United States Office of Personnel Management

Federal Employees' Group Life Insurance (FEGLI) Program Handbook

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United States Office of Personnel Management

INTRODUCTION

WHAT IS FEGLI?

The Federal Employees' Group Life Insurance (FEGLI) Program is a life insurance program for Federal and Postal employees and annuitants, authorized by law (chapter 87 of title 5, United States Code). The Office of Personnel Management (OPM) administers the Program and sets the premiums. The FEGLI regulations are in title 5 of the Code of Federal Regulations, part 870.

FEGLI is group term life insurance. It does not build up cash value. You cannot take a loan out against your FEGLI insurance.

OPM has a contract with the Metropolitan Life Insurance Company (MetLife) to provide this life insurance. The MetLife has an office called OFEGLI (the Office of Federal Employees' Group Life Insurance). OFEGLI is the contractor that adjudicates claims under the FEGLI Program.

FEGLI AT A GLANCE

- Insurance
- Cancellation of Waiver by Proving Insurability
- Cancellation of Waiver Due to Life Event
- Open Seasons
- Nonpay Status
- **Order of Precedence**
- **Designation of Beneficiary**
- **Court Orders**
- **Assignment**
- **Living Benefits**
- **Filing a Claim**

Purpose

This section provides a summary of the major features of the Federal Employees' Group Life Insurance (FEGLI) Program. This information is repeated in more detail in the individual chapters of this Handbook. This section also provides links from the summary information to the individual chapter that provides more detailed information on each topic.

Law and Regulations

Public Law 83-598 authorized the creation of the FEGLI Program; the law governing the Program is found in chapter 87 of title 5, United States Code. FEGLI Program regulations are found in part 870 of title 5, Code of Federal Regulations. Links to the law and regulations are on the FEGLI homepage www.opm.gov/insure/life.

Basic Insurance

As an eligible employee, you are automatically enrolled in Basic insurance, unless you waive this coverage. Basic insurance is based on your annual rate of basic pay, rounded up to the nearest $1,000, plus $2,000 (called the Basic Insurance Amount, or BIA). The Government pays one-third of the premium cost for Basic and you pay two-thirds. The U.S. Postal Service pays the entire cost of Basic insurance for its employees. FEGLI insurance does not build any cash value.

If you are under age 45, you automatically have extra coverage without paying any additional premium. This Extra Benefit increases the amount of Basic insurance payable at the time of your death, if you die before age 45.

Optional Insurance

If you have Basic insurance, you may also elect Optional insurance. You are not automatically covered by Optional insurance like you are with Basic insurance. You must take action to elect

Optional insurance. You pay the full cost for all Optional insurance you elect. There are three types of Optional insurance: Option A-Standard, Option B-Additional, and Option C-Family.

Option A insurance provides $10,000 of coverage.
Option B insurance coverage comes in 1, 2, 3, 4, or 5 multiples of your annual rate of basic pay.
Option C coverage insures your spouse and eligible dependent children. It comes in 1, 2, 3, 4, or 5 multiples of coverage. Each multiple is equal to $5,000 for a spouse and $2,500 for each of your eligible dependent children.

Accidental Death & Dismemberment Benefits

Accidental death and dismemberment (AD&D) coverage is an automatic part of Basic and Option A insurance for employees, at no additional cost. There is no accidental death and dismemberment coverage with Options B and C, and there is none for annuitants or people on workers' compensation, who will be referred to as "compensationers" throughout the rest of this handbook.

AD&D benefits are payable when you sustain injuries by accidental means, and within one year afterwards, you die or lose a limb or sight in one or both eyes. Under Basic insurance, accidental death benefits are equal to your BIA (without the Extra Benefit) and accidental dismemberment benefits are equal to one-half of your BIA for the loss of one limb or sight in one eye. Under Option A, accidental death benefits are equal to your Option A coverage and accidental dismemberment benefits are equal to one-half of your Option A coverage for the loss of one limb or sight in one eye.

Election

Unless your position is excluded from FEGLI coverage by law or regulation, you are automatically enrolled in Basic insurance. If you do not want this coverage, you can either waive it when you first become eligible for coverage, or cancel it at a later date. Optional insurance is not automatic; you must specifically elect the types of Optional insurance you want within 31 days of becoming eligible.

Effective Date

Basic insurance coverage is effective on the first day you are in a pay and duty status in an eligible position. Option A and Option B insurance coverage is effective on the first day you are in a pay and duty status on or after the day your employing office receives your election. Option C insurance coverage is effective on the day your employing office receives your election without regard to pay and duty status.

Waiver/Cancellation of Insurance

When you first become eligible for FEGLI coverage, you must specifically waive Basic insurance if you do not want it. If you do not want any Optional insurance, you do not have to do anything. Any Optional insurance you do not elect is automatically waived.

You may cancel your Basic and/or Optional insurance coverage at any time, unless you have assigned your insurance. When you cancel Basic insurance, you automatically cancel all Optional insurance. Canceling Optional insurance has no effect on Basic insurance.

The cancellation is effective on the last day of the pay period in which you file it with your employing office. As an employee your employing office maintains your FEGLI records.

Cancellation of Waiver by Providing Medical Information

You can cancel your waiver and obtain Basic insurance and/or Options A and B if at least one year has passed since the effective date of your last waiver and you provide satisfactory medical information at your own expense. You must have Basic insurance to elect Optional insurance.

If you want to cancel a waiver, you must complete a *Request for Insurance* (SF 2822). You and your agency complete part of the form. Your physician or other medical professional will examine you and complete the rest of the form.

Your physician must send the completed SF 2822 to the Office of Federal Employees' Group Life Insurance (OFEGLI), and OFEGLI must receive the form within 60 days of the date of the medical examination. If OFEGLI approves coverage it will notify your human resources office. The human resources office will automatically enroll you in Basic insurance. Basic coverage becomes effective on the first day you enter on duty in pay status on or after OFEGLI's approval.

You have 31 days from the approval date to elect Option A and/or Option B or increase your Option B multiples (up to a total of five times your salary rounded to the next one thousand dollars).

Cancellation of Waiver Due to Life Event

You can cancel a waiver of Option B and/or Option C and elect coverage (or increase the number of multiples you carry) because of one of these events:

- Marriage;
- Divorce;
- Death of a spouse;
- Acquiring an eligible child.

You must already be enrolled in Basic. You must file the election with your employing office on a *Life Insurance Election* (SF 2817), along with proof of the event, no later than 60 days after the date of the event.

Open Seasons

There are no regularly scheduled open seasons to elect or increase coverage under FEGLI. Open seasons are held only when specifically scheduled by OPM.

Nonpay Status

Your FEGLI coverage continues during your first 12 months in nonpay status. No premium payments are required, unless you are receiving benefits from OWCP. Your life insurance coverage terminates at the end of this 12-month period, with a 31-day extension of coverage and right to convert to an individual policy.

Employees who separate from service to enter the military, are considered to be in a nonpay status for FEGLI purposes. As long as you have reemployment rights under USERRA (The Uniformed Services Employment and Reemployment Rights Act of 1994), you can keep your FEGLI coverage for up to 24 months in nonpay status, or until 90 days after your military service ends, whichever date comes first. Coverage is free for the first 12 months however, employees must pay both the employee and agency contributions of premiums for their Basic coverage and continue to pay the entire cost (there is no agency share) for any Optional insurance they may have for the additional 12 months of coverage. See "Separation From Service."

Effect of Separation from Service on Waiver

When you return to work after a break in service of less than 180 days, you automatically get back whatever life insurance coverage you had before leaving Government service. Any previous waiver of coverage remains in effect.

When you return to work after a break in service of 180 days or more, you will automatically get Basic insurance (even if you previously waived it) and the same optional insurance (if applicable) that you had in your prior position. You can elect any type of optional coverage or increase the multiples of optional coverage within 31 days of returning to service. If you do not submit an election of optional insurance, you will get back whatever optional insurance you had before you separated, and you will be considered to have waived any other optional insurance.

Termination of Insurance

Your life insurance stops when:

- You cancel it;
- You separate from service;
- You complete 12 months in nonpay status;
- You move to a position that is excluded from FEGLI coverage;
- You retire and are not eligible to continue coverage into retirement;
- Your annuity terminates; or
- Your compensation stops (or when OWCP finds that you are able to return to duty);
- When you die.

31-Day Extension of Coverage and Conversion of Insurance

When your life insurance terminates, except by your waiver or cancellation, your coverage automatically continues without cost for another 31 days. You are entitled to convert to an individual policy. You may convert all or any part of your Basic and Optional coverage. No medical examination is required, although you may be asked a few questions about your health to see if you qualify for a lower premium. You do not have to answer these questions, but if you do not, you may be paying a higher premium than necessary. You must request conversion information within 31 days from the date of the terminating event. Conversion is effective at the end of the 31-day extension of coverage.

Eligibility for Life Insurance as an Annuitant or Compensationer

When you retire, you are eligible to continue FEGLI if you meet all of the following requirements:

- You are entitled to retire on an immediate annuity under a retirement system for civilian employees;
- You have been insured for the 5 years of service immediately before the starting date of your annuity, or for the full period(s) of service during which you were eligible to be insured if less than 5 years;
- You are enrolled in FEGLI on the date of retirement; and
- You have not converted to an individual policy.

The requirements for continuing life insurance as a compensationer are similar. Compensationers must meet the 5-year/all-opportunity requirement as of the date they started receiving compensation.

Post-65 Reductions in the Amount of Insurance

If you are eligible to continue your Basic insurance as an annuitant or compensationer, you must choose the amount of Basic insurance you want to continue after age 65 (or retirement, if you are already age 65 or older when you retire). The choices are 75 Percent Reduction, 50 Percent Reduction, and No Reduction. Your coverage does NOT reduce when you reach age 65 if you are still an employee at that time.

If you choose 75 Percent Reduction, your Basic insurance reduces by 2 percent of the pre-retirement amount each month until 25 percent of the pre-retirement amount remains. If you choose 50 Percent Reduction, your Basic insurance reduces by 1 percent of the pre-retirement amount each month until 50 percent of the pre-retirement amount remains. If you choose No Reduction, your Basic insurance will not reduce and 100 percent of the pre-retirement amount is payable as a death benefit.

If you choose 75 Percent Reduction, the coverage will be free after you are retired and age 65.

If you choose 50 Percent Reduction or No Reduction, you will pay an extra premium for this coverage, starting at the time of your retirement.

When you are retired and age 65, Option A coverage starts reducing by 2 percent of the pre-retirement amount each month until 25 percent of the pre-retirement amount remains. Option A is free once it starts to reduce. There is no election for Option A.

At the time you retire or become insured as a compensationer, you must choose how many of your Option B and/or C multiples you want to continue. You must also choose whether to have all of those multiples reduce ("Full Reduction") or none of them reduce ("No Reduction") after age 65 (or retirement, if later).

If you choose Full Reduction, once you are retired and age 65, each multiple starts reducing by 2 Percent of the pre-retirement amount each month until the amount has been reduced by 100 Percent. Until the reduction starts, you pay the same premiums as active employees, appropriate to your age. Withholdings stop when the reduction starts, and Options B and/or C are free.

If you choose No Reduction, your Options B and/or C coverage will not reduce at all. After age 65, you will continue to pay the same premiums as active employees, appropriate to your age.

Order of Precedence

When you die, OFEGLI will pay benefits in a particular order, as set by law:

- If you assigned ownership of your life insurance by filing an *Assignment, Federal Employees' Group Life Insurance* (RI 76-10), OFEGLI will pay benefits:
  First, to the beneficiary(ies) designated by your assignee(s), if any;
  Second, if there is no such beneficiary(ies), to your assignee(s).

- If you did *not* assign ownership and there is a valid court order on file, OFEGLI will pay benefits in accordance with that court order.
- If you did *not* assign ownership and there is *no* valid court order on file, OFEGLI will pay benefits:

  ► First, to the beneficiary(ies) you validly designated;
  ► Second, if no such beneficiary (ies), to your widow or widower;
  ► Third, if none of the above, to your child or children and the descendants of any deceased children;
  ► Fourth, if none of the above, to your parents in equal shares, or the entire amount to the surviving parent;
  ► Fifth, if none of the above, to the court-appointed executor or administrator of your estate;
  ► Sixth, if none of the above, to your other next of kin entitled under the laws of the State where you lived.

Option C benefits are paid to you, the insured, upon the death of your spouse or eligible child(ren).

Designation of Beneficiary

You must designate a beneficiary if:

- You want benefits to be paid to a person, firm, organization, or other legal entity not listed in the order of precedence;
- You want benefits to be paid in a different order than the order of precedence;
- You want benefits to be paid to a trust you have established for your minor children; or
- Evidence of a valid marriage or dissolution of a marriage is not readily available.

Completing a *Designation of Beneficiary* (SF 2823) is the preferred way for you to make a designation of your FEGLI benefits. Your signature must be witnessed (signed) by two persons who are not named as beneficiaries. Your employing office (or OPM, if you are an annuitant or compensationer) must receive the form before you die.

Court Orders

FEGLI benefits must be paid in accordance with the terms of a valid court order, regardless of whether you actually complete a Designation of Beneficiary form. The court order supersedes any of your prior designations (and the rest of the order of precedence), if the appropriate office receives a certified copy of the court order on or after July 22, 1998, and before your death.

Assignment

Assignment is the transfer of ownership of life insurance to another individual, corporation, or trustee. You are still the insured person, but you no longer own the insurance. Assignment is voluntary and irrevocable.

When you make an assignment, you assign Basic insurance, and Option A and Option B insurance if you have them. You cannot assign dismemberment insurance, the Extra Benefit, or Option C. You cannot make a partial assignment or assign only one type of insurance.

After making the assignment, you continue to pay the premiums.

After making the assignment, the assignee has the right to:

- Cancel or reduce insurance;
- Change your Basic post-65 reduction election to 75 Percent Reduction;
- Designate and change beneficiaries;
- Convert to a private policy when FEGLI terminates;
- Reassign the insurance; and
- Change your Option B post-65 reduction election from No Reduction to Full Reduction.

You still have the right to:

- Continue Option C coverage, if you have it;
- Elect more insurance (all of the new insurance, except Option C, will come under the existing assignment);
- Elect a post-65 reduction;
- Change your Option B post-65 reduction election from Full Reduction to No Reduction; and
- Change your Option C post-65 reduction election.

An assignment automatically cancels prior designations of beneficiary. Once your assignment becomes effective, only your assignee has the right to designate a beneficiary for your life insurance proceeds. When you die, benefits are paid to your assignee's beneficiary. If your assignee does not designate a beneficiary, benefits are paid to your assignee. An assignment supersedes the order of precedence and a court order.

Living Benefits

Living benefits are life insurance benefits paid to you while you are still living, rather than paid to a beneficiary or survivor when you die. You can elect a living benefit if you are diagnosed as terminally ill with a life expectancy of nine months or less, and you have not assigned your insurance.

Only Basic insurance is available for a living benefit. Optional insurance cannot be paid as a living benefit. If you are an employee, you can elect either a full living benefit (all of your Basic insurance) or a partial living benefit (expressed as a multiple of $1,000). Annuitants and compensationers can elect only a full living benefit.

Filing a Claim

If you are employed at the time of your death, your claimant(s) should notify your employing office of your death. Your employing office will provide each claimant with a *Claim for Death Benefits* (FE-6). Each claimant must submit a separate claim form to your employing office or directly to OFEGLI if instructed to do so by the employing office.

If you are retired or insured as a compensationer at the time of your death, your claimant(s) should notify OPM of your death at 1-88-US-OPM-RET (1-888-767-6738) outside the Washington DC metropolitan area or 202-606-0500 within the Washington, DC area. OPM will provide each claimant with a *Claim for Death Benefits* (FE-6). Each claimant must submit a separate claim form to OFEGLI at P.O. Box 2627, Jersey City, NJ 07303-2627.

OFEGLI can only pay death benefits after it has received:

- *Claim for Death Benefits* (FE-6) from someone entitled to the benefits;
- Satisfactory proof of death, including a certified copy of the death certificate; and
- *Agency Certification of Insurance Status* (SF 2821) by the agency for employees or OPM for retirees.

OPM RESPONSIBILITIES

The Office of Personnel Management has the overall responsibility for administration of the FEGLI Program. This includes:

- Receiving all payments from agencies to the Employees' Life Insurance Fund (the Fund);
- Depositing these payments in the Treasury of the United States;
- Authorizing payment of life insurance premiums from the Fund to OFEGLI;
- Determining whether retiring employees and employees receiving workers' compensation benefits are eligible to continue life insurance coverage. (For retirement systems other than the Civil Service Retirement System [CSRS] and the Federal Employees Retirement System [FERS], OPM bases its determination on certifications by the administrative office of the system involved);
- Publishing regulations, forms, and documents (such as the FEGLI Program Booklet and FEGLI Handbook);
- Providing guidance to employing offices; and
- Administering the life insurance contract.

OFEGLI RESPONSIBILITIES

OFEGLI's responsibilities include:

- Processing and paying claims;
- Determining whether an insured individual is eligible for a living benefit;
- Determining whether accidental death and dismemberment benefits are payable;
- Determining an employee's eligibility to cancel a waiver of insurance based on satisfactory medical information; and
- Processing requests for conversion.

AGENCY RESPONSIBILITIES

- **Headquarters Insurance Officer;**
- **Field Installation Responsibilities;**
- **Counseling;**
- **Other Agency Responsibilities; and**
- **Life Insurance Questions.**

Headquarters Insurance Officer

The head of each agency must designate a person to serve as the headquarters Insurance Officer (Insurance Officer) for the agency. The agency must notify OPM of the designee's name or any change in the designation. The Insurance Officer is OPM's contact for agency-wide insurance matters.

The agency can email their notification to benefits@opm.gov.

Field Installation Responsibilities

The head of each agency is responsible for appointing staff at the employing office level who will be responsible for certifying and processing claims, notices, or other information.

An agency may also delegate responsibility for counseling and advising employees and maintaining records to decentralized local operating offices or field installations.

Counseling

Agencies must make insurance information and counseling available to employees. Agencies must become especially familiar with the participation requirements for continuing Basic and Optional insurance at the time of retirement (as stated in this Handbook) and make this information available to employees, especially those considering retirement. OPM encourages agencies to develop counseling programs which meet the needs of their employees. OPM will provide the necessary technical assistance on insurance benefits to headquarters Insurance Officers upon request.

Other Agency Responsibilities

Agencies are also responsible for:

- Determining employees' eligibility for coverage under OPM's regulations;
- Processing life insurance elections and cancellations;
- Verifying prior insurance elections for employees with previous Federal service;
- Advising employees of the requirements for canceling previously-filed insurance waivers;
- Informing employees of the right to convert insurance at the time group coverage ends, other than by voluntary cancellation;
- Withholding premiums from pay;
- Sending and reporting withholdings and contributions to OPM;
- Maintaining insurance records;
- Ordering and stocking insurance forms;
- Issuing necessary forms, descriptive booklets, and certifications;
- Providing information and counseling;
- Giving assistance to persons filing claims;
- Providing prepayment verification to OFEGLI when requested; and
- Maintaining designation of beneficiary forms, assignments, and court orders.
- Performing reconsiderations of initial decisions regarding life insurance upon an employee's written request;

Life Insurance Questions

Agency personnel offices and field installations must direct their questions to their agency headquarters Insurance Officer.

Agency headquarters Insurance Officers can direct their questions to the FSA, Life and Long Term Care Insurances Group at OPM. The email address is fegli@opm.gov.

INSURED INDIVIDUAL RESPONSIBILITIES

- **Responsibilities**
- **Life Insurance Questions**

Responsibilities

Your responsibilities include:

- Familiarizing yourself with the aspects of the FEGLI Program that affect you, such as your level of coverage, and knowing when you can make changes to your coverage;
- Filing a designation of beneficiary form when the order of precedence is not satisfactory, or filing a new form when your current designation on file is not satisfactory, or when your beneficiary's address changes;
- Knowing where your agency human resources or personnel office is located, and whom to contact if you have a question about your FEGLI coverage; and
- Knowing when your coverage terminates, and requesting conversion on a timely basis (if you wish to convert).

Life Insurance Questions

Current employees must direct questions to their employing office. The employing office maintains the FEGLI records for their employees.

Annuitants and compensationers should direct questions to OPM's Retirement Information Office at 1-88-US-OPM-RET (1-888-767-6738) outside the Washington, D.C., metropolitan area or 202-606-0500 within the Washington area. The email address is retire@opm.gov. Annuitants should send written inquiries to the Retirement Operations Center, P.O. Box 45, Boyers, PA 16017-0045.

CORRECTION OF ERRORS

- **Employing Office**
- **OPM**
- **Premiums**
- **Erroneous Suspensions and Firings**

Employing Office

Your employing office can correct administrative errors regarding coverage or changes in coverage at any time. If the correction involves the election of new coverage, the effective date is the same as if the error had not happened.

OPM

In situations in which your agency does not have the authority to correct an error, OPM may order correction of an administrative error after reviewing evidence that it would be against equity (fairness) and good conscience not to do so. You or your agency should send the request for review to OPM, FSA, Life and Long Term Care Insurances Group, RM 2H24; 1900 E Street, NW, Washington DC 20415.

Premiums

If the correction of an error gives you retroactive coverage, OPM must receive the premiums for the retroactive coverage for all periods during which you were in pay status.

See "Underdeductions" for information on collection and waiver of deductions.

Erroneous Suspensions and Firings

If there is an official finding that you were suspended or fired erroneously, no withholdings are made from your back pay award for any Basic or Optional insurance. *Exceptions*:

- If you die or have an accidental dismemberment between your removal and the finding that your agency's action was erroneous, premiums will be withheld from the back pay award; and
- If you have Option C, and a covered family member dies between your removal and the finding that your agency's action was erroneous, Option C premiums will be withheld from the back pay award.

If you are awarded a settlement with no determination that your firing or suspension was erroneous, your employing office will ask OPM to determine whether your insurance will be reinstated and whether withholdings are required.

INCONTESTABILITY

- **What Is Incontestability?**
- **Getting Erroneous Coverage**
- **If You Don't Want the Coverage**
- **Documenting Incontestability**
- **If Incontestability Doesn't Apply**

What Is Incontestability?

Incontestability is a statutory provision that allows erroneous coverage to remain in effect under certain conditions. Those conditions are:

- The coverage must have been in effect for at least two years between the time the error was made and the time the error is discovered; and
- You must have paid the applicable premiums for the erroneous coverage while it was in effect.

Both conditions must be met for incontestability to apply.

Getting Erroneous Coverage

There are four ways you can get erroneous coverage:

- Your agency may allow you to elect coverage when you are not entitled to do so;
- Your agency may code your SF 50 (*Notification of Personnel Action*) incorrectly, giving you more coverage than you elected;
- Your payroll office may collect premiums for a coverage that you did not elect on the election form;
- OPM may allow you to continue your coverage as an annuitant or compensationer when you are not eligible to do so.

Note: Erroneous coverage always involves getting *more* coverage than you are entitled to or *more* coverage than you elected. If your employing office's error results in premiums being withheld for *less* coverage than you elected, that is not erroneous coverage; that is, instead, an overpayment of salary, annuity, or compensation. (See "Underdeductions")

If You Do Not Want the Coverage When Incontestability Applies

If you do not want the erroneous coverage, you can cancel it. However, the cancellation is prospective. There are no refund of premiums. *Exception*: If you got Option C erroneously, and you did not have any eligible family members, that coverage may be cancelled retroactively; you will get a refund of the erroneous Option C premiums in this case.

Example

Andy is single and has no children. As a new employee he waived all FEGLI. Three years later he transferred to another agency with no break in service; his waiver therefore was still in effect. However, Andy's new agency coded his SF 50 "E1", Basic and 1 multiple of Option C. The premiums were withheld from Andy's pay. Four years later Andy looked at his leave and earnings statement (pay stub) and noticed the FEGLI withholdings. He brought the error to his agency's attention. Since the erroneous coverage has been in effect for more than 2 years, and Andy paid the premiums during that time, the coverage is valid because of incontestability.

Andy says he does not want the coverage, and he wants his money back. Since the coverage is now valid, Andy must complete a "Life Insurance lection" (SF 2817) to cancel the unwanted coverage. The cancellation of Basic insurance is prospective, and Andy cannot get a refund of his premiums. However, since Andy had no eligible family members, the cancellation of Option C will be retroactive; the agency will refund all of the Option C premiums Andy paid.

Documenting Incontestability

Once your employing office or retirement system determines that your coverage should be allowed to stand, it must prepare a note to the file explaining the details of the error, the date it occurred, the date it was discovered, and the fact that your coverage is now valid due to incontestability.

Coverage that is allowed to stand due to incontestability becomes valid. If you were covered under the FEGLI Program for the 5 years immediately prior to retirement (or for all opportunities to be covered), even if the coverage was in error but was allowed to stand because of incontestability, you are entitled to carry the coverage into retirement.

Upon your retirement, your employing office must forward the note explaining the details of the validated coverage, along with any *Life Insurance Elections* (SF 2817s), to the retirement system. If there is no SF 2817, the employing office must provide an explanatory note to the file to be forwarded to the retirement system. The employing office should also make a note in the "Remarks" section of the *Agency Certification of Insurance Status* (SF 2821) explaining that incontestability was used to ratify erroneous coverage.

If Incontestability Does Not Apply

If an error is discovered within two years, incontestability does not apply, and the erroneous coverage is not valid. The employing office must void the coverage and refund the premiums.

Example

Alicia had Basic insurance only. She got married and made an Option B life event election. Since Alicia only gained one eligible family member with her marriage, she was allowed to elect only one multiple of Option B. However, her employing office accepted her election of five multiples. One year later Alicia died, and the agency discovered the error when it was preparing the Agency Certification of Insurance Status (SF 2821) for OFEGLI. Since the error was discovered before two years had passed, the erroneous coverage is not valid. The agency must certify the correct amount of Alicia's coverage – Basic and one multiple of Option B – and refund the premiums for the extra four multiples of Option B.

INITIAL DECISION AND RECONSIDERATION

- **Initial Decision**
- **Reconsideration Right**
- **How to Request Reconsideration**
- **Time Limit**
- **Who Does the Reconsideration?**
- **Final Decision**
- **Effective Date**

Initial Decision

Your employing office has the initial responsibility for determining whether you are eligible to elect life insurance or change your coverage. Your employing office also has the responsibility for determining whether you may designate a beneficiary or assign your insurance.

This determination is an initial decision when your employing office gives it to you in writing and informs you of the right to an independent level of review (reconsideration) by the appropriate agency office.

Exception: OFEGLI determines your eligibility to cancel a waiver based on satisfactory medical information and your eligibility for a living benefit. There is no reconsideration right for these decisions.

Note: Your employing office cannot make decisions about payment of claims (OFEGLI makes these decisions).

Reconsideration Right

If you disagree with your agency's initial decision, you have the right to request your employing office reconsider its initial decision. The request for reconsideration must be in writing.

The reconsideration review determines if your employing office acted properly and in accordance with the law and regulations in making its initial decision. Initial decisions that comply with law and regulations cannot be overturned by reconsideration.

Example 1

Bruce, who had waived Optional life insurance coverage, separated from service and was reemployed two months later. Upon his reemployment, he attempted to elect Option B. His employing office denied the election and gave him this initial decision in writing. Bruce has the right to request reconsideration of his agency's decision not to allow him to elect Option B. (In this case, the initial decision cannot be overturned by reconsideration, because by regulation previous waivers remain in effect when an employee returns to Federal service with a break in service of less than 180 days. So the agency's initial decision complied with the regulations.)

Example 2

Beth, who had Basic insurance only, got married 6/25/05; her new husband has no children. Two weeks later she completed an SF 2817 (Life Insurance Election) electing five multiples of Option B and five multiples of Option C. Her agency, however, told Beth that she could only elect one multiple of each. Beth requested this decision in writing, and the agency complied. Beth has the right to request reconsideration of her agency's decision to limit her elections to one multiple. (In this case, the initial decision relating to Option B will be upheld, because the regulations limit the number of Option B multiples that may be elected with a life event to the number of eligible family members gained with the event. So the agency's initial decision complied with the regulations. The initial decision relating to Option C, however, will be overturned upon reconsideration, because the regulations place no restrictions on the number of Option C multiples an employee may elect with a life event. So the agency's initial decision did not comply with the regulations.)

How to Request Reconsideration

If you wish to request a reconsideration of an initial decision, you must make your request in writing. The request must include:

- Your full name and address;
- Your date of birth;
- Your Social Security number;
- The reason(s) for the request;
- A copy of the written initial decision; and

- If you are retired or receiving workers' compensation, your retirement claim number or compensation claim number.

Time Limit

If you want the initial decision to be reconsidered, you must request reconsideration within 30 days from the date of the initial decision.

This time limit can be extended if you show that you were not notified of the time limit and were not otherwise aware of it or that you were unable, for reasons beyond your control, to make the request within the time limit.

Who Does the Reconsideration?

Agencies are responsible for performing reconsiderations for employees; OPM is responsible for performing reconsiderations for annuitants and for compensationers who have separated from service or completed 12 months in nonpay status. A reconsideration must take place at or above the level at which the initial decision was made.

Final Decision

After reconsideration, your employing office must issue a final decision. This decision must be in writing and must fully state the findings. There is no further appeal process after the reconsideration.

Effective Date

If your employing office decides that you should have been allowed to make an election or change coverage, it will accept your *Life Insurance Election* (SF 2817) making the change. The new coverage is effective according to the dates set out in the FEGLI regulations (5 CFR Part 870) and discussed in this Handbook. If this results in retroactive coverage, you are responsible for the retroactive premiums for all periods during which you were in pay status.

HISTORICAL INFORMATION

- **Legislative History**
- **Incontestability**

Legislative History

Here is a link to all of the legislative changes affecting the FEGLI Program (http://www.opm.gov/insure/life/handbook/legislation.asp).

Incontestability

Prior to October 28, 1998, incontestability was not statutory. It was a contractual provision and did not apply if the erroneous coverage was in violation of a statutory provision. Effective October 28, 1998, incontestability became a statutory provision and applies to all erroneous coverage.

TYPES AND AMOUNTS OF INSURANCE

- **Kind of Insurance**
- **Types of Insurance**
- **Amount of Basic Insurance**
- **Annual Rates of Pay**
- **Amount of Optional Insurance**
- **Concurrent Employment**
- **Changes in Amount of Insurance**
- **Accidental Death and Dismemberment Benefits**
- **Historical Information**

KIND OF INSURANCE

Federal Employees' Group Life Insurance (FEGLI) is group term life insurance coverage. It does *not* build up a cash or paid-up value. You cannot obtain a loan by borrowing from this insurance.

FEGLI provides coverage wherever you are, not just when you are at work. FEGLI benefits are payable regardless of cause of death.

TYPES OF INSURANCE

There are two types of life insurance under the FEGLI Program: Basic and Optional.

There are three types of Optional insurance: Option A-Standard, Option B-Additional, and Option C-Family.

AMOUNT OF BASIC INSURANCE

- **Basic Insurance Amount (BIA)**
- **Minimum and Maximum BIA**
- **Extra Benefit/Age Multiplication Factor**
- **Post-Election BIA**

Basic Insurance Amount (BIA)

Your Basic Insurance Amount (BIA) is based on your actual current pay.

To determine your BIA:

1. Take your annual rate of basic pay; and
2. Round it up to the next even $1,000 (if it is not already an even thousand dollar amount); and
3. Add $2,000.

Example

Carlos has an annual salary of $48,586. Round that up to $49,000. Then add $2,000. His Basic Insurance Amount is $51,000.

See the Table of Basic Insurance Amounts.

Your BIA automatically changes whenever your pay changes enough to move you to a higher or lower thousand dollar amount.

If you are eligible to continue Basic life insurance coverage as an annuitant or compensationer, your BIA is the amount in effect at the time your insurance as an employee stops. Your insurance as an employee stops either at your separation from service or your completion of 12 months in nonpay status, whichever is earlier.

Minimum and Maximum BIA

The minimum amount of Basic insurance is $10,000. Any employee whose annual pay is less than $8,000 has $10,000 in Basic insurance, even if the employee is part-time. *Exception*: If you elected a partial living benefit, it's possible that your remaining BIA may be less than $10,000.

There is no maximum BIA. However, if your salary is "capped" by law, the amount of your Basic insurance is based on the capped amount, the amount you are actually being paid. It is *not* based on the amount your pay would be without the cap.

Extra Benefit/Age Multiplication Factor

If you are under age 45 and you are covered under Basic insurance, you automatically have extra coverage without paying any additional premium. This Extra Benefit increases the amount of Basic insurance payable at the time of your death, if you die before age 45.

To determine the amount of the Extra Benefit, multiply your BIA by the appropriate age multiplication factor as follows:

Your Age at Death	Age Multiplication Factor
35 or under	2.0
36	1.9
37	1.8
38	1.7
39	1.6
40	1.5
41	1.4
42	1.3
43	1.2
44	1.1
45 and over	1.0

Example

Clara dies at age 40, with an annual salary of $57,126. Her BIA is $60,000. The age multiplication factor is 1.5. The amount of Basic life insurance payable is $90,000 ($60,000 x 1.5).

Living Benefit Post-Election BIA

The post-election BIA is the amount of Basic insurance left after you elect a living benefit.

If you elect a full living benefit, your post-election BIA is $0.

If you elect a partial living benefit, you still have some Basic insurance left. OFEGLI provides the post-election BIA on the FE-8C *Explanation of Benefits* that is sent to your employing agency. OFEGLI determines this amount by taking your BIA on the date OFEGLI receives your completed living benefit application and reducing it by a percentage. This percentage represents the amount of your partial living benefit payment, compared to the amount you could have received if you had elected a full living benefit. The amount that is left is rounded up or down to the nearest multiple of $1,000. (If the amount is midway between multiples, it is rounded up to the next higher multiple.)

Your post-election BIA cannot change, even if your salary increases or decreases.

If you elect a partial living benefit and are under age 45 when you die, OFEGLI will multiply your post-election BIA by the Extra Benefit age factor that was in effect on the date OFEGLI received your completed living benefits application.

ANNUAL RATES OF BASIC PAY

- **Determination**
- **Included**
- **Not Included**
- **Hourly, Daily, and Similar Rates**
- **Part-Time Rates**
- **Piecework Rates**
- **Multiple Rates – Regular Schedule**
- **Multiple Rates – No Regular Schedule**
- **Part-Time Flexible Schedule**
- **Intermittent Employment Rates**
- **Certifying the Amount of Insurance When There Is No Regularly Scheduled Tour of Duty**

Determination

Your annual pay is your annual rate of basic pay as fixed by law or regulation. If your pay is "capped" by law, your annual pay for FEGLI purposes is the capped amount, the amount you are actually being paid.

Example:

As an example if an individual's current salary is $125,078 and the individual receives authorized premium pay of 25 Percent or $31,259.50, the total would be $156,347.50. However, if the salary is capped at $143,471, then FEGLI is based on the capped amount of $143,471. The FEGLI BIA would then be $146,000.

Included

The following are included in annual pay:

- Interim geographic adjustments and locality-based comparability payments (i.e. locality pay), as provided by Pub. L. 101-509;
- Night differential pay for wage employees;
- Environmental differential pay for employees exposed to danger or physical hardship;
- Tropical differential pay for citizen employees in Panama;
- Special pay adjustments for law enforcement officers;
- Premium pay for standby duty under 5 U.S.C. 5545(c)(1)*;

- Premium pay for administratively uncontrollable overtime under 5 U.S.C. 5545(c)(2) for law enforcement officers, as defined under 5 U.S.C. 8331(20) and 5 CFR 831.902 and 842.802*;
- Availability pay for criminal investigators under 5 U.S.C. 5545a*;
- Bonuses for physicians and dentists of the Department of Veterans Affairs under Pub. L. 96-330;
- Premium pay for overtime inspectional service for customs officers, as provided by Pub. L. 103-66; and
- Straight-time pay for regular overtime hours for firefighters, as provided in 5 U.S.C. 5545b and 5 CFR part 550, subpart M.

*If your annual pay includes this, your annual pay is determined by multiplying your annual rate of basic pay by the applicable percentage factor.

Not Included

The following are **not** included in annual pay:

- Foreign post differential for wage employees with the exception of wage employees in Guam who were recruited from outside Guam and are paid a recruitment and retention incentive;
- Night differential pay and foreign or nonforeign post differential pay of General Schedule employees;
- Bonuses, allowances, overtime, holiday, and military pay not listed above as included;
- Premium pay authorized certain air traffic controllers under Pub. L. 97-276;
- Lump-sum payments for accrued leave;
- Supervisory differentials;
- Retention allowances; and
- Physicians' comparability allowances.

Hourly, Daily, and Similar Rates

To convert a pay rate of other than annual salary to an annual rate, multiply the pay rate by the number of the pay intervals worked in a 52-week work year.

Example

Dave is paid $18.89 an hour and works 2,087 hours per year. His annual pay is $39,423 ($18.89 x 2,087).

If part of your basic 40-hour week is paid at an overtime rate, your basic pay is determined at your base rate for 40 hours. The overtime rate is not counted toward your basic pay for life insurance purposes.

Example

Dottie is paid $19.02 an hour, works 2,087 hours per year, and is assigned a workweek of four 10-hour days. She is paid $28.53 per hour for two hours of each 10-hour day. Since her overtime hours are part of the 40-hour week, they are counted at the base rate, not the overtime rate. Her annual pay is $39,695 ($19.02 x 2,087).

Part-Time Rates

If you are a part-time employee, your annual pay is your basic pay applied to your tour of duty on record (as shown on your most recent Standard Form 50 *Notification of Personnel Actio*n or equivalent document) in a 52-week work year.

Example

The annual salary for Ernest's position is $48,638, and Ernest works 24 hours per week. His annual pay for FEGLI purposes is $29,183. ($48,638 ÷ 52 weeks ÷ 40 hours x 24 hours x 52 weeks).

Piecework Rates

If you are an employee on piecework rates, your annual pay is your total basic earnings for the previous calendar year, not counting premium pay for overtime or holidays.

Whenever the piecework rate changes, your annual pay is adjusted by applying the percentage of increase or decrease in rate.

If you had leave without pay during the year, your annual pay is determined by dividing the year's earnings (or adjusted earnings) by the number of days for which you were paid (days worked plus leave with pay); this gives the average daily rate. This average daily rate is multiplied by 260.

Example

Erica's 2005 earnings were $37,489 and she was paid for 190 days. Her average daily rate is $197.31 ($37,489 ÷ 190). Her 2006 annual pay for FEGLI purposes is $51,301 ($197.31 x 260).

If you are a new employee, your first year's annual pay for life insurance purposes is the average earned or adjusted annual basic pay during the previous calendar year for piecework employees doing similar work in your group, subject to any further adjustment of the average during the first year.

Multiple Rates – Regular Schedule

If you are regularly scheduled to work at different pay rates (such as day and night rates), your annual pay is the weighted average of the rates at which you are paid, projected to an annual basis. A regular schedule can exist even if your schedule varies within a year or even within a pay period.

Example

Franklin is paid $14.92 per hour on a day shift and $18.37 per hour on a night shift and is regularly scheduled to work eight months on day shift and four months on night shift. Multiply $14.92 by 1,391 hours (2,087 hours ÷ 12 months x 8 months) and $18.37 by 696 hours (2,087 hours ÷ 12 months x 4 months). Franklin's annual pay is $33,539.

Multiple Rates – No Regular Schedule

If you work at different pay rates, but not on a regular schedule, your annual pay is the annual rate you were receiving at the end of the pay period. In the event of your death or dismemberment, it is the annual rate you were receiving at the time of your death or accident.

The employing office will determine the amount of insurance and withholdings for multiple rate employees with no regular schedule at the end of each pay period.

Example

Francesca does not work a regular schedule. During the latest biweekly pay period, she worked 50 hours on the day shift at $14.47 per hour and 30 hours on the night shift at $16.96 per hour. Her annual pay at the end of this pay period is $32,040 ([$14.47 x 50 hours x 26 pay periods] + [$16.96 x 30 hours x 26 pay periods]).

Part-Time Flexible Schedule

If you hold more than one appointment, of which at least one is a part-time flexible schedule appointment in the Postal field service, your Basic and Option B insurance amounts are based on the higher of your pay rates.

Intermittent Employment Rates

If you are a non-Postal intermittent employee (a non-full time employee with no prearranged regularly scheduled tour of duty), your annual pay is the annual rate you received at the end of the pay period. In the event of your death or dismemberment, it is the annual rate you were receiving at the time of your death or accident.

The employing office must determine the amount of insurance and withholdings for non-Postal intermittent employees at the end of each pay period.

