ILLINOIS NATIONAL GUARD

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Federal Employees Group Life Insurance

SUPERVISOR'S HANDBOOK

This supersedes Technician Personnel Plan 904, dated 1 October 1996 Chapter 8 Technician Benefits, Part III, Federal Employee's Group Life Insurance (FEGLI).

Users of this publication are invited to send comments and suggested improvements, through command channels, to The Adjutant General of Illinois, ATTN: HRO, 1301 N. MacArthur Blvd, Springfield, Illinois 62702-2399

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FEDERAL EMPLOYEE GROUP LIFE INSURANCE

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1-1 GENERAL: The Federal Employees' Group Life Insurance (FEGLI) is the official life insurance program provided by law (5 U.S.C. 87) for Federal Employees. Insurance under this plan is underwritten by a large number of private insurance companies and is administered by the Office of Federal Employees' Group Life Insurance. FEGLI builds no cash or loan value, or paid-up or extended insurance, nor in most cases, can it be assigned to anyone before a loss occurs. It is intended as a form of immediate protection against financial hardship or loss in the event of death. Therefore, it is not offered as a form of life insurance with cash value, such as might be purchased through non-government insurance agents.

1-2 ADMINISTRATION: The Office of Personnel Management (OPM) is charged with the overall responsibility for regulation and administration of the FEGLI program. The Human Resources Office (HRO) administers the FEGLI program for all Illinois National Guard technicians. Forms used in the administration of this program are described in this part.

1-3 SUPERVISOR RESPONSIBILITIES: Supervisors should acquaint themselves with the benefits and responsibilities of the plan so that they may assist technicians when questions arise and when there are family changes that may warrant changing insurance coverage. Special events would be marriage or divorce, birth of a child or death of a covered dependent. Supervisors should forward all FEGLI forms received from technicians to HRO immediately since many of the requested changes are time sensitive.

1-4 INSURANCE COVERAGE: FEGLI coverage is available to permanent and temporary indefinite technicians. Participation is voluntary. This program provides a choice of coverage for the technician and family coverage. All coverage may be carried into retirement if qualified.

a. Basic Life is life insurance coverage that is equal to a technician's annual rate of pay (rounded to the next $1,000) plus $2,000. There is an extra benefit for technicians under age 45. This extra benefit doubles the amount of basic life insurance payable if the technician is age 35 or younger. Beginning on the technician's 36th birthday the extra benefit decreases ten percent each year until age 45. In addition, there is Accidental Death and Dismemberment Coverage.

b. Option A -Standard. If a technician is enrolled in Basic Life, they may elect Standard Option in the amount of $10,000. In addition, there is Accidental Death and Dismemberment Coverage as explained in paragraph 1-5.

c. Option B -Additional. A technician enrolled in Basic Life may elect Option B -Additional Coverage in the amount equal to one, two, three, four or five times a technician's annual basic pay (rounded up to the next $1,000).

d. Option C -Family. If a technician is enrolled in Basic Life, they may elect family coverage for eligible family members. You may elect either one, two, three, four, or five multiples of coverage. Each multiple is equal to $5,000 for your spouse and $ 2,500 for each of your eligible dependent children. Eligible family members are defined as present spouse and unmarried dependent children (other than a foster

child or a stillborn child) including an adopted child, a step child that lives with the technician in a regular parent-child relationship or a recognized natural child who is either living with the technician or who is receiving regular and substantial support from the technician. To be covered, a child must be under 22 years of age or, if 22 or over, incapable of self-support because of physical or mental disability that existed before the child became 22 years of age. If a technician acquires another eligible family member while covered under Option C, they will be covered automatically. When there is no longer a family member, the technician must take action to cancel the coverage.

