

FEGLI Frequently Asked Questions

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Retirement and Insurance Service

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Combat Zones and FEGLI

1. **What Happens to My Life Insurance if I am sent to a "Combat Zone" in a Support Capacity?**
2. **What Happens to My Life Insurance if I am Called-Up to Active Duty?**
3. ***What Happens to My Life Insurance if I leave My Federal Government Job to go Into the Military?***
4. **What Happens to My Life Insurance When I Return to Active Federal Service?**

What Happens to My Life Insurance if I am sent to a "Combat Zone" in a Support Capacity?

Being sent to a combat zone does NOT cancel FEGLI coverage. Civilian employees who are sent to a war zone or combat zone in a support capacity keep their FEGLI coverage, including Accidental Death & Dismemberment (AD&D) coverage. Being sent to a combat zone, does not affect the amount of your FEGLI coverage.

If a Federal employee working in a war zone is killed, "regular" death benefits are payable to the employee's beneficiaries. Accidental death benefits are also payable under Basic insurance (and Option A, if the employee had that coverage) unless the employee was in actual combat (or unless nuclear weapons were being used) at the time of the injury that caused the employee's death. The Office of Federal Employees' Group Life Insurance (OFEGLI) decides whether to pay accidental death benefits only after thoroughly studying the facts and documentation surrounding an employee's death. The determination is made on a case by case basis. While we cannot say that in 100% of civilian deaths AD&D benefits will be payable, we can say that it is highly unlikely for a civilian to be in actual combat.

Accidental death benefits are in addition to regular death benefits. Even if accidental death benefits are not payable, regular death benefits ARE payable.

What Happens to My Life Insurance if I am Called-Up to Active Duty?

If you are put in a nonpay status while on military duty, you can keep your Federal Employees' Group Life Insurance (FEGLI) coverage for up to 12 months. This coverage is free. Being called-up to active duty, does not affect the amount of your FEGLI coverage. At the end of 12 months in nonpay status, the coverage terminates. Employees get a free 31-day extension of coverage and have the right to convert to a nongroup policy. Being called up to active duty status or being sent to a combat zone does NOT cancel FEGLI coverage. Nor does it automatically make an employee ineligible for accidental death and dismemberment (AD&D) coverage. All FEGLI coverage remains in effect for the period of time described above. If a Federal employee with FEGLI is called-up to active military duty and is killed, "regular" death benefits are payable to the employee's beneficiaries. Accidental death benefits are also payable under Basic insurance (and Option A, if the employee had that coverage) unless the employee was in actual combat (or unless nuclear weapons were being used) at the time of the injury that caused the employee's death.

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Accidental death benefits are in addition to regular death benefits. Even if accidental death benefits are not payable, regular death benefits ARE payable.

What Happens to My Life Insurance if I leave My Federal Government Job to go Into the Military?

If you separate from service to enter the military, you are considered to be in a nonpay status for FEGLI Purposes. As long as you have reemployment rights under USERRA, you can keep your FEGLI coverage for up to 12 months, or until 90 days after your military service ends, whichever date comes first. This coverage is free. At the end of 12 months (or 90 days after the military service ends), the coverage terminates. You also get the 31-day extension of coverage and the right to convert.

If a FEGLI enrollee is in a war zone and is killed, "regular" death benefits are payable to the employee's beneficiaries. Accidental death benefits are also payable under Basic insurance (and Option A, if the employee had that coverage) unless the employee was in actual combat (or unless nuclear weapons were being used) at the time of the injury that caused the employee's death. The Office of Federal Employees' Group Life Insurance (OFEGLI) decides whether to pay accidental death benefits only after thoroughly studying the facts and documentation surrounding an employee's death. The determination is made on a case by case basis. While we cannot say that in 100% of civilian deaths AD&D benefits will be payable, we can say that it is highly unlikely for a civilian to be in actual combat.

Accidental death benefits are in addition to regular death benefits. Even if accidental death benefits are not payable, regular death benefits ARE payable. At the end of 12 months, or 90 days after your military service ends, whichever date comes first your former agency must complete an Agency Certification of Insurance Status (SF 2821) and a Notice of Conversion Privilege (SF 2819). If a claim needs to be filed while you are still covered under FEGLI, you or your survivors should contact your former employing agency.

What Happens to My Life Insurance When I Return to Active Federal Service?

When an employee who has been on military duty returns to active Federal service, he or she gets back whatever type(s) of life insurance he or she had before going into nonpay status (as long as the position is not excluded from coverage). The employee does not get an opportunity to elect more coverage unless he or she has been separated from service for at least 180 days.

Assignments and Viatical Settlements

1. What is an assignment?
2. Can I assign my life insurance to the Civil Service Retirement and Disability Fund in order to pay off a debt?
3. Can I assign my insurance to a viatical settlement firm?
4. Can I assign my coverage to obtain cash even if I'm not terminally or chronically ill?
5. What is the difference between a viatical settlement firm and the Living Benefits provision under the FGLI Program plan?
6. Are Living Benefits taxable? What about cash received from an assignment to a viatical settlement firm?

What is an assignment?

"Assignment" means that you give ownership and control of your Basic, Option A, and/or Option B life insurance coverage to someone else. This means that the money goes to the assignee, or the assignee's beneficiary(ies) when you die.

The insurance is still on your life and you must continue to pay for the coverage, but someone else "owns" and controls your coverage. You may assign your life insurance coverage to an individual, a corporation, or an irrevocable trust. Your decision to assign your life insurance coverage is irrevocable; you cannot cancel your assignment if you change your mind. You cannot assign Option C.

Can I assign my life insurance to the Civil Service Retirement and Disability Fund in order to pay off a debt?

Yes. If you owe money to the Civil Service Retirement and Disability Fund, such as an overpayment of annuity, you may assign your life insurance. You cannot assign your insurance, however, to pay a deposit or redeposit to get credit for time during which you did not have retirement deductions withheld from your salary or for a period of service for which you received a refund of your retirement contributions. You must make a deposit and/or redeposit before you can get credit for the service in the computation of your annuity. When you assign your life insurance coverage, the assignee does not receive the money until you die.

Can I assign my insurance to a viatical settlement firm?

If you are terminally ill, you can assign your FGLI coverage to a viatical settlement firm in exchange for cash. Some viatical firms also accept assignments if you are chronically ill.

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Can I assign my coverage to obtain cash even if I'm not terminally or chronically ill?

In theory, yes. If you can find someone willing to pay you cash in return for your assignment, certainly you are free to enter into such an arrangement. In practice, no. Viatical settlement firms pay terminally or chronically ill individuals cash in exchange for receiving the assignment of their life insurance coverage. While the required life expectancies vary by firm, no firm in the industry will pay for receiving assignment from an individual who is not terminally or chronically ill. It simply makes no sense. The firm would have no expectation of when they would receive the death benefit. They would have to discount the amount paid so much in order to account for this uncertainty, that the amount paid would go down to zero.

What is the difference between a viatical settlement firm and the Living Benefits provision under the FEGLI Program?

Living Benefits payments come from the Employees' Life Insurance Fund (Part of the U.S. Treasury). Viatical settlement firms are private firms not connected with the Federal government.

The Federal law determines the amount of insurance available and the requirement for receiving a Living Benefit payment. Viatical settlement firms set their own requirements and payment amounts.

Are Living Benefits taxable? What about cash received from an assignment to a viatical settlement firm?

Living Benefits payments received on or after January 1, 1997, are not subject to Federal income tax. However, some states have laws, regulations, or rulings concerning the taxability of Living Benefits (also called accelerated death benefits). You should consult a tax advisor or your State's tax department for specific information concerning State income tax laws.

Qualified payments from viatical settlement firms received on or after January 1, 1997 are also not subject to Federal income tax provided the companies meet certain tax exemption qualifications.

If you are considering assigning your insurance to a viatical settlement firm, you should consult a tax advisor to determine if you and the viatical settlement firm meet the tax exemption qualification standards.

If I Have a Break in Service or Go Into Nonpay Status

1. What happens to my FEGLI coverage if I leave Federal employment and then decide to come back?
2. What happens to my life insurance if I leave my government job to go into the military?
3. What if I converted my life insurance to a private plan when I left Federal service?
4. What if I had a life event during a break in service?
5. What happens to my insurance when I go into a leave without pay status (LWOP)?
6. How do I count LWOP when determining the 12 months coverage for FEGLI?
7. I am on leave without pay (LWOP), but not on Workers' Compensation. If I die, what salary will the Office of Federal Employees' Group Life Insurance (OFEGLI) use to compute the death benefit?

