

RETIREMENT INFORMATION

PERSONNEL ACTIONS & SERVICES DIRECTORATE

A COMPENDIUM OF INFORMATION

(The information attached to this cover sheet is current as of
1 July 2004.)

Revised deleting outdated attention lines and phone numbers
1 July 2004

(Previous editions are obsolete.)



U.S. ARMY HUMAN RESOURCES COMMAND

1 RESERVE WAY

SAINT LOUIS, MISSOURI 63132-5200

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Communications Hub Office will route your call

COMMERCIAL TELEPHONE: (314) 592-0123, extension 4

DSN 892-0123

TOLL FREE LINE: 1-800-318-5298

RETIREMENT INFORMATION

RESERVE COMPONENT RETIREMENT SYSTEM

We service all members of the Army's Reserve Component to include the Army National Guard. The RC retirement system dates back to 1949. A number of changes affecting retirement based on non-regular service have occurred since that date to include the establishment of the requirement for issuance of the 20-year letter in 1966 and the RC-SBP in 1978. The administrative requirements associated with effective management of the data necessary to comply with several laws passed by Congress since 1949 necessitated the establishment of a comprehensive, effective automated system to accumulate and maintain accurate data concerning a soldier's participation in the Reserve program.

RETIREMENT POINTS ACCOUNTING SYSTEM (RPAS)

Development of the Retirement Points Accounting System (RPAS) was started in 1981 to not only facilitate compliance with a number of laws, but to provide a service to the soldier by allowing reconciliation of the retirement points account on an annual basis. This provides an opportunity for the soldier to obtain necessary corrections while information regarding participation for each year and the data necessary to prove that service is still reasonably available. Our goals in implementing RPAS are to:

- Provide an accurate record of all military service and participation to all Army Reserve (USAR) soldiers each year.
- Provide an automated 20-year letter to each USAR soldier on qualification.
- Eliminate annual reporting of paid attendance and school completion by USAR units.
- Provide a valid data source for use by the Department of Defense in projecting future retirement costs.

RESERVE COMPONENT SURVIVOR BENEFIT PLAN (RC-SBP)

The Reserve Component Survivor Benefit Plan (RC-SBP) is designed to protect dependents of retirement eligible Reserve soldiers should the soldier die before his/her 60th birthday. To be eligible, the soldier must:

- Have completed 20 or more years qualifying service with the last 6 qualifying years as a member of a Reserve Component; and
- Complete and return the DD Form 2656-5 (Reserve Component Survivor Benefit Plan Election Certificate) within 90 calendar days of receipt of the 20-year letter (Notification of Eligibility for Retired Pay at Age 60).

When completing the DD Form 2656-5, the soldier elects either:

- OPTION A: Decline coverage (remains eligible for standard SBP coverage at age 60).
- OPTION B: Provide an annuity starting on what would have been the soldier's 60th birthday (if deceased prior to age 60) or, if 60 or over at time of death, on the day following date of death.
- OPTION C: Provide an immediate annuity beginning on the day following date of death regardless of age at time of death.

Reserve soldiers who fail to decline coverage using option A will receive automatic coverage under option C .

QUESTIONS?

Questions regarding Retirement inform programs and services should be addressed to:

Commander, Human Resources Command
ATTN: AHRC-PAP-T
1 Reserve Way
St. Louis, MO
63132-5200

RESERVE RETIRED PAY ESTIMATION PROGRAM IT PAYS TO STAY!

Calculate your estimated retired pay!

**Visit the Human Resources Command web site at
<https://www.hrc.army.mil>**

We are proud to announce that our Reserve Retired Pay Estimation Program ("RPAYJUL", 2000 Version) is ready and available for distribution. The program contains two sub-programs: one to **ESTIMATE** reserve retired pay and one to **ESTIMATE** Reserve Component Survivor Benefit Plan (RC-SBP) costs for Option B or Option C. At the beginning, you will be asked to enter your grade and name or to verify whether you are, in fact, the individual the program thinks you are. This check is necessary to ensure you are not given false results based on someone else's input.

The data you enter into the RPAY program as it moves through each process will be used to determine the answers that pertain in your specific situation. You will be provided an opportunity to print out the computed results for your future reference and information.

Your potential retirement benefit is only one of the many benefits available to you because of your service to your country. Our computer program, RPAY, will **project** how much retired pay you may draw at age 60 if our assumptions regarding future pay raises hold true. We apply current rules to your particular situation and, estimating an average annual increase in basic pay of 3%, project how much your service will be worth at age 60 if the information you feed into the program is correct.

The calculations are based on a number of factors you must supply:

- Projected retirement grade
- Basic pay entry date
- The number of years you plan to remain active with the reserve program
- How many retirement points you now have.
- The number of retirement points you expect to earn (above your membership points) each year until you terminate active status.

COMPUTATION OF RETIRED PAY

If you entered the military before **8 September 1980**, your years of satisfactory (equivalent) service (total creditable retirement points divided by 360) will be multiplied by 2.5 percent up to a maximum of 75%. The resulting percentage will be applied to the basic pay in effect for you (based on retired pay grade and years of service) on the date retired pay starts to determine monthly retired pay. **Guard and Reserve soldiers who separate or are discharged before age 60 will have their total years of service for pay determined as of time of separation.** Guard and Reserve soldiers who transfer to the Retired Reserve until age 60 will have their total years of service for pay determined at age 60 or upon entry into a retired pay status (whichever is later). Monthly retired pay will be increased annually by a cost of living allowance (COLA) equal to the annual change in the Consumer Price Index (CPI).

