

Reserve Component Survivor Benefit Plan (RC-SBP)

RETIRED PAY STOPS!



WITH THE DEATH OF THE RETIREE!

What is the Survivor Benefit Plan (SBP)?

Military pay, including active duty pay and allowances and retired pay, stops upon a Soldier's death. The Survivor Benefit Plan (SBP) is a program through which the Department of Defense provides monthly, cost-of-living-adjusted income to eligible survivors of Soldiers who die on Active Duty, including Reserve Soldiers and National Guard Soldiers who die on Federal Active Duty, and of Retirees who choose to continue participating in the program after they retire.

Soldiers who retire due to a service-connected disability, whether Regular or Reserve, may participate in SBP.

Reserve and National Guard Soldiers may participate in the Reserve Component-Survivor Benefit Plan (RCSBP) when they complete 20 years of qualifying service.

RC-SBP

Pays a benefit upon death of the retiree.

The plan doesn't make a single, lump sum payment like insurance; instead RC-SBP pays an annuity to eligible survivors each and every month.

RC-SBP Options

You have 3 options regarding RC-SBP protection for your family:

➤ **OPTION A:** Decline election until age 60

➤ **OPTION B:** Deferred Annuity

➤ **OPTION C:** Immediate Annuity

(NOTE: Effective 1 Jan 2001, married members must provide written spouse concurrence if they elect less than full retired pay base amount for Option C (immediate coverage) for spouse only or spouse and children.)

RC-SBP Option A - Decline Election

- Basically means you decline to participate in the program.
- This means that when you die; either before or after you begin to draw your retirement pay, your beneficiaries will not receive any portion of your retired pay.
- You will be offered another chance to participate in the RC-SBP when you complete your paperwork to begin to draw your retirement pay at age 60.

RC-SBP Option B – Deferred Annuity

- Provides coverage for an annuity to begin upon eligibility to draw retired pay, usually at age 60.
- If retiree is already drawing military retiree pay, annuity will begin the very next day.

RC-SBP Option C – Immediate Annuity

- Provides coverage for an annuity that begins immediately regardless of age at time of death.

Level of Coverage

Base amount.

- Amount of retired pay (in dollars) that participation is based on.
- Minimum by law: \$300.00
- Maximum by law: Full retired pay
- You may choose any amount in between.

Calculate RCSBP Costs

<https://www.hrc.army.mil/Calculators/SurvivorBenefitPayCalc.aspx>

STEP 1: Input name in blank fields, select pay grade and total years of service, input total points and calculate pay

Step 2: Select required ages and calculate SBP



U.S. ARMY HUMAN RESOURCES COMMAND

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Calculate Survivor Benefit Plan Application

[How to estimate SBP costs/benefits?](#)

Personal Information					
First Name	<input type="text" value="jim"/>				
Middle Initial	<input type="text" value="a"/>				
Last Name	<input type="text" value="jones"/>				
Pay Grade	Total Years of Service	Total Points	Retired Pay		
<input type="text" value="SFC (E7)"/> ▼	<input type="text" value="24 - 25 years"/> ▼	<input type="text" value="2200"/>	\$622.60	<input type="button" value="Step 1: Pay Calculate"/>	<input type="button" value="Clear"/>

Desired Coverage	<input type="text" value="\$622.60"/>		
Required Ages	Your age nearest birthday at of time of election <input type="text" value="44"/> ▼		
	Your spouse's or former spouse age nearest birthday at time of election <input type="text" value="44"/> ▼		
Beneficiary Election	Spouse/Former Spouse/Spouse and Children	<input type="button" value="Step 2: SBP Calculate"/>	

RCSBP Estimates (2-Tier Benefit System)	A: Defer Election	B: Deferred Annuity	C: Immediate Annuity
Base Retired Pay:	\$622.60	\$622.60	\$622.60
Desired Coverage:		\$622.60	\$622.60
Reservist Cost Factor:		\$3.13	\$4.64

Full vs. Reduced Coverage

	Deferred Annuity	Immediate Annuity	Deferred Annuity	Immediate Annuity
Base Retired Pay	\$675.40	\$675.40	\$675.40	\$675.40
Desired Coverage	\$675.40	\$675.40	\$300.00	\$300.00
SBP Cost	\$33.77	\$40.05	\$15.00	\$17.79
Net Retired Pay	\$641.63	\$635.35	\$660.40	\$657.61
Annuity Paid (55%)	\$362.18	\$358.73	\$160.88	\$159.34

****EXAMPLE ONLY****

Survivor Benefit Plan

RC-SBP cost will be automatically deducted from your retirement check.

