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ORDER OF PRECEDENCE AND PAYMENT OF BENEFITS

Order of Precedence

When you die, the Office of Federal Employees' Group Life Insurance (OFEGLI) pays benefits in a particular order set by law.

If you assigned ownership of your insurance (usually by filing an RI 76-10, Assignment of Life Insurance), OFEGLI will pay:

- First to the beneficiary(ies) the assignee(s) validly designated;
- Second, if none, to the assignee(s).

If you did not assign ownership and there is a valid court order on file with your agency or OPM, as appropriate, OFEGLI will pay benefits according to the court order.

If you did not assign ownership and there is no valid court order on file with your agency or OPM, as appropriate, then OFEGLI will pay:

- First, to the beneficiary(ies) you validly designated;
- Second, if none, to your widow or widower;
- Third, if none of the above, to your child or children and the descendants of any deceased children (a court will usually have to appoint a guardian to receive payment for a minor child);
- Fourth, if none of the above, to your parents in equal shares, or the entire amount to the surviving parent;
- Fifth, if none of the above, to the court-appointed executor or administrator of your estate;
- Sixth, if none of the above, to your other next of kin entitled under the laws of the State where you lived.

Assignments and Court Orders

If you assigned ownership of your life insurance by filing an Assignment of Life Insurance (RI 76-10), OFEGLI will pay benefits to the beneficiary(ies) designated by your assignee(s), if any. If there is no such beneficiary, OFEGLI will pay benefits to your assignee(s).

If you did not assign ownership and there is a valid court order on file, OFEGLI will pay benefits in accordance with that court order.

If No Claim Is Filed

If the person who is entitled to payment under the order of precedence doesn't file a claim *within one year* after your death (or if payment to the person who filed is forbidden by Federal law or regulation), the Office of Federal Employees' Group Life Insurance pays the person next in the order of precedence, just as if the person who would otherwise get the payment had died before you did.

This payment bars any other person from collecting payment.

If the person who is entitled to payment under the order of precedence doesn't file a claim *within two years* after your death, and neither OPM nor the Office of Federal Employees' Group Life Insurance (OFEGLI) has received notice that such a claim will be made, OFEGLI can make payment to the claimant who in OPM's judgment is equitably entitled to the payment. This payment bars any other person from collecting payment.

If a valid claim has not been filed and no claim is pending four years after your death, OFEGLI returns the insurance proceeds to OPM for deposit in the Employees' Life Insurance Fund.

Option C

Option C benefits are paid to you upon the death of your spouse or eligible child(ren).

If you die after your spouse or eligible child(ren) die, but before Option C benefits are paid (whether or not you filed for the benefits), the payment will go to the person(s) eligible for the benefits of your Basic insurance. If you had assigned your Basic insurance, Option C payment will be made under the order of precedence, excluding any previous designations of beneficiary made invalid by your assignment.

DESIGNATION OF BENEFICIARY

Designation Recommended

OPM recommends that you designate beneficiaries to receive your life insurance proceeds. However, if you are satisfied with the order of precedence, you need take no action.

It is necessary to designate a beneficiary to assure that benefits will be paid as you wish:

- ! if you want benefits to go to a person, firm, organization, or other legal entity not listed in the order of precedence;
- ! if you want benefits to be paid in a different order from the order of precedence;
- ! if you want benefits to go to a trust you have established for your minor children; or
- ! if evidence of a valid marriage or dissolution of a marriage is not readily available.

You cannot designate beneficiaries if you have assigned your insurance.

Who Can Make a Designation?

The right to designate a beneficiary is a personal right that cannot be exercised by anyone other than

you as the insured individual. *Exception:* If your insurance has been assigned, only the assignee(s) has (have) the right to make a designation.

Designations cannot be made by someone with a power of attorney or by a court-appointed guardian, conservator, trustee, or committee.

Designation Form

Completing a Designation of Beneficiary form (SF 2823) is the preferred way for you to make a designation for your FEGLI benefits. If you wish to make a designation, you should complete this form and submit it to your employing office. Your employing office must receive the form before you die.

