

# News from DFAS: The SBP-DIC Offset Phased Elimination - What You Need to Know About Phase Two and Phase Three

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

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.

Check out our new Quick Reference Guide included at the end of this article and downloadable from the special focus webpage: <https://www.dfas.mil/sbpdicnews>

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

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

The changes affect surviving spouses who are, or who will become in the future, eligible for both Survivor Benefit Plan (SBP) payments and Dependency and Indemnity Compensation (DIC) payments, and who were subject to a full or partial SBP-DIC Offset.

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

DIC payments are **not** affected.

The SBP monthly payment is reduced by the amount of the offset (1/3 of the amount of the DIC payment).

If a spouse's gross SBP benefit is less than one-third of the amount of the DIC they receive from the VA, the spouse will not receive an SBP payment. About 12 percent of spouses (approximately 7,600) will not see a change in their SBP payment in 2022 because their gross SBP benefit is less than one-third of their DIC payment from the VA.

Spouses who have their SBP offset by DIC will continue to receive the Special Survivors Indemnity Allowance (SSIA) in 2022, up to the maximum amount of \$346 per month, or up to gross amount of SBP (if the gross amount of SBP is less than \$346).

## Summary – Phase Two

### VA will pay:

- 100% of the DIC payment

### DoD/DFAS will pay:

- The remainder of the SBP benefit after deducting an amount equal to 1/3 of the spouse's DIC payment from the SBP gross annuity amount (SBP gross – 1/3 of DIC = SBP net)
- Plus the appropriate amount of SSIA up to the maximum allowable (\$346).

The effective date of Phase Two was January 1, 2022. January 2022 benefits were paid on February 1, 2022. The **last payment of Phase Two** is for December of 2022, which will be paid on **January 3, 2023**.

### Phase Three: Starting January 1, 2023

In the third and final phase that begins January 1, 2023, the SBP-DIC offset will be fully eliminated. That means spouses will begin to receive their **full SBP monthly payments** with no offset (reduction) on **February 1, 2023**.

DIC payments will **not** be affected.

The SBP benefit will be **paid in full** (no offset).

SSIA will **NOT** be paid.

### Additional Notes

Spouses should have received a January 2022 Annuitant Account Statement (AAS) near the time of their February 1, 2022 payment that showed changes to the SBP and/or SSIA payment because of the second phase of the SBP-DIC Offset Phased Elimination.

Annuitant Account Statements are available in your myPay account:  
<https://mypay.dfas.mil>

Reminder: if a spouse previously received a refund of SBP premiums paid due to the SBP-DIC offset, they will **NOT** need to pay back that refund because of this change in the law.

## Questions?

Check out the full range of Frequently Asked Questions and download our **new Quick Reference Guide** on the SBP-DIC News webpage:

<https://www.dfas.mil/sbpdicnews>

We also have a webpage explaining SBP, DIC and SSIA:

<https://www.dfas.mil/sbpdicssia>

# The SBP-DIC Offset Phased Elimination 2022 Changes

## Phase Two - 2022

\*Please see our SBP-DIC News webpage for FAQs: [www.dfas.mil/sbpdicnews](http://www.dfas.mil/sbpdicnews)\*

In Phase Two (2022) of the offset phased elimination, your SBP gross benefit is reduced by an amount that is equal to one-third of your DIC benefit. This does NOT affect your DIC payment, which is paid by the VA. The first payday for Phase Two is February 1, 2022 and the last payday for Phase Two is January 3, 2023.

### Monthly Payments During Phase Two:



### Example

- ◆ If **DIC** benefit (paid in full by the VA) equals = \$1437.66
- ◆ And **SBP gross** benefit (paid by DoD/DFAS) equals = \$940
- ◆ **Offset** to SBP (DIC benefit amount divided by 3) equals = \$479.22
- ◆ **SBP net** payment after offset (reduction) of \$479.22 equals = \$460.78

### Monthly Payments Based on Above Example:

Monthly payments beginning February 1, 2022 (first payday of Phase Two):

**\$1437.66** DIC from VA + **\$460.78** Net SBP from DFAS + **\$346** \*SSIA from DFAS

- ◆ **DIC benefit** (paid in full by the VA) = \$1437.66
- ◆ **SBP net** payment (paid by DoD/DFAS) = \$460.78 (before taxes)
- ◆ **\*SSIA** payment (paid by DoD/DFAS) = \$346  
(\*SSIA paid ONLY when SBP gross is reduced due to offset; up to maximum of \$346 in 2022)

Please note: a small number of spouse annuitants (approximately 12%) will NOT see an increase in their SBP net payment in 2022. This is because one-third of their DIC benefit (the offset) is more than their SBP gross benefit. This group of spouse annuitants WILL receive their full SBP gross benefit beginning February 1, 2023 (see page 2).