For FEGLI purposes, during pay periods in which you are not scheduled to work, you are considered to be in nonpay status. "If you are in a nonpay status for 12 consecutive months, your FEGLI coverage terminates, with a 31-day extension of coverage and the right to convert. If you return to pay and duty status, your coverage is automatically reinstated."

Note: If you are an intermittent employee, you are excluded from FEGLI coverage by regulation, except when your intermittent employment follows, with a break in service of no more than three days, a position in which you were insured and to which you are expected to return.

Example

Greg is an intermittent employee and is paid $17.84 per hour. His annual rate of basic pay fixed by law is therefore $37,232 ($17.84 x 2,087 hours). If Greg works only two days (16 hours) during a particular biweekly pay period, his annual rate of pay for insurance purposes for that pay period is $7,421 ($17.84 x 16 x 26). (However, he would be covered for the minimum $10,000 of Basic insurance.)

Certifying the Amount of Insurance When There Is No Regularly Scheduled Tour of Duty

When you do not have a regularly scheduled tour of duty, upon your death, your employing office will base its certification of the amount of insurance upon the number of hours you worked in the last full pay period during which you worked.

Example

Gail, an intermittent employee earning $16.72 per hour, dies. During the last full pay period before her death, she did not work. During the previous pay period, she worked 64 hours. The amount of Basic insurance the employing office would certify is $30,000 ($16.72 x 64 hours x 26 pay periods = $27,822, rounded to the next $1,000 = $28,000, plus $2,000 = $30,000).

AMOUNT OF OPTIONAL INSURANCE

- **Option A-Standard**
- **Option B-Additional**
- **Option C-Family**

Option A-Standard

Option A coverage is $10,000. There is no Extra Benefit if you are under age 45.

Option B-Additional

Option B coverage comes in 1, 2, 3, 4, or 5 multiples of your annual pay (after your pay is rounded up to the next even thousand). It does not include the extra $2,000 added for Basic insurance and does not include an Extra Benefit.

Example

Homer earns $52,578. His BIA is $55,000. He elected 3 multiples of Option B coverage. Each multiple is worth $53,000.

The amount of your Option B coverage automatically changes whenever your pay changes enough to move you to a higher or lower thousand dollar amount.

If you are eligible to continue Option B coverage as an annuitant or compensationer, the amount of your Option B is the amount in effect at the time your insurance as an employee stops. Your insurance as an employee stops either at your separation from service or your completion of 12 months in nonpay status, whichever is earlier.

There is no minimum amount of Option B coverage. This is different than Basic coverage. Option B coverage for an employee whose annual pay is less than $8,000 is calculated on the actual salary, not the minimum Basic coverage amount.

There is no maximum Option B amount. However, if your salary is “capped” by law, the amount of your Option B is based on the capped amount, the amount you are actually being paid. It is *not* based on the amount your pay would be without the cap.

The same things that are included in your annual pay for Basic insurance are also included for Option B. The same things that are not included for Basic insurance are not included for Option B. (See “Annual Rates of Pay.”)

With Option B there is no Extra Benefit if you are under age 45.

Option C-Family

Option C provides coverage for your spouse and eligible dependent children. When you elect Option C, all of your eligible family members are automatically covered. You may elect either 1, 2, 3, 4 or 5 multiples of coverage. Each multiple is equal to $5,000 for your spouse and $2,500 for each eligible dependent child.

Example

If you elect three multiples of Option C, and your spouse dies, you would receive $15,000 (3 times $5,000). If one of your eligible dependent children dies, you would receive $7,500 (3 times $2,500).

The number of multiples you elect applies to all of your eligible family members. You cannot elect a number of multiples for your spouse that is different from the number of multiples for your eligible dependent children. The number of multiples is also not connected to the number of family members. You can elect 5 multiples of Option C even if you have only one child, for example.

There is no Extra Benefit for Option C if you (or a covered family member) are under age 45.

CONCURRENT EMPLOYMENT

- **Eligibility**
- **Amount of Insurance**
- **Multiple Rate Employee with Part-Time Flexible Schedule Appointment**

Eligibility

If you are legally serving in more than one position at the same time – whether in the same or in different agencies – you are eligible for life insurance coverage as long as at least one of your positions is a covered position.

You cannot have more than one FEGLI election for each type of coverage, so you cannot have FEGLI in more than one position. In other words, you cannot carry "two FEGLI policies" even though you are serving in more than one position.

Amount of Insurance

The amount of Basic and Option B insurance is based on the sum of the annual pay for all of your positions, including the annual pay for a position excluded from life insurance coverage. The agency which pays the higher salary does the withholding and pays the Government contribution. *Exception*: If you are in nonpay status from one position, the agency that is still paying salary does the withholdings and pays the Government contribution

Exceptions:

- This does not apply to part-time flexible schedule employees in the Postal Service.

- If you are in nonpay status from your covered position and you accept a temporary appointment in which you would normally be excluded from coverage, the amount of your Basic and Option B coverage is based on whichever position's salary is higher.

- If one of your positions is an excluded position, and you go into nonpay status in that position, at the end of 12 months in nonpay status, the amount of coverage is no longer based on the combined salary, but only on the salary from the covered position.

- If one of your positions is a temporary, intermittent, position with the decennial (every 10 years) census, it has no effect on the amount of your Basic or Option B insurance, the withholdings or Government contribution for your insurance, or determining when 12 months in nonpay status ends.

The two salaries are added together before rounding up to the next even thousand and before adding the additional $2,000 for Basic insurance.

Example

Hannah works full-time for the Department of Energy, with an annual salary of $57,319. She also works part-time for the IRS; her part-time annual salary is $21,432. Her BIA is $81,000 ($57,319 + $21,432 = $78,751, rounded up to $79,000 + $2,000). If Hannah has Option B coverage, each multiple is worth $79,000 up to a maximum of five multiples.

Concurrent employment does not affect the amount of Option A or Option C coverage.

Multiple Rate Employee with Part-Time Flexible Schedule Appointment

When you are a multiple rate employee who holds more than one appointment, with at least one of them being a part-time flexible schedule appointment in the Postal field service, the amount of Basic and Option B insurance is based on the higher (highest) of the pay rates.

CHANGES IN AMOUNT OF INSURANCE

- **Automatic Changes**
- **Correction of Errors in Annual Pay**

Automatic Changes

If you are insured as an employee, the amount of Basic insurance and Option B coverage automatically changes whenever your annual pay is increased or decreased by an amount that will raise or lower pay to a different $1,000 bracket. *Exception*: If you have elected a living benefit, the amount of your post-election BIA cannot change.

The effective date of your increased/decreased insurance amount is the effective date of your increased/decreased annual pay.

The amount of your Option A and Option C coverage does not change due to changes in annual pay.

If you are insured as an annuitant or compensationer, your BIA will not change.

- However, the amount of Basic insurance in force as an annuitant or compensationer may start to reduce when you reach age 65, depending on the election you made at the time you retired or became insured as a compensationer.

- Your Option B and Option C coverage as an annuitant or compensationer may also start to reduce at age 65 depending on the election you make at retirement regarding post-65 reduction.

- Your Option A coverage as an annuitant or compensationer will automatically start to reduce at age 65.

- (See "Post-65 Reduction in the Amount of Coverage – Basic Insurance" and "Post-65 Reduction in the Amount of Coverage – Optional Insurance.")

Correction of Errors in Annual Pay

When a pay change is retroactive, any resulting change in the amount of Basic and Option B insurance becomes effective retroactively on the effective date of the pay adjustment. The premiums must be adjusted accordingly.

ACCIDENTAL DEATH AND DISMEMBERMENT (AD&D) BENEFITS

When Are Benefits Payable?

Accidental death and dismemberment (AD&D) benefits are payable when you sustain bodily injury solely through violent, external, and accidental means, and as a direct result of the bodily injury, independently of all other causes, and within one year afterwards, you lose your life, limb (hand or foot), or eyesight.

- Loss of hand means loss by severance at or above the wrist joint, or equivalent loss, as determined by OFEGLI.
- Loss of foot means loss by severance at or above the ankle joint, or equivalent loss, as determined by OFEGLI.
- Loss of eyesight means total and permanent absence of any usable vision in one or both eyes.

Accidental death benefits, if payable, are payable ***in addition to*** "regular" FEGLI benefits.

Exclusions

AD&D benefits will not be paid if your death or loss in any way results from, is caused by, or is contributed to by:

- physical or mental illness;
- the diagnosis of or treatment of a physical or mental illness;
- ptomaine or bacterial infection. However, accidental death and dismemberment benefits will be paid if the loss is caused by an accidentally sustained external wound;
- a war (declared or undeclared), any act of war, or any armed aggression against the United States, in which nuclear weapons are actually being used;
- a war (declared or undeclared), any act of war, or any armed aggression or insurrection in which you are in actual combat at the time bodily injury is sustained;
- suicide or attempted suicide;
- injuring yourself on purpose;
- illegal or illegally obtained drugs that you administer to yourself; or
- driving a vehicle while intoxicated, as defined by the laws of the jurisdiction in which you were operating the vehicle.

"Regular" Basic insurance and any Optional insurance are payable when you die, regardless of the cause, even if accidental death benefits are not payable.

Automatic Coverage

AD&D coverage is an automatic part of Basic and Option A insurance for employees.

There is no AD&D coverage:

- With Options B and C;
- For annuitants or persons insured as compensationers; and
- During the 31-day extension following termination of coverage.

Accidental death benefits are paid to your beneficiary(ies); accidental dismemberment benefits are paid to you, the insured.

Amount of Accidental Death Benefits under Basic Insurance

Under Basic insurance, accidental death benefits are equal to your BIA, but without the age multiplication factor. These benefits are payable *in addition to* your Basic insurance and any Optional insurance payable.

Example

At age 37, Ian dies as the result of injuries received in a car accident. His BIA at the time of his death is $48,000. Ian also has 3 multiples of Option B, each worth $46,000. The benefits payable to Ian's beneficiary(ies) are as follows:

	Regular Death Benefit	**Accidental Death Benefit**
Basic Insurance	*$86,400 ($48,000 x age multiplication factor of 1.8)*	*$48,000*
Option B	*$138,000*	*N/A*

Since Ian is below age 45 on the date of death, he is eligible for the Extra Benefit. The total amount payable is $272,400 ($86,400 + $138,000 + $48,000).

Amount of Accidental Dismemberment Benefits under Basic Insurance

Under Basic insurance, accidental dismemberment benefits for the loss of one hand, one foot, or eyesight in one eye are equal to one-half of your BIA.

For the loss of two or more of these in the same accident, benefits are equal to your full BIA.

Total AD&D benefits for a single accident, no matter how many losses occur, cannot be more than your full BIA.

Example

Ileana, age 46, has Basic coverage only. She loses an arm in a climbing accident. Her BIA is $42,000. The amount of accidental dismemberment benefits payable to her is $21,000 for the loss of her arm. Six months later, she loses sight in both eyes due to the same accident. She is eligible for another accidental dismemberment payment of $21,000. The total accidental *dismemberment benefit payable to Ileana from this accident is $42,000, equaling her BIA, even though she suffered three losses (one arm and sight in both eyes).*

Two weeks later, Ileana dies as the result of other injuries sustained in that accident. While a regular death benefit of $42,000 is payable, no accidental death benefit will be payable, since any additional payment for this accident would be more than Ileana's BIA.

Amount of Accidental Death & Dismemberment Benefits under Option A

Under Option A, accidental death benefits are equal to the amount of Option A coverage ($10,000). Accidental dismemberment benefits for the loss of one hand, one foot, or eyesight in one eye are equal to one-half of your Option A coverage ($5,000). For the loss of two or more of these, benefits are equal to your full Option A coverage.

Total AD&D benefits under Option A for a single accident, no matter how many losses occur, cannot be more than your Option A benefits of $10,000.

These benefits are payable *in addition to* your Basic insurance and any Option B insurance payable. AD&D benefits for Option A are payable only if you were enrolled in Option A at the time of your accident.

Benefits for Different Accidents

AD&D benefits are payable for each separate accident, regardless of whether benefits were paid to you for a previous accident.

Example

Jeremy's BIA is $60,000 and he loses an eye (eyesight in one eye) in an accident. He will be paid $30,000 in accidental dismemberment benefits. If he later dies in ***another*** *accident, his beneficiaries will receive the full $60,000 in accidental death benefits for the second accident.*

Benefits following a Living Benefit Election

If you elect a full living benefit, your post-election BIA is $0. The amount of your AD&D coverage therefore is also $0.

If you elect a partial living benefit, you still have some Basic insurance left. The amount of your AD&D coverage is reduced to correspond to your post-election BIA.

A living benefit election has no effect on AD&D benefits under Option A.

HISTORICAL INFORMATION

- **Basic Insurance**
- **Option A**
- **Option B**
- **Option C**
- **Accidental Death and Dismemberment (AD&D)**

Basic Insurance

The FEGLI Program started in 1954. At that time, what is now called Basic insurance was the only coverage offered. In 1968, when Optional insurance began being offered, what is now called Basic insurance became known as "regular" insurance. The term "Basic" insurance came into use in 1981 with the introduction of Options B and C.

Until February 1968 there was no minimum amount of "regular" insurance and no additional $2,000 of insurance.

The Extra Benefit (age multiplication factor) became effective in October 1981.

Prior to October 1998, Basic insurance was subject to a maximum.

Option A

Option A (Standard Optional Insurance) came into effect in February 1968. At that time it was simply called "optional" insurance. When Options B and C were introduced in 1981, Option A became known by its current name.

When Basic insurance was subject to a maximum, Option A could be increased beyond the normal $10,000 amount to compensate for the limitation on Basic. When the maximum on Basic was removed in 1998, there was no longer a need for Option A to be more than $10,000. Since then, the only persons with more than $10,000 in Option A coverage were those who retired or became insured as compensationers with a higher amount of Option A before the removal of the maximum on Basic.

Option B

Option B (Additional Optional Insurance) became effective in April 1981.

Until October 1998, like Basic insurance, Option B was subject to a maximum.

Option C

Option C (Family Optional Insurance) became effective in April 1981. Initially, the amount of coverage was $5,000 for the death of a spouse and $2,500 for the death of an eligible child.

In April 1999 multiples of Option C went into effect, with each multiple (up to five) worth $5,000 for the death of a spouse (for a maximum of $25,000) and $2,500 for the death of an eligible child (for a maximum of $12,500 for each child).

Accidental Death and Dismemberment (AD&D)

In November 2000, we added the exclusion for "driving a vehicle while intoxicated, as defined by the laws of the jurisdiction in which you were operating the vehicle".

Previously, AD&D benefits were payable only if the death or dismemberment happened within 90 days of the accidental injury. In February 2003, the 90-day period was extended to one year.

In August 2004, we removed the exclusion for hernia.

ELIGIBILITY

- **Eligibility for Life Insurance**
- **Employees Excluded from Coverage**
- **Eligible Family Members under Option C**
- **Foster Child**
- **Child Incapable of Self-Support**
- **Historical Information**

ELIGIBILITY FOR LIFE INSURANCE

- **Basic Insurance**
- **Optional Insurance**

Basic Insurance

As a Federal employee, you automatically have Basic insurance, unless you waive it or you are in a position excluded from FEGLI by law or regulation.

Optional Insurance

Optional insurance is not automatic; you must elect it.

You may elect Optional insurance if:

- You have Basic insurance;
- You do not have a waiver of that type of Optional insurance still in effect (or a waiver of that number of Option B or Option C multiples still in effect); and
- Your periodic pay, after all other deductions, is enough to cover the full cost.

EMPLOYEES EXCLUDED FROM COVERAGE

- **Exclusions by Law**
- **Exclusions by Regulation**

Exclusions by Law

The law excludes you from FEGLI coverage if:

- You are an employee of a corporation supervised by the Farm Credit Administration, if private interests elect or appoint a member of the board of directors;
- You are not a citizen or national of the United States and your permanent duty station is outside the United States. *Exception*: You are eligible for FEGLI if you met the definition of employee on September 30, 1979, by service in an Executive agency (as defined in 5 U.S.C. 105), the United States Postal Service, or the Smithsonian Institution in the area which was then known as the Canal Zone;
- You are a teacher in a Department of Defense dependents school overseas, if employed by the Federal Government in a non-teaching position during the recess period between school years; or
- You were first employed by the Government of the District of Columbia on or after October 1, 1987. *Exceptions*: You are eligible for FEGLI if you are:
  - An employee of St. Elizabeth's Hospital, who accepts employment with the District of Columbia Government following Federal employment without a break in service, as provided in section 6 of Pub. L. 98-621;
  - The Corrections Trustee or an employee of the Trustee who accepts employment with the District of Columbia Government within three days after separating from the Federal Government;
  - The Pretrial Services, Parole, Adult Probation and Offender Supervision Trustee or an employee of the Trustee;
  - Effective October 1, 1997, a judicial or non-judicial employee of the District of Columbia Courts, as provided by Pub. L. 105-33; or
  - Effective April 1, 1999, an employee of the Public Defender Service of the District of Columbia, as provided by Pub. L. 105-274.

Exclusions by Regulation

The regulations exclude you from FEGLI coverage if:

- You are serving under an appointment limited to one year or less. *Exceptions*: You are eligible for FEGLI coverage if:
  - Your full-time or part-time temporary appointment has a regular tour of duty and follows a position in which you were insured, with a break in service of no more than three days (unless during that prior position you had already completed 12 months in nonpay status);
  - You are an acting postmaster;
  - You are a Presidential appointee appointed to fill an unexpired term; or
  - You are a temporary employee who receives a provisional appointment as defined in 5 CFR 316.403;

- You are employed for an uncertain or purely temporary period, employed for brief periods at intervals, or are expected to work less than six months in each year. *Exception*: You are eligible for FEGLI coverage if you are employed under an OPM-approved career-related work-study program under Schedule B lasting at least 1 year, and you are expected to be in pay status for at least one-third of the total period of time from the date of your first appointment to the completion of the work-study program;
- You are an intermittent employee (a non-full-time employee without a regularly scheduled tour of duty). *Exception*: You are eligible for FEGLI coverage if your appointment follows, with a break in service of no more than three days, a position in which you were insured and to which you are expected to return (unless during that prior position you had already completed 12 months in nonpay status);
- Your pay, on an annual basis, is $12 a year or less;
- You are a beneficiary or patient employee in a Government hospital or home;
- You are paid on a contract or fee basis. *Exception*: You are eligible for FEGLI coverage when you are a United States citizen, appointed by a contract between you and the Federal employing authority which requires your personal service, and paid on the basis of units of time; or
- You are paid on a piecework basis. *Exception*: You are eligible for FEGLI coverage when your work schedule provides for full-time or part-time service with a regularly scheduled tour of duty.

OPM makes the final determination about whether the above categories apply to a specific employee or group of employees.

If you have an interim appointment under 5 CFR 772.102, you are eligible for FEGLI coverage even if your position is excluded by regulation. You are not eligible if your position is excluded by law.

ELIGIBLE FAMILY MEMBERS UNDER OPTION C

- **Family Members**
- **Spouse**
- **Children**
- **Recognized Natural Child**
- **Parent-Child Relationship**

Family Members

The FEGLI law defines family members for Option C coverage as your spouse and your unmarried dependent children under age 22.

No other family members are eligible under your Option C coverage.

Spouse

Option C covers your spouse of the opposite sex from a legal religious or civil ceremony. It also covers your spouse from a valid common-law marriage.

NOTE: All states do not recognize common-law marriage. You need to check with your state – not your agency or OPM -- to determine the validity of a common- law marriage.

This does not include a former spouse, a spouse from a same-sex marriage or a domestic partner.

Your spouse loses eligibility (and coverage) on the date your divorce is final. There is no 31-day extension of coverage or right to convert.

Children

Children must be unmarried and under age 22 to be eligible under Option C,

Exception: A child age 22 or over is eligible only if the child is incapable of self-support because of a physical or mental disability that existed before the child reached age 22.

Your eligible dependent children include:

- A child born within or outside of a marriage;
- An adopted child;
- A recognized natural child (including children born out of wedlock); or
- A stepchild or foster child who lives with you in a regular parent-child relationship.

Children born within marriage and adopted children are eligible whether or not they live with you or are financially dependent upon you.

See "Recognized Natural Child" for eligibility requirements of recognized natural children.

Stepchildren and foster children must live with you in a regular parent-child relationship to be eligible under Option C.

A stillborn child is *not* an eligible family member under Option C.

A grandchild is *not* an eligible family member under Option C (unless the grandchild meets all the requirements of a foster child).

If your child's marriage ends and he/she is under the age of 22 or over the age of 22 and incapable of self-support, the child is again an eligible family member under Option C.

Recognized Natural Child

A recognized natural child is your child born outside of marriage, whom you have acknowledged as your child. A recognized natural child is an eligible family member if he/she lives with you or if you contribute to the support of the child.

An insured individual is considered to be the father of such a child under one or more of the following conditions:

- The individual acknowledged paternity in writing;
- A court ordered the individual to provide support;
- Before the individual died, a court pronounced him to be the father;
- The individual named himself as the father on a certified copy of the public record of birth or church record of baptism; or
- Public records, such as records of schools or social welfare agencies, show that – with his knowledge – the individual was named as the father of the child.

If paternity is not established by one of the above means, OFEGLI may consider other evidence, such as the child's eligibility as a recognized natural child under other State or Federal programs or proof that the father included the child as a dependent child on his income tax returns.

Parent-Child Relationship

A “regular parent-child relationship” means that you are:

- Exercising parental authority, responsibility, and control over the child;
- Caring for, supporting, disciplining, and guiding the child; and
- Making decisions about the child's education and medical care.

FOSTER CHILD

- **Eligibility Requirements**
- **When Coverage Ends**
- **When a Child Is Not Considered a Foster Child**
- **How to Get a Foster Child Covered**
- **Sample Certification**

Eligibility Requirements

Your foster child is eligible to be covered under Option C when:

- The child is unmarried and under age 22 (if the child is over age 22, he/she must be incapable of self-support because of a physical or mental disability that existed before the child reached age 22);
- The child lives with you;
- The parent-child relationship is with you, not the child's biological parent;
- You are the child's primary source of financial support; and
- You expect to raise the child to adulthood.

These requirements for coverage of foster children under FEGLI are the same as those for coverage of foster children under the Federal Employees Health Benefits (FEHB) Program or the Federal Employees Dental and Vision Insurance Program (FEDVIP). If you already have a certification on file for the FEHB or FEDVIP Program, you do not have to complete a new certification for Option C coverage, unless you are electing or increasing Option C because you acquire a foster child.

You do not need to be related to the child; nor do you need to legally adopt him/her. As long as the above requirements are met, the child is an eligible foster child, even if:

- The child's natural parents are alive;
- The child's natural parent(s) lives with you; or
- The child receives some financial support from other sources (for example, Social Security payments or support payments from a parent).

Common examples of a foster parent-child relationship are:

- You are living with, supporting, and raising a child whose parents have died.
- A child is living with you under a pre-adoption agreement.
- A child is in your legal custody.

When Coverage Ends

Your foster child's coverage continues until he/she:

- Marries;
- Reaches age 22;
- Becomes capable of self-support if age 22 or over;
- Is no longer living with you; or
- Is no longer financially dependent on you.

If your foster child moves out of your home to live with a biological parent, the child cannot again be covered as your foster child unless:

- The biological parent dies;
- The biological parent is imprisoned;
- The biological parent becomes unable to care for the child due to a disability; or
- You obtain a court order for custody that takes parental responsibility from the biological parent and gives it to you.

When a Child Is Not Considered a Foster Child

A child is *not* considered a foster child when:

- The child has been placed in your home by a welfare or social service agency under an agreement where the agency retains control of the child and/or pays for maintenance.
- The child is living with you temporarily, or you are raising the child temporarily.

Example 1

Joyce's nephew moves in with Joyce while he is attending a nearby college. The nephew does not qualify as a foster child, since the living arrangement is a temporary one for convenience.

Example 2

Keith's unmarried teenage daughter has a baby. Keith and his wife are raising the grandchild while their daughter finishes school. The grandchild does not qualify as a foster child, since Keith is raising the child only temporarily and there is no expectation that Keith will be raising the child to adulthood.

How to Get a Foster Child Covered

For your foster child to be covered under Option C, you must sign a certification stating that your foster child meets all the requirements and that you will notify your employing office if the child marries, moves out of the home, or stops being financially dependent on you.

If you already have a certification on file for the FEHB Program or FEDVIP, you do not have to complete a new certification for Option C coverage, unless you are electing or increasing Option C because of acquiring a foster child.

Sample Certification

You may use the following pattern statement to establish your foster child's eligibility for coverage under Option C. Your employing office must file the original certification in your Official Personal Folder (or its equivalent).

CERTIFICATION FOR FOSTER CHILDREN

I have been informed of the following requirements for coverage of a foster child under the Federal Employees Health Benefits Program, the Federal Employees Dental and Vision Insurance Program and/or Option C of the Federal Employees' Group Life Insurance Program:

1. The child must be unmarried and under age 22. (If the child is over age 22, he/she can only be covered if he/she is incapable of self-support because of a disabling condition that began before age 22. I must provide documentation of this to my employing office.);
2. The child must be living with me;
3. The parent-child relationship must be with me, not with the biological parent. This means that I am exercising parental authority, responsibility, and control; I am caring for, supporting, disciplining, and guiding the child; and I am making the decisions about the child's education and medical care;
4. I must be the primary source of financial support for the child; and
5. I must expect to raise the child to adulthood.

I understand that if the child moves out of my home to live with a biological parent, he/she loses coverage and cannot ever again be covered as a foster child unless:

1. The biological parent dies;
2. The biological parent is imprisoned;
3. The biological parent becomes incapable of caring for the child due to a disability; or
4. I obtain a court order taking parental responsibility away from the biological parent and giving it to me.

This is to certify that: [name of child] lives with me; I have a regular parent-child relationship with [name of child], as described above; I am the primary source of financial support for [name of child]; and I intend to raise [name of child] into adulthood.

I will immediately notify both my employing office (and the health benefits carrier, if applicable) if the child marries, moves out of my home, or ceases to be financially dependent on me.

____
(Print name of employee/annuitant)

____
(Social Security number)

____
(Signature of employee/annuitant)

____
(Date)

(End of notice)

CHILD INCAPABLE OF SELF-SUPPORT

- **Coverage**
- **Requirements**
- **Documentation of Incapacity for Self-Support**
- **Medical Conditions That Would Cause Children to Be Incapable of Self-Support during Adulthood**

Coverage

Your unmarried dependent child age 22 or over is eligible to be covered under Option C if he/she is incapable of self-support because of a physical or mental disability that existed before the child reached age 22.

Requirements

Your employing office makes the determination as to whether your over aged dependent is eligible for coverage. Your child age 22 or over may be considered incapable of self-support only if his/her physical or mental disability is expected to continue for at least one year and, because of the disability, he/she isn't capable of working at a self-supporting job. (Self-supporting is usually considered to be the equivalent of a GS-5, step 1, salary.)

A disability such as blindness or deafness is not qualifying in itself because it does not necessarily make someone incapable of self-support. The onset of a disease before age 22 that doesn't result in incapacity for self-support until age 22 or after does not qualify a child for continued eligibility for coverage under Option C.

The criteria for your employing office's determination are the same as those for the FEHB Program and FEDVIP. If you have already established eligibility for your child under the FEHB Program, you do not need to establish eligibility again under FEGLI.

Documentation of Incapacity for Self-Support

To continue your child's eligibility under Option C once he/she reaches age 22, you must submit to your employing office a doctor's certificate about your child's disability. The doctor must sign the certificate, and the certificate must show the doctor's office address.

The certificate must state the following:

- Your child's name;
- That your child is incapable of self-support because of a physical or mental disability;
- That the disability started before the child reached age 22;

- That the disability is expected to continue for more than one year;
- The type of disability;
- How long the disability has existed; and
- The disability's expected future course and duration.

Your employing office must document its determination in your Official Personnel Folder (or its equivalent). The determination may be permanent or it may be for a specific period of time, after which you will need to provide additional information to continue your child's eligibility. If you have already established eligibility for your child under the FEHB Program or FEDVIP, you do not need to establish eligibility again under FEGLI.

When you file a claim for the death of an overage dependent, your employing office must certify to OFEGLI that the child met the requirements for coverage. If you don't have an employing office determination on file, you may provide the required doctor's certificate after the child's death so that your employing office can make a determination and certification to OFEGLI.

Medical Conditions That Would Cause Children to Be Incapable of Self-Support during Adulthood

Documentation of one of the following conditions automatically makes your child age 22 or over eligible for coverage under Option C. If your child's condition is not listed, your employing office will make its determination based on the documentation you submit:

- AIDS – CDC classes A3, B3, C1, C2, and C3 (not seropositivity alone)
- Advanced muscular dystrophy
- Any malignancy with metastases or which is untreatable
- Chronic hepatic failure
- Chronic neurological disease, whatever the reason, with severe mental retardation or neurologic impairment, for example:
    - Cerebral palsy
    - Ectodermal dysplasia
    - Encephalopathies
    - Uncontrollable seizure disorder
- Chronic renal failure
- Inborn errors of metabolism with complications, such as the following:
    - Adrenoleukodystrophy
    - Gaucher disease
    - Glycogen storage diseases
    - Homocysteinuria
    - Lesch-Nyhan disease
    - Mucopolysacharide disease
    - Nieman-Pick Disease
    - Phenylketonuria
    - Primary hyperoxaluria
    - Tay-Sachs disease

- Mental retardation with IQ of 70 or less
- Severe acquired or congenital heart disease with decompensation which is not correctable
- Severe autism
- Severe juvenile rheumatoid arthritis
- Severe mental illness requiring prolonged or repeated hospitalization
- Severe organic mental disorder
- Xeroderma pigmentosa

HISTORICAL INFORMATION

- **Active Duty Military**
- **Part-Time Employees**
- **D.C. Government Control Board**
- **Foster Children**

Active Duty Military

From August 1, 1956 until June 6, 1986 by law FEGLI coverage terminated whenever a Federal employee was called up to active military duty. As of June 6, 1986, employees called up to active duty could keep their FEGLI coverage for up to 12 months, just as any other employee in nonpay status. Public Law 110-181, the Department of Homeland Security Appropriations Act, enacted January 28, 2008, changed this provision by authorizing the continuation of life insurance coverage for up to 24 months instead of 12 months while in nonpay status.

Part-Time Employees

Part-time employees were originally excluded. They became eligible some time between 1961 and 1964.

D.C. Government Control Board

Employees of the D.C. Control Board (District of Columbia Financial Responsibility and Management Assistance Authority), who made an election under the Technical Corrections to Financial Responsibility and Management Assistance Act (section 153 of Pub. L. 104-134) to be considered Federal employees for life insurance and other benefits purposes were eligible for FEGLI coverage. (Employees of the D.C. Control Board who were former Federal employees were subject to the provisions of this Handbook concerning canceling waivers.)

Foster Children

Foster children became eligible for Option C coverage effective October 30, 1998. Before that, foster children were not eligible.

COST OF INSURANCE

- **Cost of Basic Insurance**
- **Withholdings for Basic Insurance**
- **Government Contribution for Basic Insurance**
- **Cost of Optional Insurance**
- **Withholdings for Optional Insurance**
- **Miscellaneous Withholding and Contribution Provisions**
- **Transferring to a Different Payroll Office**
- **Direct Premium Payments**
- **Remittance to OPM**
- **Adjusting Errors**
- **Historical Information**

COST OF BASIC INSURANCE

The cost of Basic insurance is shared between you and the Government. You pay two-thirds of the cost, and the Government pays one-third. *Exception*: The U.S. Postal Service (USPS) pays the full cost of Basic insurance for Postal employees.

Your age does not affect the cost of Basic insurance.

There is no extra cost for the extra benefit for those under age 45. There is no extra cost for Accidental Death and Dismemberment (AD&D) coverage.

The premium for Basic insurance does not change on a regular basis. The Office of Personnel Management (OPM) reviews the premiums periodically and will announce premium changes prior to their effective date. Premium changes are published in a *Federal Register* notice and are also sent to agencies and retirement systems. The premiums are also updated on the FEGLI website.

WITHHOLDINGS FOR BASIC INSURANCE

- **Amount of Withholding for Employees**
- **Amount of Withholding for Annuitants and Compensationers**
    - **Cost for Annuitants for Each $1,000 of Your BIA**
    - **Cost for Compensationers for Each $1,000 of Your BIA**

Amount of Withholding for Employees

Your share of the cost of Basic insurance is $0.15 biweekly for each $1,000 of your Basic Insurance Amount (BIA). This amount must be withheld from your pay for each pay period during which you are in pay status for any part of the pay period. *Exception*: The U.S. Postal Service (USPS) pays the full cost of Basic insurance for Postal employees.

Amount of Withholding for Annuitants and Compensationers

The "regular" premium for Basic insurance for annuitants and compensationers is the same amount as for employees; however, for annuitants it is computed on a monthly basis, and for compensationers it is computed every four weeks. *Exception*:

- USPS annuitants pay the same premium as other annuitants. They no longer receive the premium subsidy they received as active employees.
- USPS compensationers continue to receive the premium subsidy until they separate from service or complete 12 months in nonpay status, whichever happens first; after that, they pay the same premium as other compensationers.

If you are an annuitant, your retirement system will withhold your premium from your monthly annuity; if you are a compensationer, the Office of Workers' Compensation Programs (OWCP) will withhold your premium from your compensation. Basic withholdings for non-Postal compensationers begin as soon as you start receiving compensation, even during the first 12 months of nonpay status.

The total of the Basic premium(s) withheld from your annuity after retirement will depend on the reduction election you made at the time you retired or became insured as a compensationer. The reduction, if any, begins at age 65 or at retirement, whichever is later. *Exception*: If you retired or started receiving compensation before January 1, 1990, and elected 75 Percent Reduction, Basic insurance is free. See "Post-65 Reduction in the Amount of Coverage – Basic Insurance" and "Post-65 Reduction in the Amount of Coverage – Optional Insurance."

The "regular" premium for Basic insurance stops the month after you turn 65. If you elected 75 Percent Reduction, your Basic insurance is free once you are retired and reach 65.

If you elected 50 Percent Reduction or No Reduction, there is an extra premium for this higher level of coverage. The extra premium starts as soon as you retire or become insured as a compensationer and continues even after the regular premium stops at age 65.

Cost for Annuitants for Each $1,000 of Your Basic Insurance Amount

	75 Percent Reduction	50 Percent Reduction	No Reduction
Until the Month after Your 65th Birthday	$0.3250 monthly	$0.9250 monthly	$2.1550 monthly
Starting the Month after Your 65th Birthday	Free	$0.60* monthly	$1.83* monthly

* The applicable withholding for 50 Percent Reduction or No Reduction will be withheld from your annuity for life (unless you cancel your coverage or change to 75 Percent Reduction).

If you retired before January 1, 1990, Basic insurance is free before and after your 65th birthday.

Withholdings are based on your Basic Insurance Amount (BIA) at the time of your retirement. If you elected 50 Percent Reduction, the withholdings do not change when the amount of insurance in force begins to reduce.

Cost for Compensationers for Each $1,000 of Your BIA

	75 Percent Reduction	50 Percent Reduction	No Reduction
Until the Month after Your 65th Birthday	$0.30 every 4 weeks	$0.86 every 4 weeks	$1.98 every 4 weeks
Starting the Month after Your 65th Birthday	Free	$0.56 every 4 weeks*	$1.68 every 4 weeks*

* The applicable withholding for 50 Percent Reduction or No Reduction will be withheld from your compensation for life (unless you cancel your coverage or change to 75 Percent Reduction).

If you started receiving compensation before January 1, 1990, Basic insurance is free before and after your 65th birthday.

Withholdings are based on your BIA at the time of your continuation of insurance as a compensationer. If you elected 50 Percent Reduction, the withholdings do not change when the amount of insurance in force begins to reduce.

Example

Kim elected 50 Percent Reduction for her Basic insurance upon her retirement. Her BIA is $66,000 and her 65th birthday is 02-21-06. She will pay $61.05 ($0.9250 x 66) monthly for this coverage through February 2006. Beginning March 2006 the premium will be $39.60 ($0.60 x 66) monthly. (This will show up in her April annuity payment, which is for the month of March.)

Starting on April 1, 2006, her coverage will begin reducing by 1 Percent per month and will continue to reduce until the 50 Percent Reduction is completed. She will continue to pay the monthly premium for the 50 Percent reduction for the rest of her life, unless she cancels her insurance or changes to the 75 Percent Reduction.

GOVERNMENT CONTRIBUTION FOR BASIC INSURANCE

- **Government Contribution**
- **Employees**
- **Annuitants and Compensationers**

Government Contribution

The Government's share of the cost of Basic insurance is an amount equal to one-half of your withholding (which means one-third of the total premium). (See *Exception* above for USPS employees.) The current government share per $1,000 is $0.0750 biweekly and $ 0.1625 monthly.

Employees

Your agency must pay the Government contribution for each pay period during which you are insured and in pay status for any part of the pay period.

The Government contribution comes from the appropriation or fund that is used for the payment of your salary. For an elected official, the contribution must come from the appropriation or fund that is available for payment of other salaries in the same office.

Annuitants and Compensationers

For annuitants, OPM pays the Government contribution. *Exception*: The USPS pays the Government contribution for Postal annuitants retired after December 31, 1989.

For compensationers, your agency continues to pay the Government contribution until you separate from service or complete 12 months in nonpay status, whichever happens first; after that, OPM pays the Government contribution. *Exception*: The USPS continues to pay the Government contribution for Postal compensationers who became insured as compensationers after December 31, 1989, even after you have separated or completed 12 months in nonpay status.

Note: The Government contribution for annuitants and compensationers is based on the "regular" premium for Basic insurance. There is no Government contribution toward the extra premium for those who elect 50 Percent Reduction or No Reduction.

The Government contribution stops the month after your 65th birthday, the same time your regular premium withholding for Basic insurance stops.

COST OF OPTIONAL INSURANCE

- **Payment for Optional Insurance**
- **Age Bands**

Payment for Optional Insurance

You pay the full cost of all Optional insurance. There is no Government contribution toward the cost of any Optional insurance.

AD&D coverage is for employees only. There is no extra cost for the AD&D coverage included under Option A.

The premiums for Optional insurance do not change on a regular basis. OPM reviews the premiums periodically and will announce premium changes prior to their effective date. Premium changes are published in a *Federal Register* notice and are also sent to agencies and retirement systems. The premiums are also updated on the FEGLI website.

Age Bands

The cost of Optional insurance depends on your age. Optional insurance premiums are based on five-year age bands beginning at age 35. You are considered to reach the next age band on the pay period following the pay period in which your birthday occurs.

Example

Laurence is 44 and has Basic insurance, Option A, and 2 multiples of Option B. On August 10, 2006, Laurence turned 45. He began paying the Option A and Option B premiums for the age 45-49 age bracket the pay period beginning August 20, 2006.

WITHHOLDINGS FOR OPTIONAL INSURANCE

- **Option A – Employees**
- **Option B – Employees**
- **Option C – Employees**
- **Annuitants and Compensationers**

Option A – Employees

The biweekly cost* of Option A coverage is:

For employees under age 35	$0.30
For employees ages 35 through 39	$0.40
For employees ages 40 through 44	$0.60
For employees ages 45 through 49	$0.90
For employees ages 50 through 54	$1.40
For employees ages 55 through 59	$2.70
For employees ages 60 through 64	$6.00
For employees ages 65 through 69	$6.00
For employees ages 70 and over	$6.00

This amount must be withheld from your pay for each pay period during which you are in pay status for any part of the pay period.

* *These are the current rates. They may change in future years.*

Option B – Employees

The biweekly cost* per $1,000 of Option B coverage is:

For employees ages 35 and under	$0.03
For employees ages 35 through 39	$0.04
For employees ages 40 through 44	$0.06
For employees ages 45 through 49	$0.09
For employees ages 50 through 54	$0.14
For employees ages 55 through 59	$0.28
For employees ages 60 through 64	$0.60
For employees ages 65 through 69	$0.72
For employees ages 70 through 74	$1.20
For employees ages 75 through 79	$1.80
For employees ages 80 & Over	$2.40

This amount must be withheld from your pay for each pay period during which you are in pay status for any part of the pay period.

* *These are the current rates. They may change in future years.*

Option C – Employees

The biweekly cost* per multiple of Option C coverage is:

For employees under age 35	$0.27
For employees ages 35 through 39	$0.34
For employees ages 40 through 44	$0.46
For employees ages 45 through 49	$0.60
For employees ages 50 through 54	$0.90
For employees ages 55 through 59	$1.45
For employees ages 60 through 64	$2.60
For employees ages 65 through 69	$3.00
For employees ages 70 through 74	$3.40
For employees ages 75 through 79	$4.50
For employees ages 80 and over	$6.00

This amount must be withheld from your pay for each pay period during which you are insured and in pay status for any part of the pay period.

