

Chapter 8 – Life Insurance

Your current Servicemember's Group Life Insurance (SGLI) will only continue to cover you for the first **120 days after your separation**. The following section will give you information on how to meet your life insurance needs after you leave the military.

A. Servicemembers' Group Life Insurance (SGLI)

Servicemembers' Group Life Insurance is low-cost term insurance protection for members of the uniformed services. All service members on active duty, ready reservists, members of the Commissioned Corps of the National Oceanic and Atmospheric Administration and the Public Health Service, cadets and midshipmen of the four service academies, and members of the Reserve Officer Training Corps are eligible for SGLI.

SGLI will continue to cover you for the first 120 days after your separation, just as if you were still in uniform. If you are totally disabled at the time of your separation, your SGLI coverage can continue, free of charge, for up to two years from the date of your separation. Following expiration of your coverage extension under your SGLI, you must make your own arrangements for life insurance. One option is Veterans' Group Life Insurance (VGLI), offered by the VA which is discussed in the next section.

Traumatic Injury Protection Program (TSGLI) is a disability rider to the SGLI program that provides automatic traumatic injury coverage to all service members covered under the SGLI program who suffer losses due to traumatic injuries. TSGLI payments range from \$25,000 to a maximum of \$100,000 depending on the type and severity of injury.

Family SGLI (FSGLI) coverage is available for the spouses and dependent children of active duty service members and members of the Ready Reserve insured under Servicemembers' Group Life Insurance program.

The service member's spouse may obtain coverage up to \$100,000 or an amount equal to the Service members' coverage, whichever is less. Age based premiums are charged for spouses. Each dependent child of the Service member is automatically insured for \$10,000 free of charge. A member can decline or elect lesser spousal coverage in increments of \$10,000, but may not decline coverage for a dependent child.

For more information call toll-free 1-800-419-1473 or visit <http://www.insurance.va.gov>

B. Veterans' Group Life Insurance (VGLI)

Once your SGLI coverage extension ends, you must make your own arrangements for life insurance. One option is Veterans' Group Life Insurance, offered by the VA.

Veterans' Group Life Insurance (VGLI) provides for the conversion of Servicemembers' Group Life Insurance (SGLI) to a renewable term life insurance policy. This policy is renewable every five years, regardless of health, and can be retained for life.

You are eligible to apply for VGLI if you are insured under SGLI **and**:

- You are being released from active duty or the Reserves or were released within the last year and 120 days.
- You are a member of the Individual Ready Reserve (IRR) or Inactive National Guard (ING).
- You are a reservist who suffers an injury or disability during active duty or inactive duty for training for a period of less than 31 days and becomes uninsurable at standard premium rates.

Remember: You can apply for VGLI within the first 120 days without evidence of good health. After the initial 120 days you have an additional year to apply, but good health requirements must be met.

VGLI provides for the amount of SGLI coverage a member had in force at the time of separation from active duty or reserves. VGLI is issued in multiples of **\$10,000** up to a maximum **\$400,000**. VGLI can be converted at any time to an individual permanent (i.e. whole life or endowment) plan with any of 54 participating commercial insurance companies.

Applying for Veterans' Group Life Insurance

Since SGLI coverage continues at no cost for 120 days after discharge, VGLI will not take effect until the 121st day. VGLI applications are mailed to eligible members on three occasions:

- Generally within 60 days after separation.
- Within 120 days after separation when the SGLI free coverage period ends.
- Before the end of the 16-month application period.

Note: VGLI applications VA Form SGLV 8714 "Application for Veterans' Group Life Insurance" (<http://www.insurance.va.gov/sqliSite/forms/8714.htm>) should be mailed to the address shown on your DD Form 214 or equivalent separation orders. It is your responsibility to apply within the time limits even if you do not receive an application in the mail.

Applications for VGLI coverage should be mailed to:

The Office of Servicemembers' Group Life Insurance
P.O. Box 5000
Millville, New Jersey 08332-9928

For more information call toll-free 1-800-419-1473 or visit <http://www.insurance.va.gov>

C. Service-Disabled Veterans Insurance (S-DVI)

Service-Disabled Veterans Insurance is life insurance for veterans who receive a service-connected disability rating by the Department of Veterans Affairs. The basic S-DVI program, commonly referred to as "RH Insurance", insures eligible veterans for up to \$10,000 of coverage. Veterans who have the basic S-DVI coverage and are totally disabled are eligible to have their premiums waived. If waiver is granted, totally disabled veterans may apply for additional coverage of up to \$20,000 under the Supplemental S-DVI program. Premiums for Supplemental S-DVI coverage, however, cannot be waived.

To learn more about this and other Disabled Veteran programs go to Chapter 12 of this guide.

D. Veterans' Mortgage Life Insurance (VMLI)

Veterans Mortgage Life Insurance (VMLI) is an insurance program that provides insurance coverage on the home mortgages of veterans with severe service-connected disabilities who:

- Receive a Specially-Adapted Housing Grant from VA for assistance in building, remodeling, or purchasing an adapted home; **and**
- Have title to the home; **and**
- Have a mortgage on the home.

To learn more about VMLI and other Disabled Veteran programs go to Chapter 12 of this guide.

E. What to Look for in a Life Insurance Policy

Explore the various life insurance options, including those offered by VGLI. By checking each, you will be able to pick what is best for you. When shopping for life insurance, the program you choose should pay:

- Funeral expenses and related bills
- Debts or loans owed by the insured person at the time of death
- Lost earnings

Lost earnings are what the person would have made over the rest of his or her working life had he or she not died. There are a variety of ways to calculate lost earnings. For example: The sole wage earner for a family of four dies at age 45. He made \$30,000 a year at the time of his death. Because the household has been reduced from four to three, three-fourths (75 percent) of his income needs to be replaced for 20 years (when he would have turned age 65). This method shows lost earnings which need to be recovered through insurance as \$450,000: $75\% \times (\$30,000 \times 20 \text{ years}) = \$450,000$.