



United States
Office of Personnel Management
Retirement and Insurance Service

Benefits Administration Letter

Number: 98-205

Date: September 17, 1998

Subject: Federal Employees' Group Life Insurance: Court Orders

Purpose

The purpose of this letter is to inform you of a change in the way benefits are paid under the Federal Employees' Group Life Insurance (FEGLI) Program.

This change is the result of a new law, Public Law 105-205, which was enacted July 22, 1998.

Background

The FEGLI law sets an order of precedence for payment of benefits following the death of an insured employee, annuitant, or compensationner (5 U.S.C. § 8705). First in the order of precedence is a designated beneficiary. Until now, there has been no statutory limitation on changing designations.

When a court order required an individual insured under the FEGLI Program to name his/her children or former spouse as the beneficiary, the individual may not have complied or may have complied and then changed the designation at a later date. This action, while seemingly in violation of the court order, did not violate the FEGLI law.

What the New Law Does

Pub. L. 105-205 requires benefits to be paid in accordance with the terms of a 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.

*Civil Service
Retirement
System*

*Federal Employees
Group Life
Insurance*

*Federal Employees
Health Benefits
Program*

*Federal Employees
Retirement
System*

The court order supersedes any prior designation of beneficiary made by the insured individual. If such a 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 subsequently modified.

Pub. L. 105-205 also allows a court order to direct the insured individual to make an irrevocable assignment to the person(s) named in the court order. However, until the insured properly completes an assignment form, the assignment does not occur.

Where Will These Court Orders Be Kept?

For active employees, the court order must go to their employing agency.

For annuitants, the court order must go to OPM.

For compensationers, during the first 12 months of nonpay status the court order must go to their employing agency. After separation or the completion of 12 months in nonpay status, the court order must go to OPM.

Does the Court Order Have to Be Certified?

To avoid the possibility of fraud, the court order submitted must be a certified copy.

Who Has to Bring in or Send in the Court Order?

The court order can be submitted by the insured individual, by the ex-spouse, by the ex-spouse's attorney, by whomever - it doesn't matter who submits the court order.

When Does the Court Order Have to Be Received?

The court order must be received by the appropriate office, as named above, on or after July 22, 1998, and before the insured individual's death.

What about Court Orders That Were Already Sent in for Some Other Reason?

Court orders that were sent in prior to the enactment of Pub. L. 105-205 don't "count" for this purpose. To be valid, a court order must be received no earlier than July 22, 1998.

What Do Agencies Have to Do with the Court Orders?

Court orders must be filed in the employee's Official Personnel Folder (OPF). It is critical that agency personnel clearly stamp the court orders with the receipt date.

The OPF must be flagged in some way to indicate that it contains a court order.

When an employee dies, any court order in his/her OPF must be sent to the Office of Federal Employees' Group Life Insurance (OFEGLI), along with other life insurance forms.

When an employee retires and is eligible to continue FEGLI as an annuitant, any court order in his/her OPF must be sent to OPM with the retirement application and other life insurance forms.

When a compensationner separates or completes 12 months in nonpay status and is eligible to continue FEGLI as a compensationner, any court order in his/her OPF must be sent to OPM along with other life insurance forms.

Do Agencies Have to Review the Court Orders in Any Way to Determine Their Validity?

No, agencies do not have to review the court orders or make any determination regarding their validity.

What If We Get More Than One Court Order for the Same Employee?

If you get more than one court order for the same employee, just stamp a receipt date on it and file it in the OPF, along with the others.

When sending court orders to OFEGLI or OPM, always check to see if there is more than one in the OPF, and be sure to send them all.

At the time of the individual's death, OFEGLI will determine which court order, if any, is valid for payment of benefits.

What Should We Do If an Employee Submits a Designation of Beneficiary after We've Received a Court Order?

When an employee with a court order on file submits a designation of beneficiary, review it as you would any other designation to determine if it has been properly completed, certify its receipt, and file it in the employee's OPF. After the individual's death, OFEGLI will determine whether the court order is still in effect or whether benefits should be paid according to the designation.

However, you should notify the employee that there is a court order on file and that the designation may not be valid.



Abby L. Block, Chief
Insurance Policy
and Information Division