* *These are the current rates. They may change in future years.*

Note: Option C premiums are based on *your* age, not the age of any of your eligible family members.

You can use the FEGLI Calculator to calculate the cost of FEGLI coverage.

Annuitants and Compensationers

The cost of Optional insurance for annuitants and compensationers is the same as that for employees; however, for annuitants it is computed on a monthly basis, and for compensationers it is computed every four weeks. The premiums for compensationers (who are paid every four weeks) are two times the biweekly premium.

The cost continues to increase when you move to a new age band, just as it does for employees.

For Option A, withholdings stop the month after your 65th birthday, and the coverage is free.

For Options B and C, whether you continue to pay premiums in retirement/compensation after age 65 depends on the election you make regarding the amount of reduction you want when you turn 65. If you elect Full Reduction, withholdings stop the month after your 65th birthday, and the coverage is free while it is reducing. If you elect No Reduction, withholdings for your appropriate age band continue after age 65 (unless you cancel coverage or change to Full Reduction).

MISCELLANEOUS WITHHOLDING AND CONTRIBUTION PROVISIONS

Basis for Withholdings and Contributions

Withholdings (and Government contributions, when applicable) are based on the amount of insurance last in force during the pay period. Usually this is the amount of insurance you have on the last day of the pay period. However, if you die or separate during a pay period, the amount of withholding is based on the amount of insurance in force on the date of your death or separation.

The amount of withholdings and contributions for non-Postal intermittent employees must be determined at the end of each pay period.

There are no pro-rated premiums. You pay the premium for the full pay period even if you were paid for only part of that pay period.

Other Than Biweekly Pay Periods

If you are paid on a basis other than biweekly, your employing office must convert the biweekly amount to correspond to your pay periods. For Basic insurance and Option B, your agency must adjust the amount to the nearest one-tenth of 1 cent. For Options A and C, your agency must adjust the amount to the nearest cent.

Annual Pay for Other Than 52 Workweeks

If your annual pay is paid during a period shorter than 52 workweeks, the amount withheld from your pay is the amount obtained by converting the biweekly rate to an annual rate and prorating the annual rate over the number of installments of pay regularly paid during the year.

Example

Lenore has a salary of $47,500, giving her a BIA of $50,000. She is paid biweekly but works only 20 pay periods each year.

1. *Convert the biweekly rate to an annual rate ($0.15 x 26 pay periods = an annual rate of $3.90 per $1,000 of coverage).*
2. *Divide the annual rate by the number of pay periods ($3.90 ÷ 20 = $0.195 per $1,000 of coverage per pay period, or $0.195 x 50 = $9.75 per pay period).*

This calculation process applies to both Basic and Optional insurance. For Optional insurance, use the applicable age band rate to convert biweekly rate to an annual rate. It is used mostly for classes of employees, such as teachers, who are paid an annual pay but who usually receive their pay over a 9- or 10-month school year.

It does not apply to classes of employees who are paid at hourly, daily, or other rates, even though these rates may be derived from an annual pay rate.

Effect of a Living Benefit Election

If you elect a full living benefit, your withholding for Basic insurance and the Government contribution stop at the end of the pay period in which your living benefit election is effective.

If you elect a partial living benefit (available to employees only), your withholding for Basic insurance and the Government contribution are each reduced at the end of the pay period in which your living benefit election is effective. The new withholding and contribution amount are based on your post-election BIA. This post-election Basic Insurance Amount never changes. The post-election Basic Insurance Amount remains the same even if your salary changes.

A living benefit election has no effect on your withholdings for Optional insurance.

Example

Matthew has Basic insurance and 1 multiple of Option B. His salary is $43,879, giving him a BIA of $46,000. He elected a partial living benefit, which was effective 8/18/06; his post-election BIA is $6,000. Starting with the pay period ending 8/19/06, Matthew's withholding for

Basic insurance will be based on his $6,000 post-election BIA. The withholding for his Option B coverage will still be based on $44,000, since the value of his Option B didn't change.

Concurrent Employment

The agency which pays the higher salary does the withholding and pays the Government contribution. *Exception*: If you are in nonpay status from one position, the agency that is still paying salary does the withholdings and pays the Government contribution.

Separation for Retirement or Compensation

No withholdings or contributions are required between the end of the pay period in which you separate and the beginning date of your annuity or compensation.

Nonpay Status

Your FEGLI coverage continues for up to 12 months when you go into nonpay status.

If you are in nonpay status for part of a pay period, premiums will be withheld from your salary. The withholdings and Government contribution for FEGLI Basic and the withholdings for optional coverage are required for the full pay period, even if you only worked for part of the pay period. FEGLI premiums are not prorated.

No payment is required when you are in nonpay status for an entire pay period. This applies to both your share and the Government contribution. *Exceptions*:

- If you are in nonpay status while receiving compensation, OWCP will make withholdings from your compensation. Your employing office pays the Government contribution until you separate or complete 12 months in nonpay status. *Note*: The U.S. Postal Service (USPS) continues to pay the full cost of Basic insurance for Postal employees during their first 12 months in nonpay status while in receipt of compensation, or until separation, if that is earlier.
- If you accept another position while you are in nonpay status, the agency that is actually paying you a salary will withhold premiums from your salary. The withholding for Basic insurance (and for Option B, if you have that coverage) is based on the combined salaries of the two positions, unless the "new" position is a temporary position (in that case the withholdings for Basic and Option B will be based on whichever salary is higher).
- There are certain nonpay situations during which you must continue to make premium payments on a direct pay basis. See "Special Nonpay Situations."

Insufficient Pay

Occasional

Deductions from pay are made according to the order of precedence set forth in the Treasury Financial Manual. After all other required deductions, if your pay for a particular pay period is not enough to cover the full withholdings for life insurance, the amount withheld must first be applied to Basic insurance. Any balance of pay remaining must then be applied to Optional insurance (first to Option B, then Option A, then Option C).

Ongoing

When your employing office expects that during the next six months or more, your regular pay (or annuity or compensation), after all other deductions, will not be enough to cover the required withholdings for your insurance, your employing office must notify you.

You may cancel or reduce other deductions that are not mandatory from your pay in order to bring the net pay up to the required amount.

If you have more than one type of Optional insurance, and your pay is not enough to cover all the premiums but is enough for the premiums of one or more of the coverages, you can reduce coverage to a point where your pay is enough to cover the withholdings.

You may also choose to pay premiums directly. If you do not choose direct payment, and you do not choose to terminate some or all of your coverage, your employing office will terminate your coverage administratively. If your pay is not sufficient for any premium withholding, all coverage will be terminated. Your employing office will terminate coverage in the following order:

- The multiples of Option C; then
- Option A; then
- The multiples of Option B; then
- Basic insurance.

Terminal Leave

A withholding is not normally made from a lump-sum payment for annual leave when you separate from Federal service. However, if the insured has an underpayment of premiums the agency can collect from the annual leave lump-sum payment.

TRANSFERRING TO A DIFFERENT PAYROLL OFFICE

- **Daily Proration Rule**
- **Daily Rate**
  - **Basic Insurance**
  - **Optional Insurance**
- **Retiring Employees**
  - **Under Age 65 on the Starting Date of Annuity**
  - **Age 65 or over on the Starting Date of Annuity**

Daily Proration Rule

The Daily Proration Rule applies when you transfer to a position serviced by a different payroll office at a time other than the beginning of the pay period or when the two agencies are on different pay periods. Each payroll office (gaining and losing) is responsible for withholdings and contributions for the actual time you occupied the position that it services.

Daily Rate

Compute a daily rate by multiplying the biweekly withholding and contribution rate by 26, then dividing by 364.

Biweekly withholding* x 26÷ 364

* For Basic, the contribution withholding must also be computed. See examples below.
Note: The denominator is always 364, even during a leap year.

Basic Insurance

For Basic insurance, the daily withholding rate is $0.0107 and the daily Government contribution rate is $0.0054 per $1,000 of coverage. The formula for determining the amount of withholdings and contributions for which losing and gaining agencies are responsible is:

Daily rate x Coverage Amount ÷ $1,000 x Days on payroll

Example

Marcia transfers to a different agency on the sixth day into a biweekly pay period. Her BIA is $54,000. The losing agency is responsible for:

Withholding: $0.0107 x $54,000 ÷ $1,000 x 5 days = $2.89
Contribution: $0.0054 x $54,000 ÷ $1,000 x 5 days = $1.46

The gaining agency is responsible for:

Withholding: $0.0107 x $54,000 ÷ $1,000 x 9 days =$5.20
Contribution: $0.0054 x $54,000 ÷ $1,000 x 9 days =$2.62

Optional Insurance

The payroll office must compute a daily rate for Optional insurance coverage, using the same formula as for Basic insurance. (See tables for the biweekly withholding rates for Option A, Option B, and Option C.)

For Option A, the formula for determining the amount of withholding is:

Daily rate x Days on payroll

The formula for determining the amount of Option B withholdings is the same as for Basic insurance:

Daily rate x Coverage Amount ÷ $1,000 x Days on payroll

For Option C, the formula for determining the amount of withholdings is:

Daily rate x Number of multiples x Days on payroll

Example

Marcia also has Option A, one multiple of Option B, and two multiples of Option C. She is 38 years old. The losing agency is responsible for withholding:

Option A: $0.0286 [$0.40 x 26 ÷ 364] x 5 days = $0.14
Option B: $0.0029 [$0.04 x 26 ÷ 364] x $52,000 ÷ $1,000 x 5 days = $0.75
Option C: $0.0243 [$0.34 x 26 ÷ 364] x 2 multiples x 5 days = $0.24

The gaining agency is responsible for withholding:

Option A: $0.0286 [$0.40 x 26 ÷ 364] x 9 days = $0.26
Option B: $0.0029 [$0.04 x 26 ÷ 364] x $52,000 ÷ $1,000 x 9 days = $1.36
Option C: $0.0243 [$0.34 x 26 ÷ 364] x 2 multiples x 9 days = $0.44

Retiring Employees

For retiring employees, your employing office's responsibility for withholdings and contributions depends on your age at the time of retirement.

Under Age 65 on the Starting Date of Annuity

If your annuity starts after the end of the pay period, your employing office will make full withholdings and contributions for the entire pay period.

If your annuity starts before the end of the pay period, your employing office will make withholdings and contributions through the day before the start of your annuity, using the Daily Proration Rule.

See the CSRS/FERS Handbook section entitled “Retirement Eligibility” for the rules governing the starting date of CSRS/FERS annuities.

Example

Nathaniel is age 60 and his annuity starts 8/3/06. The pay period begins on 7/23/06 and ends on 8/5/06. He will carry Basic and Option A into retirement. His BIA is $72,000. His employing office will make withholdings and contributions for the period from 7/23/06 through 8/2/06.

Basic withholding: $0.0107 x $72,000 ÷ $1,000 x 11 days = $8.47
Basic contribution: $0.0054 x $72,000 ÷ $1,000 x 11 days = $4.28
Option A withholding: $0.4286 ($6.00 x 26 ÷364) x 11 days = $4.71

Age 65 or over on the Starting Date of Annuity

Your employing office's responsibility for withholdings and contributions will depend on your post-65 election.

For Basic insurance, if you elect 75 Percent Reduction, your employing office will make withholdings and contributions through the end of the pay period in which you separate for retirement without any proration. If you elect 50 Percent Reduction or No Reduction, your employing office will prorate the Basic withholdings and contributions based on the starting date of your annuity, the same as for retiring employees under age 65.

For Option A, your employing office will make withholdings through the end of the pay period in which you separate for retirement without any proration.

For Option B and Option C, if you elect Full Reduction, your employing office will make withholdings through the end of the pay period in which you separate for retirement without any proration. If you elect No Reduction for Option B or Option C, your employing office will make withholdings based on the starting date of your annuity, the same as for retiring employees under age 65.

Example

Natalie is age 67 and has elected to carry Basic insurance into retirement with No Reduction and 3 multiples of Option B with Full Reduction. Her BIA is $68,000, and Option B coverage is $198,000 ($66,000 X 3). Her annuity started 11/1/06; the pay period began on 10/29/06 and ended on 11/11/06.

Natalie's employing office made withholdings and contributions for the period from 10/29/06 through 10/31/06 for Basic insurance. Her employing office made withholdings through the end of the pay period (11/11/06) for Option B coverage.

DIRECT PREMIUM PAYMENTS

- **When Your Pay Is Insufficient on an Ongoing Basis**
- **Sample Notice**
- **If You Choose to Terminate Coverage**
- **If You Choose to Continue Coverage**
- **What Are the Effects of a Cancellation?**
- **When Pay Becomes Large Enough for Premium Withholdings:**
  - **If You Chose Termination**
  - **If You Chose Direct Pay**

When Your Pay Is Insufficient on an Ongoing Basis

Your employing office must give you a written notice as soon as it becomes aware that your pay (or annuity or compensation) will be insufficient to cover the required withholdings for at least six months. The notice will provide your current level of FEGLI coverage, the biweekly cost of the FEGLI coverage and the choices you can make. If your employing office cannot give you the notice directly, it must send the notice by first class mail.

You must choose either to terminate some or all of your FEGLI coverage or to continue your coverage by making direct premium payments. You must make your choice and return the completed notice to your employing office within 31 days after you receive the notice (45 days if you live overseas). When your employing office mails your notice, it is considered to be received five days after the date of the notice (19 days if you live overseas.)

Exceptions:

- This does not apply to employees in a nonpay status.
- If you have assigned your coverage, your employing office must give the notice to your assignee(s), instead of you.

Sample Notice

FEDERAL EMPLOYEES' GROUP LIFE INSURANCE (FEGLI) OPTIONS
WHEN PAY IS INSUFFICIENT FOR WITHHOLDING PREMIUMS

Name of Insured Individual: ____________________________
Date: ____________________

You must respond with your election to continue within 31 days of this notice (45 days if you live overseas) or your FEGLI coverage will be terminated.

We have determined that your (salary/annuity/compensation) is not large enough for withholding FEGLI premiums and will continue to be insufficient on an ongoing basis. You are currently enrolled in Basic, Option A, and Option B. The biweekly premium for Basic is $0.00, Option A $0.00, and Option B $0.00.

You have three choices: To terminate all of your FEGLI coverage, to terminate some of your FEGLI coverage, or to continue your FEGLI coverage by paying the premiums directly on a current basis.

TERMINATION: If you choose to terminate your coverage (or if you don't return this notice on time, and your coverage is terminated administratively), the termination will take effect at the end of the last pay period for which premiums were withheld. Your coverage will continue for an additional 31 days at no cost to you. During those 31 days, you will be eligible to convert to a nongroup policy. You have been given the information necessary for you to convert.

You may terminate all of your FEGLI coverage or just a part of it. If you terminate only a part of your coverage, the premiums for the remaining coverage will be withheld from your (salary/annuity/compensation), if it is large enough to do so. If your pay is still insufficient for the withholdings for the remaining insurance, you must make direct payments, or that remaining coverage will terminate.

When your salary again becomes sufficient for the premium withholdings, any terminated coverage will be reinstated automatically. If you converted any of your coverage, you must contact the insurance company to terminate the conversion policy or coverage will not be reinstated when your annuity/compensation again becomes sufficient for the premium withholdings.

CONTINUATION: If you choose to continue your FEGLI coverage, you must pay the premiums directly. Your check (or money order) in the amount of __________ must be made payable to ______________________. Include on the check your name, Social Security number, (CSA/CSI number), a note that the payment is for “FEGLI premium,” and the (pay period/month) for which the payment is being made. Mail to: ____________________________________.

By choosing to continue your coverage and make direct premium payments, you are agreeing that if you do not make the payments, your coverage will be cancelled. If your coverage is cancelled for nonpayment, you will not have the right to convert, [and your coverage will not be reinstated if your salary eventually becomes large enough for the premium withholdings].

Please check the appropriate space(s) below, sign the notice, and return it to your employing office at ______________________________. If you have any questions, contact _________________________ at ________________ (Insert name and phone number of employing office contact).

TO BE COMPLETED BY [EMPLOYEE/ANNUITANT/COMPENSATIONER/ASSIGNEE]:

I have read this notice, and I understand my choices. I choose the following:

1. _____ I choose to terminate all my FEGLI coverage. (*Either* . . . I understand that the coverage will be reinstated automatically when my salary becomes sufficient for withholding the premiums. *Or* . . . I understand that my coverage will not be reinstated when my annuity/compensation becomes sufficient for premium withholdings.)
2. I choose to terminate only the following FEGLI coverage(s):

   ________ Option C (Show number of multiples [1-5] you want to terminate)
   ________ Option A
   ________ Option B (Show number of multiples [1-5] you want to terminate)

   I understand that the premium for the coverage(s) that remain will be withheld from my pay if it is sufficient for doing so; otherwise I must pay my premiums directly on a current basis. (*Either* . . . I understand that the terminated coverage will be reinstated automatically when my salary becomes sufficient for withholding the premiums. *Or* . . . I understand that the terminated coverage will not be reinstated when my annuity/compensation becomes sufficient for premium withholdings.)

3. _____ I choose to continue my FEGLI coverage by paying my premiums directly. I understand that if I do not make the payments on a current basis, my coverage will be cancelled (and will not be reinstated when my salary becomes sufficient for withholding the premiums).

   __________________ (Insured's/Assignee's signature) _________(Date)

(End of Notice)

If You Choose to Terminate Coverage

You may choose to terminate some or all of your coverage. If you terminate enough coverage so that your pay is sufficient for withholding the premiums for the rest, your salary withholdings will continue. If you terminate some coverage but your pay is still not enough for the remaining withholdings, you must make direct payments for the premiums for the remaining coverage.

If you do not return the notice making a choice within the required time frame, your employing office will terminate administratively as much coverage as necessary to allow for premium withholdings. If your pay is not sufficient for any premium withholding, all coverage will be terminated. Your employing office will terminate coverage in the following order:

- The multiples of Option C; then
- Option A; then
- The multiples of Option B; then
- Basic insurance.

If you choose to terminate some or all of your FEGLI coverage, or if you do not return the notice making a choice within the time limit, your coverage will terminate retroactive to the end of the last pay period in which premiums were withheld from your pay. You will get the 31-day extension of coverage and the right to convert.

Your employing office will prepare a memo indicating the reason for the termination and attach it to the most recent *Life Insurance Election (*SF 2817) or open season election form in your file (or scan it, if your agency uses electronic files). Your employing office will give you the information necessary to convert your FEGLI coverage.

This termination is *not* considered a break in the continuous coverage needed for employees to continue FEGLI into retirement.

If You Choose to Continue Coverage

If you choose to continue your FEGLI coverage, you must agree to pay the premiums directly on a current basis. You cannot have some of the premiums withheld and make direct payment for the rest.

Your employing office will set up a system to collect the premiums.

You must make premium payments after each pay period in which you are covered, according to the schedule set by your employing office. If your employing office does not receive your payment by the due date, it will send you a notice stating that for your coverage to continue, you must make payment within 15 days (45 days if you live overseas) after you receive the notice. If you do not make any further payments, your coverage will be cancelled retroactive to the end of the pay period for which you last paid the premium.

If you were unable to make timely premium payments for reasons beyond your control, you may ask your employing office to reinstate your coverage. You must make your request in writing within 30 days from the cancellation date and must include documentation of the reasons. If your employing office grants your request, your coverage will be reinstated retroactive to the cancellation date, and you must pay premiums back to that date. If your request is denied, you may ask your employing office to reconsider its decision.

What Are the Effects of a Cancellation?

When your coverage is cancelled because you did not pay your premiums:

- You do not get the 31-day extension of coverage or the right to convert;
- It *is* considered a break in the continuous coverage needed to continue FEGLI coverage into retirement; and
- Your FEGLI coverage will not be reinstated when your pay becomes sufficient to make the withholdings.

What Happens When My Pay Becomes Large Enough for Premium Withholdings?

If You Chose Termination

If you are an employee and you chose termination or your life insurance is terminated because you did not return the required notice, your FEGLI coverage is automatically reinstated when your salary becomes sufficient to cover the withholdings.

Your employing office must prepare a memo noting the reinstatement of your coverage and attach it to the most recent *Life Insurance Election (SF 2817)* or open season election form in your file (or scan it, if your agency uses electronic files). If you converted any of your coverage, you must terminate the conversion policy.

If you are insured as an annuitant or compensationer, your terminated coverage will *not* be reinstated when your annuity or compensation becomes sufficient to cover the withholdings.

If You Chose Direct Pay

If you are an employee who chose direct pay and made the premium payments, your employing office must start withholding premiums from your salary as soon as your pay becomes sufficient. If your employing office has contracted with another entity to handle direct premium payments, your employing office must notify that entity that premiums are again being withheld from your pay, so that your direct pay account can be closed out.

If you are insured as an annuitant or compensationer and you are making direct premium payments, you must continue to make direct premium payments, even if your annuity or compensation becomes sufficient to cover the withholdings.

If you chose direct pay but you did not make the premium payments, your employing office or retirement system will notify you. You must make the required payment within 15 days (45 days if living overseas) after receiving the notice. If you fail to make the overdue payment your coverage will be cancelled for nonpayment. The coverage remains cancelled even when your pay becomes sufficient to cover the withholdings.

REMITTANCE TO OPM

- **When to Remit**
- **How to Remit**

When to Remit

An employing office remits (sends) life insurance withholdings and contributions to OPM on the same date it pays its payroll.

How to Remit

The method for remitting payments and supporting accounting information to OPM is the Retirement and Insurance Transfer System (RITS).

OPM will credit the total amount reported for life insurance to the Employees' Life Insurance Fund.

ADJUSTING ERRORS

- **Errors in Withholdings and Contributions**
- **Errors Involving Current Employees – Overdeductions**
- **Errors Involving Current Employees – Underdeductions**
- **Errors Involving Separated Employees**
- **Errors Involving Annuitants and Compensationers**

Errors in Withholdings and Contributions

Payroll offices must adjust errors in withholdings and contributions on a subsequent payroll and include the adjustments in a subsequent withholdings and contributions report.

Your employing office must ensure that your individual payroll record shows not only the regular (current) deductions as life insurance withholdings, but also the adjustments.

There are two types of errors in withholding:

- Overdeductions, in which your payroll office withholds too much money from your salary, annuity, or compensation; and
- Underdeductions, in which your payroll office does not withhold enough money.

Errors Involving Current Employees – Overdeductions

When too much money has been withheld from your pay – or when withholdings have been made when you are ineligible or have waived coverage – your payroll office must adjust the withholdings on a subsequent payroll on which your name appears. This adjustment automatically corrects any excess agency contribution.

Your payroll office must refund the overpaid premiums to you. *Exception*: If the overdeduction occurred because you were given erroneous coverage, the premiums will not be refunded if incontestability applies (see chapter on "Eligibility").

Errors Involving Current Employees – Underdeductions

When too little money – or no money – has been withheld from your pay, your payroll office must remit the payment to OPM no later than 60 calendar days after the date it determines the amount of the underdeduction. This payment must be made to OPM regardless of whether or when your employing office recovers the underdeduction from you. The payment is sent to OPM in the same manner as the bi-weekly premiums.

The underdeduction represents an overpayment of salary to you. You had coverage which would have been payable if you had died. Your employing office must determine whether to waive collection of the overpayment, in accordance with 5 U.S.C. 5584, as implemented by 4 CFR chapter 1, subchapter G. This provides that an employing office may waive recovery of the overpayment if, in its judgment, you are without fault and recovery would be against equity and good conscience. (If your employing office is excluded from the provisions of 5 U.S.C. 5584, it can use any applicable authority to waive the collection.)

If your employing office waives the collection of the unpaid deductions, it must make the payment, along with any applicable Government contributions, out of its own funds.

Errors Involving Separated Employees

When an adjustment in withholdings is necessary after you have separated from service, your payroll office must make the adjustment in your final pay (or payment to your beneficiary or estate).

Errors Involving Annuitants and Compensationers

The procedures are the same for annuitants and compensationers as for active employees. The payroll office that must adjust the error – and refund overdeductions and pay underdeductions – is the retirement system paying your annuity or the Office of Workers' Compensation Programs who pays your compensation.

HISTORICAL INFORMATION

- **Premium History**
- **Basic Insurance Premiums for Annuitants and Compensationers**
- **Direct Premium Payments**
- **Four-Day Rule**
- **Moving to a New Age Band**
- **Judges**
- **Certain Premiums for Postal Executives**
- **Current Rates**

Premium History

Here is a link to the FEGLI Program's premium history (http://www.opm.gov/insure/life/rates_history/index.asp)

Basic Insurance Premiums for Annuitants and Compensationers

Employees who retired or started receiving workers' compensation before January 1, 1990, and who elected 75 Percent Reduction (or have 75 % Reduction by default) pay no premiums for Basic insurance.

Employees who retired or started receiving compensation before January 1, 1990, and who elected 50 Percent Reduction or No Reduction do not pay "regular" premiums for Basic insurance. However, they do pay the extra premiums for the 50 Percent or No Reduction election.

Employees who retire or start receiving compensation on or after January 1, 1990, continue to pay regular premiums for Basic insurance until age 65, regardless of what post-65 reduction election they make.

Direct Premium Payments

Direct premium payments were allowed for annuitants under the Federal Employees Retirement System (FERS) starting in January 1988. In October 1998 direct payment was extended to employees, compensationers, and all other annuitants whose salary, compensation, or annuity is too low to make withholdings.

Four-Day Rule

The "Daily Proration Rule" became effective March 1, 1997. Prior to that date, when an employee changed payroll offices within a pay period, the "Four-Day Rule" applied.

Under the Four-Day Rule, the gaining payroll office was responsible for full withholdings and contributions for the pay period when the transfer was effective before the fourth day of the pay period. When the transfer was effective during the last three days of the pay period, the losing payroll office made full withholdings and contributions for the entire pay period. If the transfer was effective at any other time, each payroll office was responsible for half of the withholdings and contributions.

Moving to a New Age Band

Prior to April 1999, when individuals had a birthday that moved them to another age band, the premiums for the new age band did not go into effect until the January following their birthday. Effective April 24, 1999, and to conform with generally accepted private industry practice, the premiums for the new age band become effective the pay period following the one in which the birthday occurs.

Judges

Public Law 106-113, enacted November 29, 1999, requires the Judiciary to pay any premium increases imposed after April 24, 1999, on behalf of Justices and judges of the United States aged 65 or over.

Certain Premiums for Postal Executives

Option A-Standard became free for Postal employees entering the Postal Career Executive Service (PCES) effective June 2, 1979.

Current Rates

The current FEGLI premiums first became effective January 1, 2005. For a history of rates and effective dates, see the Rates History http://www.opm.gov/insure/life/rates_history/index.asp on the FEGLI Homepage.

COVERAGE

INTRODUCTION

FEGLI coverage is group term life insurance coverage that is payable regardless of the cause of death, no matter how/where you die. If you are enrolled, it covers you 24/7, whether you are at work or not. FEGLI also includes Accidental Death and Dismemberment coverage for employees, which, if payable (there are some exclusions), is paid in addition to Basic and Optional coverage.

BASIC INSURANCE: AUTOMATIC COVERAGE

Acquiring Basic Insurance

Basic insurance is automatic. As a Federal employee, you get Basic insurance when you are appointed or transferred to a FEGLI eligible position, unless you waive coverage (see "Employees Excluded from Coverage").

Effective Date of Basic Insurance

New Employees and Newly Eligible Employees

Coverage is effective on the first day you are in pay and duty status (unless you have a waiver of coverage from previous employment that still remains in effect); the effective date is not tied in to the start of a pay period. *Exception*: If you serve in cooperation with a non-Federal agency, and you are paid in whole or in part from non-Federal funds, OPM sets the effective date for your Basic insurance; this date must be part of an agreement between OPM and the non-Federal agency.

Transferred Employees

Coverage is effective on the first day you are in pay and duty status in the new position (unless you have a previous waiver that still remains in effect); the effective date is not tied in to the start of a pay period.

Transferring to a new position does not allow you to elect new coverage.

Employees Who Return to Pay and Duty Status after More Than 12 Months in Nonpay Status

The coverage you lost after 12 months in nonpay status is automatically restored on the day you return to pay and duty status. You must meet both the pay and the duty status requirements. For example, donated leave is pay only and will not restore your FEGLI coverage. *Exception*: Your coverage will not be restored if you return to a position that is excluded from FEGLI coverage by law or regulation.

Note: Returning to pay and duty status after more than 12 months in nonpay status does not allow you to elect new coverage.

OPTIONAL INSURANCE: INITIAL ELECTION

- **Insurance Not Automatic**
- **Who Can Elect Optional Insurance?**
- **How Long Does an Employee Have to Make an Election?**
- **How Does an Employee Make an Election?**
- **Belated Election**
- **Effective Date of Optional Insurance**

Insurance Not Automatic

Unlike Basic insurance, Optional insurance is not automatic, you must elect it.

Who Can Elect Optional Insurance?

If you have Basic insurance you may elect Optional insurance, as long as he/she does not have a previous waiver of Optional insurance that is still in effect.

You cannot elect Optional insurance if you do not have (or elect at the same time) Basic insurance.

How Long Does an Employee Have to Make an Election?

You must make the election within the first 31 days of becoming eligible for coverage, unless a previous election from earlier for optional insurance employment remains in effect. You can change your election anytime within this 31-day period, but the last election you submit within this time period governs.

How Does an Employee Make an Election?

To elect Optional insurance, you must complete the *Life Insurance Election (SF 2817)* stating which type(s) of Optional insurance you want. You elect coverage on the form by signing for the coverage that you want. Some agencies now have the capability to allow electronic elections. Any type of coverage or multiple not elected is considered waived.

If you do not make an election within 31 days of becoming eligible, you are considered to have waived all Optional insurance.

Belated Election

If you do not elect Optional insurance within the 31-day time frame, your employing office can accept a belated election if you request it and your employing office determines, within six months after you first became eligible, that you did not make the election on time because of reasons beyond your control.

If these conditions are met, your employing office will notify you. You then have another 31-day period from the date of the notification in which to make the election.

If your employing office accepts a belated election, it must record on the *Life Insurance Election* (SF 2817) that it determined you were unable to make the election on time for reasons beyond your control and give the date you were notified of the determination.

If six months or more have passed since you became eligible, your employing office does not have the authority to accept a belated election.

Effective Date of Optional Insurance

Timely Elections

Optional insurance is effective the day your employing office receives your election, if you are in pay and duty status that day. If you are not in pay and duty status on the day your employing office receives your election, Optional insurance becomes effective the first day you return to pay and duty status. The effective date is not tied in to the start of a pay period although you will have to pay premiums for the entire pay period in which your coverage becomes effective.

Belated Elections

A belated election of Optional insurance is effective retroactive to the start of the first pay period that follows the one in which you first became eligible, if you were in pay and duty status on that date. If you were not in pay and duty status on that date, Optional insurance becomes effective the first day you returned to pay and duty status after that date. You must pay the back premiums.

WAIVER/CANCELLATION (REDUCTION) OF INSURANCE

- **Waiving Basic Insurance as a New Employee**
- **Waiving Optional Insurance as a New Employee**
- **Canceling Basic Insurance**
- **Canceling (Reducing) Optional Insurance**
- **How Long Does a Waiver Last?**

Waiving Basic Insurance as a New Employee

If you are a new employee and do not want Basic insurance, you must waive the insurance by completing the *Life Insurance Election* (SF 2817) and filing it with your employing office. If you do not complete the SF 2817 waiving coverage, you will automatically get Basic insurance.

If you waive Basic insurance before the end of your first pay period, no withholdings will be made from your first paycheck.
When you waive Basic insurance, you automatically waive Optional insurance.

If you waive coverage before the end of your first pay period and then decide you want it, you may complete a new SF 2817, as long as it is still within your 31-day time frame for initially electing coverage. Your employing office will void your previous waiver and note on that waiver that it is superseded by the new election. The last SF 2817 that you submit to your employing office within that first 31-day period of eligibility is the election that governs.

If you change your mind about waiving Basic insurance after the 31-day initial election period is over (see "Canceling a Waiver and Electing Coverage").

Waiving Optional Insurance as a New Employee

If you are a new employee and do not want *any* Optional insurance, you do not need to do anything. By not electing Optional insurance, you will not have it. You will only have Basic insurance. If you wish, you may complete the *Life Insurance Election* (SF 2817) signing for Basic insurance only, although that is not required. The absence of a positive election means you have waived Optional insurance.

If you want only some Optional insurance, complete the SF 2817 signing only for the coverage you want. Any coverage not elected is considered waived.

If you do not elect a particular type of Optional insurance, you are considered to have waived it. If you elect fewer than 5 multiples of Option B or Option C coverage, you are considered to have waived the multiples not elected.

Example

Otis is a new employee, and he elects Basic, Option A and two multiples of Option B coverage. By doing so, he is waiving the remaining three multiples of Option B coverage and all multiples of Option C coverage.

Canceling Basic Insurance

Unless you have assigned your insurance, you may cancel your Basic insurance at any time by completing the *Life Insurance Election* (SF 2817) and filing it with your employing office. When you cancel Basic insurance, you automatically cancel all Optional insurance.

Note: If you are an annuitant or a compensationer who has separated or completed 12 months in nonpay status, you do not use the SF 2817 to cancel coverage. If you want to cancel coverage, you must send a letter with your signature to:

Office of Personnel Management
Retirement Operations Center
P.O. Box 45
Boyers, PA 16017-0045.

Any cancellation or reduction of life insurance must be in writing and have an original signature by the insured retiree. Be sure to include your retirement claim number (CSA number) or social security number and specify what action you want taken. Please note you cannot increase your coverage after retirement, or reinstate any coverage that you cancel.

Unless assigned, if you elected 50 Percent or No Reduction for your Basic life insurance, you may cancel this additional coverage at any time. You may only change to the 75 Percent Reduction.

The cancellation is effective, and all insurance stops, at the end of the pay period in which you properly file the waiver. For retirees, a month is considered a pay period. You continue to have the coverage through the pay period in which you file the waiver and must pay premiums for that pay period. You will not receive a refund for premiums withheld prior to the effective date of cancellation.

Canceling (Reducing) Optional Insurance

You may cancel any or all types of Optional insurance at any time by completing the *Life Insurance Election* (SF 2817) and signing on the line for whatever coverage you want to keep. Reducing the number of multiples of Option B or Option C is a cancellation of those multiples. *Exception*: If you have assigned your insurance (see "assignment"), you cannot cancel your Option A coverage and you cannot cancel your Option B coverage or reduce the number of multiples you have.

Note: If you are an annuitant or a compensationer who has separated or completed 12 months in nonpay status, you do not use the SF 2817 to cancel coverage. If you want to cancel coverage, you must send a letter with your signature to:

Office of Personnel Management
Retirement Operations Center
P.O. Box 45
Boyers, PA 16017-0045.

Any cancellation or reduction of life insurance must be in writing and have an original signature by the insured retiree. Be sure to include your retirement claim number (CSA number) or social security number and specify what action you want taken. Please note you cannot increase your coverage after retirement, or reinstate any coverage that you cancel.

If you have Option A-Standard insurance, you may cancel it at any time. You may reduce (or cancel) the amount of your Option B-Additional Optional and Option C- Family insurance at any time.

Canceling Optional insurance has no effect on Basic insurance.

Your cancellation is effective, and Optional insurance stops, at the end of the pay period in which you properly file the waiver with your employing office. You continue to have the coverage through the pay period in which you file the waiver and must pay premiums for that pay period. You will not receive a refund for premiums withheld prior to the effective date of cancellation. Your new, reduced, level of coverage is effective the first day of the pay period following the one in which you file your waiver.

Exception: If you cancel Option C because you no longer have any eligible family members, the effective date is retroactive to the end of the pay period in which there stopped being any eligible family members; your employing office must refund your Option C premiums retroactive to that effective date. You may need to provide documentation to your employing office, such as a divorce decree or birth certificate, to show when you stopped having an eligible family member.

Example 1

Olivia has Basic, Option A, and three multiples of Option B coverage. She wants to cancel her Option A coverage and reduce her Option B coverage to 1 multiple. On her SF 2817 she elects Basic and one multiple of Option B; she turns the form in to her personnel office 9/7/07. This action cancels her Option A coverage and two multiples of her Option B coverage. Olivia's old level of coverage continues through the pay period ending 9/16/07, and she must pay premiums through that pay period. Her new level of coverage is effective 9/17/07, and her pay for that pay period will reflect the reduced level of coverage.

Example 2

Peter is an annuitant with Basic insurance, four multiples of Option B, and one multiple of Option C. Peter decides he wants to cancel three of his Option B multiples. He sends a letter to OPM's Retirement Operations Center, and they receive it 7/12/07. Pay periods for annuitants are months. Peter's old coverage continues through the end of July. His new lower level of coverage is effective 8/1/06, and the premiums will be reflected in his 9/1/07 annuity payment, which is payment of his annuity for the month of August.

Example 3

Pam is divorced and has Basic insurance, five multiples of Option B, and 5 multiples of Option C. Her youngest child turned 22 on 3/29/02, but she forgot to cancel her Option C coverage. On 10/21/07 Pam notified her personnel office that she no longer had any eligible family members and wanted to cancel her Option C coverage. Her cancellation will be made retroactive to 4/6/02, the end of the last pay period in which she had an eligible family member.

The new coverage (Basic insurance plus five multiples of Option B) will be effective 4/7/02, and Pam's agency will refund the Option C premiums retroactive to that date.

How Long Does a Waiver Last?

Your waiver lasts until either:

- You cancel the waiver and elect coverage; or
- You separate from service and remain separated for at least 180 days.

Exception: Effective July 24, 1974, if you are employed by the U.S. Postal Service in a covered position, any waiver of Basic insurance is automatically cancelled, even it you have not been separated from your previous position for at least 180 days. You will automatically get Basic insurance, unless you waive it again. Any waiver of Optional insurance remains in effect, unless you have been separated from your previous position for at least 180 days.

CANCELING A WAIVER AND ELECTING COVERAGE

- **How to Cancel a Waiver**
    - **Basic Insurance**
    - **Option A**
    - **Option B**
    - **Option C**

How to Cancel a Waiver

Only employees may cancel a waiver and elect insurance. If you are insured as an annuitant or compensationer, you cannot cancel your waiver.

Exceptions:

- If you are a reemployed annuitant, you may cancel a waiver and elect coverage.
- If you are a compensationer within the first 12 months of nonpay status, you may cancel a waiver and elect coverage. However, except for an Option C life event election (if you already have Basic insurance), you must be back in pay and duty status at your agency before any newly elected coverage can become effective.

Here is a chart showing the different ways an employee may cancel a waiver:

Type of Coverage	Open Season	Providing Satisfactory Medical Information	Life Event
Basic	as announced by OPM	yes	no
Option A	"	yes	no
Option B	"	yes	yes
Option C	"	no	yes

Basic Insurance

Employees may cancel a waiver of Basic insurance:

- By providing satisfactory medical information to prove insurability; or
- During an open season.

Exception: Effective October 30, 2000, under Public Law 106-398 Department of Defense employees who are designated emergency essential employees under section 1580 of title 10 may cancel a waiver of Basic insurance within 60 days of being so designated, without getting a physical exam. These employees ***cannot*** elect Optional insurance under this provision.

Option A

Employees may cancel a waiver of Option A:

- By providing satisfactory medical information to prove insurability; or
- During an open season.

Option B

Employees may cancel a waiver of Option B:

- By providing satisfactory medical information to prove insurability;
- By submitting an election within 60 days after experiencing a qualifying life event; or
- During an open season.

Option C

Employees may cancel a waiver of Option C:

- By submitting an election within 60 days after experiencing a qualifying life event; or
- During an open season.

PROVIDING SATISFACTORY MEDICAL INFORMATION

- **Elections Allowed**
- **Time Limit**
- **Process**
- **Effective Date of Insurance**
- **If Coverage Is Denied**

Elections Allowed

Employees may cancel a waiver of Basic insurance, Option A, and Option B by providing satisfactory medical information to prove insurability. You cannot cancel a waiver of Option C this way.

Time Limit

You must wait at least one year after the effective date of your last waiver of coverage before you can cancel the waiver by providing satisfactory medical information.

Note: The one-year requirement does not apply if your previous Option B election was limited to fewer than five multiples due to a life event. (See "How Many Multiples of Option B Can an Employee Elect Due to a Life Event?")

