

The October 1, 2008, effective date of the "Paid-up Survivor Benefit Plan (SBP)" program is drawing near. All retirees who are at least 70 years old and have paid SBP premiums for at least 360 months will be eligible to have their monthly premiums stopped. All members who reach age 70 and paid premiums for a minimum of 360 months after the October 1, 2008, effective date will also achieve paid-up status. These individuals will have their premiums terminated when they meet both the age and 360 month premium payment requirement. Those who qualify to have their premiums stopped will maintain their current annuity coverage at no further cost. No action is required by the member to initiate the termination of premiums. DFAS will notify members of their paid-up status and when premiums will be stopped.

DFAS began a process of notifying certain retirees of their paid-up status beginning in May 2008. All retirees who, in the month of May, were at least 70 years of age and had paid premiums for 360 months were sent a letter notifying them that their premiums will be terminated beginning October 1, 2008. The letter notification of members who pre-qualify for paid-up status is an ongoing process. DFAS has sent similar notification letters to members who met the requirements in June and July. This process will continue in the months of August and September.

In October a "premium counter" will be included on all Retiree Account Statements (RAS). The counter represents the total number of months of paid premiums that is credited to a retiree's account. The premium counter will automatically increase in each month that a full premium payment is made. Each time a retiree receives a RAS it will display the current number of monthly premium payments. This will help retirees monitor their eligibility status. A RAS is not issued monthly but is issued whenever a pay change occurs. While the premium counter will become available in October, the counter will not be seen by most retirees until the annual RAS is mailed in December 2008. Only those retirees who have a change in pay during October or November will receive a RAS for those months.

DFAS is working in conjunction with the Defense Data Manpower Center (DMDC), who maintains historical pay data on all military retirees, to ensure that everyone receives proper credit for all premiums paid and that the premium counter is accurate beginning in October. Retirees will be given the opportunity to dispute the premium counter established by DFAS if they feel it is inaccurate. Guidelines for disputing the premium counter will be provided in a future update.

For more detailed information, please refer to the Paid-Up SBP FAQ's. Additional updates will be provided as more information becomes available.