



**HEADQUARTERS DEPARTMENT OF THE ARMY
RETIREMENT SERVICES OFFICE**
Reserve Component Survivor Benefit Plan (RCSBP)
Mandatory Brief

30 April 2024

"BE ALL YOU CAN BE"



Our Goal

- Provide you with the facts so you can make an informed decision
- Correct misinformation

- Our goal in this briefing is to provide information to you on the Reserve Component Survivor Benefit Plan, or RCSBP. Along the way, we expect to replace some common misconceptions about the Plan with facts.
- We ask only that you unlock your assumptions and listen openly to this presentation.
- Your decision regarding whether to participate in RCSBP/SBP affects your family's future, and so, rather than making the decision based on someone else's opinion, we encourage you to consider your situation.
- Use what you learn in this briefing to make an informed decision that suits your family's need. It's a decision you will have to live with!

Purpose

- Break RCSBP down into manageable, understandable blocks, to help you to make an informed decision on your individual RCSBP election
- Allow RC Soldiers to make informed decision on their individual RCSBP elections

The Bottom Line

If the RC Soldier dies prior to receipt of retired pay the retired pay **NEVER** pays out.



- While many of you will see this statement as a blinding flash of the obvious -- believe it or not, there are Reserve Component Soldiers and spouses who don't know this to be the case - who still believe that retired pay will go to the spouse if the RC Soldier dies before reaching age of eligibility for retired pay. That's a myth! The fact is that entitlement to retired pay resides with and dies with the Retired Soldier and if they never reach the age of eligibility, retired pay never gets paid out!
- RCSBP/SBP participation is the **ONLY** way to continue a portion of retired pay to a survivor.
- The Army's pledge to "take care of its own" is met by offering Soldiers a way to take care of **THEIR** own, through RCSBP/SBP.

Which risk are you willing to take?

NO RCSBP

RCSBP

Risk of leaving
your loved ones
with insufficient
income

Cost vs Return
What if I don't die
before non-regular
retirement?



What is RCSBP?

- Enacted by Congress in 1978
- Sole means for an RC Soldier with 20 years of qualifying service for non-regular retirement to provide a portion of their retired pay to survivors if they die before non-regular retirement
- RCSBP and SBP are paid as a monthly annuity to eligible survivors
- RCSBP decision affects SBP coverage at retirement
- Certain elections constitute an early SBP decision
- If retired from active duty, there is no RCSBP cost for coverage received

The Annuity

- Annuity of 55% of selected base amount minus the RCSBP premium
- RCSBP premium rate reduces to 0.0001 of the base when subtracted from the annuity
- Paid until annuitant becomes ineligible or dies

Notification of Eligibility (NOE) for Non-Regular Retirement

- Commonly referred to as the 20-Year Letter
- Issued to RC Soldier upon earning 20 qualifying years of service (qualifying year = 50 or more points earned)
- Contains a DD Form 2656-5 Reserve Component Survivor Benefit Plan (RCSBP) Election Certificate
- 15-Year Letter
 - issued by ARNG only after Medical Board, ARNG Soldier asks for transfer to Retired Reserve, CG authorizes and publishes order
 - USAR requires HRC final approval and issue of the 15-Year Letter

About Elections

- Must be made within **90 days of receipt of Notification of Eligibility (NOE) for Retired Pay (20-Year Letter)** packet from the Human Resource Command for USAR or State Headquarters for National Guard
- Certain elections need spouse concurrence
- Certain elections affect your SBP election
- Certain elections require payment of RCSBP premiums when in receipt of retired pay for non-regular retirement

