

Know Your Benefits

Department of Transportation
Human Resources
benefits.dot.gov

Federal Employees' Group Life Insurance

Did you know? . . .

There will be an open season for the Federal Employees' Group Life Insurance (FEGLI) program in September!

The FEGLI 2004 open season – the first one in five years – will run from September 1 through September 30, 2004, to celebrate the 50th anniversary of the program. During this open season, employees who are eligible for FEGLI coverage will be able to enroll in the FEGLI program or increase or change current coverage without having a physical or answering any questions about their health. The earliest that newly elected coverage will be effective is September 1, 2005, after a one-year waiting period.

More details will be available closer to the start of the open season. Stay tuned.

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### **The FEGLI Program – General Information**

Life insurance means peace of mind for you and your family. The FEGLI program offers low group rates and convenient payroll deductions. The FEGLI is group term insurance and does not have any cash or paid-up value.

#### **How Much Do I Need?**

Purchasing life insurance is a personal decision that only you can make. However, there are some general guidelines you may want to consider when making your decision.

You should first consider the funds your survivors need for immediate expenses, such as: uninsured medical costs, funeral expenses, lawyers' fees to settle an estate, debts, and taxes. Young single people, who often don't buy life insurance because they have no dependents, should consider that these types of expenses can amount to thousands of dollars.

There are other situations you might want to consider when determining your need for life insurance. Remember to take into account whether:

- You have a spouse and/or dependent children.
- You have an aging parent or disabled relative who depends on you for support.
- Your retirement annuity or savings are enough to insure your spouse's future against the rising cost of living.

- You have a sizable estate.
- You own a business.
- You have accumulated debt.

The Federal Employees' Group Life Insurance Program offers several levels of life insurance: **Basic**, plus three types of Optional insurance: **Option A, Option B and Option C**.

### **What is Basic Life Insurance?**

Your Basic insurance amount is equal to the greater of (a) your annual basic pay rounded up to the next \$1,000 plus \$2,000, or (b) \$10,000. Your agency pays one-third of the cost of your Basic life insurance.

FEGLI also offers an **Extra Benefit** to employees under age 45, at no additional cost. This extra benefit doubles the amount of life insurance payable if you are age 35 or younger. At age 36, the extra benefit decreases 10% each year until, at age 45, there is no extra benefit.

### **What If I Want Additional Insurance?**

The FEGLI program offers three types of Optional insurance: Option A – Standard, Option B – Additional, and Option C – Family. **You must be enrolled in Basic in order to elect any Optional insurance.** You pay the full cost for all Optional insurance.

Option A is standard life insurance in the amount of \$10,000.

Option B provides additional life insurance in an amount equal to one, two, three, four or five times your annual basic pay (after rounding up to the next \$1,000).

Option C provides coverage for your spouse and eligible dependent children. You may elect one, two, three, four or five multiples of coverage. Each multiple is equal to \$5,000 for your spouse and \$2,500 for each of your eligible dependent children.

Eligible dependent children must be unmarried and under age 22, or if age 22 or over, incapable of self-support because of a mental or physical disability that existed before the child reached age 22. Eligible dependent children include your natural children, adopted children, and recognized natural children. Also included are stepchildren and foster children if they live with you in a regular parent-child relationship.

### **What If I Want To Increase My Life Insurance Coverage Before September 2005?**

As was mentioned earlier, open season elections will be effective no earlier than September 1, 2005. You may be able to increase your coverage before then if you have a physical exam or experience a life event.

Physical Exam – As long as at least one year has passed since the effective date of your last waiver of life insurance coverage, you may get a physical exam at your own expense using form SF-2822, Request for Life Insurance. After a medical examination, your physician or other medical professional will complete the form and send it to the Office of Federal Employees' Group Life Insurance (OFEGLI). If OFEGLI approves your request, your human resources office will automatically enroll you in Basic insurance if you do not already have it. You will have 31 days to elect Option A and/or Option B or increase your Option B multiples (up to a

total of 5) by completing form SF-2817, Life Insurance Election, and submitting it to your human resources office. You cannot elect or increase Option C coverage by getting a physical exam.

Life Event – If you already have Basic, you may elect or increase Option B and/or Option C based on a life event. The qualifying life events are: marriage, divorce, death of spouse, and acquiring an eligible child. (The number of additional multiples you can elect depends on the type of life event). You must complete form SF-2817, Life Insurance Election, and submit it to your human resources office within 60 days of the life event.

### **What Are Living Benefits?**

You may elect to receive a lump sum payment of your Basic insurance if you are terminally ill and have a documented medical prognosis that your life expectancy is 9 months or less.

### **What Happens To My Insurance Coverage After Retirement?**

You can continue all or part of your FEGLI coverage after you retire if you retire on an immediate annuity if you had such coverage for the 5 years immediately before retirement or all period(s) of service during which that coverage was available to you.

### **Who Gets The Money After I Die?**

If you have a designation of beneficiary on file, the person you designated will receive any money payable. Once you've designated someone as your beneficiary, **that person remains your beneficiary until you cancel or change your designation in writing.** Consider a real-life example of a divorced employee who designated his children as his beneficiaries. Fifteen years later, he remarried and had additional children. When he died, the most recent designation of beneficiary was the form the employee signed 15 years earlier. The adult children of his first marriage received his life insurance and not his current spouse and small children.

If you do not complete a beneficiary form, money payable on your death will be paid as specified in law under the Federal Order of Precedence: First, to your spouse; if none, then to your children (or descendants of deceased children) in equal shares; if none, then to your parents, in equal shares; if none, then to the executor or administrator of your estate; if none, then to the next of kin according to the laws of the state in which you reside at the time of your death. If you are satisfied with this order of payment, you don't need to designate a beneficiary.

There are exceptions to the above rule:

- If you assigned ownership of your life insurance by filing an Assignment of Life Insurance, OFEGLI will pay benefits: First, to the beneficiary(ies) designated by your assignee(s), if any; Second, if there is no such beneficiary, to your assignee(s).
- If there is a valid court order on file, OFEGLI will pay benefits in accordance with that court order.

For additional information on the FEGLI Program, visit OPM's website at [www.opm.gov/insure](http://www.opm.gov/insure) or visit your human resources office.