

**VOLUME 7B, CHAPTER 54: “RESERVE COMPONENT SURVIVOR BENEFIT PLAN (RCSBP)”**

**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 April 2012 is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
All	Updated hyperlinks and reformatted to comply with current administrative instructions.	Revision
540102	Added the authoritative guidance paragraph.	Addition
540103	Reconstructed paragraph numbering as subparagraphs 540103.A through 540103.J.	Revision
540103.K 540103.L 540103.M 540103.N	Added the following Specialized Terms along with their definitions to paragraph 540201: SBP Premium, Standard Premium, Reserve Component Premium, and Survivor’s Annuity Premium Deduction.	Addition
540102	Incorporated policy from previous version paragraph 540211 regarding Survivor Benefit Plan.	Revision
540201.E	Included and reworded for clarity the exception statement from previous version subparagraph 540301.B.	Revision
540202.A	Added note to direct reader to paragraph 440202 for child age requirements.	Revision
540303.F	Added note to reinforce spousal concurrence required when member elects RCSBP spousal coverage for less than the maximum coverage.	Revision
540402.F	Revised subparagraph to clarify the minority of a witness will not invalidate member’s election.	Revision

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
540501.C	Reworded subparagraph to distinguish between a member who did not elect child coverage because there was not an eligible child before and one who actively declined child coverage when there was one.	Revision
540501.E	Added note to clarify that the failure to retain evidence for spouse notification will not invalidate the member's election.	Revision
540501.F	Deleted subparagraph based on the recommendation of the Office of General Counsel for further review of statute.	Deletion
540501.G & H	Subparagraphs have been renumbered to 540601.F & G.	Revision
540502.A.3	Deleted subparagraph based on the recommendation of the Office of General Counsel for further review of statute.	Deletion
540502.A.3	Subparagraphs have been renumbered from 540602.A.4.	Revision
5408	Revised section to discuss RCSBP Cost Factor Tables. Deleted previous version paragraphs 540901 and 540902.	Revision
5409	Retitled section to Calculation of the Reserve Component Premium and the Survivor's Annuity Premium Deduction.	Revision
540901	Revised paragraph to clarify SBP Premium and provide a comprehensible description of Standard Premium, Reserve Component Premium, and a Survivor's Annuity Premium as outlined in 540201.K through 540201.N.	Revision
540902	Retitled paragraph to Calculating the Premiums Based on RCSBP Coverage Amount.	Revision
5409002.C	Added calculation for Reserve Component Premium deduction.	Addition
540902.D	Added calculation for Survivor's Annuity Premium deduction.	Addition
540102.	Reorganized this paragraph incorporating 540210.	Revision
540903	Deleted this paragraph and added Table 54-2, to provide information on Reserve Component Premiums for insurable interest coverage.	Deletion
5411	Renamed section title to Reserve Component Premium. Tables 54-1 and 54-2 provide the most prevalent SBP election of options and changes, and the impact of those elections and changes.	Revision
Table 54-1	Added table to provide rules for Reserve Component Premiums deducted from member's retired pay for Spouse, Former Spouse, and Child Only coverage.	Addition
Table 54-2	Incorporated policy regarding Reserve Component Premiums for insurable interest coverage from previous version paragraph 541003 and added table to provide rules for Reserve Component Premiums deducted from members' retired pay for insurable interest coverage.	Addition
Bibliography	Updated references.	Revision

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## CHAPTER 54

**RESERVE COMPONENT SURVIVOR BENEFIT PLAN (RCSBP)**

## 5401 GENERAL

[\\*540101 Overview](#)

The Reserve Component Survivor Benefit Plan (RCSBP) extends eligibility to the [Survivor Benefit Plan \(SBP\)](#) to Reserve Component members who would otherwise be eligible to receive retired pay except they have not yet reached retirement age. RCSBP allows members to provide an annuity based on their retired pay to qualified survivors.

[\\*540102. Authoritative Guidance](#)

[The bibliography lists the authoritative references.](#)

[\\*540103. Definitions of Specialized Terms](#)

[A. Base Amount.](#) The dollar amount selected by the member upon which the [SBP](#) premium and the annuity are calculated. A member may elect a full base amount or a reduced base amount. See paragraph 540403 for base amount elections.

[B. Date of Receipt of Election for RCSBP.](#) The date of the receipt of the election by the member's records custodian, or the date of postmark on the envelope in which the records custodian received the election when the member's election intent may be prejudiced.

[C. Date of Retirement.](#) The first day the member is entitled to receive retired pay or the first day the member would have received pay if alive at retirement age.

[D. The 90-Day Period.](#) The 90-day period in which the member must complete an election for RCSBP begins on the date that the member receives notification that the member has completed the requisite years of service to be eligible for retired pay at a later age (usually age 60).

[E. Eligible for Retired Pay.](#) A member becomes eligible for non-regular retired pay upon completion of 20 years of satisfactory service. Often notification is provided by letter referred to as the "20-year letter" because it notifies the member that he has served the requisite years of service to be eligible for retired pay, but is not yet entitled to receive the pay because of his age. See Chapter 1, subparagraph 010208.F.

[F. Eligible to Participate in RCSBP.](#) The date the member receives notice of eligibility for retired pay except for not having reached the age for entitlement to retired pay (usually age 60). [The eligibility age cannot be reduced below age 50.](#)

G. Entitled to Retired Pay. A person who has [completed the requisite service](#) and reached the requisite age (usually age 60) and is entitled to receive retired pay for non-regular service.

H. Member. A member of a Reserve Component.

I. RCSBP. The Reserve Component Survivor Benefit Plan.

J. Survivor Benefit Plan (SBP). The SBP is for members of the Uniformed Services. NOTE: SBP (see Chapter 42) and RCSBP share many of the same terms. [Chapter 42, section 4202](#) provides additional terms not specifically defined in this section.

\* K. SBP Premium. Is the combination of the “Standard Premium,” the “Reserve Component Premium,” and the “Survivor’s Annuity Premium Deduction.”

\* L. Standard Premium. Standard Premium is the reduction in retired pay made to provide the member with SBP coverage for the period after a member becomes entitled to retired pay. The Standard Premium is described in Chapter 45. It is distinct and separate from the Reserve Component Premium and the Survivor’s Annuity Premium Deduction which are described in subparagraph 540201.N.

\* M. Reserve Component Premium. When a Reserve member participates in the RCSBP after first becoming eligible based on 20 years of satisfactory service, coverage for the member’s survivors commences but premiums are not paid until the member first becomes actually entitled to retired pay (usually age 60). Note: See also Chapter 1, subparagraphs 010208.F.1 through 5 which reduces the eligibility age below 60 years of age for a reservist to receive retirement pay. At that time, reductions in the member’s retired pay are made that are specifically related only to the RCSBP coverage that was already provided while the member awaited the requisite age of entitlement to retired pay. These reductions are the Reserve Component Premium. They are made after the member begins receiving retired pay for the RCSBP coverage that was provided before the member begins receiving retired pay. They are distinct from the Standard Premium (in subparagraph 540201.L.) which are reductions made for the SBP coverage that is provided after the member becomes entitled to retired pay. They are also distinct from the Survivor’s Annuity Premium Deduction.