If you first joined the military on or after **8 September 1980**, your years of satisfactory (equivalent) service will be multiplied by 2.5 percent up to a maximum of 75% just like in the first example; however, the resulting percentage will be applied to the average of the highest 36 months of basic pay in effect for the soldier to determine monthly retired pay. **Guard and Reserve soldiers who separate or are discharged before age 60 will have their highest 36 months of basic pay determined at time of separation.** Guard and Reserve soldiers who transfer to the Retired Reserve until age 60 will have their highest 36 months of basic pay determined at age 60 - generally, the pay scales in effect when they were

ages 57, 58, and 59. Monthly retired pay will be increased annually by a cost of living allowance (COLA) equal to the annual change in the Consumer Price Index (CPI).

Remember, if you stay with the Reserve Component by transferring to the Retired Control Group when you stop active participation, your total service for pay (longevity) continues to increase and have a positive impact on the amount of retired pay you will ultimately receive. Our estimate will assume you plan to remain with the Reserve program after you stop active participation. If you elect a discharge before age 60, your ultimate retired pay will be less than it would be if you remain affiliated. You can run this module more than once if you want to analyze various options.

RESERVE COMPONENTS SURVIVOR BENEFIT PLAN (RC-SBP)

The second module of our program will estimate the costs associated with RC-SBP coverage. This program is currently limited to analyzing married, spouse only coverage under Option B or Option C and is limited to those situations where your spouse is less than 5 years older or younger than you. You will need information pertaining to your age and your spouse's age, rounded to your nearest birthday; at the time you and your spouse either made your RC-SBP election or expect to make your election [within 90 days of receipt of Notification of Eligibility for Retired Pay at Age 60 - (20- year letter)]. In other words, if you received your 20-year letter and signed up for RC-SBP 5 years ago or you expect to receive your 20-year letter in 10 years, you will need your ages at that time - not your current ages. The program will also ask you whether you want the analysis based on Option B or Option C. You can run this module more than once if you want to analyze various options.

QUESTIONS?

The proponent agency for this publication and the associated computer program is the Personnel Actions and Services Directorate, Human Resources Command. If you have further questions that are not covered above, please feel free to call our toll free number (1-800-318-5298). We can also be reached at 1-314-592-0123.

To obtain a copy of the program, visit our web site at <https://www.hrc.army.mil>. You may distribute copies to other reservists. If you have questions regarding retired pay or SBP calculations, contact the Transition and Separations at the address below.

**Commander, Human Resources Command
ATTN: AHRC-PAP-T
1 Reserve Way
St. Louis, MO 63132-5200**

THE RETIREMENT POINTS ACCOUNTING SYSTEM (RPAS)

In 1949 Congress established a Reserve Component Retirement Plan. Section 12731, 10 USC, provides an entitlement to certain members of the Reserve Components to retired pay and benefits at age 60. In order to receive retired pay, soldiers must meet minimum requirements.

- A reserve soldier or former reserve soldier must be at least 60 years of age; and
- have performed at least 20 years of qualifying service computed under Section 12732, Title 10, United States Code; and
- have performed the last 8 years (*) of qualifying service while a member of the active reserve; and
- not be entitled, under any other provision of law, to retired pay from an armed force or retainer pay as a member of the Fleet Reserve or the Fleet Marine Corps Reserve; and
- he must apply for retired pay by submitting an application to the service in which he completed his qualifying service (the service assigned to at time of discharge or transfer to the Retired Reserve).

* NOTE: In the case of a person who completes the service requirement during the period beginning on the date of the enactment of this subsection, October 5, 1994, and ending on September 30, 2001, the provisions shall be applied by substituting "the last six years" for "the last 8 year" of service.

QUALIFYING YEAR

A "qualifying year" is a full retirement year during which the soldier earns a minimum of 50 retirement points. For a full explanation of how retirement years are established see AR 140-185. In very general terms a soldier will establish a retirement year ending date (RYE) by entering the active Reserve. The date the soldier enters the active Reserve becomes his/her retirement year beginning date (RYB). The RYE date will be one year later minus one day. The RYE will remain unchanged so long as there is no break in service. Example: If a soldier joins the active Reserve on 2 July 1986, his first retirement year will be 2 July 1986 through 1 July 1987.

60 POINT RULE *

Accumulating 50 retirement points during a retirement year is not too difficult for members of Troop Program Units (TPU). As a matter of fact, many of our most active soldiers find themselves subjected to what is known as the "60 point rule". Basically, the 60 point rule states that a soldier may earn no more than 60 inactive duty points during his retirement year. A TPU soldier who attends all 48 unit training assemblies (UTA) receives 1 point per UTA and 15 points for membership for a total of 63 points will lose 3 points due to the 60 point rule. Any additional training assemblies (ATA) the soldier attends or correspondence courses he completes (1 point for 3 hours completed) will be good for retirement points, but those points will not be creditable toward the total number of points used to determine how much retired pay he will receive. He will receive all active duty training and/or active duty points he earns above the 60 point maximum for inactive duty; however, he will not be allowed to exceed 365 points in a calendar year (366 for a leap year). Members of the Individual Ready Reserve (IRR) may accumulate points through correspondence courses, active duty for training, active duty, etc.

(* NOTE: Effective 23 September 1996 the "60 point" rule is replaced with the "75 point" rule for those soldiers with retirement years ending on 23 September 1996 and thereafter. The language is the same.)

