



Benefits Administration Letter

Number: 07-205

Date: November 30, 2007

Subject: Federal Employees' Group Life Insurance (FEGLI) and Premium Pay

The purpose of this BAL is to ensure agencies are using the appropriate pay amount when determining FEGLI coverage for employees who earn premium pay. In situations where the combination of salary and premium pay reaches the employee's annual salary cap, the amount of FEGLI coverage is based on the **capped** amount (i.e., the actual amount of earnings received by the employee).

By regulation, FEGLI is based on the annual rate of basic pay. In situations where an employee earns premium pay, the process for determining the FEGLI annual salary amount is to calculate the amount of premium pay which exceeds the salary cap and subtract it from the sum of basic pay and total premium pay. The resulting amount represents the employee's FEGLI Basic Insurance Amount (BIA) and is the basis for the premiums he/she pays. This calculation should be done on an annual basis rather than each pay period.

As an example if an individual's current salary is \$125,078 and the current authorized premium pay is 25% or \$31,269.50, the total would be \$156,347.50. However, the current salary is capped at GS 15/10 \$143,471. Therefore, if the salary is capped, then FEGLI is based on the capped amount of \$143,471. The FEGLI BIA would be \$146,000.

If you have any questions please contact Ingrid Burford on (202) 606-0004 or Ingrid.Burford@opm.gov.

Sincerely,

Kathleen M. McGettigan
Deputy Associate Director
Center for Retirement & Insurance Services