Example

Quincy has been employed for several years and has had Basic insurance only. On 4/29/06 Quincy got married. He wanted to elect five multiples of Option B, but he could elect only one multiple due to his life event. Quincy completed his SF 2817 on 5/11/06 and elected one *multiple, thereby waiving the remaining multiples. Quincy can provide satisfactory medical information and elect the additional multiples without waiting a year, since the number of multiples he could elect was limited by the restrictions on life event elections (and he already met the one-year waiting period before he made his life event election).*

Process

The form to use to request insurance by providing satisfactory medical information is *Request for Insurance (SF 2822)*. This form is a combination:

- Request to cancel a waiver
- Medical certificate and
- Authorization for insurance

You must complete and sign Part C of the SF 2822 and have your agency complete Part A. Your agency needs to complete their part before you go to your physician (or other healthcare provider). You then take the form to your physician (or other healthcare provider); he/she will examine you, complete Part B, and send the form to the Office of Federal Employees' Group Life Insurance (OFEGLI). You are responsible for any fee charged for the medical examination and certification.

OFEGLI must receive the form within 60 days of the date of the medical examination. OFEGLI will review the SF 2822 and return it to your employing office either approving or denying coverage. It is important that your agency provide a fax or email address on the SF 2822 to expedite the response from OFEGLI. Your employing office will notify you of OFEGLI's decision and file the returned SF 2822 in your Official Personnel Folder (or its equivalent).

It is important that your employing office notify you of OFEGLI's decision promptly. You have 31 days from the date of OFEGLI's approval to cancel your waiver of Option A and/or Option B, regardless of when your employing office notifies you of OFEGLI's decision. In addition, if you know what coverage you want, you can complete and turn in the SF 2817 to your employing office when you have them complete the SF 2822.

You cannot elect Option C or increase your Option C multiples by providing medical information. **However, even if you previously elected Option C - Family and are changing other Optional coverage, you must sign for Option C again** in order **to keep it. If you do not sign** for it, **you have waived/cancelled it.**

Example

Let's assume you already have Basic and three multiples of Option C and you want Option A. You complete the SF 2822 and provide medical information, and OFEGLI approves your request. Then you complete the SF 2817. You must sign for Basic, Option A, and ALSO three multiples of Option C even though you're not newly electing Option C. If you don't sign for your current Option C coverage again, you have waived/cancelled it.

If it has been more than two weeks since your doctor sent the SF 2822 to OFEGLI, you or your employing office may follow up with OFEGLI by calling 1-800-633-4542.

Effective Date of Insurance

If you are canceling your waiver of Basic insurance and OFEGLI approves coverage, Basic insurance becomes effective on your first day in pay and duty status on or after the date of OFEGLI's approval, as shown on the *Request for Insurance* (SF 2822). Withholdings begin with that pay period. You do not need to complete another form if Basic insurance is all that you want.

If you want to cancel your waiver of Option A and/or Option B coverage and OFEGLI approves coverage, you must submit the *Life Insurance Election* (SF 2817) to your employing office no later than 31 days following the date of OFEGLI's approval, regardless of when your employing office informs you of OFEGLI's approval. You can submit the election earlier, in conjunction with your SF 2822. You may elect Option A and up to five multiples of Option B. Your Optional insurance is effective the first day you meet these two conditions, but no earlier than the date of OFEGLI's approval:

- Your employing office has received your SF 2817 electing coverage; and
- You are in pay and duty status

If you are not in pay and duty status within 31 days after the date of OFEGLI's approval, the approval expires and you cannot elect more coverage. You will then have to wait a year and start the process over again.

Note: Although you cannot elect Option C by providing satisfactory medical information, if you already have this coverage and want to keep it, you must sign for it on the SF 2817 when you make your election of Option A and/or Option B following OFEGLI's approval. If you do not sign for your current Option C coverage, you will cancel it.

Example 1

Sharon waived all coverage when she was first employed. Three years later she completes the SF 2822 and gets a physical exam. OFEGLI approves Sharon's request for insurance on 8/24/06 and notifies her personnel office that day. Sharon's Basic insurance is effective 8/25/06.

On 9/8/06 Sharon submits the SF 2817 electing Basic insurance and two multiples of Option B. Sharon's Optional insurance is effective 9/8/06. That date is also the effective date of her waiver of Option A and the three remaining multiples of Option B. If Sharon later decides she wants to increase her Option B coverage or add Option A, she must wait until 9/8/07 before submitting another SF 2822.

Example 2

Roger has Basic insurance and five multiples of Option C. He wants to add Option B coverage. Roger gets a physical exam, and OFEGLI approves his request for insurance on 11/2/06. On 11/8/06 Roger completes an SF 2817 electing Basic insurance and three multiples of Option B; he does not sign for Option C.

Roger's Option B coverage is effective 11/8/06; his pay for the pay period ending 11/11/06 will include premiums for Basic, Option B, and Option C. However, by not signing for Option C on his SF 2817, he has cancelled the coverage. Roger's Option C continued through the pay period ending 11/11/06. The pay period beginning 11/12/06 will have his new level of coverage: Basic insurance and three multiples of Option B.

Example 3

Rosa has Basic insurance only and wants to add Option A and Option B. She completes an SF 2822 and is examined by her physician. One week later Rosa is in an automobile accident and is on sick leave for the next two months. OFEGLI approves Rosa's request for insurance the week after her accident. However, since Rosa does not return to pay and duty status for more than 31 days after OFEGLI's approval, the approval expires, and Rosa cannot make an election based on her examination. If she still wishes to add Option A and Option B, she will have to start over.

If Coverage Is Denied

If OFEGLI denies coverage, you cannot appeal the decision to OPM or the Merit Systems Protection Board. For learning more about the denial, you or your physician can write OFEGLI at P.O. Box 2627, Jersey City, NJ 07303-2627.

LIFE EVENTS

What Are Life Events under FEGLI?

FEGLI life events are:

- Marriage
- Divorce
- Death of a spouse and
- Acquiring an eligible child

If an employee has a life event of birth or adoption of an eligible child, he/she may elect or increase Option B and/or Option C coverage. If an employee has a life event of divorce or death of a spouse, he/she may elect or increase Option B and/or Option C coverage if the employee has eligible children.

Notes:

- An employee cannot exceed the maximum number of Option B and Option C multiples (five multiples for each type of coverage)
- If an employee's life event is acquiring a child over age 22, the child must meet the requirements of being incapable of self-support
- If an employee's only life event is acquiring a foster child, the employee cannot make an Option B election

An employee cannot cancel a waiver of (elect) Basic insurance or Option A due to a life event.

How Many Multiples of Option B Can an Employee Elect Due to a Life Event?

The number of multiples of Option B that an employee may elect (up to a total of five) is:

- For marriage, the number of additional family members (spouse and eligible children) acquired with your marriage
- For acquisition of children, the number of eligible children acquired with the life event (*Exception*: You cannot elect or increase Option B because of acquiring a foster child)
- For divorce or death of your spouse, the total number of eligible children you have

Example 1

Sebastian entered on duty in 1995 and elected Basic insurance and one multiple of Option B. He got married in 1998 and his wife had a baby in 2001, but he did not make any elections due to those life events. In June 2006 Sebastian's wife had another baby, and Sebastian wanted to elect three more multiples of Option B. However, he can elect only one multiple of Option B with the June 2006 life event (giving him a total of two multiples), since he only acquired one child with *that life event. (Sebastian can provide medical information and request additional insurance that way.)*

Example 2

Sabrina has Basic insurance only. On 10/1/06 she married her husband, who has a five-year-old child who lives with them. Since the child meets the "live-with" requirement for a stepchild, Sabrina may elect two multiples of Option B with the life event.

Example 3

Trevor has Basic insurance only. On 10/1/06 he married a woman with a 5-year-old child; the child does not live with Trevor and his new wife. Since the child does not meet the "live-with" requirement for a stepchild, Trevor may elect only 1 multiple of Option B with the life event.

How Many Multiples of Option C Can an Employee Elect Due to a Life Event?

An employee may elect any number of multiples (up to a total of five) of Option C due to a life event. Unlike Option B, the number of Option C multiples you may elect is not tied to the number of eligible family members.

How Long Does an Employee Have to Make an Election?

The time limit for making a life event election is 60 days after the date of the qualifying event. You must file the election with your employing office using the *Life Insurance Election* (SF 2817), along with proof of the event.

You can either file the election before the event, to be followed up with the necessary proof within 60 days after the event has taken place, or you can file the election and provide the necessary proof no later than 60 days after the date of the event.

Proof of an event may include a marriage certificate, birth or adoption records, divorce decree, or death certificate; your employing office determines what is acceptable proof of the life event. For Option C elections when a foster child is acquired, the "proof" is the foster child certification, and the 60-day time limit starts on the day you sign the certification.

Effective Date of Option B Elected with a Life Event

There are pay and duty status requirements before Option B can become effective.

Option B and Option C elected with the same life event may have different effective dates.

If You Turn in Your SF 2817 before the Event

If you submit the SF 2817 before the event, the effective date for Option B is the date of event, if you are in pay and duty status on that day. If you are not in pay and duty status that day, Option B becomes effective the first day you return to pay and duty status, after the date of the event.

If You Turn in Your SF 2817 on or after the Date of the Event

If you submit the SF 2817 on or within 60 days after the date of the event, the effective date is the date your personnel office receives the form, if you are in pay and duty status that day. If you are not in pay and duty status that day, Option B becomes effective the first day you return to pay and duty status.

Example 1

Tiffany had Basic insurance only. She had a baby on 7/20/06 and went on maternity leave until 10/31/06. On 8/31/06, while she was on leave, she completed an SF 2817 electing one multiple of Option B and turned it in to her personnel office. She completed the SF 2817 within the 60-day time frame, so it is a valid election. However, the coverage could not become effective until she returned to pay and duty status on 10/31/06.

Example 2

Ulysses had Basic insurance and one multiple of Option B. He got married on 6/24/06. He submitted his SF 2817 electing another multiple of Option B on 6/22/06. Following his wedding on 6/24, Ulysses took annual leave and went on a two-week honeymoon. He returned to the office 7/10/06. His new Option B coverage became effective 7/10/06, the day he returned to pay and duty status.

Effective Date of Option C Elected with a Life Event

There are no pay and duty status requirements for Option C to become effective when elected due to a life event.

Option B and Option C elected with the same life event may have different effective dates.

If You Turn in Your SF 2817 before the Event

If you submit your SF 2817 before the event, Option C is effective on the date of the event, regardless of whether you are in pay and duty status.

Example

When Ulysses (see example above) submitted his SF 2817 on 6/22, in addition to electing one multiple of Option B, he elected five multiples of Option C. Although his Option B coverage *could not become effective until he returned to pay and duty status on 7/10, his Option C coverage became effective on 6/24/06, the date of the marriage.*

If You Turn in Your SF 2817 on or after the Date of the Event

If you submit your SF 2817 on or within 60 days after the date of the event, Option C is effective on the day the employing office receives your completed election, regardless of whether you are in pay and duty status.

Example

When Tiffany (see example above) submitted her SF 2817 on 8/31, in addition to electing one multiple of Option B, she elected three multiples of Option C. Although her Option B coverage could not become effective until she returned to pay and duty status on 10/31, her Option C coverage became effective on 8/31/06, the date she turned in her SF 2817.

If Your Life Event Is Acquiring a Foster Child

If you are making an Option C election because you have acquired a foster child, the coverage is effective on the later of:

- The date your employing office receives your SF 2817 (*Life Insurance Election*); or
- The date your employing office receives your foster child certification

Extensions to the Time Limit for Making a Life Event Election

The 60-day time limit for making a life event election can be extended **only** in the following situation:

- If you are not serving in a covered position on the date of the event, you may make a life event election within 31 days of becoming employed in a covered position.

Example

Ursula had Basic insurance and three multiples of Option B when she resigned on 7/21/06. On 9/2/06 Ursula got married. She returned to Federal service 10/16/06. Since her break in service was less than 180 days, Ursula got back the same coverage she had before she separated. However, because she had a life event during her separation, Ursula may elect Option C and another multiple of Option B within 31 days of her return to service.

If you separate from service before the end of the 60-day time period, you may make a life event election within 31 days of returning to service in a covered position.

Example

Vic was married with two teenage children and had Basic insurance only. His divorce was final 5/17/06, and he separated from service 6/9/06 without making any life event election. Vic returned to service 11/13/06. Since his break in service was less than 180 days, Vic got back the same coverage he had before he separated. However, because he separated before the end of the 60-day period for making a life event election, Vic may elect Option C and two multiples of Option B within 31 days of his return to service.

If you do not have Basic insurance on the date of the event, and you are still within the one-year waiver period during which you are not eligible to elect coverage, you may elect Option C within 31 days of the end of that one-year period if OFEGLI approves your request to cancel your waiver of Basic insurance.

Example

Valerie waived all FEGLI coverage when she entered on duty 5/15/06. In October 2006 she got married. Because she does not have Basic insurance, she cannot make an Option C life event election; and she cannot elect Basic insurance because of a life event. Valerie is still within the one-year period during which she is not eligible to cancel her waiver of Basic insurance. Her one-year period ends 5/15/07. Valerie can provide medical information and can request Basic insurance (and Options A and B, if she wants them) as soon as the one-year period is up 5/15/07. Valerie cannot elect Option C by providing medical information. However, if OFEGLI approves her request for insurance, Valerie will get Basic insurance. She may then make an Option C life event election as long as it is within 31 days of the date she became eligible to cancel her waiver of Basic insurance. Since the first date she was eligible to cancel her waiver of Basic insurance was 5/15/07, Valerie has until 6/15/07 to make her Option C election. If she does not make the election by that date, she will have to wait until the next open season or until she has another life event.

There are no other extensions to the 60-day time limit for making life event elections.

OPEN SEASONS

- Schedule
- Elections Allowed
- Effective Date of Open Season Elections
- Pay and Duty Status Requirements
- Belated Open Season Elections

Schedule

There are no regularly scheduled open seasons for life insurance. Open seasons are infrequent, and are held only when specifically scheduled by OPM. They are **NOT** held annually, as is the case with the Federal Employees Health Benefits Program, the Federal Flexible Spending Account Program (FSAFEDS) and the Federal Employees Dental and Vision Insurance Program.

Elections Allowed

When OPM schedules an open season for life insurance, we will announce the types of changes and elections that will be allowed.

Effective Date of Open Season Elections

OPM sets the effective dates for open season elections. We will announce the effective dates at the same time we announce the open season.

Pay and Duty Status Requirements

Unless specifically announced otherwise, full-time employees must be in pay and duty status for at least 32 hours in the pay period right before the scheduled effective date of open season elections. Open season announcements will contain more details about the pay and duty status requirements.

If you are a part-time employee, you must be in pay and duty status for one-half the regularly scheduled tour of duty shown on your current *Notification of Personnel Action* (SF 50) for newly elected coverage to become effective.

If you have no regularly scheduled tour of duty or are employed on an intermittent basis, you must be in pay and duty status for one-half the hours customarily worked before newly elected coverage can become effective. Your employing office can determine the number of hours you customarily work by averaging the number of hours you worked in the most recent calendar year quarter prior to the start of the open season.

If you do not meet the pay and duty status requirements in the pay period before the scheduled effective date, your new coverage will be delayed until you do meet these requirements. As soon as you meet the pay and duty status requirements, your new coverage will go into effect at the start of the next pay period.

Example

Wayne was a full-time employee with Basic insurance and one multiple of Option B. During the 2004 open season he elected Basic insurance, five multiples of Option B, and five multiples of Option C. Elections from the 2004 open season became effective the first pay period beginning on or after 9/1/05; for Wayne's agency, that was 9/4/05. However, Wayne went on vacation 8/20/05 and didn't return to work until 9/6/05. Since he wasn't in pay and duty status for 32 hours during the pay period before the "regular" effective date, Wayne's new coverage couldn't become effective at that time. The pay period ending 9/17/05 was the one in which Wayne met the pay and duty status requirements. His new coverage therefore became effective 9/18/05.

Belated Open Season Elections

Your employing office can accept a belated open season election if both the following conditions are met:

- It is no later than six months after the open season ended; and
- Your employing office determines that you were unable to make the election on time because of reasons beyond your control

If both of these conditions are met, you must submit your open season election form within 31 days after being notified of your agency's determination.

Belated open season elections are effective the same date as if you had made the election on time. If you do not meet the pay and duty status requirements for that effective date, your new coverage will become effective the first pay period after that date that follows a pay period in which you do meet these requirements. If the effective date of your belated open season election is retroactive, you must pay premiums back to that date.

Example

Taylor made a belated open season election for Basic Insurance on January 1. At the time he made his election he was on paid annual leave for 2 weeks. Taylor returned to work on January 15. His open season election will not be effective until the first pay after January 15.

Any coverage that you do not elect during the 31-day time frame is considered to be waived again.

Your agency cannot accept a belated open season election more than six months after the open season has ended.

BREAKS IN SERVICE

Effect of a Break in Service

Fewer than 180 Days

A break in service of fewer than 180 days has no effect on a waiver of FEGLI coverage.

If you are reinstated after a break in service of fewer than 180 days, you will automatically get back any FEGLI coverage you had at the time you separated. Any waiver remains in effect. If you wish to elect more coverage, you can do so by providing satisfactory medical information or by experiencing a life event.

180 Days or More

If you are reinstated after a break in service of 180 days or more, your agency will automatically enroll you in Basic and the same Optional insurance that you had in your prior position. You will have this coverage the first day you are in pay and duty status. Any previous waiver of insurance is automatically cancelled. Unless you file a new waiver, Basic insurance becomes effective your first day in pay and duty status in a position in which you are eligible for coverage.

You may elect Optional insurance (if you don't already have the maximum) within 31 days of returning to service, regardless of the coverage you had during previous employment. If you do not make a new election, you will automatically get back whatever Optional insurance you had immediately before your separation. Any coverage that you had previously waived will be waived again.

EMPLOYING OFFICE RESPONSIBILITIES

Counseling for New Employees

During the orientation for new employees, your employing office should explain the life insurance program to you and provide you with a copy of the *Life Insurance Election* (SF 2817), and the *FEGLI Program Booklet* (FE 76-21), or FE 76-20 for Postal employees) or the link so you can view on-line. If your agency uses an electronic system, this information should be provided in a timely manner. You can use the system to make your election. Electronic systems are administered by the agency not OPM.

If You Have Prior Federal Service

If you have previously worked for the Federal or District of Columbia Governments, it is important that your employing office determine whether you have an un-cancelled waiver of life insurance coverage (see "Effect of a Break in Service") or assignment of insurance in effect.

Initial Decision and Incontestability

Initial Decision

Your employing office has the initial responsibility for determining whether you are eligible to elect or increase life insurance. This determination is an initial decision when your employing office gives it to you in writing and informs you of the right to an independent level of review (reconsideration) by the appropriate agency office.

Exception: The Office of Federal Employees' Group Life Insurance (OFEGLI) determines your eligibility to cancel a waiver based on medical evidence of insurability and your eligibility for Living Benefits. There is no reconsideration right for these decisions.

Reconsideration Right

You have the right to ask your employing office to reconsider its initial decision denying life insurance coverage or the opportunity to change coverage. The reconsideration process applies only to enrollment issues. Your employing office cannot make decisions about payment of claims (the Office of Federal Employees' Group Life Insurance makes these decisions).

The reconsideration review determines if your employing office acted properly and in accordance with the law and regulations in its initial decision. Initial decisions that comply with law and regulations cannot be overturned by reconsideration.

Example

Cathy, who had waived Optional life insurance coverage, separates from service and is reemployed less than 180 days later. Upon her reemployment, she attempts to elect Option B. Her employing office denies the election. This initial decision cannot be overruled by *reconsideration, because by regulation previous waivers remain in effect when an employee goes from one agency to another with a break in service of less than 180 days.*

How to Request Reconsideration

If you wish to request a reconsideration of an initial decision, you must make your request in writing. The request must include:

- Your full name and address
- Your date of birth
- The reason(s) for the request
- A copy of the written initial decision

Time Limit

You must make the request for reconsideration within 30 calendar days from the date of the initial decision.

This time limit can be extended when you show that you were not notified of the time limit and were not otherwise aware of it or that you were unable, due to reasons beyond your control, to make the request within the time limit.

Who Does the Reconsideration?

Agencies are responsible for performing reconsiderations. A reconsideration must take place at or above the level at which the initial decision was made.

Final Decision

After reconsideration, your employing office must issue a final decision. This decision must be in writing and must fully state the findings.

Effective Date

When your employing office decides that you should have been allowed to enroll or change enrollment, it accepts a Life Insurance Election form (SF 2817) from you making the change. You have 31 days to make the election.

Generally, changes made upon reconsideration are made prospectively. In some cases, the law or regulations provide for retroactive effective dates. In these cases, there is no need for your employing office to decide whether a retroactive effective date is appropriate.

In certain cases, your employing office may consider your request that the change be made retroactive to an earlier date, generally the date it would have been effective if you had been able to make a timely election.

NONPAY STATUS

- **Continued Coverage**
- **Temporary Appointments**
- **Special Nonpay Situations**
    - **Appointments to Employee Organizations**
    - **Appointments to State Governments, Local Governments, Indian Tribal Organizations, or Institutions of Higher Education**
    - **Transfers to International Organizations**

Continued Coverage

You are entitled to continue life insurance for up to12 months while you are in nonpay status. The 12-month period starts when you are in nonpay status for an entire pay period. No premium payments are required – either from you or from your agency – when you are in nonpay status for an entire pay period.

Exceptions:

- If you are receiving Workers' Compensation, OWCP withholds the premiums from your compensation
- If you accept another position while you are in nonpay status, you do have to pay premiums. The agency that is actually paying you a salary withholds the premiums from your salary. If the new position is a temporary (not-to-exceed one year) FEGLI ineligible position, the withholding is based on whichever position has the higher salary; otherwise, the withholding is based on the combined salaries
- If you are in one of the special nonpay situations described below, you may have to pay premiums, depending on the election you make

Your life insurance coverage terminates at the end of the 12-month period, with a 31-day extension of coverage and a right to convert to an individual policy.

If your 12-month period of continued coverage while in nonpay status is interrupted by a period of less than four months in pay status, your 12-month eligibility period continues when you return to nonpay status. If you return to pay status for four (or more) consecutive months, and then return to nonpay status, you begin a new 12-month eligibility period. To meet the 4 consecutive months requirement, you must be in pay status for at least part of each pay period during four consecutive months. It is important to remember that FEGLI premiums for the whole pay period are withheld if you are in pay status for any part of the pay period.

Exceptions:

- If your coverage terminates because you have completed 12 months in nonpay status, you must return to pay *and duty* status in a FEGLI eligible position to get the coverage back. Once coverage has terminated, simply returning to pay status – such as by using donated leave or any other kind of leave– is not enough to reinstate your FEGLI coverage
- If you return to pay and duty status in a FEGLI eligible position after your coverage has terminated due to being in nonpay status for more than 12 months, your coverage is reinstated. However, if you do not remain in pay status for at least four months, your coverage is again terminated when you return to nonpay status. You cannot get a new 12-month eligibility period unless you return to pay status and remain in pay status for at least four months
- Being in nonpay status is not a break in service, since you are still on your agency's rolls. You therefore do *not* get a new election opportunity when you return to pay and duty status. You cannot elect new coverage unless you follow the procedures in *Canceling a Waiver and Electing Coverage*

Example 1

Wendy went into nonpay status 4/11/06 and returned to pay status 6/26/06 by using donated leave. She went back into nonpay status 8/31/06. Since 4/11/06 was in the middle of a pay period, Wendy's 12-month period of continued coverage began 4/16/06, her first full pay period in nonpay status. She returned to pay status 6/26/06, which was the first work day in the pay period. She therefore used 70 days (five full pay periods) of her 12-month period of continued coverage before returning to pay status on 6/26/06. Since Wendy was not in pay status for four months when she went back into nonpay status on 8/31/06, she did not start a new 12-month period of continued coverage. When she went back into nonpay status on 8/31/06, Wendy's original 12-month period picked up where it left off; she has 295 days remaining. Since 8/31/06 was in the middle of a pay period, the remainder of Wendy's 12-month period starts counting again on 9/3/06, her first full pay period back in nonpay status. FEGLI coverage will terminate at the end of the day on 6/24/07, if she doesn't return to pay status before then.

Example 2

Xavier went into nonpay status 4/11/06 and returned to pay and duty status 6/26/06. He went back into nonpay status 12/5/06. Since 4/11/06 was in the middle of a pay period, Xavier's 12-month period of continued coverage began 4/16/06, his first full pay period in nonpay status. He returned to pay status 6/26/06, which was the first work day in the pay period. He therefore used 70 days (five full pay periods) of his 12-month period of continued coverage before returning to pay status on 6/26/06. Since Xavier was in pay status for more than four months when he went back into nonpay status on 12/5/06, he is entitled to start a new 12-month period of continued coverage. His FEGLI coverage will not terminate until the end of the day on 12/4/07.

Example 3

Xenia went into nonpay status 4/11/06 and returned to pay and duty status 7/17/07. She went back into nonpay status 10/12/07. Since 4/11/06 was in the middle of a pay period, Xenia's 12-month period of continued coverage began 4/16/06, her first full pay period in nonpay status. Since Xenia was in nonpay status for more than 12 months, her FEGLI coverage terminated at the end of the day on 4/15/07. Xenia got her coverage reinstated when she returned to pay and duty status on 7/17/07; however, she did not remain in pay status for at least four months. Therefore Xenia's coverage terminated again when she returned to nonpay status 10/12/07.

Example 4

Yancey went into nonpay status 4/11/06. On 7/17/07 Yancey received donated leave and returned to pay status. Since 4/11/06 was in the middle of a pay period, Yancey's 12-month period of continued coverage began 4/16/06, his first full pay period in nonpay status. Since Yancey was in nonpay status for more than 12 months, his FEGLI coverage terminated at the end of the day on 4/15/07. The donated leave Yancey received on 7/17/07 returned him to pay status; however, since he did not return to duty status, his FEGLI coverage was not reinstated.

Example 5

Yvette was a permanent employee with FEGLI who transferred to a temporary position with no break in service, so she was able to continue her FEGLI coverage. She went into nonpay status 4/11/06 and returned to pay and duty status 7/17/07. Since 4/11/06 was in the middle of a pay period, Yvette's 12-month period of continued coverage began 4/16/06, her first full pay period in nonpay status. Since Yvette was in nonpay status for more than 12 months, her FEGLI coverage terminated at the end of the day on 4/15/07. Although Yvette returned to pay and duty status on 7/17/07, she did not return to a FEGLI eligible position. Therefore her FEGLI coverage was not reinstated.

In the examples above, the agency will complete a SF 2821 and an SF 2819 whenever FEGLI coverage ends.

Temporary Appointments

If you are entitled to 12 months of insurance while in nonpay status and accept a temporary appointment to a position in which you would normally be excluded from insurance, your insurance continues for the remainder of the 12-month period. Your BIA is based on your higher salaried position. Withholdings are made from your pay in the temporary position.

When you have completed 12 months of nonpay status from the position that entitled you to life insurance coverage, your FEGLI coverage terminates, even if, by mistake, premiums continued to be withheld from your pay in the temporary position. You will get the 31-day extension of coverage and right to convert. You cannot continue FEGLI in the temporary position.

Example

Zeke was a permanent full-time employee with a salary of $58,412. He went into nonpay status 2/16/06. Since 2/16 was in the middle of a pay period, Zeke's 12-month period of continued coverage began 2/19/06. His FEGLI continued at no cost to him. On 7/24/06 Zeke began a temporary position with another agency; the salary in the temporary position was $38,770. His FEGLI continued, with his BIA (and any Option B coverage) based on the higher salary from his full-time permanent position. However, the coverage was no longer free; the premiums were withheld from his salary in the temporary position; that agency pays the Government contribution for Basic insurance. When Zeke completes 12 months in nonpay status at the end of the day on 2/18/07 from the position that gave him FEGLI eligibility, his FEGLI coverage will terminate. He cannot continue FEGLI in the temporary position.

Special Nonpay Situations

Employees in one of the following special nonpay situations may elect to continue their FEGLI coverage for the duration of their appointment. If you make such an election, your coverage will continue, even if you remain in nonpay status for more than 12 months. You must pay the premiums applicable to your special nonpay situation from the beginning of your nonpay status. You do not get 12 months of free coverage.

If you are in one of the special nonpay situations listed below, and you do *not* elect to continue your coverage, you will get 12 months of free coverage. Your coverage will terminate at the end of the 12-month period, the same as for any other employee in nonpay status.

Appointments to Employee Organizations

If you go into nonpay status to serve as a full-time officer or employee of an employee organization, within 60 days of the start of the nonpay status you may elect to continue life insurance for the duration of your appointment.

You must pay to your employing agency of record the full cost of Basic and Optional insurance. There is no Government contribution. You must pay your premiums to your employing agency before, during, or within three months after the end of each pay period in a manner designated by your employing agency.

Failure to pay your premiums within this time frame will result in termination of your coverage, subject to the 31-day extension of coverage and conversion privilege. Coverage cannot be reinstated until you return to pay and duty status in a FEGLI eligible position in Federal service. *Exception*: Your coverage will be restored retroactively if your Federal employing agency finds that you were unable to make the premium payments for reasons beyond your control and you make the payments at the first opportunity.

Appointments to State Governments, Local Governments, Indian Tribal Organizations, or Institutions of Higher Education

If you go into nonpay status while assigned to a State or local government, Indian tribal organization, or institution of higher education, you may elect to continue your life insurance for the length of your assignment.

You must pay your premiums to your employing agency of record before, during, or within three months after the end of each pay period. Your Federal employing agency must continue to pay the Government contribution for Basic insurance as long as you make your payments.

Failure to pay your premiums within this time frame will result in termination of your coverage, subject to the 31-day extension of coverage and conversion privilege. Coverage cannot be reinstated until you return to pay and duty status in a FEGLI eligible position in Federal service. *Exception*: Your coverage will be restored retroactively if your Federal employing agency finds that you were unable to make the premium payments for reasons beyond your control and you make the payments at the first opportunity.

Transfer to International Organizations

If you are transferred to an international organization as provided in 5 U.S.C. 3582, you may elect to continue life insurance coverage for the duration of your appointment.

You must pay your premiums to your Federal employing agency before, during, or within three months after the end of each pay period. Your employing agency must continue to pay the Government contribution for Basic insurance as long as you make your payments.

Failure to pay your premiums within this time frame will result in termination of your coverage, subject to the 31-day extension of coverage and conversion privilege. Coverage cannot be reinstated until you return to pay and duty status in a FEGLI eligible position in Federal service. *Exception*: Your coverage will be restored retroactively if your Federal employing agency finds that you were unable to make the premium payments for reasons beyond your control and you make the payments at the first opportunity.

Regulations governing transfers to international organizations are in 5 C.F.R. Part 352.

INCONTESTABILITY

Incontestability is allowing erroneous coverage (coverage that was obtained in error) to remain in effect under certain conditions. Those conditions are:

- Erroneous coverage was in effect for at least 2 years before the error is discovered, and
- You must have paid the applicable premiums for the erroneous coverage while it was in effect

Both conditions must be met for Incontestability to apply.

For retirees, FEGLI coverage that is acquired during initial processing at the time of retirement/compensation can be used to meet the requirements for Incontestability.

Since retirees cannot elect FEGLI coverage, coverage acquired erroneously after retirement/compensation cannot be used to meet the requirements for Incontestability. If you don't want the erroneous coverage, you can cancel it. However, the cancellation is prospective. There is no refund of premiums.

Example 1

Dean, who had previously waived coverage, transfers from one agency to another without a break in service and is allowed to elect insurance at the new agency. This is an agency error. However, if more than two years pass before the error is discovered, and if Dean paid the applicable premiums during that time, his erroneous election must be allowed to stand.

Example 2

Diane, who had Basic only for her entire Federal career retired December 31, 2006. The OPM Retirement Office incorrectly gave her Basic and Option A when her retirement case was processed. This is an agency error. However, if more than two years pass before the error is discovered, and if Diane paid the applicable premiums during that time, the erroneous coverage must be allowed to stand.

Once your employing office or retirement system determines that your enrollment should be allowed to stand, it must prepare a note to the file explaining the details of the error, the date it occurred, the date it was discovered, and the fact that your enrollment is now valid due to Incontestability.

Enrollments that are allowed to stand due to Incontestability become valid enrollments. If you were enrolled in the FEGLI Program for at least the five years immediately prior to retirement (or for all opportunities to be enrolled), even if part or all of the enrollment was in error but was allowed to stand, you are entitled to carry the enrollment into retirement.

Upon your retirement, your employing office must forward the note explaining the details of the validated enrollment along with the Life Insurance Election form (SF 2817) to the retirement system. If there is no SF 2817, the employing office must provide an explanatory note to the file to be forwarded to the retirement system. The employing office should also provide a note in the "remarks" section of the Agency Certification of Insurance Status (SF 2821) explaining that Incontestability was used to ratify an erroneous enrollment.

OPM issued BAL 99-214 on August 24, 1999 (http://www.opm.gov/retire/asd/htm/1999/bal99-214.htm) with revised Incontestability information that provides many more examples.

CORRECTION OF ERRORS

Employing Office

Your employing office can correct administrative errors regarding coverage or changes in coverage at any time. When retroactive corrections are made, your employing office must determine whether the proper amount of life insurance deductions were made from your pay. It must submit any uncollected deductions and any applicable Government contributions to the Office of Personnel Management for deposit in the Employees' Life Insurance Fund.

See "Errors Involving Current Employees - Underdeductions" for information on collection and waiver of deductions.

OPM

The Office of Personnel Management can order correction of an administrative error after reviewing evidence that it would be against equity and good conscience not to do so. A request for review should be sent to OPM, FSA, Life and Long Term Care Insurances Group, RM 2H24, 1900 E Street, NW, Washington D.C. 20415.

HISTORICAL INFORMATION

- **1981 Automatic Cancellation of Optional Insurance and Cancellation of Waiver**
  - **Cancellation of Optional Insurance**
  - **Cancellation of Waiver**
- **Breaks in Service**
- **Cancellation of Option C When There Are No Eligible Family Members**
- **Getting a Physical Exam**
- **Life Events**
- **Open Season History**

1981 Automatic Cancellation of Optional Insurance and Cancellation of Waiver

Cancellation of Optional Insurance

Prior to April 1, 1981, the only Optional insurance available was what is now Option A.

If you elected Optional insurance on or before February 28, 1981, the coverage was automatically cancelled effective at the end of the pay period which included March 31, 1981. *Exception*: If you were not in pay and duty status during the first pay period which began on or after April 1, 1981, the election was automatically cancelled on the first day after the end of the next pay period in which you *were* in pay and duty status.

If you wanted to continue Option A, you had to elect it during the March 1981 open season.

Cancellation of Waiver

If you waived Basic and/or Optional insurance on or before February 28, 1981, the waiver was automatically cancelled effective on the first day you were in pay and duty status on or after April 1, 1981.

Basic insurance coverage was effective automatically on the date of the waiver's cancellation, unless you filed a new waiver of Basic insurance before the end of the pay period during which the coverage became effective.

Exception: Your waiver of Basic insurance remained in effect if you:

- Waived Basic and/or Optional insurance after February 28, 1981; and
- Separated; and
- Returned to Federal service before December 9, 1983

You were permitted to elect Basic insurance and any form of Optional insurance by submitting an election to your employing office before March 7, 1984.

If you filed an election of Option A during the March 1981 open season, Option A was effective on the date of the waiver's cancellation. If you did not file an election with your employing office during the March 1981 open season, you are considered to have waived Option A on March 31, 1981.

Breaks in Service

Until December 8, 1983 a break in service did not cancel a waiver, regardless of how long the break was. All waivers remained in effect when a separated employee returned to service.

Cancellation of Option C When There Are No Eligible Family Members

Initially a cancellation of Option C when there were no longer any eligible family members was prospective, the same as any other cancellation. Effective November 17, 1986, these Option C cancellations are made retroactive to the first pay period in which there were no eligible family members, and the insured individual gets a refund of premiums back to that date.

Providing Medical Information

Until July 14, 1986, employees age 50 and older could not cancel a waiver by providing satisfactory medical information. Only employees under age 50 could cancel a waiver this way.

Life Events

When Option B and Option C came into being in 1981, the only life events were marriage and acquiring an eligible child. Divorce and death of a spouse were added as life events effective September 29, 1993.

Initially only employees under age 36 could make an Option B election due to a life event. The age restriction was removed effective April 5, 1989.

Employees with Option C coverage who had a life event between October 30, 1998, and April 23, 1999, had until June 23, 1999, to make an election to increase the number of multiples. The new coverage was effective April 24, 1999.

Open Season History

These are all of the FEGLI open seasons since the beginning of the Program:

Dates	Elections Permitted	Positive Reenrollment Required?	Effective Date	Pay and Duty Status Requirement
February 14-April 14, 1968	All (Options B and C didn't exist)	Yes. All previous Basic waivers cancelled 1st day of 1st pay period on/after 2/14/68. You had from 2/14/68-4/14/68 to elect or decline Optional insurance.	Day after previous waiver was cancelled (unless you filed new Basic waiver). Optional insurance was effective day of receipt in employing office.	No
March 1-31, 1970	All (Options B and C didn't exist)	No	April 1, 1970	Yes
March 1-31, 1981	All	Yes. If you did not file an election, you automatically had Basic only.	April 1, 1981	Yes
June 1-July 1, 1985	All	No	1st day of 1st pay period beginning on or after August 1, 1985	Yes
March 29-April 30, 1993	All	No	1st day of 1st pay period beginning on or after May 30, 1993	Yes
May 22-July 21, 1995	Basic only	No	1st day of 1st pay period beginning on or after date employing office received SF 2817	No
April 24-June 30, 1999	All	No	1st day of 1st pay period beginning on or after April 23, 2000	Yes
September 1-September 30, 2004	All	No	1st day of 1st pay period beginning on or after September 1, 2005	Yes

Incontestability and Administrative Errors

If an administrative error was made before January 1, 1995, your employing office does not have the authority to issue a reconsideration decision (unless the error was an underdeduction or overdeduction of premiums - your employing office has the authority to correct these errors). Instead, you must request reconsideration from OPM, FSA, Life and Long Term Care Insurances Group, RM 2H24, 1900 E Street, NW, Washington D.C. 20415.

TERMINATION AND CONVERSION

- **Difference between Cancellation and Termination**
- **Termination of Employees' Basic Insurance**
- **Termination of Employees' Optional Insurance**
- **Concurrent Employment**
- **31-Day Extension of Coverage**
- **Conversion of Insurance**
- **Conversion for Family Members**
- **Employing Office Responsibilities**
- **Time Limit and Effective Date**
- **Termination of Annuitants' and Compensationers' Insurance**
- **Historical Information**

DIFFERENCE BETWEEN CANCELLATION AND TERMINATION

- **Coverage Stops**
- **Cancellation**
- **Termination**

Coverage Stops

With both cancellation and termination, your FEGLI coverage stops.

Cancellation

Cancellation of coverage is a voluntary action. With cancellation you do not get a 31-day extension of coverage or a right to convert. Cancellation also affects your ability to continue coverage into retirement.

Cancellation takes place in one of two ways:

- By making a written request. If you are an employee, you complete a *Life Insurance Election* (SF 2817) canceling some or all of your coverage and submit it to your agency employing office. If you are an annuitant or a compensationer, you send a letter to OPM, requesting that some or all of your coverage be cancelled; or
- You are on direct pay, and you do not pay your premiums

Termination

Termination of coverage is an involuntary action. With termination you get a 31-day extension of coverage and a right to convert. Termination does not affect your eligibility to continue coverage into retirement.

Exception: If the annuity or compensation of an insured individual is terminated, or if the Department of Labor finds that an insured compensationer is able to return to duty, his/her FEGLI coverage held as an annuitant or compensationer stops on the date of the termination or finding. There is no 31-day extension of coverage or conversion right.

TERMINATION OF EMPLOYEES' BASIC INSURANCE

- **Separation from Service**
- **Nonpay Status**
- **Insufficient Pay**
- **Move to an Excluded Position**

Separation from Service

Your Basic insurance terminates (stops) at the end of the day on which you separate from service.

