

# **Defense Finance and Accounting Service Cleveland**



## **GUIDE TO SURVIVOR BENEFITS**

Reserve Component Survivor Benefit Plan (RCSBP)  
Retired Serviceman's Family Protection Plan (RSFPP)  
Survivor Benefit Plan (SBP)

August 2014



**IMPORTANT!**

This guide provides answers to questions about the Survivor Benefit Plan/ Reserve Component Survivor Benefit Plan (SBP/RCSBP), and the Retired Serviceman's Family Protection Plan (RSFPP), other annuity programs, and Voluntary Separation Incentive (VSI) payments to beneficiaries.

For questions specifically related to Annuity Pay, please write to the address listed below, or call our toll-free number 1-800-321-1080. Overseas customers may call commercial (216) 522-5955. Our customer service representatives are available Monday through Friday from 8:00 AM to 5:00 PM Eastern Time. Our toll-free fax number is 1-800-982-8459. To expedite a prompt response, please include the annuitant's name and Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN) as well as the member's name and SSN on all correspondence.

**The information in this publication is a summary of the major annuity provisions for general informational purpose only. Actual entitlement determinations must be made based upon the applicable laws and regulations.**

**NOTE:** The Defense Finance and Accounting Service (DFAS) recommend all annuitants and VSI beneficiaries living in the United States or in a participating foreign country enroll in the Electronic Funds Transfer/International Direct Deposit (EFT/IDD) program. You can write to us at:

Defense Finance and Accounting Service  
U.S. Military Annuitant Pay  
P.O. Box 7131  
London, KY 40742-7131

Our toll-free number is 1-800-321-1080  
Our toll-free fax number is 1-800-982-8459

You can also reach DFAS at <http://www.dfas.mil>

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**ABBREVIATIONS AND ACRONYMS**

ACMSS	Annuities for Certain Military Surviving Spouses
COE	Certificate of Eligibility
COLA	Cost of Living Adjustment
DVA	Department of Veterans Affairs
DFAS	Defense Finance and Accounting Service
DIC	Dependency and Indemnity Compensation
DOD	Department of Defense
FITW	Federal Income Tax Withholding
FMS	Financial Management Services
IDD	International Direct Deposit
ITIN	Individual Taxpayer Identification Number
MIW	Minimum Income Widow
PIN	Personal Identification Number
RCSBP	Reserve Component Survivor Benefit Plan
ROE	Report of Existence
RSFPP	Retired Serviceman's Family Protection Plan
SBP	Survivor Benefit Plan
SF	Standard Form
SSA	Social Security Administration
SSIA	Special Survivor Indemnity Allowance
SSO	Social Security Offset
SSN	Social Security Number
TD	Treasury Department
U.S.C.	United States Code
VSI	Voluntary Separation Incentive

## **GENERAL INFORMATION**

The annuitant is responsible for notifying and providing proper documentation to Defense Finance and Accounting Service (DFAS), of any change in status that affects the annuity. Please write to Defense Finance and Accounting Service, U.S. Military Annuitant Pay, P.O. Box 7131, London, KY 40742-7131, or call toll free 1-800-321-1080. Our customer service representatives are available Monday through Friday from 8:00 AM to 5:00 PM Eastern Time. To expedite a prompt response, include the name and Social Security Number or Individual Taxpayer Identification Number (ITIN) of both the annuitant or VSI beneficiary and deceased member on all correspondence, including faxes.

### **ACCOUNT STATEMENTS:**

Once the annuity is established, the annuitant will receive an initial account statement showing the monthly payment amount. Afterward a statement will only be issued when a change is made to the account and will state the reason for the change. Account Statements are also sent on an annual basis at the end of the year for tax purposes. Account statements are also available on myPay at <https://mypay.dfas.mil/mypay.aspx> with the use of your personal identification number (PIN).

### **ADDRESS CHANGES:**

To ensure account statements and other pertinent information is sent to the correct address it is critical that DFAS has up to date mailing addresses. The annuitant may notify Defense Finance and Accounting Service, U.S. Military Annuitant Pay, P.O. Box 7131, London, KY 40742-7131 of bank account and correspondence address changes in writing or by calling 1-800-321-1080. Annuitants may also access myPay at <https://mypay.dfas.mil/mypay.aspx> and use their PIN to change their direct deposit or correspondence address.

### **ACCEPTABLE SIGNATURES:**

Certificate of Eligibility (COEs), Report of Existence (ROEs), school certifications, address and tax changes may be signed:

1. By the annuitant.
2. By a natural parent who is the custodian of a minor child annuitant. Minor children may not sign their COE or school certification documents.

3. By the legal guardian or legal representative of the annuitant. Court documents must be on file at DFAS.
4. By the representative payee of the annuitant.
5. By the annuitant's "X." Two disinterested persons must witness this. Family members are not authorized to witness the annuitant's "X."
6. By an agent acting under a Power of Attorney. The Power of Attorney document must be on file at DFAS.

