



DEFENSE FINANCE AND ACCOUNTING SERVICE
U.S. Military Retired Pay
8899 E 56th Street
Indianapolis, IN 46249-1200
www.dfas.mil/retiredmilitary.html

Dear Retiree,

This packet contains the form required to process a request to withdraw from the Survivor Benefit Plan (SBP) due to qualifying VA disability, and a fact sheet with important information on withdrawing from SBP.

What you need to know

Retirees who meet one of the following two criteria are eligible to withdraw from SBP:

- A) The retiree has had a service-connected disability rated by the VA as totally disabled for a continuous period of 10 or more years; or
- B) The retiree has had a total disability rating from the VA for at least five continuous years immediately following the last date of active duty.

Before you request to withdraw from SBP, we recommend you read the enclosed fact sheet, speak with your branch of service retiree services organization or a financial advisor, and consider your decision carefully. In addition, you should consider your legal obligations, such as a divorce decree or court order requiring you to maintain SBP coverage, before making your decision.

What you need to do

To request to withdraw from SBP, please fill out, sign and date the SBP Withdrawal Consent Form (DFAS CL Form 1077). A request for withdrawal requires the written consent of the beneficiary or beneficiaries. Consent for a dependent child may be given by a parent, step-parent, foster parent or guardian. Please note that if you have **former spouse** coverage, special rules may apply and you should seek assistance prior to requesting withdrawal.

- ✓ If you have **spouse coverage**, your spouse will need to sign and date the form on or after the date you sign.
- ✓ If you have **child coverage** and any eligible child is over 18 and not incapacitated, the eligible child beneficiary(s) over 18 will need to sign and date the form on or after the date you sign.

Keep a photocopy of your completed form and mail the original to the address above or fax to: 800-469-6559. When we receive your completed form, we will review your request to withdraw and notify you with the results of the review. If you change your mind after sending your form, you may withdraw your request by notifying us in writing within 30 days of the date of your signature on the SBP Withdrawal Consent Form.

If you have questions

We thank you for your service to our country. If you have additional questions about SBP, please visit our website at: www.dfas.mil/retiredmilitary/provide/sbp

You can also contact one of our customer care representatives at 800-321-1080 or 216-522-5955 (8:00 a.m. to 5:00 p.m., Eastern, Monday through Friday) or write to us at the address above.

Sincerely,

Retired and Annuitant Pay

Enclosures:
Survivor Benefit Plan Withdrawal Fact Sheet
DFAS-CL Form 1077

SURVIVOR BENEFIT PLAN WITHDRAWAL FACT SHEET
**ADVANTAGES OF PARTICIPATING IN SBP/
DISADVANTAGES OF WITHDRAWING FROM SBP**

In making your decision about withdrawing from the Survivor Benefit Plan (SBP), you should consider both the potential VA award of Dependency and Indemnity Compensation (DIC) and the amount of the SBP annuity. In addition, you should consider your legal obligations, such as a court order or divorce decree requiring you to maintain SBP coverage, before making your decision.

Withdrawal from SBP coverage due to VA disability, sometimes referred to as discontinuation based on disability, is different than terminating SBP coverage between the 25th and 36th month of retirement.

For assistance in making your decision about withdrawing, please contact your branch of service retiree services organization.

DEPENDENCY AND INDEMNITY COMPENSATION (DIC)

Dependency and Indemnity Compensation (DIC) is a tax-free, monetary benefit paid by the VA under 38 U.S.C. § 1311(a) to eligible survivors of military service members who die in the line of duty or eligible survivors of veterans whose death resulted from a service-related injury or disease.

SURVIVOR BENEFIT PLAN (SBP)

SBP provides up to 55 percent of a service member's retired pay as an annuity to an eligible beneficiary upon the death of the member. The amount of the SBP annuity is a percentage of retired pay. The percentage depends upon whether the member chooses full or reduced coverage at the time of election (generally at retirement or at 20-year qualification). The annuity is paid monthly. The SBP annuity may be increased by cost-of-living adjustments (COLAs) after the member's death.

