



**DEFENSE FINANCE AND ACCOUNTING SERVICE**  
**U.S. Military Annuitant Pay**  
**8899 E 56<sup>th</sup> Street**  
**Indianapolis, IN 46249-1300**  
**[www.dfas.mil/retiredmilitary](http://www.dfas.mil/retiredmilitary)**

November 22, 2021

Dear

### **Why we are writing**

In 2020, Congress made changes to the Survivor Benefit Plan (SBP) that will eventually eliminate the SBP-DIC offset, which is a reduction of SBP for surviving spouses who also receive Dependency and Indemnity Compensation (DIC) from the Department of Veterans Affairs (VA). We are writing to provide you with information about the upcoming second phase of the SBP-DIC Offset Phased Elimination. The second phase begins in 2022.

### **What you need to know**

January 1, 2022 begins Phase Two of the "Phase-Out of Reduction of Survivor Benefit Plan Survivor Annuities by Amount of Dependency and Indemnity Compensation," as directed by the National Defense Authorization Act (NDAA) for Fiscal Year 2020.

In 2022, surviving spouse SBP annuity payments issued by the Defense Finance and Accounting Service will be reduced (offset) by no more than one-third of the amount of DIC (issued by the VA). Eligible surviving spouses **will continue to receive the full amount of DIC** from the Department of Veterans Affairs. This change in the law does NOT affect your DIC payments. You will continue to receive your normal DIC payments from the VA.

Eligible survivors will also continue to receive the Special Survivors Indemnity Allowance (SSIA) in 2022, up to the maximum amount of \$346 per month (for 2022), or up to the amount of SBP reduced (if the amount of the SBP reduction is less than \$346).

You will see the Phase Two change in your SBP annuity payment made on **February 1, 2022**.

To help you understand how the 2022 changes will affect your SBP payment, we *pre-estimated* the amounts on the following page. Please note these are pre-estimates based on current information (with a 5.9% COLA), and the actual amounts in 2022 may differ slightly from the pre-estimates.

Please keep this letter for your reference.

The SBP-DIC offset will be fully eliminated as of January 1, 2023. That means you will begin to receive your full SBP payments with no offset (reduction) on February 1, 2023. You will also continue to receive your full DIC payments from the VA. SSIA will no longer be paid.

**Estimates of the payments you will receive in 2022:**

A-2022 **DIC payment from VA** - estimate: \$ XXX

B-2022 **SBP annuity payment after DIC offset** - estimate (before taxes): \$ XXX

C-2022 **SSIA payment**, if applicable - estimate: \$ XXX

**Estimates of 2022 amounts for information only:**

D-2022 **Gross SBP annuity** - estimate: \$ XXX

E-2022 **DIC offset amount** (this is NOT your DIC payment, it is the one-third amount that will be deducted from your gross SBP annuity) - estimate: \$ XXX

Please see the enclosed SBP-DIC 2022 Phase Two Estimates Explainer for additional information about each of the estimate categories shown above.

**What you need to do**

You do not need to take any action at this time, unless you believe the information in this letter is incorrect. If you believe the information in this letter is incorrect, please **mail or fax** us an explanation. Be sure to include the **date**, the **member's Social Security Number** and your **signature**, along with a **photocopy** of this letter.

**Mail to:**

Defense Finance & Accounting Service  
U.S. Military Annuitant Pay  
8899 E 56th Street  
Indianapolis, IN 46249-1300

**OR, Fax to:** 800-982-8459

Be sure to keep your account contact information current, especially your mailing address. You can easily do that at your convenience using myPay (<https://mypay.dfas.mil>).

Please read the enclosed **DFAS Helpful Tips & Tools for SBP Annuitants** to find out more about managing your SBP annuity or SSIA payment.

**If you have questions**

If you have questions about the 2022 changes to the SBP-DIC offset, please see the Frequently Asked Questions on our website: [www.dfas.mil/sbpdicnews](http://www.dfas.mil/sbpdicnews)

If you have additional questions about your annuity pay account, please call our Customer Care Center at 800-321-1080.

Sincerely,

Retired and Annuitant Pay

Enclosures: SBP-DIC 2022 Phase Two Estimates Explainer, DFAS Helpful Tips & Tools for SBP Annuitants

# SBP-DIC Offset Phased Elimination

## 2022 Phase Two Estimate Letter - Explainer

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The estimates in your 2022 Phase Two individual estimate letter are separated into two groups:

The first group has estimates of the *payments* you will receive in 2022.