What happens to my FEGLI coverage if I leave Federal employment and then decide to come back?

When you return to work after a break in service of **less than 180 days**, your human resources office will automatically enroll you in the same coverage that you had before you left your prior position. You will have to qualify to elect other coverage (open season, physical exam or life event).

When you return to work after a break in service of **180 days or more**, your human resources office will automatically enroll you in Basic and the same Optional insurance that you had in your prior position. You may elect more insurance (if you don't already have the maximum) within 31 days of your appointment to an eligible position.

What happens to my life insurance if I leave my government job to go into the military?

If you separate from service to enter the military you are considered to be in a nonpay status for FEGLI Purposes. As long as you have reemployment rights under USERRA, you can keep your FEGLI coverage for up to 12 months, or until 90 days after your military service ends, whichever date comes first. This coverage is free. At the end of 12 months (or 90 days after the military service ends), the coverage terminates. You also get the 31-day extension of coverage and the right to convert.

At the end of 12 months, or 90 days after your military service ends, whichever date comes first your former agency must complete an Agency Certification of Insurance Status (SF 2821) and a Notice of Conversion Privilege (SF 2819). If a claim needs to be filed while you are still covered under FEGLI, you or your survivors should contact your former employing agency.

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What if I converted my life insurance to a private plan when I left Federal service?

Any insurance policy purchased under the conversion privilege is a private business transaction between you and the insurance company. The cost of the individual policy is determined by the insurance company and is based on your age and class of risk. If you return to Federal service and have converted your FEGLI coverage (including as a reemployed annuitant), you do not have to cancel your conversion policy. You can continue the conversion policy and have FEGLI coverage as an employee.

What if I had a life event during a break in service?

If you had a life event during a break in service, you may still be able to enroll or increase your coverage. You normally have 60 days from the date of a life event (marriage, divorce, death of a spouse, acquisition of a child) to enroll or increase your coverage. Your agency can extend this 60-day time limit if you had a change in your family status during a break in service of less than 180 days or during the 60-day period immediately before separation. You will have 31 days from the date of reinstatement or 60 days from the date of the event, whichever gives you more time, to enroll or increase the number of multiples in Option B and/or Option C. In order to make a change based on a life event, you must submit a *Life Insurance Election (SF 2817)* to your human resources office within the appropriate time limit.

What happens to my insurance when I go into a leave without pay status (LWOP)?

Your life insurance coverage continues for up to 12 months in a LWOP or nonpay status. You do not have to pay any premiums while you are on LWOP unless you are receiving benefits from the Department of Labor, Office of Workers' Compensation Programs.

The life insurance ends at the end of the 12 months with a 31-day extension of coverage and a right to convert to an individual policy.

How do I count LWOP when determining the 12 months coverage for FEGLI?

Your insurance continues automatically for the first 12 months of nonpay status.

If you return to pay status for a period of four consecutive months or more, you start a new 12-month period of continued coverage. Four consecutive months in pay status means any four-month period during which you are in pay status for at least part of each pay period. For example:

Melissa was on leave without pay (LWOP) from January 1 to February 28, 2002. She returned to work on March 1, 2002. She worked through July 31, 2002, and again went on LWOP. Since she was in a pay and duty status for at least four consecutive months, she will start a new 12-month period of continued coverage. The period she

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was on LWOP from January 1 through February 28, 2002, will not count against the new 12-month period that starts August 1, 2002.

If you return to pay status for less than four consecutive months, and you then again go into a nonpay status, you continue in the same 12-month nonpay status period. Another example will help.

Mai went on leave without pay (LWOP) on February 1, 2002. She then returned to work on May 1, 2002. She worked through July 31, 2002, and again went on LWOP beginning August 1, 2002. Since she was in a pay status for less than four months, we continue in the same 12-month LWOP status. If she does not return to pay and duty status, Mai's life insurance will end at the end of the day on April 30, 2003.

If you return to pay status for less than four consecutive months after your insurance ends due to 12 months in nonpay status, you do not get another 12-month period of continued coverage. You have insurance while you are again in pay status, but your insurance will stop on the last day of your last pay period in pay status. Here is an example of this situation.

Carlos' insurance ended on August 31, 2002 which was the end of 12 months in a nonpay status. Carlos returned to work on October 1, 2002. His life insurance is reinstated. On November 16, 2002, Carlos again goes into a LWOP status. Since he was in a pay status for less than four consecutive months, his life insurance ends at the end of the last day of the pay period in which Carlos went on LWOP or November 20, 2002. He does not begin a new 12-month period of continued coverage.

I am on leave without pay (LWOP), but not on Workers' Compensation. If I die, what salary will the Office of Federal Employees' Group Life Insurance (OFEGLI) use to compute the death benefit?

During the first 12 months of LWOP, your FEGLI coverage continues. If you die during the first 12 months, OFEGLI uses the salary at the time of death to compute the benefit. For example:

Stan had Basic insurance only. He went on LWOP February 1, 2003. His salary at that time was \$18,449. In September 2003, he got a within-grade increasing his salary to \$20,849.00. He died November 15, 2003. Since he died during the first 12 months of LWOP, life insurance is payable. The basic salary used to compute the benefit is \$20,849.00.

How Do I File a Claim for FEGLI Benefits?

1. Where do I get the FE-6, Claim for Death Benefits and how do I
2. complete it?
3. Where do I send the FE-6 form?
4. Can a Power of Attorney sign the FE-6 form?
5. How do I claim benefits for the death of a family member?

Where do I get the FE-6, Claim for Death Benefits and how do I complete it?

You can get the form from the employee's agency or from the retirement system if the deceased was retired. You can also get the form on the FEGLI Web site (www.opm.gov/insure/life).

You should complete the FE-6 Claim for Death Benefits form according to the instructions on page 1 of the form. If you need help, you may contact the insured's employing agency for the death of an active employee, and the Office of Federal Employees' Group Life Insurance (1-800-633-4542) for the death of a retired employee.

Where do I send the FE-6 form?

Send the completed form, with a certified copy of the death certificate, to the insured's agency if he/she died as an employee.

If you are the deceased's widow(er) and the agency told you to send your claim form and other documents directly to OFEGLI, you should do that.

If the deceased was retired, send the form with a certified copy of the death certificate to:

Office of Federal Employees' Group Life Insurance
PO Box 2627
Jersey City, NJ 07303-2627

Can a Power of Attorney sign the FE-6 form?

There are limited circumstances where an Attorney-in-Fact, named in a power of attorney, may sign the FE-6 on behalf of a claimant. Whenever possible, however, the claimant should sign the form. For more information, please call the Office of Federal Employees' Group Life Insurance at 1-800-633-4542.

How do I claim benefits for the death of a family member?

You should complete the FE-6 DEP, *Statement of Claim*, Option C - Family Life Insurance according to instructions on the form.

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If you need help, you may contact your human resources office if you are an employee or the Office of Federal Employees' Group Life Insurance (1-800-633-4542) if you are a retired employee. You can get the form from your human resources office if you are an employee or from your retirement system if you are retired. You can also get the form on the FEGLI Web site.

Send the completed form, with a certified copy of the death certificate, to the insured's agency if he/she died as an employee.

If the deceased was retired, send the form with a certified copy of the death certificate to:

Office of Personnel Management
Retirement Operations Center
Attn: FE-6 DEP
Boyers, PA 16017

FGLI While I Am On OWCP

I'm receiving benefits from the Department of Labor, Office of Workers' Compensation Programs (OWCP). Do I still have life insurance?

To continue life insurance benefits as an OWCP compensationner, you must have carried FGLI for the 5 years of service immediately before the beginning date of compensation or, if you had it less than 5 years, for the full period(s) of service during which you were eligible to be insured. This coverage is subject to the same conditions as those of a civil service retiree.

Please see your human resources office if you are receiving compensation benefits.

Court Orders

1. Can a court order direct the payment of FEGLI benefits?
2. What is the appropriate office for filing a court order?
3. What if the court order is dated before July 22, 1998?
4. What if I turned one in before July 22, 1998? Do I have to get a new court order?
5. Who can file a court order?
6. Can I cancel my coverage even if there is a court order on file?
7. Can I submit a new designation to void the court order on file?
8. Can a court order serve as an assignment of life insurance?

