



**DEPARTMENT OF THE AIR FORCE
HEADQUARTERS 11TH WING (AFDW)
JOINT BASE ANACOSTIA-BOLLING, WASHINGTON D.C.**

Spouse Notification Letter

Congratulations on your spouse's upcoming retirement from the United States Air Force! This letter serves to provide important information to you regarding the Survivor Benefit Plan. It is imperative for you to understand that your spouse's Air Force retired pay will be terminated immediately upon their death, regardless of circumstance. However, if your spouse elects to participate in the Survivor Benefit Plan upon retirement, designated beneficiaries would receive a monthly annuity, up to 55% of the retired pay. The government currently provides this benefit at no cost, at the maximum level, while your spouse is Active Duty; however, you and your spouse must decide whether or not to continue Survivor Benefit Plan coverage into retirement. Survivor Benefit Plan coverage during retirement requires a monthly premium, as explained in the attachments to this letter.

By law, you will be protected by maximum Survivor Benefit Plan coverage after your spouse retires unless you concur in their decision to elect lower coverage, to decline coverage, or to elect coverage only for your dependent children. If Survivor Benefit Plan coverage is elected, a monthly premium will be deducted from your spouse's Air Force retired pay. This is an important one-time decision; if coverage is declined for eligible family members at retirement, enrollment at a later date is prohibited.

A member cannot enroll in the Survivor Benefit Plan after retiring; however, if coverage is elected at retirement, it can be permanently terminated between the 25th and 36th month after retiring if the protection is no longer needed. The Air Force urges you and your spouse to weigh the advantages of the Survivor Benefit Plan and its importance in your estate planning.

Because your financial security is significantly affected by your spouse's Survivor Benefit Plan decision, it is important that you understand the Plan. The Air Force strongly encourages you to attend the Survivor Benefit Plan briefing, to which you were invited via email. The attachments to the meeting invitation explain the beneficiary categories, amounts of coverage, costs, annuity amounts, and all other pertinent information.

Please contact me at (301) 641-0708 or JBAB.Casualty@us.af.mil if you have any questions.

Sincerely,

JBAB Casualty Assistance Representative (CAR)
Survivor Benefit Plan Counselor

The Chief's Own!

SURVIVOR BENEFIT PLAN (SBP) FACT SHEET FOR SPOUSES OF RETIRING AIR FORCE PERSONNEL

Plan Summary.

Your spouse's military retirement pay stops when he/she dies. Survivor Benefit Plan is designed to provide your spouse a way to ensure that part of that pay can be paid to you after his/her death.

All members with a spouse or dependent children are automatically covered by the Survivor Benefit Plan at the maximum level while they perform active component service. If your spouse dies in the line of duty while performing active component service, you would currently be eligible for a monthly annuity valued at 55 percent of the retired pay he/she would be entitled to receive if retired on the date of death. This coverage is provided at no cost while he/she remains on active component status. Prior to retiring; however, the member decides whether to continue Survivor Benefit Plan coverage for you into retirement. Survivor Benefit Plan costs are explained below. If your spouse chooses not to participate in the Survivor Benefit Plan, an annuity cannot be paid to you.

Spouse Concurrence.

The law requires your written concurrence if your spouse declines coverage, elects to provide reduced coverage, or to provide an annuity to a child, but not to you. Your concurrence is not required if he/she elects former spouse coverage.

Base Amount.

Survivor Benefit Plan premiums and the amount of the annuity depend on the level of coverage or "base amount" the retiring member elects. The base amount is not the amount of the annuity - it is the amount used to compute the cost and the annuity. The base amount can be equal to the member's gross monthly retired pay or just a portion, down to as little as \$300. When retired pay increases because of cost-of-living adjustments, so does the base amount, and as a result, premiums and the annuity payable also increase.

Beneficiary Categories Available When Retiring Member Is Married.

Coverage is elected for a category of beneficiary, not a specifically named person. For example, spouse coverage covers not only the retiring member's present spouse, but any future spouse if the current marriage ends in death or divorce. A married member can elect one of the following categories of beneficiary:

Spouse Coverage - An annuity will be payable for the lifetime of the spouse, and is not interrupted if remarriage occurs after age 55. The annuity, however, is suspended if you remarry before age 55 and resumes if that remarriage ends by death or divorce.

A spouse married to a member at retirement is eligible for SBP regardless of the length of marriage. However, divorce terminates the spouse's eligibility to receive the annuity. In order to maintain coverage following a divorce, the beneficiary category has to be changed from spouse to former spouse.

Former Spouse Coverage - This option may be taken voluntarily by a retiring member, or mandated by a divorce agreement. Because the provisions of the SBP do not allow a member to elect coverage for both a former spouse and a spouse, election of this coverage precludes coverage for a spouse.

Child Coverage - Eligible children may also be SBP beneficiaries. The member may elect child only coverage or add child coverage to spouse or former spouse coverage. Only one annuity is payable. In an election for spouse and child, or former spouse and child, eligible children are paid the annuity only if the spouse or former spouse dies or remarries before age 55. When child coverage is included with former spouse coverage, only children of the marriage to that former spouse are covered. Any other children will not be paid benefits under this option. In a child only option or when children are included with spouse coverage, all eligible children are covered.