If you are a retiree or a compensationner, see “After Retirement” and “After Becoming Insured as a Compensationner” for instructions on where to submit your designation.

When you complete the SF 2823, your signature must be witnessed by two persons. These witnesses must also sign the SF 2823 and give their addresses. A witness cannot be someone you are naming on the form as a beneficiary.

A designation made in any other document is valid only if the designation is specifically for your FEGLI benefits, the document is signed by you, witnessed by two persons not named as beneficiaries, received by your employing office before you die, and does not contain any errors that would cause its invalidity. See “Invalid and Unacceptable Designations.”

Receipt Before Death

Your employing office must receive your Designation of Beneficiary before you die for your Designation to be valid. A Designation delivered on a weekend or Federal holiday is not “received,” and is not valid, until the next workday. If you die prior to your employing office’s receipt of a new Designation of Beneficiary, benefits will be paid in accordance with the next prior Designation on file or under the order of precedence, if there is no designation.

Example

Brenda completes a new Designation of Beneficiary and express mails it to her employing office on Friday, June 3. It is delivered to her employing office on Saturday, June 4. She dies on June 4. This Designation is invalid since her employing office was not open and able to receive her Designation prior to her death.

Importance of Updating Designations

It is your responsibility to ensure that your Designation of Beneficiary remains accurate and reflects your intentions. You should be aware that benefits will be paid based on a valid Designation, regardless of whether that Designation still reflects your intentions.

A divorce does *not* invalidate a Designation that names your former spouse as beneficiary.

You need to keep your designated beneficiaries' addresses current. Failure to do so may mean that your beneficiary cannot be located, and therefore benefits will not be paid to that person. The preferred way is to file a new Designation of Beneficiary whenever a beneficiary's address changes. You may also ask your employing office to attach a beneficiary's new address to your current Designation of Beneficiary form, and your employing office needs to ensure that the attachment is forwarded along with the Designation of Beneficiary form when you retire or die. A new address can't be added directly to the Designation of Beneficiary form itself, since any crossouts, erasures, or alterations in your form will make it invalid.

Naming Multiple Beneficiaries

If you want to name more than one beneficiary, there are two ways you can do this:

- ! You can designate percentages or fractions to go to each person, e.g., 50% (or ½) to Karen, 25% (or 1/4) to Margaret, and 25% (or 1/4) to Barbara. The total must add up to 100% (or 1 for fractions).
- ! You can designate types of insurance to go to various beneficiaries, e.g., Basic insurance to Abby and Optional insurance to Mary Ann.

You cannot designate dollar amounts, except to the Civil Service Retirement Fund.

Common-Disaster Clause

A common-disaster clause is a statement on the Designation that says that a designated beneficiary only gets the benefits if he/she survives you by a specified minimum number of days. The number of days specified can't exceed 30.

You can name an alternate to receive the benefits in this case. If you don't name an alternate, benefits will be paid according to the order of precedence.

Example

John wishes to designate his wife as his beneficiary, but add a common disaster clause. He states in his SF 2823, Designation of Beneficiary form, that benefits are to be paid to "Mary M. Smith, if she survives me by 30 days. Otherwise, 50% to James R. Smith and 50% to Susan K. Smith."

Employing Office Review

Your employing office will review your Designation of Beneficiary to verify that it has been completed properly and will keep the original copy in the your Official Personnel Folder. The duplicate copy is returned to you. Your employing office will keep all prior designations of beneficiary on file.

