



DEPARTMENT OF THE NAVY
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
2000 NAVY PENTAGON
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OPNAVINST 1750.5
N135
4 Nov 2010

OPNAV INSTRUCTION 1750.5

From: Chief of Naval Operations

Subj: SURVIVOR BENEFIT PLAN PROGRAM

Ref: (a) Public Law 92-425
(b) DoD Directive 1332.27 of 26 Jun 2003
(c) DoD Instruction 1332.42 of 23 Jun 2009
(d) DoD 7000.14-R, DoD Financial Management Regulation, Volume 7B of Oct 2010
(e) SECNAVINST 1740.2E

Encl: (1) Survivor Benefit Plan Program

1. Purpose. To establish Navy's policies and procedures for participation in the Survivor Benefit Plan (SBP).

2. Cancellation. BUPERSINST 1750.11.

3. Applicability. This instruction applies to active-duty, reservist, and retired Sailors eligible for the SBP or the Reserve Component SBP (RCSBP).

4. Background. Reference (a) established the SBP on 21 September 1972 and is outlined in title 10, U.S. Code, sections 1447 through 1455, and amplified by references (b) through (d). Navy is required, by law, to provide SBP counseling to all retiring Sailors, regardless of marital status, and their spouses when applicable. Counseling will include eligibility requirements, ramifications of declined coverage, monthly premium costs, future options, and other program details. Also, counseling will include an explanation of automatic coverage, how to elect a reduced base amount or child-only coverage, as well as how to decline SBP participation.

5. Action

a. The Deputy Chief of Naval Operations (Manpower, Personnel, Training and Education) (N1), has designated the Office of the Chief of Naval Operations (OPNAV), Director, Personal Readiness and Community Support (N135) to act as Navy's

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proponent for SBP policy. The Secretary of the Navy (SECNAV) has delegated authority to OPNAV (N135), through the Chief of Naval Personnel, to correct or revoke erroneous SBP elections when an administrative error occurs. Retired Sailors who require assistance with an erroneous SBP election must contact OPNAV, Casualty Assistance (N135C) as soon as possible upon receipt of retired pay to obtain this assistance. Failure to act promptly will impact requests for SBP premium refunds.

b. Commanding officers (COs) and officers in charge (OICs) of all naval activities (active and reserve) will:

(1) Ensure all retiring Sailors, regardless of marital status and their spouses if applicable, receive up-to-date one-on-one SBP counseling prior to their date of retirement.

(2) Provide SBP information from the assigned Navy counselor, command career counselor, qualified SBP counselor assigned to the Fleet and Family Support Center (FFSC), or a representative of the Navy Mutual Aid Association as authorized by reference (e).

(3) Make the customer service element of the personnel support detachment available for SBP counseling.

(4) Ensure the information provided is consistent with current Federal law and Department of Defense (DoD) policy.

(5) Ensure all retiring Sailors properly complete a DD 2656 Data for Payment of Retired Personnel, and provide the original to the Defense Finance and Accounting Service, U.S. Military Retirement Pay, Post Office Box 7130, London KY 40742-7130 within 60 days, as appropriate, to establish a retired pay account and document their SBP election. A copy of the completed form will be retained in the command's correspondence files and a record copy will be provided to the retiring Sailor.

6. Records Management. Records created as a result of this instruction, regardless of media and format, shall be managed per Secretary of the Navy Manual 5210.1 of November 2007.

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7. Forms. The following forms are available for download from the DoD Forms Management Program Web site:
<http://www.dtic.mil/whs/directives/infomgt/forms/formsprogram.htm>.

- a. DD 2656 Data for Payment of Retired Personnel;
- b. DD 2656-1 Survivor Benefit Plan Election Statement for Former Spouse Coverage;
- c. DD 2656-2 Survivor Benefit Plan Termination Request;
- d. DD 2656-5 Reserve Component Survivor Benefit Plan Election Certificate;
- e. DD 2656-6 Survivor Benefit Plan Election Change Certificate;
- f. DD 2656-7 Verification for Survivor Annuity;
- g. DD 2656-10 Survivor Benefit Plan/Reserve Component Survivor Benefit Plan Request for Deemed Election;
- h. DD 2788 Child Annuitant's School Certification; and
- i. DD 2790 Custodianship Certificate to Support Claim on Behalf of Minor Children of Deceased Members of the Armed Forces.



