

<p style="text-align: center;">SUMMARY OF MAJOR CHANGES TO DOD 7000.14-R, VOLUME 7B, CHAPTER 49 "SURVIVOR BENEFIT PLAN (SBP) - COST-OF-LIVING ADJUSTMENT)"</p> <p style="text-align: center;">Substantive revisions are denoted by a ★ preceding the section, paragraph, table Or figure that includes the revision</p>		
PARA	EXPLANATION OF CHANGE/REVISION	EFFECTIVE DATE
Table 49-1	Interim change 11-01 updates Table 49-1 to reflect the December 1, 1999 and December 1, 2000, cost-of-living adjustments.	December 1, 1999 and December 1, 2000
Table 49-1	Interim change R 07-02 updates Table 49-1 to reflect the December 1, 2001, cost-of-living adjustment.	December 1, 2001
Table 49-1	Interim change R 03-03 updates Table 49-1 to reflect the December 1, 2002, cost-of-living adjustment.	December 1, 2002
Table 49-1	Interim change R05-04 updates Table 49-1 to reflect the December 1, 2003, cost-of-living adjustment.	December 1, 2003

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CHAPTER 49

SURVIVOR BENEFIT PLAN (SBP) - COST-OF-LIVING ADJUSTMENT4901 BASE AMOUNTS

All SBP base amounts are increased by cost-of-living adjustments. The adjustment to the base amount is made at the same time and by the same total percentage that retired or retainer pay is increased. If a member before retirement elects a base amount that is less than full gross pay, the elected base amount is established as the initial base amount regardless of the cost-of-living adjustment that apply to the initial computation of retired pay, excluding Reserve Component Survivor Benefit Plan (RCSBP) elections effective July 1, 1986.

4902 THRESHOLD AND PREMIUMS FOR COVERAGE

490201. Before March 1, 1986, initial SBP cost was computed on a standard formula of 2.5 percent of the first \$300 of the base amount and 10 percent of the base amount in excess of \$300. When retired pay increased by a cost-of-living adjustment under Title 10, United States Code (U.S.C.), section 1401a (reference (c)), the SBP premium was recomputed under the standard cost formula. Effective December 1, 1980, and beginning with the March 1981 cost-of-living adjustment, the percentage increase applies directly to the premium.

490202. Beginning March 1, 1986, members who elect SBP and have retired pay computed on active duty basic pay rates in effect October 1, 1985, or later, will have initial SBP premium computed using the standard formula described in paragraph 490201, above, except that the \$300 threshold amount is indexed by active duty basic pay rates effective October 1, 1985, or later. For example: A member retires on May 1, 1986. Active duty basic pay rates increased by 3 percent effective October 1, 1985. The initial SBP premium is computed on 2.5 percent of the first \$309 (\$300 threshold x 1.03 increase October 1985), plus 10 percent of the base amount in excess of \$309. If the member's initial computation of retired pay includes a cost-of-living adjustment effective October 1, 1985, or later, the threshold amount will be adjusted by the same cost-of-living adjustment percentage. After retirement, cost increases on cost-of-living adjustments as in paragraph 490201, above. See Table 49-1 for SBP threshold amounts.

490203. On March 1, 1990, the formula for spouse and former spouse coverage changed to a flat-rate reduction of 6.5 percent of the base amount. An individual who entered a Uniformed Service before March 1, 1990, or a member who is entitled to retired pay under Title 10, United States Code, chapter 61 (disability) or chapter 1223 (non-Regular service retirement) (reference (c)) is entitled to use whichever formula is more favorable to the member.

490204. The Supplemental Survivor Benefit Plan (SSBP) premium is a percentage of the base amount. SSBP premiums increase in the same manner as SBP premiums. The member elects SSBP coverage in increments of 5, 10, 15, or 20 percent, and the SSBP premium is computed by multiplying the SSBP premium factor (factor rates are for each 5 percent of SSBP coverage) based on member's age at election by 1, 2, 3, or 4, respectively. The SSBP premium rates are shown on Table 45-5.

