spouse premium computed under the flat rate formula of 6.5 percent of the base amount. The following members are entitled to spouse premium computation under the formula that provides the lesser premium:
 - a. A member who is entitled to retired pay based on disability;
 - b. A member who is entitled to retired pay based on a non-Regular service retirement; or
 - c. A member who first became a member of a Uniformed Service before March 1, 1990.
2. The threshold amount is subject to indexing equal to the percentage increases for active duty basic pay rates.
3. Do not recalculate premiums when a child different from the child first established as the youngest child becomes the youngest eligible child.
4. Dependent Child - use the age of the youngest child. Exception: Use age 17 for an incapacitated child over 18 years of age when there is a competent child also over 18, but younger than the incapacitated child.

Table 45-2. Effective Date of Premium - Initial Election

EFFECTIVE DATE OF PREMIUM - INITIAL ELECTION						
R U L E	A		B			
	If on the date of election (pre-September 21, 1972 retiree) or date of retirement (post-September 21, 1972 retiree), the member has		the effective date of premium is first day of the month following			
			retirement	election by the Secretary of the Military Department concerned	receipt of the election	the first anniversary of the marriage
1	spouse, spouse and children, children only, or NIP (pre-September 21, 1972 retiree)				X	
2	spouse, spouse and children, children only, or NIP (post-September 21, 1972 retiree)		X			
3	no dependents, later marries (note 1)					X (note 4)
4	no dependents, later acquires dependent children (note 1)				X (note 2)	
5	no dependents, later marries and acquires dependent children (note 1)				X (note 3)	X (note 5)
6	been declared mentally incompetent (Secretary may make election)			X		
7	former spouse (post-September 7, 1982 retiree) or former spouse and children (post-February 28, 1986 retiree)		X (note 6)			

NOTES:

- Member must elect within 1 year of marriage or acquiring dependent children.
- Compute the child premium using the ages of the member and the youngest child as of date of receipt of the election.
- The child only premium is established and continues until the first of the month following the first anniversary of the marriage. Compute child only premium using the ages of the member and youngest child on date of receipt of the election. When the spouse becomes an eligible beneficiary, child only coverage is changed to spouse and child coverage and compute the new premium using the ages of the member, spouse, and the youngest child on the date the spouse becomes an eligible spouse beneficiary.
- If the first anniversary is on the first day of the month, the premium is changed for that month.
- If a child is born of that marriage before the first anniversary, the premium for spouse and child coverage is effective the first of the month following the birth of the child. If the birth or anniversary is the first day of the month, the premium is charged for that month.
- The effective date of the premium for an election for a former spouse election made from September 8, 1982 through January 31, 1983 is February 1, 1983.

Table 45-3. Effective Date for Change of Premium

EFFECTIVE DATE FOR CHANGE OF PREMIUM					
R U L E	A	B			
	If on the date of election (pre-September 21, 1972 retiree) or date of retirement (post-September 21, 1972 retiree), the member has	the effective date of premium is first day of the month			
		following receipt of election	following family status change	following first anniversary of (re)marriage	after loss of eligibility or October 1, 1976, whichever is later
1	spouse, no child, later acquires children (notes 1 and 2)	X			
2	no spouse, child only, later acquires spouse (notes 1, 7 and 8)			X	
3	NIP (or former spouse), later marries (notes, 1, 7, 8 and 11)				
4	NIP (or former spouse), later acquires child (notes, 1, 3, 8 and 11)	X			
5	NIP (or former spouse), later acquires spouse and child (notes 1, 4, 7, 8 and 11)	X (child)		X (spouse)	
6	spouse, loses spouse, remarries (notes 1, 7, 8 and 9)			X	
7	spouse and child (or former spouse and child), loses spouse (or former spouse), premium is recomputed for child (notes 5 and 9)				
8	spouse and child (or former spouse and child), loses child (note 6)		X		
9	(a) Spouse and child, loses spouse, premium recomputed for child, member later marries (notes 4, 7, 8 and 11) (b) Spouse or spouse and child, divorces and changes to former spouse and child, loses former spouse, premium recomputed for child, member later marries (note 12) (c) Former spouse and child, loses former spouse, premium recomputed for child, member later marries and was not married at retirement (note 13)		X (child only until first anniversary)	X	