1-5 ACCIDENTAL DEATH AND DISMEMBERMENT COVERAGE (AD & D): Upon accidental death there is an additional payment. Also, there is a benefit payable for accidental dismemberment i.e., loss of hand, foot or eye. AD & D coverage does not continue into retirement. Benefits are defined as follows:

a. Basic Life Coverage. Accidental death benefits are equal to the amount of Basic Insurance (annual pay, rounded to the next $1,000) plus $2,000. Accidental dismemberment benefits for the loss of a hand, foot or eye are equal to one-half of Basic Insurance. Loss of two members allows payment of full Basic Insurance.

b. Option A -Standard. Accidental death and dismemberment coverage is up to the face amount of Option A.

c. Option B -Additional. Accidental death and dismemberment coverage is not included.

d. Option C -Family. Accidental death and dismemberment coverage is not included.

1-6 OPPORTUNITIES TO ELECT OR CHANGE COVERAGE: Technicians may acquire or change coverage as follows:

a. Appointment. New technicians acquire Basic Life automatically on the first day in pay and duty status. They may elect Option A - Standard, Option B-Additional and/or Option C -Family by submitting a SF 2817, Life Insurance Election Form to arrive in HRO within 31 days of appointment.

b. During Employment. If a technician has waived coverage of Basic Life and/or Options A, B, C they must be able to cancel a previous waiver by meeting the following requirements:

(1) Basic Life. It must have been one year since effective date of last waiver and the technician must complete a SF 2822, Request for Insurance. An exception to this requirement is if a technician has a break in service from their technician position of at least 180 days. Upon reappointment, the technician will be considered the same as a new technician for enrollment purposes. If break in service is less than 180 days, a technician may not change previous enrollment but may waive coverage.

(2) Option A -Standard. Must be enrolled in Basic Life. Requirements to cancel previous waiver are the same as for Basic Life.

(3) Option B -Additional. Must be enrolled in Basic Life. Requirements to cancel previous waiver are the same as for Basic Life. If a technician is already enrolled for less than five multiples they may increase the number of the multiples by meeting same requirements as for Basic Life. If there is a break in service of less than 180 days, a technician may not enroll for a greater number than they had upon separation unless there was an increase in family members during separation as discussed below. The 180 days break in service does not apply under the following circumstances:

(a) A technician may enroll when they get married or acquires a child. The technician may choose a number of multiples equal to the number of family members acquired i.e., marriage allows one multiple or birth of twins allows two multiples. The number of multiples a technician may elect is limited to the number of eligible family members acquired with the event permitting the increase. There is a time limit for increasing number of multiples of 60 days following the date of event (marriage, birth, etc.). The SF 2817 must be in HRO no later than the 60th day.

(b) If a technician is already enrolled for at least one multiple, they may increase the number of multiples upon marriage or acquisition of an eligible child as described above. The 60-day time limit also applies.

(4) Option C -Family. Must be enrolled for Basic Life. Family coverage may be elected upon marriage or acquisition of eligible child. Election must be received in HRO within 60 days after the date of the event that permits the election.

1-7 CANCELLATION OF WAIVER PROCEDURES: If a technician desires to enroll for FEGLI coverage after having waived coverage, or desires to increase coverage, they will be required to wait one year after effective date of last waiver and furnish, at their own expense, satisfactory evidence of insurability on a Request for Insurance Form SF 2822. The medical examination must be current and arrive in OFEGLI within 60 days of examination. A SF 2822 must be requested from HRO and OFEGLI will approve or disapprove coverage and notify HRO of their decision.

1-8 EFFECTIVE DATES OF COVERAGE AND CHANGES IN COVERAGE: Coverage is effective as defined below:

a. Upon Appointment. Basic Life coverage is effective on the first day a technician enters on pay and duty status unless they waive coverage before the end of the first pay period. If coverage is not waived during first pay period, premium deductions for Basic Life will be withheld from pay. Optional Coverage for new technicians is not effective until the day an affirmative election is received in HRO.

b. Upon Cancellation of Waiver. If OPM approves cancellation of waiver, requested effective dates of coverage are as follows:

(1) Basic Life. First work day in pay status following date of approval.