Invalid and Unacceptable Designations

Your employing office will not accept a Designation of Beneficiary if it is not completed properly. These are some of the things that will cause a designation to be invalid:

- ! The Designation is not signed by you.
- ! The Designation is signed by only one witness.
- ! The Designation is signed by your personal representative or guardian.
- ! The Designation contains one or more crossouts, erasures, or alterations
- ! Your employing office doesn't receive your Designation of Beneficiary until after you die.
- ! Your insurance has been assigned, and you, not your assignee(s), signed the Designation.
- ! One or more of the beneficiaries signed as a witness.
- ! One or both of the beneficiaries signed as a witness, and there are no remaining (non-witnessing) beneficiaries named on the designation. (If there are remaining beneficiaries, the designation is not invalid; however, payment will not be made to any beneficiary who served as a witness. Payment will be distributed to the remaining beneficiaries as if the beneficiary(ies) who served as a witness predeceased you.)
- ! The beneficiaries named on the original and the duplicate copy of the Designation of Beneficiary are different.
- ! Your name, as shown in the body of the designation, is significantly different from your signature. The difference is not significant if initials of first and middle names are used in one place and full names in the other.
- ! There is no specific beneficiary named. Examples of this are:
 - *Per stirpes* designations - ones that provide for the equal distribution of benefits among the children of a deceased named beneficiary
 - A designation in which the beneficiary does not yet exist (e.g., "Mary Smith's children, born and unborn")

Your employing office must return the Designation to you if it has any of these errors. However, your employing office's failure to return an incorrect Designation of Beneficiary does *not* make the Designation valid.

If your employing office has any questions about whether a Designation is valid, it should send both copies of the Designation of Beneficiary to the Office of Federal Employees' Group Life Insurance (OFEGLI) to request a determination on whether the Designation is acceptable.

Errors to Avoid

To ensure ease of payment to your beneficiaries, you should avoid these errors when completing a Designation of Beneficiary form:

- ! Beneficiaries' shares totaling less than or more than 100% or stating shares in dollar amounts, rather than percentages or fractions.
- ! Not stating the given name of the beneficiary (e.g., "Mrs. John Doe" instead of "Mary Doe").
- ! Making provisions that cannot be recognized, such as "payment of just debts" or "payment in installments" or "to Tom, when he reaches age 21."
- ! Not clearly stating that you are naming a contingent beneficiary (e.g., "John Doe or Mary Doe" instead of "John Doe if living, otherwise to Mary Doe").

Payment when Designation is Invalid

Payment will be made in accordance with your next prior valid Designation of Beneficiary (or according to the order of precedence, if there is no designation) when your latest Designation form:

- ! either lacks your signature or witnesses' signature(s);
- ! was not received by your employing office prior to your death; or
- ! was signed while you were incompetent or under undue influence, as found by a court of competent jurisdiction.

Payment will be made in accordance with the order of precedence when your latest Designation form:

- ! names a beneficiary who predeceased you and there are no other surviving named beneficiaries;
- ! names a beneficiary who forfeited his/her right to the proceeds by willful and malicious wrongdoing which caused your death (and no other beneficiaries were named);
- ! names a trust that was never established (and no other beneficiaries were named); or
- ! names an entity that does not exist, or for which there is no legitimate, recognized successor organization (and no other beneficiaries were named).

Employing Office Advice to Employees

When you become insured, your employing office must inform you of the order of precedence and the option of designating a beneficiary.

From time to time employing offices should remind their employees that changes in family status, without a corresponding change in designation of beneficiary, could result in benefits not being paid the way you want.

Designations for Other Federal Benefits

Completion of the Designation of Beneficiary form (SF 2823) does not designate any other type of benefits - only FEGLI. There are separate forms to be used for other types of designations, as follows:

- ! SF 2808 (Designation of Beneficiary, CSRS)
- ! SF 3102 (Designation of Beneficiary, FERS)
- ! SF 1152 (Designation of Beneficiary, Unpaid Compensation of Deceased Civilian Employee)
- ! TSP 3 (Designation of Beneficiary, Federal Retirement Thrift Savings Plan)

DESIGNATING A TRUST

Information Required

You can designate a person or institution as a trustee under the terms of a trust agreement to receive the life insurance benefits upon your death.

