

## **Individual Estimate Letters for Phase One of the SBP-DIC Offset Phased Elimination - Coming to Your Mailbox in December**

**[\\*\\*Click here to download a helpful explanation of the estimates in the 2020 letter\\*\\*](#)**

Congress enacted changes to the Survivor Benefit Plan (SBP) that will eventually eliminate the offset for surviving spouses who are also receiving Dependency and Indemnity Compensation (DIC) from the Department of Veterans Affairs (VA). January 1, 2021 begins the **first phase** of the "Phase-Out of Reduction of Survivor Benefit Plan Survivor Annuities by Amount of Dependency and Indemnity Compensation," as directed by the National Defense Authorization Act (NDAA) for Fiscal Year 2020. Spouse SBP annuitants who are subject to the offset may see the first change in the SBP annuity payment they receive on February 1, 2021.

**\*\*Please note the change in the law does NOT affect the amount of DIC you receive from the VA. You should continue to receive your normal DIC amount from the VA. \*\***

To help you understand how the 2021 changes will affect your payment, we are mailing you a letter with an individual estimate for how the first phase of the elimination will affect you. Please note these are pre-estimates based on current information (with a 1.3% COLA), and the actual amounts in 2021 may differ slightly from the pre-estimates.

**Letters will be mailed in early December. Please do not call our Customer Care Center for your estimate.**

**Watch for your individual letter with the following estimates (that include the 2021 COLA):**

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

Please note that Amount "B," the 2021 DIC offset amount, is an estimate of the amount of DIC that will be deducted from your gross SBP annuity in 2021 (2/3 of your full DIC amount). It is NOT the amount of DIC you will receive from the VA. This law does NOT affect the amount of DIC you receive from the VA. Unless there are circumstances other than this change in the law that affect your DIC, you should continue to receive the FULL amount of your DIC from the VA.

**[\\*\\*Click here to download a helpful explanation of the estimates in the 2020 letter.\\*\\*](#)**

Please keep the letter for your reference. We will send you a new pre-estimate toward the end of 2021 for the second phase of the offset elimination that begins on January 1, 2022. According to the law passed by Congress, the SBP-DIC offset will be fully eliminated on January 1, 2023.

In 2021, surviving spouse SBP annuity payments issued by the Defense Finance and Accounting Service 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 Department of Veterans Affairs. 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).