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SURVIVOR BENEFIT PLAN (SBP)



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1. General SBP Information. Military retired pay stops when a retiree dies. The SBP is a government-subsidized annuity program which permits military retirees to provide a portion of their retired pay to an eligible category of beneficiary after they die. Retirees pay monthly tax-free premiums for SBP coverage. All active duty Sailors, regardless of years of service, who die in the line of duty (LOD) and have a qualified beneficiary are automatically covered by the SBP. Retirement eligible Sailors (i.e., 20 years of qualifying service or more) are considered vested, and are not subject to the LOD requirement to qualify for coverage. Similar provisions apply to reservists who die on active duty, or during periods of inactive duty training, or while traveling to and from such periods of inactive training.

2. Sailors Eligible to Participate in SBP

a. All retiring Sailors, regardless of marital status, are eligible to participate in the program and must make a valid SBP election prior to retirement. Sailors who fail to make a valid election will be automatically enrolled in the SBP at the maximum level based on the dependent information contained on their DD 2656. Sailors who are retired and retained on active duty (i.e., retired retained) are required to make a valid SBP election prior to their date of retirement, not the date they are actually released from active duty. Sailors assigned to the Temporary Disability Retired List (TDRL) or Permanent Disability Retired List (PDRL) are required to make a valid SBP election prior to retirement. If a retiree is transferred from the TDRL to the PDRL, their original SBP election remains in effect and no premiums will be refunded. If a retiree is returned to active duty, SBP coverage is terminated and previous premium deductions are not refunded.

b. A Sailor who has no eligible beneficiary at retirement remains eligible to enroll in the SBP. To enroll following their date of marriage, or the date of birth or acquisition of a dependent minor, the retiree must mail a completed DD 2656-6 Survivor Benefit Plan Election Change Certificate to the Defense Finance and Accounting Service-Cleveland Center (DFAS-CL) during the 1-year period immediately following the marriage or birth or after acquiring a dependent minor.

3. Sailors Eligible to Participate in the RCSBP. Reservists who have an eligible beneficiary when they receive their notice of eligibility for retirement prior to age 60 are permitted to enroll in the RCSBP at that time. Reservists who elect to participate in the RCSBP have three coverage options: immediate (option C), deferred (option B), or they may decline coverage (option A). Married Sailors must obtain their spouse's written concurrence on the DD 2656-5 RCSBP Election Certificate, with any election other than immediate (option C) coverage. If RCSBP coverage is declined, SBP coverage may be elected when they become eligible for retired pay. Since 2001, married reservists who fail to make a valid RCSBP election are automatically enrolled with maximum coverage under option C. If RCSBP coverage is declined and a Sailor dies prior to their eligibility for retired pay, no annuity will be paid.

4. SBP Coverage for Active Duty and Inactive Duty for Training Sailors. All active duty and certain inactive duty Sailors who have a qualified beneficiary (i.e., former spouse, spouse, minor child(ren), etc.), regardless of years of service, and die in the LOD are eligible for SBP coverage. Reservists who die from an illness or injury incurred or aggravated in the LOD while traveling to or from inactive duty for training or during such training on or after 10 September 2001 are eligible for SBP coverage. Reservists who die after completing the service required to receive retired pay but prior to making an SBP election are also eligible for coverage.

5. SBP Coverage Category Options

a. Spouse or Former Spouse Only Coverage

(1) Spouse. The spouse of a Sailor on the date of retirement, regardless of years of marriage, is eligible for SBP coverage. A retiring married Sailor, who properly declines spouse SBP coverage, is barred from covering a future spouse except during an open enrollment period. Child(ren), as defined below, may be added to spouse coverage.