**ALIEN TAX WITHHELD:**

Nonresident aliens are taxed automatically at the rate of 30 percent, unless there is a tax treaty between the United States and the foreign country permitting a lesser rate. If the country in which the annuitant lives, and is a resident of, has a tax treaty with the United States, complete a Treasury Department (TD) Form W-8BEN Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding showing the country of residence.

The TD Form W-8BEN may be obtained from any United States Internal Revenue Service (IRS) office, United States Consulate office, or by writing Defense Finance and Accounting Service, U.S. Military Annuitant Pay, P.O. Box 7131, London, KY 40742-7131 or the annuitant may call toll free 1-800-321-1080. The Defense Finance and Accounting Service will mail foreign annuitants a Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, at the end of each year for tax reporting purposes.

The Internal Revenue Service (IRS) requires either a valid Social Security Number (SSN) or an Individual Taxpayer Identification Number (ITIN) for Federal Income Tax filing and reporting. The IRS issues Individual Taxpayer Identification Numbers to foreign nationals who have federal tax reporting and filing requirements but do not qualify for Social Security Numbers. For DFAS to properly establish an annuity account, we must have a Social Security Number or Individual Taxpayer Identification Number.

**CERTIFICATE OF ELIGIBILITY (COE):**

A COE will be sent to annuitants who are under 55 years of age each year two months prior to their birthday. Annuitants who are receiving hard copy checks in a foreign country or have a permanent disability will be required to submit the annual COE certification form regardless of age. Complete and return the COE promptly so DFAS can

continue annuity payments without interruption. If the COE is not returned within 90 days, the account will be suspended. If pay becomes suspended and remains in a suspended status for more than six months, in addition to a COE, the annuitant will be required to complete a Certificate to Establish Identity of annuitant. The COE form is also available online at <https://mypay.dfas.mil/mypay.aspx> with the use of the annuitant's PIN or at the DFAS website, <http://www.dfas.mil/retiredmilitary/forms.html>.

Please read the instructions on the COE to make sure it is completed correctly. Sign and date the form, and send it to Defense Finance and Accounting Service, U.S. Military Annuitant Pay, P.O. Box 7131, London, KY 40742-7131.

**FEDERAL ESTATE TAX:**

The value of the annuity at the time of the member's death may be subject to federal estate tax under certain circumstances. Annuitants should call their local Internal Revenue Service Office for information concerning the amount of the annuity that may be subject to Federal Estate tax.

**FEDERAL INCOME TAX WITHHOLDING (FITW):**

The Survivor Benefit Plan/Reserve Component Survivor Benefit Plan (SBP/RCSBP) and Retired Serviceman's Family Protection Plan (RSFPP) annuities are taxable, and the Internal Revenue code requires that income taxes be withheld, unless an annuitant elects no tax withholding on a Treasury Department (TD) Form W-4P, Withholding Certificate for Pension or Annuity Payments. The amount of taxes withheld will be computed as if the annuitant is a married person claiming three exemptions, unless the annuitant makes a different election. The amount of taxes withheld may be changed at any time by completing a TD Form W-4P. The form may be obtained from the Post Office, the IRS, or by contacting DFAS in writing, or by calling 1-800-321-1080. If the annuitant wishes, they may access myPay at <https://mypay.dfas.mil/mypay.aspx>, using their PIN, and change their FITW. The Defense Finance and Accounting Service will mail annuitants a TD Form 1099-R, for Distributions from Pensions, Annuities, Retirement, or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., at the end of each year for tax reporting purposes.

**REPORT OF EXISTENCE (ROE):**

Annuitants who are in the Natural Person with Insurable Interest category will be sent an ROE each year prior to their birthday. Annuitants who receive annuity payments through foreign postal channels will also be sent an ROE



annually. If the annuitant does not receive an ROE, the forms are available via myPay at <https://mypay.dfas.mil/mypay.aspx> with the use of the annuitant's PIN. Complete and return the ROE promptly so annuity payments can continue without interruption. If the ROE is not returned within 90 days, the annuity account will be suspended. Please read the instructions on the form to make sure it is completed correctly. Sign and date the ROE and send it to Defense Finance and Accounting Service, U.S. Military Annuitant Pay, P.O. Box 7131, London, KY 40742-7131.

**ROE FOR INCAPACITATED ANNUITANTS:**

For incapacitated annuitants who cannot manage their own financial affairs, a guardian must be appointed either by the court, or under the provisions of 10 United States Code (U.S.C.), Section 1455, a representative payee can be appointed. For further information on appointing a representative payee, write to Defense Finance and Accounting Service, U.S. Military Annuitant Pay, P.O. Box 7131, London, KY 40742-7131, or the annuitant may call toll free 1-800-321-1080. A ROE is sent semi-annually to annuitants who have a guardian receiving his or her funds. The annuity is not released until the ROE is returned to DFAS.

