

**MOAA**  
INFO EXCHANGE<sup>SM</sup>

## Security on Call: Survivor Benefits for Guard & Reserve



A PUBLICATION OF MILITARY OFFICERS ASSOCIATION OF AMERICA



One  
Powerful  
Voice.™

## **The Reserve Component Survivor Benefit Plan**

---

Do you have a well-thought-out plan for taking care of your family after you're gone? Life insurance and savings alone may not be enough. For Guard and Reserve personnel who qualify, the Reserve Component Survivor Benefit Plan (RCSBP) offers outstanding value. This guide provides the essential information you'll need to evaluate RCSBP for your family so you can make an informed decision.

# Security on Call: Survivor Benefits for Guard & Reserve

**It's a fact:** Your retirement pay ceases when you die. Fortunately, there is a way to ensure that your survivors continue to receive a portion of your retirement pay after you die.

*NOTE: All references in this brochure to Reserve also apply to the National Guard.*

<u>RCSBP: AN OVERVIEW</u>	<u>2</u>
<u>ENROLLING &amp; ELIGIBILITY</u>	<u>4</u>
<u>COSTS &amp; BENEFITS</u>	<u>8</u>
<u>COMMONLY ASKED QUESTIONS</u>	<u>10</u>
<u>CONTACTS</u>	<u>12</u>

## RCSBP: An Overview

The standard Survivor Benefit Plan (SBP) is the plan uniformed service members can participate in at the time military retired pay begins (immediately after 20 years of active duty service or at age 60 with 20 qualifying years of Reserve service).

**B**ecause Reserve members must wait until age 60 to collect retirement pay, the Reserve Component Survivor Benefit Plan (RCSBP) was created as a supplemental program to provide for coverage between completion of 20 qualifying years of service and receipt of retired pay at age 60.

Both SBP and RCSBP are intended to ensure your surviving spouse receives a portion of your hard-earned military retired pay, with annual cost-of-living adjustments for life. This amount does not depend on the cash value of any fund/policy or the value of the premiums you contributed.

RCSBP provides guaranteed lifetime protection that at a cost-benefit level can't be matched by other products or companies. If your spouse depends on your income, it would be wise to consider making this guaranteed protection a cornerstone – though not the only piece – of your estate plan. You will probably still need life insurance or other investments to supplement RCSBP. While there are financial tools to augment RCSBP, there is no replacement for this invaluable program.

## ADVANTAGES OF THE PROGRAM

Why do 93% of retiring Reserve members participate in RCSBP? Because it offers low-cost peace of mind that no alternative can match. There are several built-in advantages to the program that you won't find in life insurance or other programs:

**Premiums are subsidized** – On average, the typical Reserve retiree will end up paying for only 35% of the lifetime benefits received by the average survivor. The government covers the remainder of the costs.

**The annuity is protected against inflation** – A unique feature of RCSBP is the fact that the annuity payments rise in tandem with Cost of Living Adjustments (COLAs). Your survivor's annuity will be protected against the rising cost of living by periodic increases that continue as long as he/she lives.

**Premiums don't begin until age 60** – Reserve retirees do not pay premiums until their retired pay starts at age 60. But Reserve personnel have the option to cover their spouse immediately following receipt of their Notice of Eligibility (NOE). This means there can be a span of 20 years or more when a spouse is covered in the event of the Reservist's death in which no premiums are paid.

In some ways, RCSBP is comparable to term life insurance, although you won't find any term insurance policies that provide inflation-adjusted income for life, or let you defer paying any premiums until age 60.

# Enrolling in RCSBP

As you approach the day when you qualify for retirement pay, you will receive a 20-year Notice of Eligibility (NOE) letter. You then have 90 days to make your decision on RCSBP from three options.

## OPTION A:

---

**Delayed Decision** – If you choose not to participate in RCSBP at this time, you will be given an opportunity to enroll in the standard Survivor Benefit Plan (SBP) at age 60. If you die before age 60, your survivor(s) will be ineligible to receive a percentage of your retired pay.

## OPTION B:

---

**Delayed Annuity** – You guarantee your eligible survivor(s) an annuity that starts on the day after you die, but is delayed if you die before the age of 60. If you die before age 60, the annuity would start on the day that you would have turned 60. Thus, if you die at age 52, your survivor(s) would have to wait eight years for the annuity to start.

## OPTION C:

---

**Immediate Annuity** – You guarantee your survivor an immediate annuity beginning the day after you die, no matter what your age is.

You need your spouse's concurrence in writing if you choose Options A or B or child-only coverage. If you do not make an election, fail to respond, or if your spouse does not concur with the reduced coverage, you will automatically be enrolled in Option C for full coverage, provided you have an eligible beneficiary.

## **SPOUSAL CONCURRENCE**

Because your decision on RCSBP is of vital importance to both you and your spouse, the law requires you obtain your spouse's concurrence in writing if you do not elect the maximum spouse coverage at the time of retirement (Option C).

If all requirements for an election needing the spouse's concurrence have not been satisfied before retirement, full spouse costs and coverage will be implemented. If spousal concurrence is not obtained as a result of some administrative error, the servicemember should request an administrative correction of records.

