

The SBP 2023 Active Duty/Line of Duty Optional Annuity for Dependent Children Elimination/Annuity Reversion to Surviving Spouses

What is the Optional Annuity for Dependent Children?

The Department of Defense Survivor Benefit Plan (SBP) provides financial support to military spouses and/or children when a military member dies on active duty or inactive duty in the line of duty, or after retirement, if the retiree elects coverage and pays premiums.

The Survivor Benefit Plan (SBP) provides eligible beneficiaries with a monthly payment known as an annuity. The recipient of an SBP annuity is referred to as the annuitant.

When a currently-serving member dies on active duty or on inactive duty in the line of duty, the surviving spouse has the option, in consultation with the Secretary of the Military Department, to have the Survivor Benefit Plan (SBP) annuity paid directly to an eligible dependent child or children instead of to the spouse. This is called the "Optional Annuity for Dependent Children."

The Optional Annuity for Dependent Children, often called the "Optional Child Annuity," is only allowed when the service member died on active or inactive duty, in the line of duty, after October 7, 2001.

What Will Change in 2023?

The National Defense Authorization Act for Fiscal Year 2020 directed that as of January 1, 2023, the Optional Annuity for Dependent Children will be eliminated and the SBP annuity payment must revert to the surviving spouse (if the spouse submits documentation and is eligible).

DFAS has a special webpage with detailed information on the change, the eligibility packet and instructions, and Frequently Asked Questions: <https://www.dfas.mil/sbp2023childoptrev>

What Surviving Spouses Need to Do

If you are the surviving spouse of a service member who died on active duty or on inactive duty in the line of duty after October 7, 2001 and you requested the SBP Optional Child Annuity, please watch for an eligibility packet in your mail (mailed in mid-November 2021) from DFAS.

This packet includes the documents DFAS needs you to fill out and return. The documents will help DFAS determine your eligibility for SBP annuity payments and set up your account to begin your payments (if you are eligible) when the changes take effect on January 1, 2023.

If you do not receive a packet in the mail, you can download the eligibility packet from the DFAS special webpage: <https://www.dfas.mil/sbp2023childoptrev>

Although the effective date of this change is not until 2023, DFAS is reaching out early with the documents they need to assess your eligibility. DFAS can now accept and begin reviewing your eligibility documents. If DFAS receives the documents with the information needed early, they can provide you with the assessment of your future SBP eligibility well in advance of 2023.

The packet includes a copy of the letter, instructions, and the forms DFAS needs you to complete and return.

On the special webpage, there are specific instructions for filling out and returning the documents. There is also a helpful how-to checklist for filling out the forms.

You can upload your completed and signed documents online on DFAS.mil, mail them, or fax them.

Please see the webpage for details and instructions:
<https://www.dfas.mil/sbp2023childoptrev>

When DFAS receives your completed documents, they will review them within 30-45 days and send you a postal letter with your eligibility information and the current amount of the annuity.

Please note that DFAS does need to receive information from all surviving spouses, even if you are not eligible for the annuity due to remarriage prior to age 55.

If you are documented as not eligible, DFAS can continue to pay the annuity to an eligible child, even after the change in January of 2023. If DFAS does not receive documentation proving that you are not eligible, the annuity payments must be suspended as of January 2023 until DFAS receives the documentation.

What Surviving Spouses Need to Know

Surviving Spouses of Active Duty/Line of Duty Service Members Who Are Currently Entitled to SBP/SSIA

If you are currently entitled to and receiving an SBP and/or SSIA monthly payment, you did NOT request the Optional Child Annuity and the 2023 reversion does NOT apply to you. SBP is paid *either* to the surviving spouse OR to the surviving child/children; it is NOT paid to both spouse and child. The Optional Child Annuity is not an additional annuity payment. It is the option to pay the SBP annuity to the child/children *instead* of to the surviving spouse.

If you are currently entitled to and receiving an SBP and/or SSIA monthly payment, please see the information below about Phase Two of the SBP-DIC Offset Phased Elimination.

What Happens Between Now and 2023

If a child or children are the designated SBP beneficiaries because the surviving spouse selected the Optional Annuity for Dependent Children, the child/children will continue to receive the SBP payments (if they are eligible) until the SBP-DIC offset is fully eliminated in January of 2023.

If the child or children loses eligibility because they marry or reach age 18 (or age 22 if a full-time student) prior to January 1, 2023, the annuity will be suspended until January 1, 2023, at which time it will revert to the surviving spouse (if they are eligible and submit documentation).

If the child or children already lost eligibility in previous years, the annuity is suspended until January 1, 2023, at which time it will revert to the surviving spouse (if they are eligible and submit documentation).

Surviving spouses should update DFAS if their mailing address, direct deposit, or marital status changes between the time they send in the eligibility documents and January 1, 2023.

What Will Happen in 2023

SBP annuities that were directed to a child rather than a surviving spouse for active duty/line of duty deaths will revert to the surviving spouse (if she or he submits documentation and is eligible) as of January 1, 2023.

