ARMY BOARD FOR CORRECTION OF MILITARY RECORDS

RECORD OF PROCEEDINGS

IN THE CASE OF: [redacted]

BOARD DATE: 26 March 2025

DOCKET NUMBER: AR20240006251

APPLICANT REQUESTS: in effect, correction of her records to show she declined Reserve Component Survivor Benefit Plan (RCSBP) coverage, by changing her election from Option D (Natural Insurable Person) to Option G (I elect not to participate in SBP).

APPLICANT'S SUPPORTING DOCUMENT(S) CONSIDERED BY THE BOARD:

- DD Form 149 (Application for Correction of Military Record), and Online DD Form 149
- Electronic Retiree Account Statement
- SBP Election Change Certificate
- Email Correspondence

FACTS:

1. The applicant states she listed her nephew as an insurable interest beneficiary in error due to her misunderstanding of the SBP form and information provided. She requests immediate cancellation, and a refund of all premiums paid.

2. The applicant provides:

a. An electronic retiree account statement, 15 February 2024 showing she had paid 13 months towards her 360 months of RCSBP payments.

b. SBP Election Change Certificate, 29 February 2024 wherein she requested to suspend her insurable interest coverage.

3. The applicant's service record show:

a. The applicant was appointed as a commissioned officer of the Army in the U.S. Army Reserve on 28 January 1988.

b. The U.S. Army Human Resources Command memorandum (Notification of Eligibility for Retired Pay at Age 60 (20-Year Letter)), 24 May 2007, notified her that she completed the required qualifying years of service for retired pay upon application at age 60 in accordance with statutory guidance. Paragraph 4 stated:

> Public Law 95-397, 30 Sep[tember] 1978, created the Reserve Component Survivor Benefit Plan (RCSBP), in which you are entitled to participate. RCSBP is your sole means of protecting your retired pay entitlement. NOTE: Public Law 106-398, 30 Oct[ober] 2000, requires that upon receipt of this Letter, a qualified Reserve Component member, who is married, will automatically be enrolled in the RCSBP under Option C, Spouse and Child(ren) coverage based on Full Retired Pay, UNLESS spouse concurrence is provided to allow one of the following elections:
>
> (1) Option A (defer enrollment until age 60 when you apply for retired pay).
>
> (2) Option B (enroll and pay an annuity when YOU would have been age 60):
>
> (A) Enroll spouse or spouse and child(ren) at LESS THAN the maximum level.
>
> (B) Enroll child(ren) only
>
> (C) Option C (enroll and pay an annuity immediately upon your death) but:
>
> (1) Enroll spouse or spouse and child(ren) at LESS THAN the maximum level.
>
> (2) Enroll children only.
>
> (D) Page 2 of the document was not uploaded and is not available for review.

c. Her DD Form 2656 (Data for Payment of Retired Personnel), 9 March 2022, shows in:

(1) Section I (Pay Identification):

- block 4 (Retirement/Transfer Date) – 7 December 2022
- block 7 (Member or Former Member of the) – Reserve Component

(2) Section IX (Dependency Information), block 29 (Spouse), she entered "N/A";

(3) Section IX, block 32 (Dependent Children), she entered "N/A";

(4) Section X (SBP Election), block 33 (Reserve Component Only – This section refers to the decision you previously made on the DD Form 2656-5 when you were notified of eligibility to retire, in most cases you do not have the right to make a new

election on this form), she checked the box for "Option A – Previously declined to make an election until eligible to receive retired pay";

(5) Section X, (SBP Election), block 34 (SBP Beneficiary Categories), she placed and "X" in box d (I elect coverage for the person named in Block 37 who has an insurable interest in me);

(6) Section X, block 35 (SBP Level of Coverage), she placed an "X" in box d (I elect coverage based on the threshold amount in effect on the date or retirement.);

(7) Section X, block 37 (Insurable Interest Beneficiary) she entered J____ L. C____, relationship "nephew" with a date birth in 1976;

(8) Section XI (Certification), block 39 (Member), she signed and dated the form on 9 March 2022; and

(9) Section XI, block 40 (Witness), her witness signed and dated the form on 9 March 2022.

d. The U.S. Army Human Resources Command Orders C05395549, 8 May 2023, transferred the applicant to the U.S. Army Retired Reserve, and approved her request for retired pay under Title 10, U.S. Code, section 12731, effective 7 December 2022.

4. Email correspondence from a Defense Finance and Accounting Service (DFAS), Retired Pay and Annuity Board for Correction of Military Records technician (Reply: SBP Information), 13 March 2025, verified the applicant's RCSBP option was natural interest person effective 7 December 2022. Her coverage was change to no beneficiary effective 1 March 2024.

