

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

Changes are identified in this table and also 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 **December 2022** is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated hyperlinks, statutes, and formatting in compliance with current administrative instructions.	Revision
8.5	Updated to include open enrollment period of December 22, 2022, through January 1, 2024, and renumbered subsequent subparagraphs.	Revision
References	Updated references where applicable.	Revision

Table of Contents

VOLUME 7B, CHAPTER 45: “SURVIVOR BENEFIT PLAN (SBP) PREMIUMS”	1
1.0 GENERAL.....	4
1.1 Purpose	4
1.2 Authoritative Guidance.....	4
2.0 PREMIUM.....	4
2.1 Premium Coverage	4
2.2 Premiums Not Specified.....	4
2.3 Effective Date of Premium	4
2.4 Cost of Living Adjustment (COLA).....	5
3.0 BASIC SPOUSE/FORMER SPOUSE PREMIUM CALCULATION	5
3.1 Initial Premium Calculation.....	5
3.2 Premium Calculation Before March 1, 1990.....	5
3.3 Premium Calculation On or After March 1, 1990	5
3.4 Threshold-Amount Increase	6
4.0 COMPUTATION OF PREMIUMS	6
4.1 Spouse Only or Former Spouse Only	6
4.2 Spouse and Child, Former Spouse and Child, or Child Only.....	6
4.3 Natural Interest Person (NIP)	10
5.0 COLLECTION AND PAYMENT OF PREMIUM.....	10
5.1 Payments.....	10
5.2 Waiver of Retired Pay	11
5.3 Emergency Officer’s Retired List (EORL).....	11
5.4 Active Duty Recall	11
5.5 Active Judicial Duty	11
6.0 SUSPENSION, CHANGE, AND TERMINATION OF PREMIUM	12
6.1 No Eligible Beneficiary	12
6.2 School Nonattendance	12
6.3 Premium Changes.....	12
6.4 Premium Termination.....	14
6.5 Voluntary Termination	14
6.6 Other Suspension and Termination Situations	14
7.0 DELINQUENT SBP PREMIUMS.....	14
8.0 PAID-UP SBP PREMIUMS AFTER 30 YEARS AND AGE 70	14
8.1 Paid-Up Premiums.....	14
8.2 Coverage In Effect October 2008	15
8.3 Birthday Month.....	15
8.4 Effective Date	15
*8.5 Buy-In Premium	15

Table of Contents (Continued)

9.0 TAXABILITY OF PREMIUMS 16

10.0 INCOME EXCLUSION 16

Table 45-1. Computation of SBP Premium on Establishment 17

Table 45-2. Effective Date of Premium - Initial Election..... 18

Table 45-3. Effective Date for Change of Premium 19

Table 45-4. Suspension and Termination of Premium 22

*REFERENCES 25

CHAPTER 45

SURVIVOR BENEFIT PLAN (SBP) PREMIUMS

1.0 GENERAL

1.1 Purpose

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

1.2 Authoritative Guidance

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

2.0 PREMIUM

2.1 Premium Coverage

The Survivor Benefit Plan was designed as a contributory plan. In return for protection of their dependents upon their death, participating retirees contribute premiums normally through deductions from their retired pay. The amount of the monthly premium is based on the type of coverage and the base amount (maximum or reduced), as elected by or on behalf of the member. The types of SBP coverage are natural person with an insurable interest (also referred to as natural interest person or NIP), spouse, spouse and child, child only, former spouse, and former spouse and child. Coverage may also be directed to a Special Needs Trust for the sole benefit of certain dependent children. SBP premiums normally increase at the same time, and by the same percentage, as do increases for retired pay or retainer pay.

2.2 Premiums Not Specified

All premiums not specified in this chapter are calculated by the DoD using assumptions (as to mortality and economic conditions) consistent with those approved by the DoD Board of Actuaries for the Valuation of the Military Retirement Fund. The Director of Military Compensation approves these calculations and resulting premiums. For more information, refer to the [*Office of the Actuary*](#) site.

2.3 Effective Date of Premium

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

2.4 Cost of Living Adjustment (COLA)

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

3.0 BASIC SPOUSE/FORMER SPOUSE PREMIUM CALCULATION

3.1 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:

3.1.1. An amount equal to 6.5 percent of the base amount (see Chapter 42, paragraph 4.1), and

3.1.2. 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 3.4. The original threshold-amount of \$300 has been increased by the same percentage increase as basic pay since October 1, 1985.

