

**VOLUME 7B, CHAPTER 45: “SURVIVOR BENEFIT PLAN PREMIUMS”****SUMMARY OF MAJOR CHANGES**

All changes are denoted by **blue font**.

Substantive revisions are denoted by an \* 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 September 2012 is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
All	Updated chapter and hyperlink to conform to administrative instructions.	Revision

## Table of Contents

VOLUME 7B, CHAPTER 45: “SURVIVOR BENEFIT PLAN PREMIUMS”	1
4501 GENERAL	4
450101. Premium	4
450102. Premium Collection	4
450103. Premiums Not Specified	4
4502 BASIC SPOUSE/FORMER SPOUSE PREMIUM CALCULATION	4
450201. Initial Premium Calculation	4
450202. Initial Premium Calculation Before March 1, 1990	5
450203. Flat Rate Reduction Formula	5
450204. Threshold Amount Increase	5
450207. Children Coverage Charge	5
4503 COMPUTATION OF PREMIUM	6
450301. Spouse Only or Former Spouse Only	6
450302. Spouse and Child, Former Spouse and Child, or Children Only	6
450303. Natural Person With an Insurable Interest	9
4504 EFFECTIVE DATE OF PREMIUM	9
4505 SUSPENSION, CHANGE, AND TERMINATION OF PREMIUM	9
450501. No Eligible Beneficiary	9
450502. School Nonattendance	9
450503. Premium Changes	10
450504. Premium Termination	10
450505. Voluntary Termination	11
450506. Paid Up Premiums	11
450507. Other Suspension and Termination Situations	11
450508. Cost of Living Adjustment	11
4506 PAYMENT OF PREMIUM	11
450601. Payments	11
450602. Waiver of Retired Pay	12
450603. Emergency Officer’s Retired List (EORL)	12
450604. Active Duty Recall	12
450605. Active Judicial Duty	12
4507 DELINQUENT SBP PREMIUMS	12
4508 PAID UP SBP PREMIUMS AFTER 30 YEARS AND AGE 70	12
450801. Coverage In Effect October 2008	12
450802. Birthday Month	13
450803. Effective Date	13
450804. Buy-In Premium	13
4509 TAXABILITY OF PREMIUMS	13

**Table of Contents (Continued)**

4510 INCOME EXCLUSION ..... 13

4511 TOTALLY DISABLED MEMBERS..... 13

Table 45-1. Computation of SBP Premium On Establishment ..... 15

Table 45-2. Effective Date of Premium - Initial Election ..... 16

Table 45-3. Effective Date For Change of Premium..... 17

Table 45-4. Suspension and Termination of Premium..... 21

BIBLIOGRAPHY ..... 24

## CHAPTER 45

SURVIVOR BENEFIT PLAN PREMIUMS

## 4501 GENERAL

## 450101. Premium

The premium for Survivor Benefit Plan (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) 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.

## 450102. Premium Collection

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

## 450103. Premiums Not Specified

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

## 4502 BASIC SPOUSE/FORMER SPOUSE PREMIUM CALCULATION

## 450201. 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 450206. The original threshold amount of \$300 has been increased by the same percentage increase as basic pay since October 1, 1985.

C. [More Favorable Method.](#) A person who became a member before [March 1, 1990](#) or who is entitled to disability or non-regular (e.g. reserve) retirement, is entitled to whichever method is more favorable as described in 450201 A and B above.

D. Effective March 1, 1990, the initial SBP premium formula for spouse or former spouse coverage became 6.5 percent of the base amount [as described in 450201.B.](#)

## 450202. Initial Premium Calculation Before March 1, 1990

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 450206.

## 450203. Flat Rate Reduction Formula

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.

## 450204. 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 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 cost-of-living adjustment 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 450206.A and the increase occurs at the same time as the cost-of-living adjustment increase.

## 450205. 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 Site, Directorate Retired and Annuitant Pay](#). A cost computation can be obtained by contacting an SBP counselor at the nearest military installation.

## 4503 COMPUTATION OF PREMIUM

## 450301. Spouse Only or Former Spouse Only

See Table 45-1, rule 1.

