



United States
Office of Personnel Management
Retirement and Insurance Service

Benefits Administration Letter

Number: 97-212

Date: October 31, 1997

Subject: Federal Employees' Group Life Insurance: New Maximum Amounts

General Information

The amounts of Basic and Option B coverage available under Federal Employees' Group Life Insurance (FEGLI) are based on an employee's salary, but they are subject to certain maximums.

Effective with the first pay period beginning on or after January 1, 1998, the maximum allowable amounts of Basic and Option B FEGLI coverage will increase.

Basis for Maximums

By law, an employee's Basic Insurance Amount (BIA) cannot exceed the annual rate of basic pay payable for positions at level II of the Executive Schedule, rounded to the next higher multiple of \$1,000, plus \$2,000. Based on this, the current maximum BIA is \$136,000.

The amount of Option B is also capped by law, based on the salary at level II of the Executive Schedule. The current maximum amount of each multiple of Option B is \$134,000.

New Maximums

Since the January pay raise will apply to Executive Schedule employees, the maximum insurance amounts will increase.

The new salary for level II of the Executive Schedule will be \$136,700. Therefore, the new maximum for **Basic** insurance will be **\$139,000**. The new maximum for each multiple of **Option B** will be **\$137,000**.

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Effect on Option A

Normally the amount of Option A coverage is \$10,000. However, if an employee's annual rate of pay is more than the sum of the annual rate of basic pay for level II Executive Schedule positions plus \$10,000, Option A coverage automatically increases. The amount of Option A coverage in this case is the difference between the annual rate of pay (rounded to the next higher thousand, if not already an even thousand) and the maximum BIA.


If you have an employee who has more than \$10,000 in Option A coverage because of this provision, you will have to recalculate the amount of Option A coverage based on the increase in the maximum BIA.

Example:

An employee earns \$149,400. The current maximum BIA is \$136,000. If this employee has Option A, the current amount of his/her Option A coverage would be \$14,000 (\$149,400, rounded up to \$150,000, minus the \$136,000 BIA).

In January, this same employee's Option A coverage would be reduced to \$11,000 (\$150,000 minus the new \$139,000 maximum BIA).

For employees in this situation, you will need to adjust the withholdings for Option A coverage, as well as the withholdings for Basic and Option B (if applicable).



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