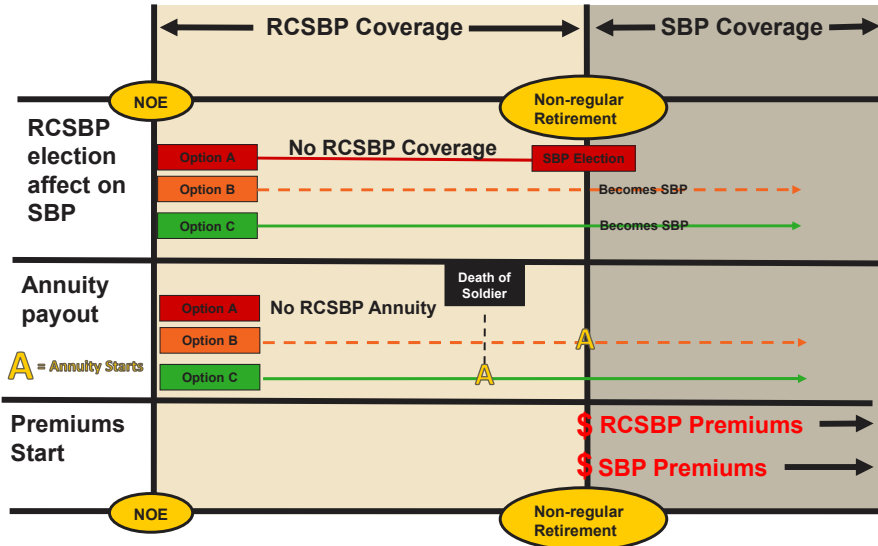
Three Part Decision

- Election Option
- Election Category
- Base Amount

An RC Soldier will need to decide on three components of RCSBP and complete the DD Form 2656-5 within 90 days of receiving their NOE.

- Election Option
- Election Category
- Base Amount

RCSBP/SBP Timeline



RCSBP Election Options

- Option A: Decline RCSBP with option to elect SBP coverage at non-regular retirement
- Option B: RCSBP coverage with deferred annuity when the RC Soldier would turn age 60
- Option C: RCSBP coverage with immediate annuity
- If at the date of the NOE you are not married, have no eligible children, and do not desire to elect for a former spouse or insurable interest, complete the DD Form 2656-5 and leave the RCSBP option blank

Option A – Decline RCSBP

- No RCSBP coverage
- No annuity paid if death occurs prior to non-regular retirement
- No RCSBP premiums owed
- If no eligible beneficiary at election, may elect RCSBP within one year of first obtaining an eligible beneficiary
- Effect on non-regular retirement SBP
 - Must make SBP election on DD Form 2656, Data for Payment of Retired Personnel
 - If SBP elected, coverage and premiums start at non-regular retirement

Option B - Deferred Annuity

- RCSBP coverage
- Annuity paid when RC Soldier would have turned age 60 to elected beneficiary categories who are still eligible
- Must maintain (notify HRC-GAR of certain life changing events) election prior to non-regular retirement
- RCSBP election becomes SBP election
- RCSBP cost when in receipt of retired pay
 - Pay RCSBP premium for RCSBP coverage received
 - Pay SBP premium for current coverage after receipt of retired pay
- No annuity paid until age 60 even if non-regular retirement is prior to age 60

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- Life changing events that can affect your RCSBP election – Death of beneficiaries, marriage, divorce, remarriage, birth or acquiring child.
- Contact your servicing RSO to assist with what forms and documents are needed to inform HRC GAR of these changes.
- DD Form 2656-6
- Supporting documents: Death certificate, marriage license, divorce decree, birth certificate, adoption paperwork

Option C – Immediate Annuity

- RCSBP coverage
- Annuity paid immediately at RC Soldier's death
- Must maintain (notify HRC-GAR of certain life changing events) election prior to non-regular retirement
- RCSBP becomes SBP election
- RCSBP cost when in receipt of retired pay
 - RCSBP premium for RCSBP coverage received
 - SBP cost for coverage after receipt of retired pay
 - RCSBP is more expensive than for Option B due to immediate payment of annuity

- Life changing events that can affect your RCSBP election – Death of beneficiaries, marriage, divorce, remarriage, birth or acquiring child.
- Contact your servicing RSO to assist with what forms and documents are needed to inform HRC GAR of these changes.
- DD Form 2656-6
- Supporting documents: Death certificate, marriage license, divorce decree, birth certificate, adoption paperwork

RCSBP Options

RCSBP Option	RCSBP Coverage	Annuity	RCSBP Cost	RCSBP Premium start	Make an SBP Election	SBP Coverage	SBP Cost
Option A Decline RCSBP Coverage	No	No	None	NA	Yes Must make an SBP election at non-regular retirement	None if decline SBP Yes, if SBP coverage is elected	None if decline SBP Yes, if SBP coverage elected
Option B Deferred Annuity	Yes	Deferred until deceased RC member would have been age 60. (Even if eligible for reduced age retirement)	Yes Approximately 25% less than Option C	At non-regular retirement. (Even if prior to age 60)	No	Yes RCSBP election (category and coverage amount) becomes SBP election at non-regular retirement	Yes
Option C Immediate Annuity		Immediate	Yes				Premiums start at non-regular retirement. (Even if prior to age 60)
No Beneficiary at NOE	Can elect Option B or C within one year of acquiring first spouse and/or child following NOE. If not, election will default to Option A. Follow above Option details accordingly.						

