



Survivor Benefit Plan (SBP) Open Season: SBP Enrollment Fact Sheet

OVERVIEW

The National Defense Authorization Act (NDAA) of FY 2023 authorized a Survivor Benefit Plan (SBP) Open Season until January 1, 2024. Retired Soldiers in receipt of retired pay who were not enrolled in SBP as of December 22, 2022, are authorized to **enroll in SBP coverage during this open season**. Enrollment will require a payment of a one-time “buy-in premium” equal to costs that would have been paid if a Retired Soldier had enrolled in SBP at an earlier opportunity plus interest and an open season cost. Monthly premiums will also be charged until paid-up provision is reached.

The process starts by completing and returning a Letter of Intent (LOI) to the Defense Finance and Accounting Service (DFAS). This allows DFAS to provide an estimate of the one-time buy-in premium cost. If a Retired Soldier chooses to continue with the enrollment, they must submit a completed enrollment form to DFAS. The LOI, the enrollment form, and details are available on the NDAA 2023 SBP Open Season special focus webpage <https://www.dfas.mil/sbpopenseason23> and the <https://soldierforlife.army.mil/Retirement/survivor-benefit-plan>.

PLEASE NOTE: This Fact Sheet **ONLY provides information for Retired Soldiers receiving retired pay**. Go to <https://soldierforlife.army.mil/Retirement/survivor-benefit-plan> to find the Fact Sheet for **Army Reserve/National Guard Soldiers and Gray Area Retired Soldiers**.

Retired Soldiers receiving retired pay should submit their LOIs and enrollment forms to DFAS. Currently serving **Army Reserve/National Guard Soldiers and Gray Area Retired Soldiers** (not yet receiving retired pay) go to the **Survivor Benefit Plan (SBP) Open Season: Reserve Component Survivor Benefit Plan (RCSBP) Enrollment Fact Sheet** located at <https://soldierforlife.army.mil/Retirement/survivor-benefit-plan> for more information.

THINGS TO CONSIDER

If you are deciding whether to enroll in SBP coverage, consider the following:

1. The SBP annuity is inflation protected because of the yearly cost of living adjustments.
2. Tax benefit – your monthly premiums are deducted from your retired pay before it is taxed, lowering your taxable income.
3. Your premiums only pay about half of the benefit and the **government pays the other half**.
4. Your health is **NOT** considered in the premium cost.

5. In most cases, your **survivor will recoup** in benefits what you paid in the program in **less than three years**.

Make sure you consider your specific financial situation carefully. Here are a few things to think about:

1. What is your combined household income?
2. What are your total expenses and anticipated future expenses (i.e., college tuition, mortgage)?
3. What do you have in your retirement account(s)?

The Key Financial Question: In the event of your death, will your survivors be able to cover the family expenses with the loss of all the income you were bringing into the household (retired pay, yearly salary, VA disability compensation, etc.)? If the answer is no, how will they cover that gap? Will your retirement accounts be enough? If not, you may need other tools like SBP, life insurance, or both. If you plan to rely solely on life insurance, remember that the payout is not inflation protected and depending on your health condition and age, you may not be able to find an affordable plan for what you need.

Speak to a personal financial counselor and your Retirement Services Officer (RSO) about enrolling in SBP coverage. The Resources section below provides links to SBP Financial Tools, Facts Sheets, and contact information for your nearest Army Financial Counselor and RSO.

RESOURCES

SBP Financial Tools - <https://actuary.defense.gov/Survivor-Benefit-Plans/>

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

Look for an Army Financial Counselor under the Army Community Service, Financial Readiness Program page at your nearest installation - <https://home.army.mil/imcom/index.php/garrisons>

Locate an RSO - <https://soldierforlife.army.mil/Retirement/rso?maps=all>

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Q1. Who can enroll in SBP coverage?

A. Retired Soldiers not participating in SBP as of December 22, 2022, may elect SBP for any type of coverage that they would have been eligible to elect but declined, or failed to elect, at their first opportunity. This includes eligible members who previously participated in SBP and discontinued participation.

NOTE: *If you discontinue coverage in SBP during this Open Season, you are NOT eligible to re-enroll during this Open Season.*

*Army Reserve/National Guard and Gray Area Retired Soldiers, check out the **Survivor Benefit Plan (SBP) Open Season: Reserve Component Survivor Benefit Plan (RCSBP) Enrollment Fact Sheet** located at <https://soldierforlife.army.mil/Retirement/survivor-benefit-plan> for more information.*

Q2. How do I enroll in SBP coverage?

