



## ***Benefits Administration Letter***

**Number:** 05-202

**Date:** August 8, 2005

**Subject: Federal Employees' Group Life Insurance (FEGLI) Program:  
Processing Reminder, Email Messages, and Additional Guidance for  
FEGLI 04 Open Season Elections**

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### **GENERAL INFORMATION**

#### **Background**

Coverage elected during the last FEGLI open season (September 1 through September 30, 2004) had a one-year delayed effective date. Newly elected coverage becomes effective on the first day of the first full pay period that begins on or after September 1, 2005, and that *follows* a pay period in which the employee meets the pay and duty status requirements. This is the fifth in a series of Benefits Administration Letters (BALs) about the FEGLI 04 Open Season.

- On May 25, 2004, we issued [BAL 04-203](#) announcing the open season and providing information on making elections, the effective date of new coverage, and pay and duty status requirements.
- On July 16, 2004, we issued [BAL 04-205](#) describing the educational materials available for the open season and giving instructions on ordering materials.
- On August 11, 2004, we issued [BAL 04-206](#) providing information on the open season website and giving text for email messages that agencies can send to employees regarding the open season.
- On September 7, 2004, we issued [BAL 04-207](#) providing guidance on belated open season elections, how to correct open season errors, and granting agencies special authority to accept elections for employees called to active duty in the Reserves or National Guard and civilians in a military support capacity deployed overseas.

#### **Purpose**

This BAL gives information about processing elections, belated elections, elections for civilians and active duty military reservists deployed overseas, and text for two email messages that agencies can tailor for their use to remind employees of the impending changes to their FEGLI coverage.

**Note:** For most non-Postal employees, this coming September 4 is the start of a pay period and is when most FEGLI 04 elections will become effective, assuming the eligible employee meets the pay and duty status requirements (described below) during the *prior* pay period. For Postal employees, September 3 is the start of a pay period; this is when most FEGLI 04 elections for Postal employees will become effective. Throughout this BAL, we use the September 4 date. For the Postal Service, the applicable date is September 3. It is also important for agencies to remind employees that, while coverage may take effect September 4, they will not see the new coverage and new premiums until they receive their leave and earnings statements (LES) for the pay period ending September 17, 2005.

In addition, please note that if the employee meets the pay and duty status requirements, coverage automatically becomes effective September 4, even if the employee is on annual leave, sick leave, in nonpay status, or otherwise not in a pay and duty status on or after September 4. The pay and duty status requirements only apply to the pay period before the pay period in which open season coverage becomes effective. Labor Day, September 5, has no effect on the effective date of coverage.

## **EFFECTIVE DATES**

### **What are the pay and duty status requirements?**

*A full-time employee* must be in pay and duty status for 32 hours during the pay period *before* the one in which the coverage is to become effective.

*A part-time employee* must be in pay and duty status for one-half of the regularly-scheduled tour of duty shown on his/her current SF 50 during the pay period *before* the one in which the coverage is to become effective.

*An intermittent employee or an employee without a regularly-scheduled tour of duty* must be in pay and duty status for one-half of the hours customarily worked in a pay period during the pay period *before* the one in which the coverage is to become effective. Employing offices can determine the number of hours customarily worked by totaling the number of hours worked in the most recent calendar year quarter which ended August 31, 2004, and dividing that by the number of pay periods in that quarter. (Note: the September 30, 2004 date in BAL 04-203 is not correct).

If an employee does not meet the pay and duty status requirements for any reason, you must delay putting the open season election into effect until the pay period *after* the one in which the employee does meet the requirements. For example, if a full-time employee who made an open season election is on annual leave or sick leave for more than 48 hours during the pay period (meaning that the employee was in a pay and duty status for less than the required 32 hours) beginning August 21, 2005, the employee's open season election will not become effective the pay period beginning September 4, 2005. Once the employee returns to pay and duty status for at least 32 hours in a pay period, the new coverage will become effective at the beginning of the next pay period. (**Note:** Sick leave, annual leave, donated leave, or any other kind of leave, whether paid or unpaid, does not qualify as pay and duty status). See BAL 04-203 for more information.

*For some employees, newly elected coverage will never begin because they will never meet the pay and duty status requirements; e.g., a compensationner or someone on leave without pay (LWOP) who never returns to work.*

### **How do we complete processing of the open season election?**

After verifying pay and duty status requirements, write the effective date of coverage in Section 6 of the FEGLI 2004 Open Season Election Form (FE-2004) and return Part 3-Employee Copy to the employee. Then process the change according to your agency's internal procedures. (*Note: Agencies that process elections electronically may have a different system of recordkeeping and notification*).

