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POSTAL BENEFITS GROUP
Seminars. Guidance. Clarity.



“ Helping Postal Employees put the Pieces Together ”

Understanding your Postal Life Insurance



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INTRODUCTION

Our purpose in writing this report is to protect you and your family. There are thousands of Postal employees across the country who do not understand how their Postal Life insurance works and as a result they are putting their families at risk of either losing coverage or spending 40 times too much for the coverage they need. Through our certification (Chartered Federal Employee Benefit Consultant) we are able to break this very complex program down into digestible parts that anyone can understand.

In our retirement seminars we find that employees haven't thought about their life insurance since they hired on and completed their new hire packet. The assumption was you are working for the government so load up on the benefits because they have to be good. This assumption is true for the most part but as with anything the devil is in the details. Our experience is that most government benefits come with a "catch". These "catches" make it absolutely imperative that you understand all the details to ensure you are not putting your family at risk.

We encourage you to take just a few minutes of your time to read our report. We are confident that you will find information that you didn't know and as a result enable yourself to make better decisions for you and your family.

- David Fielder, *President*

Postal Benefits Group

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FEDERAL EMPLOYEES GROUP LIFE INSURANCE

FEGLI coverage is available to all Career Employees. We will discuss all coverage available to you, and then help you determine what coverage you have by teaching you how to read the codes on your check stub.



Basic Insurance

Basic Coverage is very easy to calculate. You can calculate your Basic Coverage using the following formula:

Base Pay

Round up to the next thousand

Add \$2,000

= **Total Basic Coverage**

Let's take a look at an example to make sure you understand how to calculate your Basic Coverage. Joe has a Base Pay of \$45,300. Joe's Basic Coverage would be as follows:

\$45,300 (Base Pay)

\$46,000 (Round Up)

+ \$2,000

= **\$48,000 (Total Basic Coverage)**

As you get raises and Cost of Living Adjustment (COLA), your Basic Coverage will also increase. Use the same formula except insert your new base pay after the raise.



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SPECIAL NOTE BASIC LIFE IN RETIREMENT

Every employee has Basic Coverage but this coverage changes when you retire. Most employees will retire at an age earlier than 65. If you are one of these employees please pay very close attention.

When you retire your Basic Life insurance is no longer free. An employee with a base salary of \$50,000 will have to pay approximately \$45.00 a month in retirement to keep this coverage. If you want to keep your Basic into retirement it is better to secure a policy in the private sector at a much better price before you retire.



We do recommend employees agree to pay for at least the minimum of Basic Life insurance when they complete their retirement paperwork. The reason we suggest this is when you turn 65 you will have the policy for free for the rest of your life. Many employees drop all of their Basic Coverage and as a result they lose out on a free policy of approximately \$14,000 once they turn 65. In order to be eligible for the free insurance at 65 you must be in the FEGLI program so please keep at least the 75% reduction when you complete your paperwork.

Living Benefits Act

The Living Benefits Act was passed in 1995. It is very important if you are ever in this unfortunate situation. If you are diagnosed with the terminal illness and physicians document that you have nine months or less to live, you can access your full Basic Coverage, plus any applicable Extra Benefit AT THE TIME YOU SUBMIT DOCUMENTATION OF YOUR CONDITION. In other words, if you are terminally ill you can collect \$50,000 or more in tax free cash BEFORE you pass away.

Hardly anyone knows about this benefit; therefore, it is rarely used. This is also a great example of how important it is to understand ALL of the details concerning your Postal Benefits.



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OPTIONAL LIFE INSURANCE

Option A

Option A is the first of the Optional Coverage's we will review. You will have elected to pay for this coverage when you were hired. Option A is a very straight forward coverage under your FEGLI.

Option A provides a \$10,000 Death Benefit to your beneficiaries in the event of your death. This coverage is not expensive and some employees refer to this coverage as an affordable Burial Policy. The price increases every five years, but because the coverage is so small the cost is not an issue.

Option C

Option C is your Family Coverage. It is another optional coverage that you elected to pay for when you are hired on with the government. Family Coverage places you as the beneficiary should something happen to your family members. Family Coverage is offered in units. An employee can take 1-5 units of Family Coverage. Each unit of Family Coverage represents \$5,000 on your spouse and \$2,500 on each dependent child.

Let's look at an example of an employee who took five units of Family Coverage. With five units of Family Coverage, the spouse will be covered for \$25,000, and each dependent child will be covered for \$12,500.



It is important to note that there is no limit to the number of dependent children that can be covered under your Family Coverage. Another important aspect of your Family Coverage is that you cannot drop part of the coverage. For example, if your children are no longer dependents, you cannot drop the coverage on your children and keep the coverage on your spouse. When it comes to Family Coverage, you either have it or you don't.

