

Military OneSource Podcast — SBP Optional Child Annuity

Episode transcript

Intro voiceover:

Welcome to the Military OneSource podcast. Military OneSource is an official program of the Defense Department with tools, information and resources to help families navigate all aspects of military life. For more information, visit militaryonesource.mil.

Bruce Moody:

Welcome to the podcast. I'm Bruce Moody.

We're going to be talking about the Survivor Benefit Plan in today's episode. This is going to be one of two episodes discussing the changes to the Survivor Benefit Plan. I say there's two; there's another episode that you may want to listen to for a little bit more context.

And we'll put a link to that episode in the program notes of this episode and that will help each other out. Because this is a rather technical, maybe a bit of a dense episode. We're going to getting into some nuts and bolt on changes to the Survivor Benefit Plan, but we have some really amazing help. We've got Julie Brand Parton with us. Julie is director of Retired and Annuitant Pay at the Defense, Finance and Accounting Service, also known as DFAS, and they all are headquartered in Indianapolis. Julie, it's great to have you with us on the podcast.

Julie Brand Parton:

Thanks, Bruce. It's a pleasure to be back.

Bruce:

OK, so we want to have a conversation today, which kind of follows up. If you want to get the full picture, maybe what you can do is go to the program notes of this episode and listen to the original episode and get caught up.

But we'll reference what we were talking about the last time around in this episode. In this episode, what we're going to be talking about is the Survivor Benefit Plans optional child annuity. So just real basic to get us going, Julie, why don't you describe to us, define what the Survivor Benefit Plans optional child annuity is.

Julie:

OK, Bruce, here we go. So, this occurs when a service member dies on active or inactive duty, in the line of duty. That's a lot of words. Let me repeat it. An optional SVP, optional child annuity occurs when a service member dies on active or inactive duty, in the line of duty.

If that occurs, the surviving spouse can request to have the Survivor Benefit Plan annuity paid directly to an eligible dependent child or children instead of to the spouse. That's why it's called the optional annuity for dependent children. But sometimes it's referred to as the optional child annuity because they had that option, the spouse had the option to either designate it for a child or children or to themselves.

Bruce:

OK. I believe the purpose of our conversation today is around the fact that this optional annuity for dependent children is to be eliminated. Am I correct? And if so, what does it really mean?

Julie:

OK, so beginning in 2023, the optional annuity for dependent children will be eliminated and the SBP monthly annuity payment must revert to the surviving spouse. That's if the surviving spouse submits documentation confirming their eligibility. Spouses who are documented as eligible will receive their first SBP payment on Feb. 1, 2023.

Bruce:

OK, we're going to continue to dive into that. But OK, so who does this change not affect? Maybe that's one of the questions we should ask.

Julie:

No, and it's a good one because it's very confusing and it doesn't affect everybody. There are children who are receiving annuities that won't be impacted. Let me try to clear that up. Changes to the optional child annuity do not impact SBP coverage for families of a service member who retired prior to passing away or SBP coverage for any retiree.

Remember, in that first question I repeated the service member had to have died on active or inactive duty, in the line of duty. If SBP began because of that instance, that's who's impacted. If a child is receiving an annuity because a retiree had passed away and designated that annuity to them, those children are not impacted.

Bruce:

OK, so kind of a why question here. So, this particular child, optional child annuity, why was this a favorable option for some surviving spouses?

Julie:

The option is available because until recently, 2023, there was a requirement for a spouse's SBP payment to be offset or reduced by the amount of the spouse's dependency and indemnity compensation payment from the Department of Veteran Affairs. It used to be, simply put, you didn't receive both.

If you were receiving DIC and were eligible to receive SBP, whatever that amount of DIC you're receiving, it would offset your SBP. In essence, you were just receiving DIC. So,

payments to their surviving children were considered a more favorable option because SBP paid to a child is not required to be offset by the amount of the DIC payment.

Bruce:

OK, can an eligible child continue to receive the Survivor Benefit Plan annuity?

Julie:

In these instances, if DFAS receives documentation that the surviving spouse is not eligible. What does that mean? Either the surviving spouse has passed away or is not eligible due to remarriage before the age of 55. If the surviving spouse is in one of those categories, the child can continue to receive the SBP payment, the SBP monthly annuity as long as they are eligible.

Bruce:

What happens if documentation is not received about the eligibility of a surviving spouse?

Julie:

Well, Bruce, the child annuity will still be suspended. It must be suspended.

Bruce:

OK. And we're still working through the, we're almost done with the details, all the nuts and bolts here. So, the next question I have is, what is needed if the surviving spouse is deceased?

Julie:

OK. A copy of the certified death certificate is needed with contact information for the person submitting the documentation. For example, if the parents or legal guardian of a minor child or child over the age of majority who is currently receiving SBP is aware of the death of the surviving spouse, they can submit a copy of the death certificate with their contact information. We can receive that from those individuals, if the surviving spouse has passed away.

Bruce:

OK. On that note, there's some information that we have and there's a DFAS webpage that we're going to post in the program notes that really gets more into that. The last really technical question for you is, what do you need to do if you are the surviving child and are currently receiving the Survivor Benefit Plan monthly annuity payments?

Julie:

For now, you need to continue to provide eligibility certifications when required. For example, that would be a school certification or certificate of eligibility or report of existence, and that aligns with current processes.

Bruce:

OK. We covered a lot, a lot of details here. And I've got two more links that we're going to put in the program notes. Can you just give us a just kind of a brief description of what people can get from these two links?

Julie:

The links provide in obviously written word, a detailed explanation of these changes. There are examples out there for people to reference. I am a picture person. I love seeing things in pictures. We put as much information in as many formats out on these websites. And there are also downloadable quick reference guides for people.

If when you go out there and you see it and you find it helpful and you might know somebody, you can send them those quick reference guides with the detailed explanations and the examples. There's a lot of information. And like I said, to me, I love seeing pictures associated with these complicated things because it really helps break down the complexity and provide a better explanation.

Bruce:

Nothing wrong with liking pictures. Nothing wrong. They help. We're visual human beings, that's just what we are. Just embrace it. And for those of you who are still with us, thank you. And for those who us are still with you, I would like to thank you, Julie, for making this as understandable as it can be in this format. And, of course, there's more details in the links. But through this conversation, I really appreciate you walking us through this. And I wonder if you have any final words on this topic.

Julie:

I would say please visit our websites. Please read them. If you're still unsure, you can always call our customer care center. That would be an option, as well. We talked about reading, seeing pictures, sometimes it just helps to talk to a person and calling our care center might be the way that fills that last piece of information in for you, as well.

Bruce:

OK, thank you so much. Julie Brand Parton is director of Retired and Annuitant Pay at the Defense, Finance and Accounting Service, also known as DFAS. Julie, thank you so much for joining us today.

Julie:

Thanks Bruce. Truly my pleasure.

Bruce:

Absolutely. I want to remind everybody that Military OneSource is an official resource of the Defense Department. We are a website, a call center, we're on social media and we are a podcast. So, go ahead and subscribe wherever you listen to your podcasts because we cover a lot of topics that help military families navigate military life.

I'm Bruce Moody. Thank you for listening. Take care. Bye-bye.