



DEFENSE FINANCE AND ACCOUNTING SERVICE
U.S. Military Annuitant Pay
8899 E 56th Street
Indianapolis, IN 46249-1300
www.dfas.mil/retiredmilitary

November 21, 2022

Dear,

Why we are writing

We are writing to provide you with information about the upcoming third and final phase of the SBP-DIC Offset Phased Elimination. The third and final phase begins in 2023.

You will see the **Phase Three change** in your Survivor Benefit Plan (SBP) monthly annuity payment made on **February 1, 2023**.

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.

What you need to know

In 2020, Congress made changes to the Survivor Benefit Plan (SBP) to phase out 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).

January 1, 2023 begins Phase Three 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.

Because of this change in the law, in 2023 surviving spouse SBP annuity payments issued by the Defense Finance and Accounting Service will **NOT be reduced** by DIC (issued by the VA). Eligible surviving spouses will receive the full amount of their monthly SBP annuity payment plus they will **continue to receive the full amount of DIC** from the Department of Veterans Affairs.

Remember, this change in the law does NOT affect your DIC payments. You will continue to receive your normal DIC payments from the VA.

The Special Survivors Indemnity Allowance (SSIA) will no longer be paid.

To help you understand how the 2023 changes will affect your SBP payment, we *pre-estimated* the amount on the following page. Please note this pre-estimate is based on current information (with a 8.7% COLA), and the actual amounts in 2023 may differ slightly from the pre-estimate.

-more-

**Estimate of the Survivor Benefit Plan monthly payments you will receive beginning February 1, 2023:
2023 Gross SBP monthly annuity payment estimate (before taxes): \$GrossSBP**

Please see the enclosed DFAS SBP-DIC Offset Elimination Quick Reference for additional information.

What you need to do

Please keep this letter for your reference. 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 do that online 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 payment.

If you have questions

If you have questions about the 2023 changes to the SBP-DIC offset, please see the Frequently Asked Questions on our website: www.dfas.mil/sbpdicnews

If you have additional questions about your annuity pay account, please call our Customer Care Center at 800-321-1080 or 317-212-0551.

Sincerely,

Retired and Annuitant Pay

Enclosures: DFAS SBP-DIC Offset Elimination Quick Reference, DFAS Helpful Tips & Tools for SBP Annuitants

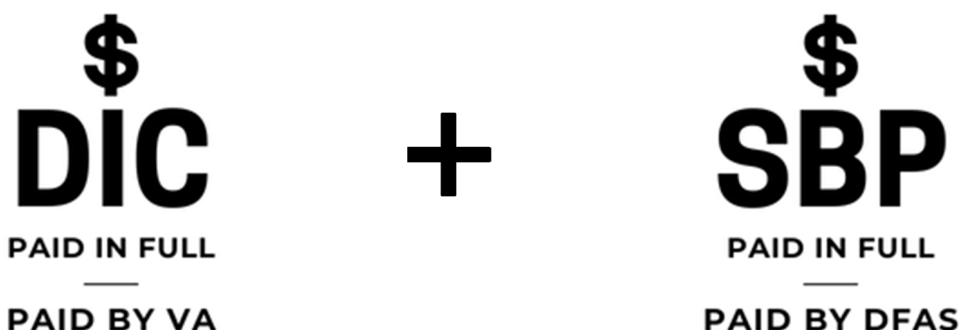
The SBP-DIC Offset Phased Elimination 2023 Changes

Phase Three - 2023

Please see our SBP-DIC News webpage for FAQs: www.dfas.mil/sbpdicnews

In the third and final phase (2023), the SBP-DIC **offset** will be fully eliminated. That means you will begin to receive your **full SBP gross benefit** payment with no offset (reduction). The first payday for Phase Three is **February 1, 2023**. You will also continue to receive your **full DIC** payments from the VA. SSIA will **not** be paid after the January 3, 2023 payday.

