

# RESERVE COMPONENT SURVIVOR BENEFIT PLAN INFORMATION

IF THE COMPLETED ELECTION FORM (DD Form 2656-5) IS NOT RECEIVED AT HQ ARPC OR POSTMARKED WITHIN 90 CALENDAR DAYS OF RECEIPT OF THIS PACKAGE AT YOUR RESIDENCE OR CURRENT MAILING ADDRESS, **YOUR AUTOMATIC ELECTION WILL REMAIN UNCHANGED. IF YOU ARE MARRIED, OPTION E WILL BE ELECTED FOR YOU. IF YOU ARE NOT MARRIED, OPTION A WILL BE ELECTED FOR YOU.** (See RCSBP options on page 3.)

The basic statutory provisions of SBP law are in Chapter 73, Title 10 United States Code.

***Retired pay stops when you die!*** The Reserve Component Survivor Benefit Plan (RCSBP) is the only program that allows you to leave a percentage of your future Air Force retired pay as a monthly annuity to your beneficiaries. Read this information very carefully. If you are married, discuss this plan with your spouse. Gather facts and data unique to your situation, consider your options, and then decide if this program best for you and your beneficiaries.

The election you make in this plan is **IRREVOCABLE**, except as indicated elsewhere in this package.

RCSBP pays an annuity when you die. The plan does not make a single, lump sum payment like insurance. Instead, RCSBP pays benefits to eligible survivors every month.

## ELIGIBILITY

By completing the satisfactory years of service that qualify you for retired pay at age 60, you are automatically enrolled in the RCSBP. You must **elect not** to participate during the **90-DAY PERIOD (not three months)** beginning the day this package arrived at your residence or current mailing address, even if you do not plan to retire at this time. Members who decline or elects less than full RCSBP coverage must have spousal notarized consent.

If you are on an AGR, 10211 or 12310 tour, you are automatically enrolled in the RCSBP. If you elect not to participate in RCSBP and for some reason do not complete 20 years of active duty for retirement, your dependents will not have protection. If you are participating in RCSBP and later retire from active duty, the RCSBP election will be void and you will have the opportunity to make a new Survivor Benefit Plan (SBP) election as any other Active Duty retiring member.

IF YOU HAVE AN ELIGIBLE BENEFICIARY (SPOUSE OR CHILD) AND DO NOT ELECT COVERAGE FOR THEM AT THIS TIME AND YOU LATER ACQUIRE A NEW SPOUSE OR AN ADDITIONAL CHILD, YOU WILL BE INELIGIBLE TO ELECT COVERAGE FOR YOUR NEW SPOUSE AND CHILD. IF YOU DO NOT HAVE A SPOUSE OR DEPENDENT CHILD AT THE TIME YOU ARE ENTITLED TO MAKE AN RCSBP ELECTION AND LATER ACQUIRE A SPOUSE OR CHILD YOU ARE ELIGIBLE TO ELECT RCSBP COVERAGE FOR THEM **WITHIN ONE YEAR OF ACQUISITION.**

## RCSBP OPTIONS

You have three options regarding RCSBP protection for your beneficiaries:

**Option A (DECLINE TO MAKE AN ELECTION UNTIL AGE 60):** If you choose not to participate in the RCSBP at this time, and you live to age 60, you will have an opportunity to enroll in the Survivor Benefit Plan (SBP). If you die before age 60, your survivor(s) will not receive a percentage of your retired pay. For example, if you elect Option A at age 45 and die at age 47, your beneficiary will not receive an annuity. If you are married, your spouse must concur with this election by signing block 20a and their signature notarized in block 21a of the DD Form 2656-5. Failure to comply with this requirement will automatically default your election to Option E (Non-Response (Automatic Option C)).

**Option B (DEFERRED ANNUITY):** Provide coverage for an annuity to begin on the 60th anniversary of your birth if you die before age 60, or to begin immediately if you should die after reaching age 60. For example, if you elect Option B at age 45 and die at age 47, your beneficiary **WILL NOT** receive the annuity for 13 years, when you would have reached age 60.