A. Enrollment is a four-step process:

STEP 1. Complete and submit the Letter of Intent (LOI), found on DFAS's SBP Open Season special focus webpage at

<https://www.dfas.mil/sbpopenseason23>. The LOI can also be found at <https://soldierforlife.army.mil/Retirement/survivor-benefit-plan>.

To submit you can:

1. Upload the LOI through askDFAS at

<https://corpweb1.dfas.mil/askDFAS/ticketInput.action?subCategoryID=22325>

2. Fax to 800-469-6559 -or-

3. Mail to:

Defense Finance and Accounting Service
U.S. Military Retired Pay
8899 E. 56th Street
Indianapolis, IN 46249-1200

STEP 2. DFAS will send you an estimate of your monthly premium costs going forward, as well as the one-time buy-in premium, based on the information provided.

Your final enrollment costs, both monthly premium and "buy-in premium" may change if there is a time gap between when you receive the estimate to the time you submit your final enrollment form. Costs may also change if there are changes to the information submitted.

STEP 3. After considering the costs, if you want to officially enroll, submit the enrollment form, including your choice for how you will pay for the "buy-in premium." Payments can be made in a lump sum or through 12 equal monthly installments or a combination of the two. Paying in installments will result in additional interest.

STEP 4. DFAS will confirm your enrollment, including your final costs, and provide instructions on how to submit payment or start deductions. You are allowed 30 days from the date you sign your enrollment form to cancel your enrollment – cancellation must be in writing and received within the 30 days.

Q3. How much will it cost?

A. You will have two costs associated with enrollment, the "buy-in premium" and the monthly premiums.

The "buy-in premium" is the sum of the following:

1. The total amount of monthly premiums that your retired pay would have been reduced had you participated in the Survivor Benefit Plan, for the same base amount specified in the election, at your first opportunity; plus

2. Interest on that amount as the Secretary of Defense determines reasonable; and
3. An additional amount the Secretary of Defense determined is necessary to protect the actuarial soundness of the Department of Defense Military Retirement Fund against any increased risk for the fund that is associated with the election.

Each individual's one-time "buy-in premium" will be different based on these factors, as well as their individual situation. Estimated costs will be provided once an eligible member has submitted the Letter of Intent found on DFAS's SBP Open Season special focus webpage at <https://www.dfas.mil/sbpopenseason23> and at <https://soldierforlife.army.mil/Retirement/survivor-benefit-plan>.

Note: In addition to the "buy-in premium" above, members who choose to enroll will be subject to prospective premium deductions each month beginning with the effective date of the election, in the same manner monthly premiums are collected for all SBP participants.

Q4. What are the payment options?

A. You have three payment options on the enrollment form. You can choose only one option for payment. Once enrolled, you are **legally responsible to pay** according to that option.

Option 1: A one-time payment for the total amount of "buy-in premium" due. You must make the full payment within the allotted timeframe or additional premiums and interest will accrue.

Option 2: A partial payment of the amount of "buy-in premium" due and a Voluntary Payment Plan for the remainder to be deducted from your retired pay in 12 monthly installments. You must make the partial payment within the allotted timeframe or additional premiums and interest will accrue. If you are receiving both retired pay and Combat-Related Special Compensation (CRSC) pay and you choose to have the monthly installment payments deducted, we will deduct the payments from whichever net pay is highest, either your retired pay or your CRSC pay.

Note: DFAS is unable to deduct partial installments from both types of pay at the same time, the installments will be deducted from the type of pay with your highest net pay (net pay = pay after taxes, allotments, and other deductions).

Upon receipt of your enrollment form, DFAS will mail a Voluntary Payment Plan. You will need to promptly complete and return to DFAS to start payroll deductions.

Option 3: A Voluntary Payment Plan for the amount of "buy-in premium" due that will be **deducted** in 12 monthly installments from your retired pay or your CRSC pay.

Note: DFAS is unable to deduct partial installments from both types of pay at the same time, the installments will be deducted from the type of pay with your highest net pay (net pay = pay after taxes, allotments, and other deductions).