RC-SBP Monthly Annuity


- The beneficiaries annuity will be 55% of the amount of the retired pay designated as the base amount.
- The annuity to beneficiary is reduced by an amount for the cost of RC-SBP.
- Payments are increased by cost of living adjustments (COLAs) at the same time and by the same percent as retired pay increases.



Key Features of RC-SBP Elections

- Generally irrevocable
- Certain elections need concurrence
- May be cancelled with spouse concurrence between months 25-36 following retirement (age 60)
- Coverage is free while on active drilling status and gray area retiree

A “Joint” decision for married soldiers who:

- 
- A close-up photograph of a bride and groom smiling and looking at each other. The groom is on the left, wearing a dark suit jacket and a white shirt. The bride is on the right, wearing a white wedding dress and a white veil. They are both smiling warmly at each other.
- 1) Decline coverage
 - 2) Cover less than full retired pay
 - 3) Elect “Child only”

Spouse Concurrence

Effective 1 Jan 01, spouses of Reserve Component members have RCSBP election concurrence at 20 Year Letter time if:

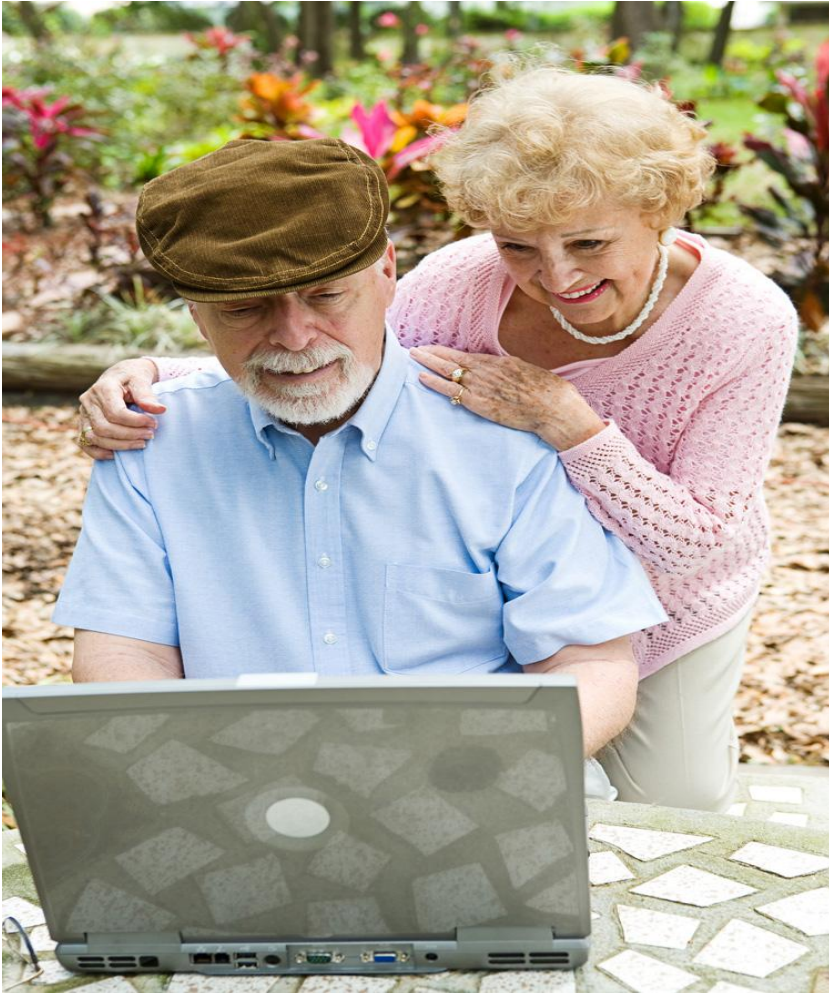
- any RCSBP election other than Option C, Spouse or Spouse and Child full base amount
- requires spouse concurrence within 90 days of 20 year letter receipt
- Spouses concurrence on the DD Form 2656-5 (Reserve Component Survivor Benefit Plan Election Certificate) must be witnessed by a notary and the date cannot be before the Soldier's signature date
- Prior to 1 Jan 01, failure to make an RCSBP election was considered declining coverage, Option A, until Non-regular Reserve retirement
- After 1 Jan 01. Without spouse concurrence Soldier receives automatic Option C Spouse or Spouse and Child