Exceptions:

- If you transfer to a FEGLI eligible position in another agency with no break in service, your insurance continues
- If you separate for retirement, you may be eligible to continue your coverage
- If you separate from service to enter the military, you are considered to be in a nonpay status for FEGLI purposes. As long as you have reemployment rights under USERRA (The Uniformed Services Employment and Reemployment Rights Act of 1994), you can keep your FEGLI coverage for up to 24 months in nonpay status, or until 90 days after your military service ends, whichever date comes first. Coverage is free for the first 12 months however, employees must pay both the employee and agency contributions of premiums for their Basic coverage and continue to pay the entire cost (there is no agency share) for any Optional insurance they may have for the additional 12 months of coverage. If you wish to continue coverage after the first 12 months in nonpay status you must to elect to do so in a manner designated by your agency. At the end of 12 months (or 90 days after the military service ends, whichever gives you more time), the coverage terminates unless you elect to continue it for the additional 12 months

- If you were employed by the Department of Defense in support of the Civilian Marksmanship Program the day before the Program was transferred to a private corporation, and you accepted employment by this corporation as part of the transition, your FEGLI continued unless you opted out of Federal benefits. You may continue your FEGLI coverage as long as you remain employed by the corporation

Nonpay Status

Your Basic insurance stops at the end of the day on which you complete 12 months in nonpay status.

Exceptions:

- If you are in nonpay status while receiving workers' compensation, you may be eligible to continue your coverage
- If you are in one of the special nonpay situations, you may be eligible to continue your coverage beyond 12 months
- If you are active duty military and you elected to continue insurance for an additional 12 months

Insufficient Pay

If your pay is insufficient to make any premium withholdings, and you do not elect to make direct payments, your coverage terminates at the end of the pay period in which the last premium withholding was made.

Move to an Excluded Position

Your Basic insurance stops at the end of the day before the day on which you move to a position in which eligibility for life insurance is excluded. See "Employees Excluded from Coverage" for exceptions.

TERMINATION OF EMPLOYEES' OPTIONAL INSURANCE

- **Relation to Basic Insurance**
- **Retirement and Compensation**
- **Insufficient Pay**

Relation to Basic Insurance

Your Optional insurance stops when your Basic insurance stops.

Retirement and Compensation

If you are eligible to continue Basic insurance as an annuitant or compensationer, but not some or all of your Optional insurance, the Optional insurance you are not eligible to continue into retirement or compensation stops at the end of the day before Basic insurance is continued into retirement or compensation.

Insufficient Pay

If your pay is insufficient to make premium withholdings for your Optional insurance, and you do not elect to make direct payments for your FEGLI premiums, your Optional insurance terminates at the end of the pay period in which the last premium withholding was made.

If your pay is sufficient for some of the withholdings, but not all, your employing office will terminate coverage in the following order:

- The multiples of Option C; then
- Option A; then
- The multiples of Option B

CONCURRENT EMPLOYMENT

Your FEGLI terminates if:

- You are serving in more than one position; and
- One of the positions is an excluded position; and
- You complete 12 months in nonpay status in the FEGLI eligible position

Your FEGLI continues if you complete 12 months in nonpay status in the excluded position. At the end of 12 months, your coverage will be based on the salary in the FEGLI eligible position.

Your FEGLI continues if you separate from the FEGLI eligible position. Your coverage will be based on the salary in the excluded position.

31-DAY EXTENSION OF COVERAGE

When your life insurance stops, except by waiver or cancellation, your coverage automatically continues for an additional 31 days after the termination date. No premiums or Government contributions are required during the 31-day extension. This extension does not include accidental death and dismemberment coverage.

There is no extension of coverage during the following situations:

- When you waive or cancel your insurance.
- When your annuity or compensation is terminated and your FEGLI stops.
- When a family member loses his/her eligibility under
- Option C.
- There is no extension beyond 31 days

CONVERSION OF INSURANCE

- **Conversion Privilege**
- **Individual Policy**
- **Process**

Conversion Privilege

When your group life insurance terminates, you are entitled to convert your coverage to an individual policy. *Exception*: If you return to Federal service in a FEGLI eligible position within three calendar days after the date your insurance stops, your coverage will continue and you are eligible to convert.

There is no conversion privilege if you cancel your coverage.

There is no conversion privilege when your annuity or compensation is terminated and your FEGLI stops.

If you have assigned your insurance, it is the assignee(s), rather than you, who is entitled to convert your Basic, Option A, and Option B coverage. You still are entitled to convert your Option C coverage since Option C cannot be assigned.

Individual Policy

Under the conversion privilege, you may convert all or any part of your Basic and Optional insurance to an individual policy. No medical examination is required, although you may be asked a few questions about your health to see if you qualify for a lower premium. You do not have to answer these questions, but if you do not, you may be paying a higher premium than necessary.

The individual policy will be issued by an insurance company you (or your assignee(s), if applicable) select from the list of approved companies that have been accepted by OPM as eligible and that has agreed to issue such policies under the provisions of the FEGLI contract.

The individual policy may be for any type of life insurance customarily issued by the insurance company you select, except term insurance, universal life insurance, or any other type of life insurance with an indeterminate premium. It cannot include disability or Accidental Death & Dismemberment benefits.

Note: For Option C, the conversion policies are for individuals only. The conversion policies do not include "family" policies similar to the FEGLI Program's Option C. If you convert your Option C coverage, you will be purchasing an individual policy for each family member whose coverage you choose to convert. You can only obtain a conversion policy for family members who exist on the effective date of the conversion policy – 32 days after the terminating event. A conversion policy cannot be issued for a family member added after that date.

Any insurance policy purchased under the conversion privilege is a private business transaction between you and the insurance company. The cost of the individual policy is determined by the insurance company and is based on your age and class of risk. Since you will no longer be part of the group contract, the premium payments may be much higher than the FEGLI premiums.

Process

When your insurance terminates, your employing office must give you a *Notice of Conversion Privilege* (SF 2819). If you wish to convert your coverage, you must send the SF 2819 to Office of Federal Employees' Group Life Insurance (OFEGLI) within the 31-day time limit for converting.

Your agency must also give you an *Agency Certification of Insurance Status* (SF 2821). Send that form to OFEGLI along with the SF 2819. *If you do not have the SF 2821, do not delay in sending the SF 2819.* Go ahead and send the SF 2819. You should request a completed SF 2821 from your agency before the expiration of the 31 day time limit and forward it to OFEGLI. OFEGLI needs the SF 2821 to calculate the amount of insurance you can convert.

Once OFEGLI has received your SF 2819 and SF 2821, it will send you a list of insurance companies that are offering conversion policies in your area. You must contact the companies to get information on the conversion policy and the cost.

Notes:

- **The address on the SF 2819 is not current**. The correct address is: OFEGLI, P.O. Box 2627, Jersey City, NJ 07303-2627
- In Block #4, your agency should indicate the multiples of Option C coverage you have the day insurance terminates
- If you receive an SF 2819, that means that you are <u>eligible</u> to convert your insurance, but you don't need to — the choice is yours. <u>IF</u> you qualify to carry your coverage into retirement, you may want to do that and <u>not</u> convert. Just because you receive an SF 2819 does <u>not</u> mean that you do not qualify to carry your coverage into retirement. All employees whose current coverage as an employee is terminating (other than by voluntary cancellation) receive a copy of that form — whether or not they qualify to carry coverage into retirement
- If you have assigned your insurance, your agency must give the SF 2819 to your assignee(s). The right to convert transfers to your assignee(s). If you have Option C, your agency must also give an SF 2819 to you. The right to convert Option C stays with you

You can find additional information on converting your insurance on the SF 2819.

CONVERSION FOR FAMILY MEMBERS

- **Upon Your Death**
- **Upon Your Separation**
- **Amount Available to Convert**
- **When Conversion Is Not Permitted**
- **When Insurance Has Been Assigned**

Upon Your Death

When you die, your family members covered under Option C are eligible to convert their coverage to individual policies.

The conversion policies do not include "family" policies similar to the FEGLI Program's Option C. Each eligible family member may convert to an individual policy. In the case of a minor child, a parent may apply on the child's behalf for an individual policy.

Your employing office must send your family members a *Notice of Conversion Privilege*

(SF 2819). In Block #4, your agency should indicate the multiples of Option C coverage you have the day insurance terminates. Your employing office must send the SF 2819 to your last address on file, addressed to "The Family Members of . . . ." The employing office does not have to try to locate family members who might not have lived with you at the time of your death.

Family members wishing to convert must send the SF 2819 to OFEGLI within the 31-day time limit for converting.

Upon Your Separation

When you separate from service, you may convert any or all of your FEGLI coverage. If you choose not to convert your Option C coverage, your family members may convert their coverage to individual policies.

The conversion policies do not include "family" policies similar to the FEGLI Program's Option C. Each eligible family member may convert to an individual policy. In the case of a minor child, a parent may apply on the child's behalf for an individual policy.

If your family members are interested in converting their coverage, they must contact your former agency employing office. Your employing office must send your family members a *Notice of Conversion Privilege* (SF 2819) if they request information about converting. Your family members must then send the SF 2819 to OFEGLI within the 31-day time limit for converting.

Amount Available to Convert

Your spouse and eligible children may convert up to the amount of Option C coverage you carried (maximum $25,000 for your spouse and $12,500 for each eligible child).

When Conversion Is Not Permitted

Family members do not have the right to convert their coverage when they lose eligibility for any reason, such as the following:

- Your divorce or annulment
- Your child reaches age 22
- Your child marries; or
- Your stepchild or foster child moves out of your home

When You Have Assigned Your Insurance

The right to convert Option C remains with you and your family members, even if the rest of your insurance has been assigned.

EMPLOYING OFFICE RESPONSIBILITIES

- **Notice of Conversion Privilege (SF 2819)**
- **Agency Certification of Insurance Status (SF 2821)**
- **Timing**

Notice of Conversion Privilege (SF 2819)

Your employing office must give you (or your assignee(s)) an SF 2819 whenever your coverage terminates. In Block #4, your agency should indicate the multiples of Option C coverage you have the day insurance terminates. *Exception*: If you are transferring to a FEGLI eligible position in another agency within three calendar days after your termination, your employing office does not need to issue an SF 2819.

Your employing office must record in your Official Personnel Folder (or its equivalent) the names and addresses of everyone who is given an SF 2819, including your assignees and family members covered under Option C. Your employing office must send this information to your retirement system, if your separation is for retirement.

Your employing office must not furnish insurance companies with the name of any employee being separated with possible conversion rights.

If you have Option C coverage, your employing office must send an SF 2819 to your eligible family members when you die. The form should be addressed to "The Family Members of . . . ."

If you separate from service and choose not to convert your Option C coverage, your employing office must send an SF 2819 to your eligible family members if they contact the employing office to request information on converting.

Agency Certification of Insurance Status (SF 2821)

Whenever your insurance terminates, your employing office must complete an *Agency Certification of Insurance Status* (SF 2821) and give it to you (or your assignee(s)).

In block #13a on the SF 2821, your agency should indicate the multiples of Option C coverage you have on the day insurance terminates. *Exception*: If you are transferring to a FEGLI eligible position in another agency within three calendar days after your termination, your employing office does not need to complete an SF 2821.

Timing

Your employing office must give you (or your assignee(s)) the *Notice of Conversion Privilege* (SF 2819) either immediately before or immediately after the event causing your coverage to terminate. *Note*: This form must be given to you when you are retiring, even if you choose to continue life insurance coverage into retirement. (See "Procedures for Retiring Employees.")

Your employing office must place a copy of the SF 2819 in your Official Personnel Folder (or its equivalent) as proof that the required notice was provided. The date the SF 2819 is issued is also required for completion of Block 9 on the SF 2821.

TIME LIMIT ON CONVERSION

- **Time Limit for Converting**
- **Belated Conversions**
- **Effective Date of Conversion Policy**
- **If You Return to Federal Service**

Time Limit for Converting

If you are interested in converting, you must complete Part C of the *Notice of Conversion Privilege* (SF 2819) and send it to OFEGLI at P.O. Box 2627, Jersey City, NJ 07303-2627. (***Note*: This address is different from the address on the SF 2819.**) Your SF 2819 must be postmarked within 31 days after the date of the terminating event or within 31 days of your (or your family member(s), in the case of Option C) receipt of the *Notice of Conversion Privilege* (SF 2819), whichever is later.

Belated Conversions

If your employing office fails to give you the required conversion notice on time or you are unable to request conversion on time for reasons beyond your control, you can request a belated conversion by writing to OFEGLI at P.O. Box 2627, Jersey City, NJ 07303-2627.

You must mail the request to OFEGLI within six months after the date you first became eligible to convert. The request must show that:

- You were not notified of the loss of coverage and the right to convert and were not otherwise aware of it; or
- You were not able to convert on a timely basis because of reasons beyond your control

If six months or more have passed since the date you first became eligible to convert, OFEGLI cannot accept a request for conversion.

Effective Date of Conversion Policy

Your conversion policy is effective at the end of your 31-day extension of coverage. If this is retroactive, you must pay premiums back to that date.

Example

Zelda resigned. Her last day of Federal service was 6/16/06. Her FEGLI terminates that day, with a 31-day extension of coverage through 7/17/06. Zelda's agency did not give her the SF 2819 until 10/13/06. Zelda has the right to convert her insurance to a private policy. She must send the SF 2819 to OFEGLI with a postmark within 31 days of the date she received it. If she converts, her conversion policy will be effective 7/18/06, at the end of her 31-day extension of coverage. She will have to pay premiums back to that date.

Belated conversions are made retroactive to the end of the 31-day extension, and you must pay the retroactive premiums. There are no exceptions to the requirement to pay retroactive premiums.

Your family members' conversion is effective at the end of your 31-day extension of coverage. If this is retroactive, they must pay premiums back to that date.

If You Return to Federal Service

If you have converted your FEGLI coverage and return to Federal service (including as a reemployed annuitant), you do not have to cancel your conversion policy, although certainly you can if you wish.

TERMINATION OF ANNUITANTS' AND COMPENSATIONERS' INSURANCE

- **Annuitants**
- **Compensationers**

Annuitants

If your annuity terminates, your FEGLI terminates on the same date. You do not get the 31-day extension of coverage or right to convert.

Compensationers

If the Department of Labor finds that you are able to return to duty, your FEGLI terminates on the date of the finding. You do not get the 31-day extension of coverage or right to convert.

If you return to service in a FEGLI eligible position, you will get FEGLI again as an employee and your FEGLI with the Department of Labor stops. Your FEGLI coverage will be based on the salary in your current position. If you return to a part-time position at the agency, your FEGLI will be based on the part-time salary.

HISTORICAL INFORMATION

- **Active Duty Military Service**
- **Portability**

Active Duty Military Service

By law, from August 1956 until June 1986 FEGLI terminated whenever an employee entered on active military duty.

Portability

From April 1999 until April 2002 employees with Option B whose group coverage terminated due to separation or completion of 12 months in nonpay status could elect to port (continue) their coverage by making direct premium payments to a Portability Office. This was a 3-year demonstration project. When the project ended, those with ported Option B coverage were given the opportunity to convert their coverage.

ANNUITANTS AND COMPENSATIONERS

- **Eligibility for Life Insurance**
- **Qualifying Retirement Systems**
- **Amount of Life Insurance**
- **Post-65 Reduction in the Amount of Coverage – Basic Insurance**
- **Post-65 Reduction in the Amount of Coverage – Optional Insurance**
- **Procedures for Retiring Employees**
- **While Retirement Claim Is Pending**
- **Reemployed Annuitants**
- **Procedures for Compensationers**
- **Termination and Reinstatement**
- **Historical Information**

ELIGIBILITY FOR LIFE INSURANCE

- **Basic Insurance – Annuitants**
- **Break in Service**
- **MRA+10 Annuitants**
- **Basic Insurance – Compensationers**
- **Optional Insurance**
- **Who Makes the Determination?**
- **No Waivers**
- **Accidental Death and Dismemberment Coverage**

Basic Insurance – Annuitants

When you retire, you are eligible to continue Basic insurance – or have it reinstated – if you meet all of the following requirements:

- You are entitled to retire on an immediate annuity under a retirement system for civilian employees;
- You have been insured for the 5 years of service immediately before the date your annuity starts, or for the full period(s) of service during which you were eligible to be insured if less than 5 years (called the "all opportunity" requirement); and
- You have not converted your life insurance coverage to an individual policy. (If you have already converted the coverage before it is determined that you're eligible to continue your coverage, you must void the conversion policy. To void the conversion policy, contact the insurance company. That company will send you a refund of any premiums you have already paid for the conversion policy.)

- You are enrolled in FEGLI on the date of retirement.

Notes:

- An immediate annuity is one that begins within 30 days after the date you separate from service for retirement.
- Any other life insurance your agency may offer in addition to or in lieu of FEGLI does *not* count toward the 5-year requirement. Only FEGLI coverage counts for meeting the 5-year requirement.

Breaks in Service

Breaks in service are not counted when determining the 5 years of service requirement.

Example 1

Aaron elected Basic insurance when he first became employed on 2/7/83. He resigned 9/22/00, and returned to Federal service 8/24/02. When he returned to service, he did not make a new election and got back the same coverage he had before he separated. He retired 12/31/05. The break in service didn't count against Aaron in determining his eligibility to continue FEGLI. The 5 years of service needed to continue FEGLI in Aaron's case are 8/24/02-12/31/05 and 1/30/99-9/22/00. Since he had Basic insurance during that time, Aaron met the 5-year requirement for continuing his coverage into retirement.

Example 2

Amy waived all FEGLI when she was first employed in 1973. She left Federal service in 2003 and returned to service in 2004. When she returned to service, she elected Basic insurance her very first day. She retired 11/30/05. Amy did not meet the 5-year requirement for continuing her FEGLI coverage (she waived it back in 1973). Since she did not have the coverage for the full period of service it was available to her, she also didn't meet the all-opportunity requirement. Therefore, Amy was not eligible to continue any of her FEGLI coverage into retirement.

Example 3

Bob began working for the Federal Government in 1975 and had Basic insurance from the day he started. During the 1981 open season he elected 4 multiples of Option B. He left Federal service in 1995. In 2006 Bob applied for a deferred annuity under CSRS. Since he did not retire on an immediate annuity, Bob was not eligible to have FEGLI in retirement.

MRA+10 Annuitants

An annuity you receive under the Minimum Retirement Age (MRA)+10 provision of FERS also qualifies as an immediate annuity, even though you separated from service and postponed receipt of your annuity. A postponed MRA+10 annuity is not the same thing as a deferred annuity.

Effective January 11, 1990, your insurance will be reinstated when you retire under the FERS MRA+10 provision (as long as you are otherwise eligible to continue your enrollment).

Basic insurance stops at the end of the day on which you separate. You get the 31-day extension of coverage, and your employing office must give you an SF 2819 (*Notice of Conversion Privilege*) for conversion purposes.

If you later apply for retirement and are eligible to continue Basic insurance, the Office of Personnel Management will send you a notice of eligibility and an SF 2818 (*Continuation of Life Insurance Coverage*). If you wish to have other than 75 Percent Reduction for Basic insurance, you must return the completed SF 2818 within 60 days after OPM mails the form. Basic insurance will be reinstated effective the date your annuity starts or the date OPM receives your application for annuity, whichever is later.

Basic Insurance – Compensationers

During your first 12 months in nonpay status while you are receiving workers' compensation from the Department of Labor, you remain covered as an employee.

When you separate from service or end 12 months of nonpay status (whichever happens first), your FEGLI as an employee stops. However, you may be able to continue your life insurance as a compensationer. You may continue it if you meet all of the following requirements:

- On the day you separate from service or on the day you end 12 months of nonpay status, you are still receiving compensation payments;
- The Department of Labor has determined that you are unable to return to duty;
- You have been insured for the 5 years of service immediately before the date compensation starts, or for the full period(s) of service during which you were eligible to be insured if less than 5 years; and
- You have not converted your life insurance coverage to an individual policy. (If you have already converted the coverage before it is determined you are eligible to continue your coverage, you must void the conversion policy. To void the conversion policy, contact the insurance company. That company will send you a refund of any premiums you have already paid for the conversion policy.)

Note: The year of continued coverage while in nonpay status *cannot* be counted toward meeting the 5-year requirement. You must meet the 5-year/all-opportunity requirement as of the date compensation begins.

Example 1

Beatrice elected Basic insurance only when she became employed in 1988. In June 2004 Beatrice was hurt in an accident at work and began receiving compensation; she separated from service 11/12/04 and continued receiving compensation. Since Beatrice was insured for the 5 years of service immediately before the date that compensation started, she was eligible to continue her FEGLI as a compensationer.

Example 2

Conrad waived all FEGLI when he became employed in 1990. During the 1999 open season he elected Basic insurance; the coverage was effective 4/23/00. In September 2004 Conrad was injured in an on-the-job accident and began receiving compensation. Since Conrad did not meet the 5-year or all-opportunity requirement at the time his compensation began, he was not eligible to continue coverage as a compensationer. However, Conrad's FEGLI continued while he was in nonpay status for a year. At the end of the year in nonpay status, since he did not meet the 5-year/all-opportunity requirement, Conrad's FEGLI terminated.

Optional Insurance

If you are eligible to continue (or have reinstated) Basic insurance, you are also eligible to continue (or have reinstated) Optional insurance if you meet the same coverage requirements for Optional insurance as those for Basic insurance.

For the purpose of continuing insurance as an annuitant or compensationer, you are not considered to have been eligible for Option C during any period when you had no eligible family member.

Example 1

Cindy elected Basic insurance only when she first became employed in 1975. She elected 2 multiples of Option B during the 1993 open season and 5 multiples of Option B during the 2004 open season. Her 5-multiple Option B coverage became effective 9/4/05. She retired 12/31/05. Cindy met the 5-year requirement for her Basic insurance and for the first 2 multiples of her Option B; however she did not meet the 5-year or all-opportunity requirement for her last 3 multiples of Option B coverage. Therefore Cindy was eligible to continue only her Basic insurance and 2 multiples of Option B into retirement.

Example 2

Damien elected Basic insurance and Option C when he first became employed in 1981; he elected 4 more multiples of Option C during the 1999 open season. The new Option C coverage became effective 4/23/00. He retired 10/03/03. Damien met the 5-year requirement for his Basic insurance and for his original Option C multiple. Because the 1999 open season was the first time multiples 2-5 of Option C became available, Damien met the all-opportunity *requirement for those multiples. Therefore Damien was eligible to continue Basic insurance and all 5 multiples of Option C into retirement.*

Example 3

Daisy was married and elected Basic insurance only when she became employed in 1974. She never made another FEGLI election until the 1999 open season, when she elected 5 multiples of Option C. Her new coverage became effective 4/23/00. She retired 6/30/04. Daisy met the 5-year requirement for her Basic insurance. Although the 1999 open season was the first time multiples 2-5 became available for Option C, the original Option C coverage (the first multiple) became available in 1981. Since Daisy didn't meet either the 5-year or the all-opportunity requirement for her first multiple of Option C, she was not eligible to continue any Option C into retirement.

Example 4

Ed was single and elected Basic insurance when he first became employed in 1972; he never had any children. Ed married for the first time 10/16/04 and elected 1 multiple of Option B and 5 multiples of Option C. He retired 11/03/05. Ed met the 5-year requirement for Basic insurance. Since he never had any eligible family members until his 2004 wedding, he met the all-opportunity requirement to continue his Option C. However, he didn't meet either the 5-year or the all-opportunity requirement for his Option B coverage. Therefore he was eligible to continue Basic insurance and 5 multiples of Option C into retirement.

Who Makes the Determination?

For both annuitants and compensationers, OPM makes the final determination as to whether you are eligible to continue life insurance coverage.

No Waivers

There are no waivers of any of the requirements to carry life insurance into retirement or as a compensationer. There are no exceptions to the "no waiver" rule – it does not matter whether you retire on disability, accept a voluntary incentive payment, etc. The only way to continue coverage into retirement is to meet the 5-year/all opportunity rule. This is different from the health benefits program which does allow for waivers under exceptional circumstances.

If you are not eligible to continue your coverage into retirement, you may convert to a private nongroup policy.

Accidental Death and Dismemberment Coverage

Insurance coverage you continue as an annuitant or compensationer does not include Accidental Death & Dismemberment coverage.

QUALIFYING RETIREMENT SYSTEMS

- **Type of System**
- **Qualifying Systems**
- **Certification of Insured Employee's Retirement Status**
- **Notifying OPM of a Retiree's Death under a Qualifying Retirement System**

Type of System

For FEGLI purposes, you must retire under a civilian retirement system for Federal or District of Columbia Government employees.

Qualifying Systems

Civilian systems include, but are not limited to, the following:

- Civil Service Retirement System (CSRS)
- Federal Employees' Retirement System (FERS)
- Board of Governors of the Federal Reserve System
- Tennessee Valley Authority System
- Foreign Service Retirement System
- Foreign Service Pension System
- CIA Retirement System
- Public School Teachers of the District of Columbia System
- Policemen and Firemen of the District of Columbia System
- National Oceanic and Atmospheric Administration System
- Officers of the Public Health Service System
- Lighthouse Retirement System
- Federal Judiciary Retirement System
- Judiciary of the Territories Retirement System
- Teachers Insurance Annuity Association and Collegiate Retirement Equities Fund Retirement System
- Nonappropriated Funds Retirement System
- Financial Institutions Retirement Fund System

- U.S. Tax Courts Judges Retirement System
- Military Court of Appeals Judges Retirement System
- U.S. Court of Veterans Appeals Judges Retirement System
- District of Columbia Courts Judges Retirement System

Certification of Insured Employee's Retired Status

If you retire under a system other than CSRS or FERS, the administering agency/office of that system must certify your retirement status to the Office of Personnel Management on the SF 2820 (*Certification of Insured Employee's Retired Status*).

OPM will then determine whether or not you meet the requirements for continuing insurance as an annuitant. OPM will notify both you and the administering agency/office of our decision. If you are eligible to continue coverage, OPM's Retirement Operations Center will maintain your life insurance file. You will be given a CSI file number and a letter explaining the value of your life insurance. The duplicate copy of the SF 2820 will be sent back to the administering agency of the retirement system.

Notifying OPM of a Retiree's Death under a Qualifying Retirement System

If you die as a retiree insured under a system other than CSRS or FERS, your survivors must inform the administering agency of the retirement system of your death. Your retirement system will notify OPM. Your retirement system does this by completing the Agency Report of Termination of Retired Status (bottom block) on the form SF 2820 (or on the old form SF 49.) and preparing a letter/memo with the name of the deceased and the date of death. Your retirement system must fax or sent this information to OPM, attention Retirement Operations Center. The fax number is 724-794-1263. The address is: OPM, Retirement Operations Center, PO Box 45, Boyers, PA 16017-0045.

Once OPM's Retirement Office learns of the death, they will send an FE-6 (*Claim for Death Benefits*) to whoever appears eligible for benefits. They will also send the necessary certification to the Office of Federal Employees' Group Life Insurance (OFEGLI).

The FE-6 should be completed and sent along with a certified copy of the death certificate to OFEGLI, P.O. Box 2627, Jersey City, NJ 07303-2627.

AMOUNT OF LIFE INSURANCE

- **Amount of Basic Insurance**
- **Amount of Optional Insurance**

Amount of Basic Insurance

The amount of Basic insurance you can continue as an annuitant or compensationer, if eligible, is your Basic Insurance Amount on the date of your separation or completion of 12 months nonpay status, whichever is earlier.

Amount of Optional Insurance

The amount of Option A insurance you can continue as an annuitant or compensationer, if eligible, is $10,000.

The number of multiples of Option B and Option C insurance you can continue as an annuitant or compensationer, if eligible, is the number of multiples that meet the 5-year/all-opportunity requirement (or you can choose fewer multiples).

POST- 65 REDUCTION IN THE AMOUNT OF COVERAGE – BASIC INSURANCE

- **Election for Basic Insurance**
- **Default Election**
- **How the Reduction Works**
  - **75 Percent Reduction**
  - **50 Percent Reduction**
  - **No Reduction**
- **When the Reduction Starts**
- **Change of Election**
- **Judges**

Election for Basic Insurance

If you are eligible to continue your Basic insurance as an annuitant or compensationer, you must complete an SF 2818 (*Continuation of Life Insurance Coverage*). On this form, you choose whether you want to continue your Basic life insurance into retirement or choose compensation. If you choose to continue your Basic insurance, you must elect the amount of Basic insurance you want after age 65 (or retirement, if that's later). The choices are 75 Percent Reduction, 50 Percent Reduction, or No Reduction.

Notes:

- If you do not want to continue your Basic insurance into retirement, you must show this on the SF 2818 (*Continuation of Life Insurance Coverage*); do not complete an SF 2817 (*Life Insurance Election*) to cancel your coverage.
- If you choose not to continue your Basic insurance, you cannot continue any of your Optional insurance.
- If you choose to continue your Basic insurance, you must elect No Reduction if you previously elected a partial living benefit.
- See "Amount of Withholding for Annuitants and Compensationers" for how your election affects your premiums.

Default Election

If you don't make an election regarding the post-65 reduction, you will automatically have the 75 Percent Reduction (unless you previously elected a partial living benefit).

How the Reduction Works

75 Percent Reduction

The amount of Basic life insurance in force reduces by 2 percent of the BIA each month until the amount has been reduced by 75 percent; 25 percent of the BIA is payable as a death benefit once the full reduction has been reached.

Example

Emma retired with a BIA of $57,000 and elected 75 Percent Reduction. When Emma reaches age 65, the amount of her Basic insurance in force will reduce by $1,140 each month ($57,000 x 2 percent). The reduction will continue until $14,250 of her BIA remains. This is the amount that will be payable if Emma dies after the full reduction has been reached.

50 Percent Reduction

The amount of Basic life insurance in force reduces by 1 percent of the BIA each month until the amount has been reduced by 50 percent; 50 percent of the BIA is payable as a death benefit once the full reduction has been reached.

Example

Floyd retired with a BIA of $62,000 and elected 50 Percent Reduction. When Floyd reaches age 65, the amount of his Basic insurance in force will reduce by $620 each month ($62,000 x 1 percent). The reduction will continue until $31,000 of his BIA remains. This is the amount that will be payable if Floyd dies after the full reduction has been reached.

No Reduction

The amount of Basic life insurance in force does not reduce. The full BIA is payable as a death benefit.

When the Reduction Starts

The reduction starts at the beginning of the 2nd month after your 65th birthday or the beginning of the 2nd month after your retirement, whichever is later.

Example 1

Faye retired in 2000 with a BIA of $60,000. She elected 75 Percent Reduction and turns 65 on 3/15/06. The amount of Faye's Basic insurance in force will reduce by $1,200 each month ($60,000 x 2 percent), starting with her 5/1/06 annuity payment.

Example 2

George retired 10/3/06 at age 67 with a BIA of $64,000; he elected 50 Percent Reduction. The amount of George's Basic insurance in force will reduce by $640 each month ($64,000 x 1 percent) starting with his 12/1/06 annuity payment.

Change of Election

You may make certain changes to your reduction election for Basic insurance. They are shown in the following table and discussed in more detail after the table:

You (or your assignee) can change Basic insurance from	To 75 Percent Reduction	To 50 Percent Reduction	To No Reduction
75 Percent Reduction	Not applicable	No	No
50 Percent	Yes	Not applicable	No

Reduction			
No Reduction	Yes (unless you elected a partial living benefit)	No	Not applicable

If you elect 75 Percent Reduction, you cannot change the election.

If you elect 50 Percent Reduction or No Reduction, you may cancel this election at any time. You will then get 75 Percent Reduction. *Exceptions*:

- If you have assigned your insurance, you cannot cancel your election of 50 Percent Reduction or No Reduction. Only your assignee(s) can cancel your election.
- If you elected a partial living benefit, you must elect No Reduction for your Basic insurance. You cannot later cancel that election. If you assigned your remaining coverage after electing a partial living benefit, your assignee(s) cannot cancel your election of No Reduction.

If you cancel your 50 Percent Reduction election or No Reduction election, the amount of your Basic insurance remaining switches automatically to the amount that would be in effect if you had elected 75 Percent Reduction originally. You do not get a refund of the additional premiums you paid for the higher level of coverage.

If you elect 50 Percent Reduction, you cannot change the election to No Reduction.

Contact OPM's Retirement Operations Center at P.O. Box 45, Boyers, PA 16017-0045 or 1-888-US-OPM-RET (1-888-767-6738) if you wish to change your election.

See “Assignment“ for information on the effect of an assignment on elections and changes of elections.

Judges

Judges retiring under one of the following provisions are considered employees for FEGLI purposes:

- 28 U.S.C. 371(a) or (b);
- 28 U.S.C. 372(a);
- 28 U.S.C. 377
- 26 U.S.C. 7447;
- 11 D.C. Code 776; or
- Internal Revenue Code, section 7447.

Basic insurance continues without interruption or reduction, and without payment of additional premiums for No Reduction, upon retirement. For judges choosing to receive compensation instead of an annuity, Basic and Optional insurance reduce in the same manner as for other compensationers.

POST-65 REDUCTION IN THE AMOUNT OF COVERAGE – OPTIONAL INSURANCE

Option A

The amount of Option A automatically reduces when you reach age 65 (or retire, if later). There is no election to be made.

The amount of coverage reduces by 2 Percent ($200) each month until the amount has been reduced by 75 Percent. Only 25 Percent of the original amount ($2,500) is payable as a death benefit once the full reduction has been reached.

Options B and C

You will be given the opportunity to make an election regarding post-65 reductions for Option B and Option C. At the time you retire or become insured as a compensationer, you must:

- Elect how many of your Option B and C multiples you wish to continue into retirement; and

- Choose whether to have all of those multiples reduce (“Full Reduction”) or none of them reduce (“No Reduction”) when you reach age 65 (or retire, if later).

If you choose to continue fewer multiples than you are eligible to continue, you must indicate this on the SF 2818 (*Continuation of Life Insurance Coverage*). You should not complete an SF 2817 (*Life Insurance Election*) to cancel any of your insurance at retirement.
You do not have to make the same choice for both Option B and Option C. You may choose Full Reduction for one type of insurance and No Reduction for the other type of insurance if you want to.

Default Election

If you do not make an election, you will automatically continue all multiples for which you are eligible and will get Full Reduction for all multiples.

Full Reduction

If you choose Full Reduction, the value of each multiple of Option B and/or Option C reduces by 2 Percent of the original amount each month until the amount has been reduced by 100 Percent. The insurance stops at 12:00 p.m on the day before the 50th reduction; after that no benefits are payable upon your death (for Option B) or your family member's death (for Option C).

If you elect Full Reduction, your Option B and/or Option C is free once the coverage starts to reduce.

Example

Gwen retired with 3 multiples of Option B, each worth $70,000; she elected Full Reduction for all of her multiples. When Gwen reaches age 65, the value of each multiple will reduce by $1,400 each month ($70,000 x 2 Percent); the coverage will be free once it starts to reduce. The reduction will continue until there is no coverage left under Option B. No Option B will be payable if Gwen dies after the full reduction has been reached.

No Reduction

If you choose No Reduction, your Option B and/or Option C coverage will not reduce at all.

After age 65 (or retirement, if that’s later), you will continue to pay premiums appropriate to your age group.

Example

Henry retired with 5 multiples of Option C and elected No Reduction for all of his multiples. When Henry reaches age 65, the full amount of his Option C coverage will remain in effect. He will continue to pay premiums appropriate to his age group.

When the Reductions Start

The reductions start at the beginning of the 2nd month after your 65th birthday or the beginning of the 2nd month after your retirement, if that's later.

How to Make the Election

Initial Election

When you retire or become insured as a compensationer, you must make your election on the SF 2818 (*Continuation of Life Insurance Coverage*). Your employing office will include the completed SF 2818 with the retirement package when it submits the package to OPM.

In this initial election you cannot choose to have some multiples reduce and some not reduce within the same type of coverage. For example, if you have 5 multiples of Option B, you cannot choose to have 3 multiples reduce and 2 not reduce. You must make the same election – either Full Reduction or No Reduction – for all the multiples of Option B.

At Age 65

Shortly before you reach age 65, your retirement system (or OWCP, for compensationers) will send you a letter reminding you of your initial election and asking if you want to make any changes. At that time you will be able to choose to have some multiples of particular type of coverage reduce and others not reduce.

Can I Change My Election?

You may make certain changes. They are shown in the following tables and discussed in more detail after the tables:

OPTION B

Can change from	You	Your assignee
Full Reduction to No Reduction—if you are under age 65	Yes	No

Full Reduction to No Reduction—if you are age 65 or older	No	No
No Reduction to Full Reduction—if you are under age 65	Yes, unless you assigned your insurance	Yes
No Reduction to Full Reduction—if you are age 65 or older	Yes, unless you assigned your insurance	Yes

OPTION C

Can change from	You	Your assignee
Full Reduction to No Reduction—if you are under age 65	Yes	No
Full Reduction to No Reduction—if you are age 65 or older	No	No
No Reduction to Full Reduction—if you are under age 65	Yes	No
No Reduction to Full Reduction—if you are age 65 or older	Yes	No

Before you reach age 65, you may change from No Reduction to Full Reduction at any time. *Exception*: If you have assigned your insurance, only your assignee(s) may change from No Reduction to Full Reduction for your Option B coverage.

Before you reach age 65, you may change from Full Reduction to No Reduction at any time.

Note: Before you reach age 65, any change you make for a particular type of insurance must apply to all the multiples of that insurance.

Example

Heidi retired in October 2005 at age 55. She had 2 multiples of Option B and 5 multiples of Option C. She elected No Reduction for her Option B and Full Reduction for her Option C. In

March 2006 Heidi decides she wants to change 2 of her Option C multiples to No Reduction. At this time she cannot make that change. She can either change all of her Option C multiples to No Reduction or leave them all at Full Reduction.

After you reach age 65, you may change from No Reduction to Full Reduction at any time. You may at this time choose to have some multiples of a particular type of insurance reduce and other multiples not reduce. *Exception*: If you have assigned your insurance, only your assignee(s) may change from No Reduction to Full Reduction for your Option B coverage. If you change to Full Reduction after you reach age 65, the amount of insurance remaining switches automatically to the amount that would be in effect if you had elected Full Reduction originally. You do not get a refund of the premiums you paid after age 65.

After you reach age 65, you cannot change from Full Reduction to No Reduction.

Example

Isaac retired in 2001 at age 60 with 5 multiples of Option B, each worth $45,000; he elected No Reduction for all 5 multiples. Isaac turned 65 in February 2006. In August 2006 Isaac decided to change 4 of his multiples to Full Reduction and keep 1 multiple at No Reduction. He notified OPM, and his change was effective 9/1/06. The value of 4 of Isaac's Option B multiples immediately dropped to $40,500 each ($45,000 x 2 Percent x 5 months = $4,500, subtracted from the original $45,000 amount). The premium for these 4 multiples stopped. Isaac's 5th multiple continued at the $45,000 amount, and Isaac continued to pay the premium for this multiple.

What Is the Difference between Canceling a Multiple and Changing to Full Reduction?

If you cancel a multiple, that coverage (and the premiums) stop right away; you do not get the 31-day extension and the right to convert. If you become reemployed, you will not automatically get that coverage back. Unless you return to service 180 days or more after the cancellation, you can only get the coverage back by one of the methods discussed in "Canceling a Waiver." If you die after canceling a multiple, no benefits are paid for that multiple.

If you change to Full Reduction, your coverage goes away gradually (2 Percent each month) instead of all at once (unless it's already been more than 50 months since your 65th birthday). The reductions don't start (and premiums don't stop) until the 2nd month after you reach age 65. If you die after changing a multiple to Full Reduction, benefits are paid on whatever amount of that multiple is left at the time of your death.

What If I Have Assigned My Insurance?

If you have assigned your insurance, you get to make the initial election regarding Option B reductions, just as you do for Basic. (Option C isn't subject to assignment.) After you have made the Option B election, you can change only from Full Reduction to No Reduction (before you reach age 65); you cannot change from No Reduction to Full Reduction.

Only your assignee can change from No Reduction to Full Reduction; your assignee cannot change from Full Reduction to No Reduction.

Judges

Judges retiring under one of the following provisions are considered employees for FEGLI purposes:

- 28 U.S.C. 371(a) or (b);
- 28 U.S.C. 372(a);
- 28 U.S.C. 377
- 26 U.S.C. 7447;
- 11 D.C. Code 776; or
- Internal Revenue Code, section 7447.

Optional insurance continues without interruption or reduction upon retirement. For judges choosing to receive compensation instead of an annuity, Basic and Optional insurance reduce in the same manner as for other compensationers.

PROCEDURES FOR RETIRING EMPLOYEES

- **Forms**
  - **SF 2818 (*Continuation of Life Insurance Coverage*)**
  - **SF 2819 (*Notice of Conversion Privilege*)**
  - **SF 2821 (*Agency Certification of Insurance Status*)**
- **If You Wish to Continue Your Insurance**
- **If You Do Not Want to Continue Some or All of Your Insurance Into Retirement**
- **If You Wish to Convert Some or All of Your Insurance**
- **If You Are Not Eligible to Continue Life Insurance**
- **Disability Retirements**

Forms

SF 2818 (*Continuation of Life Insurance Coverage*)

This is the form you complete to sign for each type of life insurance coverage you want to continue in retirement. This is also the form on which you elect the type of post-65 reduction you want for your Basic insurance (75 Percent Reduction, 50 Percent Reduction, or No

Reduction), Option B (Full Reduction or No Reduction), and Option C (Full Reduction or No Reduction). All retiring employees with FEGLI coverage must complete this form. If you do not complete the SF 2818 you will automatically get the lowest level of post-65 coverage (75 Percent for Basic insurance and Full Reduction for Option B and Option C).