DIC = Dependency and Indemnity Compensation paid by the Department of Veterans Affairs (VA)  
SBP = Department of Defense (DoD) Survivor Benefit Plan  
SSIA = DoD Special Survivor Indemnity Allowance  
DFAS = Defense Finance and Accounting Service; the DoD agency that processes Survivor Benefit Plan (SBP) and SSIA payments

Note: Dec 2022 SBP payments  
will be made on Jan 3, 2023.  
Jan 2023 payments will be made  
on Feb 1, 2023.

**-See Page 2 for 2023 Changes-**



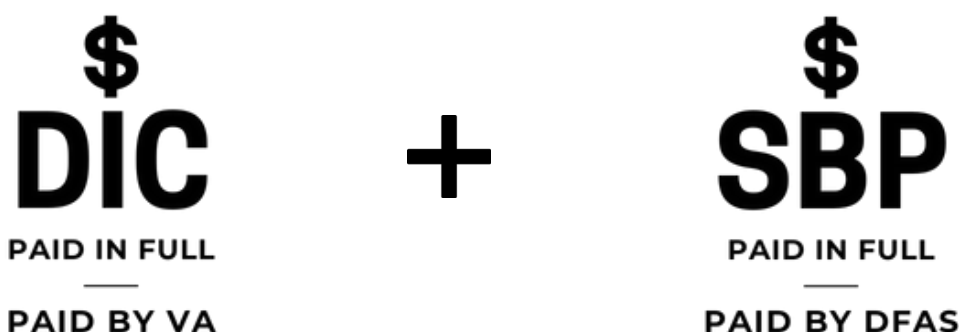
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## Phase Three - 2023

*\*Please see our SBP-DIC News webpage for FAQs: [www.dfas.mil/sbpdicnews](http://www.dfas.mil/sbpdicnews)\**

In the third and final phase (2023), the SBP-DIC offset will be fully eliminated. That means you will begin to receive your full SBP gross benefit payments with no offset (reduction). The first payday for Phase Three is February 1, 2023. You will also continue to receive your full DIC payments from the VA. SSIA will no longer be paid.

### **Monthly Payments Starting in Phase Three:**



### **Example**

- ◆ If **DIC** benefit (paid in full by the VA) equals = \$1437.66
- ◆ And **SBP gross** benefit (paid by DoD/DFAS) equals = \$940

### **Monthly Payments Based on Above Example:**

Monthly payments beginning February 1, 2023 (first payday of Phase Three):

**\$1437.66** DIC from VA + **\$940** Gross SBP from DFAS

- ◆ **DIC benefit (paid in full by the VA)** = \$1437.66
- ◆ **SBP gross benefit (paid in full by DoD/DFAS)** = \$940 (before taxes)

### **Helpful DFAS Webpages for Annuitants**

#### **SBP-DIC Offset Phased Elimination News**

[www.dfas.mil/sbpdicnews](http://www.dfas.mil/sbpdicnews)

#### **SBP 2023 Optional Child Annuity reversion**

[www.dfas.mil/sbp2023childoptrev](http://www.dfas.mil/sbp2023childoptrev)

#### **DFAS Facebook**

[www.facebook.com/DFASOfficial](http://www.facebook.com/DFASOfficial)

#### **Manage your SBP annuity**

[www.dfas.mil/managesbp](http://www.dfas.mil/managesbp)

#### **School certifications**

[www.dfas.mil/schoolcerts](http://www.dfas.mil/schoolcerts)

#### **myPay**

<https://mypay.dfas.mil>

Note: Dec 2022 SBP payments will be made on Jan 3, 2023. Jan 2023 payments will be made on Feb 1, 2023.

**-See Page 1 for 2022 Changes-**