Six beneficiary election options

- 1) Spouse only
- 2) Spouse & Child(ren)
- 3) Child(ren) only
- 4) Former Spouse only
- 5) Former Spouse & Child(ren)
- 6) Insurable interest



Spouse Option



- Provides annuity of 55% of base amount
- Annuity paid forever unless remarriage occurs pre 55
- If remarriage ends annuities reinstated
- Increased by annual COLA
- Taxable as an annuity

Spouse and Child(ren) option

- Spouse is primary beneficiary
- Children receive annuity if spouse can't (Remarriage pre 55 or death)
- Cost of child coverage is very low
- Child cost stops when no eligible children remain



Children only option

- Eligible until age 18 or 22 if fulltime student & unmarried
- Unmarried incapacitated children are eligible forever, if condition exist prior to 18 or 22
- Cheaper than spouse due to finite benefit



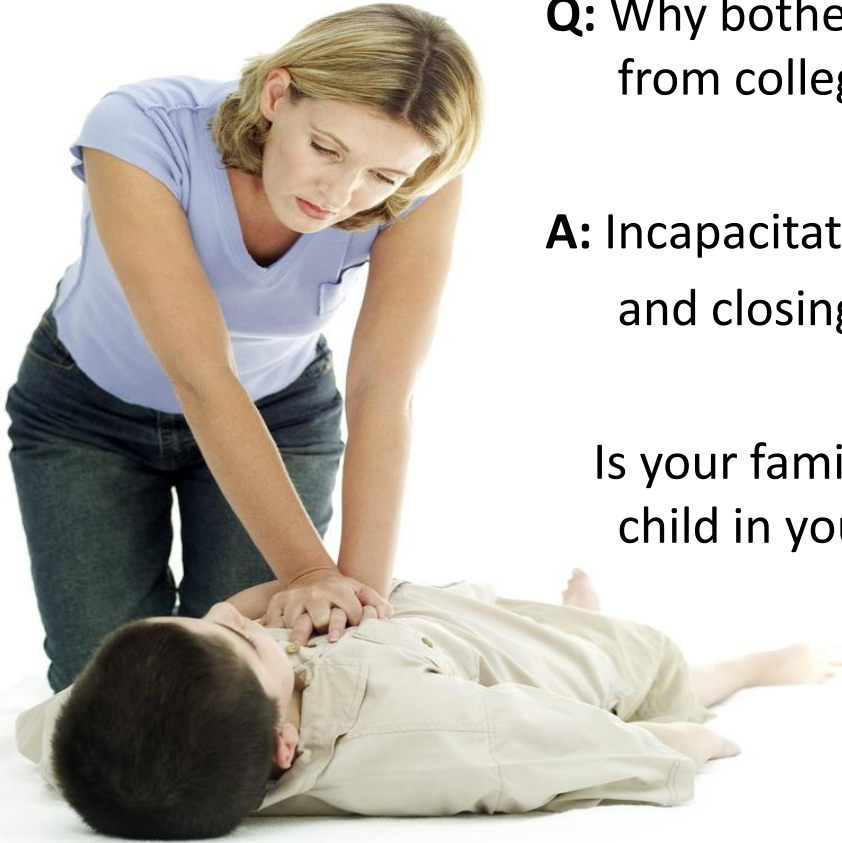
- All children covered at one cost
- Cost stops when child is no longer eligible
- Annuity divided equally among eligible child(ren)

ADVICE: seriously consider child coverage

Q: Why bother to cover my 21 year old child who graduates from college soon?