Can a court order direct the payment of FEGLI benefits?

Yes. Effective July 22, 1998, a new law changed the way the Office of Federal Employees' Group Life Insurance (OFEGLI) pays death benefits. OFEGLI must pay benefits in accordance with the terms of a valid court decree of divorce, annulment, or legal separation, or the terms of a court order or court-approved property settlement agreement relating to such a court decree, regardless of whether the insured individual actually completes a designation complying with the court order.

To be valid the court order must be a certified copy. The appropriate office must receive the certified copy on or after July 22, 1998, and before the insured's death and it must expressly provide for someone to receive your FEGLI benefits.

If a valid court order is in effect, the insured individual cannot change his/her designation, unless the person(s) named in the court order agrees in writing or unless the court order is later modified.

What is the appropriate office for filing a court order?

If you are an employee, you must file the court order with your human resources office.

If you receive benefits from the Department of Labor, Office of Workers Compensation Programs **and** you've been receiving these benefits for less than 12 months **and** you are still on the agency's rolls as an employee, you also must file the form with your agency's human resources office.

If you are a retired employee, or you are on compensation and are separated from your agency or have been receiving compensation for 12 months or more, you must file the form with the Office of Personnel Management, Retirement Operations Center, P.O. Box 45, Validation Section, Boyers, PA 16017-0045.

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What if the court order is dated before July 22, 1998?

The date of the court order itself is not relevant. But the date the agency or retirement system (as applicable) received the court order is relevant. If someone submitted a court order before July 22, 1998, it is not valid and the Office of Federal Employees' Group Life Insurance (OFEGLI) cannot honor it.

What if I turned one in before July 22, 1998? Do I have to get a new court order?

No. You can submit the old one again. As long as it is a certified copy and you submit it to the appropriate office before the insured dies, it should be acceptable.

Who can file a court order?

You can submit a court order if you are an employee, an annuitant, a former spouse, the former spouse's attorney or anyone else.

Can I cancel my coverage even if there is a court order on file?

Yes, you as the insured, can cancel coverage even if there is a court order on file.

Can I submit a new designation to void the court order on file?

No. You cannot submit a new designation to void the court order. If there is a valid court order on file, you may not change or submit a designation of beneficiary unless the person(s) named in the decree, order, or agreement agrees in writing or unless the decree, order or agreement is modified.

Can a court order serve as an assignment of life insurance?

No. A court order can direct that the insured individual assign (give up ownership) of his/her life insurance coverage under the FEGLI Program. But unless and until the insured individual files a valid assignment form (RI 76-10 Assignment), the insurance is not assigned. This is different than a designation. If valid, a court order can serve as a designation of beneficiary for life insurance purposes even if the insured individual doesn't complete a designation form.

Enrolling and Changing your Life Insurance Coverage

1. Do I have to wait for an open season to enroll in the Program?
2. How do I increase my coverage based on a Life Event?
3. How do I enroll or increase my coverage by getting a physical?
4. When will the new coverage be effective?
5. How long does it take if I am electing more coverage by getting a physical?
6. If I get a physical and am approved, can I also elect Option C?
7. When is the next open season?
8. Do I need to wait until an open season in order to cancel my insurance?
9. I am a Federal employee. How do I cancel (waive) or reduce my coverage?
10. I am a Federal retiree. How do I cancel (waive) or reduce my coverage?
11. How do I cancel (waive) my coverage?
12. If I get married or acquire a child, do I then qualify to enroll in the Program?

Do I have to wait for an open season to enroll in the Program?

No. You can always request a Standard Form 2822 (Request for Insurance) from your human resources office or from the FEGLI Web site and obtain a physical. If the Office of Federal Employees' Group Life Insurance (OFEGLI) approves your request, you are automatically enrolled in Basic. If you want Optional insurance as well as Basic, you can enroll in Option A and/or Option B within 31 days from the date of OFEGLI's approval. You cannot enroll in Option C by getting a physical.

Also, you may enroll in Option B and/or Option C or increase your current Option B and/or Option C coverage upon marriage, divorce, death of spouse or acquisition of eligible children, within 60 days after the life event. You cannot enroll in Basic or Option A due to a life event.

How do I increase my coverage based on a Life Event?

If you already have Basic, you may elect Option B or you can increase your multiples of Option B based on a life event. A life event is marriage, divorce, death of a spouse, or acquisition of a child. The number of multiples of Option B you can get depends on the event. For example, if you marry, the number of multiples you can get is equal to the number of additional family members acquired with your marriage. There is a table in the FEGLI Booklet (RI 76-21 or RI 76-20 for Postal employees) with the life events and the number of multiples you may elect.

You can also elect Option C or increase your multiples of Option C based on a life event. You can elect from one to five multiples, **regardless** of the number of eligible family members you have or acquired. You can increase your coverage based on a life event by completing a *Life Insurance Election* (SF 2817). You must submit the SF 2817 to your human resources office within 60 calendar days after the date of the event.

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You can increase your coverage based on a life event by completing a *Life Insurance Election* (SF 2817). You must submit the SF 2817 to your human resources office within 60 calendar days after the date of the event.

How do I enroll or increase my coverage by getting a physical?

If at least one year has passed since the effective date of your last waiver of life insurance coverage, (if you did not elect the coverage it is considered waived) you may get a physical exam at your own expense using the *Request for Life Insurance* (SF 2822). You and your human resources office must complete part of the form. You then take the form to your physician. He or she will then complete the rest of the form and send it to the Office of Federal Employees' Group Life Insurance (OFEGLI).

If OFEGLI approves your request, they will notify your human resources office. Your human resources office will automatically enroll you in Basic insurance, unless you already have Basic. You will have 31 days to election Option A and/or Option B or increase your Option B multiples.

When will the new coverage be effective?

Your enrollment in Basic will be effective on the first day you are at work on or after the date OFEGLI approves your request. Your enrollment in Option A and/or Option B will be effective on the first day you are at work on or after the date OFEGLI approves your request and your human resources office receives your *Life Insurance Election* (SF 2817) electing such coverage.

How long does it take if I am electing more coverage by getting a physical?

It takes the Office of Federal Employees' Group Life Insurance (OFEGLI) an average of one week to process an election to enroll or increase coverage by getting a physical. If more than one week has passed since your doctor sent your request to OFEGLI and your human resources office has not yet received a decision, you can check on the status by calling OFEGLI at 1-800-633-4542.

If I get a physical and am approved, can I also elect Option C?

No. Employees can only enroll in Basic, Option A and Option B this way. Obtaining a physical does not allow you to enroll in Option C. You must either enroll during an unrestricted open season or else in connection with a life event - marriage, divorce, death of spouse or acquisition of eligible children.

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When is the next open season?

There is no date certain. Life insurance open seasons are held quite infrequently, and you should not count on one occurring any time soon. You will receive plenty of notice if and when there is an open season

Do I need to wait until an open season in order to cancel my insurance?

No. You may cancel life insurance coverage at any time. However, you should be aware that your opportunities to re-enroll are limited.

I am a Federal employee. How do I cancel (waive) or reduce my coverage?

Unless you assign your life insurance, you may cancel (waive) your Basic insurance at any time by completing the *Life Insurance Election* (SF 2817) and submitting it to your human resources office. When you cancel Basic insurance, you automatically cancel all forms of Optional insurance.

You may cancel (waive) any or all types of Optional insurance by signing for only the types of insurance you have and want to keep, on the *Life Insurance Election* (SF 2817). **Remember**, if you do not sign for a particular type of insurance, you have canceled (waived) it.

Life insurance coverage and deductions for the coverage you cancel (waive) stop at the end of the last day of the pay period in which your human resources office receives your election form canceling (waiving) the coverage.

Exception: If you cancel Option C because you don't have any eligible family members, the effective date is retroactive to the end of the pay period in which there stopped being any ELIGIBLE family members.

I am a Federal retiree. How do I cancel (waive) or reduce my coverage?

Federal retirees, unless they have assigned their life insurance, may cancel Basic or Optional life insurance coverage at any time. If you cancel Basic, you automatically cancel all forms of Optional insurance.

If you elected 50% or No Reduction for your Basic life insurance, you may cancel this additional coverage at any time. You may only change to the 75% reduction.

