

**WEBINAR:** Dec. 8, 2022, 1 p.m. EST

# 2023 Changes to the Survivor Benefit Plan

**Presenter:** Julie Burandt-Partin, director, Defense Finance and Accounting Service Retired and Annuitant Pay

# Disclaimer

The appearance of hyperlinks does not constitute endorsement by the Defense Department of this website or the information, products or services contained therein. For other than authorized activities such as military exchanges and Morale, Welfare and Recreation sites, the Defense Department does not exercise any editorial control over the information you may find at these locations. Such links are provided consistent with the stated purpose of this Defense Department-sponsored webinar.

# Summary Description

**Did you know that the Military OneSource website is the Defense Department's platform for Casualty, Mortuary Affairs and Military Funeral Honors?**

Become familiar with the resources, tools and information available to surviving family members of service members who died in an active-duty status.

# Agenda

## SBP-DIC Offset Elimination for Spouse SBP Recipients

What is the SBP-DIC Offset? ..... 5

What Happens in 2023? ..... 6

What Happened in 2022? ..... 7

SBP-DIC Offset Phased Elimination – Information ..... 8

What is the Optional Annuity for Dependent Children? ..... 9

## SBP Optional Annuity for Dependent Children Changes

What Happens in 2023? ..... 10-11

What Happens Between Now and 2023? ..... 12

2023 Changes – Information ..... 13

# SBP-DIC Offset Elimination for Spouse SBP Recipients: What is the SBP-DIC Offset?

- Previous to 2023, when the Defense Finance and Accounting Service was informed by the Department of Veterans Affairs that a Survivor Benefit Plan spouse annuitant was receiving Dependency and Indemnity Compensation from the VA, the law required that DFAS reduce the Survivor Benefit Plan amount by some or all of the amount of DIC received from the VA and pay the remaining amount of the SBP to the annuitant. This was called the SBP-DIC Offset.
- Department of Defense Special Survivor Indemnity Allowance was paid when there was a reduction in the SBP payment due to the DIC offset.
- The SBP-DIC Offset only applied to spouse SBP annuitants (recipients). It did not apply to child SBP annuitants.
- The offset did NOT affect DIC payments.

**SBP-DIC News webpage:** <https://www.dfas.mil/sbpdicnews>

# SBP-DIC Offset Elimination for Spouse SBP Recipients: What Happens in 2023?

## First Payment of Phase Three: Feb. 1, 2023

- **SBP payments:** SBP payments made by DOD/DFAS are **paid in full**. There is no reduction due to the DIC offset.
- **DIC payments:** VA continues to pay DIC in full. The changes do NOT affect DIC payments.
- **\*SSIA:** SSIA is NOT paid. **\*SSIA** paid ONLY when SBP gross is reduced due to offset.

**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.

\$ <b>DIC</b>	+	\$ <b>SBP</b>
PAID IN FULL		PAID IN FULL
PAID BY VA		PAID BY DFAS

# SBP-DIC Offset Elimination for Spouse SBP Recipients: What Happened in 2022?

## Last Payment of Phase Two: Jan. 3, 2023

- **SBP payments** = SBP gross benefit was reduced by amount equal to one-third of DIC benefit.
- **DIC payments**: DIC was paid in full. Changes did NOT affect DIC payments paid by VA.
- **\*SSIA payments**: SSIA paid when SBP gross benefit reduced due to the offset up to maximum of \$346 in 2022.

$$\begin{array}{ccccc}
 \$ & & \$ & & \$ \\
 \text{DIC} & + & \text{SBP} & + & \text{SSIA} \\
 \text{PAID IN FULL} & & \text{AFTER OFFSET} & & \text{*UP TO \$346} \\
 \text{PAID BY VA} & & \text{PAID BY DFAS} & & \text{PAID BY DFAS}
 \end{array}$$

*In 2022, when DFAS is informed by the VA that a spouse annuitant is receiving DIC, the law requires that DFAS deduct one-third of the amount of DIC received from the amount of SBP payable and pay the remaining amount of the SBP to the annuitant. This is called the SBP/DIC offset.*

*\*SSIA paid ONLY when SBP gross is reduced due to offset; up to maximum of \$346 in 2022*

