

SBP Open Season Enrollment - Frequently Asked Questions

OVERVIEW

The Survivor Benefit Plan (SBP) Open Season allows eligible retirees, reserve/guard component, and Gray Area Retirees who, on December 22, 2022, were not participating in SBP or RCSBP to enroll in the Plan.

For a member who enrolls during the SBP Open Season, the law generally requires that the member will be responsible to pay retroactive SBP premium costs that would have been paid if the member had enrolled at retirement (or enrolled at another earlier date, depending on the member's family circumstances).

The SBP Open Season runs from December 23, 2022 to January 1, 2024.

Enrollment in SBP during the Open Season is a four-step process.

STEP 1. *Submit the Letter of Intent (LOI), found on our SBP Open Season special focus webpage at <https://www.dfas.mil/sbpopenseason23>, including all required information and the type of enrollment.*

STEP 2. *DFAS will send you an estimate of your monthly premium costs going forward, as well as the one-time "buy-in premium," based on the information provided.*

STEP 3. *After considering the costs, if you want to officially enroll, submit the enrollment form, including your choice for how you will pay for the buy-in premium.*

STEP 4. *DFAS will confirm your enrollment, including your final costs, and provide instructions on how to submit payment or start deductions. You are allowed 30 days from the date you sign your enrollment form to cancel enrollment – cancellation must be in writing and received within the 30 days.*

The details of the enrollment process are available on the NDAA 2023 SBP Open Season special focus webpage <https://www.dfas.mil/sbpopenseason23>.

PLEASE NOTE: *These FAQs are **intended for retirees receiving pay ONLY. Reserve/Guard Component and Gray Area Retirees** (not yet receiving retired pay) should submit their Letter of Intent and enrollment form to their Branch of Service. See the webpage (above) for more information.*

QUESTIONS AND ANSWERS

ENROLLING IN SBP – FOR RETIREES RECEIVING PAY ONLY

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Q1. What are the Advantages and Disadvantages of the Survivor Benefit Plan?

A. To learn more about the advantages and disadvantages of SBP, please visit <https://www.dfas.mil/sbpadvantages>

Q2. Who is Eligible to Enroll?

A. An eligible member who, on December 22, 2022, was receiving retired pay and was not participating in SBP or RCSBP may elect SBP for any type of coverage you would have been eligible to elect and declined, or failed to elect, at your first opportunity. This includes eligible members who previously participated in SBP and discontinued participation.

NOTE: If you discontinue coverage in SBP during the Open Season, you are NOT eligible to reenroll during the Open Season.

Members of the Reserves, Guard, or members who are awaiting retired pay (Gray Area Retirees) should contact their Branch of Service – contact information is on the DFAS Gray Area Retiree webpage at <https://www.dfas.mil/grayarea>.

Q3. How Do I Enroll?

A. Enrollment is a four-step process:

STEP 1. Submit the Letter of Intent (LOI), found on our SBP Open Season special focus webpage at <https://www.dfas.mil/sbpopenseason23>, including all required information and the type of enrollment.

STEP 2. DFAS will send you an estimate of your monthly premium costs going forward, as well as the one-time "buy-in premium," based on the information provided.

Your final enrollment costs, both monthly premium and buy-in premium may change if there is a time gap between when you receive the estimate and the time you submit your final enrollment form. Costs may also change if there are changes to the information submitted.

STEP 3. After considering the costs, if you want to officially enroll, submit the enrollment form, including your choice for how you will pay for the buy-in premium. Payments can be made in a lump sum or through 12 equal monthly installments or a combination of a partial sum and 12 equal monthly installments.

STEP 4. DFAS will confirm your enrollment, including your final costs, and provide instructions on how to submit payment or start deductions. You are allowed 30 days from the date you sign your enrollment form to cancel enrollment – cancellation must be in writing and received within the 30 days.

****NOTE:** This process is for ARMY, NAVY, AIR FORCE, SPACE FORCE, and MARINE CORPS RETIREES **RECEIVING PAY** – for all others, see instructions on the webpage or LOI.

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Q4. What Will It Cost?

A. Eligible members who elect to participate will be required to pay for participation in the program. The total amount of the one-time buy-in premium to be paid shall be the sum of:

- 1) The total amount by which your retired pay would have been reduced before the effective date of the election if you had elected to participate in the Survivor Benefit Plan, for the same base amount specified in the election, at the first opportunity that was afforded you to participate; plus*
- 2) Interest on the amount by which your retired pay would have been so reduced, computed from the date on which the retired pay would have been so reduced at such rate or rates and according to such methodology as the Secretary determines reasonable; and*
- 3) An additional amount the Secretary of Defense determined is necessary to protect the actuarial soundness of the Department of Defense Military Retirement Fund against any increased risk for the fund that is associated with the election.*

Each one-time buy-in premium will be different based on these factors, as well as your individual situation. Estimated costs will be provided once you have submitted the Letter of Intent found on our SBP Open Season special focus webpage at <https://www.dfas.mil/sbpopenseason23>

Note: *In addition to the "buy-in premium" above, members who choose to enroll will be subject to prospective premium deductions each month beginning with the effective date of the election, in the same manner monthly SBP premiums are collected for all SBP participants.*

Q5. How is the One-Time Buy-In Premium Calculated?