**CERTIFICATION REQUIREMENTS TO CONTINUE ANNUITY PAYMENTS:**

It is the annuitant's responsibility to ensure that DFAS gets the information needed to continue, change, or stop the annuity payments. Send all documentation to Defense Finance and Accounting Service, U.S. Military Annuitant Pay, P.O. Box 7131, London, KY 40742-7131.

**SOCIAL SECURITY NUMBER (SSN):**

Annuitants who do not have a valid SSN must obtain one as soon as possible. If the annuitant does not have a SSN and is a resident of the United States, one may be obtained from the nearest Social Security Administration office.

If the annuitant is a non-citizen and cannot obtain a Social Security Number, the annuitant must apply for an Individual Taxpayer Identification Number (ITIN) from the Internal Revenue Service. The correct form to apply for the ITIN is the IRS W-7 Form and is available on the DFAS website, <http://www.dfas.mil/retiredmilitary/forms.html>. The annuity will not be paid unless the annuitant submits proof of a valid SSN or ITIN.

**STATE INCOME TAX WITHHOLDING (SITW):**

State income taxes cannot be withheld from an annuity at this time.

**DIRECT DEPOSIT**

In conjunction with the Debt Collection Act of 1996, Public Law 104-134, dated April 26, 1996, the Defense Finance and Accounting Service (DFAS) strongly urges all annuitants and Voluntary Separation Incentive (VSI) beneficiaries living in the United States or one of the currently participating countries to enroll in the Electronic Funds Transfer /International Direct Deposit (EFT/IDD) program for their annuity or beneficiary payments. Direct deposit of payments through EFT/IDD is safer, more secure, and for most recipients, more convenient than receiving hard copy checks. The FASTSTART Form FMS 2231, the Direct Deposit Standard Form SF 1199A or the International Direct Deposit Enrollment Form Optional Form 1199-I, makes the direct deposit application process easy to complete. Direct Deposit starts, stops or changes may also be made via myPay by accessing <https://mypay.dfas.mil/mypay.aspx> .mil and using the annuitant's PIN.

Annuitants and VSI beneficiaries must provide their name, address, and bank account information on the form and attach a voided check. Forms can be obtained from financial institutions or by writing or calling DFAS. Annuitants and VSI beneficiaries can also request a form from the World Wide Web. If annuitants or VSI beneficiaries need assistance in completing the form, contact our customer service representatives at 1-800-321-1080 (toll free), or (216) 522-5955 (commercial) during business hours, 8:00 a.m. to 5:00 p.m. eastern standard time.

**CUSTOMER SERVICE**

DFAS is committed to providing our customers with responsive, high quality, courteous service. Any comments about the service annuitants receive can be addressed to Defense Finance and Accounting Service, U.S. Military Annuitant Pay, P.O. Box 7131, London, KY 40742-7131. This information will be used to improve our service and to reward those providing excellent service.

**SURVIVOR BENEFIT PLAN /RESERVE  
COMPONENT SURVIVOR BENEFIT PLAN  
(SBP/RCSBP) ANNUITY FOR SPOUSE  
BENEFICIARIES**

**RESERVE COMPONENT SURVIVOR BENEFIT PLAN (RCSBP):** RCSBP annuitants receive 55 percent of the retiree's elected RCSBP annuity base amount. Reserve members do not pay cost premiums until reaching age 60.

**REMARRIAGE OF ANNUITANTS BEFORE AGE 55:**

The SBP/RCSBP annuity stops the first of the month in which annuitants remarry. Please notify DFAS promptly to prevent an overpayment of the annuity. If the marriage ends by death, divorce, or annulment, DFAS will reinstate the SBP/RCSBP annuity when documents are provided verifying the marriage was terminated. If the retiree also provided coverage for children, then the full annuity is payable, in equal shares to the remaining eligible dependent children effective on the first of the month in which the spouse or former spouse remarries.

**REMARRIAGE OF ANNUITANTS AFTER AGE 55:**

The SBP/RCSBP annuity will continue to pay without interruption if an annuitant remarries. Annuitants should send DFAS a copy of the marriage certificate and instructions for name and address changes, if applicable. If the SBP/RCSBP annuity was reduced by Dependency and Indemnity Compensation (DIC), DFAS will restore the full SBP/RCSBP annuity amount after the Department of Veterans Affairs (DVA) provides DFAS with the date the DIC was terminated. The total refund of SBP/RCSBP costs made when the DIC was awarded must be repaid. The amount due may be repaid in either a lump sum or in installments. If repayment is in installments, the installment payments will be deducted from the SBP/RCSBP annuity payable. The deduction will be 50 percent of the DIC amount or 50 percent of the gross annuity, whichever is less. Annuitant's taxable income will be reduced by the amount applied to the debt principal. (NOTE: Amounts applied to the interest and/or penalty fees do not reduce the taxable income).