SF 2819 (*Notice of Conversion Privilege*)

Agencies must give this form to all retiring employees, even if you appear eligible to continue your insurance. Some employees may choose to convert Option A insurance to avoid the automatic reduction in the amount of coverage after age 65 or to convert coverage to whole life or another type of insurance that provides a paid-up value you can borrow against.

This is a two-part form. Part 1 goes to you; Part 2 goes to the retirement system. Agencies must attach to Part 2 a list of everyone (names and addresses) to whom they gave or sent the notice to.

If you have assigned your insurance, your employing office must give the SF 2819 to your assignee(s), rather than to you. If you have Option C coverage, your employing office will give you an SF 2819 in case you want to convert that coverage and will give your assignee(s) a separate SF 2819.

Please note the address for OFEGLI on the SF 2819 form is not current. If you wish to convert any of your coverage, the correct address to send the SF 2819 to is: OFEGLI, P.O. Box 2627, Jersey City, NJ 07303-2627.

SF 2821 (*Agency Certification of Insurance Status*)

Your employing office must complete this form for all retiring employees, unless you choose to cancel all your insurance.

This form notifies your retirement system of the types of coverage you have, the length of time you have had each type of coverage, and your final salary.

This form requires 2 certifications: One by the personnel office and 1 by the payroll office.

If You Wish to Continue Your Insurance

You must complete the SF 2818 (*Continuation of Life Insurance Coverage*), and your agency employing office must complete the SF 2819 (*Notice of Conversion Privilege*) and SF 2821 (*Agency Certification of Insurance Status*), as discussed.

Your employing office will attach these forms to your retirement application and send the package to the office that administers your retirement system. For CSRS and FERS, that is OPM.

Note: Once you have retired, OPM's Retirement Operations Center (ROC) becomes your "agency employing office." All records relating to your FEGLI are kept in that office, and any questions or actions you want to take regarding your FEGLI coverage must be directed to that office. This is true for all retired civilian employees, regardless of which retirement system you retire under.

If you need to contact the ROC, the phone number is 1-88-US-OPM-RET (1-888-767-6738) outside the Washington, D.C., metropolitan area or 202-606-0500 within the Washington area. Annuitants should send written inquiries to the Retirement Operations Center, P.O. Box 45, Boyers, PA 16017-0045.

Annuitants may also contact OPM by email at retire@opm.gov.

If You Do Not Want to Continue Some or All of Your Insurance into Retirement

If you do not want to carry some or all of your life insurance coverage into retirement, you still need to complete the SF 2818 (*Continuation of Life Insurance Coverage*). For each type of coverage you have, you must indicate on the SF 2818 whether or not you wish to continue it into retirement.

If you do not continue your Basic insurance, you cannot continue any of your Optional insurance.

If You Wish to Convert Some or All of Your Insurance

If you only want to convert some of your Optional insurance, your employing office will attach the original of the SF 2821 to your retirement application. You must submit Part 2 of the SF 2821, along with a completed SF 2819 indicating which options you want to convert, to OFEGLI.

If you want to convert all of your insurance, your employing office will give you both copies of the SF 2821 (*Agency Certification of Insurance Status*) and an SF 2819 (*Notice of Conversion Privilege*). Your employing office will keep any Designations of Beneficiary and court orders directing payment of FEGLI benefits.

Please note that the address for OFEGLI on the SF 2819 form is not current. If you wish to convert any of your coverage, the correct address to send the SF 2819 to is: OFEGLI, P.O. Box 2627, Jersey City, NJ 07303-2627.

If You Are Not Eligible to Continue Life Insurance

If it appears you are not eligible to continue any of your life insurance into retirement, your employing office will give you both copies of the SF 2821 (*Agency Certification of Insurance Status*) and an SF 2819 (*Notice of Conversion Privilege*). Your employing office must send all life insurance documents, including any Designations of Beneficiary and court orders directing payment of FEGLI benefits, to OPM with your retirement papers. OPM will make the final determination as to whether you are eligible to continue your FEGLI and will have all your life insurance records in case any questions arise in the future concerning your coverage.

If it appears you are eligible to continue some, but not all, of your FEGLI, your employing office will give you Part 2 of the SF 2821, as well as the SF 2819, so that you may convert your coverage if you wish.

If you have assigned your insurance, your employing office must give the SF 2819 to your assignee(s), rather than to you. If you have Option C coverage, your employing office will give you an SF 2819 in case you want to convert that coverage and will give your assignee(s) a separate SF 2819.

If you convert your coverage, and OPM subsequently determines that you are eligible to continue FEGLI into retirement, your FEGLI enrollment can be reinstated. You must ask the insurance company to void your policy and refund the premiums you already paid for the converted policy.

Disability Retirements under CSRS

If you apply for disability retirement under CSRS, and your employing office submits a preliminary SF 2806 (*Individual Retirement Record*), it will submit the SF 2821 (*Agency Certification of Insurance Status*), SF 2817s (*Life Insurance Election*), and SF 2823s or SF 54s (*Designation of Beneficiary*) on file with the ***final*** SF 2806, rather than with the application for retirement.

Your employing office should note your insurance status in the "Remarks" section of the preliminary SF 2806 (*Individual Retirement Record*) as follows:

- Basic Life: Elected [75 Percent Reduction/50 Percent Reduction/No Reduction]
- Option A: [Waived/Eligible to continue: coverage began (date)/Not eligible to continue]
- Option B: [Waived/Eligible to continue: coverage began (date) – number of multiples held during entire last 5 years/Not eligible to continue]
- Option C: [Waived/Eligible to continue: coverage began (date) – number of multiples held during entire last 5 years/Not eligible to continue]

WHILE RETIREMENT CLAIM IS PENDING

- **If You Die**
- **If Your Insurance Terminates**

If You Die

If you die while your retirement claim is pending, a later determination that you were entitled to an immediate annuity establishes insurance coverage at the date of your death (unless you did not meet the requirements for continuing coverage into retirement). *Exception*: If your insurance had terminated because of 12 months in nonpay status, approval of your annuity application will restore your insurance coverage only if your annuity would have been effective no later than 1 month after the end of the 12-month nonpay status period.

If Your Insurance Terminates

If your insurance terminates while your retirement claim is pending, your employing office must notify you of the conversion privilege.

If your retirement application is approved later, and you meet the requirements for continuing insurance as an annuitant, your insurance will be reinstated automatically. If you converted your coverage to an individual policy, you must ask the insurance company to void your policy and refund the premiums you already paid for the converted policy.

REEMPLOYED ANNUITANTS

- **Annuity Terminated by Reemployment**
- **Annuity Continued during Reemployment – Excluded Position**
- **Annuity Continued during Reemployment in Covered Position – Basic Insurance, Option A, and Option C**
- **Annuity Continued during Reemployment in Covered Position – Option B**
- **Notifying the Retirement System of Your Reemployment**
- **Electing and Waiving Coverage**
- **If You Are in Nonpay Status While Reemployed**
- **Filing a Designation of Beneficiary, Assignment Form, or Court Order during Reemployment**
- **If You Die during Reemployment**
- **If a Covered Family Member Dies while You are Reemployed**
- **When You Separate – No Supplemental Annuity or New Retirement Eligibility**

- **When You Separate with a Supplemental Annuity or New Retirement Eligibility**
- **If You Are Separating and Are Eligible to Continue Reemployment-Acquired Life Insurance**

Annuity Terminated by Reemployment

If you are reemployed under conditions that terminate your annuity, the life insurance you carried as an annuitant also terminates. There is no right to convert. You can get life insurance as an employee, as long as you are employed in a covered position. *Note*: An annuity that is suspended is not considered to be terminated.

Annuity Continued During Reemployment – Excluded Position

If your annuity continues during your reemployment, and you are employed in an excluded position, all of your FEGLI coverage remains with your annuity. You cannot transfer your coverage to your employment or elect new coverage as an employee.

Annuity Continued during Reemployment in Covered Position – Basic Insurance, Option A, and Option C

When you are reemployed in a position that does not exclude coverage, the Basic insurance you carried as an annuitant is suspended.

You automatically get Basic insurance just like any other employee. Withholdings are made from your pay, even if you are over age 65. In addition, even if you are over age 65 your life insurance coverage as an employee will not reduce. The post-65 reductions only affect annuitants. Your employing office makes the Government contribution instead of OPM.

The amount of your Basic insurance is based on your salary as an employee, before reduction of pay by the amount of your annuity. The coverage includes Accidental Death & Dismemberment coverage.

When you have Option A and/or Option C as an annuitant, and you are reemployed in a position that does not exclude coverage, the Option A and Option C insurance you carried as an annuitant is also suspended.

You automatically get Option A and Option C insurance as an employee. There is no need to complete a new SF 2817 (*Life Insurance Election*). Withholdings are made from your pay, even if you are over age 65. In addition, even if you are over age 65 your life insurance coverage as an employee will not reduce. The post-65 reductions only affect annuitants.

The amount of Option A is $10,000 and includes Accidental Death & Dismemberment coverage. Each multiple of Option C is $5,000 for a spouse and $2,500 for an eligible child.

If you do not have Option A or Option C as an annuitant, you can elect it if you have been separated from service for at least 180 days. If separated from service less than 180 days, then any waiver of life insurance you made during your prior employment remains in effect.

In addition, if you had Option A and/or Option C as an employee but were not eligible to continue some or all of the coverage into retirement, you will get the coverage back upon your reemployment in a covered position.

Annuity Continued During Reemployment – Option B

Option B is handled differently from Basic, Option A, and Option C.

When you have Option B as an annuitant and are reemployed in a position that does not exclude coverage, you must be given the opportunity within 31 days of reemployment to choose whether to keep Option B as an annuitant or have it as an employee.

If you wish to keep it as an annuitant, you don't have to take any action. Withholdings will continue to be made from your annuity (unless you are over age 65 and have elected Full Reduction).

If you want to have Option B as an employee, you must complete an SF 2817 (*Life Insurance Election*) within 31 days after reemployment. *You must sign for all the insurance you want, not just Option B; any coverage not signed for will be cancelled*. The amount of Option B coverage will be based on your salary as an employee before reduction of pay by the amount of your annuity. Withholdings will be made from your pay.

If you don't have Option B as an annuitant, you can elect it as an employee if you have been separated from service for at least 180 days. If separated from service less than 180 days, then any waiver of life insurance made during your prior employment remains in effect. If you have fewer than 5 multiples of Option B as an annuitant and elect to have it as an employee, you can increase the number of multiples, unless your break in service is less than 180 days.

Note: If you had Option B as an employee, but were not eligible to continue all of the multiples into retirement, you will get back any multiples that terminated upon your retirement only if you elect to have Option B as an employee. If you keep your Option B as an annuitant, you will not get back any terminated multiples.

Notifying the Retirement System of Your Reemployment

Your employing office must notify the applicable retirement system immediately upon your reemployment, so your retirement system can immediately suspend the appropriate FEGLI withholdings from your annuity.

The form to use for this notification is OPM Form 1482 (*Agency Certification of Status of Reemployed Annuitants*). This form is used for CSRS, FERS, and, unless notified otherwise, the other retirement systems listed in "Qualifying Retirement Systems."

If you retired under the System for Police and Firemen of the District of Columbia, the appropriate office to notify is the Retirement Division, Office of Pay and Retirement, Room 200, 410 E Street, NW, Washington, DC 20001.

Effect of a New Waiver

Basic Insurance

If you file a waiver of Basic insurance as a reemployed annuitant, you also cancel the suspended Basic insurance and all Optional insurance you had as an annuitant. You cannot get it back when you leave employment.

Option A and Option C

If you file a waiver of Option A or Option C as a reemployed annuitant, you also cancel the suspended Option A or Option C insurance you had as annuitant. You cannot get it back when you leave employment.

Option B

If you elect to have Option B as an employee and later file a waiver of the Option B coverage, this does not cancel your Option B. This transfers the coverage back to your annuity.

If this is what you want to do, you must complete an SF 2817 (*Life Insurance Election*). Your employing office should note in the "Remarks" section: "Reemployed Annuitant; Retirement Claim Number __________; Option B coverage held as an employee cancelled. Reinstate suspended Option B coverage held as an annuitant."

Your employing office must notify your retirement system, so that it can start making the withholdings again from your annuity.

If you wish to cancel the suspended annuitant coverage, you must notify your retirement system in writing.

Notification of Retirement System

When you file a waiver as a reemployed annuitant, your employing office must enter the words "Reemployed Annuitant" and your retirement claim number on the SF 2817 (*Life Insurance Election*).

Your employing office should process the SF 2817 in the usual way, and send a photocopy of the SF 2817 to your retirement system with a short transmittal letter noting the action you took.

If You Are In Nonpay Status While Reemployed

If you complete 12 months of nonpay status while reemployed, your suspended annuitant coverage will become effective again. Any new coverage you had elected as an employee will terminate (you can convert this coverage to an individual contract).

Your employing office must notify your retirement system your employee-held coverage has terminated, so the retirement system can reinstate the coverage you held as an annuitant and begin withholding premiums from your annuity. If you return to pay and duty status, your employing office must notify your retirement system to suspend the annuitant coverage again.

Filing a Designation of Beneficiary, Assignment Form, or Court Order During Reemployment

When you file an SF 2823 (*Designation of Beneficiary*), RI 76-10 (*Assignment*), or court order as a reemployed annuitant, you should submit it to the Office of Personnel Management, Retirement Operations Center, P.O. Box 45, Boyers, PA 16017-0045. If you have insurance coverage through your reemployment (premiums are withheld from your pay, not your annuity), you may also file your Designation with your employing office. Your employing office must enter the words "Reemployed Annuitant" and your retirement claim number on the form and send it to OPM.

If You Die During Reemployment

Basic Insurance

The amount of benefits payable will be either the amount suspended as an annuitant, less any post-65 reductions, or the amount carried during reemployment, whichever is higher. To ensure that the proper amount is paid, it is important that your employing office note you were a reemployed annuitant when it files the SF 2821 (*Agency Certification of Insurance Status*) with OPM.

Option A

The amount of benefits payable will be the amount carried during reemployment.

Option B

The amount of benefits payable will be whichever coverage you elected to have – either the amount carried as an annuitant or the amount elected in reemployment – regardless of which amount is higher.

Claims for Benefits

Claims for death benefits must be filed through the Office of Personnel Management, not directly with the Office of Federal Employees' Group Life Insurance (OFEGLI).

The SF 2821 (*Agency Certification of Insurance Status*) must show your annual pay for insurance purposes, before it is reduced by the amount of your annuity. Your employing office must enter the words “Reemployed Annuitant” and your retirement claim number under your name and must send the form to the Retirement Operations Center, P.O. Box 45, Boyers, PA 16017-0045, not to OFEGLI.

You must send claims for accidental dismemberment directly to the OFEGLI at P.O. Box 2627, Jersey City, NJ 07303-2627.

If a Covered Family Member Dies while You Are Reemployed

Option C benefits will be payable if you had Option C as an annuitant and didn't cancel it during reemployment or you elected it during reemployment.

When You Separate – No Supplemental Annuity or New Retirement Eligibility

If you separate from service and are not eligible for a supplemental annuity or new retirement, your reemployment-acquired insurance terminates on the date your reemployment terminates, subject to the 31-day extension of coverage and conversion privilege.

If you have life insurance that was suspended as an annuitant, that coverage, less any post-65 reductions, will be reinstated. Your employing office must notify the retirement system by fax at 724-794-1263, Attention: Life Insurance, so that it can reinstate the suspended insurance and begin applicable withholdings and contributions.

When You Separate with a Supplemental Annuity or New Retirement Eligibility

When you separate from service and are eligible for a supplemental annuity or new retirement, you can continue the reemployment-acquired life insurance if you meet the eligibility requirements (immediate annuity and 5-year/all-opportunity requirement).

Example 1

Irma retired in 1998 with Basic insurance only. She became reemployed in 2001 and elected 2 multiples of Option B. She retired again in 2004. She was eligible to continue her employment-acquired Basic insurance, since she had already met the 5-year requirement for that coverage. However, she didn't meet the 5-year or all-opportunity requirement for her Option B, so she was not eligible to continue that coverage when she left employment.

Example 2

Jeff had Basic insurance and Option A. He elected 3 multiples of Option B during the 1999 open season. That coverage became effective 4/23/00. Jeff retired in 8/3/03. He was not eligible to continue his Option B into retirement, since he didn't meet the 5-year or all-opportunity requirement. He became reemployed in March 2004 and got back the Option B coverage that had terminated when he retired in 2003. He worked another 2 years. When Jeff retired the 2nd time, he was eligible to continue his Option B, because he now met the 5-year requirement (4/23/00-8/3/03 plus 3/04-3/06).

Example 3

Jill retired in 1998 with Basic insurance and Option C. She became reemployed in 2001 and elected 4 more multiples of Option C. She worked 1 year and retired with a supplemental annuity. When Jill left service, she was eligible to continue all 5 multiples of Option C. At the time she retired in 1998 Option C didn't have multiples. She met the 5-year requirement and continued her original Option C into retirement. When she became reemployed and elected multiples 2-5, she had it for the entire time it was available to her; so she met the all-opportunity requirement.

Your employing office must complete an SF 2821 (*Agency Certification of Insurance Status*), the same as with any other retirement. The words "Reemployed Annuitant" and your retirement claim number should be entered under your name.

If You Are Separating and Are Eligible to Continue Reemployment-Acquired Life Insurance

Basic Insurance

Your retirement system will notify you of the amount of Basic insurance suspended as an annuitant, less any post-65 reductions, and the amount of Basic insurance you had through reemployment. You must choose between the 2 amounts. If you choose the reemployment-acquired insurance coverage, you must make a new post-65 reduction election on the SF 2818 (*Continuation of Life Insurance Coverage*).

If you originally separated before January 1, 1990, and elected 75 Percent Reduction, you must pay premiums until age 65 if you elect to continue the reemployment-acquired Basic insurance. If you elect to reinstate the suspended "annuitant" insurance, you will not have to make any premium payments, even if you are under age 65.

Option A

The Option A acquired through reemployment will be continued automatically.

Option B

If you kept Option B as an annuitant, there is no choice to make. If you elected Option B as an employee, the retirement system must give you a choice between the suspended coverage, less any post-65 reductions, or the reemployment-acquired coverage.

Option C

The Option C acquired through reemployment will be continued automatically.

Note: You do not have to choose all of the suspended insurance or all of the reemployment-acquired insurance. You may "pick and choose" among the different types of insurance.

PROCEDURES FOR COMPENSATIONERS

- **Continued Coverage as an Employee**
- **Notification to the Office of Workers' Compensation Programs**
- **When Insurance as an Employee Terminates**
    - **If You Appear Eligible to Continue Your FEGLI as a Compensationer**
    - **If You Do Not Appear Eligible to Continue Your FEGLI as a Compensationer**

- **If It Is Not Clear Whether You Are Eligible to Continue Your FEGLI**
- **Canceling or Reducing Insurance**
- **Designation of Beneficiary Forms**
- **If You Return to Duty**
- **If You Die as a Compensationer**

Continued Coverage as an Employee

When you start receiving compensation, you remain insured as an employee until 1 of the following things happens:

- You complete 12 months in nonpay status; or
- You separate from service.

Being insured as an employee, rather than as a compensationer, means:

- Basic and Option A coverage include Accidental Death & Dismemberment
- There are no reductions in the amount of insurance in force if you are over age 65
- Salary changes affect the amount of Basic insurance (unless you previously elected a partial living benefit) and Option B
- You can elect more coverage (although, with the exception of Option C elected due to a life event, any new coverage will not become effective until you are back in pay and duty status
- You submit designations of beneficiary, assignments, and court orders directing payment of FEGLI benefits to your employing office instead of to OPM.

Notification to the Office of Workers' Compensation Programs

When you go on leave without pay to receive compensation, your employing office must notify the Office of Workers' Compensation Programs (OWCP) of the type and amount of life insurance you have. The form to use for this purpose is OWCP Form CA-7. In the Remarks portion of the CA-7, your employing office gives your date of birth and the beginning and ending dates of the pay period in which pay stopped.

OWCP will make withholdings from your compensation starting from the first day of the pay period following the one in which your pay stops. *Exception*: OWCP doesn't make any withholdings if you receive compensation for fewer than 29 days. The withholdings are the same rate that was withheld from your salary; however, they are computed on an every-4-weeks basis.

Whenever your pay changes during the time you are still covered as an employee, your employing office must notify OWCP, so any withholdings for Basic and Option B can be adjusted, if necessary.

When Insurance as an Employee Terminates

When your insurance as an employee stops, you may be eligible to continue your coverage as a compensationer.

If You Appear Eligible to Continue Your FEGLI as a Compensationer

Your employing agency must give you an SF 2818 (*Continuation of Life Insurance Coverage*). You must complete the SF 2818 making a post-65 reduction election for your Basic insurance (and your Option B and Option C, if you have those coverages).

Your employing office must also complete an SF 2821 (*Agency Certification of Insurance Status*) and enter your compensation claim number on the SF 2821. Your agency must give you a copy of the SF 2821, along with an SF 2819 (*Notice of Conversion Privilege*), in case you wish to convert any of your coverage.

Your employing office will send the SF 2818, SF 2821, and a copy of the SF 2819, along with any designations of beneficiary, assignments, court orders directing payment of FEGLI benefits, and all previous life insurance elections, to OPM.

OPM will verify your compensation status and inability to return to duty with OWCP and will inform you whether you are eligible to continue coverage.

If you are eligible to continue coverage, OPM's Retirement Operations Center will maintain your life insurance file and serve as your “employing office.” You will be given a CSI file number and a letter explaining the value of your life insurance.

If you want to convert any or all of your life insurance, your employing office should follow the same procedures as for annuitants.

If You Do Not Appear Eligible to Continue Your FEGLI as a Compensationer

If your agency determines you do not meet the 5-year/all-opportunity requirement for any of your FEGLI coverage, they must notify OWCP.

Your FEGLI coverage continues for the first 12 months in nonpay status or until you separate from service, if that happens first. To notify OWCP, your agency must complete a “Notice of Life Insurance Ineligibility.” This notice is sent to OWCP at the same time the CA-7 is sent. OWCP will flag its system to stop the withholdings at the end of 12 months. If you separate from your agency before the end of 12 months in nonpay, your agency must notify OWCP so they can stop the withholdings at separation.

Your agency will also give or send a copy of the “Notice of Life Insurance Ineligibility” to you. This notifies you your FEGLI coverage will terminate upon separation or completion of 12 months in nonpay and that you have a right to convert the coverage.

See the sample "Notice of Life Insurance Ineligibility" form below.

NOTICE OF LIFE INSURANCE INELIGIBILITY

Employee's Name	Employee's Social Security Number
________________________	________________

The Federal Employees' Group Life Insurance (FEGLI) law states that a person who is receiving workers' compensation may continue his/her life insurance if the person had the coverage for the 5 years of service immediately before he/she started receiving compensation (or for the entire time the coverage was available, if that's less than 5 years).

You do not meet this 5-year/all-opportunity requirement. Your compensation started _______________. Your life insurance coverage was effective as follows:

Type of Coverage	Effective Date of Coverage
Basic Insurance	
Option A	
Option B	
Option C	

You are therefore not eligible to continue your FEGLI as a compensationer. Your coverage, however, will not stop right away. You may keep your coverage for 12 months, while you are in a nonpay status. The Office of Workers' Compensation Programs will withhold your premiums from your compensation.

At the end of 12 months in nonpay status, your coverage terminates. You have the right to convert to a private individual policy. Your agency will send you the forms you need to convert your coverage (SF 2819 – *Notice of Conversion Privilege* and SF 2821 – *Agency Certification of Insurance Status*).

If you separate from service before you complete 12 months in nonpay status, your life insurance terminates at that time, and your agency must send you the forms necessary for conversion.

If you do not get these forms from your agency, contact your human resources office to request them.

If It Is Not Clear Whether You Are Eligible to Continue Your FEGLI

Your employing agency should follow the same procedures as for an eligible employee. The Retirement Operations Center will review your life insurance records and make a determination about your eligibility.

Canceling or Reducing Insurance

If you want to cancel or reduce insurance while you are insured as a compensationer (no longer insured as an employee), you must notify OPM so that withholdings can be stopped or reduced. Submit a letter to OPM, Retirement Operations Center, P.O. Box 45, Attn: Life Insurance, Boyers, PA 16017-0045. Any cancellation or reduction of life insurance coverage must be in writing and have an original signature. You need to specify what action you want taken concerning your life insurance coverage. Be sure to include your name, date of birth, Social Security number and CSI number. You should also include a daytime phone number, so you can be reached if there are any questions on your request. OPM determines the effective date of the change, notifies the Office of Workers' Compensation Programs of the change to withholding, and sends you verification of the new level of insurance.

Please note you cannot increase your coverage after you are insured as a compensationer or reinstate any coverage that you cancel.

If you are still insured as an employee and wish to cancel or reduce coverage, you must submit an SF 2817 (*Life Insurance Election*) to your employing office.

Designations of Beneficiary, Assignments, and Court Orders

If you are still insured as an employee, you must submit any SF 2823 (*Designation of Beneficiary*), RI 76-10 (*Assignment*), or court orders to your employing office.

If you are insured as a compensationer, you must submit these forms to OPM. The address is: OPM, Retirement Operations Center, P.O. Box 45, Boyers, PA 16017-0045.

If You Return to Duty

When you have been receiving compensation and you return to duty, your employing office must notify the Office of Workers' Compensation Programs and let them know the beginning and ending dates of the pay period in which you returned to duty. There is no form to use for this purpose; your employing office may notify OWCP by letter, phone, or e-mail.

If a CSI file has been established by the OPM Retirement Operations Center (ROC), your agency must also notify the ROC that you are back to work. The ROC will send the original life insurance forms back to your agency.

If You Die as a Compensationer

If you were insured as a compensationer at the time of your death, your beneficiary(ies) should provide notification of your death to OPM at 1-88-US-OPM-RET (1-888-767-6738) or 202-606-0500 within the Washington D.C. metropolitan area. OPM will provide each claimant with an FE-6 (*Claim for Death Benefits*). Each claimant must submit a separate claim form to the Office of Federal Employees' Group Life Insurance (OFEGLI) at P.O. Box 2627, Jersey City, NJ 07303-2627. Claimants should not send the claim form to OPM.

TERMINATION AND REINSTATEMENT

- **Termination – Annuitants**
- **Reinstatement – Annuitants**
- **Termination – Compensationers**
- **Reinstatement – Compensationers**

Termination – Annuitants

Your insurance stops on the day your entitlement to an annuity terminates. There is no 31-day extension of coverage or right to convert. *Exception*: If you are a disability annuitant and your annuity is terminated because you are found to be recovered or restored to earning capacity, you can keep FEGLI if you are entitled to and apply for an immediate annuity under another provision of retirement law. (If you are eligible only for a deferred annuity, FEGLI stops when your disability annuity stops.)

Reinstatement – Annuitants

If you are a disability annuitant, you can have FEGLI reinstated if you meet the following conditions:

- Your disability annuity stopped because of a recovery from the disability or restoration to earning capacity, and
- Your disability annuity is restored after December 31, 1983.

If you meet these requirements, you can get back any FEGLI coverage you had immediately before your annuity was terminated.

Termination – Compensationers

Your life insurance terminates when compensation stops or when the Office of Workers' Compensation Programs finds you are able to return to duty. There is no 31-day extension of coverage or right to convert once your insurance terminates. *Exceptions*:

- Your life insurance will continue if you become an annuitant and are eligible to continue life insurance as an annuitant, or if you return to work in a non-excluded position.
- If you are a compensationer who is found able to work part-time or to perform light duty and you continue to receive a reduced level of compensation, you do not lose your FEGLI coverage. If you return to Federal service, your insurance as a compensationer stops and you become insured as an employee. If you do not return to Federal service, your life insurance continues as a compensationer.

Reinstatement – Compensationers

There is no reinstatement of life insurance for a compensationer (unless you successfully appeal the termination of your compensation). However, if you return to duty or become reemployed in a non-excluded position, you can get FEGLI again.

HISTORICAL INFORMATION

- **Requirements for Continuing Coverage into Retirement or Receipt of Compensation**
- **Reemployed Annuitants**
- **Post-65 Reductions**
    - **Basic Insurance**
    - **Option B and Option C**
- **Post-65 Reductions for Compensationers**
- **Retirement or Receipt of Compensation before April 24, 1999**

Requirements for Continuing Coverage into Retirement or Receipt of Compensation

When the FEGLI Program started in 1954, the requirement for continuing coverage into retirement was that the employee retire on an immediate annuity with at least 15 years of creditable civilian service. Initially compensationers were excluded, but they were later brought into the Program retroactive to 1954.

In 1959 the service requirement was reduced from 15 years to 12 years.

In 1978 the 12-year service requirement was removed and replaced with the current 5-year/all-opportunity coverage requirement.

Reemployed Annuitants

At the beginning of the FEGLI Program most reemployed annuitants were not eligible for coverage through their reemployment. Reemployed annuitants became eligible in 1966.

Post-65 Reductions

Basic Insurance

When the FEGLI Program began, regular/Basic insurance began to reduce when an annuitant/compensationer reached age 65. The reduction continued until 75 Percent of the face value was gone. There was no election to be made.

The 50 Percent Reduction and No Reduction elections began in December 1980.

Option B and Option C

When Option B and Option C were added to the Program, the post-65 reduction was automatic. Starting in 1999, retiring employees were able to choose between Full Reduction and No Reduction.

Retirement or Receipt of Compensation before April 24, 1999

If you were retired or insured as a compensationer before April 24, 1999, and you had Option B coverage, you were given an opportunity between April 24 - October 24, 1999, to choose Full Reduction or No Reduction for your Option B coverage.

If your Option B had already started reducing, you were given the opportunity to freeze your Option B coverage at the amount in force as of April 24, 1999. If you made this election, you began to have premiums withheld again from your annuity appropriate to your age and the amount you chose to freeze.

There was no election opportunity regarding Option C.

ORDER OF PRECEDENCE AND DESIGNATION OF BENEFICIARY

- **Order of Precedence and Payment of Benefits**
- **Designation of Beneficiary**
- **Designating a Trust**
- **Changing or Canceling Designations**
- **If Your Beneficiary Is a Minor**
- **Annuitants and Compensationers**
- **Court Orders**
- **Historical Information**

ORDER OF PRECEDENCE AND PAYMENT OF BENEFITS

- **Order of Precedence**
- **Effect of Assignments and Court Orders**
- **If No Claim Is Filed**
- **Option C**

Order of Precedence

Upon your death, the Office of Federal Employees' Group Life Insurance (OFEGLI) will pay life insurance benefits in a particular order set by law. This order of precedence is:

- If you assigned ownership of your life insurance by filing an *Assignment, Federal Employees Group Life Insurance* (RI 76-10), OFEGLI will pay benefits:
  First, to the beneficiary(ies) designated by your assignee(s), if any;
  Second, if there is no beneficiary, to your assignee(s).
- If you did *not* assign ownership and there *is* a valid court order on file, OFEGLI will pay benefits in accordance with that court order.
- If you did *not* assign ownership and there is *no* valid court order on file, OFEGLI will pay benefits:
  First, to the beneficiary(ies) you designated;
  Second, if there is no such beneficiary, to your widow or widower;
  Third, if none of the above, to your child or children, with the share of any deceased child distributed among the descendants of that child (a court will usually have to appoint a guardian to receive payment for a minor child);

Fourth, if none of the above, to your parents in equal shares, or the entire amount to the surviving parent;
Fifth, if none of the above, to the court-appointed executor or administrator of your estate;
Sixth, if none of the above, to your other next of kin as determined under the laws of the state where you lived.

If you want payment to be made differently from the order listed above, and you have not assigned your life insurance and there is no valid court order on file, you must designate a beneficiary. If you are satisfied with the order listed above, you do need not act.

Effect of Assignments and Court Orders

Assignments and court orders preempt the order of precedence.

If you assigned your life insurance, OFEGLI will pay benefits to the beneficiary(ies) designated by your assignee(s), if any. If there is no such beneficiary, OFEGLI will pay benefits to your assignee(s).

If you did not assign ownership and there is a valid court order on file, OFEGLI will pay benefits in accordance with that court order.

If No Claim Is Filed

If the person who is entitled to payment under the order of precedence does not file a claim within one year after your death (or if payment to the person who filed is forbidden by Federal law or regulation), OFEGLI can pay the person next in the order of precedence, just as if the person who would otherwise get the payment had died before you did.

By law, this payment bars any other person from collecting payment.

If the person who is entitled to payment under the order of precedence does not file a claim within two years after your death, and neither OPM nor OFEGLI has received notice that such a claim will be made, OFEGLI can pay the claimant who in OPM's judgment is equitably entitled to the payment. By law, this payment bars any other person from collecting payment.

If a valid claim has not been filed and no claim is pending four years after your death, OFEGLI returns the insurance proceeds to OPM for deposit in the Employees' Life Insurance Fund. However, OFEGLI may still pay a valid claim years after the death if no prior claim has been filed and paid.

Option C

Option C benefits are paid to you, the insured, upon the death of your spouse or eligible dependent child(ren).

If you die after your spouse or eligible dependent child(ren) die, but before Option C benefits are paid (whether or not you filed for the benefits), the payment will go to the person(s) eligible for the benefits of your Basic insurance. If you had assigned your FEGLI, Option C payment will be made under the order of precedence, excluding any previous designations of beneficiary made invalid by your assignment. Option C benefits cannot be assigned.

DESIGNATION OF BENEFICIARY

- **When to Designate**
- **Who Can Make a Designation?**
- **Designation Form**
- **Receipt before Death**
- **Importance of Updating Designation**
- **Naming Multiple Beneficiaries**
- **Naming Contingent Beneficiaries**
- **Naming Your Estate**
- **Common-Disaster Clause**
- **Employing Office Review**
- **Invalid and Unacceptable Designations**
- **Other Errors to Avoid**
- **Payment When Designation Is Invalid**
- **Employing Office Advice to Employees**
- **Designations for Other Federal Benefits**

When to Designate

If you are satisfied with the order of precedence, you need not designate a beneficiary.

However, you do need to designate a beneficiary in these situations:

- If you want benefits to be paid to a person, firm, charitable organization, or other legal entity not listed in the order of precedence;
- If you want benefits to be paid in a different order from the order of precedence;
- If you want to have a contingent beneficiary, i.e., someone to receive the benefits if your preferred beneficiary dies before you do;
- If you want to designate a "common disaster" clause;

- If you want benefits to go to a trust you have established for your minor children; or
- If evidence of a valid marriage or dissolution of a marriage is not readily available.

Who Can Make a Designation?

Any insured employee, annuitant, or compensationer may designate a beneficiary. *Exception*: If you have assigned your insurance, you cannot designate a beneficiary. The right to designate a beneficiary transfers to your assignee(s).

Designations cannot be made by someone with a power of attorney or by a court-appointed guardian, conservator, trustee, or committee. No one can designate benefits on behalf of an insured person or assignee. Only the insured person or assignee can designate benefits.

If an insured employee, annuitant, or compensationer cannot sign a designation because of a physical impairment, but is otherwise competent, he/she can sign with an "X". If an insured employee, annuitant, or compensationer is not competent, he/she cannot complete and sign a designation form.

Designation Form

The SF 2823 (*Designation of Beneficiary*) is the preferred way for you to make a designation for your FEGLI benefits. You can find instructions on how to complete the SF 2823 on the reverse side of the form.

Your employing office must receive the valid and properly completed form *before you die*. If you are retired or insured as a compensationer, you must submit the SF 2823 to OPM. The address is: Retirement Operations Center, P.O. Box 45, Boyers, PA 16017-0045. OPM must receive the valid and properly completed form before you die.

When you complete the SF 2823, your signature must be witnessed by two persons. These witnesses must also sign the SF 2823 and give their addresses. A witness cannot be someone you are naming on the form as a beneficiary.

A designation made in any other document is not valid unless the designation is specifically for your FEGLI benefits, the document is signed by you, witnessed and signed by two persons not named as beneficiaries, received by the appropriate office before you die, and does not contain any errors that would make it invalid.

The SF 2823 requests the social security number of your beneficiary. If your beneficiary does not have a social security number, you should leave that space blank. In addition, if you do not know your beneficiary's social security number or do not want to provide it, you should leave that space blank. Your employing office will still accept the form. Having the social security number will help the Office of Federal Employees' Group Life Insurance (OFEGLI) locate missing beneficiaries and therefore speed up the payment process for difficult cases. However, the number is not absolutely necessary.

Receipt before Death

Your employing office must receive your designation of beneficiary before you die for your designation to be valid. For retirees and those insured as compensationers, OPM is your employing agency. A designation delivered on a weekend or Federal holiday or a day when the office is closed for any reason is not "received," and is not valid, until the next workday. If you die before your employing office's receipt of a new designation of beneficiary, benefits will be paid in accordance with your previous designation on file or under the order of precedence, if there is no previous valid designation.

You should make sure that you obtain the duplicate copy (or copy of the original) of your designation, signed and receipted by an authorized official of your employing agency, to ensure that your designation is properly on file.

Importance of Updating Designations

It is your responsibility to ensure that your designation of beneficiary remains accurate and reflects your intentions. Benefits will be paid based on a valid designation, regardless of whether that designation still reflects your intentions.

You may want to consider completing a new designation form whenever you have a significant change in your life, such as a marriage, divorce, or death. Be sure it remains accurate and reflects your intentions. A divorce does not invalidate a designation that names your former spouse as beneficiary. You need to complete a new SF 2823 to remove a former spouse.

You need to keep your designated beneficiaries' addresses current. If you do not, OFEGLI may not be able to locate your beneficiary, and therefore benefits will not be paid to that person. The preferred way is to file a new designation of beneficiary whenever a beneficiary's address (or name) changes. You may also ask your employing office to attach a beneficiary's new address to your current designation of beneficiary form; your employing office needs to ensure the attachment is forwarded along with the designation of beneficiary form when you retire or die. A new address cannot be added directly to the designation of beneficiary form itself, since any cross outs, erasures, or alterations in your form may invalidate it.

Naming Multiple Beneficiaries

If you want to name more than one beneficiary, there are two ways you can do this:

- You can designate percentages or fractions to go to each person, e.g., 50 Percent (or 1/2) to Kirby, 25 Percent (or 1/4) to Kelly, and 25 Percent (or 1/4) to Lester. The total must add up to 100 Percent (or 1.0 for fractions).

- You can designate types of insurance to go to various beneficiaries, e.g., Basic insurance to Lynn, Option A to Mike, and Option B to Mildred.

You cannot designate dollar amounts, and you cannot designate an animal, such as a pet. You can designate a charitable organization or a person who lives in a foreign country.

If the SF 2823 (*Designation of Beneficiary*) does not have enough room for you to list all your beneficiaries, you can attach more names. Write "SEE ATTACHED" in Part B of the SF 2823. On your attachment, print your name, date of birth, and Social Security number at the top. Then list the information required in Part B of the SF 2823 for each of your beneficiaries. Sign the SF 2823 and the attachment. The same witnesses should witness both of your signatures and sign both the SF 2823 and the attachment. You may use this sample attachment:

Attachment to my SF 2823 (Designation of Beneficiary)
dated _______________

Name: __________________________________

Date of Birth: ____________________________

Social Security Number: __________________

I hereby designate:

First name, middle initial, last name	SSN	Address	Relationship	Percent/fraction designated

Total (Must equal 100 Percent or 1.0) __________

Signature: ____________________________ Date: __________________

Witnesses to Signature:________________________ Date: _______________
Witnesses to Signature:________________________ Date: _______________

Agency Representative Signature: ___________________ Date: ____________

Naming Contingent Beneficiaries

A contingent beneficiary is someone to receive the benefits if the person you designate dies before the Insured dies. If you want to name a contingent beneficiary, you can follow the example below on your SF 2823:

- John M. Parrish, if living 100 Percent
  Otherwise to: Susan A. Parish 100 Percent

Naming Your Estate

You can choose to have your FEGLI benefits paid to your estate when you die. If you want to name your estate, do the following in Part B of the SF 2823:

- To My Estate 100 Percent

Common-Disaster Clause

A common-disaster clause is a statement on the designation that says that a designated beneficiary only gets the benefits if he/she survives you by a specified minimum number of days. The number of days specified cannot exceed 30.

