

Air Force Personnel Center



Survivor Benefit Plan (SBP)



What is SBP?

- **Retired pay stops when you die!**
 - **Many widows were being left destitute**
 - **21 Sep 72 Congress implemented the SBP**
 - **Government subsidized annuity program**
 - **Patterned after the Civil Service annuity plan**
- **SBP is only way your survivors may continue to receive a portion of retired pay**



Who can be a beneficiary and receive the payments?

- Spouse only
 - **Receives payments for life**
 - **Remarriage after 55 does not suspend payments**
- Child(ren) only
 - **under 18 or until 22 if unmarried, full time student**
 - **Permanently disabled child receives for life**
 - **All eligible children receive the annuity in equal shares**



Who can be a beneficiary and receive the payments?

- Spouse and Child
 - Spouse is primary beneficiary
 - All eligible children receive the annuity in equal shares only if spouse becomes ineligible due to death or remarriage before age 55



Who can be a beneficiary and receive the payments? (cont.)

- Former Spouse **only**
- Former Spouse and Child
 - **Only the member's and that former spouse's children can be covered under this option**



Who can be a beneficiary and receive the payments? (cont.)

- Insurable Interest Person
 - Only when no spouse or children at retirement
 - Can be a relative
 - If related closer than a cousin, no financial justification required
 - Can be non-related person with financial interest in retiree
 - Proof must be provided: life insurance beneficiary, joint property owners



What is a Base Amount?

- **Base amount is the amount that determines:**
 - **The monthly cost to the member**
 - **The annuity paid to the eligible survivor**
- **Retiree selects the base amount:**
 - **Highest -- full gross retired pay**
 - **Lowest -- \$300**



How much does SBP cost?

- Monthly spouse costs are usually 6.5 percent of base amount
- Child only cost is based on age of member and youngest child
 - Less expensive than spouse coverage
- Spouse and child coverage:
 - Spouse cost plus additional amount for the children
 - Additional child cost is based on age of member, spouse and youngest child (less than the cost of child only coverage)



Cost Examples

- Assume base amount is \$1700 and ages are:
 - Retiring member: 43; Spouse: 41; Youngest child: 7
- Assume full coverage is elected
 - Spouse only coverage costs \$110.50 per month
 - Child only coverage costs \$5.78 per month
 - Spouse and child coverage costs \$110.99
 - Additional cost for child's portion is only 49 cents



How much does a spouse receive?

- Example of annuity payable upon member's death:
 - If base amount selected is:
\$1700
 - 55% of base amount: $\underline{X .55}$
 - Monthly annuity: $\underline{\$935}$



How much does a child receive?

- Example of annuity payable upon member's death:
 - If base amount selected is:
\$1700
 - 55% of base amount: $\underline{X .55}$
 - Monthly annuity: **\$935**
- Benefit split equally among all eligible children
 - 2 eligible children receive \$467.50 each
- *Caution: Child coverage, is less expensive, but it can't replace spouse coverage*



Different than Insurance

- SBP premiums are non-taxable
- SBP coverage can't be canceled due to ill health or advanced age
- Government pays portion of SBP premiums
- Insurance provides lump sum payments, however-
 - Pay-out usually decreases with age or premiums rise
 - When lump sum is gone, that's it!
- SBP provides life-time payments to spouse
- SBP annuity increases with COLAs



Mandatory Retirement Processing Actions

- **Attend one-on-one SBP briefing for you and spouse**
 - **Spouse must be informed of the options and effects of the SBP**
 - **Come prepared to make SBP election**
 - **Spouse must concur in any election of less than full spouse coverage**
 - **Bring all birthdates, marriage date, SSNs for all family members**
- **Election may be changed up to last day of active duty**



Mandatory Retirement Processing Actions (cont.)

- **DD Form 2656, Data for Payment of Retired Personnel**
 - EVERY retiring member **MUST** complete this form **PRIOR** to their date of retirement
 - **Properly establishes their retired pay account**
 - **SBP election / Tax status / Correspondence address / Arrears of pay beneficiary information**
 - **Spouse must concur in any election of less than full spouse coverage**
 - **Failure to complete DD 2656 prior to retirement establishes automatic full SBP coverage**

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