490205. Members who elect spouse or former spouse coverage, or who increase the base amount of spouse or former spouse coverage during the open enrollment period April 1, 1992, through March 31, 1993, are subject to a premium addition as shown on Table 45-6. The additional premium is based on the number of years the member had been retired. The premium addition does not apply to any member making an open season election who currently is paying RSFPP premiums for spouse coverage or who is electing SBP coverage for spouse and previously participated in SBP but later withdrew from participation under the provision for totally disabled members.

4903 ANNUITIES

490301. Normally, SBP and SSBP annuities increase under 10 U.S.C. 1401a (reference (c)) at the same time and by the same percentage that retired pay increases by cost-of-living adjustment. EXCEPTION: When the payment of increased retired pay due to a cost-of-living adjustment is delayed by law, the increased annuity due to a cost-of-living adjustment is not delayed.

A. The cost-of-living adjustment applies to the monthly gross annuity amount (that is, before any reductions such as Dependency and Indemnity Compensation).

B. Annuities that initially were effective on the same day as the cost-of-living adjustment before December 1, 1980, were not entitled to the adjustment as the law required that an annuity be payable on the day before the effective date of the adjustment. Effective December 1, 1980, annuities were recomputed to include the previously denied cost-of-living adjustment; however, no retroactive payment was made for the period before December 1, 1980.

C. In April 1983, costs that normally would have increased by the full cost-of-living adjustment were increased by 3.3 percent (one-half of an assumed cost-of-living adjustment) for members under age 62 effective March 1, 1983. Costs increased by 3.9 percent for members age 62 or older on March 1, 1983, or any age if retired for disability. All base amounts for computing SBP annuity increased by 3.9 percent. See paragraph 080454 of this volume.

490302. See paragraph 510202 of this volume regarding cost-of-living adjustments for Minimum Income Widow annuities.

SURVIVOR BENEFIT PLAN THRESHOLD AMOUNT			
R U L E	A	B	C
	If retired pay is based on active duty rates effective	and increased by cost-of-living adjustment (see note)	then the SBP threshold is
1	before October 1, 1985		\$300.00
2	October 1, 1985 — 3 %		309.00
3		December 1, 1986 Pre-August 1986 Member 1.3% Post-August 1983 Member 0%	313.02 309.00
4	January 1, 1987 — 3%		318.00
5		December 1, 1987: Pre-August 1986 Member 3.7% Post-August 1986 Member: if retired January to March 1987 3.7% if retired April to June 1987 2.5% if retired July to September 1987 1.2% if retired October to December 1987 0%	329.77 329.77 325.95 321.82 318.00
6	January 1, 1988 — 2%		324.00
7		December 1, 1988: Pre-August 1986 Member 3.2% Post-August 1986 Member: if retired January to March 1988 2.3% if retired April to June 1988 2.1% if retired July to September 1988 1.1% if retired October to December 1988 0%	334.37 331.78 330.80 327.56 324.00
8	January 1, 1989 — 4.1%		337.00
9		December 1, 1989: Pre-August 1986 Member 3.6% Post-August 1986 Member: if retired January to March 1989 2.9% if retired April to June 1989 2.1% if retired July to September 1989 .5 if retired October to December 1989 0%	349.13 346.77 344.08 338.69 337.00
10	January 1, 1990 —3.6%		349.00
11		December 1, 1990 Pre-August 1986 Member 4.4% Post-August 1986 Member: if retired January to March 1990 3.7% if retired April to June 1990 2.2% if retired July to September 1990 1.5% if retired October to December 1990 0%	364.36 361.91 356.68 354.24 349.00