Withdrawal from SBP will result in no SBP annuity monthly payments after the member's death, even if there is no DIC benefit.

SPOUSE SBP COVERAGE

The amount of the SBP annuity and the DIC benefit that would be paid to a surviving spouse should be carefully considered before requesting withdrawal.

Spouse SBP annuitants, except for those who remarry after age 57 (or in other specific circumstances), cannot receive full SBP and DIC at the same time. When we are informed by the VA that a spouse annuitant is receiving DIC, the law requires that DFAS deduct the amount of DIC received from the amount of SBP payable and pay the remaining amount of the SBP to the annuitant. This is called the SBP/DIC offset.

For example, if an annuitant receives a monthly SBP annuity of \$500 from DFAS and becomes eligible to receive a monthly DIC award of \$400 from the VA, DFAS will deduct the \$400 DIC amount from the \$500 SBP amount and pay the remaining \$100 to the annuitant.

If the SBP payment is greater than the DIC payment, a partial refund of premiums paid into the program during the service member's retirement will be made to the spouse.

If the DIC payment is greater than the SBP payment, SBP will be stopped completely and the eligible basic spouse premiums paid into the program during the service member's retirement will be refunded.

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The Special Survivor Indemnity Allowance (SSIA)

When a spouse is eligible to receive SBP and DIC, and is not receiving the full amount of SBP due to the SBP/DIC offset, the spouse may also receive the Special Survivor Indemnity Allowance (SSIA). SSIA is a separate fixed monthly entitlement which may not exceed the amount of the SBP annuity in any month that the annuity is subject to the SBP/DIC offset. SSIA is increased by the same cost of living adjustments as SBP and military retired pay. SSIA is not authorized for your surviving spouse if you have withdrawn from SBP.

How Remarriage May Impact a Spouse SBP Annuity

Remarriage before age 55

Spouses maintain their eligibility for an SBP annuity until death, as long as they do not remarry before the age of 55. If the annuitant remarries before age 55, annuity payments will stop. However, if the annuitant's marriage later ends for any reason, even after age 55, the annuity payment will restart from the date the marriage ends, once DFAS is notified.

Remarriage after age 55 but prior to age 57

When a surviving spouse remarries after age 55, but prior to age 57, DIC payments stop. If the spouse's SBP payment was previously reduced or eliminated because of DIC, the full SBP payment may resume. The spouse must first repay all of the SBP premiums that were refunded when DIC first began. These premium repayments may be made out of the SBP annuity payments the spouse would otherwise receive, however, the entire repayment must be made before a spouse annuitant will receive any SBP annuity funds.

Remarriage after age 57

Spouse annuitants who remarry after age 57 are entitled to receive full SBP and DIC benefits at the same time. This is the result of a 2009 court decision. According to the ruling, DFAS is not required to deduct DIC payments from a monthly SBP annuity if a spouse is entitled to both benefits and has remarried after age 57.

As you can see, SBP premiums paid into the Plan for spouse coverage are not lost due to DIC eligibility, even if no annuity is paid or the annuity is paid on a reduced basis because of DIC benefits. If no SBP annuity payment is made because of the SBP/DIC offset, the premiums paid into the Plan are refunded to the surviving spouse. If a partial annuity is paid, the difference in the total premiums paid into the Plan and the cost for the reduced annuity is paid to the surviving spouse. If SBP coverage is withdrawn, the surviving spouse will be entitled to a refund of premiums paid at the time of the member's death.

In making your decision about withdrawing, you should also consider that Congress could make changes in the future to the laws described above regarding SBP, DIC, and SSIA.

SPOUSE AND CHILD SBP COVERAGE

With SBP Spouse and Child coverage, the annuity is payable first to the surviving spouse. If the surviving spouse dies or otherwise becomes ineligible for the annuity (such as when the spouse remarries before age 55), eligible children equally divide the monthly annuity.

