



# DEFENSE FINANCE AND ACCOUNTING SERVICE

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SEP 15 1995

DFAS-HQ/F

MEMORANDUM FOR DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE  
- CLEVELAND CENTER  
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE  
- DENVER CENTER  
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE  
- KANSAS CITY CENTER  
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE  
- INDIANAPOLIS CENTER

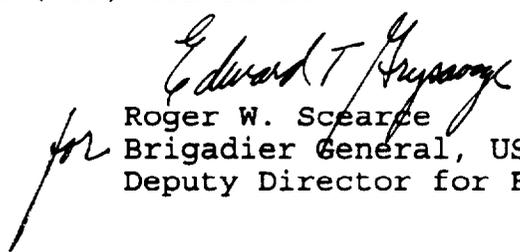
SUBJECT: Update to the Department of Defense Financial Management Regulation (DoDFMR), Volume 7, Part B, Dependency and Indemnity Compensation (DIC) Cost Refund Changes to Part Nine (DFAS Item D-36)

This is an Interim Change Number R4-95 to the DoDFMR, Volume 7B. This change is effective immediately.

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

We have determined that this policy change does not require a change to the current pay system. For the Denver Center, use the attached to initiate the formal printed change to the DoDFMR.

Our point of contact, Mr. Fiti Malufau, may be contacted at DSN 332-5279 or Commercial (703) 602-5279. Our Fax number is DSN 332-5271 or Commercial (703) 602-5271.

  
for Roger W. Searce  
Brigadier General, USA  
Deputy Director for Finance

Attachment:  
As stated

cc: ASD (FMP)  
DGC (F)  
DFAS-DE/DG  
Service Liaisons  
USCG/NOAA/PHS Liaisons  
DJMS-PMO

DFAS ITEM No. D-36  
DoDFMR Interim Change No. R4-95

1. Change paragraph 90512c, to read:

"c. **Sample Computation of Refund.** See table 9-5-2, 9-5-3, and 9-5-4 for sample computation of refund. If DIC later exceeds the gross SBP annuity, the SBP annuity to the spouse or former spouse terminates."

2. Add a new Table 9-5-4 as shown on Tab A:

TABLE 9-5-4

REFUND OF MONTHLY PREMIUM FOR SBP EFFECTIVE 4 JAN 1994 (SEE NOTE)

The refund of premiums due a spouse or former spouse is determined using the following defined values:

**CBP or Current Basic Premium:** The actual current premium amount for the basic SBP spouse coverage elected by the member. This does not include premiums for child coverage, Supplemental SBP premiums, open enrollment premium additions, or any interest charges.

**CRP or Current Recalculated Premium:** The implied current premium associated with recalculated SBP basic annuity as reduced due to receipt of DIC. This does not include premiums for child coverage, Supplemental SBP premiums, open enrollment premium additions, or any interest charges.

**TP or Total Premiums:** The Total Premiums paid by the member for basic SBP, including open enrollment premium additions. This does not include any premiums for child coverage, Supplemental SBP premiums, or interest charges. This amount may be obtained from historical pay files pertaining to the member and/or from a file of total spouse premiums to be produced under the Director of Compensation, ODASD (FMP) (MPP) by the DoD Actuary and the Defense Manpower Data Center in coordination with DFAS.

**PR or Premium Refund:** This is the premium refund amount. The premium refund is determined according to the following formula:

$$PR = (1 - CRP/CBP) * TP$$

For example: Member is a retired O-5, deceased 1 July 1993.  
Data is for June 1994.

Retired Pay:		\$2,297.00	
Current Basic Premium (CBP):		149.31	
SBP Spouse Annuity: .55 * \$2,297	=	1,263.00	
DIC Annuity:		750.00	
Recalculated SBP Annuity		1,263.00 - 750.00	= 513.00
Implied Base Amount = \$513.00/.55	=	932.73	
Current Recalculated Premium (CRP)	=	60.63	
Total Premiums (TP) from Data Files	=	10,153.08	
Premium Refund (PR) is:			

$$\begin{aligned}
 PR &= (1 - 60.63/149.31) * 10,153.08 \\
 &= (1 - .4060679) * 10,153.08 \\
 &= .5939321 * 10,153.08 = 6,030.24
 \end{aligned}$$

NOTE: Table 9-5-4 is effective 4 January 1994 for deaths which occurred on or after 1 January 1993.