5. Email correspondence from the applicant, 20 March 2025 confirmed that DFAS corrected her SBP coverage in March 2024, but only reimbursed her one month of paid premiums. The applicant wants to be reimbursed, in full, from 7 December 2022.

BOARD DISCUSSION:

After reviewing the application, all supporting documents, and the evidence found within the military record, the Board found that relief was not warranted. The applicant's contentions, the military record, and regulatory guidance were carefully considered. The evidence of record shows the applicant was appointed as a Reserve commissioned officer on 28 January 1988 and on 24 May 2007, the applicant was notified that she completed the required qualifying years of service for retired pay upon application at age 60. On 9 March 2022, she completed DD Form 2656 showing in Section X, (SBP Election), block 34 (SBP Beneficiary Categories), she placed and "X" in box d (I elect coverage for the person named in Block 37 who has an insurable interest in me); in block 37 she identified J____ L. C____, relationship "nephew." The applicant's RCSBP option was natural interest person effective 7 December 2022. Her coverage was changed to no beneficiary effective 1 March 2024. The Board noted RCSBP coverage was provided for the period 7 December 2022 through 1 March 2024 and had she inadvertently passed away the beneficiary would have been compensated. Therefore, the Board denied relief.

BOARD VOTE:

Mbr 1	Mbr 2	Mbr 3	
:	:	:	GRANT FULL RELIEF
:	:	:	GRANT PARTIAL RELIEF
:	:	:	GRANT FORMAL HEARING
XXX	XXX	XXX	DENY APPLICATION

BOARD DETERMINATION/RECOMMENDATION:

The evidence presented does not demonstrate the existence of a probable error or injustice. Therefore, the Board determined the overall merits of this case are insufficient as a basis for correction of the records of the individual concerned.

X //SIGNED//

CHAIRPERSON

I certify that herein is recorded the true and complete record of the proceedings of the Army Board for Correction of Military Records in this case.

REFERENCES:

1. Army Regulation 600-8-7 (Retirement Services Program), paragraph 4-6, states Reserve Component Soldiers and spouses should be counseled on the RCSBP between the member's receipt of the 20-year letter and 60 days after receipt of the 20-year letter, to include categories available under Title 10, U.S. Code, section 1448(a), and the effects of such elections in accordance with Title 10, U.S. Code, section 1455(b)(1). After receiving the notification of eligibility, Reserve Component Soldiers have 90 days to make their RCSBP elections using a DD Form 2656-5.

2. Public Law 92-425, enacted 21 September 1972, established the SBP. The SBP provided that military members on active duty could elect to have their retired pay reduced to provide for an annuity after death to surviving dependents. A person who is not married and does not have a dependent child upon becoming eligible to participate in the SBP may elect to provide an annuity to a natural person with an insurable interest in the member (examples might be a parent, grandchild, brother, sister, or a child who is beyond eligibility for child coverage). Coverage for a natural person with an insurable interest may be terminated at any time by requesting it in writing. There is no requirement for concurrence by the beneficiary and no refund of previous premiums paid made.

3. Public Law 95-397, enacted 30 September 1978, established the RCSBP. The RCSBP provided a way for those who qualified for Reserve retirement but were not yet age 60 to provide an annuity for their survivors should they die before reaching age 60.

Three options are available: (A) elect to decline enrollment and choose at age 60 whether to start SBP participation, (B) elect that a beneficiary receive an annuity if they die before age 60 but delay payment of it until the date of the member's 60th birthday, and (C) elect that a beneficiary receive an annuity immediately upon their death if before age 60. Once a member elects either Option B or C in any category of coverage, that election is irrevocable. Option B and C participants do not make a new SBP election at age 60. They cannot cancel SBP participation or change options they had in the RCSBP. RCSBP coverage automatically converts to SBP coverage upon retirement.

4. Title 10, U.S. Code, section 1452c(1), states the retired pay of a person who has elected to provide an annuity to a person under section 1450(a)(4) (i.e., natural interest person (NIP) coverage) shall be reduced as follows:

a. Subsection 1452c(1)(B): in the case of a person providing a Reserve Component annuity, the reduction shall be by an amount prescribed under regulations of the Secretary of Defense.

b. Office of the Assistant Secretary of Defense (Force Management Policy) memorandum (Sections 637 and 638 of the National Defense Authorization Act for Fiscal Year 1995, Public Law 103-337, 5 October 1994, Changed Provisions of the Uniformed Services SBP), 17 March 1995, provided that SBP premiums will no longer apply as of the effective date of termination of NIP coverage except if the participant terminating NIP coverage is a participant of a Reserve Component annuity. In such case, the Reserve Component premium add-on will apply for life.

//NOTHING FOLLOWS//