**CHILDREN'S ENTITLEMENT:**

If the member elected coverage for spouse and children, the full amount of the annuity is payable to the spouse annuitant as long as that spouse remains eligible. When the spouse annuitant is no longer eligible because of remarriage or death, the eligible children of the member are entitled to the full SBP/RCSBP annuity. Please refer to the chapter titled Survivor Benefit Plan/Reserve Component Survivor

Benefit Plan Annuity-Child Beneficiaries for eligibility requirements. Please notify DFAS immediately of the death or marriage before age 22 of any potential child annuitant.

**SURVIVOR BENEFIT PLAN /RESERVE  
COMPONENT SURVIVOR BENEFIT PLAN  
(SBP/RCSBP) OPEN SEASON**

Congress authorized changes in SBP/RCSBP participation during the open season reenrollment periods of October 1981 through September 1982, April 1992 through March 1993 and March 1999 through February 2000. Public Law 108-375, Section 645, October 28, 2004, allowed for an open enrollment period from October 1, 2005 through September 30, 2006 to provide an opportunity for eligible members to elect to participate in or increase their current level of participation in SBP/RCSBP.

Most open seasons have the requirement that the member must live for two years for the open enrollment election to be valid. If the member does not live for the required two-year period, the election is void and reverts to any previously established coverage. Any associated costs would be refunded to the Open Season elected SBP beneficiary.

SBP Open Seasons are announced in retired pay mailings, on [www.dfas.mil](http://www.dfas.mil) and in the branch of service issued publications.

**DEPENDENCY AND INDEMNITY  
COMPENSATION (DIC) FOR SPOUSE ONLY**

DIC is a payment made by the Department of Veteran Affairs (DVA) to the spouse of a member who dies due to a service-connected illness or injury. The DVA determines entitlement to and the amount of the DIC award. If DIC is awarded, the SBP/RCSBP gross annuity payable must be reduced by the amount of the DIC award unless the eligible surviving spouse remarries after age 57, and thereby retains entitlement to DIC. A surviving spouse who receives DIC due to remarriage after age 57 is entitled to the full SBP annuity unreduced by DIC.

The SBP/RCSBP annuity is terminated if the DIC is greater than the SBP/RCSBP. However, if an annuitant receives DIC based on a member other than the one providing SBP/RCSBP, there will not be a DIC reduction.

Each annuitant signs a DIC authorization statement when they submit their annuity application. This allows DFAS to

establish their SBP/RCSBP annuity prior to notification from the DVA regarding their entitlement to DIC. This prevents delays in SBP/RCSBP payments.

If the DIC is awarded, the following conditions apply:

1. If the monthly DIC benefit exceeds the SBP/RCSBP monthly annuity, the amount of the SBP/RCSBP annuity paid prior to notification of the DIC award, not including the month of death, is an overpayment. If the DIC monthly benefit does not exceed the SBP/RCSBP monthly annuity, the amount of SBP overpayment will be the amount of DIC awarded prior to notification. See number 3 for more information on overpayments.
2. Once Defense Finance and Accounting Services (DFAS) receives all of the necessary information from the DVA, the annuitant will be due a refund of all or part of the SBP/RCSBP spouse costs paid into the plan by the member (SBP/RCSBP cost refund) if the DIC award is made retroactive to the date of death. The additional premium costs paid for open season or RC costs are not refundable. The SBP/RCSBP cost refund will be applied to any SBP/RCSBP overpayment or other indebtedness, and a check for the remaining balance, if any, will be forwarded to the annuitant. The SBP/RCSBP cost refund may be taxable if the retiree paid the SBP/RCSBP costs from the retired pay taxable income. Any taxable portion of the cost refund will be included as taxable income on the TD Form 1099-R annuitants receive at the end of the year in the year the refund was received.

When a claim for DIC is not filed within one year after the member's death and the spouse received an SBP annuity, no cost refund is made when DIC is later awarded. The effective date of the reduced annuity will be the date the VA received the claim for DIC.

3. Depending on the amount of the overpayment, it will either be collected from the SBP/RCSBP cost refund, referred to the DVA for collection from the annuitant's DIC payment, or combination of both. Annuitants will be advised of the method of collection and sent an account statement showing the SBP/RCSBP cost refund less any overpayment collected when the SBP/RCSBP cost refund is processed.
4. Annuitant's taxable income will be increased by the taxable portion of the cost refund and reduced by the amount applied to the overpayment. The taxable income will be adjusted when the overpayment is collected. An

annuitant may receive a tax deduction or tax credit, as appropriate, if the overpayment occurred.

5. Since SBP/RCSBP costs are not paid by members who die while on active duty, or by Reservist who dies before retirement, there will be no refund of costs. The overpayments will be referred to the DVA for collection from the annuitant's DIC.
6. Annuitants can reduce the amount of the SBP/RCSBP overpayment by notifying DFAS at once when DIC has been awarded. Please furnish DFAS a copy of the award letter from the DVA.
7. DIC benefits are nontaxable. Annuitants are encouraged to contact the Department of Veterans Affairs regarding this benefit.
8. If the DIC effective date is past the first day of the month after the member's death and the annuitant has received benefit from receipt of the SBP/RCSBP, no cost refund is due.