3.2 Premium Calculation Before March 1, 1990

3.2.1. A person who became a member before March 1, 1990, or who is entitled to disability or non-regular (Reserve) retirement, is entitled to whichever method is more favorable as described in subparagraphs 3.1.1 and 3.1.2.

3.2.2. For a person who first participates in SBP for spouse or former spouse coverage before March 1, 1990, the initial premium 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 3.4.

3.2.3. 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.

3.3 Premium Calculation on or After March 1, 1990

Effective March 1, 1990, the initial SBP premium formula for spouse or former spouse coverage for a member who did not have a disability or non-regular (Reserve) retirement became 6.5 percent of the base amount as described in subparagraph 3.2.3.

3.4 Threshold-Amount Increase

The threshold-amount is increased by:

3.4.1. The same percentage as the increase in basic pay effective on or after October 1, 1985. The increase occurs at the same time. This applies to a retired 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

3.4.2. The same percentage as a COLA applied to the retired member's retired pay on or after October 1, 1985, if the retired member first participates in the SBP after the effective date of the COLA increase and after the effective date of the basic pay rates on which the retired member's retired pay is computed. This is in addition to the increase in subparagraph 3.2.1 and the increase occurs at the same time as the COLA increase.

4.0 COMPUTATION OF PREMIUMS

4.1 Spouse Only or Former Spouse Only

See Table 45-1, Rule 1.

4.2 Spouse and Child, Former Spouse and Child, or Child Only

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 child. 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, or there is an incapacitated child over age 22 who is eligible for SBP benefits and there are no other eligible children, then age 17 is used to determine the premium. The premium can be determined from the SBP Factor Tables by contacting Defense Finance and Accounting Service-Cleveland (DFAS-CL), Retired and Annuitant Pay Directorate. A cost computation can be obtained by contacting an SBP counselor at the nearest military installation. See Table 45-1, Rules 2 and 3.

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

4.2.1.1. Determine the age of the:

4.2.1.1.1. Retired member, spouse, and child for spouse and child coverage;

4.2.1.1.2. Retired member, former spouse, and child for former spouse and child coverage; or

4.2.1.1.3. Retired member and child for child coverage;

4.2.1.2. Determine the cost factor from the appropriate SBP Factor Tables;

4.2.1.3. Multiply the base amount by the factor to determine the child premium; then

4.2.1.4. Add the child premium to the spouse (or former spouse) premium.

4.2.2. The following are examples of computing premiums:

Example 1: A member retires on February 1, 2018, with 20 years of active service. The gross retired pay is \$1,000.00. The retired member elects maximum coverage for spouse and child. Birth dates are February 1, 1979 (retired member); June 2, 1983 (spouse); and May 1, 2009 (child).

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.

Retired	20180201	Spouse	20180201	Child	20180201
Member	<u>19790201</u>		<u>19830602</u>		<u>20090501</u>
	390000		340729		80900
	(39)		(35)		(9)

Step 2. Using the SBP Factor Table as determined by the Department of the Actuary to locate the combination of a retired member age 39, spouse age 35, and child age nine. A cost computation can be obtained by contacting the DFAS-CL, Retired and Annuitant Pay Directorate or by contacting an SBP counselor at the nearest military installation.

Steps 3 and 4. Determine total premium:

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

Example 2: The spouse in Example 1 becomes an ineligible beneficiary on March 3, 2019. Coverage changes to child only.

Step 1. Recompute the ages for retired member and child.

Retired member	20190303	Child	20190303
	<u>19790201</u>		<u>20090501</u>
	400102		91002
	(40)		(10)

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

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

Example 3a: The retired member elects spouse and child coverage (Example 1) at retirement on February 1, 2018. The spouse becomes an ineligible beneficiary (dies or divorces) and coverage changes to child only (Example 2) on March 3, 2019. The retired member marries a different spouse on May 14, 2019. The birth date for the new spouse is October 12, 1982. Spouse and child coverage resumes on May 14, 2020, unless the retired member elects not to resume spouse coverage. The new premium for spouse and child is effective on May 14, 2020. See Table 45-3, Rule 9 and Note 8.

