The National Defense Authorization Act for Fiscal Year 2020 modified the law that requires an offset of Survivor Benefit Plan (SBP) payments for surviving spouses who are also entitled to Dependency and Indemnity Compensation (DIC) from the Department of Veterans Affairs (VA). Under the previous law, a surviving spouse who receives DIC is subject to a dollar-for-dollar reduction of SBP payments, which can result in SBP being either partially or fully offset. The repeal will phase-in the reduction of this offset beginning on January 1, 2021, and culminating with elimination of the offset in its entirety on January 1, 2023. For the remainder of calendar year 2020, surviving spouses remain subject to the existing dollar-for-dollar offset of SBP payments by the amount of DIC paid by VA. After January 1, 2021, survivors subject to the “SBP-DIC Offset” will potentially see a change in their SBP payments. Many surviving beneficiaries, current service members, and retirees have questions about the impact of this change. The most frequently asked questions are answered below.

Sections
1. Impacted Beneficiaries
2. Timing
3. Premiums and Annuities
4. Child Annuitants
5. Resources

Impacted Beneficiaries
Q1.1: Who will be impacted by the repeal of the SBP-DIC offset?
A1.1: This change affects 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 previously subject to a full or partial SBP-DIC offset. The law also impacts the children of service members who died while on active duty or inactive duty, in the line of duty, who are currently receiving SBP payments because the surviving spouse chose the optional child annuity. It does not impact surviving spouses who receive only SBP but not DIC. It also does not impact spouses who are in receipt of DIC-only, either because SBP was declined by the service member at retirement or because the service member was a disabled veteran who was not also a retiree. It is important to note that this change does not impact any retirees or surviving spouses if SBP coverage was previously declined, and does not create opportunities for new enrollment in SBP for retirees who previously declined coverage.

Q1.2: Does every widow/widower of a service member who dies in the line of duty get SBP?
A1.2: In most cases, a surviving widow or widower whose spouse dies on active or inactive duty in the line of duty on or after September 10, 2001, and who remains unmarried prior to age 55 (see question 1.4) qualifies for a Survivor Benefit Plan (SBP) annuity. The only exception would be in situations in which a former spouse of the service member had been awarded SBP as a result of a divorce court order and the necessary former spouse SBP election was registered prior to the death of the service member. Survivors
of members who died in the line of duty prior to September 10, 2001, are not eligible to receive SBP. Certain surviving spouses of members who died in the line of duty on or after October 7, 2001, were eligible to transfer the SBP annuity to a dependent child, which is referred to as an “Optional Child Annuity.” This topic is discussed in Section 4 of this FAQ.

**Q1.3: If I was not subject to the DIC-SBP offset before, does this change affect me?**
A1.3: Most likely not. The change only impacts those surviving spouses who were previously subject to the SBP-DIC offset, and those surviving spouses and children of members who died in the line of duty if the spouse chose to transfer the SBP benefit to a child or children. This law does not create new beneficiaries nor change the eligibility criteria for SBP or DIC.

**Q1.4: What if I got remarried, will I still get the SBP benefit?**
A1.4: Section 622 of the National Defense Authorization Act for Fiscal Year 2020 did not change the eligibility requirements for the [Survivor Benefit Plan (SBP)](https://www.defense.gov/). If a surviving spouse remarries prior to age 55, he or she is ineligible to continue receiving SBP. If he or she remarries after turning age 55, that spouse does remain eligible to continue receiving the SBP annuity. Note that rules for remarriage differ under the Department of Veterans Affairs [Dependency and Indemnity Compensation (DIC) program](https://www.vba.va.gov/vetbenefits/).  

**Q1.5: Will I lose Survivor Benefit Plan (SBP) at a certain age?**
A1.5: No, SBP is a life-long benefit for spouses. Eligibility does not depend on the age of surviving spouse. Unless the surviving spouse re-marries before the age of 55, he or she will not lose eligibility. Re-marrying after turning age 55 will not cause the survivor to lose eligibility for SBP.