### **SPECIAL SURVIVOR INDEMNITY ALLOWANCE (SSIA)**

Section 644 of the National Defense Authorization Act (NDAA) for Fiscal Year 2008, Public Law 110-181, established the Special Survivor Indemnity Allowance (SSIA). The SSIA is payable monthly to surviving spouses who are eligible to receive an SBP annuity and who have their annuities partially or fully offset by their Dependency and Indemnity Compensation (DIC) that is paid by the Department of Veterans Affairs (DVA).

The SSIA is effective beginning October 1, 2008, and is payable beginning November 1, 2008, with the first payment dated November 3, 2008.

No application is necessary. Payment will be automatic. However, DFAS must have a valid direct deposit or check mailing address on file in order to pay SSIA.

Entitlement to the SSIA will terminate effective September 30, 2017, with the last payment dated October 1, 2017. Payment of the monthly SSIA will be made in accordance with the schedule established in the law. The initial entitlement was \$50.00 and will increase until the termination date of September 30, 2017.

The payment schedule is as follows:

During fiscal year 2009 (10/1/08 - 9/30/09) = \$ 50.00  
During fiscal year 2010 (10/1/09 - 9/30/10) = \$ 60.00  
During fiscal year 2011 (10/1/10 - 9/30/11) = \$ 70.00  
During fiscal year 2012 (10/1/11 - 9/30/12) = \$ 80.00  
During fiscal year 2013 (10/1/12 - 9/30/13) = \$ 90.00  
During fiscal year 2014 (10/1/13 - 9/30/14) = \$150.00  
During fiscal year 2015 (10/1/14 - 9/30/15) = \$200.00  
During fiscal year 2016 (10/1/15 - 9/30/16) = \$275.00  
During fiscal year 2017 (10/1/16 - 9/30/17) = \$310.00  
Benefits terminate October 1, 2017.

**ENTITLEMENT/ELIGIBILITY:**

Any surviving spouse who is eligible to receive an SBP annuity and who has the annuity fully or partially reduced (offset) due to receipt of DIC including the surviving spouse of a member who died on active duty is entitled.

Child annuitants, because their annuities are not subject to DIC offset and a surviving spouse who has the SBP annuity suspended due to remarriage prior to age 55 are not eligible. However, if the remarriage ends and the spouse regains eligibility to SBP and DIC, the spouse will become entitled to SSIA.

**SSIA LIMITATION:**

The amount of the SSIA for any month may not exceed the annuity amount subject to the DIC offset. Additional SSIA information is available at <http://www.dfas.mil/retiredmilitary.html>.

**SURVIVOR BENEFIT PLAN/RESERVE  
COMPONENT SURVIVOR BENEFIT PLAN  
(SBP/RCSBP) ANNUITY FOR CHILD  
BENEFICIARIES**

**REQUIREMENTS FOR ELIGIBILITY:**

Child annuitants must meet the following requirements to be eligible for the SBP/RCSBP annuity:

1. The child must have been the member's dependent at the time of death. If there is an unborn child of the member, the annuity is payable to that child effective the day in which the child is born.
2. The child must be under age 18 and unmarried, or between ages 18 and 22, unmarried, and a full-time student at a recognized educational institution.

- a. A full time student between school terms must not break more than 150 days and continue school full time immediately following the break.
- b. If the child is a full time student and has a birthday between September 1 and June 30, entitlement stops July 1 following the 22nd birthday. Otherwise, if the child's birthday is in July or August, the annuity stops the first of the month in which the annuitant reaches age 22.
- c. Entitlement to the annuity stops effective the first day of the month in which the child reaches age 22, leaves school, is less than a full time student (between ages 18 and 22), or marries, whichever occurs first. Child annuitants who marry (at any age), or leave school, or are less than full time students (between ages 18 and 22) have the responsibility to notify DFAS immediately in order to prevent an overpayment. The annuity can be reinstated only if the marriage is annulled and rendered "void".

**INCAPACITATED CHILDREN:**

The SBP/RCSBP annuity is payable to an unmarried incapacitated child over age 18 as follows:

1. Child is incapable of self-support because of a physical or mental disability which existed before the 18th birthday or was incurred before age 22 while pursuing a full-time course of study.
2. Incapacity must be substantiated by a current medical report signed by a medical physician.
3. If the medical report certifies that the disability is permanent, the annuity is payable for the lifetime of the annuitant.
4. If the disability is not permanent, medical certification must be sent to DFAS every 2 years in order for the annuity payments to continue.
5. If the annuitant recovers from the incapacity the annuity payment will stop.
6. For annuitants who are unable to manage their financial affairs, a guardian must be appointed by the court, and guardianship documents must be forwarded to DFAS before the annuity can be paid. Under the provisions of 10 U.S.C., Section 1455, a Representative Payee can be appointed. For further information on appointing a Representative Payee, write to DFAS.



