



# SGLI INFORMATION



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## General Information about SGLI

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### What Does SGLI Provide?

SGLI provides group term life insurance. When you die, money will be paid to the person (persons) you designate to receive the insurance. The beneficiary can use this money to pay expenses related to your death or invest the money to help replace your salary. Since SGLI is term insurance, it does not have cash or loan values and it does not pay dividends.

### When Does Coverage Begin?

You are automatically covered for the maximum amount of insurance (\$400,000) on your first day of active duty or active duty for training, unless you decline or reduce your coverage. If you are performing duty for a period of less than 31 days, part-time coverage begins on the first day of the period of duty, including travel. If you previously declined and later apply for SGLI, your coverage will be effective on the date the application form is received by your branch of service. (For detailed information regarding restoration of coverage, see the [SGLI/VGLI Handbook; Chapter 4](#))

### During What Periods Are You Covered?

#### Full Time Coverage...Active Duty

If you are a full-time member on active duty, you are covered 365 days of the year. Your coverage is in effect during the period of active duty or inactive duty training and for 120 days following separation of release from duty.

#### Full Time Coverage...Reserve Duty

If you are a Reservist and have been assigned to a unit in which you are scheduled to perform at least 12 periods of inactive duty that is creditable for retirement purposes, full-time coverage is in effect 365 days of the year. You are also covered for 120 days following separation or release from duty.

### How Much SGLI Can You Have?

The maximum amount of SGLI coverage you may have is \$400,000. You may elect to be insured for lesser amounts in increments of \$50,000. If you choose to decline or reduce your SGLI coverage, you must complete and file a form SGLV 8286, *Servicemembers' Group Life Insurance and Certificate*, with your uniformed service. If you have the maximum amount of SGLI, you have the right to retain any other Government or private insurance. However, you may not have more than \$400,000 of combined SGLI and VGLI coverage.

### How Do You Obtain or Increase SGLI Coverage?

If you declined or reduced your SGLI coverage and later want to obtain or increase the coverage, you must complete and sign a form SGLV 8285, Request for Insurance, in the presence of an authorized representative of your uniformed service. You must answer all medical questions. The representative will certify and file the application in your personnel file. Your coverage will become effective immediately, providing a review of your medical conditions is not required by OSGLI. Monthly premiums will be deducted from your pay.

### How Do You Reduce or Cancel Your SGLI Coverage?

To reduce or cancel your SGLI, you must complete and file a form SGLV 8286, *Servicemembers' Group Life Insurance Election and Certificate*, with your uniformed service. If you reduce or cancel SGLI on the first day of duty, your election will be effective immediately. If you make an election after the first day of duty, it will be effective at the end of that month. If you are reducing or canceling part-time coverage, your election will be effective at the end of the last day of the period of duty you are serving.

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## Cost and Premium Payment

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### How Much Does SGLI Cost?

The monthly cost of SGLI is \$26.00 for \$400,000 of coverage. If you choose to be insured for less than the maximum \$400,000, the cost is \$3.25 per month per \$50,000. This amount will be automatically deducted from your service pay. The premium for part-time coverage is \$26.00 per year for \$400,000 of coverage. Members of the Individual Ready Reserve (IRR) will be charged \$1.00 for \$400,000 of coverage for 1-day call-ups.

(\$50,000 coverage increments effective 9/1/2005)

<b>Coverage Amount</b>	<b>Monthly Premium Rate</b>
50,000	3.25
100,000	6.50
150,000	9.75
200,000	13.00
250,000	16.25
300,000	19.50
350,000	22.75
400,000	26.00

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### Naming a Beneficiary and Settlement Option

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#### Who Can You Designate To Be The Beneficiary?

You may designate any person, firm, corporation or legal entity (including your own estate individually or as a trustee) as principal or contingent beneficiary. **Note: State divorce decrees, separation agreements or other state court or municipal court documents are not binding on the determination of a beneficiary. Your right to name and change the beneficiary is absolute.**

#### How Do You Name A Beneficiary?

You must complete a form SGLV 8286, Servicemembers' Group Life Insurance Election and Certificate and submit it to your uniformed service. You may designate more than one principal beneficiary, but you need to indicate the shares each shall be paid. On this same form, you may designate a contingent beneficiary or beneficiaries to receive the proceeds in the event the principal beneficiary dies before you.