## 450302. Spouse and Child, Former Spouse and Child, or Children Only

See Table 45-1, rules 2 and 3. The steps to be used in computing the premium are:

A. Determine the age of member, spouse, and child for spouse and child coverage. Determine the age of member, former spouse, and child for former spouse and child coverage. Determine the age of member and child for child coverage.

B. Determine the cost factor from the appropriate SBP Factor Tables.

C. Multiply base amount by the factor to determine the child premium. Add the child premium to the spouse (or former spouse) premium. Below are four examples of computing the premium:

Example 1: A member retires on July 1, 2010, with 20 years of active service. The gross retired pay is \$1,000. 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. The resulting factor is .00026. [A cost computation can be obtained by contacting the Defense Finance and Accounting Service-Cleveland Site, Directorate Retired and Annuitant Pay or by contacting an SBP counselor at the nearest military installation.](#)

Step 3. 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 .00026</u>	
	\$ .26	+\$ .26

Total Premium:		\$65.26
----------------	--	---------

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

Step 1. Recompute the ages for member and child.

Member	110304	Child	110304
	<u>710202</u>		<u>010501</u>
	400102		91003
	(40)		(10)

Step 2. Use the SBP Factor Table to locate the combination of a member age 40 and child age 10. The resulting factor is .0022.

Step 3. Determine total premium:  $\$1,000 \times .0022 = \$2.20$

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. Coverage reverts to spouse and child 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	110514	Spouse	110514	Child	110514
	<u>610202</u>		<u>751012</u>		<u>010501</u>
	500312		350702		100013
	(50)		(36)		(10)

Step 2. Use the SBP Factor Table to locate the combination of a member age 50, spouse age 36, and child age 10. The resulting factor is .00043.

Step 3. Determine the total premium:

Spouse premium:

(Flat-rate formula)	\$1,005.00	
	<u>x .065</u>	
	\$ 65.33	\$ 65.33

Child premium:	\$1,005.00	
	<u>x .00043</u>	
	\$ .43	<u>+ \$ .43</u>

Total Premium		<u>\$ 65.76</u>
---------------	--	-----------------

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	110327	Spouse	110327	Child	120327
	<u>610202</u>		<u>751012</u>		<u>120327</u>
	500125		350515		000000
	(50)		(36)		(00)

Step 2. Use the SBP Factor Table to locate the combination of a member age 50, spouse age 36, and child age 0. The resulting factor is .00171

Step 3. Determine total premium:

Spouse premium:

(Flat-rate formula)	\$1,005.00	
	<u>x .065</u>	
	\$ 65.33	\$ 65.33

Child premium:	\$1,005.00	
	<u>x .00171</u>	
	\$1.72	<u>+ \$1.72</u>

Total Premium		<u>\$ 67.05</u>
---------------	--	-----------------



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 and the election is received on June 2, 2011. Coverage for former spouse and child is effective on June 2, 2011 and 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. Use the SBP Factor Table to locate the combination of a member age 40, spouse age 36, and child age 10. The resulting factor is .00022.

Step 3. Determine the premium as in Example 1.

450303. Natural Person With an Insurable Interest

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. See Table 45-1, Rule 4.

4504 EFFECTIVE DATE OF PREMIUM

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

4505 SUSPENSION, CHANGE, AND TERMINATION OF PREMIUM

450501. No Eligible Beneficiary

Suspend premiums for spouse or former spouse coverage when there is no longer an eligible beneficiary. Suspend premiums for child coverage when there is no eligible child beneficiary.

450502. 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.

## 450503. 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. 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. 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 450503.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. See Table 45-3, Rule 9; or

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 paragraph 430603. Beginning on the first day of the month after receipt by the Secretary of the Military Department concerned of the change in election, the premium will be calculated as provided in Table 45-3, rule 10.

## 450504. Premium Termination

Terminate the SBP premium for a natural person with an insurable interest under the following circumstances:

- A. When the beneficiary dies;
- B. When the member terminates coverage for the natural person with an insurable interest; 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 section 4307 for more information on termination procedures.