Option B

Option B within government Life Insurance is very popular among postal employees. This option allows an employee to pay for one to five times their Base Pay in additional Life Insurance. In most cases, this decision is made when the employee is first hired.

(more on next page)



OPTIONAL LIFE INSURANCE (Continued)

Option B: Example

If Joe has a \$50,000 Base Pay and he takes five units of Option B, he would have an additional \$250,000 of Life Insurance Coverage.

The cost of this coverage is based upon his age. Below is the government and Met Life's plan for pricing (prices per thousand dollars of Insurance Coverage):

Pricing Schedule

AGE	COST PER THOUSAND \$	COVERAGE	COST PER PAY PERIOD
Under 35	\$0.03 / thousand	\$250,000	\$7.50 / pay period
35 - 39	\$0.04 / thousand	\$250,000	\$10.00 / pay period
40 - 44	\$0.06 / thousand	\$250,000	\$15.00 / pay period
45 - 49	\$0.09 / thousand	\$250,000	\$22.50 / pay period
50 - 54	\$0.14 / thousand	\$250,000	\$35.00 / pay period
55 - 59	\$0.28 / thousand	\$250,000	\$70.00 / pay period
60 - 64	\$0.60 / thousand	\$250,000	\$150.00 / pay period
65 - 69	\$0.72 / thousand	\$250,000	\$180.00 / pay period
70 - 74	\$1.20 / thousand	\$250,000	\$300.00 / pay period
75 - 79	\$1.80 / thousand	\$250,000	\$450.00 / pay period

As you can see, the rates increase with the employee's age. They don't increase very fast until the age of 50, and then the price rises exponentially. The cost increases because the employee never had to get a physical exam to receive this additional coverage. The only thing Met Life knows about you is your age, so that is the basis they use to increase coverage. As you get older, you are more likely to pass away. As a result, they charge you more and more as you age.

As a general rule, if you are healthy you are better off getting your Life Insurance through a private company. This will protect you from the increases that the federal program allows. If you are unable to obtain approval from a private company, you are better off keeping the Federal Life Insurance because you would not have had the coverage otherwise.

Very few people in the federal government understand the details of their Life Insurance program. The cost of not understanding how the program works can be thousands of dollars in lost premiums. This can be avoided by simply learning the facts.



YOU HAVE OPTIONS

A) Cancel your Life Insurance

You didn't realize how much the Postal life insurance was costing and you don't need the coverage. You want to cancel your life insurance. You can cancel your Postal Life Insurance at any time. We have completed a comprehensive packet that will explain how to cancel your postal life insurance and can provide this to you at no cost. To request a copy of this package please email david@postalbenefitsgroup.net.

We will email you the packet as soon as we can. If you do not have email you can request a hard copy of the packet for \$10.00. All you have to do is mail a check payable to Postal Benefits Group and send it to 3868 Mexico Road St. Charles, MO 63303. We will return the packet to you first class mail.

B) Find Better Coverage at a Cheaper Cost

After reading the report you realize you need coverage that is cheaper and will never increase in cost. Our retirement seminars are full of employees who learn how the FEGLI program works and they ask our help in making a change. Due to an overwhelming number of requests from employees we have finally contracted with a quality life insurance company who is committed to working with POSTAL EMPLOYEES. Most insurance companies you may hear about on the radio or TV are not interested in working with Postal employees. There are a few key points about the program we support that we feel are very beneficial to Postal employees:

- 1 No physicals or blood tests:** These tests can sometimes reveal issues that will prevent you from being approved.
- 2 Nursing Home Coverage:** Most of our plans include Nursing Home Coverage! If you get \$100,000 coverage the policy provides \$2,500 per month for 40 months of Long-Term Care Coverage. It's like a two for one policy and something you can never get from your Postal Life insurance.
- 3 Payroll Deduction:** This is probably the most difficult thing to find in the private sector. Most insurance companies want you to pay for your insurance through a bank draft. Our belief is life insurance is important enough that it should be taken from your paycheck. Your health and life insurance are coming out of your check now. Why would your new life insurance policy be any different?
- 4 Stability:** The company we selected has been around since 1906 and has proven they can stand the test of time.
In today's uncertain times stability is very important to us.



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WE'RE HERE TO HELP

If you are interested in learning about replacing your Postal life insurance with a more better policy we can help.

We will work with you to make sure you have all the information you need:

- 1 Confirm what coverage you have now and what that coverage is costing you.
- 2 Review your options on private insurance policies that are both cheaper and will not increase in cost.
- 3 We will help you fill out the paperwork to cancel your postal life insurance and make sure the new policy is set up correctly in Postalease so the premiums can come out of your check.

Contact us Today:

(888) 223-3650

info@postalbenefitsgroup.net