\* N. Survivor’s Annuity Premium Deduction. When an RCSBP participant dies, any annuity payable to a survivor is reduced for the RCSBP coverage provided while the member awaited the requisite age of entitlement to retired pay. This reduction is unique to RCSBP coverage. The actuary sets the rate of the reduction of the survivor’s annuity and the rate is currently set at .0001 of the base amount. The reduction in the annuity is known as the Survivor’s Annuity Premium Deduction. The reduction is applicable whether or not the member survived to the age necessary to become actually entitled to retired pay. The Survivor’s Annuity Premium Deduction is distinct from the Standard Premium and Reserve Component Premium described in subparagraph 540201.M.

O. Reserve Components. The following is a listing of the Reserve Components:

1. The Army National Guard of the United States.
2. The Army Reserve.
3. The Navy Reserve.
4. The Marine Corps Reserve.
5. The Air National Guard of the United States.
6. The Air Force Reserve.
7. The Coast Guard Reserve.

#### 5402 ELIGIBLE BENEFICIARIES

Eligible beneficiaries under the RCSBP include spouse, child, former spouse, and natural person with an insurable interest. Members eligible to participate in RCSBP may elect coverage in one of the following covered categories: spouse; spouse and child; child only; former spouse; former spouse and child; or natural person with an insurable interest.

##### \*540201. Spouse (Including the Spouse of a Common-Law Marriage)

The spouse is an eligible beneficiary if:

A. Married to the member on the date that the member became eligible to participate in RCSBP and was married to the member when the member died.

B. Married to the member for at least 1-year after the date that the member became eligible to participate in RCSBP and;

1. member's election to provide spouse coverage was received within 1-year of the marriage; and

2. was married to the member when the member died.

C. Married to the member after the date that the member became eligible to participate in RCSBP, and married for less than 1-year before member's death, but is a parent of a living child from that marriage, and member's election received within 1-year of the remarriage.

D. Married to a member who is eligible to provide a Reserve Component annuity and who dies before notified of eligibility of retired pay for non-regular service retirement or during the 90-day period if the member had not made an RCSBP election.

\* E. Married to a member after the date that the member became eligible to participate in RCSBP, and was married to the member for at least one year or is a parent of a living child from that marriage, and

1. Member previously elected former spouse or former spouse and child coverage under *Title 10 United States Code (U.S.C.) 1448(b)* for a person the member divorced after becoming eligible to participate in RCSBP, and

2. After a subsequent remarriage, the member changed the prior former spouse or former spouse and child election to cover the newly acquired spouse, or spouse and child under *10 U.S.C. 1450(f)* while the former spouse is still living.

\*540202. Children (Including Children of a Common-Law Marriage)

Children are eligible beneficiaries if they are:

\* A. Children of a member who elected child coverage when he or she initially became eligible to participate in RCSBP. *Note. Child age requirements are described in Chapter 44, paragraph 440202.*

B. Children of a member who elected child coverage within 1-year of first acquiring such dependent child(ren) after initially becoming eligible to participate in RCSBP.

C. Children of a member who died after becoming eligible for retired pay, but before being notified of retirement eligibility or during the 90-day period immediately following such notification.

D. Children of a member who elected spouse and child or former spouse and child coverage, if the spouse or former spouse dies, remarries before age 55 or otherwise becomes ineligible. If former spouse coverage is in place, only the child(ren) who resulted from the marriage to the former spouse are eligible beneficiaries.

540203. Former Spouse

The former spouse is an eligible beneficiary if he or she:

A. Is the member's former spouse when the member becomes eligible to participate in RCSBP and elected the beneficiary by the member or deemed as the beneficiary by the Secretary concerned upon request by the former spouse.

B. Was not the member's former spouse when the member became eligible to participate in RCSBP and a prior spouse election is changed to provide coverage for a former spouse in accordance with subparagraph 540602.C. A former spouse must have been married to the member for at least 1-year or be a parent of a child born of the marriage.

C. The former spouse for whom coverage provided under the insurable interest category for an election made before November 8, 1985, remains an eligible beneficiary following a remarriage, unless the remarriage is to a member who is providing the former spouse coverage.

540204. Natural Person With Insurable Interest

The natural person with an insurable interest is an eligible beneficiary if the beneficiary that member designated is:

A. A person who has a reasonable and lawful expectation of pecuniary benefit from the continued life of the member. This may include parents, stepparents, grandparents, grandchildren, aunts, uncles, sisters, brothers, half-sisters, half-brothers, a dependent or non-dependent child or step-child, or any other person more nearly related than a cousin; or

B. Any individual having a reasonable and lawful basis, founded upon the relationship of parties to each other, either pecuniary or of blood or affinity, to expect some benefit or advantage from the continuance of the life of the retiree.

NOTE: Proof of financial benefit from the continuance of the life of the member may be required for other than persons listed in subparagraph 540204.A.

5403 ELECTION TO PARTICIPATE

540301. 90-Day Period

Any member who is notified of his or her completion of the years of service required for retired pay eligibility for non-regular retirement may elect to participate in RCSBP before the end of the 90-day period. A member who is married or has a dependent child, and who receives notice of eligibility for retired pay, after January 1, 2001, is automatically a participant in RCSBP unless the member elects (with spousal concurrence, if required) not to participate before the end of the 90-day period. See subparagraph 540402.G.

540302. Annuity Options

A member electing to participate must designate an immediate election, a deferred election, or indicate a decision to delay the election until reaching retirement age. These are described as Options A, B, or C.

A. Option A. The member defers a survivor annuity election or declines coverage until retirement age. There is no coverage for the years between becoming eligible for retirement and reaching retirement entitlement age. If a member dies before reaching retirement age, no survivor annuity is payable. At retirement age, regardless if that age is before age 60, the member may elect to participate in SBP as any other member becoming entitled to retired pay. If a member chooses Option A, spousal concurrence is required. See subparagraph 540402.G.

B. Option B. The member elects to provide a deferred survivor annuity that begins on the date that would have been the member's 60th birthday, or on the day after the member's death, whichever is later. If a member chooses Option B, spousal concurrence is required. See subparagraph 540402.G.

C. Option C. The member elects to provide an immediate survivor annuity beginning on the day after the member's death, whether before or after reaching retirement age.

\*540303. Base Amount

A member who receives a 20-year notification of eligibility and who elects to participate in RCSBP must elect to cover:

A. One hundred percent of retired pay; or

B. A percentage of retired pay which is less than 100 percent, but which is greater than or equal to \$300 when computed against the amount of retired pay which would be payable as of the effective date of the election; or

C. A given dollar amount which is greater than or equal to \$300, but less than 100 percent of retired pay.

D. If a member's full-retired pay, computed as of the effective date of the election, is less than \$300, he or she must elect to cover 100 percent of retired pay.

