

SGLI Premium Change Fact Sheet

How much is the new premium?

The new monthly premium rate is 7 cents per \$1,000 of insurance, an increase from the current 6.5 cents per \$1,000 of insurance. This means, for example, a premium increase from \$26 to \$28 a month for Servicemembers with the maximum \$400,000 of life insurance. All Servicemembers will continue to pay an additional \$1 for TSGLI coverage.

When will the new SGLI Premium take effect?

The new premium rate will take effect on July 1, 2014.

When will I see the change reflected in my pay?

You will see the first SGLI premium deduction at the new premium rate in your July pay. If you are paid on a monthly basis, the premium will be reflected on your single monthly pay statement you receive on August 1. If you are paid twice a month, your service will determine which pay the premium will be deducted from. Members drilling for points, or not receiving pay for other reasons, will be billed for the higher premium on the normal bill schedule beginning in July 2014.

Where can I find a table of premium rates for all coverage amounts?

A table of premium rates for all SGLI coverage amounts is available <http://benefits.va.gov/insurance/sgli.asp>.

Why is the SGLI premium increasing?

In July 2008, VA reduced the monthly premium rate for SGLI from 7 cents per \$1,000 of insurance to 6.5 cents per \$1,000 of insurance. VA made the temporary premium reduction to reduce excess reserve funds in the program. We had excess reserve funds due to lower than projected non-war-related claims and we had an increase in investment earnings from the early to mid-part of the last decade. Since 2008, as a result of the half cent reduction and decreases in interest rates, reserve funds have decreased significantly, and it is now necessary to adjust the monthly premium rate by a half cent per \$1,000 of insurance to ensure the program remains financially strong.

It is important to remember that your premium does not include the cost of war-related claims. This is because the branches of service pay the cost of these claims if the cost is more than peacetime mortality. This ensures that you are paying a comparable premium to that of individuals who are not in the military for similar coverage.

How does the new SGLI premium compare to rates at other private insurance companies?

The SGLI premium remains at a historically low level and compares very favorably with group term insurance rates of private insurance companies. Additionally, the SGLI premium also includes additional benefits such as free [Beneficiary Financial Counseling](#) and the [Accelerated Benefit Option](#).

Will the automatic increase in the SGLI premium rate (effective July 1) trigger all members to reenroll even if they previously declined?

No. The July 1, 2014 increase is a SGLI *premium* increase, not a SGLI *coverage* increase. The premium increase will only impact members who already have SGLI and it will not change the amount of their coverage. Servicemembers who do not have SGLI coverage will continue to have no coverage after July

1, 2014 unless they experience a change in duty status that automatically increases their coverage to the maximum amount, or they choose to increase their coverage by completing form SGLV 8286.

SGLI members who have insurance will see an increase in the deductions from their pay for SGLI coverage in July, but their coverage amount will not change due to the premium increase. Note that the July increase will appear in the SGLI member's August LES. They do not need to take any action to retain the coverage they have in force.