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

Retired Member	20200514	Spouse	20200514	Child	20200514
	<u>19790201</u>		<u>19821012</u>		<u>20090501</u>
	410313		370702		110013
	(41)		(38)		(11)

Step 2. The SBP Factor Table is used to locate the combination of a retired member age 41, spouse age 38, and child age 11.

Steps 3 and 4. Determine the total premium:

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

Example 3b: The member elects spouse and child coverage at retirement on February 1, 2018 (Example 1). The spouse becomes an ineligible beneficiary and coverage changes to child only (Example 2) effective March 3, 2019. The retired member remarries on May 14, 2019. The birth date for the new spouse is October 12, 1982. Coverage would have resumed for the spouse and child on May 14, 2020, 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, 2019.

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

Retired	20190327	Spouse	20190327	Child	20190327
Member	<u>19790201</u>		<u>19821012</u>		<u>20190327</u>
	400126		360515		000000
	(40)		(36)		(00)

Step 2. The SBP Factor Table is used to locate the combination of a retired member age 40, spouse age 36, and child age 0.

Steps 3 and 4. Determine total premium:

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

Example 4: The retired member elects spouse and child coverage at retirement on February 1, 2018 (Example 1). The retired member divorces on March 3, 2019, and coverage changes to child only. See Example 2 for recomputation. The retired member elects coverage for former spouse and child based on a court order dated June 2, 2019, and received June 28, 2019. The premium for the former spouse and the child is effective July 1, 2018. The ages are recomputed on the date the election is received.

Step 1. Recompute ages.

Retired	20190628	Former	20190628	Child	20190628
Member	<u>19790201</u>	Spouse	<u>19830602</u>		<u>20090501</u>
	390427		350026		090127
	(40)		(35)		(10)

Step 2. Use The SBP Factor Table to locate the combination of a retired member age 40, spouse age 35, and child age 10.

Step 3. Determine the premium as in Example 1.

4.3 Natural Interest Person (NIP)

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

5.0 COLLECTION AND PAYMENT OF PREMIUM

Members electing SBP coverage must pay a premium for such coverage. Premiums are collected either through reduction of retired pay, deductions from the retired member's Combat-Related Special Compensation (CRSC), or direct remittance.

5.1 Payments

5.1.1. When Retired Pay is Sufficient. A retired member who receives enough retired pay to cover the premiums for SBP has those premiums withheld from his or her retired pay.

5.1.2. When Retired Pay is Not Sufficient or Not Paid

5.1.2.1. Not Sufficient. In the case of a person who has elected to participate in SBP and who has been awarded both retired pay and CRSC under 10 U.S.C. § 1413a, if a deduction from the person's retired pay for any period cannot be made in the full amount required, there shall be deducted from the person's CRSC in lieu of deduction from the person's retired pay the amount that

would otherwise have been deducted from the person's retired pay for that period. (See Chapter 42, paragraph 4.5).

5.1.2.2. Not Paid. If a person who has elected to participate in SBP has been awarded retired pay and is not entitled to that pay for any period, that person must remit the premium in the amount that would otherwise have been deducted from his pay for that period, except to the extent that the required deduction is made pursuant to subparagraph 5.1.2.1.

5.2 Waiver of Retired Pay

5.2.1. For any period in which the retired 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 payments are to be deducted from the retired member's CRSC or the retired member must remit the amount due to DFAS-CL. Premiums 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 retired member who waives full retired pay for Veterans Affairs (VA) disability compensation may pay the premium by direct remittance or by deduction from the VA disability compensation payments (see Chapter 12, subparagraph 2.7.1).

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

5.3 Emergency Officer's Retired List (EORL)

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

5.4 Active-Duty Recall

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

5.5 Active Judicial Duty

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

6.0 SUSPENSION, CHANGE, AND TERMINATION OF PREMIUM

6.1 No Eligible Beneficiary

Premiums are suspended for spouse or former spouse coverage when there is no longer an eligible beneficiary. Premiums are also suspended for child coverage when there is no eligible child beneficiary (see Chapter 54 for Reserve Component Survivor Benefit Plan (RCSBP) child coverage).

6.2 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.

6.3 Premium Changes

The premium changes when:

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

6.3.2. Coverage is for spouse only, [the covered](#) spouse is no longer eligible, and the retired member remarries. Within 1 year after [the](#) retired member's remarriage, the retired member may:

6.3.2.1. Resume coverage;

6.3.2.2. Elect not to resume spouse coverage; or

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

Note: If no action is taken, coverage will resume at the same amount on the first day of the month following the first anniversary of the new marriage.

