

News from DFAS: The 2023 Survivor Benefit Plan (SBP) Elimination of the Optional Annuity for Dependent Children and Reversion of SBP Annuity to Surviving Spouses

The DoD Survivor Benefit Plan (SBP) provides an ongoing monthly annuity payment to military spouses or dependent children when a military member dies while on active duty, on inactive duty in the line of duty, or after retirement (if the military retiree chooses to purchase coverage).

When a service member dies on active or inactive duty in the line of duty, the surviving spouse can request to have the 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" but is often referred to as the "Optional Child Annuity."

The option is available because until recently, there was a requirement for a spouse's SBP payments to be offset (reduced) by the full amount of the spouse's Dependency and Indemnity Compensation (DIC) payment from the Department of Veterans Affairs (VA). Payments to the surviving child were considered a more favorable option because SBP paid to a child is not required to be offset (reduced) by the amount of the DIC payment.

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

Changes to the Optional Annuity for Dependent Children do not impact the SBP coverage for families of a service member who retired prior to passing away or the SBP coverage for any current living retiree.

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/sbp2023childoptrev>

What Happens in 2023

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

The first SBP monthly payment to surviving spouses documented as eligible will be **February 1, 2023**. Because the SBP benefit is paid the following month, the January 2023 benefit is paid on February 1, 2023.

The last SBP monthly payment to a child under the Optional Annuity for Dependent Children will be the December 2022 benefit that is paid on January 3, 2023 (unless the surviving spouse is documented as deceased or not eligible).

Can an Eligible Child Continue to Receive the SBP Annuity? Can a Spouse Choose to Have the SBP Annuity Paid to the Child?

The elimination and reversion is in the law. It is not optional. A surviving spouse cannot refuse the annuity to have it continue to be paid to a surviving child. If we do not receive documentation for a surviving spouse, the annuity will be suspended. It cannot continue to be paid to a surviving child without documentation that the surviving spouse is not eligible.

SBP coverage for active duty or inactive duty in the line of duty deaths is for spouse and child. Since the SBP coverage is for spouse and child, the child can receive payment if the spouse is documented as not eligible.

There are three situations where an eligible child can continue to receive the SBP monthly payment after the elimination of the Optional Child Annuity in 2023:

1-If DFAS receives documentation that there was no surviving spouse at the time of the service member's death.

2-If DFAS receives documentation that the surviving spouse is deceased.

3-If DFAS receives documentation that the surviving spouse remarried prior to age 55.

If DFAS does not receive the documentation in the above situations, the annuity will be suspended until documentation is received.

Please note that the documentation needed for a deceased spouse is a copy of the death certificate with the member's social security number AND contact information for the person submitting the documentation.

What Happens Between Now and 2023

If a child or children are currently the designated recipients of the SBP monthly annuity payment because the Optional Annuity for Dependent Children was requested, they will continue to receive the SBP payments (as long as they remain eligible) until the SBP-DIC offset is fully eliminated in 2023.

If a child or children lose 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. On January 1, 2023, the annuity will revert to the surviving spouse (if the spouse is eligible and submits documentation).

If the annuity is already suspended because the child or children are no longer eligible, it will continue to be suspended until January 1, 2023. On January 1, 2023, the annuity will revert to the surviving spouse (if the spouse is eligible and submits documentation).

If the annuity is suspended because the child/children are no longer eligible and we do not receive eligibility documentation for the surviving spouse, the annuity will remain suspended until we receive the documentation.

The Process of Documenting Eligibility for Surviving Spouses

We mailed eligibility packets in mid-November of 2021 to approximately 5,000 surviving spouses of service members who died on active duty or on inactive duty in the line of duty after October 7, 2001 and who had previously requested the SBP Optional Child Annuity. **We will mail this eligibility packet again in June** to those surviving spouses who have not responded.

The eligibility packet includes the documents we need the surviving spouse to fill out and return. The documents will help us determine the spouse's eligibility for SBP annuity payments and set up their account to begin payments (if they are eligible) when the changes take effect on January 1, 2023.

If a spouse does not receive a packet in the mail, they can **download the full eligibility packet** from the DFAS special focus webpage, fill it in, and submit it: <https://www.dfas.mil/sbp2023childoptrev>

Although the effective date of this change is not until 2023, we are reaching out early. If we receive the documents with the information needed early, we can provide the surviving spouse with the assessment of their future SBP eligibility well in advance of 2023.