E. If the member elects to cover a dollar amount greater than 100 percent of his or her retired pay as computed on the effective date of the election, [consider the election as 100 percent of retired pay.](#)

\* F. Any dollar election is converted to a percentage of retired pay as of the effective date of the election. A member [who makes](#) a dollar election should be advised that his or her election will be converted to a percentage of retired pay as would be payable if he or she were of retirement age on the date the RCSBP election becomes effective. The base amount is that same percentage of retired pay regardless of the changes in the retired pay that may occur because of pay rate increases, additional points accumulated, promotion or longevity step increases. [Note: Spousal concurrence is required when member elects spousal coverage for less than the maximum coverage. See subparagraph 540402.G.1.](#)

540304. RCSBP Participation within 1-Year of Acquiring Eligible Beneficiary

Any Reserve member who does not have an eligible beneficiary when becoming eligible to participate in the RCSBP, who later marries or acquires a dependent child, may elect to participate in the RCSBP, if the election is completed within 1-year of acquiring a spouse or dependent child. See paragraph 540501 for specific rules.

## 540305. Natural Person With Insurable Interest

Pursuant to 10 U.S.C. 1448(b), any Reserve member who is not married and does not have a dependent child, may elect to provide RCSBP coverage for a natural person with an insurable interest. Additionally, a member who is unmarried but who has one dependent child may provide coverage for that child under the insurable interest provision.

## 5404 ELECTION DATA

## 540401. RCSBP Election Certificate

Department of Defense (DD) Form [2656-5](#), Reserve Component Survivor Benefit Plan (RCSBP) Election Certificate, is required for making an RCSBP election and is also required if the member defers the election under Option A in subparagraph 540302.A.

## \*540402. Contents of DD Form 2656-5

The contents of the election document should show:

- A. Identification. The member's name, Social Security number, date of birth, and date of retirement (if known).
- B. Coverage. If participating, the member has elected coverage for:
  1. Spouse and/or children;
  2. Former spouse or former spouse and children; or
  3. Natural person with an insurable interest (at maximum level of coverage only).
- C. Base Amount. If participating, the member has elected coverage amount or percentage.
- D. Annuity Options. If participating, the member's election must contain an election for Option B, or Option C. See subparagraphs 540302.B or C.
- E. Beneficiary. If participating, the member's designated beneficiary. Show the name, birth date, and Social Security number for each beneficiary named. If the coverage includes spouse, the member must furnish the date of marriage. Show the address and relationship when the beneficiary is a natural person with an insurable interest. For a natural person with an insurable interest, the member must provide a signed statement to show proof of financial benefit if the person designated is more distantly related than cousin.

\* F. Member's Signature. The member must sign and date the election. The member's signature must be witnessed. The witness may not be the member's spouse or beneficiary. The witness should not be a minor, but minority of a witness will not necessarily invalidate the member's election. In the event a member is unable to complete his signature and instead makes his mark (such as an "X"), two disinterested persons must witness the election form. An addendum to DD Form 2656-5 will suffice in such situations. NOTE: An election made on behalf of the member through a power of attorney is not valid. Such an election is not binding and is without force or effect of law.

\* G. Spousal Concurrence. Spousal concurrence in certain elections is a requirement. The spouse signature must appear on DD Form 2656-5, the spouse's signature must be notarized, and the spouse must sign after the member has signed the form.

1. A retirement eligible Reserve member who elects RCSBP spouse coverage for less than maximum coverage when the member becomes eligible to participate must obtain the concurrence of the spouse in writing. With respect to members who receive notification of retired pay eligibility pursuant to 10 U.S.C., chapter 1223 after January 1, 2001, a retirement eligible Reserve member must obtain the concurrence of the spouse in writing. Spousal concurrence is required if the member declines coverage (Option A), elects deferred coverage (Option B), elects coverage for spouse at less than the maximum level, or elects coverage for a dependent child but not for the spouse. Without spousal concurrence, an election for less than maximum coverage is invalid.

\* 2. If former spouse coverage is elected or deemed, the spousal concurrence is not required; however, the spouse must be notified of the former spouse coverage. Note: The failure to retain evidence that the spouse was notified of an election for coverage for a former spouse will not invalidate the former spouse election.

\* 3. If a member marries during the 90-day period, spousal concurrence is not required, but the spouse must be notified of the member's election. Note: The failure to retain evidence that the spouse was notified of the member's election will not invalidate the member's election.

#### H. Former Spouse Elections

1. If the member elects former spouse coverage the election must include information setting forth whether the election was made pursuant to the requirements of a court order, or a voluntary written agreement previously entered into by the member as part of, or incidental to, a proceeding of divorce, dissolution, or annulment, and, if so, whether such agreement was incorporated, ratified, or approved by a court order. The preferred method for a member to elect former spouse coverage is the completion of the DD Form 2656-1, Survivor Benefit Plan (SBP) Election Statement for Former Spouse Coverage.

2. In order for a former spouse to deem an election, the former spouse must, within 1-year of the date of the court order involved, complete and send a [DD Form 2656-10](#), Survivor Benefit Plan (SBP)/Reserve Component (RC) SBP Request for Deemed Election, and a copy of the court order, regular on its face, which requires the former spouse SBP election, or which incorporates, ratifies, or approves the voluntary, written agreement of such a person or a statement from the clerk of the court (or other appropriate official) that such agreement has been filed with the court in accordance with applicable State law. A deemed election will fail unless both the DD Form 2656-10 and a copy of the court order or written agreement are received in accordance with the applicable instructions in the form.

#### 5405 CHANGES IN ELECTION AND COVERAGE

##### \*540501. Later-Acquired Spouse and/or Child

This election must be received within 1-year of the event.

A. If a member has no eligible beneficiary at the end of the 90-day period, the member may later elect for an eligible class of beneficiary, if the election is completed within 1-year of acquiring a spouse or dependent child.

B. If a member with spouse or spouse and child coverage loses the spouse beneficiary through death or divorce, the member may, upon remarriage, increase the level of coverage up to and including full-retired pay, or elect not to resume spouse coverage. If a member takes no action, spouse coverage will automatically resume upon the 1-year anniversary of the remarriage.

\* C. The member may not add child coverage by virtue of this marriage if child coverage [was previously declined](#).

D. [The member may not reduce](#) the level of RCSBP coverage nor may child coverage be eliminated.

\* E. If the member elects not to resume spouse coverage or provides coverage at less than the maximum level, the spouse must be notified. [Note: The failure to retain evidence that the spouse was notified of the member's election will not invalidate the member's election.](#)

\* F. If [the](#) member has former spouse coverage, an election for a newly acquired child must be made within 1-year of acquiring [a](#) child.

G. If a member has insurable interest coverage, he or she may elect coverage for the newly acquired spouse and/or child if the [member completes](#) the election within 1-year of the marriage or acquisition of [a](#) dependent child. [This election terminates](#) the insurable interest coverage.

## 540502. Former Spouse or Former Spouse and Child Elections

A. General Rules

1. A former spouse election prevents an annuity to the member's spouse and child (other than a child beneficiary under a former spouse and child election).

2. If the member is married at the time of the former spouse election, the spouse must be notified of the member's election for the former spouse. **Note: The failure to retain evidence that the spouse was notified of an election for coverage for a former spouse will not invalidate the former spouse election.**

3. The provisions for deemed former spouse elections shown in Chapter 43, paragraph 430302 under SBP apply to RCSBP deemed former spouse elections.