#### 450505. Voluntary Termination

If a member voluntarily discontinues SBP participation under paragraph 430701, then 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 shall be refunded and the member notified of the final action concerning termination of coverage.

#### 450506. Paid Up Premiums

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 4508 for more information.

#### 450507. Other Suspension and Termination Situations

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

#### 450508. Cost of Living Adjustment

SBP premiums normally increase at the same time, and by the same percentage, that retired pay increases by cost-of-living adjustment. When the payment of increased retired pay resulting from a cost-of-living adjustment 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 cost-of-living increase (or the date that the retired pay would have increased if the member were currently in receipt of retired pay).

### 4506 PAYMENT OF PREMIUM

#### 450601. 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. Do not treat the reduction in retired pay for the premium of SBP coverage as a collection for accounting purposes.

## 450602. 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 Defense Finance and Accounting Service-Cleveland 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 Administration 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 survivor benefit plan, 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.

## 450603. Emergency Officer's Retired List (EORL)

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

## 450604. 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.

## 450605. 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.

## 4507 DELINQUENT SBP PREMIUMS

Interest at the rate of 6 percent compounded annually is levied against delinquent SBP premiums. Any delinquent Retired Serviceman's Family Protection Plan (RSFPP) 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.

## 4508 PAID UP SBP PREMIUMS AFTER 30 YEARS AND AGE 70

## 450801. 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 450802. Deposits made by an SBP participant during a period when the participant is not entitled to retired pay qualify as premium reductions.

450802. 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.

450803. 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).

450804. Buy-In Premium

A member who elected or changed SBP coverage during the open enrollment period March 1, 1999, through February 29, 2000, 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 receives credit toward the 360 months as if the member's retired pay had been reduced monthly for SBP premiums.

4509 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. No reduction against the taxable income can be given for interest paid on the delinquent premiums.

4510 INCOME EXCLUSION

The member will receive an income exclusion for the amount of direct remittance for coverage premiums upon returning to a pay status. The appropriate DFAS site will exclude the amount of the direct remittance from the taxable income on Internal Revenue Service Form 1099R, "Distributions From Pensions, Annuities, Retirement or Profit Sharing Plans, IRAs, Insurance Contracts, etc." See paragraph 450602 for payment of premiums during non-receipt of retired pay.

4511 TOTALLY DISABLED MEMBERS.

Premiums and coverage for a spouse, child, or spouse and child of a totally disabled member, who elected to discontinue participation, end on the effective date. An election shall be

effective as of the first day of the first month following the month in which the Secretary concerned receives the election. The member may revoke the request to discontinue participation within the 30-day period following submission of such request to the Secretary concerned.

Table 45-1. Computation of SBP Premium On Establishment

<b>COMPUTATION OF SBP PREMIUM ON ESTABLISHMENT</b>		
<b>R U L E</b>	<b>A</b>	<b>B</b>
	<b>If beneficiary is</b>	<b>then the formula is</b>
<b>1</b>	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, then use 2.5 percent of gross retired pay.
<b>2</b>	spouse (former spouse-spouse category) and children (notes 3 and 4)	spouse (former spouse) premium 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 4503 for examples.
<b>3</b>	children only (notes 3 and 4)	to apply the factor shown in the SBP Factor Table, based on the ages of the member and youngest dependent child, against the base amount. See section 4503 for example.
<b>4</b>	natural person with an insurable interest or former spouse (insurable interest 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

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

**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 spouse becomes an eligible beneficiary, child only coverage is then changed to spouse and children 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, then the premium is changed for that month.
- If a child is born of that marriage before the first anniversary, then 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, then 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	then 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	natural person with insurable interest (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 and after divorce 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)	No Spouse coverage, coverage will remain as child only  X		X	
10	spouse and/or child, acquires former spouse, changes coverage to former spouse or former spouse and child (note 10)	X			

