

Military Survivor BENEFITS SUMMARY



Understanding your federal benefits while in the service and beyond:

Life Insurance, SGLI, FSGLI, VGLI
Department of Veterans Affairs
Social Security Administration
Survivor Benefit Plan

Transitioning from the Service

UNDERSTANDING SURVIVOR BENEFITS

Your survivors' benefits will change when you retire or separate. Many benefits will go away upon transition from military service. How will they be replaced? This guide will help you understand these important benefits and help you plan for the changes.

Survivor Benefits for Death on Active Duty

- Servicemembers' Group Life Insurance (SGLI).
- Death Gratuity – tax free, lump sum payment.
- Survivor Benefit Plan - 75% of base pay (subject to retirement plan rules).
- VA Benefits: Dependents Indemnity Compensation (DIC) and Dependents' Education Assistance (DEA) – tax exempt, COLA adjusted.

Survivor Benefits After Transition

- No SGLI.
- No Death Gratuity.
- No Survivor Benefit Plan - unless elected at time of retirement.
- No VA Benefits – unless death is service-connected.

Bottom Line – When you leave the service, these benefits and monthly income **STOP**. Do you have a plan?

>>>>> **Questions? Call 1-800-628-6011 or email counselor@navymutual.org.**

Life Insurance

UNDERSTANDING INSURANCE

- Two basic types: term and permanent.
- Needs vary over lifetime and career.
- Primary reasons to purchase:
 - 1) Cover immediate expenses at death;
 - 2) Provide income for survivors.
- Cost varies based on age, medical history, health, and type of policy.

TERM INSURANCE

- Coverage for a fixed period of time: begins and ends.
- Lower premiums.
- Most policies are more for "peace of mind" than actually pay out benefit.

PERMANENT INSURANCE

- Coverage never ends – (AKA "whole life" insurance).
- Costs more than term.

SGLI – SERVICEMEMBERS' GROUP LIFE INSURANCE

- Group Term insurance for all service members.
- Death benefit provided upon entry to military service.

FAMILY SGLI (FSGLI)

- Automatic coverage for spouse (up to \$100,000) and children to age 18 (\$10,000).
- Cost for spouse coverage is determined by age and adjusted every 5 years.
- Child coverage is at no cost.
- **SGLI and FSGLI terminate 120 days after leaving active duty.**
- Spouse SGLI coverage convertible to commercial permanent policy with no proof of insurability required.

Benefits	Term Insurance	Permanent Insurance
Coverage for life	No – only for term of policy	Yes
Lower premiums	Yes	No

VETERANS' GROUP LIFE INSURANCE (VGLI)

- Group term insurance available to all service members leaving active duty.
- Maximum Coverage is \$400,000.
- Cost varies by age and amount of coverage, increasing every 5 years.
- Acceptance is guaranteed (no proof of insurability) if elected within 120 days of leaving service.
- Convertible to commercial permanent insurance anytime.

MONTHLY PREMIUMS FOR \$400,000 MAXIMUM COVERAGE UNDER VGLI

Under 30.....	\$32	55 +	\$268
30 +	\$40	60 +	\$432
35 +	\$52	65 +	\$600
40 +	\$68	70 +	\$900
45 +	\$88	75 +	\$1,800
50 +	\$144		

	SGLI	FSGLI – spouse	VGLI
Proof of medical eligibility required	No	No	No*
Convertible to commercial permanent policy	No	Yes	Yes
Pure term insurance, fixed premiums	Yes	No – renewable term premiums increase every 5 years	No – renewable term premiums increase every 5 years
Accelerated Death Benefit Option	Yes	Yes	Yes
Beneficiary Financial Counseling Service	Yes	Yes	Yes

*Proof of eligibility not required; however, a medical exam will be required if enrolling after 120-day grace period of SGLI coverage after leaving service. Premiums may be higher.

➤➤➤➤➤➤ For more information on SGLI/VGLI, go to www.va.gov.

Department of Veterans Affairs (VA)

www.va.gov

Survivor benefits are payable to eligible dependents upon the death of a service member if active duty or service-connected death.