#### How Do You Change Your Beneficiary Designation?

You may, at any time, change or cancel a previous designation. To change or cancel a designation, you simply complete, sign and file a new form SGLV 8286 with your uniformed service. It is effective on the date it is received by the uniformed service.

#### What Happens If You Don't Name A Beneficiary?

To avoid confusion, we encourage you to designate a beneficiary and file it with your uniformed service. However, if you do not name a beneficiary, the insurance proceeds will be paid "By Law." The order of precedence is first to the surviving spouse, then to any children, then to the parents and finally to a duly appointed executor or administrator of the estate.

#### Can You Specify How The Proceeds Will Be Paid?

SGLI proceeds may be paid in one lump sum or in 36 equal installments. You may specify one of these two options on the form SGLV 8286. OSGLI pays the proceeds according to the option you chose. If you do not specify how the proceeds are to be paid, they will be paid to the beneficiary in one lump sum.

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### Naming a Minor, Custodian, or Trustee as Your Beneficiary

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Warning: Failure to *properly* name a beneficiary will cause the insurance proceeds to be paid to certain prioritized surviving family members in accordance with federal law.

#### Naming a Beneficiary Who is Not a Family Member or Parent

If you are likely to be survived by family members or parents and name some other person or organization as a beneficiary, you must be counseled in person.

#### Naming a Minor as a Beneficiary

SGLI proceeds *cannot* be paid *directly* to a minor unless the minor is your spouse. Although you can still name a minor as a beneficiary, there are advantages and disadvantages.

Advantages

Disadvantages

- Naming a minor is quick because no will or trust document need be prepared or executed, and there is no trustee.
- A court will decide and designate the best qualified person to act as custodian of the SGLI proceeds.
- If the SGLI proceeds are the only major proceeds, probate may be avoided altogether.
- To access SGLI proceeds for the benefit of a minor, a court must designate a guardian. However, this person may not coincide with your wishes.
- Surety bond required, usually.
- Some states limit the amount of money that can be used on behalf of a minor unless court approval is first obtained.
- Certain bond, court, and legal expenses will be paid out of the SGLI proceeds until minor reaches majority age.
- All SGLI proceeds will usually be paid at age 18 regardless of beneficiary's maturity level.

### Naming a Custodian for a Minor as a Beneficiary

You may name a custodian under the Uniform Gift to Minors Act (UGMA) or the Uniform Transfer to Minors Act (UTMA), which lets you make gifts to a minor without creating a trust. Before naming a custodian, you should obtain consent from the person or institution that will act as the custodian. If it appears that this process will be lengthy, however, it is preferable to first, directly name a minor as the beneficiary, and later, execute a new SGLV 8286.

#### Advantages

- No required court involvement to pay SGLI proceeds.
- No delay in distribution of SGLI proceeds, normally.
- You determine who will act in minor's best interest, not a court.
- Custodian has discretion in how to use the proceeds.
- Custodian not normally required to pay a surety bond.

#### Disadvantages

- Usually, all SGLI proceeds must be paid to minor at age 18 regardless of maturity level.
- No automatic court supervision of custodian.

### Naming a Trustee Under a Will

You must have a signed will that contains a trust. The trust may be created for minors or adults.

#### Advantages

- No surety bond required.
- You can specify how the SGLI proceeds should be used.

#### Disadvantages

- The will may be probated due to other assets and a court will need to appoint a trustee before the named trustee can receive SGLI proceeds.
- Lack of a surety bond could make minor's fund vulnerable to theft, fraud, or waste by the trustee.

### Naming a Trustee Outside of a Will

You must have a signed trust document. The trust may be created for minors or adults.

#### Advantages

- No required court involvement to pay SGLI proceeds.
- No surety bond required.
- No delay in distribution of SGLI proceeds, normally.
- You can specify how the trustee should use the SGLI proceeds.

#### Disadvantages

- No court supervision of the trustee.
- Lack of a surety bond could make minor's fund vulnerable to theft, fraud, or waste by the trustee.
- You will likely have to pay a civilian lawyer to draft and execute a trust document.