Monthly Payments Starting in Phase Three:



Example

- ◆ If **DIC** benefit (paid in full by the VA) equals = \$1437.66
- ◆ And **SBP gross** benefit (paid by DoD/DFAS) equals = \$940

Monthly Payments Based on Above Example:

Monthly payments beginning February 1, 2023 (first payday of Phase Three):

\$1437.66 DIC from VA + **\$940** Gross SBP from DFAS

- ◆ **DIC benefit (paid in full by the VA)** = \$1437.66
- ◆ **SBP gross benefit (paid in full by DoD/DFAS)** = \$940 (before taxes)
(No SSIA is paid after January 3, 2023)

Helpful DFAS Webpages for Annuitants

SBP-DIC Offset Phased Elimination News

www.dfas.mil/sbpdicnews

SBP 2023 Optional Child Annuity reversion

www.dfas.mil/sbp2023childoptrev

DFAS Facebook

www.facebook.com/DFASOfficial

Manage your SBP annuity

www.dfas.mil/managesbp

School certifications

www.dfas.mil/schoolcerts

myPay

<https://mypay.dfas.mil>

Note: Dec 2022 SBP payments
will be made on Jan 3, 2023.
Jan 2023 payments will be made
on Feb 1, 2023.

-See Page 2 for 2022 Changes-



The SBP-DIC Offset Phased Elimination 2022 Changes

Phase Two - 2022

Please see our SBP-DIC News webpage for FAQs: www.dfas.mil/sbpdicnews

In Phase Two (2022) of the offset phased elimination, your SBP gross benefit is reduced by an amount that is equal to one-third of your DIC benefit. This does NOT affect your DIC payment, which is paid by the VA. **The first payday for Phase Two was February 1, 2022 and the last payday for Phase Two is January 3, 2023.**

Monthly Payments During Phase Two:



Example

- ◆ If **DIC** benefit (paid in full by the VA) equals = \$1437.66
- ◆ And **SBP gross** benefit (paid by DoD/DFAS) equals = \$940
- ◆ **Offset** to SBP (DIC benefit amount divided by 3) equals = \$479.22
- ◆ **SBP net** payment after offset (reduction) of \$479.22 equals = \$460.78

Monthly Payments Based on Above Example:

Monthly payments beginning February 1, 2022 (first payday of Phase Two):

\$1437.66 DIC from VA + **\$460.78** Net SBP from DFAS + **\$346** *SSIA from DFAS

- ◆ **DIC benefit** (paid in full by the VA) = \$1437.66
- ◆ **SBP net** payment (paid by DoD/DFAS) = \$460.78 (before taxes)
- ◆ ***SSIA** payment (paid by DoD/DFAS) = \$346
(*SSIA paid ONLY when SBP gross is reduced due to offset; up to maximum of \$346 in 2022)

Please note: a small number of spouse annuitants (approximately 12%) will NOT see an increase in their SBP net payment in 2022. This is because one-third of their DIC benefit (the offset) is more than their SBP gross benefit. This group of spouse annuitants WILL receive their full SBP gross benefit beginning February 1, 2023 (see page 1).

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) and SSIA payments

Note: Dec 2022 SBP payments
will be made on Jan 3, 2023.
Jan 2023 payments will be made
on Feb 1, 2023.



DFAS HELPFUL TIPS & TOOLS FOR SBP SPOUSE ANNUITANTS

Manage Your SBP Annuity

Find out what you need to know to manage your SBP annuity payments on our "Manage Your SBP Annuity" webpage.

It's very important that you keep your contact information up to date so we can reach you with important news and documents.

Find out more:

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

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 SBP Annuitant Eligibility Verification Requirements Fact Sheet:

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

Tax Statements

Survivor Benefit Plan (SBP) payments are federal taxable income. State and local taxes vary.

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 through askDFAS**.

Find out more:

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

Using myPay to Manage Your Payment Account

Once you begin **receiving SBP annuity pay** through DFAS, you can use myPay.

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

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.

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

Annuitant Account Statements

The Annuitant Account Statement (AAS) is available through myPay. For those annuitants who have a hardcopy mail request in their account, it is mailed when changes are made to the account that affect net pay. Use it to verify payment, tax information, and to keep informed about your account.

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.

Quick Reference Webpages for Annuitants

Manage an SBP annuity:

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

Annuitant forms:

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

askDFAS:

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

Retiree/Annuitant Customer Service:

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

DFAS Facebook:

<https://www.facebook.com/DFASOfficial>

**Look for our new twice-yearly
DFAS Survivor SBP Newsletter at:
<https://www.dfas.mil/survivornews>**