

## The Federal Employees' Group Life Insurance (FEGLI) Program

### Fact Sheet for Tribal Employees

#### Overview

- The FEGLI Program is the largest group life insurance program in the world.
- The FEGLI Program covers over 4 million Federal employees and retirees, and many of their family members.
- The FEGLI Program provides term life insurance at group rates with payroll deductions through your employer or tribal organization. Benefits are paid if you die or become dismembered while insured, and, if you are enrolled in Option C, if a family member dies.
- Tribal employees are eligible to enroll in the FEGLI Program for as long as they remain tribal employees. After the initial enrollment period, opportunities to enroll are limited. These opportunities are specific qualifying life events, via medical underwriting, or an Open Season (which is rare). Coverage does not continue after employment ends with a tribal employer, nor into retirement from employment with a tribal employer.
- Coverage through FEGLI does not build up any cash value or paid-up value.
- The Office of Federal Employees' Group Life Insurance (OFEGLI), an administrative unit of MetLife, is responsible for adjudicating and paying claims under the FEGLI Program.
- The funds to pay claims are held by the Federal government in the U.S. Treasury Employees' Life Insurance Trust Fund.
- FEGLI coverage may be converted to an individual (non-group) cash-value type of life insurance policy when FEGLI group coverage terminates (except if you voluntarily cancel coverage).

#### Types of Insurance

- There are two types of FEGLI life insurance, Basic and Optional. You cannot purchase Optional insurance unless you also purchase Basic.
  - **Basic** equals your annual salary rounded up to the next even \$1,000, plus \$2,000. Basic also includes Accidental Death and Dismemberment coverage at no additional cost and "Extra Benefit" coverage for enrollees under age 45. The Extra Benefit doubles the amount payable for Basic if you are age 35 or younger when you die. This extra amount

decreases each year by 10% until there is no “extra” coverage payable if you die at age 45 or older.

- **Optional** includes three types of coverage:
  - Option A-Standard (\$10,000 of life insurance);
  - Option B-Additional: you choose from one to five times your annual salary (rounded up to the next \$1,000 for each multiple);
  - Option C- Family: you choose from one to five multiples of coverage. Each multiple equals \$5,000 for a spouse and \$2,500 for each eligible dependent child. Total maximum coverage equals \$25,000 for spouse and \$12,500 for each eligible child.
  - Please note that you, not your tribal employer, are responsible for ensuring that the coverage you elect and the premiums your employer withholds from your pay for that coverage are correct, and that the beneficiary (ies) you designate to receive FEGLI benefits after your death (or, the statutory order of precedence, if you choose not to designate a beneficiary) accurately reflect your intentions.

### **Premium Cost**

- Tribal employees will pay up to two-thirds of the total premium cost of Basic insurance. The tribal employer will pay a minimum of the remaining one-third of the premium cost of Basic insurance. In addition, the tribal employer will pay an administrative cost per enrollee fee based on administrative costs and expected enrollment.

The administrative fee is undetermined at this time. However, the current Federal Employees Health Benefits (FEHB) Program fee is \$15.15 per enrollee, so it is likely the FEGLI administrative fee will be, at a minimum, similar to the FEHB fee, and possibly higher.

- Tribal employees will pay the full premium cost of Optional insurance; the cost depends on the tribal employee’s age, salary, and level of coverage elected for each Option, as appropriate.
- Tribal employees FEGLI premium rates are the same as for Federal employees. Current rates are enclosed and can be found online at [http://www.opm.gov/insure/life/rates/em\\_rates.asp](http://www.opm.gov/insure/life/rates/em_rates.asp). NOTE: these rates are subject to change periodically in the future, and do not include the administrative cost (to be determined by OPM) associated with FEGLI for tribal employees.

## **Tribal Employer Obligations/Administrative Responsibilities**

The tribal employer electing to access the FEGLI Program and to offer it to its eligible tribal employees may not offer any other group life insurance to its tribal employees.

Tribal employers must make FEGLI information and counseling available to tribal employees. This counseling must include how and when coverage can be elected, changed, assigned, or converted after employment ends. Counseling must also address how to designate a beneficiary, how to file a designation to give it effect under FEGLI, the effect of an invalid or superseding beneficiary designation, what the statutory order of precedence is if no beneficiary is designated, and the proper manner in which to file a court order to give it effect under FEGLI. OPM encourages tribal employers to develop counseling programs which meet the needs of their tribal employees. OPM will provide the necessary technical assistance on insurance benefits to tribal employers upon request.