The second group has estimates of the amounts that *affect* your payments.

### Estimates of the payments you will receive in 2022

A-2022 **DIC payment from VA** - estimate ← A=*Estimate* of the DIC monthly payment you will receive from the VA in 2022

B-2022 **SBP annuity payment after DIC offset** - estimate ← B=*Estimate* of the SBP monthly annuity payment you will receive from DOD/DFAS beginning Feb. 1, 2022 - before federal tax withholding  
*Before federal taxes*

C-2022 **SSIA payment**, if applicable - estimate ← C=*Estimate* of the Special Survivor Indemnity Allowance (SSIA) payment you will receive beginning February 1, 2022.

### Estimates of 2022 amounts for information only:

D-2022 **Gross SBP annuity** - estimate ← D=*Estimated* SBP annuity amount you would receive (before federal tax withholding) if there was no offset. Includes increases due to COLAs from the date your annuity started through January of 2022.

E-2022 **DIC offset** amount - estimate ← E=*Estimated* amount of DIC that will be deducted (offset) from your gross SBP annuity. In 2022, this offset is 1/3 of your full DIC amount. THIS IS NOT THE AMOUNT OF YOUR DIC PAYMENT.  
*This is NOT your DIC payment, it is the one-third that is deducted from your gross SBP annuity (amount D) to calculate your SBP payment after offset (amount B)*

**Gross SBP Annuity (D) minus DIC offset amount (E) =  
SBP annuity payment after DIC offset (B)**

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DIC = Dependency and Indemnity Compensation paid by the Department of Veterans Affairs (VA)

SBP = Department of Defense (DoD) Survivor Benefit Plan

SSIA = DoD Special Survivor Indemnity Allowance

DFAS = Defense Finance and Accounting Service; the DoD agency that processes Survivor Benefit Plan (SBP) payments

COLA = Cost of Living Adjustment (5.9% for 2022)

## Additional Information

- **No eligible spouse will receive less money in 2022 than they currently receive.**
- The change in the law **does NOT affect the** amount of Dependency and Indemnity Compensation (DIC) you receive from the Department of Veterans Affairs (VA). You should **continue to receive your normal, full DIC amount from the VA.**
- For a full explanation of the three phases of the SBP-DIC Offset Phased Elimination, please see our **new DFAS Survivor SBP Newsletter**: [www.dfas.mil/survivornews](http://www.dfas.mil/survivornews)
- The Survivor Benefit Plan laws and regulations are complex. To see a full range of Frequently Asked Questions (FAQs), see our **SBP-DIC News webpage**: [www.dfas.mil/sbpdicnews](http://www.dfas.mil/sbpdicnews)

## Estimating Your 2023 SBP Annuity Payment

- Phase Three begins January 1, 2023.
- In the third and final phase of the SBP-DIC Offset Phased Elimination, the offset will be eliminated completely. This means your SBP annuity payment will no longer be reduced. The SBP annuity will be paid in full (no offset).
- DIC payments will not be affected. You will continue to receive your full amount of DIC from the VA.
- SSIA will NOT be paid.
- You can estimate your SBP monthly payments for Phase Three in 2023. The Phase Three SBP payments will begin with the payment for January 2023. The January payment will be paid on **February 1, 2023** (SBP benefits are paid on the first business day of the following month).

Your Phase Three SBP payment in 2023 will be equal to or slightly more than your 2022 Gross SBP annuity (D) on your 2022 estimate letter.

Your Phase Three payments will be slightly more if there is a 2023 COLA (Cost of Living Adjustment). To estimate your Phase Three payments if there is a 2023 COLA, take the amount of your 2022 Gross SBP annuity (D) on your estimate letter and add the 2023 COLA amount. The 2023 COLA will be announced in November of 2022.

# DFAS HELPFUL TIPS & TOOLS FOR SBP ANNUITANTS

## Manage Your SBP Annuity with myPay

The quickest and most convenient way to manage your SBP annuity pay is with **myPay**. **If you are receiving SBP annuity pay or SSIA pay** through DFAS, you can use myPay.

myPay provides convenient access to your Annuitant Account Statement, and lets you easily update your contact information or your federal tax withholding, submit your annual certification (COE), or download your tax documents.

Also, if you set up your myPay profile with an **email address**, you can receive emailed information from DFAS and from your loved one's branch of service.

If you've never used myPay, you can **request an initial password** on the myPay homepage using the "**Forgot or Need a Password**" link. The password will be **mailed** to the address you have on file with DFAS and you will receive it in about 10 business days. Once you receive your password in the mail, you can return to the myPay homepage and log in with your social security number and the password you received in the mail to create your myPay profile.