RCSBP Election Categories

- Spouse Only
- Spouse and Child
- Child Only
- Former Spouse
- Former Spouse and Child
- Insurable Interest

Notes:

- Elections are by category and not by individual
- Special Needs Trust can be elected for an incapacitated SBP covered child
- When "Child" is listed in the category, it assumes "Children" if there is more than one eligible child

Spouse Election

- Provides annuity of 55% minus the RCSBP premium of the selected base amount
 - Minimum base amount = \$300
 - Maximum = full retired pay
- Spouse cannot outlive the RCSBP Annuity
 - Paid forever (unless remarriage occurs prior to age 55)
 - If remarriage prior to age 55 ends, annuity reinstated (must re-apply)
- Increased annually by COLA
- Taxable as an annuity
- RCSBP/SBP premiums paid pre-tax
- RCSBP premiums stop when there is no eligible spouse

- The RCSBP annuity based on amount of retired pay covered.
- The annuity is 55% of the base amount minus the RCSBP premiums.
- The annuity is infinite -- meaning, it's **paid for the surviving spouse's lifetime!** It cannot be outlived!
- Also important is the fact that the annuity is inflation-protected by cost-of-living-adjustments, just like retired pay.
- A spouse annuitant loses the RCSBP annuity by remarrying before age 55; but even in that case, RCSBP can be resumed if that remarriage ends but they must re-apply for the annuity.
- Former spouses are eligible for coverage under a separate category -- under the same cost and benefit rules as spouses.
- You only pay premiums while you have an eligible spouse beneficiary

Spouse & Child(ren) Election

- Spouse is the primary beneficiary
- Child(ren) are secondary beneficiary and receive the annuity **only if** spouse loses eligibility (remarriage prior to age 55 or death) **and** child(ren) are still eligible
- Child cost is based on years of age difference between Soldier, spouse and youngest child
- Cost of child coverage as secondary beneficiary - very low
- When no eligible child(ren) remain, child SBP cost stops but RCSBP cost continues
- All eligible children are covered at one cost

- Spouses are primary and children are secondary beneficiaries under this option. That means that an annuity is not paid to the children unless the spouse first loses eligibility through remarriage before age 55 or death. Even then, the children must be under 18 or 22 to be eligible.
- The child cost when Spouse and Child coverage is elected is very inexpensive.

Child(ren) Only Election

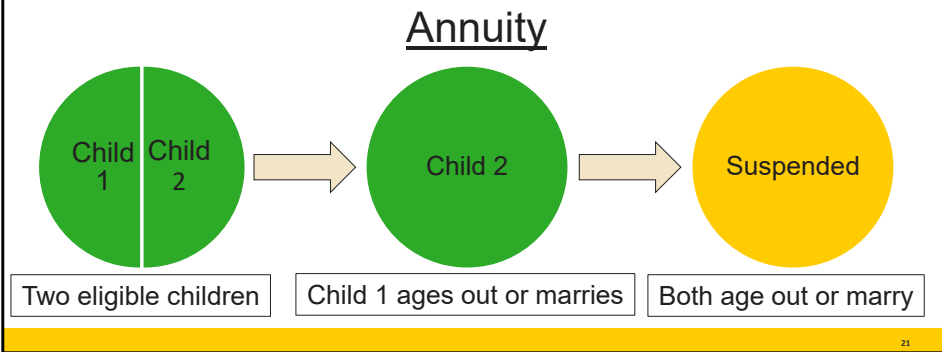
- Cost based on age difference between Soldier and youngest child at time of election
- Cheaper than “spouse” due to finite benefit but costlier option than child cost with spouse since child is primary beneficiary
- Can elect for child(ren) only because there is no spouse or exclude the spouse
- If married and child only RCSBP is elected, spouse must concur

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- This slide shows the basic rules for “child only” participation.
- Child coverage should be considered when determining your family’s needs.
- And, since child costs are so low, we can think of NO reason NOT to cover eligible children - either alone or as part of a spouse & child election.
- Once again, when there are no eligible children SBP cost stops but RCSBP continues
 - **Note: It is recommended that you research the impact SBP for a fully disabled child may have on other benefits the child is or will receive.**

Child(ren) Only Election

- All eligible children covered at one cost
- Cost stops when no eligible child(ren) remain
- Annuity divided equally among all eligible children
- A child can receive more than one child RCSBP annuity.