COMPUTATION OF RETIRED PAY

In addition to being used to determine if a soldier qualifies for retired pay based on non-regular service, retirement points are also used to determine how much retired pay the soldier will receive at age 60. The formula is fairly simple:

$$\frac{\text{Total Creditable Retirement Points}}{360}$$

The formula computes the number of equivalent years of service the soldier has completed (comparable to full time service). If the soldier has 3,600 points, he has 10 years equivalent service.

$$3600/360 = 10 \text{ years}$$

We report the number of years of equivalent service earned by the soldier to DFAS. They treat those years in the same fashion that they treat years of satisfactory service for retiring active component soldiers. At that point, certain rules come in to play based on when the soldier first joined the military service. The following rules apply:

- **First joined any military before 8 September 1980.** Years of satisfactory (equivalent) service will be multiplied by 2.5 percent up to a maximum of 75%. The resulting percentage will be applied to the basic pay in effect for the soldier (based on retired pay grade and years of service) on the date retired pay starts to determine monthly retired pay. Guard and Reserve soldiers who separate or are discharged before age 60 will have their total years of service for pay determined as of time of separation. Guard and Reserve soldiers who transfer to the Retired Reserve until age 60 will have their total years of service for pay determined at age 60. Monthly retired pay will be increased annually by a cost of living allowance (COLA) equal to the annual change in the Consumer Price Index (CPI).
- **First joined any military between 8 September 1980 and 31 July 1986.** Years of satisfactory (equivalent) service will be multiplied by 2.5 percent up to a maximum of 75%. The resulting percentage will be applied to the average of the highest 36 months of basic pay in effect for the soldier to determine monthly retired pay. Guard and Reserve soldiers who separate or are discharged before age 60 will have their highest 36 months of basic pay determined at time of separation. Guard and Reserve soldiers who transfer to the Retired Reserve until age 60 will have their highest 36 months of basic pay determined at age 60 - generally, the pay scales in effect when they were ages 57, 58, and 59. Monthly retired pay will be increased annually by a cost of living allowance (COLA) equal to the annual change in the Consumer Price Index (CPI).
- **First joined any military on or after 1 August 1986** (Applies to active duty retirements only. Soldiers applying for retired pay under chapter 67, title 10, U.S. Code will have their retired pay computed under the rules outlined in paragraph 4-4b(2), above). Years of satisfactory service will be multiplied by 2.5 percent up to a maximum of 75%. Percentage will initially be reduced by an amount equal to 1 percent per year for each year short of 30 years and restored permanently at age 62; e.g. -- a soldier with 20 years of satisfactory service would be entitled to 40 percent [(20 x .025) -- (.01 x 10)] until age 62 and 50 percent (26 x .025) thereafter. The appropriate percentage will be applied to the average of the highest 36 months of basic pay in effect for the soldier to determine monthly retired pay. Monthly retired pay will be increased annually by a cost of living allowance (COLA) equal to the annual change in the Consumer Price Index (CPI) minus 1 percent with a one time catch up adjustment at age 62.

20 YEAR LETTER

For years the services had difficulty with accurately establishing when a member of the Reserve Components had completed 20 qualifying years of service. As a result, many soldiers stopped participating when they believed they had completed 20 qualifying years only to discover, much too late (at age 60), that they did not meet the requirements for retired pay. In 1966 Congress passed another law (Public Law 89-652) which imposed a requirement on the Service Secretaries to notify each member of the Reserve Components when he had completed the number of years qualifying service required to receive retired pay at age 60. The letter the soldier receives is known as his "Notification Of Eligibility For Retired Pay At Age 60 (Twenty Year Letter)". The soldier is required to receive the letter within 1 year of the date he/she completes qualifying service. Members of the Army National Guard receive their letters from the National Guard Bureau. The following procedures apply to members of the USAR:

- IRR soldiers must work with the Regional Support Teams (RST) of Personnel Actions and Services Directorate to update their RPAS accounts to reflect all creditable service. If the account is current, RPAS will issue a "twenty year letter" approximately 45-60 days after the RYE, which documents the 20th qualifying year. If the soldier has 20 qualifying years, but RPAS has not been corrected prior to the applicable RYE, the soldier should submit appropriate documentation to his/her RST. Once, the corrections have been made a "twenty year letter" will be generated and issued in approximately 45 days.
- TPU soldiers must work with their unit technician and through their chain of command to update their RPAS accounts to reflect all creditable service. If the account is current, RPAS will issue a "twenty year letter" approximately 45-60 days after the RYE, which documents the 20th qualifying year.

RESERVE COMPONENT SURVIVOR BENEFIT PLAN (RC-SBP)

The next major change in the Reserve Component Retirement Program occurred in 1978 when Congress passed Public Law 95-397 establishing the Reserve Component Survivor Benefit Plan (RC-SBP). Active component soldiers entering into retired status since 1972 had all been automatically covered by the Survivor Benefit Plan on their first day in retired status. Members of the Reserve Components who had met all qualifications for retired pay (except they were not yet 60 years of age) were receiving their 20 year letters, but all too frequently, were not subsequently living to be 60 years of age. Those members of the Reserve Components who died subsequent to completion of 20 years qualifying service, but before entering into actual retired status at age 60 were unable to leave any portion of their retired pay benefit to their survivors. RC-SBP solved that problem, but it created additional problems for the Army relative to records being kept pertaining to a soldier's eligibility for participation in the Plan.

