



Benefits Administration Letter

Number: 04-203

Date: May 25, 2004

**Subject: Federal Employees' Group Life Insurance (FEGLI) Program:
FEGLI 2004 Open Season Announced -- September 2004**

GENERAL INFORMATION

Background

The FEGLI Program began on August 29, 1954. To celebrate this year's 50th anniversary of the FEGLI Program, OPM is conducting an Open Season from **September 1 through September 30, 2004**. Attached is the [news release](#) announcing the FEGLI 2004 Open Season.

Purpose

The purpose of this Benefits Administration Letter (BAL) is to provide detailed guidance about conducting the FEGLI 2004 Open Season.

ELIGIBILITY FOR PARTICIPATION

Who Is Eligible to Participate in the Open Season?

All employees who are eligible for the FEGLI Program can participate.

Who is Not Eligible to Participate in the Open Season?

Employees excluded from FEGLI coverage by law or regulation cannot participate. If you need more information about exclusions, please consult the FEGLI Handbook at www.opm.gov/insure/life.

Can Annuitants and Compensationers Participate?

It depends.

Annuitants cannot participate in the Open Season unless they are reemployed in a position in which they are eligible for FEGLI coverage.

Compensationers cannot participate in the Open Season unless they are still insured as employees (i.e., *during the first 12 months in nonpay status*). However, as with any other employees in nonpay status, any coverage that compensationers elect during the Open Season will not become effective until they are back in pay and duty status. The effective date of new coverage and pay and duty status requirements are discussed below.

Compensationers who are reemployed on a part-time basis are also eligible to participate, unless their position is excluded by law or regulation.

Can Employees in Nonpay Status Participate?

Yes. Employees in nonpay status can participate in the Open Season. However, ***any coverage they elect during the Open Season will not become effective until they are back in pay and duty status.*** The effective date of new coverage and pay and duty status requirements are discussed below.

ELECTIONS AND COVERAGE

What Kinds of Elections Can Employees Make?

Employees who are not enrolled in the FEGLI Program can elect Basic and any or all of the optional coverages. Employees who are already enrolled in the FEGLI Program can increase their coverage, up to the maximum available, or change their coverage.

Do Employees Have to Prove Insurability?

No. Employees can elect coverage during this Open Season without having to prove insurability or having a physical or answering any questions about their health.

What Form Should Employees Use to Elect Coverage?

There will be a special FEGLI 2004 Open Season Election Form (FE-2004). The form is not available yet, but it will be available in time for the Open Season. ***Employees cannot use the SF 2817, Life Insurance Election, to make FEGLI 2004 Open Season elections.***

Please note that employees making an Open Season election **must** sign on the form for ALL coverage they wish to have – *not just the new coverage they are electing during the Open Season.* ***Any coverage not signed for on the FE-2004 will be cancelled/waived, effective with the effective date of the Open Season election.***

Is Positive Reenrollment Required?

No. Only employees who want to enroll or change coverage need to complete an election form.

An employee who takes no action during the Open Season will keep the same coverage he/she had before the Open Season. Any coverage previously waived will remain waived.

Have the Types of Coverage Changed for the FEGLI 2004 Open Season?

No. The types of coverage available during the FEGLI 2004 Open Season will be the same as currently available.

What Are the Types of Coverage?

- Basic – equal to the annual basic pay, rounded up to the next \$1,000, plus \$2,000.
- Plus three types of Optional insurance:
 - **Option A–Standard**, in the amount of \$10,000.
 - **Option B–Additional**, in an amount from one to five times the annual basic pay.
 - **Option C–Family**, in an amount from one to five multiples of coverage for a spouse and eligible children. Each multiple is equal to \$5,000 for the death of a spouse and \$2,500 for the death of each eligible child

An employee must elect or already have Basic in order to elect any optional coverages.

For more information on the types of coverage available, including information on Accidental Death and Dismemberment coverage (part of Basic and Option A) and the Extra Benefit for employees under age 45, please visit www.opm.gov/insure/life.

EFFECTIVE DATES

When Will Open Season Elections Become Effective?

Open Season elections become effective on the first day of the first pay period that:

- begins **on or after September 1, 2005**, and
- follows a pay period during which the employee met the pay and duty status requirements described below.

For most employees on a biweekly pay period, this will be September 4, 2005 (September 3 for Postal employees).

What Are the Pay and Duty Status Requirements?

A full-time employee on a biweekly pay period must be in pay and duty status for at least 32 hours during the pay period right before the one in which the coverage is to become effective.

A full-time employee on a monthly pay period must be in pay and duty status for at least 64 hours during the pay period right before the one in which the coverage is to become effective.

A part-time employee must be in pay and duty status for one-half of the regularly-scheduled tour of duty shown on his/her current SF 50.

An intermittent employee or an employee without a regularly-scheduled tour of duty who is eligible for FEGLI coverage must be in pay and duty status for one-half of the hours customarily worked in a pay period. Employing offices can determine the number of hours customarily worked by totaling the number of hours worked in the calendar year quarter ending September 30, 2004, and dividing that by the number of pay periods in that quarter.