## B. Former Spouse Elections when the Member Becomes Eligible to Participate.

1. A member who has a former spouse and/or dependent child when becoming eligible to participate may elect former spouse or former spouse and child coverage provided the child is the result of the member-former spouse marriage.

2. If there is no court order or voluntary written agreement requiring the member to elect former spouse coverage in place at the time the member makes his election, the former spouse's ability to retain former spouse coverage could be affected at a later date.

## C. Former Spouse Elections After the Member Becomes Eligible to Participate But Before the Member Meets Age Requirements.

1. A member who elected spouse or spouse and child coverage when becoming eligible to participate in the RCSBP, may within 1-year of the date of the decree of divorce, dissolution, or annulment of that marriage, change that election to provide the RCSBP annuity to the former spouse or the former spouse and child.

2. An election of former spouse coverage may be deemed to have been elected for the former spouse under the following conditions:

a. The Secretary concerned may deem an election when a member is ordered by a court or voluntarily enters into a written agreement, incidental to a proceeding of divorce, dissolution, or annulment, to elect former spouse SBP coverage, and the agreement has been incorporated in, or ratified or approved by the court, and the member fails or refuses to make the election.

b. The former spouse or former spouse's attorney may request, that the Secretary concerned deem an election for former spouse coverage within 1-year of the date of the relevant court order.

## 540503. Natural Person with Insurable Interest

A member may make an election for a natural person with an insurable interest only when there is no eligible spouse or dependent child(ren). See paragraph 540305 for exceptions. A member must elect gross retired pay as the base amount under an election for a natural person with an insurable interest.

## 5406 IRREVOCABLE ELECTIONS AND DISCONTINUED PARTICIPATION

## 540601. 90-Day Period

Elections filed during the 90-day period referred to in paragraph 540401 are generally irrevocable unless revoked before the expiration of the 90-day period.

## 540602. Exceptions

Exceptions to the general rule on irrevocability occur under the following circumstances:

A. The member discontinues participation as a totally disabled member as described in Chapter 43, paragraph 430604.

B. The mentally incapacitated member is later determined to be mentally competent and revokes or changes the RCSBP election within 180 days after such determination of judgment. See Chapter 43, subparagraph 430301.F.

C. The member elected less than maximum coverage without spousal concurrence and the member fails to establish to the Secretary of the Military Department concerned (or designee) that spousal concurrence was not required, either because the spouse's whereabouts cannot be determined or other exceptional circumstances prevent obtaining the spouse's consent. In this instance, the member's election is invalid. See subparagraph 540402.G.1.

D. The Secretary concerned revokes an election when necessary to correct an administrative error. Revocation or correction based on administrative error is a Secretarial prerogative and, except when procured by fraud, is final and conclusive on all officers of the United States.

E. A member may change the beneficiary election to provide former spouse coverage or to remove former spouse coverage as shown in Chapter 43, section 4307 and section 5406.

F. The member voluntarily terminates RCSBP coverage for a natural person with an insurable interest who is not a former spouse.

G. A member voluntarily discontinues RCSBP participation upon the second anniversary of the date of commencement of retired pay under Chapter 43, paragraph 430701.

Note: If a member drops SBP coverage under Chapter 43, paragraph 430701, they will still be charged the Reserve Component Premium.

#### 540603. Changed Retirement Eligibility

If a member elects RCSBP coverage and subsequently becomes eligible for retirement under another law, thereby losing eligibility, the RCSBP election remains effective until the member actually retires. A member may make a new election as any other retiring member.

### 5407 PREMIUMS

The Government does not subsidize cost of providing RCSBP coverage under the immediate or deferred annuity option, but the members and beneficiaries who potentially will benefit from the coverage share the cost. The cost to the retiree, known as the Reserve Component Premium, is in the form of an additional deduction from his or her retired pay beyond the Standard Premium. The RCSBP, unlike SBP, requires a reduction in the survivor annuity. That reduction, known as the Survivor's Annuity Premium Deduction, begins when the survivor begins to receive an annuity. The Reserve Component Premium and the Survivor's Annuity Premium Deduction increase at the same time and by the same percentage that retired pay increases by cost-of-living adjustments.

#### \*5408 RCSBP COST FACTOR TABLES

The Department of Defense Office of the Actuary provides RCSBP factor tables to reflect military-specific death rates, to include remarriage and divorce rates and to incorporate dynamic actuarial assumptions. The tables are built on a "years younger or older than member" concept. The ages at the nearest birthday to date of election receipt are used. When ages expressed in years are the same, the table is determined by comparing months and days. Note: The tables for child only rates use the ages of the member and child; not years younger or older.

#### \*5409 CALCULATION OF THE RESERVE COMPONENT PREMIUM AND THE SURVIVOR'S ANNUITY PREMIUM DEDUCTION

##### \*540901. Premium Description

The SBP Premium consists of a Standard Premium, Reserve Component Premium, and a Survivor's Annuity Premium Deduction. The Standard Premium is the reduction in retired pay made to provide coverage for the period after a member becomes entitled to retired pay. The Reserve Component Premium is the reduction in retired pay made for the RCSBP coverage that was already provided while the member awaited the requisite age of entitlement to retired pay. The Survivor's Annuity Premium Deduction is a further premium applied to the survivor's annuity for the RCSBP coverage provided while the member awaited the requisite age of entitlement to retired pay. The premiums described in paragraph 541002 pertain only to the Reserve Component Premium and the Survivor's Annuity Premium Deduction. The method to compute the Standard Premium may be found in Chapter 45. The amount of the Reserve

**Component Premium** depends on the type of beneficiary option elected, the annuity type elected, and the **ages of the member and the beneficiary**.

\*540902. **Calculating the Premiums Based on RCSBP Coverage Amount**

A. The member must elect a given dollar amount or a percentage of retired pay as the base amount. Convert any dollar election to a percentage of gross retired pay as of the effective date of **an** election to guarantee full indexing in proportion to member's retired pay.

Example:

Member's age at election =	52
Member's elected monthly base amount =	\$300.00
Member's estimated current monthly retired pay =	\$1000.00
Ratio =	$300/1000 = .3$ (30 percent)
Eight years later:	
Member's monthly retired pay at age 60 =	\$2000
Member's base amount at age 60 =	$.3$ (30 percent) x \$2000 = \$600.00

B. If the given dollar amount exceeds 100 percent of the member's retired pay on the effective date of **the** election, the base amount is 100 percent of the monthly retired pay. If the given dollar amount is less than 100 percent of gross retired pay, but greater than \$300 when computed against the retired pay, use the ratio against the gross retired pay entitlement at age 60, assuming **the** member has met age and service requirements. To obtain a comprehensive estimate of retired pay calculations, premiums, and annuity payments go to: <http://actuary.defense.gov/>, from the "Other Points of Contact" on the webpage, select the "Military Retirement System" and you can email the person with your questions.

\* C. To calculate the Reserve Component Premium, multiply the member's base amount at age 60 by .03 (3 percent). The example in subparagraph 540102.A provides the member's base amount at age 60 as \$600. Therefore, the Reserve Component Premium would be computed as follows:  $.03$  (3 percent) x \$600.00 = \$18.00.