**Q1.6: When I retired my spouse and I declined coverage because I’m totally disabled and we knew my spouse would get Dependency and Indemnity Compensation (DIC) when I died and Survivor Benefit Plan (SBP) would be offset. Will she now be eligible for SBP?**
A1.6: No, an election to decline or reduce coverage at retirement is irrevocable, regardless of rationale. Section 622 of the National Defense Authorization Act for Fiscal Year 2020 does not authorize retirees who previously declined or elected reduced coverage (such as electing child-only coverage at retirement) to re-enroll or change their level of coverage.

**Q1.7: I used to participate in the Survivor Benefit Plan (SBP) but I withdrew when I was rated as totally disabled by the Department of Veterans Affairs. How does this change affect me?**
A1.7: Section 622 of the National Defense Authorization Act for Fiscal Year 2020 does not restore Survivor Benefit Plan (SBP) enrollment for any retiree who previously voluntarily withdrew. Withdrawal from SBP remains in effect as long as the retiree who withdrew is rated totally disabled. If the retiree’s rating is later reduced below “totally disabled,” SBP coverage can be reinstated, but only if the retiree requests it within one year of the effective date of the reduction of the VA disability rating.

**Q1.8: My spouse declined Survivor Benefit Plan (SBP) when he retired. I am receiving Dependency and Indemnity Compensation (DIC) from VA now because he died of a service-connected issue. Will I now receive SBP also?**
A1.8: No, declining SBP at retirement is an irrevocable decision. Section 622 of the National Defense Authorization Act for Fiscal Year 2020 does not grant the authority to reinstate SBP coverage if it was previously declined at retirement.
Timing

Q2.1: When will the change go into effect?
A2.2: Section 622 of the National Defense Authorization Act for Fiscal Year 2020 was signed into law on December 20, 2019; however, the actual adjustments to Survivor Benefit Plan (SBP) payments for those affected by the change will begin in 2021. The legislation phases in the repeal of the SBP-DIC offset from 2021 to 2023. Survivors subject to the SBP-DIC offset will remain offset dollar-for-dollar in 2020.

Q2.2: When will I see an increase in my Survivor Benefit Plan (SBP) payments?
A2.2: Section 622 of the National Defense Authorization Act for Fiscal Year 2020 phases in the elimination of the SBP-DIC offset in the following way:
In 2020, surviving spouses will continue to have their SBP offset by the full amount of Dependency and Indemnity Compensation (DIC) they receive from the Department of Veterans Affairs.
In 2021, SBP will be reduced by no more than two-thirds of the amount of DIC rather than by the entire amount of DIC, even though eligible surviving spouses will continue to receive the full amount of DIC.
In 2022, SBP will be reduced by no more than one-third of the amount of DIC received.
In 2023, the SBP-DIC offset will be eliminated in total, so that surviving spouses eligible for both programs will receive both SBP and DIC in full, effective January 1 (paid as of February 1).

Q2.3: Why can't I receive the full Survivor Benefit Plan (SBP) benefit starting this year?
A2.3: Section 622 of the National Defense Authorization Act for Fiscal Year 2020 does not authorize any change to the calculation of the SBP-DIC offset prior to January 1, 2021.

Q2.4: When will I start receiving benefits in full?
A2.4: Eligible survivors will start receiving Survivor Benefit Plan (SBP) payments in full, without offset, beginning with their January 2023 entitlement, which will be paid on February 1, 2023.

Q2.5: Does any form, document, or supporting statement need to be submitted to take advantage of these increased Survivor Benefit Plan (SBP) payments? If yes, when is the cutoff date?
A2.5: No, the increase in benefits will occur automatically for surviving spouses subject to the SBP-DIC offset. All surviving spouses subject to the offset will have their benefit recalculated for the month of January 2021, which they will receive on February 1, 2021. We would encourage you to ensure your contact and bank account information is updated through the Defense Finance and Accounting Service’s self-service portal, myPay.