DEPENDENCY AND INDEMNITY COMPENSATION (DIC)

- Provides monthly income for spouse (for life) and children (to age 18 or 23 if unmarried and continuing education).
- Spouse benefits remain as long as he/she remains unmarried prior to age 57.
- Disabled children eligible for life.
- Monthly benefit is tax-free and COLA adjusted annually.

SURVIVORS' AND DEPENDENTS' EDUCATION ASSISTANCE (DEA)

- Monthly benefit for 45 months of full-time, post-secondary education.
- Available to unmarried spouse and children.

Social Security Administration (SSA)

www.ssa.gov

- Benefits based on Primary Insurance Amount (PIA).
- PIA is a dollar amount based on wage credits accumulated by paying FICA taxes.
- Benefits are not automatic. Individuals must apply for them.

RETIREMENT BENEFITS

- Full benefit eligibility depends on year of birth.
- Reduced benefit is available as early as age 62.
- Spouses can receive benefits of 50% of wage earner's PIA or their own PIA; whichever is greater.
- SSA benefits do NOT offset military retired pay.

DISABILITY BENEFITS

- Based on inability to work.

SURVIVOR BENEFITS

- Lump sum death benefit.
- Eligible dependents receive .75 x PIA up to a family maximum of 1.75 x PIA.
- Spouse eligible only if unmarried and age 60 or older; or at any age if unmarried and caring for the deceased's child under age 16 or disabled.

Survivor Benefit Plan (SBP)

Percentage of retirement pay received by the survivors of active duty or retired service member.

- No cost while on active duty.
- Participation is voluntary for retirees with payments made via deduction from retired pay.
- Election must be made at time of retirement. (Default election is spouse enrollment.)

SBP PAYMENT

- Choose a base amount from a minimum of \$300 up to full retired pay.
- SBP payments will provide survivor(s) with 55% of base amount.
- Monthly benefit (not lump sum).
- COLA adjusted annually.

SBP COST paid with pre-tax dollars

- Spouse coverage cost is 6.5% of base amount elected.
- Child coverage cost is based on the ages of retiree, spouse, youngest child, and base amount.

COVERAGE OPTIONS (one election per member)

- Spouse – SBP annuity paid monthly to spouse until death.
- Spouse and child – allows for payment to be made first to the spouse and, in their absence, to children (via a guardian).
- Child Only – payments to children until age 18 or 22 if enrolled in school.
- Former Spouse or Former Spouse and Child – this election may be required by a divorce decree. In this case, a current spouse cannot be covered.
- Insurable interest – may be used by those with no spouse or children. Cost is very different for this election. Those interested in this choice should verify eligibility rules and review the cost structure.

Retired pay, SBP Annuity and SBP premiums increase with COLA increases.

SBP PLAN DETAILS

- Spouse concurrence is required if election is less than full retired pay or if spouse coverage not elected.
- Participation decision is revocable between the 2nd and 3rd year of receiving retirement pay with spouse concurrence.
- Participation is paid up after 30 years of payment and attaining age 70.
- A spouse receiving an SBP annuity becomes ineligible if remarried prior to age 55. Benefits can resume at the death of the new spouse or if the marriage ends in divorce.
- Service members without children at the time of retirement may elect coverage for children within 1 year of their birth or adoption.
- Participants cease paying premiums when:
 - Their children are no longer eligible, which occurs on their 18th birthday (or to age 22 if a student); however, a disabled child may be eligible for life.
 - They lose their spouse through death or divorce.
- An unmarried retiree can elect SBP coverage for a new spouse. This coverage becomes effective one year after the marriage.

SBP WEB RESOURCES

- www.navy mutual.org From the home page, click “Military Benefits” to find more information and links regarding your benefits, as well as the Military Survivor Benefits Calculator. This tool may be useful to those making the SBP decision.
- actuary.defense.gov SBP subsidy, cost and insurance comparison calculators.
- www.dfas.mil Provides details and frequently asked questions on Active Duty SBP.