Spousal concurrence is not required, however, if you elect to provide coverage for a former spouse. Spousal concurrence is also not required if you establish that you cannot determine your spouse's whereabouts or that, because of exceptional circumstances, seeking the spouse's concurrence would be inappropriate. Such exceptional circumstances are evaluated on a case-by-case basis. When a servicemember claims the spouse's whereabouts are unknown, the servicemember must sign a statement to that effect.

## ELIGIBILITY FOR RCSBP COVERAGE

### *Asking the Right Questions*

**Q:** *What categories of survivors are eligible for benefits under RCSBP?*

**A:** • Spouse\*  
• Children only  
• Former spouse\*  
• Persons with an insurable interest

**Q:** *Are grandchildren eligible for coverage under the RCSBP programs?*

**A:** Yes, but only if you can provide documentation substantiating that the grandchildren live with you and are dependent on you for support.

**Q:** *If I elect not to participate in RCSBP, can I participate in the plan at a future date before receiving military retired pay?*

**A:** No. The RCSBP election you make prior to receiving military retired pay is irrevocable.\*\*

**Q:** *What is an insurable interest election?*

**A:** An insurable interest election is an election that can be made by the unmarried retiree who wants to provide for a relative (such as a parent, sister, brother) or other person who could be hurt financially if the retiree dies (such as a business partner).

**Q:** *I'm an eligible RCSBP participant, married with children. At the time of my NOE, with my spouse's consent, I choose child-only coverage. May I elect spousal coverage later or, if my spouse predeceases me, elect spousal coverage if I remarry?*

**A:** No. If you were married with children and elected (with the spouse's consent) child-only coverage, the current spouse or a new spouse can never be covered under the RCSBP plan.\*\*

**Q:** *If I'm married with children at the time of NOE and I elect spouse coverage, can I elect child coverage in the future if my spouse predeceases me?*

**A:** No need. The RCSBP election by default includes children. In this case, coverage and premiums would be converted to child only upon the death of your spouse.

**Q:** *I do not have a spouse and will elect child-only coverage. If I die while the children are still eligible for the annuity, how long will they receive it?*

**A:** Children are paid the annuity in equal shares until they reach age 18 – age 22 if they are full-time students – as long as they remain unmarried. A disabled or incapacitated child will

receive the annuity for life, without any reductions, provided the child never marries. As each child reaches the age when he/she is no longer eligible for the entitlement, the annuity is divided equally between the remaining eligible children.

\* An RCSBP election automatically includes children.

\*\* Although your RCSBP decision is irrevocable, you have the opportunity to elect standard SBP when you apply for retired pay at age 60. At that point, if you are married and you decline standard SBP coverage, this election is irrevocable as well and cannot be changed at a later date.

## SUMMARY

The rules regarding RCSBP are complex and constantly changing. Therefore, it's impossible to cover every situation in a brief guide such as this. Because many of your decisions about RCSBP are irrevocable, make sure you fully understand your own situation before you make a final decision. For more information, please e-mail [BenInfo@moaa.org](mailto:BenInfo@moaa.org) or call **1-800-234-6622**.

# RCSBP Costs & Benefits

**Calculating the Annuity:** The RCSBP annuity is calculated by the same formula governing SBP. Essentially, your survivors' annuity will equal 55% of the base amount you select (between \$300 and your maximum retirement pay). Keep in mind that the annuity they receive will rise in tandem with cost-of-living increases.

## Option A – Delayed Decision

If you choose Option A, RCSBP does not apply. Instead, your standard coverage begins at age 60 and premiums cost 6.5% of the base amount you choose. Thus, if you chose a base amount of \$1000/month, your premiums would be \$65/month. Your eligible survivor(s) will receive a total of \$550 each month.

Options B and C are more complicated because premiums are determined by actuarial tables provided by the Department of Defense.

The costs for RCSBP depend on many factors, including the difference in ages of the military member and his/her spouse along with the elected annuity base amount of coverage. Space limitations preclude publishing a complete listing here, but the charts on the next page provide some typical examples.

You can request an official estimate of the costs for your specific situation by calling the appropriate service telephone numbers listed on page 12. This request should be made as close to age 60 as possible so that a more accurate answer can be provided.

## Option B – Delayed Annuity

Annuity payments begin on what would have been your 60th birthday should you die before that age. If you die after age 60, the annuity begins on the day after your death.

Your Age at Election	Base Amount Elected	Annuity Payable	Cost Per Month
45	\$500	\$267	\$26.85
50	\$500	\$268	\$24.55
55	\$500	\$271	\$20.15

## Option C – Immediate Annuity

Annuity payments begin on the day after you die, regardless of your age at death.

Your Age at Election	Base Amount Elected	Annuity Payable	Cost Per Month
45	\$500	\$263	\$34.40
50	\$500	\$266	\$29.45
55	\$500	\$270	\$22.10

**NOTE:** Charts assume completion of 20 years of service after October 1, 1985 and spouse is member's age or up to four years younger.