- A child can receive more than one child RCSBP/SBP annuity. This question is asked when both parents are military and retiring.

Child Eligibility

- Child must be:
 - Unmarried
 - Age: up to 18 or 22 if a full-time student
 - Unmarried Incapacitated child – eligible forever if condition was incurred while eligible for RCSBP
- Natural child
- Adopted Child
- Stepchild, foster child who is living in a parent child relationship with the military member when that member dies
- When no eligible children remain, child SBP cost stops but RCSBP cost continues

Incapacitated Child Considerations

- Research the impact that RCSBP/SBP for a fully disabled child may have on other benefits the child has or will receive.
- You may elect to pay an annuity to a special needs trust for an RCSBP/SBP eligible unmarried incapacitated child.

Note: It is recommended that you research the impact SBP for a fully disabled child may have on other benefits the child is or will receive. Election to pay SBP annuity to a special needs trust for an incapacitated child allowed. RSO can provide details.

Advice: Seriously Consider Child Coverage!

Q: Why bother covering my 21-year old son who graduates from college soon?

A: Because, if you elected Option B or Option C for a spouse and did not elect RCSBP for an eligible child...

- incapacitation may occur while still eligible
- “closing” the child category when there are eligible children closes it for both RCSBP and SBP forever
- family complete? perhaps a step-, grand-, foster- or natural child is in your future

Note: SBP cost stops when no eligible children remain, but RCSBP cost continues for coverage already received. Spouse and Child or Child Only RCSBP/SBP is inexpensive.

- Remember: If you elect Option B or Option C, the action you take for a category available to you on date of retirement **sets in stone** your treatment of that category for RCSBP and SBP FOREVER.
- That means that if you have an eligible child at election, elect Option B or Option C but decline child coverage, you’ve closed the door on RCSBP/SBP child coverage forever.
- While you may feel certain today that there are no additional children in your future, please think twice before barring the door, since dependent children come in many wrappings:
 - step-children obtained through remarriage
 - grandchildren who qualify as your dependents
 - foster children, or
 - natural children
- If Option A is elected and you still have eligible children at non-regular retirement, you can elect SBP child coverage at that time.

Former Spouse (FS)

- Former spouse coverage can be:
 - purely voluntary
 - incorporated into a written agreement
 - court-ordered (since 1986)
- Divorce prior to receiving the NOE:
 - If court ordered, Soldier should elect former spouse using the DD Form 2656-5 and DD Form 2656-1 within 90 days of receiving the NOE or could be held in contempt of court
 - Former spouse can ensure Former Spouse SBP is established by providing DFAS-CL the divorce decree with subsequent court orders plus a DD Form 2656-10 (Survivor Benefit Plan (SBP)/Reserve Component (RC) SBP Request for Deemed Election) within one year of the first court order awarding Former Spouse RCSBP/SBP

- Former spouse RCSBP issues remain among the most emotional and most misunderstood within both the active and retired military communities.
- The main point we want to stress is that passage of the Uniformed Services Former Spouses' Protection Act in 1982 did not change the basic premise that retired pay entitlement rests with the retiree.
- What it DID do was give state courts legal authority to order members to elect "former spouse" RCSBP or SBP coverage; a Reserve Member to convert existing spouse RCSBP coverage to former spouse; a retired member to convert existing spouse SBP coverage to former spouse. Do not confuse this with the issue of a court dividing one's retired pay - a separate matter.
- If divorce occurs prior to 20 year letter and the court orders the Soldier to elect former spouse coverage at retirement, the following applies --
 - (1) The Soldier has no action to take until 20 year letter, at which time he/she should comply with the court order to avoid being in contempt of court - regardless of the Soldier's marital status at 20 year letter.
 - (2) The former spouse has one year from date of the first court order awarding former spouse RCSBP/SBP to submit a DD Form 2656-10 to DFAS to request a "deemed" election. A deemed election will override any failure on the part of the Soldier to follow the court's order.
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Former Spouse (FS)

- Divorce after NOE (must have had Spouse or Spouse and Child RCSBP coverage):
 - Soldier has one year from divorce to change Spouse to Former Spouse RCSBP
 - Former spouse has one year from first court order awarding RCSBP to deem the election
- Former Spouse RCSBP coverage can be changed in certain circumstances:
 - Voluntarily – can cancel Former Spouse RCSBP and elect Spouse RCSBP within one year of marriage
 - Court ordered – amended court order
 - Death of former spouse – change to Spouse RCSBP (contact RSO for details/timeframe)