### **Will a lot of effective dates be delayed because employees are on vacation the week before Labor Day?**

No, because the employees can meet the pay and duty status requirements during the week before the vacation. The requirement is only 32 hours in that pay period, for full-time employees.

### **What if an employee takes a vacation for the entire two week pay period before Labor Day?**

Then you must delay putting the open season election into effect until the pay period *after* the one in which the employee meets the pay and duty status requirements. For example, if the employee returns to work September 6 and meets the requirements in that pay period, the open season coverage will be effective September 18, which is the beginning of the pay period following the one in which the employee met the requirements.

### **What if an employee made a belated open season election?**

As we previously indicated in [BAL 04-207](#), FEGLI regulations allowed an agency to accept a belated open season election until March 31, 2005, if the agency determined that an employee was unable to make a timely election for reasons beyond his/her control. A belated election is effective on the same date as a timely election and is subject to the same pay and duty status requirements.

### **What if an employee made an open season election and is deployed overseas before the coverage becomes effective?**

It depends on the pay status of the employee. For an employee who made an open season election and subsequently was sent overseas in a civilian military support capacity, the employee presumably would remain in a pay status, and the new coverage would become effective as long as the employee meets the pay and duty status requirements as described above. Only the employee's duty station has changed; his/her pay status has not.

For an employee who made an open season election and subsequently entered nonpay status because he/she was called to active duty in the reserves or National Guard, you should hold the

election form (or its electronic equivalent) until the employee returns to duty. The coverage will not be effective until the employee returns to work and meets the pay and duty status requirements for a civilian employee as previously described.

**What if an employee made an open season election and later elected coverage based on a life event or satisfactory medical information?**

You must compare the open season election (made on the FE-2004 or its electronic equivalent) with the subsequent life event election or satisfactory medical information election (made on either the SF 2817 or its electronic equivalent).

If the elections are identical, there is nothing further to process. You should **void** the FE-2004 and indicate in the "Remarks" section that the employee elected coverage due to a life event or by providing satisfactory medical information.

If the elections are different, you must contact the employee to find out which coverage he/she wants. The SF 2817 election may have been limited by regulatory requirements. For instance, an employee cannot elect Option C by providing medical information; an employee who has a baby may elect only one multiple of Option B; etc. If the employee states that he/she still wants the rest of the coverage elected during the FEGLI 04 Open Season, process the open season election. If the employee states that he/she no longer wants the rest of the coverage, void the FE-2004, and explain in the "Remarks" section.

***Caution:*** You need to be very careful in these situations so that you do not inadvertently void coverage that the employee already had and wishes to keep. For example, if an employee with Basic insurance elected Option B during the FEGLI 04 Open Season and subsequently got married, he/she may have elected Option C only due to the marriage. If the employee still wants the Option B coverage elected during the open season, make sure when you process the open season election that you do not omit the Option C coverage elected due to the life event. In this case, the coverage the employee will have after the open season election is processed will be a combination of the life event election and the FEGLI 04 Open Season election.

**What if an employee made an open season election and subsequently cancelled all FEGLI coverage?**

You may need to void the employee's FE-2004. You must contact the employee. If the employee intended to cancel his/her coverage just until his/her FEGLI 04 Open Season election became effective, process the FE-2004. If the employee intended for his/her FEGLI coverage to remain canceled, void the FE-2004.

**What if an employee made an open season election and then transferred to another agency?**

Hopefully, you followed instructions and attached the FE-2004 to the employee's Official Personnel Folder (OPF, or its electronic equivalent) when you sent it to the new agency. The new agency should process the open season election.

If you find one that slipped by you, send it to the employee's new agency for processing as soon as possible.

**What if an employee who transferred to your agency claims he/she made an open season election with his prior agency but the prior agency didn't send the FE-2004 to you?**

Contact the former employing agency for a copy or record of the election. We instructed agencies to return Part 4-Acknowledgement Copy of the FE-2004 to the employee as proof of timely receipt, and to hold the rest of the form until it was time to process the election to make the coverage effective.

If the agency does not have one on file, or they report that they have no record of one being submitted, ask the employee for his/her Part 4-Acknowledgement Copy of the election form. Employees were instructed to save this copy until coverage was effective. The copy should display a receipt date and/or some form of official agency validation in Section 6-“Agency Use”.

If neither the employee nor the agency has a copy, advise the employee that the open season change cannot be processed, and provide information on how to elect additional coverage outside of an open season.

**What if an employee made an open season election, then separated, then returned to service?**

There are four possible scenarios here:

1. Break in service is *less than 180 days* and employee returned *on or before* September 4, 2005: Process the open season election when the employee returns to service (but no earlier than September 4). The new coverage will be effective the pay period after the employee meets the pay and duty status requirements.

