

## 530 Life Insurance Program

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**Reference Note:**

For additional material concerning the subject matter found in 530, refer to:

- *Federal Employees' Group Life Insurance (FEGLI) Handbook for Employees, Annuitants, Compensationers, and Employing Offices* (RI 76-26).
- *Federal Employees' Group Life Insurance (FEGLI) Booklet* (RI 76-20 or RI 76-21).
- *Compensation Letter 99-040* (May 24, 1999).

The first two documents are available on the Internet on the Office of Personnel Management page at <http://www.opm.gov/insure/life>. The Compensation Letter is available on the Postal Service Corporate Intranet on the Human Resources Desktop page at <http://blue.usps.gov/hrisp>.

### 531 Administration and Eligibility

#### 531.1 General

The Office of Personnel Management (OPM) administers the Federal Employees' Group Life Insurance (FEGLI) Program. The FEGLI law, policies, and regulations issued by OPM, including those governing eligibility and benefits, are controlling in the event of conflict with these instructions.

#### 531.2 Eligible Employees

All postal employees, except those specifically excluded in 531.3, or those who waive coverage, receive Basic Life Insurance coverage. Entitlement to basic life coverage qualifies them to elect optional life insurance coverage.

#### 531.3 Exclusions

See Exhibit 531.3.

531.3

Exhibit 531.3  
**Exclusions**

Excluded Individuals	Exceptions
Substitute Rural Carriers.	May retain coverage acquired in former position to which they are expected to return on a full-time basis provided: (a) There is no break in service or (b) The break in service is for 3 days or less.
Casual Employees or Temporary Employees (including rural carrier relief, rural carrier associate, and "off the street" Officers-in-Charge) appointed for a definite period of 1 year or less. <b>Note:</b> Casual and temporary employees who previously served in positions covered by the FEGLI program maintain coverage if the casual or temporary appointment is made with less than a 4-day break in service.	None.
Noncitizen employees with permanent duty stations outside postal installations in either the United States or the Panama Canal Zone.	American Nationals employed at American Samoa, Micronesia, and Guam.
Employees who are members of the Uniformed Services as defined in section 102 of the Servicemen's and Veteran's Survivor Benefits Act.	None.
Individuals employed for brief periods at intervals and expected to work less than 6 months in each year.	Are eligible for coverage if they are student trainees serving under a formal work study program, provided the program requires that they are in a pay status for at least 1/3 of the total period of time required to complete the program.
Employees with annual base pay of \$12.00 or less	None.
Job Cleaners	None.
Special Delivery Messengers at Post Offices in CAG H and J	None.
Clerks-in-Charge of Rural Stations	None.
Mail Messengers	None.
Star Route Carriers	None.
Clerks or leave replacements at post offices in CAG L <b>Note:</b> Postmaster leave replacements in CAG L offices who previously served in positions covered by the FEGLI program maintain coverage if the leave replacement appointment is made with less than a 4-day break in service.	None.
Individuals paid on contract or fee basis	Contract executives or certain other contract employees are covered, provided: a. The contract requires personal services and covers a period greater than 1 year. b. Individuals are under the supervision and direction of the Postal Service. c. Work is performed on a full-time or specified part-time basis.
Employees paid on a piecework basis	May acquire coverage if their work schedule provides for full-time service or part-time service with a regular tour of duty.

532 **Coverage**532.1 **Based on Pay**532.11 **Full-Time Employees**

Full-time employees are covered by an amount of basic insurance (and an equivalent amount of accidental death and dismemberment insurance) based on their annual basic pay in effect at the end of any given pay period. The insurance of an employee who dies while serving in a higher level position is based on the basic pay of the higher level position. (Basic pay for insurance purposes excludes such additional pay as cost-of-living adjustments (COLA), overtime pay, holiday pay, etc.)

532.12 **Part-Time Employees**

Employees who are paid at other than an annual rate are covered by an amount of basic insurance (and an equivalent amount of accidental death and dismemberment insurance) based on an annual rate determined as follows:

- a. *Part-Time Regular.* The annual basic pay of part-time regular schedule employees is computed by multiplying the basic hourly rate of pay for their levels and steps (excluding COLA) by the number of scheduled hours of service in a 52-week work year.
- b. *Part-Time Flexible.* The annual basic pay of part-time flexible schedule employees is computed by multiplying the basic hourly rate of pay for their level and step (excluding COLA) by 2,000 hours.

**Note:** Effective July 21, 1985, as a result of the 1984 collective-bargaining agreements, the number of hours used in converting the basic hourly rate of pay to an annual rate for life insurance purposes changed from 2,008 to 2,000 hours.

532.13 **Employees Serving in More Than One Position**532.131 **Part-Time Flexible**

Insured employees who legally and concurrently hold more than one appointment, of which at least one is for a part-time flexible schedule position, are covered by an amount of basic insurance (and an equivalent amount of accidental death and dismemberment insurance) based on the position with the highest annual salary rate.

532.132 **Others**

Insured employees who legally and concurrently serve in more than one covered position (other than as part-time flexible schedule employees), whether in the same or in different agencies, are covered by an amount of basic insurance (and an equivalent amount of accidental death and dismemberment insurance) based on the sum of their annual basic pay for all positions.

532.2

**532.2 Amount****532.21 Basic Insurance****532.211 Minimum**

If annual basic pay is \$8,000 or less, employees are insured for \$10,000. \$10,000 is the minimum amount of basic insurance coverage available plus an equivalent amount of accidental death and dismemberment insurance.

**532.212 Maximum**

If annual basic pay is more than \$8,000, employees are insured for an amount equal to the sum of annual basic pay rounded to the next higher thousand plus \$2,000 plus an equivalent amount of accidental death and dismemberment insurance.

**532.213 Extra Benefit**

The extra benefit doubles the amount of Basic Life Insurance payable if the employee is age 35 or younger. Beginning on the employee's thirty-sixth birthday, the extra benefit decreases 10 percent each year until, at age 45, there is no extra benefit.

**532.214 Automatic Change**

The amount of basic insurance coverage (and equivalent amount of accidental death and dismemberment insurance) changes automatically whenever the employee's annual basic compensation is increased or decreased to the next \$1,000 bracket.

**532.215 Accidental Dismemberment Provision**

The following outlines coverage under the Accidental Dismemberment Provision:

- a. *Allowance.* The Accidental Dismemberment Provision allows for insurance payments for loss resulting from bodily injuries incurred solely through violent, external, and accidental means provided the loss occurs within 90 days after the date of the accident.
- b. *Disallowance.* The Accidental Dismemberment Provision does not allow insurance payment for bodily injuries attributed to the following causes:
  - (1) Disease or bodily or mental infirmity, medical or surgical treatment, or diagnoses thereof.
  - (2) Ptomaine or bacterial infection, except for septic infection from a visible wound sustained through violent, external, and accidental means.
  - (3) Hernia, no matter how sustained.
  - (4) Bodily injuries sustained during:
    - (a) Armed aggression or insurrection.
    - (b) War, declared or undeclared.
    - (c) Any act of war.
    - (d) Any aggression by armed forces against the United States in which nuclear weapons are being used.

- (5) Intentional self-destruction or intentionally self-inflicted injury, while sane or insane.
- (6) Self-administration of illegal or illegally obtained drugs.
- c. *Amount of Payment.* The amount of accidental dismemberment payment depends on (1) the amount for which an employee is insured on the date that the accident occurs and (2) the extent of loss. (The maximum for any one accident is 100 percent.)
- d. Payment Schedule

Extent of Loss	Percentage of Insurance Payable <sup>1</sup>
Total and irrecoverable loss of sight in both eyes	100
Total and irrecoverable loss of sight in one eye	50
Severance at or above the wrist joint of both hands	100
Severance at or above the wrist joint of one hand	50
Severance at or above the ankle joint of both feet	100
Severance at or above the ankle joint of one foot	50
Severance at or above the wrist joint of one hand and at or above the ankle joint of one foot	100
Severance at or above the wrist joint of one hand and the ankle joint of one foot, and total and irrecoverable loss of sight in one eye	100

<sup>1</sup> Maximum for any one accident is 100 percent.

- e. *Supplemental Benefits.* Employees or survivors who are entitled to a dismemberment or accidental death insurance benefit may receive the benefit even though they are entitled to payment under another federal law for the same loss.