We have developed a special process so that the accounts that are affected by the elimination/reversion can be prepared for the 2023 change without affecting the payments to children who are currently receiving the Optional Child Annuity.

Some accounts may require research to locate the required information, so we encourage surviving spouses who are in this group to provide us with their documentation as soon as possible.

On our special focus webpage (<https://www.dfas.mil/sbp2023childoptrev>) there are specific instructions for filling out and returning the documents. There is also a helpful how-to checklist for filling out the forms.

The eligibility packet that is downloadable in a PDF from the webpage includes a copy of the letter, instructions, and the forms.

Spouses can upload their completed and signed documents online on the customer-facing annuity start askDFAS online upload tool, or mail them, or fax them.

When we receive the completed documents, we will review them and send the spouse a postal letter with their eligibility information and the current amount of the annuity.

We Do Need Eligibility Information for ALL Surviving Spouses

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

There are two reasons:

First, as explained above, if the surviving spouse is documented as not eligible (or deceased), we can continue to pay the annuity to an eligible child, even after the change in January of 2023. If we don't receive documentation proving the spouse is not eligible, the annuity payments must be suspended as of January 2023 until we receive the documentation.

Second, providing this documentation now will simplify the process for a surviving spouse if they are currently remarried before age 55, but that marriage later ends due to death or divorce in the future. At that point, the surviving spouse may become eligible for the SBP annuity payment.

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

Some surviving spouses may be confused about what the Optional Annuity for Dependent Children is and if they are entitled to an additional annuity. If a spouse is currently entitled to and receiving an SBP and/or SSIA monthly payment, they did not request the Optional Child Annuity and the 2023 reversion does not apply to them. 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.

In addition, this change in the law does NOT impact the surviving spouse or child of a member who retired prior to passing away. The change in the law does NOT impact the current SBP coverage of a retiree.

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

See the Special Focus Webpage for Additional Information

See our special focus webpage for a downloadable Eligibility Packet and specific instructions for completing it and a helpful checklist for completing the documents, as well as answers to frequently asked questions:

<https://www.dfas.mil/sbp2023childoptrev>

The Survivor Benefit Plan 2023 Active Duty/Line of Duty Optional Annuity for Dependent Children Elimination & Annuity Reversion to Surviving Spouses

What Happens in 2023

Please see our special focus webpage for FAQs: <https://www.dfas.mil/sbp2023childoptrev>

The National Defense Authorization Act for Fiscal Year 2020 repealed the authority for the Optional Annuity for Dependent Children for Active Duty/Line of Duty survivors beginning January 1, 2023.

This means for the surviving spouse of an Active Duty/Line of Duty member who requested to have the Survivor Benefit Plan (SBP) annuity paid directly to an eligible dependent child or children, the annuity will revert to the surviving spouse beginning in 2023 (if she or he submits documentation and is eligible). The first SBP monthly annuity payment of the reversion will be on February 1, 2023.

Please note: The Optional Annuity for Dependent Children is only allowed when the service member died on active or inactive duty, in the line of duty, after October 7, 2001. *This does NOT affect SBP payments for spouses or children of service members who retired prior to passing away.*

2023 SBP Optional Child Annuity Elimination
& Reversion to Surviving Spouse



**Eligible
Surviving
Spouse**

**FIRST SBP MONTHLY
PAYMENT WILL BE
FEB 1, 2023**

**IF DOCUMENTED AS
ELIGIBLE**

If you are the SURVIVING SPOUSE of an Active Duty/Line of Duty member and you requested to have the Survivor Benefit Plan (SBP) annuity paid directly to an eligible dependent child or children, here is what you need to do:

Fill out and return the completed eligibility packet DFAS mailed OR **download the packet** from this webpage <https://www.dfas.mil/sbp2023childoptrev>, fill it out and return the completed packet to DFAS as soon as possible. Specific instructions are included in the packet. If you are not sure if you are eligible, please fill out and return the eligibility packet so DFAS can research your eligibility. For surviving spouses who submit documentation and are eligible, the first SBP monthly annuity payment they will receive will be February 1, 2023.

