



PAYROLL OFFICE LETTER

U. S. Office of Personnel Management

Number: P-98-12

Date: November 10, 1998

Subject: Federal Employees Life Insurance Improvement Act

The purpose of this letter is to notify you of significant changes to the Federal Employees' Group Life Insurance Program (FEGLI) resulting from new legislation. On October 30, 1998, Public Law 105-311, the **Federal Employees Life Insurance Improvement Act**, was signed into law. Public Law 105-311 contains a number of provisions. This is the first of a series of letters that will provide guidance on implementation. At this time, we would like to call your attention to three provisions of Public Law 105-311 that are effective *immediately* and require your prompt action.

ELIMINATION OF MAXIMUMS ON BASIC LIFE AND OPTION B

Under the previous FEGLI law, Basic life insurance and Option B coverage were subject to maximum amounts, based upon the annual rate of pay for positions at level II of the Executive Schedule. For 1998, for instance, the limit on Basic life insurance was \$139,000 and, for Option B, \$134,000. Public Law 105-311 retains the floor amount, but eliminates the maximum amount on both Basic life and Option B. This new change is **effective on the first pay period beginning on or after October 30, 1998.**

OPTION A – \$10,000 FOR ALL

Public Law 105-311 establishes that Option A coverage will no longer be higher than \$10,000. Thus, in cases where an employee has a higher amount, it must be adjusted. This new change is **effective on the first pay period beginning on or after October 30, 1998.**

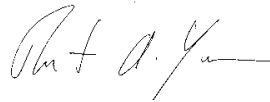
DIRECT PAYMENT OF LIFE INSURANCE PREMIUMS

Public Law 105-311 contains a provision affecting employees, annuitants and compensationers, whose life insurance coverage was terminated because their pay was insufficient to cover their withholdings. These individuals now will have the option of remitting life insurance premiums directly to their employing office or retirement system. Procedures to collect these direct pay amounts must be promptly implemented, since this provision is effective **the first pay period beginning on or after**

October 30, 1998.

ADDITIONAL INFORMATION

Please take the necessary action to ensure these changes are implemented immediately. The remaining provisions of Public Law 105-311 will generally become effective between February 1 and March 1, 1999, and we will provide you with guidance as it becomes available. Benefits Administration Letter (BAL) 98-208, dated November 10, 1998, discusses all of the provisions of Public Law 105-311 and is available on OPM's web site at www.opm.gov/insure/life or from your personnel officer. If you have any questions on the affect of the new law, please contact us on (202) 606-0606 or via email at finance@opm.gov.



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