Q2.6: If a person becomes a surviving spouse this year, would that person automatically start to receive both Survivor Benefit Plan (SBP) and Dependency and Indemnity Compensation (DIC) benefits?
A2.6: First, in order to be eligible for both benefits the current or former military member must either have retired – and elected to participate in SBP – or died in the line of duty. If retired, he or she must also have died of a service-connected disability for the surviving spouse to be eligible for Dependency and Indemnity Compensation (DIC). Less than 10 percent of surviving spouses qualify under both programs. In 2020, all new surviving spouses remain subject to the SBP-DIC offset if eligible under both programs. Those survivors will receive only the amount of SBP in excess of the amount of DIC they receive. Beginning in 2021, new surviving spouses will receive the same increase in benefits as existing survivors.

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Premiums and Annuities

Q3.1: How much will the average survivor get?
A3.1: Survivor Benefit Plan (SBP) annuity payments can vary for each beneficiary because they are based on a number of factors such as retirement date, length of service, pay grade, and disability rating of the sponsor. There is no set amount, so each surviving spouse’s current and future SBP payments could be quite different. We recommend reaching out to a financial counselor or retirement services office on your local installation to discuss individual amounts.

Q3.2: I am currently subject to the SBP-DIC offset. Will I definitely get an increase?
A3.2: Yes, eventually, although not all survivors will see an increase in the first year. It is possible that if your Survivor Benefit Plan (SBP) payments are currently less than two-thirds of the amount of Dependency Indemnity Compensation (DIC), you may not see an increase in 2021. For example, if you currently receive $1,500 from VA for DIC, but your gross SBP before offset is only $800, you would not see an increase in 2021 other than the normal annual cost of living adjustment (COLA). This is because your SBP amount, $800, is still less than the amount of DIC that would be subject to offset, which in this example would be $1,000 (i.e., $1,000 is two-thirds of the $1,500 DIC). Eventually, though, you will see an increase as the SBP-DIC offset is further reduced in 2022 and then completely eliminated in 2023.

Q3.3: Now that the offset is being eliminated, will there be any back pay for the years we didn't get Survivor Benefit Plan (SBP) payments we paid for?
A3.3: No, Section 622 of the National Defense Authorization Act for Fiscal Year 2020 does not authorize back payments. Surviving spouses of retirees who were subject to the SBP-DIC offset received either a partial or full refund of premiums to account for the reduced SBP payments.

Q3.4: I received a Survivor Benefit Plan (SBP) premium refund once I started getting both SBP and Dependency and Indemnity Compensation (DIC), will I have to pay it back?
A3.4: No, if you previously received a refund of SBP premiums due to the SBP-DIC offset, you will not have to pay back that refund because of this change in the law.

Q3.5: What is the Special Survivor Indemnity Allowance (SSIA)?
A3.5: The Special Survivor Indemnity Allowance (SSIA) is a payment made to surviving spouses subject to the SBP-DIC offset that partially restores some of the Survivor Benefit Plan (SBP) amount that is offset. SSIA is a set amount established by Congress and adjusted each year by a cost-of-living adjustment (COLA), if applicable. The SSIA rate for 2020 is $323 per month. Surviving spouses subject to the SBP-DIC offset will continue to receive SSIA, up to the amount that is reduced from their SBP payment (i.e., until the offset is fully-repealed in 2023).

Q3.6: Will the Special Survivor Indemnity Allowance (SSIA) be phased out?
A3.6: Eligible survivors will continue to receive SSIA, up to the prescribed maximum amount ($323 per month for 2020) or the amount of SBP that is offset due to DIC, whichever is less. SSIA will no longer be paid once the SBP-DIC offset is fully eliminated in 2023 and surviving spouses receive the full amount of SBP and DIC concurrently, without offset.