Table 45-3. Effective Date for Change of Premium (Continued)

EFFECTIVE DATE FOR CHANGE OF PREMIUM					
R U L E	A	B			
	If on the date of election (pre-September 21, 1972 retiree) or date of retirement (post-September 21, 1972 retiree), the member has	the effective date of premium is first day of the month			
		following receipt of election	following family status change	following first anniversary of (re)marriage	and
10	spouse and/or child, acquires former spouse, changes coverage to former spouse or former spouse and child	X			
11	former spouse or former spouse and child, loses former spouse, changes coverage to spouse or spouse and child	X			
12	elected former spouse deemed by Secretary concerned (note 14).				
13	been declared mentally incompetent but later adjudged competent may, within 180 days, change a Secretarial election	X			

NOTES:

- Member must elect within 1 year of (re)marriage or acquiring the dependent child or children. If the election change is from former spouse coverage to spouse coverage, there is no time limitation on the election period so long as the former spouse is still living. If the member elects to change from former spouse to spouse coverage after 1 year of remarriage, the coverage is effective on the date of election receipt and the associated premium is effective on the first day of the month after election receipt.
- Compute premium for additional child using ages of member, spouse, and youngest child as of date of receipt of election.
- Compute premium for child using ages of member and youngest child as of date of receipt of election.
- Child only premium is effective until the first of the month following the first anniversary of the (re)marriage. Compute child only premium using ages of member and youngest child on the date of receipt of the election or on the day after the date spouse eligibility is lost (Rules 5 and 8). When spouse becomes an eligible beneficiary, child only coverage is changed to spouse and child coverage and compute child premium using ages of member, spouse, and youngest child on date spouse becomes an eligible spouse beneficiary.
- Compute child only premium using ages of member and youngest child as of the first date following the date the spouse (or former spouse) became an ineligible beneficiary or October 1, 1976, whichever is later. If eligibility was lost the first day of the month, the child only premium begins the following month.
- If member gives exact date of loss of last dependent child, the change in premium is effective the first of the month following date provided. If exact date is not given, use first day of the month after receipt of notification.

Table 45-3. Effective Date for Change of Premium (Continued)

7. The premium for spouse coverage is effective on the first day of the month following the birth of the child of that marriage if earlier than first anniversary of the marriage.
8. If birth or anniversary is the first day of the month, the premium is effective that month.
9. Before enactment of Public Law (PL) 94-496, October 14, 1976, the deduction for spouse premium continued past the date spouse became an ineligible beneficiary.
10. Member must make election within 1 year of the date of a decree of divorce, dissolution, or annulment of marriage to spouse. Election for former spouse only may not be effective before September 24, 1983 (earliest day for premium is October 1, 1983). Election for former spouse and child may not be effective before March 1, 1986 (earliest date for premium is March 1, 1986).
11. An election to terminate coverage for a NIP premium, a former spouse, a spouse or spouse and child must be done in accordance with Chapter 43.
12. If a member elects former spouse (or former spouse and child) coverage, and if the member is married at the time the former spouse dies, the member may elect spouse coverage within one year of the death of the former spouse (10 U.S.C. § 1448(a)(7)(B)(ii)).
13. If a member elects former spouse or former spouse and child coverage at the time the member becomes eligible to participate (10 U.S.C. § 1448(b)(2)), but is not married when the member becomes eligible to participate and remarries after the former spouse dies, the member may elect spouse coverage within one-year of the marriage to that spouse (10 U.S.C. § 1448(a)(5)).
14. The effective date of premium and coverage is on the later of: (a) member's retirement date; (b) the first day member could have voluntarily made such an election; or (c) the first day of month after the effective date of court order involved.