To make sure that these designations are clear and to allow quick identification of the entitled party, OPM has established suggested formats to use for these designations. To be valid, the trustee designation must be attached to and made a part of the Designation of Beneficiary form. The employing office should receipt the attachment in the same manner as the Designation of Beneficiary in case it gets separated from the Designation. The Designation of Beneficiary form should state “See attached” in the space for the designation.

While it is not absolutely necessary to use the OPM-established formats, *the following information must be included for the designation to be valid:*

- ! a statement that the FEGLI death benefit is to be paid to the trustee or successor trustee, and
- ! name and date of the Trust (for inter vivos trusts).

Inter Vivos Trusts

An *inter vivos* trust is one that you establish during your lifetime. The following is a suggested format for this type of trust:

Name of Insured (please print): _____

Social Security Number of Insured: _____

INTER VIVOS TRUSTEE DESIGNATION

**TO BE ATTACHED TO AND MADE PART OF DESIGNATION OF BENEFICIARY
DATED _____**

I request that the amount payable under the FEDERAL EMPLOYEES' GROUP LIFE INSURANCE PROGRAM (Proceeds) be paid to the Trustee(s) or Successor Trustee(s) as provided under (Name of Trust Agreement) _____ bearing the date of _____ executed by me.

I further request that in the case of the failure of said Trustee(s) to be appointed as such or to qualify as such for any reason, or the termination for any reason of the trust prior to my death that the Proceeds shall be paid to:

Name	Address	Relationship	Share
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

The Office of Federal Employees' Group Life Insurance shall not be responsible for the application or disposition of the proceeds by said Trustee and the receipt by said Trustee shall fully discharge OFEGLI's liability under the FEDERAL EMPLOYEES' GROUP LIFE INSURANCE PROGRAM.

Signature of Insured/Assignee (Only the Insured/Assignee may sign. Signatures by guardians, conservators or through a power of attorney are not acceptable.)

Date of execution (Month, day, year) _____

Two Witnesses to Signature (A witness is not eligible to receive payment as a beneficiary):

Signature of witness	Number and street	City, state and ZIP code
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Signature of witness	Number and street	City, state and ZIP code
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Testamentary Trusts

A testamentary trust is one that you create by your will at death.

The following is the suggested format for this type of trust:

Name of Insured (please print): _____

Social Security Number of Insured: _____

TESTAMENTARY TRUSTEE DESIGNATION

**TO BE ATTACHED TO AND MADE PART OF DESIGNATION OF BENEFICIARY
DATED _____**

I request that the amount payable under the FEDERAL EMPLOYEES' GROUP LIFE INSURANCE PROGRAM (Proceeds) be paid to the Trustee(s) or Successor Trustee(s) as provided under my Last Will and Testament, and I further request that in the case of the failure of said Trustee to be appointed as such or to qualify as such by reason of non-probate of any Will to that effect or for any other reason whatsoever, the Proceeds shall be paid to:

Name	Address	Relationship	Share

The Office of Federal Employees' Group Life Insurance shall not be responsible for the application or disposition of the proceeds by said Trustee and the receipt by said Trustee shall fully discharge OFEGLI's liability under the FEDERAL EMPLOYEES' GROUP LIFE INSURANCE PROGRAM.

Signature of Insured/Assignee (Only the Insured/Assignee may sign. Signatures by guardians, conservators or through a power of attorney are not acceptable.)

Date of execution (Month, day, year) _____

Two Witnesses to Signature (A witness is not eligible to receive payment as a beneficiary):

Signature of witness Number and street City, state and ZIP code

Signature of witness Number and street City, state and ZIP code

Other Formats

If you want to use some other format, can't provide the information requested above, or need additional information about designating a trust, please contact the Office of Federal Employees' Group Life Insurance (OFEGLI) in writing at P.O. Box 2627, Jersey City, NJ 07303-2627 or call 1-800-633-4542.

CHANGING OR CANCELLING DESIGNATIONS

Your Right to Change or Cancel

Unless you have assigned your life insurance, or (effective July 22, 1998) your employing office has received a court order requiring benefits to be paid to a specific person(s), you have the right to change or cancel your designation of beneficiary at any time, without the knowledge or consent of any previous beneficiary.

