

## MQFP® Study Guide 3.3: Retiring Servicemembers (Preparing for Retirement)

### Learning Objectives:

#### 3.3 Retiring Servicemembers (Preparing for Retirement)

##### a. Contrast medical retirement to Temporary Disability Retired List (TDRL) and longevity retirements

###### Medical Retirement:

- Definition: Medical retirement occurs when a servicemember is separated from the military due to a permanent medical condition that renders them unfit for continued military service.
- If you have **less than 20 years of active service** a disability rating of 30 percent or higher will qualify you for retirement, and a disability rating below 30 percent will result in separation.
- Entitlements: A medically retired servicemember is typically eligible for disability compensation from the Department of Veterans Affairs (VA) and may receive military retirement pay based on their years of service. The level of disability determines the amount of compensation.

###### Temporary Disability Retired List (TDRL):

- Definition: The TDRL is a status for servicemembers who have been found unfit for continued service due to a temporary medical condition. It is a way to provide them with a period of medical evaluation and treatment.
- Entitlements: Servicemembers on TDRL receive disability compensation based on their temporary disability rating. After a specified period on the TDRL, they undergo a reevaluation to determine whether the condition has stabilized or if a change in their disability rating is needed. They may then be moved to the Permanent Disability Retired List (PDRL) or returned to active duty if deemed fit.

#### **Exercise 1:** Retirement Types Comparison

Contrast medical retirement, Temporary Disability Retired List (TDRL), and longevity retirements, including the eligibility criteria, benefits, and limitations of each retirement type.

##### b. Summarize the Survivor Benefit Plan (SBP) and Reserve Component SBP (RCSBP)

Survivor Benefit Plan and Reserve Component Survivor Benefit Plan - are both a life insurance annuity program designed to provide a portion of the retired servicemember's retired pay to eligible survivors upon the member's death.

SBP - The retired servicemember pays 6.5% of their retirement annuity. Premiums are due until the member reaches age 70 AND has paid premiums for 30 years. In return the servicemember's spouse will receive 55% of the military pension after the servicemember's death. There is an option for children as well. Premiums are calculated differently. Declining SBP requires the spouse's notarized signature.

RCSBP - Similar to the SBP. Upon receiving the 20 year letter servicemember's have 90 days to elect:

- Option A (DECLINE TO MAKE ELECTION UNTIL Non-Regular Retirement (AGE 60 or earlier if you are eligible for early retirement age)). You will remain eligible to elect SBP coverage upon reaching the age you qualify for a Reserve non-regular retirement. An annuity will not be payable to your beneficiaries if you die before non-regular retirement. Since you received no RCSBP coverage, you will not pay RCSBP premiums at retirement.
- Option B (DEFERRED ANNUITY). Provides coverage but if you die before age 60, the RCSBP or SBP annuity does not start until the date you would have been 60 years old. At non-regular retirement, the RCSBP election becomes your SBP election and you will pay both RCSBP premiums for coverage already received and SBP premiums for current coverage.
- Option C (IMMEDIATE ANNUITY). Provide coverage for an RCSBP or SBP annuity to begin immediately, whether you die before or after your non-regular retirement. At your non-regular retirement, the RCSBP election becomes your SBP election and you will pay both RCSBP premiums for coverage already received and SBP premiums for current coverage.

**Exercise 2: SBP and RCSBP Summary**

Summarize the Survivor Benefit Plan (SBP) and Reserve Component SBP (RCSBP), including their purpose, coverage, eligibility, and cost.

**c. State eligible window(s) for making and changing an SBP election and spousal rights**

The SBP decision is made at retirement. If the servicemember elects SBP, there is a window to drop SBP between the 2nd and 3rd anniversary of the start date of their retirement pay. If the servicemember would like to decline or discontinue SBP, the spouse must be aware of the decision and a notarized signature is required.

**Exercise 3: SBP Election and Spousal Rights Eligibility**

State the eligible window(s) for making and changing an SBP election and explain the spousal rights associated with SBP coverage.

**d. Calculate the expected cost and expected survivor benefit of SBP for a given set of circumstances**

The SBP premiums for spouse coverage are:

1. 6.5% of your chosen base amount, or if less,
2. 2.5% of the first \$725.00 of the elected base amount (referred to hereafter as the "threshold amount"), plus 10% of the remaining base amount.

**Exercise 4: SBP Cost and Benefit Calculation**

Calculate the expected cost and expected survivor benefit of SBP for a specific set of circumstances, such as retirement pay and spouse's age.