**DISTRIBUTION OF ANNUITY PAYMENTS:**

When children are entitled to receive SBP/RCSBP annuity, the annuity is distributed as follows:

1. If there is only one surviving eligible child, the full amount of the annuity is paid to the child.
2. If there are two or more surviving eligible children, the annuity is paid in equal shares. As each child becomes ineligible, his or her share is paid in equal portions to the remaining eligible children. When there are no longer any eligible children, the SBP/RCSBP annuity is stopped.
3. The annuity is payable to the custodian or court appointed guardian. The custodian must be a natural or adoptive parent of the children. The annuity will pay directly to the child annuitant when the child is considered an adult according to the laws of the state of residence (age of majority).

**SCHOOL CERTIFICATION:**

Child annuitants over age 18 (and not incapacitated) must be unmarried full-time students to continue receiving annuity payments. A school certification form is sent before the annuitant reaches age 18; thereafter, the form is sent before the end of each school term to verify past attendance and certify future intent to continue school.

If the school certification form is not returned before the date the school term ends (or by the month of the 18th birthday), the annuity is suspended pending school certification. If the child no longer is a full-time student, the annuity is reapportioned to the other eligible children. Please ensure the school certification is properly completed and promptly returned to DFAS to prevent payment interruption.

**RETIRED SERVICEMAN'S FAMILY PROTECTION PLAN (RSFPP) ANNUITY – SPOUSE BENEFICIARIES**

**REMARRIAGE OF ANNUITANTS BEFORE AGE 60:**

RSFPP annuities cease the first of the month in which an annuitant remarries. Please notify Defense Finance and Accounting Service (DFAS) promptly to prevent an overpayment of the annuity. If death or divorce terminates the marriage, the annuity cannot be reinstated. RSFPP annuities are reinstated only if documents are provided which verify the annulment of a “void” marriage.

**REMARRIAGE OF ANNUITANTS AFTER AGE 60:**

The RSFPP annuity will continue to pay without interruption if annuitants remarry. Please send DFAS a copy of the marriage certificate and instructions for name and address changes, if applicable.

**CHILDREN'S ENTITLEMENT:**

If the member elected coverage for spouse and children, the full amount of the annuity is payable to the spouse annuitant as long as the spouse annuitant remains eligible. When the spouse is no longer eligible because of remarriage or death, the eligible children of the member are entitled to the full RSFPP annuity, which would be divided equally among any eligible children. Please refer to the chapter titled Retired Serviceman's Family Protection Plan-Child Beneficiaries for eligibility requirements.

**RETIRED SERVICEMAN'S FAMILY PROTECTION PLAN (RSFPP) ANNUITY – CHILD BENEFICIARIES**

**REQUIREMENTS FOR ELIGIBILITY:**

The child annuitant must meet the following requirements to be eligible for the RSFPP annuity:

**NOTE:** Since Public Law 92-425, September 21, 1972, terminated RSFPP elections for members who retired on or after that date, the only children who are now eligible for RSFPP annuities are those incapable of self-support for a physical or mental handicap that existed prior to that child's 18th birthday.

**INCAPACITATED CHILDREN:**

The RSFPP annuity is payable to an unmarried incapacitated child over age 18 as follows:

1. The child must have been born before the member retired.
2. The child must be incapable of self-support because of a physical or mental disability, which existed before the 18th birthday.
3. The child must remain unmarried.
4. The incapacity must be substantiated by a current medical report.
5. If the medical report certifies the disability is permanent, the annuity is payable for the lifetime of the annuitant.

6. If the disability is not permanent, medical certification must be sent every 2 years for annuity payments to continue.
7. If the annuitant recovers from the incapacity and becomes capable of self-support, the annuity will stop.
8. If the annuitant is unable to manage his or her financial affairs, either a guardian must be appointed by the court, and guardianship documents must be forwarded to DFAS before the annuity can be paid, or under 10 U.S.C. Section 1444a, Representative Payee can be appointed. For further information on appointing a Representative Payee, write to DFAS.

**DISTRIBUTION OF ANNUITY PAYMENTS:**

When children are entitled to receive under RSFPP annuity, the annuity is distributed as follows:

1. If there is only one surviving eligible child, the full amount of the annuity is paid to that child.
2. If there are two or more surviving eligible children, the annuity is paid in equal shares. As each child becomes ineligible, his or her share is paid in equal portions to the remaining eligible children. When there are no longer any eligible children, the RSFPP annuity is stopped.
3. The annuity is payable to the custodian, guardian, or Representative Payee of minor children. The custodian must be a natural or adoptive parent of the children. The annuity will pay directly to the child annuitant when the child is considered an adult according to the laws of the state of residence (age of majority).

**SURVIVOR BENEFIT PLAN MINIMUM INCOME  
WIDOW (MIW) ANNUITY**

Public Law 92-425, September 21, 1972, as amended, established and governs the MIW annuity. The MIW annuity is payable to a widow who was a widow on Sep 21, 1972 or became a widow between Sep 22, 1972 and Mar 20, 1974 of a person who was entitled to retired or retainer pay when he died.