A child is generally eligible for the SBP annuity through age 18, if unmarried; or through age 22 if unmarried and attending school full-time. Incapacitated or disabled children are eligible under special rules.

A child's annuity is not reduced by any DIC benefit that may be awarded to the child.

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CHILD ONLY COVERAGE

The cost for child only coverage is, in most cases, a minimal amount.

The child may be awarded a DIC benefit in his or her own right and, as stated above, the payments are not reduced by the amount of the DIC.

It is especially important to consider continued participation in the Plan when spouse and child or child only coverage includes an incapacitated child.

SUBMITTING YOUR REQUEST TO WITHDRAW

To withdraw, please see the instructions in the cover letter to this packet and on the form. A request for withdrawal requires the written consent of the beneficiary or beneficiaries.

If you change your mind after you have submitted your SBP Withdrawal Consent Form, you may withdraw the request by notifying us in writing within 30 days of the date of your signature on the SBP Withdrawal Consent Form.

IMPORTANT NOTE: Withdrawal from the Plan remains in effect as long as you are rated as totally disabled. If your rating is reduced, the coverage will be reinstated **only** if you request it within one year of the effective date of the reduction of VA disability rating to less than total.

SURVIVOR BENEFIT PLAN (SBP) WITHDRAWAL CONSENT

PRIVACY ACT STATEMENT

AUTHORITY: Executive Order 96-402, 10 U.S.C. Sections 1448a, 1450, and 1452.

PURPOSE: The purpose is to obtain the applicable signatures from the member, his/her spouse, former spouse, and/or child over 18 years of age, when the member has decided to withdraw from the Survivor Benefit (SBP) Plan, and the Defense Finance and Accounting Service needs to obtain the member's disability rating from the Department of Veterans Affairs (VA).

ROUTINE: The information on this form may be disclosed as generally permitted under 5 U.S.C. Section 552(a)(b) of the Privacy Act of 1974, as amended. It may also be disclosed outside of the Department of Defense (DoD) to the VA, to the spouses or former spouses of the member who are designated either by the member or by a court order or filing under 10 U.S.C. Sections 1448(a) or 1450(f)(2) to be the recipient of the retiree's SBP annuity. In addition, other Federal, State, or local government agencies which have identified a need to know, may obtain this information for the purpose(s) identified in the DoD Blanket Routine uses as published in the Federal Register.

DISCLOSURE: Disclosure is voluntary; however, failure to provide the information may result in the delay in processing the SBP withdrawal request.

MEMBER'S NAME *(Print Last, First, MI)*

SOCIAL SECURITY NUMBER

PART I - CONSENT FOR VA DISABILITY RATING

I HEREBY GIVE MY CONSENT FOR THE DEFENSE FINANCE AND ACCOUNTING SERVICE - CLEVELAND TO REQUEST FROM THE DEPARTMENT OF VETERANS AFFAIRS (VA) INFORMATION CONCERNING MY DISABILITY RATING BY THAT OFFICE.

MEMBER'S SIGNATURE

DATE *(YYYYMMDD)*

PART II - CONSENT FOR SBP WITHDRAWAL

AFTER HAVING REVIEWED THE SURVIVOR BENEFIT PLAN WITHDRAWAL FACT SHEET (DFAS-CL 1741/115A) ON THE ADVANTAGES IN PARTICIPATING IN THE PLAN AND DISADVANTAGES IN WITHDRAWING FROM THE PLAN, I HEREBY REQUEST WITHDRAWAL FROM THE PLAN.

MEMBER'S SIGNATURE

DATE *(YYYYMMDD)*

I HEREBY GIVE MY CONSENT FOR THE WITHDRAWAL FROM THE SURVIVOR BENEFIT PLAN

SPOUSE'S AND/OR CHILD'S (OVER 18 YEARS OF AGE) SIGNATURE

DATE *(YYYYMMDD)*

DFAS-CL 1077, AUG 06, (EF)

(REPLACES DFAS-CL 1741/117)