**e. Describe the allowable beneficiary elections available under SBP**

- Spouse
- Former Spouse
- Children Only

- Spouse/Former Spouse and Children
- Insurable Interest - The insurable interest option is available only if you are unmarried with either no dependent children or one dependent child. You may elect insurable interest coverage for that child regardless of the child's age or dependency. Only one individual may be covered under the insurable interest option.

**Exercise 5: SBP Beneficiary Elections**

Describe the allowable beneficiary elections available under SBP, including coverage options for spouses and dependent children.

**f. Contrast retiree Tricare Prime benefits to Tricare Select**

- TRICARE Prime is a healthcare management organization. All care is coordinated by the Primary Care Manager (PCM). You generally must receive care from a network provider in order for insurance to cover the cost.
- TRICARE Select is a more flexible healthcare option but it's also usually more expensive. Where TRICARE Prime requires that your primary care manager manage all of your care, TRICARE Select allows you to manage your own care. TRICARE PRIME requires referrals for all specialists while TRICARE Select allows you to seek care as you see fit.

**Exercise 6: Tricare Prime vs. Tricare Select**

Contrast the benefits and features of retiree Tricare Prime and Tricare Select health insurance plans, including costs, coverage, and access to healthcare providers.

**g. Describe the vision and dental insurance policies available to retirees**

Dental and vision insurance policies for retirees are available through the Federal Employees Dental and Vision Insurance Program (FEDVIP), offered by the Office of Personnel Management.

**Exercise 7: Retiree Vision and Dental Insurance**

Describe the vision and dental insurance policies available to retirees, including options provided by Tricare and other supplementary insurance plans.

**h. Contrast and explain Concurrent Retirement and Disability Payments (CRDP) and Combat Related Special Compensation (CRSC)**

Combat-Related Special Compensation (CRSC):

- Purpose: CRSC is a program that provides tax-free compensation to military retirees with combat-related disabilities.
- Eligibility: To be eligible for CRSC, retirees must have combat-related disabilities that are deemed to be directly related to armed conflict, hazardous duty, simulated war exercises, or certain types of military operations. The disability does not need to be service-connected through the VA.

**Concurrent Retirement and Disability Payments (CRDP):**

- Purpose: CRDP is a program that allows military retirees to receive both their full military retirement pay and their VA disability compensation concurrently.
- Eligibility: To be eligible for CRDP, retirees must have a combined VA disability rating of 50% or higher. The disability ratings are based on service-connected disabilities, and the retiree must be rated as at least 50% disabled to qualify for CRDP.

**Exercise 8: CRDP and CRSC Comparison**

Contrast and explain Concurrent Retirement and Disability Payments (CRDP) and Combat Related Special Compensation (CRSC), including eligibility criteria, benefits, and their impact on retirement pay.

**Quiz: (Multiple Choice)**

1. Which retirement type is typically awarded when a servicemember is medically unfit for continued service but does not meet the requirements for regular retirement?
  - a) Medical retirement
  - b) Temporary Disability Retired List (TDRL)
  - c) Longevity retirement
2. What is the purpose of the Survivor Benefit Plan (SBP)?
  - a) To provide medical benefits to retirees
  - b) To provide life insurance coverage for retirees
  - c) To provide a survivor annuity for eligible beneficiaries
3. When is the eligible window for making and changing an SBP election?
  - a) Within the first year of retirement
  - b) Within the first 90 days of retirement
  - c) Anytime after retirement with no limitations
4. What does CRDP stand for?
  - a) Concurrent Retirement and Disability Payments

- b) Combat-Related Special Compensation
- c) Continued Health Care Benefit Program

**References:**

- Survivor Benefit Plan (SBP), Defense Finance and Accounting Service:  
<https://www.dfas.mil/retiredmilitary/provide/sbp.html>
- Reserve Component Survivor Benefit Plan (RCSBP), Defense Finance and Accounting Service:  
<https://www.dfas.mil/retiredmilitary/provide/rcsbp.html>
- Tricare for Retirees, Tricare: <https://www.tricare.mil/Plans/HealthPlans/Retirees>
- Veterans Benefits Guide, U.S. Department of Veterans Affairs:  
[https://www.va.gov/opa/publications/benefits\\_book/benefits\\_chap01.asp](https://www.va.gov/opa/publications/benefits_book/benefits_chap01.asp)
- CRDP and CRSC, Defense Finance and Accounting Service:  
<https://www.dfas.mil/retiredmilitary/disability/combatinjured/CRSC-CRDP.html>

\*Answer Key can be found at: <https://mqfp.org/study-guides/8> \*