A. The one-time buy-in premium is calculated based on a table of cost factors determined by the DoD Office of the Actuary. Please see our special focus webpage for more details: <https://www.dfas.mil/sbpopenseason23>

Each one-time buy-in premium will be different because it is based on your individual situation. Estimated costs will be provided once you have submitted the Letter of Intent available on our SBP Open Season special focus webpage.

Q6. How Long Will It Take to Process My Letter of Intent to Enroll in SBP Coverage?

A. Normal processing time is 30 days from the date DFAS receives a valid LOI containing all of the necessary information.

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Q7. What Are The Payment Options?

A. There are three payment options available on the enrollment form. You can choose only one option for payment. Once enrolled, you are **legally responsible to pay** according to that option.

Buy-In Premium Payment Options

Payment Option A = Choose to submit a lump sum payment for the total amount of the one-time buy-in SBP premium due.

Payment Option B = Choose to submit a partial payment of the SBP buy-in premium due and have the remainder of the SBP buy-in premium plus installment interest deducted from your retired pay or CRSC pay in **12 equal monthly installments**. If you receive both retired pay and CRSC pay, we will deduct the installments from whichever has the highest net pay. If you want to **submit a specific amount as a partial payment** of the SBP buy-in premium due, **please write a note** on SBP Open Season 2023 Enrollment Form and **include the specific amount** you want to pay.

Payment Option C = Choose to have the SBP buy-in premium plus installment interest deducted from either your retired pay or your CRSC pay in **12 equal monthly installments** (if you receive both retired pay and CRSC pay, we will deduct the installments from whichever has the highest net pay); OR choose to **make direct payments to DFAS in 12 equal monthly installments** plus installment interest.

You are strongly encouraged to review your retired pay or CRSC pay and keep in mind any expected changes to your pay in the upcoming months and how those changes might affect the payment option you choose. Also, keep in mind that your net pay will be reduced by your SBP monthly premium cost going forward.

If you choose to make a lump sum payment, a partial payment or direct installment payments, we must receive payment within 30 days of the date of the enrollment confirmation letter.

If you choose to pay your buy-in premium over time, installment interest will be added to your buy-in premium. This information will be included in your enrollment confirmation letter.

Q8. I Want To Pay Part Of My Buy-In Premium Up Front And Have The Rest Deducted From My Pay. What Do I Put On The Enrollment Form?

If you **want to submit a specific amount as a partial payment** of the SBP buy-in premium due, **please write a note** on SBP Open Season 2023 Enrollment Form and **include the specific amount** you want to pay.

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Q9. I Want To Have My Buy-In Premium Deducted From My Pay. I Get Both Retired Pay And CRSC Pay. Which One Will You Deduct The Premium Installments From?

If you receive both retired pay and CRSC pay, we will deduct the installments from whichever has the highest net pay.

Q10. I Want To Have My Buy-In Premium Deducted From My Pay But the Monthly Installments Would Be Higher Than My Pay. What Can I Do?

If you choose to have the buy-in premium deducted from your pay in 12 equal monthly installments and we determine your net pay will not be high enough to cover the installments, you will be required to make a partial payment plus have the balance of the buy-in premium deducted in 12 equal monthly installments from your pay. We will include this information in your enrollment confirmation letter. We must receive your partial payment within 30 days of the date of the enrollment confirmation letter.

Q11. I Plan to Make a Lump Sum Payment for the Buy-In Premium. When Do I have to Pay It?

If you choose to make a lump sum payment, a partial payment or direct installment payments, we must receive payment within 30 days of the date of the enrollment confirmation letter.

Q12. I Want To Pay the Buy-In Premium Directly in 12 Monthly Payments. What Do I Put On The Enrollment Form?

If you DO NOT want the installments deducted from your pay, please write a note on your enrollment form that you want to make direct payments.

If you choose to pay in 12 equal monthly installments, the default payment method for the buy-in premium is to deduct the installments from your pay (if you have enough net retired pay or net CRSC pay to cover the deduction of the monthly installments).

In addition, in this case we must receive your first payment within 30 days of the date of the enrollment confirmation letter.

Q13. If I Choose Installment Payments Deducted from My Pay, Can I Change that During the 12 Months?

If you choose to pay in 12 equal monthly installments, you must either have the installments deducted from your pay over the entire 12 months OR pay DFAS directly for the entire 12 months. We are not able to change your method of payment during the 12 months.