Please note that sick leave, annual leave, donated leave, or any other kind of leave, whether paid or unpaid, does not qualify as pay and duty status.

New coverage does NOT begin until the employee meets the pay and duty status requirements, even if that is after September 2005. ***For some employees, new coverage will never begin because they will never meet the pay and duty status requirements.***

Are There Any Exceptions To The Pay And Duty Status Requirements?

No. However, employees may meet the pay and duty status requirements at the following employment sites:

- at an employee organization while on leave-without-pay to work there full-time;
- at an international organization while on detail to work there; or
- at a State, local, or Indian tribal government; institution of higher education; or other organization eligible under the Intergovernmental Personnel Act of 1970, while on temporary assignment to work there.

PROCESSING OPEN SEASON ELECTIONS

How Should We Process FEGLI 2004 Elections?

The employing office must enter the date of receipt on the Open Season election form (FE-2004). An authorized agency official must verify that the employee is in a position which conveys eligibility for FEGLI coverage.

The employing office must give the acknowledgement copy of the FE-2004 (Part 4) to the employee, as verification of receipt on a timely basis. (Please note that there are two *employee*

copies of the election form. One copy (the acknowledgement copy) goes to the employee at the time of submission; the other copy, showing the effective date, goes to the employee **after** the election becomes effective.)

Agencies must develop a system for holding the election forms until they are processed and become effective. Whether you put them in the Official Personnel Folder (OPF) or its (electronic) equivalent, or maintain them separately, you should flag the OPF/equivalent in some way to indicate that the employee made an Open Season election.

Before coverage will become effective, an authorized agency official must verify that employees meet the pay and duty status requirements discussed earlier.

When Do Employees Start Paying Premiums for Open Season Coverage?

Employees will start paying premiums for their new coverage only when that coverage becomes effective.

What Happens if an Employee Retires before the New Coverage Becomes Effective?

If an employee makes an Open Season election but retires before the new coverage becomes effective, he/she never had the new coverage. Therefore the employee cannot continue the newly elected coverage into retirement.

The same is true if the employee starts receiving compensation before the effective date of the new coverage.

In both cases, you should void the FE-2004 and indicate in the “remarks” section that the employee retired or started receiving compensation. Any SF 2821 certification must show only the “old” coverage.

What Happens if an Employee Transfers to Another Agency before the New Coverage Becomes Effective?

If an employee who made an Open Season election transfers to another agency before the election becomes effective, attach the FE-2004 to the OPF or its (electronic) equivalent when you send it to the employee’s new agency. The new agency must process the Open Season election at the appropriate time.

What Happens If An Employee Leaves Federal Service Before The Effective Date?

If an employee makes an Open Season election but leaves Federal service before the new coverage becomes effective, he/she never had the new coverage. The agency must certify the “old” coverage, if any, on the SF 2821, *Agency Certification of Insurance Status*. The employee can only convert the “old” coverage, and not the new coverage.

What Happens if an Employee or Family Member Dies before the New Coverage Becomes Effective?

If an employee makes an Open Season election but dies before the new coverage becomes effective, he/she never had the new coverage. The agency must certify the “old” coverage, if any. Benefits will be paid based on the “old” coverage, not the new coverage.

The same is true if an employee elects or increases Option C coverage and a family member dies before the new coverage goes into effect.

CONTINUING COVERAGE

Can Employees Continue New Open Season Coverage if They Retire or Become Insured as Compensationers?

It depends. The FEGLI 2004 Open Season is *not* the first opportunity for electing coverage. Therefore, an employee must have the new coverage for the five years of service immediately before retiring or starting to receive compensation in order to continue that coverage as an annuitant or compensationer.

So that means the very earliest most employees can retire or start receiving compensation and carry new coverage from FEGLI 2004 into retirement or compensation is September 3, 2010 (September 4, 2010, for Postal employees).

Here’s an example:

Jonas currently has Basic and four multiples of Option B, which he elected when he was hired back in 2000. He elects one new multiple of Option B during FEGLI 2004. He signed an FE-2004 Open Season election form for Basic and five multiples of Option B (the four he currently has plus the one he adds as new coverage). He retires in 2008. He can carry Basic and only four multiples of Option B into retirement. Jonas cannot carry into retirement the one new multiple of Option B he elected during the Open Season because he did not have that multiple from his first opportunity (which was in 2000) nor for the five years of service immediately before his retirement.

COMMUNICATING INFORMATION ABOUT OPEN SEASON TO EMPLOYEES

How Will Employees Hear About the Open Season?

We are planning an educational and marketing campaign surrounding the 50th anniversary of the FEGLI Program and the upcoming FEGLI 2004 Open Season. We will share more information about this, closer to the start of the Open Season on September 1, 2004.

If Employees Ask Us Now, Can We Tell Them There Will be an Open Season?

Yes, you certainly can tell employees about the FEGLI 2004 Open Season. More information will follow, closer to the event.

