
Defense Report

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The Military Survivor Benefit Plan— Does it Miss the Target?

The House Armed Services Committee is making another attempt to correct the inequities and misunderstandings of the military Survivor Benefit Plan. Since Congress first established the plan in 1972, responsible individuals have been disappointed with the low participation rate among retiring military personnel.

The Survivor Benefit Plan (SBP), to which service members voluntarily contribute a portion of their retired pay, is intended to provide continuing income to the family upon the retiree's death. This income would be apart from Social Security benefits to which all service members have contributed on the same basis as every other eligible citizen since 1957.

However, the Survivor Benefit Plan was written to include a reduction in benefit payments when the survivors become eligible for Social Security benefits. The Social Security "offset" has been a major factor in the poor acceptance of the SBP and is probably the greatest contributor to misconceptions of its true value.

Among other changes, the current legislative effort in Congress would remove the Social Security offset from SBP and make it a two-tier benefit system paying a maximum of 55 percent of retired pay to the survivors until age 62 and 35 percent thereafter.

Veterans organizations and service associations have encouraged this type of change to help remove some of the perceived problems with SBP and to increase participation. Most of these groups agree that the two-tiered program will permit service people to understand better their benefits packages at the crucial time when they must make the choice to participate. At the same time, these organizations agree with the Defense Department that an increase in the second tier benefit to 40 percent of retired pay at age 62 would be clearly seen as a viable benefit to all and would significantly increase enrollment.

The House has included other modifications to SBP including indexing of the minimum \$300 base coverage. It is hoped that when the House and Senate meet in conference to debate these legislative corrections to SBP, they will have as their main goal the maintenance of fairness and equity for the military men and women who will retire in the future.