

# Special Needs Answers

a community resource provided by the  Academy Of  
Special Needs Planners

Search for More Articles:

Go



Print This Page



Email to Friend

## The Effect of Military Survivor Benefits on a Child With Special Needs

**LAST UPDATED: 6/30/2008**

When retirement looms, many military families with children with special needs face a decision about whether or not to choose the Survivor Benefit Plan (SBP) retirement option. Receipt of SBP payments could jeopardize the child's eligibility for SSI and Medicaid.

If a military member contributes approximately 6.5 percent of his retirement pay towards this program (or approximately \$20 a month for a child with disabilities), SBP will pay up to 55 percent of the military member's retirement pay to a spouse or dependent child, or both, upon the military member's death. The military member can select between coverage for a spouse only, a spouse and children, or children only.

If the military member dies having chosen SBP for the disabled child only, the child will receive 55 percent of the member's retirement income. The same is true if the member and spouse die after having chosen SBP for both the spouse and child. In either case, receipt of SBP payments could affect the child's eligibility for SSI and Medicaid. This happens because SSI is a needs-based program. If an SSI beneficiary begins to receive unearned income from SBP, his SSI benefit will be reduced on a dollar-for-dollar basis. If the SBP payment exceeds the child with disabilities' SSI award, the child will lose SSI and the essential access to Medicaid that accompanies it.

In an article titled "The Military's Survivor Benefit Plan and the Disabled Child," which you can read [here](#), Ronald S. Pearson, CFP, and a retired Navy Captain, discusses the issues surrounding a disabled child's receipt of SBP and the options for making sure SBP does not endanger eligibility for government benefits. Although Mr. Pearson says that once the SBP payments start there is no way to stop them, the military member, while still living, can select the *spouse only* option for the SBP or apply to modify the SBP election. While the modification process involves an application to the Board for Correction of Military Records, and could take a little while to complete, it is well worth the effort to preserve a child's future SSI and Medicaid benefits.

*Pearson is the owner of [Beach Financial Advisory Service](#), a financial planning firm in Virginia Beach, Virginia.*

[<< Previous Article](#) | [Next Article >>](#)



Print This Page



Email to Friend