



Department of  
Veterans Affairs

Office of Human Resources and Administration  
Worklife and Benefits Service (058)

## Fact Sheet

### Retirement and the Federal Employees' Group Life Insurance (FGLI)

This fact sheet provides important information for retiring employees and explains what happens to FGLI coverage upon retirement. Employees having questions regarding the information contained in this Fact Sheet should contact their servicing Human Resources (HR) office.

#### What Happens to My FGLI Coverage When I Retire?

**Basic Insurance in Retirement** - The amount of your Basic insurance coverage in retirement is the same amount it was at the time you separated as an employee. **Please note:** *In retirement "Accidental Death and Dismemberment" coverage is no longer a part of your coverage.*

When you retire, you must make a choice concerning your Basic Insurance. You must choose what option is best for you. **For Basic insurance, you must choose either a 75% Reduction, a 50% Reduction, or No Reduction at all.**

**75% Reduction** - This means your Basic insurance will reduce by 2% of the pre-retirement amount each month. The reduction starts at the beginning of the second month after your 65th birthday (or at retirement, whichever is later). Your Basic insurance amount will continue to reduce until 75% of the pre-retirement amount has disappeared leaving 25% of the pre-retirement amount. You cease to pay premiums for your Basic insurance the moment it begins to reduce at age 65. So after age 65 your Basic Insurance is free.

**50% Reduction** - This means your Basic insurance will reduce by 1% of the pre-retirement amount each month. The reduction starts at the beginning of the second month after your 65th birthday (or at retirement, whichever is later). Your Basic insurance will continue to reduce until 50% of the pre-retirement amount has disappeared leaving 50% of the pre-retirement amount. When you turn 65, your "regular" premium for Basic insurance stops, but you continue to pay an extra premium for the 50% reduction option.

**What is No Reduction?** This means your Basic insurance will not reduce at all. When you turn 65, your "regular" premium for Basic insurance stops, but you continue to pay an extra premium when selecting this option.

**Optional Insurance in Retirement** - The amount of your Optional insurance that you hold at the time of separation is the amount you may elect to carry into retirement. Unless you elect "No Reduction" (for Option B and Option C only), this coverage amount continues until you reach age 65, at which time your coverage under Options B and C ends.

**Option A – Standard** - Option A will reduce by 2% of the pre-retirement amount each month until it reaches 25% of the pre-retirement amount. The reduction starts at the beginning of the second month after your 65th birthday (or at retirement, whichever is later). Once it starts to reduce, it is free, i.e. you will not be paying anymore premiums. **Please note:** *You cannot choose “No Reduction” for Option A.*

**Option B – Additional** - You have two choices at retirement:

- Full Reduction for all of your multiples of coverage
- No Reduction for all of your multiples of coverage (you will be able to choose the number of multiples that will reduce)

If you choose “Full Reduction”, the value of your Full Reduction Option B multiples will reduce by 2% of the pre-retirement amount each month for 50 months. After 50 months the Option B coverage will end. This reduction begins the second month after your 65th birthday (or at retirement, whichever is later). Once the reductions start, Option B multiples are free and you will no longer pay premiums.

If you choose “No Reduction”, the value of your No Reduction Option B multiples will not reduce. You will continue to pay the full premium.

**Option C – Family** - You have two choices at retirement:

- Full Reduction for all of your multiples
- No Reduction for all of your multiples (you will be able to choose the number of multiples that will reduce)

If you choose “Full Reduction”, the value of your Full Reduction Option C multiples, will reduce by 2% of the pre-retirement amount each month for 50 months. After 50 months Option C coverage will end. The reduction starts at the beginning of the second month after your 65th birthday or at retirement (whichever is later). Once the reductions start, Option C multiples are free and you will no longer pay premiums.

If you choose “No Reduction”, the value of your No Reduction Option C multiples will not reduce. You will continue to pay the full premium.

For additional information on the FEGLI Program go to: <http://www.opm.gov/insure/life/>.