



DEFENSE FINANCE AND ACCOUNTING SERVICE  
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AUG 30 2004

DFAS-DFM

MEMORANDUM FOR DIRECTOR, CONTINUING GOVERNMENT ACTIVITY, DEFENSE  
FINANCE AND ACCOUNTING SERVICE (DFAS-PD/CL)

SUBJECT: Interim Change to the Department of Defense Financial Management Regulation (DoDFMR), 7B Regarding Vitiating of Certain Survivor Benefit Plan (SBP) and Supplemental SBP Elections by Disability Retirees Who Die Within a Year of Retirement of Disability-Related Causes (DFAS Item M-76)

The attached is Interim Change Number R 09-04 to the DoDFMR, Volume 7B to incorporate Section 645(b) of Public Law 108-136, which invalidates certain insurable interest SBP elections and supplemental SBP spouse elections when a disability retiree dies within a year after retirement of disability-related causes. This revision is effective November 24, 2003.

We have evaluated your comments on the proposed change and included your comments where appropriate. Assignment of the interim change is your authority to initiate procedural modifications to implement this change. Use the attached to initiate the formal change to the DoDFMR, Volume 7B.

A handwritten signature in black ink, appearing to read "J. Hinton".

Jerry S. Hinton  
Director for Finance

Attachments:  
As stated

cc: ODUSD (MPP)(Comp)  
OUSD (C)(ODCFO)(FP)  
ODGC(F)  
DFAS-GA/CL  
Service Liaisons  
USCG/NOAA/PHS Liaisons

**1. Revise the last sentence of paragraph 430501.A to read:**

“A member with spouse coverage at the maximum level also may elect SSBP coverage, subject to the provisions of paragraph 430803, below.”

**2. Add to the end of paragraph 430502, the following new sentence:**

“If the member is retired for disability under Chapter 61 of Title 10, United States Code, on or after November 24, 2003, refer to paragraph 430803 below.”

**3. Number 430803 as 430804 and add the following new paragraph to read:**

430803. Invalidation of Certain SBP Elections Made by Disability Retirees Who Retired On or After November 24, 2003.

A. For members who retired on or after November 24, 2003, for disability under Chapter 61 of Title 10, United States Code, the following elections are voided, if the member died within one year after such disability retirement and the cause of death was related to a disability for which the member was retired.

1. SBP elections for a natural person with an insurable interest, under Section 1448(b)(1) of Title 10, United States Code, unless the election is for a person who is a qualified dependent of the member as defined in Section 1072(2) of Title 10, United States Code.

2. Supplemental SBP (SSBP) elections for a spouse under Section 1458 of title 10, United States Code.

B. For voided election, refund SBP and SSBP premiums deducted from the member's retired pay to the person to whom the SBP or SSBP annuity would have been paid pursuant to such election.

**1. Revise the Bibliography as follow:**

**Paragraph**

**Citation**

**Add:**

430803

Public Law 108-136, Section 645(b), November 24, 2003  
DUSD (P&R) memo, April 27, 2004

**Renumber:**

430803.A.4 and B as 430804.A.4 and B.