6.3.3. Coverage is for spouse and child and the spouse is no longer eligible or the coverage is for former spouse and child and the former spouse is no longer eligible. See Table 45-3, Rule 7, for computation for the child premium.

6.3.4. Coverage is for spouse at the time of the retired member's retirement (on or before March 21, 1974, for a pre-September 21, 1972, retired member), and the retired 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;

6.3.5. Coverage is for spouse after date of retirement and the retired 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;

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

6.3.7. Coverage for spouse begins after the death of a covered former spouse. Upon electing coverage for a spouse after the death of a covered former spouse, the retired member may not increase or decrease the amount of coverage. The retired member must have been:

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

6.3.7.2. Married within the 1-year period preceding the date of death of the former spouse. If the retired member married within the 1-year period preceding the date of death of the former spouse and the retired member makes a spouse election within 1 year of the former spouse's death, premiums will resume on the first day of the month following the first anniversary of the marriage; or

6.3.7.3. Married after the death of the former spouse. If the retired member marries after the former spouse's date of death, and the retired member makes a spouse election within 1 year of the marriage, premiums will resume on the first day of the month following the first anniversary of the marriage.

6.4 Premium Termination

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

6.4.1. When the beneficiary dies;

6.4.2. When the retired member terminates coverage for the NIP; or

6.4.3. On the date a spouse or child acquired after retirement becomes the eligible beneficiary if the retired member elected coverage for such spouse or child. The SBP premium is terminated as of the date shown in Table 45-4. See Chapter 43, section 7.0 for more information on termination procedures.

6.5 Voluntary Termination

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

6.6 Other Suspension and Termination Situations

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

7.0 DELINQUENT SBP PREMIUMS

Interest is owed for any delinquent SBP premiums. The interest rate is a percentage that is compounded annually and based on assumptions approved by the DoD Board of Actuaries for the Valuation of the Military Retirement Fund. 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 retired member, any delinquency, plus interest, is collected from the annuitant's benefits before payment of any annuity will commence.

8.0 PAID-UP SBP PREMIUMS AFTER 30 YEARS AND AGE 70

8.1 Paid-Up Premiums

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

8.1.2. A retired member who became an SBP participant or increased the base amount coverage during April 1, 1992, through March 31, 1993, was required to pay the basic SBP premium and an additional premium, which was a percentage of the basic premium determined by the actuary. The additional premium accounted for the premiums the retired member would have paid if the

retired member had elected SBP at the earliest possible date. A retired member who paid the additional premium received credit towards the paid-up 360 months based upon the additional premium paid.

8.2 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 retired member is a qualified SBP participant described in paragraph 8.3. Deposits of monthly SBP premiums made by an SBP participant during a period when the participant is not entitled to retired pay qualify as premium reductions.

8.3 Birthday Month

A retired 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 retired member's 70th birthday occurs later than the 360th month for which the retired member paid SBP premiums, no SBP premiums will be required for the month in which the member reaches age 70, regardless of the day on which that occurs in the month.

8.4 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).

*8.5 Open Season Buy-In Premium

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

8.5.2. A retired member who elected SBP coverage during the open enrollment period of December 23, 2022, through January 1, 2024, was charged a one-time buy-in premium in addition to the prospective monthly premium. The buy-in premium is the total amount by which the retired pay of the person would have been reduced if the person had elected to participate in the SBP at their first opportunity plus interest on such amount plus any additional amount necessary to protect the actuarial soundness of the DoD Military Retirement Fund. The buy-in premium was due and payable at the time a member filed an election to enroll in SBP, though members may have elected to pay a portion of the premium in installments over a 12-month period.

9.0 TAXABILITY OF PREMIUMS

A retired 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.

10.0 INCOME EXCLUSION

For federal income tax purposes, premiums for SBP/RSFPP coverage are excluded from taxable income when they are directly withheld from the retired member's gross retired pay. Only premiums directly withheld from the retired member's pay qualify for this exclusion.

