



## FACT SHEET

# Life Insurance for Active Duty Public Health Service Officers

Last Reviewed: June 19, 2018

### Background

The basic purpose of life insurance is to bridge any potential gap between your survivors' financial needs and their available resources. This fact sheet covers basic information about life insurance and provides specific information about life insurance options available only to active duty USPHS Officers, their spouses, and dependents.

Life insurance policies purchased through a group (usually employment-based) have two advantages over policies purchased by an individual: they are less expensive and require no medical exam. There are two basic types of life insurance:

- ▶ **Term Insurance** pays only if death occurs during policy term (usually 1—30 years). Benefit amounts remain constant but the premiums may increase with age. It is usually purchased by comparison shopping on cost and is lower initially than Whole Life (see below). About half of all life insurance policies, including those available through the Commissioned Corps, are Term Insurance.
- ▶ **Whole Life (or Permanent) Insurance** combines death benefits covering an entire lifetime with a cash value accumulation feature. Premiums are fixed with early premiums being higher than actual protection costs in order to build cash value redeemable before death. Whole Life policies, which are more complex than Term, are not available through the Commissioned Corps.

### Eligibility

Active duty PHS Officers, their spouses, and dependents are eligible for Commissioned Corps Term Life Insurance.

- ▶ Active duty officers and their civilian spouses are automatically covered (\$400,000 SGLI for officers, \$100,000 FSGLI for spouses). A specific request must be made to decline or reduce coverage. Request forms are available at [www.benefits.va.gov/INSURANCE/resources-forms.asp](http://www.benefits.va.gov/INSURANCE/resources-forms.asp). Use SGLV Form 8286 for officers and SGLV Form 8286A for spouses who are not members of the Uniformed Services.
- ▶ Dependent coverage of \$10,000 is free and automatic and cannot be declined or reduced.
- ▶ To manage the amount of SGLI and spouse coverage and designate and update beneficiaries, officers should use the SGLV Form 8286 or 8286A. The Commissioned Corps is planning to migrate to the SGLI Online Enrollment System (SOES), which will enable online enrollment for SGLI and FSGLI. As of April 2018, the timeline for this migration was unknown.

Insurance Options	Eligibility	Limits	Cost	Further Info
SGLI (Servicemembers' Group Life Insurance)	Active Duty (AD) USPHS	Up to \$400K in \$50K increments	\$3.50/\$50K/month (plus \$1/month trauma protection)	<a href="http://www.insurance.va.gov">www.insurance.va.gov</a> see SGLI
FSGLI (Family Servicemembers' Group Life Insurance)	Spouses and children of AD with SGLI	<b>Spouse:</b> up to \$100K or AD officer coverage, whichever is less <b>Dependent:</b> \$10,000	<b>Spouse:</b> \$2.50—25/\$50K/month (depending on age) <b>Dependent:</b> Free	<a href="http://www.insurance.va.gov">www.insurance.va.gov</a> see FSGLI

## Highlights

Officers should consider estimating life insurance needs for themselves and their family:

- ▶ Use the basic formula: Life insurance amount = financial obligations (plus) net income to support survivors (minus) other assets. Consider all of your survivors' financial needs, including debts (e.g., medical, funeral, and estate taxes), life income needed for spouse, mortgage and car payments, and children's education and expenses until independent.
  - Online calculator at <http://www.benefits.va.gov/INSURANCE/introCalc.asp>
  - Rough estimate is 10 times your gross salary
- ▶ While SGLI is a good value for many PHS Officers, it may not be enough to meet your specific life insurance needs.
- ▶ Certain companies (e.g., Navy Mutual Aid Association [www.navymutual.org](http://www.navymutual.org) or United Services Automobile Association [www.usaa.com](http://www.usaa.com)) cater specifically to insurance needs of those on active duty. Consult other sources of information — such as a financial advisor or insurance agent — for additional details about your insurance needs. Using your existing connections, like your financial advisor or investment firm, may help simplify or lower costs. Many reputable companies exist, but do your homework before purchasing additional coverage.
- ▶ Remember that:
  - Even with life insurance coverage, you should have a legally valid and available will
  - Any lapse in paying your premium could result in cancellation of your policy

## Resources

- ▶ Life Insurance Buyer's Guide from the National Association of Insurance Commissioners — [http://www.naic.org/index\\_consumer.htm](http://www.naic.org/index_consumer.htm)
- ▶ Consumer Report information on life insurance — <https://www.consumerreports.org/life-insurance/how-to-choose-the-right-amount-of-life-insurance/>

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**Note:** Feedback and suggestions for this fact sheet are welcome and may be sent to [PPACBenefitsSC@gmail.com](mailto:PPACBenefitsSC@gmail.com).

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