



**Retirement and Insurance Service
Benefits Administration Letter**

Number: 02-209

Date: September 25, 2002

Subject: Federal Employees' Group Life Insurance: New Premiums and Age Bands

Purpose

The purpose of this Benefits Administration Letter (BAL) is to transmit new premiums and age bands under the Federal Employees' Group Life Insurance (FEGLI) Program.

New Premiums

The Office of Personnel Management (OPM) periodically reviews the FEGLI premiums to determine whether circumstances require any changes. The last premium change was effective April 24, 1999.

Because of generally lower mortality rates, OPM has decided to reduce the premium for Basic insurance and to reduce the premium for several of the Option B age bands.

There are no changes to the Option A premiums or to the premiums for the existing Option C age bands.

For the purpose of counseling retiring employees, please also note that the extra premium for the 50% Reduction election for Basic insurance is increasing from \$0.59 per \$1,000 of coverage to \$0.60 per \$1,000 of coverage; the extra premium for the No Reduction election for Basic insurance is being reduced from \$2.04 per \$1,000 of coverage to \$1.83 per \$1,000 of coverage.

New Age Bands

In 1999, OPM announced new age bands for Option B because of the opportunity for retiring employees to elect unreduced coverage. However, we did not put the new age bands and their premiums into place at that time. Because of concerns raised at the time regarding the cost of the

*Civil Service
Retirement
System*

*Federal Employees'
Group Life
Insurance Program*

*Federal Employees
Health Benefits
Program*

*Federal Employees
Retirement
System*

*Federal Long
Term Care
Insurance
Program*

premiums in these new age bands, we agreed to delay the implementation and to continue studying the issue before putting any new age bands into effect. We have studied the issue and believe that we do need additional age bands because of the increasing number of individuals with unreduced Option B coverage after age 65. We are, therefore, adding the following age bands for Option B: 60-64, 65-69, 70-74, 75-79, and 80 and over.

In 1999, when we postponed putting the new Option B age bands in place, we agreed that we would phase in the premiums for these new age bands over a three-year period. The attached premium tables reflect the first year's premiums for the new Option B age bands. We will issue BALs in the fall of 2003 and 2004 announcing the premiums for these new age bands for 2004 and 2005 respectively.

We added new age bands and premiums for Option C in April 2000. After further study we have decided to add the following age bands for Option C because of the increasing number of individuals with unreduced coverage after age 65: 70-74, 75-79, and 80 and over.

Effective Date

The effective date for the new age bands and premiums is *January 1, 2003*. Payroll offices must apply the new premiums and age bands the first pay period beginning on or after that date.

Publication

OPM is publishing regulations removing the premiums from 5 CFR part 870. We are publishing the new premiums in a *Federal Register* notice. All premium changes in the future will be published in a *Federal Register* notice and communicated to agencies by means of a BAL. The premiums will be maintained on the FEGLI web site (www.opm.gov/insure/life).

Payroll Office Notification

OPM's Financial Policy Staff will notify payroll offices of the new age bands and premiums through a BAL in the 300 series.



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for Insurance Programs

Attachment

FEGLI BIWEEKLY AND MONTHLY PREMIUMS – EFFECTIVE JANUARY 1, 2003

Basic insurance, per \$1,000 of coverage

	Biweekly	Monthly
Employee Withholding	\$0.1500	\$0.3250
Government Contribution	\$0.0750	\$0.1625

Option A: No change

Option B, per \$1,000 of coverage

Age Band	Biweekly	Monthly
Under age 35	\$0.03	\$0.065
Ages 35-39	\$0.04	\$0.087
Ages 40-44	\$0.06	\$0.130
Ages 45-49	\$0.09	\$0.195
Ages 50-54	\$0.14	\$0.303
Ages 55-59	\$0.28	\$0.607
Ages 60-64	\$0.60	\$1.300
Ages 65-69	\$0.71	\$1.538
Ages 70-74	\$0.87	\$1.885
Ages 75-79	\$1.07	\$2.318
Ages 80 & Over	\$1.27	\$2.752

Option C, per multiple

Age Band	Biweekly	Monthly
Under age 35	\$0.27	\$0.59
Ages 35-39	\$0.34	\$0.74
Ages 40-44	\$0.46	\$1.00
Ages 45-49	\$0.60	\$1.30
Ages 50-54	\$0.90	\$1.95
Ages 55-59	\$1.45	\$3.14
Ages 60-64	\$2.60	\$5.63
Ages 65-69	\$3.00	\$6.50
Ages 70-74	\$3.40	\$7.37
Ages 75-79	\$4.50	\$9.75
Ages 80 & Over	\$6.00	\$13.00