Changing Your Designation of Beneficiary

To change or cancel your Designation of Beneficiary, fully complete a new Designation of Beneficiary form and submit it to your employing office. If you have a prior Designation of Beneficiary on file, and now wish for benefits to be paid in accordance with the order of precedence, your Designation should state "Cancel Prior Designations."

Automatic Cancellation

Your Designation of Beneficiary is automatically cancelled under any of the following circumstances:

- ! 31 days after your insurance terminates, unless you are eligible and continue insurance as an annuitant or compensationner, or unless you port your Option B coverage;
- ! On the day your annuity terminates, unless you are entitled either to OWCP benefits (and determined by the Department of Labor to be unable to return to duty) or to an immediate annuity under another provision of retirement law;
- ! On the day your compensationner's benefits terminate or you are determined to be able to return to duty, unless you are entitled to continue insurance as an annuitant or unless you return to Federal service on the day after compensation terminates;
- ! On the effective date of an assignment of insurance.

Designations Do Not Transfer to Conversion Policies

If you separate from Federal service and convert your life insurance to a private policy, any designation of beneficiary you made under the FEGLI Program does *not* convert. If you wish to designate a beneficiary under your conversion policy, you must contact the insurance company that issued the conversion policy.

Designations Remain Valid upon Transfer to Another Agency

Effective November 17, 1986, a Designation of Beneficiary remains valid through transfer to another agency. Prior to this date, designations were cancelled upon transfer to another agency (except for

mass transfers). If your Designation of Beneficiary and subsequent transfer to another agency was before November 17, 1986, your designation on file is invalid. You should file a new Designation.

Your employing office must alert the Office of Federal Employees' Group Life Insurance (OFEGLI) to any designations and subsequent transfers made prior to November 17, 1986 when life insurance forms are sent to OFEGLI.

RETIRING EMPLOYEE DESIGNATIONS

Continuing Designations

When you retire and are eligible to continue your FEGLI as an annuitant, any valid Designation of Beneficiary on file with your employing office will remain valid, unless your annuity terminates or you change or cancel the Designation.

Procedure at Retirement

Unless you elect to convert your insurance, your employing office must attach any Designation of Beneficiary form (SF 2823 or SF 54), assignment form (RI 76-10), or court order directing payment of FEGLI benefits to your retirement application and send it, together with the original Agency Certification of Insurance Status (SF 2821), to the retirement system.

If you are separating for disability retirement under CSRS after a finding of total disability has been made by OPM, your employing office will send the Designation of Beneficiary form, assignment form, and/or court order with the final Individual Retirement Record (SF 2806).

You must submit any future designations, changes in designation, assignments, or court orders directing payment of FEGLI benefits to OPM at Retirement Operations Center, P.O. Box 45, Boyers, PA 16017-0045.

Delayed Retirements

If you are a separating employee eligible to retire under FERS MRA+10 provisions, but you don't file an application, your employing office must keep any current Designation of Beneficiary, assignments, and/or court order directing payment of FEGLI benefits in your Official Personnel Folder. Your employing office will check the appropriate box on the Agency Certification of Insurance Status (SF 2821) to show that the Designation has been retained.

When you later apply for retirement, the retirement system will request your Designation from the National Personnel Records Center. Your most recent Designation on file will be made valid upon reinstatement of your life insurance. If you want to change your Designation, contact OPM at Retirement Operations Center, P.O. Box 45, Boyers, PA 16017-0045.

After Retirement

An annuitant has the same rights as an employee to make, change, or cancel a Designation.

If you are retired, you must submit your Designation of Beneficiary to the Office of Personnel Management, regardless of the retirement system you are retired under. Send your completed Designation of Beneficiary to Retirement Operations Center, Validation Section, Boyers, PA 16017. Send assignments and/or court orders directing payment of FEGLI benefits to the same address.

