



DEFENSE FINANCE AND ACCOUNTING SERVICE

1931 JEFFERSON DAVIS HIGHWAY
ARLINGTON, VA 22240-5291

MAY 24 1999

DFAS-HQ/FMM

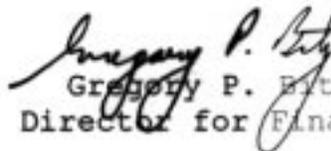
MEMORANDUM FOR DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
CLEVELAND CENTER
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
DENVER CENTER

SUBJECT: Update to the Department of Defense Financial
Management Regulation (DoDFMR), Volume 7, Part B
SBP Paid Up Coverage (DFAS Item H-51)

This is DFAS Interim Change Number R7-99 to the DoDFMR,
Volume 7B. This will effect retired pay entitlement beginning
on October 1, 2008.

We have evaluated your comments on the draft change to the
DoDFMR, Volume 7B. The attached final version of the change
includes comments where appropriate. Assignment of an interim
change number is your authority to initiate a procedural
modification to facilitate this change. For the Denver Center,
use the attached to initiate the formal change to the DoDFMR,
Volume 7B.

Our point of contact is Mr. Fiti Malufau. He may be
reached at 703-607-5061 or DSN 327-5061. Our fax number is
703-602-5271 or DSN 332-5271.


Gregory P. Birtz
Director for Finance

Attachment:
As stated

cc: DASD (MMP) (COMP)
ODGC (F)
DFAS-DE/DG
Service Liaisons
USCG/NOAA/PHS Liaisons

1. Revise paragraph 90405 by redesignating subparagraph "f" as "g" and inserting the following new subparagraph 90405f:

"f. Premiums for SBP participation are permanently paid up (no further reductions) when a member attains age 70 and 360 months of premium payments. See paragraph 90408."

2. Redesignate paragraphs 90408 and 90409 as 90409 and 90410 respectively and insert the following new paragraph 90408:

"90408. Paid Up SBP Premiums After 30 Years and Age 70

a. Effective with the retired pay entitlement and SBP coverage in effect for the month of October, 2008, SBP premium reductions will no longer be made if the member is a qualified SBP participant described in subparagraph b, below. Deposits made by an SBP participant during a period when the participant is not entitled to retired pay qualify as premium reductions.

b. A member is a qualified participant for purposes of paid up SBP coverage if the retired member is age 70 or older whose retired pay has been reduced for SBP coverage for 360 months or more. If the member's 70th birthday occurs later than the 360th month for which the member paid SBP premiums, no SBP premiums will be made for that month regardless of the day on which the member becomes age 70.

c. The first payment that can be affected is the payment for the period of retired pay entitlement beginning October 1, 2008 (due November 3, 2008).

d. A change in the level of coverage affects the amount of the premium that is discontinued. For example, a member who increases the base amount during an open season in early 1982 has not paid 360 monthly premiums for the higher level of coverage by October 2008. If the 70-year old member has paid a premium for the reduced level of coverage for 360 months, that portion of the premium may be discontinued. However, the remainder of the premium would still be subject to reduction from the member's retired pay for the balance of the required 360 monthly premium payments."

3. Add rule 11 to Table 9-4-4 to read:

"R U L E	A	B	C	D
	If a member	then cost is terminated suspended	with an effective date	and the member
11	is age 70 and has paid 360 monthly premiums	X	on the later of: (a) the premium for October 2008; (b) first day of the month after the 360 th monthly premium; or, (c) the first day of the month in which the member reaches age 70"	(blank)

4. Bibliography changes/additions:

Paragraph	Citation
90405f (new)	Public Law 105-261, Sec. 641, 17 Oct 1998
90408 (new)	Public Law 105-261, Sec. 641, 17 Oct 1998 OASD (FMP) Memorandum, 3 Mar 1999