This SBP information is basic and introductory. See your Army RSO for detailed literature, computer support and in-depth counseling. Also read the pamphlet entitled, “Survivor Benefit Plan — Facts vs. Myths”. This pamphlet was prepared by HQDA, Army Retirement Services, 200 Stovall St, Alexandria, VA 22332-0470.

See also: http://www.armyg1.army.mil/retire
WHAT IS SBP?
The Uniformed Services Survivor Benefit Plan (SBP) is the only way your survivors can receive a portion of your military retired pay. Without SBP — your retired pay stops the day you die.

HOW DOES SBP WORK?
While serving on active duty, all Soldiers are automatically enrolled in SBP at no cost. This means that if they die on active duty with an eligible beneficiary, SBP is payable. When retiring, Soldiers must make an SBP election. They must decide whether to receive reduced retired pay so that 55 percent of the base amount they elect will go to their survivors after their death. To help Soldiers and spouses make informed decisions on SBP participation, in-depth SBP counseling is provided by installation Retirement Services Officers (RSO).

WHAT IS SBP’S GREATEST ADVANTAGE?
SBP’s #1 advantage is its annual Cost-Of-Living Adjustment (COLA). This feature helps keep SBP’s purchasing power in step with tomorrow’s dollar value. All features of SBP – cost to retiree and payment to annuitant – are increased by the same percentage as the retiree COLA.

The ratio of cost to benefit is constant.

WHO CAN BE A BENEFICIARY IN SBP?
SBP’s six election categories are: (1) spouse; (2) spouse & child; (3) child only; (4) former spouse; (5) former spouse & child; and (6) insurable interest.

1 - Spouse: A spouse is the spouse you’re married to when you die. If you marry after retirement, the marriage must last at least one year or you must have children born of that spouse.

Benefits are paid until the spouse dies, but stop if the surviving spouse remarries before age 55 (and can be resumed if the remarriage ends).

2 - Spouse & Child(ren): The spouse is the primary beneficiary, with eligible children (up to age 18, or 22 if full-time, unmarried college students, no age limit if incapacitated – see #3) receiving the annuity only if the spouse dies or remarries before age 55. The annuity is divided equally among the eligible children.

3 - Child(ren) Only: Eligible children are the primary beneficiaries. If the retiree dies while a child is eligible, the annuity continues until the child exceeds the age of eligibility.

“Eligible children” are defined as adopted children, stepchildren, foster children and recognized natural children who live with the retiree in a regular parent-child relationship. Children of all marriages are eligible beneficiaries under this election.

Child coverage offers excellent protection for incapacitated children, since the annuity is payable to them for life. The mental or physical incapacity must have been incurred while in the age eligibility range.

Note: It is recommended that you research the impact SBP for a fully disabled child may have on other benefits the child is receiving or will receive.

4 - Former Spouse: This option can be elected voluntarily or be required by a state court. Former spouse costs and benefits are identical to those for spouses. The same remarriage limitations apply.

5 - Former Spouse & Child(ren): This is identical to the “spouse & children” option in costs and benefits, except that only children of the marriage to the former spouse are eligible beneficiaries.

6 - Insurable Interest: If a retiree is unmarried with no children or one dependent child, this option may be selected. The “natural person” must be someone with a financial interest in your life. Examples are a close relative or a business partner.

WHAT IS A “BASE AMOUNT”?
This is the dollar amount of retired pay you select to base participation on. It can be any amount between $300 per month and full retired pay.

WHAT ARE THE COSTS & BENEFITS OF SBP?
Spouse (or Former Spouse): The cost is 6.5% of the base amount. For example, with a base amount of $1,000 per month, the cost for spouse coverage is $65. The annuity is 55% of $1,000 (or $550) regardless of annuitant’s age.

Spouse (or Former Spouse) & Child: The spouse portion of this election costs 6.5% of the base amount. The child cost portion is based on the ages of the Soldier, the spouse and the youngest child. This cost is very low, given typical ages.

Child Only: The cost is based on the ages of the retiree and youngest child. Using a $1,000 base amount as an example, with you 42 and the youngest child 10, the child cost is $3.80 monthly. Children are primary beneficiaries in this option. Eligible children equally divide the 55% benefit.

Insurable Interest: The base amount must be full retired pay in this option. Costs are 10% of retired pay, plus 5% for each full five years the beneficiary is younger than the retiree, and cannot exceed 40% of retired pay.

The annuity is 55% of the remainder of retired pay minus the SBP premium, and continues for life.

Note: This option may be cancelled at any time. Should you gain a spouse or child in the future, the insurable interest coverage may be changed to spouse or child or both, within one year.