

SBP

Survivors Benefits Program

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What is SBP?

When a military retiree dies, there is no more retirement income for dependents.

Basically, the Survivor's Benefit Program (SBP) is offered as a benefit plan that lets eligible beneficiary like a spouse and/or and dependent children of the member the ability to pay to receive an annuity for the rest of their lives.



How does it work

When the military member is going through the retirement outboarding process, the SBP is offered to retiring military members.

Here is how it works?

The military member decides what percentage of their retirement they want. You get to decide from the amount range from \$300 to the full monthly retirement pay reaping 55% of base amount.

From \$300 to \$1,554 you need to pay 2.5 % on the first \$725, then on the remainder, you pay 10% up to the \$1,554.

If the amount is over \$1,554, you pay 6.5% of the base amount.

<i>Base Amount</i>	<i>SBP Costs</i>	<i>SBP Benefits 55% of Base Amount</i>	
\$300.00	\$7.50	\$165.00	
\$725.00	\$18.13	\$398.75	
\$1,000.00	\$45.63	\$550.00	
\$1,553.00	\$100.93	\$854.15	
\$2,000.00	\$130.00	\$1,100.00	
\$2,500.00	\$162.50	\$1,375.00	

Advantages:

- No physical to take or health questions to answer
- The premium is deducted automatically from the retirement pay, it will not be able to be cancelled.
- The premium is not taxable; however, the dependent will have to pay taxes on the payout
- There is a cost of living (COLA) adjustment.
- It is an annuity and will last the rest of your life
- People are living longer making this benefit an attractive option

Disadvantages:

- Monthly cost of benefit
- You can't cancel the plan
- Other insurance options may suit your needs better



Resources used:

1. Navy Mutual, Veterans Organization, September 27, 2025
<https://www.navymutual.org/wp-content/uploads/2024/01/2024-SBP-Presentation-Final.pdf>
2. Defense Department, aka Department of War, September 27, 2025 ,
<https://militarypay.defense.gov/Benefits/Survivor-Benefit-Program/Costs-and-Benefits/Spouse-Coverage/>
3. Military Compensation and Financial Readiness, September 27, 2025,
<https://militarypay.defense.gov/Benefits/Survivor-Benefit-Program/Overview/> and <https://militarypay.defense.gov/Benefits/Survivor-Benefit-Program/Costs-and-Benefits/Spouse-Coverage/>