

Federal Employees Group Life Insurance



Dan Toth

Retirement brings many decisions. One decision concerns life insurance—specifically the Federal Employees Group Life Insurance (FEGLI) program. This column will address the various options and their costs.

FEGLI offers four insurance options: Basic, Option A—Standard, Option B—Additional and Option C—Family. Workers who have maintained coverage for the five years immediately before retirement may elect to continue coverage when retired (or for the full period(s) of service during which they were eligible to be insured if less than five years).

Once elected at retirement, FEGLI coverage can never be increased, but it can always be decreased up to a 75 percent reduction or discontinued. There are multiple choices involved and the costs vary with options, multiples and age. As they have done in the past, the Office of Personnel Management (the federal agency that administers FEGLI) may change premiums in the future. FEGLI offers only term life policies, so they do not build a cash value. Options for each of the four FEGLI plans are detailed below.

Basic—Postal employees receive basic coverage for free. 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 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 2024 for each \$1,000 of Basic insurance amount in effect at the time of retirement:

Age	75 percent reduction	50 percent reduction	No reduction
Under 65 ¹	\$0.3467 monthly	\$1.0967 monthly	\$2.5967 monthly
65 and over ²	Free	\$0.75 monthly ³	\$2.25 monthly

¹ Until the month after your 65th birthday.

² Starting the month after your 65th birthday.

³ You will continue to pay premiums for life (unless you cancel or subsequently elect 75 percent reduction).

Option A—Standard: 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	\$0.43	\$0.65	\$1.30	\$2.17	\$3.90	\$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: This provides a benefit of up to five times the 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	\$0.043	\$0.043	\$0.065	\$0.130	\$0.217	\$0.390	\$0.867	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+
Rate	\$1.040	\$1.863	\$3.900	\$6.240

Option C—Family: This provides life insurance for a spouse and eligible children (unmarried and up to age 22, or if older, incapable of self-support). All eligible family members are covered when Option C is elected. The insurance is up to five multiples of \$5,000 for a spouse and \$2,500 for each eligible dependent child. 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	\$0.43	\$0.52	\$0.80	\$1.15	\$1.80	\$2.88	\$5.27	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+
Rate	\$6.13	\$8.30	\$12.48	\$16.90

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Delivering a cure in Boston and beyond

America's letter carriers have been going the extra mile for MDA for more than 70 years, and this year is no exception. Last year, NALC raised \$1,129,800 for MDA through various events across the country. Branches support MDA through summer camp, muscle walks, bowlathons, satchel drives and other community events. NALC is on track to meet or exceed its 2023 fundraising total.

The passion for MDA was contagious at NALC's 73rd Biennial Convention in Boston over the summer. Letter carriers from around the country were raising money for MDA through T-shirt sales, multiple drawings, pin sales, and even homemade goodies. NALC Community Service Director Christina Vela Davidson joined in the fun and hosted a drawing for travel vouchers, raising \$48,000 for MDA, which was matched by NALC Headquarters.

"Raising money for a great cause is a no-brainer. We must those who cannot help themselves," Vela Davidson said.

MDA National Ambassador Leah Zelaya was welcomed with open arms and enjoyed spending a day thanking everyone and sharing her excitement for MDA summer camp.

NALC members are proud of the fundraising work they do all year to support research to one day deliver a cure and to continue making MDA Summer Camp possible. MDA is grateful for the longstanding partnership and can't wait to see how much money is raised for MDA families in 2024 and beyond.



MDA National Ambassador Leah Zelaya at the NALC Convention in Boston

"Thank you, NALC, for all your efforts to coordinate and raise funds for the Muscular Dystrophy Association," MDA announced. "Your dedication is second to none."

Please mail copies of any receipts or checks along with a copy of the NALC/MDA Allocation Form so your branch can be properly recognized. NALC/MDA allocation forms must be turned in in the same calendar year of the event (no later than Dec. 28) to qualify for the NALC Honor Roll for that year.

—Christina Vela Davidson

City delivery updates (continued)

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to continue through October. I plan on reviewing the final results of this pilot program once it has ended.

I want to thank every carrier involved in these pilot programs and the development of the NGDV for their efforts and for taking the time to share their thoughts with me and NALC staff members. Your time and commitment have been beneficial to city letter carriers across the country. I will continue to update the membership on any impact these initiatives may have on city carriers. Be sure to read my article each month and visit nalc.org for updates.

FEGLI (continued)

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OPM has a handy FEGLI calculator on its website at opm.gov/retirement-center/calculators/fegli-calculator so that each person can weigh their current coverage and decide if they want to continue that coverage and which options to elect at retirement. Some find the premiums of FEGLI cost prohibitive as they retire and age. Some find the premiums of additional optional FEGLI cost prohibitive as they retire and age, and elect to keep only Basic (and Standard option, if they have it) in retirement. In addition, other programs such as the NALC Mutual Benefit Association, offer a wide range of policies, not just term life insurance.