AUTOMATION OF THE RETIREMENT POINTS ACCOUNTING SYSTEM (RPAS)

Prior to 1982, there was no centralized or automated capture and storage of accumulated points for members of the USAR. Generally, each year's points for TPU soldiers were recorded and filed in their Military Personnel Records Jacket. The soldier received an annual Automatic Data Processing punched card, which recorded the previous retirement year's (RY) earned points. The Reserve Components Personnel and Administration Center (RCPAC) eventually developed a semi-automated system for capturing and storing points for members of the IRR, but even that system did not accumulate points beyond the latest RY. Each time it was necessary to determine how many qualifying years and/or total points a member of the USAR had accumulated, a complete records audit was required.

In 1981 RCPAC made the decision to create RPAS to accumulate retirement points data throughout a soldier's career and provide a means for communicating with all members of the USAR on an annual basis to verify not only the retirement points data for the latest RY, but also to ensure all accumulated points were properly documented. RPAS is now being managed by the Human Resources Command-STL.

Members of the IRR were first provided with RPAS data in 1982 and are now receiving a Chronological Statement of Retirement Points (ARPC Form 249-2-E) on an annual basis. Data is now loaded based on changes to administrative data on the Total Army Personnel Data Base-Reserve at HRC-STL, automated interface with the Army Institute for Professional Development (AIPD) for correspondence course points, automated interface with the Defense Finance and Accounting Service (DFAS) for data pertaining to annual training (AT) and active duty training (ADT), and the individual soldier for any other duty which entitles him to retirement points.

The system was expanded in 1983 to include TPU soldiers. Data for TPU personnel is primarily received through automated interface with DFAS for data pertaining to paid inactive duty training (IDT), AT and ADT; automated interface with Army Institute for Professional Development (AIPD) for correspondence course points, and automated interface with the Standard Installation /Division Personnel System - United States Army Reserve (SIDPERS-USAR) for changes in administrative data.

RPAS DATA BASE COMPLETION

Each member of the USAR should receive an ARPC Form 249-2-E approximately 45 days following his/her RYE. We are attempting to capture as much data as possible from various automated and manual systems; however, experience has shown that many soldiers do not receive all points they should each year. This problem will continue until we work out the problem of missing historical data. If there are errors on the 249, corrective action will be required. A revised statement (ARPC Form 249-2-E) will be generated by RPAS each time we correct or change a soldier's account. We have dispatched instructions to the field which require the following actions for the data base clean-up effort:

- Members of the Individual Ready Reserve, IMA, Active Guard/Reserve program and Retired Reserve: These personnel must send COPIES of their substantiating documents along with a letter explaining the errors they believe to exist to Commander, Human Resources Command, ATTN: AHRC-PAR, 1 Reserve Way, St. Louis, MO 63132-5200.
- Members of Troop Program Units (TPU): These personnel must take COPIES of any substantiating documents in their possession to their unit technician. The technician will verify the data and make necessary corrections. There is no further requirement to send hardcopy documents to St. Louis; however, backup documents should be maintained in the soldier's records for inspections, audits, etc.

THE INDIVIDUAL SOLDIER'S RESPONSIBILITY

Soldiers must take personal responsibility for the maintenance of data pertaining to their participation in the Reserve Program. That personal responsibility includes (but is not limited to) keeping a personal file which includes copies of all documents received which substantiate participation and can be used to verify the number of retirement points the soldier should expect to find reflected on his ARPC Form 249-2-E. The following documents are generally accepted as proof of participation; they should be kept in a protected, reasonably accessible location:

- DD Form 214 (proof of active duty service).
- DA Form 1383 (proof of Army Reserve duty).
- ARPC Form 249-2-E, DARC Form 249, or AGUZ Form 115 (proof of Army Reserve duty).
- NGB Form 23, or a detailed statement of service from the State Adjutant General (proof of National Guard duty).
- AF Form 526 (proof of Air Force or Air Force Reserve duty).
- NAVPERS Form 1070-611 (proof of Naval Reserve duty).
- NAVMC Form 768 (proof of Marine Corps Reserve duty).
- CG HQ Form 4973 (proof of Coast Guard Reserve duty).
- Any document proving the individual participated in a period of inactive duty training (IDT) such as DA Form 1380 or DA Form 1379.
- School completion notices to prove completion of correspondence or extension courses.
- Any appointment or enlistment documents or notices to prove membership.
- Military pay vouchers, travel vouchers, OERs and EERs to substantiate periods of active duty training (ADT). Orders are not accepted as proof of ADT without further substantiation by the pay voucher, travel voucher, OER or EER received for the period of training; a Certification of Attendance signed by the individual's commander; or, if he/she was on ADT for points only, a copy of the DA Form 1380 he/she received.

QUESTIONS?