\* D. To calculate the Survivor's Annuity Premium Deduction, multiply the base amount by .0001, from the example in subparagraph 540102.A., the Survivor's Annuity Premium Deduction:  $.0001$  x \$600.00 = \$0.06.

#### 5410 INITIAL PREMIUM AND EFFECTIVE DATE OF THE RESERVE COMPONENT PREMIUM

##### 541001. Beginning Date

If a member has eligible beneficiaries, the **Reserve Component Premium** begins on the first day of the month after the member meets the age and service requirements **necessary to be entitled to non-regular retired pay** even if the member meets those **age and service** requirements before age

60. The payment of premiums will be required if the member chose Option B or Option C from paragraph 540302. If the member meets the age and service requirements on the first day of the month, the premium is effective that month. If the member specifies a retirement date which is after the date the member meets age and service requirements, or if the member delays application for retirement, the premium is retroactive to the date [that the member meets age and service requirements](#).

541002. Member's Death

If a member who elected RCSBP ([Option B or Option C](#)) dies before he or she meets the age and service requirements, the [Survivor's Annuity Premium Deduction](#) for the pre-age 60 coverage begins with the immediate or deferred annuity as an actuarial reduction of the [survivor's annuity](#).

541003. Coverage Change

In some instances, a member may change the type of coverage before premiums begin. The initial premium for election changes is effective on the first day of the month after the member meets age and service requirements (or, if the member meets age and service requirements on the first day of the month, the premium is effective that month). Such elections include:

A. A member has no spouse beneficiary [when first becoming eligible to participate in RCSBP](#) and acquires a spouse beneficiary effective before the member meets age and service requirements [and elects to establish coverage for the newly acquired spouse within 1-year of the marriage](#).

B. An [unmarried](#) member [elects](#) child coverage [when first becoming eligible to participate in RCSBP](#) and later acquires a spouse beneficiary before the date member meets age and service requirements [and elects to establish coverage for the newly acquired spouse within 1-year of the marriage](#).

C. A member has no child beneficiary [when first becoming eligible to participate in RCSBP](#) and later elects child coverage within 1-year of acquiring a child, which is before the member meets age and service requirements.

D. A member [elects](#) former spouse or former spouse and child [when first becoming eligible to participate in RCSBP, later marries](#) and requests change to spouse or spouse and child coverage effective before the member meets age and service requirements.

E. A member has no coverage [and](#) coverage is changed to a former spouse under a deemed election by the Secretary concerned.

F. A member [elects](#) insurable interest coverage [when first becoming eligible to participate in RCSBP](#), acquires a spouse and/or child before the date member meets age and service requirements [and elects to establish coverage for the newly acquired spouse and/or child within 1-year of the marriage or acquisition of the dependent child](#).

**\*5411 RESERVE COMPONENT PREMIUM****\*541101. Changes in Reserve Component SBP Coverage**

A change in the type of Reserve Component SBP coverage elected can impact the Reserve Component Premium that will be deducted from a member's retired pay. There are an extensive number of possible changes available under the law depending on changes to a member's individual family circumstances. The most prevalent election options and changes, and the impact of those elections and changes are reflected in Tables 54-1 and 54-2. Note: The Premium deduction rules reflected on those tables pertain only to the Reserve Component Premiums.

**\*541102. Reserve Component Premium Deductions**

The Reserve Component Premiums are the deductions from the member's retired pay that are made for RCSBP coverage provided while the member waits to attain the requisite age necessary to become entitled to retired pay. The tables do not reflect the Standard Premium which is the reduction in the member's retired pay made to provide coverage for the period after a member becomes entitled to retired pay. Chapter 45 provides the method to compute the Standard Premium. The tables also do not reflect the Survivor's Annuity Premium Deduction which is a further premium applied to the survivor's annuity for the RCSBP coverage provided while the member awaited the requisite age of entitlement to retired pay.

**5412 ANNUITY AMOUNT****541201. General**

A. **RCSBP Annuity.** Compute the amount of RCSBP annuity payable to a surviving spouse or former spouse beneficiary in the same manner as the SBP (see Chapter 46) except that the base annuity amount is 55 percent of the difference between the base amount and the cost of the **Survivor's Annuity Premium Deduction**. Compute the monthly annuity for a dependent child on the base annuity amount less the **Survivor's Annuity Premium Deduction**, multiplied by 55 percent. Compute the monthly annuity for a natural person with an insurable interest or former spouse (insurable interest category) as 55 percent of the difference between the member's retired pay and the sum of the premium reduction and cost of the **Survivor's Annuity Premium Deduction**. The Department of Defense (DoD) Actuary determines amount of the **Survivor's Annuity Premium Deduction**. See section 5409. Round monthly RCSBP annuities, if not a multiple of \$1, to the next lower multiple of \$1.

1. **Immediate Annuity Option (Option C).** If a member dies before attaining the eligibility age applicable to that member to begin receiving retired pay and elected the immediate annuity option, the initial annuity amount is payable beginning immediately following death and is computed on the basis of what the member's retired pay would have been on the date of the member's death using the basic pay rates on that date. Note: If a member retires before age 60 pursuant to **10 U.S.C. 12731**, and subsequently dies before what would have been his 60<sup>th</sup> birthday, the initial annuity amount is payable beginning immediately following death.

2. Deferred Annuity Option (Option B). If a member dies before attaining the eligibility age applicable to that member to begin receiving retired pay and elected the deferred annuity option, the initial annuity amount is payable beginning the first day of the month following the date the member would have reached age 60. Compute the initial annuity amount based on the retired pay the member would have received upon reaching age 60. Note: If a member retires before age 60 pursuant to 10 U.S.C. 12731, and subsequently dies before what would have been his 60<sup>th</sup> birthday, the annuity will not be payable until beginning the first day of the month following the date the member would have reached age 60.

B. Age 62 Offset. Prior to March 31, 2008, a spouse or former spouse incurred a reduction of RCSBP at age 62 because of entitlement to Social Security benefits. The age 62 offset was eliminated effective April 1, 2008.

#### 541202. Eligible Annuitants and Amounts

A. Spouse or Former Spouse. See Chapter 46, Table 46-1. The RCSBP annuity may be less than 55 percent, depending on the Survivor's Annuity Premium Deduction, which is deducted in determining the annuity amount.

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

C. Spouse and Child or Former Spouse and Child. Pay annuity to the spouse or former spouse, as long as eligibility exists. If the surviving spouse or former spouse loses eligibility due to death or remarriage before age 55, or otherwise become ineligible, pay the annuity to the child annuitants. A former spouse and child election includes only the children of the member's marriage to the former spouse. See also Chapter 42, subparagraph 420104.V, for definition of a surviving spouse.

D. Natural Person with an Insurable Interest. The annuity is payable only to the natural person with an insurable interest as designated by or on behalf of the member. The annuity is not transferable to another person.

#### 541203. Payment of Annuity

See Chapter 46, paragraph 460103. The provisions in Chapter 46, subparagraph 460103.C for making annuity payments to representative payees also apply to the RCSBP program.