A: Incapacitation may occur while child is eligible and closing the child category closes it forever.

Is your family complete? Perhaps a foster, step, or natural child in your future.



Insurable interest option

Q: Who can elect?

A: Unmarried soldiers with no or one child.

Eligible beneficiaries:

Relative closer than cousin or business associate with financial interest in soldier.

Base amount:

Must be full retired pay.



Former Spouse particulars

FS coverage can be:

- 1- court ordered
- 2- fully voluntary
- 3- incorporated into a written agreement

Conditions:

FS must have been formerly covered spouse if divorce occurs after retirement

Action required:

Divorce decree to DFAS within one year



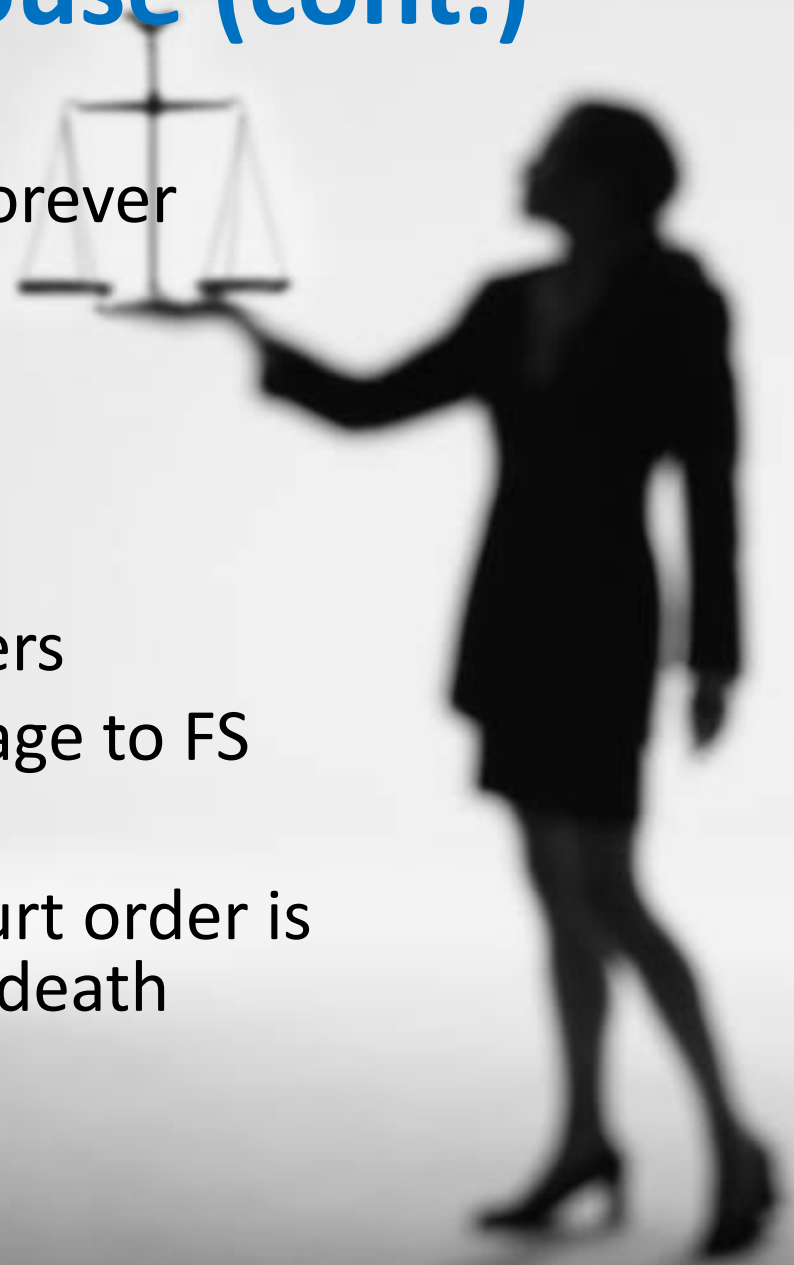
Former Spouse (cont.)