You can name an alternate to receive the benefits in this case. If you do not name an alternate, benefits will be paid according to the order of precedence.

Example

Norm wanted to designate his wife as his beneficiary, but only if she survived him by a certain length of time. He added a common disaster clause on his SF 2823, stating that 100 Percent of the benefits are to be paid to "Nina A. Smith, if she survives me by 3 weeks; otherwise, 50 Percent to Oscar B. Smith and 50 Percent to Odette C. Smith."

Employing Office Actions

Your employing office may review your designation of beneficiary to verify that it appears to have been completed properly. They will keep the original copy in your Official Personnel Folder, or its equivalent. The duplicate copy (or a copy of the original), dated and signed by an authorized agency official, is returned to you. Your employing office will keep all prior designations of beneficiary on file.

*You (and not your agency or anyone else) are responsible for completing a designation properly. If your employing office accepts a form that is not completed properly, that does **not** make the form valid.*

Invalid and Unacceptable Designations

These are some of the things that may cause a designation to be invalid or unacceptable:

- You do not sign the designation.
- The designation is signed by your personal representative, power of attorney, or guardian instead of you.
- The designation is not signed by two witnesses.
- The designation contains one or more cross outs, erasures, or alterations.
- Your employing office does not receive your designation of beneficiary until after you die.
- You have assigned your insurance, and you, not your assignee(s), signed the designation.
- One or both of the witnesses is also named as a bebeficiary, and there are no remaining (non-witnessing) beneficiaries named on the designation. (If there are remaining beneficiaries, the designation is not invalid; however, payment will not be made to any beneficiary who served as a witness. Payment will be distributed to the remaining beneficiaries as if the beneficiary(ies) who served as a witness died before you.)
- The beneficiaries named on the original and the duplicate copy of the designation of beneficiary are different.
- Your name, as shown in the body of the designation, is significantly different from your signature. The difference is not significant if initials of first and middle names are used in one place and full names in the other.
- The amounts you designated do not add up to 100 Percent (or 1.0, if you designated fractions).
- You do not name a specific beneficiary. Examples of this are:
    - Per stirpes designations – ones that provide for the equal distribution of benefits among the children of a deceased named beneficiary. You may want to consider a designation like this, instead:
      Hector Gonzales, my son, 100 Percent, if living
      Otherwise to the estate of Hector Gonzales

      You could then specify the *per stirpes* terms in your will. If Hector is not living when you die, OFEGLI will pay your estate. The estate will follow the terms of the will which include the *per stirpes* terms.

    - A designation in which the beneficiary does not yet exist (e.g., “Mary Smith's children, born and unborn”, or “TBD”.)

Other Errors to Avoid

To ensure proper payment to your beneficiaries, you should avoid these errors when completing a designation of beneficiary form:

- Not stating the given name of the beneficiary (e.g., “Mrs. Patrick Doe” instead of “Penny Doe”).
- Making provisions that cannot be recognized, such as “payment of just debts” or “to Raymond, if he stays in college.”
- Not clearly stating that you are naming a contingent beneficiary (e.g., “Rachel Jones or Simon Jones” instead of “Rachel Jones, if living; otherwise to Simon Jones”).

The back of the SF 2823 (*Designation of Beneficiary*) contains examples of several different types of designations, showing the correct way to make each type.

Payment When Designation Is Invalid

OFEGLI will make payment in accordance with your last valid designation of beneficiary (or according to the order of precedence, if there is no designation) when your latest designation form:

- Lacks either your signature or witnesses' signature(s);
- Was not received by your employing office before your death; or
- Was signed while you were incompetent or under undue influence, as found by a court of competent jurisdiction.

OFEGLI will make payment in accordance with the statutory order of precedence when your latest designation form:

- Names a beneficiary who died before you, and there are no other surviving named beneficiaries;
- Names a beneficiary who forfeited his/her right to the proceeds by willful and malicious wrongdoing which caused your death (and no other beneficiaries were named);
- Names a trust that was never established (and no other beneficiaries were named); or
- Names an entity that does not exist, or for which there is no legitimate, recognized successor organization (and no other beneficiaries were named).

Employing Office Advice to Employees

When you become insured, your employing office should give you a copy of the FEGLI Booklet (FE 76-21, or FE 76-20 for Postal employees) or let you know that a copy is available on OPM’s website. That Booklet lists the order of precedence and discusses the option of designating a beneficiary.

From time to time employing offices should remind their employees that changes in family status, without a corresponding change in designation of beneficiary, could result in benefits not being paid the way you want.

*However**, you, not your agency, are solely responsible** for ensuring that your designation is correct and accurately reflects your intentions.*

Designations for Other Federal Benefits

Completion of the SF 2823 (*Designation of Beneficiary*) does not designate any other type of benefits – only FEGLI. There are separate forms to be used for other types of designations, as follows:

- SF 2808 (*Designation of Beneficiary, CSRS*)
- SF 3102 (*Designation of Beneficiary, FERS*)
- SF 1152 (*Designation of Beneficiary, Unpaid Compensation of Deceased Civilian Employee*)
- TSP 3 (*Designation of Beneficiary, Federal Retirement Thrift Savings Plan*)

You can download all the forms from the OPM Designations of Beneficiary page on the FEGLI website http://www.opm.gov/insure/designations/index.asp.

DESIGNATING A TRUST

- **Information Required**
- **Inter Vivos Trusts**
- **Testamentary Trusts**
- **Other Formats**

Information Required

You can designate a person or institution as a trustee under the terms of a trust agreement to receive the life insurance benefits upon your death.

To make sure that these designations are clear and to allow quick identification of the entitled party, OPM has established suggested formats to use for these designations. To be valid, the trustee designation must be attached to and made a part of the designation of beneficiary form. The employing office should mark the attachment as received in the same manner as the designation of beneficiary in case it gets separated from the designation. The designation of beneficiary form should state “See attached” in the space for the designation.

While it is not absolutely necessary to use the OPM-established formats, the following information must be included for the designation to be valid:

- A statement that the FEGLI death benefit is to be paid to the trustee or successor trustee, and
- The name and date of the Trust (for inter vivos trusts).

Inter Vivos Trusts

An inter vivos trust is one that you establish during your lifetime.

This is a suggested format for this type of trust.

Name of Insured (please print): ______________________________________

Social Security Number of Insured: ___________________________________

INTER VIVOS TRUSTEE DESIGNATION

*TO BE ATTACHED TO AND MADE PART OF DESIGNATION OF BENEFICIARY DATED*______________________________________

I request that the amount payable under the FEDERAL EMPLOYEES' GROUP LIFE INSURANCE PROGRAM (Proceeds) be paid to the Trustee(s) or Successor Trustee(s) as provided under (Name of Trust Agreement) __________________________________ bearing the date of ______________ executed by me.

I further request that in the case of the failure of said Trustee(s) to be appointed as such or to qualify as such for any reason, or the termination for any reason of the trust prior to my death that the Proceeds shall be paid to:

Name	Address	Relationship	Share
_________________	__________________	_________________	______________
_________________	__________________	_________________	______________
_________________	__________________	_________________	______________

The Office of Federal Employees' Group Life Insurance (OFEGLI) shall not be responsible for the application or disposition of the proceeds by said Trustee and the receipt by said Trustee shall fully discharge OFEGLI's liability under the FEDERAL EMPLOYEES' GROUP LIFE INSURANCE PROGRAM.

____________________________________ ______________________________

Signature of Insured/Assignee (Only the Insured/Assignee may sign. Signatures by guardians, conservators or through a power of attorney are not acceptable.)

Date of execution (Month, day, year)

Two Witnesses to Signature (A witness is not eligible to receive payment as a beneficiary):

____________________	___________________________	___________________________________
Signature of witness	Number and street	City, state and ZIP code
____________________	___________________________	___________________________________
Signature of witness	Number and street	City, state and ZIP code

Testamentary Trusts

A testamentary trust is one that you create by your will at death.

This is a suggested format for this type of trust.

Name of Insured (please print): ______________________________________

Social Security Number of Insured: ___________________________________

TESTAMENTARY TRUSTEE DESIGNATION

TO BE ATTACHED TO AND MADE PART OF DESIGNATION OF BENEFICIARY DATED ___________________

I request that the amount payable under the FEDERAL EMPLOYEES' GROUP LIFE INSURANCE PROGRAM (Proceeds) be paid to the Trustee(s) or Successor Trustee(s) as provided under my Last Will and Testament, and I further request that in the case of the failure of said Trustee to be appointed as such or to qualify as such by reason of non-probate of any Will to that effect or for any other reason whatsoever, the Proceeds shall be paid to:

Name	Address	Relationship	Share
___________________	____________________	___________________	________________
___________________	____________________	___________________	________________
___________________	____________________	___________________	________________

The Office of Federal Employees' Group Life Insurance (OFEGLI) shall not be responsible for the application or disposition of the proceeds by said Trustee and the receipt by said Trustee shall fully discharge OFEGLI's liability under the FEDERAL EMPLOYEES' GROUP LIFE INSURANCE PROGRAM.

____	__________________________________
Signature of Insured/Assignee (Only the Insured/Assignee may sign. Signatures by guardians, conservators or through a power of attorney are not acceptable.)	Date of execution (Month, day, year)

Two Witnesses to Signature (A witness is not eligible to receive payment as a beneficiary):

____________________	___________________________	___________________________________
Signature of witness	Number and street	City, state and ZIP code

Signature of witness	Number and street	City, state and ZIP code

Other Formats

If you want to use some other format, cannot provide the information requested above, or need additional information about designating a trust, please contact OFEGLI in writing at P.O. Box 2627, Jersey City, NJ 07303-2627, or call 1-800-633-4542.

CHANGING OR CANCELING DESIGNATIONS

- **Your Right to Change or Cancel**
- **Changing Your Designation of Beneficiary**
- **How Long Does My Designation Last?**

Your Right to Change or Cancel

Unless you have assigned your life insurance, or (effective July 22, 1998) your employing office has received a valid court order requiring benefits to be paid to a specific person(s), you have the right to change or cancel your designation of beneficiary at any time, without the knowledge or consent of any previous beneficiary.

Changing Your Designation of Beneficiary

To change your designation of beneficiary, complete a new designation form, SF 2823, and submit it to your employing office. This will supersede any prior designation.

If you want to cancel your current designation without naming a new beneficiary, you need to complete a new designation form and submit it to your employing office. On the form write "Cancel Prior Designations" in Part B. When you die, benefits will be paid according to the order of precedence.

How Long Does My Designation Last?

Your designation of beneficiary remains valid until one of the following things happen:

- You submit a valid new designation either naming a different beneficiary or canceling your previous designation;
- You cancel your insurance;

- Your insurance as an employee terminates (your designation automatically cancels 31 days after the date of the termination). *Exception*: If you become insured as an annuitant or compensationer, your designation continues;
- Your annuity terminates (your designation automatically cancels the day your annuity terminates). *Exception*: If you are entitled either to OWCP benefits (and determined by the Department of Labor to be unable to return to duty) or to an immediate annuity under another provision of retirement law, your insurance and your designation continue;
- Your compensation stops or the Department of Labor determines that you are able to return to duty (your designation automatically cancels the day of the determination or the day your compensation stops). *Exception*: If you are entitled to continue insurance as an annuitant or you return to Federal service on the day after compensation terminates, your insurance and your designation continue;
- The effective date of an assignment of insurance (if an assignment has been made).

If you separate from Federal service and convert your life insurance to a private policy, any designation of beneficiary you made under the FEGLI Program does not convert. If you wish to designate a beneficiary under your conversion policy, you must contact the insurance company that issued the conversion policy.

If you transfer from one agency to another, and your FEGLI continues, your designation of beneficiary remains in effect. *Exception*: If your transfer to another agency was before November 17, 1986, any designation completed before that date is invalid. You must file a new designation if you do not want benefits paid according to the order of precedence.

Your employing office must alert OFEGLI to any designations and subsequent transfers made prior to November 17, 1986, whenever life insurance forms are sent to OFEGLI.

IF YOUR BENEFICIARY IS A MINOR

- **Payment to Minors Barred**
- **What Will OFEGLI Do?**

Payment to Minors Barred

A minor is a child under age 18. If the State where the child lives sets a lower age for reaching adulthood, that lower age applies.

OFEGLI cannot pay benefits to a minor.

What Will OFEGLI Do?

If the beneficiary is a minor – whether by designation or under the order of precedence – OFEGLI will pay a court-appointed guardian, if there is one. Parents – biological or adoptive – are *not* automatic guardians. A court must appoint a guardian and grant to the guardian the authority to collect money on behalf of the child. The guardian then can submit a claim to OFEGLI with proof of the guardianship, and benefits will be paid to the guardian on behalf of the minor.

If there is no court-appointed guardian, and the proceeds are $10,000 or more, OFEGLI will hold the money in an interest-bearing account until the minor reaches legal age. At that time, the child can apply for the proceeds on his/her own behalf.

If there is no court-appointed guardian, and the proceeds are under $10,000, OFEGLI will pay the minor's parent(s). The parent(s) must agree in writing to:

- Hold the money for the child until he/she reaches legal age;
- Account for the money to the child when the child reaches legal age; and
- Indemnify OFEGLI (meaning hold OFEGLI harmless in a possible future lawsuit) in the event the parent(s) misuses the funds.

If the parent(s) do not agree in writing to the three conditions, a court-appointed guardian or court-appointed conservator can be paid. If there is no court-appointed guardian or court-appointed conservator, the proceeds will be held in an interest-bearing account until the minor reaches legal age. At that time, the child can apply for the proceeds on his/her own behalf.

ANNUITANTS AND COMPENSATIONERS

- **Continuing Designations**
- **Procedures**
- **FERS MRA+10 Retirements**
- **While Insured as an Annuitant or Compensationer**
- **Reemployed Annuitants**

Continuing Designations

When you are eligible to continue your FEGLI as an annuitant or compensationer, any valid designation of beneficiary on file with your employing office remains valid, unless you change or cancel the designation or your annuity or compensation stops.

Procedures

When you retire, unless you elect to convert your insurance, your employing office must attach any SF 2823 or SF 54 (*a previous version of the Designation of Beneficiary*), RI 76-10 (*Assignment*), and/or court order directing payment of FEGLI benefits, to your retirement application and send it, together with the original SF 2821 (*Agency Certification of Insurance Status*), and all other FEGLI documents to OPM's retirement office

If you are separating for disability retirement after a finding of total disability has been made by OPM, your employing office will send the SF 2823 (*Designation of Beneficiary*) and/or court order with the final SF 2806/SF 3100 (*Individual Retirement Record*).

When you become insured as a compensationer (see "Continuing FEGLI Coverage as a Compensationer"), your employing office must send any SF 2823 or SF 54 (*Designation of Beneficiary*), RI 76-10 (*Assignment*), and/or court order directing payment of FEGLI benefits, together with the original SF 2821 (*Agency Certification of Insurance Status*), and all other FEGLI documents to OPM's retirement office.

FERS MRA+10 Retirements

If you are a separating employee eligible to retire under FERS MRA+10 provisions, but you do not file an application, your employing office must keep any current designation of beneficiary, assignment, and/or court order directing payment of FEGLI benefits in your Official Personnel Folder. Your employing office will check the appropriate box on the SF 2821 (*Agency Certification of Insurance Status*) to show that the designation has been retained.

When you later apply for retirement, the retirement system will request your designation and all other FEGLI documents from the National Personnel Records Center. Your most recent designation on file will be made valid upon reinstatement of your life insurance. If you want to change your designation, contact OPM at Retirement Operations Center, P.O. Box 45, Boyers, PA 16017-0045.

While Insured as an Annuitant or Compensationer

An annuitant or compensationer has the same rights as an employee to make, change, or cancel a designation. See section on "Your right to Change or Cancel" in this chapter.

If you are retired or insured as a compensationer, you must submit any new designation of beneficiary to OPM's retirement office. (regardless of the retirement system you are retired under). Send your completed designation of beneficiary to Retirement Operations Center, Retirement Information and Correspondence Branch P.O. Box 45, Boyers, PA 16017. Send assignments and/or court orders directing payment of FEGLI benefits to the same address.

OPM must receive the designation of beneficiary, assignment, and/or court order before you die.

Reemployed Annuitants

If you are a reemployed annuitant, you should submit any new designation of beneficiary to OPM, Retirement Operations Center, Retirement Information and Correspondence Branch, P.O. Box 45, Boyers, PA 16017-0045. If you have insurance coverage through your reemployment (premiums are withheld from your pay, not your annuity), you may also file your designation with your employing office; however, your employing office must send it to OPM as soon as possible after receiving it. Your employing office must enter the words "Reemployed Annuitant" and your retirement claim number on the designation form before sending it to OPM.

COURT ORDERS

- **Effect of a Court Order**
- **Submission of Court Order**
- **Disposition of Court Order**

Effect of a Court Order

Effective July 22, 1998, FEGLI benefits must be paid in accordance with the terms of a valid court order, regardless of whether you actually complete a designation of beneficiary form complying with the court order.

The court order supersedes any of your prior designations. When such a court order is in effect, you cannot validly change your designation or make a new designation, unless the person(s) named in the court order agree(s) in writing or unless the court order is subsequently modified. Your employing office may accept a designation from you, but that does not make it valid.

Submission of Court Order

To be valid, a certified copy of the court order must be submitted to your employing office on or after July 22, 1998, and before your death. Anyone can submit the court order. The date of the court order itself is not relevant. But the date the agency or retirement system (as applicable) received the court order is relevant. If someone submitted a court order before July 22, 1998, it is not valid and the Office of Federal Employees' Group Life Insurance (OFEGLI) cannot honor it. The court order must be resubmitted.

If you are an annuitant, the court order must be sent to OPM at Retirement Operations Center, Retirement and Correspondence Branch, P.O. Box 45, Boyers, PA 16017-0045. If you are a compensationer, during the first 12 months of nonpay status the court order must go to your employing office. After you separate or complete 12 months in nonpay status, the court order must be sent to OPM.

Disposition of Court Order

Your employing office must file any court order in your Official Personnel Folder (OPF) (or its electronic equivalent). Your employing office must clearly stamp the court order with the receipt date and flag your OPF in some way to indicate that it contains a court order. Your employing office will not review the court order or make any determination on its validity.

If your employing office receives a subsequent court order for you, it should also date stamp and file it in your OPF, with the previous court order(s). Your employing office should send all court orders, along with the other life insurance forms, to either OFEGLI (at your death) or OPM (at your retirement). At the time of your death, OFEGLI will determine which court order, if any, is valid for payment of benefits.

If you submit a designation of beneficiary when you have a court order on file, your employing office should certify its receipt, and file it in your OPF. Your employing office should notify you that there is a court order on file and that the designation may not be valid. At the time of your death, OFEGLI will determine whether the court order is still in effect or whether benefits should be paid according to the designation.

HISTORICAL INFORMATION

- **Transfers from One Agency to Another**
- **Court Orders**

Transfers from One Agency to Another

Until November 1986, designations of beneficiary automatically cancelled when an employee transferred from one agency to another. Since November 1986, designations remain valid when an employee changes agencies.

Court Orders

Until July 22, 1998, court orders requiring payment of FEGLI benefits in a specific way had no validity under the FEGLI law. Payments were made in accordance with the order of precedence or in accordance with a valid assignment. Effective July 22, 1998, court orders preempt the order of precedence if they are received after that date and before your death in the appropriate office (agency employing offices for employees, OPM for those insured as annuitants or compensationers).

ASSIGNMENT

- **Definition**
- **Reasons for Assigning**
- **How to Make an Assignment**
- **After Assignment**
- **Designations of Beneficiary**
- **Payment of Benefits**
- **Viatical Settlements**
- **Employing Office Responsibilities**
- **Annuitants and Compensationers**
- **Termination and Conversion**
- **Historical Information**

DEFINITION

- **What Is an Assignment?**
- **What Coverage Is Affected?**
- **Living Benefits**
- **Tax Implications**
- **Tax Treatment of Viatical Settlement Payments**

What Is an Assignment?

An assignment is the transfer of ownership of your life insurance to another individual (s), corporation, or trustee.

You are still the insured person, but you no longer own the insurance on your life. You continue to pay the FEGLI Premiums from your employee salary or retirement annuity.

An assignment is irrevocable. You may not later change your mind or cancel the assignment.

What Coverage Is Affected?

When you make an assignment, you assign your Basic insurance, and Option A and Option B, if you have that coverage. An assignment applies to all of this coverage; you cannot assign only part of this coverage.

You cannot assign Option C; nor can you assign your Accidental Dismemberment coverage (which is part of Basic insurance and Option A).

You may not assign only part of your insurance or assign only one type of insurance.

Living Benefits

If you elect a partial living benefit, you may later assign all remaining insurance (Basic and/or Optional if applicable). If you elect a full living benefit, you may later assign Optional insurance.

You may not elect a living benefit if you have already assigned your insurance.

REASONS FOR ASSIGNING

- **To Comply with a Court Order**
- **For Inheritance Tax Purposes**
- **To Obtain Cash before You Die**
- **To Pay off Debts**

To Comply with a Court Order

You may assign your insurance to comply with an order issued by a divorce court requiring that a former spouse and/or children from a previous marriage be named as the beneficiary of FEGLI proceeds.

If a court order requires you to make an assignment, you must still complete an assignment form for the assignment to take place. A court order requiring an assignment is not, itself, a valid assignment.

For Inheritance Tax Purposes

Provisions of Federal and/or State laws may give certain advantages when insurance has been assigned. When you die, the Internal Revenue Service (IRS) determines whether FEGLI proceeds are included in your gross estate. If you wish to make an assignment for tax advantages, you should consult with a competent estate tax advisor.

To Obtain Cash before You Die

You may assign your insurance to a viatical settlement company. Under this arrangement you would assign your Basic, Option A, and Option B to a viatical settlement company and that company would pay you cash in exchange. A living benefit only allows Basic insurance to be paid before your death and is available only if you have a medical prognosis that you have nine months or less to live. Viatical settlement companies have their own guidelines to determine who they are willing to accept assignments from and may be able to pay cash in other circumstances. Any agreement made with a viatical settlement company is a private agreement between you and the company.

To Pay off Debts

You may assign your insurance to pay off a debt; however, you cannot cancel the assignment once the debt is paid. Under this arrangement you would have to find a company or person willing to accept your assignment in exchange for canceling your debt.

Tax Implications

You may wish to consult a tax attorney and consider getting a ruling from the Internal Revenue Service (IRS) before you assign your life insurance.

This is especially important if you want to make an assignment to a trust or want to avoid inheriting the FEGLI coverage upon the death of your assignee.

A tax attorney has specific information about tax laws and IRS regulations and can make a determination about the tax effect of an assignment.

HOW TO MAKE AN ASSIGNMENT

- **Assignment Form**
- **Multiple Assignees**
- **Unacceptable Assignments**
- **Withholdings and Contributions after an Assignment**

Assignment Form

You may make an assignment by completing an *Assignment, Federal Employees' Group Life Insurance (*RI 76-10). Only the insured (or an assignee re-assigning the insurance) may assign the insurance. No one may make an assignment on the insured's or assignee's behalf. The assignment form must be signed by two witnesses. An assignee cannot be a witness to the assignment.

An assignment is effective on the date your employing office receives the properly completed, signed, and witnessed form.

The assignment must specify percentages or fractions of the insurance to go to each assignee. The percentages must total 100 Percent (or fractions must equal 1.0). You cannot name conditional assignees in the event the primary assignee(s) predeceases you.

You cannot assign dollar amounts, and you cannot assign specific types of coverage.

Multiple Assignees

An assignment can be made to more than one individual, corporation, or trustee.

If you have multiple assignees, no assignee can cancel coverage unless all assignees agree.

Unacceptable Assignments

Your employing office may return your *Assignment* (RI 76-10) if it is not completed properly. These are some of the things that may cause an assignment to be invalid:

- You have already assigned your insurance, and your assignee(s) has(have) not assigned ownership back to you.
- You have elected a full living benefit and have no optional coverage.
- You have named more than one assignee, but they are connected by the word “or.”
- Your name, as shown in the body of the assignment, is significantly different from your signature. The difference is not significant if initials of first and middle names are used in one place and full names in the other place.
- Your date of birth is not shown or is obviously wrong.
- Shares of assignees are not stated correctly (e.g., the shares total less than or more than 100 Percent, or they are given in dollar amounts, rather than percentages or fractions).
- You did not sign the assignment form. (A guardian or someone with power of attorney <u>cannot</u> make an assignment on your behalf.)
- The assignment form does not have the signatures of two witnesses
- An assignee is a witness.
- The employing office does not receive the assignment until after you die.

Please note that any erasures or corrections made on the assignment form may have the effect of invalidating the assignment.

If your assignment is unacceptable, your employing office will “VOID” the form, and return it to you with an explanation of why it is unacceptable. However, your employing office's failure to return an incorrect *Assignment* (RI 76-10) does not make your assignment valid.

Withholdings and Contributions after an Assignment

After making an assignment, you continue to pay the premiums. Your employing office must continue to withhold the premiums from your salary or annuity or compensation and must continue to make the Government contribution. The assignee may not pay the premiums.

(However, you may wish to negotiate privately to have the viatical settlement company reimburse you. This is a private transaction between you and the company. Neither your agency nor OPM is a party to any arrangement you make with a viatical settlement company.)

AFTER ASSIGNMENT

- **Your Rights as the Insured**
- **Rights of the Assignee**
- **Current Address**

Your Rights as the Insured

After making an assignment, you still have the right to:

- Continue Option C coverage, if you have it;
- Elect more insurance (during a FEGLI open season, by providing satisfactory medical information, or with a life event). *Note*: All of the new insurance – except Option C – comes under the existing assignment;
- Elect a post-65 reduction at retirement for Basic insurance (however, if you elect other than 75 Percent Reduction, you cannot later change to 75 Percent Reduction); and
- Elect a post-65 reduction at retirement for Options B and C (however, if you elect No Reduction for Option B, you cannot later change to Full Reduction).

After making an assignment, you cannot:

- Revoke that assignment;
- Cancel or reduce insurance;
- Designate a beneficiary;
- Convert to a private policy when FEGLI terminates;
- Elect a living benefit;
- Change your post-65 reduction election for Basic insurance from No Reduction or 50 Percent Reduction to 75 Percent Reduction;
- Make another assignment (unless your insurance has been reassigned back to you); or
- Change your post-65 reduction election for Option B from No Reduction to Full Reduction.

Rights of the Assignee

After you assign your insurance, the assignee has the right to:

- Cancel or reduce insurance;

- Change a post-65 reduction election for Basic insurance to 75 Percent Reduction (unless you had previously elected a partial living benefit);
- Designate and change beneficiaries;
- Convert to a private policy when FEGLI terminates; (See exception on page 10).
- Reassign the insurance; and
- Change your post-65 reduction election for Option B from No Reduction to Full Reduction.

An assignee cannot:

- Increase the amount of insurance;
- Elect a living benefit;
- Make the original post-65 reduction elections;
- Take any action regarding your Option C coverage, if you have it; or
- Change your post-65 reduction election for Option B from Full Reduction to No Reduction.

Current Address

Each assignee is responsible for keeping your employing office aware of his/her current address. Employing offices must attach an assignee's change of address notice to the assignment form in your Official Personnel Folder.

DESIGNATIONS OF BENEFICIARY

- **Your Designation**
- **Assignee's Designation**

Your Designation

An assignment automatically cancels your prior designation(s) of beneficiary. (However, the agency must continue to retain the cancelled designation(s) in your Official Personnel Folder (or its electronic equivalent), in case the assignment is later found to be invalid.)

Once an assignment is effective, you no longer have the right to designate a beneficiary.

Assignee's Designation

Assignees can designate beneficiaries. An assignee's beneficiary(ies) will receive the designated amount of assigned insurance upon your death. Your assignee is the beneficiary if he/she does not designate a different beneficiary.

An assignee can designate him/herself as the primary beneficiary and name some other person(s) as contingent beneficiary(ies) in case he/she dies before you. By naming a contingent beneficiary, your assignee can simplify life insurance payment.

PAYMENT OF BENEFITS

- **If You Die before Your Assignee**
- **If Your Assignee Dies before You**

If You Die before Your Assignee

When you die, benefits will be paid to your assignee's beneficiary(ies) or to the assignee if there are no living designated beneficiaries.

If Your Assignee Dies before You

If your assignee dies before you, your assignee's heir(s) become the new owners of your insurance and therefore the new assignee(s). These heirs have the same right as the original assignee to designate a beneficiary.

If the new assignee did not designate a beneficiary, but the previous assignee did designate a beneficiary, benefits will still be paid to the original assignee's designated beneficiary.

Example:

Sue assigned her insurance to her brother, Todd. Todd designated his girlfriend, Tracy, as his beneficiary. Todd died before Sue, and his son, Vincent, inherited all of Todd's property, including ownership of Sue's insurance. Vincent, however, did not designate a beneficiary; so when Sue died, benefits were paid to Tracy, the beneficiary designated by the original assignee, Todd.

If the original assignee did not designate a beneficiary, and he/she dies before you, benefits will be paid to the new assignee (i.e., the person(s) who inherits the original assignee's property), according to the laws of the state in which your assignee lived at the time of his/her death. The new assignee may also designate a beneficiary in which case the benefits will be paid to the new assignee's beneficiary.

Example:

Vera assigned her insurance to her brother, Warren. Warren died before Vera, and he had not designated a beneficiary. Warren's widow, Wendy, inherited all of Warren's property, so Wendy became the new owner/assignee. When Vera dies, benefits will be paid to Wendy. If Wendy chooses to designate a beneficiary, then the benefits will be paid to Wendy's beneficiary.

VIATICAL SETTLEMENTS

- **Information about Viatical Settlement Companies**
- **Tax Treatment of Viatical Settlement Payments**

Information about Viatical Settlement Companies

When you want to assign your insurance to a viatical settlement company, the company may ask your employing office to provide information about your FEGLI coverage.

Your employing office must have a signed release from you before it can provide the information; the viatical settlement company should give you the necessary release form. Your employing office will file copies of the release and the information disclosed to the viatical settlement company in your Official Personnel Folder (or its electronic equivalent).

Some of the items that a viatical settlement company may request are:

- *Group Policy Number* – This number is 17000-G, with the Metropolitan Life Insurance Company.
- *Certificate Number* – There is no certificate number for FEGLI.
- *Copy of the Group Certificate* – Your certificate of insurance is a copy of your most recent *Life Insurance Election* (SF 2817), or open season election form along with a copy of the *FEGLI Program Booklet* (FE 76-21 , or FE 76-20 for U.S. Postal Service Employees).
- *Total Death Benefit* – This is the amount of your Basic insurance, plus any Optional insurance. If you are under age 45, this would also include information about the Extra Benefit age multiplication factor. If you are retired and over age 65, this would include any post-65 reductions that have occurred.
- *Waiting Period before the Employee Can Make an Assignment* – There is no waiting period.

- *Bi-weekly or Monthly Premium*
- *Whether the Policy Has Accelerated Benefits* – Yes, but only Basic insurance can be accelerated (i.e., only Basic insurance can be taken as a living benefit). Only employees, not retirees, can elect a living benefit.
- *Whether Partial Acceleration Is Permitted* – Yes, i.e., employees (but not retirees) can elect a partial living benefit.
- *Whether the Viatical Settlement Company Can Pay the Premiums* – No. Premiums must continue to be withheld from your salary, annuity, or compensation. You can negotiate privately to have the viatical settlement company reimburse you. (This is a private transaction between you and the company. Neither your agency nor OPM is a party to any arrangement you make with a viatical settlement company.)
- *Whether There Are Any Assignments Against the Policy* – The employing office must check to see whether you have already assigned your insurance and whether that assignment still appears to be valid.
- *Whether the Policy Has a Disability Waiver* – There is no disability waiver under FEGLI.
- *Whether the Policy Can Be Converted* – The group insurance can be converted if it terminates, other than by voluntary cancellation. If the insurance has been assigned, only the assignee(s) can convert it.
- **EXCEPTION:** If the annuity or compensation of an insured individual is terminated, or if the Department of Labor finds that an insured compensationer is able to return to duty, his/her FEGLI coverage held as an annuitant or compensationer stops on the date of the termination or finding. There is no 31-day extension of coverage or conversion right.
- *Whether the Employee Must Have a Minimum Amount of Insurance to be Eligible to Make an Assignment* – No.
- *Whether an Irrevocable Beneficiary Can Be Designated* – No. Designations can be changed at any time. Only an assignment is irrevocable.

Tax Treatment of Viatical Settlement Payments

Qualified payments from viatical settlement companies received on or after January 1, 1997, are not subject to Federal income tax (Pub. L. 104-191, the Health Insurance Portability and Accountability Act of 1996, Subtitle D, Treatment of Accelerated Death Benefits). Payments received from a viatical settlement company before that date were subject to Federal income tax.

This law sets qualification standards for viatical settlement providers, terminally ill insured persons, chronically ill insured persons, and in the case of chronically ill insured persons, how the payment may be spent. If you are considering assigning your insurance to a viatical settlement company, you should consult a tax advisor to determine if you and the viatical settlement company meet the qualification standards. Under this law, to be considered terminally ill, a person's life expectancy can be no more than 24 months.

This law amends the Federal Internal Revenue Code, which directly affects Federal income taxes, not state taxes. However, many states have laws, regulations, or rulings concerning the taxability of payments received from viatical settlement companies. You may wish to consult a tax advisor or your state's tax department for specific information concerning state income tax laws.

EMPLOYING OFFICE RESPONSIBILITIES

- **General**
- **Prohibited Actions**
- **Notification to Assignee**
- **When You Die**
- **When You Separate**

General

It is your employing office's responsibility to make information available to employees about how to make an irrevocable assignment and of the permanence of the assignment. However, employees are still responsible for knowing about their benefits.

Prohibited Actions

If you assign your insurance, you cannot make another assignment (unless your assignee reassigned your insurance back to you), designate a beneficiary, elect a living benefit, or cancel or reduce insurance. Therefore, whenever you want to take any of these actions, your employing office must verify whether you are eligible to do so by determining whether you have a valid assignment on file.

If you are hired after a break in Federal service of less than 31 days, your employing office must check your Official Personnel Folder (or its electronic equivalent) to determine whether there is a valid assignment on file. Your assignment remains valid unless your break in service is 31 days or more.

Notification to Assignee

When you make an assignment, your employing office will notify each assignee that you have assigned ownership of your life insurance. The notice will include the types of insurance you assigned and will give the percentage of the total insurance that the assignee now owns. The notice will also inform the assignee of his/her responsibility for notifying the employing office of any change of address. See below for a sample notice.

Your employing office must also provide each assignee a copy of the *FEGLI Program Booklet* (FE 76-21 or FE 76-20 for U.S. Postal Service employees), a copy of the completed form *Assignment, Federal Empl,oyees' Group Life Insurance Program* (RI 76-10), and a blank *Designation of Beneficiary* (SF 2823).

Sample Notice

This is a sample notice that your employing office can use:

> Dear (assignee's name):
>
> This is to notify you that (employee's name) has assigned _____ Percent ownership of his/her coverage in the Federal Employees' Group Life Insurance (FEGLI) Program to you. (Employee's name) has Basic insurance (as applicable: plus Option A-Standard and Option B-Additional at _____ times his/her annual pay). The enclosed booklet explains the features of the different types of insurance.
>
> You are the beneficiary of the life insurance coverage, and you will be entitled to the benefit upon (employee's name)'s death. However, we urge you to designate a contingent beneficiary to receive the benefits in the event that you die before (employee's name). To do this, complete the attached Designation of Beneficiary form and return it to (name and address of employing office). To designate a contingent beneficiary, name yourself as primary beneficiary and another person to receive benefits in case you die before the insured person. See example 3 on the Back of Part 1 of the Designation of Beneficiary form.
>
> It is important that you tell us when your address changes, so that we can notify you if events occur that affect the life insurance coverage that has been assigned to you. When you write to tell us about a change of address, be sure to include the name and Social Security number of the insured employee. Whenever your named beneficiary's address changes, please submit a new designation of beneficiary form showing the updated address.
>
> Sincerely,
>
> Employing Office Official

When You Die

When you die, your employing office will send a *Claim for Death Benefits* (FE-6) to each assignee at the last known address. If an assignee has designated a beneficiary, the FE-6 will be sent to the assignee's beneficiary(ies).

When You Separate

When you separate from service (when the Nature of Action Code for SF 50 (*Notification of Personnel Action*) begins with a "three"(3), your employing office will include on your separation SF 50 Remark B69: "Employee has assigned ownership of life insurance coverage."

ANNUITANTS AND COMPENSATIONERS

- **Assignment Remains in Effect**
- **Conversion vs. Continuation**
- **Assignments by Annuitants and Compensationers**

Assignment Remains in Effect

When you retire or become insured as a compensationer and you are eligible to continue FEGLI coverage, your assignment remains in effect, unless your assignee(s) choose(s) to convert your insurance to a private policy.

Your employing office will transfer the assignment form to OPM with the rest of your FEGLI documents.

Conversion vs. Continuation

When you have assigned your insurance and you retire or become insured as a compensationer, your employing office will send a *Notice of Conversion Privilege* (SF 2819) to each assignee. Your employing office must also send each assignee a copy of the *Agency Certification of Insurance Status* (SF 2821) and a copy of the *Assignment* (RI 76-10) by which you made the assignment.

When there are multiple assignees, some may choose to let their share of the FEGLI coverage continue and some may choose to convert their share to a private policy. The amount of insurance continued or converted depends on the assignee's share of the total; if the amount is not a multiple of $1,000, it is rounded up to the next thousand dollar amount.

Example

Yolanda has Basic and Option A. She assigns her insurance to 3 assignees as follows: Zachary gets 50 Percent, Adrian gets 30 Percent, and Arlene gets 20 Percent. At the time Yolanda retires, her Basic Insurance Amount is $90,000.

Zachary wants to let his share of the insurance continue into retirement; Adrian and Arlene want to convert their shares.

Yolanda will carry $45,000 of Basic insurance and $5,000 of Option A into retirement (Zachary's share [$90,000 x 50 Percent and $10,000 x 50 Percent]). Withholdings from her annuity will be based on these amounts.

Adrian can convert up to $27,000 of Basic insurance and up to $3,000 of Option A ($90,000 x 30 Percent and $10,000 x 30 Percent). Arlene can convert up to $18,000 of Basic insurance and $2,000 of Option A ($60,000 x 20 Percent and $10,000 x 20 Percent).

If your assignee(s) choose(s) to continue FEGLI coverage, rather than convert, you must make a post-65 reduction election on the *Continuation of Life Insurance Coverage* As an Annuitant or Compensationer (SF 2818). If you choose other than 75 Percent Reduction for Basic insurance, the assignee(s) can change to 75 Percent Reduction (unless you previously elected a partial living benefit). You must also make a post-65 reduction election for Option B, if you have it. If you choose No Reduction, the assignee(s) can change to Full Reduction.

Assignments by Annuitants and Compensationers

Annuitants and compensationers can assign their insurance in the same manner as employees.

If you are an annuitant and wish to make an assignment, you must contact OPM's Retirement Operations Center, P.O. Box 45, Boyers, PA 16017-0045. The phone number is 1-888-767-6738 and 202-606-0500 in the DC Metro Area. The phone lines are open from 7:15 AM to 7:45 PM EST.

If you are a compensationer still insured as an employee and wish to make an assignment, you must contact your employing office. If you are insured as a compensationer (you have separated or completed 12 months in nonpay status), you must contact OPM.

TERMINATION AND CONVERSION

- **Termination**
- **Conversion**

Termination

Your assignment terminates 31 days after your FEGLI coverage terminates, unless you are reemployed during the 31-day period in a position in which you are eligible for life insurance.

Once terminated, an assignment is not reinstated if you get FEGLI again at a later date. If you still want the insurance to be assigned, you must complete a new *Assignment* (RI 76-10)

Conversion

When your assigned insurance terminates (other than by voluntary cancellation by all assignees), each assignee has the right to convert his/her share of the insurance to a private policy on you. If an assignee's share is not a multiple of $1,000, it is rounded up to the next thousand dollar amount.

EXCEPTION: If the annuity or compensation of an insured individual is terminated, or if the Department of Labor finds that an insured compensationer is able to return to duty, his/her FEGLI coverage held as an annuitant or compensationer stops on the date of the termination or finding. There is no 31-day extension of coverage or conversion right.

When your assigned insurance terminates, your employing office will send a *Notice of Conversion Privilege* (SF 2819), a copy of the *Agency Certification of Insurance Status* (SF 2821), and a copy of your *Assignment* (RI 76-10) to each assignee.