<b>11</b>	election for former spouse deemed by Secretary concerned	premium and coverage 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 45-3. 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	then 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
12	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, then 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, then 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, then the child only premium begins the following month.
- If member gives exact date of loss of last dependent child, then the change in premium is effective the first of the month following date provided. If exact date is not given, then use first day of the month after receipt of notification.
- 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.
- If birth or anniversary is the first day of the month, then the premium is effective that month.
- Before enactment of [Public Law 94-496](#), October 14, 1976, the deduction for spouse premium continued past the date spouse became an ineligible beneficiary.
- 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).
- An election to terminate coverage for a NIP premium must be done in accordance with Volume 7B subparagraph 430701.B; an election to terminate coverage for a former spouse must be done in accordance with subparagraph 430701.B election to terminate coverage for a spouse or spouse and child must be done in accordance with paragraphs 430701 and 430702.
- Once an election for former spouse coverage is made, all previous coverage under the Plan terminates. 10 U.S.C. 1448(b)(3). An election from former spouse coverage to spouse coverage can only be made while the former spouse is still living.
- 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).

Table 45-4. Suspension and Termination of Premium

<b>SUSPENSION AND TERMINATION OF PREMIUM</b>				
<b>R U L E</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
	<b>If a member</b>	<b>then the premium is</b>	<b>with an effective date</b>	<b>and member is</b>
<b>1</b>	is deceased	terminated	on the date of the member's death	
<b>2</b>	is recalled to active duty for more than 30 days	suspended	the day before entry on active duty	not required to remit premium for coverage while on active duty.
<b>3</b>	waives retired pay for a civil service retirement		date of waiver as furnished by member	providing coverage elected under civil service retirement.
<b>4</b>	is removed from the Temporary Disability Retired List (TDRL) and retired pay is terminated (note 1)	terminated	date of removal from TDRL	not entitled to a refund of prior premiums.
<b>5</b>	elected for children and the last dependent child is no longer an eligible beneficiary (note 2)		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).
<b>6</b>	who has been declared mentally incompetent is restored to competency and, within 180 days, revokes election made on his or her behalf		first of month after receipt of election	not due a refund for period of coverage.
<b>7</b>	elected for spouse (or former spouse) and spouse (or former spouse) becomes an ineligible beneficiary	suspended	first day of month after that in which spouse became an ineligible beneficiary	due a refund from October 1, 1976 or first of month after ineligibility, whichever is later.
<b>8</b>	elected coverage for a natural interest person (or former spouse in insurable interest category) who dies before the member		terminated	
<b>9</b>	elected coverage for a natural interest person (not a former spouse) and member discontinues participation from the Plan (see Chapter 54, paragraph 541003 for the RCSBP participant)	terminated	first day of month after receipt of request	
<b>10</b>	discontinues SBP participation on the second anniversary		first day of month after receipt of request	

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

<b>SUSPENSION AND TERMINATION OF PREMIUM</b>				
<b>R U L E</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
	<b>If a member</b>	<b>then the premium is</b>	<b>with an effective date</b>	<b>and member is</b>
<b>11</b>	is age 70 and has paid 360 monthly premiums	Terminated	on 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	
<b>12</b>	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	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 made to former spouse or former spouse and child coverage is after the member is made, 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).

## BIBLIOGRAPHY

## CHAPTER 45 - SURVIVOR BENEFIT PLAN - PREMIUMS

## 4501 - GENERAL

450101 10 U.S.C. 1452(h)  
450102 10 U.S.C. 1452  
DoDI 1332.42, June 23, 2009  
OUSD (P&R) Memo, June 1, 2005

## 4502 - INITIAL SPOUSE/FORMER SPOUSE PREMIUM CALCULATION

10 U.S.C. 1452  
DoDD 1332.27, June 26, 2003  
DoDI 1332.42, June 23, 2009  
Public Law 102-190, Section 653, December 5,  
1991  
OUSD (P&R) Memo, June 1, 2005  
OUSD (P&R) Memo, August 1, 2005