Table 45-1. Computation of SBP Premium on Establishment

RULE	If beneficiary is	the formula is
1	spouse or former spouse (spouse category)	6.5 percent of the base amount (Note 1) or 2.5 percent of the threshold-amount (Note 2), as adjusted, plus 10 percent of the remaining base amount. If gross retired pay is less than the threshold-amount, use 2.5 percent of gross retired pay.
2	spouse (former spouse-spouse category) and child (Notes 3 and 4)	determined under Rule 1, plus an additional premium for child computed by applying the factor from the SBP Factor Table against the base amount. See section 4.0 for examples.
3	child only (Notes 3 and 4)	shown in the SBP Factor Table, based on the ages of the retired member and youngest dependent child, against the base amount. See section 4.0 for example.
4	NIP or former spouse (NIP category)	10 percent of the retired member's gross retired pay if the age of the beneficiary is equal to or greater than retired member's age. If the beneficiary's age is less than retired member's age, the formula is 10 percent of the retired 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 retired 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. Retired 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 retired members are entitled to spouse premium computation under the formula that provides the lesser premium:
 - a. A retired member who is entitled to retired pay based on disability;
 - b. A retired member who is entitled to retired pay based on a non-regular service retirement; or
 - c. A retired 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. For a dependent child the age of the youngest child is used in the formula. 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, or there is an incapacitated child over age 22 who is eligible for SBP benefits and there are no other eligible children.

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

RULE	If on the date of election (pre-September 21, 1972, retired member) or date of retirement (post-September 21, 1972, retired member), the retired member has	the effective date of premium is first day of the month following			
		retirement	election by the Secretary of the Military Department concerned	receipt of the election	the first anniversary of the marriage
1	spouse, spouse and child, child only, or NIP (pre-September 21, 1972, retired member)			X	
2	spouse, spouse and child, child only, or NIP (post-September 21, 1972, retired member)	X			
3	no dependents, later marries (Note 1)				X (Note 4)
4	no dependents, later acquires dependent child (Note 1)			X (Note 2)	
5	no dependents, later marries and acquires dependent child (Note 1)			X (Note 3)	X (Note 5)
6	been declared mentally incompetent (Secretary may make election)		X		
7	former spouse (post-September 7, 1982, retired member) or former spouse and child (post-February 28, 1986, retired member)	X (Note 6)			

Notes:

1. Retired member must elect within 1 year of marriage or acquiring dependent child.
2. Compute the child premium using the ages of the retired member and the youngest child as of date of receipt of the election.
3. 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 retired member and youngest child on date of receipt of the election. When the spouse becomes an eligible beneficiary, child only coverage is changed to spouse and child coverage and compute the new premium using the ages of the retired member, spouse, and the youngest child on the date the spouse becomes an eligible spouse beneficiary.
4. If the first anniversary is on the first day of the month, the premium is charged for that month.
5. If a child is born of that marriage before the first anniversary, the premium for spouse and child coverage is effective the first of the month following the birth of the child. If the birth or anniversary is the first day of the month, the premium is charged for that month.
6. 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

RULE	If on the date of election (pre-September 21, 1972, retired member) or date of retirement (post-September 21, 1972, retired member), the retired member has	the effective date of premium is first day of the month			
		following receipt of election.	following family status change.	following first anniversary of (re)marriage.	after the loss of eligibility or October 1, 1976, whichever is later.
1	spouse, no child, later acquires child (Notes 1 and 2)	X			
2	no spouse, child only, later acquires spouse (Notes 1, 7 and 8)			X	
3	NIP (or former spouse), later marries (Notes 1, 7, 8 and 11)			X	
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)				X
8	spouse and child (or former spouse and child), loses child (Note 6)		X		X
9	(a) Spouse and child, loses spouse, premium recomputed for child, retired member later marries (Notes 4, 7, 8 and 11) (b) Spouse or spouse and child, divorces and changes to former spouse and child, loses former spouse, premium recomputed for child, retired member later marries (Note 12) (c) Former spouse and child, loses former spouse, premium recomputed for child, retired member later marries and was not married at retirement (Note 13)		X (child only until first anniversary)	X	X

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

RULE	If on the date of election (pre-September 21, 1972, retired member) or date of retirement (post-September 21, 1972, retired member), the retired member has	the effective date of premium is first day of the month			
		following receipt of election.	following family status change.	following first anniversary of (re)marriage.	and after the loss of eligibility or October 1, 1976, whichever is later.
10	spouse and/or child, acquires former spouse, changes coverage to former spouse or former spouse and child	X			
11	former spouse or former spouse and child, loses former spouse, changes coverage to spouse or spouse and child	X			
12	elected former spouse deemed by Secretary concerned (Note 14).				
13	been declared mentally incompetent but later adjudged competent may, within 180 days, change a Secretarial election	X			

