

FEDERAL EMPLOYEES GROUP LIFE INSURANCE-FEGLI

Through the FEGLI program, the Federal Government provides you with an opportunity to participate in this group plan, which offers normally competitive rates and convenience of payment through payroll deduction. Participation is entirely voluntary; however, you are automatically covered for the Basic Life unless you elect to waive the coverage. Your decision to elect or waive coverage should be based on your evaluation of your personal and family situation and needs. If you elect FEGLI coverage it may be canceled at any time. The FEGLI program is a combination of five separate components. The following sections will explain the FEGLI program in detail.

FIVE BENEFIT CATEGORIES

- Basic Life Insurance
- Extra Benefit
- Option "A"-Standard
- Option "B"-Additional
- Option "C"-Family

PRE-RETIREMENT COVERAGE AND COST

The Basic Insurance Amount depends on your *annual base* pay as defined for positions at Level II of the Executive Schedule under section 5313 of title 5, United States Code. Coverage will always equal the greater of a) your actual rate of annual basic pay, rounded to the next thousand and then adding \$2,000 or b) \$10,000. If you are a part-time employee, your annual basic pay, for life insurance purposes, is your basic pay applicable to your tour of duty in a 52-week work year.

For example, if the annual salary for your position is \$21,500 per year but you are only employed half time, your annual basic pay for insurance purposes would be \$10,750. If this were the amount of pay used to calculate your base pay, your basic insurance amount would be \$13,000. There is no maximum to the basic insurance amount. In addition to the basic amount of insurance, you are eligible to participate in any or all of the optional coverages. In order to participate in any of the optional coverages you must participate in the Basic Insurance Amount. Full unreduced coverage will remain in force until the earlier of a) age 65 or your retirement age, whichever is longer, or b) until participant elects to discontinue coverage. You pay two-thirds of the cost of the insurance while the government pays one-third. The cost to you for the Basic Insurance is 15 cents per \$1,000 bi-weekly or 32.50 cents per thousand monthly. (see Post Retirement for additional options and cost)

The Accidental Death and Dismemberment Coverage benefit is equal to the limits of your Basic Insurance Amount for the loss of any two hands, feet or eyes, or any combination of hand, foot and eye. One-half the Basic Insurance amount will be paid directly to you for the loss of any one hand, foot or eye. (see "Conditions of Payment", page 26)

NOTE: *Effective July 20, 1997 employees of the United States Postal Service receive their basic insurance amount at no charge during their term as an active employee. If they retire prior to 65, they must begin to pay for the insurance coverage they elect to remain in force. USPS employees are responsible for the cost of any optional coverage they elect.*

EXTRA BENEFIT

The Extra Benefit is automatic to all employees who participate in the Basic Insurance Amount and are under age 35 at the time employment begins. The Extra Benefit doubles the amount of basic life insurance you are entitled to receive until you reach age 45. The coverage for this benefit is added to the basic amount and may appear as one number.

For example, if you are 35 years of age or younger and receive an annual wage of \$41,500, your total coverage would be \$88,000. \$41,500 rounded to \$42,000, plus \$2,000 or \$44,000, plus an additional \$44,000 of Extra Benefit or the total of \$88,000. There is no charge for this coverage, however, there will be a reduction of 10% per year in the face amount of insurance, beginning at age 36 and continuing to age 45 with the termination of coverage.

To determine your total insurance amount between ages 36 and 45, use the table below. Multiply your Basic Insurance Amount by the appropriate factor. For example, if you are 39 and have \$47,000 of basic insurance, your total insurance coverage would be \$75,200, or \$47,000 times 1.6.

Your Age	Multiplication Factor	Your Age	Multiplication Factor
35 and 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		

OPTION A - Standard provides the employee with an additional \$10,000 of coverage. Unlike Basic and Option B, which increase each year as the participants annual wage increases, Option A remains \$10,000 each year until the earlier of a) age 65 or your retirement age, whichever is longer, or b) until participant elects to discontinue coverage. You pay the full cost of this insurance. The cost depends upon your age and withholdings increase as you reach the next age group, as shown on the table below.