If you have any questions concerning RPAS, which are not covered above, please feel free to call the Communications Hub Office toll free number (1-800-318-5298). Written inquiries should be directed to:

**Commander Human Resources Command
ATTN: AHRC-PAR
1 Reserve Way
St. Louis, MO
63132-5200**

SURVIVOR BENEFIT PROGRAM

PROCESSING A CLAIM

The only office that can process a claim under the Reserve Component Survivor Benefit Program is the Transition and Separations Branch located at Human Resources Command-STL. Claims prepared and forwarded to the Army Finance Centers will not be processed until the required information is received from the above organization. **This processing only applies to soldiers who are not receiving retired pay.**

The Transition and Separations Branch maintains files and electronic data on all soldiers who make an election under the SBP program. This data is maintained on all Army National Guard and Army Reserve soldiers who complete and return their SBP election (DD FORM 2656-5). All soldiers are encouraged to maintain a personal copy of their election and this instruction with your insurance papers and other related documents. The instructions, which are provided below, will assist your surviving spouse with claim processing. It is extremely important that you keep your SBP file up to date. If you are divorced we need a copy of the divorce decree. If a court requires that a former spouse receive SBP, we need copies of those documents. If your spouse is deceased and you remarry, you have up to one year from the date of marriage to provide a copy of the marriage license and make a new election. If you were not married or had no dependents when you received your 20 Year Letter, you are authorized to make an election should you marry or gain dependents. You must provide this Command the required documentation within 1 year of the marriage or adoption. **Failure to keep your file updated may result in denial of the claim or that the annuity is awarded to someone for whom you had not intended to provide an annuity.**

Documents Required For Processing A Claim:

A completed DD Form 2656-7	The form must be completed and signed by the surviving spouse.
Death Certificate	Must be a final death certificate with the cause of death.
Copy of Marriage Certificate	Common Law marriages may require documentation
Direct Deposit Form	All SBP annuity payments are made by direct deposit.
Birth Certificates for dependent children and a statement from a college/university attesting that dependents over 18 are full time students may be required.	

The above documentation should be mailed to the following address:

Commander, Human Resources Command
Attn: AHRC-PAP-T
1 Reserve Way
St. Louis, MO 63132-5200

The Transition and Separations Branch will compute the service data required for processing, attach the original DD Form 2656-5 to the above required documents and forward the claim to DFAS-Cleveland Center for payment calculation. DFAS-Cleveland will build the pay file and forward the claim to DFAS-Denver for payment to the claimant. The Transition and Separations Branch will notify the surviving spouse by letter when the claim has been forwarded to DFAS-Cleveland.

The DD Form 2656-7 may be obtained from the following locations.

- Transition and Separations Branch: (314) 592-0553
- Communications Hub Office: 1 (800) 318-5298
- Human Resources Command WEB SITE: <https://www.hrc.army.mil>
- Retirement Services Offices at any major Army Installation

NOTIFICATION OF ELIGIBILITY FOR RETIRED PAY AT AGE 60 (TWENTY YEAR LETTER)

All Reserve Component soldiers who complete the required years of service to become eligible for retired pay at age 60 will receive written notification of that eligibility. The notification will normally be made during the year following the end of the retirement year during which the soldier became qualified.

ELIGIBILITY REQUIREMENT

To be eligible for receipt of a Notification of Eligibility For Retired Pay At Age 60 letter, a reserve component soldier must have completed 20 or more years qualifying service with the last 6 qualifying years as a member of a Reserve Component.

NOTIFICATION RESPONSIBILITIES

Members of the U.S. Army Reserve (USAR) will receive their notification from the Commander, Human Resources Command-STL. **A valid address must be available in TAPDB-R**

- USAR soldiers who have 20 years of qualifying service documented on the Retirement Points Accounting System (RPAS) will automatically receive their notification letter approximately **45-60 days** following the end of the retirement year or correction action being posted during which the completed service is recorded in RPAS.
- Troop Program Unit (TPU) personnel who do not have sufficient service documented in RPAS to generate an automated letter must work with their unit technician to document the missing service via RLAS. The unit Commander may request copies for QMR purposes.

Members of the U.S. Army National Guard will receive their notification from the State Adjutant General or the National Guard Bureau. Specific questions regarding that process should be referred to the unit technician.

IT'S LIKE MONEY IN THE BANK!

Once the notification letter has been officially issued to the soldier, his eligibility for retired pay based on non-regular service may not be denied or revoked on the basis of any error, miscalculation, misinformation, or administrative determination of years of service performed, unless it resulted directly from the fraud or misrepresentation of the individual concerned. Administrative errors such as award of too many points can be corrected; however, his or her eligibility to retired pay cannot be withdrawn. The letter can be an extremely valuable document and, once received, should be carefully stored in a safe place with other valuable papers pertaining to the soldier's estate.

STILL HAVE QUESTIONS?

If you have any questions concerning the Notification Of Eligibility For Retired Pay At Age 60 letters, which are not covered above, please feel free to call the Communications Hub Office toll free number (1-800-318-5298). Written inquiries should be directed to:

Commander, Human Resources Command
AHRC-PAP-T
1 Reserve Way
St. Louis, MO 63132-5200 Louis, MO 63132-5200

THE RESERVE COMPONENT SURVIVOR BENEFIT PLAN (RC-SBP)

The Reserve Component Survivor Benefit Plan (RC-SBP) is designed to protect dependents of retirement eligible Reserve Component soldiers should the soldier die before or after his/her 60th birthday. To be eligible, the soldier must:

- Have completed 20 or more years qualifying service with the last 6 qualifying years as a member of a Reserve Component; and
- Complete and return the DD Form 2656-5 (Survivor Benefit Plan Election Certificate) within 90 calendar days of receipt of the 20-year letter (Notification of Eligibility for Retired Pay at Age 60).

HOW DOES A SOLDIER SIGN UP FOR RC-SBP COVERAGE?