Eligible children include dependent adopted children, stepchildren, foster children, grandchildren, and recognized natural children who live with the retiree in a regular parent-child relationship. To qualify as a dependent child, a grandchild must be in the care and custody of the retiree grandparent by court order and meet dependency requirements. To qualify as a dependent child, a foster child must receive over one-half support from the member and such support must not have been provided under a social agency contract. Children qualify for payments only during the time they are unmarried and:

- Under age 18; or

- Over age 18, but under age 22 and still in school full time; or

- Suffer a mental or physical incapacity incurred while still eligible as defined above.

Survivor Benefit Plan Costs.

To maintain SBP coverage, SBP premiums must be paid after the member retires. See the attached SBP cost and annuity estimate for costs specific to you and your family.

Premiums are paid by reducing retired pay, and they are not counted in taxable income. This means less tax and less out-of-pocket cost for SBP. Also, the overall plan is funded (subsidized) by the government, so the average premiums are well below cost. Child coverage is relatively inexpensive because children are normally eligible for benefits for a short time. Premiums are suspended when there is no longer an eligible beneficiary in a premium category, such as:

- A spouse is lost through death or divorce, or

- All eligible children marry or become too old for benefits

Annuity Payable to Beneficiary(ies).

The annuity payable to a spouse beneficiary is 55 percent of the selected base amount.

Eligible children equally divide the annuity which is 55 percent of the base amount. **EXAMPLE:** If five children are eligible, each is paid one-fifth of the annuity. When the first child reaches age 18 with no incapacity and is no longer in school, each of the remaining four children are paid one-fourth of the annuity. This process continues until the youngest child is no longer eligible to receive benefits.

Estate Planning Information.

SBP protects part of the retired pay against the risks of:

The member's early death - SBP is designed to protect against the complete loss of military retired pay when the member dies; and

The widow(er) outliving the benefits; and

The effects of inflation on annuity payments - Inflation erodes the value of fixed incomes, making them worth less and less as time goes by. SBP protects against this risk through COLAs.

Still, Survivor Benefit Plan alone is not a complete estate plan. Other insurance and investments are important in meeting needs outside the scope of Survivor Benefit Plan. For example, Survivor Benefit Plan does not have a lump sum benefit that some survivors may need to meet immediate expenses upon a member's death.

On the other hand, insurance and investments without Survivor Benefit Plan may be less than adequate. Investments may be risky and rely on a degree of financial expertise many people do not possess. Consider all of your personal and financial circumstances carefully.

Recent Plan Improvements.

Age 62 Annuity Reduction Eliminated. Effective 1 April 2008, every surviving spouse, regardless of age, receives 55 percent of the base amount elected.

Disenrollment Provision. A survey of non-participating retirees indicated the main reason they did not elect Survivor Benefit Plan at retirement was uncertainty regarding post-service employment and fear of making a decision that could not be changed. This led to one of the latest improvements in the plan - making it more flexible. Retirees are now authorized a one-year disenrollment window between the second and third anniversary of receiving retired pay. This window allows members who may have a financial crisis or simply decide they no longer need the Survivor Benefit Plan protection for their survivors to permanently get out of the plan. Disenrollment requires the concurrence of the spouse, premiums are not refunded, and the retiree is barred from reentering the plan. Once the window closes, the election is irrevocable as long as the beneficiary remains eligible.

Paid-Up Provision. Stipulates that effective 1 October 2008, retired members age 70 or older, who have paid premiums for a level of coverage for at least 30 years, are considered "Paid-Up." No further premiums are deducted from their retired pay for that level of coverage, but their eligible beneficiary still receives a Survivor Benefit Plan annuity when they die.

Special Needs Trust. Provides military members and retirees the option to direct payment of a Survivor Benefit Plan annuity for a disabled dependent child to a Special Needs Trust when they elect coverage for that dependent child as a Survivor Benefit Plan beneficiary.

Can my spouse enroll in the Survivor Benefit Plan after he/she retires?

Some people think a retired member can join Survivor Benefit Plan years after retiring, during a so-called "open season." In the more than 30 years of Survivor Benefit Plan history, such open seasons have been offered only four times. Each open season period was allowed only after major plan improvements. Provisions concerning the second open season required new participants to pay higher premiums to help make up for the missed premiums. The last two seasons required new enrollees to pay all missed premiums with interest, plus an additional amount to protect the solvency of the Plan. Open enrollment elections have also typically required a two-year waiting period prior to the election becoming effective. This provision prevents new enrollees from having an adverse effect on the Plan (people joining with short life expectations). An open season may be enacted by special law and open seasons are not part of the regular plan. As such, there is no guarantee that there will ever be another open season.

NOTE: This is not a contract document. The statutory provisions of Survivor Benefit Plan law are in Section 1447, Chapter 73, Title 10, United States Code. This fact sheet explains only the very basics of the Survivor Benefit Plan. More details can be obtained by contacting a Survivor Benefit Plan counselor at an Air Force installation.