(2) Spouse's Written Concurrence. The spouse's notarized written concurrence is required when a Sailor declines coverage, elects less than maximum spouse coverage, or elects child-only coverage in lieu of spouse coverage. The purpose of having the spouse's signature notarized is for identification

purposes only. The spouse's written concurrence must be obtained concurrently or shortly after the Sailor makes their SBP election to be valid. If the spouse and Sailor are geographically separated, the notarization requirement may be accomplished by mail. If written concurrence is accomplished by mail, the CO or OIC will ensure that the spouse is provided written information about their coverage options utilizing an assigned Navy counselor, command career counselor, or knowledgeable staff member from the FFSC and is informed of available internet resources.

(3) Waiver of Spouse's Written Concurrence. SECNAV is authorized to waive the requirement to obtain the spouse's written concurrence if the spouse's whereabouts cannot be determined or, if due to exceptional circumstances (i.e., spouse is deemed mentally incompetent by competent medical authorities, incarcerated, etc.), or the requirement to seek spousal written concurrence would be otherwise inappropriate. A waiver must be requested from OPNAV (N135) not later than 90 days prior to the Sailor's date of retirement via their chain of command or automatic maximum spouse coverage will be established. The waiver request for a spouse whose whereabouts is unknown must include all substantiating documentation from the retiring Sailor attesting to the attempts to locate the spouse, notarized statements from neighbors at the last known address of the spouse, or from relatives of the spouse. The waiver request for a medically incompetent spouse must include a notarized physician's statement. The retiring Sailor's CO or OIC will endorse the waiver request and annotate in the remarks section of the DD 2656 "Request for Waiver of Spouse Concurrence submitted on (date)" and forward the completed original form to DFAS-CL.

b. Former Spouse Only Coverage. A Sailor who is divorced while on active duty and required by court order to provide former spouse SBP coverage must provide a written request (i.e., DD 2656-1 Survivor Benefit Plan Election Statement for Former Spouse Coverage) to DFAS-CL during the 1-year period immediately following the date of divorce. In cases involving multiple former spouses, the Sailor must designate which former spouse is the designated SBP beneficiary. An election to provide former spouse coverage or former spouse and child coverage prevents payment of an annuity to the current or future spouse or dependent child(ren) (unless the dependent child(ren) resulted

from the person's marriage to that former spouse). The Sailor and former spouse must complete a DD 2656-1 and provide a certified copy of the divorce decree to the Defense Finance and Accounting Service, U.S. Military Retirement Pay, Post Office Box 7130, London KY 40742-7130. If former spouse coverage is directed by a court order, the former spouse or an attorney acting on his or her behalf may deem an election of former spouse coverage by completing DD 2656-10 Survivor Benefit Plan (SBP)/Reserve Component (RC) SBP Request for Deemed Election and providing it and a certified copy of the divorce decree to DFAS-CL within 1 year of the date of divorce. A retiring Sailor who is not required to provide former spouse coverage may voluntarily elect coverage by completing both DD 2656 and DD 2656-1. Child(ren), as defined below, may be added to former spouse coverage.

c. Child-Only Coverage. Unmarried minor child(ren) are eligible for SBP coverage up to age 18, or age 22 if a full-time student. A dependent child(ren) may be a natural child, adopted child, stepchild, grandchild, or foster child who lived with the Sailor in a regular parent-child relationship. A grandchild or foster child must have been in the care and custody of the retired Sailor by court order at the time of death, receiving over one-half of their support from the retiree, and not being cared for under a social agency contract. If a dependent child becomes disabled before age 18, or age 22 if a full-time student, and they are incapable of self-support, then they remain eligible for SBP coverage for life or while disabled and unmarried. In the case of an incapacitated child, such disability must be substantiated by a current physician's statement before eligibility will be extended beyond the 18th or 22nd birthday, whichever is appropriate. The medical statement must contain information regarding the nature and extent of the child's incapacitating disability. The statement must also include information as to whether, in the physician's medical opinion, the child's condition is such that the child is rendered incapable of self-support (i.e., incapable of sustaining an earning capacity sufficient to meet their personal financial needs). If former spouse coverage is included, only the children resulting from the marriage to the former spouse

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are eligible for coverage. A child added to existing child coverage becomes eligible on their date of birth or date of acquisition by the retired Sailor.