**Example:** An employee who loses a hand in an on-the-job accident may receive the insurance payment for the dismemberment. An employee who qualifies may also receive either disability annuity payments or Office of Worker's Compensation Programs (OWCP) benefits.

## 532.22 Optional Insurance

### 532.221 Option A — Standard

The amount of Option A — Standard is \$10,000. Option A includes coverage for accidental death and dismemberment. Option A may be continued after retirement, but there is no accidental death and dismemberment coverage.

**532.222 Option B — Additional**

Option B — Additional may be elected in an amount equal to one, two, three, four, or five times the employee's annual rate of basic pay (excludes COLA) after first rounding to the next higher multiple of \$1,000 if the pay is not an exact multiple of \$1,000. A "multiple" under Option B is limited to no more than the annual rate of basic pay payable to positions at Level II of the Executive Schedule (section 5313, Title 5, U.S. Code) rounded to the next higher \$1,000. There is no accidental death and dismemberment coverage. Option B — Additional may be continued after retirement.

**532.223 Option C — Family**

Option C may be elected to cover eligible family members: Multiples of one, two, three, four, or five may be elected. Each multiple is equal to \$5,000 for spouse and \$2,500 for each eligible dependent child. Additional Death and Dismemberment coverage is not included. Option C may be continued after retirement.

**533 Cost, Payment, Withholdings****533.1 Basic Insurance Cost**

The Postal Service assumes the full cost of basic insurance for all eligible employees (except postal inspectors and Inspector General employees).

**533.2 Optional Insurance****533.21 Cost**

The cost of the three forms of optional insurance depends on the employee's age. The entire cost is paid by the employee and is withheld from pay as determined by OPM. (See 533.22.)

**533.22 Withholdings****533.221 Option A — Standard**

Rates for \$10,000 of Coverage		
Your Age Group	Biweekly	Monthly
Under 35	<b>\$0.30</b>	<b>\$0.65</b>
35 through 39	<b>0.40</b>	<b>0.87</b>
40 through 44	<b>0.60</b>	<b>1.30</b>
45 through 49	<b>0.90</b>	<b>1.95</b>
50 through 54	<b>1.40</b>	<b>3.03</b>
55 through 59	<b>2.70</b>	<b>5.85</b>
<b>60 through 64</b>	<b>6.00</b>	<b>13.00</b>
<b>65 through 69</b>	<b>6.00</b>	<b>13.00</b>
<b>70 and over</b>	<b>6.00</b>	<b>13.00</b>

533.222 **Option B — Additional**

Rates per \$1,000 of Coverage		
Your Age Group	Biweekly	Monthly
Under 35	\$0.03	\$0.065
35 through 39	0.04	0.087
40 through 44	0.06	0.130
45 through 49	0.10	0.217
50 through 54	0.15	0.325
55 through 59	0.31	0.672
<b>60 through 64</b>	<b>0.70</b>	<b>1.517</b>
<b>65 through 69</b>	<b>0.70</b>	<b>1.517</b>
<b>70 and over</b>	<b>0.70</b>	<b>1.517</b>

533.223 **Option C — Family**

Withholding per Multiple		
Your Age Group	Biweekly	Monthly
Under 35	\$0.27	\$0.59
35 through 39	0.34	0.74
40 through 44	0.46	1.00
45 through 49	0.60	1.30
50 through 54	0.90	1.95
55 through 59	1.45	3.14
<b>60 through 64</b>	<b>2.60</b>	<b>5.63</b>
<b>65 through 69</b>	<b>3.00</b>	<b>6.50</b>
<b>70 and over</b>	<b>3.40</b>	<b>7.37</b>

533.224 **Birthdays/Pay Periods**

For optional insurance purposes, an employee attains age 35, 40, 45, 50, 55, or 60 on the first day of the first pay period beginning on or after January 1 of the year following the one in which the corresponding birthday occurs.

533.225 **Insufficient Pay to Cover Optional Insurance Withholdings**

- a. *Priority of Withholdings.* If the amount of pay for a pay period is not sufficient to cover all withholdings, deductions are made in the order of priority indicated below:
  - (1) FICA.
  - (2) Retirement.
  - (3) Medicare.
  - (4) Federal Tax.
  - (5) Health Insurance.
  - (6) State Tax.

- (7) Local Tax.
  - (8) Union Dues.
  - (9) Post Office Indebtedness.
  - (10) Other Government Agency Indebtedness.
  - (11) Child Support.
  - (12) Tax Levy.
  - (13) Garnishment.
  - (14) Optional Insurance.
  - (15) U.S. Savings Bond.
  - (16) Charity.
  - (17) Union Sponsored Insurance.
  - (18) FSA Health Care.
  - (19) FSA Health Care Arrears.
  - (20) FSA Dependent Care.
  - (21) FSA Dependent Care Arrears.
  - (22) Extra Federal Tax.
  - (23) Extra State Tax.
  - (24) Extra Local Tax.
  - (25) Thrift Savings Plan Loan Repayment.
  - (26) Thrift Savings Plan Contribution.
  - (27) Allotment.
  - (28) Military Buyback.
- b. *Termination of Insurance.* Employees who become ineligible for optional insurance have their coverage terminated at the end of the pay period in which the employing office determines that the employee's periodic pay, after all deductions, is insufficient to cover the full cost of the optional insurance. This determination is made when it is expected that, during the next 6 months, the employee's regular pay (after other deductions) will be insufficient to provide the total required withholdings for the optional insurance for at least 50 percent of the pay periods.
  - c. *Canceling Nonmandatory Deductions.* Employees may cancel or reduce other nonmandatory deductions from pay in order to increase their net pay to provide the total required withholdings for the optional insurance.



**534 Special Circumstances Affecting Coverage****534.1 LWOP****534.11 Twelve-Month Maximum**

Employees may be in nonpay status up to 12 months and their basic and optional life insurance coverage continues without cost. At the end of 12 months, the coverage ceases. The 12 months in nonpay status may be continuous or may be broken by periods of less than 4 consecutive months in nonpay status. If employees have at least 4 consecutive months during which they receive some pay in each pay period after a period of nonpay status, they are entitled to begin a new 12-month period.

**534.12 Notice of Right of Conversion**

See 535.63

**534.13 Return to Duty**

If employees return to positions not excluded from coverage after their insurance coverage ceases due to expiration of the allowable maximum 12 months in nonpay status, they are again eligible for insurance. Restoration is automatic at the time employees actually enter on duty in a pay status unless they file a waiver of Basic Life Insurance (or decline optional insurance). If the employees again go on LWOP and have not completed 4 consecutive months in pay status, insurance coverage ceases the last day of the last pay period in which they were in pay status.

**534.14 Appointment to Temporary Position****534.141 Coverage**

If employees in nonpay status, who are entitled to free insurance (basic and/or optional) while in a nonpay status, accept temporary appointments to positions excluded from insurance coverage, they continue to receive insurance coverage. Basic Life Insurance coverage is based on the higher salary rate. Upon termination of the temporary appointment, the employee's insurance coverage reverts to the first position and basic insurance coverage is based on that salary rate.

**534.142 New Twelve-Month Maximum**

If employees serve and receive pay for 4 consecutive months in temporary positions, they are entitled to begin a new 12-month maximum nonpay period during which their insurance continues.

**534.143 Optional Insurance Withholdings**

Withholdings for optional insurance are made from the employee's pay earned in the temporary position.

**534.15 Retirement Annuity Pending**

Employees who are in nonpay status while their application for retirement annuity is pending, continue to be insured until the expiration of the 12 months in a nonpay status or until employees are separated, whichever

occurs first. If insurance is terminated for either of these reasons, it is restored to employees as annuitants provided:

- a. Annuities become effective no later than 1 month after the insurance held as employees is terminated, and
- b. Employees are eligible to continue insurance coverage into retirement. (See 536.1.)

## 534.2 **Service in Employee Organization**

### 534.21 **Election**

#### 534.211 **General**

Employees who are granted leave without pay (LWOP) to serve as full-time officers or employees of an employee organization composed primarily of federal/postal government employees may elect to continue life insurance coverage for as long as they are on LWOP. The election is filed with the employee's installation head within 60 days after LWOP begins.

#### 534.212 **Employee Elects to Continue**

If employees elect to continue insurance coverage, they pay for (or arrange to have paid), on a current basis, the total premium costs as determined by the Egan Accounting Service Center (ASC).

#### 534.213 **Employee Does Not Elect to Continue**

If employees do not elect to continue insurance coverage, the insurance continues for the maximum 12-month LWOP period, and then is terminated.