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## Disability

### Can SGLI Coverage Be Extended If You Become Disabled?

If you are totally disabled at the time of separation from active duty, your full-time coverage will be extended for as long as the total disability continues, up to a maximum of one year. You are eligible to apply for VGLI during this extended period of SGLI coverage. If you incur a disability while under part-time coverage and you are not able to acquire commercial life insurance at a standard rate because of the disability, your SGLI coverage will be extended for 120 days following the period of duty in which the disability occurred. You may apply for VGLI during this 120-day extension. **Important:** An extension of SGLI due to total disability is not automatic. You must apply to the Office of Servicemembers' Group Life Insurance for the extension.

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## Conversion of SGLI to VGLI or to an Individual Policy

### How Do You Convert SGLI To VGLI?

You may convert your SGLI coverage to VGLI upon separation from service. You have 120 days following separation to apply for VGLI. OSGLI will send you a computer printout application, usually within 45 to 60 days following your release. You may also submit an application for VGLI using the form SGLV 8714, Application for VGLI. If you use this form, you need to also furnish a copy of your DD 214 or other proof of service. The completed application and the first premium must be sent to OSGLI within 120 days after your separation from service. (If you file an application for VGLI after this 120-day period, you must provide proof of good health and the application must be submitted within one year after your SGLI terminates.) You are not eligible to apply for VGLI more than one year and 120 days after your separation from service.

### What Is Beneficiary Financial Counseling Service?

Beneficiary Financial Counseling Services (BFCS) is an extra benefit offered to beneficiaries of Servicemembers' Group Life Insurance and Veterans' Group Life Insurance policies. As a beneficiary, you can take advantage of free professional financial advice. Counseling services are provided by **FinancialPoint®**. For more information, please visit our [Beneficiary Financial Counseling page](#). To take advantage of the free BFCS benefit, beneficiaries may contact **FinancialPoint®** toll free at (866) 476-5764 or by email at [BFCS@FinancialPoint.com](mailto:BFCS@FinancialPoint.com)

### Can SGLI Benefits Be Assigned to Another Person?

Under the law, a beneficiary is not permitted to assign or transfer SGLI proceeds to any other person or entity. In addition, payments of SGLI benefits are not subject to claims of creditors of the insured or creditors of the beneficiary.

## Taxability of Proceeds

### Are SGLI Proceeds Taxable?

In general, all VA benefits are exempt from taxation. SGLI proceeds that are payable at the death of the insured are excluded from gross income for tax purposes. (The value of the proceeds, however, may be included in determining the value of an estate and that estate may ultimately be subject to tax.) If SGLI proceeds are paid to your beneficiary in 36 equal installments, the interest portion included in these installments is also exempt from taxation. In addition, delayed settlement interest (interest accrued from the date of the insured's death to the date of settlement) is also exempt from taxation. You are not required to report to the Internal Revenue Service (IRS) any installment interest or delayed settlement interest that you received in addition to the proceeds.

**Toll-free telephone:** 1-800-419-1473

**Toll-free fax numbers:**

*Death and accelerated benefits claims only:* 1-877-832-4943

*All other fax inquiries:* 1-800-236-6142

**Overseas:**

*Phone Number:* 973-548-5699

*Fax Number:* 973-548-5300

**E-mail:**

*Death and accelerated benefits claims only:*  
[osgli.claims@prudential.com](mailto:osgli.claims@prudential.com)

*All other inquiries:* [osgli.osgli@prudential.com](mailto:osgli.osgli@prudential.com)

**General Correspondence:**

OSGLI  
290 West Mt. Pleasant Avenue  
Livingston, New Jersey 07039

**New VGLI Applications and VGLI Reinstatements:**

OSGLI  
P.O. Box 41618  
Philadelphia, PA 19176-9913

For more information regarding SGLI, and to access on-line forms, visit the VA website:

<http://www.insurance.va.gov/sqlivgli/sqlifam.htm>.

Yongsan Client Legal Services Division, Office of the Staff Judge Advocate, Eighth US Army  
Bldg 4106, room 229 (ACS building). Please call 738-8111 for an appointment.  
Office hours: M, Tu, W, F 0900-1700 and Th 1300-1600.