- The court cannot order the member to participate in RCSBP if they had a spouse at their 20 year election (NOE) and did not cover that spouse. If the member elected Option A, the court can order them to make an SBP election at non-regular retirement or active duty retirement.
- If divorce occurs **after NOE**, the court can order a Retired Member to cover a former spouse only if the former spouse was the Soldiers RCSBP covered “spouse” beneficiary previously. The court cannot order a member to enroll the former spouse in a plan in which he/she do not participate.
- Remember, when former spouse coverage is ordered after the NOE, the Soldier can change the RCSBP to former spouse only within one year of the divorce . The spouse always has one year from the first court order to deem former spouse even if prior to the Soldier receiving the NOE.
 - For an existing former spouse RCSBP election, if action is not initiated by the Soldier within one year divorce, or deemed by the former spouse within one year of the first court order awarding the former spouse RCSBP, the former spouse option is lost.

Former Spouse (FS) and Child(ren)

- The former spouse is the primary beneficiary
- Child(ren) will receive the annuity only if the former spouse becomes ineligible
- If deemed, the court order must state former spouse and child(ren)
- Former spouse and children **only covers children of the marriage to the former spouse**

“Insurable Interest” Election

- **Who Can Elect:** unmarried Soldiers with no eligible children
- **Eligible Beneficiaries:** relative more closely related than cousin; or business associate w/financial interest in Soldier (proof needed)
- **Base Amount:** Must be full retired pay
- **Cost:**
 - RCSBP add on - varies depending on age of member and beneficiary
 - SBP - 10% + 5% for each full 5 years younger beneficiary is than Soldier
- **Benefit:** 55% of retired pay **less** SBP/RCSBP cost

- RCSBP/SBP offers something to single Soldiers too. They can cover “a natural person with an insurable interest” if they are either unmarried with no children or have a sole dependent child. The child’s age or marital status is not considered.
- The insurable interest option allows a Soldier to protect a person who would be financially impacted by his/her death. Its main use is by single Soldiers who are the sole support of a family member, perhaps a mother, father or sibling.
- It is expensive. Proof of financial interest is required when the named beneficiary is unrelated or is more distantly related than first cousin.
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“Insurable Interest” Election

- **Loss of Beneficiary:** May elect new beneficiary within 180 days of current beneficiary’s death
- Insurable interest RCSBP/SBP can be cancelled at any time
 - Exception: If insurable interest was elected for former spouse
- If you marry or have a child after NOE, you have one year to cancel insurable interest RCSBP and elect spouse and or child RCSBP or you close those beneficiary RCSBP and SBP categories
- Cannot elect insurable interest RCSBP after NOE. Can elect insurable interest SBP at non-regular retirement if unmarried with no eligible children at non-regular retirement

- If you gain a spouse or child after election, you have one year to change your election to protect someone in the newly-gained category.
- Since Oct. 1994, this coverage may be cancelled at any time.
- Effective 17 Oct 06, when the beneficiary dies, retiree may elect a new Insurable Interest beneficiary within 180 days.

Spouse Concurrence

Effective 1 Jan 01, spouse concurrence is required for RCSBP elections within 90 days of receipt of NOE for certain situations.

Option	Spouse		Spouse and Child		Child only	Former Spouse	Former Spouse and Child
	Full Base Amount	Reduced Base Amount	Full Base Amount	Reduced Base Amount			
Option A Decline	Yes					No	
Option B Deferred Annuity							
Option C Immediate Annuity	No	Yes	No	Yes			

Note: Spouse concurrence is not required for a former spouse election.

Spouse Concurrence

Remember it is the Soldier's election

- The spouse can only concur or non-concur with the Soldier's election
- Spouse refusal to sign the DD Form 2656-5 constitutes spouse non-concurrence
- Spouse concurrence is in the law to protect the spouse
- Spouse concurrence must be notarized

No Beneficiary at 20-Year Letter?