### 534.22 **Installation Head Responsibility**

#### 534.221 **Notify Employee of Right to Elect**

As soon as LWOP is authorized, the installation head notifies the employee of the right to elect to continue or to discontinue insurance coverage. The employee's election must be in writing.

#### 534.222 **Set Up Reminder System**

The installation sets up a follow-up system to remind employees that an election is to be filed within a 60-day time limit.

#### 534.223 **Contact Employee**

If an employee does not make an election, the installation contacts the employee to urge that an election be made (if possible).

#### 534.224 **Document Action**

If, after being contacted, the employee continues to refuse to make the election, all action taken is documented. Failure of the employee to make an election is considered an election not to continue the insurance.

#### 534.225 **Copy of Election Filed**

A copy of the election (or installation head's documentation) is filed in the employee's official personnel folder.

**534.3 Employees Receiving OWCP Benefits****534.31 Eligibility****534.311 Basic Life Insurance**

Employees receiving Office of Worker's Compensation Program (OWCP) benefits may retain basic insurance (not accidental death and dismemberment) provided:

- a. On the day that basic insurance would otherwise terminate, they are in receipt of benefits under the Federal Employee's Compensation Act because of disease or injury, and the Department of Labor has held that they are unable to return to duty.
- b. They do not convert to an individual policy.
- c. They have been insured under the Federal Employees' Group Life Insurance (FEGLI) Program for 5 years of service immediately preceding the date they became entitled to benefits under the Federal Employee's Compensation Act, or the full period(s) of service since their first opportunity to be insured if less than 5 years.

**534.312 Optional Insurance**

Employees may retain optional life insurance (not accidental death and dismemberment) provided:

- a. They are eligible to continue Basic Life Insurance.
- b. They have had optional insurance in force no less than (1) the 5 years of service immediately preceding the date the employee becomes entitled to compensation benefits, or (2) if less than 5 years, the full period(s) of service during which the optional insurance was available to them.

**534.32 Termination of Insurance**

The *continued* insurance coverage accorded employees who are receiving OWCP benefits and who are unable to return to active service terminates when their compensation benefits cease, or when the Department of Labor rules that the employees are able to return to active service. These employees do not have a 31-day extension of life insurance (535.62), nor do they have the privilege of converting to an individual policy (535.7). They may, however, resume coverage if they return to active service in a position which affords life insurance coverage, i.e., a career position (534.33).

**534.33 Resumption of Insurance**

Employees who receive OWCP benefits and then return to pay status (or separate and then are reemployed) again become insured as employees. Employees who receive OWCP benefits and then receive an immediate Civil Service annuity retain insurance coverage as annuitants.

**534.34 Notice of Right of Conversion or Continuation****534.341 Choice**

Employees who have completed 12 months in a nonpay status and who are receiving benefits under the Federal Employee's Compensation Act are given

SF 2819, *Notice of Conversion Privilege*, and SF 2821, *Agency Certification of Insurance Status*, and are informed that they have a choice of converting to an individual policy or continuing with group life insurance (not accidental death or dismemberment) while in receipt of compensation. Employees must meet eligibility requirements cited in 534.31 in order to continue coverage.

534.342 **Cost**

If an employee is eligible to continue coverage during receipt of compensation, basic insurance continues without cost provided compensation benefits commence prior to January 1, 1990 and the employee elects a 75 percent reduction in coverage after attaining age 65. If the employee is also eligible to continue optional insurance, premiums are withheld from compensation payments.

534.343 **Procedures for Continuation**

If an eligible employee elects to continue group life insurance, the following procedures apply:

- a. The employing office has the employee complete SF 2818, *Continuation of Life Insurance Coverage as a Retiree or Compensationeer*.
- b. The employing office forwards to OPM the following:
  - (1) SF 2821, *Agency Certification of Insurance Status*.
  - (2) SF 2818, *Continuation of Life Insurance Coverage as a Retiree or Compensationeer*.
  - (3) SF 2817 and/or SF 176, *Life Insurance Election* (all copies).
  - (4) SF 2823 and/or SF 54, *Designation of Beneficiary* (all copies).

Forms are forwarded by certified or registered mail to:

RETIREMENT OPERATIONS CENTER  
OFFICE OF PERSONNEL MANAGEMENT  
PO BOX 45  
BOYERS PA 16017-0045

A brief note should be attached to alert OPM that forms are being forwarded for "CSI (Civil Service Insurance) Processing." A record of the action including copies of all forms should be kept in the employee's OPF.

- c. OPM certifies insurance status and postretirement election to Department of Labor (OWCP) and then informs employee of insurability status.

534.4 **Living Benefits**

Employees with written documentation of a medical prognosis of terminal illness, indicating life expectancy that does not exceed 9 months, are eligible to elect a lump sum payment of life insurance equal to or less than the value of their Basic Life Insurance. This option is not available for additional optional insurance elections.

Elections must be submitted to the Office of Federal Employees' Group Life Insurance (OFEGLI) on Form FE-8, *Election of Living Benefits*. This form is

not available in local personnel services offices and must be requested directly from OFEGLI by calling 1-800-633-4542.

#### 534.5 **Assignment of Life Insurance**

Assignment means that the employee gives up ownership of all life insurance elected under OFEGLI (except Option C — Family) with no option to rescind the decision. The assignee becomes the beneficiary and the employee continues to pay premiums as appropriate. The employee no longer has the right to change beneficiaries or reduce the amount of coverage.

Assignments are usually made for one of the following reasons:

- a. To comply with a court order for divorce.
- b. For inheritance tax purposes.
- c. To obtain cash before death.
- d. To satisfy a debt.

Form RI 76-10, *Assignment of Federal Employees' Group Life Insurance*, is required and may be obtained from the personnel services office.

#### 534.6 **Erroneous Enrollments**

In instances where an employee is allowed to enroll or increase benefits in either Basic or optional insurance and does not meet the criteria for completion of SF 2817, the enrollment may be allowed to stand. If the coverage remains in force for 2 years or more and the error is not detected and corrected within that 2-year period, the enrollment continues under the FEGLI Incontestability Clause.

### 535 **Actions**

#### 535.1 **Acquiring Coverage**

##### 535.11 **Basic Insurance**

##### 535.111 **Newly Eligible Employees**

Employees who are newly eligible (newly hired persons or persons converted from positions in excluded categories to positions covered by life insurance) automatically acquire Basic Life Insurance coverage on the first day of active duty in pay status without cost to them (except postal inspector and Inspector General employees).

##### 535.112 **Transfer Employees**

Eligible employees who transfer into the Postal Service on or after July 20, 1974 from a federal agency automatically obtain Basic Life Insurance coverage, at no cost to them, on the first day of active duty in pay status.

535.113

**535.113 Previous Waiver**

Previously submitted waivers are not accepted.

- a. A waiver of Basic Life Insurance in effect at the time an individual becomes an employee of the Postal Service (provided the appointment is on or after July 20, 1974, and the position is not excluded from insurance coverage) is automatically cancelled. The employee becomes insured for Basic Life Insurance on the first day of active duty in a pay status.
- b. All waivers of Basic Life Insurance in Postal Service employee's personnel folders by virtue of Postal Service employment are to be officially cancelled before the folders are forwarded to another agency or sent to the National Personnel Records Center for retention. This also applies to cancelled waivers submitted to OPM with retirement applications. (A rubber stamp notice on SF 2817 citing 5 CFR 870.204 as the reason for the cancellation of the waiver is sufficient.)

**535.12 Optional Insurance****535.121 Eligibility**

Employees who have basic insurance and who have not previously declined optional insurance are eligible to elect optional insurance. Refer to 535.92 for automatic cancellation of previously declined optional insurance in the case of reinstated employees.

**535.122 Election/Declination Requirement**

Employees must indicate whether they wish to elect or decline optional insurance.

- a. Within 31 days after becoming eligible for optional insurance, employees must complete and submit SF 2817, *Life Insurance Election*, for the purpose of electing or declining optional insurance, unless a declination of optional insurance filed on SF 2817 during earlier employment remains in effect.
- b. If eligible employees decline to file SF 2817, the employing office completes the form for them declining the optional insurance. In the space provided for the employee's signature, the employing office enters the employee's name and the date that the employee was contacted and failed to elect optional insurance. The installation official making the entry signs and dates the form.

