

MQFP® Study Guide 5.1: Divorce and Military Benefits

Learning Objectives:

5.1 Divorce

a. Calculate possible division of military retired pay when a service member or military retiree becomes divorced.

The division of military retired pay in a divorce is governed by the Uniformed Services Former Spouses' Protection Act (USFSPA). The USFSPA allows states to treat military retired pay as property and divide it in divorce proceedings.

Exercise 1: Division of Military Retired Pay

Calculate the possible division of military retired pay based on a specified percentage or formula provided in a divorce settlement.

b. Describe a Retirement Benefits Court Order (RBCO) and qualified domestic relations order (QDRO) and their spouse in a military divorce settlement.

Retirement Benefits Court Order (RBCO):

- Is a court order issued during divorce proceedings that addresses the division of military retirement benefits between the service member and their spouse.
- The RBCO is specific to military retirement benefits and is used when the service member is still on active duty or has entered retirement. It may be issued by a state court as part of the divorce decree.
- This order outlines how the retirement benefits will be divided and specifies the percentage or amount that the former spouse is entitled to receive.

Qualified Domestic Relations Order (QDRO):

- A QDRO is a court order used in divorces involving private retirement plans, including civilian pensions and certain government plans (like Thrift Savings Plan). However, it does not apply to military retirement benefits.
- Like a QDRO, the Military QDRO designates the former spouse as an alternate payee and stipulates the portion of the military retirement benefits they are entitled to receive.

Exercise 2: Retirement Benefits Court Order (RBCO) and QDRO

Differentiate between a Retirement Benefits Court Order (RBCO) and a qualified domestic relations order (QDRO) in the context of a military divorce settlement.

c. Explain the impact of divorce on SBP beneficiary designations.

- If you elect spouse coverage when you retire and later divorce, the coverage may be converted to former spouse coverage. Conversion may be required as part of your divorce agreement. Converting to former spouse coverage may limit your ability to cover a new spouse if you remarry.
- Former spouse coverage may be changed after retirement to cover a new spouse, or a new spouse and/or children if:
 - The former spouse election was required by a court order and the retiree provides an acceptable certified court order permitting the change, or
 - The former spouse election was made to comply with an agreement that is not part of a court order and the former spouse agrees in writing to the requested change, or
 - The former spouse election was made voluntarily (not part of a court order or written agreement).

Exercise 3: SBP Beneficiary Designations

Explain how divorce can impact Survivor Benefit Plan (SBP) beneficiary designations and the options available to divorced service members or military retirees.

d. Explain the impact of divorce on GI Bill designations.

A divorce after receiving the benefit will not affect the former spouse's eligibility. However, once you designate a spouse as a transferee, they retain the right to revoke or modify the transfer at any time.

Exercise 4: GI Bill Designations

Explain the impact of divorce on GI Bill designations, including the transferability of Post 9/11 GI Bill benefits to a former spouse.

e. Explain the healthcare coverage options of former military spouses.

TRICARE Benefits:

- **Transitional Coverage:** Former military spouses may be eligible for transitional TRICARE coverage under the Transitional Assistance Management Program (TAMP). TAMP provides coverage for a limited period after the service member separates from active duty.
- **TRICARE Continued Health Care Benefit Program (CHCBP):** After TAMP eligibility ends, former spouses can enroll in the CHCBP, which offers continued health care coverage on a self-pay basis for up to 36 months.

COBRA:

- The Consolidated Omnibus Budget Reconciliation Act (COBRA) allows individuals to continue their/ their spouse's employer-sponsored health insurance for a limited time after a qualifying event, such as divorce. However, the former spouse is responsible for the full premium cost.

Exercise 5: Healthcare Coverage for Former Military Spouses

Describe the healthcare coverage options available to former military spouses after divorce, such as TRICARE and the Continued Health Care Benefit Program (CHCBP).

Quiz: (Multiple Choice)

1. What is the purpose of a qualified domestic relations order (QDRO) in a military divorce settlement?
 - a) To divide military retired pay between the service member and the former spouse.
 - b) To determine child custody and visitation rights.
 - c) To allocate survivor benefits to eligible dependents.
 - d) To establish eligibility for the GI Bill.

2. How can divorce impact Survivor Benefit Plan (SBP) beneficiary designations?
 - a) Divorce has no impact on SBP beneficiary designations.
 - b) The service member's ex-spouse remains the default beneficiary after divorce.
 - c) The service member can no longer designate the ex-spouse as a beneficiary.
 - d) The service member must designate a new beneficiary within one year of divorce.

3. What are the healthcare coverage options for former military spouses after divorce?
 - a) TRICARE and CHCBP
 - b) TRICARE and Medicaid
 - c) CHCBP and VA health benefits
 - d) Medicare and private health insurance

References:

- Qualified Domestic Relations Orders (QDRO), U.S. Department of Labor:
<https://www.dol.gov/agencies/ebsa/about-ebsa/our-activities/resource-center/faqs/qdro>

- Survivor Benefit Plan (SBP), Defense Finance and Accounting Service:
<https://www.dfas.mil/retiredmilitary/survivors/sbp.html>

- Transferring Post-9/11 GI Bill Benefits to a Spouse or Child, U.S. Department of Veterans Affairs:
<https://www.va.gov/education/transfer-post-9-11-gi-bill-benefits/>

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