If you have Option A-Standard insurance, you may cancel it at any time. You may reduce (or cancel) the amount of your Option B-Additional Optional and Option C- Family insurance at any time.

Any cancellation or reduction of life insurance must be in writing and have an original signature by the insured retiree. Be sure to include your retirement claim number (CSA

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number) or social security number and specify what action you want taken. Please note you cannot increase your coverage after retirement, or reinstate any coverage that you cancel.

Write to:

U.S. Office of Personnel Management
Retirement Operations Center
P.O. Box 45
Boyers, PA 16017-0045

If I get married or acquire a child, do I then qualify to enroll in the Program?

No, you must already be enrolled in the Program (at least be enrolled in the Basic) before you can increase coverage due to marriage or acquisition of children. You cannot enroll in Basic insurance coverage simply because you marry or acquire a child. If you marry, acquire an eligible child, get divorced or your spouse dies, you can elect Option B and/or Option C or increase your current Option B and/or Option C coverage, within 60 days after the life event. You are not entitled to elect Option A due to these life events. There are limits on the number of multiples of Option B you can elect for each life event.

My FEGLI When I Die

1. Who will get my life insurance benefits when I die?
2. Will benefits still be payable if I commit suicide?
3. Can the Office of Federal Employees' Group Life Insurance (OFEGLI) pay the funeral home from the FEGLI benefits? If so, how is this done?
4. Will my beneficiary have to pay income tax on the FEGLI benefits?
5. When is interest paid?
6. I'll be traveling over a war zone soon, but I'm not in the military and I won't be in combat. Will life insurance benefits still be payable if I die there?

Who will get my life insurance benefits when I die?

When you die, the Office of Federal Employees' Group Life Insurance (OFEGLI) will pay life insurance benefits in a particular order, set by law:

- If you assigned ownership of your life insurance, OFEGLI will pay benefits:
 - First, to the beneficiary(ies) designated by your assignee(s), if any;
 - Second, if there is no such beneficiary, to your assignee(s).
- If you did **not** assign ownership and there is a valid court order on file, OFEGLI will pay benefits in accordance with that court order.
- If you did **not** assign ownership and there is **no** valid court order on file, OFEGLI will pay benefits in the following order of precedence:
 - First, to the beneficiary(ies) you designated;
 - Second, if there is no such beneficiary, to your widow or widower;
 - Third, if none of the above, to your child or children, with the share of any deceased child distributed among descendants of that child (a court will usually have to appoint a guardian to receive payment for a minor child);
 - Fourth, if none of the above, to your parents in equal shares or the entire amount to your surviving parent;
 - Fifth, if none of the above, to the executor or administrator of your estate;
 - Sixth, if none of the above, to your other next of kin as determined under the laws of the State where you lived.

Will benefits still be payable if I commit suicide?

Yes. Benefits are payable based on the death of an enrolled individual no matter how the death happened. However, if someone else causes your death, he or she may be excluded from receiving the death benefits.

The Office of Federal Employees' Group Life Insurance will not pay Accidental Death and Dismemberment (AD&D) benefits in a suicide case since the death is not accidental.

FEGLI Frequently Asked Questions

Can the Office of Federal Employees' Group Life Insurance (OFEGLI) pay the funeral home from the FEGLI benefits? If so, how is this done?

Yes. OFEGLI can pay FEGLI benefits to a funeral home if that's what the person entitled to the money wants to happen. Funeral homes have the form to do this.

Will my beneficiary have to pay income tax on the FEGLI benefits?

Life insurance proceeds are not considered taxable income for the recipients for personal income tax purposes. Interest paid on FEGLI proceeds is reportable as income for Federal Income tax purposes. You may wish to consult your tax advisor for further advice.

When is interest paid?

OFEGLI pays a maximum of 2 years worth of interest, even if the time from the date of death to date of payment is over 2 years.

I'll be traveling over a war zone soon, but I'm not in the military and I won't be in combat. Will life insurance benefits still be payable if I die there?

First of all, Basic and any Optional insurance is payable no matter where your death occurs.

The only amount in question is the Accidental Death and Dismemberment (AD&D) coverage payable under Basic and Option A. AD&D coverage is payable if you receive bodily injuries solely through violent, external, and accidental means (with some exceptions) and if, as a direct result of the bodily injuries, independently of all other causes, and within one year afterwards, you lose your life, limb, or eyesight. One of the exceptions is if your death or loss is caused directly or indirectly by war (declared or undeclared), any act of war, armed aggression, or insurrection, in which you are, at the time bodily injuries are sustained, in actual combat.

The Office of Federal Employees' Group Life Insurance decides whether to pay AD&D only after the death or loss has occurred and after thoroughly studying the facts surrounding the situation. We can't give definitive answers beforehand.

Designations of Beneficiary

1. Do I have to complete a Designation of Beneficiary form (SF 2823)?
2. How do I complete my SF 2823, Designation of Beneficiary form?
3. What do I do if there is not enough space on the SF 2823?
4. I completed a SF 2823 last year. Now I want my life insurance proceeds to be paid according to the order of precedence. What should I do?
5. What does it mean if someone entitled to life insurance benefits "disclaims" them?
6. Can I put a disclaimer in my designation of beneficiary?
7. What is a per stirpes designation? Can I use one?
8. Where do I send my completed Designation of Beneficiary form?
9. What if I die on a Sunday and I mailed my completed Designation of Beneficiary form the day before, Saturday? Will the Office of Federal Employees' Group Life Insurance (OFEGLI) pay the benefits according to my new designation?
10. Can a Power of Attorney sign the SF 2823 Designation of Beneficiary form?
11. When should I file a new Designation of Beneficiary form?
12. If my child is not yet of legal age, do I have to appoint a legal guardian if my child is my beneficiary?
13. What does it mean to reach the legal age?

Do I have to complete a Designation of Beneficiary form (SF 2823)?

No, you do not have to complete a designation form. You may, however, decide you want to complete one after you understand how the Office of Federal Employees' Group Life Insurance (OFEGLI) pays life insurance benefits.

When you die, OFEGLI will pay life insurance benefits in a particular order, set by law:

- If you assigned ownership of your life insurance, OFEGLI will pay benefits:
 - First, to the beneficiary(ies) designated by your assignee(s), if any;
 - Second, if there is no such beneficiary, to your assignee(s).
- If you did **not** assign ownership and there **is** a valid court order on file, OFEGLI will pay benefits in accordance with that court order.
- If you did **not** assign ownership and there is **no** valid court order on file, OFEGLI will pay benefits in the following order of precedence:
 - First, to the beneficiary(ies) you designated;
 - Second, if there is no such beneficiary, to your widow or widower;
 - Third, if none of the above, to your child or children, with the share of any deceased child distributed among descendants of that child (a court will usually have to appoint a guardian to receive payment for a minor child);
 - Fourth, if none of the above, to your parents in equal shares or the entire amount to your surviving parent;

FEGLI Frequently Asked Questions

Fifth, if none of the above, to the executor or administrator of your estate;

Sixth, if none of the above, to your other next of kin as determined under the laws of the State where you lived.

If you did not assign your insurance and there isn't a valid court order on file, and you are not satisfied with this order of precedence, you should complete a designation form and indicate how you want OFEGLI to pay the benefits.

How do I complete my SF 2823, Designation of Beneficiary form?

You can find instructions on how to complete the SF 2823 *Designation of Beneficiary* form on the reverse side of the form. If you need help, you can contact your human resources office.

What do I do if there is not enough space on the SF 2823?

Continue on another sheet of paper. Be sure to put your name and social security number on the additional sheet. You should also sign the additional sheet and have it witnessed in case the sheet is separated from the SF 2823.

I completed a SF 2823 last year. Now I want my life insurance proceeds to be paid according to the order of precedence. What should I do?

If you have a prior Designation of Beneficiary on file, and now wish for benefits to be paid in accordance with the order of precedence, file a new SF 2823 and state "Cancel Prior Designations".

What does it mean if someone entitled to life insurance benefits "disclaims" them?

This means that the person (a designated beneficiary or person entitled under the order of precedence) advised OFEGLI, in writing, that he/she does not want the money he/she is entitled to receive. A disclaimer by default means that the person doesn't ever file a claim form to claim the benefits.

