

SBP and a Peace of Mind

By CPT Daniel R. Wilmoth

You are six months away from hitting twenty years of service in the United States Armed Forces. You realize that this is a huge decision to make, discuss it with your spouse, and you drop your retirement packet shortly thereafter. But the decision-making does not stop there, and in the next six months, you will attend many pre-retirement briefings and medical appointments. One of the most important briefings you will receive is on military retired pay and the Survivor Benefit Plan (SBP).

On your way to the briefing with your spouse, you think to yourself that after twenty years of moving your family and deploying around the world, you will have a guaranteed paycheck for the rest of your life. Pump the brakes and the last phrase of that sentence one last time – the rest of *YOUR* life. That's right, military retired pay ceases when the Servicemember dies. However, the Survivor Benefit Plan gives the Servicemember peace of mind that the surviving Spouse will be taken care of after they are gone. It is sort of like taking out an insurance plan on your retired pay.

The Servicemember must enroll in the Survivor Benefit Plan upon retirement. In fact, the military spouse must consent if the Servicemember elects not to enroll. When enrolling, the Servicemember will choose a base amount, anywhere from \$300 up to the entire retired pay. Each month, the cost is around 6.5%* of the base amount and comes out pre-tax. It lowers your taxable income. The surviving spouse will receive 55% of the base amount as a lifetime annuity with cost of living adjustments and inflation protections. While you may already have life insurance, SBP can serve to augment that life insurance as a lifetime annuity.

There are three different types of coverage: spouse, spouse/child, and child. Each type of coverage differs, and each contains various facets about which the Servicemember needs to learn. It is important that the Servicemember and their spouse begin looking into SBP and military retired pay well before the Servicemember's retirement date. There is no requirement to enroll in SBP but rarely will the Servicemember be permitted to enroll post-retirement. There have been only five times since SBP began in 1977 that allowed retirees to enroll *after* retirement. The cost is minimal, and the benefits of SBP is priceless—peace of mind that your spouse will receive a check for the rest of her life. You and your family both have earned that military retired pay, now you have the chance to ensure that they see it after you pass away.

***6.5% is based on coverage for the Spouse. The cost may be different for Spouse/Child or Child coverage.**