**Option C (IMMEDIATE ANNUITY):** Provide coverage for an annuity to begin immediately after your death, regardless of your age. For example, if you elect Option C at age 45 and die at age 47, your beneficiary will receive the monthly annuity effective the day after your death.

## BENEFICIARIES

A beneficiary is a person who receives the RCSBP annuity payments when you die. The RCSBP has five beneficiary options.

**1. SPOUSE ONLY:** This is the spouse you are married to when you die. A spouse may receive RCSBP payments for life. The spouse must have been married to you at the time you were notified of eligibility to receive retirement pay. If you acquire a spouse after your notification, you must notify this office within 1 year of the acquisition to participate in the program.

**2. SPOUSE AND DEPENDENT CHILD(REN):** The spouse is the primary (or first) beneficiary. RCSBP payments will be made to eligible children in equal shares when the

spouse dies or remarries before age 55. Single children remain eligible for the plan until age 18 (or 22 if in full time student status).

Children disabled before age 18 (or 22 if in full time student status) will receive RCSBP payments for life if they are unable to support themselves because of their disability. If you acquire a spouse and child(ren) after your notification, you must notify this office within 1 year of the acquisition to participate in the program.

**WHEN DECLARING A CHILD AS DISABLED, ATTACH A DOCTOR'S STATEMENT TO YOUR ELECTION INDICATING WHAT THE DISABILITY IS, WHEN THE DISABILITY BEGAN, AND WHETHER OR NOT THE DISABILITY IS PERMANENT.**

**3. CHILD(REN) ONLY:** RCSBP payments go to eligible children only, as defined in paragraph 2 above. If you are married, you must have spousal notarized consent with this election.

#### **4. FORMER SPOUSE and or FORMER SPOUSE AND CHILDREN**

**IF YOU ELECT COVERAGE FOR FORMER SPOUSE OR FORMER SPOUSE AND CHILDREN AND YOU LATER REMARRY, YOU CANNOT CHANGE YOUR ELECTION TO COVER THE NEW SPOUSE AND/OR CHILDREN OF THE NEW MARRIAGE.**

**a.** If you have a former spouse when eligible to elect RCSBP coverage, you may designate your former spouse or former spouse and child(ren) as a beneficiary. ***THE CHILD MUST HAVE RESULTED FROM YOUR MARRIAGE TO THAT FORMER SPOUSE. CHILDREN OF OTHER MARRIAGES MAY NOT BE INCLUDED.***

Costs and benefits under this option are identical to those for spouse/spouse and child(ren) coverage. When former spouse coverage is elected, the current spouse, if any, will be informed of that election.

**b.** If you participate in the RCSBP with either spouse or spouse and child(ren) coverage and later divorce, you may elect to change to former spouse coverage within one year of divorce. ***THIS CHANGE MUST BE MADE WITHIN ONE YEAR OF THE DIVORCE OR THE FORMER SPOUSE WILL NOT BE ENTITLED TO THE ANNUITY.***

**c.** If you enter, incident to a proceeding of divorce, dissolution, or annulment, into a written agreement to elect to provide an annuity to a former spouse, and such agreement is incorporated, ratified or approved by a court order; or is filed with the court of appropriate jurisdiction in accordance with applicable state law, and fail or refuse to make such an election. if the Secretary of the Air Force (Air Reserve Personnel Center, Entitlements Branch (ARPC/PSDD3)) receives a written request from your former spouse requesting that such an election be deemed. ***THE REQUEST MUST BE RECEIVED WITHIN ONE YEAR OF THE DATE OF THE COURT ORDER OR FILING INVOLVED, WHICHEVER IS LATER.*** Any election deemed to have been made shall become effective on the first day of the first month which begins after the date of the court order or filing involved.