If someone entitled to benefits disclaims them, he/she cannot tell OFEGLI who should get the disclaimed benefits. Rather, OFEGLI must treat those benefits as if the person disclaiming had died before the Insured. If the person disclaiming was a designated beneficiary, OFEGLI would pay the disclaimed share equally to the remaining beneficiaries. If there are no remaining beneficiaries or the person disclaiming was not a designated beneficiary, OFEGLI will pay the proceeds according to the next step in the order of precedence.

Perhaps a few examples will help.

FEGLI Frequently Asked Questions

Mary designated John and Susan for 50% each. Mary dies. John disclaims his share . It does not matter that John wanted his mother, Laura, to receive the benefits. OFEGLI will pay 100% to Susan.

Here's another example.

Raul is single, childless, and did not designate a beneficiary. Raul dies. His parents are entitled to the benefits based on the order of precedence. His father disclaims his share of the benefits. OFEGLI will pay 100% to his mother.

And here's a final example.

Cyndi is married with one child. She did not designate a beneficiary. Cyndi dies. Her husband is entitled to the benefits based on the order of precedence. He disclaims the benefits. OFEGLI moves to the next step in the order of precedence and pays 100% to Cyndi's child.

Can I put a disclaimer in my designation of beneficiary?

Yes, and this works differently than when a survivor disclaims benefits. You can name someone as a beneficiary and someone else if that first person disclaims the benefits. It's a form of contingent beneficiary. As the insured, you CAN specify who should receive the disclaimed benefits (the beneficiary cannot specify who should receive disclaimed benefits).

For example, you could word your designation like this:

**Mary Jones, 100%, unless she disclaims.
Otherwise to Johnson Wallace, 100%.**

What is a *per stirpes* designation? Can I use one?

A *per stirpes* designation means that if a named beneficiary dies before the Insured dies, the children of the named beneficiary are entitled to the benefits, or the grandchildren of the named beneficiary if the children aren't alive, or the great-grandchildren of the named beneficiary if the grandchildren aren't alive, etc.

Designations using *per stirpes* designations are unacceptable. You may want to consider a designation like this, instead:

**Hector Gonzales, my son, 100%, if living
Otherwise to the estate of Hector Gonzales**

You could then specify the *per stirpes* terms in your will. If Hector is not living when you die, OFEGLI will pay your estate. The estate will follow the terms of the will which include the *per stirpes* terms.

FEGLI Frequently Asked Questions

Where do I send my completed Designation of Beneficiary form?

It depends. Active employees must file the form with their human resources office.

If you receive benefits from the Department of Labor, Office of Workers Compensation Programs **and** you've been receiving these benefits for less than 12 months **and** you are still on the agency's rolls as an employee, you also must file the form with the human resources office.

If you are a retired employee, you must file the form with the Office of Personnel Management (OPM).

If you are on compensation and are separated from your agency or have been receiving compensation for 12 months or more, you must file the form with the Office of Personnel Management, Retirement Operations Center, Validation Section, Boyers, PA 16017.

The appropriate office must receive the Designation of Beneficiary form before your death in order for the Office of Federal Employees' Group Life Insurance (OFEGLI) to pay the benefits. If you do not file it with the proper office, OFEGLI will pay benefits in accordance with the next prior designation on file or under the order of precedence starting with the widow or widower, if there is no designation.

What if I die on a Sunday and I mailed my completed Designation of Beneficiary form the day before, Saturday? Will the Office of Federal Employees' Group Life Insurance (OFEGLI) pay the benefits according to my new designation?

Your employing office or the Office of Personnel Management, if applicable, must **receive** your Designation of Beneficiary before you die for your Designation to be valid. A Designation delivered on a weekend or Federal holiday is not "received," and is not valid, until the next workday. If you die before your employing office receives the new Designation of Beneficiary, the Office of Federal Employees' Group Life Insurance will pay benefits in accordance with the next prior Designation on file or under the order of precedence starting with the widow or widower, if there is no designation.

Can a Power of Attorney sign the SF 2823 Designation of Beneficiary form?

No. Someone with a power of attorney cannot sign a Designation of Beneficiary form on behalf of an insured federal employee or annuitant.

When should I file a new Designation of Beneficiary form?

You may want to consider completing a new designation form whenever you have a significant change in your life, such as a marriage, divorce, or death. Be sure it remains accurate and reflects your intentions. You should also file a new designation whenever a beneficiary's address changes. Failure to do so may mean that the Office of Federal Employees' Group

FEGLI Frequently Asked Questions

Life Insurance cannot locate your beneficiary and therefore cannot pay him or her the death benefits.

If my child is not yet of legal age, do I have to appoint a legal guardian if my child is my beneficiary?

You should consult an attorney concerning such legal issues as appointing a guardian for your minor child. If you should die while your child is still a minor and he/she is entitled to your life insurance benefits, the Office of Federal Employees' Group Life Insurance (OFEGLI) will not pay benefits to your minor child.

If the benefits payable are \$10,000 or less, OFEGLI may pay the benefits to a surviving parent when the parent assures OFEGLI, in writing, that he/she will use the funds for the sole benefit of the child.

If benefits exceed \$10,000, payment depends on whether the State where the child lives requires a guardian.

If the State requires a guardian, a court-appointed guardian can file a claim for death benefits on behalf of your minor child. In those cases, guardianship must be established before payment can be made. Natural parentage is not automatic guardianship. The guardian must have the authority granted by the court to collect money on behalf of the child. OFEGLI would then make payment to the guardian who would have to answer to the court regarding how/when he/she spent the money, depending on the details of the guardianship granted by the court.

In those States that do not require the court appointment of a guardian, OFEGLI will pay the benefits to the person responsible for the care of the child when he/she assures OFEGLI, in writing, that he/she will use the funds for the sole benefit of the child.

If there is not a guardian and one won't be appointed and the State requires one and the proceeds are greater than \$10,000, OFEGLI will open an interest-bearing account payable to the minor upon reaching the legal age.

What does it mean to reach the legal age?

The legal age or age of adulthood for the FEGLI Program is 18, unless the state in which the minor lives has established a lower age of adulthood. In that case, the legal age is the lower age.

Family Members

1. What is the definition of an eligible family member for Option C?
2. Is my minor grandchild covered under my Option C enrollment?
3. My husband and I both work for the Federal government. Can we both enroll in Option C?
4. My mother (or father, brother, sister, etc.) is now ill and I have to take care of him/her. Does my Option C cover them?
5. If I want to add a family member to Option C, do I have to complete another form?
6. If I have family coverage (five multiples), as each family member reaches age 22, do the multiples reduce automatically?
7. Is it up to me to go into the human resources office to change my Option C when family members are no longer eligible?

What is the definition of an eligible family member for Option C?

Eligible family members for Option C, Family coverage include a spouse (including a valid common law marriage) and eligible dependent children. Eligible dependent children must be unmarried and under age 22, or if age 22 or over, incapable of self-support because of a mental or physical disability that existed before the child reached age 22.

Eligible dependent children include your natural children, adopted children, stepchildren (if they live with you in a regular parent-child relationship), recognized natural children and foster children (if they live with you in a regular parent-child relationship). Stillborn children are not covered.

If you have any questions about eligible family members, please consult your human resources office. That office is responsible for determining eligibility.

Is my minor grandchild covered under my Option C enrollment?

Not unless you have legally adopted your grandchild or if your grandchild meets the definition of a foster child. To qualify as a foster child, the child must live with you in a regular parent-child relationship and you must expect to raise the child to adulthood. Consult your human resources office for more information.

FGLI Frequently Asked Questions

My husband and I both work for the Federal government. Can we both enroll in Option C?

Yes, two Federal employees who are married may BOTH elect Option C life insurance coverage. Any eligible children would be covered under both policies.

My mother (or father, brother, sister, etc.) is now ill and I have to take care of him/her. Does my Option C cover them?

No. Option C coverage only provides coverage for your spouse and eligible children. Mothers, fathers, brothers, sisters and other family members are not covered under Option C. There are no exceptions to this, regardless of the health status of your family member and whether he or she qualifies as your dependent.

If I want to add a family member to Option C, do I have to complete another form?

No. Once you are enrolled in Option C, all eligible family members are automatically covered.

If I have family coverage (five multiples), as each family member reaches age 22, do the multiples reduce automatically?

