

# FEGLI & Survivor Benefit Plan vs. Private Life Insurance

Items to Consider	FEGLI Coverage	Survivor Benefit Plan	Private Life Insurance
Contractual Agreement	Congress may change program at any time. No contract exists between insurance carrier and insured person. <span style="float: right;">-</span>	Congress may change program at any time. No contract exists between insurance carrier and insured person. <span style="float: right;">-</span>	Carrier can not change terms. The life insurance policy itself is a contract between the insured and the insurance carrier. <span style="float: right;">+</span>
Managing Costs	At retirement, coverage may become cost-prohibitive, in turn forcing many to cancel at an age in which they may not be able to obtain coverage elsewhere due to health. <span style="float: right;">-</span>	Program is expensive (about 10% of the retiree's annuity). Cost increases as the retirees pay increases. <span style="float: right;">-</span>	Cost can be managed with the right type of insurance in which the premium remains fixed , or adjusts due to coverage in place. <span style="float: right;">+</span>
Cost Savings	No good health discounts available with this program. <span style="float: right;">-</span>	No good health discounts available with this program. <span style="float: right;">-</span>	Good health discounts are available. <span style="float: right;">+</span>
Beneficiary	A primary or contingent beneficiary may be named. This can be anyone (including a trust, church, or charity). <span style="float: right;">+</span>	No one other than the spouse may be named as a beneficiary, therefore if the spouse passes away before the retiree, no one else may be named beneficiary. <span style="float: right;">-</span>	A primary or contingent beneficiary may be named. This can be anyone (including a trust, church, or charity). <span style="float: right;">+</span>
Family Protection	The spouse of insured person is NOT entitled to any FEGLI coverage. However, they can be voluntarily named as a beneficiary. <span style="float: right;">+</span>	The spouse of insured person is entitled to a full survivor benefit, therefore notarized consent is required if they want to lower amount. <span style="float: right;">+</span>	The spouse of insured person is NOT entitled to any coverage. However, they can be voluntarily named as a beneficiary and/or policy owner. <span style="float: right;">+</span>
Taxation	Any and all funds received by the beneficiary through FEGLI are tax free. <span style="float: right;">+</span>	Any and all funds received by the beneficiary through the Survivor Benefit Plan are fully taxable. <span style="float: right;">-</span>	Any and all funds received by the beneficiary are tax free. <span style="float: right;">+</span>
Proof of Insurability	If acquired at initial hire or at specified times in an employee's life, none is required. If not, good health is required. <span style="float: right;">+</span>	Not required. <span style="float: right;">+</span>	In order to obtain coverage, this a requirement. Application for coverage may be at any age. <span style="float: right;">-</span>
Reducing Coverage	At the request of the insured, coverage may be reduced when in retirement. <span style="float: right;">+</span>	The decision to participate in the Survivor Benefit Plan is irreversible. Changes can only be made within the first 18 months of retirement. <span style="float: right;">-</span>	Insured may request to reduce coverage at any time. <span style="float: right;">+</span>
Coverage Limits	Coverage available on employee is limited and even more so for eligible family members. <span style="float: right;">-</span>	The amount of coverage available to the surviving spouse is limited to about half of the retiree's annuity. <span style="float: right;">-</span>	For applicants meeting health requirements, coverage is essentially unlimited. <span style="float: right;">+</span>
Family Needs	A family's particular needs may not be met even with the maximum FEGLI coverage offered. <span style="float: right;">-</span>	A family's particular needs may not be met even with the maximum Survivor Benefit coverage offered. <span style="float: right;">-</span>	Insured person can customize their coverage in order to meet the family's specific needs. <span style="float: right;">+</span>
FEHB	Not connected to FEHB. <span style="float: right;">-</span>	In order for they spouse to continue to receive health benefits after the passing of the retiree, they must receive at least a partial survivor benefit. <span style="float: right;">-</span>	Not connected to FEHB. <span style="float: right;">+</span>