**535.123 Effective Date**

Optional insurance affirmatively elected is effective on the first day the eligible employee actually enters on duty in a pay status on or after the day the election is received in the employing office.

**535.124 Belated Election**

If an employee submits an election after the required timelines, employing offices must consider the following:

- a. *Cause Beyond Employee's Control.* If, within 6 months after an employee becomes eligible, the employing office determines that the employee was unable to timely elect optional insurance due to "cause beyond the employee's control," the employing office may accept the election within 31 days after notifying the employee of its determination.  
**Examples:** (1) the employing installation did not give new employees information about optional insurance, or (2) employees were told by the employing installation that they were not eligible for optional insurance.
- b. *Documentation.* If an employing office accepts a late election, it records on SF 2817 its determination that the employee was unable to make a timely election for cause beyond the employee's control, giving the date the employee was notified of the determination. When an employee elects optional insurance, it is especially important that this be documented on SF 2817 for purposes of meeting the "coverage for the full period of service during which optional insurance was available or for the last 5 years" requirement for continuing optional insurance after retirement. The employee's reason for failing to timely elect need not be stated on SF 2817. Instead, a memo stating the reason is attached to the original SF 2817.
- c. *Retroactive.* Late elections are effective retroactive to the pay period beginning immediately after the one in which the employee first became eligible.

**535.2 Waiver of Basic Insurance****535.21 Filing SF 2817**

New employees who, for religious or other reasons, do not want free Basic Life Insurance, must file SF 2817 with their employing offices, waiving insurance coverage.

**535.22 Effective Date**

A waiver becomes effective at the end of the pay period in which SF 2817 is received by the employing office.

**535.23 Employee Statement**

The installation makes absolutely certain that an employee understands the consequence of the waiver. A statement signed by the employee, together with SF 2817 waiving insurance coverage, is filed as a permanent record in the employee's official personnel folder. (See 535.24.)

**535.24 Sample Statement**

To: Postmaster

[\_\_city, state, ZIP\_\_]

I have been informed of my right to receive Basic Life Insurance coverage of at least \$10,000 based on my employment with the U.S. Postal Service. I fully understand that this Basic Life Insurance coverage is available without cost to me. While I have had the benefits of this free coverage explained to me, I still elect not to accept this free life insurance and have so indicated on Part 5 of SF 2817.

[\_\_signature\_\_]

[\_\_date\_\_]

[\_\_city, state, ZIP\_\_]

**535.3 Declination of Optional Insurance**

Employees who elect the basic insurance but who do not desire the optional insurance must file a properly completed SF 2817, declining the optional insurance.

**535.4 Effect of Waiver or Declination****535.41 Reappointment/Transfer**

Once a properly executed waiver of basic insurance or declination of optional life insurance, completed on or after April 4, 1981, by a postal employee is received in the employing office and is made effective, it remains in effect until cancelled even though the employee may transfer to another agency or be reappointed after a break in service. See 535.8 for procedures for canceling waiver or declination and 535.92 for automatic cancellation of previously declined optional insurance, in the case of reinstated employees.

**535.42 Previous Filing****535.421 Basic Life Insurance**

An eligible employee who has previously worked for the federal government, or District of Columbia government, and who has never filed a waiver automatically has Basic Life Insurance coverage. If an uncancelled waiver of Basic Life Insurance is outstanding and another waiver is not filed, the waiver is automatically cancelled when the individual is employed by the Postal Service, provided the position is not excluded from insurance coverage. (See 535.113.) The employee acquires free basic insurance on the first day of active duty in pay status.



**535.422 Optional Insurance**

If an uncanceled declination of optional insurance is outstanding, the employee cannot elect the declined optional insurance until the declination is cancelled. Refer to 535.9 for exceptions.

**535.5 Cancellation of Insurance Coverage****535.51 Filing SF 2817**

Employees may cancel insurance by filing a completed SF 2817 with employing offices. They may cancel basic life and optional insurance, or may cancel optional insurance only.

**535.52 Effective Date**

Cancellations become effective at the end of the pay period in which the SF 2817 canceling the insurance is received by the employing office.

A cancellation of family optional insurance becomes effective, and family optional insurance stops at the end of the pay period in which the declination or waiver is properly filed, except that, at the request of the employee and upon proof satisfactory to the employing office that there was no family member eligible for coverage, the effective date of the cancellation may be made retroactive to the end of the pay period in which there ceased to be eligible family members.

**535.6 Termination****535.61 Effective Date****535.611 Basic Insurance**

An employee's basic insurance terminates:

- a. At the end of the last day of the pay period in which the employing office receives the employee's waiver of life insurance coverage (SF 2817); or
- b. At the end of the day on which the employee is separated for any reason, including separation for transfer to another agency (except a mass change — transfer of the organizational unit); or
- c. At the end of the day on which the employee completes 12 months in a nonpay status as explained in 534.1; or
- d. At the end of the last day of the employee's last pay period in pay status, if the employee is not entitled to any further continuation because he or she has not completed 4 consecutive months in pay status since exhausting 12 months maximum LWOP (534.11); or
- e. At the end of the day which precedes the day the employee moves to excluded employment (see Exhibit 531.3).

**535.612 Optional Insurance**

An employee's optional insurance terminates:

- a. At the time the basic insurance terminates, or
- b. On the last day of the pay period in which the employing office received the employee's declination of optional insurance (SF 2817), or
- c. On the date preceding the date the employee's basic insurance is continued into retirement (or during the time that the employee is in receipt of compensation for a work injury, if not eligible to continue optional insurance also), or
- d. At the end of the pay period in which it is determined, in accordance with instructions in 533.225, that the employee's periodic pay, after all other deductions are made, is insufficient to cover the full cost of the optional insurance.

**535.62 Temporary Continued Protection for Thirty-One Days**

When basic life and/or optional insurance terminates, except by waiver or declination, the employee continues to have life insurance protection (not accidental death and dismemberment) for 31 days thereafter. This 31-day temporary extension is automatic. There is no extension of protection when insurance terminates by waiver or declination.

**535.63 Notice of Termination and of Conversion Privilege**

The employing office is required to promptly issue SF 2821, *Agency Certification of Insurance Status*, and SF 2819, *Notice of Conversion Privilege*, to employees when group insurance terminates under conditions entitling employees to convert to individual policies. The notification requirements are as follows:

- a. *Conditions for Issuing SF 2821 and SF 2819.* SF 2821 and SF 2819 are issued by the employing office when insurance terminates (except by waiver or declination) as a consequence of one of the following:
  - (1) Separation, such as but not limited to resignation, retirement, death, and removal.
  - (2) Completion of 12 months in a nonpay status, including when in receipt of benefits under OWCP.
  - (3) Assignment to a noncovered position (see 531.3) in which the employee is not eligible to continue or reacquire insurance coverage, or
  - (4) Entry into active military service covered by military leave with pay which terminates before the employee is scheduled for release from military duty. (SF 2821 is issued when military leave with pay ceases. Issuance of SF 2821 and SF 2819 is not necessary if it is known that within 3 calendar days after the date that military leave with pay ceases, the employee will return to government service and will be eligible to reacquire insurance.)
- b. *Conditions for Not Issuing SF 2821 and SF 2819.* SF 2821 and SF 2819 are not issued when employees are not entitled to convert to

individual life insurance policies and insurance terminates under one of these two conditions:

- (1) Basic life or optional insurance, or both, terminate because the employee filed a waiver or declination (SF 2817) canceling coverage; or
- (2) It is known that within 3 calendar days after the date the insurance terminates, the employee will return to government/postal service in the same or another position in which the employee is eligible to reacquire insurance.

#### 535.64 **Requirement for Continuous Protection**

To have continuous insurance protection, the employee must normally apply for an individual policy and pay the first premium to the insurance company within the 31-day temporary extension period (see 535.62).

#### 535.7 **Conversion**

##### 535.71 **Converted Policy**

##### 535.711 **Purchase of Individual Policy**

An employee entitled to convert insurance coverage may purchase an individual policy from any eligible insurance company that the employee selects. A medical examination for determining insurability is not required. The policy, at the employee's option, may be equal to or less than the group insurance the individual had as an employee, including optional insurance but excluding accidental death or dismemberment benefits. The policy may be in any form customarily issued by the insurance company except term insurance.