No. The number of multiples you carry under Option C is not linked to the number of eligible family members you have. You may elect one, two, three, four, or five multiples of coverage regardless of how many eligible family members you have. Each multiple is equal to \$5,000 for your spouse and \$2,500 for each of your eligible dependent children.

Is it up to me to go into the human resources office to change my Option C when family members are no longer eligible?

It is not necessary for you to contact the human resources office when family members are no longer eligible **unless** there are no longer **any** eligible family members and you wish to cancel the Option C coverage. The cancellation is effective the end of the pay period in which you no longer had any eligible family members.

General Information

1. What kind of coverage can I get under FEGLI?
2. I am a new Federal employee. How do I get coverage under FEGLI?
3. A co-worker told me there is an Extra Benefit under FEGLI. If this is true, what is it?
4. How do I make my election?
5. How much do I pay for my FEGLI coverage?
6. What if my salary is too low to cover the cost of my insurance?
7. How much life insurance coverage do I have?
8. As my salary goes up, does my FEGLI amount go up automatically?
9. Is there a maximum amount of Basic insurance that I can have?
10. Can I borrow against my policy and receive money now?
11. What happens if I die in an automobile accident or if I lose an eye or an arm as a result of an accident?
12. Where can I get more information on the FEGLI Program?

What kind of coverage can I get under FEGLI?

Under FEGLI there is Basic life insurance and Optional insurance.

Your Basic Insurance Amount (BIA) is equal to the greater of (a) your annual basic pay rounded up to the next \$1,000 plus \$2,000, or (b) \$10,000.

If you have Basic insurance, you have your choice of three types of Optional insurance: Option A (standard optional insurance), Option B (additional optional insurance), and Option C (family optional insurance). Option A is equal to \$10,000. Option B is equal to one, two, three, four or five times your annual basic pay (after rounding up to the next \$1,000). Option C provides coverage for your spouse and eligible children. You may elect one, two, three, four or five multiples of coverage. Each multiple is equal to \$5,000 (\$25,000 maximum) for your spouse and \$2,500 (\$12,500 maximum) for each of your eligible dependent children.

I am a new Federal employee. How do I get coverage under FEGLI?

Most Federal employees are automatically enrolled in Basic insurance unless they waive this coverage. Basic is effective on the first day you enter in a pay and duty status in an eligible position.

If you have Basic insurance, you may also elect Optional insurance. You must specifically elect the types of Optional insurance you wish to carry within 31 days of becoming eligible. Optional insurance is effective on the first day you are in a pay and duty status on or after the day your human resources office receives your election.

FGLI Frequently Asked Questions

A co-worker told me there is an Extra Benefit under FEGLI. If this is true, what is it?

Yes, it is true. As part of the Basic life insurance, employees who are under age 45 get an Extra Benefit at no additional cost. The Extra Benefit doubles the amount of the life insurance payable if you are age 35 or younger. Beginning on your 36th birthday, the Extra Benefit decreases 10% each year until, at age 45, there is no Extra Benefit.

How do I make my election?

You must complete a *Life Insurance Election (SF 2817)* to waive insurance or to elect Optional insurance. If you do not complete an election form, you are automatically enrolled in Basic only.

How much do I pay for my FEGLI coverage?

The cost of Basic insurance is shared between you and the Government. You pay two-thirds and the Government pays one-third. Your age does not affect the cost of Basic insurance. You pay \$0.1500 per \$1,000 biweekly or \$0.3250 monthly. If you are a Postal employee, the U.S. Postal Service pays the entire cost of your Basic life Insurance.

You pay the full cost of all Optional insurance. The cost depends on your age and the amount of insurance you have.

Your agency will withhold the premiums from your pay.

What if my salary is too low to cover the cost of my insurance?

If your pay is too low to allow a withholding for life insurance premiums and your human resources office expects this condition to last for more than six months, you will have a choice. You can choose either to terminate some or all of your insurance coverage or to continue the coverage and pay the premiums directly. (See your human resources office for more details).

How much life insurance coverage do I have?

You can look on a copy of your most recent Standard Form 50, Notice of Personnel Action, to determine the coverage you currently have. On that form, in block 27, there is a 2-character code that represents your current coverage and a definition of the code. For example, if block 27 shows "CO -Basic only", that means you have Basic life only with no optional coverage. You can look up the codes in the FEGLI Handbook, the SF50s Equivalents of Insurance Codes chapter <http://www.opm.gov/insure/life/handbook/sf50tbl.htm>

If you have any questions, you should check with your human resources office to verify your coverage. The Office of Personnel Management cannot verify your coverage, nor can the Office of Federal Employees' Group Life Insurance.

FEGLI Frequently Asked Questions

As my salary goes up, does my FEGLI amount go up automatically?

Yes. The amount of your FEGLI automatically increases when your salary goes up, whenever your annual pay is increased by an amount sufficient to raise the pay to the next \$1,000 bracket.

Is there a maximum amount of Basic insurance that I can have?

No. There is no maximum. The amount is based on your annual basic rate of pay.

Can I borrow against my policy and receive money now?

No. The FEGLI Program provides group term insurance. It does not have any cash value and you cannot borrow against your coverage. The only opportunities to get money from your coverage while you are still alive are (1) if you are terminally ill and qualify for Living Benefits, or (2) if you are terminally or chronically ill and assign your coverage to a viatical settlement firm.

What happens if I die in an automobile accident or if I lose an eye or an arm as a result of an accident?

In the event of a fatal accident or an accident that results in the loss of a limb or eyesight, FEGLI includes Accidental Death and Dismemberment (AD&D) for employees. AD&D coverage cannot be carried into retirement. AD&D benefits are paid in addition to regular death benefits.

For the Office of Federal Employees' Group Life Insurance to pay benefits, the death or loss must occur within one year after the accident and be a direct result of bodily injury sustained from that accident.

AD&D insurance is automatically included in Basic at no extra cost. It is equal to the amount of your Basic insurance. It is also automatically included in Option A at no extra cost and it is equal to \$10,000.

Where can I get more information on the FEGLI Program?

To get more information on the FEGLI Program, you can read the FEGLI Program Booklet (RI 76-21 for Federal Employees, RI 76-20 for Postal employees) and the FEGLI Handbook. Both of these are available on the FEGLI Web Site at <http://www.opm.gov/insure/life>. The Booklet is also available at your human resources office where you can ask questions about your individual situation.

Living Benefits

1. What do I need to know about Living Benefits?
2. If I elect a Living Benefit and do not die within 9 months, do I have to return the money?
3. If I receive a partial Living Benefit and then my salary increases, does my remaining Basic Insurance Amount increase?
4. Is there a penalty charge if I elect Living Benefits?
5. If I elect Living Benefits, what happens to my Optional insurance?
6. If I elect a Living Benefit, do I have to continue to pay for my Basic FEGLI life insurance benefits?
7. Can a Power of Attorney, guardian or spouse sign a Living Benefits application?

What do I need to know about Living Benefits?

A Living Benefit payment is a lump sum payment to those who are terminally ill and have a documented medical prognosis showing a life expectancy of no more than nine months. You are eligible to elect a Living Benefit if you are an employee, annuitant, or compensationner and you are enrolled in the FEGLI Program.

Employees can choose a full or partial (a multiple of \$1,000) Living Benefit. Annuitants and compensationners can elect only a full Living Benefit.

A Living Benefit is equal to the Basic Life insurance amount, plus any extra benefit for persons under age 45, that would be in effect nine months after the date of the Office of Federal Employees' Group Life Insurance (OFEGLI) receives a completed claim for Living Benefits form.

If you have assigned your life insurance, you cannot elect a Living Benefit.

Living Benefit payments are reduced by a nominal amount (4.9%) to make up for lost earnings to the Life Insurance Fund because of the early payment of benefits.

The election of Living Benefits has no effect on the amount of any Optional life insurance. You will continue to pay premiums for any Optional insurance you have.

You must contact OFEGLI at 1-800-633-4542 to obtain the form to elect Living Benefits (Form FE-8). This form is not available from your human resources office or the Office of Personnel Management (OPM).

If I elect a Living Benefit and do not die within 9 months, do I have to return the money?

FEGLI Frequently Asked Questions

No. If you receive a payment of Living Benefits, that money is yours to use as you please. You do not have to return the money if you live longer than expected.

If I receive a partial Living Benefit and then my salary increases, does my remaining Basic Insurance Amount increase?

