

WHY LIFE INSURANCE?

Insurance protects us from monetary loss in emergency situations. Life insurance provides funds to help pay costs when someone dies.



SERVICE MEMBERS' GROUP LIFE INSURANCE (SGLI)

- Low-cost group term life insurance for:
 - Active-duty, National Guard, Reserves
 - Commissioned members of NOAA or USPHS
 - Cadets & midshipmen of federal service academies
 - ROTC or IRR mobilization category volunteers
- Coverage details:
 - Maximum \$500,000 coverage in \$50,000 increments
 - 2025 basic SGLI premium rate: 6 cents per \$1,000 of coverage (includes \$1/month for Traumatic Injury Protection (TSGLI))

Monthly premiums available at <https://www.va.gov/life-insurance/options-eligibility/sgli/>

- Additional benefits:
 - 120 days of free coverage upon separation
 - Option to extend coverage for 2 years if totally disabled
 - Part-time coverage available for Reserve members who do not qualify for full-time coverage
 - HEART Act allows beneficiaries to roll over death gratuity and SGLI payments into a Roth IRA.

TRAUMATIC INJURY PROTECTION (TSGLI)

TSGLI provides financial assistance to service members recovering from qualifying injuries.

Eligibility:

- Must have a scheduled loss resulting directly from the traumatic injury.
- Injury must occur before midnight on the day of military separation.
- Scheduled loss must happen within 2 years (730 days) of the injury.
- Must survive at least 7 full days from the date of injury.
- Coverage extends to active-duty, Reserve, National Guard, funeral-honors duty, and 1-day muster duty.
- Exclusions apply.

Details at <https://www.va.gov/life-insurance/options-eligibility/tsgli/>

FAMILY SERVICEMEMBERS' GROUP LIFE INSURANCE (FSGLI)

Eligibility and Coverage:

- You may be eligible for FSGLI if you're the spouse or dependent child of a service member who meets one of these criteria:
 - On active duty and covered by full-time SGLI, or
 - Member of the National Guard or Reserve covered by full-time SGLI
- Children must be enrolled in DEERS. Spouses may qualify for FSGLI regardless of their own status (active duty, Reserve, Guard, retired, or civilian).
- Up to \$100,000 for spouses (not exceeding the service member's SGLI).
- \$10,000 for each dependent child (free coverage).

- Spouse premium increases every 5 years, paid by service member, amount depends on spouse's age
- No charge for dependent child coverage until 18, or later if full-time student or permanently disabled before 18

Details at <https://www.va.gov/life-insurance/options-eligibility/fsgli/>

PLANNING TO SEPARATE OR RETIRE?

SGLI Disability Extension

- Keep SGLI at no cost for up to 2 years from your date of discharge if totally disabled, or
- Permanent loss of one or both hands, eyes, feet, or
- Total hearing loss, or loss of speech

Details at https://www.benefits.va.gov/insurance/forms/sglv_8715.pdf

Survivor Benefit Plan (SBP)

- Allows retiree to leave a portion of retired pay to a survivor at a reasonable cost.
- All active-duty members with an eligible beneficiary are automatically enrolled at the maximum level at no cost.
- Upon retirement, members with a spouse and/or dependent child on the first day of entitlement automatically participate at the maximum level.
- Members may request reduced or zero coverage but must have signed, notarized concurrence from their spouse.
- Reserve members who do not enroll at retirement eligibility remain eligible to enroll at actual retirement.
- Coverage options include spouse or former spouse, child(ren) only, spouse or former spouse and child(ren), or a natural interest person (formerly a person with insurable interest).
- Participation is essentially irrevocable.
- Termination is only allowed between the 2nd and 3rd anniversary of first receiving retirement pay, if the beneficiary becomes ineligible, or under certain disability certifications.
- Benefit is based on the 'base amount' of retirement pension chosen.
- Cost and benefit increase with retiree COLAs.
- Spouse pays income tax on the benefit, but the member does not pay income tax on the premium.

Details at <https://militarypay.defense.gov/benefits/survivor-benefit-program/>

Veterans' Group Life Insurance (VGLI)

- Apply within 1 year and 120 days from discharge for coverage equal to SGLI.
- 5-year renewable term coverage
- Must apply within 1 year and 120 days from discharge
- No health evidence required if applying within 240 days
- Issued in multiples of \$10,000 (up to \$500,000)
- Cannot exceed previous SGLI amount
- Under age 60? Coverage can increase by \$25,000 every 5 years
- Cost Example (per month for \$400,000 coverage):
 - Age 50-54: \$132
 - Age 70-74: \$904

Details at <https://www.va.gov/life-insurance/options-eligibility/vgli/>

Optional Conversion to Commercial Insurance (e.g., whole life) Policy

- SGLI can be converted within 120 days of separation - no health proof required.
- VGLI can be converted at any time.
- Must select from VA's list of participating companies.
- Apply at a local sales office with required documentation:
 - D-2214 or NGB-22
 - Reservist orders with last LES copy
 - OSGLI letter verifying VGLI coverage
- Additional Considerations:
 - If in good health, alternative coverage may be available at a lower cost without conversion.
 - VGLI and conversion options are designed for those with health or other concerns.
 - Permanent coverage is best secured at a young age; term coverage can become cost-prohibitive with age.
- FSGLI Conversion for Spouses:
 - Convert within 120 days of member's separation, divorce, FSGLI/SGLI termination, or death.
 - May convert to a commercial policy at standard rates without health proof.
 - Policy must be permanent (e.g., whole life); term, variable, or universal policies are not allowed.

ACCELERATED BENEFIT OPTION

- Allows insured individuals to receive up to 50% of SGLI/VGLI benefit if diagnosed as terminally ill (9 months or less to live).
- Only the injured can apply, reduces benefit amount payable to beneficiaries.
- Premium adjusted to reflect the reduced coverage.

Details at <https://benefits.va.gov/INSURANCE/forms/SGLV-8284.pdf>

VETERANS' MORTGAGE LIFE INSURANCE (VMLI)

Eligibility:

- Severe service-connected disability determined by the VA, **and**
- Received a Specially Adapted Housing (SAH) grant for modifying a home, **and**
- Homeowner with an existing mortgage, **and**
- Under age 70.

Benefits:

- Up to \$200,000 in mortgage life insurance.
- Pays lender directly (not beneficiaries).
- Coverage amount equals mortgage balance (decreases as mortgage is paid off).
- No cash value or dividends.

Details at <https://www.va.gov/life-insurance/options-eligibility/vmli/>

BENEFICIARY FINANCIAL COUNSELING & ONLINE WILL PREPARATION

Beneficiary Financial Counseling Service (BFCS) and online will preparation service are available to beneficiaries of SGLI, TSGLI, FSGLI, and VGLI.

Details at <https://www.benefits.va.gov/insurance/bfcs.asp>