SBP Payments in 2023 for the Surviving Spouses Who are Eligible

January 2023 benefits will be paid on **February 1, 2023**. SBP benefits are paid on the first business day of the following month.

SBP-DIC Offset Elimination in 2023

The SBP-DIC offset will also be fully eliminated as of January 1, 2023. That means spouses will begin to receive full SBP payments with no offset (reduction) on February 1, 2023.

How Much SBP Will the Surviving Spouse Receive?

SBP payments vary. Surviving spouses who send eligibility documents will receive a determination letter in the mail that will include the current amount of the SBP annuity payment.

Are Survivor Benefit Plan payments taxable?

SBP payments are subject to federal taxes. State and local taxes vary. DFAS is not able to withhold state or local taxes from SBP payments.

myPay Access in 2023 for the Surviving Spouses Who are Eligible

Surviving spouses who are eligible for the SBP payment will have access to their myPay account AFTER their first payment is made on February 1, 2023.

How Remarriage Before Age 55 Affects SBP Eligibility

If a surviving spouse remarried after the death of the member (before age 55) and is still married, they may not be eligible for the SBP annuity. DFAS needs to receive a response from the spouse, even if they believe they may not be eligible due to remarriage.

If DFAS has the documentation to make a determination that they are not eligible, DFAS can continue to pay the annuity to an eligible child, even after January of 2023. However, if DFAS does not receive documentation allowing them to confirm a surviving spouse is not eligible, the child annuity payments must be suspended as of January 2023 until DFAS receives the documentation.

Surviving spouses maintain their eligibility for SBP until death, as long as they do not remarry before the age of 55.

If the annuitant remarries before age 55, annuity payments will stop. However, if the annuitant's marriage later ends for any reason, the annuity payments will restart **once DFAS is notified**. See more information at: <https://www.dfas.mil/managesbp>

Can a Surviving Spouse Refuse the Annuity so the Child Can Continue to Receive It?

The repeal of the Optional Annuity for Dependent Children and the reversion of the annuity to the surviving spouse is mandated by the law, so it is not voluntary.

Spouses/Children of Retired Service Members with SBP Coverage

This change has **NO impact on SBP coverage or SBP annuities for spouses or children of retired service members**. It ONLY impacts the surviving spouses/children of service members who died on active or inactive duty, in the line of duty, after October 7, 2001.

Premium Refunds Do Not Apply

Only retired service members pay premiums for Survivor Benefit Plan (SBP) coverage, so premium refunds do NOT apply. SBP is provided to currently-serving members at no cost to them by DoD.

If You Have Additional Questions

Check out the full range of information on this special webpage:
<https://www.dfas.mil/sbp2023childoptrev>

Surviving Spouses Currently Entitled to Both SBP and DIC in 2022: Watch Your Mailbox for Your Individual Estimate Letter

On January 1, 2022, Phase Two of the SBP-DIC Offset Phased Elimination will begin.

To help surviving spouses entitled to both SBP and DIC in 2022 understand the effect of this change, DFAS will mail letters in early December with individual estimates of 2022 SBP payments. Click here to download an example of the letter and the Explainer that provides additional information about the estimate categories in the letters.

As a reminder, the SBP-DIC Offset Phased Elimination only affects SBP payments issued by DFAS. The changes do NOT affect Dependency and Indemnity Compensation (DIC) payments

from the VA. Eligible surviving spouses will continue to receive the full amount of DIC from the VA.

Please do not call the DFAS Customer Care Center to ask for your estimates. They will not be available to view in your account until late January of 2022.

What Happens in 2022 – Phase Two of the SBP-DIC Offset Phased Elimination

January 1, 2022 marks the start of the second phase of the SBP-DIC Offset Phased Elimination.

In Phase Two of the SBP-DIC Offset Phased Elimination the amount that is offset (deducted) from the spouse's SBP annuity payment will be one-third of the amount of the DIC payment.

January 2022 benefits will be paid on February 1, 2022.

You will also receive a January 2022 Annuitant Account Statement (AAS) near the time of your February 1, 2022 payment that will show changes to your SBP and/or SSIA payment because of the second phase of the SBP-DIC Offset Phased Elimination.

As a reminder, the SBP-DIC Offset Phased Elimination only affects SBP payments issued by DFAS. The changes do NOT affect Dependency and Indemnity Compensation (DIC) payments from the VA. Eligible surviving spouses will continue to receive the full amount of DIC from the VA.

The Special Survivors Indemnity Allowance (SSIA)

Eligible survivors will also continue to receive the Special Survivors Indemnity Allowance (SSIA) in 2022, up to the maximum amount of \$346 per month (for 2022), or up to gross amount of SBP (if the gross amount SBP is less than \$346).

What Happens in 2023

The SBP-DIC offset will be fully eliminated as of January 1, 2023. That means you will begin to receive your full SBP payments with no offset (reduction) on February 1, 2023.

You will also continue to receive your full DIC payments from the VA.

SSIA will no longer be paid.

If You Have Additional Questions

See the details and FAQs on this special webpage: <https://dfas.mil/sbpdicnews>