No. When you receive a partial Living Benefit, the amount of your remaining Basic insurance is frozen. It does not increase due to a salary increase, nor does it decrease due to a salary reduction. If you receive a full Living Benefit, your remaining Basic Insurance Amount equals zero, and this also is unchanged due to changes in salary.

Is there a penalty charge if I elect Living Benefits?

Your Living Benefits payment will be reduced by a nominal amount to make up for lost earnings of the Life Insurance Fund because of early payment of benefits. This nominal amount is called an actuarial reduction and it is 4.9%.

Here is an example:

Samantha's Basic Insurance Amount is \$59,000. She wants to elect a Full Living Benefit. She is 50 years old so there is no Extra Benefit. If approved, the Office of Federal Employees' Group Life Insurance would pay Samantha \$56,109.00 (\$59,000 less 4.9% or \$2,891).

If I elect Living Benefits, what happens to my Optional insurance?

Only Basic insurance is available for a Living Benefit. The Office of Federal Employees' Group Life Insurance cannot pay Optional insurance as a Living Benefit.

A Living Benefit election has no effect on your Optional insurance. Your Optional insurance will not change and you will continue to pay your Optional insurance premiums.

If I elect a Living Benefit, do I have to continue to pay for my Basic FEGLI life insurance benefits?

If you elect a full Living Benefit, you stop paying premiums and the Government no longer pays its contributions for your Basic life coverage.

If you elect a partial Living Benefit, your agency will adjust the withholdings and contributions for your post-election Basic Insurance Amount.

The amount of the post-election Basic does not change. Subsequent salary changes have no effect on the Basic amount. However, if you have Option B coverage, it will continue to change with salary changes. A Living Benefit election has no effect on your any Optional insurance you may have.

FELI Frequently Asked Questions

Can a Power of Attorney, guardian or spouse sign a Living Benefits application?

Only the terminally ill person can apply for a Living Benefit. A guardian, someone with power of attorney, or any other person cannot apply for a Living Benefit on your behalf.

Miscellaneous

Will my insurance coverage begin to reduce when I reach age 65 even though I won't be retired at that time?

No. Coverage for employees does not reduce based on age. The post-age 65 reductions can only affect retirees.

Portability

1. What is portability?

Portability is a provision in Public Law 105-311, the Federal Employees Life Insurance Improvement Act, which was enacted October 30, 1998. It applies only to FEGLI Option B insurance, which provides coverage in multiples of 1 to 5 times an employee's annual salary. Employees that met certain requirements were eligible to continue Option B insurance following separation from Government service

The portability provision was a three-year demonstration project. It expired April 24, 2002 and is no longer available. Your agency should not give any employees a Portability Notice or other portability information.

For more information, refer to BAL 02-206

My Life Insurance After Retirement

1. What is the five-year/all opportunity rule for continuing life insurance into retirement?
2. If I unexpectedly need to retire (disability or otherwise) and don't meet the five-year/all opportunity rule for continuing my coverage into retirement, can I receive
3. a waiver from OPM?
4. I've had my coverage for four years (not for all the time it was available) and will
5. be retiring next month. Can I pay premiums to "buy back" the time I'm missing so
6. that I meet the five year/first opportunity rule for continuing into retirement?
7. I've had Basic and Option C coverage since 1985. I elected Option C (5X) during the 1999 Open Season. I know it was effective April 23, 2000. I want to retire in 2001, how many multiples can I carry into retirement?
8. What will happen to my Basic life insurance when I retire?
9. What will happen to my Optional insurance when I retire?
10. I am a Federal retiree. How do I cancel (waive) or reduce my coverage?
11. When will the reductions to my Basic and Optional insurance actually begin?
12. Do I have to pay for my insurance coverage after I retire?
13. Does accidental death and dismemberment coverage continue into retirement?
14. I retired, and will soon be reemployed with the Federal government. Can I obtain
15. more insurance for free as an employee because of my retired status?
16. When I retired four years ago I was not able to continue my Option B coverage
17. into retirement because I had it for only two years before retirement. I have
18. been a reemployed annuitant for three years now and I have Option B. Will I
19. be
20. able to continue it when I separate?

What is the five-year/all opportunity rule for continuing life insurance into retirement?

When you retire, you are eligible to continue life insurance if you meet **all** of the following requirements:

- you are entitled to retire on an immediate annuity under a retirement system for civilian employees;
- you have been insured for the 5 years of service immediately before the date your annuity starts, or for the full period(s) of service during which you were eligible to be insured if less than 5 years; **and**
- you have not converted to an individual policy.

You must meet the five year/all opportunity requirement for Basic and each type of Optional insurance in order to continue it into retirement.

FGLI Frequently Asked Questions

For purposes of continuing FGLI coverage into retirement, "service" means time in a position in which you were eligible for coverage. Breaks in service are not counted as interruptions in coverage.

An example will help.

Joan first became eligible and enrolled in Basic and Option A coverage on February 11, 1990. She had a break in service from January 1, 1994, through January 1, 1996. Upon her return to service on January 2, 1996, she was automatically given Basic and Option A. She retires on December 31, 1997. She is eligible to continue her Basic and Option A coverage into retirement, since she has been continuously enrolled for the 5 years of service immediately before retirement.

Here's another example.

Theodore had Basic only when he was hired in May 1966. In 1981, during the open season, he elected Basic and Option B, two times his salary. In November 1996, he married Isabelle and also acquired two stepchildren. Based on this life event, Theodore added 3 multiples of Option B, for a total of five multiples. Theodore retired in May 1999. He is eligible to continue Basic and Option B, two multiples, into retirement. He cannot continue the three multiples he picked up when he married because he did not have them for the five years of service immediately before his retirement nor did he have them for all the time they were available to him.

If I unexpectedly need to retire (disability or otherwise) and don't meet the five-year/all opportunity rule for continuing my coverage into retirement, can I receive a waiver from OPM?

No. There are no waivers of the five year/all opportunity rule for continuing life insurance coverage into retirement. There are no exceptions to the "no waiver" rule - it does not matter whether you retire on disability, accept a voluntary incentive payment, etc. The only way to continue coverage into retirement is to meet the five year/all opportunity rule. Yes, this is different from the health benefits program which does allow for waivers under certain circumstances.

I've had my coverage for four years (not for all the time it was available) and will be retiring next month. Can I pay premiums to "buy back" the time I'm missing so that I meet the five year/first opportunity rule for continuing into retirement?

No. The only way to continue coverage into retirement is to meet the five year/all opportunity rule. You cannot "buy" the years you are missing

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I've had Basic and Option C coverage since 1985. I elected Option C (5X) during the 1999 Open Season. I know it was effective April 23, 2000. I want to retire in 2001, how many multiples can I carry into retirement?

You met the 5-year requirement for Option C and you met the all opportunity requirement for the extra multiples of Option C. You can carry all 5 multiples of Option C into retirement.

What will happen to my Basic life insurance when I retire?

If you meet the rules listed above for continuing your coverage into retirement, you will be able to choose from three levels of coverage for your Basic when you retire: 75%, 50% and No Reduction. Your election will become effective after you retire, when you turn age 65. If you are already age 65 or older when you retire, then your election will become effective at retirement.

Here's how it works. When you retire, you will complete a *Continuation of Life Insurance Coverage*, SF 2818. If you elect 75% then the amount of your Basic insurance at retirement will begin to reduce when you reach age 65 or if you are older than 65 when you retire, it will begin to reduce when you retire. Reductions start the 2nd month after your 65th birthday or, if you are over 65 when you retire, the 2nd month after retirement. The amount reduces by 2% of the original amount each month until it reaches 25% of the original amount. From then on, only 25% of the original amount of Basic insurance is payable as a death benefit.

If you elect 50% then the amount of your Basic insurance at retirement will reduce by 1% of the original amount each month until it reaches 50% of the original amount. From then on, only 50% of the original BIA is payable as a death benefit.

If you elect No Reduction, then the amount of your Basic insurance at retirement remains the same. The full amount of the BIA is payable as a death benefit.

What will happen to my Optional insurance when I retire?

Option A: If you have Option A when you retire, and you are eligible to continue it into retirement, your Option A coverage will continue in full (\$10,000) until you reach age 65. Beginning the 2nd month after your 65th birthday, or if you are over 65 when you retire, the 2nd month after retirement, Option A will start to reduce at 2% of \$10,000 or \$250 per month until it reduces down to \$2500. From then on, this is the amount that is payable as a death benefit. You cannot prevent these reductions.

