

SBP & DIC Offset Removal Implementation 2021-2023

Congress enacted changes to the Survivor Benefit Plan (SBP-for Retired Military) with the National Defense Authorization Act (NDAA) for Fiscal Year 2020. This change will eventually eliminate the offset for surviving spouses who are also receiving Dependency and Indemnity Compensation (DIC) from the Department of Veterans Affairs (VA). The changes will take place in three phases.

PHASE 1: January 1, 2021 (pay date 1 Feb 2021). Surviving Spouse SBP annuity payments issued by DFAS will be reduced (offset) by no more than two-thirds of the amount of DIC (issued by the VA) rather than by the entire amount of DIC, even though eligible surviving spouses will continue to receive the full amount of DIC from the VA.

PHASE 2: January 1, 2022 (pay date 1 Feb 2022), Surviving Spouse SBP annuity payments will be reduced (offset) by no more than one-third of the amount of DIC (issued by the VA) rather than by the entire amount of DIC, even though eligible surviving spouses will continue to receive the full amount of DIC from the VA.

PHASE 3: January 1, 2023 (pay date 1 Feb 2023), the SBP-DIC offset will be fully eliminated. SBP payments will no longer be offset by DIC. Spouses will receive full SBP (issued by DFAS) and full DIC (from the VA).

DFAS (Defense Finance and Accounting Service)

DFAS will mail Surviving Spouse Annuitants a letter in December 2020 with an individual estimate for how the first phase of the elimination will affect you.

Individual Letters will have the following estimates (that include the 2021 COLA of 1.3%):

A-2021 Gross SBP annuity estimate

B-2021 DIC offset amount (amount of DIC that will be deducted from your gross SBP annuity estimate)

C-2021 SBP annuity payment after DIC offset - estimate (before taxes)

D-2021 SSIA payment – estimate

Eligible survivors will continue to receive the Special Survivors Indemnity Allowance (SSIA), up to the maximum amount of \$327 per month (for 2021), or up to the amount of SBP reduced by DIC (if the amount of the reduction is less than \$327).

Please make sure your annuity account information is up-to-date and includes your correct mailing address. Also, if you're not using myPay, set up a profile now and add your email address at this link: <https://www.dfas.mil/RetiredMilitary/> at the bottom of the page.

If you previously received a refund of SBP premiums paid due to the SBP-DIC offset, you will not need to pay back that refund because of this change in the law.

For more details and frequently asked questions, see the special SBP-DIC News webpage: <https://www.dfas.mil/RetiredMilitary/survivors/SBP-DIC-News/>