##### 535.712 **Information Source**

Information regarding insurance companies which are eligible and willing to handle conversions may be obtained from the

OFFICE OF FEDERAL EMPLOYEES  
GROUP LIFE INSURANCE  
200 PARK AVENUE  
NEW YORK NY 10166-0188

#### 535.72 **Time Limits for Conversions**

##### 535.721 **Employing Office Responsibility**

If through administrative error the conversion notice to the employee is not issued within 6 months after the insurance terminates, the employing office contacts the individual and determines whether the employee wishes to convert. If the individual wishes to convert coverage, permission must be obtained from OPM to issue a conversion notice. The employing office forwards the request to Compensation at Headquarters with a detailed explanation of the reasons for the delay in issuing the conversion notice. If the individual does not wish to convert coverage, it should be documented in the employee's OPF. No further action will be required.

**535.722 Employee Responsibilities**

An employee must take action to convert insurance coverage.

- a. An employee who desires to convert to an individual policy submits SF 2821 and SF 2819 to the Office of Federal Employees' Group Life Insurance (OFEGLI) within 31 days after termination of the insurance, or, if not notified of conversion privilege at time of termination, within 31 days after being notified of conversion privilege.
- b. An employee who desires continuous coverage applies for conversion and pays the first premium within the 31-day period. (535.64)

**535.73 Conversion Privilege for Family Members**

Eligible family members also have the right to convert their coverage under the family optional insurance (Option C — Family) to individual policies within the 31 days following the death of an employee or during the 31 days after the termination of group insurance if the employee has a right to convert, but does not elect to exercise that right. The form to be used by family members for this purpose is SF 2819, *Notice of Conversion Privilege*.

**535.8 Canceling Waivers or Declinations****535.81 Conditions**

Employees who previously waived (or declined) insurance coverage may cancel a waiver (or declination) if the following conditions are met:

- a. The date that the employee requests the insurance is at least 1 year after the effective date of the last waiver (or declination), and
- b. The employee furnishes satisfactory medical evidence of insurability. For exceptions to the above conditions, refer to 535.9.

**Note:** Employees reinstated after a break in service of *180 days or more* are eligible to complete a new SF 2817 election. This automatically cancels any previous election to waive coverage.

**535.82 Procedures**

To cancel a waiver or declination, the personnel services office completes SF 2822, *Request for Insurance*, Part A, and forwards it to the employee. The employee completes Part B and proceeds by following instructions printed on SF 2822. Any fee for medical examination and certification is paid by the employee. If the request for insurance is approved by OFEGLI, appropriate steps are taken to assure that (optional) life insurance deductions are withheld as required (535.832). If denied, a request for further consideration may be made to OFEGLI. Their decision is final and cannot be appealed.

**535.83 Coverage After Cancellation of Waiver or Declination****535.831 Basic Insurance**

To continue basic coverage after a cancellation of waiver or declination the following procedures apply:

- a. *Pay Status Requirement.* Coverage is effective on the employee's first day in a pay status following the date of approval by OFEGLI as shown

on SF 2822. If the employee is not at that time in a pay status, coverage becomes effective at the time the employee enters on duty the first day in a pay status.

- b. *Expiration of 31 Days.* If, for any reason, the employee does not become insured within 31 days after OFEGLI approval, the authorization to cancel the waiver expires. The employee then repeats the procedure (if still eligible) by completing and filing another SF 2822.
- c. *Subsequent Cancellation.* If, after cancellation of the waiver of basic insurance, the employee wishes to again cancel insurance coverage, a new waiver on SF 2817 is filed.

#### 535.832 **Optional Insurance**

To continue optional coverage after a cancellation of waiver or declination the following procedures apply:

- a. *Filing Election.* After approval by OFEGLI of an employee's request for cancellation of a declination of optional insurance, the employee has 31 days in which to complete SF 2817 electing optional insurance and to file it with the employing installation. The election (and optional insurance coverage) is effective at the time the employee enters on duty that first day in pay status on or after the day the election is received in the employing installation. Withholdings for optional insurance begin with that pay period.
- b. *Requirements.* OFEGLI approval is revoked automatically, and the optional insurance does not become effective if the employee fails to submit an election or to meet the pay and duty status requirements within 31 days after the date of approval.
- c. *Subsequent Declination.* If, after electing the optional insurance, the employee wishes to again decline, a new declination on SF 2817 is filed.

#### 535.9 **Exceptions for Canceling a Declination of Optional Insurance**

#### 535.91 **Life Status Changes**

An employee enrolled for basic insurance who has declined Option B — Additional and/or Option C — Family, may elect this coverage upon marriage, divorce, the spouse's death, or the acquisition of an unmarried dependent child. Additionally, an employee who has in force at least one, but less than five, multiples of Option B coverage may also elect to increase the number of multiples of Option B coverage upon marriage, divorce, the spouse's death, or the acquisition of an unmarried dependent child.

#### 535.911 **Time Limitation**

Election must be filed with the employing office on SF 2817 during the 60-day period following the date of the event which permits the election. This 60-day time limit may be extended if the employee is not serving in a covered position on the day of the event, or if the individual separates from covered service prior to completion of the 60-day time limit. This extension of the time

limit is limited to coincide with the 31-day time limit for electing insurance following employment in a covered position.

535.912 **Limitation on Coverage**

The number of multiples for Option B coverage that an employee may elect or add is limited as follows:

- a. Marriage — One multiple for each additional family member (spouse, any unmarried dependent child) associated with the marriage.
- b. Acquisition of Child(ren) — One multiple for each newly born, adopted, etc., unmarried dependent child added to employee's family.
- c. Divorce or Death of Spouse — One multiple for each unmarried, dependent child on date of event.

535.913 **Effective Date**

The effective date of coverage is the first day the employee actually enters on duty in a pay status on or after the day the election is received in the employing office.

535.914 **Proof Required**

Proof of the marriage or the acquisition of the eligible child must be submitted by the employee.

535.92 **Reinstatement Actions**

535.921 **Conditions**

A declination of optional insurance (all options) filed on or after April 1, 1981 is automatically cancelled at the time an employee is reinstated, regardless of the employee's age, if the following conditions are met.

- a. The employee was separated from the service for at least 180 days.
- b. The employee files an affirmative election of optional insurance coverage. When an employee fails to file a new SF 2817 within 31 days after reinstatement, it is determined that the employee has declined optional coverage.

**Note:** A previous declination of optional insurance, initiated on SF 176 prior to April 1, 1981, is automatically cancelled regardless of length of separation. All SF 176s were automatically cancelled effective April 1, 1981.

535.922 **Effective Date**

The effective date of coverage is the first day the employee actually enters on duty in a pay status on or after the day the election is received in the employing office.

**536 Retirement****536.1 Requirements for Continuance****536.11 Basic Insurance****536.111 Eligibility**

An employee who retires with an immediate annuity retains Basic Life Insurance (not accidental death and dismemberment) if all of the following requirements are met:

- a. The employee retires from a position in which insured.
- b. The employee does not convert to an individual policy when basic insurance as an employee would otherwise cease.
- c. The employee retires on an immediate annuity, that is, one that begins to accrue no later than 1 month after the date the insurance would otherwise cease.
- d. The employee has been insured under the FEGLI Program for the 5 years of service immediately preceding retirement *or* the full period(s) of service during which the Basic Life Insurance was available to the employee, if less than 5 years.

**536.112 Election Requirement**

An employee who meets the requirements for continuation of Basic Life Insurance coverage during retirement and desires to continue such coverage must complete SF 2818. On this form, the employee elects 75 percent, 50 percent, or no reduction in the amount of basic insurance coverage after attaining age 65.

**536.12 Optional Insurance**

Employees who retire retain optional life insurance (not accidental death and dismemberment) if they are eligible to continue basic insurance and have had optional insurance in force for no less than:

- a. The 5 years of service immediately preceding the employee's retirement.
- b. The full period or periods of service during which the optional insurance was available to the employees. (For this purpose, April 14, 1968, is the earliest date on which Option A was available, and April 4, 1981 for Options B and C.)

**536.2 Cost****536.21 Basic Insurance****536.211 Premiums**

Effective with retirements beginning January 1, 1990, or later, payment of premiums by retirees is required to retain Basic Life Insurance coverage. Rates are based on the reduction option selected on SF 2818 at time of

retirement. Rates are shown below and reduction options are detailed in 536.3.