Options B and C: If you are eligible to continue your Option B and/or Option C insurance into retirement, you will have two opportunities to make an election. You will make the first election when you retire. You will be able to choose from two levels of coverage: Full Reduction and No Reduction for all multiples.

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If you elect Full Reduction, then at age 65, the amount of your Option B and/or Option C will begin to reduce at the rate of 2% per month until it reduces to zero.

If you elect No Reduction, then the full amount of your Option B and/or Option C will continue until you die unless you change it to Full Reduction. You will have a second election opportunity shortly before your 65th birthday. At that time, you will be able to choose Full Reduction or No Reduction for any or all multiples of coverage you have under Option B and/or Option C.

If you are already age 65 when you retire, you still get two chances to make an election: when you retire and again shortly after your retirement.

I am a Federal retiree. How do I cancel (waive) or reduce my coverage?

Federal retirees, unless they have assigned their life insurance, may cancel Basic or Optional life insurance coverage at any time. If you cancel Basic, you automatically cancel all forms of Optional insurance. If you elected 50% or No Reduction for your Basic life insurance, you may cancel this additional coverage at any time. You may only change to the 75% reduction. If you have Option A-Standard insurance, you may cancel it at any time. You may reduce (or cancel) the amount of your Option B-Additional Optional and Option C-Family insurance at any time.

Any cancellation or reduction of life insurance must be in writing and have an original signature by the insured retiree. Be sure to include your retirement claim number (CSA number) or social security number and specify what action you want taken. Please note you cannot increase your coverage after retirement, or reinstate any coverage that you cancel.

Write to:

U.S. Office of Personnel Management
Retirement Operations Center
P.O. Box 45
Boyers, PA 16017-0045

When will the reductions to my Basic and Optional insurance actually begin?

The reductions start at the beginning of the 2nd month after your 65th birthday or the beginning of the 2nd month after your retirement ,whichever is later.

For example:

Pierre retired December 31, 1999. He will turn 65 on March 15, 2005. The reductions for his Basic and Optional insurance (if applicable) will start May 1, 2005.

Here's another example:

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Selena was 67 years old. Her retirement began on January 1, 2000. Since she was already past 65 when she retired, the reductions for her Basic and Optional insurance (if applicable) will start March 1, 2000.

Do I have to pay for my insurance coverage after I retire?

If you are under age 65 when you retire, you will continue to pay premiums you paid as an employee for your Basic and any Optional insurance you have until you turn 65. The retirement system will withhold the premiums from your annuity each month. The cost of the optional insurance depends on your age. The cost of Basic does not depend on your age.

When you reach age 65 or if you are age 65 or older when you retire, whether you continue to pay premiums depends on what reduction schedule you have chosen.

Basic insurance coverage with a 75% Reduction schedule is free to annuitants over age 65, but the coverage begins to reduce at age 65 by 2% per month until it reaches 25% of the pre-retirement amount. If you choose the 50% Reduction or No Reduction schedule for your Basic coverage, you will continue paying some level of premiums for the rest of your life.

Option A is free, after you turn 65 however it then starts to reduce at the rate of 2% per month until it reaches 25% of the pre-retirement amount or \$2500.00.

Option B and Option C are free if you choose the Full Reduction, but they begin to reduce at age 65 by 2% per month until they reach zero. If you elect No Reduction for your B and/or C, then you continue to pay the premiums and coverage continues unreduced until you die or change to Full Reduction.

Note: Rates may change in the future.

Does accidental death and dismemberment coverage continue into retirement?

No. Accidental death and dismemberment coverage ends when your employment ends. You cannot carry this coverage into retirement.

I retired, and will soon be reemployed with the Federal government. Can I obtain more insurance for free as an employee because of my retired status?

No. You may be eligible to obtain insurance as a reemployed annuitant, but you will have to pay the same rates as any other employee for such insurance. Your agency will give you more information when you are reemployed.

When I retired four years ago I was not able to continue my Option B coverage into retirement because I had it for only two years before retirement. I have been a reemployed annuitant for three years now and I have Option B. Will I be able to continue it when I separate?

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Yes. If you meet the five-year requirement when your reemployment terminates, you will be able to continue your Option B. An example of this may help you to understand.

Gabriela had Basic since she was first employed with the Federal government and Option B, two multiples, since March 1991. She retired in June 1993. She was not able to continue her Option B. She was reemployed as a reemployed annuitant in June 1996. She elected Option B, two multiples as an employee. She worked until December 1999. She is now eligible to continue her Option B, 2 multiples, into retirement because she has had it for the five years of service immediately preceding her separation in 1999.

Termination and Conversion

1. What is a conversion policy? Who is eligible to convert their FEGLI benefit?
2. How will I know I am eligible to convert?
3. If I receive an SF 2819 (Notice of Conversion Privilege), do I have to convert my
4. insurance?
5. What happens if my agency doesn't give me an SF 2819? Can I still convert my
6. FEGLI coverage?
7. What insurance companies will accept conversion of FEGLI coverage?
8. What is the 31-day temporary extension of coverage?
9. Can I convert Option C when I no longer have any eligible family members?

What is a conversion policy? Who is eligible to convert their FEGLI benefit?

A conversion policy is an individual (non-group) life insurance policy that you are entitled to when your group life insurance ends, unless it ended because you voluntarily cancelled it.

If you have assigned your insurance, the assignee(s), rather than you, is (are) entitled to convert your Basic, Option A, and Option B coverage. You may still convert your Option C coverage.

Under the conversion privilege, you may convert all or any part of your Basic and Optional insurance to an individual policy. No medical examination is required.

The individual policy will be a cash-value type of life insurance policy. This means it will build cash value that you can borrow against. You cannot convert to term insurance.

How will I know I am eligible to convert?

Your employing office must give you notice of the loss of group coverage and the right to convert whenever your insurance terminates under conditions that allow you to convert to an individual policy. The form used for this purpose is the *Notice of Conversion Privilege* (SF 2819).

If I receive an SF 2819 (Notice of Conversion Privilege), do I have to convert my insurance?

No. If you receive an SF 2819, that means that you are eligible to convert your insurance, but you don't need to – the choice is yours. IF you qualify to carry your coverage into retirement, you may want to do that and not convert. Just because you receive an SF 2819 does not mean that you do not qualify to carry your coverage into retirement. All employees

FEGLI Frequently Asked Questions

whose current coverage as an employee is terminating (other than by voluntary cancellation) receive a copy of that form - whether or not they qualify to carry coverage into retirement.

What happens if my agency doesn't give me an SF 2819? Can I still convert my FEGLI coverage?

Yes. Your agency is supposed to give you notice of the loss of group coverage and the right to convert when your insurance ends. We know, however, that sometimes this does not happen. If your agency does not give you the conversion notice, you can request a conversion by writing directly to the Office of Federal Employees' Group Life Insurance (OFEGLI) at PO Box 2627, Jersey City, NJ 07303-2627. The request must be postmarked within 31 days after the date of the terminating event.

Conversions are effective at the end of the 31-day extension of coverage.

If you are unable to mail the request within 31 days, you may qualify for a belated election. You must mail the request to OFEGLI **within six months** after the date you first became eligible to convert. Your request must show that you were not notified of the loss of coverage and the right to convert or you weren't able to convert for reasons beyond your control.

Belated conversions are made retroactive to the end of the 31-day extension of coverage and you must pay the retroactive premiums.

What insurance companies will accept conversion of FEGLI coverage?

When you are ready to convert your coverage, you may request a list of eligible insurance companies from the Office of Federal Employees' Group Life Insurance at PO Box 2627, Jersey City, NJ 07303-2627 or 1-800-633-4542. You can choose any company on that list.

What is the 31-day temporary extension of coverage?

When your life insurance terminates, except when you stop it voluntarily by cancellation, the coverage automatically continues for 31 days after the terminating date. You do not pay any premiums during these 31 days.

Can I convert Option C when I no longer have any eligible family members?

No. You cannot convert Option C when family members lose eligibility.

You can convert Option C only when you separate from service. If you do not want to convert the coverage when you separate, your family members covered under Option C are eligible to convert their coverage to an individual policy. Eligible family members can also convert their coverage upon your death. They can ask your human resources office for a *Notice of Conversion Privilege* (SF 2819).