



Department of the Army Reserve Component Survivor Benefit Plan (RCSBP) Soldier and Spouse Brief

Army Retirement Services Office
2 April 2020



Our Goal

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

- Correct misinformation.

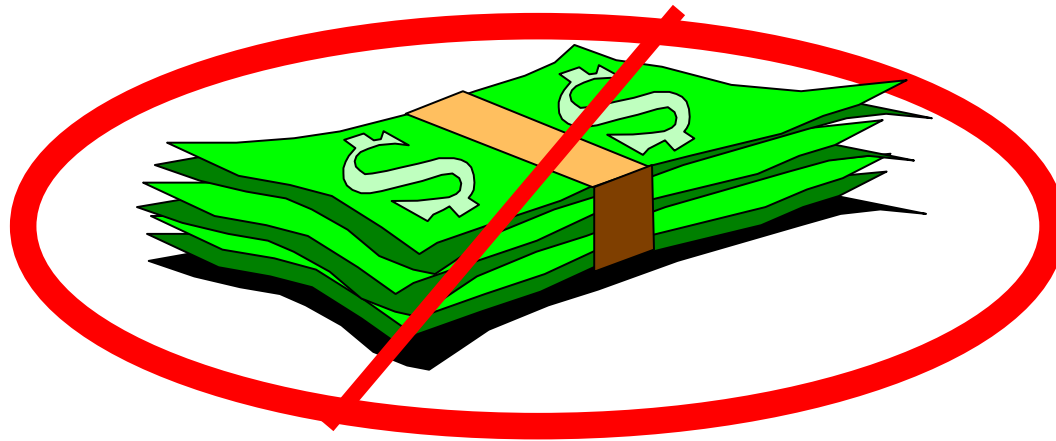


Purpose

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



THE BOTTOM LINE Without RCSBP



There is no annuity if the RC
Soldier dies prior to receipt of
retired pay



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 a RC Soldier with 20 years of qualifying reserve service for retirement to provide a portion of their retired pay to survivors if they die before Non-regular Reserve 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, RCSBP elections are voided and there is no RCSBP cost for coverage received



About Elections

- Must be made within 90 days of receipt of Notice 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 Reserve non-regular retirement



Three Part Decision

- Election Option
- Election Category
- Base Amount



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 elect no RCSBP option



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



RCSBP 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 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



RCSBP Option C – Immediate Annuity

- RCSBP coverage
- Annuity paid immediately at RC Soldier's death
- Must (notify HRC-GAR of certain life changing events) maintain 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



RCSBP Options Comparisons

This chart provides an RCSBP options comparison as they apply to coverage cost and SBP.

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	No 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 Premiums start at non-regular retirement. (Even if prior to age 60)
Option C Immediate Annuity		Immediate	Yes				
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.						



Six Election Categories

1. Spouse Only
2. Spouse & Child
3. Child Only
4. Former Spouse Only
5. Former Spouse & Child
6. Insurable Interest



Spouse Option

- Provides annuity of 55% minus the RCSBP premium
- Annuity paid forever (unless remarriage occurs pre-age 55)
- If remarriage ends, annuity reinstated
- Increased annually by COLA
- Taxable as an annuity
- RCSBP premiums stop when there is no eligible spouse in election category



Spouse & Child Option

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



Child Only RCSBP

- 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 children only because there is no spouse or exclude the spouse
- If married and child only SBP is elected, spouse must concur



Child Eligibility

- Child must be:
 - Unmarried
 - Age: 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



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...
 - “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
- SBP cost stops when no eligible children remain but RCSBP cost continue
- Spouse and Child or Child Only SBP is inexpensive
- Incapacitation may occur while child is still eligible



Former Spouse (FS) “Particulars”

- 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 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 SBP



Former Spouse (FS) “Particulars”

- Former spouse coverage can be changed if court order is amended or vacated by former spouse’s death
- If former spouse is voluntary, can cancel FS SBP and elect for new spouse within one year of marriage
- Former spouse and children only covers children of the marriage to the former spouse
- When a former spouse SBP beneficiary dies, the Retired Soldier can designate a current spouse (contact RSO for details/timeframe)



“Insurable Interest” Election

- **Who Can Elect:** unmarried Soldiers with either no or only *one eligible child
- **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:** 10% + 5% for each full 5 years younger beneficiary is than Soldier
- **Benefit:** 55% of retired pay **less** SBP/RCSBP cost



“Insurable Interest” Election

- **Loss of Beneficiary:** May elect new beneficiary within 180 days of current beneficiary’s death
- Insurable Interest SBP can be cancelled at any time
 - Exception: If insurable interest was elected for former spouse
- If married or you have a child after retirement, you have one year to cancel insurable interest SBP and elect spouse and or child SBP or you close those beneficiary SBP categories
- Insurable interest cannot be elected after retirement