Table 49-1. Survivor Benefit Plan Threshold Amount

SURVIVOR BENEFIT PLAN THRESHOLD AMOUNT			
R U L E	A	B	C
	If retired pay is based on active duty rates effective	and increased by cost-of-living adjustment (see note)	then the SBP threshold is
12	January 1, 1991 — 4.1%		363.00
13		December 1, 1991 Pre-August 1986 Member 2.0% Post-August 1986 Member: If retired January to March 1991 1.2% If retired April to June 1991 0.9% If retired July to September 1991 0.5% If retired October to December 1991 0%	370.26 367.36 366.27 364.82 363.00
14	January 1, 1992 — 4.2%		378.00
15		December 1, 1992: Pre-August 1986 Member 3.2% Post-August 1986 Member: If retired January to March 1992 2.3% If retired April to June 1992 2.1% If retired July to September 1992 1.1% If retired October to December 1992 0%	334.37 331.78 330.80 327.56 324.00
16	January 1, 1993 — 3.7%		392.00
17		December 1, 1993 Pre-August 1986 Member 1.9% Post-August 1986 Member: If retired January to March 1993 1.2% If retired April to June 1993 0.7% If retired July to September 1993 0.2% If retired October to December 1993 0%	399.45 396.70 394.74 392.78 392.00
18	January 1, 1994 — 2.2%		401.00
19		December 1, 1994 Pre-August 1986 Member 2.2% Post-August 1986 Member: If retired January to March 1994 1.4% If retired April to June 1994 1.2% If retired July to September 1994 0.7% If retired October to December 1994 0%	409.82 406.61 405.81 403.81 401.00
20	January 1, 1995 — 2.6%		411.00
21		December 1, 1995 Pre-August 1986 Member 2.0% Post-August 1986 Member: If retired January to March 1995 1.3% If retired April to June 1995 0.8% If retired July to September 1995 0.2% If retired October to December 1995 0%	419.22 416.34 414.29 411.82 411.00

Table 49-1. Survivor Benefit Plan Threshold Amount (Continued)

SURVIVOR BENEFIT PLAN THRESHOLD AMOUNT			
R U L E	A	B	C
	If retired pay is based on active duty rates effective	and increased by cost-of-living adjustment (see note)	then the SBP threshold is
22	January 1, 1996— 2.4%		421.00
23		<u>December 1, 1996</u> <u>Pre-September 8, 1980 member</u> 2.5% 431.53 <u>Pre-August 1986 Member:</u> Retired January to March 1996 2.5% 431.53 Retired April to June 1996 1.5% 427.32 Retired July to September 1996 0.5% 423.11 Retired October to December 1996 0% 421.00 <u>Post-August 1986 Member:</u> Retired January to March 1996 1.7% 428.16 Retired April to June 1996 1.0% 425.21 Retired July to September 1996 0.2% 421.84 Retired October to December 1996 0% 421.00	
24	January 1, 1997— 3.0%		434.00
25		<u>December 1, 1997</u> <u>Pre-September 8, 1980 member</u> 1.3% 439.64 <u>Pre-August 1986 Member:</u> Retired January to March 1997 1.3% 439.64 Retired April to June 1997 0.8% 437.47 Retired July to September 1997 0.4% 435.74 Retired October to December 1997 0% 434.00 <u>Post-August 1986 Member:</u> Retired January to March 1997 0.6% 436.00 Retired April to June 1997 0.3% 435.30 Retired July to September 1997 0.1% 434.43 Retired October to December 1997 0% 434.00	
26	January 1, 1998 — 2.8%		446.00
27		<u>December 1, 1998</u> <u>Pre-September 8, 1980 member</u> 1.0% 450.46 <u>Pre-August 1986 Member:</u> Retired January to March 1998 1.0% 450.46 Retired April to June 1998 0.9% 450.01 Retired July to September 1998 0.4% 447.78 Retired October to December 1998 0% 446.00 <u>Post-August 1986 Member:</u> Retired January to March 1998 0.3% 447.34 Retired April to June 1998 0.4% 447.78 Retired July to September 1998 0.1% 446.45 Retired October to December 1998 0% 446.00	

Table 49-1. Survivor Benefit Plan Threshold Amount (Continued)