Precludes “spouse” coverage forever

Payments are suspended
if FS becomes ineligible

FS and Child(ren) coverage covers
only children from the marriage to FS

FS coverage can be added if court order is
amended; or deleted by FS’s death



Termination Feature

- Can terminate SBP
 - 2 years after retirement
 - One-time, one year window between the 25th and 36th month after start of retired pay.
- Spouse concurrence required
- Barred from future enrollment
- No refund of past premiums



No beneficiary at retirement?

The decision whether or not to enroll a new family member must be made within 1 year of gaining them.

Keep SBP literature!



- New spouse becomes eligible at 1year anniversary.
- No cost until then.

Beneficiary Change after RCSBP Election

Beneficiary Changes

- Immediately notify HRC-Ft Knox in writing of any change of RCSBP beneficiary status and changes
- Utilize the DD Form 2656-6, Survivor Benefit Plan Election Certificate

Time Limit to Change RCSBP Elections

- Within 1 year enroll newly gained spouse or child
- Within 1 year of court order or divorce, if voluntary, change RCSBP election to former Spouse if Option B/C was elected for Spouse or Spouse and Child

Beneficiary Change after RCSBP Election

Marriage or Remarriage After RCSBP Election

- Notify DFAS-CL within one year of the marriage or remarriage with desired election option
- Use DD Form 2656-6
 - If remarriage: the three RCSBP options:
 - Resume the original level of spouse coverage
 - Elect not to resume spouse coverage
 - Elect increased level of coverage
 - If no action, original RCSBP coverage resumed at first anniversary of remarriage

DFAS-CL = Defense Finance and Accounting Service- Cleveland

SBP Positives



- **Government subsidized plan**
- **Tax free premiums**
- **Inflation adjusted annuities**
- **Flexible: Can terminate between yrs 2-3**
- **Paid up after 30yrs premiums+ age 70**
- **Age, health, smoking, & gender are not considered**

SBP's perceived negatives

- Annuity taxed to survivor
- Premiums not returned if spouse dies first
- Retired pay reduced by SBP premiums
- No cash value, can't borrow against it
- Too complicated to understand
- Cost increase with COLA
- No inheritance provision



SBP Election Corrections

Army G-1 RSO can, **by law**, correct government administrative SBP election errors.

- Most common government administrative errors.
 - Spouse concurrence dated before date Soldier made election.
 - Failure to send a spouse concurrence letter when required.
- Corrective action.
 - Ensure date of Soldier's election is the same date or prior to date of spouse's concurrence.
 - Attention to detail on completion of the DD Form 2656 and RCSBP election.

SBP Election Corrections

What is not considered a government administrative error:

- Failure of retiree to update RCSBP election in timely manner (ONE YEAR)
- Former Spouse not deeming election within one year of court order that first awarded RCSBP
- Retiree failing to designate Former spouse at retirement or within one year if divorce was after retirement

No Action Within One Year

- Spouse RCSBP coverage suspended
- Former spouse coverage not permitted, no matter what state court orders
- State court is lower, RCSBP is Federal Law
- Court can cite member for contempt; that still won't get former spouse RCSBP/SBP
- Retiree can apply to Army Board of Corrections of Military Records (ABCMR) for correction of records

WHEN THE RETIREE DIES,



RETIRED PAY STOPS!!

HRC RCSBP Contact Info

- If you have any questions concerning RCSBP estimation, contact the Human Resources Center at 1-888-276-9472.
- All written inquiries must be directed to:
Commander, U.S. Army Human Resources
Command
AHRC-PDR-R
1600 Spearhead Division Ave
Fort Knox, KY 40122