

## Military OneSource Podcast — Changes to SBP and DIC Payments for Eligible Survivors

### Episode transcript

#### Intro voiceover:

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#### Bruce Moody:

Welcome to the podcast, I'm Bruce Moody.

In today's episode, we'll get into an annuity that's paid to eligible survivors of service members and veterans. It's called the Survivor Benefit Plan, and there are some changes to this plan. We're going to get into them. The conversation's going to be a bit technical, but it's an important topic, and to get through it, we've got some help. Julie Burandt-Partin is with us today. Julie is director of Retired and Annuitant Pay. She's with the Defense Finance and Accounting Service, also referred to as DFAS. Julie, it's great to have you with us today.

#### Julie Burandt-Partin:

Thanks, Bruce. It's great to be here. Thank you for having me.

#### Bruce:

Let's get into this carefully so that we don't lose anyone, but basically, we're talking about a change in the Survivor Benefit Plan and the dependency and indemnity compensation. So, why don't you go ahead and just explain what each of these are, then we can get into what the changes are.

#### Julie:

OK. I'll talk to them in terms of what is the SBP-DIC offset. And Bruce, you said both very well. I laughed, because I have to say "dependency and indemnity compensation" very slowly. It's a mouthful. Previous to 2023, when DFAS was informed by the VA that a Survivor Benefit Plan, SBP, spouse annuitant was receiving DIC from the VA. The law required that DFAS reduced the SBP amount by some or all of the amounts of the DIC received from the VA. So, if you were getting DIC and entitled to SBP, your SBP amount would be offset by the amount that you were getting for DIC. So basically, you're only getting DIC, right? So, that was prior to 2023 and that's how it was. And then, with the passing of the 2020 NDAA, we began to eliminate the offset in phases, meaning that you

could start receiving SBP along with DIC. So, the offset got eliminated over time. And then, in 2023, it will be eliminated in its entirety.

**Bruce:**

OK, let's get into it a little bit deeper. So, talk to me more about this offset and what it was trying to achieve and what ultimately was decided.

**Julie:**

With the passing of the 2020 NDAA, it was decided or brought forth by survivors to Congress and the Senate and a law was passed to eliminate that offset, so that those survivors could receive both entitlements, one from DFAS and one from the VA, and eliminate what in many communities was looked at as an unfair reduction of their SBP benefit, because they were receiving DIC. So, that was something that I believe had been talked about for a very long time throughout our survivor community. And in 2020, legislation passed that allowed us to begin making the changes I described.

**Bruce:**

Do these changes affect all annuitants?

**Julie:**

These changes affect only surviving spouses who are eligible for their Survivor Benefit Plan and receive DIC from the Department of Veteran Affairs. So, you have to be receiving DIC and be a surviving spouse for this offset elimination [00:04:00] to impact you.

**Bruce:**

OK. How does this affect the DIC payments which are from the VA?

**Julie:**

The good news is that your DIC payments, as a survivor, that you have been receiving, you will currently still receive. There is absolutely no impact for the survivor to their DIC payments.

**Bruce:**

OK. So, there's something called the Special Survivor's Indemnity Allowance. What about surviving spouses who are currently receiving this allowance?

**Julie:**

OK, so the SSIA, because I'm not going to try to say ... Well, I'll try to say it because I ... It must be the word indemnity. Anytime I have to say that it doesn't come out right. The SSIA allowance that you refer to, it will no longer be paid after the Jan. 3, 2023, payment. So, think of it in terms of, once the offset is eliminated, that SSIA payment will be eliminated as well. That was there to help alleviate some of the offset over the years. So, now that the offset is being lifted, you won't need that extra SSIA, because you'll be receiving the entirety of your SBP entitlement. SSIA will no longer be paid after Jan. 3,

2023, because SSIA is only paid to spouses who have their SBP payment offset by DIC. So, after the Jan. 3 payment, starting with Feb. 1, 2023. payment, that offset goes away. And so does SSIA.

**Bruce:**

This is making a lot more sense than I thought it would. So, thank you so much for helping me through this. This is really good. OK, so all this stuff is happening. What do spouses need to do? If there's a surviving spouse and it affects a surviving spouse, what steps do they need to take?

**Julie:**

For this offset elimination, the surviving spouses really don't need to do anything. They do not need to notify DFAS to let us know they were affected by the DIC offset. We've been tracking the elimination of this offset for the last three years. So, there's no action that their surviving spouses need to take. You don't need to fill out a form. You don't need to call us and tell us, "Hey, just want to make sure Phase 3, my offset's going to get lifted." This is all information and data we've been tracking over the course of this phased implementation. Surviving spouses do not need to do anything specific. We will be adjusting that offset and making the full payments beginning Feb. 1.

**Bruce:**

OK. I think what would really help at this point, define or describe what is the Survivor Benefit Plan in the most general terms. And then, what I will do is let people know that, in the program notes of this episode, there are plenty of links, and you can read all about the Survivor Benefit Plan. But the general idea of this, if you can go ahead and describe it for us.

**Julie:**

Sure, Bruce. Upon retirement, let's say I was retiree, Julie, I have the ability to elect Survivor Benefit Plan coverage for my spouse and children. What that means is I would make that election upon retirement, and then I would begin paying monthly premiums into the Survivor Benefit Plan, while I was retired, so that, upon my passing, my spouse and/or children would then be covered through an annuity, once I was gone. But also, in addition to retirees, military members are covered by the Survivor Benefit Plan while they're serving. And the DOD pays the premiums for currently serving members. So, there's two instances, upon retirement, I elect to cover my dependents through SVP and they receive an annuity upon my passing, and then, if you're currently serving, you are already covered by the Survivor Benefit Plan and the DOD pays those premiums for you.

**Bruce:**

Julie, thank you for walking through what is a very technical but also really very personal and important topic, and we appreciate having you on the podcast today.

**Julie:**

Thank you, Bruce. It's my pleasure.

**Bruce:**

Excellent, excellent. Julie Burandt-Partin is director of Retired and Annuitant Pay at the Defense Finance and Accounting Service. Great to have you with us today.

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I'm Bruce Moody. Thanks a lot for listening. Take care. Bye-bye.