**5. INSURABLE INTEREST:** An insurable interest person is one who has a basis to expect some financial benefit or advantage from the continuance of your life. ***THIS OPTION ONLY***

***APPLIES IF YOU ARE UNMARRIED AND HAVE NO DEPENDENT CHILDREN AT THE TIME OF ELECTION.***

**a.** If you are not married and have no dependent children, you may elect coverage for an insurable interest person. This must be a natural person (not a company, organization, fraternity, trust, etc.). It may be a close relative or business partner. If you are not married and have only one child, you may elect insurable interest coverage for that child regardless of the child's age or dependency status. Any other person may qualify if you provide proof showing that person benefits in some manner from your continued life (for example, a business partner).

**b.** After your initial election, coverage under this option may be changed to cover a newly acquired spouse and/or child. ***THIS CHANGE MUST BE MADE WITHIN ONE YEAR OF MARRIAGE OR ACQUIRING A CHILD.*** Another insurable interest person cannot be named unless there are no spouse and child(ren) and the person named as the Insurable Interest dies before you. **This is the ONLY provision to name a new Insurable Interest.**

**c.** When participation is terminated before age 60, the premium will be pro-rated according to the number of full months you had coverage in relation to the number of full months you would have had coverage if you did not terminate before age 60. This premium pays for only the coverage in effect over the period during which, had you died, an annuity would have been payable to your beneficiary, but for which no premiums had yet been paid.

**d.** To request discontinuation of participation for an insurable interest beneficiary, obtain and submit an ARPC Form 64 to HQ ARPC/DPPE, 6760 E Irvington Pl #4000, Denver CO 80280-4000, stating your desire to terminate your insurable interest coverage.

## **LEVEL OF COVERAGE**

You may elect to provide an annuity based on your entire base retired pay (full coverage-55% of retired pay) or on a lesser base amount (reduced coverage). ***IF YOU CHOOSE LESS THAN FULL COVERAGE, YOUR SPOUSE, IF APPLICABLE, MUST CONCUR.*** When the monthly retired pay exceeds \$675, you may choose a base amount as low as \$675. When monthly retired pay is less than \$675, or survivor protection is for a person with insurable interest, full coverage must be elected.

## **MONTHLY ANNUITY**

Monthly annuity payments to your beneficiary are determined by the option you elect, the base amount selected, and the actuarial factor based on the ages of yourself and your beneficiary at the time of election

The payments stop if your spouse/former spouse remarries prior to reaching age 55. However, if that marriage later ends, your spouse/former spouse may again receive RCSBP payments. If your spouse/former spouse remarries after reaching age 55, the RCSBP annuity continues.

Payments are increased by cost-of-living adjustments (COLAs) at the same time and by the same percent as retired pay increases.

## RCSBP COSTS

YOU DO NOT PAY FOR THIS PROGRAM UNTIL YOU REACH AGE 60 AND START DRAWING RETIRED PAY. THERE ARE TWO POSSIBLE COSTS ASSOCIATED WITH RCSBP: **BASIC SBP COST**, AND **RESERVIST COMPONENT PORTION COST**.

- The total monthly cost withheld from your pay will be based on the pay tables in effect at that time. As to reserve pay increases, your cost will increase, and your beneficiaries' annuity will increase proportionately.
- There is no additional cost to cover children under a spouse and child election, unless the child is still an eligible beneficiary when you reach age 60.
- If you lose your spouse through death or divorce prior to age 60 and have no beneficiary at age 60, there is no cost for the plan. If your beneficiary dies after you begin receiving retired pay, the RCSBP cost stops.
- There will always be a small cost deducted from your retired pay if you elect children only coverage even though the child is no longer an eligible beneficiary when you reach age 60. However, there is no cost deduction if the child dies while still an eligible beneficiary.

## BASIC SBP COST

### Spouse/Former Spouse:

If the SBP base amount, or base retired pay, is \$1,320 or less, then the monthly SBP cost is 2.5 percent of the first \$675 plus 10 percent of the remainder. If the SBP base amount is \$1,321 or more, then the monthly SBP cost is approximately 6.5 percent of the SBP base amount.

### Children:

The cost to cover children is based on a percentage of the SBP base amount. It is dependent upon your age, the age of your youngest child, and the age of your spouse, if applicable.