#### 5413 OFFSETS TO THE ANNUITY

See Chapter 46, paragraphs 460401 through 460403 of, for DIC offsets paid to a surviving spouse by the Department of Veteran Affairs. NOTE: The information in Chapter 46, excluding the minimum-income annuitant material, applies to the RCSBP annuitant.

5414 TAXABILITY OF ANNUITY

The provisions of Chapter 46 regarding the taxability of annuities also apply to annuities under RCSBP.

\*Table 54-1. RESERVE COMPONENT PREMIUMS FOR SPOUSE, FORMER SPOUSE, AND CHILD ONLY COVERAGE

The Premium deduction rules reflected on this table pertain only to the Reserve Component Premiums. The Reserve Component Premiums are the deductions from the member's retired pay that are made for RCSBP coverage provided while the member waited to attain the requisite age necessary to become entitled to retired pay. This table does not reflect the Standard Premium which is the reduction in the member's retired pay made to provide coverage for the period after a member becomes entitled to retired pay. The method to compute the Standard Premium may be found in Chapter 45. This table also does not reflect the Survivor's Annuity Premium Deduction which is a further premium applied to the survivor's annuity for the RCSBP coverage provided while the member awaited the requisite age of entitlement to retired pay. The method to compute the Survivor's Annuity Premium Deduction may be found in Section 5409.

	A	B	C
<b>R U L E</b>	<b>If the member made the below listed RCSBP election (Options B or C) when first eligible to participate in the RCSBP for</b>	<b>and at the time the member met the age and service requirements to become actually entitled to receive retired pay, the below listed condition also existed:</b>	<b>then the below listed Reserve Component Premium deductions will be made from the member's retired pay:</b>
1.	Spouse Coverage	The spouse upon whom the initial election was based is still an eligible spouse beneficiary	Full spouse premium deductions will be made until the earlier of:  (a) the first day of the month in which the spouse is no longer eligible due to death, divorce, or annulment; or  (b) the first day of the month following the month in which the member has retired pay reduced for a total of 360 months.
2.	Spouse Coverage	The spouse upon whom the initial election was based is no longer an eligible beneficiary due to death	No spouse premium deductions will be made for the period that RCSBP spouse coverage was previously provided before the spouse died. Note 1.

Table 54-1. RESERVE COMPONENT PREMIUMS FOR SPOUSE, FORMER SPOUSE, AND CHILD ONLY COVERAGE (Continued)

<b>R U L E</b>	<b>A</b>	<b>B</b>	<b>C</b>
3.	Spouse Coverage  If the member made the below listed RCSBP election (Options B or C) when first eligible to participate in the RCSBP for	and at the time the member met the age and service requirements to become actually entitled to receive retired pay, the below listed condition also existed:  The spouse upon whom the initial election was based is no longer an eligible spouse beneficiary due to divorce or annulment	then the below listed Reserve Component Premium deductions will be made from the member's retired pay:  No spouse premium deductions will be made for the period that spouse RCSBP coverage was previously provided before the marriage ended. Notes 1 and 2.
4.	Former Spouse Coverage  Former Spouse Coverage	The former spouse upon whom the initial election was based is still an eligible former spouse beneficiary	Full former spouse premium deductions will be made until the earlier of :  (a) the first day of the month in which the former spouse is no longer eligible due to death;  (b) the first day of the month in which the former spouse coverage is suspended due to remarriage before age 55; or,  (c) the first day of the month following the month in which the member has retired pay reduced for a total of 360 months. Note 3.
5.	Former Spouse Coverage  Former Spouse Coverage	The former spouse upon whom the initial election was based is no longer an eligible beneficiary due to death	No former spouse premium deductions will be made for the former spouse coverage previously provided before the former spouse died. Note 4.

Table 54-1. RESERVE COMPONENT PREMIUMS FOR SPOUSE, FORMER SPOUSE, AND CHILD ONLY COVERAGE (Continued)

	A	B	C
<b>R U L E</b>	<b>If the member made the below listed RCSBP election (Options B or C) when first eligible to participate in the RCSBP for</b>	<b>and at the time the member met the age and service requirements to become actually entitled to receive retired pay, the below listed condition also existed:</b>	<b>then the below listed Reserve Component Premium deductions will be made from the member's retired pay:</b>
6.	Former Spouse Coverage	Coverage for the former spouse upon whom the initial election was based was suspended due to remarriage before age 55	Former Spouse premium deductions for the period that former spouse coverage was previously provided are suspended. No premium deductions are made during the period of suspension. Note 5.
7.	Child Only Coverage	The member has any child who is still an eligible child beneficiary	Child premium deductions will be made until the earlier of:  (a) the first day of the month in which all of the children for whom RCSBP child only coverage was previously provided are no longer eligible due to death; or  (b) the first day of the month following the month in which the member has retired pay reduced for a total of 360 months.  Note 6.
8.	Child Only Coverage	The member has no living children for whom RCSBP coverage was provided	No child premium deductions will be made for the RCSBP child only coverage previously provided before the child(ren) died.

Table 54-1. RESERVE COMPONENT PREMIUMS FOR SPOUSE, FORMER SPOUSE, AND CHILD ONLY COVERAGE (Continued)

	A	B	C
<b>R U L E</b>	<b>If the member made the below listed RCSBP election (Options B or C) when first eligible to participate in the RCSBP for</b>	<b>and at the time the member met the age and service requirements to become actually entitled to receive retired pay, the below listed condition also existed:</b>	<b>then the below listed Reserve Component Premium deductions will be made from the member's retired pay:</b>
9.	Child Only Coverage	All of the member's children have lost eligibility due to age or marriage	Child premium deductions will be made until the earlier of:  (a) the first day of the month in which all of the children for whom RCSBP child only coverage was previously provided are no longer eligible due to death; or  (b) the first day of the month following the month in which the member has retired pay reduced for a total of 360 months.  Note 6.

## NOTES.

1: If the member subsequently remarried (i.e. acquired a subsequent spouse) before meeting the age and service requirements to become actually entitled to receive retired pay and spouse coverage was established for the subsequent spouse, full spouse premium deductions will be made in accordance with Rule (1) in Table 54-1. The premium rate is based on the ages of the member and the spouse for whom the initial election is made.

2: If, after the divorce from the spouse upon whom the initial election was based, former spouse coverage is elected by the member (or deemed to be elected by the former spouse) before the member meets the age and service requirements to become actually entitled to receive retired pay, full former spouse premium deductions will be made from the member's retired pay in accordance with Rule (4) in Table 54-1.

NOTES: (Continued)

3: If premiums are suspended because the former spouse loses eligibility due to remarriage before age 55, in the event that marriage ends due to death or divorce, the former spouse regains eligibility and deductions will be restarted and made until the earlier of (a) the first day of the month in which the former spouse is no longer eligible due to death; (b) the first day of the month that the former spouse coverage is suspended again due to remarriage before age 55; or (c) the first day of the month following the month in which the member has retired pay reduced for a total of 360 months.