6. Mentally Incompetent Sailors. SECNAV is authorized to make SBP elections on behalf of Sailors determined to be incompetent by medical officers of the military services, the Department of Veterans Affairs (DVA), or by a court of competent jurisdiction. If a Sailor is later declared competent by any of the above mentioned authorities, the Sailor may revoke a previous election within the 180-day period following the determination of competency. SBP costs previously deducted are not refunded.

7. Administrative Error Process. SECNAV is authorized to correct, change, or revoke any previous SBP election if an administrative error occurs. If DFAS-CL determines that an SBP election is invalid due to administrative error (e.g., no valid election is made, election made after the date of retirement, required blocks not completed, spouse concurrence obtained prior to date of the election, signatures not notarized or witnessed as required, form not signed by the Sailor, etc.), they will, by law, automatically establish maximum SBP coverage based on the dependent information listed on the DD 2656 regardless of the retiring Sailor's marital status. DFAS-CL provides each retiree a Retiree Account Statement (RAS), by regular mail or via "MyPay" which can be accessed from the DFAS Web page (<https://mypay.dfas.mil/mypay.aspx>) prior to their first retired pay date. The RAS notifies retirees of their projected retired pay amount and any deductions. Since most retirees are aware of deductions from their pay prior to receiving that pay, it is incumbent upon them to request assistance with their SBP elections from OPNAV (N135) as soon as possible. Requests for administrative error correction assistance received beyond 120 days after a retired Sailor's date of initial receipt of retired pay will be referred to the Board for Correction of Naval Records for adjudication.

8. Sailors Married to Other Service Members. A retiring or retired Sailor, who is married to another Service member, may elect SBP coverage for their spouse and may also elect to cover minor child(ren). If divorced, the Sailor may also elect former spouse or former spouse and child(ren) coverage.

9. Premium Costs. SBP premiums for maximum spouse coverage are generally 6.5 percent of the retiree's retired pay and are not subject to Federal income tax. A small premium can be added to spouse coverage to provide coverage for eligible child(ren). Effective 1 October 2008, retirees who are 70 years of age or older, and who have paid SBP premiums for 30 years or more, will be "paid-up" and no further premium deductions will be made. Regarding child(ren) premium costs, the cost for child(ren) only SBP coverage is based on the Sailor's date of birth and that of his or her youngest child.

10. Retiree Options

a. SBP Termination. Retirees enrolled in SBP or who enrolled in RCSBP and became eligible for retired pay are permitted to terminate their participation. Termination is permitted during the 1-year period between a retiree's second and third year of becoming entitled to retired pay. Married retirees must obtain their spouse's written concurrence with any request to terminate participation. The DD 2656-2 Survivor Benefit Plan Termination Request must be properly completed and received by DFAS-CL not earlier than the first day of the 25th month and no later than the last day of the 36th month from the date of entitlement to retired pay. For reservists receiving retired pay, this period usually begins on their 62nd birthday and ends on the day before their 63rd birthday. Retirees who terminate participation are barred from future use of the SBP program. Retirees who request termination have 30 days from their date of submission to withdraw their request. Insurable interest coverage may be terminated at any time, unless it was requested to provide former spouse SBP coverage. Premiums previously deducted are not refunded.

b. Marriage after Retirement. Retirees who were not married on the date of retirement or reservists when they became eligible for retired pay remain eligible to participate in the SBP. To qualify for coverage the spouse must be married to the retiree for at least 1 year immediately prior to his or her death or be the parent of a child of that marriage. To enroll in the SBP, the retiree must make a written request or complete DD 2656-6 and provide it to DFAS-CL with their marriage documentation during the 1-year period immediately following their date of marriage. Failure to request SBP coverage during

that 1-year period for previously unmarried retirees will result in their spouse being ineligible for coverage except during an open season enrollment period.

c. Changes to Spouse Category Coverage

(1) Spouse category coverage is not terminated as a result of divorce or death of the spouse. SBP coverage and costs are suspended pending the remarriage of the retiree. A retiree with suspended spouse coverage who remarries must notify DFAS-CL during the 1-year period immediately following remarriage of his or her intentions regarding continued SBP participation. The options available to retirees with suspended SBP coverage are:

- (a) Resume previous coverage;
- (b) Increase a previous reduced base amount; and
- (c) Decline to resume previous coverage.