- Keep RCSBP literature and “Army Echoes”
- Contact nearest RC RSO for a new briefing as soon as eligible beneficiary is gained
- Decision whether to enroll new family members **MUST** be made within one year of gaining them
- New spouse becomes eligible at 1-year marriage anniversary
- Submit the DD Form 2656-5, Reserve Survivor Benefit Plan (RCSBP) Election Certificate for an RCSBP election along with supporting documentation (i.e. marriage certificate, birth certificate) within one year to:
 - HRC for USAR or Retired Reserve
 - State RSO for National Guard
- No action taken to elect RCSBP within one year of the first RCSBP eligible spouse or eligible child after NOE, the RCSBP election option defaults to Option A, decline RCSBP participation – only opportunity to elect coverage will be at non-regular retirement for SBP

Base Amount

- Dollar amount of retired pay participation is based on
 - Minimum, by law = \$300
 - Maximum, by law = full retired pay
 - May choose any amount between
- Soldiers retiring under CSB/REDUX may choose full base amount based on retired pay they would have received under High-3
- Soldiers retiring under the Blended Retirement System (BRS) who elect a lump sum at retirement may choose full base amount based on retired pay they would have received without the lump sum election

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- Now, let's turn our focus to RCSBP/SBP's cost.
- The **base amount** is the dollar amount of retired pay selected by the Soldier, upon which both the cost and benefit are **based**.
- During this briefing, RCSBP/SBP costs & benefits are referred to in "monthly" terms. The RCSBP/SBP "benefit" is called an annuity, which is defined as any regular, continuing payment.
- The base amount can be any dollar amount between the minimum allowed by law of \$300/month, and the maximum - your full retired pay.
- Soldiers with a Date Initially Entered Military Service (DIEMS) of on or after 1 Aug 1986 who elected the \$30,000 Career Status Bonus (CSB) will receive a reduced retirement if they retire with less than 30 years of service. However, the law allows these Soldiers to elect RCSBP/SBP coverage based on the unreduced retired pay. The Soldier can elect a full base amount for RCSBP/SBP based on either the CSB/REDUX they will receive or the High-3 method they would have received if they had not elected the CSB.
- Soldiers who enter the military service on or after 1 Jan 18 or opted into BRS may elect a portion of the retired pay as a lump sum at retirement. The law allows these Soldiers to elect a RCSBP/SBP base amount of the retired pay they would have received without the lump sum election.
- The DoD Actuary's RCSBP/SBP valuation disk demonstrates what base amount gives you the "most bang for your retirement buck," so-to-speak -- meaning, which base amount maximizes the value of your retired pay.

RCSBP Cost Calculations

- RCSBP premium calculated based on election, period of coverage, ages, and level of coverage (base amount that will increase yearly with COLA) at time of enrollment
- RC retired pay based on retired grade, service longevity, and retirement points
- RC cost factor calculated by the DoD Actuary
- A retired pay and RCSBP/SBP estimate can be calculated using the "SBP Premium" calculator on the MyArmyBenefits website:

<https://myarmybenefits.us.army.mil/Benefit-Calculators/SBP-Premium-Calculator>

SBP Premium Calculation Spouse

Two formulas for computing spouse premiums

SBP Premium Formula

- **Eligibility**
 - All active-duty retirements for members with a date of initial entry into military service (DIEMS) of 1 Mar 90 or later
- **6.5%** of selected base amount (will have yearly COLA)

Threshold Formula

- **Eligibility:**
 - Active-duty retirements with a DIEMS prior to 1 Mar 90
 - Medical retirements
 - Non-regular retirements
- **2.5% of threshold amount plus 10% of the difference between the threshold and the selected base amount (will have yearly COLA)**

Note: If Retired Soldier is eligible to have premiums calculated both ways, DFAS will charge the lower of the two premiums.

Threshold Spouse SBP Calculation

2024 SBP Cost Examples Effective for 1 Jan 24
Based on 5.2% Active Duty Pay Raise Effective 1 Jan 24

Base Amount	Annuity	Premium	Premium
Monthly Amount of Retired Pay Covered	Monthly Annuity Either Method	Old Method Threshold Monthly Cost (Note 1)	6.5% of Base Amount Monthly Cost (Note 2)
\$300	\$165	\$7.50	\$19.50
\$1,000	\$550	\$25.00	\$65.00
\$1,011 (Note 3)	\$556	\$25.28	\$65.72
\$1,200	\$660	\$44.18	\$78.00
\$1,400	\$770	\$64.18	\$91.00
\$1,600	\$880	\$84.18	\$104.00
\$1,800	\$990	\$104.18	\$117
\$2,166.43 (Note 4)	\$1,192	\$140.82	\$140.82
\$2,200	\$1,210	\$144.18	\$143.00
\$2,400	\$1,320	\$164.18	\$156.00
\$2,600	\$1,430	\$184.18	\$169.00
\$2,800	\$1,540	\$204.18	\$182.00
\$3,000	\$1,650	\$224.18	\$195.00
\$3,500	\$1,925	\$274.18	\$227.50
\$4,000	\$2,200	\$324.18	\$260.00

Note 1. SBP Cost Threshold Method: 2.5% of threshold amount + 10% of the remainder of base amount.