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Q14. I Received My Enrollment Confirmation. Why is the Buy-In Premium Amount Higher Than It Was on My Original Estimate.

Your final enrollment costs, both the monthly premium and buy-in premium, may change if there is a time gap between when you submit your LOI and the time you submit your final enrollment form. Costs may also change if there are changes to the information submitted. In addition, if you choose to pay your buy-in premium over time, installment interest will be added to your buy-in premium.

Q15. I Had SBP Coverage Before and Paid Monthly Premiums. Will Those Premium Payments Reduce the Buy-In Premium?

If you were enrolled in SBP coverage at some point prior to this SBP Open Season and you paid monthly SBP premiums, those premiums can be credited toward your buy-in premium amount.

Q16. If I Have the Buy-In Premium Installments Deducted from my Retired Pay, Will It Reduce My Taxable Income?

Since the one-time buy-in premium is not considered a reduction in retired pay due to an election under chapter 73 of title 10, United States Code, these amounts do not serve to reduce the member's taxable retired pay. This applies even when paid through deductions from retired pay.

Q17. If I Submit an Enrollment Form, When Will It Be Effective?

A. Enrollment will be effective the first day of the first calendar month following the date a valid enrollment form is received.

Note: *Once a valid enrollment form is submitted, you are considered obligated for payment of the one-time buy-in premium and prospective monthly premiums unless cancellation in writing is received within 30 days of the date of your signature on the enrollment form. Premium accrues from the point of obligation until paid in full.*

Q18. Is spouse (or other beneficiary) concurrence required for a member who is receiving retired pay to make an open season election?

An eligible member who, on December 22, 2022, was receiving retired pay and was not participating in SBP is not required to have concurrence of his/her spouse (or other beneficiary) to make an open season election.

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Q19. What Type of Information Is Needed With the Enrollment Form?

A. In order to process an enrollment request and determine the monthly premium and one-time buy-in premium we need information and documentation for your eligible dependents. Please see the enrollment form for specifics. Some examples include:

Spouse Only or Former Spouse election: marriage certificates, divorce decrees, and court orders for all events that have taken place since you were first eligible to elect coverage through present day.

****NOTE:** If you have had more than one marriage since retirement or Notice of Eligibility for Retirement (NOE), we also need the date of marriage and the spouse's date of birth for your first spouse at or after retirement or NOE.

Child Only, Spouse and Child or Former Spouse and Child election: Birth certificates, adoption documents, court appointed guardian documents, and supporting medical documentation if a child is incapacitated.

Natural Interest Person election: Birth certificate.

Q20. Can I Change My Coverage From Child Only to Spouse and Child or From Spouse and Child to Child Only?

A. No. The 2023 NDAA SBP Open Season does not allow for changes to existing SBP coverage. Instead, the 2023 Open Season allows only for enrollment by those who were NOT enrolled in SBP as of December 22, 2022, or for discontinuation of coverage for those enrolled in SBP as of December 22, 2022. Further, you may not discontinue coverage during SBP Open Season for one category of beneficiary and then re-enroll in a different category. The 2023 Open Season enrollment is only for those eligible members who were NOT enrolled in SBP as of December 22, 2022.

Q21. Can I Change My Coverage From Full Coverage to Reduced Coverage or From Reduced Coverage to Full Coverage?

A. No. The 2023 NDAA SBP Open Season does not allow for changes to the level of SBP coverage. Instead, the 2023 Open Season allows only for enrollment by those who were NOT enrolled in SBP as of December 22, 2022, or for discontinuation of coverage for those enrolled in SBP as of December 22, 2022. Further, you may not discontinue coverage during the SBP Open Season and then re-enroll for a different level of coverage. The 2023 Open Season enrollment is only for those eligible members who were NOT enrolled in SBP as of December 22, 2022.

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Q22. Am I Required to Enroll for a Former Spouse If I Have a Court Order?

A. The 2023 NDAA SBP Open Season specifically states enrollment in the Plan must be voluntary on the part of the eligible member. It further specifies that no court order may require an eligible member to make an open season election pursuant to section 643, P.L. 117-263. Details regarding the law surrounding enrollment and court orders are found on SBP Open Season special focus website:

<https://www.dfas.mil/sbpopenseason23>

Q23. Can a Former Spouse with a Court Order Enroll in SBP Coverage because of the Open Season?

A. The 2023 NDAA SBP Open Season does not provide for a beneficiary to "deem" an election. Further, it specifically states enrollment in the Plan must be voluntary on the part of the eligible member. It specifies that no court order may require an eligible member to make an Open Season election pursuant to section 643, P.L. 117-263.

However, that does not prevent a Former Spouse from deeming an election using the normal process (the request must be submitted within one year of the order requiring former spouse SBP coverage) during the time period of the Open Season. See the following webpage for information:

<https://www.dfas.mil/Garnishment/FormerSpouseSBPDeemedElection/>