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Child Annuitants

Q4.1: The National Defense Authority Act for Fiscal Year 2020 repealed the authority for optional annuities for dependent children. What does this mean?
A 4.1: When a currently-serving member dies in the line of duty on active or inactive duty, the surviving spouse has the option, in consultation with the Secretary of the Military Department, to choose to have the Survivor Benefit Plan (SBP) annuity paid directly to a dependent child rather than to receive the benefit for him or herself. This allows the surviving spouse to receive Dependency and Indemnity Compensation (DIC) from the Department of VA in full without it affecting the SBP payments. SBP paid to the child or children of the deceased service member is not offset by DIC. This provision is only allowed in situations in which the member died on active or inactive duty, in the line of duty, after October 7, 2001. While it remains in effect for now, on January 1, 2023, this option will go away in accordance with Section 622 of the National Defense Authorization Act for Fiscal Year 2020. Further, those annuities that were directed to a child rather than a surviving spouse will automatically revert to the surviving spouse, if he or she is still eligible, on January 1, 2023.

Q4.2: I chose the Survivor Benefit Plan (SBP) optional child annuity when my spouse died on active duty. Will I now receive the SBP benefit?
A4.2: Not yet, but you will eventually. If your child is the designated SBP beneficiary, he or she will continue receiving the SBP payments until the SBP-DIC offset is fully eliminated in 2023. As long as you did not remarry prior to age 55, the annuity will revert to you as the surviving spouse on January 1, 2023. If your child or children lose eligibility because he or she reaches 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 you. See question 4.3 if your child or children has already lost SBP eligibility.

Q4.3: I gave the Survivor Benefit Plan (SBP) to my child when my spouse died in the line of duty while still in military service, but she is no longer eligible because she is too old. What happens now?
A4.3: The annuity remains suspended until January 1, 2023, at which point it will revert to you. If you previously chose to transfer the SBP annuity to your child or children, and your child or children are no longer eligible for SBP, the SBP benefit will be restored to you, as the surviving spouse, beginning on January 1, 2023, as long as you did not remarry prior to age 55.

Q4.4: I previously chose the Survivor Benefit Plan (SBP) child annuity when my spouse died on active duty. What do I need to do to ensure the payment comes back to me instead of my child?
A4.4: You will be contacted by the appropriate military service prior to the annuity reverting to you as the surviving spouse on January 1, 2023. You do not need to do anything yet, although we would encourage you to ensure your contact information and bank’s direct deposit information is correctly updated through the Defense Finance and Accounting Service’s myPay website.

Q4.5: When my spouse retired from the military, he elected child-only Survivor Benefit Plan (SBP). Does this mean I will now get the SBP instead of my child?
A4.5: No, the child remains the designated beneficiary for SBP. Section 622 of the National Defense Authorization Act for Fiscal Year 2020 does not impact SBP Child-Only or Special Needs Trust (SNT) elections made by retirees and their spouses at retirement. Spouse eligibility is not restored because the election of child-only or SNT coverage at retirement was irrevocable. The section of the National Defense Authorization Act for Fiscal Year 2020 that discusses restoring eligibility to spouses refers only to certain
situations in which the surviving spouses chose to transfer the benefit to a child following the death of a military member on active or inactive duty, in the line of duty, after October 7, 2001.

Q4.6: I am a retiree who elected spouse and child Survivor Benefit Plan (SBP) coverage? How will this change in the law affect that coverage?
A4.6: This change in the law does not affect spouse and child SBP elections made by retirees. If the elected coverage was for spouse and child, the child (if under age 18 or age 22 if a full-time student) will only become eligible for SBP if the spouse loses eligibility, for example a surviving spouse remarries before age 55 or the spouse passes away.

Resources

Q5.1: I would like to learn more, where can I go?
A5.1: The Defense Finance and Accounting Service (DFAS) has created this webpage to share information about the elimination of the SBP-DIC offset: https://www.dfas.mil/retiredmilitary/survivors/SBP-DIC-News.html. Additionally, you can contact Military One Source at 800-342-9647 or find other counseling options through the Military One Source website.