# SBP-DIC Offset Phased Elimination - Information

- **SBP-DIC News special focus webpage:** <https://www.dfas.mil/sbpdicnews>
- **Quick Reference Guide:** available on special focus webpage
- **Survivor Partners/Organizations articles** (e.g., Army - The Survivor Link)
- **Oct. 2022:** DFAS Survivor SBP Newsletter
- **Fall 2022:** Updates to SBP-DIC News webpage, Facebook posts, VA-DOD Survivor Forum, Military OneSource, SmartDoc email
- **Dec. 2022:** Mail Individual Estimate Letters to spouses affected by SBP-DIC Offset in 2022
- **Dec. 2022:** DFAS Retiree Newsletter
- **Jan. 2023:** Updates on DFAS.mil, Facebook posts



# What is the Optional Annuity for Dependent Children?

- The DOD Survivor Benefit Plan 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).
- Until 2023, 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 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 Oct. 7, 2001. This does not affect spouses or children of a member who retired prior to passing away.

# SBP Optional Annuity for Dependent Children Changes: What Happens in 2023?

- The National Defense Authorization Act 2020 eliminated the SBP Optional Annuity for Dependent Children as of Jan. 1, 2023
  - Last payment to SBP child annuitant with Optional Child Annuity is Jan. 3, 2023 (December pay) unless surviving spouse documented as not eligible
- SBP annuity reverts to surviving spouse if documented as eligible
  - First payment to surviving spouse is Feb. 1, 2023
- Child/children can continue to receive annuity payments only if surviving spouse is documented as not eligible
  - Surviving spouse not eligible if remarried prior to age 55 and still married or is deceased

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**

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**

**NDA 2020 repealed authority for Optional Annuity for Dependent Children (“Optional Child Annuity”) for active duty/line of duty survivors beginning Jan. 1, 2023.**

# SBP Optional Annuity for Dependent Children Changes: What Happens in 2023?

If no documentation, SBP annuity payments suspended as of Jan. 1, 2023

- The reversion is not optional
  - Surviving spouse cannot choose to have the annuity paid to the child
- SBP is one monthly annuity payment, **either to spouse or child/children**
  - Surviving spouse payment amount is same as child's payment amount (or sum of children's payments if multiple children)
- 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 Oct. 7, 2001
  - This does NOT affect SBP payments for spouses or children of service members who retired prior to passing away
- Special focus webpage: <https://www.dfas.mil/sbp2023childoptrev>

**NDAA 2020 repealed authority for Optional Annuity for Dependent Children ("Optional Child Annuity") for active duty/line of duty survivors beginning Jan. 1, 2023.**

# SBP Optional Annuity for Dependent Children Changes: What Happens Between Now and 2023?

## Last payment before changes: Jan. 3, 2023

- If child currently the designated recipient of SBP monthly annuity, will continue to receive (as long as remains eligible) **through Jan. 3, 2023 payment.**
- If child loses eligibility because they marry or reach age 18 (or age 22 if a full-time student) prior to Jan. 1, 2023, annuity will be suspended until January 2023.
- If annuity is suspended because child is no longer eligible, will continue suspended until January 2023.
- If annuity is suspended because child no longer eligible and we **don't receive eligibility documentation for surviving spouse**, annuity will remain suspended until we receive documentation to determine eligibility.

January 2023 entitlement will be paid on Feb. 1, 2023  
Special focus webpage: <https://www.dfas.mil/sbp2023childoptrev>

# SBP Optional Annuity for Dependent Children 2023 Changes - Information

- **SBP 2023 Optional Child Annuity Reversion special focus webpage:**  
<https://www.dfas.mil/sbp2023childoptrev>
- **Quick Reference Guide:** available on special focus webpage
- **Oct. 2022:** Mail letters to child annuitants currently receiving SBP with expected 2023 change
- **Oct. 2022:** DFAS Survivor SBP Newsletter
- **Fall 2022:** Updates to special focus webpage; VA-DOD Survivor Forum; Military OneSource
- **Dec. 2022:** Mail letters to newly eligible spouses to promptly update DFAS if bank/mailling/marital status changes
- **Dec. 2022:** DFAS Retiree Newsletter
- **Jan. 2023:** Updates on DFAS.mil

## Q&A

- Submit your question using the live chat feature in the webinar platform.





Thank you for joining us today!

For more information on Military OneSource,  
visit [www.MilitaryOneSource.mil](http://www.MilitaryOneSource.mil) or  
call 800-342-9647.