### Insurable Interest:

The cost is approximately 10 percent of full monthly retired pay, plus 5 percent for each full 5 years the beneficiary is younger than you. However, the total cost cannot exceed 40 percent of the monthly retired pay. If you are younger than the beneficiary the monthly cost is 10 percent of your retired pay, plus an actuarial cost based on the ages of you and the beneficiary.

BECAUSE OF THE POSSIBLE HIGH COST OF INSURABLE INTEREST COVERAGE, YOU ARE ENCOURAGED TO CONTACT YOUR MILITARY PERSONNEL FLIGHT OR VISIT THE HQ ARPC WEBSITE ([arpc.afrc.af.mil](http://arpc.afrc.af.mil)).

## RESERVIST PORTION COST

If RCSBP Option B (Deferred Annuity) or Option C (Immediate Annuity) is elected, there is a Reservist Portion cost added to the basic cost to cover the additional benefit and assured protection should you die prior to age 60. The Reservist Portion cost is based on a percentage of the SBP base amount, and is dependent on your age and the age of your beneficiary at the time the RCSBP election is made.

## AVERAGE TOTAL COSTS

**Over the years, the average costs for each option are as follows:**

**Option A** - There is no charge. This election is to defer to make an election until age 60. If you were to make an election at age 60, the average cost is about 6.5% of your gross monthly-retired pay. (If you die prior to making an election, no one will receive RCSBP benefits)

**Option B (Deferred Annuity)** - With spouse/former spouse as beneficiary the average cost is approximately 8.5 - 10% of your gross monthly retired pay at age 60.

**Option C (Immediate Annuity)** – With spouse/former spouse as beneficiary the average cost is approximately 10 -12.5% of your gross monthly retired pay at age 60.

## DISCONTINUATION

Public Law 105-85 now provides a one-time option for you to discontinue participation in the RCSBP. You will have a one-year period to discontinue participation in the RCSBP beginning on the second anniversary of receipt of retired pay (Age 62) and ending on the third anniversary (Age 63). Once participation discontinues under this provisions, the following applies:

- There will be no refund of premiums.
- No benefits will be paid in conjunction with your previous participation.
- You may not resume participation for any category of beneficiary.

## MEDICAL CARE, BASE EXCHANGE, AND COMMISSARY PRIVILEGES

If you die before reaching age 60, your spouse and eligible children with a valid I.D. card, will be entitled to unlimited commissary privileges, exchange privileges and medical care effective the date when you would have reached age 60.

## REMARRIAGE

If you lose your spouse through death or divorce and later remarry, you have the following options:

- Resume previously elected coverage for your new spouse; or
- Increase coverage up to the maximum allowable if you previously elected less than full coverage; or
- Withdraw from participation in the RCSBP

Your current spouse must concur if you elect to withdraw from the RCSBP. If you previously elected spouse and children coverage, this election will not terminate children coverage. If you elect none of the above options, the previously elected coverage will automatically be resumed. These options are not available if you have court-ordered former spouse coverage in effect (unless the former spouse remarries prior to age 55).

If you make a former spouse election and later acquire a spouse and/or child, you can change the coverage to the new spouse and/or child. We must receive the election change request within one year of the date that the spouse and/or child are acquired. Request will only be considered if they and meet one of the following conditions:

- If coverage was voluntarily elected without a written agreement or court order, you only need to submit a new election.
- If the election was made to carry out the terms of a written agreement, a new written agreement allowing you to drop former spouse coverage in favor of spouse coverage, signed by you and your former spouse, must be submitted with the election change.
- If the written agreement is part of a court order, a court order that modifies the provisions of all previous court orders relating to the agreement must be submitted with the election change.