4: If, after the former spouse died and before the time the member met the age and service requirements to become actually entitled to receive retired pay, the member had a spouse for whom and spouse coverage was established, full spouse premium deductions will be made from the member's retired pay for the spouse coverage until the earlier of (a) the first day of the month in which the spouse is no longer eligible due to death, divorce, or annulment; or (b) the first day of the month following the month in which the member has retired pay reduced for a total of 360 months .

5: If premiums are suspended because the former spouse lost eligibility due to remarriage before age 55, in the event that the former spouse's marriage ends due to death or divorce, the former spouse regains eligibility and deductions will be started and made until the earlier of (a) the first day of the month in which the former spouse is no longer eligible due to death; (b) the first day of the month that the former spouse coverage is suspended again due to remarriage before age 55; or (c) the first day of the month following the month in which the member has retired pay reduced for a total of 360 months.

6: As long as one of the children for whom RCSBP coverage was provided is still living, premium deductions will be made until member has retired pay reduced for a total of 360 months. The child only deductions are made even after the child(ren)'s eligibility is lost due to age or marriage. See the "Special Rule for Certain RCSBP Participants" in 10 U.S.C. 1452(b)(3). If a member acquires a new youngest child, the original Reserve Component Premium factor will remain.

\*Table 54-2. RESERVE COMPONENT PREMIUMS FOR INSURABLE INTEREST COVERAGE

The Premium deduction rules reflected on this table pertain only to the Reserve Component Premiums. The Reserve Component Premiums are the deductions from the member's retired pay that are made for RCSBP coverage provided while the member waits to attain the requisite age necessary to become entitled to retired pay. This table does not reflect the Standard Premium which is the reduction in the member's retired pay made to provide coverage for the period after a member becomes entitled to retired pay. The method to compute the Standard Premium may be found in Chapter 45. This table also does not reflect the Survivor's Annuity Premium Deduction which is a further premium applied to the survivor's annuity for the RCSBP coverage provided while the member awaited the requisite age of entitlement to retired pay. The method to compute the Survivor's Annuity Premium Deduction may be found in section 5409.

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
<b>R U L E</b>	<b>If the member made the below listed RCSBP election (Options B or C) when first eligible to participate in the RCSBP</b>	<b>And at the time the member met the age and service requirements to become actually entitled to receive retired pay, the below listed condition also existed:</b>	<b>And after the member started to receive retired pay, the below listed condition occurs:</b>	<b>Then the below listed Reserve Component Premium deductions will be made from the member's retired pay:</b>
1.	Insurable Interest Coverage	The insurable interest beneficiary upon whom the initial election was based is still an eligible insurable interest beneficiary	No changes are made to the insurable interest coverage	Full insurable interest premium deductions will be made until the earlier of:  (a) the first day of the month in which the insurable interest dies, or  (b) the first day of the month following the month in which the member has retired pay reduced for a total of 360 months.

Table 54-2. RESERVE COMPONENT PREMIUMS FOR INSURABLE INTEREST COVERAGE (Continued)

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
<b>R U L E</b>	<b>If the member made the below listed RCSBP election (Options B or C) when first eligible to participate in the RCSBP</b>	<b>And at the time the member met the age and service requirements to become actually entitled to receive retired pay, the below listed condition also existed:</b>	<b>And after the member started to receive retired pay, the below listed condition occurs:</b>	<b>Then the below listed Reserve Component Premium deductions will be made from the member's retired pay:</b>
2.	Insurable Interest Coverage	The insurable interest beneficiary upon whom the initial election was based is still an eligible insurable interest beneficiary	The insurable interest beneficiary dies	Full insurable interest premium deductions will be made until the earlier of:  (a) the first day of the month in which the insurable interest dies, or  (b) the first day of the month following the month in which the member has retired pay reduced for a total of 360 months.

Table 54-2. RESERVE COMPONENT PREMIUMS FOR INSURABLE INTEREST COVERAGE (Continued)

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
<b>R U L E</b>	<b>If the member made the below listed RCSBP election (Options B or C) when first eligible to participate in the RCSBP</b>	<b>And at the time the member met the age and service requirements to become actually entitled to receive retired pay, the below listed condition also existed:</b>	<b>And after the member started to receive retired pay, the below listed condition occurs:</b>	<b>Then the below listed Reserve Component Premium deductions will be made from the member's retired pay:</b>
3.	Insurable Interest Coverage	The insurable interest beneficiary upon whom the initial election was based is still an eligible insurable interest beneficiary	The member voluntarily elected to terminate/discontinue insurable interest coverage under 10 U.S.C 1448(b)(1)(B).	Full insurable interest premium deductions will be made until the earlier of :  (a) the first day of the month in which the insurable interest dies; or  (b) the first day of the month following the month in which the member has retired pay reduced for a total of 360 months.

Table 54-2. RESERVE COMPONENT PREMIUMS FOR INSURABLE INTEREST COVERAGE (Continued)

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
<b>R U L E</b>	<b>If the member made the below listed RCSBP election (Options B or C) when first eligible to participate in the RCSBP</b>	<b>And at the time the member met the age and service requirements to become actually entitled to receive retired pay, the below listed condition also existed:</b>	<b>And after the member started to receive retired pay, the below listed condition occurs:</b>	<b>Then the below listed Reserve Component Premium deductions will be made from the member's retired pay:</b>
4.	Insurable Interest Coverage	The insurable interest beneficiary upon whom the initial election was based is still an eligible insurable interest beneficiary	The member voluntarily elects to change the insurable interest election to provide an annuity to a spouse or dependent child under 10 U.S.C. 1450(f).	Full insurable interest premium deductions will be made until the earlier of:  (a) the first day of the month following the month in which the member voluntarily elects to change the insurable interest election to provide an annuity to a spouse or dependent child under 10 U.S.C. 1450(f); or  (b) the first day of the month following the month in which the member has retired pay reduced for a total of 360 months.

Table 54-2. RESERVE COMPONENT PREMIUMS FOR INSURABLE INTEREST COVERAGE (Continued)

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
<b>R U L E</b>	<b>If the member made the below listed RCSBP election (Options B or C) when first eligible to participate in the RCSBP</b>	<b>And at the time the member met the age and service requirements to become actually entitled to receive retired pay, the below listed condition also existed:</b>	<b>And after the member started to receive retired pay, the below listed condition occurs:</b>	<b>Then the below listed Reserve Component Premium deductions will be made from the member's retired pay:</b>
5.	Insurable Interest Coverage	The insurable interest beneficiary upon whom the initial election was based is no longer an eligible beneficiary due to death	No subsequent changes are made to the insurable interest coverage	No insurable interest premium deductions will be made for the RCSBP insurable interest coverage previously provided before the insurable interest beneficiary died.