If you also have Option C coverage, your employing office will send you a *Notice of Conversion Privilege* (SF 2819) and a copy of the *Agency Certification of Insurance Status* (SF 2821). You can use these forms only to convert your Option C coverage.

HISTORICAL INFORMATION

Federal judges are allowed to assign their FEGLI coverage beginning July 10, 1984.

All other Federal employees, annuitants, and compensationers are allowed to assign their FEGLI coverage beginning October 3, 1994.

LIVING BENEFITS

- **What Are Living Benefits?**
- **Election Procedures**
- **Effect of a Living Benefit Election**
- **Miscellaneous Provisions**
- **Historical Information**

WHAT ARE LIVING BENEFITS?

- **Definition**
- **Living Benefits vs. Assignment to a Viatical Settlement Company**
- **Eligibility**
- **Amount of Insurance Available for Election**
- **Limit on Number of Elections**

Definition

Living benefits are life insurance benefits paid to you while you are still living, rather than paid to a beneficiary or survivor when you die. (They are also known as accelerated benefits in the private sector.)

Living Benefits vs. Assignment to a Viatical Settlement Company

Living benefits payments come from the Employees' Life Insurance Fund (part of the U.S. Treasury). Viatical settlement companies are private sector businesses not connected with the Federal Government. A viatical settlement is an exchange for cash for the life insurance due to a terminally or chronically ill person. (See Assignment chapter).

The amount of insurance available and the requirements for receiving a living benefit payment are set forth in Federal law. Viatical settlement companies set their own requirements and payment amounts. Any contract entered into with a viatical settlement company is a private agreement between you and the company.

Eligibility

You are eligible to elect a living benefit if you are an employee, annuitant, or compensationer enrolled in the FEGLI Program who has been diagnosed as terminally ill with a life expectancy of 9 months or less, the Office of Federal Employees' Group Life Insurance (OFEGLI) agrees with that diagnosis, and you have not assigned your insurance.

You cannot apply in advance; you must be terminally ill at the time of application.

Amount of Insurance Available for Election

Only Basic insurance is available for payment as a living benefit. Optional insurance cannot be paid as a living benefit.

If you are an employee, you can elect either a full living benefit, i.e., all of your Basic insurance, or a partial living benefit (which must be expressed as a multiple of $1,000). Annuitants and compensationers can elect only a full living benefit.

Limit on Number of Elections

You can elect living benefits only once.

If you elect a full living benefit, you have no Basic insurance left. If you elect a partial living benefit, you cannot later elect another living benefit from the remaining Basic insurance.

ELECTION PROCEDURES

- **Application Process**
- **Completing the Election**
- **Living Benefits Approval**
- **Living Benefits Disapproval**
- **Employing Office Responsibilities during the Election Process**
- **Employing Office Processing of a Living Benefit Election**

Application Process

If you want to apply for a living benefit, you must contact the Office of Federal Employees' Group Life Insurance (OFEGLI) at 1-800-633-4542. OFEGLI will send you a *Claim for Living Benefits* (FE-8).

Note: Agencies cannot obtain a supply of FE-8, and employing offices are not to give this form to employees who ask about living benefits. Agencies should provide the employee with the phone number for OFEGLI, as listed above.

When OFEGLI sends the FE-8, it also sends a calculation sheet, so you can estimate the amount of Basic insurance available. The calculation sheet takes into account the age multiplication factor for employees under age 45 and the post-65 reduction for annuitants age 65 and over.

The amount available to be paid as a living benefit will be reduced by an amount representing lost earnings to the Employees' Life Insurance Fund because of the early payment of benefits. The amount is called an actuarial reduction.

Completing the Election

You complete Part A of the *Claim for Living Benefit* (FE-8), and your doctor completes Part B. Send the form back to OFEGLI. The address, shown on the FE-8 form, is P.O. Box 2627, Jersey City, NJ 07303-2627.

Only the terminally ill person can apply for a living benefit. A guardian, someone with power of attorney, or any other person cannot apply for a living benefit on your behalf.

OFEGLI determines whether you qualify for a living benefit.

Living Benefits Approval

If OFEGLI approves your living benefits application, you will receive a check, along with an *Explanation of Benefits* (FE-8C). You can change your mind about electing a living benefit up until you cash or deposit the check. The effective date of the living benefit election is the date you cash or deposit the check.

If you decide not to elect the living benefit, you should write "Void" on the check and return it to OFEGLI. If the living benefit payment is not cashed before your death, your representative must return the check to OFEGLI. Your beneficiaries may then file a claim for death benefits.

Living Benefits Disapproval

If OFEGLI does not approve your living benefit application, you will be notified. There are no appeal rights; however, you can provide OFEGLI with additional medical evidence to support your claim or reapply if future circumstances warrant.

Employing Office Responsibilities during the Election Process

When OFEGLI receives your application for a living benefit, it will send fax your employing office a *Certification for FEGLI Living Benefits for Employees (*FE-8A). (If you are retired OFEGLI will send a certification form to OPM.) Your employing office must certify whether you are enrolled in Basic insurance, whether you have assigned your insurance, and the amount of your current annual basic pay.

Like the *Agency Certification of Insurance Status* (SF 2821), the FE-8A requires dual certification, i.e., it must be certified by both a personnel official and a payroll official. Employing offices must ensure the addresses of the personnel and payroll offices are complete, since OFEGLI uses these addresses to send the agency a copy of the *Explanation of Benefits* (FE-8C).

It is critical this certification be completed and returned to OFEGLI promptly. Agencies must fax the completed certification to OFEGLI, at 201-395-7940, and then mail the original to OFEGLI.

If an employing office's personnel and payroll functions are in different geographic locations, the personnel office can send the FE-8A with its signature directly to OFEGLI and fax a copy to its payroll office. The payroll office can make its certification on the faxed copy, faxing it to OFEGLI when it is complete (so OFEGLI can start processing it) and also mailing it. In this case the required original signatures will be on 2 separate copies of the FE-8A.

Employing Office Processing of a Living Benefit Election

When your employing office receives notification of a living benefit election (i.e., a copy of the FE-8C, *Explanation of Benefits*), the personnel office must produce a *Notification of Personnel Action* (SF 50). The appropriate Nature of Action code for the SF 50 is either 805 (Elected full living benefits) or 806 (Elected partial living benefits).

Note: There will be no change to the codes used in box 27 on this form. The code for FEGLI will remain the same as it was before the living benefit election. You still have Basic insurance; however the amount of insurance in force is either $0 (in the case of a full living benefit) or a reduced amount (in the case of a partial living benefit).

The "Remarks" section of the SF 50 should state:

> "Code B67
>
> Elected full living benefits on ________.
>
> Basic coverage now equals zero."

<u>Or</u>

> "Code B68
>
> Elected partial living benefits on ________.

Post-election Basic Insurance Amount is ________.

Must elect “No reduction” for Basic insurance at retirement.”

The “Remarks” section should state what Optional insurance, if any, you have, including the number of multiples of Option B and Option C, if applicable.

When the OPM Retirement Office receives notification of a living benefits election, it will make changes to the on-line annuity roll system to show that the retiree elected living benefits. No SF 50 forms are completed for retirees.

EFFECT OF A LIVING BENEFIT ELECTION

- **Post-election BIA**
- **Retirement Election for Post-65 Reductions**
- **Changes in Withholdings and Contributions**

Post-election BIA

When you cash or deposit the living benefits check, OFEGLI sends a copy of the *Explanation of Benefits* (FE-8C) to your personnel and payroll offices. This Explanation of Benefits shows the effective date of your living benefit election and the amount of Basic insurance that remains (the post-election BIA); if you elected a full living benefit, the post-election BIA is $0.

Your employing office does not calculate the amount of your post-election BIA; this is done by OFEGLI.

This post-election BIA never changes. Even if your salary changes, the post-election BIA remains the same. Your premiums also are based on your post-election BIA. The age factor used in computing benefits payable upon your death also will not change.

Example

Ben elects a partial living benefit; his post-election BIA is $15,000. Three months later he gets a pay raise; 2 months later he turns 41; 1 month later he dies.

At the time of death, his BIA is $15,000; his pay raise had no effect on his BIA, since a post-election BIA never changes. Although he was 41 at the time of death, the death benefits are computed based on age 40, since that was his age at the time of his living benefit election. His beneficiary(ies) would therefore receive $22,500 (Basic insurance of $15,000 x an age factor of 1.5 [the age factor for age 40]).

Retirement Election for Post-65 Reductions

The BIA for an employee who elects a living benefit cannot change. If you elected a partial living benefit and you qualify to continue coverage into retirement, you must elect "No Reduction" for Basic insurance on the *Continuation of Life Insurance Coverage (*SF 2818), unless you decide to cancel or convert your coverage. You cannot change to 75 Percent Reduction at a later date.

A living benefits election has no effect on your post-65 reduction election for Option B or Option C.

Changes in Withholdings and Contributions

If you elect a full living benefit, withholdings and contributions for Basic insurance stop.

If you elect a partial living benefit, withholdings and contributions for Basic insurance are reduced, and based on your post-election BIA.

Changes in withholdings and contributions are effective at the end of the pay period in which your living benefit election is effective. If the pay period ends before your employing office receives its copies of the *Explanation of Benefits* (FE-8C), it must make a retroactive adjustment.

MISCELLANEOUS PROVISIONS

- **Optional Insurance**
- **Accidental Death & Dismemberment Coverage**
- **Designations of Beneficiary**
- **Assignment**
- **Incorrect Prognosis**
- **Tax Treatment of Living Benefits**

Optional Insurance

A living benefits election has no effect on your Optional insurance. All Optional insurance remains in place, and your living benefits election has no effect on the withholdings for Optional insurance.

Although changes in pay do not change the amount of your Basic insurance after a living benefits election, the amount of Option B insurance does continue to change when pay increases or decreases. If you elect a partial living benefit, withholdings for Basic insurance and Option B insurance will be based on different amounts.

Accidental Death & Dismemberment Coverage

If you elect a full living benefit, you lose Accidental Death & Dismemberment (AD&D) coverage on Basic insurance, since your Basic Insurance Amount is $0. (AD&D coverage remains in effect for Option A.)

If you elect a partial living benefit, you still have AD&D coverage, but only on your post-election BIA.

Designations of Beneficiary

A living benefit election has no effect on your designation of beneficiary. Option A benefits, Option B benefits, and any Basic benefits remaining after a partial living benefit election are paid to your designated beneficiary (or according to the order of precedence, if there is no designation).

However, if you designated Basic insurance to one beneficiary and Optional insurance to another beneficiary, and you elect a full living benefit, the beneficiary designated to receive Basic benefits will not receive any payment when you die. The beneficiary designated to receive Optional insurance will still receive those benefits.

Assignment

If you have assigned your insurance, you cannot elect a living benefit. Your assignee(s) cannot elect a living benefit on your behalf.

If you elect a full living benefit, you can assign Optional insurance. If you elect a partial living benefit, you may assign any remaining Basic insurance, as well as Optional insurance.

Incorrect Prognosis

If you elect a living benefit and live longer than the expected 9 months, you do not have to repay the living benefit.

Tax Treatment of Living Benefits

Living benefit payments are not subject to Federal income tax.

You should consult a tax advisor or your state's tax department for specific information concerning state income tax laws.

HISTORICAL INFORMATION

- **Living Benefits Allowed**
- **Tax Treatment**
- **Assignment**

Living Benefits Allowed

Living benefits first became available July 25, 1995 as a result of Public Law 103-409.

Tax Treatment

Prior to January 1, 1997, living benefits payments were subject to Federal income tax. Effective January 1, 1997, living benefits payments are not subject to Federal income tax.

Assignment

Until October 17, 1997, individuals who elected a living benefit could not later assign their remaining insurance.

CLAIMS

- **Information for Claimants**
- **Employing Office Responsibilities**
- **Amount of Death Benefit Payable**
- **Timely Notice and Filing of Claims for Accidental Loss**
- **Payment of Claims**
- **Payment to a Minor**
- **Questions regarding Claims**

INFORMATION FOR CLAIMANTS

- **Claims Processing**
- **Requirements for Payment of a Claim**
- **Filing a Claim:**
  - **Active Employee at Time of Death**
  - **Retired or Receiving Compensation at Time of Death**
  - **Option C**
- **Death of Child Incapable of Self-Support**
- **Limitation on Payment**

Claims Processing

Claims for benefits are adjudicated and paid by the Office of Federal Employees' Group Life Insurance (OFEGLI). Any questions about the status of a claim must be directed to that office at P.O. Box 2627, Jersey City, NJ 07303-2627 or 1-800-633-4542. The telephone lines are open from 8:30 AM to 4:00 PM EST. Overseas beneficiaries should call 212-578-2975.

Requirements for Payment of a Claim

OFEGLI can only pay death benefits after it has received:

- *Claim for Death Benefits* (Form FE-6);
- A certified copy of the death certificate or other satisfactory proof of death; and
- Certification by the employing office for employees, or by OPM's Retirement Operations Center for retirees or compensationers. Such certification must include all supporting documentation, as described below. Agencies use the *Agency Certification of Insurance Status* (SF 2821).

The supporting documentation must include all of your designations of beneficiary (if any). Your employing office must also send all of your FEGLI election forms, any assignments and any court order(s) on file that direct payment of FEGLI benefits.

A dismemberment claim must include a physician's statement and a *Claim for Accidental Means Dismemberment Benefits* (FE-7).

Filing a Claim

Active Employee at Time of Death

If you are employed at the time of your death, your family or other individual(s) should provide notification of your death to your employing office. Your employing office will provide a copy of the *Claim for Death Benefits* (FE-6) to the person(s) who appear eligible to claim benefits, although the agency does not determine who is eligible. Each claimant must submit a separate claim form to your employing office.

Your employing office will forward the claim(s) to OFEGLI, along with the *Agency Certification of Insurance Status* (SF 2821), all of your completed original designations of beneficiary, any assignment forms, any court orders on file, and any other election forms and documents relating to your insurance status. However, your employing office may tell your survivors/beneficiaries to send their claim forms and other documentation directly to OFEGLI.

OFEGLI will process the claim(s) once it has received the insurance certification from your employing office and the claim form(s) from the claimant(s).

Retired or Receiving Compensation at the Time of Death

If you are retired or insured due to receipt of Federal Workers' Compensation Programs (OWCP) benefits at the time of your death, your claimant(s) should report your death to OPM at 1-888-US-OPM-RET (1-888-767-6738) outside the Washington, DC, metropolitan area or 202-606-0500 within the Washington, DC metropolitan area. Claimants may also report the death online at http://www.opm.gov/insure/life/death_1.asp.

OPM will mail a *Claim for Death Benefits* (FE-6) form to the person who reports your death. Each claimant must submit a separate claim form to the Office of Federal Employees' Group Life Insurance (OFEGLI) at P.O. Box 2627, Jersey City, NJ 07303-2627, not to OPM. OPM will send certification of the insured's FEGLI coverage to OFEGLI.

OFEGLI will process the claim(s) once it has received the insurance certification from OPM's Retirement Operations Center and the claim form(s) from the claimant(s).

Option C

If you are an employee, and an insured family member dies, you must complete Parts A through C of the *Statement of Claim, Opiton C-Family Life Insurance* (FE-6 DEP) and provide it, along with a certified copy of the death certificate, to your employing office. Your employing office must complete Part D, Certification of Insurance Status, and send the completed form, with the death certificate, to OFEGLI.

If you are retired or insured as a compensationer, you must send the FE-6 DEP claim form and a certified copy of the death certificate to OPM, Retirement Operations Center, P.O. Box 45, Boyers, PA 16017-0045. OPM will complete Part D of the claim form and send the completed form with the death certificate to OFEGLI.

If you die after your spouse or eligible child(ren) die, but before Option C benefits are paid (whether or not you filed a claim), the person(s) eligible for your Basic insurance benefits may submit a claim for the Option C benefits. If you had assigned your Basic insurance, payment of Option C benefits will be made under the order of precedence, starting with the 2^{nd} on the list (widow or widower).

Death of Child Incapable of Self-Support

OFEGLI can only pay Option C benefits for a child age 22 or over if the deceased child was incapable of self-support because of a mental or physical disability that existed before he/she reached age 22. If you do not have an employing office determination of incapability of self-support on file, or if the determination has expired, you must provide your employing office with the information necessary to make this determination.

This determination is made by your employing office, not OFEGLI.

Limitation on Payment

Benefits will not be paid to someone who wrongfully causes the death of the insured person. For example, if someone wrongfully causes your death, he/she cannot receive Basic, Option A or Option B benefits, even if he/she is otherwise entitled to those benefits. If you wrongfully cause the death of one of your insured family members, you cannot receive Option C benefits for that death.

EMPLOYING OFFICE RESPONSIBILITIES

- **Inviting Claims**
- **Certification**
- **Claim Review**

- **Errors in Certification**
- **Pre-payment Verification**
- **Death during 31-day Extension of Coverage**

Inviting Claims

Upon your death or dismemberment, your employing office must promptly contact the person(s) who appear entitled to benefits and provide assistance in filing a claim.

Certification

When you die, your employing office must immediately prepare an *Agency Certification of Insurance Status* (SF 2821) and send Parts 1 and 2 along with all other supporting documentation, to OFEGLI. Your employing office must keep the original in your Official Personnel Folder (the OPF, or its electronic equivalent) until it receives a claim. Part 3 is the file copy. Your employing office will send the original with the claims filed by your beneficiar(y)ies to OFEGLI. However, to expedite processing, your agency may instead send the certification to OFEGLI without waiting for your beneficiary's(ies') claim forms and direct your beneficiar(y)ies to send their claim(s) directly to OFEGLI.

Claim Review

When your employing office receives a claim, it should verify it has been completed properly.

Your name and date of birth as shown on the claim form must agree with the information on the agency certification. If there is a valid discrepancy, your employing office should attach a statement to the claim verifying that both the claim and the agency certification refer to the same person.

Errors in Certification

If your employing office discovers an error in its certification of your insurance status, it must immediately contact the Office of Federal Employees' Group Life Insurance (OFEGLI) at 1-800-633-4542 (or fax to 201-395-7950) to request that payment based on the incorrect certification not be made. It must send a revised *Agency Certification of Insurance Status* (SF 2821) showing the correct insurance amount as soon as possible.

Pre-payment Verification

OFEGLI is required to obtain verification before making payment to beneficiaries of insured individuals with $200,000 or more of FEGLI coverage, and, at their discretion, to verify any unclear certification. When seeking pre-payment verification, OFEGLI asks for the insured's current salary, annual salary (if different), and details on enrollment in Optional insurance, if applicable.

Any discrepancies identified in the claims selected for pre-payment verification must be resolved before OFEGLI can authorize payment of benefits.

Employing offices must cooperate with OFEGLI in doing these pre-payment verifications and resolutions of discrepancies. This will ensure timely payments to the beneficiaries.

Death during 31-day Extension of Coverage

If you die after your FEGLI terminates, but within the 31-day extension of coverage, your employing office must make sure that the *Agency Certification of Insurance Status* (SF 2821) shows the date of and reason for termination of insurance coverage, not the date of your death. The 31-day extension of coverage does not include Accidental Death &Dismemberment (AD&D) coverage.

The 31-day extension only applies to terminated coverage. It does not apply when you voluntarily waive or cancel coverage.

AMOUNT OF DEATH BENEFIT PAYABLE

The amount of death benefit payable is always the amount of insurance in force on the date of your death. It will be based on your annual rate of basic pay and the FEGLI coverage you are enrolled in on the date of death. The “regular” death benefit (Basic and Option A and Option B if applicable) is payable regardless of the cause of death. For employees, accidental death benefits may also be payable, depending on the cause of death. Accidental Death and Dismemberment (AD&D) coverage stops when your employment ends. It does not carry into retirement.

You cannot have more than one amount of each type of insurance in force, even if you are concurrently employed, or even if you were employed under different retirement systems. In the event there seems to be overlapping amounts of insurance, the higher amount will be paid.

Example

Bettina separates from service in a position in which she had Basic insurance of $80,000, Option A, and 1 multiple of Option B worth $78,000. During the 31-day extension of coverage, she is employed in a position where she has Basic coverage of $60,000, Option A, and 1 multiple of Option B worth $58,000. After she starts the new job, but before the end of the 31-day extension, she dies.

Benefits payable will be based on the Basic and Option B insurance she had from her first employment, since that is the higher amount; Option A benefits are $10,000. (If her death was the result of an accident, however, the amount of benefits payable would be increased by $70,000: $60,000 accidental death benefit under Basic insurance from her second position and $10,000 accidental death benefit under Option A from her second position.)

Exception: If you are a reemployed annuitant at the time of your death, the Option B coverage that you chose to carry (either your annuitant coverage or your coverage as an employee) will be paid, regardless of which is the higher amount.

Example

Roger retires from his position with the Tennessee Valley Authority (TVA), in which he had Basic insurance worth $36, 000 that he was eligible to carry into his TVA-retirement. Two years later he is employed in a position with the Social Security Administration (SSA) under the Federal Employees Retirement System (FERS), where he has Basic coverage worth $40,000 and Option A worth $10,000.

Even though he receives annuity or salary under two different retirement systems, he is only entitled to carry one amount of each type of FEGLI insurance, so his coverage should be treated the same as if he were a reemployed annuitant. His coverage as an annuitant under TVA is suspended while he is "reemployed", and he pays premiums for the coverage under the FERS position. If he is reemployed at the time of his death, benefits payable are based on the higher of the two coverages. If he retires from his FERS position and is eligible to continue his SSA-acquired FEGLI coverage into retirement, he must choose between the two coverages.

TIMELY NOTICE AND FILING OF CLAIMS FOR ACCIDENTAL DISMEMBERMENT

- **Filing of Claim**
- **Late Notice and Filing**

Filing of Claim

A claim for accidental dismemberment benefits, with proof of the loss, must be submitted within one year of the loss, on the FE-7 (*Claim for Accidental Means Dismemberment Benefits*).

Late Filing

If it is not possible to file a claim within the specified times, you must file your claim as soon as reasonably possible, along with an explanation of the delay. OFEGLI will determine if the explanation is satisfactory enough to allow payment of benefits.

PAYMENT OF CLAIMS

- **Payments of Less Than $5,000**
- **Payments of $5,000 or More**
- **Federal Income Tax**

Payments of Less Than $5,000

Beneficiaries receiving less than $5,000 will receive a single check for the entire amount.

Payments of $5,000 or More

Beneficiaries receiving $5,000 or more will automatically receive a money market account checkbook. The amount of the FEGLI payment will be in the account.

FEGLI proceeds begin earning interest immediately upon establishment of the account. Beneficiaries may write checks for $250 or more, up to the full amount in the account, as soon as they receive their checkbook.

OFEGLI will provide beneficiaries with detailed information about the account when their accounts are established.

If a beneficiary does not want the interest-bearing money market account, he/she may request a check instead, at the time he/she files their claim.

Federal Income Tax

Life insurance proceeds are not considered taxable income for the recipients for personal income tax purposes. Interest paid on FEGLI proceeds is reportable as income for Federal Income tax purposes. The Office of Federal Employees' Group Life Insurance pays interest on claims from the date of the insured's death to the date of the payment. OFEGLI pays a maximum of two years interest, even if the time from date of death to date of payment is over two years. You may wish to consult your tax advisor for further advice.

PAYMENT TO A MINOR

- **Payment to a Guardian**
- **Payment to the Minor's Parents**
- **Held on Deposit**
- **Designations in Trust for a Minor**

Life insurance benefits cannot be paid to a minor. The age of adulthood for the FEGLI Program is 18, unless the state in which the minor lives has established a lower age of adulthood. In that case, the lower age applies.

When a minor is entitled to payment of benefits, OFEGLI will:

- Pay the court-appointed guardian of the minor child's estate;
- Pay the parent(s) of the minor child, if the proceeds are $10,000 or less; or
- Hold the proceeds on deposit until the minor child reaches adulthood.

Payment to a Guardian

A parent does not automatically qualify as a guardian of the child’s estate. He/she must apply to be the guardian. A court must appoint a guardian and grant to the guardian the authority to collect money on behalf of the child. The guardian then can submit a claim to OFEGLI with proof of the guardianship, and OFEGLI will pay benefits to the guardian on behalf of the minor.

Payment to the Minor's Parents

When the benefits payable to a minor do not exceed $10,000, OFEGLI will release the funds to the minor's parent(s), provided that the parent(s) agree(s) in writing to meet all of the following conditions:

- The parent(s) will hold such amount for the sole use and benefit of the minor until the minor reaches adulthood;
- The parent(s) will account to the minor for such amount when the minor reaches adulthood; and
- The parent(s) will hold OFEGLI harmless in the event the minor, when he/she reaches adulthood, brings any legal action challenging OFEGLI's payment of such amount to the minor's parent(s).

Held on Deposit

If there is no guardian and there are no plans to appoint one, and the proceeds are greater than $10,000, OFEGLI will hold the funds in the minor's name in an interest-bearing account. OFEGLI will pay the funds, plus interest, to the minor when he/she reaches adulthood.

Designations In Trust For A Minor

When a designation of beneficiary calls for payment to be made in trust for a minor, OFEGLI will determine whether a trust has been established and whether payment can be made in accordance with the designation and trust. If not, then OFEGLI will request that a guardian be appointed by a court. If no guardian is appointed, then payment will be made either to the parent if the proceeds are less than $10,000, or held on deposit until the minor reaches adulthood.

QUESTIONS REGARDING CLAIMS

If a claimant has a question regarding the status of a claim, he/she must contact OFEGLI at 1-800-633-4542. Overseas beneficiaries should call 212-578-2975.

The following information should be available:

1. The name of the insured employee/retiree/compensationer
2. The insured's social security number
3. The name of the deceased (if different than above), and
4. The date of death of the deceased

If a claimant thinks OFEGLI made an error in paying benefits, he/she must contact OFEGLI.

If a claimant thinks he/she is due money from FEGLI benefits and that legal action is necessary to get the money, the claimant must take action in Federal court against the company that OPM contracts with, not against OPM.

GLOSSARY OF TERMS

A - B - C - D - E - F - I - L - O - P - R - S - T - U - V - W

Accidental Death

Death caused solely through violent, external, and accidental means. This has meaning under FEGLI if, as a direct result of the bodily injuries, independently of all other causes, you die within 1 year of the accidental injury.

Accidental Death & Dismemberment (AD&D) Exclusions

The Office of Federal Employees' Group Life Insurance (OFEGLI) will not pay AD&D benefits if your death or loss in any way results from, is caused by, or is contributed to by:

- physical or mental illness;
- the diagnosis of or treatment of a physical or mental illness;
- ptomaine or bacterial infection (however, OFEGLI will pay AD&D benefits if the loss is caused by an accidentally sustained external wound);
- a war (declared or undeclared), any act of war, or any armed aggression against the United States, in which nuclear weapons are actually being used;
- a war (declared or undeclared), any act of war, or any armed aggression or insurrection in which you are in actual combat at the time bodily injuries are sustained;
- suicide or attempted suicide;
- injuring yourself on purpose;
- illegal or illegally obtained drugs that you administer to yourself;
- driving a vehicle while intoxicated, as defined by the laws of the jurisdiction in which you were operating the vehicle.

Accidental Dismemberment

Bodily injuries caused solely through violent, external and accidental means. This has meaning under FEGLI if, as a direct result of the bodily injuries, independently of all other causes, you lose your limb(s) or eyesight in one or both eyes within 1 year of the accidental injury.

- Loss of hand means loss by severance at or above the wrist joint, or equivalent loss, as determined by OFEGLI.
- Loss of foot means loss by severance at or above the ankle joint, or equivalent loss, as determined by OFEGLI.
- Loss of sight means total and permanent absence of any usable vision in one or both eyes.

Age Multiplication Factor

A factor used to determine the extra amount of Basic insurance payable at the time of your death, if you die before age 45 (also referred to as the "extra benefit"). See table of extra benefit amounts.

Agency (see also "Employing Office")

A department or independent establishment of the executive, legislative, or judicial branch of the United States Government. This includes Government-owned or -controlled corporations, the District of Columbia Government (for certain eligible employees), and Gallaudet College. This term refers to the whole organization, as distinguished from its subdivisions and field installations.

"Independent establishment" includes the Senate, the House of Representatives, the Library of Congress, the Office of the Architect of the Capitol, the Administrative Office of the United States Courts, and the Supreme Court of the United States.

In the executive branch, the Department of Defense, Department of the Army, Department of the Navy, and Department of the Air Force are considered to be separate agencies.

Annuity

A retirement benefit (pension) paid on a monthly basis.

Annuitant

A former employee (retiree) entitled to an annuity under a retirement system established for employees. This includes the retirement system of a nonappropriated fund instrumentality of the Department of Defense or the Coast Guard.

Annuity Starting Date

The effective date of your annuity. This date may be retroactive. Also called "annuity commencing date."

Assign and Assignment

Your irrevocable (permanent – it can't be undone) transfer of ownership of your FEGLI coverage (except Dismemberment coverage and Option C) to another individual, corporation, trust, or other entity.

Assignee

The individual, corporation, trust, or other entity to whom you irrevocably transfer ownership of your FEGLI coverage (except Dismemberment coverage and Option C).

Automatic Cancellation of Waiver

The automatic entitlement to Basic insurance and ability to elect Optional insurance if you are reinstated to a FEGLI eligible position after a break in service of at least 180 days.

Basic Insurance

The coverage, based on your annual rate of basic pay, which you automatically have as an eligible employee unless you waive (cancel) it.

Basic Insurance Amount (BIA)

The amount of your Basic insurance on which you pay premiums. It is determined by:

- taking your annual rate of basic pay;
- rounding it up to the next even $1000; and
- adding $2,000.

Beneficiary

The individual, corporation, trust, or other entity that is eligible to receive FEGLI benefits when you die.

Cancellation

The stopping of FEGLI by voluntary action. Also called "waiver." You may cancel coverage at any time.

To cancel coverage employees must complete an SF 2817 (or its electronic equivalent if you work for an agency that utilizes on-line electronic enrollment and recordkeeping) waiving coverage. An annuitant or compensationer must write a letter to the retirement system stating that he/she no longer wants Basic or all or part of Optional life insurance coverage. Reducing the number of multiples of Option B or Option C is a cancellation of those multiples.

Cancellation also happens if you agree to make direct premium payments, then fail to do so within the required timeframe.

Canceling a Waiver

Obtaining Basic or Optional life insurance coverage after you have previously waived or cancelled it.

CFR

Code of Federal Regulations. The FEGLI regulations are found at Part 870, title 5 CFR

Child (as used in the definition of family member (for Option C) and as used with life event)

- a child born within marriage;
- an adopted child;
- a stepchild or foster child who lives with you in a regular parent-child relationship; or
- a recognized natural child.

It does not include a stillborn child or a grandchild (unless the grandchild qualifies as a foster child).

Your child must be unmarried and under age 22 or, if age 22 or over, must be incapable of self-support because of a physical or mental disability that existed before the child reached age 22.

Child (as used in the order of precedence for payment of benefits)

- a child born within marriage;
- an adopted child; or
- a recognized natural child.

It does not include a stepchild, a stillborn child, a grandchild, or a foster child.

Adopted children inherit from their adoptive parents under the order of precedence, not from their birth parents (unless they are designated beneficiaries). However, a child who is adopted by the spouse of a birth parent inherits from that birth parent.

OFEGLI cannot pay benefits to a minor. A child who has reached the age of 18 is considered an adult and can receive a benefit payment in his/her name. But if the age of adulthood where the individual has legal residence is set at a lower age, the child is considered an adult upon reaching that lower age.

Compensation

Compensation under subchapter I of chapter 81 of title 5, United States Code, which is payable because of an on-the-job injury or disease.

Compensationer

An employee or former employee who is receiving compensation and who the Department of Labor, Office of Workers' Compensation Programs (OWCP), determines is unable to return to duty.

Concurrent Employment

Legally serving in more than 1 position at the same time.

Contributions

Amounts which the Government pays from its salary appropriations or other available funds as the employer's share of the cost of Basic insurance.

Conversion

The exchange of FEGLI coverage for insurance under an individual policy purchased from a private insurance company listed by the Office of Federal Employees' Group Life Insurance (OFEGLI) and approved by OPM.

Court Order

A court decree of divorce, annulment, or legal separation, or a court-approved property settlement agreement relating to any court decree of divorce, annulment, or legal separation. A court order has meaning under FEGLI if it requires FEGLI benefits to be paid expressly to a specific person or persons.

Covered Position

A position in which an employee is not excluded from FEGLI eligibility by law or regulation.

Date of retirement

The starting date of annuity. This date may be retroactive.

Days

Calendar days.

Dependent

Living with or receiving regular and substantial support from you, the insured individual.

Designation of Beneficiary

Notice, signed by you, and witnessed and signed by 2 persons, indicating the person(s) you want to receive your life insurance benefits. The form generally used for life insurance designations is the SF 2823 (*Designation of Beneficiary*).

Employee

An individual appointed or elected to a position in or under the executive, legislative, or judicial branch of the United States Government, as defined at 5 U.S.C. 8701(a).

Employing Office

The agency office (or retirement system office) that has responsibility for life insurance actions.

- The Administrative Office of the United States Courts is the employing office for judges of the following courts:
  - All United States Courts of Appeals;
  - All Unites States District Courts;
  - The Court of International Trade;
  - The Court of Federal Claims; and
  - The District Courts of Guam, the Northern Mariana Islands, and the Virgin Islands.
- The Washington Headquarters Services is the employing office for judges of the United States Court of Appeals for the Armed Forces.
- The United States Tax Court is the employing office for judges of the United States Tax Court.
- The United States Court of Veterans Appeals is the employing office for judges of the United States Court of Veterans Appeals.

Extension of Coverage

Automatic continuation of your life insurance coverage for 31 days after your life insurance ends, unless your coverage ends by your waiver or cancellation of coverage or because your annuity or compensation terminates. The 31-day extension of coverage does not include AD&D coverage.

Family Member

A spouse (including a valid common law marriage) and unmarried dependent eligible child(ren).

Foster Child, as used in the definition of family member (for Option C) and for life events

A child:

- who is unmarried and under age 22 (if the child is over age 22, he/she must be incapable of self-support because of a physical or mental disability that existed before age 22);
- who lives with you;
- who has a parent-child relationship with you, not the child's biological parent;
- who is dependent upon you for his/her primary source of financial support; and
- whom you expect to raise to adulthood.

Immediate annuity

- An annuity that begins no later than 1 month after the date the insurance would otherwise stop (the date of separation from service); or
- An annuity under 5 CFR 842.204(a)(1) for which the starting date has been postponed under 5 CFR 842.204 (called an MRA+10 annuity).

Incontestability

A statutory provision allowing coverage you received erroneously to become valid. Incontestability applies if it has been at least 2 years between the time the error was made and the time the error was discovered and you paid the applicable premiums during that time.

In Force

The amount of insurance in force is the amount of coverage you have at any particular point in time.

Inter Vivos Trust

A trust that you establish during your lifetime.

Life Event

For purposes of electing or increasing Option B and/or Option C coverage, a life event is:

- marriage;
- divorce;
- death of spouse; or
- acquiring an eligible child.

Living Benefit

A life insurance benefit (Basic insurance only) paid to you while you are still living, rather than paid to a beneficiary after you die. To qualify for a living benefit you must be terminally ill, with a life expectancy of 9 months or less.

OFEGLI

The Office of Federal Employees' Group Life Insurance, which makes payments to beneficiaries under the FEGLI contract. OFEGLI is not a Federal agency. It is staffed by employees of the life insurance contractor. The mailing address for OFEGLI is P.O. Box 2627, Jersey City, NJ 07303-2627; the street address (for deliveries such as Federal Express only) is 2 Montgomery St., Jersey City, NJ 07302-3802. The phone number is 1-800-633-4542. The phone lines are open from 8:30 AM to 4:00 PM (EST).

Open Season

Time period, set by OPM, in which employees may elect or increase life insurance coverage, regardless of any current waiver of insurance in effect. FEGLI Open Seasons are not held annually and are rare events.

OPM

The U.S. Office of Personnel Management.

Option A

$10,000 in coverage that you can elect in addition to Basic insurance. Also called Standard Optional Insurance.

Option B

Coverage, equal to one, two, three, four or five multiples of your annual basic rate of pay, that you can elect in addition to Basic insurance. Also called Additional Optional Insurance.

Option C

Coverage, to insure your spouse and eligible child(ren), that you can elect in addition to Basic insurance. You can elect one, two, three, four or five multiples (each multiple equals $5,000 for a spouse and $2,500 for an eligible child). Also called Family Optional Insurance.

Optional Insurance

Insurance that you can elect in addition to Basic insurance. There are three types of Optional insurance: Option A, Option B, and Option C.

Order of Precedence

Under Federal law, the order in which life insurance benefits are paid to your survivors:

1. your designated beneficiary or beneficiaries;

2. if there is no designated beneficiary, your widow or widower;
3. if neither of the above, your child or children in equal shares, with the share of any deceased child distributed among the descendants of that child (see “Payment to a Minor”);
4. if none of the above, to your parents in equal shares – or the entire amount to the surviving parent;
5. if none of the above, to the executor or administrator of your estate;
6. if none of the above, to the next of kin as determined under the laws of the State where you lived.

The order of precedence does not apply when you have validly assigned your insurance or when a valid court order is on file.

OWCP

The Office of Workers' Compensation Programs, U.S. Department of Labor, which administers Subchapter I of Chapter 81 of title 5, United States Code.

Parent

- The mother or father of a child born within marriage or an adopted child;
- The mother of a child born outside of marriage; or
- The father of a child born outside of marriage, if the child meets the definition of a recognized natural child.

Pay and Duty Status

Time when you are actually working; it does not include time on annual or sick leave, leave without pay, excused absence, military leave, or other absence from duty.

Post-65 Reduction

The amount by which your insurance coverage as an annuitant reduces from its original retirement amount after your 65th birthday (or after retirement, if later). For Basic insurance, the choices are 75 Percent Reduction, 50 Percent Reduction, and No Reduction. For Option B and Option C, the choices are Full Reduction and No Reduction. There is no choice for Option A; it reduces by 75 Percent from its original amount of $10,000.

Recognized Natural Child

A child born outside of marriage. An insured individual is considered to be the father of such a child under the following conditions:

- The individual acknowledged paternity in writing;
- A court ordered the individual to provide support;

- Before the individual died, a court pronounced him to be the father;
- The individual names himself as the father on a certified copy of the public record of birth or church record of baptism; or
- Public records, such as records of schools or social welfare agencies, show that – with his knowledge – the individual was named as the father of the child.

If paternity is not established by one of the above means, OFEGLI may consider other evidence, such as the child's eligibility as a recognized natural child under other State or Federal programs or proof that the father included the child as a dependent child on his income tax returns.

Reconsideration

The final level of administrative review of an employing office's initial decision to determine if the employing office followed the law and regulations correctly in making the initial decision concerning FEGLI eligibility and coverage.

Regular Parent-Child Relationship

- Exercising parental authority, responsibility, and control over the child;
- Caring for, supporting, and disciplining the child; and
- Making decisions about the child's education and medical care.

Return to Duty, (refers to compensationers only)

Return to the duty or occupation or work that you were doing at the time of the injury.

Separation

Leaving Federal service, either by resignation, retirement, being laid off, or being fired.

Service

Federal civilian service that is creditable under Subchapter III of Chapter 83 or Subchapter II of Chapter 84 of title 5, United States Code. This includes service under a nonappropriated fund instrumentality of the Department of Defense or the U.S. Coast Guard for an individual who elected to remain under a retirement system established for employees described in Section 2105(c) of title 5 U.S.C.

Terminal Leave

Leave taken immediately prior to separation.

Terminally Ill, for purposes of qualifying for a Living Benefit.

Having a medical prognosis of a life expectancy of 9 months or less.

Termination

The stopping of an insured's FEGLI coverage by involuntary action.

Testamentary Trust

A trust that is created by your will at your death.

Underdeduction

Failure to withhold the required amount of life insurance deductions from your pay, annuity, or compensation. This includes nondeductions (when none of the required amount is withheld) and partial deductions (when only part of the required amount is withheld). If there is no pay during a pay period, there is no underdeduction.

U.S.C.

United States Code.

Viatical Settlement Firm

A private company that exchanges cash for assignment of life insurance to a terminally or chronically ill person.

Waiver

- Not electing a particular type of coverage or multiple of coverage (for Option B and Option C); or
- Cancellation of coverage.

Withholdings

Amounts deducted from your pay, annuity, or compensation for the full cost of Optional insurance and your share of the cost of Basic insurance.

UNITED STATES
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