WITHHOLDING FOR \$10,000 INSURANCE		
Age Group	Bi-Weekly	Monthly
Under age 35	\$.30	\$.65
35 through 39	.40	.87
40 through 44	.60	1.30
45 through 49	.90	1.95
50 through 54	1.40	3.03
55 through 59	2.70	5.85
60 and over	6.00	13.00

The *Accidental Death and Dismemberment Coverage* benefits are equal to the limits of your Option A - Additional coverage. These limits are paid for the named loss or combination of losses, as described in the Basic Insurance Amount section. (see "Conditions of Payment", page 26)

OPTION B - Additional insurance is based on employee's basic salary rounded up to the next thousand, times a factor of one through five, as elected by the employee. Since the elimination of the maximum coverage under the Basic Insurance Amount, the only limit on the amount of Option B coverage is the maximum of five times your annual base wage.

An example of a normal computation would be: a salary of \$47,200 rounded to \$48,000 times a factor of two would provide \$96,000 of insurance. Full, unreduced coverage will remain in force until the earlier of a) age 65, or b) until participant elects to discontinue coverage. You pay the full cost of this insurance. The cost depends upon your age and withholdings increase as you reach the next age group, as shown on the table below.

WITHHOLDING FOR OPTION B - ADDITIONAL		
Age Group	Bi-Weekly	Monthly
Under age 35	\$.03	\$.065
35 through 39	.04	.087
40 through 44	.06	.130
45 through 49	.09	.195
50 through 54	.14	.303
55 through 59	.28	.607
60 through 64	.60	1.300
65 through 69	.72	1.560
70 through 74	1.20	2.600
75 through 79	1.80	3.900
80 and over	2.40	5.200

Accidental Death and Dismemberment coverage *is not* included in this option. The amount of life insurance you elect which is in force under Option B is payable if your spouse or children die, regardless of the cause of death. (see "Conditions of Payment", page 26)

OPTION C - Family provides unit coverage of \$5,000 for your spouse and \$2,500 for each eligible dependent child. As with Option B, an employee can choose up to 5 units. Like Option A, this coverage remains level throughout the life of the contract and will not increase as your annual wage increases. Eligible family members include your present spouse and your unmarried dependent children. Eligible children include adopted children, stepchildren and foster children who live with you in a regular parent-child relationship, or recognized natural children living with you or receiving regular and substantial support from you. To be covered, a child must be less than 22 years of age, or if over 22, incapable of self-support because of a mental or physical disability, which existed before the child became 22 years of age. If an additional child becomes eligible after the start of this optional coverage, they will automatically be covered. When you no longer have any family member eligible for this coverage, you must cancel the Option C - Family benefit by completing a new SF2817. Coverage will not stop automatically—you must notify your employing office. You pay the full cost of this insurance. The cost depends upon your age and withholdings increase as you reach the next age group, as shown on the following table.

WITHHOLDING FOR OPTION C - FAMILY

Age Group	Bi-Weekly	Monthly
Under age 35	\$.27	\$.59
35 through 39	.34	.74
40 through 44	.46	1.00
45 through 49	.60	1.30
50 through 54	.90	1.95
55 through 59	1.45	3.14
60 through 64	2.60	5.63
65 through 69	3.00	6.50
70 through 74	3.40	7.37
75 through 79	4.50	9.75
80 and over	6.00	13.00

Accidental Death and Dismemberment coverage *is not* included in this option. The amount of life insurance you elect which is in force under Option C is payable if your spouse or children die, regardless of the cause of death (see "Conditions of Payment" below).

LIFE EXPECTANCY

Life expectancy is a measure of average mortality. This average may change as the individual attains a new current age bracket. The chart below gives an overview of life expectancy across the United States. Life style, social habits, height, weight and medical conditions are not taken into account. The only guidelines represented are age and years until death.