Also the MIW annuity is payable to widows who are not otherwise entitled to an annuity under other provisions of the SBP plan or to Dependency Indemnity Compensation from the Department of Veterans Affairs.

## **CONDITIONS FOR CONTINUED RECEIPT OF THE ANNUITY:**

1. The spouse annuitant must be entitled to a widow's pension from the Department of Veterans Affairs (DVA).
2. Spouse annuitants must remain unmarried. Remarriage stops their entitlement to any further annuity payment even if the remarriage ends by death or divorce. If the remarriage is annulled, the annulment documents should be sent to DFAS for a determination of possible reinstatement of the annuity.
3. The spouse annuitant's income from all sources must remain below the maximum income level in effect during any earning period.

## **ADJUSTMENT TO THE ANNUITY:**

The MIW income for Department of Veterans Affairs (DVA) purposes will be adjusted according to the law under which the spouse annuitant is entitled.

1. The income for DVA purposes of spouse annuitants who receive a DVA pension under the "old" law, section 306, will be frozen at the amount they reported to the DVA in December 1978. The annuity will be adjusted by the changes in the maximum income level established by law.
2. The income for DVA purposes of spouse annuitants who elect a DVA pension under the "new" law, PL 95-588, November 4, 1978, will change based on the other income reported to the DVA each year and their MIW annuity will be adjusted accordingly.

## **FORGOTTEN WIDOWS SURVIVOR BENEFIT PLAN**

The SBP was amended by Public Law 96-402, October 9, 1980, to provide payment of an annuity to a widow/er of a member of the military service who died on active duty before September 21, 1972, and who was eligible for retirement at death.

## **ANNUITIES FOR CERTAIN MILITARY SURVIVING SPOUSES (ACMSS)**

Public Law 105-85, November 18, 1997 and Public Law 106-65, October 5, 1999, provides an annuity for certain

military surviving spouses of members who did not decline participation in the Survivor Benefit Plan and either:

1. Retired before September 21, 1972, and died before March 21, 1974, and were entitled to retired or retainer pay on the date of death.
2. Members of a Reserve Component of the Armed Forces before October 1, 1978, and at the time of the member's death would have been entitled to retired pay under chapter 67 of Title 10, United States Code as in effect before December 1, 1994, but for the fact that he or she was under 60 years of age.
3. Public Law 106-65 expanded coverage to surviving spouses of all 'Gray-Area' retirees. The original law was amended to also cover retirees who were members of a Reserve Component of the Armed Forces and died before September 21, 1972. The payment effective date for these 'Gray-Area' retirees is October 1, 1999. The payment effective date for widows of retirees who were members of a Reserve Component during the period beginning September 21, 1972 and ending October 1, 1978 and who died before October 1, 1978, is December 1, 1997.
4. A qualified surviving spouse for purposes of this section is a surviving spouse who meets the requirements in either 10 U.S.C 1447 (7) or (8) and who has not remarried and who is not eligible for an annuity under Section 4 of Public Law 92-425 (10 U.S.C. Section 1448 note) (MIW) and is not qualified for an annuity under any other provision of chapter 73 of Title 10, United States Code.
5. The amount of annuity payable will be increased by Cost of Living Adjustments (COLA) at the same time and by the same percentage, as retired pay.
6. Public Law 106-65 provides permanent authority for payment of annuities. A claim is required. No benefits shall be paid to any person under this act unless a claim for such benefits is filed with the Secretary by or on behalf of such person.

**OFFSETS TO THE ANNUITY:**

Dependency and Indemnity Compensation (DIC) offset applies to ACMSS benefits. Refer to Dependency and Indemnity Compensation section for more information on DIC.

**SURVIVOR BENEFIT PLAN/RESERVE  
COMPONENT SURVIVOR BENEFIT (SBP/RCSBP)  
ANNUITY FOR FORMER SPOUSE AND NATURAL  
PERSON WITH INSURABLE INTEREST  
BENEFICIARIES**

**FORMER SPOUSE BENEFICIARIES:**

1. Former spouse elections made after March 1, 1986 are paid under the spouse category.
  - a. A former spouse is eligible for SBP/RCSBP if they were the member's spouse when the member became eligible to participate in SBP/RCSBP and the member elected them as beneficiary. If the member elects spouse or spouse and child coverage at date of eligibility and subsequently becomes divorced, the member may change the election to former spouse or former spouse and child coverage. Only the child that is the issue of the marriage can be covered under an election of former spouse and child.
2. There are varying circumstances depending on the member's status regarding the election period for former spouse coverage:
  - a. A pre-retirement member has up to the date of retirement to make a former spouse election.
  - b. A post-retirement member has one year from the date of the divorce to elect former spouse coverage.
  - c. If the member fails or refuses to make a "court ordered" former spouse election, the former spouse is afforded a one year period from the date of the court order to have the election coverage Deemed. The one-year deemed period applies regardless if the member is a pre-or post-retirement.