Notes:

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

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

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

Table 45-4. Suspension and Termination of Premium

RULE	If a retired member	the premium is	with an effective date of the	and the retired member is
1	is deceased	terminated	date of the retired member's death.	
2	is recalled to active duty for more than 30 days	suspended	day before entry on active duty	not required to remit premium for coverage while on active duty.
3	waives retired pay for a civil service retirement	suspended	waiver as furnished by retired member	provided coverage elected under civil service retirement.
4	is removed from the Temporary Disability Retired List (TDRL) and retired pay is terminated (Note 1)	terminated	removal from the TDRL	not entitled to a refund of prior premiums.
5	elected for child and the last dependent child is no longer an eligible beneficiary (Note 2)	terminated	first of the month after loss of eligibility (Notes 3 and 4)	due a refund from first of month after loss of eligibility (Note 5).
6	who has been declared mentally incompetent is restored to competency and, within 180 days, revokes election made on his or her behalf	terminated	first of month after receipt of election	not due a refund for period of coverage.
7	elected for spouse (or former spouse) and spouse (or former spouse) becomes an ineligible beneficiary	suspended	first day of month after that in which spouse (or former spouse) became an ineligible beneficiary.	
8	elected coverage for a NIP (or former spouse in NIP category) who dies before the retired member	terminated	last day of month in which beneficiary dies.	
9	elected coverage for a NIP (not a former spouse) and retired member discontinues participation from the Plan (see Chapter 54, section 7.0 for the Reserve Component Survivor Benefit Plan participant).	terminated	first day of month after receipt of request.	

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

RULE	If a retired member	the premium is	with an effective date of the	and retired member is
10	discontinues participation between the second and third anniversary of the date of retirement	Terminated	first day of month after receipt of request.	
11	is age 70 and has paid 360 monthly premiums	Terminated	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 after the retired member reaches age 70.	
12	elected former spouse coverage (or former spouse coverage was deemed) after retirement or eligibility to participate and former spouse dies, and retired 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.
13	discontinues SBP participation due to a qualifying VA disability rating	Terminated	first day of the month following receipt of the retired member's request	not entitled to a refund of prior premiums. (However, after the member's death, prior premiums may be payable to a surviving spouse depending on the circumstances).

Notes:

1. If the retired 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 ages 18 and 22 and not attending school, or has reached age 22 (see Note 3).

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

3. A student whose 22nd birthday occurs before July 1st or after August 31st of any calendar year is considered age 22 on July 1st 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 retired member gives the exact date of loss of last dependent child, the cost is terminated the first of the next month. If the exact date is not given, use the first day of month after receipt of notification.
6. Once an election from spouse or spouse and child is changed to former spouse or former spouse and child, all previous coverage under the Plan terminates (10 U.S.C. § 1448(b)(3)). In that instance, if the retired 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 retired member elects former spouse or former spouse and child coverage at the time the retired member becomes eligible to participate (10 U.S.C. § 1448(b)(2)), but is not married when the retired member becomes eligible to participate and remarries after the spouse dies, the retired member may elect spouse coverage within 1 year of the marriage to that spouse (10 U.S.C. § 1448(a)(5)).

*REFERENCES

CHAPTER 45 - SURVIVOR BENEFIT PLAN (SBP) PREMIUMS

1.0 - GENERAL

- 1.1 10 U.S.C. § 1452(h)
- 1.2 10 U.S.C. § 1452
DoD Instructions (DoDI) 1332.42,
June 23, 2009
Office of the Under Secretary of Defense (OUSD)
Personnel and Readiness (P&R) Memorandum
(Memo), June 1, 2005

2.0 – PREMIUM

- 10 U.S.C. § 183
- 10 U.S.C. § 1465
- DoD Directive (DoDD) 1332.27,
June 26, 2003
- DoDI 1332.42, June 23, 2009
- PL 102-190, section 653, December 5, 1991
- OUSD P&R Memo, June 1, 2005
- OUSD P&R Memo, August 1, 2005