Table 45-4. Suspension and Termination of Premium

SUSPENSION AND TERMINATION OF PREMIUM				
R U L E	A	B	C	D
	If a member	the premium is	with an effective date	and the member is
1	is deceased	terminated	of the date of the member's death.	
2	is recalled to active duty for more than 30 days	suspended	of the day before entry on active duty	not required to remit premium for coverage while on active duty.
3	waives retired pay for a civil service retirement		of the waiver as furnished by member	providing coverage elected under civil service retirement.
4	is removed from the Temporary Disability Retired List (TDRL) and retired pay is terminated (note 1)	terminated	of the removal from TDRL	not entitled to a refund of prior premiums.
5	elected for children and the last dependent child is no longer an eligible beneficiary (note 2)		of the first of the month after loss of eligibility (notes 3 and 4)	due a refund from first of month after loss of eligibility (note 5).
6	who has been declared mentally incompetent is restored to competency and, within 180 days, revokes election made on his or her behalf		of the first of month after receipt of election	not due a refund for period of coverage.
7	elected for spouse (or former spouse) and spouse (or former spouse) becomes an ineligible beneficiary	suspended	of the first day of month after that in which spouse became an ineligible beneficiary.	
8	elected coverage for a NIP (or former spouse in NIP category) who dies before the member	terminated	of the last day of month in which beneficiary dies.	
9	elected coverage for a NIP (not a former spouse) and member discontinues participation from the Plan (see Chapter 54, paragraph 541003 for the Reserve Component Survivor Benefit Plan participant).		of the first day of month after receipt of request.	
10	discontinues participation on the second anniversary of the date of retirement		of the first day of month after receipt of request.	

Table 45-4. Suspension and Termination of Premium (Continued)

SUSPENSION AND TERMINATION OF PREMIUM				
R U L E	A	B	C	D
	If a member	the premium is	with an effective date	and member is
11	is age 70 and has paid 360 monthly premiums	terminated	of the later of: (a) The premium for October 2008; (b) First day of the month after the 360th monthly premium; or, (c) The first day of the month in which the member reaches age 70.	
12	elected former spouse coverage (or former spouse coverage was deemed) after retirement or eligibility to participate and former spouse dies and member did not change former spouse to spouse coverage while former spouse was still living (note 6)	terminated	of the last day of the month in which the beneficiary dies	no longer a participant in the SBP.

NOTES:

1. If the member returns to active duty and is subsequently retired, a new election must be made. Any election in effect while on TDRL is void.
2. A child is no longer an eligible beneficiary when he or she dies, marries, is between age 18 and 22 and not attending school, or has reached age 22 (see note 3).
3. A student whose 22nd birthday occurs before July 1 or after August 31 of any calendar year is considered age 22 on July 1 after that birthday and the premium is discontinued.
4. When the birthday is the first day of the month, the premium terminates the first day of that month.
5. If the member gives exact date of loss of last dependent child, cost is terminated the first of the next month. If exact date is not given, use first day of month after receipt of notification.
6. Once an election from spouse or spouse and child is **changed** to former spouse or former spouse and child, all previous coverage under the Plan terminates (10 U.S.C. § 1448(b)(3)). In that instance, if the member remarries, an election from former spouse coverage to spouse coverage can only be made while the former spouse is still living. However, if a member elects former spouse or former spouse and child coverage at the time the member becomes eligible to participate (10 U.S.C. § (b)(2)), but is not married when the member becomes eligible to participate and remarries after the spouse dies, the member may elect spouse coverage within one-year of the marriage to that spouse (10 U.S.C. § 1448(a)(5)).

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Table 45-1 Computation of SBP Premium on Establishment

Rules 1-4 10 U.S.C. § 1452
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Table 45-2 Effective Date of Premium - Initial Election

Rule 1 10 U.S.C. § 1448
 Rule 2 [10 U.S.C. § 1448](#)
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 Note 1 10 U.S.C. § 1448(a)(5)
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Table 45-3 Effective Date for Change of Premium

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Rule 6	10 U.S.C. § 1448
Rules 7-9	57 Comp Gen 847
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Table 45-4 Suspension and Termination of Premium

Rule 2	10 U.S.C. § 1452(d)
Rule 3	10 U.S.C. § 1452(e)
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