(2) The retiree must notify DFAS-CL, in writing, of his or her SBP decision during the 1-year period immediately following remarriage or their new spouse will be automatically covered under the SBP at the previously suspended level of coverage and new premiums will be due.

d. Child(ren) Acquired After Retirement. Retirees who had no eligible dependent child(ren) when they retired or when they became eligible for retired pay may elect child(ren) coverage after retirement. A request for child(ren) coverage must be made within 1 year of acquiring the dependent child(ren). The retiree is required to complete DD 2656-6 and provide it to DFAS-CL during the 1-year period immediately after acquiring the child(ren). If no election is made within the 1-year period immediately following acquisition of the child(ren), the retiree is barred from seeking coverage except during an open enrollment period. Costs for coverage begin the first day of the month following the date the request is received by DFAS-CL. When a child reaches 18 years of age, or 22 if a full-time student, they are no longer eligible for SBP protection, and the retiree must notify DFAS-CL in writing to have their child costs suspended.

11. SBP Annuity Payments

a. SBP Claims. DFAS-CL is responsible for making SBP annuity payments. An eligible beneficiary must submit a DD 2656-7 Verification for Survivor Annuity and associated documents to receive monthly annuity payments. In cases involving minor child(ren), a DD 2790 Custodianship Certificate to Support Claim on Behalf of Minor Children of Deceased Members of the Armed Forces or, in the case of a child enrolled in college or a trade school, a DD 2788 Child Annuitant's School Certification, must be provided to DFAS-CL. An annuity is payable on the day after the retiree's death unless it occurs on the 30th day of a 31-day month. In which case, the annuity begins on the first day of the next month. The annuity increases at the same rate and time retired pay is increased by annual cost of living adjustments. The annuity terminates on the last day of the month before the month in which the beneficiary becomes ineligible or dies.

b. Spouse Annuity and Dependency Indemnity Compensation (DIC) Offset. The annuity paid to a spouse is 55 percent of the retiree's cost of living adjusted base amount. If the surviving spouse is awarded DIC by the DVA based on a service-connected death of the Sailor who provided the SBP coverage, DFAS-CL reduces the spouse's SBP annuity by the amount of the DIC award. Any SBP payable under this provision to a surviving spouse shall be reduced, dollar for dollar, by the amount of the DIC award. The SBP annuity is not reduced if the spouse's DIC is derived from the service of another Service member. It does not include any amount attributable to child entitlement or additional DVA payments to the spouse for aid and attendance or housebound. If the DIC award is greater than the SBP annuity, no SBP annuity is payable and the SBP premiums paid by the retiree are refunded to the surviving spouse. In such cases, the surviving spouse may become eligible for special survivor indemnity allowance.

c. Child Annuity. The annuity payable is 55 percent of the elected base amount and is paid in equal shares to eligible children beginning the day after the retiree's death. A child may receive more than one SBP annuity if named as the beneficiary by more than one military member. Marriage at any age terminates a child's eligibility. An annulment of a child's marriage which renders the marriage void and invalid, or a judicial decree by a court of competent jurisdiction declaring

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the marriage void, would serve as a basis for reinstating a child's eligibility for the annuity. Termination of a child's marriage by death or divorce does not restore annuity eligibility. A child's SBP annuity is not reduced as a result of the child's entitlement to DIC.

(1) Annuity payments for a minor child must be paid to the legal guardian; or, if there is no legal guardian, to the natural parent, who has care, custody, and control of the child; or to a representative payee of the child. The annuity can be paid directly to an eligible child only when the child is considered to be the age of majority under the law in their State of residence. A child meeting the aforementioned criteria is then considered an adult for annuity purposes and neither a custodian nor legal fiduciary is required unless the child is incapacitated.

(2) Annuity payments to a mentally incapacitated child or adult who is incapable of managing their own financial affairs may be paid to a legal guardian; if there is no legal guardian, to the natural parent who has care, custody, and control of the child or adult; or a representative payee.

(3) Students between the age of 18 and 22 must provide certification of their intent to continue study or training for each school semester or other period in which the school year is divided.

13. Insurable Interest Annuity. The annuity is 55 percent of the retired Sailor's retired pay remaining after the monthly premium costs are deducted.