## COMMONLY ASKED QUESTIONS

**Q:** *Are RCSBP premiums affected by cost-of-living increases to military retired personnel?*

**A:** Yes, RCSBP premiums – as well as the survivor’s RCSBP annuity – will increase yearly by the same percentage as cost-of-living adjustments (COLAs) increase military retired pay.

**Q:** *What impact does entitlement to Social Security at age 62 have on my survivor’s RCSBP annuity?*

**A:** Currently, the annuity is reduced to 35% of the base amount at age 62. But, the National Defense Authorization Act of 2005 phases out this offset over 3-1/2 years (minimum age 62 annuity will rise to 40% of the annuity base amount October 1, 2005; to 45% April 1, 2006; to 50% April 1, 2007; and to 55% April 1, 2008).

**Q:** *Are RCSBP monthly premiums suspended when there is no longer an eligible spouse?*

**A:** Yes, but if you later remarry, the premium obligation will start again on the one-year anniversary date of the remarriage (when the new spouse becomes an eligible beneficiary), provided you do not withdraw from the program during this one-year period.

**Q:** *How are premiums for an insurable interest election calculated?*

**A:** The premiums for an insurable interest election are considerably more expensive – 10% of gross retired pay plus an additional 5% for each full five years the beneficiary is younger than the retiree up to a maximum of 40% of your gross retired pay.

**Q:** *Can I terminate RCSBP spouse coverage at any time?*

**A:** Legislation enacted in 1997 specifies that retirees receiving retired pay will have a one-year window of opportunity to withdraw from RCSBP between the second and third anniversaries of the date they began receiving retired pay, with the written consent of the covered spouse. If your spouse predeceases or divorces you and you remarry, coverage can be terminated upon remarriage without the consent of the new spouse. But, the new spouse must be notified and you can never again participate in the plan.

### Still have questions?

The experts at MOAA can provide answers to help you decide whether RCSBP makes sense for your family's situation. Simply e-mail [BenInfo@moaa.org](mailto:BenInfo@moaa.org) or call 1-800-234-6622.

## CONCLUSION

Why do 93% of retiring Reserve members participate in RCSBP? Because, for most of us, this program offers low-cost peace of mind that no alternative can match. The ability to offer a lifetime annuity — one that keeps pace with inflation and cannot be outlived — makes this benefit a cornerstone of any estate plan that every Reserve officer should consider.

## For More Information

If you have a question or need to make a change to your election, contact the appropriate service at the address or phone number listed below.

### **Army National Guard/ Army Reserve**

US Army Human Resources -  
Command AHRC-PAP-T  
1 Reserve Way  
St. Louis, MO 63132-5200  
(800) 318-5298  
(314) 592-0553

### **Navy Reserve**

Commanding Officer  
US Naval Reserve Personnel Center  
Code N32  
4400 Dauphine Street  
New Orleans, LA 70149-7800  
(866) 250-4778

### **Air National Guard/**

### **Air Force Reserve**

HQ DPSPE  
6760 E. Irvington Place #4000  
Denver, CO 80280-4000  
(800) 525-0102 ask for "entitlements"  
(303) 676-6438

### **Marine Corps Reserve**

HQ, US Marine Corps  
Manpower & Reserve Affairs  
(MMSR-5)  
3280 Russell Road  
Quantico, VA 22134-5103  
(800) 336-4649  
(703) 784-9304

### **Coast Guard Reserve**

CO (RAS) US Coast Guard  
Personnel Service Center  
444 SE Quincy Street  
Topeka, KS 66683-3591  
(800) 772-8724  
(785) 339-3415  
psc-rds@hrsic.uscg.mil

For any questions about  
RCSBP not addressed, please  
contact the MOAA Benefits  
Information Department by  
calling **1-800-234-6622** or  
e-mailing **BenInfo@moaa.org**.

Prepared by the Benefits Information Department of the Military Officers Association of America (MOAA)

Copyright 2005. All rights reserved.

No part of this book may be reproduced or transmitted without the express written consent of MOAA. To request additional copies for distribution, please call the MOAA Member Service Center toll-free at 1-800-234-6622.

The information contained in this publication is intended for personal use by individuals who serve or who have served in the United States military and is not meant to substitute for legal or professional services. The regulations covering the entitlements discussed herein are constantly amended – the information within is current as of the publication date.

## **THE MOAA INFO EXCHANGE<sup>SM</sup>**

---

For more than 75 years, MOAA has been fighting for the interests of officers and their families. We understand the challenges that you face because we're officers just like you — and we're ready to share our expertise and experience. The MOAA library of guides and reference tools is available to you to help you navigate the challenges that arise at each stage of life.

Survivor Benefits

Preparing for Your Second Career

Financial Planning

National Guard and Reserve Retirement Benefits

Military Retirement

**FOR MORE INFORMATION ON THESE AND OTHER  
MOAA PUBLICATIONS, CALL 1-800-234-6622  
OR VISIT US ONLINE AT [WWW.MOAA.ORG](http://WWW.MOAA.ORG)**



**Military Officers Association of America**  
201 N. Washington St., Alexandria, VA 22314  
1-800-234-6622 • [www.moaa.org](http://www.moaa.org)