2. Break in service is *less than 180 days* and employee returns *after* September 4, 2005: Process the open season election when the employee returns to service. The new coverage will be effective the pay period after the employee meets the pay and duty status requirements.

3. Break in service is *180 days or more* and employee returned *on or before* September 4, 2005: Employees with a break in service of at least 180 days may make a new FEGLI election when they return to service. If an employee in this situation made a new election, that coverage takes precedence over the FEGLI 04 election. Void the FE-2004 and explain in the "Remarks" section. If the employee did not make a new election, he/she got back the coverage in place at the time of separation. This included the pending FEGLI 04 election. Process the open season election when the employee returns to service (but no earlier than September 4). The new coverage will be effective the pay period after the employee meets the pay and duty status requirements.

4. Break in service is *180 days or more* and employee returns *after* September 4, 2005: If the employee makes a new election when he/she returns to service, that coverage now takes effect. If the employee does not make a new election, he/she will get back the coverage in place before the separation. Do *not* process the FEGLI 04 election; void the FE-2004.

**What if an employee made an open season election, went into nonpay status before September 4, 2005, stays in nonpay status for 12 months or more, then returns to a pay and duty status?**

The employee's coverage terminates after 12 months in nonpay status. When the employee returns to active Federal service, he/she gets back the coverage in place at the time of the termination. Since there is no break in service, there is no opportunity to elect additional coverage. However, part of the "old" coverage is the pending FEGLI 04 election. Process the open season election when the employee returns to service. The new coverage will be effective the pay period after the employee meets the pay and duty status requirements.

**What if an employee made an open season election, retired before September 4, 2005, and then becomes reemployed?**

The open season election was voided at the time of retirement. Do not process it. (If the annuitant's break in service was at least 180 days, he/she may make a new election at the time of reemployment.)

**Can an employee change an open season election *before* it is effective?**

It depends. Before the effective date, an employee can notify his/her employing office in writing that he/she wishes to reduce the amount of coverage elected during the open season or to void the open season election completely. However, the employee cannot increase the open season election. You must file the employee's written notification and voided FE-2004 (or its electronic equivalent) in the employee's OPF.

**Can an employee reduce or cancel an open season election *after* it is effective?**

Yes. If the coverage is not assigned, an employee can reduce or cancel new coverage at any time after it becomes effective. As with any reduction or cancellation, it becomes effective the end of the pay period in which the reduction or cancellation is filed.

## **IMPORTANT REMINDERS**

### **Accurate Documentation, Corrections, and Other Reminders**

As you can see from the situations discussed above, it is very important to make notes in the "Remarks" section of the FE-2004 and/or SF 2817 wherever appropriate, indicating clearly what happened and why. You may wish to create a memo to the file and include it in the employee's OPF (or its electronic equivalent). This will be critically important for OPM personnel looking at an employee's file in the future to determine what coverage the individual is eligible to continue into retirement.

We know that some employees completed the FE-2004 incorrectly and signed only for Basic and the new coverage they elected during the open season, thereby inadvertently canceling their current optional coverage. We again remind agencies, as discussed in [BAL 04-207](#), that they are authorized to correct an employee's error and reinstate the erroneously cancelled optional coverage if the employee notifies his/her personnel office of the mistake before the end of the 2<sup>nd</sup> pay period that follows the one in which the open season election became effective. (For employees whose coverage goes into effect September 4, 2005, this would be the pay period ending October 15, 2005). If possible, we suggest agencies look for open season changes that

have the effect of reducing or canceling a coverage and alert affected employees so that the employees can be sure that was their intention.

Finally, do not forget that **before newly elected FEGLI coverage becomes effective, an authorized agency official must verify that the employee meets the pay and duty status requirements discussed earlier.**

### **Agency Reminders to Employees**

This is also an opportunity to emphasize to employees that they should verify that the change in coverage has taken place correctly. Remind employees to check their leave and earnings statements (LES) to make sure the correct premiums for the correct coverage are being withheld. Employees begin paying premiums for newly elected coverage only when that newly elected coverage becomes effective. The attached sample emails can assist you in reminding employees.

For agencies that process these elections electronically, remind employees that they can review their FEGLI coverage through their respective on-line benefits systems.

In addition, you may also wish to remind employees that this is an opportune time to review their beneficiary information and make any changes if needed. An employee does not need to complete a FEGLI Designation of Beneficiary form (SF 2823) unless he/she wants payment to be made differently than the order of precedence.

Thank you for all your help in making this a successful conclusion to the FEGLI 2004 Open Season!

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Attachments