2023 SBP Optional Child Annuity Elimination
& Reversion to Surviving Spouse



**Eligible Child
SBP Annuitant**
Currently Receiving
SBP Monthly Payment
Because of Optional
Child Annuity

**LAST SBP MONTHLY
PAYMENT WILL BE
JAN 3, 2023**

**UNLESS SURVIVING SPOUSE
DOCUMENTED AS
NOT ELIGIBLE**

For CHILD SBP ANNUITANTS who are currently receiving the SBP monthly annuity payment because the surviving spouse requested the "Optional Child Annuity," here is what you need to know:

Your SBP monthly annuity payments will be suspended after your **January 3, 2023** payment **unless** DFAS receives documentation that the surviving spouse is not eligible (deceased or not eligible due to remarriage before age 55). If DFAS receives documentation that the surviving spouse is not eligible, your SBP monthly annuity payments can continue as long as you are eligible. If DFAS receives documentation that the surviving spouse is eligible, the SBP monthly annuity payments will revert to the surviving spouse beginning February 1, 2023. DFAS will mail you information on the expected status of the 2023 SBP annuity during the summer of 2022.

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

SBP = Department of Defense (DoD) Survivor Benefit Plan
DFAS = Defense Finance and Accounting Service; the DoD agency that processes Survivor Benefit Plan (SBP) payments



The Survivor Benefit Plan 2023 Active Duty/Line of Duty Optional Annuity for Dependent Children Elimination & Annuity Reversion to Surviving Spouses

What Happens Between Now and 2023

Please see our special focus webpage for FAQs: <https://www.dfas.mil/sbp2023childoptrev>

2023 SBP Optional Child Annuity Elimination
& Reversion to Surviving Spouse



**Eligible Child
SBP Annuitant**
Currently Receiving
SBP Monthly Payment
Because of Optional
Child Annuity

**CONTINUE TO RECEIVE
SBP MONTHLY PAYMENTS
THROUGH JAN 3, 2023**

**AS LONG AS CHILD
ANNUITANT REMAINS
ELIGIBLE**

For CHILD SBP ANNUITANTS who are currently receiving the SBP monthly annuity payment because the surviving spouse requested the "Optional Child Annuity," here is what you need to know:

As long as you remain eligible, you will continue to receive your SBP monthly annuity payments **through January 3, 2023**. At that time, the SBP monthly annuity payments will revert to the surviving spouse, if they are documented as eligible.

If DFAS receives documentation that the surviving spouse is not eligible (either the surviving spouse is deceased or not eligible due to remarriage before age 55), your SBP monthly annuity payments can continue (as long as you are eligible). DFAS will mail you information on the expected status of the 2023 SBP annuity during the summer of 2022.

2023 SBP Optional Child Annuity Elimination
& Reversion to Surviving Spouse



**Eligible
Surviving
Spouse**

**FIRST SBP MONTHLY
PAYMENT WILL BE
FEB 1, 2023**

**IF DOCUMENTED AS
ELIGIBLE**

If you are the SURVIVING SPOUSE of an Active Duty/Line of Duty member and you requested to have the Survivor Benefit Plan (SBP) annuity paid directly to an eligible dependent child or children, here is what you need to know:

If an eligible child (or children) is currently receiving the SBP monthly annuity payments, they will continue to receive the SBP monthly payments through Jan. 3, 2023 (as long as they remain eligible). If the SBP annuity is currently suspended because the child is no longer eligible, it will remain suspended until your first payment on Feb. 1, 2023.

If you submit documentation to DFAS that shows you are eligible, you will receive your first SBP monthly annuity payment on Feb. 1, 2023. Please submit your documentation as soon as possible.

If you submit documentation to DFAS that shows you are not eligible, the eligible child can continue to receive the SBP annuity payments after Jan. 3, 2023.

Helpful DFAS Webpages for SBP Annuitants

**SBP-DIC Offset Phased
Elimination News**

www.dfas.mil/sbpdicnews

**SBP 2023 Optional Child
Annuity reversion**

www.dfas.mil/sbp2023childoptrev

DFAS Facebook

www.facebook.com/DFASOfficial

Manage your SBP annuity

www.dfas.mil/managesbp

School certifications

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.