Note 2. SBP Cost 6.5% Base Amount Method: 6.5% of the base amount.

Note 3. Threshold Amount (that which costs 2.5%) is \$1,011; cost is \$25.28.

Note 4. Base amounts on or above \$2,166.43 receive best premium under SBP cost 6.5% method cited above (.065 times base amount).

Note 5. The SBP Program Manager will send out the updated amounts annually.

- The SBP threshold method Only applies to a Soldier who meets one of the following criteria: entered service prior to 1 Mar 90 if retiring for active duty length of service, medically retiring, or retiring from the Reserve Component with a non-regular retirement. For these Soldiers, two SBP spouse cost methods are available. The most advantageous one is used by DFAS.
- This chart shows the relationship between the SBP spouse threshold cost calculation, 2.5% of the threshold and 10% for any base amount that exceeds the threshold, and the new spouse cost calculation 6.5% of the base amount.
- The chart also shows that amounts that exceed a base amount of \$2,166.43 for retirements in calendar year 2024, the 6.5% spouse cost calculation is the most advantages.

How can I tailor RCSBP/SBP to meet my needs?

Answer: Change “Base Amount”

- Challenge: What base amount should I cover to meet our needs?
- Solution: Divide the goal amount (annuity) by 55%.
Example $\$1,000 / 0.55 = \$1,818$

Annuity	Base Amount Required
\$1,000	\$1,818
\$500	\$909

- If you conclude after studying RCSBP/SBP that your family’s needs can be met by covering less than your full retired pay, this slide shows you how to personalize your participation.
- First, determine your goal - what annuity you wish to produce for your family (considering all other guaranteed sources of survivor income).
- Then, divide that goal amount by .55 (or 55%) to determine how many of your retirement dollars you should cover as your base amount to achieve that result.

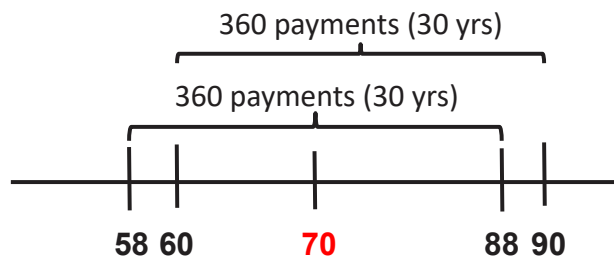
“30-Year Paid-Up Provision”

Since 1 Oct 08, no premiums after

- 30 years of paying RCSBP and SBP Premiums (360 payments)

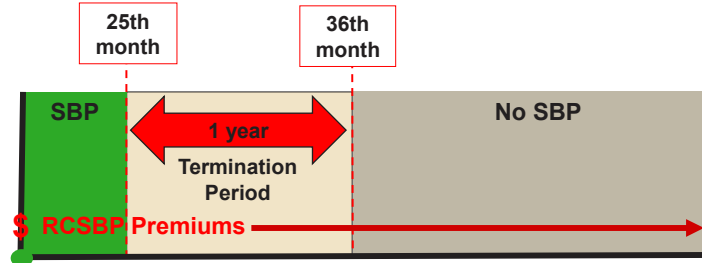
AND

- reaching age 70



- Our last item on “cost” is this.
- Legislation passed in 1998 provides that RCSBP/SBP will reach “paid-up” status for members when they make 30 years of payments (360 monthly payments) and reach age 70.
- “Paid-up” = no further cost obligation; but the annuity remains payable to your designated beneficiary.
- Remember that adding this paid-up feature results in stopping premium from a significant number of participants; yet continuing the governments obligation to pay annuities.

SBP Termination Feature



Retired Pay Starts

- Spouse concurrence required
- Barred from future enrollment
- No refund of past premiums
- Law change acknowledges need for flexibility
- One-time only termination for those already retired two years (17 May 98 - 16 May 99)

***Note:** Does **NOT** stop RCSBP premiums which are for coverage already received

Termination Feature

- To terminate you must complete a DD Form 2656-2, obtain your spouse or former spouse concurrence
- Must submit to DFAS during the period between your 25th and 36th month following retirement (receipt of pay)
- DD Form 2656-2 cannot be signed prior to start of 25th month following commencement of retired pay

RCSBP Election and Active Duty or Medical Retirement

What happens to my RCSBP election if I have a regular or medical retirement?