Monthly Cost of Basic Insurance		
Election	Up to Age 65	After Age 65
a. 75% Reduction	<b>\$0.3358</b> per \$1,000	No Cost
b. 50% Reduction	<b>\$0.9258</b> per \$1,000	<b>\$0.59</b> per \$1,000
c. No Reduction	<b>\$2.3758</b> per \$1,000	<b>\$2.04</b> per \$1,000

#### 536.212 **Withholdings**

The withholdings will begin at retirement and continue for the life of the annuity, or until the election is cancelled, or coverage is otherwise discontinued. The 50 percent or no reduction may be cancelled at any time. The amount of basic coverage is then computed as if the 75 percent reduction had been made. The retiree is not entitled to a refund of the premiums already paid.

#### 536.22 **Optional Insurance**

Refer to 533.22 for cost of optional insurance coverage. Withholdings will be made from the annuity on a monthly basis and will continue through the month the retiree reaches age 65. No further withholdings are required after age 65 or retirement, whichever occurs later.

**Note:** For annuitants under the Federal Employees Retirement System (FERS), if the annuity is too low to cover the cost of life insurance, premiums may be paid by direct mail to OPM. OPM advises annuitants of insufficient annuity and allows them to make direct payments or decrease or cancel FEGLI coverage.

### 536.3 **Reduction After Retirement**

#### 536.31 **Basic Insurance**

##### 536.311 **Seventy-Five Percent Reduction**

Effective at the beginning of the second calendar month following the date of retirement or age 65, whichever is later, the insurance is reduced by 2 percent each month, with a maximum reduction of 75 percent of the amount of coverage in force at retirement.

##### 536.312 **Fifty Percent Reduction**

Effective at the beginning of the second calendar month following the date of retirement or age 65, whichever is later, the insurance is reduced by 1 percent each month with a maximum reduction of 50 percent of the amount of coverage in force at retirement.

##### 536.313 **No Reduction**

The entire amount of coverage in force at retirement will continue after reaching age 65 without any reduction.



**536.32 Optional Insurance****536.321 Option A — Standard**

Effective at the beginning of the second calendar month following the date of retirement or age 65, whichever is later, the insurance is reduced by 2 percent each month, with a maximum reduction of 75 percent or \$7,500. The full 75 percent reduction will be reached in 37 months.

**536.322 Option B — Additional and Option C — Family**

Employees who retire on or after April 24, 1999 may choose to continue their Option B and/or Option C coverage without reduction into retirement. Employees may also elect how many of the Option B and C multiples they wish to continue into retirement. The monthly rates for Optional B and C Insurance in Retirement are shown as below:

Your Age Group	Option B Per \$1,000 Insurance		Option C Per Multiple	
	Full Reduction	No Reduction	Full Reduction	No Reduction
Under age 35	\$0.065	\$0.065	\$0.59	\$0.59
35 through 39	0.087	0.087	0.74	0.74
40 through 44	0.130	0.130	1.00	1.00
45 through 49	0.217	0.217	1.30	1.30
50 through 54	0.325	0.325	1.95	1.95
55 through 59	0.672	0.672	3.14	3.14
60 through 64	1.517	1.517	5.63	5.63
65 through 69	Free	1.517	Free	6.50
70 and over	Free	1.517	Free	7.37

If an employee chooses full reduction, effective at the beginning of the second calendar month following the date of retirement or age 65, whichever is later, the insurance is reduced by 2 percent each month for 50 months. At 12:00 p.m. on the day preceding the 50th reduction, the insurance will cease with no extension of coverage or right to convert.

**536.4 Living Benefits**

Annuitants with written documentation of a medical prognosis of terminal illness, indicating life expectancy that does not exceed 9 months, are eligible to elect a lump sum payment of life insurance equal to their Basic Life Insurance that would be in effect 9 months after the date OFEGLI receives a completed claim form. Premiums are discontinued from the monthly annuity. This option is not available for additional optional insurance elections.

Elections must be submitted to the Office of Federal Employees' Group Life Insurance (OFEGLI) on Form FE-8. This form is not available in local personnel services offices nor from OPM, and must be requested directly from OFEGLI by calling 1-800-633-4542.

**536.5 Assignment of Life Insurance**

*Assignment* means the annuitant gives up ownership of all life insurance elected under OFEGLI (except Option C — Family) with no option to rescind the decision. The annuitant no longer has the right to change beneficiaries or reduce the amount of coverage. The assignee becomes the beneficiary and the annuitant continues to pay premiums as appropriate.

Assignments are usually made for one of the following reasons:

- a. To comply with a court order for divorce.
- b. For inheritance tax purposes.
- c. To obtain cash before death.
- d. To satisfy a debt.

Form RI 76-10 is required and may be obtained from the personnel services office.

**537 Reemployed Annuitants****537.1 Coverage****537.11 Terminated by Reemployment**

When insured annuitants are reemployed under conditions which terminate title to the annuity, the insurance carried as a retired employee is terminated without the right to convert. The employee, however, may acquire insurance provided the new employment is not a position that is excluded from coverage.

**537.12 Retained During Reemployment**

When insured annuitants are reemployed under conditions that do not terminate title to the annuity, they retain basic and any optional life insurance held as retired employees. A reemployed annuitant retains life insurance regardless of whether annuity is paid through the period of reemployment or payment of annuity is merely suspended. Life insurance is resumed at the same rate upon termination of the reemployment.

**537.121 Suspended**

If the annuitant, however, acquires new insurance coverage as a result of employment, i.e., appointment to a covered position (537.13), then his or her insurance coverage as a retired employee is suspended. The total amount of basic, standard optional, family optional, and, in some cases, additional insurance (537.132) held as a retiree is suspended on the day before the first day in a pay status under the appointment.

- a. *Reductions.* While life insurance coverage is suspended, any reductions to it because of attaining, or having already attained, age 65 apply.
- b. *Death in Service.* If the covered annuitant dies during reemployment, the suspended Basic Life Insurance (less applicable reductions) is automatically reinstated upon death in the amount necessary to assure

that the basic insurance benefit paid is no less than the amount which would have been paid if the annuitant had not been reemployed. In the case of any optional coverage, suspended coverage is not reinstated upon death.

537.122 **Continued**

For annuitants reemployed in positions which exclude coverage, the insurance maintained as a retired employee is not suspended, but continues in force.

537.13 **Automatic Coverage**

Annuitants appointed to nonexcluded positions automatically acquire basic and optional insurance, except for additional optional (537.132), as an employee, on the first day in pay and duty status unless they file a waiver, or declination, or have an unrevoked declination of optional insurance on file during prior employment. The insurance acquired is the same as that held as an employee and includes full coverage, including applicable double indemnity and dismemberment benefits.

537.131 **Optional Withholdings**

Where optional life insurance withholdings are involved, the employing office must notify OPM by completing OPM Form 1482, *Agency Certification of Status of Reemployed Annuitant*. Upon notification, OPM will terminate the optional insurance withholdings from the monthly annuity. Withholdings will be made from the employee's salary.

537.132 **Additional Optional Coverage**

Reemployed annuitants eligible for continued additional optional insurance (Option B) as retirees and as employees must elect either coverage.

- a. *Election.* If the reemployed annuitant wishes to have the annuitant coverage continue, no action is required. However, if the coverage as an annuitant is to be suspended and the employee elects coverage acquired by reemployment, SF 2817 must be completed within 31 days after reemployment.
- b. *Procedures.* Employee completes SF 2817 reconfirming coverage. Withholdings for coverage are made from salary. OPM Form 1482 is completed and forwarded to OPM, notifying that office of the effective date withholdings from salary began.

537.14 **Waiver and/or Declination of Coverage**

537.141 **Insurance Affected**

A declination or waiver filed by a reemployed annuitant applies to insurance as an employee and also to insurance as an annuitant.

537.142 **Effect**

The employing offices must make certain that a reemployed annuitant who wishes to file a waiver and/or declination understands the effect(s) of such action. Reemployed annuitants should not file a waiver and/or declination if they want the previously acquired insurance that they had as annuitants to continue.

537.143

**537.143 Exception**

One exception to this general rule applies to the decision of a reemployed annuitant to “cancel” additional optional insurance coverage available as an employee (537.132).