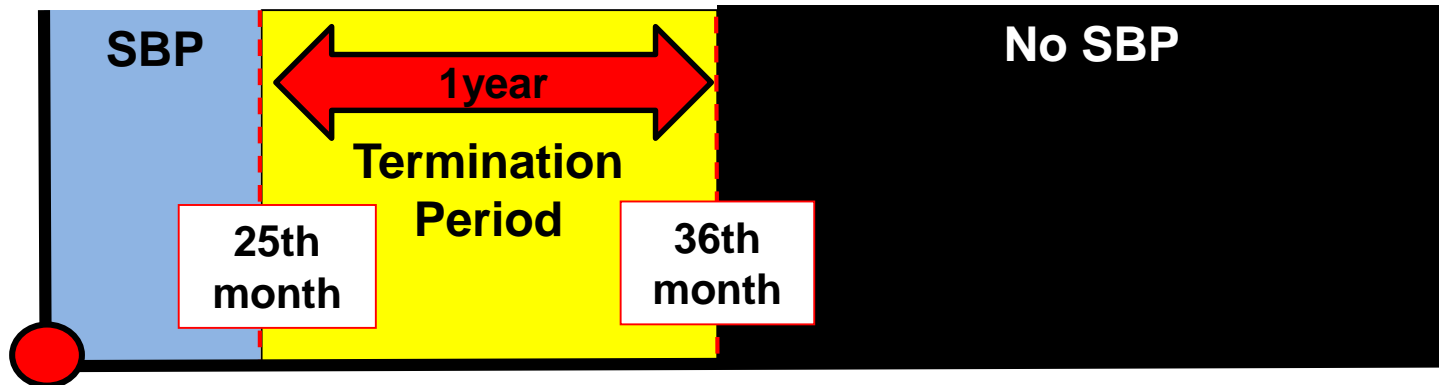
RCSBP Spouse Concurrence

SBP is a “JOINT” decision for married Soldiers who...

- Decline coverage (Option A)
- Cover less than full retired pay for spouse
- Elect “child only”
- Elect Option B, deferred annuity
- Are under REDUX retirement plan and do not elect full base amount based on High-3 retired pay they would have received
- Elect Lump Sum under BRS and do not elect spouse coverage based on retired pay they would have received without Lump Sum



SBP Termination Feature



**Retired Pay
Starts**

- Termination during one-time, one-year window between 25th and 36th month after start of pay for SBP only
- Spouse concurrence required
- Barred from future enrollment
- No refund of past premiums
- Law change acknowledges need for flexibility
- **No termination feature for RCSBP because coverage was already received at this point**



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 or not to enroll new family members **MUST** be made within one year of gaining them
- New spouse becomes eligible at 1-year marriage anniversary
- A child becomes eligible after one year
- Submit the DD Form 2656-5, Reserve Survivor Benefit Plan (RCSBP) Election Certificate for an RCSBP change 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.



The Annuity

- Annuity of 55% of selected base amount regardless of the annuitant's age
- Paid until annuitant becomes ineligible or dies



Comparing SBP to Life Insurance

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



For More RCSBP Information....

Log on to:

<http://soldierforlife.army.mil/retirement/>

[https://www.hrc.army.mil/content/Gray%20Area%20Retirements%20\(GAR\)%20Branch](https://www.hrc.army.mil/content/Gray%20Area%20Retirements%20(GAR)%20Branch)

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

Contact information:

Human Resources Command, 502-613-8950

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

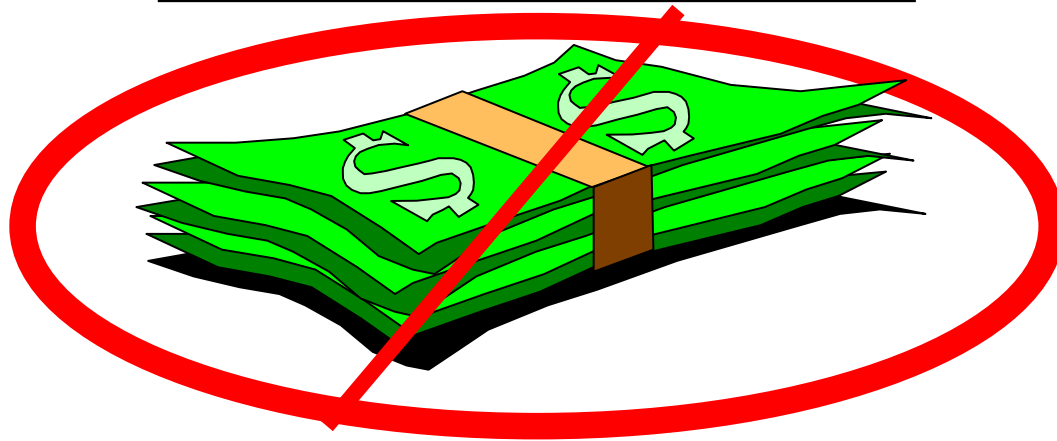
Army National Guard, contact State RSO

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



REMEMBER THE BOTTOM LINE

Without RCSBP



There is no annuity if the RC
Soldier dies prior to receipt of
retired pay