(2) Option A -Standard. First day a technician actually enters on duty in a pay status on or after the day SF 2817 is received in HRO but no later than 31 days following date of OFEGLI approval.

(3) Option B -Additional. Same as Option A.

c. Upon Family Change. Eligible changes are effective on the first day the technician actually enters on duty in a pay status on or after the day the SF 2817 is received in HRO.

1-9 ELECTION FORMS: To elect coverage, change or waive coverage, a technician must complete a SF 2817, Life Insurance Election forms.

1-10 PAYMENT OF CLAIMS: Life insurance under Basic, Option A and Option B are payable upon death of a technician and Option C-Family is payable upon death of eligible family member if death occurs while insured regardless of the cause of death. Accidental Death and Dismemberment benefits are payable under Basic Life and Option A if technician receives bodily injuries solely through violent, external and accidental means or because of these injuries within 90 days, technician loses their life, limb or eyesight. In the event of death or dismemberment, HRO must be contacted immediately. Proper forms will be furnished upon notification.

1-11 BENEFICIARIES: Technician may complete and file a SF 2823, Designation of Beneficiary Form with the HRO. If no designation is on file, benefits will be paid in the following order of precedence, unless a court order states otherwise.

a. Widow or widower.

b. Child or children in equal shares, with the share of any deceased child distributed among the descendants of that child.

c. Parents in equal shares or the entire amount to the surviving parent.

d. The duly appointed executor or administrator of estate.

e. Next of kin under the laws of domicile at the time of death.

1-12 CANCELLATION OR DISCONTINUANCE OF COVERAGE: A technician may voluntarily cancel (waive) all or part of his/her insurance coverage at any time by submitting a SF 2817. Upon separation, technicians are furnished a copy of SF 2821. Insurance coverage automatically stops on the earliest of the following dates:

a. Separation

b. After 12 months of LWOP unless receiving Worker's Compensation

c. Last day of pay period during which HRO receives a waiver of coverage.

1-13 CONVERSION PRIVILEGE WHEN INSURANCE STOPS: Unless waived, a technician's coverage but not accidental death or dismemberment is continued for 31 days during which they may convert to a direct-pay

individual policy by completion of SF 2819. Eligible family members may also convert Option C coverage within 31 days by completion of SF 2819.

1-14 CONTINUATION OF COVERAGE DURING MILITARY DUTY: Coverage will continue without cost for 365 days of LWOP upon entry on military duty. After the 365th day of LWOP a technician will have 31 days in which to convert to an individual policy.

1-15 CONTINUATION DURING NON-PAY STATUS: Coverage will continue as stated in paragraph 1-12 above.

1-16 CONTINUATION DURING OWCP: Technicians who become entitled to benefits from Office of Worker's Compensation Programs (OWCP) for a job-related illness or injury will have coverage continued for up to 12 months of LWOP. Coverage may continue after 12 months if technician is in receipt of OWCP benefits, and has been covered for five years immediately preceding entitlement to OWCP benefits or from date coverage was first available, if less than five years. During the first 12 months of LWOP there is no payment required for Basic Life, but withholdings are made for optional coverage. At the end of 12 months of LWOP, coverage can continue and withholdings will be made from compensation payments or technician will have the right to convert to individual coverage.

1-17 CONTINUATION OF COVERAGE AFTER RETIREMENT: Life insurance coverage may be continued into retirement if the technician retires on an immediate annuity and has been covered for the entire period during which coverage was available or for the last five years of service. Option C-Family is not considered as being "available" during a period when the technician had no eligible family members.