RC-SBP (Public Law 95-397, 1 October 1978) extended eligibility for coverage under the Survivor Benefit Plan (Sections 1447-1455, Title 10, USC) to soldiers in the Reserve Components who have reached retirement eligibility (completion of 20 years of qualifying service), but have not attained 60 years of age. The U.S. Human Resources Command –STL is the proponent for the administration of RC-SBP for all Army Reserve and Army National Guard soldiers.

Coverage under provision of law is granted to a spouse from time 20 qualifying years are attained until the 20-year letter is received, and either the RC-SBP Election has been signed and returned within 90 days of receipt or the 90 days has expired.

At the time HRC-STL issues a 20-year letter under Public Law 95-397, the USAR soldier is provided with the materials required to elect coverage under RC-SBP. The package contains an information letter, instructions, RC-SBP cost tables, and blank Survivor Benefit Plan Election Certificates (DD Form 2656-5). The DD Form 2656-5 must be completed, signed by the soldier and spouse (if married), witnessed by a disinterested person, and returned to HRC-STL within 90 calendar days of receipt.

Members of the Army National Guard obtain their 20-year letter and DD Forms 2656-5 from their State Adjutant General and the National Guard Bureau. Once the USAR soldier has completed his DD Form 2656-5, HRC-STL becomes the custodian of any official files pertaining to the 20-year letter and DD Form 2656-5.

WHAT ARE THE RULES GOVERNING COVERAGE UNDER RC-SBP?

A soldier can designate his or her spouse or spouse and children to receive an annuity after his death. If the soldier is not married, he or she may designate a person who has insurable interest in him or her as beneficiary. A person more closely related than a cousin will be presumed to have an insurable interest; otherwise, proof of financial benefit from the continuance of life of the soldier will be required in the form of two affidavits to be attached to the election. It is important to note that the soldier does not have to make an insurable interest election merely to retain the right to coverage under RC-SBP.

A soldier who is not married at the time he or she attains initial eligibility to enroll in the plan may obtain coverage at a later time if a spouse or dependent child is acquired, provided the soldier notifies HRC-STL and requests an election. To be valid, the election must be completed, signed by the soldier, and received by HRC-STL within 1 year after he marries or acquires a dependent child. Coverage will not be in effect until the soldier has been married for at least 1 year unless there is earlier issue from that marriage.

Army Reserve and Guard soldiers who are serving on active duty as members of the Active Guard/Reserve (AGR) program must make a decision regarding their RC-SBP coverage when they receive their 20-year letter. RC-SBP coverage is available in addition to Servicemen's Group Life Insurance (SGLI) and other benefits. If the AGR soldier does not elect coverage under RC-SBP and subsequently does not complete 20 years of active federal service, he or she will not be able to obtain Survivor Benefit Plan coverage until he or she reaches 60 years of age and applies for retired pay. If a designated beneficiary is entitled to Dependency and Indemnity Compensation (DIC) on the record of any soldier, that survivor's annuity will be appropriately reduced as required by 10 USC 1450(c).

OTHER TIDBITS YOU NEED TO KNOW.

The law is very specific regarding the requirement to submit an RC-SBP Election within 90 calendar days of receipt of Notification of Eligibility for Retired Pay at Age 60. The beginning date of this period is based on the date of receipt of the memorandum and not the date on the memo. Compliance with the 90-day window is determined by the postmark date on the envelope in which the DD Form 2656-5 is returned to this Command. If a soldier fails to comply with the 90 day period, the soldier will automatically be enrolled in Option C for Spouse and Child based on Full retired Pay. The only exception to this law applies only to soldiers who have been mobilized and deployed OCONUS. In those cases the spouse may submit a written request to HRC St. Louis for an extension of the election period. .

However, space available, military medical care, Tri-Care, & unlimited commissary and exchange benefits are provided to your spouse and/or eligible dependents beginning when you would have been age 60. From the date of your death until the date when you would have been age 60, your dependents continue to receive the same commissary (12 visits per year) and exchange benefits in effect at the time of your death.

RC-SBP affords soldiers the opportunity to leave their survivors up to 55% of their base amount of retired pay (less Reserve costs) as a permanent income. If a surviving spouse remarries before age 55, payment of the spouse's annuity is suspended; however, if the soldier also provided coverage for surviving dependent children, that annuity would not be affected by the spouse's remarriage, if after age 55. If the surviving spouse remarries before age 55 and then is later divorced or widowed, coverage will again be available to that spouse.

At age 62, SBP beneficiaries become eligible to receive Social Security benefits based on the soldier's earning record. Since January 1, 1957, soldiers have contributed to and have been eligible to receive benefits from the Social Security System. The government, as their employer, matched these contributions; therefore, in enacting SBP law, the Congress decided that SBP annuities should be reduced or offset by the value of the soldier's military-earned Social Security wage credits. This offset is limited to a maximum reduction of 40 percent of the SBP annuity.

For soldiers who became retirement eligible after 1 October 1985, the Social Security offset has been replaced with a new, two-tiered benefit system. Under the new two-tiered system, the beneficiary will receive 55 percent of the base amount selected until age 62, and 35 percent after reaching age 62.

Current beneficiaries and future survivors of anyone who was retirement eligible on 1 October 1985 (including members of the Reserve Components who became eligible to receive a 20-year letter on or before that date) are "grand fathered". When the beneficiary reaches age 62, the Defense Finance and Accounting Service will compute the annuity twice, first by using the two-tiered system and then by using the Social Security offset method. The beneficiary will receive the greater annuity payable under the two methods. Former spouse elections made after 1 March 1986 will be computed under the new two-tiered system only.