AGE	43	44	45	46	47	48	49	50	51	52	53	54	55	56
Male	37	37	36	35	34	33	32	31	30	29	28	28	27	26
Female	42	41	40	39	38	37	36	35	35	34	33	32	31	30
AGE	57	58	59	60	61	62	63	64	65	66	67	68	69	70
Male	25	24	23	23	22	21	20	19	19	18	17	16	16	15
Female	29	28	27	26	25	25	24	23	22	21	20	19	19	18

CONDITIONS OF PAYMENT

Benefits under the Accidental Death and Dismemberment clauses are payable if, while insured, you receive bodily injuries solely through violent, external, and accidental means and if as a direct result of the bodily injuries, independent of other causes, and within 90 days afterwards you lose your life, limb or eyesight. The full amount of your Basic Insurance Amount and Option A, if you participate, is payable. If a loss should occur in a separate accident and payment for the first accident has been paid, you would be entitled to half the amount received for the first accident. Payments will be made under these conditions with the following exceptions:

Physical or mental illness; the diagnosis or treatment of a physical or mental illness; ptomaine or bacterial infection, unless the loss is caused by an accidentally sustained external wound; a war, declared or undeclared, any act of war, or any aggression by armed forces against the United States, in which nuclear weapons are being used;

a war, declared or undeclared, any act of war, armed aggression, or insurrection, in which the employee is, at the time injured or killed in actual combat; suicide or attempted suicide; intentional self-inflicted injuries; self administration of illegal or illegally obtained drugs.

BENEFICIARIES

You do not need to name a beneficiary if you wish to have the death benefits of your insurance paid in the order of precedence noted below. If you designate and are survived by a designated beneficiary, the benefits will be paid as you have stipulated. However, if you wish to prevent payment of your insurance benefits to the estate of a beneficiary who survives you by only a short period of time, you may wish to add a "common disaster clause" in your designation. This clause would stipulate that your beneficiary is entitled to payment only if he or she survives you for a period of time, not to exceed 30 days. If there is no designated beneficiary surviving or you did not designate a beneficiary, the benefits will be paid in the following order of precedence:

- 1) Your widow or widower.
- 2) Your children or children in equal shares, with the share of any deceased children distributed among the descendants of that child.
- 3) Your parents in equal shares or the entire amount to the surviving parent.
- 4) The duly appointed executor or administrator of your estate.
- 5) The next of kin under the laws of your domicile at the time of your death.

If you have no survivor falling into category (1), the benefits will be paid to the survivors falling into category (2), and so on, as necessary.

To name a beneficiary or change a prior designation, you must complete a new designation form.

- Signed by you, and
- Witnessed by two persons, neither of whom is a beneficiary, (a witness to the designation may not receive payment as a beneficiary); and
- Received by your employing office, if you are actively employed, or retirement system, for annuitants and compensationers, before your death.

NOTE: Ask your employing office or retirement system for Standard Form 2823 (Designation of Beneficiary). If you presently have a designation of file, SF 2823 or SF 54, and wish no change, it is not necessary to file a new SF 2823. A designation of beneficiary is automatically canceled 31 days after you cease to be insured.

POST-RETIREMENT COVERAGE AND COST

Basic Insurance Amount may be continued for a retiring employee if he or she:

- Retires on an immediate annuity, and
- Is insured on date of retirement, and

- Has been covered for five years of service immediately preceding retirement, or since first opportunity to enroll.

Reduction in amount of post-retirement Basic Life Insurance coverage after age 65 depends upon completion of SF-2818, Election of Post-Retirement Basic Life Insurance Coverage, at time of retirement.

If employee elects:

75% Reduction

At age 65, amount of insurance reduces by 2% per month down to 25% of amount in force at time of retirement. Employees will continue to pay premiums after retirement until age 65. There will be no premiums after age 65, if retired. Premiums will be the same as paid by employee, currently \$0.3250 per month for each \$1,000 of coverage, and will be deducted from monthly annuity.

50% Reduction

Reduces at 1% per month down to 50% of amount in force at time of retirement. Premiums are deducted from annuity for full cost of additional coverage. The premium will be \$0.59 per month per \$1,000 of insurance. For those under age 65, there will be a supplemental premium until annuitant reaches age 65. The current amount of the supplemental premium is \$0.3358 making a total of \$0.9258 per \$1,000 of insurance. The month following annuitant's 65th birthday, the premium will revert to the regular rate of \$0.60.