1-18 LIVING BENEFITS: Technicians may elect to receive a lump sum if they are terminally ill and have medical documentation that they are expected to live nine months or less. Eligible technicians, annuitants and workers compensationers may elect a full lump-sum payment equal to their Basic Insurance Amount (BIA), plus the Extra Benefit, if any, that would be in effect nine months after the date OFEGLI receives a completed claim form. For annuitants and compensationers, the amount available to elect as a Living Benefit will be reduced by any applicable post-65 reductions in effect as of nine months after the date OFEGLI receives the completed claim form (FE-8). A technician may obtain the living benefits form (FE-8) by calling OFEGLI AT 1-800-633-4542. This form is not available from the technician's employing office or retirement system. Also, eligible technicians (but not annuitants or compensationers, may elect a partial lump-sum payment equal to only a portion of their BIA, plus any applicable Extra Benefit. If a portion is elected, it must equal a multiple of $1,000. The decision to receive living benefits cannot be withdrawn -it is irrevocable. Living benefits can only be elected once, a technician cannot elect to receive the remainder of their life insurance at a later date. If a technician has assigned their FEGLI coverage, neither they nor the assignee(s) may elect living benefits. A technician's living benefits payment (whether full or partial) will be reduced by a nominal amount to make up for lost earnings of the Life Insurance Fund due to the early payment of benefits. In addition, the technician should consult their tax attorney about possible tax consequences. If the technician elects the full lump-sum payment, no benefits for Basic Life will be payable based on

their death or dismemberment. Premiums for Basic Life will stop. If the partial lump-sum payment is chosen, the BIA will be reduced by the percentage which the partial lump-sum payment represents of your full BIA (rounded up or down to the nearest multiple of $1,000 or if midway between multiples, to the next higher multiple of $1,000). Premiums for Basic Life will be reduced accordingly.

1-19 ASSIGNMENT OF LIFE INSURANCE: A technician may irrevocably (one time only) assign their insurance to another person or persons, including an individual, a corporation or an irrevocable trust. Assignment means that the technician agrees to give up ownership of their Basic, Standard Optional (Option A), and Additional Optional (Option B) life insurance coverage forever. The decision to assign life insurance is made by the consent of the technician alone. Generally, the assignments of insurance are made to comply with the requirements of a court order upon divorce, for inheritance tax purposes, to obtain accelerated death benefits, or to satisfy a debt. The technician can never change the assignment or cancel it. However, an assignment is automatically canceled if the technician returns to Federal service after a break in service of at least 180 days. If the technician assigns their insurance, they must continue to pay the life insurance premiums, which will continue to be withheld from their salary or annuity. If a technician assigns their life insurance, they also assign:

a. The right to cancel the insurance coverage

b. The right to designate and change beneficiaries

c. The right to convert to a private insurance policy when the FEGLI coverage terminates for any reason other than cancellation by the assignee(s).

d. The right to change the reduction schedule on the Basic Life insurance coverage at retirement after the technician (the insured) makes the original election. If the technician assigns their insurance to more than one person, all assignees must agree to the actions taken with the insurance, although each may designate their own beneficiary (ies). The technician must assign 100 percent of their insurance, although the insurance does not need to be assigned all to the same person, firm or trust. The technician must assign percentages of their total insurance (not dollar amounts) and the percentages must add up to 100 percent. A technician can not assign:

(1) Family optional insurance (Option C)

(2) The right to elect more insurance coverage. However, all of the new insurance (except for family optional insurance) that is elected after the assignment will automatically be subject to the existing assignment.

(3) The right at retirement to make the original election of the reduction schedule on the Basic Life Insurance. However, once the technician makes this election, they cannot later elect to change to the maximum (75%) reduction schedule. The right to cancel the original election and change to the maximum (75%) reduction schedule for the Basic Life Insurance is transferred to the assignee(s).

The assignee(s) do(es) not have the right to cancel the assignment, but may reassign the insurance coverage. Each assignee is responsible for keeping the technician's personnel office or retirement system advised of his or her current address. Technicians may obtain the assignment form, RI 76-10 Assignment of Federal Employees' Group Life Insurance, from their employing office or retirement system. The technician's life insurance cannot be assigned by the type of insurance (e.g., Basic to one person, Option A to another person, etc.). Technicians should contact their tax attorney about the tax implications of assigning their life insurance coverage.