

# VGLI Premium Rates Adjustment Fact Sheet

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## Will I see a change in my VGLI Premium?

You will only see a change in your VGLI premium if you are a VGLI member in age brackets over age 70 (70-74 and 75 and older).

## If I am affected by the premium change, what will my new premium be?

The monthly premium will increase:

- 5 cents per month from \$2.25 to \$2.30 per \$1,000 of coverage for VGLI members age 70-74, and
- 10 cents per month from \$4.50 to \$4.60 per \$1,000 of coverage for VGLI members age 75 and older.

This is a 2.2 percent increase from the current premium rate.

Veterans in the 70-74 and 75 and older age brackets have an average of \$50,000 of coverage. For those with \$50,000 of coverage in the 70-74 age bracket, this change will result in a \$2.50 per month increase. For those with \$50,000 of coverage in the 75 and older age bracket, this change will result in a \$5.00 per month increase. The table below shows the new premiums:

## VGLI Premium Rate Changes Effective July 1, 2014

### Monthly Premium Per \$1,000

Age Bracket	Current Premium	New Premium	Change
Ages 70-74	\$2.25	\$2.30	\$0.05
Age 75- Older	\$4.50	\$4.60	\$0.10

### Monthly Premium Per \$50,000

Age Bracket	Current Premium	New Premium	Change
Ages 70-74	\$112.50	\$115.00	\$2.50
Age 75- Older	\$225.00	\$230.00	\$5.00

## When will the premium change take effect?

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

## When will I see the change reflected in my bill?

The first bill you receive on or after July 1, 2014 will reflect your new premium rate. However, VGLI members receive bills at different times of the year depending on whether they pay monthly, quarterly, semi-annually or annually. So, not everyone will get the bill at the same time. If you have already paid beyond July, you will receive a supplemental bill allowing you to either pay the difference for each month you are paid in advance, or you can make up the difference with your next quarterly, semi-annual or annual bill.

If you are paying your VGLI premiums by deduction from your VA Compensation or Military Retired Pay benefits, we will automatically request the higher premium rate beginning in July 2014; there is nothing you have to do.

## Will I be notified in advance of the change in premiums?

Yes, we will notify you in advance of the rate change in May or June with a special mailing that contains information about the change and your options.

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

A table of premium rates for all VGLI coverage amounts is available at [http://benefits.va.gov/insurance/vgli\\_rates\\_new.asp](http://benefits.va.gov/insurance/vgli_rates_new.asp).

### **Why are VGLI premium rates changing for these age brackets?**

We are adjusting premium rates to ensure that the VGLI program will remain financially strong, and competitive. The VGLI program insures many individuals who might not get coverage otherwise.

It is designed to provide some unique features to our Veterans such as a “no health questions” review period, capped premiums at age 75 and lifetime coverage. For instance,

- Separating Servicemembers who have serious illnesses or disabilities would likely have difficulty purchasing insurance on the private market. But, they can get VGLI without answering any health questions if they apply within 240 days after separation.
- Most insurance companies continue to increase your premiums every few years based on your age for your entire life. Since 1993, the VGLI premium rate for insureds ages 75 and older has been “capped” at the age 75 rate. Capped premium rates do not mean that your rates will never increase. “Capped” means that you will not age into another bracket once you reach age 75 under the current VGLI Premium rate scale. However, the overall rate for that age bracket may change (up or down) over time, and age brackets could change in the future. Capping premiums has resulted in significant savings for older insureds over the years. However, VGLI premium rates are reviewed periodically based on actual program experience, and our actuaries determined that the current premium rates were not sufficient to cover the cost of lifetime coverage.
- Many private insurance plans do not offer lifetime coverage, so an individual would lose their coverage at a certain age, and could have difficulty replacing it on the private market. With VGLI, however, Veterans can keep their coverage as long as they think they need life insurance, regardless of their age.

These three benefits are critically important to Veterans who might not get insurance elsewhere because of their service-connected conditions. However, they increase the costs of the program, since the program pays more claims than a private insurance company might. However, even with these features and other valuable benefits and features of VGLI, the premium rates are competitive with private insurers.

### **If I am affected by the premium change, how can I reduce my VGLI premiums?**

We understand that even a small increase may be difficult for you to manage. However, in general, as you get older there is less need for insurance coverage. You may wish to review your finances to see if you still need your current amount of coverage. Reducing your amount of coverage will reduce your premiums.

You can reduce your coverage by:

- Accessing your VGLI Online Account at <http://benefits.va.gov/insurance/choose.asp> and clicking VGLI Online Policy Access
- Calling the Office of Servicemembers’ Group Life Insurance (OSGLI) at 1-800-419-1473, or
- Writing the OSGLI at 80 Livingston Avenue, Roseland, NJ 07068-1733. Please include your Control Number on any written correspondence.