No Reductions

Premiums will be deducted from annuity to cover full cost of additional coverage. The premium will be \$1.83 per month per \$1,000 of insurance, plus a supplemental charge until annuitant reaches age 65. The current amount of the supplemental premium is \$0.3250 making a total of \$2.1550 per \$1,000 of insurance. The month following annuitant's 65th birthday, the premium will revert to the regular rate of \$1.83 per month per \$1,000 of insurance.

NOTE: *Accidental Death and Dismemberment coverage stops at retirement, regardless of age.*

For both the 50% reduction and no reduction, premiums start with commencing date of annuity and continue until death, cancellation, or transfer to 75% reduction. FERS annuitants may make direct payments of premiums to OPM for their FEGLI coverage when their annuity is not adequate to cover the cost of premiums.

OPTION A - Standard will continue automatically after retirement, if you continue your Basic Life Insurance coverage, unless you did not participate in Option A for the entire period during which the coverage was available to you, or for the last five years of service immediately commencing the date of your annuity. FERS annuitants who elect to postpone receiving their annuity, the five years immediately before their separation date, can convert to an individual policy, or file a Life Insurance Election Form SF 2817 declining coverage, including as a re-employed annuitant.

Effective at the end of the month after the month in which you turn 65 or retire, if later, your coverage will begin to reduce at a rate of 2% of the pre-retirement amount

per month until it reaches 25% of the pre-retirement amount. Accidental Death and Dismemberment coverage stops at retirement. Withholdings will continue to be made from your annuity for this coverage through the month you reach age 65, if you retire before that age. No withholdings are required after you are 65 and retired.

OPTION B - Additional will continue automatically after retirement, if you continue your Basic Life Insurance coverage, unless you did not participate in Option B for the entire period during which the coverage was available to you, or for the last five years of service immediately prior to the date of your annuity. FERS annuitants who elect to postpone receiving their annuity 5 years immediately before their separation date, can convert to an individual policy, or file a Life Insurance Election Form SF 2817 declining coverage, including as a re-employed annuitant.

The amount of Option B - Additional coverage you may continue will be the lowest multiple of insurance coverage that was in effect for:

- The five years of service that was immediately preceding the commencing date of your annuity (for FERS annuitants who postpone receiving their annuity, the 5 years immediately before their separation date for annuity purposes), or
- The entire period during which this coverage was available to you, if covered less than five years.

NOTE: *That part of your insurance coverage, which cannot be carried into retirement, may be converted to an individual policy.*

Effective at the end of the month in which you turn 65 or retire, your coverage will begin to reduce at a rate of 2% of the pre-retirement amount per month for 50 months, at which time coverage will terminate. Withholdings will continue to be made from your annuity for this coverage through the month you reach age 65, if you retired before that age. No withholdings are required after you are 65 and retired.

Effective 04/30/99, retiring employees may choose to keep their Option B level at either 5 times their annual wage, or the multiple they participated in during the 5 years immediately preceding their retirement. (see page 25 for premium details)

OPTION C - Family will continue automatically after retirement if you continue your Basic Life Insurance coverage, unless you did not participate in Option A for the entire period during which the coverage was available to you, or for the last five years of service immediately commencing the date of your annuity. FERS annuitants who elect to postpone receiving their annuity, the 5 years immediately before their separation date, can convert to an individual policy, or file a Life Insurance Election Form SF 2817 declining coverage, including as a re-employed annuitant. Option C - Family insurance is not considered as "being available to you" during periods when you did not have any eligible family members.

Effective at the end of the month in which you turn 65 or retire, your coverage will begin to reduce at a rate of 2% of the pre-retirement amount per month for 50 months, at which time coverage will terminate. Withholdings will continue to be made from your annuity for this coverage through the month you reach age 65, if you retire before that age. No with-holdings are required after you are 65 and retired.

Effective 04/30/99, retiring employees can now choose to keep their Option C - Family coverage level at the 5 units, or the multiple they participated in during the 5 years immediately preceding their retirement.

