

# A Rare Open Season For Life Insurance

By Tammy Flanagan

January 28, 2016

Each new year brings changes to federal employee and retiree benefits. One this year that will affect almost all employees is the change in Federal Employees Group Life Insurance premiums and a rare open season for life insurance.

The last FEGLI open season was in 2004, in connection with the 50th anniversary of the program. In 2016, due to the change in premiums that took effect this month, there will be another open enrollment period from Sept. 1 to Sept. 30. Employees won't have to prove insurability or have experienced a particular life event to participate in this rare open season. Retirees won't be eligible to take advantage of the open season. (Both employees and retirees can decrease their life insurance at any time and there are circumstances under which employees can increase their FEGLI coverage without an open enrollment event.)

Increases in insurance coverage made during open season won't take effect for a full year, at the beginning of the first pay period on or after Oct. 1, 2017.

## Time to Review

Open season is still months away, but now is a good time to reevaluate your life insurance needs based on who would be affected in the event of your untimely death. According to most financial professionals, the need for life insurance is greatest when others such as your spouse and dependent children would be forced to live without your income.

I've written several columns over the years on evaluating life insurance:

- [What You Need to Know About Health and Life Insurance](#) Nov. 19, 2015
- [Need Money? Rethink Life Insurance](#) June 22, 2012
- [Life Insurance Options](#) Feb. 3, 2012
- [Life Insurance Basics](#) Jan. 27, 2012
- [Life Insurance Lessons](#) Oct. 1, 2010
- [Checks and Balances](#) Aug. 6, 2010
- [Your Money and Your Life](#) July 16, 2010
- [Life Insurance Options, Part Two](#) Sept. 22, 2006
- [Life Insurance Options, Part One](#) Sept. 15, 2006

You may also want to check options outside of the FEGLI program to see if you qualify for lower rates based on your age or your good health. But remember that during open enrollment, FEGLI will not ask questions about your health or insurability; rates will be based exclusively on your age. Also remember that FEGLI does not care what caused your death; your beneficiary gets paid unless he or she intentionally caused your death. Your premiums aren't affected if your federal job takes you into a war zone or if you carry a weapon at work. Such factors could affect your insurability

under a private policy.

After the open season is over, employees can, in writing, opt to reduce the amount of coverage selected during open enrollment or cancel the changes entirely. If you're not sure you'll need additional coverage in 2017, it still might be wise to participate in the open season, since the coverage and premiums won't go into effect for a full year.

### **What You Can Do Without Waiting**

Federal employees don't have to wait for the open enrollment period if they are in one of the life events that allow a change to life insurance (such as marriage, divorce, birth or adoption of a child, or death of a spouse) or if they prove insurability by a medical exam using form [SF 2822](#). Employees can cancel or reduce FEGLI coverage at any time by submitting form [SF-2817](#). Using a life event or proving insurability allows the coverage to take effect immediately instead of waiting until 2017.

If you have [assigned](#) your life insurance by transferring ownership to another person or to a company, then you cannot cancel or reduce certain types of FEGLI coverage. This sometimes happens in a divorce proceeding or other situation involving a court order.

Retirees also can cancel or reduce your FEGLI life insurance at any time. For them, there is no form; they must mail a signed letter to OPM's Retirement Office at: U.S. Office of Personnel Management Retirement Operations Center, P.O. Box 45, Boyers, PA 16017-0045. The cancellation or reduction must include an original signature by the insured retiree. Be sure to include your retirement claim number or Social Security number and specify exactly what action you want taken.

### **New Rates**

Effective the first pay period beginning on or after Jan. 1 of this year, new FEGLI premiums went into effect for certain categories of insurance, including Option A (standard optional insurance), Option B (additional optional insurance), Option C (family optional insurance) and Post-Retirement Basic Insurance.

There are no changes to premium rates for basic insurance for current employees. Most premium rates for Options A, B and C will decrease. Premium rates for post-retirement basic insurance with 50 percent reduction and no reduction will increase. Premium rates for older age bands of Options B and C will increase.

Most federal employees and retirees are covered under Basic FEGLI. It has a value of your basic rate of pay (including locality adjustment) rounded to the next highest \$1,000, plus \$2,000. Employees who are younger than 45 have additional coverage for the same premium. Retirees' coverage is based on the basic pay in effect on the last day of employment and will decrease beginning at retirement or age 65, whichever comes later.

Basic FEGLI rates remain at at \$0.15 per \$1,000 of coverage biweekly or \$0.325 per \$1,000 of coverage monthly.

[Click here to see the full 2016 FEGLI rates](#)

*(Image via [Vucicevic Milos/Shutterstock.com](#))*

By Tammy Flanagan

January 28, 2016

<http://www.govexec.com/pay-benefits/retirement-planning/2016/01/rare-open-season-life-insurance/125517/>