

# FEGLI choices at retirement



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**O**ne of the decisions that letter carriers face when retiring concerns Federal Employees Group Life Insurance (FEGLI) coverage. FEGLI is the largest group life insurance program in the world, covering more than 4 million federal employees and retirees, as well as their family members. FEGLI is group term life insurance. It does not build up cash value.

FEGLI offers four insurance options: 1) Basic, 2) Option A—Standard, 3) Option B—Additional, and 4) Option C—Family. Workers who have maintained coverage for the five years\* immediately before the date an annuity starts in Basic FEGLI may elect to continue Basic cover-

age when retired. The same is true for each of the options: If coverage has been maintained in an option for at least the five years prior to retirement\*, it may be continued in retirement.

Once elected at retirement, FEGLI coverage may never be increased, but it can always be decreased (e.g., from no reduction to 75 percent reduction) or discontinued. OPM may change rates in the future.

There are multiple choices involved at retirement, and the costs may vary with options, multiples and age. Options for each of the four FEGLI plans are detailed below.

**Basic FEGLI:** This provides a benefit calculated at a worker's basic annual salary, rounded up to the next thousand, plus \$2,000. When retiring, a worker has three options when keeping Basic: 75 percent reduction, 50 percent reduction or no reduction. If the 75 percent reduction is elected, the coverage begins to reduce after age 65 by 2 percent per month until it reaches 25 percent of the original value, where it remains. If the 50 percent reduction is elected, the coverage begins to reduce after age 65 by 1 percent per month until it reaches 50 percent of the original value, where it remains. If no reduction is elected, the original value is not reduced at all. Here is the monthly cost for annuitants in 2016 for each \$1,000 of Basic insurance amount in effect at the time of retirement:

Age	75% Reduction	50% Reduction	No Reduction
Up to 65	\$0.3250	\$1.0350	\$2.4550
After 65	Free	\$0.71	\$2.13

**Option A—Standard FEGLI:** This provides a straight \$10,000 benefit. There is only one option at retirement, and the monthly cost depends on age:

Age	<35	35-39	40-44	45-49	50-54	55-59	60-64	65+
Rate	\$0.43	\$0.65	\$0.87	\$1.52	\$2.38	\$4.33	\$13.00	Free

There is no cost after age 65, but the amount of insurance begins to reduce 2 percent per month until the insurance reduces to \$2,500.

**Option B—Additional FEGLI:** This provides a benefit of up to five times basic salary, as elected by the employee. Upon retirement, eligible annuitants electing to keep Option B may maintain all or some of their multiples, and will have two choices: no reduction or full reduction. If full reduction is elected, the coverage begins to reduce after age 65 by 2 percent per month until it reaches zero. The monthly costs vary with age. Here are the monthly costs for annuitants per \$1,000 of coverage if full reduction is elected:

Age	<35	35-39	40-44	45-49	50-54	55-59	60-64	65+
Rate	\$0.43	\$0.65	\$0.87	\$1.52	\$2.38	\$4.33	\$9.53	Free

If no reduction of Option B is elected, premiums are the same as above, except that premiums continue to be paid at and after age 65, as follows:

Age	65-69	70-74	75-79	80 and over
Rate	\$1.170	\$2.080	\$3.900	\$5.720

**Option C—Family FEGLI:** This provides life insurance for a spouse and eligible children (unmarried and up to age 22, or if older, incapable of self-support). When Option C is elected, all of the eligible family members are automatically covered. The insurance is \$5,000 for a spouse and \$2,500 for each eligible dependent child, and up to five multiples. At retirement, eligible employees electing to keep Option C may elect no reduction or full reduction. The monthly cost varies with age. Here are the monthly costs per \$1,000 of coverage when full reduction is elected:

Age	<35	35-39	40-44	45-49	50-54	55-59	60-64	65+
Rate	\$0.48	\$0.59	\$0.89	\$1.28	\$1.99	\$3.21	\$5.85	Free

If no reduction for Option C is elected, premiums are the same as above, except that premiums continue to be paid at and after age 65, as follows:

Age	65-69	70-74	75-79	80 and over
Rate	\$6.80	\$8.30	\$11.40	\$15.60

The above information is found at OPM's website: [opm.gov/healthcare-insurance/life-insurance/program-information/#url=Premiums-for-Annuitants](http://opm.gov/healthcare-insurance/life-insurance/program-information/#url=Premiums-for-Annuitants).

**Letter carriers contemplating retirement are best served** when they are able to make fully informed decisions. FEGLI costs and potential benefits are complicated, and should be carefully weighed by letter carriers approaching retirement.

\* or for the full period(s) of service during which you were eligible to be insured if less than five years.