**NOTE:** SBP/RCSBP coverage for spouse is not specific for an individual. Coverage does not continue for a spouse who subsequently becomes a former spouse unless the election is changed to former spouse.

3. Former spouse elections made prior to March 1, 1986, are paid under the Natural Person with Insurable Interest category. Coverage for children is not available if the former spouse is paid under the Natural Person with Insurable Interest category. Members were provided with an open enrollment period to switch their former spouse –NIP category coverage to former spouse-spouse category. The former spouse's consent was required to

make the change official. The authority for this was PL 99-145. The open enrollment period was from November 8, 1985 through November 7, 1986.

**NATURAL PERSON WITH INSURABLE INTEREST BENEFICIARIES:**

Elections for Natural Person with Insurable Interest may be made when the member has no spouse or dependent children and the person has a reasonable and lawful expectation of monetary benefit from the life of the member.

A member who is not married but has a dependent child may elect SBP/RCSBP coverage for that child under the Natural Person with Insurable Interest category. This type of SBP/RCSBP annuity election is made for a specific individual and is not transferable to another person. The annuity amount payable is 55 percent of the member's gross retired pay at death, less costs. The Natural Person with Insurable Interest can be married or marry at any age. The annuity does not terminate until death of the annuitant.

A member who is participating in SBP with coverage for a Natural Person with Insurable Interest (not a former spouse) may voluntarily terminate his or her participation in SBP. A member considering termination of insurable interest coverage under RC-SBP should contact their responsible agent, DFAS-Cleveland or the Military Service Reserve Component Personnel Center for members not yet age 60 (or an appropriately determined office for non-DoD Uniformed Services).

**VOLUNTARY SEPARATION INCENTIVE**

Public Law 102-190, December 5, 1991, established the Voluntary Separation Incentive (VSI) program. The VSI program is a separation benefit program offered to certain mid-career service members of the Armed Forces in over-strength career fields to encourage the members to leave active duty voluntarily.

1. The service member may designate beneficiaries to receive VSI installments that remain unpaid after the member's death. This program allows for VSI payments to beneficiaries in the event of the member's death.
2. Designations are made on the VSI Beneficiary Designation Form, DFAS-CL 1900/2. The member may designate different percentages to be received by multiple recipients. In the event the member does not

make a percentage election, the payments will be divided equally among the designated beneficiaries.

3. Notification of a service member's death is sent to Defense Finance and Accounting Service, P.O. Box 998011, Cleveland, OH 44199. The death certificate can be faxed to (216) 522-6496.
4. Upon receipt of proper notification and proof of death, Defense Finance and Accounting Service (DFAS) closes the member's active VSI account and establishes beneficiary payment.
5. DFAS will notify the beneficiaries of their entitlement to the member's future VSI payments. A claim from the beneficiaries must be received by Defense Finance and Accounting Service, U.S. Military Annuitant Pay, P.O. Box 7131, London, KY 40742-7131 before any payments can be made. Beneficiary payments will be made in annual installments. Payment of the remaining VSI installments will be made by DFAS to the designated beneficiaries.
6. If a valid designation was not made or received, payments will be distributed in accordance with the order of precedence contained in 10 U.S.C. Section 2771.
7. Annual payments will be paid to the beneficiaries on the anniversary date of the member's separation for the remainder of the member's VSI entitlement period. Beneficiaries who die after the member's date of death will have their portion of the VSI annual payment distributed to their estate.
8. Such payments will be made in accordance with the laws governing the beneficiary's state of legal residence.
9. A Report of Existence (ROE) will be sent annually to each beneficiary to ensure the existence of all beneficiary recipients. To ensure continued payments the ROE must be promptly returned to Defense Finance and Accounting Service, P.O. Box 998011, Cleveland, OH 44199-8011
10. Voluntary Separation Incentive (VSI) beneficiary payments are not subject to Garnishment. Voluntary Separation Incentive (VSI) beneficiary payments are not subject to offset. However, if a beneficiary is indebted to the Federal government, the debt may be collected from the VSI installment payments.



**WHAT TO DO WHEN THE ANNUITANT DIES:**

It is imperative that DFAS be notified of the death of an annuitant as soon as possible by calling toll free 1-800-321-1080 or writing to Defense Finance and Accounting Service, U.S. Military Annuitant Pay, P.O. Box 7131, London, KY 40742-7131.

When reporting the death by telephone, please have available the Social Security Numbers of either the deceased annuitant or VSI beneficiary and deceased member, the annuitant's or the beneficiary's date of death, and the name, address, and telephone number of the next of kin or other contact. Please indicate who will be sending a death certificate.

Annuity payments stop at the end of the month prior to the month of death. Therefore, any annuitant payments received the month of death and after must be returned to avoid indebtedness. Timely notification will help alleviate this problem. For payments sent to a bank by direct deposit, the Defense Finance and Accounting Service will contact the bank directly to return the funds. Please ensure the annuitant's or the VSI beneficiary's and the member's Social Security Numbers are on all correspondence sent to this agency.