For soldiers who became retirement eligible after 1 October 1985, only the two-tiered system will be used.

Certain soldiers eligible for the offset system of computation may qualify for a "reduction" to the social security offset if they:

Had excess Social Security Tax withheld subsequent to December 1, 1980.

The excess Social Security Tax was directly the result of periods of less than 30 days continuous active military service.

The excess Social Security Tax was claimed as a refund on the soldier's Federal Tax Return for the year in question.

If you think you may qualify under the above rules, write the address at the end of this paper for additional information.

Since 1 March 1986, married soldiers have been enrolled in SBP with spouse coverage based on full retired pay at the time of retirement, unless the soldier's spouse has concurred in writing to another election by the soldier. Soldiers in the AGR program on active duty who are retired after 1 March 1986 are subject to the requirements for spousal concurrence. If former spouse coverage is elected or deemed, spousal concurrence is not required; however, the current spouse will be informed of that election.

Effective 1 March 1986 soldiers who elect to participate in RC-SBP with former spouse coverage may elect to add coverage for children of the soldier and that former spouse. Recent changes to SBP coverage places former spouse coverage under the same cost and coverage provisions as for spouses. All former spouse elections effective on or after

1 March 1986 will be of this type. No further elections for a former spouse will be permitted under the insurable interest type provisions.

New options are available to soldiers on remarriage. A soldier who is a participant, but whose designated beneficiary is no longer entitled to coverage due to death or divorce may, on remarriage, elect to resume existing coverage, increase coverage (base amount) up to and including full retired pay, or decline to resume coverage for the new spouse. A soldier who remarries may not elect to add child if it was not already in effect coverage, reduce coverage to a lower level than that already in effect, or eliminate child coverage already in effect.

Elections on remarriage become effective when the new spouse becomes an eligible beneficiary and any increase of premiums, with interest, have been paid. Soldiers already in receipt of retired pay must pay the difference between the costs incurred and the costs that would have been incurred if the new level of participation had been elected originally to the Finance Center. Payment of these premiums and interest must be complete before the spouse becomes an eligible beneficiary (1 year after marriage) or the election will be null and void.

In the event of a voided election, a refund of the increased premiums and interest will be made, and the spouse coverage will be reinstated at the original level. Should the retiree die before completion of payments, the election will be null and void and any payments and interest paid will be returned to the retiree's estate. Payments may be deducted from retired pay if the retiree so desires.

WHAT IF I NEED HELP CORRECTING A MISTAKE?

Recognizing the fact that administrative errors do occur in the administration of programs such as RC-SBP, Section 1454, Title 10 USC as promulgated by AR 135-180 (Qualifying Service for Retired Pay, Non-Regular Service) provides for the correction or revocation of any election submitted when it is necessary to correct an administrative error. The Reserve Component Survivor Benefit Plan Board at HRC-STL meets as required to consider applications from soldiers or survivors for corrections of administrative errors and to make a determination regarding the validity of the claim. Except when procured by fraud, a correction or revocation directed by the Board is final and conclusive on all officers of the United States.

COMPUTER PROGRAM!

The software program for the calculation of the Survivor Benefit Plan has been developed by the good people here at HRC-STL. It is available to download the program from the following address:

<https://www.hrc.army.mil>

SOCIAL SECURITY OFFSET TO SURVIVOR BENEFIT PLAN ANNUITY

Public Law 96-402 modified the Survivor Benefit Plan (SBP) portion of Title 10, United States Code (USC) as it pertains to the Social Security offset to the annuity paid certain survivors. The law excludes certain periods of service for Social Security offset purposes.

POLICY

Section 1451, 10 USC provides that the SBP annuity paid to a surviving spouse be reduced, or offset, at the time the spouse becomes eligible to receive Social Security benefits (typically age 62) based on the soldier's Social Security earnings. The purpose of the offset is to preclude the receipt of two annuities (Social Security and Survivor Benefits) based on the same employment (military service). For that reason, the only income included when determining how much of an offset to apply is that income derived from military service. The amount of the offset will be either the amount of the Survivor Benefit, if any, to which the widow or widower would be entitled under title II of the Social Security Act based solely on the military service of the soldier and calculated assuming that soldier had lived to age 65; or 40 percent of the amount of the Survivor Benefit Annuity (whichever is less).

WHY THE CHANGE?

Basically, until this law was passed, the services used all military service when determining how much of an offset to apply to an annuity. Some of our reserve soldiers (based on their civilian occupation) pay maximum Social Security tax and end up having excess Social Security tax withheld due to their military service based income. Normally, they claim a refund from the Internal Revenue Service for the Social Security tax withheld from their military income. For those soldiers, this meant that their survivors would have an offset applied against the SBP annuity, even though the soldier had not paid Social Security tax for all or at least a portion of his military service related income.

The change introduced by Public Law 96-402 permits the exclusion of any period of service which was performed on or after December 1, 1980, if that service involved periods of less than 30 continuous days, for which the member was entitled to a Federal tax refund of the Social Security tax paid on the income from that service. The law makes specific reference to refunds made under section 6413(c) of the Internal Revenue Code of 1954, which does not include refunds for self-employed individuals.

WHO QUALIFIES?