SURVIVOR BENEFIT PLAN THRESHOLD AMOUNT			
R U L E	A	B	C
	If retired pay is based on active duty rates effective	And increased by cost-of-living adjustment (see note)	then the SBP threshold is
28	January 1, 1999 — 2.4%		462.00
★29		<u>December 1, 1999</u> <u>Pre-September 8, 1980 Member</u> 2.0% <u>Post September 7 1980 Member:</u> Retired January to March 1999 2.0% Retired April to June 1999 1.7% Retired July to September 1999 0.7% Retired October to December 1999 0%	471.24 471.24 469.85 465.23 462.00
★30	January 1, 2000 — 4.8% *July 1, 2000 — 1.4%		484.00 491.00
★31	*Sec 601(c) of Public Law 106-65, October 6, 1999	December 1, 2000 <u>Pre-September 8, 1980 Member</u> (January 2000) 2.8% (July 2000) 0.7% <u>Pre-August 1986 Member</u> Retired January to March 2000 2.8% Retired April to June 2000 1.8% Retired July to September 2000 0.7% Retired October to December 2000 0	497.55 494.44 497.55 492.71 494.44 491.00
★32	January 1, 2001 — 3.7% *July 1, 2001 — 0.7%		509.00 512.00
★33	*Sec 602(a) of Public Law 106-398, October 30, 2000	December 1, 2001 <u>Pre-September 8, 1980 Member</u> (January 2001) 2.0% (July 2001) 0.7% <u>Post-September 7, 1980 Member</u> Retired January to March 2001 2.0% Retired April to June 2001 1.1% Retired July to September 2001 0.7% Retired October to December 2001 0	519.18 512.00 519.18 514.60 512.00 512.00
★34	January 1, 2002		547.00
		<u>December 1, 2002</u> <u>Pre-September 8, 1980 Member</u> (January 2002) <u>Post-September 7, 1980 Members</u> Retired January to March 2002 1.4% Retired April to June 2002 1.4% Retired July to September 2002 0.5% Retired October to December 2002 0	554.66 554.66 554.66 549.74 547.00

Table 49-1. Survivor Benefit Plan Threshold Amount (Continued)

SURVIVOR BENEFIT PLAN THRESHOLD AMOUNT			
R U L E	A	B	C
	If retired pay is based on active duty rates effective	and increased by cost-of-living adjustment (see note)	then the SBP threshold is
★35	January 1, 2003		572.00
		<u>December 1, 2002</u>	
		Pre-September 8, 1980 Member (January 2002)	580.01
		Post-September 7, 1980 Members	
		Retired January to March 2002 1.4%	580.01
		Retired April to June 2002 1.4%	576.00
		Retired July to September 2002 0.5%	574.29
		Retired October to December 2002 0	572.00
★36	January 1, 2004		595.00

NOTE:

The Pre-September 8, 1980 member is a member who first entered a Uniformed Service before September 8, 1980 and that member is entitled to the retired pay base as prescribed by 10 U.S.C. 1406 using a single basic pay rate. The Pre-August 1986 member is a member who first entered a Uniformed Service on or after September 8, 1980 but before August 1, 1986, and that member is entitled to the retired pay base as prescribed by 10 U.S.C. 407 using a high 36-month average. The Post-August 1986 member is a member who first entered a Uniformed Service on or after August 1, 1986 and that member is entitled to the retired pay base as prescribed by 10 U.S.C. 1407 using a high 36-month average.

Table 49-1. Survivor Benefit Plan Threshold Amount (Continued)

SURVIVOR BENEFIT PLAN—COST-OF-LIVING ADJUSTMENT

4902—THRESHOLD AND PREMIUMS FOR COVERAGE

	10 U.S.C. 1452(a), (h)
	Public Law 101-189, November 29, 1989
490204	10 U.S.C. 1460(b), (d)
490205	Public Law 102-190, December 5, 1991

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	10 U.S.C. 1451(g)
	OASD Memorandum, February 28, 1983
	10 U.S.C. 1457(d)
	10 U.S.C. 1452(h)
490301	Public Law 96-402, October 9, 1980
Table 49-1	OASD/FM&P (MM&PP) Memo, January 3, 1986; December 31, 1986; February 2, 1988 & OASD/Chief Actuary Memo, June 2, 1987