



MILITARY LIFE INSURANCE

Quick
Reference
Guide



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FINANCIAL READINESS FOR LIFE

WHY LIFE INSURANCE?

- Insurance protects us from monetary loss in emergency
- Life insurance provides funds to help pay costs when someone dies
- Why not use investments?
 - If die early in life, savings and investments haven't had time to grow
 - If die later in life, some needs like income and taxes never disappear
 - Can't guarantee market will be "up" when we die
 - Properly structured life insurance will cost less than benefit, which can't be guaranteed for funds from savings or investments

SERVICEMEMBERS' GROUP LIFE INSURANCE (SGLI)

- Low-cost group term life insurance for:
 - Active duty
 - Ready reserve
 - National Guard
 - NOAA Commissioned Corps
 - PHS Commissioned Corps
 - Cadets & midshipmen of federal service academies

- ROTC
- IRR mobilization category volunteer
- Max \$400,000 coverage in \$50,000 increments
- Survivors may contribute proceeds to Roth IRA within 1 year of receipt (Heart Act)
- Cost is \$0.06 per \$1,000 coverage (\$25.00/mo. for \$400,000 coverage, includes \$1.00/mo. for TSGLI)
- Leave service, receive free coverage until 120 days from date of separation

TRAUMATIC INJURY PROTECTION (TSGLI)

- Short-term financial assistance to severely injured service members and veterans to assist in recovery
- Not just for combat injuries
- Must:
 - Be covered by SGLI at time of injury
 - Incur “scheduled loss” as result of traumatic injury
 - E.g., total and permanent loss of sight or loss of sight for at least 120 days, total and permanent loss of hearing, total and permanent loss of speech, complete paralysis of all 4 limbs, etc. (schedule available at VA TSGLI website)

- Have incurred injury before midnight of day of separation from service
- Have incurred scheduled loss within 2 years of traumatic injury
- Survive for not less than 7 full days from date of traumatic injury

FAMILY SERVICEMEMBERS' GROUP LIFE INSURANCE (FSGLI)

- Group term insurance for spouses and dependent children (must be enrolled in DEERS) of active duty and Guard/reserve members insured under full-time SGLI
 - Spouse eligible for coverage whether or not active duty, retired, or civilian
- Up to \$100,000 coverage for spouse (not to exceed service member's coverage)
 - Multiples of \$10,000
 - Up to \$10,000 coverage for each dependent child
- Spouse premium paid by service member, amount depends on spouse's age
 - Spouse premium increases every 5 years; e.g., \$100,000 coverage \$4.50/mo. for 30-year-old spouse, \$17/mo. for age 50, \$45/mo. for age 60

- No charge for dependent child coverage until 18, or later if full-time student or permanently disabled before 18

AFTER SGLI

- SGLI Disability Extension
- Survivor Benefit Plan (SBP)
- Veterans' Group Life Insurance (VGLI)
- Permanent commercial insurance policy

SGLI DISABILITY EXTENSION

- Keep SGLI at no cost up to 2 years after leaving service if within 2 years of separation date and:
 - Totally disabled and unable to work, or
 - Total hearing loss, or
 - Loss of speech, or
 - Or loss of both hands, or feet, or eyes, or one hand and foot, or hand or foot and one eye
- Must apply for extension

SURVIVOR BENEFIT PLAN (SBP)

- Allows retiree to leave portion of retired pay to survivor at reasonable cost
- All active duty members with eligible beneficiary automatically enrolled at maximum level at no cost

- Upon retirement, every member with spouse and/or dependent child on first day of entitlement will automatically participate at maximum level
 - Member may submit request for reduced or zero coverage; must have signed, notarized concurrence from spouse
 - Reserve member who doesn't enroll at time of retirement eligibility will remain eligible to enroll at time of actual retirement
- May select coverage for spouse or former spouse, child(ren) only, spouse or former spouse and child(ren), or natural interest person (formerly person with insurable interest)
- Decision to participate essentially irrevocable
 - Only exception is opportunity to terminate between 2nd and 3rd anniversary of first receipt of retirement pay, if beneficiary becomes ineligible, or if member certified as disabled under certain circumstances
- Benefit based on "base amount" of retirement pension chosen, from \$300 to full retirement pay; spouse receives 55% of base amount, e.g., for base amount \$1,000, benefit = \$550/mo.
- Cost:
 - On active duty on or after 3/1/90: 6.5% of base amount; e.g., for base amount \$1,000, $6.5\% \times \$1,000 = \$65/\text{mo.}$