If you have a current email address in myPay, we can send you status notifications. See the info on page 2.

myPay is available using the internet from your computer or your mobile device browser at: <https://mypay.dfas.mil>

See our "**Get Started with myPay**" **How-To Video** or **step-by-step downloadable PDF**.

**Find out more:** [www.dfas.mil/managesbp](http://www.dfas.mil/managesbp)

## Tax Statements

We have easy, convenient options to get a copy of your **1099-R** tax document without having to call to speak to someone.

Your 1099-R is available much earlier and more securely in **myPay** than those sent to customers who choose delivery by mail. If you're not using myPay, now is the time to get started.

Even if you are not a myPay user, you can get a copy of your 1099-R sent to your mailing address on record or to a one-time, temporary mailing address by **submitting your request online**.

If you prefer traditional mail, you can send us a written request by mail (or fax), but please make sure you leave ample time for processing and for mail delivery.

**Find out more:** [www.dfas.mil/managesbp](http://www.dfas.mil/managesbp)

## School Certifications

(Child annuitants over age 18 attending school full-time)

We have helpful tools and tips for filling out the school certification documents.

The School Certification DD 2788 **Form Wizard** asks a series of questions and fills in your answers in the appropriate areas of the form, and you can sign it electronically. Your School Certification DD 2788 Form will **now serve as your Certificate of Eligibility (COE)** instead of requiring a separate COE each year.

The **How-To Checklist** provides quick tips and a walk-through of the form to help you fill it out correctly and easily.

Upload a PDF of your completed and signed form and supporting documents via the **AskDFAS online upload tool** on DFAS.mil.

**Find out more:** [www.dfas.mil/schoolcerts](http://www.dfas.mil/schoolcerts)

## Eligibility Verification

SBP annuitants need to verify their continued eligibility regularly to receive SBP annuity payments. There are several types of verification.

See the verification requirements on the “Manage Your SBP Annuity,” webpage where you can also download the new SBP Annuitant Eligibility Verification Requirements Fact Sheet: [www.dfas.mil/managesbp](http://www.dfas.mil/managesbp)

## Status Notifications

We are rolling out the use of status notifications to keep you in the loop as forms or documents you submit move through the annuity pay processing cycles. Right now, only a few documents have status notifications available, but we are adding more each month.

Status notifications are a three-step process that will update you when DFAS receives forms or documents for processing by mail or fax (or in some specific cases, through askDFAS).

You will receive separate status notifications when your form or document is:

1. Received and queued in the DFAS work system
2. Assigned to be worked
3. Completed - Either a notification the processing is complete or a notification that DFAS is sending a request for additional information.

Status notifications will give you peace of mind that we received your form or request. They will also provide you with the timeframe when we completed your request or notify you if additional information is required.

To receive status notifications for mail and fax submissions, please ensure your email address is available and updated in myPay. Most notifications are sent via SmartDoc email, which require a valid email address in myPay.

To receive these status notifications for requests or forms uploaded to askDFAS online upload tools, please ensure your email address is typed in correctly on the askDFAS online form.

## Quick Reference Webpages for Annuitants

### SBP-DIC Offset Phased Elimination news:

[www.dfas.mil/sbpdicnews](http://www.dfas.mil/sbpdicnews)

### Understanding SBP, DIC, SSIA:

[www.dfas.mil/sbpdicssia](http://www.dfas.mil/sbpdicssia)

### Manage an SBP annuity:

[www.dfas.mil/managesbp](http://www.dfas.mil/managesbp)

### School certifications:

[www.dfas.mil/schoolcerts](http://www.dfas.mil/schoolcerts)

### Annuitant forms:

[www.dfas.mil/raforms](http://www.dfas.mil/raforms)

### Retiree/Annuitant Customer Service:

[www.dfas.mil/raservice](http://www.dfas.mil/raservice)

### askDFAS:

[www.dfas.mil/askDFAS](http://www.dfas.mil/askDFAS)

### DFAS Facebook:

[www.facebook.com/DFASOfficial](http://www.facebook.com/DFASOfficial)

### YouTube:

[www.youtube.com/DFAS](http://www.youtube.com/DFAS)

### myPay:

[mypay.dfas.mil](http://mypay.dfas.mil)

**Look for our new twice-yearly DFAS Survivor SBP Newsletter at [www.dfas.mil/survivornews](http://www.dfas.mil/survivornews)**