



Benefits Administration Letter

Number: 04-202

Date: March 31, 2004

Subject: Federal Employees' Group Life Insurance: Effect of the Retroactive Pay Raise on the Amount of FEGLI Coverage and on Life Insurance Certifications

Background

On March 3, 2004, the President signed an Executive Order authorizing a retroactive pay increase to white collar Federal employees. Revised salary tables are located at www.opm.gov.

Purpose

The purpose of this Benefits Administration Letter is to provide guidance to agencies concerning the effect of the retroactive raise on the amount of Federal Employees' Group Life Insurance (FEGLI) coverage and on premium withholdings and Government contributions and to explain when a revised SF 2821 (*Agency Certification of Insurance Status*) is or is not needed.

Amount of Coverage, Withholdings, and Government Contributions

If the retroactive pay raise moves an employee into a new \$1,000 bracket, the amount of his/her Basic insurance (and Option B, if the employee has that coverage) increases. In computing any retroactive lump sum payment for these employees, agencies must withhold any additional amount due for Basic insurance and Option B and remit that to the Office of Personnel Management (OPM), along with any additional Government contributions, in the usual manner.

SF 2821s for Employees Who Retired

You will not need to complete new SF 2821s for employees who retired after the effective date of the pay raise. Agencies will be submitting a supplemental Individual Retirement Record to OPM showing the adjusted pay. The retirement office will use this to recompute the annuity and the amount of the annuitant's FEGLI coverage.

However, as you now complete SF 2821s for employees retiring after January 1, 2004, please indicate on the SF 2821 which salary you used in item 10 (the salary based on the original, lower, pay raise or the salary after the adjustment for the retroactive pay raise). This will be very helpful to the OPM office processing retirement applications.

SF 2821s for Employees Who Separated or Completed 12 Months in Nonpay Status

The SF 2821 is necessary for employees who wish to convert when their coverage terminates due to separation or completion of 12 months in nonpay status; however, most employees whose coverage terminates do not choose to convert. Since the number of individuals who convert their coverage is small, you will *not* need to complete revised SF 2821s *for all* employees who separated or completed 12 months in nonpay status since the effective date of the retroactive pay increase.

OFEGLI (the Office of Federal Employees' Group Life Insurance) will identify anyone who has converted or has started the conversion process and will contact agencies for a revised SF 2821 when necessary for those specific individuals.

SF 2821s for Employees Who Died

You *will need* to send OFEGLI a *revised SF 2821* for any employee who has died since the effective date of the pay raise, if the pay raise moved the employee into a different \$1,000 bracket.

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