- On active duty on or before 2/28/90 and all members retiring for disability, lesser of:
 - 6.5% of base amount ($6.5\% \times \$1,000 = \$65/\text{mo.}$), **or**
 - 2.5% of “threshold amount” (\$895 in 2021) plus 10% of remaining base amount ($2.5\% \times \$895 + (10\% \times (1,000-895)) = \$22.38 + \$10.50 = \32.88)
- Cost and benefit rise with retiree COLAs
- Spouse pays income tax on benefit, member does not pay income tax on premium

VETERANS’ GROUP LIFE INSURANCE (VGLI)

- 5-year renewable term coverage
- Must apply within 1 year and 120 days from discharge
 - Those who apply within 240 days do not need to submit evidence of good health
- Issued in multiples of \$10,000 up to \$400,000
 - Cannot obtain more VGLI than SGLI previously held
 - Except VGLI insureds under age 60 with less than \$400,000 can buy up to \$25,000 additional coverage on each 5-year anniversary of their coverage, up to \$400,000

- Cost depends on age and rises every 5 years, e.g.,
 - Age 50-54, \$400,000 coverage costs \$144/mo.
 - Age 70-74, \$400,000 coverage costs \$920/mo.

PERMANENT COMMERCIAL INSURANCE POLICY

- SGLI can be converted to individual policy within 120 days of separation, VGLI can be converted any time
 - Select company from VA's list of 12 companies
 - Apply to local sales office of company
 - Provide agent with copy of D-2214 or NGB-22, Reservist orders with copy of last LES, or letter from OSGLI verifying VGLI coverage
- Spouse can convert FSGLI within 120 days of:
 - Member's separation from service
 - Member's divorce from spouse
 - Member's election to terminate FSGLI
 - Member's election to terminate SGLI
 - Member's death
- May convert to commercial policy at standard rates without providing proof of good health
- New policy must be permanent, such as whole life; cannot be term, variable, or universal

- If in good health may be able to buy same amount of coverage from different company at lower cost without conversion, though conversion policy is guaranteed to be available
 - VGLI and conversion option primarily in place for those with health or other concerns that would affect ability to obtain cost-effective personal coverage
- It pays to obtain permanent coverage at as young an age as possible; term coverage will invariably become too expensive at older ages to keep permanently

ACCELERATED BENEFIT OPTION

- Provides lump sum benefit of SGLI, FSGLI, or VGLI to terminally ill insured
 - May receive up to 50% of face value of coverage
 - Unpaid remainder will be paid upon death
- Must have valid written prognosis from physician of 9 months or fewer to live
- Must apply personally, no one can apply on insured's behalf, except member must apply for terminally ill spouse
- To apply, file appropriate VA form with VA, service, or insurance company according to VA process

VETERANS' MORTGAGE LIFE INSURANCE (VMLI)

- Up to \$200,000 mortgage coverage for family of severely disabled member or veteran
- Eligibility:
 - Have severe disability caused or made worse by service, **and**
 - Received Specially Adapted Housing (SAH) grant for home, **and**
 - Have title to home, **and**
 - Have mortgage on home, **and**
 - Under 70 years old
- Benefits will be paid to mortgage holder, not insured or beneficiary
- Cost based on insured's age, mortgage balance, remaining mortgage term, and amount of coverage

BENEFICIARY FINANCIAL COUNSELING & ONLINE WILL PREPARATION

- Available to beneficiaries of SGLI, TSGLI, FSGLI, VGLI
- Beneficiary Financial Counseling Service (BFCS)
 - Free professional financial advice from independent company for life
 - Web, phone, email, in-person

- Online Will Preparation Service
 - Member answers questions on website
 - Receive legal will, valid in all states, ready to print and sign
- Apply at FinancialPoint® Plus website



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