**537.144 Employing Office Procedures**

Whenever a declination or waiver is filed by a reemployed annuitant, the following procedures must be applied to assure that OPM records are noted regarding the waiver:

- a. SF 2817 is completed by the reemployed annuitant showing a confirmation of those forms of coverage the annuitant wishes to retain.
- b. The words “Reemployed Annuitant” and, if known, the retired employee’s Civil Service Annuitant (CSA) or CSI number are entered on all copies of SF 2817.
- c. A photocopy of SF 2817 with a brief transmittal letter is sent to  
INSURANCE SERVICES BRANCH  
RETIREMENT AND INSURANCE GROUP  
OFFICE OF PERSONNEL MANAGEMENT  
1900 E ST NW  
WASHINGTON DC 20415-0001

SF 2817 is processed in the usual manner.

**537.15 Amount of Coverage**

The amount of a reemployed annuitant’s basic insurance coverage as an employee is based on the annual basic pay before reduction of pay by annuity allocable to the period of reemployment. The full amount of basic and optional insurance is acquired by the reemployed annuitant, even if the reemployed annuitant had attained age 65, and the amount of insurance coverage as an annuitant had already been reduced. Withholdings are made for optional insurance.

**537.16 Termination and Conversion****537.161 Termination Date**

Unless retained under 537.17, insurance acquired during reemployment terminates (subject to a 31-day temporary extension) on the date the reemployment terminates.

**537.162 Conversion Privilege**

Insurance acquired during reemployment may be converted only if the annuitant does not have insurance coverage as a retired employee. A reemployed annuitant who has insurance coverage (as a retired employee) which was suspended during the period of reemployment does not have the conversion privilege. The suspended insurance is reinstated as explained in 537.121.

**537.17 Continuance Upon Termination of Reemployment****537.171 Retention**

Upon the employee's separation from reemployment, the life insurance which was acquired during reemployment (not accidental death and dismemberment) may be retained only if the reemployed annuitant:

- a. Has completed the equivalent of at least 1 year of continuous full-time service which meets requirements for supplemental annuity, or has otherwise acquired a new retirement eligibility, and
- b. Meets the eligibility requirements for continuance of insurance coverage set forth in 536.

**537.172 Procedures**

If the reemployed annuitant qualifies for a supplemental annuity, the employing office completes SF 2821. The words "Reemployed Annuitant" and the CSA or CSI number are typed under the name on SF 2821.

**537.173 Adjustment**

If the insurance acquired during reemployment is retained, it continues, subject to reduction at age 65, the same as for any other retired employee. At death, previous insurance as an employee, still in suspension, is automatically reinstated (537.121), to assure that the amount paid is not less than it would have been had the individual not been reemployed.

**537.174 Withholdings**

If withholdings for optional insurance were made from the reemployed annuitant's pay and the period of reemployment was for *less than 1 year*, the OPM is notified when the reemployment terminates so that appropriate optional insurance withholdings are made from the annuity if withholdings were based on optional life insurance coverage retained from the employee's actual retirement.

**537.2 Benefits****537.21 Amounts/Conditions**

In the case of a reemployed annuitant, benefits are payable in the same amounts and under the same conditions as for other employees. If the amount of the reemployment acquired insurance benefit is more than the amount of suspended life insurance, the greater amount is paid. The total of all insurance benefits paid after death, accidental or otherwise, is not less than the amount that would have been paid had the retired employee not been reemployed. As needed, the amount of insurance suspended upon reemployment is reinstated automatically upon the employee's death in such amount as is necessary to make up the benefit payable.

**537.22 Greater Amount Paid**

If an annuitant is eligible to continue reemployed acquired life insurance after separation (537.17), the amount in force at time of the death is compared with the amount of any suspended life insurance at that time. The greater amount is paid as the death benefit.

**Example 1:**

*Amount of Coverage:* A reemployed annuitant has \$12,000 of Basic Life Insurance as an employee and \$12,000 accidental death and dismemberment insurance. The employee's suspended Basic Life Insurance is \$11,000.

*Death Benefit:* The death benefit payable is \$12,000. If death is accidental, the death benefit payment is \$24,000.

**Example 2:**

*Amount of Coverage:* A reemployed annuitant has \$10,000 of Basic Life Insurance as an employee and \$10,000 accidental death and dismemberment insurance. The employee's suspended Basic Life Insurance is \$11,000.

*Death Benefit:* \$1,000 of the suspended benefit is reinstated, and \$11,000 is paid in death benefits. If death is accidental, the death benefit payment is \$20,000.

537.3 **Designation of Beneficiary**537.31 **Designation in Effect**

A designation of beneficiary covers all insurance under the group policy. Any designation previously filed as a retired employee remains in effect until changed or cancelled.

537.32 **Change of Beneficiary**537.321 **Employee**

A reemployed annuitant may designate a beneficiary or change or cancel a designation by executing SF 2823, *Designation of Beneficiary*, with the employing office.

537.322 **Employing Office**

A designation of beneficiary received by an employing office from a reemployed annuitant is not filed in the employee's OPF but rather sent, for central filing, with other retired employee designations to

INSURANCE SERVICES BRANCH  
RETIREMENT AND INSURANCE GROUP  
OFFICE OF PERSONNEL MANAGEMENT  
1900 E ST NW  
WASHINGTON DC 20415-0001

Type "Reemployed Annuitant" and the CSA or CSI number on the designated form; enter the date and the name of the person in the employing office who received the form.

**538 Beneficiaries, Benefits Payable, Claims****538.1 Beneficiaries****538.11 No Named Beneficiary****538.111 Order of Precedence**

In the absence of SF 2823 or SF 54, insurance benefits payable upon the death of an insured employee or retired employee are paid to the survivors in the following order of precedence:

- a. Widow or widower.
- b. Child or children in equal shares with the share of any deceased child distributed in equal shares among the descendants of that child.
- c. Parents in equal shares, or the entire amount to the surviving parent.
- d. Executor or administrator of the estate.
- e. Next of kin as determined under the laws of the state in which the insured was domiciled.

**538.112 Option C — Family**

Option C — Family insurance in force on a spouse or child on the date of the family member's death will be paid to the employee or former employee whose pay, annuity, or compensation is subject to the withholding for Option C — Family insurance coverage. In the event payment is not made prior to the death of the employee or former employee, Option C — Family insurance payment will be made to the person(s) eligible for the payment of the employee's, or former employee's, Basic Life Insurance.

**538.113 Designating Trusts**

An insured individual may designate a person or institution as a trustee under the terms of a trust agreement to receive the proceeds of the life insurance benefit upon the insured's death. The designation must include, at a minimum, the name of the trust, if any, the date of the document, the name(s) of the person(s) who signed the document, and the name and address to contact to identify the trustee.

**538.12 Specific Designation****538.121 SF 2823**

An employee who desires an order of precedence different from listing in 538.111, or who desires to name some person, firm, or other legal entity not listed in 538.111, files SF 2823 with the employing office.

**538.122 Contingent Provisions**

Designations containing contingent provisions (such as "to John if he is living at home," or "to John if he uses the money for educational purposes") are not accepted by the employing office.

**538.123 Agency as Beneficiary**

An agency of the federal or District of Columbia government cannot be named as a beneficiary.

**538.124 Procedures for Filing**

The employing office:

- a. Checks to determine that SF 2823 is properly signed, witnessed, and otherwise complete. (A witness is not eligible to receive payment as a beneficiary.)
- b. Notes, in the space provided on SF 2823, the date that the form was received in the employing office, and the name of the person who received it.
- c. Retains the original receipted SF 2823 and places it in the employee's official personnel folder. For exceptions, refer to 537.32.
- d. Returns the duplicate copy of the receipted SF 2823 to the employee.

**538.13 Employee Informed****538.131 Previous Designation Invalid**

At the time that an employee becomes insured, the employing office informs the employee that any designation of beneficiary previously filed is no longer valid and that another SF 2823 must be filed if the employee wishes to name a beneficiary. The employee is also informed that filing a designation is advisable under the following circumstances:

- a. An employee does not have and cannot easily obtain a certificate of marriage or evidence of death or divorce dissolving a prior marriage, and the employee wishes the life insurance benefit to be paid to the current spouse.
- b. A change in family status has occurred without a corresponding change in designation of beneficiary.

**538.132 Order of Precedence**

The employing office makes it clear to the employee that the insurance death benefit (basic and any optional) is paid in the order shown in 538.111 unless a designation of beneficiary is filed. The designation of beneficiary applies to both the basic and optional insurance unless otherwise indicated.

**538.14 Change or Cancellation**

Employees may cancel or change their designation of beneficiary at any time without the knowledge or the consent of any previous beneficiary.