OPM must receive the Designation of Beneficiary, assignment or court order before you die. See “Receipt Before Death.”

Filing a Designation of Beneficiary during Reemployment

When you file a Designation of Beneficiary as a reemployed annuitant, you should submit it to OPM, Retirement Operations Center, P.O. Box 45, Boyers, PA 16017-0045. If you have insurance coverage through your reemployment (premiums are withheld from your pay, not your annuity), you may also file your Designation with your employing office. Your employing office must enter the words “Reemployed Annuitant” and your retirement claim number on the Designation form and send it to OPM.

DESIGNATIONS WHILE IN RECEIPT OF WORKERS' COMPENSATION

Continuing Designations

When you are receiving compensation and are eligible to continue FEGLI as a compensationner (after separation or the completion of 12 months' nonpay status), any valid Designation of Beneficiary on file with your employing office will remain valid, unless your compensation terminates or you change or cancel your designation.

Employing Office Procedures When You Become Insured as a Compensationner

Unless you elect to convert your insurance as a compensationner, the employing office must attach the Designation of Beneficiary form (SF 2823 or SF 54), assignment form (RI 76-10), and/or court order directing payment of FEGLI benefits to the original Agency Certification of Insurance Status (SF 2821), and send it to the Office of Personnel Management.

Your employing office must inform you of your designation rights and advise you that you must submit any future designations to OPM.

Until you separate or complete 12 months' nonpay status, you are insured as an employee, not as a compensationner. You must submit any designations of beneficiary, assignments, or court orders during this period to your employing office, not to OPM.

After Becoming Insured as a Compensationner

A person insured as a compensationner has the same rights as an employee to make, change, or cancel a designation.

If you are a compensationner, you must submit your completed Designation of Beneficiary form,

assignment, or court order to OPM at Retirement Operations Center, Validation Section, Boyers, PA 16017. Send assignments and/or court orders directing payment of FEGLI benefits to the same address.

OPM must receive the Designation of Beneficiary, assignment, or court order before you die. See “Receipt Before Death..”

COURT ORDERS

Effective July 22, 1998, FEGLI benefits must be paid in accordance with the terms of a valid court order, regardless of whether you actually complete a Designation of Beneficiary form complying with the court order.

The court order supersedes any of your prior designations. When such a court order is in effect, you cannot change your designation, unless the person(s) named in the court order agree(s) in writing or unless the court order is subsequently modified.

A court order may direct you to make an irrevocable assignment to the person(s) named in the court order. However, until you properly complete an assignment form, the assignment does not occur.

Submission of Court Order

To be valid, a certified copy of the court order must be submitted to your employing office on or after July 22, 1998, and before your death. Anyone can submit the court order. (Court orders submitted for other reasons prior to July 22, 1998, are not valid for FEGLI purposes. The court order must be resubmitted.)

If you are an annuitant, the court order must be sent to OPM at Retirement Operations Center, P.O. Box 45, Boyers, PA 16017-0045. If you are a compensationner, during the first 12 months of nonpay status the court order must go to your employing office. After you separate or complete 12 months in nonpay status, the court order must be sent to OPM.

Disposition of Court Order

A court order must be filed in your Official Personnel Folder (OPF). Your employing office must clearly stamp the court order with the receipt date and flag your OPF in some way to indicate that it contains a court order. Your employing office will not review the court order or make any determination on its validity.

If your employing office receives a subsequent court order for you, it should date stamp and file it in the OPF, with the other court order(s). Your employing office should send all court orders along with the other life insurance forms to either OFEGLI (at your death) or OPM (at your retirement). At the time of your death, OFEGLI will determine which court order, if any, is valid for payment of benefits.

If you submit a designation of beneficiary when you have a court order on file, your employing office should review it to see if it is completed properly, certify its receipt, and file it in your OPF. Your employing office should notify you that there is a court order on file and that the designation may not be valid. At the time of your death, OFEGLI will determine whether the court order is still in effect or whether benefits should be paid according to the designation.