

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 for Employees

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 for Employees

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.