**538.15 Automatic Cancellation**

Designation of Beneficiary is cancelled automatically:

- a. On the day a retired employee's Civil Service annuity terminates unless the employee is entitled to continued insurance while receiving injury compensation benefits.
- b. On the day an employee's injury compensation benefits terminate or the employee is held able to return to work unless the employee is entitled to continued insurance as a retired employee.
- c. 31 days after the employee ceases to be insured.



**538.16 Retiring Employee Designations**

Any valid designation on file at the time insured employees retire remains valid as long as the retiring employees retain insurance as retired employees unless they change the designation or cancel it. If there is no designation on file, retiring employees are informed of their right to file SF 2823 with OPM.

**538.17 Reemployed Annuitant**

See 537.3.

**538.18 Designation While Receiving OWCP Benefits**

Any valid designation on file at the time insured employees apply for continued insurance coverage while receiving OWCP benefits and unable to return to duty, remains valid. The employees may change or cancel the designation as long as they retain insurance while receiving compensation and are unable to return to duty. If there is no designation on file, the employee is informed of the right to file SF 2823 with OPM.

**538.2 Benefits Payable****538.21 Amount**

The death benefit is payable regardless of the cause of death and is always the amount that the employee is insured for on the date death occurs. Employees cannot have more than one amount of basic (and optional) insurance in force on their life at any one time.

**538.22 Accidental Dismemberment****538.221 Single Accident**

If, as a result of a single accident, an employee sustains more than one of the losses cited in 532.215, no more than the amount for which the employee is insured is payable.

**538.222 Multiple Accidents**

There is no limitation on the number of times a benefit is payable for accidental losses resulting from different accidents.

**Example:** An employee is paid for the accidental loss of sight in one eye. Later, as a result of another accident, the employee loses both hands and is paid the full benefit for the second loss.

**538.23 Accidental Death**

Accidental death is death resulting from bodily injuries incurred solely through violent, external, and accidental means within 90 days after the date the accident occurred. The accidental death benefit is payable in addition to the regular death benefit. The amount payable is the amount that the employee is insured for on the date that the accident resulting in death occurs.

**538.24 Accidental Dismemberment and Accidental Death**

If, as a result of a single accident, both an accidental dismemberment benefit and an accidental death benefit become payable, the accidental death benefit

is no more than the difference between the insurance in force and the amount already paid as a dismemberment benefit.

#### 538.25 **Death During Thirty-One-Day Extension of Group Life Insurance**

For an employee who, after separation (but within the 31-day extension period during which group life insurance protection is extended), converts insurance and then dies, the benefit payable is the amount of group life insurance less any amount paid under the converted individual policy.

#### 538.3 **Claims**

##### 538.31 **Death of Insured Employee**

##### 538.311 **Contacting Persons Entitled to Benefits**

Upon death or dismemberment of an insured employee, the employing office (a) contacts the persons entitled to benefits, (b) assists in filing the claim, and (c) determines that required forms and documents are properly completed and forwarded to OFEGLI.

##### 538.312 **SF 2821**

Proper completion of SF 2821 includes the following:

- a. Installation heads certify SF 2821, *Agency Certification of Insurance Status*, promptly and accurately. Particular attention is given to assuring that basic pay, as shown in Item 8, is accurate and does not contain temporary COLA, overtime pay, holiday pay, etc.
- b. Upon death of an employee, the employing office is required to immediately prepare SF 2821. The duplicate copy is forwarded to the Retirement Branch, Eagan Accounting Service Center, for certification that the basic pay in Item 8 is correct. After proper certification, the employing office will forward the certified copy to OFEGLI. The original copy of SF 2821 is to be forwarded to OFEGLI with FE 6, *Claim for Death Benefits (Federal Employees' Group Life Insurance)*, and the death certificate. If no claim is filed, the original copy of SF 2821 is filed in the OPF. It will be forwarded to OFEGLI only upon request.

##### 538.32 **Death of Reemployed Annuitant**

##### 538.321 **Addressing Claims**

If an insured reemployed annuitant dies during the period of reemployment, the claim for death benefits is filed through the

INSURANCE SERVICES BRANCH  
RETIREMENT AND INSURANCE GROUP  
OFFICE OF PERSONNEL MANAGEMENT  
1900 E ST NW  
WASHINGTON DC 20415-0001

and not directly with the OFEGLI. A claim from a reemployed annuitant for accidental dismemberment benefits is sent directly to the OFEGLI in New York.

538.322 **SF 2821**

- a. In completing SF 2821 employing offices (1) show annual basic pay for insurance purposes (not reduced by annuity allocable to the period of reemployment), (2) enter the words "Reemployed Annuitant", and (3) enter the CSA or CSI number under the deceased person's name.
- b. Installation heads (or designees) certify each SF 2821 for accuracy and assure that annual basic pay in Item 8 is correct, and excludes temporary COLA, overtime pay, holiday pay, etc.

538.33 **Requirements for Filing**

Benefits are payable only upon submission of:

- a. A claim (FE 6, FE 6-Dep, or FE 7), and
- b. Satisfactory proof of loss (death certificate, physician's statement, or similar proof), and
- c. A completed SF 2821, *Agency Certification of Insurance Status*, by the employing office.

538.34 **Forms Used**538.341 **Death Benefits**

Claims for death benefits, including accidental death, are filed on Form FE 6, *Claim for Death Benefits*. Claims for benefits in the death of an insured family member are filed on FE 6-Dep, *Statement of Claim*.

538.342 **Accidental Dismemberment**

Claims for accidental dismemberment are filed on Form FE 7, *Claim for Accidental Dismemberment*. The FE 7 is not supplied in quantity by OPM, but rather only by individual request on an as-needed basis. The form is not available from the material distribution centers. All requests should be made to:

OFFICE OF FEDERAL EMPLOYEES GROUP LIFE INSURANCE  
200 PARK AVENUE  
NEW YORK NY 10166-0188

538.35 **Time Limits for Filing Accidental Death or Dismemberment Claims**

In cases of accidental death or dismemberment, a written notice is sent to OFEGLI within 20 days of the accident. A claim for accidental death or dismemberment benefits, with proof of loss, is submitted within 90 days. If it is not possible to give the required notice and to file claim within the time periods specified, the notice and claims are submitted as soon as reasonably possible, together with satisfactory explanation for the delay.

538.36 **Settlement**

Claims for benefits are adjudicated and paid by OFEGLI. The claimant may elect payment of benefits in:

- a. Lump-sum payment, or
- b. Monthly or annual installments.

**539 Insurance Forms****539.1 Filing****539.11 SF 2817, Life Insurance Election (FEGLI)**

File *PART 1* of SF 2817 in the employee's OPF and destroy *PART 2* after personnel action has been processed and verified. *PART 3* is the employee's copy.

**539.12 SF 2821, Agency Certification of Insurance Status**

File 1 copy (*PART 3*). The original (*PART 1*) is forwarded either to OPM or OFEGLI depending upon the type of employee separation. If the employee is not eligible to continue coverage, the original (*PART 1*) and duplicate (*PART 2*) are given to the employee.

**539.13 SF 2823, Designation of Beneficiary**

File the original and give the employee a duplicate. All prior designations are retained in employee's OPF. Upon the employee's retirement, all SF 2823 and SF 54 forms are removed from the official personnel folder and forwarded to OPM.

**539.14 SF 2822, Request for Insurance**

Notify the employee of OFEGLI's decision and file the form returned by the OFEGLI (SF 2822) in the employee's Official Personnel Folder.

**539.2 Privacy Act Considerations****539.21 Handling and Disclosing Information**

Life insurance records contain information about individuals. As such, they are handled and disclosed only in accordance with the Privacy Act and implementing instructions.

**539.22 Records Maintenance**

An individual's life insurance records and related correspondence are maintained within the Postal Service in one of two ways: either in the personnel area as part of the privacy system entitled USPS 120.070, Personnel Records — General Personnel Folders (Official Personnel Folders and Records Related Thereto) or in the Eagan ASC as part of the privacy system entitled USPS 050.020, Finance Records — Payroll System. Employees making formal privacy requests specifically for access to or update of these records direct their requests to the head of the installation where employed. Retired employees direct their requests to OPM.

539.23 **Employee Retires**

When an employee retires, copies of life insurance records are sent to OPM. Retired employees making privacy requests specifically for OPM records direct their requests to the

RETIREMENT OPERATIONS CENTER  
OFFICE OF PERSONNEL MANAGEMENT  
PO BOX 45  
BOYERS PA 16017-0045