## DEPENDENCY AND INDEMNITY COMPENSATION (DIC)

The RCSBP annuity of a spouse will be reduced by the amount the spouse receives as Dependency and Indemnity Compensation (DIC). Your spouse will be eligible for DIC payments only if you die of a service-connected cause. In the event the DIC payments are greater than the RCSBP annuity, the annuity will not be paid. If you are receiving retired pay at the time of death, your surviving spouse will receive a refund of all premiums you paid for RCSBP. When part of an RCSBP annuity is offset by DIC, premiums for the offset portion are refunded. The combined income amount will always be at least equal to the full amount otherwise payable under RCSBP.

## **CONSUMER PRICE INDEX ADJUSTMENT**

Once you start receiving retired pay, your pay is Consumer Price Index (CPI) adjusted. Your cost for RCSBP coverage and the survivor annuity is also CPI adjusted.

## **STATE ESTATE TAX LAWS**

Certain states require the annuity to the surviving beneficiary to be included for estate tax purposes--check your state's estate tax laws to determine if your state has this requirement.

## **FEDERAL INCOME TAX**

The amounts withheld from an individual's retired pay for RCSBP coverage are excluded from gross income for federal income tax purposes. The monthly annuity paid to the beneficiary is subject to inclusion in gross income for federal income tax. The federal estate tax depends upon a member's specific RCSBP election. For "spouse only" elections, the value of any survivor annuity includable in the decedent's gross estate that passes solely to the widow will qualify for the marital deduction and is not subject to the federal estate tax.

## **RCSBP VERSUS CIVIL SERVICE SURVIVOR BENEFITS**

An individual who is eligible for retired pay under Title 10, United States Code, Section 12731, and elects survivor benefit coverage under the RCSBP may also elect survivor benefit coverage from his/her civil service retirement income. There is no conflict of interest which would prohibit the election of survivor benefit coverage from Reserve retirement and civil service retirement simultaneously.

## **AUTOMATIC COVERAGE**

Your spouse and/or children automatically qualify for an immediate RCSBP annuity if you die after completing 20 years of satisfactory service for retirement at age 60 but:

- before you can be notified of eligibility for RCSBP; or
- during the 90-day period after being notified of automatic enrollment for RCSBP; or
- if married, and spouse does not witness an Option A election; or
- if married, and you fail to return your package within 90 days of receipt of this package.



EXCEPTION: IF FORMER SPOUSE COVERAGE IS IN EFFECT THROUGH A COURT ORDER STATING THAT YOU MUST ELECT COVERAGE FOR YOUR FORMER SPOUSE, THEN THE FORMER SPOUSE WILL BE AWARDED THE ANNUITY.

## ASSISTANCE/COST COMPUTATION

YOU CAN DOWNLOAD THE RCSBP CALCULATOR. GO TO <http://www.arpc.afrc.af.mil>. CLICK ON MAIN SUBJECTS, THEN ENTITLEMENTS, THEN RCSBP CALUCULATOR.

Your unit should be able to answer most of your questions and provide you with computer-generated cost “**estimates**”. If they cannot answer your questions, feel free to contact the Entitlements Branch at HQ ARPC. We can be reached at DSN 926-6438 or toll free 1-800-525-0102. We can also be reached by fax at DSN 926-6255 or commercial (303) 676-6255, or by email at [ARPC.PSDDSDL@ARPC.DENVER.AF.MIL](mailto:ARPC.PSDDSDL@ARPC.DENVER.AF.MIL)

If you want us to compute your cost, complete and send/fax the enclosed ARPC Form 0-68. Our mailing address is HQ ARPC/DPPE, 6760 E Irvington Place #4000, Denver CO 80280-4000. When emailing the Entitlements Branch for an RCSBP cost computation, please include the following information: SSAN, date of birth for you and your dependents, number of points, the election(s) you would like computed, and your highest grade held. Due to the high volume of RCSBP packages, we are unable to compute costs over the telephone.

## COMPUTE YOUR RETIRED PAY

You can compute estimated retired pay using the chart located at <http://www.arpc.afrc.af.mil/retirementsseparations/> , find your grade and years of service. Use the applicable point value in the appropriate column. Once you have your point value you multiple your total points for retirement by the point value. This will give you an estimate of your retired pay using today's pay rates and does not include any future pay raises.