## 4505 - SUSPENSION, CHANGE, AND TERMINATION OF PREMIUM

450501 10 U.S.C. 1452(a)(3), (b)(2)  
DoDI 1332.42, June 23, 2009  
450502 10 U.S.C. 1452  
65 Comp Gen 767  
450503 10 U.S.C. 1448(a)(6)  
10 U.S.C. 1448(b)(3)  
10 U.S.C. 1450(f)(3)  
10 U.S.C. 1452  
62 Comp Gen 553  
450503.C 10 U.S.C. 1450(f)(1)(C)  
450503.D, E. Comp. Gen., B-195349  
DOHA Claims Case No. 96070219  
450504 10 U.S.C. 1452(c)(3)  
450505 ASD/FM&P Memo, May 6, 1998  
450506 10 U.S.C. 1452(j)  
450508 10 U.S.C. 1452(a)(4)(B)  
10 U.S.C. 1452(h)  
DoDI 1332.42, June 23, 2009  
Public Law 104-201, section 635,  
September 23, 1996

## 4506 - PAYMENT OF PREMIUM

450601 DoDI 1332.42, June 23, 2009



450602 & 450603 10 U.S.C. 1452(d)  
 10 U.S.C. 1452(e)  
 MS Comp Gen B-212481, February 2, 1984  
 MS Comp Gen B-244827, September 9, 1992  
 450605 MS Comp Gen B-252391, October 22, 1993

## 4507 - DELINQUENT SBP PREMIUMS

DoDI 1332.42, June 23, 2009

## 4508 - PAID UP SBP PREMIUMS AFTER 30 YEARS AND AGE 70

Public Law 105-261, section 641, October 17, 1998  
 OASD (FM&P) Memo, March 3, 1999  
 450805 Public Law 105-261, section 641, October 17, 1998  
 10 U.S.C. 1452(j)  
 OASD(FMP) Memo, March 3, 1999  
 Public Law 106-65, section 654, October 5, 1999

## 4511 – TOTALLY DISABLED MEMBERS

DoDI 1332.42, June 23, 2009

## Table 45-1

## Rules 1-4

10 U.S.C. 1452  
 DoDD 1332.27, January 4, 1974 Chapter 5

## Note 1-4

10 U.S.C. 1452  
 62 Comp Gen 553

## Table 45-2

## Rule 1

10 U.S.C. 1448

## Rule 2

59 Comp Gen 569

## Rule 3

## Rule 7

59 Comp Gen 569

## Note 1

10 U.S.C. 1448(a)(5)

Note 3 57 Comp Gen 847

## Note 4

59 Comp Gen 569

## Note 6

57 Comp Gen 847

Public Law 97-252, September 8, 1982

## Table 45-3

## Rule 2, 3

59 Comp Gen 569

59 Comp Gen 569

Rule 6	59 Comp Gen 569
Rule 7-9	57 Comp Gen 847
Rule 10	10 U.S.C. 1448(b)
Rule 11	10 U.S.C. 1448(b) OASD Memorandum, March 21, 1985 10 U.S.C. 1450(f)
Rule 12	10 U.S.C. 1449
Note 1	10 U.S.C. 1448(a)(5) 10 U.S.C. 1450(f)(1)(C)
Notes 2-5	57 Comp Gen 847 62 Comp Gen 553
Note 7	57 Comp Gen 847
Note 8	48 Comp Gen 167 59 Comp Gen 569
Note 10	10 U.S.C. 1448(b)(3) Public Law 98-94, September 24, 1983
Table 45-4	
Rule 2	10 U.S.C. 1452(d)
Rule 3	10 U.S.C. 1452(e)
Rule 4	10 U.S.C. 1448(c)
Rule 5	62 Comp Gen 553
Rule 6	10 U.S.C. 1449
Rule 7	10 U.S.C. 1452 59 Comp Gen 569 Public Law 94-496, October 14, 1976
Rule 8	10 U.S.C. 1452 Public Law 94-496, October 14, 1976
Rule 10	10 U.S.C. 1448a
Rule 12	Public Law 108-375, Section 644, October 28, 2004
Note 1	53 Comp Gen 971 10 U.S.C. 1448(c)
Note 2 & 3	10 U.S.C. 1447(5)