A subsequent change in the law governing the Survivor Benefit Plan established a two-tier benefit system to replace the offset benefit system. For Reserve Component soldiers, the two-tier system applies to anyone who qualified for retired pay based on non-regular service (20 qualifying years) and/or enrolled in the Reserve Component Survivor Benefit Plan (RC-SBP) on or after 2 October 1985. The following categories of soldiers are entitled to have their survivor's annuity reduction computed under the Social Security offset method if that proves to be more beneficial to the survivor than the two-tier system:

- Reserve Component soldiers who were drawing retired pay and enrolled in the Survivor Benefit Plan on 1 October 1985.
- Reserve Component soldiers who were qualified for retired pay and enrolled in the RC-SBP, but were not yet 60 years of age on 1 October 1985.

To take advantage of this law, the soldier must initially qualify under one of the two above criteria **AND** he or she must meet both of the following conditions:

The soldier must have military service after 1 December 1980 of less than 30 continuous days duration for which excess Social Security tax was withheld.

- The soldier must have applied for a refund of the excessive Social Security tax withholding on his Federal Tax Return.

Reserve Component soldiers who qualified for retired pay, but did not make an RC-SBP election on or before 1 October 1985 and those who qualified for retired pay and/or enrolled in the RC-SBP after 1 October 1985 will have

their annuities reduced by the two-tier annuity system (55% of retired pay or established base amount prior to surviving spouse's 62d birthday and 35% thereafter).

HOW DO I APPLY?

To ensure proper consideration is given to excludable service, the qualified soldier must take positive action to provide the U.S. Army with the necessary information.

The soldier must first contact the Social Security Administration and obtain a statement of the earnings upon which he or she paid Social Security taxes. The soldier must prepare an affidavit stating that excess Social Security tax was withheld due to qualifying service performed after 1 December 1980, the amount of the excess tax, and that the excess tax was recouped on his or her Federal Tax Return(s).

If you are already in receipt of retired pay, the Social Security Administration data and your affidavit must be mailed to:

**Director, DFAS
Retired Pay (FRCBA – Mr. Benedict)
PO Box 99191
Cleveland, OH 44199-1126**

If you are not currently in receipt of retired pay, but you qualify for the above exclusion, you should obtain the necessary information from the Social Security Administration and complete your affidavit while this information is on hand and the other data you need is still reasonably available. The originals should be sent to:

**Commander, Human Resources Command
ATTN: AHRC-PAP-T
1 Reserve Way
St. Louis, MO 63132-5200**

We will file the offset information with the other data pertaining to your Notification of Eligibility for Retired Pay at Age 60 (Twenty Year Letter) and Reserve Component Survivor Benefit Plan (RC-SBP). If you are still active and performing service, which will qualify for the exclusion, your data on file at AR-PERSCOM should be updated each year to include information for the latest tax year. The most recent data will then be provided to Retired Pay Operations with our certification of your eligibility for retired pay (at age 60 or time of death, as appropriate) for file pending the need for them to compute the annuity or offset. If you are in the process of applying for retired pay, the Social Security Administration data and your affidavit should be submitted with your retired pay application (DD Form 108 and DA Form 4240).

INFORM YOUR BENEFICIARY!

Everything should be explained to your designated beneficiary for Survivor Benefits. Copies of the Social Security Administration data and your affidavit should be filed in a safe place with your copies of your Survivor Benefit Plan election certificate, marriage certificate, will, etc. to preclude unnecessary problems for your survivor subsequent to your death.

QUESTIONS?

If you have any questions regarding this information, please feel free to give us a call at 1-800-318-5298. Extensive or complicated inquiries should be addressed in writing to:

**Commander, AR-PERSCOM
ATTN: ARPC-PSP
1 Reserve Way
St. Louis, MO 63132-5200**

FOREIGN GOVERNMENT EMPLOYMENT

Employment by a foreign government is a little more complicated for members of the Armed Forces (Active, National Guard, and Reserve) and military retirees than it is for the general public. Members of the Army who are within 6 months of retirement, all retired members, and all members of the Reserve Components are eligible to accept civil employment with a foreign government only after approval has been granted by the Secretary of the Army and Secretary of State.

HOW WOULD FOREIGN GOVERNMENT EMPLOYMENT AFFECT MY STATUS?

Active members of the Reserve Components must transfer to an inactive status during the term of their employment by a foreign government. Military retirees will not suffer a change in status or entitlements if they obtain proper approval prior to accepting employment.

HOW DO I APPLY?

Soldiers who desire to accept employment with a foreign government must submit a request, in writing, to the address at the end of this article. Your application should be submitted at least six (6) months prior to the date you desire to start working for the foreign government. Soldiers still on active duty may submit their applications approximately six (6) months prior to the effective date of their retirement or separation from active duty. Applicants must provide:

- A detailed description of the civil duties to be performed for the foreign government **as provided by the prospective employer.**
- A statement that the member will or will not receive compensation for the duties performed.
- A signed statement that the member will not be required to execute an oath of allegiance to the foreign government involved.
- If applicable, the date scheduled for retirement or relief from active duty.

POTENTIAL PENALTY!

Any soldier who accepts civil employment with a foreign government without the required approval is subject to having retired pay withheld in an amount equal to the amount received from the foreign government (Comp Gen B-178538, Oct 77). This withholding is in addition to any other penalty that may be imposed under law or regulation.

QUESTIONS?

If you have any specific questions regarding Foreign Government Employment please feel free to call us on our toll free line at 1-800-318-5298. Written inquiries should be directed to:

**Commander, Human Resources Command
ATTN: AHRC-PAP-T
1 Reserve Way
St. Louis, MO 63132-5200**