Tribal employers are responsible for:

- Determining tribal employees' eligibility for coverage under OPM's regulations, and providing to the paymaster a current list of covered tribal employees on a monthly basis. The tribal employee list will include, among other demographic information: information on enrollee age, salary (including any changes during the year), and level of coverage at each option purchased
- Twice a year, reporting the number of tribal employees covered under FEGLI - in the February and August pay periods. The report includes the total number of tribal employees from whom withholdings and contributions were made for each type of coverage in the respective pay period, as well as the number of covered tribal employees in non-pay status from whom no withholdings were made;
- Processing and recording FEGLI elections and cancellations accurately;
- Verifying prior FEGLI elections for tribal employees with previous FEGLI tribal employee coverage;
- Advising tribal employees of the requirements for purchasing coverage after the initial enrollment period;
- Informing tribal employees of the right to convert FEGLI coverage to an individual (non-group) cash-value type of life insurance policy at the time FEGLI group coverage ends, other than by voluntary cancellation;
- Withholding premiums from tribal employees' pay and paying a minimum tribal employer contribution equal to one-third the cost of Basic;

- Paying an administrative cost per tribal employee enrolled in FEGLI;
- Sending and reporting the correct amount of aggregated premiums (i.e. tribal employee withholdings and tribal employer contributions, for all enrolled tribal employees), together with an administrative fee per enrollee, to the paymaster. The paymaster will electronically forward the premium payment to the Government;
- Reimbursing the Federal Employees' Life Insurance Fund maintained in the U.S. Treasury upon discovery of an underpayment of premiums, regardless of the reason for the underpayment.
- Providing due process rights to tribal employees (or their beneficiaries) in the event the tribal employer seeks recovery of the tribal employee's share of premium underpayments.
- Maintaining FEGLI records;
- Making FEGLI forms available to tribal employees;
- Issuing necessary forms, descriptive booklets, and certifications;
- Certifying coverage when loss of entitlement to FEGLI coverage occurs (this does not include voluntary employee cancellation), and facilitating a required dual certification by forwarding to the paymaster for the 2nd certification;
- Certifying coverage at death/dismemberment (including 2nd certification-see above) and providing all FEGLI documentation to OFEGLI;
- Providing general FEGLI Program information and counseling;
- Giving assistance to persons filing claims;
- Providing prepayment verification to OFEGLI when requested;
- Maintaining designation of beneficiary forms, assignments, and court orders;
- Establishing an independent review panel to perform reconsiderations of initial decisions regarding FEGLI eligibility upon a tribal employee's written request; and
- Agreeing that records of tribal employee coverage elections and premium withholdings may be subject to a periodic audit.

### **Tribal Employee Responsibilities**

- Familiarizing yourself with the aspects of the FEGLI Program that affect you, such as how and when coverage can be elected, changed, or assigned, as well as learning how to

designate a beneficiary, the effect of an invalid or superseding beneficiary designation, what the statutory order of precedence is if no beneficiary is designated, and the proper manner in which to file a court order to give it effect under FEGLI.

- You are responsible for deciding the level of coverage you should elect, and for making that election. You are responsible for your share of the cost of the coverage.
- You are responsible for paying the correct amount of premiums. If there is an underpayment of your share of FEGLI premiums, you are responsible for reimbursing the Fund through your tribal employer.
- You are responsible for filing a designation of beneficiary form with your tribal employer when the order of precedence does not meet your needs. You are responsible for updating your current designation on file as necessary, for example after a divorce or when you have another child. If you choose to designate a beneficiary, the designation form must be signed by you, your signature must be witnessed by two witnesses who also must sign and provide their current addresses, and the designation form must be received by your tribal employer before you die for your designation to be valid.
- Knowing where your agency human resources or personnel office is located, attending information and counseling sessions regarding FEGLI coverage and rules, and knowing whom to contact if you have a question about your FEGLI coverage; and
- Knowing when your FEGLI coverage terminates, and requesting conversion on a timely basis (if you wish to convert your group FEGLI coverage to an individual policy). Any insurance policy purchased under the conversion privilege is a private business transaction between you and the insurance company. The cost of the individual policy is determined by the insurance company and is based on your age and class of risk. You pay 100% the cost of conversion coverage-there is no tribal employer contribution. Since you will no longer be part of the group contract, the premium payments may be much higher than the FEGLI premiums.