FILING A CLAIM

Pre-Retirement

Your designated beneficiary or other survivor must complete a claim form, Claim for Death Benefits, FE 6, and furnish written proof of your death, a *certified* copy of the death certificate. Your beneficiary should contact your employing office for a claim form. The completed claim form along with proof of death should be sent to that office for submission to the Office of Federal Employees' Group Life Insurance.

An accident that results in the loss of life, limb, or eyesight must be reported within 20 days of the accident. Proof of loss resulting from the accident must be submitted on Form FE 7, Claim for Accidental Benefits, which the employing office will provide, not later than 90 days after the date of the loss. However, if it is not possible to furnish notice or proof in the time specified, the requirements will be met if such notice or proof is furnished as soon as reasonably possible.

The Office of Federal Employees' Group Life Insurance has the right to require a physical examination if you are claiming benefits for loss of limb or eyesight, as well as the right to require an autopsy in the event of a claim for accidental death benefits, unless law forbids an autopsy.

If you have Option C - Family coverage and an insured family member dies, contact your employing office to obtain a claim Form FE6 - DEP. A *certified* copy of the death certificate will be required.

If you or your beneficiaries have any questions about filing a claim or need assistance, contact your employing office or the Office of Federal Employees' Group Life Insurance, P. O. Box 2627, Jersey City, NJ 07303. (800)633-4542.

Post-Retirement

Your beneficiary or other survivor should notify your OPM retirement system office when your death occurs. Remember that the Accidental Death and Dismemberment Coverage do not continue after retirement. The beneficiary should provide the following information to the retirement system in writing:

- The deceased name
- Date of birth
- Date of death
- Social Security number
- Retirement Claim number

For Civil Service Retirement System (CSRS), retirees report information to Office of Personnel Management, Retirement and Insurance Group, Retirement Operations Center, Boyers, PA 16017-0107. Employees who retired under the Federal Employees Retirement System, FERS, should report information to Office of Personnel Management, FERS, P. O. Box 200, Boyers, PA 16017-0107.

Your retirement system will supply the proper form for obtaining benefits and inform your survivor when the claim forms should be filed. It is the responsibility of the person to whom the benefits are payable to file a claim and to furnish proof of death and any other evidence that may be called for at that time. If you have Option C - Family and an insured family member dies, contact your retirement system for the claim form, which contains further instructions for filing a claim. The Option C - Family Coverage terminates no later than 50 months after the retired employees 65th birthday.

CONVERTING TO AN INDIVIDUAL POLICY

In general you may convert to an individual (direct-pay) policy in an amount equal to the total of the Basic, Options A and B you have when your group coverage ends. However, you may not convert if:

- You continue coverage as a retired employee or compensationner.
- Within three calendar days after your insurance stops you return to Government service in a position, which conveys FEGLI coverage.
- Your insurance ends because you waive or decline coverage.
- The Government's Group Policy ends.

You may also convert your life insurance coverage upon retirement, although this should be carefully considered because the premiums will probably be higher than those you pay under the group coverage, which reflects the government's contribution to Basic Life. Also Basic Life, 75% reduction, can be continued without withholdings for retirees age 65 and older.

While it is not necessary to have a medical examination for the purchase of an individual direct pay policy, the following conditions will apply:

- Written application must be made within 31 days after insurance stops, or within 31 days of the date you receive your "Notice of Conversion Privilege" (SF2819), whichever gives you more time.
- Family members insured under Option C - Family will have the privilege to convert their own coverage to individual policies, minimum coverage \$1,000, for 31 days following the death of an employee, or during the 31 day extension of coverage, if the employee does not convert the coverage during that same 31 day extension of coverage described in the preceding section.
- Any insurance company you select, which has been accepted by the Office of Personnel and Management as eligible and has agreed to issue such policy under the conditions of the group policy will issue the individual policy.

- The individual policy may be for any type of life insurance customarily issued by the life insurance company you select, except term insurance, universal life, or any type of life insurance with an indeterminate premium, and will not include disability or accidental death or dismemberment benefits.
- The individual policy may be written for any amount equal to or less than the amount of life insurance you have under the group policy on the date your insurance stops.

For detailed information concerning the right to apply an individual conversion (direct pay) policy, you should contact your employing office or, if retired, your OPM retirement system.

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