

## The Adjutant General Directorate(TAGD)

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### Reserve Component Survivor Benefit Plan RCSBP Coverage and Costs

#### COVERAGE AND COSTS

##### Introduction

The Reserve Component Survivor Benefit Plan (RCSBP) is designed to provide you, as a retirement-qualified Reserve Component (Army Reserve and Army National Guard) Soldier, an opportunity to provide a guaranteed lifetime annuity for your survivor(s) in the event of your death. The annuity is based upon the retired pay earned by you. Your retired pay cannot be continued after your death: only you may draw the retired pay that you earned. Under the RCSBP, if you have 20 qualifying years of service, you have three options for enrollment, and you may designate to whom you desire the annuity to be paid. The designee(s) may be your:

1. Spouse
2. Former spouse
3. Children
4. Person with an insurable interest in the Soldier

If you have received a 15-year letter authorizing early retirement at age 60, you are also offered this benefit. Annuities can be as much as 55 percent of your retired pay. Prior to 1 January 2001, Soldiers had 90-days from the date of their receipt of their Twenty Year Letter in which to make an election to enroll in the RCSBP. Failure to respond within the 90-day period resulted in an automatic election of Option A. The 2001 Authorization Act changed the RCSBP enrollment procedure: Soldier's receiving a Twenty Year Letter after 31 December 2000 are considered automatically enrolled in the RCSBP under Option C, Spouse and children. Soldiers are required to respond to this Command within 90-days of receipt of their Twenty Year Letter to advise the Army of the name of their spouse, or to change the automatic election. ANY CHANGE TO THE AUTOMATIC ELECTION (OPTION C) REQUIRES WRITTEN CORRESPONDENCE TO THAT EFFECT THAT IS SIGNED BY BOTH THE SOLDIER AND SPOUSE, AND NOTARIZED.

FORMER SPOUSES MUST FILE A DEEMED ELECTION WITH THE DEFENSE FINANCE ACCOUNTING SERVICE, CLEVELAND CENTER, AND THIS COMMAND WITHIN 1 YEAR OF THE DATE OF THE FINALIZED DIVORCE. SUCH ELECTION MUST BE MADE USING DD FORM 2656-10 AND INCLUDE A COMPLETE COPY OF THE FINAL DIVORCE DECREE.

##### Reference

United States Code, Title 10, chapter 73

##### Calculate Survivor Benefit Plan Application

Now you can calculate your Reserve Component Survivor Benefit Plan (RCSBP) using the interactive "calculator (<https://myarmybenefits.us.army.mil/benefit-calculators/survivor-benefits>)".

##### Coverage

You may designate your spouse only, former spouse only, children only, spouse and children, former spouse and children, or an insurable interest as the person(s) to receive the RCSBP annuity.

### **Spouse**

The widow or widower of the deceased Soldier who was married to the Soldier at the time of the Soldier's death and who:

1. Was married to the Soldier for at least one year prior to the Soldier's death
2. Was married to the Soldier at the time of RCSBP
3. Is the parent of a child born after the RCSBP election was made.

### **Former Spouse**

The Soldier may elect coverage for a former spouse within one year of the divorce if the Soldier previously covered that person as Spouse. If the Soldier is already divorced at the time of election, he/she may cover the former spouse. If a court order requires such coverage, it becomes mandatory. If the Soldier has remarried and receives eligibility to enroll in RCSBP, the new spouse must agree to provide coverage to the former spouse if such action is voluntary on the part of the Soldier.

### **Children**

The child of the deceased Soldier is eligible for coverage when he/she is

1. Single and under the age of 18  
or
2. Between the age ages of 18 and 22 and enrolled in a full-time course of study or training in a recognized education institution  
or
3. Incapable of self-support due to mental or physical disability that existed before the child's 18th birthday or was incurred before age 22 while the child was engaged in a full-time course of study or training.

\*(Child includes a member's natural child through a current or former marriage, an adopted child, a stepchild, grandchild, or foster child. Children other than natural must be shown, by means of court/legal documents, to be dependent of the Soldier.)

### **Insurable Interest**

A person who has a logical and/or lawful reason to expect financial benefit from the continued life of the Soldier. The expectation is founded on the relationship between the parties (financial, blood, marriage or mutual affection). Examples of blood or marriage interests are stepparents, grandparents, half-brothers and sisters, cousins, nephews and nieces. An unmarried Soldier may, at the time of election, choose to designate an Insurable Interest as the annuitant.

### **Coverage Options**

**Option A:** The Soldier elects not to participate in the RCSBP. The Soldier reserves the right to enroll  
**No Participation** in the RCSBP when he/she:

1. Marries [election must be made within one year of the marriage]
2. Attains age sixty (60) and receives retired pay
3. Agrees with spouse, in writing, not to enroll in the RCSBP. MUST BE NOTARIZED.

**Option B:** The Soldier elects coverage, but does not desire that the annuity be paid to the  
**Coverage; No Annuity** widow/widower until the Soldier would have attained age sixty (60).

**Until 60**

**Option C:** The Soldier elects coverage requiring that the annuity payments to the widow/widower **Coverage; Immediate** begin immediately upon the death of the Soldier.