MISCELLANEOUS INFORMATION

Can Employees Make Belated Open Season Elections?

Yes, under certain circumstances. You may accept a belated Open Season election through March 31, 2005, if you determine that the employee was unable to make a timely election due to circumstances beyond his/her control. The employee has 31 days after you've made that determination to make his/her Open Season election on an FE-2004. Use the "Remarks" section of the FE-2004 to indicate that you have authorized a belated Open Season election.

The effective date for a belated Open Season election is the same as that for a timely election. The employee must also meet the pay and duty status requirements already discussed.

Can Employees Make Elections By Submitting Evidence of Medical Insurability or Due to a Life Event During the Open Season?

Yes, employees can still make "regular" elections during the Open Season. None of those rules have changed. Employees may elect Basic, Option A, and/or Option B based on satisfactory medical evidence of insurability. Employees may elect or increase Option B and/or Option C if they have a life event.

These elections must be made on the SF 2817. This will distinguish them from Open Season elections which must be made only on the FE-2004. "Regular" SF 2817 elections will become effective as they always do.

What Happens if an Employee Makes an Open Season Election and Later Makes a "Regular" Election on an SF 2817?

If an employee is electing coverage on an SF 2817 (e.g., based on a life event) **after** he/she has submitted an Open Season election, but **before** the Open Season election becomes effective, the employing office must process it in the normal way.

Since the employee's OPF or its (electronic) equivalent will have been flagged, you will know that he/she made an Open Season election. Check the FE-2004 to see what coverage was elected. If the coverage elected during the Open Season is the **same** as that elected on the SF 2817, void the Open Season election. Use the "Remarks" section to indicate that the employee elected coverage due to a life event or a physical exam. The Open Season election doesn't need to be processed.

If the coverage elected on the SF 2817 is **different** from that elected on the FE-2004, contact the employee to verify what coverage he/she wants. It may be that some of the coverage elected during the Open Season could not be elected otherwise. For example, an employee who has a baby can elect only 1 multiple of Option B, but he/she may have elected more multiples on the FE-2004; or an employee whose SF 2822 to prove insurability is approved can elect Option B, but he/she also may have elected Option C on the FE-2004. In these cases, process whatever you can process on the SF 2817 and process the remaining coverage as an Open Season election.

What if an Employee Cancels His/Her Life Insurance?

If an employee submits an FE-2004 cancelling some FEGLI coverage, contact the employee to verify that he/she wants the cancellation to be effective as an Open Season election. If the employee wants the cancellation to be effective right away, have him/her complete an SF 2817. An employee can cancel coverage at any time. He/she does not have to wait for an Open Season to take this action.

If an employee who made an Open Season election later submits an SF 2817 cancelling *all* FEGLI coverage, the cancellation will take precedence over the Open Season election. Contact the employee to verify that the employee understands that the cancellation also voids the Open Season election. Process the SF 2817 within the normal time frames, and void the FE-2004. Use the "Remarks" section of the FE-2004 to indicate that the employee subsequently cancelled all coverage.

If an employee who made an Open Season election later submits an SF 2817 cancelling *some* of his/her FEGLI coverage, process the cancellation within the normal time frames. Contact the employee to verify that the employee understands that the cancellation on the SF 2817 also cancels that same coverage on the Open Season election form. Use the "Remarks" section of the FE-2004 to indicate which coverage the employee subsequently cancelled. Process the remaining Open Season election(s) at the appropriate time.

Can an Employee Change His/Her Open Season Election?

Yes. If it's still within the Open Season, he/she can simply submit a revised FE-2004. The employing office should void the previous Open Season election form and process the one with the later date.

The employee cannot make an Open Season election after Open Season has ended, however, unless you allow a belated Open Season election as discussed above.

After the Open Season is over, an employee can notify the employing office in writing that he/she wishes to reduce the amount of coverage elected during Open Season or to void the Open Season election completely. You must document this action in the employee's OPF or its (electronic) equivalent.

DATA NEEDS

We will need to know how many employees submit FEGLI 2004 Open Season elections. So please start thinking about how you can capture that information and report it to us. We will discuss this need for data in more detail in a future Benefits Administration Letter.

FUTURE BENEFITS ADMINISTRATION LETTERS

Open Season Material and Notice to Employees

We will issue a Benefits Administration Letter (BAL) describing the material available for the upcoming Open Season, including information on ordering and distributing the material. We will also discuss plans for communicating information about the Open Season to employees, including a special FEGLI 2004 Open Season website.

Data Needs

We will issue a BAL discussing the need for Open Season data.

Processing FEGLI 2004 Open Season Elections

We have purposely not included in this BAL all of the varied scenarios that may come up in the processing of FEGLI 2004 Open Season elections. We will issue another BAL, closer to the effective date of coverage in 2005, containing additional questions/answers on what you'll need to do in 2005 (and perhaps beyond) to process Open Season elections.



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Attachment

[FEGLI 2004 Open Season News Release](#)