Table 54-2. RESERVE COMPONENT PREMIUMS FOR INSURABLE INTEREST COVERAGE (Continued)

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
<b>R U L E</b>	<b>If the member made the below listed RCSBP election (Options B or C) when first eligible to participate in the RCSBP</b>	<b>And at the time the member met the age and service requirements to become actually entitled to receive retired pay, the below listed condition also existed:</b>	<b>And after the member started to receive retired pay, the below listed condition occurs:</b>	<b>Then the below listed Reserve Component Premium deductions will be made from the member's retired pay:</b>
6.	Insurable Interest Coverage	The insurable interest beneficiary upon whom the initial election was based is no longer an eligible beneficiary because the member voluntarily elected to terminate/discontinue insurable interest coverage under 10 U.S.C 1448(b)(1)(B)		<p>Prorated insurable interest premium deductions will be made until the earlier of:</p> <p>(a) the first day of the month in which the insurable interest beneficiary dies; or,</p> <p>(b) the first day of the month following the month in which the member has retired pay reduced for a total of 360 months.</p> <p>The deductions will be prorated based on the number of months that coverage was in effect in accordance with Note 1.</p>

Table 54-2. RESERVE COMPONENT PREMIUMS FOR INSURABLE INTEREST COVERAGE (Continued)

	A	B	C	D
<b>R U L E</b>	<b>If the member made the below listed RCSBP election (Options B or C) when first eligible to participate in the RCSBP</b>	<b>And at the time the member met the age and service requirements to become actually entitled to receive retired pay, the below listed condition also existed:</b>	<b>And after the member started to receive retired pay, the below listed condition occurs:</b>	<b>Then the below listed Reserve Component Premium deductions will be made from the member's retired pay:</b>
7.	Insurable Interest Coverage	The insurable interest beneficiary upon whom the initial election was based is no longer an eligible beneficiary because the member voluntarily elected to change the insurable interest election to provide an annuity to a spouse or dependent child under 10 U.S.C. 1450(f)		Premiums will be deducted only for the spouse or dependent child coverage that was elected under 10 U.S.C. 1450(f). The premiums will be established in accordance with Table 54-1 and will be based on the ages of the member, spouse and/or child at the time the coverage is elected.

Note 1. An RCSBP participant who voluntarily terminates coverage for a natural person with an insurable interest (not a former spouse) before the member meets the age and service requirements to become actually entitled to receive retired pay, will pay a prorated Reserve Component Premium based on the number of months for which coverage was effective. To calculate the prorated premium, multiply the original RCSBP factor by the number of full months during which the member had coverage, dividing the result by the number of full months the member would have had coverage if coverage had not terminated before age 60. The result, rounded to 4 decimal places, shall serve as the member's prorated Reserve Component Premium.

$$\begin{array}{l}
 \text{Revised} \\
 \text{RCSBP} \\
 \text{factor}
 \end{array}
 =
 \begin{array}{l}
 \text{Original} \\
 \text{RCSBP} \\
 \text{factor}
 \end{array}
 \times
 \begin{array}{l}
 \text{No. of months} \\
 \text{member had} \\
 \text{pre-age 60} \\
 \text{coverage}
 \end{array}
 \div
 \begin{array}{l}
 \text{No. of months} \\
 \text{member would} \\
 \text{have had pre-} \\
 \text{age 60} \\
 \text{coverage}
 \end{array}$$

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540202 10 U.S.C. 1448 (a)(5)  
10 U.S.C. 1448 (a)(2)(B)  
10 U.S.C. 1450(f)(1)

540203.A 10 U.S.C. 1448 (b)(2)

540203.B 10 U.S.C. 1448 (b)(3)

540203.C 10 U.S.C. 1448, note

540204 10 U.S.C. 1448, 1450, 1447(7)

## 5403 – ELECTION TO PARTICIPATE

540301 10 U.S.C. 1448(a)(2)(B)  
Public Law 106-398, section 655, October

540302 DoDI 1332.42, para. 6.b., June 23, 2009

540303 10 U.S.C. 1447(6)(B)

540304 10 U.S.C. 1448(a)(5)

540305 10 U.S.C. 1448(b)  
CompGen, B-179465, July 19, 1974

## 5404 – ELECTION DATA

540401 DoDI 1332.42, June 23, 2009

540402.D 10 U.S.C. 1448

540402.G 10 U.S.C. 1448(a)(3)  
DoDI 1332.42, para. 5, June 23, 2009

## \*BIBLIOGRAPHY (Continued)

	Public Law 106-398, section 655, October 30, 2000
540402.H.(1)	DoDI 1332.42, para. 9(c), June 23, 2009
540402.H.(2)	DoDI 1332.42, para. 9(d), June 23, 2009

## 5405 – CHANGES IN ELECTION AND COVERAGE

540501	10 U.S.C. 1448(a)(5) DoDI 1332.42, para 6a., June 23, 2009 Public Law 99-145, section 715, November 8, 1985
540501.E	10 U.S.C. 1448(a)(6)
540501.F	10 U.S.C. 1450(f)
540501.G	10 U.S.C. 1448(a)(6) 10 U.S.C. 1450(f)
540501.H	10 U.S.C. 1450(f)
540502	10 U.S.C. 1450(f)(2)
540504	10 U.S.C. chapter 1223

## 5406 – IRREVOCABLE ELECTIONS AND DISCONTINUED PARTICIPATION

540607.B	10 U.S.C. 1449
540607.D	10 U.S.C. 1454
540607.G	10 U.S.C. 1448(b)(1)(B)

## 5407 – PREMIUMS

	10 U.S.C. 1451, 1452 DoDI 1332.42, para 11.a.(2), 13.b.(3) June 23, 2009 10 U.S.C. 1452(h)
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## 5408 –RCSBP COST FACTOR TABLES

540801	DoDI 1332.42, para 13 June 23, 2009
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## 5410 – CALCULATION OF THE RESERVE COMPONENT PREMIUM AND THE SURVIVOR'S ANNUITY PREMIUM DEDUCTION

5409001	10 U.S.C. 1452, 1451 Public Law 101-189, Section 1402, November 29, 1989
540902	Public Law 101-189, November 29, 1989

## \*BIBLIOGRAPHY (Continued)

## 5410 – INITIAL PREMIUM AND EFFECTIVE DATE

DoDI 1332.42 June 23, 2009

## 5411 – RESERVE COMPONENT PREMIUM

DoDI 1332.42, June 23, 2009

10 U.S.C. 1448(b)

10 U.S.C. 1450(b)

10 U.S.C. 1452(a)

## 5412 – ANNUITY AMOUNT

541201

DoDI 1332.42, paragraph 11

June 23, 2009

10 U.S.C. 1451(f)

541202

DoDI 1332.42, paragraph 11

June 23, 2009

10 U.S.C. 1447(7)(A)

10 U.S.C. 1451

## 5413 – OFFSETS TO THE ANNUITY

10 U.S.C. 1450(c)

10 U.S.C. 1450(e)

## \*Table 54-1 RESERVE COMPONENT PREMIUMS FOR SPOUSE, FORMER SPOUSE, AND CHILD ONLY COVERAGE

DoDI 1332.42, June 23, 2009

10 U.S.C. 1448(b)

10 U.S.C. 1450(b)

10 U.S.C. 1452(a)

## \*Table 54-2. RESERVE COMPONENT PREMIUMS FOR INSURABLE INTEREST COVERAGE

DoDI 1332.42, 13.h, June 23, 2009

10 U.S.C. 1448(b)

10 U.S.C. 1450(a)(4)

10 U.S.C. 1452(c)(3)