5.0 – COLLECTION AND PAYMENT OF PREMIUM

- 10 U.S.C. § 1452
- 10 U.S.C. § 1452(d)(1)
- 10 U.S.C. § 1452(d)(2)
- PL 114-328, section 643, [December 23, 2016](#)
- 5.1 DoDI 1332.42, June 23, 2009
- 5.2 & 5.3 10 U.S.C. § 1452(d)
10 U.S.C. § 1452(e)
Comp Gen B-212481, February 2, 1984
Comp Gen B-244827, September 9, 1992
- 5.5 Comp Gen B-252391, October 22, 1993

6.0 - SUSPENSION, CHANGE, AND TERMINATION OF PREMIUM

- 6.1 10 U.S.C. § 1452(a)(3), (b)(2)
DoDI 1332.42, June 23, 2009
- 6.2 10 U.S.C. § 1452
65 Comptroller General (Comp Gen) 767,
B-221945, August 4, 1986
- 6.3 10 U.S.C. § 1448(a)(6)

*REFERENCES (Continued)

	10 U.S.C. § 1448(a)(7)
	10 U.S.C. § 1448(b)(3)
	10 U.S.C. § 1450(f)(3)
	10 U.S.C. § 1452
6.3.3	10 U.S.C. § 1450(f)(1)(C)
6.3.4 & 6.3.5	Comp Gen B-195349, January 10, 1980 Defense Office of Hearings and Appeals, Case No. 96070219
6.4	10 U.S.C. § 1452(c)(3)
6.8	10 U.S.C. § 1452(a)(4)(B) 10 U.S.C. § 1452(h) PL 104-201, section 635, September 23, 1996 DoDI 1332.42, paragraph 13.L, June 23, 2009

7.0 - DELINQUENT SBP PREMIUMS

DoDI 1332.42, June 23, 2009

8.0 – PAID-UP SBP PREMIUMS AFTER 30 YEARS AND AGE 70

	PL 105-261, section 641, October 17, 1998
	10 U.S.C. § 1436a
	PL 108-375, section 645, October 28, 2004
	PL 106-65, section 654, October 5, 1999
8.5	10 U.S.C. § 1452(j) OUSD P&R Memo, November 6, 2006
8.5.2	10 U.S.C. § 1452(g) PL 117-263, section 643, December 23, 2022 10 U.S.C. § 12731

Table 45-1 Computation of SBP Premium on Establishment

Rules 1-4	10 U.S.C. § 1452 DoDD 1332.27, January 4, 1974, Chapter 5
Notes 1-4	10 U.S.C. § 1452 62 Comp Gen 553, B-210053, July 13, 1983

Table 45-2 Effective Date of Premium - Initial Election

Rule 1	10 U.S.C. § 1448
Rule 2	10 U.S.C. § 1448
Rule 3	10 U.S.C. § 1448
Rule 6	Comp Gen B-226018, March 18, 1987
Rule 7	10 U.S.C. § 1448(b)(4)

*REFERENCES (Continued)

Note 1	10 U.S.C. § 1448(a)(5)
Note 3	57 Comp Gen 847, B-192127, September 25, 1978
Note 4	57 Comp Gen 847, B-192127, September 25, 1978
Note 6	Comp Gen B-226018, March 18, 1987

Table 45-3 Effective Date for Change of Premium

Rules 2 & 3	10 U.S.C. § 1448
Rule 6	10 U.S.C. § 1448
Rules 7-9	57 Comp Gen 847, B-192127, September 25, 1978,
Rule 10	10 U.S.C. § 1448(b)
Rule 11	10 U.S.C. § 1448(b)
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, B-192127, September 25, 1978
	62 Comp Gen 553, B-210053, July 13, 1983
Note 7	57 Comp Gen 847, B-192127, September 25, 1978
Note 8	48 Comp Gen 167
Note 10	10 U.S.C. § 1448(b)(3)
Note 14	10 U.S.C. § 1448
	10 U.S.C. § 1450

Table 45-4 Suspension and Termination of Premium

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, B-210053, July 13, 1983
Rule 6	10 U.S.C. § 1449
Rule 7	10 U.S.C. § 1452
	PL 99-661, section 645, November 14, 1986
	PL 94-496, October 14, 1976
Rule 8	10 U.S.C. § 1452
	PL 94-496, October 14, 1976
Rule 10	10 U.S.C. § 1448a
Rule 12	PL 108-375, section 644, October 28, 2004
Note 1	53 Comp Gen 971
	10 U.S.C. § 1448(c)
Notes 2 & 3	10 U.S.C. § 1447(5)