

Chapter 8 – Life Insurance

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.

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

A. SGLI for National Guard and Reserve

Ready Reserve - If you are returning to your unit with at least 12 months of service remaining, your SGLI coverage will automatically go to the maximum SGLI coverage of \$400,000. SGLI coverage will default to this level regardless of your coverage level while you were on active duty. If you do not wish to have the maximum coverage you must complete VA Form SGLV 8286, "Servicemembers' Group Life Insurance Election & Certificate" (<http://www.insurance.va.gov/sqliSite/forms/8286.htm>) to either select a lesser amount of coverage or to decline having the coverage. You should complete the form upon return to your unit and give it to your personnel clerk.

The same is true of your Family SGLI coverage, which automatically goes to the maximum coverage of \$100,000. If you want less than the maximum Family SGLI coverage or no Family SGLI coverage, you must complete VA Form SGLV 8286A "Family Coverage Election (FSGLI)" (<http://www.insurance.va.gov/sqliSite/forms/8286a.pdf>) and give it to your unit's personnel clerk upon your return to your unit.

Your coverage for dependent children (\$10,000) is also in effect as long you have full-time SGLI coverage.

Individual Ready Reserve - If you are assigned to the IRR you will not be entitled to full-time SGLI. The following provisions apply:

- Your SGLI will continue for 120-days from your date of discharge from active duty, then it will cease.
- You are eligible for part-time SGLI that provides coverage only for the actual time you are on inactive duty for training.
- Also you are eligible to apply for VGLI or to apply for permanent insurance with a commercial insurance company participating in the SGLI Conversion Pool.
- Follow this link to view information about converting your SGLI policy:
<http://www.insurance.va.gov/sqliSite/conversion/convertingSGLI.htm>

IRR Exception: You are eligible for SGLI coverage if your are in an IRR status that has you assigned to a unit and scheduled to drill at least 12 times a year, even though you are in a non-pay status. Examples of this kind of IRR duty are the VTU status in the Naval Reserve and IMA status in the Army Reserve. In this case, you can maintain full-time SGLI and Family SGLI coverage.

To learn more about your SGLI options visit the VA OSGLI Frequently Asked Questions online:
<http://www.insurance.va.gov/sqliSite/SGLI/deployFAQ.htm>.

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 sever 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)

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. 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: $75\% \times (\$30,000 \times 20 \text{ years}) = \$450,000$.