- RCSBP election has no affect on regular or medical retirement
- Must make separate SBP election
- There is no cost for RCSBP coverage already received prior to regular or medical retirement

RCSBP POSITIVES

- Only way to provide an annuity based on your eligibility for retirement if you die prior to your non-regular retirement
- Tax-free premiums
- Inflation-adjusted annuity
- Level-term plan annuity of 55 percent
- “Paid-up” after 30 years paying premiums + age 70
- Annuitants cannot outlive RCSBP/SBP annuity
- Age, health, smoking, sex, lifestyle - not considered
- Can only be changed by Congress
- Income safety net; peace of mind

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- The slide summarizes SBP’s positive features.
- RCSBP is the **only way to provide an annuity based on your eligibility for retirement if you die prior to your non-regular retirement.**
- We’d all agree that it’s smart financially to take advantage of a situation which offers you tax avoidance. Your future RCSBP and SBP premiums do - and, you can even use the tax savings to make other investments.
- Unlike insurance values which are eroded by inflation, RCSBP’s value increases with COLA raises for inflation.
- The annuity is paid for however long needed - 1 to 50 or more yrs.
- RCSBP costs don’t consider any factor except level of coverage.
- Level benefit of 55% without regard to age of spouse or former spouse!
 NOTE: The 04NDAA changed the post-62 benefit structure, and phases-in an increase to make SBP a level-term, 55% annuity, during the period 1 Oct 05 - 1 Apr 08.
- There are no extra fees, agent commissions or risks.
- It’s a plus that only Congress can change RCSBP’s or SBP’s features. They make changes on matters affecting survivors very cautiously.
- While less quantifiable, peace of mind rises in value with age.

RCSBP and Life Insurance

- It takes a surprising amount of life insurance to replace RCSBP/SBP
- Unlike life insurance, RCSBP/SBP does not consider age or health when determining premium cost
 - As you age it may become more difficult to find an affordable option
 - If retired for disability, insurance may be very expensive or even impossible to obtain due to existing medical conditions
- Unlike RCSBP/SBP, life insurance does not have COLA increases, so it is not protected from inflation

Note: SBP financial analysis tools located on the DoD actuary website at <https://actuary.defense.gov/Survivor-Benefit-Plans/>

- Since you don't know how many years your spouse might outlive you, determining what is adequate regarding insurance is impossible. A crystal ball is not needed with RCSBP - it simply cannot be outlived.
- RCSBP's inflation-fighter is its guaranteed cost-of-living adjustments (COLAs). Increasing life insurance is needed as one ages, due to inflation's eroding effect on the dollar's purchasing power.
- Try to adjust your thinking from short-sighted to long-term. When you limit your view, life insurance may appear more attractive (i.e., cheaper) than SBP. But, if you compare RCSBP and SBP costs and benefits with life insurance costs and benefits for each year in the future, you'll see that insurance costs must increase dramatically based on the insurer's increased risk of paying a policy. Since RCSBP and SBP simply protect your beneficiaries from inflation through yearly COLA increases as needed.

For More RCSBP Information....

Army RSO SBP Page:

<https://soldierforlife.army.mil/Retirement/survivor-benefit-plan>

Human Resources Command, Gray Area Retirements Branch:

<https://www.hrc.army.mil/content/Gray%20Area%20Retirements%20Branch>

My Army Benefits:

<https://myarmybenefits.us.army.mil/>

Contact information:

Army Reserve RSOs: <https://soldierforlife.army.mil/Retirement/ArmyReserve>

Army National Guard, contact State RSO:

<https://soldierforlife.army.mil/Retirement/NationalGuard>

- For more information on RCSBP you can visit the following listed sites or contact the listed contacts. These sites and contacts can also provide information on other retirement related issues.

REMEMBER

IF THE RC SOLDIER DIES PRIOR TO
RECEIPT OF RETIRED PAY, RETIRED PAY
DOES NOT PAY OUT!



**RCSBP ALLOWS YOU TO PROVIDE A PORTION
OF YOUR RETIRED PAY TO YOUR ELIGIBLE
SURVIVORS IF YOU DIE BEFORE YOU START
RECEIVING RETIRED PAY**