OR, a Voluntary Payment Plan to **make direct payments** in 12 equal monthly installments plus installment interest, via Direct Remittance to DFAS.

Upon receipt of the enrollment form, DFAS will mail a Voluntary Payment Plan, which you will need to complete and promptly return to DFAS to start payroll deductions or set up Direct Remittance. More details on the Direct Remittance process will be published with the official enrollment form.

Q5. How long will it take to process my Letter of Intent (LOI) to enroll in SBP coverage?

A. Normal processing time is 30 days from the date DFAS receives a valid LOI containing all the necessary information.

Q6. What type of information do I need in my enrollment form?

A. In order to process an enrollment request and determine the monthly premium and "buy-in premium" DFAS needs information and documentation for your eligible dependents. Some examples include:

"Spouse Only" or "Former Spouse" election: marriage certificates, divorce decrees, and court orders for all events that have taken place since you were first eligible to elect coverage through present day.

****NOTE:** For a retiree who has had more than one marriage since retirement or Notice of Eligibility for Retirement (NOE), we also need the date of marriage and the spouse's date of birth for their first spouse at or after retirement or NOE.

"Child Only," "Spouse and Child" or "Former Spouse and Child" election: Birth certificates, adoption documents, court appointed guardian documents, and supporting medical documentation if a child is incapacitated.

"Natural Interest Person" election: Birth certificate.

Q7. If I submit an enrollment form, when will it be effective?

A. Enrollment will be effective the first day of the first calendar month following the date a valid enrollment form is received by DFAS.

Note: Once a valid enrollment form is submitted, you are considered obligated for payment of the full lump sum buy-in premium. The buy-in premium accrues from the point of obligation until paid in full. You will also be charged the monthly SBP premium going forward for continued coverage.

Q8. How is my one-time buy-in premium calculated?

A. Your "buy-in premium" is based on the factors below, as well as your individual situation.

1. The total amount of monthly premiums that your retired pay would have been reduced had you participated in the Survivor Benefit Plan at your first opportunity; plus
2. Interest on that amount as the Secretary of Defense determines reasonable; and
3. An additional amount the Secretary of Defense determined is necessary to protect the actuarial soundness of the Department of Defense Military Retirement Fund against any increased risk for the fund that is associated with the election.

The buy-in premium factor tables are published at

<https://militarypay.defense.gov/Benefits/Survivor-Benefit-Program/>.

Q9. Can I change my coverage from "Child only" to "Spouse and Child" or from "Spouse and Child" to "Child only"?

A. No. The 2023 NDAA SBP Open Season does not allow for changes to existing SBP coverage. Instead, the 2023 Open Season allows only for enrollment by those who are not participating in the Plan, or for discontinuation of coverage for those currently enrolled in the Plan. Further, a Retired Soldier may not discontinue coverage during SBP Open Season for one category of beneficiary and then re-enroll in a different category. The 2023 Open Season enrollment is only for those eligible members who were NOT enrolled in the SBP as of December 22, 2022.

Q10. Can I increase my coverage from reduced to full or decrease coverage from full to reduced coverage?

A. No. The 2023 NDAA SBP Open Season does not allow for changes to the level of SBP coverage. Instead, the 2023 Open Season allows only for enrollment by those who are not participating in the Plan, or for discontinuation of coverage for those currently enrolled in the Plan. Further, a Retired Soldier may not discontinue coverage during the SBP Open Season and then re-enroll for a different level of coverage. The 2023 Open

Season enrollment is only for those eligible members who were NOT enrolled in SBP as of December 22, 2022.

Q11. Can I be court ordered to elect former spouse coverage during the open season?

A. No. The 2023 NDAA SBP Open Season specifically states that enrollment in the Plan must be voluntary on the part of the eligible member. It further specifies that no court order may require an eligible member to make an open season election pursuant to section 643, P.L. 117-263. Details regarding the law surrounding former spouse enrollment and court orders are found on the Letter of Intent found on the SBP Open Season special focus website - <https://www.dfas.mil/sbpopenseason23>.

Q12. I am a former spouse with a court order for former spouse SBP. Can I deem an SBP election during the open season?

A. No. The 2023 NDAA SBP Open Season does not provide for a beneficiary to "deem" an election. Further, it specifically states enrollment in the Plan must be voluntary on the part of the eligible member. It specifies that no court order may require an eligible member to make an SBP Open Season election pursuant to section 643, P.L. 117-263.