#### Annuity

**THE SPOUSE MUST SIGN AND AGREE TO ANY ELECTION REPLY THAT DOES NOT PROVIDE IMMEDIATE AND MAXIMUM COVERAGE FOR THE SPOUSE. THE FORM MUST BE NOTARIZED.**

#### Costs

The cost of participation in the RCSBP is borne by you when you start to receive retired pay at age 60. Upon your death, the RC cost is transferred to the annuitant. **Once you make an election you may not, by law, cancel your participation in RCSBP.** The cost of the RCSBP is based upon your age and the age of your annuitant at the time of election, the option you select, the base amount that you select and your retired pay.

To calculate your approximate RCSBP costs use the following steps.

1. Compute your retired pay using the retired pay formula:

**$[(\text{Your total retirement points} / 360) \times 0.025] \times \text{monthly active duty pay for your rank and years of service} = \text{your monthly gross retired pay}$**

RCSBP is comprised of two costs: the base SBP cost that all active and reserve Soldiers pay (called the BASE cost); and the RC cost which is the cost for carrying your annuity without payment until you attain age sixty.

2. Your BASE cost is: 0.025 of the first \$701 (threshold amount) of your retired pay (\$17.53), plus 10 percent of all remainder retired pay over \$701, if your projected retired pay will be \$1,502 or less per month (See Example 1).

#### Example 1:

**(Use paragraph 1)**

**You project that your retired pay will be \$800 a month.**

**(Use paragraph 2)**

**You know that the BASE cost will be \$17.53 for the first \$701 of your retired pay, and 10% of all pay over \$701.**

$\$800 - \$701 = \$99$

$\$99 \times 0.10 = \$9.90$

$\$17.53 + \$9.90 = \$27.43$

Base SBP Cost

If your retired pay is projected to be more than \$1,502 per month, the BASE cost will be 0.065% of the projected monthly pay (See Example 2).

#### Example 2:

**You project that your monthly retired pay will be more than \$1,502 each month.**

$\$1600 \times 0.065 = \$104.00$

Base SBP Cost

3. The second part of the RCSBP cost is again based on your monthly retired pay, as well as your age and the age(s) of your annuitant(s) at the time you make the election. There are too many formulas and variables to be inserted in this brief descriptive area. Refer to the SBP Fact Sheet provided with your Notification of Eligibility (Twenty Year Letter) for Retired Pay at Age 60 for more information.

Effective 1 January 2009: The SBP threshold amount effective is \$701.00. The threshold amount (as well as the SBP base amount) will increase at the same time and by the same percentage as future basic pay.

**RCSBP Annuity Amounts**

RCSBP pays your designated annuitant 55 percent of your retired pay. The following chart gives examples of the annuity pay out and the RCSBP cost based on sample retired pay amounts. The SBP cost factors displayed are based on spouse only coverage.

**SBP Cost Examples****Based on 1% Active Duty Pay Raise Effective 1 Jan 16**

<b>Base Amount</b>	<b>Annuity</b>	<b>Premium</b>	<b>Premium</b>
<b>Amount of Monthly Retired Pay Covered</b>	<b>Monthly Annuity</b>	<b>Old Method (Threshold) Monthly Cost (Note 2)</b>	<b>Monthly 6.5% Base Amount Monthly Cost (Note 3)</b>
\$300	\$165	\$7.50	\$19.50
<b>(Note 4) \$776</b>	<b>\$427</b>	<b>\$19.40</b>	<b>\$50.44</b>
\$800	\$440	\$21.80	\$52.00
\$1,000	\$550	\$41.80	\$65.00
\$1,200	\$660	\$61.80	\$78.00
\$1,300	\$715	\$71.80	\$84.50
\$1,400	\$770	\$81.80	\$91.00
\$1,500	\$825	\$91.80	\$97.50
<b>(Note 5) \$1,662.86</b>	<b>\$915</b>	<b>\$108.09</b>	<b>\$108.09</b>
\$1,800	\$990	\$121.80	\$117.00
\$2,000	\$1,100	\$141.80	\$130.00
\$2,200	\$1,210	\$161.80	\$143.00
\$2,400	\$1,320	\$181.80	\$156.00
\$2,600	\$1,430	\$201.80	\$169.00
\$2,800	\$1,540	\$221.80	\$182.00
\$3,000	\$1,650	\$241.80	\$195.00
\$3,500	\$1,925	\$291.80	\$227.50
\$4,000	\$2,200	\$341.80	\$260.00
\$4,500	\$2,475	\$391.80	\$292.50
\$5,000	\$2,750	\$441.80	\$325.00
\$5,500	\$3,025	\$491.80	\$357.50
\$6,000	\$3,300	\$541.80	\$390.00
\$7,000	\$3,850	\$641.80	\$455.00

**Notes:**

1. The SBP threshold method applies to a Soldier who meets one of the following criteria: entered service prior to 1 March 1990 if retiring for length of service, medically retiring, or retiring from the Reserves with a non-regular retirement. For these Soldiers, two SBP spouse cost methods are available. The most advantageous one is used for such Soldiers.
2. **SBP Cost Threshold Method:** 2.5% of threshold amount + 10% of the remainder of base amount.
3. **SBP Cost 6.5% Base Amount Method:** 6.5% of the base amount.
4. Threshold Amount (that which costs 2.5%) is \$776; cost is \$19.40
5. Base amounts on or above \$1,662.86 receive best treatment under SBP cost 6.5% method cited above (.065 times base amount).