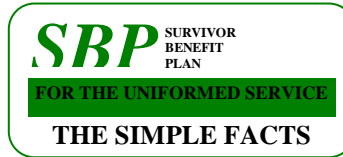


SBP FACT SHEET

VA PAYMENTS AND SBP

This fact sheet is designed to supplement the Department of Defense brochure:



You should become familiar with the general provisions outlined in the main brochure before reading this fact sheet.

The main brochure also lists other fact sheets that are available.

This fact sheet provides information to help you understand the provisions of SBP, but it is not a contract document.

The basic statutory provisions of SBP law are in chapter 73, title 10, United States Code.

The Department of Veterans Affairs (VA) pays a benefit called Dependency and Indemnity Compensation (DIC) to your surviving spouse and dependent children if you die of service-connected causes. This includes deaths after retirement if the cause of death is due to an injury or disease contracted while the member was on active duty.

DIC may also be paid if you had a 100 percent VA disability rating for ten continuous years, or if less than ten years, then at least five continuous years from the date of release from active duty. The VA determines who may receive DIC.

Effective December 1, 2011, DIC payments to all surviving spouses are at the monthly rate of \$1,195, adjusted annually for cost of living. VA also adds a transitional benefit of \$296 to the surviving spouse's monthly DIC if there are children under age 18. An additional \$296 is payable for each dependent child.

SBP REDUCTION

Any spouse DIC paid to your spouse is subtracted from spouse SBP payments; although, DIC payments to or for children do not affect SBP payments.

REFUND OF SBP COSTS

A refund is paid to your surviving spouse for the costs deducted for that part of the SBP benefit not received due to DIC being paid. If the DIC payment offsets the entire SBP payment, all costs will be refunded. These refunds are taxed as income to the survivor since they were not taxed when deducted from retired pay. (Note: Refunds are not made for: 1. added costs associated with 1992-93 Open Season enrollments/changes, 2. enrollment costs associated with 1999-2000 Open Season elections, or 3. enrollment costs associated with 2005-2006 Open Season elections.)

DIC AND TAXES

DIC payments are exempt from Federal and state income tax, which gives the surviving spouse more “take home” income.

REMARRIAGE AND DIC

Effective January 1, 2004, when a surviving spouse remarries after age 57, DIC will continue. When a surviving spouse remarries before age 57, DIC payments stop. (Note: beginning Oct. 1, 1998, DIC may be resumed if that marriage ends in death or divorce) If that spouse’s SBP was reduced or eliminated because of DIC, the full SBP payment may resume. The SBP remarriage rules will apply. The spouse must first repay all the SBP costs that were refunded when DIC first began. Installment type repayments are allowed; contact the finance center for details. A court case allows surviving spouses eligible for both SBP and DIC benefits who remarry after age 57 to receive SBP without an offset by DIC.

EXAMPLE

In the following examples the base amount selected for SBP coverage is \$3,000 (which would provide an annuity of \$1,650). The surviving spouse is entitled to both SBP and DIC.

EXAMPLE

SBP:	\$1,650
- DIC payments	<u>-\$1,195</u>
= SBP payable after DIC	=\$455

Note that the total of SBP plus DIC is still equal to what SBP would have paid alone (\$1195 + \$455= \$1,650); however, the DIC portion of the payment is not taxable as income. The spouse is refunded the costs paid by the retiree except what would have been paid to provide the spouse a benefit of \$455.

Special Survivor Indemnity Allowance

A monthly special survivor indemnity allowance (SSIA) will be paid to the surviving spouse entitled to DIC whose SBP entitlement is offset by DIC in an amount at least equal to the SSIA amount payable. The surviving spouse of a Soldier who died on active duty who elects Child Only SBP is not authorized SSIA.

The SSIA allowance is payable in the monthly amount for the periods listed below:

For months during FY 2012, \$80
For months during FY 2013, \$90
For months during FY 2014, \$150
For months during FY 2015, \$200
For months during FY 2016, \$275
For months during FY 2017, \$310

Current as of 12/01