However, that does not prevent a former spouse from deeming an election using the normal process (the request must be submitted within one year of the court order requiring Former Spouse SBP coverage) during the time period of the Open Season. See the following webpage for information:

<https://www.dfas.mil/Garnishment/FormerSpouseSBPDeemedElection/>.

Q13. If I enrolled in "Spouse" or "Spouse and Child(ren)" SBP and later divorced after retirement, can I make an open season election to cover my former spouse?

A. No. If you failed to change "Spouse" or "Spouse and Child(ren)" to "Former Spouse" or "Former Spouse and Child(ren)", you have suspended "Spouse" SBP and therefore a participant in SBP. Participants in SBP cannot change the election category or level of coverage during the NDAA 2023 SBP Open Season.

Q14. If I had coverage for my child(ren) but they have aged out, can I elect coverage for a spouse or former spouse during the open season?

A. No. If you previously had coverage for your child(ren) but your child(ren) aged out, you are still considered a participant in SBP. Your coverage is suspended because you do not currently have an eligible beneficiary for that election category. If you later gain eligible child(ren), you can reinstate child(ren) coverage for future eligible child(ren).

Q15. If I had coverage for a spouse but I no longer have a spouse, can I elect coverage for child(ren) during the open season?

A. No. If you previously had coverage for a spouse but no longer have a spouse, you are still considered a participant in SBP. Your coverage is suspended because you do not currently have an eligible beneficiary for that election category. If you later gain an eligible spouse, you can reinstate spouse coverage for a future eligible spouse.

Q16. If I wasn't married or didn't have a child at retirement but now want to elect coverage for my spouse, how far back will I have to pay buy-in premiums for?

A. You will be charged a one-time buy-in premium back to the first opportunity you could have participated in SBP. For a spouse gained after retirement, it will be from the date of your one-year anniversary, or the birth of a child born of that marriage, whichever is earlier.

Q17. Do I need to get spouse (or other beneficiary) concurrence for an open season election for SBP?

A. No. If on December 22, 2022, you were receiving retired pay and not participating in SBP you do not need to have concurrence of your spouse (or other beneficiary) to make an open season election.

Note: *In some circumstances, Soldiers of the Army Reserve, Army National Guard, or Soldiers who are awaiting retired pay (Gray Area Retired Soldiers) are required to have spouse concurrence. See the Letter of Intent found on the SBP Open Season special focus website, <https://www.dfas.mil/sbpopenseason23>, for that circumstance.*

Q18. What is the "First Opportunity to Participate"?

A. Congress enacted this open season to allow members, who could have elected coverage on an earlier date (but did not) to now, essentially, "change" that decision retroactively. However, if a member had made an "earlier" decision to participate, then premiums would have become due during prior periods. Congress expects and requires that members who enroll during the open season, repay those prior premiums (plus interest and an additional cost) through a "buy-in premium." Each member's "buy-in premium" is different and is based on the earlier date that the member could have elected coverage (but did not). In general, the first opportunity to participate is the later of:

(1) the beginning of the first month that the person was able to participate in SBP if they had not declined coverage (i.e., the one-year anniversary of the first marriage after retirement, birth of a child, or date the member became a guardian of a child), and

(2) the first month after discontinuing coverage while the person had an eligible beneficiary.

However, each member's circumstance is different and the "first opportunity to participate" must be determined on a case-by-case basis.

Q19. Where can I find information about discontinuing SBP coverage during the open season?

A. You can find more information on discontinuing SBP coverage during the 2023 SBP Open Season on the SBP Open Season Discontinue Fact Sheets, <https://soldierforlife.army.mil/Retirement/survivor-benefit-plan>, and on the NDAA 2023 SBP Open Season special focus webpage, <https://www.dfas.mil/sbpopenseason23>.

Q20. Where can I find information about RCSBP enrollment options for members of the Reserves who are not yet entitled to retired pay?

A. You can find information on RCSBP enrollment in the RCSBP Open Season Enrollment Fact Sheet at <https://soldierforlife.army.mil/Retirement/survivor-benefit-plan>.

Q21. Can I change my mind after I make an open season election?

A. Yes. You have 30 days from making your SBP enrollment election (from signing the open season enrollment form) to let DFAS know in writing that you have changed your mind.